

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION**

JOINT SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By **CHAIRMAN ROGER DEBRUYCKER**, on January 27, 1993, at 7:00 A.M.

ROLL CALL

Members Present:

Rep. Roger DeBruycker, Chairman (R)
Sen. Cecil Weeding, Vice Chairman (D)
Sen. Gerry Devlin (R)
Sen. Greg Jergeson (D)
Rep. John Johnson (D)
Rep. William Wiseman (R)

Members Excused: None

Members Absent: None

Staff Present: Roger Lloyd, Legislative Fiscal Analyst
Florine Smith, Office of Budget & Program
Planning
Theda Rossberg, Committee Secretary

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

Committee Business Summary:

Hearing: DEPARTMENT OF STATE LANDS
Forestry Division
DEPARTMENT OF NATURAL RESOURCES &
DEVELOPMENT
Oil & Gas Division

Executive Action: DEPARTMENT OF STATE LANDS
Forestry Division
DEPARTMENT OF NATURAL RESOURCES &
DEVELOPMENT
Oil & Gas Division

Mr. Lloyd, Legislative Fiscal Analyst, said a letter he received from the Department of Agriculture expressed some confusion over the committee's intent when they were hearing the Plant Industry Division. It concerned language in the bill that stated, "reduce general fund and increase state special revenue by a like amount if legislation passes." They are asking if it was the committee's intent that all the programs be self-funded. They

testified that the grain industry was half self-funded and the apiary program would remain funded with general fund. However, the fees that are deposited would be increased.

He suggested that he could meet with the department and line out more details and work with the language so it would be exact in order to eliminate confusion.

HEARING ON
FORESTRY DIVISION Continued

Don Artley, Administrator of the Forestry Division of the Department of State Lands, continued with the budget review of the Forestry Division. EXHIBITS 1 and 1A

Executive Budget Modifications:

Vehicle Replacement:

Mr. Artley directed the committee to Page S-2 of the blue pages in the Audit Report. EXHIBIT 2 The last sentence of the first paragraph says, "We found 124 out of 265 state-owned vehicles (46.8% percent) meet or exceed the established replacement age."

Page S-3 the last sentence in the first paragraph reads: "We found repair and maintenance costs for vehicles have more than doubled over the five year period from fiscal year 1986-87 to 1990-91."

He said their highest priority is the replacement of vehicles in the fire program. The average age of their fleet is 8.5 years.

Vehicle Replacement Schedule, EXHIBIT 3 Mr. Artley said in the modification they made an error; they could reduce those figures to \$222,000 in FY94 and \$213,000 in FY95 for vehicle replacement. It would be funded two-thirds general fund and one-third fire assessment fees.

SEN. WEEDING asked where the break-even point would be in maintenance of vehicles.

Mr. Artley said the Auditor and the Department looked at other agencies and compared repair and maintenance costs. They found that the division's cost per mile is considerably higher than FWP. Their repair and maintenance budget has doubled over the past five years.

Restore 5% Reductions:

He said they have 26.12 FTE that have been removed from the current level in the Forestry Division budget. That is a 11% reduction of personnel which would devastate programs.

The first group of 6.00 FTE are permanent positions. The next group of 10 positions, not including position No. 87 Secretary,

are all permanent positions. The third group of 11 positions are seasonal employees in basic, initial fire attack positions. The fourth group of 5.00 FTE are the non-general fund positions. Those are seasonal positions for the nursery field, brush and TSI work.

Of the first group, Field Technician, position 60825, is a forest management position that would have an impact on the revenue program. That position operates out of the Kalispell area.

In the second group, the Secretary position 87, is a .10 FTE and is located in the Conrad area. That position works out of the Forestry Division as well as State Lands, so that position is split.

In the second group, of the 9.00 remaining FTE, all are permanent employees funded by general fund, state special revenue and federal funds. The highest priority is the Warehouse Foreman, position #60980, and then the Forestry Program Specialist. Position #60988 is the fire supervisor in the Kalispell unit who supervises all the seasonal employees in that area. The Warehouse Foreman works in the fire bureau in Missoula. He does the screening of excess property at military bases. He also has to keep track of the equipment and get it ready for the counties.

SEN. DEVLIN asked if those positions were removed because they were vacant.

Mr. Artley said they were vacant due to the normal turnover in the agency. One position moved into a higher position leaving a position that got caught in the vacancy savings before it could be filled.

The other person decided he was going back to school and there wasn't time to fill that position.

SEN. DEVLIN asked when they advertised for those two positions.

Mr. Artley replied position #60988 has been advertised for and they have selected the person but have not yet made the offer. The same is true for position #60980. The Nursery Supervisor, position #60220, is filling the Forestry Program Specialist position.

CHAIRMAN DEBRUYCKER asked what percent of general fund was in those two positions.

Mr. Artley replied position #60988 is two-thirds general fund and one-third state special revenue from fire assessment fees.

Their second priorities are revenue producing forest management positions. Position #60120 is a forestry staff position. Position #60445 is a forester who works in Plains office and position #60999 is a forester working in the Stillwater Forest

north of Kalispell.

Position #60999 is currently filled. The position was offered and accepted on December 28th. The Stillwater Forest is the most productive forest. There is \$1.4 million annually tied to that position.

Tape 1, B.

Position #128 is a forester working out of the Dillon office who serves Beaverhead and Madison counties. He is responsible for timber sales in that area; if that position is not filled, it will mean a decrease of about \$600,000.

The third priority is position #60480 Service Forester from the Plains office. He provides information and education in regard to forestry best management practices. Position #115 is a forester in the Helena office and is similar to the forester in Plains.

The lowest priority positions are #60800 and #60600 Vocational Trainers, resident instructors who provide training to the Swan River Camp inmates. That is the program in conjunction with the Department of Corrections. Position #60600 is currently filled.

Positions #90607 through #90610 are all seasonal, non-general fund positions used in brush TSI and in the nursery.

Mr. Lloyd said the positions that have an asterisk by them, #90511 and #90705, are budgeted less than the amount required to be removed by the SWYSGOOD motion. Position #90505 is budgeted at zero FTE so actually that position doesn't exist. **EXHIBIT 1**

Don Allen, Montana Wood Products Association, addressed the committee regarding the timber sales in Montana. He said the industry is trying to do what it can on its own to increase the slash fund to help pay for a forester to help with the education of landowners and loggers for implementation of Best Management Practices.

There is a bill proposed to try to expedite salvage and another bill that will deal with a way to increase timber sales without any cost to the general fund.

The U.S. Forest Service continues to fall behind in the slash program by about 67% of the timber sales target. The state's capability continues to slide at a time when timber prices are increasing.

The four forester positions are critical to be able to meet the MEPA requirements. The net increase to the general fund and to the schools will be very favorable.

REP. WISEMAN asked how close the divisions were in meeting their targets.

