

**MINUTES**

**MONTANA HOUSE OF REPRESENTATIVES  
54th LEGISLATURE - REGULAR SESSION**

**JOINT SUBCOMMITTEE ON NATURAL RESOURCES**

**Call to Order:** By **CHAIRMAN ROGER DEBRUYCKER**, on January 12, 1995, at 8:00 a.m. in Room 402 of the State Capitol.

**ROLL CALL**

**Members Present:**

Rep. Roger Debruycker, Chairman (R)  
Sen. Thomas F. Keating, Vice Chairman (R)  
Sen. Judy H. Jacobson (D)  
Sen. Loren Jenkins (R)  
Rep. John Johnson (D)  
Rep. William R. Wiseman (R)

**Members Excused:** none

**Members Absent:** none

**Staff Present:** Roger Lloyd, Legislative Fiscal Analyst  
Florine Smith, Office of Budget & Program  
Planning  
Debbie Rostocki, Committee Secretary

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

**Committee Business Summary:**

Hearing: Department of State Lands  
-Department Overview  
-Central Management Division  
Executive Action: none

**HEARING ON Department of State Lands**  
**Department Overview**

**Mr. Roger Lloyd**, Legislative Fiscal Analyst, gave a brief overview of the department. The executive budget is requesting over \$9.3 million over the 1994 base in the coming biennium with funding primarily from state special revenue. A total of seven FTE are requested to be eliminated.

**Mr. Bud Clinch**, Commissioner of the Montana Department of State Lands (DSL), distributed an organizational chart of the department. **EXHIBIT 1** He explained that the "director" of the department was actually the Board of Land Commissioners.

The Reclamation Division provides oversight of mining activities in the state. Regulatory authority spans all ownerships of land including federal and private lands as well as state lands and the 5.2 million acres of school trust lands. The Hard Rock Mining Bureau oversees 85 active mining permits. The Coal and Uranium program is almost entirely federally funded. The Abandoned Mine Reclamation Bureau is funded by approximately \$5 million per biennium in federal coal tax revenues. Most of the abandoned coal mines are now reclaimed and the emphasis is shifting to the reclamation of Montana's more than 8,000 abandoned hard rock mines. The open-cut mining bureau primarily administers sand and gravel operations.

The Forestry Division is the largest division, employing nearly 2/3 of the department's FTE. The Forest Management bureau manages forest activities on the 600,000 acres of forested school trust lands. Historically 25-35 million board feet per year have been harvested under this bureau. The bureau does the inventory, analysis and preparation and accepts bids on the actual harvest.

There are nine trust beneficiaries which the 5.2 million acres of trust lands are dedicated to. Most of the beneficiaries are the common schools.

Over the last two years the timber sale program has increased substantially. About 31 million board feet were sold during the last fiscal year and they anticipate offering about the same amount for sale in the current year. There is a bill to increase funding for the program so that revenues can be increased. The bureau is funded through general fund and revenues are deposited directly to the beneficiaries. The average investment return last year was 2.71:1; i.e., for every dollar invested, \$2.71 was returned.

The Fire Management Bureau provides services to landowners regarding the protection of state lands and adjacent private lands. Most of the Forestry division employees are located in this bureau. The bureau's county cooperative program provides training, capital and equipment throughout 53 of the state's 56 counties. This is accomplished in part through the acquisition of surplus federal property.

The Service Forestry Bureau provides a host of services to both state trust lands and private lands, including implementing forest best management practices and streamside management zone regulations. In addition they provide services and guidance to private landowners regarding timber harvest and they also oversee the slash hazard reduction program. Montana requires that after a private landowner harvests timber, they are required to minimize the slash on the property. The bureau also performs nursery functions (formerly the Nursery Bureau). In Missoula the bureau operates a nursery of about 160 acres and the trees are used for replanting on forest operations, conservation plantings by other state agencies, the conservation districts and private

citizens. The program is now operated entirely from sales revenues.

The Land Administration Division has the largest amount of land management responsibilities. It oversees the remaining 4.6 million acres of (non-forest) state lands. These lands include sections 16 and 36 in every township of the state. Management primarily involves leasing to the agricultural industry for grazing. Over 1 million animal unit months are allocated yielding slightly more than \$4.5 million in revenue. In addition, they have farming leases for crop lands and a minerals management program. For the most part the department has the minerals rights beneath more than 6 million acres of land, which includes all of its school trust lands as well as former trust lands which were sold.

The Minerals Management program employs 10 FTE and also receives revenues from active oil and gas wells on state land and numerous other deposits. Regarding the Phelps-Dodge 7-Up Pete joint venture near Lincoln, Montana, the vast majority of the gold deposit proposed to be mined is in a state school section which is dedicated to the School of Mines in Butte. Several years ago a law was enacted which mandated that all state lands be open for recreational use. This caused much controversy. Three rounds of rule-making have been completed regarding the rules for recreational use management. The department is about to embark on a fourth rule-making process regarding setting new rates for the surface uses of state land.

The six area offices within the Field Operations Division implement all the programs in the department. More than 2/3 of the department's employees are stationed in field operations.

**Mr. Clinch** stressed that the vast majority of the department's budget was used for reclamation, fire management and regulatory responsibilities. Revenue generation on the trust lands is not the entire picture.

**CHAIRMAN ROGER DEBRUYCKER** wanted to know how much revenue was generated from timber and agriculture. **Mr. Clinch** said about \$6 million was generated in forestry sales and about \$9 million from farming and agriculture, \$4 million from grazing and \$8 million from minerals, for a total of about \$27 million. He explained that trust revenue generated from non-renewable resources is deposited into a permanent trust fund while renewable resource revenues and interest from the various trust funds are deposited into a distributable account. In response to **REP WISEMAN**, **Mr. Clinch** explained that the mine permitting process is paid for from a mixture of sources but does not include the revenue generated from the land the mining takes place on. The sources include fees from the applicant and resources derived from Hard Rock Mining Bureau activities which are general funded.

