

MINUTES OF THE MEETING
NATURAL RESOURCES COMMITTEE
HOUSE OF REPRESENTATIVES
50TH LEGISLATIVE SESSION

January 26, 1987

The meeting of the Natural Resources Committee was called to order by Chairman Tom Jones on January 26, 1987, at 1:00 p.m. in Room 312 of the State Capitol.

ROLL CALL: All committee members were present with the exception of Rep. Meyers who was absent and Rep. Kadas who was excused.

HOUSE BILL NO. 290: Rep. Gary Spaeth, District #84, sponsor, stated HB 290 was pursuant to 85-2-317 and indicated that after May 7, 1979, no application for a permit to appropriate groundwater in excess of 3,000 major feet per year may be granted except pursuant to the act of the Legislature permitting the specific appropriation. Pursuant to that act of the Legislature, HB 290 was there to get an authorization for two groundwater applications in Carbon County. He stated the applicant was present and had the report of the Department of Natural Resources which covered the applications by Dick and Sharon Ragland. Rep. Spaeth distributed copies of the applications and gave a brief history of the wells. (Exhibit 1). He stated in the 1950's, the existing flowing artesian well was drilled on Bluewater Creek, Carbon County. The well exists on the property of the applicant. He would like to install a generator facility on the creek; basically tapping into the well and letting it flow into the creek through the generator facility. This would involve no major impact on present usage of the water in the immediate area. There was a question as to whether the authorization was even needed due to the fact it was surface water already coming up. That, perhaps, it should be considered surface water. The reason it was being brought before the Legislature was due to substantial criminal penalties from the department in granting the permit acceptance. Mr. Ragland looked at another option which was the drilling of another well in the area; however, it had not been drilled and was not known whether the well would provide the water similar to the existing well which was why both applications were before the committee presently. There had been no real objections to the appropriation and it did not effect anyone in the area downstream. It would provide Mr. Ragland with a great project to produce electricity.

PROPOSERS: DICK RAGLAND, owner of the application, explained he did own all the ground the applications would

effect. Presently, the water was flowing out of an open well by ditches and pipelines, and flowing back into Bluewater Creek. He stated he merely wanted to capture that flow and turn it into electricity.

LARRY HOLMAN, representing the Department of Natural Resources stated the application had been assessed by DNRC and they felt it was a reasonable use, with no environmental concerns. No major obstacles had been identified. There was a condition on the permit which stated after implementation, in this particular case, the Department of Fish, Wildlife and Parks and Bluewater Hatchery were directly impacted, the appropriation of the water would then cease.

NO OPPONENTS

REP. RANEY asked Mr. Ragland who originally drilled the well?

MR. RAGLAND explained that around 1949 an oil company, looking for oil, drilled the well and left the well flowing for people to irrigate from. It did, at one time, have a value on it but was no longer there due to corrosion. About 1959, the well was opened to flow into Bluewater Creek.

REP. RANEY asked with this well flowing, had other people applied for claims on the water?

MR. RAGLAND stated there were some claims; however, his property sloped off into Bluewater and he owned everything from the wellhead to Bluewater. The claims were coming out of Bluewater downstream and the water would still be there. He was just going to use the water before it got downstream.

REP. ROTH asked what Mr. Ragland intended to do with the power he would be generating.

MR. RAGLAND replied he had a contract with Montana Power Company in which they were going to buy the power.

REP. SIMON asked what was the reason for the second well or if he had any intentions of drilling a second well.

MR. RAGLAND stated the second application was for a new well to go into the Madison, where possibly, there might be higher pressure resulting in more electricity.

REP. SPAETH clarified stating the intention was to provide the same amount of water to Bluewater Creek, and not disturb it in anyway. However, if it was lowered, more than likely there would be problems. Also, if it was increased, they would have problems as well.

REP. SIMON asked how the applications were tied together.

REP. SPAETH stated the department was the one that ultimately permits and goes through the entire process of basically assessing permits. Therefore, the Legislature did not write the permit.

REP SPAETH then closed stating HB 290 was designed to have no impact on the groundwater because water was already freely flowing with no impact to other users of the stream, which only resulted in additional electricity for Mr. Ragland. He urged the committee to look favorably on HB 290.

HEARING CLOSED ON HB 290.

