

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON INSTITUTIONS & CULTURAL EDUCATION

Call to Order: By CHAIRMAN MARJORIE I. FISHER, on January 11,
1995, at 8:05 a.m.

ROLL CALL

Members Present:

Rep. Marjorie I. Fisher, Chairman (R)
Sen. Larry J. Tveit, Vice Chairman (R)
Sen. Gary C. Aklestad (R)
Rep. Steve Vick (D)
Sen. Mignon Waterman (D)

Members Excused: Rep. William T. "Red" Menahan

Members Absent: None

Staff Present: Lisa Smith, Legislative Fiscal Analyst
Mary LaFond, Office of Budget & Program Planning
Brandee Decrevel, Committee Secretary

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

Committee Business Summary:

Hearing: None
Executive Action: Montana State Library

EXECUTIVE ACTION ON
MONTANA STATE LIBRARY

CHAIRMAN FISHER introduced Ray Beck from the Natural Resource Information System. Mr. Beck explained the Resource Indemnity Tax since it is involved in the first proposal. EXHIBIT 1

Lisa Smith, LFA, gave the subcommittee a funding sheet that was prepared by the state library on how to fund the NRIS program's performance base budget. EXHIBIT 2

Ms. Smith told the subcommittee that since they decided to go forward with the performance base budget they must take action on whether or not to approve it. Depending on the subcommittee's decision it would help if the OBPP and the LFA could be directed to work together with the agency on how the performance base budget would appear in the bill if it is approved by the subcommittee.

REP. STEVE VICK told the subcommittee that he would like another explanation on why legislative contract authority is being changed from \$850,000 to \$460,000 and why they want to transfer some of that and where are they transferring it to.

Allen Cox, Director, Natural Resource Information System, told the subcommittee that in the past the agency has received contract authority, the previous amount was \$850,000 and the current amount is about \$650,000. That is not an allocation of funds, it is simply the authority to allow them to enter into an inter-agency contract. If the performance base budget is approved at the level the agency has recommended, the agency is able to focus more on its core services.

Mary LaFond, OBPP, gave the subcommittee some language that is in the budget book that they need to adopt for the NRIS program. This language documents guidelines on how the LCA is to be used, how much the legislative contract authority is, and the reporting requirements. EXHIBIT 3

Motion/Vote: SEN. WATERMAN MOVED TO ACCEPT THE BUDGET OFFICE RECOMMENDATION ON THE NEW LANGUAGE. The motion carried unanimously.

Motion/Vote: SEN. WATERMAN MOVED TO ACCEPT PROGRAM 7, PERFORMANCE BASED BUDGET AS SUBMITTED (with all revised numbers given to the committee). The motion carried unanimously.

Discussion:

Lisa Smith, LFA, said a motion was needed for the LFA and the OBPP to work together on the performance base budget with the agency on how this will appear in HB 2 and any language that is necessary.

Motion/Vote: SEN. LARRY TVEIT MOVED TO DIRECT LFA AND OBPP TO WORK WITH THE AGENCY ON HB 2 PRESENTATION OF THE PERFORMANCE BASE BUDGET AND THE NECESSARY LANGUAGE. The motion carried unanimously.

Discussion:

CHAIRMAN MARGE FISHER asked the agency to discuss the library automation system.

Richard Miller, Montana State Librarian, told the subcommittee that the system is one of two building blocks. The agency proposes to have a comprehensive automated system at the library which will allow them to share their resources with the entire state. The amount will be \$43,840 less than they had proposed to the subcommittee because of the new figures they have.

REP. STEVE VICK asked if there is any reduction in personal services that will come from having the automated system and does it save labor costs.

Mr. Miller told the subcommittee no, for too long they have tried to sell automation as something that will replace people. Automation will allow them to do their job better with the people that they have, so they aren't adding more people. Automation allows them to do their jobs more efficiently.

SEN. WATERMAN asked if the automation and the inter-library loan proposal would allow more people to access more information without having to increase staff.

Mr. Miller told the committee yes. In the short time that they have been on the Internet, a good number of people have called in electronically on their own without the agency's assistance. It increases efficiency if they can look up information electronically.

Motion/Vote: SEN. TVEIT MOVED ACCEPT THE 1994 BASE BUDGET FOR PROGRAM 1. The motion carried unanimously.

Motion/Vote: SEN. WATERMAN MOVED TO ACCEPT PRESENT LAW ADJUSTMENTS 1 THROUGH 3. SEN. TVEIT seconded the motion. The motion carried unanimously.

