

MINUTES OF THE MEETING  
SENATE NATURAL RESOURCES COMMITTEE  
MONTANA STATE SENATE  
February 11, 1985

The sixth meeting of the Senate Natural Resources Committee was called to order at 12:44 p.m., February 11, 1985, by Chairman Dorothy Eck in Room 405, State Capitol Building.

ROLL CALL: All members of the Senate Natural Resources Committee were present.

CONSIDERATION OF SB273: Senator Thayer is sponsoring SB273 at the request of the Department of Natural Resources and Conservation (hereafter DNRC). The purpose of SB273 is to clarify who has the authority to let bids on water construction projects.

PROPOSERS: Mr. Larry Fasbender, representing DNRC, testified the DNRC is having problems in determining who has the authority to handle contracts. SB273 will subject the DNRC to the same laws other state agencies must follow when considering construction projects.

There being no further proponents and no opponents, the hearing was opened to questions from the committee.

Senator Halligan questioned Mr. Fasbender as to why the bill carries a \$25,000 limit. Mr. Fasbender explained the procedure used by other state agencies only applies to contracts over \$25,000.

Mr. Fasbender explained to Senator Shaw the immediate effective date is necessary because there are major building contracts coming up before the usual effective date of July.

There being no further questions from the committee, Senator Thayer closed the hearing on SB273.

CONSIDERATION OF SB283: Senator Galt, sponsor of SB283, gave the committee members the Statement of Intent for SB283 (Exhibit 1). Senator Galt stated the purpose of SB283 is to clean up the water development legislation passed in the 1981 Session. Senator Galt informed the committee there have been 18 programs since 1983, and these programs were all financed by the Coal Tax. Senator Galt feels Montana has been using these programs and using them very well. Senator Galt explained SB283 has two purposes: (1) It gives the DNRC the ability to use bond anticipation, so immediate financing can be started; and (2) it gives the DNRS the

ability to lend up to ten percent of the money available to counties and municipalities during emergencies. Senator Galt feels due to the fact the money is intended to be lent during emergency situations, the language on page 15, lines 8-10 is inappropriate.

PROPOSERS: Mr. Gary Fritz, representing the DNRC, stated the main thrust of SB283 are the provisions allowing the Board of Examiners to issue bond anticipation notes. Mr. Fritz feels this will save the State money, as it is more expensive to use interim financing. This would enable the DNRC to transfer money to counties and municipalities in a more timely manner. Mr. Fritz suggested a special revenue account be established for interest proceeds earned on the account. Mr. Fritz stated the effective date is necessary in order to place money into the proper account for immediate use.

Mr. Ken Kelly, representing the Montana Water Development Association, supported the changes proposed by Mr. Fritz. Mr. Kelly believes this bill is an improvement over the way the DNRC has been doing business in the past. Mr. Kelly stated the proposed amendments were well taken.

There being no further proponents and no opponents, the hearing was opened to questions from the committee.

Upon question from Senator Shaw, Mr. Fritz explained the effective date is necessary, because the money cannot be used at the present time.

Senator Gage reminded the committee the retroactive language is necessary to enable the DNRC to use all the funds.

Upon question from Senator Fuller, Caralee Cheney explained there have been four or five emergency projects since September.

Mr. Fritz informed the committee he would draft amendments for the legislation and present them to the committee at a later date. These amendments involve eliminating the maximum bonding rate language and allowing the DNRC to inform, rather than consult with, the Legislative Finance Committee, thereby allowing the DNRC to adequately handle emergency situations.

There being no further questions from the committee, the hearing on SB283 was closed.

CONSIDERATION OF SB277: Senator Blaylock, sponsor of SB277, is sponsoring this bill at the request of DNRC. Senator Blaylock explained the money for the Legacy program is provided for in Section 15-38-104, MCA, which provides for the Resource Indemnity Trust Fund. Senator Blaylock informed the committee the DNRC received 109 requests for funds for the next biennium. He explained page 6 provides the criteria for funding eligibility. Senator Blaylock submitted a Statement of Intent (Exhibit 2).

Mr. Gene Huntington, representing the Governor's Office, stated the principal question is how to grant money from the Resource Indemnity Trust Fund. Mr. Huntington stated the Attorney General's office had tried to clarify what people thought the Resource Indemnity Trust Fund should be used for in order to give some direction as to how the money should be spent. Mr. Huntington feels the money should be spent in a way that would not duplicate any federal funding programs.

Mr. Larry Fasbender, representing the DNRC, stated of the 51 projects that applied for funding from the Resource Indemnity Trust Fund, only 14 of those would actually be funded under the money presently available. Mr. Fasbender feels the Legacy Program should be as broad as possible. Mr. Fasbender submitted proposed amendments (Exhibit 3) for the committee's consideration.

Mr. Ward A. Shanahan, representing the Montana Mining Association and Chevron PGM Resources, submitted written testimony (Exhibit 4) and proposed amendments (Exhibit 5). Mr. Shanahan would like to ensure the balance of the Resource Indemnity Trust Fund is used for reclamation of areas disturbed by mining.

Mr. Fritz Daily, an interested citizen from Butte-Silver Bow County, supports SB277; however, he believes the bill is too broad. Mr. Daily believes this bill will fund State projects not financed by other funds. Mr. Daily stated the current way the money is being spent is unconstitutional. Mr. Daily stated the cities of Butte, Deer Lodge and Anaconda had, at one time, filed a lawsuit against the State of Montana to ensure the money was being used wisely. When he discovered the Governor's plans for the Legacy Program, the lawsuit was dropped. However, Mr. Daily stated the lawsuit would be initiated again if they feel the money in the Resource Indemnity Trust Fund is being used unwisely.

Mr. David Lackman, representing the Montana Public Health Association, submitted written testimony (Exhibit 6) in favor of SB277.

Ms. Judith Carlson, representing the National Association of Social Workers, submitted written testimony (Exhibit 7) in favor of SB277 and proposed amendments (Exhibit 8).

Mr. Don Donnolly, an interested citizen from Butte-Silver Bow stated he feels the bill should be effective upon passage.

