

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By CHAIRMAN KIMBERLEY, on February 13, 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: Roger Lloyd, Associate Fiscal Analyst (LFA)
Carl Schweitzer, Budget Analyst (OBPP)
Theda Rossberg, Secretary

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

Announcements/Discussion:

Please Note: All tapes were blank.
Minutes taken by Sylvia Kinsey.

EXECUTIVE ACTION

FISH, WILDLIFE AND PARKS

Wildlife Division:

Motion: Sen. Weeding moved to accept the LFA recommendations
Voted, Passed, unanimous.

Motion: Sen. Bengtson moved the executive budget on Salinity Control as a biennial appropriation for \$125,000 and included the language of the Salinity Control Association.

Motion: Sen. Bengtson withdrew the above motion to remove the language. Sen. Bengtson moved the biennium appropriation of \$125,000 to the Upland Game Bird Account. Mr. Lloyd, LFA, restated the motion which would be to move the salinity control mod to the Wildlife Division without any language specifying use

of the funds for Salinity Control. Voted, Passed, unanimous.

Motion: Sen. Devlin moved 1. Personal Services. Voted, Passed, unanimous.

Motion: Sen. Bengtson moved 2. Grant Technical Adjustment. Voted, Passed, unanimous.

Motion: Sen. Weeding moved 5. Budget Base Differences. Voted, Passed, unanimous.

EXECUTIVE BUDGET MODIFICATION FOR ONE-TIME-ONLY PROGRAMS

Motion: Sen. Weeding moved 1. Habitat/Timber Sales Plans. Voted, Passed, unanimous.

Motion: Sen. Weeding moved 2. Helicopter Rental. Voted, Passed, unanimous.

EXECUTIVE BUDGET MODIFICATION FOR PROGRAM EXPANSION

Motion: Senator Bengtson moved the Canyon Ferry Wildlife Management Area Modification to be funded from the General License account. Voted, Passed, unanimous.

Motion: Rep. Nisbet moved the \$925,000 for the Bird Game Program be a biennial appropriation. Voted, Passed, unanimous.

MANAGEMENT SERVICES DIVISION

Motion: Sen. Bengtson moved to approve the Vehicle Account modification as adjusted. (\$163,000 in 1992 and \$169,000 in 1993) Voted, Passed, Rep. Grady and Sen. Devlin were absent.

See EXHIBITS 1 - 14.

HOUSE NATURAL RESOURCES SUBCOMMITTEE

February 13, 1991


Page 3 of 3

ADJOURNMENT

Adjournment: 12:00 P.M.



REP. BERV KIMBERLEY, Chair



THEDA ROSSBERG, Secretary

BK/tr

HOUSE OF REPRESENTATIVES
NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL

DATE 2-13-91

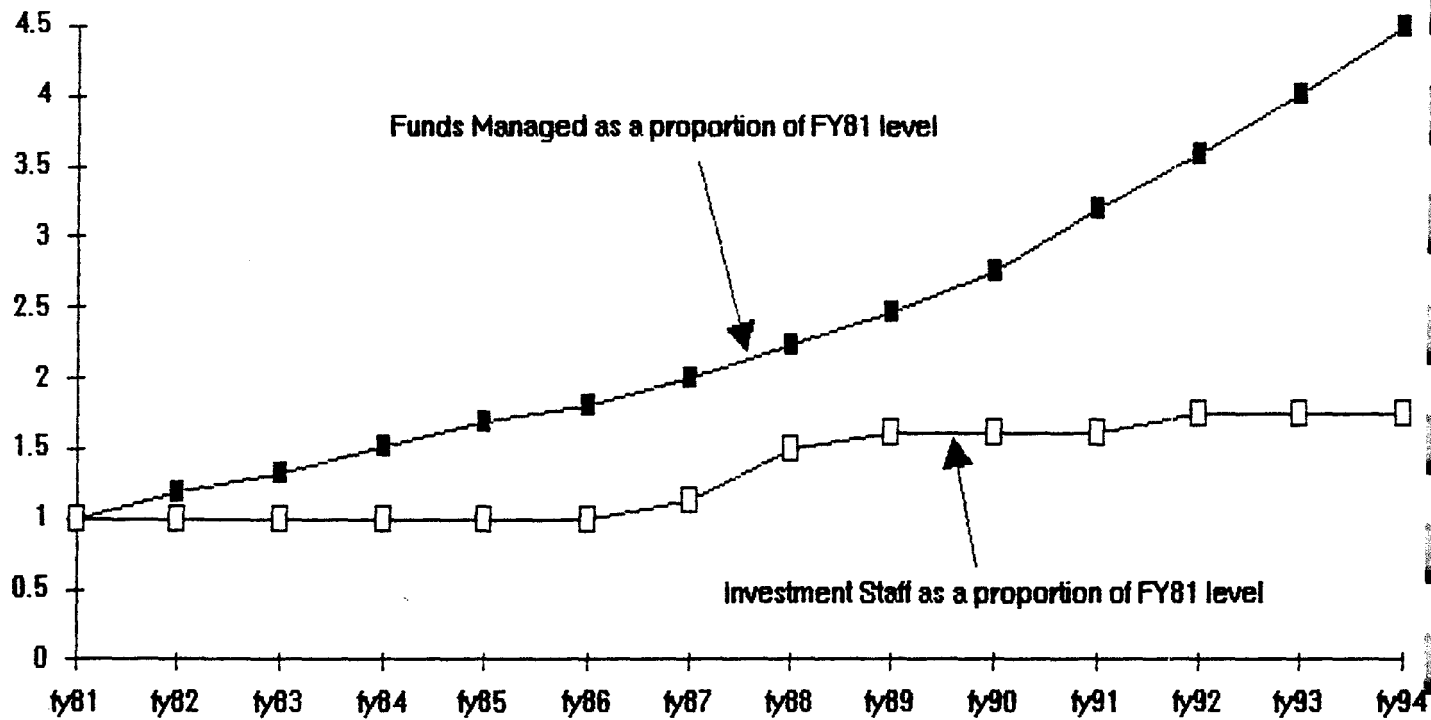
NAME	PRESENT	ABSENT	EXCUSED
SEN. ESTHER BENGTON, VICE-CHAIR	✓		
REP. ED GRADY	✓		
REP. JERRY NISBET	✓		
SEN. GERRY DEVLIN	✓		
SEN. CECIL WEEDING	✓		
REP. "BERV" KIMBERLY, CHAIRMAN	✓		

EXHIBIT 1
DATE 2-13-91
HB 4704. Per Sec

POTENTIAL PARKS FUNDING

BILL	TITLE	SPONSOR	ANNUAL AMOUNT (Fis. Note)	SOURCE
HB 386	Gas tax for parks roads	Schye	\$5,700,000	Gas tax
HB 526	Vehicle reg. for parks	Schye	\$530,000	50 cent vehicle fee
HB 550	Rental car tax	Grady	\$1,200,000	6% rental car tax
SB 318	Camper decals	Weeding	\$3,800	Camper decal
Draft	RV sticker	Vaughn		Special RV fee
Draft	Pop tax	Bardanouve		Tax on soda pop

