

MINUTES

MONTANA HOUSE OF REPRESENTATIVES  
55th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON NATURAL RESOURCES

**Call to Order:** By **CHAIRMAN ROGER DEBRUYCKER**, on February 3, 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  
Cindy Weaver, Legislative Fiscal Division  
Theda Rossberg, Committee Secretary

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: **DEPARTMENT FWP**  
and Executive Action: **Fisheries Division**  
**DEPARTMENT OF COMMERCE**  
**Board of Investments**  
**Health Facility Authority**

Tape 1,A  
Speed 2.4

**EXHIBIT 1.** Roger Lloyd, Legislative Fiscal Division reviewed some language issues for HB 2, for the committee's approval.

**Discussion:**

The committee members discussed the HB 2 Language proposals.

The committee agreed to make the following changes to Item 5, in Fish, Wildlife and Parks section: In line 5, delete "with its operations" and insert "subject to its general" and delete "requests" and insert "being funded." See **EXHIBIT 1**.

Motion/Vote: SEN. KEATING MOVED TO APPROVE THE LANGUAGE CHANGE IN ITEM 6, OF THE FWP'S SECTION AS FOLLOWS: IN LINE 3, DELETE "OTHER SOURCES" AND INSERT "THE GENERAL LICENSING ACCOUNT." Motion carried 4 - 2 with SEN. NELSON and SEN. BAER voting no. See EXHIBIT 1.

{Tape: 1; Side: A; Approx. Time Count: 21.2; Comments: REP. WISEMAN requested a report covering the last 4 years on how DEQ was serving their customers regarding permits.}

SEN. KEATING said his request was on the new water system at Pinesdale and why it took two years to go to trial.

REP. WISEMAN wants to know why Montana Refinery's Boiler permit has taken 18 months and still hasn't been permitted.

CHAIRMAN DEBRUYCKER requested an accounting of FTE they shuffled from department to department when DEQ was funded.

EXHIBIT 2. **Dave Mott, Fiscal Manager**, FWP reviewed a new format of the automated licensing proposal.

Questions and Responses:

The committee members inquired at to how they arrived at the figures in the chart. See EXHIBIT 2.

{Tape: 1; Side: A; Approx. Time Count: 53.8; Comments: The committee members requested a new chart to included specific requests.}

Discussion:

Discussion continued on the .28 automated license fee.

Motion/Vote SEN. KEATING MOVED TO WRITE FWP TO CONSIDER AN AMENDMENT TO SB 60. Motion carried unanimously.

HEARING FISHERIES DIVISION

Testimony on Fisheries:

Roger Larsen, representing Wall Eye Unlimited gave testimony on his support of the proposed 1.7 FTE for a biologist for the Lewistown fisheries.

Ken Hoovestal, Representing Wall Eye Unlimited and on behalf of REP. GRINDE said they were requesting an additional .7 FTE in FY98 and an additional .58 in FY99.

EXHIBIT 3. **Jim Ahrens**, member of Governor Racicot's Task Force on Whirling Disease reviewed their report on Whirling Disease.

Peter Funk, representing Montana Trout Unlimited said they strongly support the Whirling Disease Fisheries budget. He said their members were very concerned about the Lewistown fisheries and request the committee to seriously consider funding a FTE for a biologist.

Questions and Responses:

SEN. KEATING asked if the sale of fishing licenses were declining.

Mr. Peterman answered that there was a decline in fishing license in the past year. However, part of that could be attributed to bad weather. but in certain areas Whirling Disease does play a factor.

SEN. KEATING said they know what causes Whirling Disease and asked if they have any remedies for that problem.

Mr. Peterman responded that they were looking at management of Whirling Disease through different species that were resistant to the disease.

Tape 1, B  
Speed 2.4

EXHIBIT 4, Page C-28. Mr. Lloyd reviewed the budget changes proposed by the budget office. He stated that the net result of the changes was the same.

