

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 55th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By **CHAIRMAN ROGER DEBRUYCKER**, on February 4,
1997, at 7:00 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: **FISH, WILDLIFE AND PARKS**
Fisheries Division
DEPARTMENT OF COMMERCE
Economic Development Div.
HOUSING DIVISION

Executive Action: **Fisheries Division**
Economic Development Div.

Tape 1,A
Speed 4.8

HEARING FISHERIES DIVISION

Rep. Larry Grinde, House District 94, Lewistown said they have been trying to get a biologist at Lewistown for 3 sessions. The federal government agreed to contribute half the cost for that FTE, but they didn't come up with the funds, so they were left with a half-time FTE. He asked the committee to consider that FTE for the Lewistown fisheries.

EXECUTIVE ACTION FISHERIESBUDGET ITEMS CONTINUED:12) Legislative Contract Authority:

Mr. Peterman stated that Mr. Wiseman asked what would happen if the committee reduced the Legislative Contract Authority request to \$250,000.

Mr. Peterman replied that they would have to terminate on-going signed contracts worth about \$150,000. In the \$1 million request for LCA there were \$871,000 of carry-over contracts that were in the previous year. Those projects include the Hungry Horse and Libby technical analysis of the mitigation procedure. That also included the Flathead National Forest Fish Monitoring Program, similar to what State Lands was doing in DNRC.

{Tape: 1; Side: A; Approx. Time Count: 4.4; Comments: Mr. Peterman continued overview on expenditures for the Legislative Contract Authority.}

Questions and Responses:

EXHIBIT 1, Page C-4. SEN. BAER said that Item d. says "expenditures must not be made for on-going projects or with funds that could have been anticipated by the legislature." He asked for an explanation as to the reason for that recommendation.

Roger Lloyd, Legislative Fiscal Division replied that the committee approved Item 3 for language to be put into HB 2, excluding Item d. Item d. was put in there because Legislative Contract Authority was very similar to the budget amendment authority.

Note: No action was taken on Item 12.

13) Program Transfer:

Mr. Lloyd said in the Conservation Education Division there was an increase in that division. What happened was a transfer of authority from one division to another.

Motion/Vote: REP. WISEMAN MOVED TO APPROVE ITEM 13, PROGRAM TRANSFER. Motion carried unanimously.

14) Murray Springs Fish Hatchery:

Mr. Peterman said that Item 14 was the authority to spend the increase that the Corps of Engineers had placed on that hatchery. Every year they place a 4% increase on their contract.

Motion/Vote: SEN. KEATING MOVED TO APPROVE ITEM 14, MURRAY SPRINGS FISH HATCHERY. Motion carried unanimously.

15) Grants:

Mr. Peterman stated that amount was nearly the same as they had previously spent.

Motion/Vote: REP. WISEMAN MOVED TO APPROVE ITEM 15, GRANTS. Motion carried unanimously.

16) Contract Increase:

Mr. Lloyd said that item was now at \$23,198. However, Mr. Peterman stated that it was not their intent to increase that item, so that number should be adjusted to "0".

Other Base Adjustments:

Motion/Vote: REP. WISEMAN MOVED TO APPROVE OTHER BASE ADJUSTMENTS. Motion carried unanimously.

EXHIBIT 2, Pages C-30, C-31 and C-32. EXECUTIVE NEW PROPOSALS

1, Lewistown Area Fisheries Management:

Mr. Peterman reviewed the LFD Issues and stated they would like to fund the 1 FTE for a full-time biologist.

{Tape: 1; Side: A; Approx. Time Count: 18.5; Comments: .}

Questions and Responses:

SEN. KEATING asked if there was somewhere else they could eliminate a .5 FTE for the Lewistown position.

Mr. Peterman responded that within the current base that would be difficult to do. With the Whirling Disease they were strapped with trying to move FTE's around.

Mr. Lloyd said he raised some issues with Item 4, the Clark Fork River Investigations which the committee may wish to review. See EXHIBIT 2, Page C-32.

REP. WISEMAN asked if they approved 2 FTE would they use them for Whirling Disease or other proposals.

Mr. Peterman said for 2 FTE he would try to find an adjustment in Whirling Disease. Leave 1 FTE in the Whirling Disease and use .5 FTE in Lewistown and .5 FTE for the Clark Fork in 1998. In 1999 they would use 1.5 FTE in Whirling Disease and leave the others at .25 FTE.

Motion: CHAIRMAN DEBRUYCKER MOVED TO APPROVE 1.08 FTE FOR FY98 AND FY99.

Discussion;

SEN. BAER asked what the difference would be in funding.

Mr. Lloyd stated that would probably go up to \$21,000 the first year and approximately \$16,000 the second year.

Vote: Motion carried 5-1 with REP. WISEMAN voting no.

2) Evaluate Habitat/Native Species Restoration:

EXHIBIT 3, Page C-33. Mr. Lloyd stated that Items 2, 7 and 9 go together.

{Tape: 1; Side: A; Approx. Time Count: 32.6; Comments: Discussion on whirling disease management.}

Discussion:

Mr. Peterman said they were trying to re-introduce Yellowstone Cut Throat into their previous habitat.

CHAIRMAN DEBRUYCKER wondered if the department was really making any headway with Whirling Disease. It seems the disease was spreading like wildfire.

Mr. Peterman stated that where the West Slope Cutthroat were found there was no alternate host for Whirling Disease. Where that worm doesn't exist gives them an opportunity for native fish restoration.

Note: No action was taken on Item 2.

