

MINUTES

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

JOINT SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By **CHAIRMAN ROGER DEBRUYCKER**, on January 17, 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: none
Executive Action: **HB 3, Dept. of State Lands**
Supplemental request;
Dept. of Fish, Wildlife & Parks -
Capitol Grounds Maintenance budget;
Global motions regarding all budgets;
Dept. of Public Service Regulation;
Dept. of Livestock - Centralized Serv.

EXECUTIVE ACTION ON HB 3

Department of State Lands (DSL) Supplemental

Discussion: Bob Kuchenbrod, Administrator of the Central Management Division of DSL, presented to the committee the most current costs for the 1994 fire season; see **EXHIBIT 2**. In December **Dave Lewis**, Budget Director, Governor's Office of Budget and Program Planning (OBPP), asked the Dept. how much they thought the fires would cost them as related to the other

agencies. During the height of the fire season **Mr. Kuchenbrod** and **Mr. Lewis** met with the U. S. Forest Service and DSL Forestry Division people and talked about how to handle some of the costs. In the discussions with the USFS the DSL emphasized that they paid the cost for fires out of their operating budget, and seeing what was happening, they believed they were going to spend that down rather quickly. Therefore, they asked the USFS to pay the up-front costs on the bills which were shared between the two entities. They wanted to be sure emergency fire fighters and vendors got paid in a timely fashion. Also, they know there were two separate problems for the Legislature: (1) reimbursement of DSL Central Management, Forestry, and Lands for the up-front costs, and (2) reimbursement for the costs relating to the other agencies. This is what **HB 3** addresses.

Mr. Kuchenbrod explained that \$373,874 had to be transferred out of FY 95's budget and this cost needed to be picked back up to the Department. Also, \$10,431,160 had to be borrowed from the Central Management and Lands Divisions and at present Central Management only has \$500,000 in its account. He said that if the supplemental was not approved soon, they would have to get more emergency funds to cover operational costs. **HB 18** would increase the amount of money available through the Governor's emergency funds from \$3 million to \$10 million and this would take a lot of pressure off of the Department. What they owe SBAS (Statewide Budgeting and Accounting System), Lands and Central Management amounts to \$10,431,160. What the USFS, BIA (Bureau of Indian Affairs), BLM (Bureau of Land Management) and the National Guard, etc. are going to owe DSL is going to take until the end of March to determine; the estimates are outlined on **EXH. 2**. The National Guard bill has been reduced from \$557,325 to \$157,325. The BLM estimate is a "wild guess." The rest of the figures are fairly firm, except "Unpaid Bills," which is a relatively minor portion of the entire costs.

Mr. Kuchenbrod said that the bottom line, including the two supplementals, came to \$12.7 million. Using the present figures, DSL will be short about \$3.1 million. The possibility of increasing the supplemental request by this amount was discussed between himself and **Mr. Artley**. The bottom line to the general fund for federal reimbursement is about \$3.6 million at this time, but he was certain this amount would increase. The final number should be available by the end of March.

Discussion then took place regarding whether or not the committee should wait for more accurate figures before making its recommendation on the supplemental.

SEN. JENKINS wanted to know where the newspaper was getting its figures from; he stated that he'd read that the federal reimbursement was going to be higher than \$3 million. **Mr. Artley** said some of the confusion came from the Little Wolf fire, which spread onto USFS ground and which the USFS took over the

management of. Some of the reimbursement referred to as the total cost of this fire the federal government will be paying but this money won't flow into DSL.

Tape No. 2:B:000

Motion/Vote: SEN. JENKINS moved that the supplemental appropriation amount of \$7.7 million for DSL as it appears in HB 3 be approved. REP. WISEMAN seconded the motion. Motion carried unanimously.

In response to a question from SEN. KEATING, Mr. Artley said the actual net cost to the general fund for last year's fire season was about \$11.5 million, but the full cost of the fires was \$23 million. Mr. Lloyd said that of the \$3.6 million reimbursement, DSL has \$100,000 from that which could be spent in FY 1995.

