MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By CHAIRMAN BERV KIMBERLEY, on February 4, 1991, at 8:00 A.M.

ROLL CALL

Members Present:

Rep. Berv Kimberley, Chair (D)
Sen. Esther Bengtson, Vice Chair (D)
Sen. Gerry Devlin (R)
Rep. Ed Grady (R)
Rep. Jerry Nisbet (D)
Sen. Cecil Weeding (D)

Members Excused: None

Members Absent: None

Staff Present: Terri Perrigo, Associate Fiscal Analyst (LFA)
Roger Lloyd, Legislative Fiscal Analyst
Carl Schweitzer, Budget Analyst (OBPP)
Theda Rossberg, Secretary

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

Announcements/Discussion: **CHAIR. KIMBERLEY** announced that tomorrow the committee would meet at the Fish, Wildlife and Parks building at 8:00 A.M.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
CONSERVATION & RESOURCE DEVELOPMENT

Language Issues: **EXHIBIT 8, February 1, 1991 Minutes (Budget)**
Item 1, Loss Lien Program - **Mr. Beck** said, this language issue relates to Program Issue, Item 7. We used $306,000 to buy out a prior lien and we gained enough to cover the second lien. This language would give us authority to buy out liens. Our largest lien is $430,000.

Item 2, Rangeland loans - this is giving us authority to spend up to $700,000 in rangeland loans. It started out at no interest and is now up to 4% interest.

Item 3, Conservation District Grants - we receive one half of one percent of fifty percent of the coal severance tax. This language issue gives us authority to spend up to the amount we receive.

Item 4, Transfer of Funds - this would allow the transfer of 25% of available grant money from Water Development & Renewable to Water Development Storage account.

Additional Issues:
Item 1, $30,000 for the Revolving Fund for waste water loan administration. These funds are from the Department of Health.

Item 2. Pay Exceptions - **Mr. Schweitzer** said, since the pay plan is fully funded, we are not supporting this item.

Funding Issues: Item 1, **Mr. Fritz** said, the LFA is funding $9,020 more of federal funds from the Corps of Engineers.

Item 2, $40,700 for federal grant in Rural Economic Development Division. These are federal dollars with a one to one match.

Ms. Perrigo asked, the $9,020 for the Corps of Engineers, did the agency say this should be left in this program's budget?

Mr. Beck said, they would keep these funds under Centralized Services.

SEN. WEEDING asked, where would the request for the Greater Yellowstone funds come from.

EXHIBIT 1.
Ms. Perrigo stated, these funds do not exist either in the LFA or the Executive budget. Based on the testimony we heard on Friday, $121,222 for the biennium was requested for a statewide RC&D coordinator. For the Greater Yellowstone Conservation District they requested $25,000 per year for grants. Conservation Districts requested $130,000 plus $60,112 per year for conservation district administration and legal services for a total of $190,112 per year.

SEN. DEVLIN asked, what would the funding source be if we approved those supplementals, is that general fund?

Ms. Perrigo said, the funding has not been discussed, that decision would have to come from this committee.

Conservation districts get a portion of RIT funds or one half of one percent of the coal severance tax. Parts of this program is built into the current level budget, but there is no funding that has been identified for any increases.

SEN. BENGTSON asked, are there any funds in the budget which can be redirected for the conservation districts?

Mr. Beck said, there is a need in the conservation districts but we are not able to provide funds. I am not sure if moving funds from one place to another can be done.

CHAIR. KIMBERLEY said, there is no question in the value of this program for economic development, but it seems everyone is going their own way. In Yellowstone County there are 2 or 3 entities operating under the guise of economic development. How do we pull them all together?

SEN. DEVLIN asked, where did the funds come from when Dr. Winters organized his program?

Mr. Beck said, part of it was federal grants which were approved in the past biennium and some were RC&D funds.

REP. GRADY asked, won't we have some funds if the federal takes over the eastern RC&D. Isn't this federal funding?

Mr. Beck said, they have applied for federal funds, but it hasn't been approved yet. If it is funded, they would cost share with 16 counties across the state.

REP. GRADY asked, who is doing the coordinating now?

Mr. Beck said, I am trying to do this but we are so swamped in other areas we cannot give them the service they need.

SEN. DEVLIN asked, how much local money has been put into this?

Mr. Beck said, central Montana provides the office help and they are assessing each county where assessments were approved by the County Commissioner. I am not sure about eastern Montana, they are not structured to assess each county.

SEN. DEVLIN said, there must be some money somewhere in this budget in the current level for your efforts.

SEN. WEEDING asked, what authority do the counties have to assess for local development?

Mr. Beck said, I'm not sure, but the County Commissioner has approved the assessments on some counties.

SEN. BENGTSON said, I think a statewide coordinator is worthwhile. There is so much enthusiasm out there in the different areas I would like to help.

CHAIR. KIMBERLEY asked, would there be more federal money if the state comes up with more money?

Mr. Beck said, I certainly think so, it is kind of a mandate on the federal level to work in these areas.

SEN. DEVLIN said, he would like to get some input as to how much money is coming out of the counties and RC&D districts around the state.

EXECUTIVE ACTION
CONSERVATION & RESOURCE DEVELOPMENT

Motion/Vote: **REP.NISBET** moved to accept the LFA current level. **Motion CARRIED** unanimously.

Motion/Vote: **SEN. BENGTSON** moved to accept the Executive budget on Item 1 of the Program Issues - $31,309 for operating expenses. **Motion CARRIED** unanimously.

Item 2 - $30,226 for contracted services needs no action because it is in the LFA budget.

Item 3 - Equipment, **Ms Perrigo** explained, this is a request for a total of 3 vehicles as explained previously.

Mr. Beck explained, the vehicle used in Miles City has over 100,000 miles on it. In central Montana in the RC&D office they are using their own vehicle, and their person in the Missoula office is using her own vehicle as well.

REP. GRADY asked, are you paying them mileage on their own vehicle? How does that compare with owning a vehicle?

Mr. Beck said, by the time you pay mileage, gas and repairs there may be some savings.

SEN. DEVLIN asked, if they continue to use their own vehicle are there funds in this budget to cover this expense?

Mr. Beck answered, yes there are funds for this expense.

SEN. DEVLIN asked, if we buy vehicles would we be paying mileage, etc? Would we be doing both?

Mr. Beck said, we would not be doing both. I have not studied the comparisons of buying a vehicle or paying for use of a personal vehicle.

Ms. Perrigo stated, the amount the agency spent on mileage in FY90 would be part of the LFA current level budget in operating expenses.

Motion/Vote: **REP. GRADY** moved to accept the Executive budget on Item 3 of Program Issues for vehicles.

Mr. Beck said this would leave us without a car in the Missoula office.

Ms. Perrigo said, if you move the Executive on Item 3, you would be moving a used car in 1992 and the addition of a new car in

1993.

<u>Roll Call Vote:</u> **FAILED 3 - 3 (SEN. BENGTSON, SEN. DEVLIN AND SEN. WEEDING voting "no")**

<u>Motion/Vote:</u> **SEN. WEEDING** moved to accept the LFA of $5,669 in FY92 and the Executive in FY93 of $10,808 for vehicles.

Ms. Perrigo explained, what this motion would mean is you would be buying a new car in FY92 instead of a used car and a new car in FY93. Therefore, a total of two new car purchases.

<u>Roll Call Vote:</u> **FAILED 3 - 3 (SEN. BENGTSON, REP. GRADY AND SEN. DEVLIN voting "no").**

<u>Motion/Vote:</u> **SEN. DEVLIN** moved to accept the Executive budget on Item 3, vehicles.

<u>Roll Call Vote:</u> <u>Motion</u> **CARRIED 4 - 1 (SEN. BENGTSON voting "no", SEN. WEEDING** absent)

<u>Motion/Vote:</u> **SEN. DEVLIN** moved to accept the Executive budget on Item 2, contracted services.

SEN. BENGTSON asked, can this money for contracted services be put into the budget for a RC&D coordinator?

Mr. Beck answered, the conservation service over spent in all categories the last year. We are already borrowing to meet our current demands.

The committee members discussed this issue and the motion as stands would eliminate $30,226 from the budget for contracted services. However, there is $31,309 in Rural Economic Development operating expenses which was approved by the committee. **Ms. Barclay** stated, it was basically the same money.

<u>Motion</u> **CARRIED 5 - 1 (SEN. BENGTSON voting "no")**

<u>Motion/Vote:</u> **REP. NISBET** moved to accept the Executive budget on Item 4, $7,400 for Local Assistance. <u>Motion</u> **CARRIED** unanimously.

Mr. Schweitzer state, on Item 5, bond debt service, we have already approved the LFA so there is no action needed.

<u>Motion/Vote:</u> **REP. GRADY** moved to accept the Executive budget on Item 6, Operating Expenses for $14,421. <u>Motion</u> **CARRIED** unanimously.

Mr. Beck said, Item 7, loss lien purchases ties in with Language Issue Item 1.

<u>Motion/Vote:</u> **SEN. BENGTSON** moved to accept the Executive budget

for the Loss Lien Program for $1,000,000. **Motion** **CARRIED** unanimously.

Motion/Vote: **REP. GRADY** moved to accept the Executive budget on Item 2 - Rangeland Loans and Item 3 - Conservation District Grants appropriation for the coal severance tax. **Motion** **CARRIED** unanimously.

Motion/Vote: **SEN. BENGTSON** moved to approve transfer of up to 25% of grant money from Water Development Program to Water Development Storage Program. **Motion** **CARRIED** unanimously.

Motion/Vote: **SEN. BENGTSON** moved to approve $30,000 for loan administration. **Motion** **CARRIED** unanimously.

No action was taken on Item 2 - Pay Exceptions as the pay plan has already been fully funded.