Questions and Responses:

REP. WISEMAN asked if they would need as much money with the record snow fall this year.

Mr. Peterman responded that they currently have 10 existing water leases and they factor into the cost of the contract for good years and bad years.

Discussion:

{Tape: 1; Side: B; Approx. Time Count: 7.8; Comments: Discussion continues on water leases.}

Mr. Peterman stated their intent was not to increase the base on contracted services when those adjustments were made.

EXECUTIVE ACTION FISHERIES DIVISION

BUDGET ITEMS:

9) Water Leasing and Purchasing:

Motion/Vote: REP. WISEMAN MOVED TO APPROVE \$66,000 BIENNIAL APPROPRIATION FOR ITEM 9, WATER LEASING & PURCHASING. Motion carried unanimously.

10) Evaluation of Fish Introductions:

Mr. Lloyd reviewed the LFD Issue on Item 10.

Mr. Peterman explained that they were going through a warm water fish draft plan for a ten year period and expect that to be adopted this spring. He stated that when they introduce a new species they have to go through an environmental analysis.

Discussion:

No action taken on Item 10.

11) DNRC Fish Monitoring Work:

Mr. Lloyd explained that there was a change in the figures in the Table. The change was from \$23,716 to \$15,250 in FY98 and from \$23,923 to \$15,250 in FY99. He said there would be a corresponding increase in Other Base Adjustments of (18,247) in FY98 and (8,918). See EXHIBIT 4.

Mr. Graham stated that there were no appropriations, they were able to redirect funds to accomplish that work in the base year, and spent \$15,250. He said they needed spending authority to spend those appropriations.

SEN. KEATING stated that DNRC contracted with FWP for a fish monitoring work. The money that FWP would spend would be paid to them by DNRC, which was part of DNRC'S Forestry Program.

Motion/Vote: SEN. KEATING MOVED TO APPROVE ITEM 11 RESTRICTED FOR FISH MONITORING WORK FOR DNRC. Motion carried unanimously.

12) Legislative Contract Authority:

{Tape: 1; Side: B; Approx. Time Count: 28.6; Comments: .}

Mr. Peterman reviewed Item 12 and the work that was contracted out.

Questions and Responses:

REP. WISEMAN asked why they continue to spend money on fish losses due to the operations of dams. How much of the \$ million was spend on Hungry Horse and Libby dams?

Mr. Peterman said the mitigation was due to the original establishment of those dams. \$360,000 was spent on Hungry Horse Dam and \$280,000 was spent for Libby Dam in FY98. In FY99 Hungry Horse Dam would be 460,000 and Libby Dam \$350.000.

No action was taken on Item 12, Legislative Contract Authority.

{Tape: 1; Side: B; Approx. Time Count: 48.2; Comments: .}

HEARING DEPARTMENT OF COMMERCE

EXHIBIT 5. Peter Blouke, Director Department of Commerce gave an overview of that department.

EXHIBIT 6. Organizational Chart, Department of Commerce.

HEARING BOARD OF INVESTMENTS DIVISION

EXHIBIT 7. Mr. Carol South, Executive Director Board of Investments gave an overview of that division.

EXHIBIT 8. Mr. South reviewed a chart showing the funds invested.

Tape 2,A  
Speed 2.4

{Tape: 2; Side: A; Approx. Time Count: 0; Comments: Hearing Board of Investments Division continued.}

EXHIBIT 9. Mr. South reviewed the Pension Mortgage Balances as of June 30, 1996.

EXHIBIT 10, Coal Tax Loans. Mr. South reviewed those loans.

SEN. KEATING asked if they had a list of the loan failures.

Mr. South stated that those figures were in their annual report. He said he recalled writing off about \$20,000 on one loan which was appletech, which makes ethanol. There foreclosure history was much better than the banks.

EXHIBIT 11, INTERCAP Loans by County. Mr. South reviewed those with the committee.

Mr. South stated that they were not asking for any increase in their budget or a request for equipment.