Mr. Paul B. Smith, an interested citizen, is concerned with the problem of noxious weeds in the Boulder Valley. He believes this is a good program; however, he feels the bill is too broad. Mr. Smith stated the DNRC did a commendable job in drafting the legislation. However, Mr. Smith feels if the bill remains too broad, it will cost the State more money in administration.

Ms. Jeanne-Marie Souvigney, representing the Northern Plains Resource Council, submitted written testimony (Exhibit 9) in favor of SB277.

Ms. Louise Knuz, representing the Montana Low Income Coalition, submitted written testimony (Exhibit 10) in favor of SB277.

Mr. Mike Micone, representing the Montana Water Center, submitted a proposal for water research to be funded by the Legacy Program (Exhibit 11). Mr. Peavey feels these programs need a stable funding base.

Mr. George Ochenski, representing the Montana Environmental Information Center, submitted written testimony (Exhibit 12) in favor of SB277. However, Mr. Ochenski feels the bill is too broad.

Mr. Larry Weinberg, representing the Montana University System, testified he supports the idea of a Legacy Program and SB277. Mr. Weinberg feels SB277 should contain an escape clause.

Mr. Dave Donaldson, representing the Montana Association of Conservation Districts, submitted written testimony (Exhibit 13) in favor of SB277.

Ms. Mary Linda Kemp, representing the Northern Lights Institute, supports SB277 and asked the committee to remember projects planned for the future.

Written testimony in support of SB277 was also submitted by James D. Mockler, representing the Montana Coal Council.

There being no further proponents and no opponents, the hearing was opened to questions from the committee.

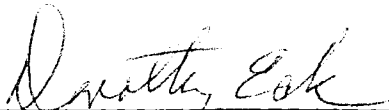
Senator Halligan questioned Mr. Huntington about the eligibility requirements on page 6, line 5. Mr. Huntington explained it is not the intention of this section to provide cleanup financing for projects simply because developers do not want to cleanup afterwards. Mr. Huntington went on to state the Governor's Office would not support any geographic limitations as suggested by Ward Shanahan.

Senator Gage stated because of the balloon effect this legislation is going to have, a person will not be able to recognize the Resource Indemnity Trust Fund in the future.

Senator Eck stated in the past, money has been spent from this fund for department activities relating to costs of mineral extraction. Chairman Eck questioned Senator Blaylock if this was his intention. Senator Blaylock replied this was not his intention.

Chairman Eck closed the hearing on SB277 by stating the bill needed to be amended and perhaps each Legislature could set specific priorities so each session could address a specific need that requires attention.

There being no further business to come before the committee, the meeting was adjourned.

  
\_\_\_\_\_  
Senator Dorothy Eck, Chairman

# ROLL CALL

Natural Resources

COMMITTEE

48th LEGISLATIVE SESSION -- 1985

Date 02/1/85

SENATE  
SEAT  
#

NAME	PRESENT	ABSENT	EXCUSED
ECK, Dorothy (Chairman)	✓		
HALLIGAN, Mike (Vice Chairman)	✓		
WHEELING, Cecil	✓		
MOHAR, John	✓		
DANIELS, M. K.	✓		
FULLER, David	✓		
CHRISTIAENS, Chris	✓		
TVEIT, Larry	✓		
GAGE, Delwyn	✓		
ANDERSON, John	✓		
SHAW, James	✓		
HARDING, Ethel	✓		

Each day attach to minutes.

## COMMITTEE ON \_\_\_\_\_

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Pat Wilson	MontCO / Thermal Energy	SB 283 SB 277		
WARD SHANNAN	Mont. Mining / Chevron Resources	SB 277		AMEND
Howard Peavy	MONTANA WATER CENTER	SB 277	Support	AMEND
Brenda Schye	Mont. Arts Advocacy			
DOUG SMITH	Sheridan County	SB 277		Amnd
Dave Donaldson	MT Assoc. of Cms. Dist.	SB 277	Support	
Lynh C. Thompson	in association of Cms Dist	SB 277	SUPPORT	
Ken Ballstyre	Toole County	SB 277	Support	
Jim Mockler	MT. Coal Council	SB 277	✓	AMEND
Larry Weinberg	Mont. Univ Sys.	SB 277	✓	
JUDITH H CARLSON	NAT ASSN OF SOCIAL WORKERS	SB 277	AMEND	
Louise Krutz	MLI C	277	AMEND	
Dan Doran	Bk. Schen Bar	277	AMENDING	
Dianne Donnelly	Mont. Assoc of Counties	SB 283 SB 277		
Paul B. Smith	self	SB 277	✓	
Mayhew Kemp	Northern Rights Institute	SB 277	✓ w/ reservations	
Mike McLean	WETA	SB 277	AMEND	
Janet Ellis	MT Audubon Council	SB 277	✓	
David Lackman	MT Public Hlth Assn.	SB 277	✓	
Jean-Marie Somogyi	NPRC	277	✓	
GEO. OCHENSKI	ENV. INF. CENTER	277	✓ w/ conditions	AMEND
Fritz Daily	Myself	277	✓	

## STATEMENT OF INTENT

\_\_\_\_\_ BILL NO. \_\_\_\_\_

A statement of intent is desirable for this bill because the board of natural resources and conservation will use the rulemaking authority granted in 85-1-612 to implement section 11 of this bill, which allows for limited emergency grants.

The intent of section 11 is to allow the department to make emergency grants from the water development special revenue account. Pursuant to 85-1-612, rulemaking authority is given for:

(1) prescribing the form and content of applications for grants and loans;

(2) governing the application of criteria for awarding loans and grants to private persons;

(3) providing for the servicing of loans, including arrangements for obtaining security interests and the establishment of reasonable fees or charges to be made; and

(4) describing the terms and conditions for making grants and loans, the security instruments, and the agreements necessary.

SENATE NATURAL RESOURCES COMMITTEE

EXHIBIT NO. 1DATE 02/11/85BILL NO. SB 283



## STATEMENT OF INTENT

           BILL NO.           

