

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
55th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By CHAIRMAN ROGER DEBRUYCKER, on January 15,
1997, at 8:00 A.M., in ROOM 201

ROLL CALL

Members Present:

Rep. Roger DeBruycker, Chairman (R)
Sen. Thomas F. Keating, Vice-Chairman (R)
Sen. Larry L. Baer (R)
Rep. John Johnson (D)
Sen. Linda J. Nelson (D)
Rep. William R. Wiseman (R)

Members Excused: None

Members Absent: None

Staff Present: Roger Lloyd, Legislative Fiscal Division
Theda Rossberg, Committee Secretary

Committee Business Summary:

HEARINGS

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

EXECUTIVE ACTION

TRUST LAND MANAGEMENT DIVISION

Tape 1,A

{Tape: 1; Side: A; Approx. Time Count: 0; Comments: VICE-CHAIRMAN
KEATING called the meeting to order.}

EXHIBIT 1. Roger Lloyd, Legislative Fiscal Division said the committee had asked for some comparisons on 3% personal services vs. 3% on operations. He explained that the 3% did not include vacancy savings.

EXHIBIT 2, Page C-137. Mr. Lloyd explained that the table he used was the Personal Services and Operating Expenses.

EXHIBIT 3, Pages C-139, C-140 and C-141. Mr. Lloyd reviewed the agency issues.

EXHIBIT 4, Page C-142. Mr. Lloyd reviewed some of the reorganization issues.

EXHIBIT 5, Page C-74. Mr. Lloyd explained some of the costs associated with the reorganization. He said the Fiscal Note for HB 234 identified \$100,000 of costs in Fiscal 1996. The Legislature didn't make those reductions but did anticipate that FTE would be reduced in Fiscal 1996 and that reduction would help pay for those reorganization costs.

EXHIBIT 5A. The division reviewed the similarities on Item 5 - Equipment and Item 16 - Leased Vehicles.

EXHIBIT 6, Page C-75. Mr. Lloyd reviewed the Table 1, where DEQ incurred \$104,203 costs for reorganization and DNRC incurred \$141,849 costs.

Mr. Lloyd reviewed four possible options under New Proposals. See **EXHIBIT 4, Page C-142.**

EXHIBIT 7, Pages C-143 and C-144. Mr. Lloyd talked about language appropriations by DNRC of \$2,850,000 that they are proposing.

{Tape: 1; Side: A; Approx. Time Count: 15.8; Comments: .}

Discussion:

SEN. KEATING mentioned that there were similar request in the next biennium. He asked if the department have to ask for a budget amendment in order to spend those funds.

Mr. Lloyd responded that in some cases budget amendments would be proper such as federal funds. For example Items 13 and 14. See **EXHIBIT 7, Pages C-143 and C-144.**

{Tape: 1; Side: A; Approx. Time Count: 19.6; Comments: Mr. Lloyd continued the review of the DNRC's budget.}

{Tape: 1; Side: A; Approx. Time Count: 26.7; Comments: .}

Questions and Responses:

REP. DEBRUYCKER asked if they went through the budget amendment process would that raise the cost to the department.

Mr. Lloyd responded that the budget amendment process is a matter of the agency filling out a form requesting additional authority which would be reviewed by the Office of Budget and Program Planning. Then they would make the decision as to approve or not to approve the request.

Tape 1,B

Discussion:

Discussion on budget amendments and language appropriations.

{Tape: 1; Side: B; Approx. Time Count: 9.2; Comments: .}

Bud Clinch, Director Department of Natural Resources and Commerce discussed the Language Appropriations in Table 3. See EXHIBIT 7, Page 143.

EXHIBIT 8. Jeff Hagener, Administrator Trust Land Management Division said they operate under the governing body of the Land Board, which are the top five elected officials.

Mr. Hagener reviewed the bureaus in the division and their functions.

EXHIBIT 8,A. Mr. Hagener reviewed the Distributions of Land Trusts Interest and Income.

Tape 2,A

{Tape: 2; Side: A; Approx. Time Count: 0; Comments: Mr. Clinch was discussing distributable income from the Trust fund.}

Mr. Clinch talked about the Turner Land Swap where they traded two acres for one and increased their acreage and appraised value by 150% and increase their guarantee revenue stream and perhaps 200%. It took two years to get through that process through the courts.