Motion/Vote: **SEN. DEVLIN** moved to accept the Executive budget on Item 1, of Funding Issues - $9,020 from Corps of Engineers. **Motion** **CARRIED** unanimously.

Motion/Vote: **SEN. BENGTSON** moved to accept the Executive budget on Item 2 - $40,700 for federal grant in Rural Economic Development Division. **Motion** **CARRIED** unanimously.

SEN. WEEDING asked, isn't there some way we could fund at least a part-time position in the RC&D Program? I feel this is an important program.

Ms. Barclay stated, we also think this has been and enthusiastic and successful endeavor over the past biennium. If we had more flexibility in personal services and directing it towards operating expenses, we may have better luck in trying to fund a coordinator position.

SEN. BENGTSON stated, she felt this subcommittee has the responsibility to address this issue and I would like to include it in the budget.

Motion/Vote: **SEN. BENGTSON** moved to approve $120,000 biennial appropriation for a RC&D coordinator with 50% from federal funds.

Mr. Schweitzer said, you could put language in the motion that states you approve of $120,000 but would reduce that amount by any federal funds received. So, every dollar received from federal funds would reduce the $120,000 by a like amount.

Ms. Barclay stated, I think we would have far more leverage if we go to the federal government and say we have $60,000 of state money available for this program but is only available if you will match it.

REP. GRADY stated, In the Greater Yellowstone there are a lot of problems with buffalo and elk and they have a legitimate request. In the conservation districts we have handed them programs such as the 310 and they can't even implement this program. They can't get an attorney because some of the County Attorneys won't address their problems. I feel the conservation districts have more need than any of them.

SEN. WEEDING asked, **Mr. Beck** is it possible you could get by with a half-time coordinator?

Mr. Beck said, they could take a look at it but it would be an awkward position for a half-time person to do much traveling.

Ms. Barclay said, there is $30,000 in the budget for contracted services, this may be a way to consider stretching this budget.

SEN. BENGTSON said, this RC&D program is kind of a grass roots program. The conservation districts have one half of one percent of the coal severance tax. The RC&D program is doing a lot on their behalf and I feel we should encourage them. If we don't give them some support these people will become discouraged with their volunteer work.

SEN. DEVLIN said, I would like to see this program funded but in two years have it sunset. I think they should have some local participation to help fund this if it is worthwhile.

SEN. BENGTSON said, we could ask for some kind of a report or accounting of this program to see how it is going.

<u>Roll Call Vote:</u> **FAILED 4 - 2 (REP. GRADY, REP. NISBET, SEN. WEEDING AND CHAIR. KIMBERLEY voting "no")**

<u>Motion/Vote:</u> **SEN. WEEDING** moved to approve $60,000 for the biennium contingent upon an equal match of federal funds for a RC&D coordinator. **<u>Motion</u> FAILED 3 - 3 (REP. GRADY, REP. NISBET AND SEN. DEVLIN voting "no").**

<u>Motion/Vote:</u> **SEN. WEEDING** moved to approve $100,000 biennial appropriation for a RC&D coordinator, with the general fund contingent upon matching federal funds. <u>Roll Call Vote: Motion</u> **CARRIED 4 - 1 (REP.NISBET voting "no" and REP. GRADY absent)**

<u>RIT INTEREST AND COAL SEVERANCE TAX:</u>
Ann Miller, DNRC reviewed the RIT interest earnings with the committee. She stated, the RIT interest revenue which comes in to fund these programs has been increasing. **EXHIBIT 2.**

Another source of revenue for these programs is the Coal Severance Tax. In regard to the coal severance tax, as the tax is decreased the revenue is also decreasing. For this reason, it is causing a burden on these programs. **EXHIBIT 3.**

She stated, the last biennium we received $560,000 in coal severance tax and this biennium we are down to $359,000. She reviewed the charts and budget explanations on the hand-out.

CHAIR. KIMBERLEY asked, how much of the interest off the permanent trust fund went into the general fund?

Ms. Miller answered, there is about 38 million dollars of which 85% goes into general fund and 15% to the schools.

SEN. WEEDING asked, what is the dollar figure of that Crow lawsuit that has been won against us?

Ms. Barclay stated, I don't know the exact amount, there have been some funds set aside in escrow to refund the Crow Tribe.

SEN. WEEDING asked, isn't the escrow a part of the trust?

Ms. Barclay said, when the suit first came up the state established 30% of the Crow's production into an escrow account which is collecting interest. Therefore, if the Crow suit should be upheld that money would be available to them. From the time they started mining coal until the escrow was set up is where we have some concerns.

SEN. WEEDING asked, could we get a breakdown of those expenditures.

Mr. Schweitzer stated, he would try to get these figures for the committee.

HEARING ON CENTRALIZED SERVICES

John Armstrong, Administer Centralized Services gave an overview of this program. **EXHIBIT 4.**

This program has three components: the Board of Natural Resources and Environment, the Director's Office and the Centralized Services Division.

About $20,200 per year is the budget for the Board of Natural Resources. This budget will cover approximately 6 meetings per year for about 2 - 3 days each.

The Director's Office contains the Director, Deputy Director, legal staff, information officer, personnel officer and the secretarial positions.

This office provides management and policy direction to the department. It also provides legal services, public information, and personnel support functions.

The Centralized Services Division which I am responsible for, provides support services to the other divisions within the department.

Fiscal Bureau - provides financial management to the department and assists others in financial date. See **EXHIBIT 4, Page 8.**

Data Processing Bureau - manages the departments information system. See **EXHIBIT 4, Page 9.**

Graphic Design Bureau - provides cartographic and graphic arts services for the department of publications. See **EXHIBIT 4, Page 9.**

Administrative Staff - provides budget analysis, preparation and coordination, fiscal note preparation, etc. See **EXHIBIT 4, Page 9.**

Performance Indicators: **EXHIBIT 4, Page 10.**
We have performance indicators for each division: 1) review approximately 340 contracts and amendments per year, 2) Process almost 9,000 accounting documents, 3) Prepare approximately 160 monthly, quarterly and annual financial statements, 4) Monitor approximately 250 - 300 grants and contracts, 5) Monitor approximately 200 loans per year, and 6) We published about 130 publications in FY90.

EXHIBIT 5 - budget.
Ms. Perrigo reviewed the difference between the LFA and the Executive budget.

The LFA used more RIT funds to fund agency programs than the Executive. Also, the LFA used less general fund than the Executive. Because of the differences of RIT verses general fund the **Chairman** thought it would be easier to decide on RIT and general fund before the decision of accepting the LFA or the Executive was made. The **Chairman** wanted to wait until the joint meeting with Long Range Planning to make a decision.

SEN. BENGTSON asked, is there a percentage that is pretty basic that you use throughout?

Ms. Perrigo said, the LFA looked at the actual expenditures in FY90 and used the same proportion to fund the FY92 - FY93 program. The Governor requested a general fund reversion. Therefore, general fund didn't show up as being spent in FY90 to the extent that it was appropriated. Because general fund wasn't spent it lowered the proportions of general fund use verses RIT use.

SEN. BENGTSON asked, what was the reason for this reversion?

Mr. Schweitzer replied, there is a statute that requires you must spend non-general fund first if they are available and then general fund. Therefore any general fund not spent would revert.

SEN. BENGTSON asked, why didn't you do the same thing in your budget to account for that reversion?

Mr. Schweitzer stated, we wanted some of the funds left in for grants.

SEN. BENGTSON asked, was there grant money left which wasn't spent? Was there a reversion of grant money?

Ms. Barclay stated, the last biennium we were appropriated an RIT and general fund amount of money. We were told we had to spend all other monies before the general fund. We didn't spend more RIT money than the amount available but we did spend up to the amount allowed and reverted general fund dollars. If you change those proportions there would be less money for RIT grants and loans, which are heard in the Long Range Planning Subcommittee.

SEN. BENGTSON asked, should this committee establish a percentage policy instead of having this change from biennium to biennium? If this happens every year, eventually everything would go to administration.

Ms. Barclay said, this was the reason we wanted to bring to your attention the concern of the grants and also Long Range Planning. We have to establish a minimum grant amount.

SEN. BENGTSON said, perhaps between this committee and Long Range Planning committee we could develop some kind of a policy statement.

SEN. DEVLIN said, we better look out or Long Range Planning will have more money than they are supposed to spend. They will keep programs on a priority base and spend it all.

Ms Perrigo stated, I will let the agency explain the Program Issues. There is a language request from the agency and a funding issue which doesn't have to do with RIT money and an additional issue of $9,000 over the biennium from the Corps of Engineers.

Mr. Schweitzer said, on Budget Base Differences perhaps **Mr. Armstrong** can identify these differences because it is a significant amount.

Mr. Armstrong said, the Executive budget represents our appropriated amount in FY91 of base differences and the LFA is actual expenditures. The main differences is in travel which is about $700 to $800. This was appropriated in FY91 and wasn't spent in FY90. About $1,700 per year in annual maintenance cost for the computer system which was not in FY90 expenditures. These are the main differences.

<u>Program Issues</u> - the LFA does not have the figures in her budget given to us by the Department of Administration and FWP for audit

and ground maintenance fees. The Executive shows the figures which were provided for us and the agencies we will pay the fees to. Therefore, to pay for these services we recommend the Executive budget.

Language Issues - basically, we need the authorization to transfer oil overcharge funds appropriated to the general fund. This amounted to approximately $19,000 in FY91.

Funding Issues - I believe the LFA used the 4 year average of expenditures and the Executive used the estimated revenue we would receive on bonding fees. The suggestion of the LFA and the Executive is to fund programs which use RIT to come up with a funding source for centralized services.

Ms. Perrigo stated, based on the action that was taken in the Conservation and Resource Division of the $9,020 which are receipts from the Corps of Engineers for rent, it was decided that money should be put into Centralized Services. That would be $4,523 in FY92 and $4,497 in FY93. Therefore, this is an additional issue which needs to be considered.