Funds Managed and Staff Relative to FY81



Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	94.93	96.93	95.78	1.15	96.93	95.78	1.15
Personal Services	2,742,964	2,965,693	2,923,763	41,930	2,966,384	2,924,553	41,831
Operating Expenses	1,837,761	2,722,745	2,624,498	98,247	2,755,156	2,629,389	125,767
Equipment	95,172	111,614	111,614	0	111,685	111,685	0
Grants	55,262	36,380	0	36,380	36,380	0	36,380
Transfers	0	1,404,500	0	1,404,500	1,331,500	0	1,331,500
Total Expend.	\$4,731,159	\$7,240,932	\$5,659,875	\$1,581,057	\$7,201,105	\$5,665,627	\$1,535,478
Fund Sources							
State Revenue Fund	2,572,688	3,558,784	3,470,390	88,394	3,577,744	3,474,806	102,938
Federal Revenue Fund	2,158,471	3,682,148	2,189,485	1,492,663	3,623,361	2,190,821	1,432,540
Total Funds	\$4,731,159	\$7,240,932	\$5,659,875	\$1,581,057	\$7,201,105	\$5,665,627	\$1,535,478

CURRENT LEVEL ISSUES: FWP - WILD

PERSONAL SERVICES - The LFA eliminated 1.15 FTE vacant much of fiscal 1990

GRANT TECHNICAL ADJUSTMENT - To better reflect actual 1990 expenditures, these grants for graduate student research projects need be added to the LFA base.

FLEET CHARGE - The Executive Budget contains additional amounts to pay for the increased per mile rate charged by the Management Services Division.

LEGISLATIVE CONTRACT AUTHORITY

BUDGET BASE DIFFERENCES

TOTAL CURRENT LEVEL

FTE 1992 1993

EXECUTIVE BUDGET MODIFICATION FOR ONE-TIME-ONLY PROGRAMS

HABITAT/TIMBER SALES PLANS (100% general license account)

HELICOPTER RENTAL (50% general license account)

TOTAL MODIFICATIONS

Salinity Control

125,000 hum. app.

EXECUTIVE BUDGET MODIFICATIONS FOR PROGRAM EXPANSION:

CANYON FERRY WILDLIFE MANAGEMENT AREA (0% general license account)

ANNUAL APPROPRIATIONS: The Executive Budget contains \$926,226 for the Upland Game Bird program. The LFA contains \$926,664. The agency requests that the appropriation for this program be a biennial appropriation.

--EXEC OVER (UNDER) LFA--
FY 92 FY93

\$41,930 \$41,831

\$36,380 \$36,380

\$17,083 \$17,083

\$1,404,500 \$1,331,500

\$81,164 \$108,684

\$1,581,057 \$1,535,478

\$16,250 \$16,250

\$90,600 \$90,600

\$106,850 \$106,850

\$7,712 \$7,706

HB 3
DATE 2-13-91
HB

PRESENTATION TO THE JOINT SUBCOMMITTEE ON NATURAL RESOURCES

DEPARTMENT OF COMMERCE

BY CHUCK BROOKE: DIRECTOR

Mr. Chairman and members of the Subcommittee:

During the next several days we will be discussing the budget needs of the Department of Commerce for the 1993 biennium. My staff and I will attempt to provide you with information about what we intend to accomplish during the coming biennium and what we accomplished during the current one. We will cover both performance and financial issues, both achievements and failures. We want this information to be useful to you in making your appropriation decisions for the department, and I hope you will fully pursue those questions you have regarding our programs and proposals.

The people who will assist me in introducing these programs and answering your questions are Andy Poole, my Deputy Director, Carolyn Doering, our Management Services Division Administrator,

and Mark Bruno, our budget officer. In addition, the various program managers will join us for their presentations.

Before presenting the programs of the Department, I would like to spend a very short time giving you an overview of the agency and discussing briefly some of the issues you will be considering as you evaluate the appropriation for this agency.

MISSION AND ORGANIZATION

The Department of Commerce will mark its 10th anniversary this coming July and if one were to look at a comparison of the agency ten years ago and today, you would find a dramatic difference. The growth in the agency over the last 10 years is a reflection of the programs transferred, created or expanded by previous legislative bodies. Some of the previous legislative actions affecting the Department of Commerce include the transfer of the Board of Investments and the Building Codes program from the Department of Administration to the Department of Commerce; the creation of the Montana State Lottery and the Science &

EXHIBIT 3
DATE 2-13-91
HB for Rev New

Technology Seed Capital Program; the development of a Pacific Rim Trade Office; the transfer of video gambling regulation into and out of the department; the creation of a number of new licensing boards; the institution of the bed tax for tourism promotion; and numerous other large and small changes which have affected the nature and mission of the agency.

I believe that the Department of Commerce has the greatest variety of programs and responsibilities of any agency in state government. These responsibilities are carried out by 16 different divisions and over 40 statutory boards. Upon becoming the Director of the Department of Commerce about a year ago, the agency had so many responsibilities in so many different areas, it was difficult to manage effectively. After a critical evaluation of the agency organization, I realigned the agency into what I believe comprise four distinct mission areas. These four major categories of responsibility include Tourism; Economic Development; Public Service & Safety; and General Administration.

As you can see from the new organization chart, these four

mission areas provide focus for the department and its employees, provide the public we serve with a better understanding of the services we provide, and hopefully, will provide this subcommittee with a logical method for considering this agencies budget.

FTE RESOURCE MANAGEMENT

As you review the Department appropriation request over the next few days, discussion will arise concerning my decision to move several FTE's from one agency program to another. The Budget Office has included in the base request those FTE movements while the LFA shows those FTE's in the program budgets where they were previously located. The authority to move the FTE's within the agency is a management prerogative clearly given by the legislature realizing that the day to day management of a major state agency requires some flexibility in order to meet statutory mandates handed down by that body. In saying this, I also believe that it is appropriate for the LFA to bring these resource changes to your attention for review. Therefore, part of the

EXH-3
273-91
for Bob

appropriation discussion will entail your judgement about the reallocation of several employees within the department. In an agency with approximately 332 employees, I believe these changes are minor in number but represent a critical need for resource adjustment.

BUDGET ISSUES

GENERAL FUND: The Department of Commerce appropriation request for the 1993 biennium totals approximately \$60 million. Of that amount roughly \$6 million is requested in the general fund category. About half of the agency general fund request is for the District Court Reimbursement program which simply passes through to local governments for district court purposes.