**SEN. LOREN JENKINS** wanted to know if the department had to do an environmental assessment (EA) on all timber sales. **Mr. Clinch**

replied that all of their timber sales did include complete EA's. He added that well over 50% of the preparation effort in a sale is involved in doing the analysis. Until recently the department has not had to go to the next level of assessment, an environmental impact statement (EIS). While EA's range from 20-500 pages, EIS's are much more detailed.

In response to **SEN. JENKINS**, **Mr. Clinch** said that less than 1% of DSL's annual harvest is clearcuts. Most timber sales are selective harvesting. **Tape No. 1:B:000**

Some of the pressures that have come to bear on timber sales recently are regarding non-statutorily required aesthetics issues which include the retention of old growth and winter range for deer and elk. DSL has been very aggressive in trying to respond to these concerns while trying to pursue the maximum in revenue. **SEN. JENKINS** wanted to know if EA's could be done on larger areas than the proposed sale areas. **Mr. Clinch** said this was possible but it led to more complexities and he didn't feel it would save any money to take this approach. He mentioned that there was a bill before the Legislature to exempt harvests below a certain level from the Montana Environmental Protection Act (MEPA). This may provide some new opportunities for DSL to expand its salvage operations.

**REP. WILLIAM WISEMAN** wanted to know if any western states had been sued by people who argue that state lands are to be used to generate revenue above all other purposes. **Mr. Clinch** said this had been done and in most of the instances where the beneficiaries are the appellant in the suits they almost always win. The laws relative to responsibilities for a trustee are very clear. The increasing interest in this area suggests that such cases may occur in Montana in the near future. A case was litigated in Washington state because the state tried to return money to the purchasers of timber sales rather than force them to meet the harvest quota and lose money, as the federal government had done for timber companies on federal sales. Trustees of the Washington school system filed suit and won. It was determined that in spite of the poor market, the overriding principle of trust management outrides any responsibility the government has to provide for buybacks.

In response to **SEN. JENKINS**, **Mr. Clinch** said that on the 600,000 forested acres of state school trust lands, 50 million board feet of timber has been the figure which has been used regarding the amount of timber harvest which could be sustained. He stressed that the requirements relative to environmental issues have an impact on this as well as the location of some of the timber which increases the harvest costs. He added that there were several interpretations of what sustainability was. From a true biological forester's standpoint, sustainability is estimated to be about 55 million board feet while from a sociological sustainability perspective the level could be much lower. Fifty-five million board feet would be "pushing the envelope to the

edge." **SEN. JENKINS** wanted to know what jurisdiction the Department of Fish, Wildlife and Parks (FWP) had in this area. **Mr. Clinch** said FWP did not have statutory authority to prevent DSL from harvesting although commonly they had input in the process. The biggest issue DSL is wrestling with at present regards the blend of how much emphasis to put on these various non-statutorily required aspects.

In response to **SEN. JENKINS**, **Mr. Clinch** reviewed the history of how the school trust lands were laid out as regarded federal land grants. He said the trust lands were comprised of 41,000 separate tracts. Substantial acerages were acquired under the farm foreclosure program which occurred in the 1920's.

**CHAIRMAN DEBRUYCKER** wanted to know if the state was required to provide roads in its timber sales. **Mr. Clinch** responded that most of the state lands had existing roads and the state has never gotten into the road development which the U.S. Forest Service (USFS) has. Also DSL has never had a sale which was "below cost," where the costs exceeded the revenue.

**SEN. KEATING** wanted to know how many surface acres were cut to reach the 35 million board foot harvests by DSL. **Mr. Clinch** said on average they got 5,000 board feet per acre. **SEN. KEATING** submitted that 1,000 acres out of 600,000 would hardly be significant except to adjoining landowners. **Mr. Clinch** said that the three or four timber sales that the department had been litigated on in the past few years have in fact resulted from individuals with adjacent land to the sales. In response to **SEN. JENKINS** he said there is a bill before the Legislature which would call for a bonding proposal for people that attempt to litigate any activity on school trust lands and which would provide for a penalty equal to the loss in revenue by the state to be paid by the litigant if the lawsuit is lost. DSL has worked hard to develop more defensible sales because of the increase in litigation.

Regarding road-building **Mr. Lloyd** pointed out that the Forestry division is requesting an additional \$830,000 of trust revenue for various reforestation contracts which include road maintenance.

In response to **SEN. KEATING**, **Mr. Clinch** said that of the \$27 million in revenue from state lands, the permanent trust accounts total about \$200 million and are currently yielding about \$25 million in interest, which goes into the distributable accounts. Actual production royalties go into the permanent trust while lease monies go into the distributable accounts.

**REP. JOHN JOHNSON** wanted to know what DSL projected for the future regarding the flow of timber revenue into the school trust accounts. **Mr. Clinch** said that DSL had been forced to be much more progressive regarding recognizing resource values. When DSL implements timber-cutting practices it is driven to protect the

corpus of the trust. In contrast, the USFS may prescribe a clearcut which maximizes revenue but limits other opportunities for the land. He added that many other states were more progressive than Montana and had advanced beyond the traditional uses of trust lands. The state of Washington has divested itself of its marginal timber land and purchased commercial urban properties which are much more lucrative. Currently DSL is involved in doing a statewide programmatic plan for forest management that looks at a whole cross-section of management schemes for the 600,000 acres of timber land.