EXECUTIVE ACTION
CENTRALIZED SERVICES DIVISION

Motion/Vote: SEN. WEEDING moved to accept the LFA budget. **Motion CARRIED** unanimously.

Motion/Vote: REP. GRADY moved to accept the Executive budget on Base Differences of $4,972 FY92 and $4,851 FY93. **Motion CARRIED** unanimously.

Motion/Vote: SEN. BENGTSON moved to accept the Executive budget on Program Issues Item 1 and 2 - $3,314 audit fees and $2,768 for capitol grounds maintenance. **Motion CARRIED** unanimously.

Motion/Vote: SEN. BENGTSON moved to accept the language issue: "All indirect charges collected on oil overcharge funds will be appropriated for transfer to the general fund." **Motion CARRIED** unanimously.

Motion/Vote: SEN. DEVLIN moved to accept the LFA for $45,370 of Major Facility Siting Assessments.

Mr. Schweitzer explained, there is a certain amount of general fund in the budget and a certain amount of facility siting fees. The LFA has more facility siting fees and less general fund. It is actually a funding issue of how you fund the program. Therefore, if you approve the LFA you will have more facility siting fees and less general fund and if you approve the Executive it will be more general fund and less facility siting fees. The argument for the Executive is, we are not sure these facility siting fees will be available to finance this program.

If we are not able to collect these fees we will be giving them a $22,685 per year cut because of revenue they may not earn.

Ms. Perrigo stated, in FY91 the agency through centralized services collected $8,900 from major facility siting fees. This is the highest it has been for quite awhile.

The LFA looked at historical expenditures of Major Facility Siting, which in retrospect was not an accurate method of determining the money available for Centralized Services.

Mr. Armstrong said, some of those internal expenditures on reservations, the Clark Fork, etc. we do not apply the indirect rate against. We used an estimate of on-going projects and potential projects which are under the Facility Siting Act and used our indirect rating against our estimated revenue from filing fees.

Ms. Perrigo said, if you take the Executive budget there would be approximately $10,000 each year of facility siting fees in the Centralized Services Division.

SEN. WEEDING asked, is there a way to write this so if direct applications come in those funds would be spent first and then general fund? Could we add language to this issue?

Ms. Perrigo said, this could be done.

Mr. Schweitzer asked, if you went with the Executive and you collect more than the $10,000 what happens to that?

Mr. Armstrong said, it stays in the facility siting account and could be carried over into the next biennium.

Ms. Perrigo clarified, the LFA included funding from Major Facility Siting Act which probably will not be available.

Ms. Barclay stated, we could write some language that if we receive more facility siting fees they would offset the general fund.

Substitute Motion/Vote: **SEN. DEVLIN** moved to accept the Executive budget on Major Facility Siting fees with language stating, "any fees in excess of $20,000 collected will be deposited in the general fund account." **Motion CARRIED** unanimously.

Motion/Vote: **SEN. BENGTSON** moved to appropriate $4,523 FY92 and $4,497 FY93 from Corps of Engineers for rent. **Motion CARRIED** unanimously.

Ms. Perrigo announced, when the committee comes back for the wrap up we will be doing funding for Water Resources Division, Conservation and Resource Development, Reserved Water Rights Compact Commission and Centralized Services.

The committee has taken final action on the Oil & Gas Division and Energy Division.

Also, I will have all the language which has been passed, written up in final form for the committee to review to make sure it is what they intended.

SEN. DEVLIN asked, if they would have a break down of the RIT expenditures?

Mr. Schweitzer stated, the expenditure decisions have almost exclusively followed the Executive recommendation. In State Lands we have two budget modifications: one for consulting services and one for the EIS positions using RIT funds. After looking over some pending legislation we are now recommending not to use RIT funds but to use EIS funds. There are two modifications in the Reclamation Division which the committee hasn't addressed and we do recommend using RIT funds.

Ms. Perrigo said, the figures shown in the joint committee meeting on Friday do not include any of the modified budget requests. Also, the LFA current level figures do not include any increases you have voted for.

SEN. BENGTSON asked, should we go back to DSL, would that be appropriate now? Maybe we should take another look at the pay exceptions.

Motion/Vote: **SEN. BENGTSON** moved to reconsider the action taken previously on the pay exceptions in State Lands.

REP. GRADY said, we should talk to State Lands first.

Mr. Schweitzer said, I would assume State Lands would support the Executive budget.

SEN. DEVLIN stated, we are going to have to go back to a lot of issues on State Lands. They have the same deadline that we have.

SEN. BENGTSON said, I don't think it is necessary to talk about all those pay exceptions but we should talk about those that are funded with RIT money.

REP. GRADY asked **Mr. Schweitzer** if he had a dollar figure on the ones which would affect RIT funds?

Mr. Schweitzer answered, the pay exception positions which are in the Reclamation Division were financed out of the Reclamation and Development account money. There is also a federal match for the coal and uranium positions which was about $50,000 added to the Executive budget and **Mr. Lloyd** has about $9,000 added on his budget sheet, which totals about $60,000. The other two positions were $12,337 for each year for two pilots.

CHAIR. KIMBERLEY said, we will have to go back and look at all of those positions.

SEN. DEVLIN said, there is also a change in fiscal analysts in State Lands.

Motion Withdrawn by **SEN.** BENGTSON.

Ms. Barclay said, she would like the committee to be consistent with the funding of all the pay exceptions.

CHAIR. KIMBERLEY asked, if the committee could get a list of all the positions in State Lands.

Ms. Perrigo said, **Mr. Lloyd** or Mr. **Schweitzer** could provide this information to the committee.

Mr. Wetzel thanked the committee and the LFA and OBPP for all the help in going into all the issues and stated, everyone did a tremendous job. If we can provide any other details, we would be happy to do so.

ADJOURNMENT

Adjournment: 11:05 A.M.

Berv Kimberley
REP. BERV KIMBERLEY, Chair

Theda Rossberg
THEDA ROSSBERG, Secretary

BK/tr

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL **DATE** 2-04-91

NAME	PRESENT	ABSENT	EXCUSED
SEN. ESTHER BENGTSON, VICE-CHAIR	✓		
REP. ED GRADY	✓		
REP. JERRY NISBET	✓		
SEN. GERRY DEVLIN	✓		
SEN. CECIL WEEDING	✓		
REP. "BERV" KIMBERLY, CHAIRMAN	✓		

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL VOTE

DATE 2-04-91 **AGENCY** ______ **NUMBER** ______

MOTION: #3 -

Grady moved the E. B. - Item D-3) Vehicles

NAME	AYE	NO
SEN. ESTHER BENGTSOM, VICE-CHAIR		✓
REP. ED GRADY	✓	
REP. JERRY NISBET	✓	
SEN. GERRY DEVLIN		✓
SEN. CECIL WEEDING		✓
REP. "BERV" KIMBERLY, CHAIRMAN	✓	
TOTAL		

Failed

3 - 3 Died

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL VOTE

DATE 2-04-91 **AGENCY** ______ **NUMBER** ______

MOTION: Sen Devlin moved to accept the Exect Budget on Item 10.3 Vehicles.

NAME	AYE	NO
SEN. ESTHER BENGTSOM, VICE-CHAIR		✓
REP. ED GRADY	✓	
REP. JERRY NISBET	✓	
SEN. GERRY DEVLIN	✓	
SEN. CECIL WEEDING		
REP. "BERV" KIMBERLY, CHAIRMAN	✓	
TOTAL	4	1

Passed

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL VOTE

DATE 2-04-91 AGENCY ________ NUMBER ________

MOTION: Sen Bengston moved to approp. 120,000 for the Biennium for a State Board. Contingent upon 50% coming from Fed. funds.

NAME	AYE	NO
SEN. ESTHER BENGTSOM, VICE-CHAIR	✓	
REP. ED GRADY		✓
REP. JERRY NISBET		✓
SEN. GERRY DEVLIN	✓	
SEN. CECIL WEEDING		✓
REP. "BERV" KIMBERLY, CHAIRMAN		✓
TOTAL		

Failed - 4-2

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL VOTE

DATE 2-04-91 AGENCY ______ NUMBER ______

MOTION: Sen. Weeding on 100,000 Biennial approp for State Coord. Conting upon 50% Fed. funds

NAME	AYE	NO
SEN. ESTHER BENGTSOM, VICE-CHAIR	✓	
REP. ED GRADY		
REP. JERRY NISBET		✓
SEN. GERRY DEVLIN	✓	
SEN. CECIL WEEDING	✓	
REP. "BERV" KIMBERLY, CHAIRMAN	✓	
TOTAL		

Passed 4-1

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL VOTE

DATE 2-24-91 **AGENCY** ______ **NUMBER** ______

MOTION: Sen. Weeding moved to approve 30,000 / 30,000 Bien Contingent Upon 50% 1st Yr 60,000) 60,000

NAME	AYE	NO
SEN. ESTHER BENGTSOM, VICE-CHAIR	✓	
REP. ED GRADY		✓
REP. JERRY NISBET		✓
SEN. GERRY DEVLIN		✓
SEN. CECIL WEEDING	✓	
REP. "BERV" KIMBERLY, CHAIRMAN	✓	
TOTAL		

Failed 3-3

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL VOTE

DATE 2-04-91 AGENCY ______ NUMBER ______

MOTION: Sen. Weeding moved to increase by $5669 oper. exp. for 2 new Cars on Item D-3 Vehicles

NAME	AYE	NO
SEN. ESTHER BENGTSOM, VICE-CHAIR		✓
REP. ED GRADY		✓
REP. JERRY NISBET	✓	
SEN. GERRY DEVLIN		✓
SEN. CECIL WEEDING	✓	
REP. "BERV" KIMBERLY, CHAIRMAN	✓	
TOTAL	3	3

Failed.