EXECUTIVE ACTION ON Department of Fish, Wildlife and Parks -
Capitol Grounds budget

Discussion: The committee reconsidered their action on the Department of Fish Wildlife and Parks (FWP) Capitol grounds budget request. Mr. Lloyd refreshed the committee's memory regarding their past executive action to approve an \$11,000 increase in the grounds maintenance rates charged to other agencies. He questioned whether, out of a \$6 billion state budget, it was important enough fiscally to charge numerous programs to fund this small increase. He said that if the committee chose to reconsider its action and keep the rates as they were, the amount of the appropriation could be reduced by \$11,000 or the spending authority could be kept in place. However, if the appropriation is left the same, \$11,000 less revenue would be generated. FWP would have the option of charging the agencies the extra rate anyway, and the agencies would have to find the extra dollars in their budgets to pay the increase, or FWP could charge the original rate and either reduce services or rely upon the 45 day cash reserve, and/or rely on reversions. If the committee's action is left as it stands, this would mean each agency's budget and the subprograms within that budget would have to be adjusted to account for the increase. Ms. Smith said that, depending on the agency, one or many control variables would be impacted if this committee chose not to reconsider its action.

Motion/Vote: SEN. KEATING moved to reconsider the committee's previous action; REP. WISEMAN seconded the motion; motion carried unanimously.

Discussion ensued regarding what would be the simplest way to take care of the issue. Mr. Lloyd said the question was how to fund the \$11,000 appropriation increase in FWP's budget. He

pointed out that the 1993 session of the Legislature was the first time the maintenance budget was approved before considering whether or not the rates needed adjusting.

Motion: SEN KEATING moved that Motion/Vote the rates remain the same as in the Executive budget and \$22,000 in general fund money for the biennium be appropriated to fund the Department, contingent upon the disposition of SEN. BENEDICT's prevailing wage bill. SEN. JENKINS seconded the motion. Discussion followed, and Mr. Lloyd explained that in the committee's previous action, \$11,000 per year had been funded with cash balance and \$11,000 per year from increased rates charged to the agencies.

In response to REP. JOHNSON, SEN. KEATING explained that if the prevailing wage bill passed, there wouldn't be a prevailing wage rate for contracts, and FWP would be able to negotiate for a lower wage rate in this contract.

REP. JOHNSON wanted to know if the Department would have to go into its prioritized reductions if SEN. KEATING's motion were approved. Mr. Arnie Olsen, Administrator, Parks Division, FWP, said that if they did not get the full appropriation or they didn't have the cash to back up the increased cost, then they would have to start cutting on the list.

SEN. KEATING clarified his motion: if FWP ends up being able to negotiate a contract lower than the prevailing wage (if the prevailing wage bill does away with the prevailing wage), then the general fund money appropriated to FWP would revert.

Vote: The question was called for and SEN. KEATING's motion carried unanimously.

Mr. Lloyd reviewed what the Joint Appropriations Committee had directed the subcommittees to use as a beginning point when taking executive action on all budgets. Some suggested global motions which would establish this beginning point were presented to the committee; see EXHIBIT 3.

Mr. Lloyd explained that the global motion listed at the top of EXHIBIT 3 would set the base budget for all programs for all the agencies this subcommittee would hear, except for the FWP Capitol Grounds budget.

The second step would be to accept all Personal Services adjustments, located on line 1 in the LFA Present Law Adjustment tables. He stated that this would reflect the true costs of maintaining the present law employees that would be on board, with increased costs, in the next biennium. He added that the Joint Appropriations Committee had recommended that subcommittees consider reducing budgets elsewhere, if an increase was approved.

Mr. Lloyd explained that the second agency motion on the handout would deal with inflation, listed as No. 2 in the LFA Present Law Adjustment tables. The motion would be to accept the inflation and deflation rates as approved by the General Government and Transportation Subcommittee; i.e. the Executive's inflation rates, and a reduced deflation rate, in two cases. The motion would also authorize the LFA to apply those rates to whatever budget changes the subcommittee approved, he added.

Mr. Lloyd explained the third agency motion on the handout, which dealt with fixed costs. The motion would be that the subcommittee accept the fixed costs as approved by the General Government Subcommittee and the Natural Resources Subcommittee. He said it was his understanding that the General Government Subcommittee hadn't adjusted any fixed cost rates. This budget item is located on line 3 in the LFA Present Law Adjustment tables.

The next motion corresponded to the "Other" Executive present law adjustments listed in the LFA Present Law Adjustment tables. **Mr. Lloyd** said that the items under this heading could be voted on either individually or all together, at the committee's discretion.

In response to a question from the **CHAIRMAN**, **Mr. Lloyd** said that computer fees and building rents were also fixed costs.