**REP. WISEMAN** estimated that the 31 million board foot average yearly harvest for DSL would involve about 6,000 acres, not 1,000 as **SEN. KEATING** had estimated. **Mr. Clinch** said that trees in Montana required 80-100 years to reach a commercially viable size. Selective harvests would include younger trees and rather than returning to harvest again in 100 years as with clearcutting, more harvesting could be done in as few as 15 years.

**Tape No. 2:A:000**

Regarding what changes the department would make if it was held to its 1994 base funding level, **Mr. Clinch** said this would result in a \$2,000,787 reduction in the executive proposed level of funding. \$540,000 and 17 FTE in personal services and \$1,755,000 in operating expenses would have to be reduced. He pointed out that a very small part of their biennial appropriations were spent in 1994 and this had not been under DSL's control. He said that while the USFS has basically reduced their timber sales program to nothing because they are having difficulty carrying out timber sales that are not below cost, DSL has shown a good return on its forestry operations. On their grazing, agricultural and minerals programs, for each dollar spent to implement the programs, \$9 is returned.

**Mr. Clinch** then introduced **Mr. Bob Kuchenbrod**, Administrator of the Central Management Division; **Mr. Don Artley**, Administrator of the Forestry Division, **Mr. Gary Amestoy**, Administrator of the Reclamation Division; **Ms. Loraine Shepard** from the Land Administration Division; **Mr. Rick Burger**, Chief pilot and Air Operations Bureau Chief and **Mr. Al Christianson**, Central Management Division Administrative Support Bureau Chief. He referred the committee to DSL's Annual Report which had been distributed. **EXHIBIT 2**

**HEARING ON Department of State Lands**  
**Central Management Division**

**Mr. Lloyd** said that the Field Operations Division was not a budgeted program by itself and for purposes of budgeting the department would be divided into four sections: the Central Management Division, the Forestry Division, the Reclamation Division and the Land Administration Division. He then gave an overview of the Central Management division.

He explained that the Legislative Auditor had recommended that general fund be double-appropriated in the aviation program, once when it is deposited into the proprietary account and once again as a proprietary appropriation. **SEN. THOMAS KEATING** asked **Mr. Lloyd** who paid the aircraft fixed costs. **Mr. Lloyd** said that whoever used the aircraft paid the costs. If the aircraft was used on a fire, a general fund supplemental would be paying the costs, and if it was a fire on federal land the federal government would reimburse some of these costs. However much the Reclamation Division (or other state government entity) anticipates paying for use of the aircraft is requested in their budget. The expenditures are also budgeted in the aviation program. **Mr. Burger** explained that about 5-6% of flight time per year is related to entities outside of DSL. **Mr. Lloyd** said that in most cases whenever there is a proprietary account in a budget it would mean that there is double-counting of funds. **SEN. JENKINS** wanted to know how many dollars were being appropriated more than once in the budgets before the committee. He said he would like to know the actual amount of money involved minus double appropriations. **Mr. Lloyd** said that in general a proprietary account expenditure is paid from another account, and transfers would be suspect as well. **SEN. JENKINS** submitted that sometimes the same \$100 was being appropriated as many as three times, thus making the budget look bigger than the actual dollars involved. **REP. WILLIAM WISEMAN** wondered how much of the \$528 million budgeted over the biennium for the whole of state government was involved in this double-counting. **SEN. KEATING** submitted that the Legislature needed to "purify" proprietary funds so that it is truly proprietary money and then what was needed in taxpayer revenue could be more accurately calculated.

**Mr. Lloyd** then continued with his overview. \$265,000 in each year of general fund expenditures for this division is related to the state lands equalization payment. \$78,085 biennially is what the program receives in funding from the Resource Indemnity Trust (RIT). **EXHIBIT 3** There is a bill before the Legislature to reallocate the metal mines tax to increase the revenue in the Reclamation and Development account. **Ms. Florine Smith**, Office of Budget and Program Planning (OBPP), said that in 1993 when **HB 608** was passed, it wasn't clear on the metal mines tax what percentage was to go towards funding agencies. **HB 38** would correct this. **SB 46** would impact the metal mines tax as well.

**Mr. Gary Amestoy** explained that the federal funding for the Coal and Uranium Bureau and the Abandoned Mines Bureau in the Reclamation Division was in the form of annual grants and three year grants.

**Ms. Smith** explained the personal services present law adjustments. Part of the FTE reductions occurred in one fiscal year and part in another.

**Tape No. 2:B:000**

She said that part of the increase in personal services was due to the pay plan increase and part was due to other adjustments in benefits. **Mr. Lloyd** said that the dollar amounts in the tables are correct to fund the FTE that the Legislature expected to see in this program. The increases in Present Law (PL) Adjustment No. 1 are offset by the decreases in PL Adjustment No. 4. **Ms. Smith** said personal services were budgeted based on 28.8 FTE. In comparing base 1994 actual to what they have in the budget for 1996, the differences are as is presented in PL Adjustment No. 1. **Mr. Lloyd** said that PL Adjustments No. 4 and 5 are explanations of what the executive is doing in the budget. The present law 1996 base increase of \$5,690 in personal services (table on p. C-52) is the net result of PL Adjustments No. 1, 4 and 5.