EXHIBIT 1
DATE 2-04-91
HB Nat. Res. Sub.

2-04-91
EXHIBIT 1

MONTANA Association of Conservation Districts
501 North Sanders
Helena, MT 59601
(406) 443-5711

AMENDMENT: Conservation and Resource Development Division Budget

1) Administrative Grants to Conservation Districts

	Accounting Entity		FY 1992	FY 1993
Present	5000	Local Assistance	~~$ 95,000~~	~~$ 95,000~~
Amend	5000	Local Assistance	$225,000	$225,000

2) 310 Permit Program/Conservation District "Legal Assistance" position

Amendment

		FY 1992	FY 1993
1100	Personal Services	$39,262	$39,262
2100	Other Services	$ 5,000	$ 5,000
2200	Supplies	1,850	1,850
2300	Communications	2,500	2,500
2400	Travel	6,000	6,000
2800	Other	5,000	5,000
	Total Operating Costs	$15,850	$15,850
3100	Equipment	$ 5,000	$ 5,000
	Total	$60,112	$60,112

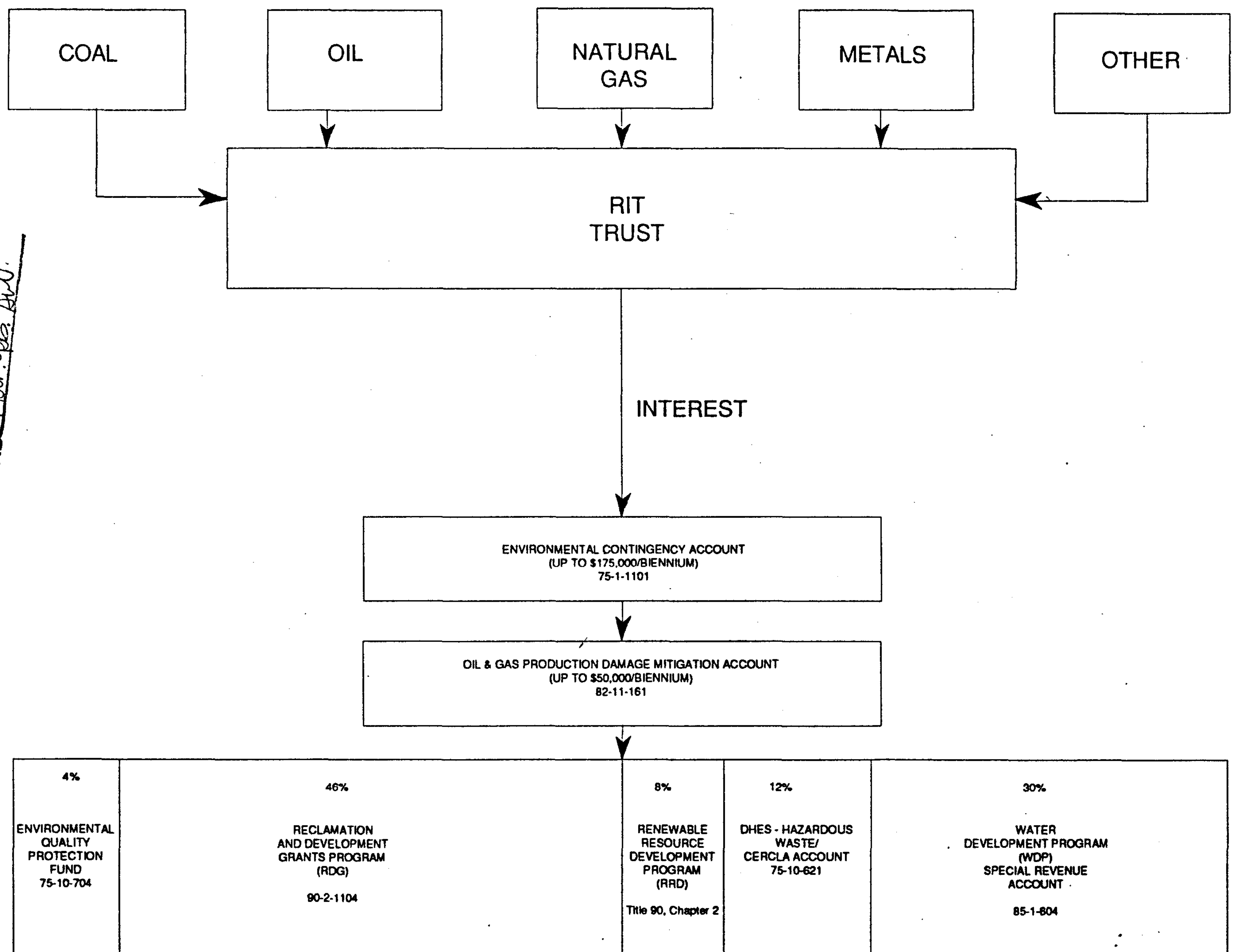
120,224

EXHIBIT 2
2-04-91

EXHIBIT 2
DATE 2-04-91
HB Nat. Res. Aud.

2-04-91

RESOURCE INDEMNITY TRUST



2 - 04 - 91
EXHIBIT - 2

Resource Indemnity Trust Fund
Tax Collection
Interest Earnings

Fiscal Year	Trust Balance per year	Interest Earnings per year
Actual		
1980	$16,204,531	$1,175,530
1981	21,165,464	1,607,667
1982	28,328,946	2,294,265
1983	36,181,889	3,789,855
1984	42,986,128	4,225,130
1985	47,396,179	5,526,373
1986	53,039,675	6,487,967
1987	56,861,627	7,208,545
1988	61,750,961	6,149,783
1989	66,665,000	6,858,164
1990	72,811,618	7,472,755
Projected		
*1991	77,783,315	7,612,666
*1992	83,160,488	7,952,931**
*1993	88,054,078	8,604,746**

* Projected balance figures using the Office of Budget and Program Planning revenue projections.

** Revenue of RIT Interest for the 1993 Biennium to be distributed.

$7,952,931
8,604,746
$16,557,677

The trust is projected under current law to reach its cap of $100 million in fiscal year 1995

This information taken from the Office of Budget and Program Planning revenue projections.
Summary Section (Gray Pages) p. 29

EXHIBIT 2
DATE 2-04-91
HB Nat. Res. Sub.

RESOURCE INDEMNITY TRUST FUND

The Resource Indemnity Trust Fund (RIT) was established in 1973. Earnings from the RIT are to be used to "improve the total environment and rectify damage thereto" pursuant to 15-38-203, MCA. Funding to implement this policy is derived from a tax on mineral production and interest earnings to the established trust fund.

When the trust fund reached $10 million in 1978, all earnings on the trust began to be appropriated in accord with 15-38-202, MCA. Once the trust reaches $100 million, both the interest and tax proceeds can be appropriated.

Trust fund earnings are earmarked for a number of different programs. Statutorily $175,000 per biennium is allocated to the Governor's environmental contingency fund which must be used to meet unanticipated public needs when the public welfare and/or natural environment is threatened, in accord with 75-1-1101, MCA. Second, up to $50,000 per biennium is appropriated to the oil and gas production damage mitigation account pursuant to 82-11-161, MCA. The remaining trust fund earnings have been allocated to five programs in accord with current law since FY90 as follows: Water Development 30%; Renewable Resources 8%; Reclamation and Development 46%; Hazardous Waste/CERCLA 12%; and Environmental Quality Protection (Non-Super Fund) 4%. Table 1 shows the history of the trust fund since its inception. The table provides historical data on tax collections, interest earnings, and trust fund balances. Estimates for fiscal years 1991, 1992, and 1993 are provided.

Table 1
Resource Indemnity Trust Fund
Collections and Trust Fund Balance
Fiscal Years 1974-1991

Fiscal Year	Tax Collections	Interest Earnings	Total Revenue	Trust Fund Balance
FY74	$1,137,902	$3,483	$1,141,385	$1,141,385
FY75	2,050,037	96,031	2,146,068	3,287,456
FY76	1,981,363	283,377	2,264,740	5,552,291
FY77	2,209,719	475,082	2,684,801	8,232,247
FY78	2,246,415	696,050	2,942,465	10,646,851
FY79	2,107,358	908,982	3,016,340	12,574,209
FY80	3,630,322	1,175,530	4,805,852	16,204,531
FY81	4,956,025	1,607,667	6,563,692	21,165,464
FY82	7,159,153	2,294,265	9,453,418	28,328,946
FY83	7,822,036	3,789,855	11,611,891	36,181,889
FY84	6,716,089	4,225,130	10,941,219	42,986,128
FY85	6,278,740	5,526,373	11,805,113	47,396,179
FY86	5,992,270	6,487,967	12,480,237	53,039,675
FY87	3,821,952	7,208,545	11,030,497	56,861,627
FY88	4,979,333	6,149,783	11,129,116	61,750,961
FY89	4,782,041	6,858,164	11,772,203	66,665,000
FY90	6,037,436	7,472,755	13,510,194	72,811,618
FY91 est	4,971,697	7,612,666	12,584,363	77,783,315
FY92 est	5,377,173	7,952,931	13,330,104	83,160,488
FY93 est	4,893,590	8,604,746	13,498,336	88,054,078

The last four legislative sessions also have appropriated some of the RIT monies to fund programs in DNRE, DSL, and other departments that are consistent with the purpose for which the funds may be spent. The executive budget proposes to continue the funding of comparable programs for which RIT monies were appropriated during the 1991 biennium. The amount remaining for grants increases by $248,292 over the 1991 biennium appropriated level to $4,986,516 for the 1993 biennium. In addition, there is $599,649, which is equal to 25% of the recommended water development and renewable resource development grant levels, included for water storage projects based on the recommendation of the State Water Plan Advisory Committee. The committee will recommend legislation during the 1991 Legislative Session to earmark 25% of these funds for water storage purposes. Table 2 presents the 1993 RIT