DEPARTMENT OF TRANSPORTATION: The Transportation Division and the Aeronautics Division of the Department of Commerce are included in the Governor's reorganization initiative to create a Department of Transportation. Senate Bill 164, which has been

passed by the Senate and will soon be considered by the House, would move these divisions to the new agency to provide better planning and coordination in the state's transportation services. The appropriation request for these programs is being heard in this subcommittee and I would ask you to keep in mind that successful passage of SB164 would move these programs to the new Department of Transportation. I fully support this initiative and believe strongly that the state will benefit greatly from the proposed reorganization.

ECONOMIC DEVELOPMENT: Several major accomplishments and new initiatives have taken place in the area of economic development during the last year. The department has received funding from the federal Defense Logistics Agency to create a program which supports Montana businesses in receiving federal contracts. There is an enormous opportunity to expand and create new business ventures in this state by receiving our share of this federal business and we are starting to see some positive results from

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HB 424 Per Dir

this effort which the federal government is underwriting. A modified level request is included in the appropriation for the Business Development Division to continue this important effort and I hope you will support that request.

The Department of Commerce is also requesting that you approve the continuance of a position which we have called the International Affairs Coordinator. This position has become critically important to the state's mission of improving international trade for the benefit of our small business community. During our presentation on economic development we will explore this issue further and provide you with information detailing the success of our international effort and the corresponding need for this position.

We have had in place a pacific rim trade office for almost four years and during that time we have seen a dramatic increase in the international export of Montana products. This has occurred in a time frame which has surprised veterans in the international export arena. Our program is serving as a model for

many other states who often call on our staff for insight and advice. As part of our strategy to increase the markets for Montana products and services in the domestic and international arena, we will ask you to appropriate funding and an additional FTE for the creation of a Canadian Trade Office. Canada is this country's largest trading partner and the state of Montana is strategically located to benefit from the expanding trade which will inevitably occur as a result of the Free Trade Agreement. By acting now, we can and will position ourselves to take full advantage of this momentous opportunity.

During the next several days we will also ask that you consider and approve a modification request for additional funding in the Census and Economic Information Center. The increased funding is essential in order for the department to receive, process and then provide information on the recently completed decennial census. The information is used extensively in a number of ways which include the departments marketing and economic development efforts, local governments efforts in

planning for the growth or decline in services for schools and local infrastructure, and the state and local governments allocations of federal funding in a variety of areas. It is critical that this program be able to handle the increased workload associated with the processing and distribution of this information.

TOURISM: The tourism mission of the Department of Commerce has been instrumental in providing substantial growth in nonresident visitation and spending within Montana. This has been accomplished through the efficient and highly targeted use of bed tax revenues in gaining an ever larger share of the domestic and foreign tourism market. The bed tax and its statutorily defined use has been one of the greatest public policy success stories this state has seen. A recent study conducted by the Institute for Tourism and Recreation Research showed that \$725 million was spent during 1990 by non-residents in this state. This has a dramatic positive impact on a variety of business in Montana and

with that success, there will inevitably be greater demands on the departments resources to handle the additional workload. A reallocation of FTE within the department was made to enable the tourism area to keep up with the increased demands on this program.

LOTTERY: The Montana State Lottery joined Lotto America during Fiscal Year 1990 and as a result of that operational change, revenues which had decreased from \$25 million per year to \$11 million have again risen above the \$20 million level. The appropriation request for the Lottery will reflect the anticipated increase in sales as a result of joining Lotto America as well as plans which are currently under way to begin a Montana lotto game.

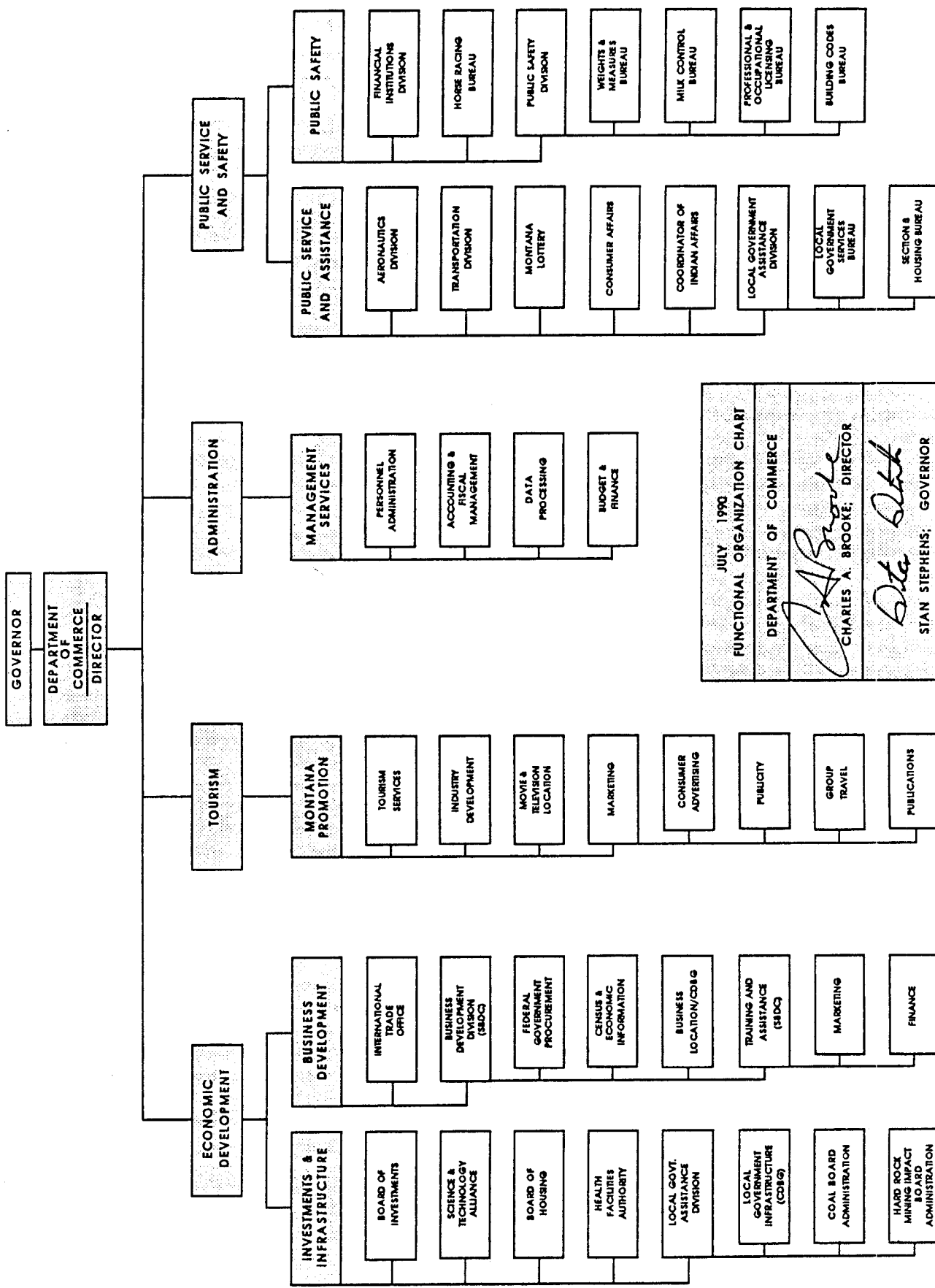
CLOSING:

There are a number of significant accomplishments the Department of Commerce will relate to you over the course of the next several days. Some of the accomplishments are not related to

the high profile programs which most people associate with the Department of Commerce. We will also discuss our public service and safety mission and relate to you the number of professional and occupational licenses issued, the consumers we have helped in resolving problems with unfair and deceptive trade practices, the growth in the states investment portfolio, the number of banks examined to protect the savings of the states depositors, the search and rescue efforts for downed aircraft, the health facilities we have helped obtain low interest financing for capital equipment, the grants made to local governments so that they can improve their local housing, water and sewer facilities..... The list goes on and I would encourage you to ask any questions you may have about the department, its programs, and its budget needs.

We would like to begin our agency hearing with the presentation of the departments Tourism Mission. So without further delay, I want to thank you Mr. Chairman and members of the committee for allowing me these brief remarks.

474-14-101310



NATURAL RESOURCES SUBCOMMITTEE

DEPARTMENT OF COMMERCE

February 13, 1991

Proposed Order of Hearing Budgets

1. Montana Promotion Division
2. Business Development Division
3. Office of Research & Information Services
4. Board of Housing
5. Investments Division
6. Health Facilities Authority
7. Montana Science & Technology Alliance
8. Local Government Assistance - Administration
9. Community Development Bureau
10. Local Government Services - Audit
11. Local Government Services - Systems
12. Indian Affairs Coordinator
13. Montana State Lottery
14. Transportation Division
15. Aeronautics Division
16. Board of Horse Racing
17. Financial Division
18. Public Safety Administration
19. Milk Control Bureau
20. Weights & Measures Bureau
21. Building Codes Bureau
22. Professional and Occupational Licensing
23. Director's Office/Management Services

Exhibit 6 is a 67-page report entitled "Montana: tourism & movie locations marketing plan". The original is available at the Montana Historical Society, 225 North Roberts, Helena, MT 59601. (Phone 406-444-4775)

EXHIBIT 7
DATE 2-13-91
HB 4241-900-414

MONTANA PROMOTION BUDGET
Based on SBAS Fiscal Year End Reports
(Actual Expenditures)

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
1000 Personal Services	289,412.22	353,365.84	408,336.45	382,592.54
2000 Operating Expenses	1,190,460.87	2,615,985.88	2,600,373.79	3,405,526.28
3000 Equipment & Intangible Assets	3,148.10	74,367.66	5,701.50	17,266.12
5000 Local Assistance		<u>783,225.30</u>	<u>855,755.45</u>	<u>1,356,087.00</u>
TOTAL	1,483,021.19	3,826,944.68	3,870,167.19	5,161,471.94

6501 DEPARTMENT OF COMMERCE
52 MONTANA PROMOTION DIVISION
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

EXHIBIT 8

DATE 2-13-91

HB Mr. Dan. Au

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	16.33	17.33	16.33	1.00	17.33	16.33	1.00
Personal Services	382,592	476,607	448,775	27,832	475,818	448,050	27,768
Operating Expenses	3,405,526	3,208,451	2,568,416	640,035	3,208,034	2,574,883	633,151
Equipment	17,266	1,000	1,000	0	1,000	1,000	0
Local Assistance	1,356,087	1,118,676	1,250,098	131,422	1,118,676	1,250,098	131,422
Total Expend.	\$5,161,471	\$4,804,734	\$4,268,289	\$536,445	\$4,803,528	\$4,274,031	\$529,497
Fund Sources							
State Revenue Fund	5,161,471	4,804,734	4,268,289	536,445	4,803,528	4,274,031	529,497
Total Funds	\$5,161,471	\$4,804,734	\$4,268,289	\$536,445	\$4,803,528	\$4,274,031	\$529,497

EXHIBIT 8
DATE 2-13-91

HB --Executive Over (Under) LFA--
FY 92 FY93

DOC - Montana Promotions

CURRENT LEVEL ISSUES:

- NON-ACTION ITEMS
- A. Inflation
- B. Audit
- C. Network Fees

PERSONAL SERVICES

A. The Executive Budget transfers in 1.0 FTE (#52220) from the Aeronautics Program (#04006). Aeronautics, as presented in the Executive Budget, is proposed to move from the Department of Commerce to the proposed new Department of Transportation. In the fiscal note attached to the legislation implementing the reorganization, the 1.0 FTE moved to Montana Promotions is eliminated due to management efficiencies.

\$22,149
\$6,080
\$6,210
\$26,481
(\$5,203)
\$6,210
\$27,768

STATUTORY APPROPRIATION - (See the issues raised below)

TOTAL CURRENT LEVEL

\$474,174
\$536,445
\$474,241
\$529,497
=====

EXECUTIVE BUDGET MODIFICATION:

MONTANA PROMOTION DIVISION

FTE
1992 1993
0.00 0.00
=== ===

\$1,034,028
\$1,352,234
=====

474,000 adding

STATUTORY APPROPRIATION ISSUE NUMBER 1: Under 15-65-121, accommodation tax proceeds (net of certain expenses) are statutorily appropriated to the Department of Commerce. However, since this section is not contained in the list of statutory appropriations listed in 17-7-502, it does not meet all the requirements to be a statutory appropriation. The agency has submitted legislation to include 15-65-121 in the list of statutory appropriations.

STATUTORY APPROPRIATION ISSUE NUMBER 2: House Bill 583 of the 1989 legislature enacted legislation eliminating statutory appropriations for expenses of administering or operating a program and amended several statutes toward this purpose. It also required that these expenditures be made from temporary appropriations (reviewed by the legislature each session or through budget amendment). Section 15-65-121 was not included in House Bill 583. If it is the intent of the legislature that operating and administration expenses of the Montana Promotions Division be appropriated by the legislature, the committee may request a committee bill be drafted amending 15-65-121 to state that, "Expenditures for actual and necessary expenses required for the efficient administration of this part must be made from temporary appropriations, as described in 17-7-501(1) or (2), made for that purpose".

DANIELS COUNTY

SCOBEE, MONTANA 59263

EXHIBIT 9
DATE 2-13-91
HB For Red

State land was granted to the State by the United States Government to hold in trust for the support of education and for attainment of other worthy objects helpful to the well-being of the people of the State of Montana. This amount of land is approximately 5.37%. ~~2.7~~⁷ counties have over 8% of their total land area held in trust by the state. They are Beaverhead, Choteau, Daniels, Judith Basin, Liberty and Wheatland Counties. *Hill County*

Because of excessive holdings of state-owned land in certain counties, the tax base of these counties is materially reduced. For the maintenance of county government and operation of schools within the county the property holders of counties with large holdings of state land have to carry a greater tax burden than other counties with less than the average portion of state-owned tax-free land.