## Montana Legacy Program

A statement of intent is required for this bill because it delegates rulemaking authority in section 9 to the board of natural resources and conservation for the establishment and administration of the Montana legacy program.

The intent is to provide the board with the authority to adopt those rules necessary to administer the Montana legacy program. The authority as described in section 9 includes establishing rules:

- (1) prescribing the form and content of applications for grants;
- (2) describing the terms and conditions for making grants;
- (3) prescribing a monitoring program to evaluate the effectiveness of funded projects and activities; and
- (4) any other rules the board considers necessary to accomplish the purposes and objectives of this act.

SENATE NATURAL RESOURCES COMMITTEE

EXHIBIT NO. 2DATE 02/11/85

Senate Bill No. 277

be amended as follows:

1. Title, line 7  
Following: "SECTIONS"  
Insert: "15-35-108,"
2. Page 4, Line 6  
Following: "money"  
Strike: "available"  
Insert: "allocated"
3. Page 4, Line 7  
Following: "trust"  
Insert: "interest"
4. Page 10, following line 9  
Insert: "Section 11. Section 15-35-108, MCA is amended to read:  
"15-35-108. Disposal of severance taxes. Severance taxes collected under the provisions of this chapter are allocated as follows:  
(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 25% of total collections a year. After December 31, 1979, 50% of coal severance tax collections are allocated to this trust fund. The trust fund moneys shall be deposited in the fund established under 17-6-203(5) and invested by the board of investments as provided by law.  
(2) Starting July 1, 1986, and ending June 30, 1987, 6% of coal severance tax collections are allocated to the highway reconstruction trust fund account in the state special revenue fund. Starting July 1, 1987, and ending June 30, 1993, 12% of coal severance tax collections are allocated to the highway reconstruction trust fund account in the state special revenue fund.  
(3) Coal severance tax collections remaining after the allocations provided by subsections (1) and (2) are allocated in the following percentages of the remaining balance:  
(a) to the county in which coal is mined, 2% of the severance tax paid on the coal mined in that county until January 1, 1980, for such purposes as the governing body of the county may determine;  
(b) 2½% until December 31, 1979, and thereafter 4½% to the state special revenue fund to the credit of the alternative energy research development and demonstration account;  
(c) 26½% until July 1, 1979, and thereafter 37½% to the state special revenue fund to the credit of the local impact and education trust fund account;

SENATE NATURAL RESOURCES COMMITTEE

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53277

(d) for each of the 2 fiscal years following June 30, 1977, 13% to the state special revenue fund to the credit of the coal area highway improvement account;

(e) 10% to the state special revenue fund for state equalization aid to public schools of the state;

(f) 1% to the state special revenue fund to the credit of the county land planning account;

(g) 1½ % to the credit of the renewable resource development bond fund, until July 1, 1987;

(h) 5% to a nonexpendable trust fund for the purpose of parks acquisition or management, protection of works of art in the state capitol, and other cultural and aesthetic projects. Income from this trust fund shall be appropriated as follows:

(i) 1/3 for protection of works of art in the state capitol and other cultural and aesthetic projects; and

(ii) 2/3 for the acquisition of sites and areas described in 23-1-102 and the operation and maintenance of sites so acquired;

(i) 1% to the state special revenue fund to the credit of the state library commission for the purposes of providing basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking;

(j) ½ of 1% to the state special revenue fund for conservation districts;

(k) 1½% until July 1, 1987; and 2.3125% thereafter until July 1, 1989; and thereafter 2.5% to the debt service fund type to the credit of the water development debt service fund;

(l) for the fiscal years following June 30, 1987, until July 1, 1989, .1875% to the rangeland improvement loan special revenue account;

~~(l)~~ (m) all other revenues from severance taxes collected under the provisions of this chapter to the credit of the general fund of the state."

Renumber subsequent sections.

SENATE NATURAL RESOURCES COMMITTEE

STATEMENT OF WARD SHANAHAN

IN SUPPORT OF AMENDMENT OF SB277

The policy of Montana as expressed in Article IX, Section 2 of the 1972 Constitution is that the state must be "indemnified" or paid damages by a developer of non-renewable natural resources. The Resource Indemnity Trust Fund is established primarily for this purpose, to insure reclamation.

Since the enactment of the Constitution and the Montana Resource Indemnity Trust Act 15-38-101, MCA, et seq. there have been varying views as to the interpretation to be placed on language authorizing expenditure of these funds. However, special language has been inserted at various times designating the funds for special purposes. In 1981 thirty percent (30%) was allocated for water development. In 1983 six percent (6%) was designated for hazardous waste.

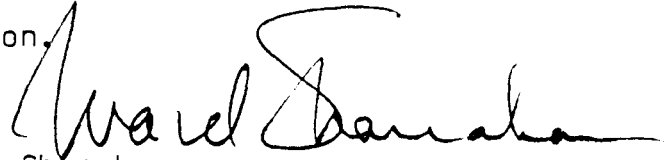
Therefore, it is in the interest of re-emphasizing the priority of these moneys for the repair of damages to an area or areas adversely affected by the extraction of non-renewable resources that we urge this amendment to insure that areas directly affected by such damages be given priority consideration in the evaluation of grant applications.

SENATE NATURAL RESOURCES COMMITTEE

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DATE 021185

Our purpose is not to exclude grants for other indirect or non-related purposes but instead to insure that the primary purpose of the Resource Indemnity Trust Fund is given priority consideration.

A handwritten signature in dark ink, appearing to read 'Ward Shanahan', with a large, sweeping flourish at the end.

Ward Shanahan  
Montana Mining Association  
February 11, 1985

NAME Ward A. Shanahan BILL NO Senate Bill 277

ADDRESS 301 1st National Bank Building, Helena, MT DATE February 11, 1985

WHOM DO YOU REPRESENT Chevron Resources and as Director of MT. Mining Association

SUPPORT \_\_\_\_\_ OPPOSE \_\_\_\_\_ AMEND xx

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Page 8, line 9.

Following: "provide"

Insert: "direct"

2. Page 8, line 10.

Following: "categories"

Strike: ";

Insert: ". . . to an area or areas of this state adversely affected by the  
extraction of non-renewable natural resources."