Mr. Lloyd said he didn't have time to generate a status sheet because of staffing the meetings. When the other LFA takes over, he would have time to generate a status sheet so the committee can see the result of the committee's actions.

EXECUTIVE ACTION
FORESTRY DIVISION

Motion/Vote: SEN. WEEDING moved to reinstate all the seasonal fire workers; Positions #65116, #65161, #65270, #90207, #90210, #90505, #90511, #90605, #90705 and #90707. Motion CARRIED unanimously.

Motion/Vote: SEN. JERGESON moved to reinstate positions #60980 and #60988. Motion CARRIED unanimously.

Tape 2, A.

Motion/Vote: SEN. DEVLIN moved to reinstate positions #128, #60120, #60445 and #60999. Motion CARRIED unanimously.

REP. WISEMAN said the audit report reported that an increase of 7.00 FTE would bring in another \$1.6 million. He asked what the cost would be.

Mr. Artley replied those 7.00 FTE would cost approximately \$360,000 the first year and \$500,000 the second year.

Motion/Vote: REP. WISEMAN moved to transfer 7.00 FTE from the Department of Public Instruction into the Forestry Division to cut trees; since 95% of the income goes to education.

Mr. Lloyd said he would draft a letter for the Education Subcommittee with the Chairman's signature if the motion passes.

CHAIRMAN DEBRUYCKER said perhaps they should meet with the Education Subcommittee.

Mr. Lloyd said the Education Subcommittee could cut 7.00 FTE to add to this committee's budget.

REP. WISEMAN said perhaps it could be left up to OPI and Department of State Lands to work it out if OPI wants more money for education.

After a lengthy discussion on how to put the 7.00 FTE into a motion, the committee members directed Mr. Lloyd to draft a letter to OPI addressing their intent.

Motion: SEN. DEVLIN moved to reinstate positions #90607, #90409, #90609, #90509 and #90610 that were funded with non-general fund.

Discussion:

Mr. Artley said position #65126 is also a non-general fund FTE

who works in the nursery and is paid from the sale of trees.

REP. JOHNSON asked SEN. DEVLIN if he was including position #65126 in his motion.

SEN. DEVLIN said no, only the 5.00 FTE identified.

SEN. WEEDING asked what the reason was that position #65125 was listed with the non-general fund FTE.

Mr. Artley said that, in order to comply with the 5% reduction, they had to identify some non-general fund positions. It got caught in the vacancy reductions because it was vacant at the time.

Vote: Motion CARRIED unanimously.

SEN. WEEDING said he was concerned about the FTE that operates the Swan River Camp. Those people supervise and manage the inmates at the camp.

Mr. Artley said that, without those trainers, there is no way the inmates can be trained to do the forestry work.

SEN. DEVLIN said it sounds frivolous that the forestry division has to pay for supervising people from another department.

SEN. WEEDING said that Swan River program is a good program. He asked whether all 6.0 FTE supervise crews in the forest.

Randy Mosley, Administrator of Field Operations in the Forestry Division, said that not all the instructors take the same number of crews out. Some take crews out for thinning and road clearing. There is an instructor who works in the carpentry shop. One of the 6.0 FTE is the equipment operator.

SEN. WEEDING asked what the division's priority would be for reinstating those FTE.

Mr. Mosley said position #60600 is presently filled. Position #60800 is not filled.

Motion/Vote: SEN. WEEDING moved to reinstate Position #60600. Motion CARRIED 5-1 with CHAIRMAN DEBRUYCKER voting no.

CHAIRMAN DEBRUYCKER asked Mr. Artley to list the order of priority of the 6.00 FTE in the first group.

Mr. Artley said in order of priority the positions would be #60925, #60635, #60220, #60633 and #60450.

Motion/Vote: SEN. DEVLIN moved to reinstate positions #60925, #60635 and #60220. Motion CARRIED unanimously.

Fire Program:

Motion/Vote: SEN. WEEDING moved to approve the Executive on Item A for (\$18,727) in FY94 and (\$11,273) in FY95. Motion CARRIED unanimously.

Motion/Vote: SEN. JERGESON move to approve the Executive on Item B for zero dollars in FY94 and \$1,540 in FY95 for current level adjustments errors. Motion CARRIED unanimously.

Motion/Vote: SEN. DEVLIN moved to approve the Executive on Item C for (\$4,000) in FY94 and (\$26,685) in FY95 for private aircraft rental. Motion CARRIED unanimously.

Mr. Artley said the three-year average on equipment that the LFA has taken is a true three-year average of expenditures.

Tape 2, B.

Timber Stand Improvements:

Motion/Vote: REP. JOHNSON moved to approve the Executive for \$222,014 in FY94 and \$221,264 in FY95 for Timber Stand Improvement. Motion CARRIED unanimously.

Slash Program:

Mr. Lloyd said Item B, Funding - is for the committee's information. If members wish to use a different method of funding, they should direct him to do so.

Other Services Program - Federal Fire Reimbursement (Transfers):

Mr. Lloyd said, concerning Item A. Equipment, in the past, the Legislature had authorized \$100,000 of spending authority. The January Special Session reduced the \$100,000 to \$44,000 per year of spending authority.

SEN. WEEDING asked how the fees were handled.

Mr. Artley said that would give us spending authority up to \$100,000 per year. The balance would be deposited into the general fund. For their services on federal fires, \$484,000 was reimbursed to the State of Montana. If the authority given isn't used, the money is deposited into the general fund.

Motion/Vote: SEN. DEVLIN moved to approve the Executive of \$100,000 spending authority each year of the biennium including the language. See EXHIBIT 1, Page 2. Motion CARRIED unanimously.

Base Increase:

Florine Smith, Office of Budget Program and Planning said the base increase was an electronic error. Those are actual expenditures from FY92 that didn't roll up. The Executive does concur with the LFA.

Service Forestry Program:

Item A - Mr. Lloyd said both the LFA and the budget office made

some errors. There was \$160,000 of federal money available for the stewardship program that was spent in FY92. However, when he went to the FY95 column, he typed a 3 instead of a 6 which made the \$30,000 difference. See EXHIBIT 1-A.

The total amount of federal dollars is fixed at \$494,252.

Motion/Vote: SEN. JERGESON moved to approve the Executive for \$30,000 in FY95 for Item A. Motion CARRIED unanimously.

Item D, Funding - Mr Lloyd said that started out as an OBPP error. They used the amount shown (\$4,494,252) to fund current level. In their budget modification to restore the 5% positions they included another \$86,000 of federal money. The amount of money in their modification was \$86,703 that he added together to come up with the amount he budgeted, thinking that was the total federal funds available. He said he compounded the budget office's error, so that amount of money isn't available to fund current level. See EXHIBIT 1-A.

Motion/Vote: SEN. JERGESON moved that the LFA adjust the federal funds to \$494,252 and adjust general fund to the correct amount. Motion CARRIED unanimously.