Questions and Responses:

SEN. KEATING asked about the Trust and Legacy interest for \$29,952,079.

Mr. Clinch responded that it was explained in the Report they gave the committee members. He also discussed what other states were doing with state property in trading or transferring properties.

{Tape: 2; Side: A; Approx. Time Count: 14.0; Comments: .}

SEN. BAER suggested some kind of public education to educate people on the situation the department has to contend with because of lost opportunities in trying to get the best dollar per investment.

Questions and Responses:

SEN. NELSON asked how the money would be disbursed to the schools for technology.

Mr. Clinch responded that it was disbursed through the Office of Public Instruction.

Tape 2,B

Bob Kuchenbrod said there was \$496,594 in the account for state land equalization payments to pay the 20 counties. The statute required \$543,093.

Mr. Kuchenbrod explained that the payment was only for the counties that had an excess of 6% of the county for state lands.

{Tape: 2; Side: B; Approx. Time Count: 4.4; Comments: .}

SEN. KEATING said that PERC did an indepth study at Bozeman on the five forests in Montana comparing State Management and Forest Management compared to Federal Management. The state was getting \$2.16 per acre and the Federal were losing 10 cents per acre. The state forests had better environment for hunting and fishing than the feds had.

MR. CLINCH said they had also accrued some land through farm foreclosures.

HEARING TRUST LAND MANAGEMENT DIVISION

EXHIBIT 9, Pages C-146 and C-147. Mr. Lloyd reviewed the funding of the division.

{Tape: 2; Side: B; Approx. Time Count: 20.9; Comments: .}

Questions and Responses:

SEN. KEATING inquired as to the meaning of the starred items. See EXHIBIT 9.

Mr. Lloyd responded.

{Tape: 2; Side: B; Approx. Time Count: 23.2; Comments: .}

EXHIBIT 10. Mr. Clinch discussed the constitutionality of utilizing trust revenue to fund trust administration.

Mr. Clinch reviewed the other states Enabling Act and how they utilize their revenues.

Tape 3,A

Doug Schmitz, Office of Budget Program Planning stated that in developing the budget in their office there were some funding problems with their computer system.

EXHIBIT 11. Mr. Lloyd reviewed some of the DNRC Statutes that were referenced to in the LFD Budget Analysis.

EXHIBIT 12. Mr. Lloyd reviewed a memorandum from Gregory Petesch, Director Legal Division, Montana Legislative Council.

{Tape: 3; Side: A; Approx. Time Count: 8.0; Comments: .}

EXHIBIT 13. Mr. Hagener stated that there was an error on Page C-147 and reviewed a chart with the correct figures. There was a problem with the system and couldn't correct the error.

Mr. Hagener said the total figure of \$7,078,342 in FY98 and \$7,107,837 in FY99 was correct, it was just distributed wrong.

EXHIBIT 14. Mr. Hagener reviewed the different sources of the funding for the Trust Land Management Division.

EXECUTIVE ACTION TRUST LAND MANAGEMENT DIVISION

Motion/Vote: SEN. BAER MOVED TO APPROVE THE REQUEST BY DNRC FOR THE FUNDING CORRECTION FOR THE TRUST LAND MANAGEMENT DIVISION.

Motion carried unanimously. See EXHIBIT 14.

Discussion:

EXHIBIT 15, Page C-147, Table 4. The chart furnished by the division shows the changes in Table 4. See EXHIBIT 13.

EXHIBIT 16, Page 146. Mr. Hagener explained that the 3 FTE's were included in the FY97 base.

EXHIBIT 17, Page 148. Mr. Lloyd reviewed the Present Law Adjustments.

Tape 3,B

5) Equipment-PL-HB 2:

Motion/Vote: REP. WISEMAN MOVED TO APPROVE THE DECREASE OF \$135,854 IN ITEM 5. Motion carried unanimously.

EXHIBIT 17A. *{Tape: 3; Side: B; Approx. Time Count: 2.5; Comments: Mr. Hagener stated that Item 5 ties together with Item 16, which is the Leased Vehicles Replacement..}*

6) Environmental Impact Statement:

Mr. Lloyd explained that \$17,669 was in the base and that EIS funds are considered private funds and do not need to be appropriated by the Legislature.