SEN. JACOBSON said that if an action taken by the subcommittee changed a fixed cost, the global motion would allow the fixed costs to be adjusted by the LFA as other areas are increased or decreased.

Mr. Lloyd said that if this subcommittee were to adjust a fixed cost, any agencies the adjustment would impact would also be getting an adjusted budget for that; i.e., if the global motion to accept fixed costs was also accepted by the subcommittees for the other agencies, it would mean that the other committees automatically accepted the adjustment as determined and allocated by this subcommittee. He restated that he didn't believe there had been any fixed costs adjustments, and as a result the figures in the budget book were accurate.

SEN. KEATING wanted to know what **Mr. Lloyd** meant by the term "adjusted actual fiscal 1994 base" in the first motion on **EXHIBIT 3**. **Mr. Lloyd** explained that the numbers in the left hand column of the agency budget, entitled "Base Budget Fiscal 1994" had been adjusted to remove budget amendment expenditures, statutory appropriation expenditures, and items that the Legislature had approved as one-time-only appropriations.

Motion/Vote: **REP. WISEMAN** moved to accept the global motion on **EXHIBIT 3:** to accept the adjusted actual fiscal 1994 base budget for all programs in the Natural Resources Subcommittee's agencies, with the exception of the Department of Fish, Wildlife

and Parks Capitol Grounds Maintenance Program. **SEN. JENKINS** seconded the motion; motion **carried** unanimously.

EXECUTIVE ACTION ON Department of Public Service Regulation

Mr. Lloyd then directed the committee's attention to the LFA Present Law Adjustment table for the Department of Public Service Regulation (PSR) on p. C-2 and explained that this was where the Executive budget submitted increases above the base levels approved by the global motion which the committee had just accepted. He said that the Statewide Present Law Adjustments were the issues which the joint committee had recognized as legitimate, and were costs which had to be paid in the coming biennium. **SEN. JACOBSON** explained that if the committee chose not to accept the statewide adjustments, it needed to establish where the money would come from to pay these fixed costs. **Mr. Lloyd** said the joint committee had intended that, if a subcommittee approved an increase, it consider reducing some other items to pay for it.

EXECUTIVE ACTION ON Global Motions (EXHIBIT 3)

Motion/Vote: **SEN. JENKINS** moved to accept the language in **EXHIBIT 3's** second Agency Motion: to accept application of 1997 biennium inflation/deflation rates as included in the Executive Budget and as adjusted by the General Government and Transportation Subcommittee and to authorize the LFA to apply these rates, as appropriate, to subcommittee actions. **Mr. Lloyd** cautioned the committee that if adjustments were made to operating expenses, the figures for Inflation/Deflation (item No. 2, LFA Present Law Adjustment Table) might be changed.

Tape No. 3:A:000

SEN. JACOBSON then seconded the motion and the question was called for; motion **carried** unanimously.

Discussion then took place regarding the proposed motion to accept fixed costs (Agency Motion No. 3 - **EXH. 3**). It was brought out that the only two subcommittees that would have to make these kinds of decisions were Natural Resources and General Government and Transportation.

Motion/Vote: **SEN. KEATING** moved and **REP. WISEMAN** seconded that the language in Agency Motion No. 3, **EXH. 3**, be accepted: to accept fixed costs as determined and allocated by the General Government and Transportation Subcommittee and the Natural Resources Subcommittee, and to authorize the LFA to adjust the budget to reflect these fixed costs. **Mr. Lloyd** clarified that FWP's Capitol Grounds Maintenance Program would be the only fixed cost this subcommittee would be determining. The question was called for; motion **carried** unanimously.

Agency Motion No. 1 on EXH. 3 was then discussed. **Mr. Lloyd** explained that this increase was what a department would have to pay if they had all their current employees on staff; it would fully fund all current staff. This is an increase over 1994 because 1996 will have additional personnel costs. His reading of the direction of the Joint Appropriations Committee was that this was recognized as a real cost; therefore, if this committee decided not to approve the increase, the direction was to approve it and then the money needed to be taken from somewhere else.

SEN. KEATING submitted that if the full Appropriations Committee decided to take vacancy savings across the board after the subcommittees did this on an individual agency basis, then there would be chaos. He suggested that possibly this committee should be checking with the full committee to see if a decision had been made on vacancy savings.