HOUSE BILL NO. 328: Rep. Gary Spaeth, District #84, sponsor, stated HB 328 did several things and explained the high points and changes in the bill. He stated slash/hazard reduction was leftovers of the tree not marketable, i.e., branches, limbs and top. The slash is left on the ground in large piles, thus causing the hazard. The hazard reduction law was not to eliminate the hazard, but merely to reduce it thus preventing fires from occurring. It was important for state policy to reduce the hazard and prevent fires so they do not incur costs of putting the fires out. Currently, the logger puts up a bond which assures the slash will be taken care of. The bond is similar to an incentive because they do get it back when the job was completed and the slash was picked up. If they completed the job, the state must go in and pick up the slash in order to complete the job. With inflation, they must deal with the bill on a periodic basis in order to keep up with rising costs of maintaining the program. A recommendation, made by Rep. Donaldson, was to increase the fees to cover that particular cost. Not keeping current with inflation they then see what happens in the budget situation whereas they start picking up more costs in the fund. Last time it was set was 1975 at \$6.00. Keeping current with inflation would bring it to \$9.75. Therefore, an \$11 cost involvement.

The second aspect of the bill related to the last time it was brought up it had an administrative cost of how to administer. The administration cost was set at 4% which is currently costing around \$62,000 a year. The bill also has built into it a recommendation to raise the 4% to 10% for the administration charge which is still low when dealing with such a problem program. It should have been set at 10%, as opposed to the 4% they are dealing with, when it was first looked at in 1975. Rep. Spaeth's reason for carrying HB 328 was that it had budgetary implications to the state

and in referring it to LFA, they indicated changes should be made which would bring it up-to-date.

PROPOSERS: DENNIS HEMMER representing the Department of State Lands stated the problem they had run into when addressing the bill was the \$6 and 4% which did not go far enough to get the job done. It cost more than \$6 a thousand if they must go in and take care of the slash. Likewise, at 4%, they were not getting out as soon as they should and simply did not have the resources to do so. They had asked that the bill come forward, increasing it to \$10 a thousand and 10%. They had also asked the subcommittee to give them more resources funded with the money so they could take care of the hazard reduction in a better way. Other changes in the law require purchasers to report volumes even tho there was not enough volume to require withholding so DSL would know what was going on and why they were not getting a withholding on it. It would define slash as an excise tax for recovery in bankruptcy proceedings. Thus having a better chance of recovery and repealing the right-of-way notice that was not working. The idea behind the law was to reduce the slash to a level that decreased the possibility of fire. Slash fires seem more costly to suppress and definitely was a problem which must be addressed.

OPPOSERS: MIKE ATWOOD, representing the Montana East Side Forest Practice Committee Association of Timber Product Companies in Eastern Montana, submitted testimony (Exhibit 2). He stated they commissioned a private consultant to evaluate the slash reduction program. He distributed copies of the results of the study and stated they felt the program was carrying itself with inflation not being an important factor in the slash costs. They had actually decreased since 1979 as much more efficient forestry practices were being implemented. They felt HB 328 was a bad bill which would be detrimental to the timber industry; especially the smaller operators who in the long run would end up carrying the burden of the state's administrative program. He urged the committee to kill the bill.

KEITH OLSEN, Executive Director, Montana Logging Association, submitted testimony (Exhibit 3). He stated they agreed with many of the points Mr. Atwood brought out in his testimony but they would like to emphasize that the passage of the bill would not necessarily enhance slash disposal and would most likely do very little, if anything, for site preparation as far as degeneration was concerned. The main reason was because private landowners required effective slash disposal measures which they felt were superior to the state enforcement policies. What HB 328 would do would be to have economic consequences to the two people who most likely would be able to afford it least, that being the

small private landowner, who was probably going to get less in stumpage, and the logging contractor who would have a smaller operating and profit margin with his operation. If they were not currently paying their way, the proposal would have merit and as Mr. Atwood's report indicated, they were paying more than their own way with interest going to the general fund.

MARK SIMONICH, forester for F. H. Stoltz Land and Lumber distributed testimony (Exhibit 4). He stated part of what they saw happening was a two-fold increase for the deposit the state was withholding. Meaning, they want to keep \$1 per thousand instead of 24 cents per thousand resulting in a 417% increase. They failed to see where the state was justified for the need of the increase. He stated the bill would not encourage more operators to better manage their own hazard reduction, but it may well discourage many legitimate operators from working within our state. He urged the committee to not allow HB 328 to pass.

ED REGAN, Timber Manager, Springcreek Forest Products and Mayor of Judith Gap, stated he was speaking on behalf of his company who were opposed to HB 328 because it represented an increase in the cost of doing business in Montana. Over the last ten years it had become apparent that an "anti-business" attitude existed in the state and was especially discriminatory towards Montana's basic industries. Discriminating against basic industry was already having a serious effect on the state's employment picture. Those manufacturing jobs can never be replaced by low paying seasonal jobs which resulted from increased tourism. Yet tourism was the direction the leaders had been leaning toward. Their industry had never asked for a handout. All they had ever tried to do was protect their source of encroachment of big governments. They have had to defend themselves in order to survive. The support was given from the taxpayers and the time was at hand to act now.