See attached written statement.

SENATE NATURAL RESOURCES COMMITTEE

EXHIBIT NO. 5

DATE 021185

BILL NO SB 277

WITNESS STATEMENT

Name DAVID LACKMAN Committee On NATURAL RESOURCES  
(Senate)  
Address 1400 Winne Avenue, Helena 59601 Date February 11, 1985  
Representing Montana Public Health Association Support X Yes  
(Lobbyist)  
Bill No. SB 277 (Blaylock & others by request.) Oppose \_\_\_\_\_  
ESTABLISHING THE MONTANA LEGACY PROGRAM Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

I am David Lackman, lobbyist for the Montana Public Health Association; testifying  
Comments: in support of Senate Bill 277.

1. The Montana Legacy Program is in our ENVIRONMENTAL category. Even though it may not be possible to fund it fully; we cannot afford to delay putting it in the codes.

With age, one becomes increasingly concerned about what kind of environment we are leaving for our children and grandchildren.

2. The Clark Fork River is an horrendous example of this. The lower Clark Fork study now underway should be extended to cover the entire river. The Clark-Fork ~~study~~ project is largely dependent on the enactment of SB 277. We urge your favorable consideration.

- 3.

Thank you !

- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

TESTIMONY ON SB 277  
AN ACT ESTABLISHING THE MONTANA LEGACY PROGRAM  
February 11, 1985

My name is Judith H. Carlson. I am representing the Montana Chapter of the National Association of Social Workers and more broadly today, the coalition of people and organizations supporting Priorities for People. This is both a process and a program. The department of social and rehabilitation services invited all of its constituent groups to come together throughout the year and to assist in the budget making process. An initial group of nearly 200 elected representatives to "budget building teams" - one for the disabled, one for the young, one for the economically needy, and one for senior citizens. These four teams came to agreement on a program of modifications to the SRS budget. These are priorities which meet the basic needs of our Montana citizens.

Among these programs is one to provide a decent, barely decent, standard for those people who are the poorest of the poor, those on General Assistance, a program paid for entirely with county funds - or in the counties administered by the state, state funds may supplement the 12 mills collected from the county. This is the program that is starting to cost a lot more money than anticipated and is causing a serious shortfall in the SRS proposed budget for the next biennium, not to speak of this one.

People on General Assistance, by and large, want to work. They need jobs. By way of this testimony I hope to encourage you to make amendments in SB 277 to couple this very worthwhile environmental program with an equally worthwhile work and

SENATE NATURAL RESOURCES COMMITTEE  
EXHIBIT NO. 7  
DATE 021185



training program. The purpose of the program could be on page 2, line 12, "promote economic development and jobs based on natural resources.

Then on page 8, line <sup>3</sup> ~~4~~, <sup>add (e)</sup> ~~it should~~ "employ persons who would otherwise be receiving public assistance." And again online 24, projects could be evaluated to "the degree to which jobs are created for persons who would otherwise be receiving public assistance."

We see this bill as a marvelous opportunity for our state and urge its support with the suggested amendments.

Thank you.

Judith H. Carlson

442-7462

SENATE NATURAL RESOURCES COMMITTEE

EXHIBIT NO. 7

DATE 02/11/85

BILL NO. SB 277

PROPOSED AMENDMENTS TO SB 277

page 2, line 12: (d) promote economic development and jobs based on natural  
resources;

page 8, line 3 ~~activity~~ and

page 8, line 4: (e) employ persons who would otherwise be receiving public assistance.

page 8, line 24: (g) the degree to which jobs are created for persons who  
would otherwise be receiving public assistance, and

page 8, line 25 ~~(g)~~ (h) such other criteria . . .

SENATE NATURAL RESOURCES COMMITTEE

EXHIBIT NO. 8

DATE 02/11/85

BILL NO. SB277

PROPOSED AMENDMENTS TO SB 277

page 2, line 12: (d) promote economic development and jobs based on natural  
resources;

page 8, line 3 ~~activity~~ and

page 8, line 4: (e) employ persons who would otherwise be receiving public assistance.

page 8, line 24: (g) the degree to which jobs are created for persons who  
would otherwise be receiving public assistance, and

page 8, line 25 ~~(g)~~ (h) such other criteria . . .

SENATE NATURAL RESOURCES COMMITTEE

EXHIBIT NO. 8

DATE 02/1/85

SB 277

# NORTHERN PLAINS RESOURCE COUNCIL

Field Office  
Box 858  
Helena, MT 59624  
(406) 443-4965

Main Office  
419 Stapleton Building  
Billings, MT 59101  
(406) 248-1154

Field Office  
Box 886  
Glendive, MT 59330  
(406) 365-2525

NPRC Testimony on SB 277 - Legacy Program

February 11, 1985

Madame Chairwoman, members of the committee, my name is Jeanne-Marie Souvigney, and I am with the Northern Plains Resource Council. Northern Plains first commented on the Legacy Program proposal last April, and also testified before the EQC last fall, and comes today to speak on the final bill.

We applaud the state's efforts to establish appropriate uses for the Resource Indemnity Tax (RIT) income, so speak today in support of the concept of the Legacy Program. We do, however, have concerns about the bill before you today.

I would like to read you the legislative policy statute establishing the Resource Indemnity Tax, which says it is the policy of the state "to provide security against loss or damage to our environment from the extraction of nonrenewable resources". We take the position that that is a sound policy, and that the Legacy Program should therefore be dedicated to projects to mitigate damages to our environment from nonrenewable resource extraction. We strongly support the criteria for eligibility in section 6, page 6 for reclamation (a and b), reforestation of areas damaged by mining (c), mitigation of social and economic impacts from natural resource development (e), and research on past and potential environmental damage from natural resource development (h). These criteria directly relate to the policy behind the Resource Indemnity Tax.

