

MINUTES

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

JOINT SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By CHAIRMAN ROGER DEBRUYCKER, on February 13,
1993, at 3:00 P.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 AGRICULTURE
Central Management
Plant Industry
DEPARTMENT OF STATE LANDS
Forestry Division

Executive Action: DEPARTMENT OF AGRICULTURE
Central Management
Plant Division
DEPARTMENT OF STATE LANDS
Forestry Division

**HEARING
DEPARTMENT OF AGRICULTURE**

Motion/Vote: SEN. WEEDING moved to reopen the hearings on the
Department of Agriculture. Motion CARRIED unanimously.

Mr. Lloyd said there were some other issues he would like the committee to consider on the Department of Agriculture. EXHIBIT 1

He said there are four bills pending and if passed, general fund would be reduced by the amount that the fees and state special revenue increased in the Plant Industry Division and Central Management Division.

He said the committee passed some budget modifications in Central Management, so there will be additional federal funds if personal services were expended in the modification. That would reduce general fund and increase federal funds. EXHIBIT 1, Page 3.

Mr. Lloyd reviewed the language issues with the committee. Page 4, EXHIBIT 1

CHAIRMAN DEBRUYCKER said there is a bill being proposed that all earmarked and special revenue funds go into the general fund.

He asked what the ramifications would be if that should happen. Mr. Lloyd said HB 193 has passed, and all that would be necessary to adjust HB 2 is to strike the language.

See EXHIBIT 2, letter to CHAIRMAN DEBRUYCKER regarding the proposed spending cuts.

Leo Giacometto, Director, Department of Agriculture said in the hail insurance program, the bill has passed third reading in the house. Language will be needed to change the hail insurance account from a trust account to an enterprise fund. The Legislative Auditor said it had to be an enterprise fund; so a modification would be needed to change it.

HB 181 the apiary bill, for the bee industry, will have a \$10,000 reduction in general fund. They are going to raise their fees by \$10,000. It is appropriate to change the language for all those bills. The department supports the language for the modifications, Items 2, 3, 4, 5 on Page 4, EXHIBIT 1.

A new issue that the committee voted down before needs to be re-addressed because of the passage of the bills on the blue sheet. Page 4, Exhibit 1.

Included in those bills is funding for position #10101, bureau chief of the Plant Industry Division. There is no general fund impact. That FTE will be paid for out of the fee increases. They were able to lower the salary from \$45,000 to \$33,000 for that position. The person who has been handling both positions has accumulated over 420 hours of comp-time since June 1st. That position is responsible for the licensing of 650 nurseries, 78 produce dealers, 218 commodity dealers, 101 public warehouses, 327 seed dealers, 25 alfalfa leaf cutting and bee keeper

licenses, 516 feed dealers, 230 fertilizer dealers, and 5 registers for 5,000 honey bee apiaries.

Those people raised their fees to pay for that position. The department urges the committee to reinstate that position, because it does not affect the general fund.

He said an amendment is needed to allow them to use the money out of the groundwater account.

Mr. Lloyd said that position would be funded with general fund with language similar to, "general fund decreased and state special revenue increased by the same amount if the bill passes."

Mr. Giacometto said an amendment to the bill could read, "this position is not to be funded with general fund."

REP. WISEMAN asked why that position was vacant. Mr. Giacometto said that happened before he came on board. There were some problems in personnel matters. The department paid off the individual to have him leave.

CHAIRMAN DEBRUYCKER said language in pending legislation is that the funds go into the general fund and are moved back out.

EXECUTIVE ACTION
PLANT DIVISION

Motion: SEN. DEVLIN moved to reinstate the Bureau Chief, position #10101, with language saying, "general fund must not be used."

Discussion:

Mr. Lloyd said if general fund is not to be used to fund this position, he would need direction on what will be used.

Mr. Giacometto said it would be funded from special revenue from all those different groups he discussed.

Mr. Lloyd said he would need further direction as to what account, what grade and what source to use.

Mr. Giacometto said that position would be a grade 15 and those accounts are special revenue accounts that will fund that position. Those bills raised the fees and they went into the general fund and came back out, because they are special revenue funds.

SEN. DEVLIN asked if that position was their top priority. Mr. Giacometto said yes.

Mr. Lloyd suggested to fund the position with general fund with the same language as is on the blue sheet. EXHIBIT 1

Mr. Giacometto said all the funds will be state special revenue if the bills pass. Those programs requested to have their fees raised so they can pay for their programs from their industries.

SEN. JERGESON said their department is well over-target so the committee should approve that position and reduce the over-target amount by the cost of the FTE.

Substitute Motion/Vote: SEN. JERGESON made a substitute motion to reinstate position #10101 using general fund. Motion CARRIED 5-1 with CHAIRMAN DEBRUYCKER voting no.

Motion/Vote: SEN. JERGESON moved to approve the hail insurance from a trust account to an enterprise account. Motion CARRIED unanimously.

Motion: SEN. WEEDING moved to fund more expenditures out of the groundwater account and less from the pesticide account.

Discussion:

SEN. DEVLIN asked how much they were taking out of the groundwater account and how much would be left.

Mr. Lloyd said he would get together with the department to make sure they were talking about the same amount of revenue in the balance of the accounts.

Vote: Motion CARRIED unanimously.

Motion/Vote: SEN. JERGESON moved to approve all the language issues on Page 4 of EXHIBIT 1. Motion CARRIED unanimously.

HEARING

DEPARTMENT OF STATE LANDS

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

The committee reviewed the letter from Bud Clinch, Commissioner, Department of State Lands to CHAIRMAN DEBRUYCKER regarding cuts to reach their target. EXHIBIT 3

He reviewed a summary of suggested budget reductions with the committee. EXHIBIT 4

The \$869,587 is the target amount to reach under Column C. See EXHIBIT 5

Because of the subcommittee action, there was 10.89 FTE cut from the budget for a total of \$607,980. There were two modifications that added .85 FTE for an additional amount of \$186,150. There were some corrections made in spending levels for an additional \$201,319 for a total target of \$649,076.

He said the RIT funding that is being contemplated in HB 608 is \$750,000 of general fund replacement for the Reclamation Division. The committee could consider whether or not the \$750,000 can be applied toward their target. EXHIBIT 4

Bob Kuchenbrod, Administrator, Department of State Lands, reviewed the proposed cuts to reach their target.

Tape 1, B.

SEN. JERGESON asked if the Legislative Auditor position had been reduced enough so they could reduce their costs.

Mr. Kuchenbrod said no, but it would be dependent upon what General Government will do. The Department of Administration had 5.00 FTE that were reduced by the proposed vacancy savings. They will have a reduction in cost, but he didn't know if that would relate to their department. The department pays into their proprietary account to support that operation. If those costs are still approved in General Government, they have to find funds somewhere else.

Mr. Kuchenbrod said they were given a schedule of the fixed costs for state lands from the budget office they would have to put into their budget because there are fixed costs in the Department of Administration, the Legislative Auditor's office and the state Auditor's office.

EXECUTIVE ACTION
FORESTRY DIVISION

Item 1, Fixed Costs:

Motion/Vote: CHAIRMAN DEBRUYCKER moved to approve the reduction of Item 1, fixed costs by \$142,191. Motion FAILED 3-3.

Item 2, Swan River Youth Camp:

Don Artly, Administrator, Forestry Division, said this program is part of the Department of Corrections. They have provided a work program for the inmates at the Swan River Camp since early in 1960. They hire resident instructors to provide vocational training.

Motion: SEN. DEVLIN moved to approve the Swan River Youth Camp budget reduction of \$276,000.

Discussion:

Mr. Artly said the reduction would leave the department with 1.50 FTE and approximately \$40,000 per year.

Mr. Lloyd said the committee has already removed 1.00 FTE from the 6.00 FTE in that program.

Vote: Motion CARRIED unanimously.

Item 3, Nursery:

Mr. Artly said over the years, they have tried to provide a low cost seedling program for conservation purposes funded with general fund. They were trying to reduce their reliance on general fund for that program and would like to eliminate all of the general fund in their budget.

Motion/Vote: SEN. DEVLIN moved to approve the general fund reduction in the Nursery Program of \$164,000. Motion CARRIED unanimously.

Item 4, Fire Equipment:

Mr. Clinch said they were proposing to eliminate \$66,000 in the fire equipment modification which was originally \$100,000. There is 77% of general fund in the forestry program. He suggested that perhaps two-thirds of the vehicle replacement could be rescinded to make up the difference.

Motion: SEN. DEVLIN moved to approve the Fire Equipment reduction of \$66,785 general fund.

Discussion:

Mr. Lloyd said one-third of the total appropriation for fire division is funded from the fire assessment. If general fund is reduced, there may not be a corresponding one-third decrease in the fire assessment.

Vote: Motion CARRIED unanimously.

SEN. DEVLIN asked if the department had looked into combining offices and staff with DNRC for a more economical operation. Mr. Clinch said it might not be that easy, but he would look into it. They cannot serve people now with the cuts they have had to take.

SEN. DEVLIN said he also would ask DNRC.

Randy Mosley, Administrator, Field Operations, said some cities are combined with other agencies. Through the Department of Administration they try to look at combining offices.

REP. JOHNSON said when they discussed the Resource Development, he asked what the auditor that was eliminated brings in. Mr. Kuchenbrod said during the hearing and the executive action on the Central Management Division, 1.00 FTE was a Royalty Auditor that came under the 5% vacancy reductions. He gave the committee a list of the money the auditors were bringing into the trust account. He asked the people in the Lands Division to give him an update on that.

He reviewed the history of the amount of money the Royalty Auditors were bringing into the trust account. EXHIBIT 6

There is a total of about \$1,389,705 pending that can be collected from oil, gas and coal. He suggested to the committee

that the Royalty Auditor could be supported with Resource Development funds that are available to the department. There are two auditors, one is in Central Management in the Department of State Lands and is funded with general fund. The second one is in the Department of Revenue and is funded with Resource Development funds. This position was vacant at the time of the SWYSGOOD amendment.

The funds in Resource Development for the next two years could cover the revenue auditor or it could cover the general fund auditor in Central Management.

He reviewed the Resource Development account estimates with the committee. **EXHIBIT 7**

He said they are requesting the committee to fund those two auditor positions plus the travel from the Resource Development account. They would also like to have the control of those auditors because that is a training ground level and staff tends to move up into higher positions.

Motion: REP. JOHNSON moved to reinstate auditors positions #83 and #140 to be paid for by the Resource Development account.

Discussion:

Mr. Lloyd said the funding for this is dependent upon the position in the Department of Revenue not being reinstated. He didn't know if they had eliminated the travel in their budget when they took out that position. The funding is contingent upon what action the other subcommittee takes.

SEN. DEVLIN asked the department how they were going to make their target. Mr. Kuchenbrod said the general fund is the target. They were not asking for additional general fund.

SEN. WEEDING said they are not doing anything with general fund by that motion. Mr. Lloyd said in FY92 the Department of Revenue had an appropriation of \$40,000 each year. If the travel and position is taken out of the Department of Revenue, there would be that much more money available. He said the committee may want to direct him to inform the other subcommittee if the motion passes.

Vote: Motion CARRIED 4-2 with SEN. DEVLIN and CHAIRMAN DEBRUYCKER voting no.

CHAIRMAN DEBRUYCKER asked if a committee bill would be needed for statutory changes in Item 2. Mr. Kuchenbrod said yes, they would need a bill.

Motion/Vote: SEN. DEVLIN moved to instruct Mr. Lloyd to draw up a committee bill on statutory changes. Motion CARRIED unanimously. Mr Lloyd said the division is \$142,000 short of their target.

HOUSE NATURAL RESOURCES SUBCOMMITTEE

February 13, 1993

Page 8 of 8

ADJOURNMENT

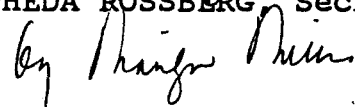
Adjournment: 4:30 P.M.



ROGER DEBRUYCKER, Chairman



THEDA ROSSBERG, Secretary



RD/tr

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUB-COMMITTEE

ROLL CALL

DATE 2-13-93

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

NATURAL RESOURCES & COMMERCE SUBCOMMITTEE

Department of Agriculture Issues
February 13, 1993

EXHIBIT #1
DATE 2-13-93
HB _____

Issue 1

The department asks for clarification of the intent of the subcommittee regarding whether or not the grain and apiculture programs should be entirely self-funded with state special revenue. See department's January 25, 1993 memorandum.

Issue 2

At the level of expenditures and funding appropriated by the subcommittee, it is estimated that the Pesticide Management Account will be negative at the end of fiscal 1995 (see attached fund balance analysis). Article VIII of the Montana Constitution states: "Appropriations by the legislature shall not exceed anticipated revenue."

Issue 3

Language requested by the subcommittee has been drafted and is attached for its review and approval.

Table 2
Pesticide Management Account

	Legislative Action			
	Actual Fiscal 1992	Appropriated Fiscal 1993	Curr. Level Fiscal 1994	Curr. Level Fiscal 1995
Beginning Balance	\$0	\$165,305	\$192,855	\$83,206
<u>Revenues</u>				
Agricultural licenses & permits	\$478,393	\$485,000	\$485,000	\$485,000
Investments	<u>6,609</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total Funds Available	\$485,002	\$660,305	\$687,855	\$578,206
<u>Disbursements</u>				
Agricultural & Biological Sciences	<u>\$319,697</u>	<u>\$467,450</u>	<u>\$604,649</u>	<u>\$617,868</u>
Total Disbursements	\$319,697	\$467,450	\$604,649	\$617,868
Ending Balance	<u>\$165,305</u>	<u>\$192,855</u>	<u>\$83,206</u>	<u>(\$39,662)</u>

	LFA Current Level			
	Actual Fiscal 1992	Appropriated Fiscal 1993	Curr. Level Fiscal 1994	Curr. Level Fiscal 1995
Beginning Balance	\$0	\$165,305	\$207,855	\$143,940
<u>Revenues</u>				
Agricultural licenses & permits	\$478,393	\$500,000	\$485,000	\$485,000
Investments	<u>6,609</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total Funds Available	\$485,002	\$675,305	\$702,855	\$638,940
<u>Disbursements</u>				
Agricultural & Biological Sciences	\$319,697	\$467,450	\$533,915	\$566,206
Reserved for Central Management	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>25,000</u>
Total Disbursements	\$319,697	\$467,450	\$558,915	\$591,206
Ending Balance	<u>\$165,305</u>	<u>\$207,855</u>	<u>\$143,940</u>	<u>\$47,734</u>

as of 2-9-93

EXHIBIT 1
DATE 2-13-93

DEPARTMENT OF AGRICULTURE

Language

EXHIBIT 1
DATE 2-13-93

Plant Industry Current Level

1. "Upon passage and approval of LC 1249, the general fund appropriation in item [Plant Industry] is reduced \$52,272 in fiscal 1994 and \$50,767 in fiscal 1995 and the state special revenue appropriation increased by like amounts."
2. "Upon passage and approval of House Bill 167, the general fund appropriation in item [Plant Industry] is reduced \$29,545 in fiscal 1994 and \$59,980 in fiscal 1995 and the state special revenue appropriation increased by like amounts."
3. "Upon passage and approval of House Bill 193, the general fund appropriation in item [Plant Industry] is reduced \$213,510 in fiscal 1994 and \$207,622 in fiscal 1995 and the state special revenue appropriation increased by like amounts."
4. "Upon passage and approval of Senate Bill 98, the general fund appropriation in item [Plant Industry] is reduced \$47,447 in fiscal 1994 and \$46,138 in fiscal 1995 and the state special revenue appropriation increased by like amounts."

Central Management Current Level

1. "Upon passage and approval of LC 1249, the general fund appropriation in item [Central Management] is reduced \$7,471 in fiscal 1994 and \$7,505 in fiscal 1995 and the state special revenue appropriation increased by like amounts."
2. "Upon passage and approval of House Bill 167, the general fund appropriation in item [Central Management] is reduced \$4,660 in fiscal 1994 and \$9,540 in fiscal 1995 and the state special revenue appropriation increased by like amounts."
3. "Upon passage and approval of House Bill 193, the general fund appropriation in item [Central Management] is reduced \$32,875 in fiscal 1994 and \$33,023 in fiscal 1995 and the state special revenue appropriation increased by like amounts."
4. "Upon passage and approval of Senate Bill 98, the general fund appropriation in item [Central Management] is reduced \$7,305 in fiscal 1994 and \$7,338 in fiscal 1995 and the state special revenue appropriation increased by like amounts."
5. "If federal indirect assessments received are in excess of \$39,828 in fiscal 1994 and \$39,978 in fiscal 1995, the general fund appropriation in item [Central Management] is reduced by the excess received up to \$232,750 in fiscal 1994 and up to \$201,780 in fiscal 1995 and the federal appropriation increased by like amounts."

Agricultural and Biological Sciences Division

1. "Item [Continue FY92 Budget Amendment] contains \$39,999 in fiscal 1994. In preparing the 1997 biennium budget for legislative consideration, the office of budget and program planning and the legislative fiscal analyst's office may not include expenditures from this item in the current level base."
2. "Item [FARM*A*SYST] contains \$35,000 in fiscal 1994. In preparing the 1997 biennium budget for legislative consideration, the office of budget and program planning and the legislative fiscal analyst's office may not include the expenditures from this item in the current level base."
3. "Item [Special County Weed District Grants] and item [Agriculture and Biological Sciences] contain a state special revenue appropriation of \$1,285,168 in fiscal 1994 and \$1,142,523 in fiscal 1995 for grants of vehicle weed fees which must be used according to section 80-7-810, MCA."

Agricultural Development Division

1. "The department is authorized to make grants to state agencies from the Growth Through Agriculture account as approved by the Montana Agriculture Development Council in accordance with title 90, chapter 9, MCA. The state agency that receives a grant from the Montana Agriculture Development Council is authorized additional appropriation authority equal to the grant amount."

Modifications

1. "Upon passage and approval of House Bill 193, the general fund appropriation in item [Additional Potato Inspections] is reduced \$40,736 in fiscal 1994 and \$40,736 in fiscal 1995 and the state special revenue appropriation increased by like amounts."
2. "Upon passage and approval of LC 1249²⁶⁴, the general fund appropriation in item [Ag. Inspectors Reclassification] is reduced \$4,584 in fiscal 1994 and \$4,584 in fiscal 1995 and the state special revenue appropriation increased by like amounts."
3. "Upon passage and approval of House Bill 167, the general fund appropriation in item [Ag. Inspectors Reclassification] is reduced \$2,591 in fiscal 1994 and \$2,591 in fiscal 1995 and the state special revenue appropriation increased by like amounts."
4. "Upon passage and approval of House Bill 193, the general fund appropriation in item [Ag. Inspectors Reclassification] is reduced \$8,969 in fiscal 1994 and \$8,969 in fiscal 1995 and the state special revenue appropriation increased by like amounts."
5. "Upon passage and approval of Senate Bill 98, the general fund appropriation in item [Ag. Inspectors Reclassification] is reduced \$1,993 in fiscal 1994 and \$1,993 in fiscal 1995 and the state special revenue appropriation increased by like amounts."



MARC RACICOT
GOVERNOR

STATE OF MONTANA
DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR
AGRICULTURE/LIVESTOCK BLDG.
PO BOX 200201
HELENA, MONTANA 59620-0201

EXHIBIT # 2
DATE 2-13-93
LEO A. GIACOMETTO
DIRECTOR
(406) 444-3144

FAX (406) 444-5409

2

February 1, 1993

TO: Representative Roger DeBruycker
Chairman, Natural Resources Subcommittee on Appropriations

FR: Leo Giacometto *LG*
Director

RE: Proposed Spending Cuts

In response to your Memorandum dated January 21, 1993, and due to the attached worksheet showing no cuts for the Department of Agriculture to identify, further specific reduction options, as addressed in your Memorandum, are not required by the department.

If you need further information or we can provide any assistance, please do not hesitate to contact me.

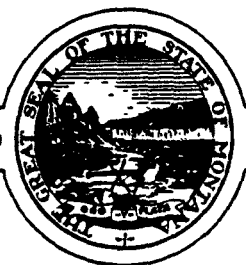
cc: Legislative Fiscal Analyst

DEPARTMENT OF STATE LANDS

EXHIBIT #8

DATE 2-13-93

HB _____



MARC RACICOT, GOVERNOR

P.O. BOX 201601

STATE OF MONTANA

(406) 444-2074

1625 ELEVENTH AVENUE
HELENA, MONTANA 59620-1601

February 2, 1993

Representative Roger DeBruycker, Chair
Natural Resources Subcommittee on Appropriations
Montana House of Representatives
State Capitol
Helena, MT 59620

Dear Roger:

The attached material is supplied in response to your January 21st request regarding specific reductions in reaching DSL's targeted spending level. The accompanying proposal lists current subcommittee actions (reductions), fixed cost reductions, and individual program eliminations in reaching both the initial (column C) target and the additional 5% (column E) reduction recommendation.

You will notice that none of our suggested additional cuts impact loss of general fund revenues. However, a number of positions included in this "total package" as a result of subcommittee action do have significant impact to general fund revenue. Given this dilemma, myself and appropriate staff are available at your request to reprioritize and/or offer substitutions as a solution should you elect to revisit the issue.

Regardless, we stand ready to assist you in every way possible.

Sincerely,

A handwritten signature in cursive script that reads "Bud Clinch".

Bud Clinch, Commissioner
Department of State Lands

jc

Attachments

DeBruycker Memo - January 21, 1993

EXHIBIT 3
DATE 2-13-93

Column C \$869,587 Reductions
Column E 891,525 Reductions

PROGRAMS

CENTRAL MANAGEMENT

<u>Fiscal Impact</u>	<u>FY 94</u>	<u>FY 95</u>	<u>BIENNIUM</u>	<u>CUMULATIVE TOTAL</u>
General Fund	\$44,052	\$44,089	\$88,141	\$88,141

Subcommittee Action/Positions

- Position 140 Revenue Agent and Position 46 (.50 FTE) Agency Counsel were eliminated from the LFA base.

The Revenue Agent (Position #140 - 1.00 FTE) works with the Department of Revenue for auditing oil and mineral leases throughout the nation; leases that are potential additional funds to the state trusts. The last year's data indicates that each auditor can return to the state \$20 for every dollar that is expended. The position was vacant at the time it was decided to elect certain positions to be placed on the 5% list, if it was filled at the time it would not be placed on the list.

The Agency Counsel position (Position #46 - .50 FTE) provides the legal counsel for the Department's Division of Lands. The recreational use of state lands and other concerns will involve this lawyer's time. The concerns of DSL, Fish, Wildlife and Parks, and the general public will be addressed. It is anticipated that a full FTE will be needed.

<u>Fixed Cost/CMD</u>	<u>FY 94</u>	<u>FY 95</u>	<u>BIENNIUM</u>	<u>CUMULATIVE TOTAL</u>
Exp ID				
2113 Warrant Fees	1,743	1,807	3,550	
2114 Payroll	1,806	1,843	3,649	
2112 Audit	3,021	-0-	3,021	
2174 Data Proc	19,900	19,900	39,800	
2770 FWP	3,621	3,650	7,271	
Total			57,291	145,432

Fiscal Impact

General Fund

- Fixed costs established for other agencies will not be required if all agencies are to operate from the 93 biennium level.

RECLAMATION

<u>Fiscal Impact</u>	<u>FY 94</u>	<u>FY 95</u>	<u>BIENNIUM</u>	<u>CUMULATIVE TOTAL</u>
General Fund	9,932	9,541	19,473	164,905

Subcommittee Action/Positions

- Position 146 Reclamation Specialist and Position 163 Administrative Assistant (Total 1.07 FTE) were eliminated from the LFA Base.

The Metal Mine Reclamation Program (Hard Rock Bureau) needs (Position #147 - .57 FTE) to administer and enforce the Metal Mine Reclamation Act with respect to small mine operators. "Small Miners" are specifically defined in the statute and are treated differently than the larger mining operations that require operating permits. As a result, small miners are regulated differently, and in many cases require special assistance to ensure minimal environmental degradation and on-going compliance with the law. At the present time there are approximately 1,000 small miners of record. Approximately 80% of these are placer miners operating adjacent to or in stream channels. In addition, new small miners (since 1989) that placer dredge or use cyanide must submit plans and reclamation bonds. These additional requirements were enacted into law to protect Montana's water resources and ensure reclamation.

The Metal Mine Reclamation Program (Hard Rock Bureau) utilizes position #163 (.50 FTE) to maintain control of incoming and outgoing records to assure information is transmitted to the appropriate staff and to assure that original file copies are maintained to document compliance of permitted mines and to assure legal defensibility of the files. Most importantly, this position assures the retrievability of such information. This position is also responsible for maintaining tracking systems for various types of data needed to interface with state, federal and local government. This position is particularly responsible for assuring that all required public notices and press releases are issued in a timely fashion, and for maintaining documentation that legal notices have been issued. This position also assists the public with retrieving information from Department files and tracks expenditures on bond forfeiture reclamation projects.

LANDS

<u>Fiscal Impact</u>	<u>FY 94</u>	<u>FY 95</u>	<u>BIENNIUM</u>	<u>TOTAL</u>
General Fund	78,911	78,999	157,910	322,815

Subcommittee Action/Positions

- Position #87 Secretary (.37 FTE), Position #129 Land Use Specialist (.50 FTE), Position #42 Land Management Program Specialist (1.00 FTE), and Fiscal Specialist #83 (1.00 FTE) were eliminated from the LFA base.

The loss of position #42 will result in lessened compliance actions on surface leases, reduced activity in the Federal Farm programs, fewer management efforts to increase lease productivity, and slower timeframes for processing of exchanges and new resource development projects. The intent to utilize this position in the auditing of Farm Program payments and recovery of lost drought/disaster payments may amount to in excess of \$5 million over the new few years.

The loss of Position #83 will result in estimated direct annual losses to the school trusts of \$71,000 in unaudited agreements. When added to the loss of the royalty auditor from Central Management Division the annual school trust revenue loss expected will be \$109,000. This position is currently occupied. Therefore the incumbent must be laid off.

The loss of position #87 will result in the two Land Use Specialists (grades 13 and 14) performing all of their own secretarial work. This will result in less time working in the field and on specific projects to enhance revenue from the trust resources. Trust revenues can be expected to decrease. This position is currently occupied. Therefore, the incumbent must be laid off.

The loss of position #129 from the Northeastern Land Office will eliminate the performance of special projects that have been performed in the past. The special projects have been largely involved in screening individual agricultural leases to ensure the state has received its fair share of production and full share value of that production. This position has been directly responsible for the recovery of \$15,000-\$20,000 per year in unpaid rental due the state. Additionally, the existence of this position has allowed the other land use specialists in the Northeastern Land Office to perform needed compliance and management actions on many leases. This position is currently occupied. Therefore, the incumbent must be laid off.

Statutory changes required. None. However, lack of compliance and audit actions could be deemed as failure of the Department to properly perform its duties as a fiduciary of the trust resources.

FORESTRY

<u>Fiscal Impact</u>	<u>FY 94</u>	<u>FY 95</u>	<u>BIENNIUM</u>	<u>CUMULATIVE TOTAL</u>
General Fund	174,082	168,374	342,456	665,271

Subcommittee Action/Positions

- Position 115 Forester (1.00 FTE), Position #60480 Forester (1.00 FTE), Position #87 Secretary (.10 FTE), Position #60450 Appraiser (1.00 FTE), Position #60633 Forestry Program Specialist (.75 FTE), Position #65126 Forestry Worker (.60 FTE), and Position #60800 Vocational Trainer (1.00 FTE).

POSITION #60450 1.00 FTE, Appraiser, Forest Management Program

The Appraiser position was responsible for all appraisals needed for exchanges of classified forest lands. The appraiser was also responsible for appraisal of other special uses of the State's classified forest lands and the administration of cabin site lease renewals.

The loss of this position would greatly limit or eliminate any exchanges of classified forest land. It would also delay our response to requests for special use licenses on classified forest land.

POSITION #60633 1.00 FTE, Forestry Program Specialist, SWLO Service Forestry

This position provides services to loggers and private forest landowners on both industrial and nonindustrial lands in Southwestern Montana. These services achieve, certify and enforce compliance with state forestry laws requiring abatement of forest-fire hazards created by timber slash and protection of water quality and fisheries habitat when harvesting timber from Streamside Management Zones.

This positions also provides: (1) Information and education about Montana's forestry Best Management Practices to persons harvesting timber from private land; (2) Classroom and field education about forest management to private forest landowners enrolled in the Forest Stewardship Program; (3) Technical assistance to private forest landowners qualifying for forestry cost-share practices; (4) Preparation and administration of timber sales on state trust lands; and (5) Fire prevention, mobilization and suppression services.

If this position is not filled protection of forests and related resources from fire, pollution and improper management would be reduced and as well as proceeds to state trust accounts from sales of timber from state lands.

POSITION #00087 .10 FTE, Secretary, Conrad Unit

This position provide clerical support to Conrad Unit staff and assistance to the public that visit our Conrad office. Funding for this position is shared with the Land Division.

POSITION #00115 1.00 FTE, Service Forester, Helena Unit

This position provides services to loggers and private forest landowners on both industrial and nonindustrial lands in Cascade, Broadwater, Glacier Jefferson, Meagher, Lewis and Clark, Pondera and Teton Counties. These services achieve, certify and enforce compliance with state forestry laws requiring abatement of forest-fire hazards created by timber slash and protection of water quality and fisheries habitat when harvesting timber from Streamside Management Zones.

This positions also provides: (1) Information and education about Montana's forestry Best Management Practices to persons harvesting timber from private land; (2) Classroom and field education about forest management to private forest landowners enrolled in the Forest Stewardship Program; (3) Technical assistance to private forest landowners qualifying for forestry cost-share practices; (4) Preparation and administration of timber sales on state trust lands; and (5) Fire prevention, mobilization and suppression services.

If this position is not filled protection of forests and related resources from fire, pollution and improper management would be reduced and as well as proceeds to state trust accounts from sales of timber from state lands.

POSITION #60480 1.00 FTE, Service Forester, Plains Unit

This position provides services to loggers and private forest landowners on both industrial and nonindustrial lands in Sanders and Lincoln Counties. These services achieve, certify and enforce compliance with state forestry laws requiring abatement of forest-fire hazards created by timber slash and protection of water quality and fisheries habitat when harvesting timber from Streamside Management Zones.

This position also provides: (1) Information and education about Montana's forestry Best Management Practices to persons harvesting timber from private land; (2) Classroom and field education about forest management to private forest landowners enrolled in the Forest Stewardship Program; (3) Technical assistance to private forest landowners qualifying for forestry cost-share practices; (4)

Preparation and administration of timber sales on state trust lands; and (5) Fire prevention, mobilization and suppression services.

If this position is not filled protection of forests and related resources from fire, pollution and improper management would be reduced and as well as proceeds to state trust accounts from sales of timber from state lands.

POSITION #60800 1.00 FTE, Resident Instructor, Swan State Forest

This position is one of four remaining resident instructors in the Institutional Forestry Work Program (IFW). The IFW program will be losing another resident instructor due to the Cobb Amendment. This will result in the loss of two of the five resident instructors. This is at a time when the number of inmates at the Swan River Forest Camp has just been increased from 50 to 60.6. The loss of this position will severely reduce the number of residents that can be handled in the IFW Program and will cause a reduction in forest management and fire suppression activities.

POSITION #65126 .60 FTE, Forestry Worker III, Nursery and Grounds

This position is a key seasonal worker/supervisor in the state forest nursery. Because mid winter is a slow time for nursery operations, it was not being used at the time of the snapshot. This position will be used to accomplish some of the work nursery manager eliminated by the Cobb Amendment.

The loss of this position would hinder production, harvesting and shipping of seedlings intended for conservation plantings and for reforestation of state lands.

<u>Fixed Costs/Forestry</u>	<u>FY 94</u>	<u>FY 95</u>	<u>BIENNIUM</u>	<u>CUMULATIVE TOTAL</u>
Exp ID 2104 General Fund	28,000	57,000	85,000	750,271

- Vehicle liability insurance should be reduced to the 1993 Biennium level if the Department of Administration is appropriated to the same level.

Elimination of the IFW Program

<u>Fiscal Impact:</u>	<u>FY94</u>	<u>FY95</u>	<u>BIENNIUM</u>	<u>CUMULATIVE TOTAL</u>
General Fund	\$138,000	\$138,000	\$276,000	1,026,271

This proposal would eliminate the Institutional Forestry Work program. The Department of State Lands would no longer provide a work opportunity for residents at the Swan River Forest Camp. Because inmates currently provide some essential services to the Department for such activities such as firefighting and road maintenance, the Department would propose to retain approximately 1.5 FTE and \$40,000.

Statute changes: it would be necessary to repeal 53-30-205, MCA, if this program were eliminated.

EXHIBIT 3
DATE 2-13-93

Impacts: The Department would no longer be able to provide a work program for the Swan River Forest Camp. The level of management intensity of state Forest lands would be reduced to the same level applied on other state forest land. The availability of lumber produced by the program as well as carpentry shop services would be eliminated. The Department would be required to acquire these services elsewhere. Buildings and grounds maintenance may be reduced if crews were not available.

State Lands Equalization Payments

<u>Fiscal Impacts</u>	<u>FY94</u>	<u>FY95</u>	<u>BIENNIUM</u>	<u>CUMULATIVE TOTAL</u>
General Fund	265,000	265,000	530,000	1,556,271

This proposal would eliminate payment in lieu of taxes to the counties that have 6% or more state trust land in their county. Currently 18 counties request funds from the General Fund, which are appropriated to DSL, for their reimbursement of taxes lost due to state ownership of lands.

Statute changes: It would be necessary to repeal 77-1-501, 502, 503, 504, 505, 506 and 507, MCA, if this action is initiated.

Impacts: The qualifying counties would no longer receive their payment from the state and the loss to the counties would be substantial. Payments are made yearly and range from \$87,423 to Daniels County to \$609 to Golden Valley County. The amount appropriated \$265,000 per year, is approximately 58% of the total request.

Nursery - Elimination of the remainder of General fund in the Nursery program.

<u>Fiscal Impact:</u>	<u>FY94</u>	<u>FY95</u>	<u>BIENNIUM</u>	<u>CUMULATIVE TOTAL</u>
General Fund	81,996	81,996	163,992	1,720,263

The State Forest tree nursery currently produces approximately 900,000 seedlings per year. These seedlings are sold at cost for conservation plantings throughout the state but primarily for use in the eastern part of the state. They are used for windbreaks, shelterbelts and other conservation plantings. This reduction would eliminate General Fund support for the production of these seedlings.

Private Forestry Assistance

- Elimination of the remainder of General Fund from the PFA Program.

<u>Fiscal Impact:</u>	<u>FY94</u>	<u>FY95</u>	<u>BIENNIUM</u>	<u>CUMULATIVE TOTAL</u>
General Fund	43,500	37,500	81,000	1,801,263

Eliminate 1.5 FTE foresters providing professional advice to non-industrial private forest (NIPF) landowners.

3
2-13-93

Statute changes: None.

Impacts: Eliminating these FTE would cause the Department to discontinue providing on-site forestry advice to NIPF landowners contemplating a timber sale. This service constitutes the least biased professional advice available to such landowners, because, unlike most other providers, DSL service foresters cannot profit from decisions made by the timber owner. The primary impact, then, would be the forfeiture of the proven benefits this service offers to landowners, which, in an average case include:

- A better price per unit of timber volume sold;
- A residual timber stand which is healthier, faster growing and more valuable; and
- A higher probability of correctly applying forestry Best Management Practices.

The secondary impact would be a public one. A higher probability that the forest resources occurring on Montana's 3.6 million acres of NIPF land--the soil, water, tree and plant communities, wildlife, recreation and scenery--will not be protected, managed and utilized in a manner which perpetuates those resources.

REQUESTED REDUCTION

COLUMN C

\$869,587

COLUMN E

891,525

\$1,761,112

CUMULATIVE TOTAL

\$1,801,263

EXHIBIT 3
DATE 2-13-93

February 13, 1993

EXHIBIT #4

DATE 2-13-93

HB

DEPARTMENT OF STATE LANDS
SUMMARY OF SUGGESTED BUDGET REDUCTIONS LETTER
TO
CHAIRMAN DEBRUYCKER
DATED 2-2-93

ORIGINAL LFA			\$ 869,587
Current Level			
Dollar Cuts			
Less -			
Subcommittee Cuts FTE	<10.89>		<607,980>
Add -			
Budget Modifications FTE	+ .85		+186,150
Corrections			+201,319
Sub Total	FTE <10.04>		<220,511>
Column "E" DSL Target			<u>\$ 649,076</u>

	<u>ITEM</u>	<u>AMOUNT</u>	<u>FTE</u>	<u>CUMULATIVE</u>
1.	REDUCE Fixed Costs that are owed to other State Agencies.	\$142,291	-0-	\$ 142,291
2.	ELIMINATE Institutional Forestry Work Program (IFW)	\$276,000	3.5	\$ 418,291
3.	ELIMINATE The General Fund support for the Nursery Program	\$164,000	1.0	\$ 582,291
4.	ELIMINATE Two Thirds Of The Fire Equipment Mod	\$ 66,785	-0-	<u>\$ 649,076</u>

EXHIBIT # 5

**NATURAL RESOURCES AND COMMERCE
GENERAL FUND EXPENDITURE TARGETS
1995 BIENNIIUM**

DATE 2-13-93

HB

2-13-93

Agy. #	(A) --Target-- Current Level Fiscal 1992-93	(B) LFA Current Level Fiscal 1994-95	(C) --Difference-- LFA C/L Dollar Cut	(D) Legislative Action To Date*	(E) Over(Under) Target (D-A)	(F) Contingent GF Impact	(G) E + F
4201 Public Service Regulation	\$4,107,342	\$4,345,112	\$237,770	\$4,481,044	\$373,702		\$373,702
5201 Fish, Wildlife, & Parks Senate Bill 235 or other legislation	778,023	846,110	68,087	1,382,071	604,048	(597,542)	6,506
5501 State Lands LC1404	17,830,506	18,700,093	869,587	18,479,582	649,076	(750,000)	(100,924)
5603 Livestock HB516	1,334,708	1,148,509	0	1,294,382	(40,326)	0	(40,326)
5706 Natural Resources & Conservation LC1404	8,687,976	10,375,645	1,687,669	9,375,804	687,828	(1,737,302)	(1,049,474)
6201 Agriculture LC1249 ** House Bill 167 ** House Bill 193 ** Senate Bill 98 **	2,124,606	1,942,467	0	2,019,207	(105,399)	(127,183) (108,907) (586,440) (112,214)	(1,040,143)
6501 Commerce *	5,129,278	5,441,618	312,340	5,441,618	312,340		312,340
Unallocated Additional GF Supplemental (DSL)	(368,439) (67,440)	0 0	368,439 67,440		368,439 67,440		368,439 67,440
Totals	\$39,556,560 Subcommittee Target Budget	\$42,799,554	\$3,611,332	\$42,473,708 Subcommittee Action	\$2,917,148 Difference	(\$4,019,588)	(\$1,102,440)

The LFA General Fund Status Sheet reflects column D less column B (Legislative action less LFA): (\$325,846)

* Shaded areas reflect LFA current level. The subcommittee has not yet completed action on general fund portions of these agencies.

** These bills will decrease general fund revenue by \$700,508.

EXHIBIT #6
 DATE 2-13-93
 HB

Department of State Lands
 Royalty Audit Program
 Collections by Fiscal Year
 mgm/royaudfy.wk1
 08-Feb-93

Fiscal Year:	87	88	89	90	91	92	93	94+	Total
Collected									
	8,008	3,730	177,089	160,947	48,046	116	6,265		
	52,473		310,892	24,835	45,000	38,973	2,098		
			5,250	143,000	11,582	35,719			
			26,039	542	17,500	7,655			
			2,715	58,721	4,846	6,000			
			53,072	1,307					
			8,229						
Total	60,481	3,730	583,286	389,352	126,974	88,463	8,363 (YTD)		\$1,260,649

Yearly average over past seven years -----> \$180,093

Disputed Amounts Currently in Progress

Oil and Gas:	89,630
	746,379
	28,833
	6,537

	871,379
	\$871,379
Coal:	518,326

	\$518,326

TOTAL PENDING: \$1,389,705

February 13, 1993

EXHIBIT #7DATE 2-13-93HB

DEPARTMENT OF STATE LANDS

RESOURCE DEVELOPMENT ACCOUNT

Fund Balance FYE 92		\$ 122,887
Revenue Estimate FY93	\$ 354,000	
Appropriations FY93		
Lands	279,566	
Audit Travel	3,000	
SLMS	40,000	
Revenue Auditor	41,261	
Projected Balance FYE93		113,060
Revenue Estimate FY94	364,000	
Appropriations FY94		
Lands	261,451	
* Audit Travel	15,000	
SLMS	76,873	
Revenue Auditor	26,181	
**Royalty Auditor	28,241	
Projected Balance FYE94		69,314
Revenue Estimate FY95	364,000	
Appropriations FY95		
Lands	262,009	
*Audit Travel	15,000	
SLMS	71,703	
Revenue Auditor	26,210	
**Royalty Auditor	28,241	
Projected Balance FYE95		\$ 30,151
* Subcommittee Eliminated Travel	\$ 6,500	
** Funding Switch from General Fund		

DSL requests the two Audit positions be restored.

Lands Division

Position <u>#83</u>	** Royalty Auditor	\$26,181	\$26,210
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Central Management

Position <u>#140</u>	Revenue Auditor	28,241	26,214
Travel		15,000	15,000

Total Resource Development Funds	\$69,422	\$67,476
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HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

NATURAL RESOURCES SUB COMMITTEE

~~DATE NO.~~ 212

DATE 2-13-93 SPONSOR(S) _____

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
LESTER STONE	BoILERMAKERS #11	/	X
Leo Giacomotto	Agriculture	✓	
Ralph Peck	"	✓	
Sandra Kuchanbrod	"	/	
Will Kissingar	"	/	
Mike Murphy	"		
and Gina Day	"		
Don Artley	DSL		
Bud Cunch	DSL		
Jeff Hagene	DSL		
Gary Amos	DSL		

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