VINCE HEIER, Timber Manager, Idaho Pole Company, stated they employed about 25 people and produced special utility power poles for Montana Power and other users. The bottom line on the bill was an added cost of doing business that small businesses did not need. He stated they could not afford it in respect to a 400% increase in administrative fees which would put the burden on the small landowner and small business operator. They felt HB 328 was a discriminatory bill and urged the committee to not pass the legislation.

GEORGE BERG, owner and manager of the Berg Lumber Company, stated they had about 53 full time employees, and felt HB 328 was a bad bill for their company who must maintain their

business. They could foresee going out of business with the additional increase.

REP. SMITH asked Mr. Hemmer to explain to the committee how they presently treated slash agreements with the big landowners.

MR. HEMMER stated it fell under the Master Hazard Agreement whereas, most of the large landowners had an ongoing bond that was basically a floating agreement. They had a surety bond rather than a cash deposit that covered the costs.

REP. SMITH stated when he use to log, all slash was collected on all timber that was cut. The only problem was that it was small loggers and the money was paid to the state. He stated he could remember many jobs that the slash never got piled on and the deposit was paid on. He asked Mr. Hemmer if that practice was still followed by the state or when the money was collected, did the logger/landowner turn it over to them to actually go out and pile that slash.

GARY BROWN, representing DSL, stated many times on small landowner land, there was not enough harvested or enough money deposited with the state to actually go out on the ground and do anything. They have the option, under the law, to turn those dollars over to the fire district or the fire protection agency in that specific area which gave them the responsibility of cleaning up the area.

REP. SMITH asked if the larger blocks of land were taken care of that involved larger sums of money.

ROGER BERGMEIER, of DSL, stated they did take care of it, either with their own slash crews or, in many cases due to the expense involved regarding administrative costs, preferred to assign an agreement over to another contractor. That could be either a consulting forester or another logging contractor who could do it more efficiently and with less expense. They could also assign it to the landowner.

REP. SIMON stated in looking at the numbers, the corrected cost of the program was \$120,000 a year and wondered if that was an accurate figure.

MR. HEMMER stated yes, that is somewhat correct. However, the cost being discussed was under the current level of the general fund which was reduced significantly. So that was really a ballpark figure.

REP. SIMON stated if it were combined, the income of roughly \$40,000 a year and the amount being generated off the

interest on the escrow account, would indicate almost a self liquidating program.

DENNIS HEMMER stated yes. However, they needed to go beyond the status quo and must acquire additional funding for hazard reduction.

REP. SIMON asked if they were having major or minor problems in regard to slash being the attributing factor of some of the fires they have had.

MR. HEMMER stated the main problem was they were not getting to the slash piles in a timely fashion, therefore they did not get an inspection level, therefore they were not effectively enforcing the law.

REP. RANEY asked if the general fund would make money on the bill.

REP. SPAETH stated it would save money; however, there were general fund monies that were there and the indication was those general fund monies would most likely be taken out depending on whether the bill passed or not. He added there did need to be a fiscal note on the bill before any action was taken and stated he felt the bill was moving too fast. All the information needed did not have a chance to catch up with the bill before the hearing dates.

REP. ADDY stated he felt this was shifting away from the general fund support for the activity and moving toward a user fee and wondered if this was the programs philosophy.

MR. HEMMER stated that if DSL could have their own developers, they could maintain the current level of the general fund and could add the money to more efficiently run the program.

REP. ASAY asked Mr. Atwood if slash cleanup was part of their operation.

MR. ATWOOD stated when the contractor deposited money, he was then required to pile the slash and dispose of it by fire or other methods approved by the state.

REP. ASAY asked when the state did have to go in and clean up the slash, was the cost in addition to the deposit, plus the original 20%.

MR. ATWOOD stated the state would retain the \$6 and the person that created the slash would have an additional 20% even if it had not been contracted out and had it done for \$5 or less.


REP. SPAETH closed stating HB 328 did deal with private timberlands as opposed to state timberland. He emphasized it was a bond and the administrative fee was proposed to increase from 4% to 10% which would merely mean an additional \$4 to ensure the work got done with the provision that the logger did get it back when the job was completed. The slash reduction program helped keep fire hazards down because fire modifications were expensive and substantially drain the general fund. Basically, they were updating in an attempt to keep current with inflation and keeping the program going, thus increasing the general fund expenditures into the program. He stated they must keep competitive for the state to continue doing this.

HEARING CLOSED ON HB 328.

EXECUTIVE SESSION

HOUSE BILL NO. 290: Rep. Smith moved HB 290 DO PASS. Question was called. The motion CARRIED unanimously.

ADJOURNMENT: There being no further business to come before the committee, the meeting was adjourned at 2:15 p.m.