In response to **SEN. JUDY JACOBSON**, **Mr. Lloyd** said some of the confusion arises because the executive removes the dollars for FTE which are not to be in the 1996 budget and this does not appear in the budget but the corresponding FTE reduction is showing up in the present law adjustments. **Mr. Kuchenbrod** said the 1.5 FTE reduction in the division represents a bureau chief from fiscal operations in the Forestry Division and a data processing bureau chief in the Mining Division. The .59 FTE under PL No. 5 represents a seasonal pilot and a diesel fuel truck driver. **Mr. Lloyd** explained that the Legislature had approved a .59 FTE increase but .55 of this FTE and funding was transferred to the Forestry program. The \$7,106 shown in PL No. 5 reflects the funding for the .04 FTE. In response to **SEN. JACOBSON** he said that the seven-year average used to determine gasoline expenditure funding for the aircraft (PL No. 7) included 1988, which was a busy fire season.

Regarding the LFA issue with the State Land equalization payments (pp. C-55-6), **Mr. Lloyd** said there were three bills addressing this area. **HB 124** appropriates \$1.6 million of general fund to fund the deficiency reflected on Graph 1 (p. C-55). **Mr. Kuchenbrod** clarified that the state land referred to under the LFA issue referred only to state trust land. There have been some land exchanges which have resulted in Petroleum County and Lewis and Clark County qualifying for these payments. The counties' requested payments are continually increasing due to the increase in land values.

**Mr. Kuchenbrod** distributed an organizational chart for the division. **EXHIBIT 4** He then reviewed the present law adjustments as outlined in the LFA budget. As far as the division's staffing is concerned he testified that the term "bare bones" would be accurate. There was a savings of more than \$95,000 in general fund for FY 1995 as a result of the FTE reductions the division has experienced. A letter identifying the calculations used in regards to PL No. 8 was passed out.

**EXHIBIT 5**

**Tape No. 3:A:000**



Regarding PL No. 6, **Mr. Kuchenbrod** said that the elimination of the one FTE reduced their staff from three to two. The trade-off was that the division reduced a position which was \$35,000-\$40,000 but \$14,000 needs to be spent in lieu of this.

Regarding increased flight hours he reviewed the budget of the Air Operations bureau. In the past, air operations were funded from general fund and a proprietary account. The rationale was that general fund should be used for fixed costs, independent of the amount of use of the aircraft. The Legislative auditor's office felt the proprietary account should be funded entirely from proprietary funds. As a result of this it was decided to fund air operations with general fund and then transfer the monies into the proprietary account. The general funding for the bureau has gone from \$188,000 to \$67,000 and this will not cover fixed costs. The division is suggesting that \$312,000 in general fund be used to support air operations. A cash flow analysis of air operations was distributed to show how this will be done.

**EXHIBIT 6** **Mr. Kuchenbrod** told **SEN. KEATING** that about \$80,000-\$90,000 in federal dollars per year was received in flight revenue. In response to **SEN. JENKINS**, **Mr. Kuchenbrod** said that if the aircraft was not being used for specific purposes it was available for use by other state agencies. In response to **SEN. KEATING**, he explained that the general fund in the Forestry division for operations was spent for fire suppression when there is a heavy fire season. They are then reimbursed for this through a supplemental budget request.

**Mr. Kuchenbrod** explained that there were about 20 counties which qualified for state land equalization payments. **EXHIBIT 7** Since FY 86 DSL has been appropriated \$265,000 in general fund to pay these payments. Since 1969 the percent of what is requested compared to what is paid the counties has continually dropped off. One of the bills before the Legislature regarding land equalization payments would provide for reimbursement of every county for every state trust acre they have. **Mr. Lloyd** said this would strike the minimum 6% requirement. **Mr. Kuchenbrod** explained that the counties' requests were calculated essentially the same as the taxes were calculated on all property. The state has been paying a prorated amount to the counties based on the level of funding available for the payments.

**Mr. Burger** then addressed the concerns regarding fuel in the Air Operations bureau. **EXHIBIT 8** He pointed out that they were operating a "UH-1H" aircraft now that is not included in the LFA's averages. These aircraft use more fuel as well as being able to haul more water. They estimate they will need \$101,000 per year for the next biennium to pay for the fuel to operate their eight aircraft. He stressed that if the aircraft are not used the revenue is not generated and no money is spent: the request is for spending authority only. In response to **SEN. JENKINS** he said the bureau had two full-time pilots and two full-time mechanics. In addition they hire three seasonal UH-1H pilots and three seasonal fixed wing pilots as well as an

occasional "pick-up" pilot. They are allotted 1.8 FTE for these temporary pilots.

**Mr. Burger** said that the figures contained in the second-to-last paragraph in **EXH. 8** were what they were requesting in lieu of the figures contained in New Proposal No. 1 (p. C-55).

ADJOURNMENT

Adjournment: 11:55 a.m.

  
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ROGER DEBRUYCKER, Chairman

  
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DEBBIE ROSTOCKI, Secretary

RD/dr

This meeting was recorded on three 90-minute audiocassette tapes.