Daniels County's state land equalization payment request for 1988 is based on a taxable value of \$464,268.00. This is based on the 1971 assessment. If based on a 1981 assessment, the taxable value would be \$561,219.00. Therefore, the county has a loss of \$97,000.00 taxable value. In the last five years the Daniels County equalization payment has averaged 80% of the county's request. These losses are made up by the private taxpayers.

If the 1988 equalization payment request had been based on a 1981 assessment, the amount would have been approximately \$141,000.00 requested instead of \$117,000.00. Daniels County received approximately \$87,000.00, which is 75% of the \$117,000.00 requested. Using 100% of the 1981 assessment, Daniels County lost \$54,000.00!

Bill Tander

Daniels County Comm.

77-1-501, RATE 2-13-91
3 Year Prod Sum1988 Equilization Payment

County	Total Acres in County	Total State Owned Acres	% State Owned	% County Exemption Factor	Requested Equilization Payment	Amount Paid
Beaverhead	3,555,840	334,362.96	.09400 ✓	.6380	\$ 33,701.00	\$ 25,052.65
Baine	2,730,880	177,474.99	.06498	.9233 ✓	3,702.46	2,752.33
Carter	2,120,320	142,718.56	.06730	.8915 ✓	3,312.28	2,462.28
Chouteau	2,508,800	267,378.39	.10657 ✓	.5630	109,069.00	81,079.71
Daniels	923,520	219,721.86	.23791 ✓	.25219	116,894.89	86,897.32
Fullon	1,045,120	68,055.68	.06511	.92151 ✓	775.32	576.36
Golden Valley	753,920	48,127.80	.06383	.9120 ✓	1,008.00	749.33
Hill	1,872,640	153,155.07	.08178 ✓	.73367	19,160.00	14,243.16
Judith Basin	1,203,200	98,789.21	.08226 ✓	.72939	22,678.78	16,858.95
Liberty	920,960	86,564.29	.09399 ✓	.6383	11,076.71	8,234.20
Musselshell	1,207,040	76,261.41	.06318	.949667 ✓	567.00	421.50
Powder River	2,102,400	141,539.99	.06732	.89126 ✓	2,198.10	1,634.02
Prairie	1,105,280	76,666.80	.06936	.8651	2,499.51	1,858.09
Roughland	1,321,600	81,225.67	.06146	.97624 ✓	407.22	303.67
Teton	1,468,160	103,886.96	.07075	.84805 ✓	8,358.00	6,213.17
Toole	1,248,000	99,939.28	.08007 ✓	.74934	9,088.85	6,756.47
Valley	3,175,040	211,677.12	.06667	.8999 ✓	7,249.54	5,389.16
Wheatland	918,080	73,153.98	.07968	.753	4,731.94	3,517.63
					\$356,478.60	\$265,000.00

DATE 2-13-91
 NO. 9049 REQUEST AW

GRADE	ACRES	VALUE	TAXABLE	REQUEST
STATE LAND-TILLABLE (2B)	213.00	3,050	915	288.96
STATE LAND-TILLABLE (2C)	41,152.39	478,261	143,497	49,820.28
STATE LAND-TILLABLE (3A)	50,691.50	466,059	139,821	47,405.52
STATE LAND-TILLABLE (3B)	13,552.45	95,555	28,672	9,109.64
STATE LAND-TILLABLE (4A)	1,355.00	7,020	2,106	662.87
STATE LAND-GRAZING (G2B)	26,417.29	106,943	32,095	11,157.78
STATE LAND-GRAZING (G3)	86,439.00	240,160	72,064	24,196.35
STATE LAND-GRAZING (G4)	155.27	293	90	28.31
STATE LAND-GRAZING (G5)	158.38	173	53	16.67
TOTAL	220,134.28	1,397,514	419,313	142,686.39

EXPLANATION & EXAMPLE

Percentage of land in county owned by the state = $\frac{\text{state land acres}}{\text{total county acres}}$ $\frac{220,134.28}{912,350} = .2417493$

County Exemption Factor = $\frac{6\%}{\text{percentage of land in the county owned by the state}}$

This quotient (County Exemption Factor) X Gross Assessment Figure (per acre) = state land equalization

EXAMPLE-GRADE 2B

.25311996 X \$19.17 (Grade 2B per acre) = \$4.8523 (State Exemption Figure)
 \$19.17 - \$4.8523 = \$14.3177
 213 acres of 2B X \$14.3177 = \$3,050

2.5068 Exemption Factor

115-90
105-91

Myron A. Andersen
ASSESSOR

OFFICE OF
COUNTY ASSESSOR
DANIELS COUNTY
SCOBEY, MONTANA
59263

EXHIBIT 10
DATE 2-13-91

Mr. Res-Law

September 28, 1990

Mr. Dennis Casey
Commissioner of State Lands
Capitol Station
1625 Eleventh Avenue
Helena, MT 59620

RE: State Equalization Payment

Dear Mr. Casey:

Enclosed is the 1990 request for the state land equalization payment for Daniels County. The total amount of the request is \$142,686.39.

The calculation was made according to Title 77, Chapter 1, Part 5; M.C.A. An explanation of the calculation is included on the attached request.

Sincerely,



Myron A. Andersen
Daniels County Assessor

MAA/gjp
Enclosure

State Land Reimbursement For Daniels County

EXHIBIT 10
2-13-91
var Pass

1969	37,967.55
1970	37,967.55
1971	57,420.00
1972	52,200.00
1973	52,384.00
1974	55,472.00
1975	59,762.50
1976	60,198.19
1977	61,838.95
1978	55,179.97 = .905%
1979	70,159.00 = .911%
1980	67,293.00 = .872%
1981	69,923.00
1982	67,790.00
1983	84,671.00
1984	79,375.00 Requested 93,576.88 = .8482%
1985	86,278.00 " 106,214.88 = .8123%
1986	80,844.61 " 103,979.78 = .7775%
1987	78,621.00 " 97,697.76 = .8054%

1988 86,897.32 " 117,483.99 = .7357%

1989

1980

Requested 142,686 RECEIVED 171,453 51%

Part 5

State Land Equalization Payments

77-1-501. List of state lands by county. The department shall, before the first Monday of April of every year, prepare and transmit a statement to the department of revenue or its agent in each county in which the state has real property in excess of 6% of the total land area of the county and from which the state derives grazing, agricultural, or forest income. The statement shall contain the total number of acres owned by the state in that county and list the acres separately as grazing, agricultural, or forest land.

History: En. Sec. 1, Ch. 235, L. 1967; amd. Sec. 54, Ch. 391, L. 1973; amd. Sec. 77, Ch. 428, L. 1973; R.C.M. 1947, 81-1115.

77-1-502. Computation of state land equalization payment. (1) The department of revenue shall compute the amount of taxes which would be payable on the county assessments of said property as if it were owned by and taxable to a taxpayer of such county.

(2) If the land is not classified, the sum to be listed shall be determined by the average tax payment made on like property within the county where said land is situated, not to exceed 12 cents per grazing acre, 35 cents per agricultural acre, and 12 cents per forest acre. The average tax may be derived from the most recent biennial report of the department of revenue. The total figure arrived at by this method shall be called the gross assessment figure.

(3) The county exemption factor shall be determined by dividing the percentage the state-owned land bears to the total land area of the county into 6%. This quotient shall be multiplied by the gross assessment figure, and the product is called the state exemption figure.

(4) The state exemption figure shall be subtracted from the gross assessment to give the state land equalization payment.

History: En. Sec. 2, Ch. 235, L. 1967; amd. Sec. 55, Ch. 391, L. 1973; R.C.M. 1947, 81-1116.

77-1-503. Form to be completed by county agent of the department of revenue. The department shall provide a form to be followed and completed by the agent of the department of revenue in each county. The agent shall, before October 1, make the computations required and submit to the department the completed form which shall show the computations and method used in arriving at the state land equalization payment.

History: En. Sec. 3, Ch. 235, L. 1967; amd. Sec. 56, Ch. 391, L. 1973; amd. Sec. 78, Ch. 428, L. 1973; R.C.M. 1947, 81-1117.

77-1-504. Processing of county statements. The department shall examine the statement returned by the agent of the department of revenue for accuracy, and in no case shall the state land equalization payment be approved unless the state exemption figure is deducted from the gross assessment figure in the statement. The department shall, before November 1 of each year, prepare and file a claim with the department of administration for all counties who are eligible for state land equalization payments, and this claim shall show the amount of money each eligible county will receive.

History: En. Sec. 4, Ch. 235, L. 1967; amd. Sec. 57, Ch. 391, L. 1973; amd. Sec. 79, Ch. 428, L. 1973; R.C.M. 1947, 81-1118.

77-1-505. Warrant for payments to counties. The department of administration shall, before December 1, approve and authorize the issuance of a warrant on the general fund of the state made payable to the county treasurer of the counties shown on the claim for the payment of the state land equalization payment.

History: En. Sec. 5, Ch. 235, L. 1967; amd. Sec. 80, Ch. 428, L. 1973; R.C.M. 1947, 81-1119.

77-1-506. County distribution. The county treasurer shall distribute the money received under this part within his county as hereinafter provided:

(1) Sixty percent of total payment shall be broken down into cents per acre of total state-owned land within the county and apportioned between the elementary school districts in accordance with the amount of state-owned land in each elementary district.

(2) Forty percent shall be allotted to the county road fund.

History: En. Sec. 6, Ch. 235, L. 1967; R.C.M. 1947, 81-1120.

Cross-References

County School Equalization Fund, 20-9-331.

County road funds, 7-14-2501.

77-1-507. School district use of proceeds. The money received by any school district under this part shall be designated as district money for the general maintenance and operation of the elementary schools of the district. Such money may be used by the district as all other cash balances are used in accordance with the provisions of 20-9-335.

History: En. Sec. 7, Ch. 235, L. 1967; amd. Sec. 81, Ch. 428, L. 1973; R.C.M. 1947, 81-1121.

77-1-508. Repealed. Sec. 1, Ch. 214, L. 1979.

History: En. Sec. 9, Ch. 60, L. 1927; re-en. Sec. 1805.9, R.C.M. 1935; Sec. 81-205, R.C.M. 1947; redes. 81-1122 and amd. by Sec. 6, Ch. 428, L. 1973; R.C.M. 1947, 81-1122.

Part 6

Development of State Lands

77-1-601. Statement of policy. It is in the best interest and to the great advantage of the state of Montana to seek the highest development of state-owned lands in order that they might be placed to their highest and best use and thereby derive greater revenue for the support of the common schools, the university system, and other institutions benefiting therefrom, and that in so doing the economy of the local community as well as the state is benefited as a result of the impact of such development.

History: En. Sec. 1, Ch. 295, L. 1967; R.C.M. 1947, 81-2401.

Cross-References

Board to direct and control state lands, Art. X, sec. 4, Mont. Const.

Department of Fish, Wildlife, and Parks management of centennial acre, Title 2, ch. 89, part 2.

Use of coal severance tax proceeds for development, operation, and maintenance of state parks, recreational areas, monuments, or historical sites, 15-35-108.

77-1-602. Definition of terms. Unless the context requires otherwise, in this part the following definitions apply:

(1) "Account" means the resource development account in the state special revenue fund.

Myron A. Andersen
Assessor

OFFICE OF
COUNTY ASSESSOR
DANIELS COUNTY
SCOBEY, MONTANA
59263

EXHIBIT 12
DATE 2-13-91
HB Var Post Sub

17 November 1989

To: Delores Copping
From: Myron A. Andersen
Daniels County Assessor
Re: State Land equalization Payments

I have all trust acres of 220,560, from the information compiled by Cliff Hanson for Daniels County Commissioners in 1983.

The total acres in Daniels County is 912,350.

The total agricultural acres in Dist.#1 is 34,500.
The total grazing acres in Dist.#1 is 37,640.

The total agricultural acres in Dist.#2 is 70,342.
The total grazing acres in Dist.#2 is 73,592.

The total agricultural acres in Dist.#7 is 949.
The total grazing acres in Dist.#7 is 3,537.

According to the 1988 Biennial Report, the gross adjustment factor for grazing land is .40, and the gross adjustment factor for irrigated and non-irrigated land is 1.64.

Is this the necessary information you need?

yes, it is!
Thanks,
Delores

MAA/gjp

Sincerely,

Myron A. Andersen

Myron A. Andersen
Daniels County Assessor

Attached is a copy of the printout of the file that we send in.

EXHIBIT 12
 DATE 2-13-91
 HB _____

METHOD # 2

COMPUTATION OF STATE LAND
 EQUALIZATION PAYMENTS

COUNTY: DANIELS
 DATE: 0.00588550

TOTAL ALL TRUST ACRES= 221046.18 MUST = INFORMATION PROVIDED BY D.S.L.
 TOTAL COUNTY ACRES= 932520 MUST = INFORMATION PROVIDED BY D.S.L.

SCHOOL DIST. #	TOTAL SCHOOL TRUST ACRES	COUNTY EXEMPTION FACTOR	GROSS ASSESSMENT FACTOR	STATE EXEMPTION FIGURE	STATE EQUALIZATION PAYMENT PER ACRE	STATE EQUALIZATION PAYMENT REQUESTED	STATE EQUALIZATION PAYMENT ALLOWED	D.S.L. PRORATA FACTOR	STATE EQUALIZATION PAYMENT APPROVED
1	GRAZING	37640	0.2531	0.400000	0.101248	0	11245	4516.8	
	AG.	34500	0.2531	1.640000	0.415117	1	42258	12075	
	FOREST		0.2531		0.000000	0	0	0	0
	TOTAL	72140					53503		
2	GRAZING	73592	0.2531	0.400000	0.101248	0	21986	8831.04	
	AG.	70342	0.2531	1.640000	0.415117	1	86161	24619.7	
	FOREST		0.2531		0.000000	0	0	0	0
	TOTAL	143934					108146		
3	GRAZING	3537	0.2531	0.400000	0.101248	0	1057	424.44	
	AG.	549	0.2531	1.640000	0.415117	1	1162	332.15	
	FOREST		0.2531		0.000000	0	0	0	0
	TOTAL	4486					2219		
	GRAZING		0.2531		0.000000	0	0	0	0
	AG.		0.2531		0.000000	0	0	0	0
	FOREST		0.2531		0.000000	0	0	0	0
	TOTAL	0					0		0
	GRAZING		0.2531		0.000000	0	0	0	0
	AG.		0.2531		0.000000	0	0	0	0
	FOREST		0.2531		0.000000	0	0	0	0
	TOTAL	0					0		0
	GRAZING		0.2531		0.000000	0	0	0	0
	AG.		0.2531		0.000000	0	0	0	0
	FOREST		0.2531		0.000000	0	0	0	0
	TOTAL	0					0		0
	GRAZING		0.2531		0.000000	0	0	0	0
	AG.		0.2531		0.000000	0	0	0	0
	FOREST		0.2531		0.000000	0	0	0	0
	TOTAL	0					0		0
	GRAZING		0.2531		0.000000	0	0	0	0
	AG.		0.2531		0.000000	0	0	0	0
	FOREST		0.2531		0.000000	0	0	0	0
	TOTAL	0					0		0
	GRAZING		0.2531		0.000000	0	0	0	0
	AG.		0.2531		0.000000	0	0	0	0
	FOREST		0.2531		0.000000	0	0	0	0
	TOTAL	0					0		0
	GRAZING		0.2531		0.000000	0	0	0	0
	AG.		0.2531		0.000000	0	0	0	0
	FOREST		0.2531		0.000000	0	0	0	0
	TOTAL	0					0		0
	GRAZING		0.2531		0.000000	0	0	0	0
	AG.		0.2531		0.000000	0	0	0	0
	FOREST		0.2531		0.000000	0	0	0	0
	TOTAL	0					0		0

EXHIBIT 12
DATE 2-13-91
HB Mar. Res. Sub.

TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0
GRAZING	0.2531	0.000000	0	0	0	0
AG.	0.2531	0.000000	0	0	0	0
FOREST	0.2531	0.000000	0	0	0	0
TOTAL	0			0		0

EXHIBIT 12
DATE 2-13-91
HB _____

REQUESTED

163869.09591

APPROVED

1967 P-2-13
EXHIBIT
DATE 2-13-94
HB 444-454

The enabling act set aside Sections 16 and 36 as "school Sections" in each township for public and free education. However many of these sections were reserved by the Federal Government because they were inside National Forest Reserve areas, Indian Reservations or were mineral in character.

So that the state might receive land in place of Sections 16 and 36 the Enabling Act was amended so that the Board of Land Commissioners could select indemnity or in lieu selections. It also stated that land taken "in lieu" of sections 16 and 36 were to be selected "as contiguous as may be to the section in lieu of which the same was taken". An examination of the location of the lands selected reveals that the desire to select valuable lands and the desire to establish the school permanent fund often overrode the intentions of the amendment to the Enabling Act. Instead of being contiguous lands often were 500 miles from their federally-reserved counterparts.

The state owns approximately 5.37% of the land in Montana, but the amount of land held by the state within each county varies greatly from this average. Over 23% of the land in Daniels County is state owned, while less than one half of 1% of the land in Glacier County is owned by the state. Only six counties have over 8% of their total land area owned by the state. They are Beaverhead, Choteau, Daniels, Judith Basin, Liberty and Wheatland.

Because of excessive holdings of State-owned land in certain counties the tax base of these counties is materially reduced. For the maintenance of county government and operation of schools the property holders of counties with large holdings of state land have to carry a greater tax burden than other counties with less than the average portion of state-owned--tax-free land.

This same situation is true in counties with heavy holdings of federally owned land. It varies from a high of 82% in Mineral to a low of 3% in Liberty. However the Federal government does in many cases make equalization payments to counties that have federal land. Some of these programs to equalize the burden of tax-free federal real property are: Forest Service areas and Land utilization projects receive 25% of the gross receipts from land within the county borders to be used for schools and roads. Special appropriations from Congress for constructing forest roads. Lands acquired for flood control purposes contribute 75% of gross receipts to the states. Public land within grazing districts (BLM) contribute 12½% of grazing fee receipts to the state, to be used as the legislatures may prescribe. Public lands outside grazing districts (BLM) contribute 50% of grazing fee receipts to the states. We have other equalization programs on sale of BLM land, mineral lands, wildlife refuges, federal power commission licenses, education of Indian children, Federal impact law PL 874, (operating expenses), PL 815 for construction of school facilities in impact areas and special highway grants in aid based on the amount of federal land in each state. All these programs are based on the premise that tax-free federally-owned land does cause problems to states and counties in which the federal land is situated.

It seems fair that the state should be willing to realize that its ownership of tax-free land in the various counties of the state does cause problems, especially when the percentage of state-owned land is greater than the state average of 5.37%, and does cause problems, especially when the percentage of state-owned land is greater than the state average of 5.37%, and does vary greatly from one county to another. You can have the inequality for example of Section 16 or 36 in a Forest Service area yielding to that county 25% of its gross receipts and the "in lieu or indemnity" section producing absolutely nothing to a county in which it might have been selected for schools or roads. It has been said that the School equalization program will correct this inequality. However upon examination it is found that this foundation program tends to follow the

number attending school much closer than the need or lack of tax base. Lack of Statewide equalized assessments and the 50% limit on the foundation program are factors keeping the equalization school program from partially removing this inequality.

HERE ARE THE PERCENTAGES OF STATE-OWNED LAND IN THE VARIOUS COUNTIES:

COUNTY	PER. CNT. OF STATE-OWNED LAND	AMOUNT OVER 6%
300 Beaverhead	2.94	2.94 B3
Big Horn	2.65	
Blaine	3.55	.55
Broadwater	2.25	
Carbon	2.31	
Carter	6.31	.31
Cascade	4.44	
300 Chouteau	10.31	4.31 2
Custer	5.77	
300 Daniels	23.74	17.74 1
Dawson	5.92	
Deer Lodge	1.61	
Fallon	3.53	.53
Fergus	5.33	
Flathead	4.10	
60.64 Gallatin	3.30	
Garfield	5.43	
Glacier	.40	
Golden Valley	6.40	.40
Granite	1.59	
Hill	7.57	1.57
Jefferson	2.72	
300 Judith Basin	2.63	2.63 5
Lake	5.50	
300 Lewis and Clark	5.03	2.63 4
Liberty	3.66	
Lincoln	2.72	
Madison	6.32	.32
McCone	5.59	
Meagher	5.79	
Mineral	2.30	
Missoula	3.32	
Musselshell	6.35	.35
Park	1.97	
Petroleum	5.93	
Phillips	5.54	
Pondera	4.42	
Powder River	6.73	.73
Powell	3.96	
Prairie	3.40	.40
Reynolds	2.05	
Richland	6.03	.03
Roosevelt	1.25	
Rosebud	5.51	
Sanders	3.42	
Sheridan	3.37	
Silver Bow	2.90	
Stillwater	3.97	
Sweet Grass	4.10	
Teton	5.64	
Toole	6.70	.70
Treasure	5.35	
Valley	6.36	.36 11
40 Wheatland	3.05	2.05 11
Wibaux	5.73	
Yellowstone	4.65	

To determine the percentages a comparison was made of the lands unsold on June 30, 1950, as shown on page 27 and page 28 of the 1956-1958 Biennial Report of the Department of State Lands and Investments, with the total land and water area of the county as shown on page 3 of the 1959-60 Montana Almanac.

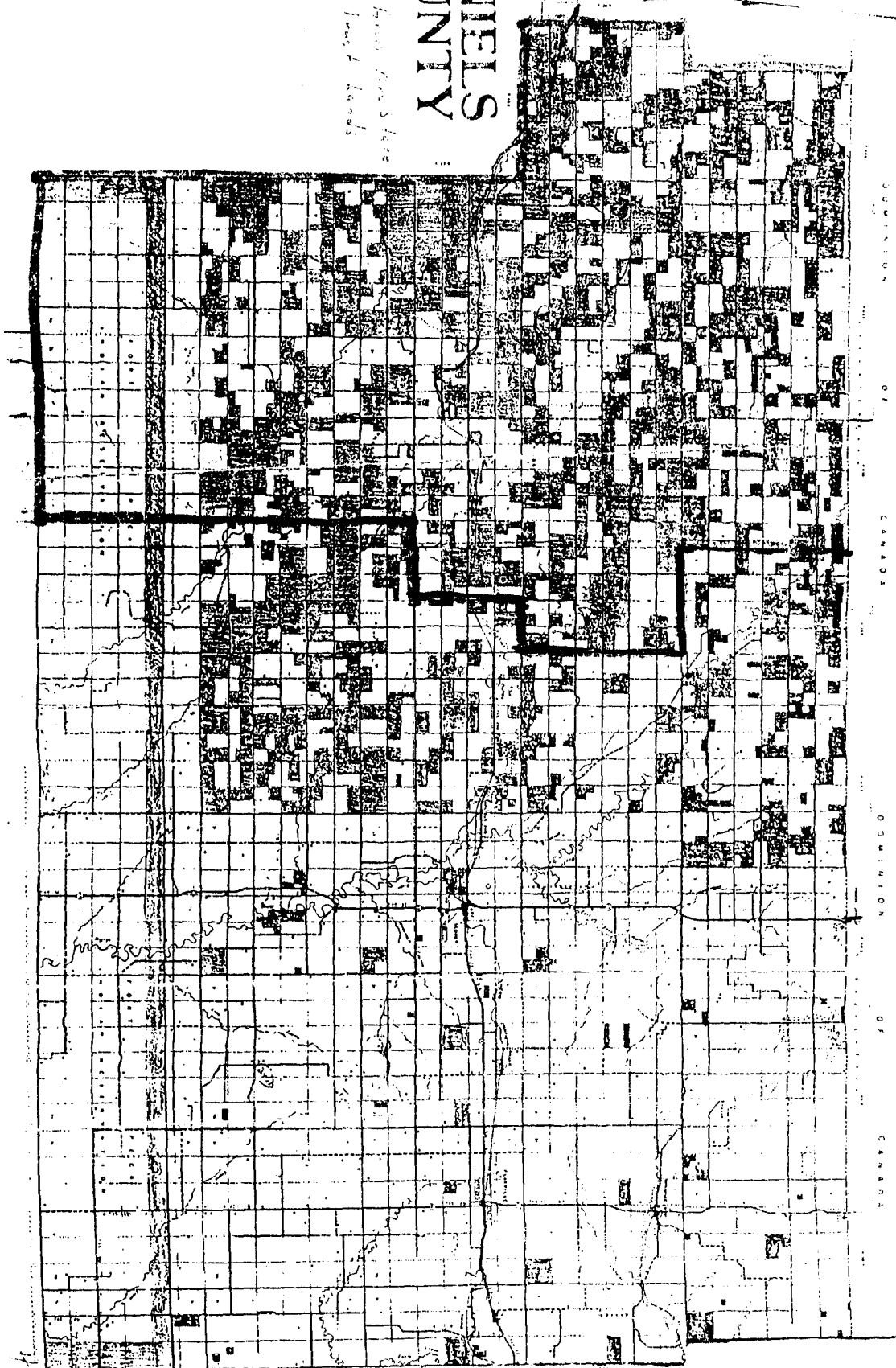
PERCENTAGE OF STATE OWNED LAND OVER 6 PERCENT

	Percent of State-owned land	Equalization Payment
BEAVERHEAD ✓	8.94	10,440
BLAINE ✓	6.55	1,764
CARTER ✓	6.81	1,379
CHOUTEAU ✓	10.31	18,160
DANIELS ✓	10.31 24.1	32,757
FALLON ✓	6.58	255
GOLDEN VALLEY ✓	6.48	275
HILL ✓	7.57	5,599
JUDITH BASIN ✓	8.63	4,694
LIBERTY ✓	8.66	3,417
MUSSELSHELL	6.35	329
POWDER RIVER ✓	6.73	1,585
PRAIRIE ✓	6.40	299
RICHLAND ✓	6.03	78
TOOLE ✓	6.78	1,869
VALLEY ✓	6.36	1,378
WHEATLAND ✓	8.05	1,526
MADISON ✓	6.32	522

EXHIBIT 14
DATE 2-13-91
BY 7

DANIELS COUNTY

*Old town site
2 miles from 14000*



SECTION 14
OF
TOWNSHIP 14000
RANGE 14000
DANIELS COUNTY
NORTH DAKOTA

14
30

DATE _____

COMMITTEE ON

VISITORS' REGISTER

[illegible]