TOM JONES, Chairman

DAILY ROLL CALL

NATURAL RESOURCES COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date JANUARY 26, 1987

NAME	PRESENT	ABSENT	EXCUSED
TOM JONES, CHAIRMAN	X		
CLYDE SMITH, VICE CHAIRMAN	X		
KELLY ADDY	X		
TOM ASAY	X		
JOHN COBB	X		
BEN COHEN	X		
ED GRADY	X		
JOHN HARP	X		
HAL HARPER	X		
MIKE KADAS			X
AL MEYERS		X	
JOAN MILES	X		
MARY LOU PETERSON	X		
BOB RANEY	X		
RANDE ROTH	X		
ANGELA RUSSELL	X		
BRUCE SIMON	X		
BILL STRIZICH	X		
STAFF: EQC HUGH ZACKHEIM			

STANDING COMMITTEE REPORT

JANUARY 26

19 87

Mr. Speaker: ~~W~~ Committee on NATURAL RESOURCES

report 290

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

REP. TOM JONES

Chairman

"AN ACT AUTHORIZING THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION TO ISSUE TWO PERMITS FOR THE APPROPRIATION OF GROUND WATER IN CARBON COUNTY PURSUANT TO SECTION 85-2-317, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

AS
FIRST

reading copy (WHITE)
color

REPORT TO THE MONTANA LEGISLATURE REQUESTING APPROVAL
OF GROUNDWATER WATER RIGHT PERMIT APPLICATIONS BY
DICK AND SHARON RAGLAND AS REQUIRED BY SECTION 85-2-317, MCA
BY
MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
SEPTEMBER, 1986

EXHIBIT 111
DATE 12-87
HB 290

INTRODUCTION

Dick and Sharon Ragland of Bridger, Montana, have filed two Applications for Beneficial Water Use Permit (No. 54,092-g43D and No. 54,124-g43D) with the Montana Department of Natural Resources and Conservation for groundwater appropriations exceeding 3,000 acre-feet per annum for hydropower purposes (see attached locator map). Section 85-2-317, MCA, states that no application for a permit to appropriate groundwater in excess of 3,000 acre-feet per year may be granted for this type of use, except pursuant to an act of the legislature. This law generally applies to permits to appropriate groundwater for applications filed but not granted as of May 7, 1979.

DESCRIPTION OF THE APPLICATIONS

The amount of water applied for on each application is 10 cubic feet per second (cfs) up to approximately 7,239 acre-feet per annum for hydroelectric power generation from artesian flowing wells.

A. APPLICATION NO. 54,092-g43D - (priority date, November 8, 1983) is a request to add a new use for hydroelectric power generation from an existing flowing artesian well drilled in 1950. (A portion of the existing well flow has an existing water right and has been used for irrigation purposes). This well is located in the NW $\frac{1}{4}$, SE $\frac{1}{4}$, SE $\frac{1}{4}$ of Section 4, Township 6 South, Range 24 East, Carbon County, Montana. The amount requested is 4,488 gallons per minute (10 cfs) up to 7,238 acre-feet from January 1 to December 31, of each year. The groundwater will flow into Bluewater Creek nearby after being used for hydropower purposes (and after being used for irrigation purposes for which a water right already has been established).

The application was Public Noticed on December 15 and 22, 1983, and no objections were received. The Applicants have been granted a permit for 3,000 acre-feet of water, but need Legislative approval for the additional 4,238 acre-feet in excess of the 3,000 acre-feet for a total of 7,238 acre-feet.

The total depth of this well is 789 feet. The source of water is the Tensleep Formation, a major aquifer in the area, which commonly has reported artesian flows exceeding 8 cfs. U.S. Geological Survey Paper No. 1779-J questions whether the entire flow is only from the Tensleep Formation. Some water may infiltrate along fractures into the Tensleep Formation from the Madison Formation which is 100 to 300 feet deeper.

B. APPLICATION NO. 54,124-q43D - (priority date January 5, 1984) is a request to divert water from a new proposed flowing artesian well located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 4, Township 6 South, Range 24 East, Carbon County, Montana. The amount requested is 4,488 gallons per minute (10 cfs) up to 7,239 acre-feet from January 1 to December 31, of each year. The groundwater will flow into Bluewater Creek nearby after being used for hydropower purposes. The depth of this proposed well would be approximately 1,200 feet into the Madison Formation. The Madison has been inadequately tested as an aquifer in this area, but according to U.S. Geological Survey Paper No. 1779-J is potentially capable of producing over 3,000 gallons per minute (equals 6.68 cfs).

The application was Public Noticed on May 31 and June 7, 1984, and one objection was received from the Montana Department of Fish, Wildlife, and Parks. The Department of Fish, Wildlife, and Parks and the Applicants have formally agreed to the issuance of the provisional permit according to the following conditions to specifically protect flows for the nearby Bluewater Fish Hatchery.