In response to **SEN. JENKINS**, **Mr. Lloyd** said that part of the increases in personal services were due to the recent salary increase for state workers. **SEN. JACOBSON** clarified that the proposed amendment was not related to the pay plan bill currently before the Legislature; rather, it related to the pay increase for FY 1995 which the previous Legislature had approved. The increase, although approved, did not appear in the 1994 base because it did not take effect until 1995. **Mr. Lloyd** added that positions left vacant all or part of 1994 would also make up part of the increase. The Chairman wanted to know what effect passage of the current pay plan bill would have on the figures. **Mr. Lloyd** said that the figures in **HB 2** would be low, but the pay plan bill would appropriate funding for the increase.

SEN. JACOBSON explained that the personal services reductions listed in all the Executive Budget new proposals were intended to help fund the pay plan. **SEN. KEATING** said the question was, how the agency achieved reductions. **Mr. Lloyd** said that in the case of the PSR, it was through vacancy savings. However, if no FTE were reduced, the budget for the following biennium would be built upon full funding of total FTE. The dilemma, he explained, was that if this committee decided to fully fund FTE, this would show up as an \$18,783 increase in the PSR budget, which would be acceptable to the joint subcommittee; however, they would want this subcommittee to reduce the budget somewhere else. Whether or not to do this would be up to the individual subcommittees, ultimately. His interpretation was that a positive motion would be needed in order to budget the personal services increases. **SEN. KEATING** submitted that if the committee approved the \$18,783 increase and then approved the new proposal reduction of \$70,000, then nothing would be saved because the \$70,000, if the pay plan passed, would be used up to offset pay increases. **Mr. Lloyd** replied that positions would have to be left vacant to retain the \$70,000.

SEN. JACOBSON said that if Agency Motion No. 1 on EXH. 3 was accepted, if the committee then reduced FTE, **Mr. Lloyd** would make the corresponding reductions in personal services. **SEN. KEATING**

said that by globally accepting the 1994 base figures and the present law base adjustments as well would generate what used to be called "current level." **Mr. Lloyd** agreed that this was accurate, and the real adjustments were to be found under "New Proposals." **SEN. JACOBSON** pointed out that the format used in the current budget differed from what had been done in the past. In the past, the Executive listed what they felt was a present law adjustment and the LFA listed what they felt was as a present law adjustment, but called it "current level"; in this session the LFA instead outlined what they felt were "issues", instead of calling it "current level." For this reason she was opposed to globally accepting everything the Executive called present law adjustments.

Motion/Vote: **SEN. JACOBSON** then moved to globally accept personal services, to be adjusted, should any changes be made in FTE. This would globally accept the figures on the Personal Services column under "Statewide Present Law Adjustments" of the LFA Present Law Adjustment table, in all agency budgets. The chairman clarified that this would not restrict the committee from adjusting these figures if it chose to but it would automatically accept them unless otherwise indicated. The motion was seconded and the question was called for; motion **carried** unanimously.

EXECUTIVE ACTION ON Department of Public Service Regulation,

The committee then considered the "Other Executive Present Law Adjustments" in the LFA Present Law Adjustment table for the Department of Public Service Regulation (P. C-2).

Motion/Vote: **SEN KEATING** moved to approve items no. 4, 6, 7 and 8 on P. C-2 of the budget. **SEN. JACOBSON** seconded the motion. Motion **carried** unanimously.

Motion: **SEN. KEATING** then moved that five FTE Field Safety Officers be removed from the budget. **REP. WISEMAN** seconded the motion.

Wayne Budt, Transportation Division Administrator for the PSR, explained that their field staff consisted of five motor carrier enforcement officers and one railroad inspector at present. He clarified that they did not do safety work; they did enforcement of PSC rules and regulations, which were in the statutes, and **SEN. KEATING's** motion would reduce that number to one.

SEN. JENKINS wanted to know how much of the field duties had been reduced by federal deregulation, and **Mr. Budt** said the Commission was looking at a decrease of two in the enforcement field staff and two in the Helena office, leaving them with five in the Helena office and three field staff. **Mr. Budt** pointed out that they still had 300 of 600 carriers left under regulation as well as other responsibilities.

Motion: SEN. JENKINS made a substitute motion to remove four Helena office staff and two field staff. REP. WISEMAN seconded the motion; motion carried with SEN. JACOBSON and REP. JOHNSON opposed.