Question and Responses:

SEN. KEATING asked what the relationship was between the \$150,000 request for the EIS and the \$132,653.

Mr. Lloyd responded that the base amount of \$17,669 and the \$131,653 equal the total request of \$150,000 for each year.

Discussion:

Questions and Responses:

REP. DEBRUYCKER inquired as to the \$17,669 expenditure and asked if the amount went for the EIS on the Ted Turner land swap.

Motion: REP. DEBRUYCKER MOVED TO APPROVE THE \$132,653 FOR ITEM 6, THE ENVIRONMENTAL IMPACT STATEMENT.

Amended Motion/Vote: REP. WISEMAN MOVED TO AMEND REP. DEBRUYCKER'S MOTION TO INCLUDE THAT THE FUNDS BE RESTRICTED. Motion carried unanimously.

7) Cabinsite/Homesite Sales:

{Tape: 3; Side: B; Approx. Time Count: 14.8; Comments: Explanation of Cabinsite/Homesite Sales.}

EXHIBIT 18, Page C-149. Mr. Lloyd explained Item 7 in the LFD Issues.

Discussion:

Mr. Kuchenbrod commented about restrictions of appropriations and explained about moving spending authority in other accounts.

Mr. Hagener said it costs about \$1,000 per site to process and explained the travel expenses of the auditor by moving expenses between accounts.

Motion/Vote: SEN. JOHNSON MOVED TO APPROVE SPENDING AUTHORITY OF \$25,000 FOR CABINSITE/HOMESITE SALES AND THE AUTHORITY TO SPEND THE \$950 COLLECTED IN FY96. Motion carried unanimously.

8) Crow Land Exchange:

{Tape: 3; Side: B; Approx. Time Count: 21.9 ; Comments: Discussion of the FTE out of the Base.}

Discussion:

Mr. Hagener explained the land trade with the Crow Tribe.

Mr. Lloyd made a correction to the approved amount of federal funding from \$150,000 to \$100,000 for the Crow Land Exchange. See EXHIBIT 18, Page C-149.

Motion/Vote: REP. WISEMAN MOVED TO APPROVE SPENDING AUTHORITY OF \$100,000 PER YEAR FOR THE CROW LAND EXCHANGE AND RESTRICTED FOR THAT USE ONLY. Motion carried unanimously.

Tape 4,A

9) Weed Control - HB 395:

Questions and Responses:

SEN. KEATING inquired as to why the department was using general fund money for weed control.

Mr. Hagener responded.

REP. DEBRUYCKER asked if the department leased state land doesn't the lessee have to do the weed control on that land.

Mr. Hagener responded that was correct but did not to apply to vacant state lands.

Discussion:

Mr. Hagener discussed what HB 395 required.

Motion/Vote: SEN. NELSON MOVED TO APPROVE \$25,000 PER YEAR FOR WEED CONTROL. Motion failed 3 - 3.

10) Recreational Use:

{Tape: 4; Side: A; Approx. Time Count: 9.3; Comments: Mr. Lloyd commented on the Statutes and were explained in EXHIBIT 11.}

EXHIBIT 19, Page C-150. Mr. Lloyd's comments on Recreational Use.

Motion/Vote: SEN. BAER MOVED TO APPROVE \$10,000 EACH YEAR FOR RECREATIONAL USE. Motion carried unanimously.

11) Royalty Auditor:Discussion:

Mr. Hagener discussed the history of the auditors and travel expenses.

Motion/Vote: SEN. JOHNSON MOVED TO APPROVE \$3,951 EACH YEAR FOR THE ROYALTY AUDITOR EXPENSES. Motion carried unanimously.

12) Workload Increase:Discussion:

Mr. Hagener said the workload increase is part of all the programs. They are not asking for additional FTE's, but the additional costs are due to phone calls, mailing, advertising, long distance calls and instate travel.

Motion/Vote: REP. WISEMAN MOVED TO APPROVE AN INCREASE OF \$12,565 IN FY98 AND \$11,875 IN FY99 AND FUNDS BE DERIVED FROM STATE SPECIAL REVENUE. Motion carried unanimously.