1. Any final determination of existing water rights, as provided by Montana law.
2. Subject to all prior existing water rights in the source of supply.
3. This permit is subject to Section 85-2-505, MCA, requiring that all wells be constructed so they will not allow water to be wasted, or contaminate other water supplies or sources; and all flowing wells shall be capped or equipped so the flow of water may be stopped when not being put to beneficial use. The final completion of the well must include an access port of at least .50 inch so that the static level of the well may be accurately measured.
4. The issuance of this permit by the Department shall not reduce the Permittee's liability for damages caused by Permittee's exercise of this permit, nor does the Department in issuing the permit in any way acknowledge liability for damage caused by the Permittee's exercise of this permit.
5. The Permittee shall keep a written record of the flow rate and volume of all waters diverted, including the period of time, and shall submit said records to the Department upon request.
6. Should this project impact the flow or water quality of the Bluewater Fish Hatchery's spring, project operations will cease entirely, or until an acceptable substitute water supply is provided to the Hatchery at the Permittee's expense. Flow impacts shall occur any time the combined flow of the covered spring and Bluewater Spring falls below 3,877 gpm (8.64 cfs). This permit when issued would be issued in conjunction with Permit to Appropriate Water No. 54,092-g43D. The combined appropriation as granted shall not exceed a total of 10 cfs up to 7,239 acre-feet per annum.

GENERAL POWER PLANT DESCRIPTION

The entire project is to be located on land owned by the Applicants. The hydroelectric installation (up to 500 KW) will be designed to interconnect with one of Montana Power Company's 3-phase distribution lines to be extended $\frac{1}{4}$ mile to the powerhouse. The project is a run-of-the-river type system with no storage of water, using only direct artesian flowing groundwater from either of the two wells.

Pending the outcome of the new well drilled under Application No. 54,124-g43D the plant intake will be located either on the new well or on the existing well.

The well head intakes located in Section 4, as described above, will consist of a concrete well head structure with a control valve for the penstock. The pipeline will be a buried 16-inch line to the powerhouse to be located in the NE $\frac{1}{4}$, NW $\frac{1}{4}$, SW $\frac{1}{4}$ of Section 9, Township 6 South, Range 24 East, Carbon County, Montana. Water leaving the powerhouse will be discharged into Bluewater Creek at or below stream velocities.

The power plant will be capable of producing between 230 KW to 500 KW with a design head of up to 700 feet, hydraulic capacity of 10 cfs, plant factor of 95% and an annual output of 1.9 GWh to 4.1 GWh. The powerline from the powerhouse will be approximately a quarter mile in length to the nearest line. Construction for this project will take approximately 4 months to complete.

An application was made to the U.S Federal Energy Regulatory Commission (FERC) for an exemption of a small hydroelectric power project from licensing. The Applicants were informed by FERC that the proposed project is not required to be licensed by Section 23(b) of the Federal Power Act, since the entire project is on land owned by the Applicants and their water source being groundwater is not a navigable surface water source.

RECOMMENDATION

The Montana Department of Natural Resources and Conservation recommends that the Montana Legislature approve Application No. 54,092-g43D and No. 54,124-g43D as described above and that provisional water use permits be granted in the amounts requested in excess of 3,000 acre-feet to Dick and Sharon Ragland for hydropower generation purposes.

LOCATION MAP

Range 24 East

Fromberg,
Montana

New well - Application No. 54,24-9430

Old well - Application
No. 54,092-9430

Pipeline

Powerhouse

Discharge
point to
Bluewater
Creek

Township
6
South

Bridger,
Montana

4
North

U.S.G.S. - Bluewater, Montana 7.5 minute Quad.