There seems, however, to have been a disturbing shift within the Legacy Program from using the income for purposes of impact mitigation, and indemnifying the state for extraction of non-renewable resources to also providing for the development of its resources. This is reflected in the very broad categories of projects proposed within the Legacy Program. For example, the department received applications for park development and improvement, recreational land acquisition, alternative fuel proposals, water and sewer projects, many proposals for noxious weed projects, and for road paving and maintenance. You can see that this program has ballooned to become a pot of gold to include projects that should be funded from other revenue sources, but perhaps can't because of lack of funding.

We suggest that the Renewable Resources Program, the Water Development Program, and other state funds are the more appropriate areas to fund projects to develop renewable resources and protect existing natural resources through conservation, including projects on weeds, soil and water conservation, saline seep, and others submitted under the Legacy Program. We do not in any way suggest that these proposals do not have merit, only that there are other areas set up to address those proposals, so that the Legacy Program should be set up for projects related to nonrenewable resource extraction.

NPRC does not support funding research and development to promote use of Montana's natural resources under this program, as included in Section 6, page 7 of the bill, (f) which includes as criteria projects which provide for research demonstration and technical assistance to promote use of Montana's natural resources. By including this criteria, ~~SENATE NATURAL RESOURCES COMMITTEE~~ <sup>SENATE NATURAL RESOURCES COMMITTEE</sup> ~~these~~ <sup>these</sup> ~~ment and the expansion of activities whose long-run detrimental effects~~ <sup>ment and the expansion of activities whose long-run detrimental effects</sup> these funds were intended to alleviate.

DATE

02/11/85

EXHIBIT NO.

As mentioned earlier, we do support research into past or potential damage resulting from nonrenewable resource development. However, there is the potential for broad interpretation and abuse of the intent of the provision, and would encourage you to make the relationship between research and past or potential damage clear.

We do have some questions about the bill. We question why appropriations to the rangeland improvement account (p.10, section 11) and to the water development account (p.11, section 12) have been changed and are included in this bill, and why there is no amended coal tax allocation section in the bill to reflect those changes.

We also question the evaluation criteria included in section 7, and whether those criteria are so vague as to hinder any valid evaluation of the proposals. We look at some of the proposals that are farther down the list that directly relate to nonrenewable resource development, like the Powder River Water Study Proposal, and question why such a proposal is placed behind weeds and historic ghost town rehabilitation. Perhaps the fault lies in the evaluation criteria.

In closing, I would like to emphasize the need for this program to address the impacts of nonrenewable resource development, and appreciate your consideration of some of the concerns we have raised about this bill while still supporting the concept of the Legacy Program.

NAME: HOUISE KUNZ DATE: 2/11/85

ADDRESS: 107 LAWRENCE

PHONE: 449-8801

REPRESENTING WHOM? MT Low Income Coalition

APPEARING ON WHICH PROPOSAL: SB 277

DO YOU: SUPPORT?            AMEND? X OPPOSE?           

COMMENTS: We support SB 277 and the work training  
amendment as a way to address the very real  
problems of the General Assistance program, a  
program, as many of you know, is looking very  
bleak. This can be an effective way to provide  
employment for many suffering from job loss and  
the futile search for new employment in the  
economically weakened condition of our State.  
We think it is wise use of a reclamation program  
to tie it with a work program that will  
employ those that otherwise will seek state  
assistance.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SENATE NATURAL RESOURCES COMMITTEE  
EXHIBIT NO. 10  
DATE 02/11/85  
BILL NO. SB277

PROPOSAL FOR A DEDICATED  
WATER RESOURCES RESEARCH PROGRAM  
IN THE LEGACY PROGRAM

Montana Water Resources Research Center  
Montana State University  
Bozeman, Montana

SUMMARY

A Natural Resources Legacy Program has been proposed to mitigate the effects of resource extractions. Because water resources are often impacted by natural resource extraction, and because research is often required for the effective protection and development of water resources, a water research program is a necessary adjunct to the Legacy Program. The Montana Water Resources Research Center can accomplish the needed research making maximum use of high level talent within the university system and minimizing the duplication of personnel and facilities. A surface Water Data Management Center will also be incorporated into the Water Center program. A state appropriation of \$150,000 for the biennium is requested. These appropriations will also serve as matching funds for an equal amount of federal dollars, thus multiplying the benefits to the state.

SENATE NATURAL RESOURCES COMMITTEE

EXHIBIT NO. 11

DATE 02/11/85

## BACKGROUND

The Department of Natural Resources and Conservation (DNRC) is proposing a Natural Resources Legacy Program to help mitigate the environmental, social and economic impacts of natural resources extraction. The program will be financed by interest income from the Resources Indemnity Trust (RIT) Fund. Because water is one of the environmental elements most often impacted by natural resources extraction, a significant part of the Legacy Program will probably address water related problems. For this reason, and for reasons of administrative efficiency, the DNRC is proposing that the Legacy Program be merged with the Renewable Resources Development (RRD) Fund and the Water Development Program. The combined funds from the RIT and RRD are expected to total approximately 11 million dollars over the 1986-87 biennium and a total of 250 million is available through the water development program for bonding water development projects.

The expenditure of funds of this magnitude across such a broad spectrum of water problems and projects will necessitate an extensive data base for informed decision making. In some instances, adequate methods and data are available to guide the planning and implementation of projects. In other instances, the exact nature of the problems will need to be defined, methodology researched, and data gathered before projects can proceed in an efficient manner. This need is recognized by the DNRC and research elements have been included in the Legacy Program.

## PROPOSAL

The Montana Water Resources Research Center is an appropriate vehicle for water related research necessitated by the Legacy Program and other state agency functions. Highly qualified professionals in such areas as engineering, hydrology, geohydrology, economics, chemistry and biological sciences, are employed within the university system. Many of these faculty have national and international reputations within their fields of specialty and have well equipped laboratories at their disposal. These resources cannot, and should not, be duplicated within the state water agencies, but can be made available and effectively coordinated through the Water Center.

The Water Center has a current involvement in research relative to state and regional needs. The annual research program is selected with the assistance of an advisory council composed of the heads of the state water agencies, state and federal water agency personnel, and representatives from industry, consulting firms, environmental groups, and the general public. The organization structure of the Water Center and the procedure for selecting annual research programs are outlined in attachments A and B.

