

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By Chairperson Connelly, on February 15, 1989, at 8:00 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Claudia Montagne, Secretary; Carroll South, Staff Researcher, Legislative Fiscal Analyst's Office

Announcements/Discussion:

WATER DEVELOPMENT, RENEWABLE RESOURCE DEVELOPMENT, AND RECLAMATION AND DEVELOPMENT GRANTS

Tape 42:A:000

Motion: SEN. MANNING made a motion to delay executive action on the Water Development Grants until specific figures were received from the Subcommittee on Natural Resources.

Discussion: REP. BARDANOUVE said that the subcommittee on Natural Resources would take action today.

Vote: The motion CARRIED unanimously.

MR. SOUTH (42:A:18) suggested that the committee review 2 of the 3 committee bills that would be introduced. He began with an overview of the bill covering the Water Development Grants and the Renewable Resource Development Grants. He reminded the committee that the bills had been divided so that the Coal Tax Bonds or Loans were in a separate bill, as were the Reclamation and Development Grants.

CARALEE CHENEY, Water Resources Division, Department of Natural Resources and Conservation (DNRC) discussed the bill, stating that it contained all of the grants for Water Development and Renewable Resource Development, as well as the loans under \$200,000 from the General Obligation Bond proceeds. Everything else that would require a 3/4 vote had been placed in another bill. She stated that the first section sets out the appropriation of a sum of money, \$89,558 this biennium, to the department to be used for private entities. This is done, she said, because the Legislature cannot make direct appropriations to private entities, even though they are eligible under the

Water Development Program only. MS CHENEY continued through the bill, section by section.

(42:A:350) There was some discussion of the loan portion of the program, and the numbers of loans out (59) and the numbers of foreclosures (3). MR. SOUTH expressed concern that this ability of the department to sell bonds and make loans seemed like a blank check, and asked about the anticipated amounts of loans. MS CHENEY answered \$500,000 - \$1,000,000 this biennium, and that the limit or bond authority was \$10,000,000, and \$4,700,000 was out. MS CHENEY said that except for losses, there was not any cost to the state for the program.

REP. BARDANOUE (42:A:469) asked if there were any monies generated from these loans to cover potential losses. MS CHENEY said no, but that the Board of Natural Resources was looking at it.

Motion: SEN. MANNING (42:A:501) made a motion that the subcommittee on Long Range Planning go on record supporting Rep. Bardanoue's concern that the Board of Natural Resources look into a means to generate some monies from these loans to cover potential losses, and that the Board be notified.

Discussion and Vote: REP. THOFT suggested that this be amended into Rep. O'Keefe's bill. The motion CARRIED unanimously.

There followed discussion of re-authorizations of loans that had been authorized in the previous biennium. Discussion focused on the Cascade County Sun Prairie loan request (42:A:595), a loan re-authorization not recommended by the department for funding unless they formed a county water and sewer district. REP. BARDANOUE commented that the committee gets torn between the human element and their fiscal responsibility. MS CHENEY mentioned the difficulty in rural areas in meeting new federal standards for water and sewer, and suggested the possibility of a rural exemption to these regulations in the future.

MS CHENEY (42:B:085) continued through the sections of the bill.

MS. CHENEY (42:B:208) covered the Coal Severance Tax Loan bill, stating that it deals with Coal Severance Tax bonds and covered loans to public entities, both new loans, and re-authorizations from the past biennium. The bill appropriates coal severance tax income to cover the subsidies on the loans. Questions arose about the East Bench Project, and the federal requirement that the interest rate be 3%. MS CHENEY continued through the sections dealing with particular loan applicants for new loans.

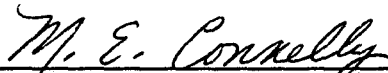
MS CHENEY continued with the loan payment extensions (42:B:423). Questions arose about the possibility that the state might be losing money on the extensions of subsidized loans. MS CHENEY stated that in the long run, the state's loss would be zero.

MS CHENEY (42:B:494) stated that Section 3, sub 3, dealt with a new issue, that being an appropriation for the Broadwater Project, ongoing O & M. Project revenues would provide the money, but this section gives authority to the department to spend these revenues.

Questions also arose regarding the 20 year bonds sold under the Coal Severance Tax Loan Program and the 3/4 vote required (42:B:520). MS CHENEY clarified that the 3/4 vote was done once, and did not need to be done every two years for the life of the bond. Discussion followed on the remainder of the sections, the vote required for the bill, and the interest rates of bonds.

ADJOURNMENT

Adjournment At: 10:15 a.m.



REP. CONNELLY, Chairperson

MEC/cm

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Long Range Planning

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