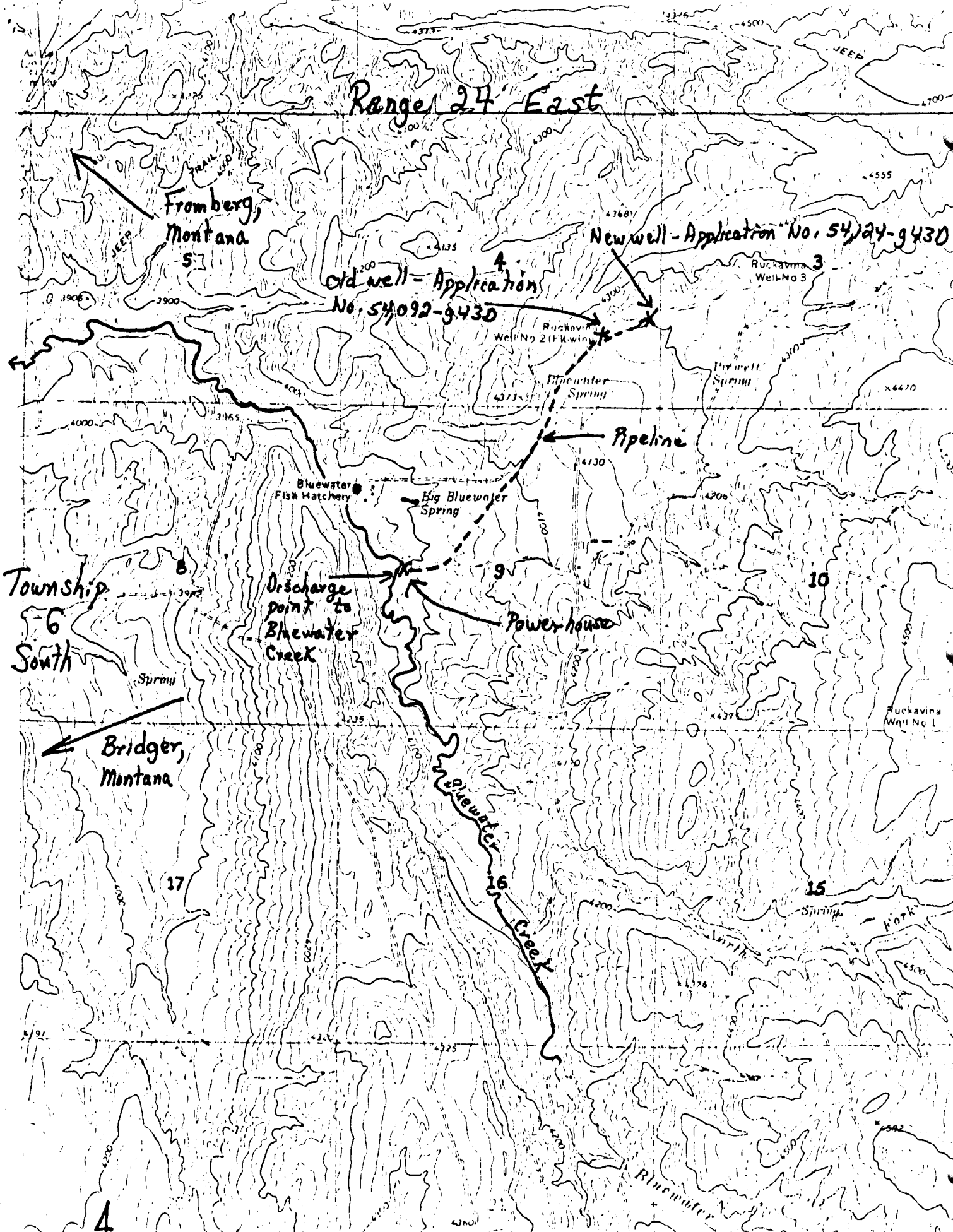


EXHIBIT (2)
DATE 12.87
HB 328

FACT SHEET ON
STATE OF MONTANA
HAZARD REDUCTION PROGRAM

The Hazard Reduction Program for the State of Montana is intended to insure that logging slash on private lands within the state, is treated or managed so that the risk of fire starting or spreading on these lands is reduced.

The procedure for administering this program by the Department of State Lands is as follows:

- a) The person or companies signs a slash contract with the state prior to cutting, which enables the state to collect slash deposits on timber harvested. At present, this amount is \$6.00 per 1000 board ft.
- b) The state deposits the collected monies in an escrow account.
- c) Upon satisfactory completion of hazard reduction work the contractor is refunded 96% of the deposited monies.
- d) 4% of the deposited monies is withheld and is used by the state for administering the program.
- e) If the contractor fails to perform the necessary Hazard Reduction work, the state can take over the work and charge the contractor for actual costs plus 20%

OBSERVATIONS

- 1. Slash monies deposited in the escrow account generate interest which is transferred to the general fund.
- 2. According to the state Budget & Accounting system (SBAS), the budget for the program in FY1986 was \$143,021 and the actual expense of the program was \$120,925.
- 3. Revenue to the slash program from 4% charges for slash inspections was \$37,342 according to Al Christianson, accountant-State Lands. It averages around \$40,000/yr.
- 4. The escrow account status for 1986 was:

Beginning balance	\$1,014,990.19
Deposits	682,434.18
Ending balance	<u>\$1,179,670.08</u>

Depending on the account in which this money is invested, interest to the general fund will vary, but using an average rate of 8% the escrow account would yield around \$80,000/yr. of interest which would be transferred to the General Fund.

5. General Fund appropriations are made to the slash program to make up the difference between slash revenues and budgeted expenses. According to the Legislative Fiscal Analyst's report, this amounted to \$66,255 in 1986.