An important part of the Water Center's information transfer program is a Surface Water Information Center. Because several state, federal and private agencies are involved in water data gathering activities, several data files exist. In response to a state appropriation of \$30,000 for the 1984-85 biennium, the Water Center has begun putting together a process for accessing existing surface water data files and for receiving and storing data that is not otherwise being filed. The mechanism for managing the data



is essentially complete. A major part of the resources requested here will be used to build the data files and refine the process of data collection and management. The Water Center director will coordinate this effort with state water agency personnel.

The principal source of Water Center funding has been federal appropriations of approximately \$115,000 per year. The 48th legislature appropriated \$30,000 of state funds for the 1984-85 biennium, and some matching dollars and in-kind services have been available through other state resources. In March of 1984, Congress passed the Water Resources Research Act of 1984 which extends federal participation in the program through 1989. This legislation authorizes funding of up to about \$160,000 per year to the Water Center and requires a nonfederal match of one-to-one in the first two years, increasing to two-to-one nonfederal matching during the last two years.

The request made by this proposal is for a share of the Legacy Program funds to provide the research element necessary in implementing the water programs of the state. The state dollars requested will be combined with the federal dollars to expand the Water Center Program to a more useful level and will contribute to the nonfederal match requirement. A total of \$150,000 is requested for the 1986-87 biennium, approximately 1.4 percent of the Legacy Program funds. A budget for the use of these funds is given on the following page.

BIENNIAL BUDGET REQUEST  
SURFACE WATER INFORMATION CENTER

<u>Item</u>	<u>1986</u>	<u>1987</u>	<u>Biennium Total</u>
<u>PERSONNEL</u>			
Director (0.25 FTE)	\$10,083	\$10,384	
Secretary (0.25 FTE)	3,375	3,476	
Computer Programmer (0.25 FTE)	5,750	5,923	
Graduate Research Assistant	<u>6,000</u>	<u>6,000</u>	
Total	25,208	25,783	
Benefits (20% Prof., 2% GRA.)	<u>3,962</u>	<u>4,077</u>	<u>          </u>
TOTAL PERSONNEL	29,107	29,860	58,967
<u>OPERATIONS</u>			
Computer Time	1,200	1,320	
Supplies	1,500	1,500	
Travel	<u>1,000</u>	<u>1,000</u>	<u>          </u>
TOTAL OPERATIONS	3,700	3,820	7,520
<u>CAPITAL</u>	<u>5,000</u>	<u>1,000</u>	<u>6,000</u>
Total Direct Cost Surface Water Information Center	37,807	34,680	72,487
Research Projects	<u>37,193</u>	<u>40,320</u>	<u>77,513</u>
Total Budget Request	75,000	75,000	150,000