RESOURCE INDEMNITY TAX RECEIPTS
Source: Department of Revenue

FY	COAL	OIL	NATURAL GAS	METALS	OTHER	TOTAL
74	$ 61,687	$ 640,771	$ 44,475	$ 352,960	$ 38,009	$ 1,137,902
75	239,391	1,201,125	49,861	513,940	45,722	2,050,039
76	409,810	1,294,364	82,754	130,632	63,804	1,981,364
77	496,340	1,399,698	74,268	160,104	79,309	2,209,719
78	522,333	1,316,917	165,348	145,173	96,644	2,246,415
79	225,681	1,434,472	231,530	93,872	121,803	2,107,358
80	928,798	1,828,947	355,054	353,130	164,393	3,630,322
81	825,496	3,328,426	419,647	238,595	146,861	4,959,025
82	1,000,195	5,308,525	491,832	215,776	142,825	7,159,153
83	1,892,248	4,768,072	552,396	442,858	212,162	7,837,736
84	1,300,665	4,279,714	589,348	399,704	146,659	6,716,090
85	1,095,522	4,204,763	627,504	229,464	121,487	6,278,740
86	1,171,480	3,913,955	583,961	152,833	170,041	5,992,270
87	1,090,324	1,859,932	538,251	170,345	163,101	3,821,953
88	1,224,129	2,033,646	484,537	745,412	214,263	4,701,987
89	1,356,240	1,627,445	539,442	909,244	349,671	4,782,042
90	2,540,363	1,795,586	453,052	1,091,128	157,307	6,037,436
Total	$16,380,702	$42,236,352	$6,253,260	$6,345,170	$2,434,061	$73,649,551
% of Total	22.2	57.4	8.5	8.6	3.3	100.0

EXHIBIT - 3
2-04-91

EXHIBIT 3
DATE 2-04-91
HB Nar. Res. Sub.

2-04-91

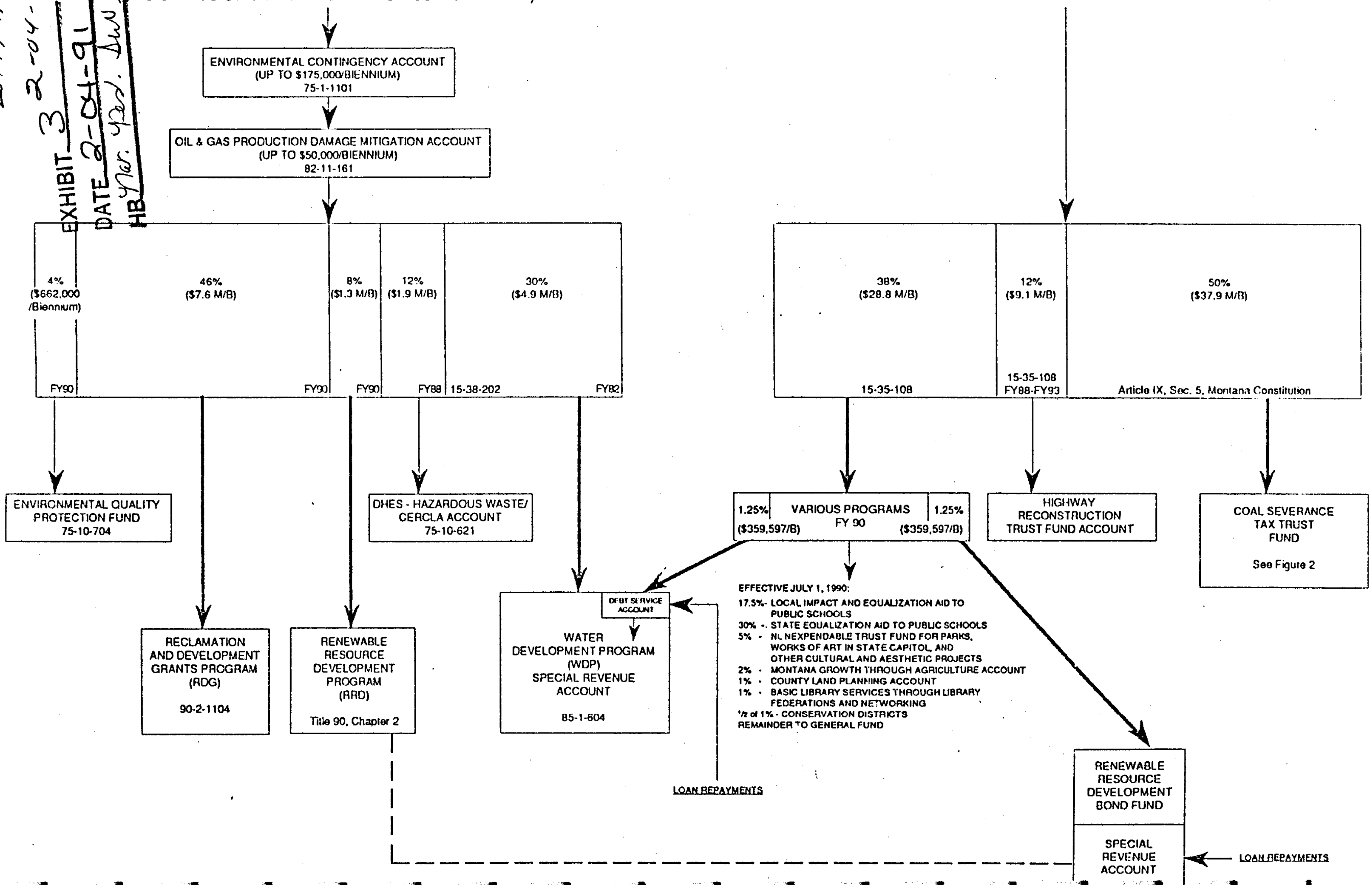
FIGURE 1.

RESOURCE INDEMNITY TRUST INTEREST INCOME

($16.5 MILLION / BIENNIUM FY 92-93 ESTIMATE)

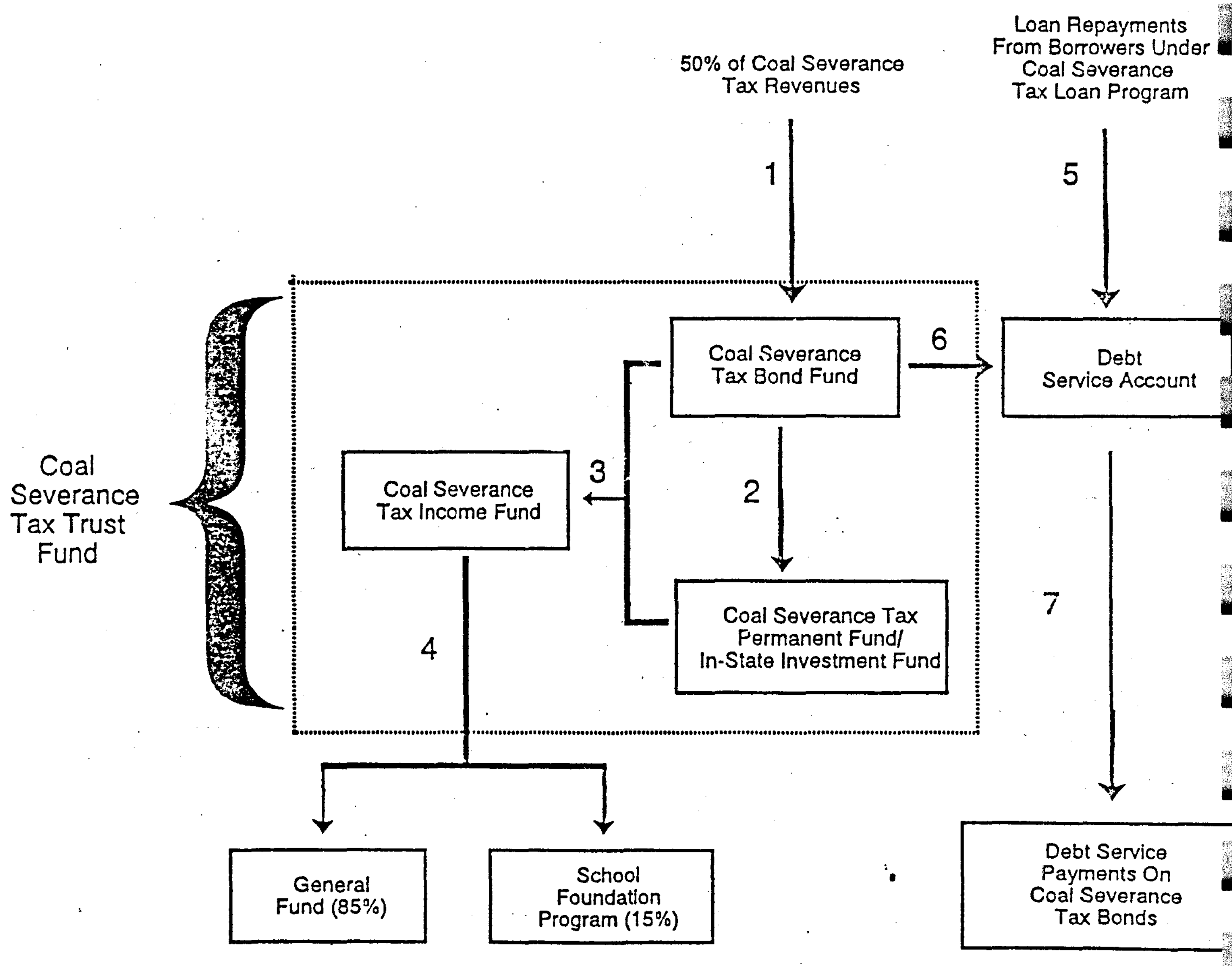
COAL SEVERANCE TAX

($75.7 MILLION / BIENNIUM FY 92-93 ESTIMATE)