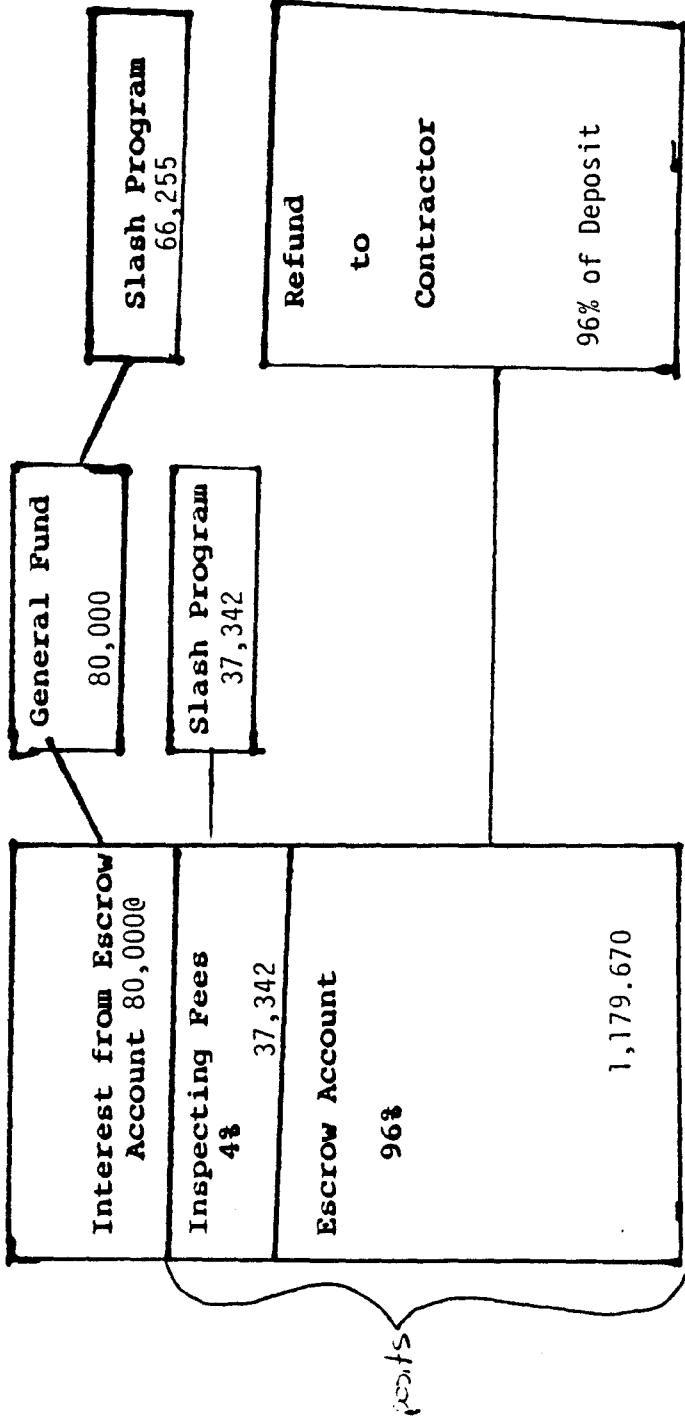
6. Realizing that interest generated from deposits and 4% charges to the contractor, the program is self-sustaining.

7. Since the period of time between when monies are deposited and refunds are made is between 12-18 months, it puts a burden on the contractor from a cash flow standpoint.

8. Slash clean-up on private lands as a whole is good and in most cases, exceeds the specifications required for Hazard Reduction.

9. Additional costs to the contractor due to increased deposits or fees will affect the amount of timber he can purchase and will reduce the amount of money which he will be able to offer the landowner for stumpage.

STATE SLASH FUNDING & DISBURSEMENT



<u>TOTAL REVENUE</u>	(1986 Reporting Center)	117,342
4% Administration Fee		37,342
Interest Gained from Deposits		<u>80,000*</u>
TOTAL		117,342

<u>TOTAL EXPENDITURES</u>	(State Budget & Acc. System)	120,924.97
Total Budget 1986		143,021.00

To be filled out by a person testifying or a person who ⁽³⁾would not like to stand up and speak but wants their testimony entered into the record. 1-26-87

WITNESS STATEMENT

328

NAME KEITH OASIS BILL NO. HF 228

ADDRESS PO. Box 1716 Hillbush 59102

WHOM DO YOU REPRESENT? MT Logging Assoc

SUPPORT _____ OPPOSE AMEND _____

COMMENTS:

- (1) Great job on the program is being done.
- (2) HB 228 is a good bill.
- (3) HB 228 is a good bill. It will create jobs for logging contractors.
- (4) HB 228 is a good bill. It will create jobs for logging contractors.

