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

The meeting of the Natural Resources Subcommittee was called to order by Chairman Swift on January 27, 1987 at 8:00 a.m., in Room 317 of the State Capitol.

ROLL CALL: All members were present at the meeting with Rep. Spaeth arriving late. Also in attendance were Carl Schweitzer of the LFA, Karen Vollstedt of OBPP, and Denise Thompson, secretary.

(41:A:0080)

RECLAMATION PROGRAM:

It was decided that the modification on the 3 specialists would be delayed until additional information was received by the committee and after the field trip scheduled for Wednesday.

Mr. Schweitzer stated that the committee may want to consider the use of the RIT funds for funding those positions.

FORESTRY: (41:A:160)

Mr. Schweitzer reviewed the differences in the Forestry Program for the committee.

1. Slash Program - The LFA eliminated a slash position because in 1986 approximately $60,000 was spent for the slash program and a like amount of slash revenue was received. For the next biennium, they were asking for $90,000 of general fund and $60,000 for slash, the LFA just continued the same 50-50 ratio which eliminates one position.

2. Nursery Position - another 8/10 of a position was eliminated to maintain the general fund support of the Nursery Program.

3. USFS Payments - in FY 86 they were paying for the protection of block 2 which they were to assume the protection of in 1987.

4. Contract Pilot Costs - they were added to the budget, an adjustment to the current level base that was not pointed out to Mr. Schweitzer.

5. Fuel Costs - LFA went with the base in 1986 with inflationary costs added in.

6. Aircraft Costs - LFA went with the current level.

7. Private Aircraft Rental - were over and above current level.

8. Consultant Contracts - there were no new contracts included in the LFA.

9. Federal Trade Reduction - in 1989 there were $52,000 less in funds available to the Forestry Division than in 1988, it appeared that general fund was picking up the difference.

10 & 11. These are informational. The LFA book shows how the LFA developed their estimates of costs. They looked at the history of the costs of timber stand and brush removal and compared that to the timber that was cut.

12. Vacancy Savings - LFA looked at this strictly from the general fund and the executive from the general fund and other funds.

13. MOD-Hazard Reduction - Raise the administrative charges that the department can charge for hazard reduction on private land.

14 & 15. Nursery - for trees being purchased by the Department of Fish, Wildlife and Parks.

Mr. Schweitzer referred to the the issues that were listed in the LFA book 1) Administrative costs of Forestry Division and looking at a way of spreading those costs out to other funds instead of general funds; 2) Assumption of Block 3 protection from the forest service was built into the LFA and executive. The cost of assuming the block and the short term and long term effects should be looked at; and 3) Fire Suppression Costs - he stated that he brought up at the special session, private land owners pay only for the forest fire protection costs as they relate to pre-suppression, which is all of the costs other than actually putting out a fire. The state could save $260,000, if they were to include the suppression costs. He stated that he contacted other states. Their land owner costs indicate Montana is well under the other states in the northwest.

Sen. Story asked about the amount of suppression, how many acres do we have to go into that $200,000, and how much per acre. Mr. Hemmer stated the charge is 17¢ slated in the next biennium to go up to 18¢ and a minimum charge which is

now at $12 slated to go to $14. The 18¢ raises $1,100,000 per year. He stated if that would be looked at again you would have to look at the acreage charge, minimum charge, and the benefits derived.

Mr. Hemmer stated in order to change those maximum amounts you would have to change the law as 18¢ and $14 were the maximum now allowed by statute.

Sen. Story stated that a committee bill should be drafted to allow this change.

Sen. Story moved that the rates be raised. The question was called by Sen. Smith. The motion CARRIED unanimously. Sen.

Story moved to create a committee bill and asked it be started to the Senate to raise the rates. Sen. Smith called the question. The motion CARRIED unanimously.

(41:B:038) Sen. Boylan stated that this would be used to replace general fund money.

Sen. Smith stated that this should be put into a special account so it is set aside for that purpose specifically.

Mr. Hemmer recommended that the committee go with an account that is set aside, he didn't feel it would build up too much, and they would be using it as 1/3 - 2/3 general fund for supplementals. It is simpler for them and also for the legislature to audit and verify where that money is going.

Mr. Schweitzer was asked to draft a bill.

(41:B:088) Mr. Hemmer spoke in regard to the other differences. He stated that he could get by without the following items on the list: #3, 4,5,6,9, and 12.

Mr. Hemmer spoke in regard to item seven stating that the federal government is asking some aircraft support for fire suppression. He would like to leave this out if the committee that if the federal government insists it be paid, he would come in and ask for a supplemental later.

(41:B:160) Rep. Manuel moved to take the LFA position on 3, 4, 5, 6, 7, 9, and 12 and add federal funding for item 9. Sen. Smith called the question. The motion CARRIED unanimously.

Sen. Smith moved to accept the executive on item 15 as a modified. There was discussion on the motion. Rep. Manuel called the question. Rep. Swift voted no. The motion CARRIED.

(41:B:436)Rep. Devlin moved that the LFA proposal be accepted on item 8. The question was called. The motion CARRIED unanimously.

(41:B:550) Sen. Smith moved to accept the executive budget on items 1 and 2 stating that if any more money was cut from this budget it would cause some very difficult situations for the department. Rep. Manuel called the question. Rep. Devlin voted no. The motion CARRIED.

Mr. Hemmer spoke in regard to items 10 and 11. He stated that Mr. Schweitzer had taken the approach to try to set them at a level consistent with back practice. The problem with that is, he had made a commitment of 50 million board feed. They diverted some of their resources to get that done and to avoid bringing in people and then having to lay them off. The other change occurred in late 1985 when the department told the Land Board that $8 a thousand to do the brush. This was then raised to $11 a thousand, therefore creating an increase in funding. He requested the executive budget be accepted on these two items.

(41:B:650) Sen. Smith moved to take the executive budget on items 10 and 11. Sen. Boylan called the question. The motion CARRIED unanimously.

(42:A:007) Sen. Smith stated that he would resist any attempt at this time to reduce this money any further in this budget, the committee should maintain the same approach that they had in the past.

Hazard Reduction - Mr. Hemmer stated that this item, 13, is totally dependent on the legislation, if the legislation passes that would be an earmarked fund.

Sen. Boylan moved that if the legislation passes, we could approve that level of dollars. Sen. Smith called the question. The motion CARRIED unanimously.

Rep. Devlin moved to accept the executive budget for item 14. Sen. Smith called the question. The motion CARRIED unanimously.

(42:A:100) MOD for the block 3, Mr. Hemmer stated that the difference with Mr. Schweitzer was the cost or difference between whether the forest service charge them by forest versus whether they charge by average rate. He stated that the letter from them indicates that state lands will have to pay charges by forest. The department proposed in block 3, there are some acreages that are high forest service cost acreages, with an approximate cost savings of $200,000 but that is a one time savings. We need to look into the

future. Right now we would save about $200,000 a year for next biennium, and save about $16-18,000 a year from there on out if we quit right now. They recommended money can be saved in the short term that way and also in the long term so it is worth taking. However, that all falls apart if there is a big suppression fire in that area.

Rep. Manuel moved to accept the Block 3 proposal. Sen. Smith called the question. Sen. Boylan voted no. The motion CARRIED.

There was a short break. The meeting was called back to order at 10:10 a.m.

(42:A:183)Timber MOD - Mr. Hemmer presented a handout showing the income and expenditures of the timber sales (Exhibit 1). He stated that there was a $4 return on each $1 spent. If there is no investment in the program, there will be no benefit.

(42:A:274) Sen. Story moved to accept the proposed modification of the Timber Program. He stated the he felt this was one program that can make money for Montana and we need to support it. Sen. Smith called the question. All members including Sen. Boylan who had to leave the meeting, voted yes. The motion CARRIED unanimously.

Sen. Smith asked whether the department would be able to continue to sell the 50 million board feet in the future. Mr. Hemmer stated there was enough timber to do this indefinitely as long as the state allows it as there are more stands than are sold.

There was discussion as to how the water projects would be handled with DNRC's budget request. The subcommittee decided that they wanted control on the appropriations portion and would like some idea of what the programs were so they could make the proper decision. The Long Range Planning Subcommittee would select the projects and the Natural Resources Subcommittee would select the level of funding.

ADJOURNMENT:

There being no further business the meeting was adjourned at 10:34 a.m.

Rep. Bernie Swift, Chairman

DAILY ROLL CALL

NATURAL RESOURCES SUBCOMMITTEE

DATE 1/27/87

NAME	PRESENT	ABSENT	EXCUSED
Senator Boylan	✓		
Representative Devlin	✓		
Representative Manuel	✓		
Senator Smith	✓		
Representative Spaeth	✓	Late	
Senator Story	✓		
Representative Swift	✓		

Form CS-30A
Rev. 1985

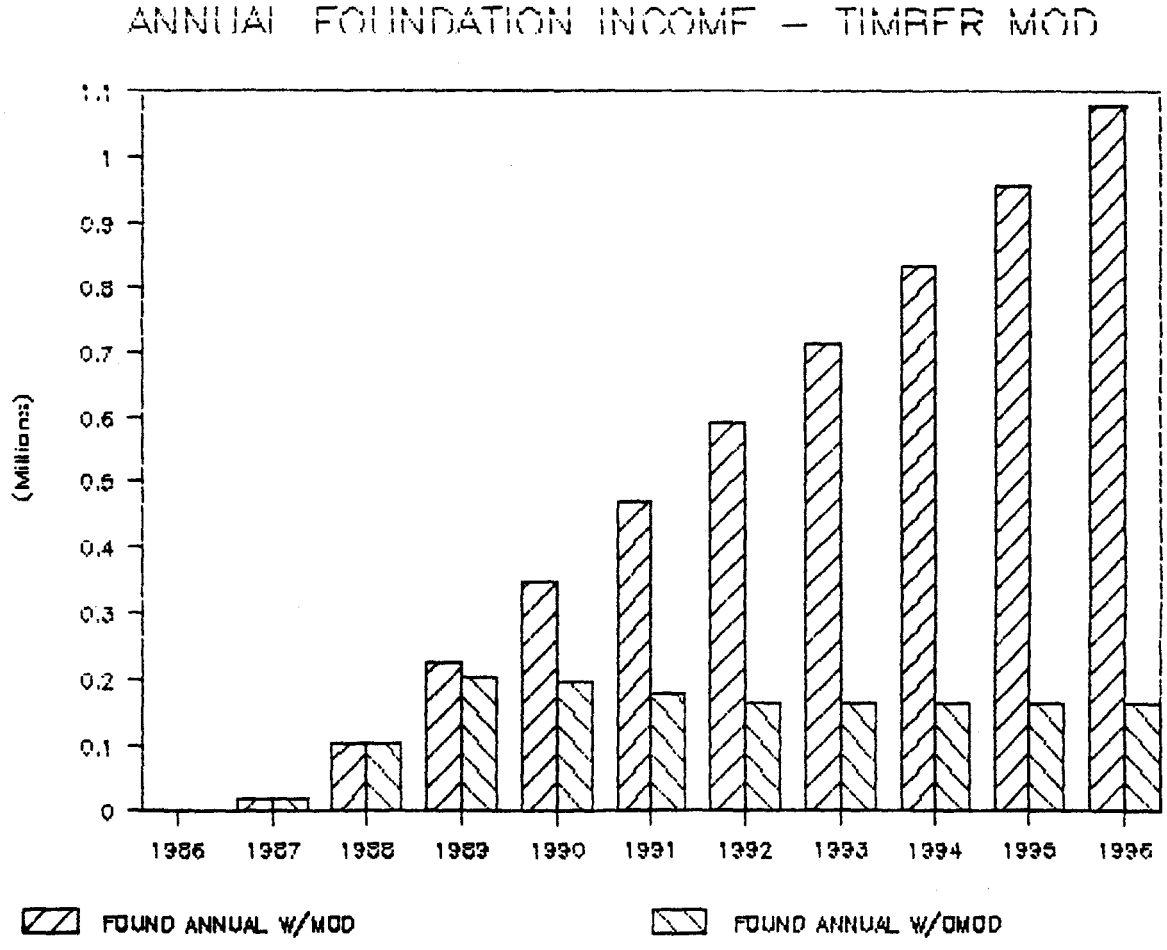
TEN YEAR TABLE OF INCOME AND ANNUAL FOUNDATION PAYMENTS WITH THE TIMBER MOD

SUMPTIONS:

(1) MOD WILL RESULT IN AN INCREASE OF 18 MILLION BOARD FEET PER YEA
(2) AVERAGE RATE FOR TIMBER $68.00 PER MBF
(3) TRUST INTEREST = 10% PER ANNUM

FY	SOLD	HARVESTED	VALUE	PRINCIPAL	FOUNDATION
1986	18000	0	$0	$0	$0
1987	18000	3000	$204,000	$204,000	$20,400
1988	18000	12000	$816,000	$1,020,000	$102,000
1989	18000	18000	$1,224,000	$2,244,000	$224,400
1990	18000	18000	$1,224,000	$3,468,000	$346,800
1991	18000	18000	$1,224,000	$4,692,000	$469,200
1992	18000	18000	$1,224,000	$5,916,000	$591,600
1993	18000	18000	$1,224,000	$7,140,000	$714,000
1994	18000	18000	$1,224,000	$8,364,000	$836,400
1995	18000	18000	$1,224,000	$9,588,000	$958,800
1996	18000	18000	$1,224,000	$10,812,000	$1,081,200
				TOTAL	$5,344,800

AVERAGE INCOME PER YEAR(10 YEAR AVERAGE) $534,480



VISITOR'S REGISTER

Natural Resources SUBCOMMITTEE

AGENCY(S) State Lands DATE 1/27/87

DEPARTMENT S

NAME	REPRESENTING	SUP-PORT	OP-POSE
Russ Burn	NPRC	✓	
Don Underwood	DSL	✓	

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

FORM CS-33A
Rev. 1985