13) Reorganization:

Mr. Lloyd explained that the Legislature didn't appropriate any funds for reorganization expenses.

Discussion:

Mr. Hagener explained that those expenses were due to an increase in rental rates.

NOTE: There was no action taken on Reorganization.

14) Forest Management - HB 201:

EXHIBIT 20, Page C-151. Mr. Lloyd explained that the Legislature phased in the new proposal from last session.

Motion/Vote: REP. WISEMAN MOVED TO APPROVE \$203,223 IN FY98 AND \$202,007 IN FY99 FOR FOREST MANAGEMENT. Motion carried unanimously.

Tape 4,B

15) Forest Improvement - HB 201:

Questions and Responses:

SEN. BAER asked if it costs 97.1% more to harvest the timber.

Mr. Hagener explained that it costs more to carry out the activities than it did in past years.

Motion/Vote: REP. DEBRUYCKER MOVED TO APPROVE \$542,956 IN FY98 AND \$611,914 IN FY99 FOR FOREST IMPROVEMENTS. Motion carried unanimously.

16) Leased Vehicles Replacement:

Motion/Vote: REP. DEBRUYCKER MOVED TO APPROVE \$23.830 IN FY98 AND \$34,338 IN FY99 FOR LEASED VEHICLES REPLACEMENT. Motion carried unanimously.

Ann Bauchman, Administrator Centralized Services explained about Item 13, Reorganization costs.

Mr. Lloyd explained that he would redescribe Item 13 as well as Item 15.

Questions and Responses:

SEN. KEATING asked if rent was always a general fund expenditure.

Mr. Hagener explained that it was split between general fund and state special revenue.

New Proposals:

EXHIBIT 21, Page C-152. Mr. Lloyd explained the issues concerning New Proposals.

{Tape: 4; Side: B; Approx. Time Count: 13.0; Comments: Discussion on whether or not to take action on New Proposals before the Bills are drafted.}

Discussion:

REP. WISEMAN suggested that the committee revisit those issues at a later date when the Bills may be passed.

SEN. KEATING explained that they were told not to pass any Legislature dependent upon a passage of a Bill.

Mr Lloyd was instructed to keep tract of the items that need to be addressed at a later date.

Motion/Vote: REP. DEBRUYCKER MOVED TO CLOSE THE CENTRAL MANAGEMENT DIVISION. Motion carried unanimously.

REP. DEBRUYCKER explained that REP. ZOOK recommended that vacancy savings be placed in ending fund balance.

Motion/Vote: REP. DEBRUYCKER MOVED TO RECONSIDER THE COMMITTEE ACTION ON THE GLOBAL ISSUES OF VACANCY SAVINGS. Motion carried unanimously.

Motion: REP. DEBRUYCKER MOVED THAT THE 3% VACANCY SAVINGS BE MOVED INTO THE ENDING FUND BALANCE IN ALL DEPARTMENTS.

Discussion:

REP. DEBRUYCKER explained the 3% vacancy savings.

SEN. KEATING said personal services will be reduced for everyone by 3% which means the personal services budget figure is correct and the 3% will be reflected in the ending fund balance.

Vote: Motion on the 3% vacancy savings carried 5-1 with SEN. KEATING voting no.

EXHIBIT 22. Mr. Lloyd reviewed the recommendations on supplemental appropriations for the committee's approval.

Discussion:

Mr. Lloyd agreed that the figures in the last paragraph should be \$29,197 general fund instead of \$59,197. See EXHIBIT 22.

REP. DEBRUYCKER stated that the Director Department of Agriculture asked for clarification of the recommendation on the

warehouses. He asked if that study was just on the warehouses, storage or their licenses.

REP. DEBRUYCKER stated his interpretation was to be only on the capacity of the warehouses.

SEN. KEATING stated he thought that the fee would be charged on the volume of grain that went through that facility. **SEN. STANG** has introduced a bill addressing that issue.

ADJOURNMENT

Adjournment: 12:00 P.M.



REP. ROGER DEBRUYCKER, Chairman



THEDA ROSSBERG, Secretary

RD/TR