Regarding travel funding (No. 5 on P. C-2), Mr. Lloyd said that if the committee took no action it would by default be accepting the 1994 base level of funding. In response to SEN JACOBSON, Mr. Budt said the two field staff reductions would probably result in a \$2,000 each per year reduction in travel expenses.

Motion/Vote: SEN. KEATING moved to accept items No. 2 and 3 on P. C-3 under new proposals; REP. WISEMAN seconded the motion. Mr. Lloyd said that if the reductions contained under item No. 3 were accepted, this would not be funding the pay plan, because the tax rate would be correspondingly reduced. However, the tax would be increased to pay for it, if the pay plan bill passed. The \$70,964 in personal services reductions would be generated by vacancy savings from the remaining 38.5 FTE. SEN. KEATING then withdrew his motion and instead moved only to accept item No. 2, the color printer. REP. WISEMAN seconded the motion; motion carried unanimously.

Motion/Vote: REP. WISEMAN then moved to close the section on the PSR; motion carried unanimously.

EXECUTIVE ACTION ON Department of Livestock

Tape No. 3:B:000

BUDGET ITEM : Centralized Services Program. Mr. Lloyd passed out information on how the Dept. is funded; see EXHIBIT 4.

Motion/Vote: REP. WISEMAN moved, and it was seconded, to accept items No. 4 and 5 on P. C-78 of the budget. Motion carried unanimously.

Regarding the LFA funding issue on P. C-78, Mr. Lloyd said the Executive had funded this program by reversing a funding switch that the Legislature made permanent in the November 1993 special session. General fund had been replaced with state special revenue from the Inspection and Control account by the Legislature. He added that it was difficult to identify a specific revenue as funding a particular program, since the Department uses two accounts to fund pieces of all their programs.

SEN. WISEMAN wanted to know, if he moved to accept the LFA option on P. C-78, was this already taken into consideration when setting fees. Even though the executive budget didn't recommend decreasing general fund, was it understood that these funds would have to be picked up somewhere else in the budget; was the \$90,000 figured in the per capita tax. Mr. Lloyd said that how the Executive funded the budget (which did not include the


\$90,000 in additional state special revenue expenditures) may have been considered by the Board. He added that the money was in the account to pay for that amount.

Mr. John Skufca, Administrator of Centralized Services, said that for accounting purposes, 50% of the money from Inspection and Control and Brands and 50% of the money from Animal Health was used. He said that \$90,000 had not been considered as part of the revenue they would need for the budget because they were going on the Executive proposal for their revenue projections, until the committee acted.

Motion/Vote: SEN. KEATING moved that the Executive's method of funding be accepted; SEN. JENKINS seconded the motion; motion carried unanimously.

ADJOURNMENT

Adjournment: The meeting was adjourned at 11:50 a.m.



ROGER DEBRUYCKER, Chairman



DEBBIE ROSTOCKI, Secretary

RD/dr

This meeting was recorded on three 90-minute audiotapes.

1/17/95
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Department of State Lands
Forestry Division
Present Law Adjustments/Issues

Description	FTE Fiscal 1996	Adjustments Fiscal 1996	FTE Fiscal 1996	Adjustments Fiscal 1996
<i>Statewide Present Law Adjustments</i>				
1. Personal Services		\$560,358		\$588,099
2. Inflation		13,361		25,871
3. Fixed Costs		94,901		94,017
<i>Other Present Law Adjustments</i>				
4. Executive Elimination of 1.00 Base FTE		0		0
5. Transfer of Helicopter Mod		29,327		29,341
6. Forest Improvement Contracted Services		829,040		826,040
7. Slash Contracted Personal Services		29,000		29,000
8. Service Forestry Contracted Services		57,214		37,214
9. Federal Fire Reimbursements		58,968		58,968
10. Other Services (General Fund)		13,489		13,489
11. Federal Carry - Over Funds		25,000		0
12. Equipment		288,973		96,943
13. Other		20,818		26,198
<i>Total Executive Present Law Adjustments</i>		\$2,020,449		\$1,825,180

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Not Rec. Submitted

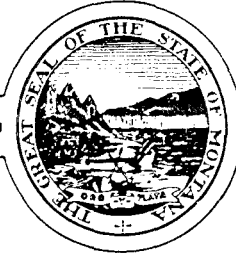
1/17/95

EXHIBIT EXHIBIT 2

DEPARTMENT OF STATE LANDS

DATE 1/17/95

HB 3



MARC RACICOT, GOVERNOR

1625 ELEVENTH AVENUE

STATE OF MONTANA

(406) 444-2074

December 21, 1994

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

MEMORANDUM

TO: Dave Lewis, Budget Director
FROM: Bob Kuchenbrod, Administrator
Central Management Division
RE: 95 Percent Estimate of Fire Costs/FY95

We have finally been able to put some numbers to the summer fires and are able to "guesstimate" what the bottom line is for the state's obligation. Not a pretty sight.

Jack Peters and I have gone through these numbers many times and have reminded ourselves throughout that we can only estimate the Forest Service and BLM's bill at this time. BLM (\$500K) is strictly a WAG; the Henry Peak Fire is already \$1.5 million over estimate and the scary one, Little Wolf Fire is \$4.2 million under and its the FEMA Fire. Will we have to reimburse FEMA if the total is not made?

I have enclosed a summary of the fire costs and included some of the detail to arrive at our numbers:

Appropriation Transfer (FY94)		\$ 373,874
SBAS Costs	\$9,831,160	
CMD plus Lands	<u>600,000</u>	<u>\$10,431,160</u>
Estimated:		
US Forest Service	\$11,182,561	
MT National Guard	557,325	
MT State Prison	39,928	
BLM	500,000	
D of Justice	108,203	
Unpaid Bills	<u>98,563</u>	<u>\$12,486,580</u>
Total Costs		\$23,291,614
Less:		
Emergency Funds		<u>\$ 7,416,000</u>
Total Supplemental(s)		<u>\$15,875,614</u>

Our estimate, at this time, for Federal reimbursement is \$3,658,058.

/ns

cc: Bud Clinch
Don Artley

Natural Resources Subcommittee
Suggested Motions
January 17, 1995

Global Motion

I move to accept the adjusted actual fiscal 1994 base for all programs in this subcommittee's agencies, with the exception of the Department of Fish, Wildlife and Parks Capitol Grounds Maintenance Program.

Agency Motions

I move to accept all 1997 biennium statutory pay plan and benefits adjustments to 1997 biennium personal services based on full funding of current FTE, and other adjustments as shown in item number 1 in the LFA Present Law Adjustment Table. (Note: Based on the recommendation of the joint appropriations committee, the subcommittee should consider reducing base expenditures in the same amount. If this is the decided course of action, please inform the LFA exactly what the subcommittee wishes to reduce.)

I move to accept application of 1997 biennium inflation/deflation rates as included in the Executive Budget and as adjusted by the General Government and Transportation subcommittee. The LFA is authorized to apply these rates, as appropriate, to subcommittee action.

I move to accept fixed costs as determined and allocated by the General Government and Transportation, and Natural Resources subcommittee. The LFA is authorized to adjust the budget to reflect these fixed costs.

I move to accept items XX through XX, with the exception of items X, etc.

Department of Livestock
Executive Funding Summary
January 5, 1995

The Executive Budget funds the department with general fund, state special revenue, and federal revenue. The executive requests a total increase (present law adjustments and new proposals) of \$680,395 total funds in the 1997 biennium over the amount spent in fiscal 1994. These increases, by fund, are: 1) general fund - \$199,528; 2) state special revenue - \$456,336; and 3) federal - \$24,531.

General fund finances 8.7 percent of the Centralized Services Program (see LFA issue on page C-78), 12.9 percent of the Diagnostic Laboratory Program (see LFA issue on page C-81), and 49.0 percent of the Meat Inspection Program.

The primary state special revenue sources are: 1) a per capita tax on livestock set by the Board of Livestock; 2) livestock inspection and testing fees; 3) livestock licenses and permits; and 4) a 14.97 cents tax per hundred weight on class I milk produced and sold by a producer in Montana for funding the Milk and Egg and Diagnostic Laboratory programs.

The largest single source of revenue for the department is the per capita tax on livestock. The executive estimates that \$2.5 million will be received in each year of the 1997 biennium. The current per capita taxes as established by the board are: 1) cattle - \$1.20; 2) sheep and goats - \$0.25; 3) horses and mules - \$2.00; 4) hogs - \$0.40; 5) poultry - \$0.02; 6) bees (hive or board) - \$0.21; 7) llamas - \$5.00; and 8) bison and domestic ungulates - \$5.00.

Other state special revenue estimated by the executive to be received each fiscal year are: 1) licenses and permits - \$368,300; 2) inspection & testing fees - \$880,000; and 3) milk tax (collected by the Department of Commerce) - \$280,000.

Table 1 provides a combined analysis of the department's two primary state special revenue accounts. Although appropriations and revenue to each of these accounts are separate, the Board of Livestock can administratively change the percentage of the per capita tax deposited to each account. Since the amount of revenue can be changed by the board, the fund balances can be combined for analysis purposes. As contained in the Executive Budget, the combined fund balance will decrease from \$4.9 million at the end of fiscal 1994 to \$2.7 million at the end of fiscal 1997. In the 1997 biennium, expenditures are expected to exceed revenue by an average of \$376,000 each year. This difference reflects the March 1992 Legislative Auditor's recommendation that the department evaluate methods to reduce the fund balance.

Every 10 years, the department renews brands and collects a \$50 fee for each renewal. Although this revenue is deposited in the inspection and control account, statute restricts the amount that is available to spend for the next 10 years. The last renewal was in 1991. By the end of fiscal years 1991 and 1992, the department had received \$2,416,464 per year from the 10-year renewal of brands. By statute, 10 percent of collections (less expenses of \$233,551) can be used in each of the next 10 years. The remainder is unavailable for appropriation, as shown in Table 1.

Table 1
Combined Inspection and Control/Animal Health Accounts

	Actual Fiscal 1994	Appropriated Fiscal 1995	Present Law Fiscal 1996	Present Law Fiscal 1997
Beginning Balance	\$4,987,753	\$4,721,480	\$3,231,401	\$2,813,756
<u>Revenue</u>				
Livestock Taxes	\$2,435,414	\$2,500,000	\$2,500,000	\$2,500,000
Milk Tax	223,557	280,000	280,000	280,000
Inspection/Testing Fees	943,038	880,000	880,000	880,000
Livestock License/Permits	408,815	368,300	368,300	368,300
Interest Earnings	208,928	180,000	180,000	180,000
FWP Grant	99,428	110,000	110,000	110,000
Other	185,802	173,700	250,200	250,200
Total Revenue	<u>\$4,504,982</u>	<u>\$4,492,000</u>	<u>\$4,568,500</u>	<u>\$4,568,500</u>
Total Funds Available	<u>\$9,492,735</u>	<u>\$9,213,480</u>	<u>\$7,799,901</u>	<u>\$7,382,256</u>
<u>Disbursements</u>				
Central Management	\$556,746	\$519,096	\$594,314	\$557,816
Diagnostic Laboratory	890,806	1,015,295	941,707	952,909
Disease Control	565,420	579,195	639,368	643,091
Milk and Egg	154,942	164,191	152,195	155,332
Inspection & Control	2,313,279	2,364,075	2,327,145	2,343,268
Predator Control	230,204	315,844	323,610	326,217
Meat Inspection	5,049	55,049	6,000	6,000
Long-Range Building	64,338	1,133,662		
Vacancy Savings		(164,328)		
New Proposals			1,806	(81,514)
Total Disbursements	<u>\$4,780,784</u>	<u>\$5,982,079</u>	<u>\$4,986,145</u>	<u>\$4,903,119</u>
Adjustments	9,529	0	0	0
Ending Balance	<u>\$4,721,480</u>	<u>\$3,231,401</u>	<u>\$2,813,756</u>	<u>\$2,479,137</u>
Deferred Revenue*	1,528,136	1,309,845	1,091,554	873,263
Total Fund Balance	<u>\$6,249,616</u>	<u>\$4,541,246</u>	<u>\$3,905,310</u>	<u>\$3,352,400</u>
Brand Fees Unavailable**	1,309,748	1,091,457	873,166	654,875
Available Fund Balance	<u>\$4,939,868</u>	<u>\$3,449,789</u>	<u>\$3,032,144</u>	<u>\$2,697,525</u>

*Deferred revenue is revenue that has been received but cannot be spent (brand rerecord fees).

**Total of \$2,416,464 collected, net \$233,551 of expenses leaves \$2,182,913, 10% of which (\$218,291) can be used in 1991 and each of the succeeding nine years.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

NAT RES COMMITTEE BILL NO. HBZ
 DATE 1/17/93 SPONSOR(S) _____

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Don Atkey	DSL			✓
Bob Luchene (ad)	DSL			✓
Nancy Young	RSC			
John M. Campbell	Public			
[Faint handwritten name]	[Faint handwritten text]			
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