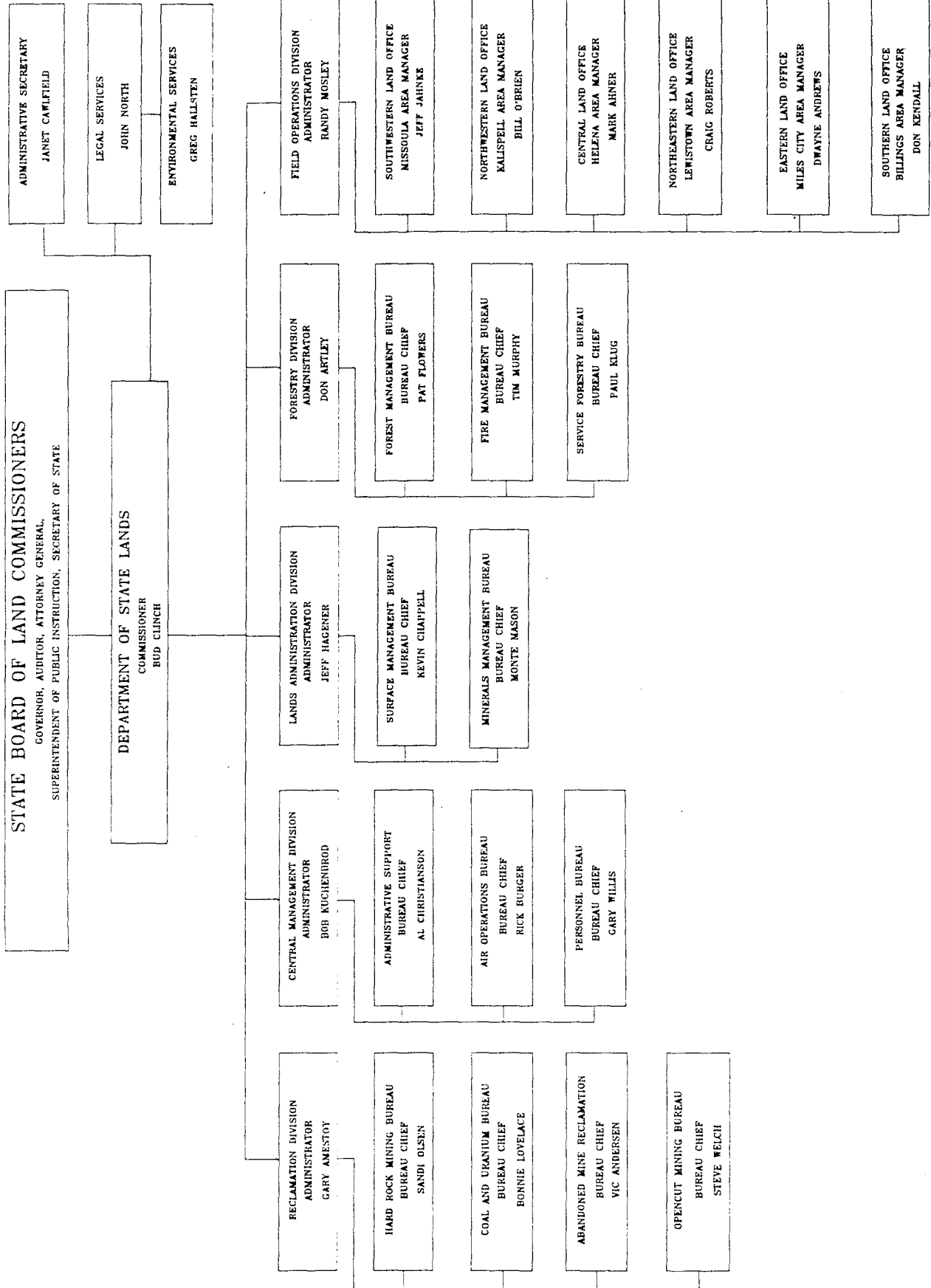
# NATURAL RESOURCES

## Joint Appropriations Subcommittee

ROLL CALL

DATE 4/12/95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Roger DeBruycker, Chairman	✓		
Rep. John Johnson	✓		
Rep. Bill Wiseman	✓		
Sen. Judy Jacobson	✓		
Sen. Loren Jenkins	✓		
Sen. Tom Keating, Vice Chairman	✓		



Montana Department of State Lands

# Annual Report

July 1, 1993 to June 30, 1994

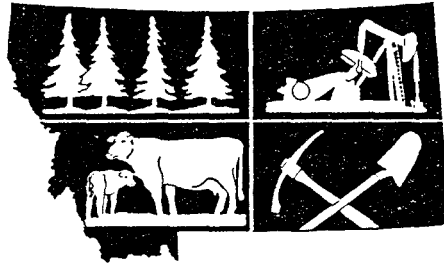


TABLE 2  
RIGWAT PROCEEDS, RIT TRUST INTEREST EARNINGS, AND EXPENDITURES

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 1997 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	
<b>TOTAL BIENNIAL APPROPRIATIONS</b>		<b>\$5,725,000</b>
<b>AMOUNT AVAILABLE FOR FURTHER DISTRIBUTION</b>		<b>\$9,741,743</b>

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)			120,000	120,000	240,000
Cost Recoveries			514,000	1,237,000	1,751,000
Administrative Fees	10,000				10,000
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 Programs			3,415,016	2,802,350	6,217,366
DHES Radon Control		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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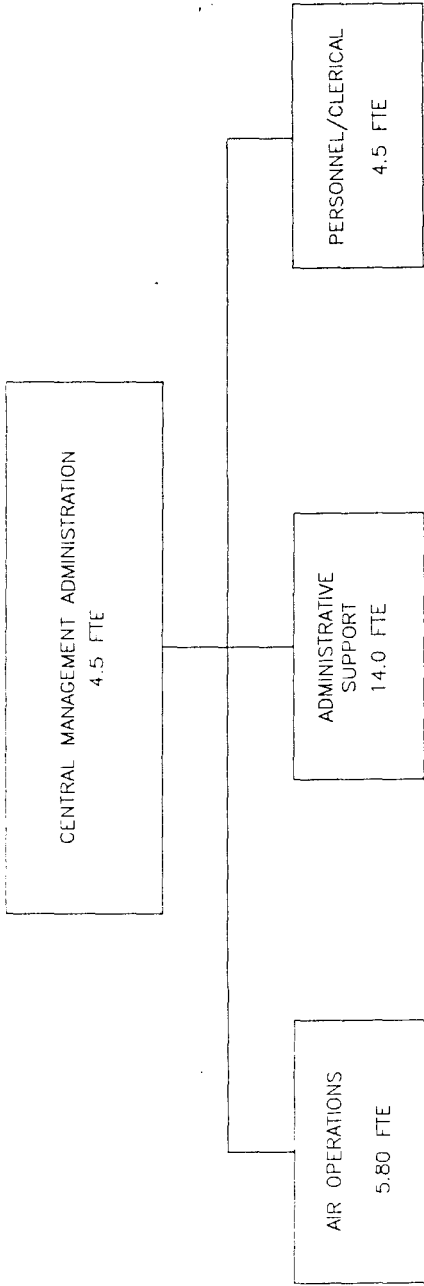
Projected Biennium Ending Balance	(\$437,162)	(\$518,590)	(\$59,088)	(\$19,176)	
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Potential Allocation of Metal Mines Tax	\$169,583	\$508,749			
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Projected Balance with Allocation of Metal Mines Tax	(\$267,579)	(\$9,842)	(\$59,088)	(\$19,176)	
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# CENTRAL MANAGEMENT (PROGRAM 01)

