

MINUTES OF THE MEETING
NATURAL RESOURCE SUBCOMMITTEE
49TH LEGISLATURE SPECIAL SESSION III

June 12, 1986

The meeting of the Natural Resource Subcommittee was called to order by Chairman Rex Manuel at 8:35 a.m. in Room 317 of the State Capitol.

ROLL CALL: All members were present. Also present were Sib Clack, Budget Analyst for the Office of Budget and Program Planning (OBPP), Carl Schweitzer, LFA, and Keith Colbo Director of the Department of the Commerce.

Tape 1:A:002

DEPARTMENT OF COMMERCE: Carl Schweitzer, LFA, went through the Governor's 5% cut and the LFA's issues with the committee and guests.

Director's Office: (026)

Keith Colbo, Director, stated that the cuts are reasonably accurate. He further stated that the department does think that a very thorough study and thorough consideration to the alternatives should be conducted and should be conducted by the departments recommendation but as a regular study during the regular session.

The meeting was opened to the public for their comments.

Murdo Campbell, Administrative Officer of the Montana Coal Board, commented that the board did make this move to transfer the funds and they recommend that they include in the budget \$630,000 this year and \$1,000,000 next year. The board felt the need to get funding into the general fund with priorities over others. The board realized that this would be something that would be important to all the citizens in the state of Montana.

Senator Smith asked Mr. Campbell how much money would be left in the account. He replied by saying that this year there should be some 40 to 50 thousand dollars that will be reverted to the Educational Trust Fund. Next year the board is expecting 2.1 million dollars if the \$1,000,000 is transferred this year, so the \$1,000,000 plus the \$720,000, obligated to the Yellowstone County jail, would leave a balance of \$228,000 for next year.

Issue 1 LFA: Carl explained what the Weights and Measures Bureau does.
Issue 2 LFA: This issue also involves the Weights and Measures Bureau. What he looked at was reducing the frequency of going out and inspecting every weighing and petroleum device every year, but rather once every other year. Also by doing this would involve reducing from seven inspectors to four inspectors. This would make a savings of \$147,000. The last option would be to eliminate all scheduled inspections and only inspect on a complaint basis.

Senator Smith asked Carl if they still intended on collecting the fee but not go out and check the scales? Carl stated that the fee is to cover the cost of the inspectors. Senator Smith further asked if the department would still be able to go out and check the scales on an annual basis? Mr. Colbo answered him by saying that that would be their goal.

Keith Colbo stated that with what the option would impose to you is that in the past by charging a fee approximately 50% of the cost of the program has been paid by the fees. He further stated that on a full fee basis those people deserve to have the scales measured accurately and on a timely basis.

Issue 3: This issue dealt with the Coal Board. It was discussed earlier.

Issue 4: Carl stated that what the LFA looked at in the Tourism Promotion Program was trying to determine whether there were any measures they could relate by putting the \$1,250,000 in the program and getting it back. He stated that as far as the state's perspective that direct co-relation wasn't made. They looked at a number of options for the legislatures consideration. One is currently the department goes out and tries to promote the state and then there is also an area where they respond to just requests for information about the state.

Keith Colbo commented on how effective the advertisements are. John Wilson commented that they consider that 30% of the people that travel Montana are pleasure travelers and another 23% come to Montana for the purpose of visiting friends and relatives. So 53% is what they would call tourists. He stated that they are currently sending out about 125,000 packets, so the demand is greater than the supply.

Senator Boylan commented that he didn't want to see any money spent on a study to see whether the tourism promotion is working. He further stated that the only thing we have left in the state of Montana is tourism and so we are going to have to keep it going to get any production in the state of Montana.

Senator Smith commented that the state does very little for the promotion of agriculture products which is still the number one industry in the state and he feels that the other Montanans that aren't involved in any agricultural industry don't do their fair share as far as contributions towards tourism.

Mr. Colbo stated that he felt that they really do their part because that is what they rely on.

There was a lengthy discussion on this matter.

(1:B:169) Carol Daily, Vice-president of the Chamber of Commerce from Kalispell, spoke on the productiveness of promoting tourism in the Kalispell - Flathead areas.