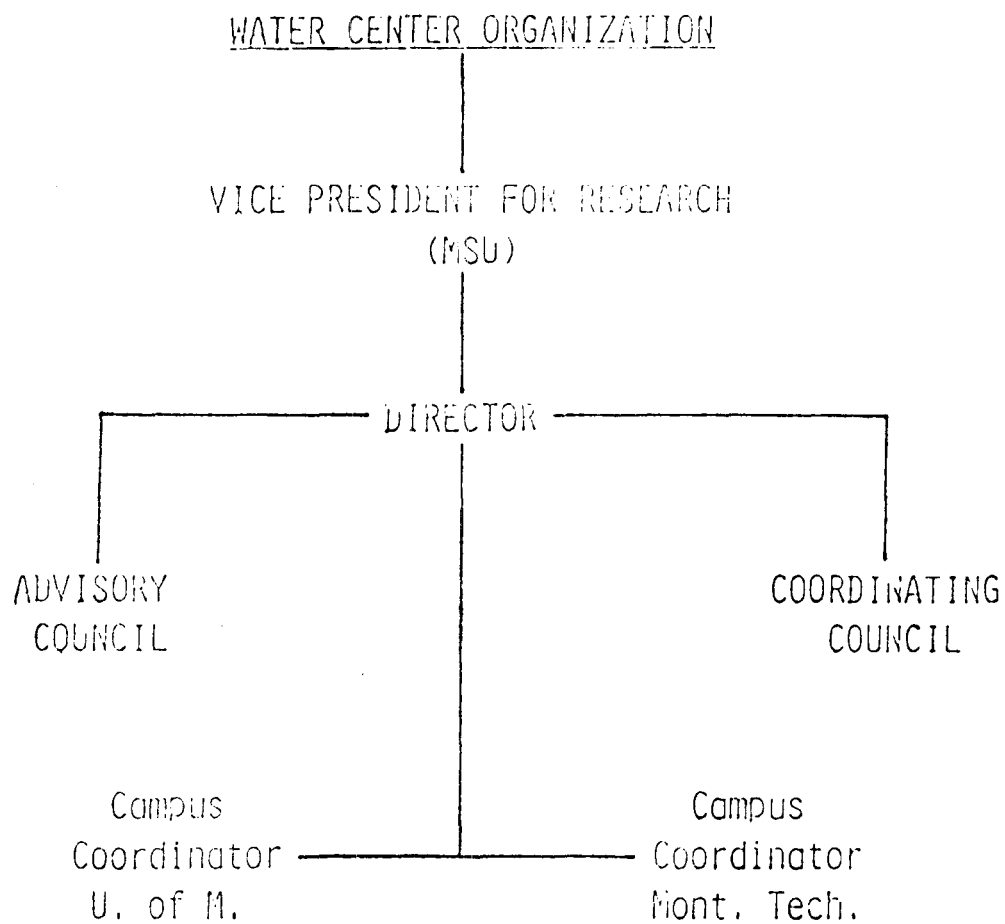


Fig. A

# PROGRAM SYNTHESIS

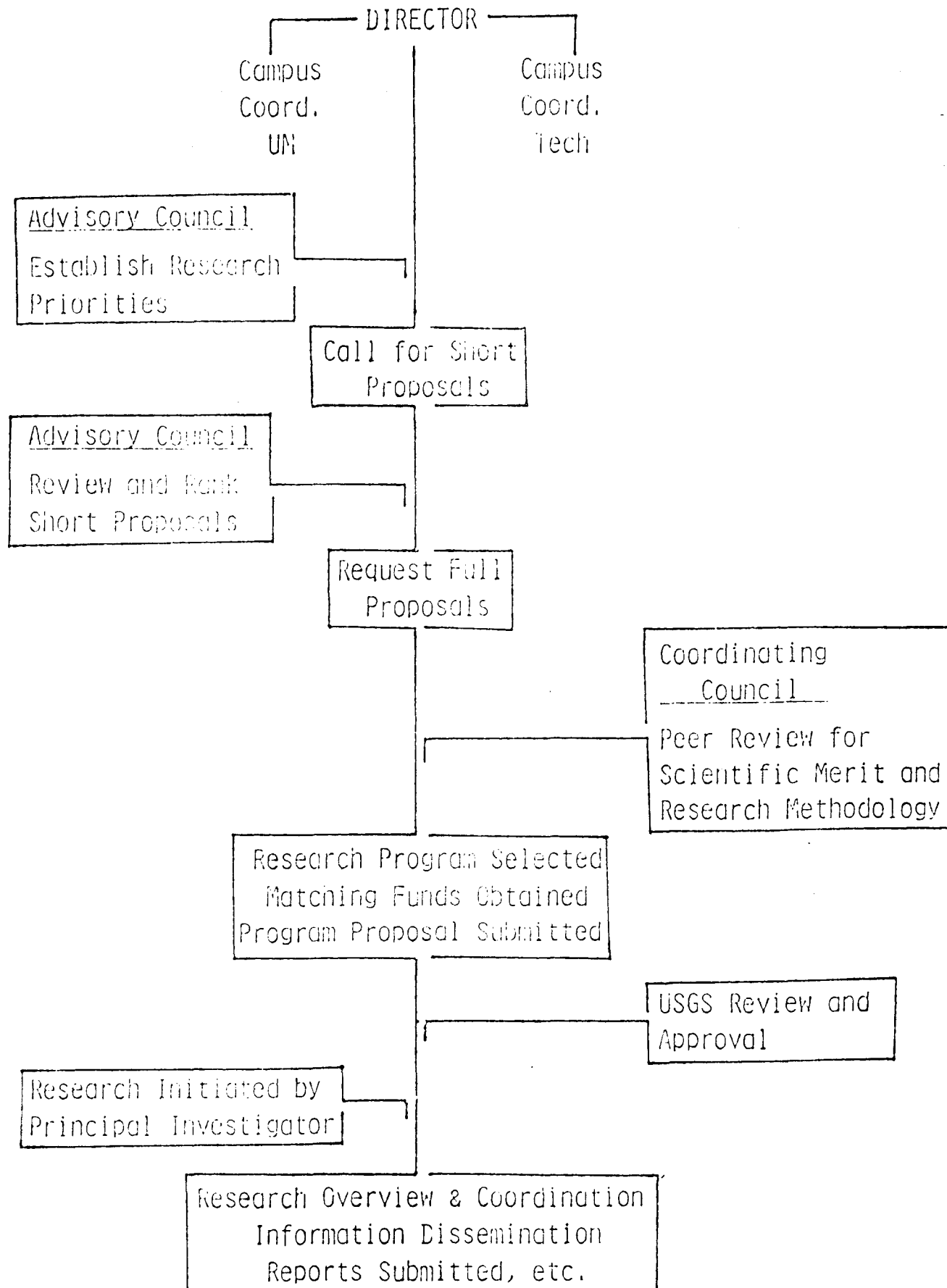


Fig. B



## The Montana Environmental Information Center Action Fund

February 11, 1985

• P.O. Box 1184, Helena, Montana 59624

(406)443-2520

Madame Chairperson and members of the Committee, for the record, my name is George Ochenski and I represent the Montana Environmental Information Center. I stand today to give very conditional support for SB 277, better known as the Legacy Program.

The Environmental Information Center strongly supports the use of interest monies from the Resource Indemnity Trust Fund for indemnifying the impacts of resource extraction. While many of the projects suggested for funding under the Legacy Program fit this criteria, too many of them do not. Moreover, it is our belief that the language of this bill is too loose, that the spectrum of applicability too wide, and the potential for abuse too great to allow it to pass into law unchanged. We have before us a limited amount of money, raised by a tax levied on a specific industrial process, and supposedly used to help mitigate the impacts of resource extraction. It is not a huge fund, nor is it the panacea for all that ails Montana. Unfortunately, both of those two important points have been primarily ignored by the drafters of this bill.

If you will bear with me, I would like to specifically illustrate the weaknesses in this bill, by page and line, and make suggestions as to amendment or deletion. (See enclosure)

SENATE NATURAL RESOURCES COMMITTEE

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EXHIBIT NO.

12

DATE

02/11/85

In closing, I would like to suggest that the project list for suggested funding contains some glaring examples of inappropriate uses of this fund, such as rebuilding ghost towns, reforesting Anaconda Company's land, and literally throwing money into a non-specific weed control effort. It should be obvious to this committee that this time around, at least, a very rush job was done on this program and that a very poor example has been set for the future. Much of this is directly attributable to the overly-broad scope of concerns contained in the present language of the bill. Unless we want to see a true avalanche of proposals the next time around, and possible abuses of the fund this time, it will be necessary to strictly define the eligibility categories and comprehensively adjudicate the proposed projects. Your work is before you, we hope our suggestions will help you.

Thank you.

Page 1; Lines 18-21: Social, economic, and cultural conditions are not categories that should be specifically addressed under RITF projects unless they result from physical resource extraction.

P.1, L. 24-25: We do not believe developing resources is the goal of these monies, nor should it be a goal of this program.

P. 2, L.1-2: Again, resource development is outside the scope of indemnification.

P.2, L.9: Change develop to protect.

P.2, L.12-13: Economic development is not the intent of the RIT Fund, suggest deleting entirely Line 12, 13.