Executive Budget Modifications:

Vehicle Replacement:

Motion/Vote: SEN. JERGESON moved to approve \$75,000 each year of the biennium for Vehicle Replacement. Motion CARRIED unanimously.

Bob Kuchenbrod, Administrator, Department State Lands, reviewed the Equalization Payments with the committee. EXHIBIT 4

He said the total Equalization payment to the counties was \$265,000 in FY93.

Mr. Lloyd said the committee has already approved \$265,000 each year in the base in State Lands.

Mr. Kuchenbrod said that disbursement of the funds by the county is covered in statute 77-1-506 which says, "The county treasurer shall distribute the money received under this part within his county as hereinafter provided: ..." EXHIBIT 5

SEN. DEVLIN asked about Powell County wanting to join the cooperative group. Considering what equipment they have on hand in the various districts within that county, was there some way, by pooling their equipment, the price could be less.

Tim Murphy, Chief Fire Manager, Department of State Lands, said the fire plan that was worked out with Powell County would cost approximately \$28,000 in FY94 and \$28,000 in FY95. That was for three 200-hundred gallon fire trucks and one water tanker. The

agreement was to pay \$9,700 in FY94 and \$9,900 in FY95. Under both options, beginning in FY96 it would be just under \$1,000. The very minimal equipment would be two 200-hundred gallon fire trucks.

Motion/Vote: SEN. WEEDING moved to close the hearing on the Department of State Lands. Motion CARRIED unanimously.

Tape 3, A.

HEARING

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Centralized Services Division:

Mark Simonich, Director of the Department of Natural Resources and Conservation, reviewed the Agency Description with the committee. EXHIBIT 6

He reviewed an overhead of an organizational chart. There is a quasi-judicial board consisting of seven members appointed by the Governor. They deal with some of the decision making of the department and act as an advisory board to the department. There are six divisions in the Department of Natural Resources and Conservation.

Mr. Simonich reviewed each agency's description with the committee.

HEARING

OIL AND GAS DIVISION

Tom Richmond, Administrator of Oil And Gas Division, gave an overview of this division. EXHIBIT 7

CHAIRMAN DEBRUYCKER announced that the committee had elected to approve the LFA budget and increase or decrease from that.

Terri Perrigo, Legislative Fiscal Analyst, reviewed the budget differences with the committee. EXHIBIT 8

She said the American with Disabilities Act currently is voluntary as opposed to mandatory.

The Underground Injection Control (UIC) Program is budgeted at fiscal 1993 appropriated levels.

Equipment is budgeted at FY93 level.

The Oil & Gas Regulation program is funded with state special revenue.

There weren't any 5% positions taken, but there were 2.50 FTE removed because of vacancies.

Mr. Richmond reviewed the budget with the committee. EXHIBIT 8

Americans with Disabilities Act:

He said the office in Shelby does not comply due to access problems. The lease on the current location was not renewed; there are moving and remodeling costs for a new location.

Most of the cost in the Billings office is associated with remodeling the restrooms and the water fountain to comply with the Disabilities Act.

SEN. DEVLIN asked what they would spend on remodeling.

Mr. Richmond replied that about \$5,000 was allocated for the Billings office.

SEN. WEEDING asked what the cost was of moving from one location to another for the Shelby office.

Mr. Richmond answered that the cost is about \$3,444 for the first year's rent, janitorial expenses and the move. The second year would be the rent and janitorial costs.

Underground Injection Control Program:

He said that, since they haven't acquired the program yet, they don't know what the exact cost will be.

The Environmental Protection Agency currently runs the program in Montana. The division doesn't have a base at this time so they are asking for spending authority for the program. He thought there was about \$100,000 available from EPA.

SEN. WEEDING asked if they paid anything into the federal program now.

Mr. Richmond said the oil and gas industry has supported their primacy for the last several years. They don't pay a fee to the Environmental Protection agency. By statute they can levy up to \$300 per well. The initial plan was for \$200 per well. Two-thirds would be from fees and one-third from grants.

REP. WISEMAN asked why it took so much control since the injection program was started forty years ago.

Mr. Richmond He said there probably was groundwater contamination in the eastern states. In the beginning the oil and gas industry was not regulated very well.

Repairs and Maintenance:

The seven electric heat pumps in the Billings office have cost \$1,000 each to repair. Last year the big expense was repairing the cooling tower which was able to be welded. A new one could be shipped in from Delaware at a cost of \$10,000.

SEN. DEVLIN asked if the division owned the building and what size it was.

Mr. Richmond replied that the division owns building and it is about 14,000 square feet. It was originally designed for a solar system on the roof.

Tape 3, B.

SEN. DEVLIN asked if the repairs had been ongoing.

Mr. Richmond answered yes, but not quite as extensive as the last time. There was a heat pipe break in the ceiling that ran all night and dumped a thousand gallons of antifreeze into the office, causing extensive damage.

Ms. Perrigo said they spent \$22,000 on repairs in FY92.

Equipment:

Mr. Richmond said one of the items was a microfiche reader printer in the first year of the biennium and the other item was for network software. The total of those two items was \$13,815.

Minor Differences:

SEN. JERGSON asked if the division paid dues to any lobbying groups.

Mr. Richmond said the only organization they belong to is the Oil and Gas Compact Commission.

Language:

Mr. Richmond said they would like some contingency language in the event they get the UIC program. Then they would be able to expend the grants.

Overtime:

Mr. Richmond stated that the request was less than one percent of Personal Services budget for overtime. Their field inspectors work irregular hours plugging wells. When they get over 40 hours, they are paid overtime.

Ms. Smith said in the regulatory program the division requested \$4,750 in overtime and benefits; in the UIC program, they requested \$2,875 for overtime.

Ms. Perrigo stated that neither the Executive nor the LFA included overtime in their requests. Using historical data, they spent \$175 in overtime in FY90.

REP. WISEMAN asked Mr. Richmond what the trend was of wells drilled in the last five years.

Mr. Richmond replied that drilling has dropped considerably and has leveled out in the last two years. There are about 350 drilling permits issued per year. In the highest year, 1,550

permits were issued.

Vacant Positions:

Mr. Richmond said position #80030 is the Chief Field Inspector which has been filled. The offer was made on December 1st and a person was hired on December 28th. Most of his work is as an enforcement agent. The other 2.00 FTE have been vacant but the division plans to fill those in the near future if possible.

EXECUTIVE ACTION
OIL AND GAS DIVISION

Americans With Disabilities Act:

Motion/Vote: SEN. JERGESON moved to approve the Executive Budget for \$12,501 in FY94 and \$4,056 in FY95 for Americans With Disabilities Act. Motion CARRIED unanimously.

Underground Injection Control Program:

REP. WISEMAN asked Ms. Perrigo for the figures on that program.

Ms. Perrigo said in FY92 they spent \$873. The program's budget is \$292,872 and they spent \$293,517 for FY95.

Repairs and Maintenance:

Motion/Vote: SEN. JERGESON moved to approve the Executive Budget for \$4,778 each year of the biennium. Motion CARRIED 4-2 with CHAIRMAN DEBRUYCKER and SEN. DEVLIN voting no.

Language:

Motion/Vote: SEN. WEEDING moved to approve the language as follows: "The Board of Oil and Gas Conservation is appropriated \$110,000 per year federal revenue, contingent upon receiving federal funds from the Environmental Protection Agency for the Underground Injection Control program." Motion CARRIED unanimously.

Vacancies:

Motion/Vote: REP. JOHNSON moved to approve the reinstatement of position #80030. Motion CARRIED unanimously.

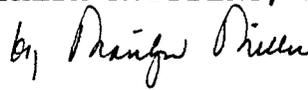
ADJOURNMENT

Adjournment: 11:50 A.M.



ROGER DEBRUYCKER, Chairman



THEDA ROSSBERG, Secretary
by 

RD/tr

HOUSE OF REPRESENTATIVES
NATURAL RESOURCES SUB-COMMITTEE

ROLL CALL

DATE

1-27-93

NAME	PRESENT	ABSENT	EXCUSED
REP. ROGER DEBRUYCKER, CHAIRMAN	✓		
SEN. CECIL WEEDING, VICE CHAIRMAN	✓		
SEN. GERRY DEVLIN	✓		
REP. WILLIAM WISEMAN	✓		
REP. JOHN JOHNSON	✓		
SEN. GREG JERGESON	✓		

5501 25 0000
 DEPARTMENT OF STATE LANDS
 Program Summary

Forestry

Judget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	246.22	243.78	239.57	248.00	(8.43)	239.57	248.00	(8.43)
Personal Services	2,436,428	6,607,679	7,056,855	7,312,819	(255,964)	7,090,207	7,345,619	(255,412)
Operating Expenses	6,662,280	3,613,595	2,770,167	2,574,594	195,573	2,849,044	2,614,748	234,296
Equipment	620,904	636,680	582,810	656,160	(73,350)	571,710	658,100	(86,390)
Transfers	0	44,000	100,000	0	100,000	100,000	0	100,000
Total Costs	\$9,719,613	\$10,901,954	\$10,509,832	\$10,543,573	(\$33,741)	\$10,610,961	\$10,618,467	(\$7,506)
Fund Sources								
General Fund	5,890,916	6,515,446	6,411,674	6,516,476	(104,802)	6,503,323	6,579,392	(76,069)
State Revenue Fund	2,872,977	3,468,866	3,141,135	3,083,693	57,442	3,150,615	3,095,545	55,070
Federal Revenue Fund	955,719	917,642	957,023	943,404	13,619	957,023	943,530	13,493
Total Funds	\$9,719,613	\$10,901,954	\$10,509,832	\$10,543,573	(\$33,741)	\$10,610,961	\$10,618,467	(\$7,506)

Page References

LFA Budget Analysis, Vol. II pages C-54-56
 Executive Budget page C-21

Current Level Differences

PERSONAL SERVICES - The executive eliminates 8.43 FTE in response to the 5% personal services reduction.

(255,964) (255,412)

FIRE PROGRAM

A. The LFA phases-in 1991 legislative modifications based on the full appropriated increase between fiscal 1992 and 1993 added to actual 1992 expenditures and allows the agency request for additional vehicle and radio maintenance above fiscal 1992 expenditures. *mod.*

Exec Work (18,727) 11,273

B. Current level adjustment - The executive accurately reflects the correct current level *exec lfa*

0 1,540

C. Private aircraft rental - The executive reflects approval of a modification in Centralized Services for retrofitting additional aircraft which would decrease the need for this item. If the modification in Central Management is approved, the executive level should be adopted. *Exec*

Exec (4,000) (26,685)

D. Equipment *3 yr average lfa is ok.*

letting system mod passed (50,790) (39,175)

FOREST MANAGEMENT PROGRAM

A. Maintenance contracts - The executive includes increase above fiscal 1992 expenditures for maintenance and software upgrades for the geographical information system. *no action*

3,082 3,987

B. Equipment *3 yr base above average lfa is ok*

(14,795) (24,400)

TIMBER STAND IMPROVEMENT PROGRAM

A. Contracted services for tree planting & thinning - The LFA current level reflects fiscal 1992 actual expenditures. *Johansen Exec*

222,014 221,264

SLASH PROGRAM

A. Equipment - The LFA current level reflects the agency request. *W. de lfa*

2,100 (250)

B. Funding - In response to a recent legislative audit which found fund balance in the slash account was available to fund program activity, the LFA current level reduces general fund and increases state special revenue for fiscal 1994 and 1995 only. *See pages C 55-56 for a funding issue in this program.*

OTHER SERVICES PROGRAM

A. Transfers - The executive includes spending authority for federal fire reimbursements. Since these funds are deposited in the general fund, any amount spent by the department reduces general fund deposits. See language below. See LFA Budget Analysis page C-59 for a discussion of this transfer authority. *See lfa*

100,000 100,000

B. Base increase - The LFA current level reflects additional 1992 expenditures not included in the executive base. *should have been 1992 base 24 is 92 exp.*

(7,312) (7,312)

C. Equipment

(6,035) (13,865)

SERVICE FORESTRY PROGRAM

- A. The LFA current level errors in not budgeting all of federal stewardship forestry activities. Since entire amount of federal funds were used to fund the program, general fund would fund this increase. See attached sheet.
- B. Phase-in of 1991 legislative modification - The LFA current level reflects the full amount of the appropriated increase between fiscal 1992 and 1993 added to actual fiscal 1992 expenditures for the Forest Resource Management modification approved by the 1991 Legislature.
- C. Equipment
- D. Funding - The LFA uses unavailable federal funds to replace general fund in current level. See attached sheet.

MINOR DIFFERENCES

INFLATION (Non-voting item)

TOTAL CURRENT LEVEL DIFFERENCES

Executive Budget Modifications

VEHICLE REPLACEMENT - The executive recommends funding (2/3 general fund) to purchase 27 replacement vehicles. *75,000 approved* *could be 222,000 94* *be 213,000 - 95*

RESTORE 5% REDUCTIONS - The executive recommends reinstatement of 5.79 FTE eliminated in response the 5% personal services reduction. Approval of this modification would add 3.00 FTE to the level approved by the 1991 Legislature. See related funding issue discussed on the attached sheet.

Language

The 1991 Legislature included the following language concerning the federal fire reimbursement appropriation: "Federal fire reimbursement funds are those funds received for expenses incurred from loaning department personnel to federal agencies to assist in fire suppression activities. Only those federal funds received as reimbursement of expenses credited against the department's state forestry operational budget are considered federal fire reimbursement funds. All other federal funds received must be deposited into the general fund. The department shall report federal fire reimbursement expenditures on state accounting records, and the records must be separate from current level operations."

	0	30,000
	6,553	6,553
	(3,830)	(8,700)
	(1,167)	(1,167)
	(4,870)	(5,157)
	(33,741)	(7,506)
	222,000	213,000
	285,000	285,000
	144,136	144,779

DEPARTMENT OF STATE LANDS
Forestry Division

EXHIBIT 1
DATE 1-27-93

Positions Removed by Joint Committee Action
House Appropriations & Senate Finance and Claims
January 6, 1993

Position #	Position Description	Total Personal Services		FTE		Total FTE Removed	Non-Approp. FTE
		Fiscal 1994	Fiscal 1995	Removed by 5% Reduction	Removed by Being Vacant		
All or Partial General Fund Positions							
60450	Appraiser	28,901	28,901	1.00		1.00	
60600	Vocational Trainer <i>filled</i>	34,117	34,117	1.00		1.00	
60635	Forestry Program Specialist	36,830	36,830	1.00	0.00	1.00	
60925	Field Technician <i>filled</i>	32,299	32,352	0.89	0.11	1.00	
60220	Nursery Supervisor	39,780	39,780	1.00		1.00	
60633	Forestry Program Specialist	23,437	23,437	0.75		0.75	
87	Secretary	2,464	2,468	0.00	0.10	0.10	
115	Forester	26,170	26,194		1.00	1.00	
128	Forester	30,859	30,908		1.00	1.00	
60120	Resource Program Manager	38,821	38,882		1.00	1.00	
60445	Forester	30,711	30,756		1.00	1.00	
60480	Forester <i>filled</i>	32,265	32,370		1.00	1.00	
60800	Vocational Trainer	32,202	32,250		1.00	1.00	
60980	Warehouse Foreman	33,189	33,271		1.00	1.00	
60988	Forestry Program Specialist	34,794	34,844		1.00	1.00	
60999	Forestry Program Specialist	31,248	31,296		1.00	1.00	
65116	Typist	4,662	4,714		0.25	0.25	
65126	Forestry Worker	13,492	13,506		0.60	0.60	
65161	Field Technician	9,240	9,300		0.30	0.30	
65270	Forestry Worker	1,863	1,880		0.10	0.10	
90207	Forestry Worker	19,923	20,104		1.19	1.19	
90210	Equipment Operator	3,198	3,227		0.15	0.15	
90505	Forestry Worker *	0	0		0.00	0.00	
90511	Equipment Operator *	7,912	7,984		0.33	0.33	
90605	Forestry Worker	25,200	25,428		1.74	1.74	
90705	Forestry Worker *	7,241	7,307		0.50	0.50	
90707	Forestry Worker	58,947	59,481		3.32	3.32	
Sub-Total		639,765	641,587	5.64	17.69	23.33	0.00
Non-General Fund Positions							
90607	Forestry Worker	11,833	11,833	0.63		0.63	
90409	Equipment Operator	7,773	7,773	0.33		0.33	
90609	Forestry Worker	28,754	28,754	1.29		1.29	
90509	Forestry Worker	8,818	8,818	0.41		0.41	
90610	Field Technician	3,136	3,136	0.13		0.13	
Sub-Total		60,314	60,314	2.79	0.00	2.79	0.00
TOTAL		700,079	701,901	8.43	17.69	26.12	0.00

* Positions in the LFA base that have less FTE than listed by the Swysgood motion:

- 90505 .25 in motion
- 90511 .58 in motion
- 90705 3.32 in motion

SERVICE FORESTRY
LFA & EXECUTIVE CURRENT LEVEL

EXHIBIT 1-A
DATE 1-27-93
~~88~~

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Contained in Budgets

	Fiscal 1992	Fiscal 1994		Fiscal 1995	
		Executive	LFA	Executive	LFA
Expenditures	798,212	781,652	832,137	771,256	796,450
State Special	479	0	0	0	0
General Fund	278,833	287,400	251,182	277,004	215,369
Federal	<u>518,900</u>	<u>494,252</u>	<u>580,955</u>	<u>494,252</u>	<u>581,081</u>
TOTAL	798,212	781,652	832,137	771,256	796,450

Note: Only \$494,252 federal funds are available for each fiscal year.
The executive uses \$86,703 federal funds in fiscal 1994 and \$86,829 in 1995 to fund the budget modification. The LFA used these funds to fund current level.

LFA Error Adjustment Fiscal 1995

	Fiscal 1992	Fiscal 1994		Fiscal 1995	
		Executive	LFA	Executive	LFA
Expenditures	798,212	781,652	832,137	771,256	826,450
State Special	479	0	0	0	0
General Fund	278,833	287,400	251,182	277,004	245,369
Federal	<u>518,900</u>	<u>494,252</u>	<u>580,955</u>	<u>494,252</u>	<u>581,081</u>
TOTAL	798,212	781,652	832,137	771,256	826,450

30,000
Inven

LFA Federal Funding Adjustment

	Fiscal 1992	Fiscal 1994		Fiscal 1995	
		Executive	LFA	Executive	LFA
Expenditures	798,212	781,652	832,137	771,256	826,450
State Special	479	0	0	0	0
General Fund	278,833	287,400	337,885	277,004	332,198
Federal	<u>518,900</u>	<u>494,252</u>	<u>494,252</u>	<u>494,252</u>	<u>494,252</u>
TOTAL	798,212	781,652	832,137	771,256	826,450

30,000
Inven

Note: The LFA is \$50,485 higher in general fund in fiscal 1994 and \$55,194 in 1995 primarily due to the executive elimination of 1.50 general fund FTE. *please review*

Office of the Legislative Auditor

State of Montana



Report to the Legislature

1-2793

December 1992

Performance Audit Report

Forestry Equipment Program

Department of State Lands

This report contains recommendations for improvement to program operations. The recommendations address:

- ▶ Analyzing fleet size, use, and replacement.
- ▶ Monitoring fleet repair and maintenance costs.
- ▶ Establishing a fleet management system.

The original is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

Direct comments/inquiries to:
Office of the Legislative Auditor
Room 135, State Capitol
Helena, Montana 59620

91P-35

ATTACHMENT TO VEHICLE REPLACEMENT TESTIMONY

Recommended Replacement Schedule

- | | |
|--|---------------------------|
| 1. Highway vehicles (sedans/station wagons): | 7 years or 90,000 miles |
| 2. Pickup trucks (½T 4x4): | 7 years or 90,000 miles |
| 3. Utility vehicles (Broncos, vans, etc): | 7 years or 90,000 miles |
| 4. Cargo and support trucks (1-5 ton): | 10 years or 100,000 miles |
| 5. Light fire engines (200 gallon): | 10 years or 40,000 miles |
| 6. Medium fire engines (500-750 gallons): | 15 years or 50,000 miles |
| 7. Heavy fire engines (1,000-2,500 gallons): | 20 years or 75,000 miles |

To gradually establish an even distribution of ages over our recommended life cycle for each vehicle class, we will have to replace 36.5 of our 294 vehicles each year. This will cost \$728,200 each year (based on 1994 estimated costs). The following table shows the total number of vehicles we own in each class, the number we will need to replace each year in order to stay on the schedule, the current average cost per vehicle in each class, and the total cost.

<u>CLASS</u>	<u>TOTAL VEHICLES</u>	<u>NUMBER/YEAR</u>	<u>COST/UNIT</u>	<u>TOTAL ANNUAL COST</u>
Highway	22	3	\$13,400	\$ 40,200
Pickups	130	18.5 ¹	14,600	270,100
Utility	44	6	19,900	119,400
Cargo Trucks	22	2	30,000	60,000
Light Engines	58	6	28,500	171,000
Medium Engines	7	0.5 ²	65,000	32,500
Heavy Engines	<u>11</u>	<u>0.5²</u>	70,000	<u>35,000</u>
Total	294	36.5		\$728,200

*Average vet > 8.5 yrs
 old.*

The following table shows the annual costs if only fire program vehicles are considered:

<u>CLASS</u>	<u>TOTAL VEHICLES</u>	<u>% FIRE VEHICLES</u>	<u>TOTAL ANNUAL COST</u>	<u>% FIRE COST</u>
Highway	22	50% (11)	\$ 40,200	\$ 20,100
Pickups	130	50% (65)	270,100	135,050
Utility	44	60% (26)	119,400	71,640
Cargo Trucks	22	100% (22)	60,000	60,000
Light Engines	58	100% (58)	171,000	171,000
Medium Engines	7	100% (07)	32,500	32,500
Heavy Engines	<u>11</u>	100% (11)	<u>35,000</u>	<u>35,000</u>
Total	294		\$728,200	\$525,290

¹ We will purchase 37 pickups each biennium, alternating between 18 and 19 each year.

² We will purchase two engines per biennium, alternating between medium engines and heavy engines every other year.

EXHIBIT 4

DATE 1-27-93

MONTANA DEPARTMENT OF STATE LANDS**EQUALIZATION PAYMENTS**

COUNTY	STATE LANDS	AMOUNT REQUESTED	AMOUNT PAID	TOTAL ACRES IN COUNTY	PERCENT STATE LAND	1993 EQUAL PAYMENT
BEAVERHEAD	343,748	37,680.00	21,761	3,549,870	9.68	24,134
BIGHORN	87,794			3,235,200	2.71	
BLAINE	181,823	6,460.08	3,731	2,730,880	6.66	4,063
BROADWATER	23,965			796,800	3.01	
CARBON	41,411			1,327,360	3.12	
CARTER	142,719	4,492.89	2,995	2,120,320	6.73	2,667
CASCADE	77,347			1,710,720	4.52	
CHOUTEAU	268,161	129,675.00	74,888	2,508,800	10.69	76,521
CUSTER	140,989			2,416,000	5.84	
DANIELS	221,046	151,381.00	87,423	923,520	23.94	84,690
DAWSON	87,470			1,523,200	5.74	
DEER LODGE	7,881			474,240	1.66	
FALLON	67,416	1,110.93	642	1,045,120	6.45	684
FERGUS	155,417			2,721,920	5.71	
FLATHEAD	130,134			3,379,200	3.85	
GALLATIN	51,516			1,709,440	3.01	
GARFIELD	166,464			3,079,680	5.41	
GLACIER	8,373			1,923,840	0.44	
GOLDEN VALLEY	48,654	1,054.12	609	753,920	6.45	573
GRANITE	21,064			1,111,680	1.89	
HILL	156,674	37,853.86	21,862	1,872,640	8.37	13,222
JEFFERSON	32,150			1,058,560	3.04	
JUDITH BASIN	98,472	22,573.17	13,036	1,203,200	8.18	15,364
LAKE	55,154			1,059,200	5.21	
LEWIS & CLARK	133,747			2,218,240	6.03	
LIBERTY	86,565	15,519.58	8,963	920,960	9.40	13,384
LINCOLN	65,316			2,385,920	2.74	
MADISON	126,610			2,266,240	5.59	
MCCONE	94,639			1,697,280	5.58	
MEAGHER	90,096			1,507,840	5.98	

EXHIBIT 4
 DATE 1-27-93

COUNTY	STATE LANDS	AMOUNT REQUESTED	AMOUNT PAID	TOTAL ACRES IN COUNTY	PERCENT STATE LAND	1993 EQUAL PAYMENT
MINERAL	21,980			782,720	2.81	
MISSOULA	70,608			1,679,360	4.20	
MUSSELSHELL	76,724	1,168.01	675	1,207,040	6.36	389
PARK	33,422			1,772,160	1.89	
PETROLEUM	64,110			1,056,000	6.07	
PHILLIPS	189,426			3,383,680	5.60	
PONDERA	57,431			1,058,560	5.43	
POWDER RIVER	140,920	4,863.83	2,809	2,102,400	6.70	2,528
POWELL	56,790			1,497,600	3.79	
PRAIRIE	76,699	2,845.65	1,643	1,105,280	6.94	1,687
RAVALLI	29,704			1,528,320	1.94	
RICHLAND	82,467	965.39	558	1,321,600	6.24	548
ROOSEVELT	20,175			1,535,360	1.31	
ROSEBUD	178,033			3,226,880	5.52	
SANDERS	62,990			1,804,160	3.49	
SHERIDAN	45,150			1,100,800	4.10	
SILVER BOW	13,234			458,240	2.89	
STILLWATER	45,587			1,152,640	4.04	
SWEET GRASS	47,091			1,183,360	3.98	
TETON	105,508	10,992.50	6,348	1,468,160	7.19	6,511
TOOLE	100,485	14,329.00	8,275	1,248,000	8.05	8,445
TREASURE	37,394			638,080	5.86	
VALLEY	214,687	10,095.24	5,830	3,175,040	6.76	6,080
WHEATLAND	73,467	5,802.87	3,352	918,080	8.00	3,510
WIBAUX	33,159			570,240	5.81	
YELLOWSTONE	79,039			3,571,200	2.21	
TOTALS	5,170,095	458,863.02	265,000 57.75%	95,776,750		265,000

1-27-93

77-1-402. (Effective March 1, 1992) Basis for classification or reclassification. (1) The classification or reclassification shall be so made as to place state land in the class which best accomplishes the powers and duties of the board as specified in 77-1-202 and 77-1-203. When state lands are classified or reclassified in accordance with these duties and responsibilities, special attention shall be paid to the capability of the land to support an actual or proposed land use authorized by each classification.

(2) It is the duty of the department to classify or reclassify state lands so that no state land will be sold, leased, or used under a different classification from that to which it actually belongs.

History: En. Sec. 16, Ch. 60, L. 1927; re-en. Sec. 1805.16, R.C.M. 1935; amd. Sec. 8, Ch. 428, L. 1973; amd. Sec. 1, Ch. 8, L. 1974; R.C.M. 1947, 81-302(part); amd. Sec. 6, Ch. 609, L. 1991.

Compiler's Comments

1991 Amendment: In (1), at end of first sentence, deleted subsection reference to 77-1-203. Amendment effective March 1, 1992.

Applicability: Section 22, Ch. 609, L. 1991, provided: "On passage and approval of [this act], the board of land commissioners shall commence proceedings to adopt rules to

be effective March 1, 1992. The department of state lands and the department of fish, wildlife, and parks shall commence proceedings and arrangements necessary to establish a recreational use license to be effective March 1, 1992." Approved April 24, 1991.

77-1-403. Capability inventory. A capability inventory shall be made prior to changing the classification of state lands. Such inventory shall include, when appropriate to the classification, information on soils capability, vegetation, wildlife use, mineral characteristics, public use, aesthetic values, cultural values, surrounding land use, and any other resource, zoning, or planning information which is related to the classification.

History: En. Sec. 16, Ch. 60, L. 1927; re-en. Sec. 1805.16, R.C.M. 1935; amd. Sec. 8, Ch. 428, L. 1973; amd. Sec. 1, Ch. 8, L. 1974; R.C.M. 1947, 81-302(part).

77-1-404. Records of state lands. All field books, plats, maps, and records of the department shall show the class to which each tract therein belongs and whether it belongs to the public schools of the state or to a state institution or other entity according to the grant or instrument by which title to the land has passed to the state. They shall also show whether or not the coal or other minerals in the land are reserved by the United States and shall contain any other information the department considers necessary.

History: En. Sec. 16, Ch. 60, L. 1927; re-en. Sec. 1805.16, R.C.M. 1935; amd. Sec. 8, Ch. 428, L. 1973; amd. Sec. 1, Ch. 8, L. 1974; R.C.M. 1947, 81-302(4).

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 which the state shall contain the list the acres sep

History: En. Sec. 428, L. 1973; R.C.M.

77-1-502. C department of r payable on the cc taxable to a taxp

(2) If the lar by the average t. said land is situ agricultural acre from the most re figure arrived at

(3) The cour percentage the s 6%. This quotien product is called

(4) The state ment to give the

History: En. S 81-1116.

77-1-503. F of revenue. Th pleted by the ag shall, before Oct department the method used in c

History: En. Sec. 428, L. 1973; R.C.M.

77-1-504. Pr examine the stat for accuracy, an approved unless assessment figur 1 of each year, pr for all counties w claim shall show

History: En. S 428, L. 1973; R.C.M.

77-1-505. W. ministration sha a warrant on th treasurer of the c equalization pay

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 road funds, 7-14-2501.

County School Equalization Fund, 20-9-331.

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 Use of coal severance tax proceeds for development, operation, and maintenance of Board to direct and control state lands, state parks, recreational areas, monuments, or Art. X, sec. 4, Mont. Const. historical sites, 15-35-108.

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

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

5706 00 00000

DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

Agency Summary

Budget Item	Actual Expenditures Fiscal 1992	Current Level Fiscal 1992	Current Level Fiscal 1993	LFA Fiscal 1994	Executive Fiscal 1994	LFA Fiscal 1995	Executive Fiscal 1995	Biennial Difference Exec.-LFA
FTE	267.70	259.20	259.20	258.20	246.42	258.20	246.42	(11.78)
Personal Services	7,889,362	7,703,599	8,100,575	8,930,840	8,601,682	8,953,292	8,620,851	(661,599)
Operating Expenses	5,001,830	2,326,655	3,861,843	3,919,182	4,508,944	3,474,056	4,061,422	1,177,128
Equipment	222,177	196,091	183,447	216,576	214,028	188,891	189,646	(1,793)
Local Assistance	95,000	95,000	95,000	95,000	105,000	95,000	105,000	20,000
Grants	1,087,663	379,792	625,589	283,173	293,502	283,228	293,502	20,603
Transfers	22,702,230							
Debt Service	385,963	30,897	56,794	30,085	31,114	30,085	31,114	2,058
Total Costs	\$37,384,227	\$10,732,034	\$12,923,248	\$13,474,856	\$13,754,270	\$13,024,552	\$13,301,535	\$556,397
Fund Sources								
General Fund	4,245,418	4,243,804	4,414,040	5,202,795	4,659,237	5,172,850	4,688,169	(1,028,239)
State Revenue Fund	29,968,589	5,554,461	6,875,975	6,728,979	7,437,307	6,705,390	7,395,288	1,398,226
Federal Revenue Fund	3,170,218	933,769	1,633,233	1,143,082	1,257,726	1,146,312	1,218,078	186,410
Expendable Trust Fund				400,000	400,000			
Total Funds	\$37,384,227	\$10,732,034	\$12,923,248	\$13,474,856	\$13,754,270	\$13,024,552	\$13,301,535	\$556,397

Agency Description

The Department of Natural Resources and Conservation (DNRC), provided for in section 2-15-3301, MCA, is responsible for ensuring the wise management, development, conservation, and use of some of Montana's natural resources in a manner consistent with environmental quality. It works to sustain and improve the benefits derived from our water, soil, and rangeland; to encourage energy conservation and the use of renewable energy resources; and to make certain that energy facilities and water projects under its jurisdiction are developed with minimum adverse environmental effects. The department directs a wide variety of programs in meeting these and related goals and objectives.

Adjustments to Actual Expenditures									
	Actual Fiscal 1992	Approp. Transfer	Budget Amendment	One Time Approp.	Language Approp.	Non-Budget Expenditures	Statutory Approp.	All Other Approp.	Current Lvl Fiscal 1992
FTE	267.70			3.00				5.50	259.20
Expenditure	37,384,227		23,908	2,980,139		1,338,352	21,747,743	562,100	10,731,985
Adjustments to Actual Expenditures									
	General Fund	State Fund	Special Fund	Federal Fund	Cap. Projects Fund	Proprietary Fund	Other Fund	Current Unrestricted	
Funding	37,384,227	1,626	24,414,159	2,236,457					10,731,985

Adjustments to Actual Expenditures

The agency's fiscal 1992 expenditures were reduced by \$26,652,242 and 8.5 FTE to remove non-continuing expenditures and FTE from the current level base. The difference in the current level total shown in this table and table above is due to rounding.

NATURAL RESOURCES/CONSERVATION

Oil & Gas Conservation

EXHIBIT 7
DATE 1-27-93

Program Summary	Actual Expenditures	Current Level	Current Level	LFA	Executive	LFA	Executive	LFA
Budget Item	Fiscal 1992	Fiscal 1992	Fiscal 1993	Fiscal 1994	Fiscal 1994	Fiscal 1995	Fiscal 1995	Change 92 - 94
FTE	26.00	26.00	26.00	26.00	26.00	26.00	26.00	
Personal Services	634,788	634,790	801,292	810,146	810,146	811,642	811,647	175,356
Operating Expenses	207,269	194,644	389,643	353,147	361,403	354,784	355,060	158,503
Equipment	60,901	60,901	68,077	58,981	60,461	58,981	64,922	(1,920)
Debt Service	1,142	1,143	980	1,143	1,143	1,143	1,143	
Total Costs	\$904,102	\$891,478	\$1,259,992	\$1,223,417	\$1,233,153	\$1,226,550	\$1,232,772	\$331,939
Fund Sources								
State Revenue Fund	904,102	891,478	1,259,992	1,223,417	1,233,153	1,226,550	1,232,772	331,939
Total Funds	\$904,102	\$891,478	\$1,259,992	\$1,223,417	\$1,233,153	\$1,226,550	\$1,232,772	\$331,939

Program Description

The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws to promote conservation and prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. To meet this goal, the division: 1) issues drilling permits; 2) classifies wells; 3) establishes well spacing units and pooling orders; 4) inspects drilling, production, and seismic operations; 5) investigates complaints; 6) does engineering studies; and 7) collects and maintains complete well data and production information.

LFA Current Level

The division has been seeking primacy from the Environmental Protection Agency (EPA) for its Underground Injection Control (UIC) program for the past two biennia. The 1989 Legislature appropriated 4.0 FTE and \$282,903 of state special revenue to operate the program in fiscal 1990, as well as an additional \$110,000 of federal spending authority if primacy were achieved. The 1991 Legislature continued the spending authority and FTE in the hope that EPA would grant the division primacy in the 1993 biennium. This has not yet occurred. The division submitted its primacy application to the EPA in October, 1992. According to EPA regulations, primacy decisions must be made within ninety days of the application's receipt. In fiscal 1992, the division left the 4.0 FTE authorized for the UIC program vacant and expended \$873 of the program's \$281,979 appropriation.

The fiscal 1994 personal services budget increases by \$175,356 due to: 1) continuation of 4.0 FTE for the UIC program, which adds \$124,299; 2) continuation of the fiscal 1993 pay plan increase in the 1995 biennium; 3) other vacancy savings experienced in fiscal 1992; and 4) the upgrade of one position, which adds approximately \$2,500 per year.

Operating expenses increase by \$158,503 primarily due to continuation of funding for the UIC program, which adds \$149,588 in fiscal 1992. In addition, contracted services increase by approximately \$12,000 due to increased computer processing, printing, and laboratory testing costs associated with new Montana Environmental Protection Act (MEPA) compliance and UIC program rules. Repair and maintenance

5706 22 00000

DEPT NAT RESOURCE/CONSERVATION
Program Summary

Oil & Gas Regulation

SB

Budget Item	Current Level Fiscal 1992	Current Level Fiscal 1993	Executive Fiscal 1994	LFA Fiscal 1994	Difference Fiscal 1994	Executive Fiscal 1995	LFA Fiscal 1995	Difference Fiscal 1995
FTE	26.00	26.00	26.00	26.00	0.00	26.00	26.00	0.00
Personal Services	634,788	801,292	810,146	810,146	0	811,647	811,642	5
Operating Expenses	194,638	389,643	361,403	353,147	8,256	355,060	354,784	276
Equipment	60,901	68,077	60,461	58,981	1,480	64,922	58,981	5,941
Debt Service	1,142	980	1,143	1,143	0	1,143	1,143	0
Total Costs	\$891,471	\$1,259,992	\$1,233,153	\$1,223,417	\$9,736	\$1,232,772	\$1,226,550	\$6,222
Fund Sources								
State Revenue Fund	891,471	1,259,992	1,233,153	1,223,417	9,736	1,232,772	1,226,550	6,222
Total Funds	\$891,471	\$1,259,992	\$1,233,153	\$1,223,417	\$9,736	\$1,232,772	\$1,226,550	\$6,222

Page References

LFA Budget Analysis (Vol II), pp C-85 to C-86
Stephens Executive Budget, p C-32

Current Level Differences

Americans with Disabilities Act - LFA current level does not include funds to move, and renovate the Shelby and Billings offices to comply with the Americans with Disabilities Act. The Executive Budget includes \$12,501 in fiscal 1994 to move the Shelby office and renovate the Billings office, and \$4,056 in fiscal 1995 to continue increased rent and janitorial costs associated with the Shelby move. *Dargatzis Approved*

Underground Injection Control Program - LFA current level budgets operating expenses at fiscal 1993 appropriated levels and includes more operating funds than the Executive Budget.

Repairs and Maintenance - LFA current level includes less funds than the executive due to the executive's continuation of fiscal 1992 cost of repairing the Billings office heating/cooling system. *Dargatzis Approved*

Equipment - LFA current level includes less than the executive for equipment. LFA budgeted equipment at average annual expenditure levels in the Oil and Gas Regulatory program, and at the fiscal 1993 appropriated level in the Underground Injection Control program.

Inflation

Minor Differences

TOTAL CURRENT LEVEL DIFFERENCES

Budget Modifications

None

Language

The department is requesting the following language: *Woodling Approved*
The Board of Oil and Gas Conservation is appropriated \$110,000 per year federal revenue, contingent upon receiving federal funds from the Environmental Protection Agency for the Underground Injection Control program. *Y. P. rev.*

Vacant Positions

The joint House Appropriations and Senate Finance and Claims committees removed 2.5 FTE vacant as of the 12-29-92 snapshot from the Oil and Gas Regulatory program.

Exec. Over(Under) LFA
Fiscal 1994 Fiscal 1995

12,501 4,056

(9,987) (9,650)

4,778 4,778

1,480 5,941

823 1,288

141 (191)

9,736 6,222

Positions Removed by Joint Committee Action
 House Appropriations & Senate Finance and Claims
 January 6, 1993

Position #	Position Description	Total Personal Services		FTE Removed By		Total FTE Removed	Non-Approp. FTE
		Fiscal 1994	Fiscal 1995	5% Reduction	Being Vacant		
<i>All or Partial General Fund Positions</i>							
80000	None						
Sub-Total		0	0	0.00	0.00	0.00	0.00
<i>Non-General Fund Positions</i>							
80030	Not Yet Classified	33,029	33,059		1.00	1.00	
80080	Secretary	20,952	20,975		1.00	1.00	
80125	Lab Aide I	17,008	17,026		0.50	0.50	
Sub-Total		70,989	71,060	0.00	2.50	2.50	0.00
TOTAL		70,989	71,060	0.00	2.50	2.50	0.00

Johnson approves

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

NATURAL RESOURCES SUB COMMITTEE

~~BILL NO.~~

DATE 1-27-93 SPONSOR(S) _____

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Tim Murphy	DSC		
BOB KUCHARSKA	VSL		
Dee Rickman	DNRC - Oil & Gas		
Tom Richmond	DNRC - OIL & GAS		

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.