Motion/Vote: SEN. WATERMAN MOVED TO ACCEPT EXECUTIVE PRESENT LAW ADJUSTMENTS 4 THROUGH 7. SEN. TVEIT seconded the motion. The motion carried unanimously.

Discussion:

Ms. Smith told the committee about the first executive budget new proposal, the library automation system. The revised amounts in this proposal are \$29,802 in FY 96 and \$45,266 in FY 97. This is a portion of the total automation system new proposal. The remainder of the proposal has been authorized in the NRIS program.

Motion/Vote: SEN. WATERMAN MOVED TO APPROVE THE EXECUTIVE BUDGET NEW PROPOSAL, LIBRARY AUTOMATION SYSTEM AS AMENDED. SEN. TVEIT seconded the motion. The motion carried unanimously.

Discussion:

Ms. Smith explained that the interlibrary loan increase is \$100,000 dollars of general fund each year.

Motion/Vote: SEN. WATERMAN MOVED TO APPROVE THE INTERLIBRARY LOAN. SEN. TVEIT seconded the motion. The motion carried unanimously.

Discussion:

Ms. Smith told the subcommittee that the proposal on personal services reductions would decrease general fund approximately \$37,000 each year of the biennium. This reduction represents a vacancy savings rate of approximately 5%.

Motion/Vote: SEN. LARRY TVEIT MOVED TO ACCEPT THE PERSONAL SERVICES REDUCTIONS. REP. STEVE VICK seconded the motion. The motion carried unanimously.

Discussion:

Ms. Smith told the subcommittee that the executive budget includes federal funds of \$26,461 each year to operate the literacy resource center. This center was established in FY 94 through a budget amendment.

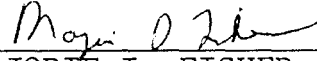
Motion/Vote: SEN. WATERMAN MOVED TO APPROVE THE LITERACY RESOURCE CENTER. SEN. LARRY TVEIT seconded the motion. The motion carried 5-1 with REP. STEVE VICK voting no and REP. MENAHAN voting yes by proxy.

Discussion:

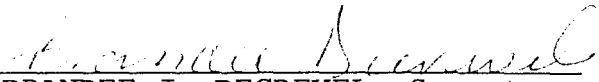
REP. VICK asked when this program was started. Mr. Miller replied that it was started in 1994.

ADJOURNMENT

Adjournment: 9:20 a.m.



MARJORIE I. FISHER, Chairman



BRANDEE J. DECREVEL, Secretary

MIF/bjd

INSTITUTIONS

Joint Appropriations Subcommittee

ROLL CALL

DATE 1-11-94

NAME	PRESENT	ABSENT	EXCUSED
Rep. Marj Fisher, Chairman	X		
Rep. Red Menahan	*		X
Rep. Steve Vick	Y		
Sen. Larry Tveit, Vice Chairman	X		
Sen. Gary Aklestad			
Sen. Mignon Waterman	X		