P.5, L.5-6: We agree with this language, but question whether or not this was done with the proposed list of projects to be funded for the '86-'87 biennium.

P.5, L.10-11: We see no reason why the governor should submit only those proposals having his approval and see the possibility of abuse of power in this language. We would suggest that the Dept. submit the list and that it have the consensus approval of all parties involved in the adjudication process.

P.5-6, L.25,1-4. We can see substantial potential for abuse in allowing emergency fund monies to be spent for any project that will result in "substantial damages or legal liability to the project sponsor." In effect, this means if a project was ill-conceived and/or poorly conducted, the state would be liable for picking up the tab. This leads to confusion in budget and accountability processes and could result in these funds being spent on entirely inappropriate concerns. Our suggestion is that emergency funds only be allocated to projects that need immediate attention to prevent serious environmental damage to the state's natural resources.

P.7, L.1-4: We believe this entire section should be deleted since these monies are not intended to provide research/demonstration to "promote the use" of Montana's natural resources.

P.7, L.6: Weed control is not within the scope of resource extraction indemnification unless the weed control is done on properties (public properties) disturbed by resource extraction.

P. 7, L.19-20. We fully support the investigation into cost-effectiveness, but seriously question whether the projects suggested for funding have received the scrutiny this criteria mandates. We suggest they have not.

P.8, L.8-10: Until the "eligibility categories" have been more strictly defined, the scope of projects applicable under this section are voluminous. Suggest a hard look at this language until such definition of categories is completed.

P.8, L.13-15: If a project fills the specifications of eligibility it will automatically fulfill the objectives of the legacy program. This is unnecessary and could be deleted.

P.8, L.16-21: If "efficient use" is defined as "minimizing waste" strip mining and clearcutting would fit the definition. Our suggestion is that the "activity provide for the conservation of these resources" and eliminate the "efficient use" phrase.

P.9, L.3-5: Strongly support this clause and suggest definition of "special consideration." Perhaps a point system should be used and projects in this category would then receive "bonus" points.





## The Montana Environmental Information Center Action Fund

February 11, 1985

• P.O. Box 1184, Helena, Montana 59624

(406)443-2520

### COMMENTS ON PROPOSED PROJECTS FOR FUNDING UNDER LEGACY PROGRAM

1. Weed Control Trust Fund/Management: We feel broad-spectrum weed control is outside the intent of the RITF monies. Only weed projects on resource-extraction disturbed lands should be considered for funding. Moreover, the Noxious Plant Management Trust Fund has other sources of funding built into it. Specifically, they are a 1¢/dollar surcharge on herbicides and a 0.1 mil levy on property taxes statewide. Amount requested: \$1,000,000
2. Stream Restoration on Grasshopper Creek: This is a good project and should be funded under RITF although the necessary covenant to prevent re-mining is crucial. Amt. req. \$58,226
3. Bannack Apex Mill Rehabilitation: We do not believe re-building ghost towns and putting up tourism "interpretive panels" is within the scope of intent for RITF monies. Amt. req. \$227,370.
4. Ground Water Information Center: A good use of funds to help prevent future degradation of ground water by resource extraction industries. Amt. req. \$555,141. Sg. fndng: \$257,300.
5. We believe the Anaconda-Deer Lodge County request for re-vegetation is a good project on the surface, but question the use of RITF money to revegetate land belonging to Anaconda Co., and find serious fault with the "no responsible party" criteria. Anaconda Co. is the known responsible party and as such, should provide the

funding for the project. We would support the revegetation of public lands, providing they are not covered under CERCLA (Superfund) activities. Amt. req. \$300,436

6. Stream restoration, Confederate Gulch and Deep Creek: We support this project as a good use of RITF money. Amt. req. \$151,752.

7. Hazardous Waste Management Collection and Transfer Program: We support this program strongly as Montana is faced with both a number of old waste sites (oil-gas & mining) and a potential plethora of new wastes due to changes in Federal RCRA regulations. Amt. req. \$1,069,000 Sg. Fndng: \$800,000. We would like to see this program fully funded and up and running as soon as possible since the RCRA regulations take effect in 1986.

8. Butte Hill Mining Reclamation: We suggest close co-ordination with EPA on Superfund activities and determination of responsible party(ies) and obligations before major funding be granted. Amt. req. \$8,136,452. Sg. fndng: \$545,000.

9. Toole County Reclamation Project: We agree with the Dept. recommendations on the project. We would stress an attempt to identify the responsible parties. Amt. req. \$783,539. Sg. fndng: \$390,000.

10. Clark Fork River Projects: A good project for RITF funding. Specifically addresses problems related to resource extraction. Amt. req. \$130,550. Sg. fndng: \$100,000. Would suggest full funding.



# Montana Association Of Conservation Districts

7 Edwards  
Helena, Montana 59601  
Ph. 406-443-5711

January 11, 1985

To: The Honorable Dorothy Eck, Chairman  
Senate Natural Resources Committee

TESTIMONY ON HB 277 on establishing the Montana Legacy Program.

The funds for the Montana legacy program come from nonrenewable resources, therefore the association feels the funds should go to improve and enhance renewable resources for the future of Montana.

The Bill properly addresses this by the inclusion of Section 6, Subsection 1g on page 7, line 5:

"(g) protect the state's renewable resources through sound soil and water conservation, weed control, and other restoration programs;"

This is the area the Association is most interested in.

Through the application process a need was shown in the renewable resource area.

The Association encourages your support for HB 277.

Dave Donaldson  
Montana Association of  
Conservation Districts  
7 Edwards  
Helena, Montana 59601

NAME: James D. McCallister DATE: 2/12/75

ADDRESS: 2000 Columbia Dr

PHONE: 400-6553

REPRESENTING WHOM? MT Coal Council

APPEARING ON WHICH PROPOSAL: SB 277

DO YOU: SUPPORT? ✓ AMEND? — OPPOSE? —

COMMENTS: delete Subsection 2 of

Section 6 page 6

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SENATE NATURAL RESOURCES COMMITTEE

EXHIBIT NO. 14

DATE 02/11/85

BILL NO. SB 277