Keith Colbo closed by saying that now is not the time to shut down the tourism promotion program; now is the time to be pushing it.

Issue 5: Carl informed the committee what this issue would do. The LFA felt that in relation to the amount of money there isn't any clear indication that any tax dollars were increasing with the amount of money spent. The options are to eliminate the program, eliminate the program except for the one division that did indicate that it brought some people and jobs into Montana, or maintain the same level of support.

Keith Colbo responded to Issue 5 by saying that the department is very much opposed to options A and B.

Discussion on this issue followed.

Tape 2:A:316

Issue 7: This issue eliminates the Science and Technology program. The money was used to help build high tech industry that is suitable for Montana. There is approximately \$800,000 that is available in the fiscal year 1987 for the program that could be transferred to the general fund.

Keith Colbo responded by saying that he feels that the program has made an excellent beginning and an excellent investment in Montana and in the future of the state of Montana.

Sam Hubbard, Director of the Science and Technology program, explained to the committee how the program has benefited and helped Montana's industry. He stated that he felt that they can make excellent use of the resources that remain in their budget and they certainly hope that they are still available.

There were many comments concerning this issue.

Issue 6: Carl explained the Local Government Block Program. The issue is a revenue problem for fiscal year 1987. When they went from registering vehicles to a fee system many counties lost revenue and to make up that lost revenue the legislature made up the Local Government Block program.

Tape 3:A:002

Carl went through the option with the committee.

Keith Colbo commented briefly on this issue. He stated that the department did not borrow 1987 Local Government Block Grant money but rather made a general fund loan that they will be unable to pay back at the end of this fiscal year. There will be a bill that will allow the department to address the problem. He personally felt that they should return to the property tax base again.

Senator Smith informed the committee that he is asking for signatures to get the vehicles back into the property tax base. It will be different in that it will be a 2% tax base owned value of the vehicle. He felt that this will get the state out of the problem and it will also assist the counties and school districts. He thinks that this is a much better alternative than to raise the fee by another \$46 which are already unfair to many car owners.

Gordon Morris, Executive Director for the Montana Association of Counties stated that the LFA's report is close to accurate but he clarified that the schools get approximately 60¢ out of every dollar in this program; towns and cities get 13¢; counties get 18¢; and the state gets about 3¢.

Alec Hansen, representing the Montana League of Cities and Towns, stated that they strongly oppose Director Colbo's recommendation. He further stated that they simply can't afford to lose money. He explained to the committee why this applied.

Phil Campbell, representing the Montana Education Association, stated that this is going to affect the taxpayers next year.

Mr. Colbo closed by saying that if there is anything the department can do to assist them further in making those decisions they stand ready to help.

EXECUTIVE SESSION:

Rep. Spaeth moved that they accept the Governor's recommendation for the 5% budget cut. Rep. Swift seconded the motion. The motion CARRIED.

Rep. Swift made a motion to accept the Governor's Issue 2. It was seconded by Rep. Nathe and the Motion CARRIED.

Senator Smith moved to accept the LFA's Issue 1. Senator Boylan seconded the motion and the motion CARRIED.

Rep. Nathe moved that no action should be taken on Issue 2. Rep. Swift seconded the motion and the motion CARRIED.

Rep. Swift moved that no action be taken on Issue 4. Rep. Nathe seconded the motion and the motion CARRIED.

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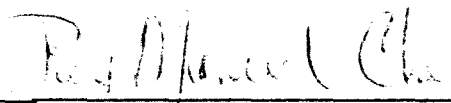
Tape 2:B:002

Representative Spaeth moved to accept Option C on Issue 5. Senator Smith seconded the motion and the motion CARRIED.

Rep. Spaeth moved to take no action on Issue 6. Rep. Nathe seconded the motion and the motion CARRIED.

Representative Spaeth moved to keep the program as is in Issue 7 with the 5% cut. Senator Boylan seconded the motion and the motion CARRIED.

ADJOURNMENT: There being no further business before this committee the meeting was adjourned at 11:55 a.m..



REX MANUEL, Chairman

SUBCOMMITTEE

Date June 12, 1986

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VISITORS' REGISTER

COMMITTEE

BILL NO. _____

DATE _____

SPONSOR _____

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.