EXHIBIT 12 Page G-116. Cindy Weaver, Legislative Fiscal Division she stated the committee needed to approve or disapprove the fee rates for the program.

Discussion:

Mr. South stated that the \$1,838.885 fee charge decreases every year because the portfolio amount increases every year.

{Tape: 2; Side: A; Approx. Time Count: 29.4; Comments: .}

EXECUTIVE ACTION BOARD OF INVESTMENTS

EXHIBIT 12, BUDGET ITEMS:

Motion/Vote: REP. WISEMAN MOVED TO APPROVE \$1,838,885 IN FY98 AND \$1,830,000 IN FY99 FOR OPERATIONS. Motion Carried unanimously.

Motion/Vote REP. WISEMAN MOVED TO APPROVE \$310,918 FOR FY98 AND \$307,489 FOR FY99 FOR THE BOND FEES. Motion carried unanimously.

Motion/Vote: SEN. KEATING MOVED TO CLOSE THE BOARD OF INVESTMENT. Motion carried unanimously.

{Tape: 2; Side: a; Approx. Time Count: 31.3; Comments: .}

HEARING HEALTH FACILITY AUTHORITY

EXHIBIT 13, Page G-107. Ms. Weaver stated that the Health Facility was another rate type program.

EXHIBIT 14. Jerry Hoover, Executive Director Health Facility Authority reviewed a map of the location of MHFA financing. He also reviewed the Bond Issuance Summary as of June 30, 1966. The policy of the authority was to issue rated bonds. Those that weren't rated had a morale obligation from the State of Montana or bonds that were issued for a very credit-worthy hospital that decided not to pursue a rating.

EXHIBIT 15 - DISCUSSION OF LFD ISSUES. On Page 2, he explained the Fund Equity Requirements, Program Facts and Future Utilization.

EXHIBIT 16, Page G-110 - Executive Present Law. Mr. Hoover reviewed Items 1,2, and 3. He also reviewed the Executive New Proposals.

{Tape: 2; Side: A; Approx. Time Count: 47.0; Comments: .}

Discussion:

**REP. WISEMAN** discussed the merging of the Deaconess Medical Center and St. Vincents Hospital. A physician that he visited with in Billings stated that St Vincents would never merge because the Deaconess Medical Center was so in debt. He asked what was going on with the debt shown on **EXHIBIT 14** for the Deaconess Medical Center.

**Mr Hoover** stated that those were variable rate bonds where they were paying the interest on those bonds. The principal amounts

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were deposited in what was called a sinking fund and were called at maturity of 5, 10 or 15 years.

**EXHIBIT 17, Page G-108.** Ms. Weaver stated there were several rates that the committee needs to consider. She stated that the FTE were incorporated into the rates, so if the rates were reduced the FTE may have to be eliminated.

**Questions and Responses:**

**SEN. KEATING** asked if the bonds were tax free.

**Mr. Hoover** replied yes.

**SEN. KEATING** inquired as to who would be issuing bonds if the Health Facility Authority division wasn't.

**Mr. Hoover** said the cities and counties can issue those bonds. The authority was created because the cities and counties issue so few bonds. Also they were able to sell bonds at a lesser rate.

**SEN. KEATING** asked if they approve the fee charges would that include the FTE.

**Ms. Weaver** replied yes it would.

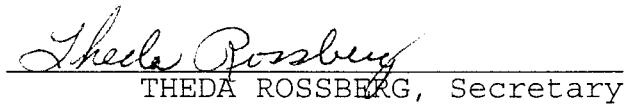
**Motion/Vote:** **SEN. KEATING** MOVED TO APPROVE THE \$62,500 FEE REQUEST FOR FY98 AND FY99. Motion carried unanimously.

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ADJOURNMENT

Adjournment: 12:00 P.M.

  
REP. ROGER DEBRUYCKER, Chairman  
THEDA ROSSBERG, Secretary

RD/TR