RIGWA TAX

RIT TRUST

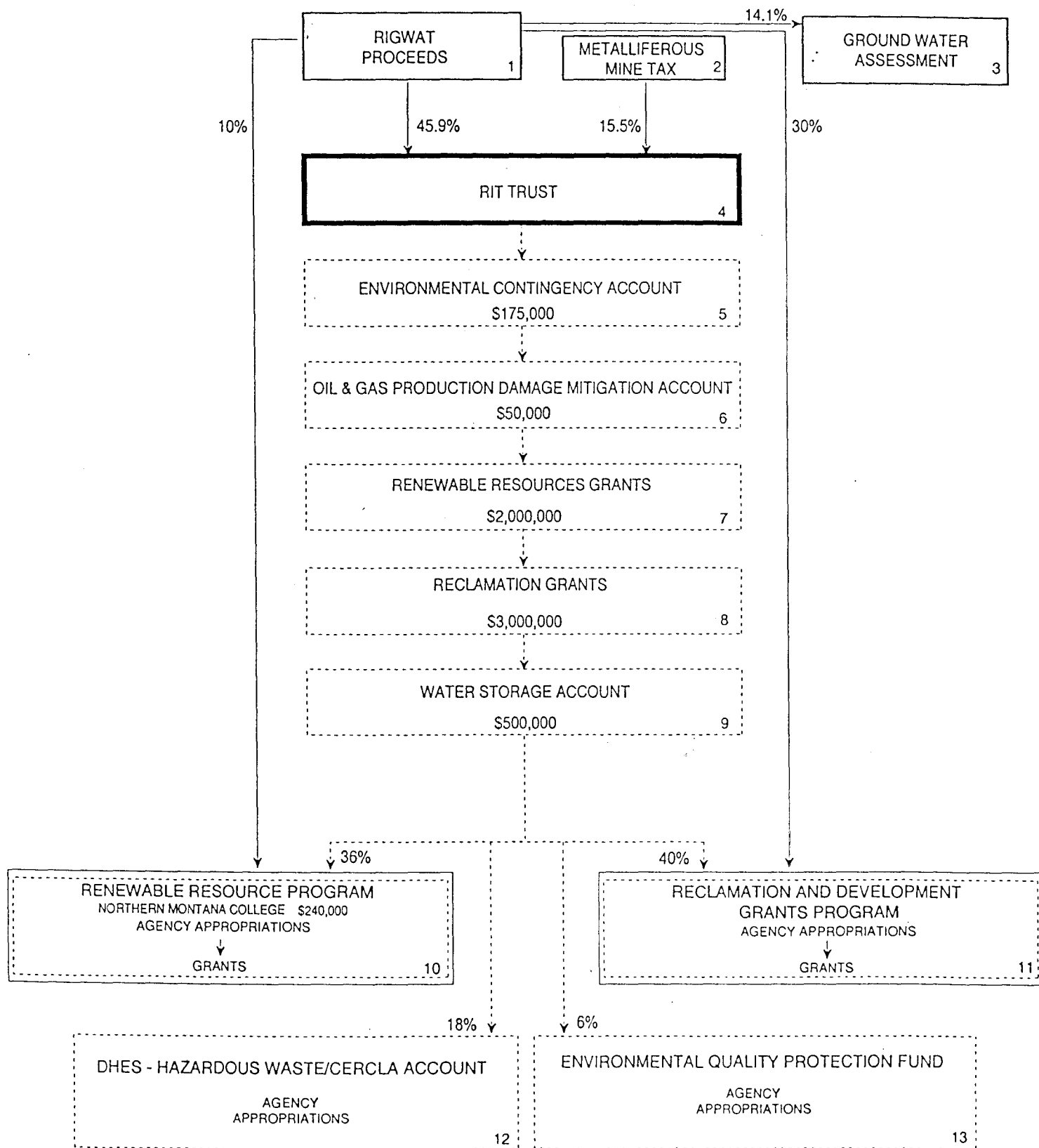
Flow of Funds for the RIGWAT and RIT Trust Interest Earnings
FY 96-97

EXHIBIT One
DATE 1-11-95
HB 17077e

Source: Department of Natural Resources and Conservation
Phone #444-6667

Ray Beck, Administrator
Anna Miller, Financial Advisor
John Tubbs, Bureau Chief

ALLOCATION OF RIT PROCEEDS AND INTEREST 1997 Biennium



- 1 The Resource Indemnity Ground Water Assessment Tax (RIGWAT) is a 0.5 percent tax of the gross value of the product of all mineral mining. The tax was originally created in 1973. Mineral production including oil, natural gas, coal, metals (gold, silver, copper, lead), talc, vermiculite, limestone and other "nonrenewable merchantable products extracted from the surface or subsurface of the state of Montana (15-38-103) are taxed. The purpose of the tax is to "protect and restore the environment from damages resulting from mineral development; to support a variety of development programs that benefit the economy of the state and the lives of Montana Citizens; and to assess the state's ground water resources." (15-38-102, MCA)

- 2 The Metalliferous Mine Tax is a tax on "annual gross value of product" of all metal mine production or precious or semiprecious gem or stone production (15-37-101 et. seq.). The tax rate is 1.81 percent of the annual gross value over \$250,000 for concentrate shipped to a smelter, mill, or reduction work (15-37-103, MCA). For gold silver or any platinum-group metal that is dore, bullion, or matte and that is shipped to a refinery, the tax rate is 1.6 percent of the annual gross value over \$250,000 (15-37-103, MCA). A 15.5 percent portion of the metalliferous mine tax is deposited into the RIT trust. The remaining 84.5 percent is distributed to several areas including the general fund, a hard-rock mining impact trust, and impacted counties.