The above is true to the best of my knowledge and belief. Keith Oasis

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

4
125 87
328

A STATEMENT IN OPPOSITION TO HB328

Good Afternoon. My name is Mark Simonich. I am a forester for F.H. Stoltze Land and Lumber Company. Stoltze has lumber manufacturing facilities in Dillon, Darby and Columbia Falls, Montana. I live in Dillon and I am here representing my employer.

Along with a general reorganization of the hazard reduction law, HB328 also proposes to raise the required deposit from \$6.00/mbf to \$10.00/mbf. This is a 67% increase in the amount of the deposit. Also proposed is the increase of the states withholding of that deposit from 4% of the deposit to 10%. This, if combined with a \$10.00 deposit would raise the amount withheld for administration of the slash program from \$.24/mbf to \$1.00/mbf. This is an increase of 417%. I fail to see where the cost to the state to administer the hazard reduction program has increased 417% nor do I agree with the DSL's justification for needing this increase. The \$1.00/mbf that the DSL wants to administer the hazard reduction program is roughly equivalent to what it costs our company for a forester to perform all of his tasks, including timber procurement, logging contracting and supervision, road layout, log inventory and hazard reduction work as well as various other activities. Perhaps if this state run program is becoming so expensive it could possibly be administered more effectively through a private contract.

We also disagree with the proposed increase of the deposit to \$10.00/mbf. The DSL says their cost to go in and complete hazard reduction has increased above \$6.00 and thus their request for the increase. In 1986 out of a total statewide timber harvest on private lands of approximately 400 million board feet, less than three million b.f. was turned over for the state to complete hazard reduction on. This amounts to only 0.7% of all the harvest that occurred. It is not fair to penalize the majority of operators in the state who

conscientiously abate the fire hazard from their logging activities because of the very small number who do not fulfill their obligations. I do not have a specific breakdown of our hazard reduction (slash) costs on private lands but our costs over all ownerships including Forest Service, BLM and private average out right at \$6.00/mbf. This cost includes brush piling, burning, scarification, trampling and fireline construction. These activities are performed on various jobs to various degrees. If the states costs are exceeding \$6.00/mbf perhaps it is because they are trying to accomplish some work beyond the scope of the hazard reduction law.

Section 76-13-410 of the Montana Annotated Code provides remedies if a person fails, refuses or neglects to properly dispose of slash. The law provides that if the DSL takes over and completes slash disposal they then may charge the negligent party the full cost and expense of the disposal along with a penalty of 20% of that cost and expense. The DSL has a responsibility to pursue these remedies so as to minimize the cost to the people of Montana.

The DSL claims a 30% increase in the number of Hazard Reduction Agreements written in 1986 compared to the previous four years. They also expect this trend to continue. If this is true the state may also expect the total amount of deposits to increase as well as the amount of interest revenue that is generated to the state from these deposits. The system appears to be paying its own way now and should continue to do so.

This bill will not encourage more operators to better manage their own hazard reduction but it may well discourage many legitimate operators from working within our state. We urge you not to allow the passage of this bill. Thank You.

VISITOR'S REGISTER

NATURAL RESOURCES

COMMITTEE

BILL(S) HB 290; HB 328

DATE JANUARY 26, 1987

SPONSOR(S) SPAETH

NAME	REPRESENTING	BILL NO.	SUP-PORT	OP-POSE
<i>[Handwritten Name]</i>	<i>[Handwritten Representing]</i>	<i>[Handwritten Bill No.]</i>		<input checked="" type="checkbox"/>
Mike A. Wood	Mount East Side Forest Pract.	328		<input checked="" type="checkbox"/>
Larry Helman	Mnt DURC	290	<input checked="" type="checkbox"/>	
Ron Fouse	" "	290	<input checked="" type="checkbox"/>	
Dennis Hammit	Dept of State Lands	328	<input checked="" type="checkbox"/>	
Mary G. Brown	" " "	328	<input checked="" type="checkbox"/>	
Roger Bergmeier	" " "	328	<input checked="" type="checkbox"/>	
Rick Meis	MT Environmental Info Ctr	328		
Walter Neier	Idaho Pole Co - Boz	328		<input checked="" type="checkbox"/>
MARK Simonich	F. H. Stoltz Land Plans	328		<input checked="" type="checkbox"/>
Al Kingston				<input checked="" type="checkbox"/>
Ed Regan	Spring Creek Forest			<input checked="" type="checkbox"/>
George W. Berg	Berg Lumber			<input checked="" type="checkbox"/>
Arald V. Pauer	PYRAMID Mtn LUMBER ^{SEELY} LAKE	328		<input checked="" type="checkbox"/>
Don Allen	MT Wood Products Assn	328		<input checked="" type="checkbox"/>

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR VISITOR'S STATEMENT.
 IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY.