

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By CHAIR MARY ELLEN CONNELLY, on January 17, 1991, at 8 a.m.

ROLL CALL

Members Present:

Rep. Mary Ellen Connelly, Chair (D)
Sen. Bob Hockett, Vice Chairman (D)
Rep. Francis Bardanouve (D)
Sen. Ethel Harding (R)
Sen. J.D. Lynch (D)
Rep. Bob Thoft (D)

Staff Present: Jim Haubein, Principal Fiscal Analyst (LFA)
Jane Hamman, Senior Budget Analyst (OBPP)
Claudia Montagne, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion:

PRESENTATION ON THE CAPITAL LAND GRANT FUND

Tape 1:A:000

Karen Monroe, Department of Administration, made a presentation on the Capital Land Grant Fund in response to questions posed by Rep. Bardanouve. She distributed and reviewed a summary of what the fund is used for. **EXHIBIT 1** She emphasized the third page of the exhibit, which summarized the debt payments through 2010 and the projected revenues through FY93. She said DSL did not project past that time, but when asked, projected \$750,000 annually after that point. She pointed out that the revenues were not covering the debt payment, but were put into the Long Range Building Debt Service Fund.

REP. BARDANOUE asked why the low estimate in revenues. **Ms. Monroe** said the majority of the funds come from timber sales, and that the revenues in FY89, 90, and 91 were due to banner timber sales. She added that DSL can only make predictions six months to a year ahead with regards to timber sales. **REP. BARDANOUE** asked if there were any reserves to cover the debt service obligation. **Ms. Monroe** said the bonds were backed by the full faith and credit of the state, so the General Fund would pick up the difference, and that the budget office had this in their

projections. She said the General Fund picks up approximately \$11,000,000 per year, of which this balance is a part.

HEARING ON DEPARTMENT OF FISH, WILDLIFE AND PARKS

Tape No. 1:A:125

Informational Testimony:

K.L. Cool, Director, Dept. of Fish, Wildlife and Parks, DFWP, introduced Jerry Walker, in charge of the technical aspects of the slide presentation on the capital appropriations proposal, Don Hyyppa, Administrator, Parks Division; Dave Mott, Administrator, Management Services Division, functioning as Deputy Director for Fiscal Management; and Bobbi Balaz, Administrative Assistant to Mr. Mott, and responsible for the work on the capital document and the slide series. He presented their Capital Appropriations Proposal with slides, video and narrative, as set out in their document. **EXHIBIT 2**

While discussing the first proposal, the Removal of Underground Storage Tanks, **REP. BARDANOUVE** asked if the department had experienced any problems in the removal of the first 13 tanks. **Mr. Cool** said the first 13 tanks were the most easily accessible, and from surface evidence showed no signs of ground contamination. He said they had purposely chosen these since they could remove them with their own crews. He acknowledged that the remaining 13 would be more difficult, and could impact the department due to mitigation or removal of contaminated soils.

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Mr. Cool distributed the Capital Appropriations Proposal for the 1991 Montana Legislature, **EXHIBIT 2**, and reviewed it at length, mentioning that it was cross referenced with the Governor's Budget Book. He referred the committee to the Background Information section which contained an outline of the source of funding for each of the 13 projects, as well as a description of each funding account and its legislative authority. Following this section is the description of each of the 13 projects.

Questions From Subcommittee Members:

REP. BARDANOUVE asked if the department had enough money to finance all 13 of these projects, or would need new enabling legislation. **Mr. Cool** said all of the projects had revenue sources with the exception of Parks, which had a shortfall of \$3,300,000. He said the governor had given the department the authority to come forward with all of the projects so that there could be a legislative review of the needs pending legislative action on revenue sources not yet identified. If the source of funding is not found, he said the projects would be dropped from the department's request.

SEN. HOCKETT asked about the increased visitation to the parks and the potential economic benefits of parks' improvements. He

asked if the department had a breakdown of visitors to the state parks. Don Hyyppa said the visitors were roughly half resident, half non-resident, with considerable variation park to park. He estimated that the economic benefit to expenditure ration would be 10 to 1, judging from the spending in those communities.

Informational Testimony:

Mr. Cool said this budget proposal was before the committee without a funding source because the Governor saw a significant economic development opportunity and the potential for maintaining an important part of Montana's culture in these state parks. He said they planned to coordinate activities to a much greater extent with Yellowstone and Glacier National Parks, since it is known that close to 4,000,000 vehicles pass Billings headed for Yellowstone, after which many head for Glacier. He said these individuals were not being captured in the state park system due to lack of coordination, and level of development of facilities in these state parks. He made reference to a mode of travel that would lead people through Yellowstone and many of the state parks, and up into the Flathead area if there were more coordination and facility development. Mr. Cool added that the economic benefit of keeping people in Montana one or two days longer represented \$158/day per visitor in expenditures.

Questions from the Subcommittee:

Regarding the underground petroleum storage tank removal, REP. BARDANOUE asked if the department contracted out on these projects, and Mr. Cool replied that for some of these more difficult tanks, it may be cost effective to contract for the service.

Regarding proposal 2, Building Maintenance and Improvement Statewide, at a cost of \$85,000, SEN. HARDING asked if this was a comparable amount to that spent previously. Mr. Cool said this was not an unusual amount, and one which the committee could expect to see each biennium.

Informational Testimony:

Tape 1:B:000

Regarding proposal 4, the Parks Proposal, Mr. Cool reviewed the funding request, and said the \$2,929,000 coming from other funds represented the majority of the shortfall in the budget. In addition, if they did not have the matching monies for certain earmarked federal revenues, the department would at a later date ask the committee for authorization to move some of the D-J and boating funds into the Fisheries Program where they could be expended as a match.

Questions from the Subcommittee:

SEN. HOCKETT asked if the department had considered closing any of the 60 state parks and recreation areas within the system.

Mr. Cool said a two year study by the State Park Futures Committee had recommended not closing any of the sites until this legislative review of the needs and potential funds was completed. However, if all of the monies needed were not received this session, some would be closed after a prudent review and prioritizing of the 60 sites. Mr. Cool mentioned the resolution introduced by SEN. WALLIN, Billings, which would direct the department to develop a prioritized list of parks, and those to be removed. He acknowledged that administratively, the department needed to do that. He hoped that once this prioritizing was done, the department could, in a partnership arrangement, transfer the responsibility to local governments or other entities. He added that while this would be a divisive process, the department had successfully transferred the Les Mason Park near Whitefish to the county, and hoped to do the same with Lake Elmo in the Billings area. The committee considered this monetary request to be an investment in that the parks would pay for themselves.

REP. BARDANOUE said he would oppose giving up any parks, and suggested putting some of them in "cold storage" because the long-term potential need for recreational facilities would always increase. Mr. Cool said there was little public support for removal.

SEN. HOCKETT asked who was responsible for the Roadside Wildlife Viewing Areas. Mr. Cool said they had been developed cooperatively by DFWP, the Highway Dept., and most of the federal agencies, as well as the Defenders of Wildlife. He said there were 113 viewing areas, not only on state and federal land, but also critical private lands. He said these areas, now published in a book, would be helpful in routing tourists across the state, and in promoting tourism since there is a tremendous interest and economic potential in the opportunities to view wildlife.

REP. BARDANOUE suggested caution in the placement of the signs and mentioned one in his area which indicates a wildlife viewing site for pelicans about eight or nine miles off Highway 2. He said he doubted there would be any pelicans there now on two or three feet of ice. He doubted the positive PR resulting from any tourists driving the eight or nine miles to view frozen pelicans on ice, and suggested removing the signs after the pelicans fly to Florida. In addition, with that road the department could have a casualty on its hands with five Alabamians frozen to death as well. Mr. Cool acknowledged Rep. Bardanoue's concern. REP. THOFT suggested a sign saying "Pelicans in Summer, Wolves in Winter".

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REP. THOFT asked for a review of the outcome of the Model Parks program introduced last session. Mr. Cool referred the committee to page 13 of the exhibit, which outlined the projects completed using appropriations from 1989. A discussion followed on vandalism in the parks. Mr. Cool said that this session there would be a department bill providing a Park Ranger program,

authorizing current employees and volunteers to provide an enforcement presence in the park. **Mr. Hyyppa** added that with the inception of the fee system, entrance fees and personnel to collect the fees had provided a deterrence to vandalism.

Mr. Hyyppa noticed an omission and said that the Challenge Grant to Lake Elmo for \$150,000 with a 1:1 match requirement from the community had been appropriated last session and should be added to this list. He said the project was slow getting started. He said the department had begun negotiations with Billings in the hope that the grant would entice Billings to take over the park. However the community, though agreeing in concept, declined, saying it had obligations at present it could not meet in its own park system. The department went forward and completed an updated Master Plan for a visual presentation of the result of any fund raising effort. He said a media campaign to raise funds would begin in the near future, with the department reporting back to the committee about options for the use of that money should it revert.

REP. BARDANOUE spoke of the success of the parks developed in partnership with communities in Helena and Bozeman. He said that he had thought Lake Elmo could be developed in the same way, since it was near a major metropolitan area. He said these communities were not being asked to assume title to the parks. He suggested that if Billings did not respond to the challenge, the money could be given to another community. He added that there would be no criticism of Billings.

CHAIR CONNELLY asked if there was a deadline on fundraising. **Mr. Hyyppa** said there was not a deadline within the bill, but the department had suggested that if Billings were to cooperate in a fund drive, it would have to be completed by the end of the fiscal year. **REP. BARDANOUE** said language in the bill could be provided that if this money was not used by the end of the fiscal year, it would be used somewhere else. **SEN. HOCKETT** concurred with Rep. Bardanoue on the concept of partnerships with communities in park development, and the challenge to Billings.

Informational Testimony:

Mr. Cool referred the committee to pages 15 through 20 of **EXHIBIT 2**, descriptions of the projects in the capital program for this biennium, and said they were prioritized into categories in the event there were not the money to cover all of them.

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Mr. Cool discussed the Rehabilitation and Site Protection category, which contained a major part of the total parks appropriation request. He said this category included initial development of new parks, and mentioned the recent donation by Champion International of the Thompson Chain of Lakes to the state, 4,000 acres with 21 lakes accessible off of Highway 2 in northwestern Montana. He said they planned to begin their stewardship of the area with a request for \$100,000 for site

specific development proposals. He said their focus would be site protection and access plans to allow for limited usage while maintaining the potential for the future. He said it would be essential to have a citizen involvement process and legislative oversight in the development of this site. He said they would be back before the Legislature next session for a substantial increase once the plan is developed.

REP. BARDANOUVE asked to see a map of the area, and the department agreed to make a presentation to the committee on the Thompson Chain of Lakes at a later date.

2:A:000

Mr. Cool continued through the proposals. A discussion followed on the road situation at Bannack.

Questions from the Subcommittee:

SEN. HOCKETT asked about the locations of the administrative regions. Mr. Cool said he could bring a map of the administrative regions, reviewed them and said there was a new one, Region 8, Canyon Ferry and the Elkhorns. He mentioned that Havre was poorly served by Region 6, which was centered in Glasgow, and said a reorganization was being suggested which would put Havre in with the region served by Great Falls.

REP. BARDANOUVE asked for a first hand report of what had happened at Lewis and Clark Caverns. Mr. Cool briefly described the event, the vandalism in the caverns which took place in the winter of 1989/1990, and spoke of the need for cave maintenance to remove the residues of human presence. He said they currently had funds to provide four weeks of maintenance, when the caverns really needed three months. Mr. Cool added that Lewis and Clark Caverns were the first state park, and the only one which supports itself. He suggested that the committee might tour the park later in the session.

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On the issue of road improvements to the caverns, REP. BARDANOUVE asked if the Highway Department could be called upon for assistance. Mr. Cool said there was a bill in this session to do that, but the department and the governor were not supporting it. He acknowledged that the interior and connecting roads could be better maintained by the Highway Dept., and that the two departments would be working more closely together in this area in the future. Mr. Cool said the roads had been transferred to the Dept. of Fish and Game from the Highway Dept. in 1965.

Informational Testimony:

Mr. Cool closed his presentation, saying that while the total capital requests for parks this biennium totaled \$4,923,000, the total expenditure for capital needs was estimated to be approximately \$20,000,000. He said he was hopeful of finding some mechanism of funding to begin the process of addressing

these needs, perhaps within a five to ten year time frame, as suggested by the State Parks Futures Committee. He commented on funding, expressing his pleasure that the Governor had put \$750,000 per year of general tax revenues into the Parks Program. He added that while in the last biennium, 15% of the capital program was funded by license dollars, this biennium's budget was using only 6% of the license dollars, an indication of good utilization of federal and other funds.

Questions from the Subcommittee:

REP. BARDANOUVE asked if the department was getting its usual allotment of federal funds. Mr. Cool said they were getting their usual share of federal dollars in the areas of fish, wildlife and parks, with the exception of land and water conservation funds, which had been significantly cut. He said the federal Dingle-Johnson and Pittman-Robertson funds for boating had increased significantly in the past decade. He said the major problem with regards to parks was that in the significant influx of dollars through land and water conservation funds had been cut.

Mr. Hyyppa said they had gone from a high in 1979 of \$3,400,000 allocated to Montana to a low of 0 in the early '80s. He said last fiscal year, they had a \$300,000 allocation, and could expect a little more in the coming year. He said they had shared that allocation with local communities, with 50% being reserved for the park system. However, during the previous two years, all of the money had gone into the Park System due to the small size of the allotment. He said the department's proposal was to again begin sharing that money with the communities in the coming biennium.

Ms. Balaz said the federal funds received for wildlife had been steady (\$3,000,000 per year), while the fisheries allotment (Dingle-Johnson and Robertson-Pittman) had gone up significantly (\$2,400,000 in FY86, \$4,100,000 in FY90). She said that might start leveling off.

Informational Testimony:

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Mr. Cool continued with hatchery improvements, and distributed and reviewed an overview of the Kokanee Salmon Facility, funded during the 1989 Legislative Session. EXHIBIT 3

Mr. Cool referred the committee to an error on page 25, and the funding request for river restoration. He said the request should read \$219,000. He said this was an administrative error in understating the appropriation authority from the last session.

Regarding Fishing Access Site Acquisition Statewide, SEN. HARDING asked if the department had the additional 10 sites selected.

Mr. Cool said these sites were sometimes offered to the department, at other times were identified as a need by

customers, and were often acquired as a conservation easement. He said the highest priority for fishing access site acquisition was the Ruby River where much of the access is privately owned.

Mr. Cool said the request was for \$250,000 more than the committee would normally see because it included a one time appropriation of dollars. **Dave Mott** said \$250,000 was appropriated out of this account, earmarked for land acquisition, to be used for major maintenance at the Gardside Project two or three sessions previous. Once the earmarking was discovered, the amount was replaced by license dollars, but because of the construction delays, the money is just re-appearing now as a one time deposit into the account.

Mr. Cool distributed and reviewed Wildlife Habitat Acquisition projects using appropriations from 1987 and 1989, **EXHIBIT 4**. He said the fund created by HB 526 would sunset in 1994, at which time some procedural changes would be required to revert dollars to the general license account. He said this handout was more accurate than the one in the book. He said they had no ability to expend any more dollars until April 1991, and that of the new properties under consideration which could be funded after that time, the only one prioritized was the Waples property near Red Lodge. **Mr. Cool** said they were considering a conservation easement as a method to protect a very large resident elk herd.

Questions from the Subcommittee:

2:B:000

REP. BARDANOUE asked **Mr. Cool** to clarify what happened to the BLM land on the Brewer Ranch purchase. **Mr. Cool** said the BLM land was under the department's administrative management through the ranch manager. He said BLM land leases must be held by livestock producers, a description the department does not fit. Therefore the lands are subleased for the short term to the ranch manager. He said the goal was to consolidate those lands and liquidate fee title in exchange for conservation easements with neighbors. He said in the process they would be able to implement a rest rotational grazing system and provide stability for wildlife and grazing on 80,000 acres of land.

REP. BARDANOUE asked what the department had received in return for the 12,000 acres of BLM land it had paid for.

Mr. Cool said they had received administrative management and control for the maintenance of wildlife habitat.

Mr. Cool said that while the department had done a commendable job in relationship to critical wildlife areas in fee title acquisition, but not so commendable a job in the area of leases or conservation easements. He explained that they had received this major and critical program which required specific administrative action and skills, and yet received no FTEs or authorization for the expertise needed. He suggested that this may lead to a request in the future for specific areas of expertise and administrative relief. **Mr. Cool** said this same

situation had occurred in other areas, and mentioned the Upland Bird program which provides \$600,000 per year to negotiate conservation agreements with landowners, but no personnel.

REP. THOFT asked if they had leased any private land. Mr. Cool said the leases would be indicated on EXHIBIT 4, and the closest to private is the Champion International land.

REP. THOFT asked where the department would get the money to take care of those properties, and Mr. Cool said HB 526 did provide specific funding for the development and maintenance of the areas acquired. He said the difficulty was that the department could only expend the interest from a \$600,000 input into the trust fund each year. He explained that this was a short term program, tied to a six year sunset, which necessitated a trust fund to provide for long term operational and maintenance dollars from the interest on the trust to be applied only to these properties. However, it was his and others' opinion that this was not a good situation in the long term, and said the department should have either the administrative flexibility or the funding to assure the ability to maintain and develop these properties.

Mr. Cool said he had a proposed solution to this problem, but needed clearance later that day from the chair and the majority of the Fish and Game Commission to present it. He said this proposal would be presented to the Senate Fish and Game Committee that afternoon, and would discuss it with this committee at a later time. He said that in the issue of land acquisition and land management, the authority is clearly not the department's but the commission.

REP. BARDANOUVE asked if these conservation easements were granted in perpetuity. Mr. Cool said most of them were, becoming part of the title and deed, and thus carrying from one landowner to another. They often cost as much as an outright purchase due to the impact on the value of the property. REP. THOFT asked when the sunset on HB 526 would take effect. Mr. Cool said it was in March, 1994, but there was a bill to remove the sunset this session. They targeted their acquisitions at critical areas. His personal goal was to reduce the level of controversy this program has generated. There was no necessity for the degree of controversy and level of polarization each acquisition creates.

REP. BARDANOUVE asked Mr. Cool his feelings with regards to wildlife and fishery management on the acquisition of large tracts of land by individuals such as Ted Turner. Mr. Cool said he had reached agreements with Mr. Turner on a couple of properties which satisfied both Mr. Turner and the department. He said the private property right is a right, and the state cannot intervene. He said the state would see more of that in the future. Mr. Cool said the ranches they were speaking of had been bought to conserve and propagate wildlife; however, the wildlife is strictly controlled. If the animal population

expands, there would develop significant problems if the department, and as its tool, the sport hunter did not have an opportunity to harvest those animals. It would be considered a negative if it barred in perpetuity, or even in decades the opportunity for the public to access that property and utilize the renewable resource. He said if you move beef cattle production and AUM's to elk and bison, and preclude any public opportunity to utilize it, it would not be in Montana's best interest.

REP. BARDANOUVE asked the same question with regards to a foreign country. Mr. Cool said it would put a responsibility on state government, especially DFWP, to develop a line of communication and a basic understanding of Montana's values and need for cooperative management. He went on to discuss the situation that had developed with the Bar None and Flying D ranch regarding hunting access for the public on that land, and the agreements the department had reached with Mr. Turner to manage the game animal populations.

REP. THOFT asked about brucellosis in bison on the Turner Ranch. Mr. Cool said there was no reservoir of brucellosis, to the best of his knowledge, in the bison herd on the Turner ranches. He said they are domestic livestock as defined by Montana law, and should brucellosis break out, they would be subject to quarantine or clean up procedures.

Informational Testimony:

Mr. Cool asked to work with the committee and the Dept. of Administration to request to pass through up to \$50,000 of the \$400,000 in the Waterfowl Habitat Enhancement Project to Ducks Unlimited. He said this money would be used on private land for the benefit of private landowners, and that by using the expertise of Ducks Unlimited, the department would be getting much more for the money. He said the money came from the State Waterfowl Stamp fund.

HEARING ON THE DEPARTMENT OF HIGHWAYS

Tape 2:B:1255

Informational Testimony:

George Swartz, Chief, Maintenance Bureau, Dept. of Highways, introduced Bill Zucconi, Executive Staff Assistant in the Director's Office, and presented the Capital Construction Program as set forth on page 147, EXHIBIT 1, 1/14/91. For the building projects beginning on page 150, he said all the funds would come from the state Special Revenue Fund except for the Lost Trail Pass project, which would come through the Federal Highways Administration because of the new highway construction.

Mr. Swartz asked for more flexibility in their building program. As set up now, there were two appropriations for the funds. He asked for one appropriation, the Maintenance and Storage Building Statewide Account, to facilitate the transfer of funds and the maximum use of the Long Range Building funds.

Tape 3:A:000

Mr. Swartz asked for authorization for 2 additional projects should any monies be left from the projects funded in the appropriation. He said these were a new maintenance facility in Columbus and a storage garage in Miles City.

Mr. Swartz referred the committee to page 147 of the exhibit, the repair and maintenance projects. He said the budget proposed was \$296,500 less than the last two previous biennia. He said the department had a team out evaluating the projects and prioritizing the needs. Those items needing immediate attention totaled \$498,000, for which they had originally asked \$443,500.

A discussion followed on funding sources, the gas tax, and the site selection process for the Billings maintenance site, which needed to be located near the airport.

Mr. Swartz said the Governor has asked for a increase in the department's budget request of \$250,000, for a total close to what was historically budgeted. He said they would increase A & E's appropriation by \$150,000, page 5, line 2, HB 5, increase the Dept. of Highways appropriation by \$100,000. He distributed the amendments. **EXHIBIT 5**

Questions from the Subcommittee:

REP. BARDANOUVE asked who had reduced their maintenance and repair request, and **Mr. Swartz** said their previous director had. **Mr. O'Connell** added that the reduction in the request was a reduction from the last biennium. He said this increase is the result of a re-evaluation of priorities, and an attempt to put more money into repair and maintenance budget.

REP. BARDANOUVE commented that the department would be short of money within two years, and questioned this increase. **Mr. Swartz** said he agreed that the department had to evaluate both situations. He said they had 135 sites with over 600 buildings, at a value of over \$80,000,000, an investment they did not wish to lose. He said that **Mr. Haubein** had indicated they would have to look at this potential shortfall in 1993.

SEN. HOCKETT asked if the department had problems with underground fuel storage tanks. **Mr. Swartz** said yes, and that their request for this program was included in their regular highway maintenance budget. He said they were intending to replace 41 more tanks before the first of July. He said they had experienced a couple of situations where the leaks had cost up to

\$40,000 to \$50,000. REP. BARDANOUVE asked for an explanation of the Underground Storage Tank program.

SEN. HARDING asked for more information on the projected funding shortfall. Mr. Haubein said Clayton Schenck, LFA, did the Highway budget. His cash flow projections indicate a cash flow problem not in the coming biennium, but the following biennium. He agreed to provide a report to the committee. Mr. Swartz said those projections relied upon amounts of diesel and gasoline predicted to be sold, tourism dollars, and coal tax. REP. BARDANOUVE said the big problem was that the department was spending down the bond cash with quite a debt obligation as well.

Informational Testimony:

Returning to the Capital Program, Mr. Swartz said they used their own personnel with department provided materials as much as possible on these projects to stretch out the money. He said he was proud of the work they did. He described the process of accounting for the money, and said that A&E acted as accountants for major projects, and in an oversight capacity on smaller projects.

ADJOURNMENT

Adjournment: 12 noon



MARY ELLEN CONNELLY, Chair

CLAUDIA MONTAGNE, Secretary

MEC/cm

HOUSE OF REPRESENTATIVES
LONG-RANGE PLANNING SUBCOMMITTEE

ROLL CALL

DATE 1-17-91

NAME	PRESENT	ABSENT	EXCUSED
REP. FRANCIS BARDANOUVE	✓		
SEN. ETHEL HARDING	✓		
SEN. BOB HOCKETT, VICE-CHAIRMAN	✓		
SEN. J.D. LYNCH	✓		
REP. BOB THOFT	✓		
REP. MARY ELLEN CONNELLY, CHAIR	✓		

HR:1991
CS10DLRLCALONGRP.MAN

To: Members of the Long-Range Building Subcommittee
From: Karen Munro, Department of Administration
Re: Information requested on the Capital Land Grant Fund
Date: January 16, 1991

CAPITAL LAND GRANT

History

The Capitol Building Land Grant is a revenue source collected by Department of State Lands. The revenue source consists of about 24 natural resource based income streams, the most important of which are oil & gas royalties, leases, timber sales, and land rentals.

Section 18-2-107, MCA, requires that the revenue be deposited in the account and is dedicated for the purpose of constructing capitol buildings in accordance with the provisions of section 12 of the Enabling Act passed by the U.S. Congress in 1889. The Enabling Act was amended in 1957 to allow states to use the revenues "...for public buildings at the capital...for legislative, executive, and judicial purposes, including construction, reconstruction, repair, renovation, furnishings, equipment, and any other permanent improvement of such buildings and the acquisition of necessary land for such buildings, and the payment of principal and interest on bonds issued for any of the above purposes."

The 1981 Legislature authorized the issuance of long-range building bonds. A portion of this issue was to renovate the capitol building.

Section 17-5-422. Bonds for state capitol improvements. (1) The board of examiners is authorized to issue and sell long-range building program bonds upon the conditions and in the manner stated in this part, in the principal amount not to exceed \$5 million, for the purpose of financing costs of improvements to the state capitol.

(2) There is appropriated to the debt service account established pursuant to 17-5-405 from the revenues of the capitol building land grant (exclusive of income derived from investment of accumulated revenues) in each fiscal year during the term of the bonds authorized by subsection (1) an amount sufficient to pay the principal of and interest on the bonds as due and to establish and maintain required reserves therefor. The appropriation shall be reduced in each fiscal year by the amount, if any, of income received in that year from investment of the reserve attributable to the bonds. The appropriation made by this section is solely for the benefit of the state and is not enforceable by the holders of the bonds.

The 1981 bond issue was refunded in 1983 and is included in the Series 1983 A Refunding issue. A revised debt schedule was made for the capitol renovation bonds at that time.

The capitol land grant revenues were used to amortize the Capitol Renovation Bonds from 1981 to 1986. Then in 1986, the June 1986 Special Legislative Session (House Bill 10) transferred the remaining balance of the bond proceeds to the general fund and required that the general fund assume the remaining payment obligations after October 1, 1986. The total amount actually transferred to the general fund was \$5,140,000.

As a result of the 1986 action, revenues began to accumulate in the Capital Land Grant Account. Therefore, the 1987 Legislative session inserted language in the appropriation bill to require that the revenues in this account be transferred to the general fund. Management Support Bureau (Department of Administration) makes the transfers to the general fund. The language reads as follows:

Funds remaining in the Capitol Land Grant account of the capital projects fund, after the appropriation has been met for the General Services Division of the Department of Administration, are appropriated to the long-range building debt service fund for the payment of principal and interest on bonds issued for public buildings at the capitol for executive, legislative, and judicial purposes, as outlined in Section 12 of the Enabling Act. This appropriation is for the biennium ending June 30, 1989, and is not to exceed the annual debt service required on these bonds.

Similar language was included in the appropriation bill of the 1989 Legislative session and is also proposed for the 1991 session. The theory upon which this transfer is made is that the general fund, through debt service payments, is paying for Capitol area improvements -- the Justice Building, DNRC, and Historical Society addition. Revenues deposited in the general fund from the capitol land grant fund can not exceed the debt payments for the buildings mentioned above.

One final note on the Capitol Land Grant Account is that a portion of the money is biennially appropriated to General Services Division (Department of Administration) for improvements to the facilities within the capitol complex. This appropriation is currently \$58,801 and is recommended to continue at this amount through the FY92-93 biennium.

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As a result of the 1986 action, revenues began to accumulate in the Capital Land Grant Account. Therefore, the 1987 Legislative session inserted language in the appropriation bill to require that the revenues in this account be transferred to the general fund. Management Support Bureau (Department of Administration) makes the transfers to the general fund. The language reads as follows:

Funds remaining in the Capitol Land Grant account of the capital projects fund, after the appropriation has been met for the General Services Division of the Department of Administration, are appropriated to the long-range building debt service fund for the payment of principal and interest on bonds issued for public buildings at the capitol for executive, legislative, and judicial purposes, as outlined in Section 12 of the Enabling Act. This appropriation is for the biennium ending June 30, 1989, and is not to exceed the annual debt service required on these bonds.

Similar language was included in the appropriation bill of the 1989 Legislative session and is also proposed for the 1991 session. The theory upon which this transfer is made is that the general fund, through debt service payments, is paying for Capitol area improvements -- the Justice Building, DNRC, and Historical Society addition. Revenues deposited in the general fund from the capitol land grant fund can not exceed the debt payments for the buildings mentioned above.

One final note on the Capitol Land Grant Account is that a portion of the money is biennially appropriated to General Services Division (Department of Administration) for improvements to the facilities within the capitol complex. This appropriation is currently \$58,801 and is recommended to continue at this amount through the FY92-93 biennium.

Summary

Department of State Lands does the revenue projections for the capitol land grant account. Revenues to the account were \$1.6 million in FY90 and are estimated at \$1.5 million in FY91, primarily due to large timber sales. These large timber sales are not projected to continue into the next biennium. The Budget Office estimates that revenue projections for FY92 and FY93 will be \$844,000 each year.

Following is a summary of the annual debt payments on the Justice Building, Dept. of Natural Resources Building, and the addition to the Historical Society Building. Note that the DNRC and Historical Society addition portions of the debt are completed at the end of FY92. The Justice Building portion of the debt continues through FY2010.

	<u>Debt Payment</u>	<u>Revenues</u>
FY90	\$2,223,289	\$1,641,600
FY91	\$2,215,057	\$1,500,000 estimated
FY92	\$1,281,039	\$ 844,000 estimated OBPP
FY93	\$1,216,480	\$ 844,000 estimated OBPP
FY94	\$1,287,615	
FY95	\$1,206,514	
FY96	\$1,170,018	
FY97	\$ 388,723	
FY98	\$ 58,184	
FY99	\$ 85,136	
FY00	\$ 86,099	
FY01	\$ 85,708	
FY02	\$ 85,514	
FY03	\$ 85,472	
FY04	\$ 85,531	
FY05	\$ 85,618	
FY06	\$ 84,709	
FY07	\$ 70,263	
FY08	\$ 70,275	
FY09	\$ 70,289	
FY10	\$ 62,977	

DATE: 1-17-91
HRB Long Range
Planning



CAPITAL APPROPRIATIONS PROPOSAL

1991 LEGISLATURE

DATE 1-17-91
HB Long Range Build
Program
DFWP

OTHER CAPITAL PROJECTS ADDRESSED DURING 1989 LEGISLATIVE SESSION

1. Kokanee Salmon Facility

\$516,559 License Account--Balance from 1983 and 1987

- the 1989 Legislature agreed to reappropriate \$516,559 in authority remaining from a project originally approved in 1983 and 1987 for construction of a hatchery at Creston (Rose Creek), and allow expenditure at Somers, Creston (Rose Creek) or another Flathead location
- continuation of this appropriation as modified in 1989 will be requested of the 1991 Legislature
- may need to spend up to \$150,000 for Somers seawall repair if Department of Administration/insurance falls through
- Fisheries needs additional time to evaluate needs for hatchery facilities:
 - kokanee studies will be complete in fall 1991 and at that time needs can be assessed
 - Bonneville Power Administration mitigation for Hungry Horse and Kerr Dams may impact hatchery needs and make federal funds available by 1992 or 1993
- submittal of another request to the 1993 Legislature is anticipated

EXHIBIT 1
 DATE 1-7-91
 HB 526 Range
 Building Program
 DFWP

HB526 - RELATED WILDLIFE HABITAT ACQUISITIONS

Projects using Appropriations from 1987 and 1989

<u>PROJECT</u>	<u>LOCATION</u>	<u>COST</u>	<u>ACRES</u>	<u>METHOD</u>
Robb Creek WMA	Sheridan	\$2,010,000	17,170.66	Fee Title
		\$ 12,020	10,657.69	Lease(State Lands)
Blackfoot - Clearwater WMA	Ovando	\$1,468,401	2,960.00	Fee Title
		\$ 9,877	14,582.00	Lease (State Lands & Champion Int'l)
Brewer WMA	Powderville	\$1,114,600	17,845.50	Fee Title 1
		4,506	4,265.65	Lease(State Lands)
		0	12,151.00	Lease(BLM)2
Mt. Silcox WMA	Thompson Falls	\$ 687,465	1,552.30	Fee Title
Dome Mtn. WMA	Gardiner	\$1,540,299	2,098.05	Fee Title
		90,011	160.00	Conservation Easement (from landowner)
Subtotals:				
Fee Title Acquisitions		\$6,820,765	41,626.51	
Conservation Easements		90,011	160.00	
<u>Leases</u>		<u>26,403</u>	<u>41,656.34</u>	
TOTAL		\$6,937,179	83,442.85	

Notes

1. To be exchanged for easements on additional land.
2. This is paid by the private landowner who leases the Bureau of Land Management properties directly.

DATE 1-17-91
HB Long Range
Building Program
HIGHWAYS

AMENDMENTS TO H.B. 5

1/17/91

1. PAGE 5, LINE 2
STRIKE: "300,000"
INSERT: "450,000"
2. PAGE 5, LINE 3 & 4
INSERT: "and Storage" AFTER THE WORD "Maintenance"
3. PAGE 5, LINE 4
STRIKE: "715,000"
INSERT: "1,283,525"
4. PAGE 5, LINE 5
STRIKE: LINE 5 IN ITS ENTIRETY
5. PAGE 9, LINE 5
STRIKE: "143,500"
INSERT: "243,500"

VISITOR'S REGISTER

AGENCY(S)

DEPARTMENT

SUBCOMMITTEE

DATE

NAME	REPRESENTING	SUP- PORT	OP- POSE
JIM WHALEY	AEE	✓	
George Swartz	Highways	✓	
VALERIE HORTON	NH Wildlife Federation	—	

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