- 3 The Ground Water Assessment Account was created in 1991 (85-2-901 et. seq., MCA). The purpose of the account is to fund a statewide ground water assessment program that will monitor quantity and quality of the state's ground water. The statute allocates 14.1 percent or a maximum of \$666,000 per year of the RIGWAT proceeds to this account. The program is staffed by the Bureau of Mines and Geology in Butte. An oversight committee reviews all expenditures, approves monitoring sites, prioritizes areas, coordinates information, and evaluates reports.

- 4 The Resource Indemnity Tax trust was created in 1973. RIGWAT (45.9%) and Metalliferous Mine Tax (15.5%) proceeds are deposited into the trust. Prior to 1991, 100 percent of the RIGWAT proceeds were deposited into the trust. No funds that are deposited into the trust can be spent until the total deposits exceed \$100 million. This protection is provided in Article IX, Section 2 of the Montana constitution. Trust fund proceeds are invested and the interest earnings are distributed to several natural resource programs.

- 5 The Environmental Contingency Account was created in 1985 (75-1-1101 et. seq., MCA). The Governor has the authority to approve expenditures from this account to meet unanticipated public needs. Specifically, the statute limits projects to the following objectives: (a) to support renewable resource

development projects in communities that face an emergency or imminent need for the services or to prevent the failure of a project; (b) to preserve vegetation, water, soil, fish, wildlife, or other renewable resources from an imminent physical threat or during an emergency, not including natural disasters or fire; to respond to an emergency or imminent threat to persons, property, or the environment caused by mineral development; and to fund the environmental quality protection fund. Each biennium \$175,000 of the RIT trust interest earnings are allocated to this account. The balance in this account cannot exceed \$750,000.

- 6 The Oil and Gas Production Damage Mitigation Account was created in 1989 (85-2-161, MCA). The Board of Oil and Gas Conservation may authorize the payment for the cost of properly plugging a well and either reclaiming and/or restoring a drill site or other drilling or producing areas damaged by oil and gas operations. The site must be abandoned and the responsible person either cannot be identified or refuses to correct the problem. Each biennium \$50,000 of the RIT trust interest earnings are allocated to this account. The balance in this account cannot exceed \$200,000.
- 7 Renewable Resource Grants receive \$2 million in RIT trust interest earnings. The Renewable Resource Grant and Loan program was created in 1993 by combining the Renewable Resource Development program and the Water Development program. The Renewable Resource Development program was originally established in 1975. The Water Development program was originally established in 1981. The purpose of the grant program is to fund projects that conserve, develop, manage, and preserve water and other renewable resources. The program provides preference to projects that support the state water plan. Projects include construction and rehabilitation of existing water supply systems and waste water systems, educational efforts, feasibility studies, development of water storage, enhancement of renewable resources including recreation, reduction and advancement of agricultural chemical use, and improvement of water use efficiency (85-1-602, MCA).
- 8 The Reclamation Development Grants Program was originally established in 1987. The purposes of the program are to: (a) repair, reclaim, and mitigate environmental damage to public resources from nonrenewable resource extraction; and (b) to develop and ensure the quality of public resources for the benefit of all Montanans (90-2-1101, MCA). Projects have ranged from plugging abandoned oil and gas wells, reclaiming mine sites, non-point source pollution control projects, researching new technologies for mine waste clean-up, conducting ground water studies to determine the extent of contamination, and cleaning up pesticide contamination. A minimum of \$3 million of RIT trust interest earnings are allocated for these grants.

- 9 The Water Storage Account was established in 1991 (85-1-701 et. seq., MCA). The purpose of the account is to provide funding for projects that rehabilitate existing water storage facilities or develop new ones. Priority is given to high hazard, unsafe dams. Each biennium \$500,000 of RIT trust interest earnings are deposited into this account. Currently, the only project to receive water storage account funding is the rehabilitation of the state owned dam on the Tongue River in eastern Montana.
- 10 The Renewable Resource grant and loan Program state special revenue account receives 36 percent of the remaining interest earnings from the RIT trust and 10 percent of the RIGWAT proceeds. This special revenue account also receives revenue from state water projects, excess deposits in the renewable resource debt service account, and other administrative fees. The revenues are used to fund natural resource agency projects and administration including DNRC, Governor's Office, Water Court and the State Library.
- 11 The Reclamation and Development Grant Program state special revenue account receives 40 percent of the remaining RIT trust interest earnings and 30 percent of the RIGWAT proceeds. The revenues are used to fund natural resource agency projects and administration including DNRC, DSL, State Library, and EQC.
- 12 The Hazardous Waste CERCLA Account is administered by the Department of Health and Environmental Sciences. (CERCLA stands for the federal Comprehensive Environmental Response, Compensation, and Liability Act). This account receives 18 percent of the remaining RIT trust interest earnings. The account was established in 1983 and is to be used to make payments on CERCLA bonds, implementation of the Montana Hazardous Waste Act, and to provide assistance in remedial action under CERCLA.
- 13 The Environmental Quality Protection Fund was established in 1985 and is administered by the Department of Health and Environmental Sciences. This account receives 6 percent of the remaining RIT trust interest earnings. The purpose of this account is to provide funding for remedial actions taken by the department in response to a release of hazardous or deleterious substances.

RIGWAT PROCEEDS, RIT TRUST INTEREST EARNINGS, AND EXPENDITURES
1997 Biennium

RIGWAT PROCEEDS PROJECTIONS	RIGWAT Proceeds	Metal Mine Tax Proceeds	Deposits To RIT Trust	Trust Balance
FY 95	\$2,979,674	\$797,469	\$2,463,107	\$91,776,719
FY 96	3,041,004	872,800	2,268,621	94,045,340
FY 97	3,030,203	823,029	2,213,892	96,259,232

RIT TRUST INTEREST EARNINGS PROJECTIONS	FY96	FY97	TOTAL
	7,703,657	7,763,086	15,466,743

TOTAL 1995 BIENNIUM ALLOCATION OF RIT INTEREST EARNINGS		\$15,466,743
Environmental Contingency Account	\$175,000	
Oil & Gas Production Damage Mitigation Account	50,000	
Renewable Resource Grant & Loan Program	2,000,000	
Reclamation & Development Grants	3,000,000	
Water Storage Account	500,000	
TOTAL BIENNIAL APPROPRIATIONS		5,725,000
AMOUNT AVAILABLE FOR FURTHER DISTRIBUTION		9,741,743

Distribution of Remaining Interest Earnings

Account	Renewable Resource	Reclamation & Development	Hazardous Waste/ CERCLA	Environmental Quality Protection	TOTAL
Percent Distribution of RITT Interest	36%	40%	18%	6%	100%

Beginning Balance	\$572,226	\$212,524	\$968,414	\$841,669	\$2,594,833
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Revenues					
RIT Interest	\$3,507,027	\$3,896,697	\$1,753,514	\$584,505	\$9,741,743
RIGWAT Proceeds	607,121	1,821,362			\$2,428,483
Debt Service Sweep (04011 and 04008)	919,444				919,444
RRD Loan Repayments	238,900				238,900
Interest (STIP)					240,000
Cost Recoveries			120,000	120,000	240,000
Administrative Fees	10,000		514,000	1,237,000	1,751,000
State Owned Project Revenue	459,290				459,290

Total Funds Available	\$6,314,008	\$5,930,583	\$3,355,928	\$2,783,174	\$18,383,693
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Appropriation					
Montana State University, Havre	240,000				240,000
DNRC Centralized Services Division	875,245	154,001			1,029,247
DNRC Conservation and Resource Development	649,931	1,185,566			1,835,497
DNRC Water Resources Division	1,737,971	2,051,709			3,789,680
Reserved Water Rights Compact Commission	131,638	534,516			666,154
DNRC State Water Projects	1,690,000				1,690,000
DSL Reclamation Division		2,082,177			2,082,177
DSL Central Management		78,085			78,085
DHES Environmental Division			3,415,016	2,802,350	6,217,366
DHES Radon		50,000			50,000
Governor's Office -- Flathead Basin Commission	80,082				80,082
Water Court	1,024,296				1,024,296
State Library	322,007	285,036			607,043
Environmental Quality Council		28,083			28,083
Pay Plan					0

Total Appropriations	\$6,751,170	\$6,449,174	\$3,415,016	\$2,802,350	\$19,417,710
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Projected Biennium Ending Balance	(\$437,162)	(\$518,590)	(\$59,088)	(\$19,176)	
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Potential Allocation of Metal Mines Tax	\$169,583	\$508,749			
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Projected Balance with Allocation of Metal Mine Tax	(\$267,579)	(\$9,842)	(\$59,088)	(\$19,176)	
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EXHIBIT TWO
 DATE 1-11-95
 HB 10712

Table 2

Library Automation System

Funding Source	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000
Operations Program General Fund	\$33,728	\$48,728	\$48,500	\$48,500	\$48,500
NRIS Program RIT Funds	69,728	68,728	68,500	68,500	68,500
Total Funding Requested	<u>\$103,456</u>	<u>\$117,456</u>	<u>\$117,000</u>	<u>\$117,000</u>	<u>\$117,000</u>
Expenditures	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000
Installment Contract	\$50,956	\$50,956	\$50,956	\$50,956	\$50,956
Maintenance	0	24,000	24,000	24,000	24,000
Contracted Services - Operations	32,500	32,500	32,500	32,500	32,500
Clearing house/Software	10,000	0	0	0	0
ISD Network Fees	10,000	10,000	0	0	0
Miscellaneous	0	0	9,544	9,544	9,544
Total Expenditures	<u>\$103,456</u>	<u>\$117,456</u>	<u>\$117,000</u>	<u>\$117,000</u>	<u>\$117,000</u>

Executive New Proposals

1) Library Automation Systems - The Executive Budget includes general fund of \$33,728 in fiscal 1996 and \$48,728 in fiscal 1997 to provide partial funding for a library automation system and clearinghouse. This system would be an expansion of the library local area network and would be accessible to government agencies, private industries, and individuals.

This library automation system would provide automated library circulation, a public access catalog, and remote access to the library via Internet and dial-in modems. The information clearinghouse would include descriptions and locations of various data around the state and nation, databases, a digital map atlas for Montana of all maps created by NRIS and other organizations, and natural resource documents.

The funding in this proposal is only a portion of its entire cost. The executive also provides \$69,728 in fiscal 1996 and \$68,728 in fiscal 1997 of resource indemnity trust (RIT) funds each year in a new proposal in the NRIS Program. The total funds recommended for this project are \$103,456 in fiscal 1996 and \$117,456 in fiscal 1997. However, the legislature should note that this proposal would require approximately \$117,000 each year for an additional three years beyond the 1997 biennium.

The executive proposes to fund the equipment necessary for this system through a five year installment agreement between the State Purchasing Bureau and Norwest Investment Services. Funds requested in this proposal include \$50,956 each year to pay the cost of the installment contract, \$32,500 each year to contract to operate the system and \$24,000 each year for maintenance costs. The equipment will belong to the state at the end of the five years.

Replacement Table 2

Library Automation System

Funding Source	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000
Operations Program General Fund	\$29,802	\$45,266	\$40,918	\$40,918	\$40,918
NRIS Program RIT Funds	74,825	27,179	27,179	27,179	27,179
Total Funding Requested	<u>\$104,627</u>	<u>\$72,445</u>	<u>\$68,097</u>	<u>\$68,097</u>	<u>\$68,097</u>
Expenditures	Fiscal 1996	Fiscal 1997	Fiscal 1998	Fiscal 1999	Fiscal 2000
Installment Contract	\$50,098	\$50,098	\$50,098	\$50,098	\$50,098
Maintenance	2,160	17,999	17,999	17,999	17,999
Contracted Services - Operations	40,000	0	0	0	0
Clearing house/Software	8,021	0	0	0	0
ISD Network Fees	4,348	4,348	0	0	0
Miscellaneous	0	0	0	0	0
Total Expenditures	<u>\$104,627</u>	<u>\$72,445</u>	<u>\$68,097</u>	<u>\$68,097</u>	<u>\$68,097</u>

EXH. BIF. Three
DATE 1-11-95
HB None

Executive Budget Recommendation

Language governing the appropriation is recommended to be included again in the agency narrative: "The biennial appropriation for legislative contract authority of \$466,685 included in item--- in HB 2 is subject to the following provisions: (1) Legislative contract authority may be used for special state from the University System, federal special and private funds; (2) Legislative contract authority expenditures must be reported on state accounting reports. The records must be separate current level operations, and (3) A report must be Montana state library commission to the legislative fiscal analyst and the budget office following the end of each fiscal year of the biennium. The report must include a listing of projects with the related amount of expenditures for each project.

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Institutions of Cultural Education SUB-COMMITTEE
BILL NO. _____ SPONSOR(S) _____

DATE January 11

PLEASE PRINT

PLEASE PRINT

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
Sandra Januice	Montana State Lib		
Darlene Staffeldt	Montana State Library		
Allan Cox	NRIS - Mt. State Library		
Kris Schmitz	MT State Library		
Richard Miller	MT State Library		
Janice Bralley	Western Pub. Lib. for the Mt. State Lib.		
Mike Lehr	Montana Library Assoc.		
DAVID GENTAR	MT NHP		

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

HR:1993

wp:vissbcom.man

CS-14