2-04-91
EXH-3

Coal Severance Tax Trust Fund Flow of Funds Summary



(1) *Within 30 days of the end of each calendar quarter, coal severance taxes are paid to the State, 50% of which are deposited in the Coal Severance Tax Trust Fund (the "Trust"). Three accounts are established within the Trust; the Coal Severance Tax Bond Fund, the Coal Severance Tax Permanent Fund (within which is established the In-State Investment Fund) and the Coal Severance Tax Income Fund. Coal tax revenues which flow to the Trust are initially deposited in the Bond Fund and made available for the payment of debt service on the Coal Severance Tax Bonds.*

(2) *Periodically, the amount in the Bond Fund in excess of the next twelve months' debt service on the Bonds is transferred to the Permanent Fund. On each January 1, all amounts on hand in both the Bond Fund and the Debt Service Account (see footnotes 5 and 6 below) are swept to the Permanent Fund, except for an amount equal to one-twelfth of the next year's debt service on the Bonds. Twenty-five percent of the receipts to the Permanent Fund are segregated in an account within the Permanent Fund (the In-State Investment Fund) established for the purpose of making investments in Montana.*

EXHIBIT 3
DATE 2-04-91
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(3) *Investment income on the monies in the Bond Fund and the Permanent Fund is periodically transferred to the Income Fund.*

(4) *Eighty-five percent of the balance in the Income Fund is transferred to the State's General Fund; the remaining 15 percent is transferred to the State's school foundation program.*

(5) *Under the Coal Severance Tax Loan Program, the State sells Coal Severance Tax Bonds and loans the proceeds to local government entities for various water projects. The borrowers make semiannual loan payments, which upon receipt are credited to a Debt Service Account created specifically in connection with the Bonds. The terms of the loans vary, but generally involve an interest rate subsidy for the first five years of the loan followed by a direct pass-through of the interest rate on the Bonds for the remaining life of the loan.*

(6) *Debt service payments on the Bonds are due each June 1 and December 1. To the extent funds on hand in the Debt Service Account from loan repayments are insufficient to pay principal and interest on the Bonds when due, funds are transferred to the Debt Service Account from the Coal Severance Tax Bond Fund.*

(7) *On each June 1 and December 1, the State pays debt service on the Bonds from amounts on hand in the Debt Service Account.*

2-04-91

Permanent
Coal Severance Tax Trust

Fiscal Year	Balance per year
Actual	
1980	$39,964,765
1981	75,187,459
1982	118,336,314
1983	158,358,806
1984	202,936,358
1985	252,420,524
1986	309,384,250
1987	339,883,180
1988	381,180,287
1989	411,838,993
1990	446,511,416
Projected	
*1991	470,206,908
*1992	488,999,755
*1993	507,773,480

* Projected balance figures using the Legislative Fiscal Analysts Revenue Projects for FY 91 to FY 93.

** Projections for FY 92 and FY 93 use a 15% CST rate under current law that is the tax rate that will be in effect.

The column above is the 50% of all taxes collected on coal.

This information taken from the Legislative Fiscal Analyst Book: Summary Section (Yellow Pages) p. 77, 78.

EXH. 3
2-04-91

EXHIBIT 3
DATE 2-04-91
HB Nar. Res. Sub

TRUST FUNDS--INTEREST AND BALANCES

Trust Fund Balances

Montana has a number of constitutional and statutory trusts that provide interest to fund current state government operations. While past legislatures spent the principal of the education trust and slowed the flow of revenue into the park acquisition trust for several years, substantial balances remain. By the end of the 1993 biennium, under current law, these trust balances will be near $1 billion.

Table 1 shows the history of the six major trusts since fiscal 1973. Forecasted amounts are shown for fiscal 1991 through fiscal 1993. Following the table is a description of each trust and the income it generates.

Table 1
Trust Fund Balances
FY 1973-1993

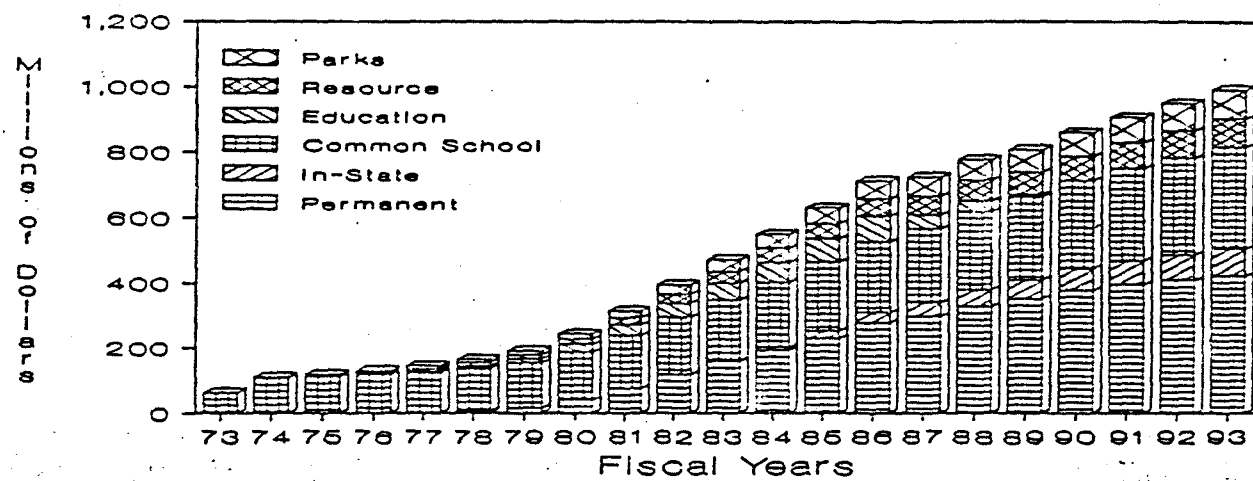
Fiscal Year	Permanent Coal Tax Trust Fund	In-State Investment Trust Fund	Common School Trust Fund*	Education Trust Fund	Resource Indemnity Trust Fund	Parks Acquisition Trust Fund	Total Trust Funds
1973			$ 64,223,773				$ 64,223,773
1974			108,998,870		$ 1,141,385		110,140,255
1975			113,064,188		3,287,456		116,351,644
1976			117,849,628	$ 2,227,793	5,552,291	$ 278,725	125,908,437
1977			123,281,528	6,039,530	8,232,247	758,308	138,311,613
1978	$ 6,268,262		129,949,247	8,983,763	10,646,851	1,174,356	157,022,479
1979	16,940,538		137,716,735	12,339,549	12,574,209	1,475,732	181,046,763
1980	39,964,765		147,527,943	23,905,146	16,204,531	3,565,371	231,167,756
1981	75,187,459		163,163,556	33,624,170	21,165,464	5,325,746	298,466,395
1982	118,336,314		176,467,865	44,338,477	28,328,946	7,480,418	374,952,020
1983	158,358,806		189,390,417	52,665,410	36,181,889	9,481,542	446,078,064
1984	192,761,293	$10,175,065	201,319,109	60,925,268	42,986,128	11,565,460	519,732,323
1985	230,599,696	21,820,828	214,764,544	70,500,922	47,396,179	13,859,181	598,941,350
1986	276,734,249	32,650,001	217,677,906	79,761,708	53,039,675	16,222,131	676,085,670
1987	297,844,102	42,039,078	227,687,073	44,091,429	56,861,627	16,613,608	685,136,917
1988	328,950,439	52,229,848	239,553,633	33,671,110	61,750,961	16,581,042	732,737,033
1989	352,330,943	59,508,050	254,128,428	8,651,477	66,665,000	16,608,706	757,892,604
1990	378,543,232	67,968,184	268,496,362		72,811,618	17,936,701	805,756,097
1991	396,314,851	73,892,057	282,093,660		77,544,869	18,857,242	848,702,679
1992	410,409,486	78,590,269	295,690,958		82,705,546	19,590,392	886,986,650
1993	424,489,780	83,283,700	309,288,256		87,590,609	20,320,354	924,972,699

*Balances include land value assets.
Note: The balances shown above reflect book values and not market values.

EXH. 3
2-04-91

TRUST FUNDS--INTEREST AND BALANCES

Graph 1
Total Trust Fund Balances



Constitutional Trusts

Permanent Coal Tax Trust

Article IX, Section 5 requires that 50 percent of all coal severance tax revenue be deposited in a permanent trust fund and that the principal of the trust "shall forever remain inviolate unless appropriated by a three-fourths vote of each house." By statute, interest on this trust is distributed 85 percent to the general fund and 15 percent to the school equalization account.

The interest earned on this trust is an important general fund revenue source. During the period fiscal 1978 through fiscal 1990, $276.3 million in interest from this trust was deposited in the general fund. In fiscal 1990, permanent coal tax trust interest provided 10 percent of total revenue to the general fund.

Initiative 95, approved by voters in 1982, requires that 25 percent of the revenue deposited in the permanent coal tax trust after June 30, 1983, be placed in the in-state investment trust fund for investment in the Montana economy "with special emphasis on investments in new or expanding locally owned enterprises." Through fiscal 1990, the Board of Investments had invested nearly $70 from the in-state investment fund in Montana businesses.

Coal tax revenue flowing into the permanent trust is also used to secure state bonds issued to finance water resource development projects and activities. Since 1981 when the legislature authorized this bonding program, $24.5 million in water development projects throughout the state have been funded with revenue from these bonds.

The Executive Budget proposes to "cap" the permanent coal tax trust to fund a new program called the Big Sky Dividend. Under this proposal, the Executive Budget seeks legislative approval to: a) divert revenue that would be deposited in the trust during the 1993 biennium; and b) submit a constitutional amendment to voters in 1992 to end the flow of revenue into the trust. This proposal is discussed below.