28.80 FTE



- AIRCRAFT SUPPORT
- AIRCRAFT MAINTENANCE
- AIR OPERATIONS TRAINING
- PLANNING/USAGE
- SAFETY

- CASHIERING
- SBAS ACCOUNTING
- FISCAL MANAGEMENT
- PAYROLL ACCOUNTING
- BUDGET/REVENUE ANALYSIS
- GRANTS ACCOUNTING
- DP USER SERVICES
- TRUST ACCOUNTING
- AUDIT SUPPORT
- PURCHASING/CONTRACTING

- EEO/AFFIRMATIVE ACTION
- CLASSIFICATION
- PERSONNEL POLICIES/PROCEDURES
- RECRUITMENT/HIRING
- PERSONNEL RECORDS
- SECRETARIAL SERVICES

● FUNDING: 100% PROPRIETARY

● FUNDING: 89% GENERAL FUND  
4% STATE SPECIAL  
7% FEDERAL

● FUNDING: 89% GENERAL FUND  
4% STATE SPECIAL  
7% FEDERAL



Memorandum to: Roger Lloyd  
Flo Smith

October 21, 1994

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Operating Expenses		
2216 Gas	500	500
2229 Supplies	250	250
2525 Aircraft Rental	10,000	10,000
2707 Maintenance	<u>1,000</u>	<u>1,000</u>
S/T	22,327	22,341
Air Operations		
CV 01010		
Personal Services	13,071	13,048
Operating Expenses		
1515 Aircraft Rental	<u>58,560</u>	<u>58,560</u>
TOTAL	93,958	93,949

Positions 90007, .15 FTE, Fuel Truck Driver, and 90010, .30 FTE, Foreman were budgeted in program 25. Position 90213 .30 FTE, pilot is retained in Air Operations.

FUNDING:

General Fund	14,885	14,894
Fire Assess (SSR)	7,442	7,447
Proprietary	<u>71,631</u>	<u>71,608</u>
	\$93,958	\$93,949

/ns

cc: Bud Clinch  
Don Artley  
Rick Burger  
Tim Murphy  
Al Christianson

*[Handwritten signature]*

DEPARTMENT OF STATE LANDS



MARC RACICOT, GOVERNOR

1625 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-2074

P.O. BOX 201601  
HELENA, MONTANA 59620-1601

October 21, 1994

MEMORANDUM

TO: Roger Lloyd, Legislative Fiscal Analyst  
Flo Smith, Office of Budget and Program Planning

FROM: Bob Kuchenbrod, ~~Administrator~~  
Central Management Division

RE: Helicopter Development MOD/FY95 Base for 97  
Budget/Allocation

As you know, HB2, 93rd. Legislature, instructed the Department of State Lands to continue our Helicopter Development MOD using the FY95 appropriated figures. DSL allocated that base to CMD, Air Operations and Forestry, Fire Bureau so the anticipated costs are recorded to the proper program.

FY95 Appropriated	
General Fund	\$31,445
Fire Assess (SSR)	9,224
Proprietary	<u>*58,560</u>
	\$99,229

\* Actual appropriated \$99,229 to accommodate transfer to the proprietary account.

FY96 and FY97 Requested Base Budget

	<u>FY96</u>	<u>FY97</u>
Fire Bureau		
CV 25510		
Personal Services	\$10,577	\$10,591

## DSL AIR OPERATIONS

	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>
Beginning Balance	54,878	117,444	141,791
<b>Revenue:</b>			
Transfers In	107,949	312,000	312,000
Flight Revenue	604,467	250,000	250,000
Aircraft Maint. Revenue	--0--	25,550	91,136
<b>Expenses:</b>			
Appropriated	505,278	* 537,653	* 547,214
Budget Amend- ment (HB4)	144,572	--0--	--0--
Aircraft Mainte- nance	--0--	<u>25,550</u>	<u>91,136</u>
<b>Pro. Fund BALANCE</b>	<b>117,444</b>	<b>141,791</b>	<b>156,577</b>

\* Less vacancy savings  
FY96 - 28,330  
FY97 - 28,587

Note: FY98  
major mainte-  
nance is fore-  
casted to be  
\$108,000.

# Department of State Lands Equalization Payments

Fiscal Year	Computed Payments	Appropriated Payments	Shortage	Percent of Request Paid	Cummulative Unfunded
1995					
1994	496,594	265,000	(231,594)	53.36%	(1,642,214)
1993	458,863	265,000	(193,863)	57.75%	(1,410,620)
1992	445,635	265,000	(180,635)	59.47%	(1,216,757)
1991	389,668	265,000	(124,668)	68.01%	(1,036,122)
1990 *	365,420	265,000	(100,420)	72.52%	(911,454)
1989	356,479	265,000	(91,479)	74.34%	(811,034)
1988	329,036	265,000	(64,036)	80.54%	(719,555)
1987 *	332,320	265,000	(67,320)	79.74%	(655,519)
1986	326,235	265,000	(61,235)	81.23%	(588,199)
1985	299,160	255,000	(44,160)	85.24%	(526,964)
1984	290,071	255,000	(35,071)	87.91%	(482,804)
1983 est.	280,000	235,000	(45,000)	83.93%	(447,733)
1982	266,045	235,000	(31,045)	88.33%	(402,733)
1981	245,916	215,000	(30,916)	87.43%	(371,688)
1980	235,814	215,000	(20,814)	91.17%	(340,772)
1979	209,116	190,000	(19,116)	90.86%	(319,958)
1978	213,562	190,000	(23,562)	88.97%	(300,842)
1977	214,498	175,000	(39,498)	81.59%	(277,280)
1976	207,257	175,000	(32,257)	84.44%	(237,782)
1975	190,596	160,000	(30,596)	83.95%	(205,525)
1974	202,220	160,000	(42,220)	79.12%	(174,929)
1973	192,332	145,000	(47,332)	75.39%	(132,709)
1972	182,792	145,000	(37,792)	79.33%	(85,377)
1971	176,225	133,000	(43,225)	75.47%	(47,585)
1970	137,583	133,000	(4,583)	96.67%	(4,360)
1969	132,777	133,000	223	100.17%	223
	7,176,214	5,534,000	(1,642,214)		

\* Difference with information DSL provided previously

10/24/94

C:\DATA\LOTUS\DSL95\EQUAL\_PAWK1

## 1994 State Land's Equalization Payments (94EQLPMT.WK1)

07-NOV-94

COUNTY	STATE LANDS	EQUALIZATION PAYMENT	TOTAL ACRES IN COUNTY	PERCENT STATE LAND
BEAVERHEAD	332,647	\$23,565.00	3,549,870	9.37%
BIG HORN	87,794		3,235,200	2.71%
BLAINE	180,728	\$3,562.00	2,730,880	6.62%
BROADWATER	23,805		796,800	2.99%
CARBON	41,220		1,327,360	3.11%
CARTER	143,035	\$2,618.00	2,120,320	6.75%
CASCADE	76,934		1,710,720	4.50%
CHOUTEAU	267,177	\$70,626.00	2,508,800	10.65%
CUSTER	140,822		2,416,000	5.83%
DANIELS	220,596	\$87,341.00	923,520	23.89%
DAWSON	87,499		1,523,200	5.74%
DEER LODGE	7,561		474,240	1.59%
FALLON	67,416	\$685.00	1,045,120	6.45%
FERGUS	155,421		2,721,920	5.71%
FLATHEAD	129,984		3,379,200	3.85%
GALLATIN	51,516		1,709,440	3.01%
GARFIELD	167,112		3,079,680	5.43%
GLACIER	8,339		1,923,840	0.43%
GOLDEN VALLEY	48,602	\$603.00	753,920	6.45%
GRANITE	20,423		1,111,680	1.84%
HILL	155,864	\$22,525.00	1,872,640	8.32%
JEFFERSON	32,150		1,058,560	3.04%
JUDITH BASIN	98,605	\$12,928.00	1,203,200	8.20%
LAKE	55,154		1,059,200	5.21%
LEWIS & CLARK	133,798	\$141.00	2,218,240	6.03%
LIBERTY	86,578	\$9,986.00	920,960	9.40%
LINCOLN	65,316		2,385,920	2.74%
MADISON	126,645		2,266,240	5.59%
McCONE	94,559		1,697,280	5.57%
MEAGHER	90,077		1,507,840	5.97%
MINERAL	21,960		782,720	2.81%
MISSOULA	74,122		1,679,360	4.41%
MUSSELSHELL	76,324	\$692.00	1,207,040	6.32%
PARK	33,388		1,772,160	1.88%
PETROLEUM	63,470	\$13.00	1,056,000	6.01%
PHILLIPS	189,426		3,383,680	5.60%
PONDERA	57,346		1,058,560	5.42%
POWDER RIVER	140,793	\$3,029.00	2,102,400	6.70%
POWELL	56,792		1,497,600	3.79%
PRAIRIE	76,699	\$2,361.00	1,105,280	6.94%
RAVALLI	29,464		1,528,320	1.93%
RICHLAND	81,400	\$594.00	1,321,600	6.16%
ROOSEVELT	20,233		1,535,360	1.32%
ROSEBUD	178,062		3,226,880	5.52%
SANDERS	62,985		1,804,160	3.49%
SHERIDAN	45,147		1,100,800	4.10%
SILVER BOW	13,234		458,240	2.89%
STILLWATER	46,522		1,152,640	4.04%
SWEET GRASS	47,091		1,183,360	3.98%
TETON	103,863	\$5,727.00	1,468,160	7.07%
TOOLE	100,028	\$9,029.00	1,248,000	8.02%
TREASURE	37,394		638,080	5.86%
VALLEY	214,830	\$5,639.00	3,175,040	6.77%
WHEATLAND	73,434	\$3,336.00	918,080	8.00%
WIBAUX	32,839		570,240	5.76%
YELLOWSTONE	79,038		1,621,000	4.88%
TOTALS	5,153,261	\$265,000.00	93,826,550	

STATE EQUALIZATION PAYMENTS  
Comparison

1995

1994

1993

County	1993 Requested	1993 Paid	1994 Requested	1994 Paid	1995 Requested	1995 Paid
Beaverhead	43,228	23,067	47,396	23,565		
Blaine	6,184	3,301	7,164	3,562		
Carter	4,664	2,490	5,266	2,618		
Chouteau	143,751	76,706	142,048	70,626		
Daniels	150,917	80,529	175,665	87,341		
Fallon	1,302	696	1,378	685		
Golden Valley	1,099	587	1,212	603		
Hill	43,953	23,454	45,304	22,525		
Judith Basin	26,778	14,289	26,002	12,928		
Lewis & Clark*	597	320	284	141		
Liberty	18,200	9,713	20,084	9,986		
Musselshell	1,205	644	1,391	692		
Petroleum*	28	16	24	13		
Powder River	5,566	2,971	6,093	3,029		
Prairie	3,384	1,807	4,749	2,361		
Richland	885	473	1,195	594		
Teton	11,708	6,248	11,519	5,727		
Toole	16,154	8,621	18,159	9,029		
Valley	10,601	5,658	11,341	5,639		
Wheatland	<u>6,390</u>	<u>3,410</u>	<u>6,709</u>	<u>3,336</u>		
TOTALS	496,594	265,000	532,983	265,000		
Percentage of Requested paid.		53.35%		49.7%		

EXHIBIT 7  
DATE 1-12-95

o SMALL FIRES ARE LESS EXPENSIVE THAN LARGE FIRES-- IN THE INTENSE FIRE SEASON OF '94 THE DEPARTMENT WAS ABLE TO KEEP 95% OF ITS FIRES AT TEN ACRES OR LESS. BOTH THE FIXED WING AND HELICOPTERS ARE ESSENTIAL TO THAT MISSION.

AVERAGE COST OF FIRES  
BY  
SIZE CLASS

SIZE CLASS	ACREAGE RANGE	AVERAGE COST	COST INCREASE
A&B	0 TO 9.5	\$1,170	
C	9.6 TO 99.5	\$27,718	23.7TIMES
D	99.6 TO 299.5	\$83,556.00	71.4IMES
E	299.6 TO 999.5	\$71,694.00	61.3TIMES
F	999.6 TO 4999.5	\$474,685.00	405.7TIMES
G	4999.6 & LARGER	\$1,778,539.00	1520.1TIMES

o COSTS FOR DSL INTERNAL SERVICE ACCOUNT OPERATIONS ARE COMPUTED BY USING ANNUAL AVERAGE FORECAST FLIGHT HOURS FOR EACH AIRCRAFT X THE COST FOR FUEL & REPAIRS.

FIXED WING ANNUAL FLIGHT HOURS 340, JET RANGER ANNUAL FLIGHT HOURS 370, HUEY ANNUAL FLIGHT HOURS 360= THAT AMOUNT THEN IS ENTERED INTO THE EXECUTVE BUDGET FOR THE APPROPRIATE YEAR.

o THE SUPPLIES AND MATERIALS COST -FUEL-IS BASED ON THE ANNUL HOURLY AIRCRAFT USAGE X FUEL BURNED/HOUR X \$2.00/GAL THE AVERAGE COST/GAL. IF WE WERE TO USE A AVERAGE OF PAST FUEL COST WE WILL GET AN ERRONEOUS TOTAL BECAUSE:

THE DEPARTMENT IS OPERATING TWO MORE UH-1H'S WHICH BURN MORE FUEL THAN THE AIRCRAFT THEY REPLACED FOR A TOTAL OF APPROXIMATELY \$45,000 AND WE ARE STILL OPERATING THE JET RANGER FOR FIRE AT COST OF \$10,000/YR. WITH THE OTHER AIRCRAFT WE OPERATE THIS EQUALS \$101,407/YR AND IS BASED ON AN AVERAGE ANNUAL USAGE FOR THE AIRCRAFT.

o COSTS FOR THE ADMINISTRATION AND PERSONNEL SERVICES OF THE AVIATION PROGRAM -FIXED COSTS== \$312,000. THIS IS BASED ON FY94 DATA.

o DO TO ACTION TAKEN BY THE 93 LEGISLATURE THE INTERNAL SERVICE ACCOUNT BALANCE IS TOO LOW TO FUND FORECAST MAINTENANCE ON DYNAMIC PARTS (TIME CHANGE ITEMS) FOR THE NEXT BIENIUM MAKING IT NECESSARY TO ASK FOR GENERAL FUND SUPPORT FOR THE FOLLOWING AMOUNTS.

FY96 \$25,550

FY97 \$91,136

NOTE: DUE TO THE EXTENSIVE FIRE SEASON IN '94 FORECAST MAINTENANCE HAS MOVED AHEAD OF SCHEDULE FY 96 MAINTENANCE REQUIREMENTS WERE DONE IN FY 95 AND THE '96 & '97 MAINTENANCE SCHEDULE IS ADJUSTED AS SHOWN ABOVE. THIS REDUCES FY 96 REQUEST BY \$142,450 AND FY 97 REQUEST IS INCREASED BY \$45,636.

o THE COST TO CONTRACT FROM THE PRIVATE SECTOR FOR THE AVIATION NEEDS OF THE DEPARTMENT WOULD BE \$1,616,420 COMPARED TO \$565,983 FOR FY96 A SAVINGS OF OVER A MILLION DOLLARS FOR FY96 ALONE.



HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Nat. Resources Sub COMMITTEE

BILL NO. DSL  
Budget

DATE 1/12/95 SPONSOR(S) \_\_\_\_\_

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Al Christensen	DSL			
Rick Burgess	DSL			
Bud Clinch	DSL			
Gary Amstutz	DSL			
Bob Kuchembrod	DSL			

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