Common School Trust

Article X, Sections 2 and 3 require that all royalties and other proceeds received from school lands granted to the state under the federal enabling act must be deposited in the common school

2-04-91

EXHIBIT 4
DATE 2-04-91
HB

CENTRALIZED SERVICES

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	39.00	39.00	39.00	8.00	47.00	39.00	8.00	47.00
Personal Services	1,098,744.65	1,235,505	1,243,027	189,755	1,432,782	1,240,969	189,571	1,430,540
Operating Expenses	391,359.15	417,332	434,490	27,499	461,989	440,510	12,413	452,923
Equipment	16,774.46	5,214	5,214	879	6,093	5,214	924	6,138
Debt Service	10,645.13	10,417	10,417	4,157	14,574	10,417	4,157	14,574
Total Agency Costs	$1,517,523.39	$1,668,468	$1,693,148	$222,290	$1,915,438	$1,697,110	$207,065	$1,904,175
General Fund	1,091,197.39	1,249,254	1,291,042	172,957	1,463,999	1,295,015	161,476	1,456,491
State Special Revenue Fund	398,326.00	400,214	402,106	-71,341	330,765	402,095	-75,128	326,967
Federal Special Revenue Fund	28,000.00	19,000	0	120,674	120,674	0	120,717	120,717
Total Funding Costs	$1,517,523.39	$1,668,468	$1,693,148	$222,290	$1,915,438	$1,697,110	$207,065	$1,904,175

Overview

The Centralized Services program provides managerial and administrative support services essential to the effective operation of the department. The support services provided include: policy and management direction, legal services, personnel services, public information services, management and coordination of information system, coordination and production of publications and graphic materials, and general administrative support services.

Goals

o Promote the wise use and development of soil, water, and energy resources in a manner consistent with environmental quality.

o Ensure that resource policies are set and implemented in such a way that they are consistent with law and executive policy most beneficial to Montanans, and sensitive to the involvement of interested citizens and groups.

o Manage the department in a way that makes the best use of human and physical resources, promotes efficiency and productivity, and exhibits an open and creative environment.

o Achieve a broad understanding of department programs and foster cooperation and efficiency in managing Montana's natural resources.

o Provide the necessary policies and procedures to foster the hiring, administration and retention of a qualified workforce.

o Ensure that adequate, accurate, and consistent information exists to achieve maximum citizen awareness and involvement in DNRE decisions and activities.

o Assure proper preparation, formulation and enactment of laws related to the constitution and statutory functions of the agency.

o Assure department compliance with the administrative procedures act and applicable due process and constitutional requirements in the implementation of the agency's statutory duties in all administrative forms.

o Provide general legal assistance to assure effective daily operation of the department.

o Assure proper preparation and representation in all trial and appellate courts involving department litigation.

o Provide coordination and assistance to the divisions in the preparation of the department's budget.

o Ensure that department contracts receive timely review.

o Ensure timely and efficient administrative support services are provided to department personnel.

o Provide timely and accurate financial information to program managers, department management, governor's office, and the legislature through coordination of financial services.

o Provide the department with the necessary data processing expertise and equipment to meet current and future needs.

o Provide the skill and expertise necessary to produce quality publications and reports consistent with the department's needs.

Authorization

2-15-3301,MCA
Establishes the Department of Natural Resources and Environment.

2-15-3302,MCA
Establishes the Board of Natural Resources and Environment.

Base Program

The Centralized Services Program provides managerial and administrative support services. The program has three components; the Board of Natural Resources and Environment (BNRE), the Director's Office, and the Centralized Services Division (CSD).

The BNRE adopts administrative rules and has statutorily assigned quasi-judicial functions. Under base funding, the BNRE meets five times a year to consider their statutory functions which include final authority for approving reservations of water under the Montana Water Use Act, for approving the siting of energy developments covered by the Major Facility Siting Act, and for approving floodplain delineations under the Montana Floodplain and Floodway Management Act. The BNRE also acts in an advisory capacity to the department in all other matters.

The Director's Office provides overall management and policy direction to the department. In addition, it also provides legal services, public information, and personnel support functions.

o The director and deputy director have responsibility for all major decisions and recommendations within the jurisdiction of the department and for its overall management. They meet this responsibility by:

- Developing policies and proposing legislation to promote the prudent use of Montana's water, soil and energy resources.
- Ensuring that the decisions and activities of the department are consistent with law, rules, and standards of prudent management, environmental quality, and public involvement.
- Meeting frequently with concerned citizens and organizations to explain department programs and solicit public views.
- Providing the information and staff support necessary for the BNRE to perform its responsibilities effectively.
- Providing department managers a clear understanding of policies, goals, priorities, and expected accomplishments.
- Developing and managing a budget which reflects a close scrutiny of the public value of department programs and the funding for the programs.

EXHIBIT 4
DATE 2-4-91
HB

- Actively promoting cooperative endeavors among state and federal natural resource agencies to ensure consistent policies and the most efficient use of staff and money.

o The personnel/EEO officer provides guidance and advice on matters pertaining to the necessary policies and procedures related to personnel matters. Under base funding, this would include the following provided by the personnel officer and a secretary:

- Coordinating the directives received from the State Personnel Division.
- Coordinating recruiting and hiring activities, approximately 50-60 each year.
- Interpreting classification and pay plan policies.
- Developing EEO and Affirmative Action reports and plans.
- Reviewing and classifying position descriptions, approximately 60 per year.
- Continue refinement and implementation of the work planning and performance appraisal system.
- Coordinating any needed training for department managers.
- Reviewing, interpreting, and ensuring compliance with personnel policies and procedures.

o The information officer has the responsibility to provide adequate, accurate, and consistent information to achieve citizen awareness and involvement in department decisions and activities. Under base funding, the information officer has as his objectives preparing 80-85 news releases or public notices; achieving 15-20 personal contacts with the media, producing 3 public information documents, and reviewing 30 intergovernmental notices or documents.

o The legal staff provides legal services to the various divisions of the department in achieving their goals which includes the responsibility for the defense and prosecution of the laws administered by the department. Under base funding, the objective of the legal staff's 6 FTE (5 attorneys and an administrative assistant) will be to provide services in the following areas: litigation, legislation, administrative, and general legal assistance. The objective of the 5 attorneys will be to provide 45% of attorney-hours of agency general legal services (including contract review and negotiations, written legal memorandums and opinions, and daily consultations with agency and governmental staff), 20% of attorney-hours of litigation (including prosecution or defense of civil actions, administrative appeals, and amicus curiae cases, and settlement of civil actions and administrative appeals), 15% of attorney-hours of legislation (including drafting, coordinating and monitoring agency and agency related legislation), and 20% of attorney-hours of administrative law services (including agency related quasi-judicial and rule-making activities). The objective of the administrative assistant will be to provide 40% of working-hours of word processing service, 15% of working-hours of filing service, 40% of working-hours of administrative services, and 5% of working-hours of mail handling services.

The Centralized Services Division provides administrative support services in the following areas: management of financial activities, management and coordination of information systems, coordination and production of publications and graphic materials, and general administrative services.

o The Fiscal Bureau provides centralized financial management services to the department and assists other users of financial data both within and outside of state government. Under base funding, the bureau's 7.5 FTEs are responsible for the development, implementation, and maintenance of accounting and reporting systems; a system of internal controls; and other procedures necessary to ensure timely and accurate accounting and reporting in compliance with generally accepted accounting principles and related state and federal laws, policies, and procedures. Examples of duties are payment of vendor invoices, payroll preparation and administration of employee benefits, processing revenue collections, loan program accounting, cash and investment management, internal audits, property accounting and inventory control, fiscal management of state and federal grants and contracts, and accounting for bonded and other long-term debt.

o The Data Processing Bureau provides management and coordination of the department's information system. Under base funding, the bureau's 8.0 FTEs are responsible for data entry; system analysis, design, and development; coordinating word processing hardware and software; and providing training and assistance to department employees in using the computer system.

o The Publications Bureau provides technical writing and editing services to department publications. Under base funding, the bureau's 4.0 FTE's are responsible for arranging for appropriate reviews and approvals before materials are published, research and original writing, editing and rewriting, summarizing and abstracting, proofreading, and coordinating with cartographic and typesetting services. In addition, maintenance of the DNRE archive collection and the Water Resources Division library has been added to the bureau secretary's responsibilities.

o The Graphic Design Bureau provides cartographic and graphic arts services for department publications. Under base funding, the bureau's 4.0 FTEs are responsible for drafting maps, figures, charts, and graphs; creative design of art work; construction of visual displays; design and layout of publications for printing; coordination and monitoring of outside printing services; and liaison with vendors who provide printing of department publications.

o The administrative unit provides managerial direction in the provision of support services to the department. Under base funding, the unit's 4.0 FTEs responsibilities include division management, secretarial duties, budget analysis, budget preparation and coordination, fiscal note coordination, building maintenance coordination, contract and purchasing review, research center coordination, and a wide variety of miscellaneous duties.

Base Funding

The Centralized Services Program is funded from a variety of sources. The general fund is the major funding source. Allocations are made from the department's state special revenue accounts based on a percentage of the appropriation requested by the programs for their activities. The percentages range from 5% to 11% depending on the nature of the program. Those programs that involve the more complicated activities are assessed a higher rate than programs with less complicated activities. The funding received for the 1990-91 biennium was a modification of the above. The final funding in most cases used the above method, but adjustments were made in the amounts allocated from the grant programs' accounting entities based on the availability of funds and leaving a sufficient balance for grants.

All federal indirect revenues received from current programs are deposited in the general fund. This procedure was implemented due to the de-earmarking of the federal revenue accounting entity by the 1989 legislature. Due to the uncertainty of the amount of oil overcharge money available for the 1992-93 biennium, that source of funding is not used for the 1992-1993 biennium. Any oil overcharge money received for indirect costs will be deposited in the general fund.

The disposition of federal indirect revenue from programs associated with the Governor's reorganization has not been determined at this time.

The performance indicators listed on the following pages are only those associated with CSD's pre-reorganization activities.

EXHIBIT 4
DATE 2-4-91

Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Board of Natural Resources and Environment				
Board Meetings	5	5	5	5
Personnel Actions				
Hirings Completed	60	50	50	50
Position Descriptions Reviewed	62	60	60	60
Affirmative Action Plans	1		1	
Public Information				
News Releases/Public Notices Prepared	80	85	80	85
Personal Contacts with Media	17	21	15	18
Public Information Documents Produced	3	3	3	3
Intergovernmental Notices/Documents Reviewed	25	25	30	30
Contract Review				
Review All Contracts/Amendments	340+	340+	340+	340+
Financial Management				
Accounting Documents Processed	8750	8750	8750	8750
PAMS Forms Processed	300	300	300	300
Requests for Bids Solicited/Award	45	45	45	45
Purchase Orders/Requisitions Processed	130	130	130	130
Monthly, Quarterly, Annual Financial Statements Prepared	160	160	160	160
Grants/Contracts Monitored	255	255	255	255
Loans Monitored	190	190	190	190
Bond Indebtedness Financial Statements Prepared Quarterly	6	6	6	6
Audits Performed	0	6	6	7
Payrolls Processed	26	26	26	26
Payroll/Position Control Change Forms Processed	600	600	600	600
Information Systems Management				
Requests for Development of New Applications and Enhancements	92	92	92	92
Requests for Data Base Updates or Report Production	1632	1632	1632	1632
Tape Storage Backups	64	64	64	64
Document Restorations	50	50	50	50
Data Entry Requests	860	860	860	860

Publication Activities				
Publications Produced	132	116	115+	115+
Archive Collection Cataloged	100	100	100	100
WRD Library New Documents Indexed	75	75	75	75
Research Center Coordination				
New Titles Ordered, Cataloged and Distributed	125	125	125	125

Increase or Decrease from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Reorganization	The Governor's proposed reorganization would transfer 8.00 FTE from DHES's Centralized Services Division.	$194,568	$194,397
	The department was allocated funds for the potential cost associated with relocating the Department of Administration and Department of Commerce programs currently in the Metcalf building.	$15,000	
Reallocation	Money budget for the Department's computer system in the Conservation and Resource Development Division and the Engineering Bureau along with money budgeted for the Corps of Engineers is being reallocated.	$10,272	$10,272
Miscellaneous	An increase in Workers Compensation rates accounts for this increase.	$2,450	$2,396

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EXHIBIT 5
DATE 2-4-91
HB Nat. Res. Sub

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	39.0	39.00	39.00	0	39.00	39.00	0
Personal Services	1,098,745	1,245,874	1,245,333	541	1,243,803	1,243,263	540
Operating Expenses	391,361	434,107	414,875	19,232	440,041	420,103	19,938
Equipment	16,775	4,904	4,904	0	4,949	4,949	0
Debt Service	10,645	10,713	10,645	68	10,713	10,713	0
Total Expend	1,517,526	1,695,598	1,675,757	19,841	1,699,506	1,679,028	20,478
Fund Sources							
General Fund	1,091,199	1,293,492	1,209,138	84,354	1,297,411	1,227,750	69,661
State Revenue Fund	398,326	402,106	466,619	(64,513)	402,095	451,278	(49,183)
Federal Revenue Fund	28,001	0	0	0	0	0	0
Total Funds	1,517,526	1,695,598	1,675,757	19,841	1,699,506	1,679,028	20,478

LFA Current Level Analysis Reference: page C-31
Executive Budget Summary Reference: page 89
Executive Budget Narrative Reference: page 6

	---Executive Over (Under) LFA---	
Current Level Issues — Moved for Weeding Unan.		
A. Reorganization Issues		
NONE		
B. Appropriation Policy Issues (Non-action Items)		
1. Difference in Computer Network Charge	14,357	14,372
2. Difference in inflation	(2,529)	(1,786)
C. Budget Base Differences — ~~Hos~~ Appraisal Study Ex - Unan.	$4,972	$4,851
D. Program Issues — Bengtson Ex- Unan.		
1. Executive Budget includes $3314 more than LFA for audit fees. (mix: general fund/state special)	1,657	1,657
2. Executive Budget includes $2768 more than LFA for capitol grounds maintenance. (mix: general fund/state special)	1,384	1,384
TOTAL	19,841	20,478

E. Language Issues Bengtson Approval - Unan.

1. All indirect charges collected on oil overcharge funds appropriated for transfer to the general fund.

F. Funding Issues Devlin Ex w/ Language - Unan.

1. LFA assumes $45,370 more than Executive Budget from Major Facility Siting assessments. Executive budget funds difference with general fund. Major facility siting fees are anticipated to provide Executive level of funding to Central Services. ($22,685) ($22,685)

Additional Issue; Bengtson approv - Unan.
#9,020 from Resource & Development Division from Corps of Engrs - rent into Centralized Services.
4523 FY 92 + 4497 FY 93.

5706 Department Natural Resource/Conservation
23-CONSERVATION & RESOURCE DEVELOPMENT
00000

Exh 8.
2-04-91

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	20.0	20.00	20.00	0	20.00	20.00	0
Personal Services	493,675	590,643	590,878	(235)	590,040	590,299	(259)
Operating Expenses	247,576	234,650	227,869	6,781	236,350	228,027	8,323
Equipment	22,154	14,414	20,083	(5,669)	14,789	3,981	10,808
Capital Outlay	0	306000	0	306,000	306,000	0	306,000
Local Assistance	91,300	95,000	91,300	3,700	95,000	91,300	3,700
Grants	199,814	186,089	186,089	0	186,089	186,089	0
Debt Service	2,060	3,953,685	2,364	3,951,321	4,025,475	2,364	4,023,111
Total Expend	1,056,579	5,380,481	1,118,583	4,261,898	5,453,743	1,102,060	4,351,683
Fund Sources							
General Fund	52,084	75,184	78,562	(3,378)	75,182	74,707	475
State Revenue Fund	986,568	1,310,727	1,014,872	295,855	1,312,201	1,002,242	309,959
Federal Revenue Fund	17,927	40,970	25,149	15,821	40,970	25,111	15,859
Debt Service Fund	0	3,953,600	0	3,953,600	4,025,390	0	4,025,390
Total Funds	1,056,579	5,380,481	1,118,583	4,261,898	5,453,743	1,102,060	4,351,683

EXHIBIT
DATE
HB

Nesbit-LFA-Cur Level-Mason

LFA Current Level Analysis Reference: page C-35
Executive Budget Summary Reference: page 90 (DNRE), and page 83 (State Lands)
Executive Budget Narrative Reference: page 27 (State Lands)

Current Level Issues

----Executive Over (Under) LFA----

A. Reorganization Issues
NONE

B. Appropriation Policy Issues (Non-action Items)

1. Difference in Computer Network Charge	3,411	3,411
2. Difference in inflation	(1,227)	513

C. Budget Base Differences

D. Program Issues		
1. ~~Executive~~ budget includes $31,309 more than LFA for Rural Economic Development operating expenses (federal and state special revenue)	15,501	15,808
2. LFA includes $30,226 more than Executive Budget for contracted services in Conservation Districts Division (state special revenue)	(15,742)	(14,484)
3. Executive Budget includes $5,139 more than LFA for equipment (state special revenue)	(5,669)	10,808
4. Executive Budget includes $7400 more than LFA for Local Assistance not included in LFA due to coding error. (state special revenue)	3,700	3,700
5. Executive includes 7,974,432 more than LFA for bond debt service. Not included in LFA current level because statutorily appropriated. No action taken	3,951,321	4,023,111
6. Executive Budget includes $14,421 more than LFA for operating expenses in Resource Development Division (state special revenue)	7,022	7,399
7. Executive Budget includes $612,000 more than LFA ~~each~~ Biennium year for loss lien purchases	306,000	306,000
TOTAL	4,261,898	4,351,683
E. Language Issues		
1. Loss Lien Program--Biennial appropriation of $1 million for purchase of liens on loan collateral property. Stipulate funds may only be used for this purpose. (water development bond proceeds--state special revenue) Legislation authorizing lien purchases was approved by the 1989 legislature.	1,000,000	
2. Rangeland Loans--authorize department to award up to $700,000 over the biennium for rangeland loans from account established in Section 76-14-112 MCA (state special revenue)	700,000	
3. Conservation District Grants--Appropriate all the coal severance tax allocated to conservation districts (state special revenue)		
4. Appropriation to transfer up to 25% of amount available for grants from the Water Development & Renewable Resource Development special revenue accounts to the Water Development Storage special revenue account contingent upon passage of LC 908.		
F. Additional Issues		
1. Neither LFA or Executive Budget includes $30,000 for State Revolving Fund (SRF) for loan administration. (federal funds from DHES)	15,000	15,000
2. Neither LFA or Executive Budget includes $14,704 for pay exceptions already approved. (mix of general fund/state special revenue)	7,366	7,338
G. Funding Issues		
1. LFA includes $9020 more federal funds than Executive from Corps of Engineers which is no longer available to this division.	(4,523)	(4,497)
2. Executive Budget includes $40,700 more than LFA for a federal grant in Rural Economic Development Divison. Grant is anticipated to be awarded at Executive level.	20,344	20,356

Contingent upon matching fed. funds.

HOUSE OF REPRESENTATIVES

PLEASE PRINT.

VISITOR'S REGISTER

Natural Resources SUBCOMMITTEE DATE 2-04-91

DEPARTMENT ______ DIVISION ______

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NAME	REPRESENTING
Ray Beck	DNRC
Wayne Wetzel	DNRC
Anna M. Miller	DNRC
John Armstrong	DNRC

CS-14