3) Bull Trout Watershed Group Administration:

Mr. Lloyd reviewed the LFD Issues with the committee. See EXHIBIT 2.

Note: No action was taken on Item 3.

Tape 1,B
Speed 4.8

SEN. JOHNSON stated that the danger of not taking any action by this committee there would be no recommendation for the larger committee except to forget it.

4) Clark Fork River Investigations:

Mr. Lloyd state that Item 4 has been approved over the bienniums as a one-time-only appropriation. However, as proposed by the

executive the proposal changes considerably from the previous request.

He stated that portions of the FTE would be used for the Future Fisheries Act programs. Last session 2 FTE were provided to do that work. See **EXHIBIT 2, Page 32 - LFD Issues**.

Mr. Lloyd said the request was not for the Clark Fork River Investigations as stated. If that Item was approved he suggested renaming it the "Future Fisheries."

Discussion:

CHAIRMAN DEBRUYCKER stated there was no sense in Arco settling a suit when they can fight it forever for about 3% interest on their finances. He didn't think it would ever be resolved unless the State settled for \$20 million or so.

Mr. Peterman state that there was a trial date set and there should be some conclusion once it goes to trial. They would like to support that effort at least through the trial stage.

He stated that the funding was from license funds, but the settlement included reimbursement to the State.

Motion: REP. WISEMAN MOVED TO APPROVE .25 FTE EACH YEAR AND INSTRUCT MR. LLOYD TO ADJUST THE FIGURES ACCORDINGLY.

Note: Motion failed for lack of a second.

5) Fish Hatchery Operation & Maintenance:

Mr. Lloyd reviewed the LFD Issues.

Mr. Peterman said **Mr. Lloyd** was correct that there was an increase in the cost of fish food. However, they have to pay discharge fees from their hatcheries, which they didn't before for approximately \$6,000 per year.

Motion/Vote: REP. JOHNSON MOVED TO APPROVE ITEM 5 WITH THE ADJUSTED FIGURES. Motion failed 3 - 3.

EXHIBIT 4. **Mr. Lloyd** asked for the committee's approval of the Memo to FWP Standing Committee. The committee agreed to delete the word "fully" wherever it appears. **Mr. Lloyd** stated that the .50 per vendor was in statute.

{Tape: 1; Side: B; Approx. Time Count: 19.7; Comments: .}

HEARING DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT DIVISION

EXHIBIT 5, Pages C-231 and C-232. Cindy Weaver, Legislative Fiscal Division reviewed the funding for the Economic Development Division.

EXHIBIT 6. C-234. Ms. Weaver said one of the New Proposals had been withdrawn. She stated that Item 1, Licensing had been moved to the Department of Revenue's budget.

EXHIBIT 7. Andy Poole, Administrator Economic Development Division gave an overview of the division.

Tape 2,A
Speed 2.4

{Tape: 2; Side: A; Approx. Time Count: 0; Comments: Mr. Poole's overview on Economic Development Division continued.}

EXHIBIT 8. Brochure - Working Together for Montana's Future.

EXHIBIT 9. MicroBusiness Biennial Report 1995 - 1996.

BUDGET ITEMS:

Executive New Proposals - See EXHIBIT 6, Page C-234.

1) Manufacturing Extension - MSU:

Mr. Poole reviewed Item 1.

EXHIBIT 10. Dr. Robert Taylor, Montana State University reviewed a Newsletter. He stated that Zitech won the Malcolm-Baldrige Quality Award which was presented by the Department of Commerce each year for outstanding quality.

Dr. Taylor gave an overview of the back-ground of the University Technical Program which was started in 1986.

{Tape: 2; Side: A; Approx. Time Count: 35.1; Comments: Dr. Taylor's continued testimony on the University Technical Program..}

Dr. Taylor stated that there were 79 Economic Development centers in 50 states that recognize the significance of that program. Most of the employment was done by small businesses.

He reviewed overhead charts of the activities that receive the most requests.

{Tape: 2; Side: A; Approx. Time Count: 57.5; Comments: .}

John Duncan, Owner of Teletech Company gave an overview of the history of that company.

Ron Pophocky, Missoula Economic Development Corporation stated that the program was very worthwhile. He said it was very important that small businesses received the assistance from the economic development offices they needed.

Questions and Responses:

Ms. Weaver asked **Mr. Poole** why the university couldn't provide the entire match rather than requesting a general fund match.

Mr. Poole responded that program provided for the university to provide for 50% of the match and state government to provide the other 50%. He reminded the committee that the majority of the funding for that program was federal funds. Even though that resides at the MSU it provides services to all of Montana.

Ms. Weaver asked what happened to the \$25 per hour fee that was charged.

Dr. Taylor stated they would go back into the program. The university charges indirect charges that were allowed by law.

SEN. KEATING asked how much revenue was generated from the \$25 per hour charge.

Dr. Taylor stated since August they collected about \$4,000 and on-going projects should bring in another \$11,000 or so. That money is in an account at the university.

{Tape: 2; Side: A; Approx. Time Count: 69.1; Comments: Questions and Responses continue.}

REP. WISEMAN asked **Mr. Duncan** how much they had spent on consultation fees.

Mr. Duncan stated that the consultations were still going on and they had spent approximately \$400 already.

Discussion:

SEN. KEATING stated that the \$9 million that the NIST was offering was over a 6 year period, which was \$1.5 million per year towards the MMEC Program and the request was for \$210,000 to match that. He asked if the total match was \$420,000.

Dr. Taylor stated the budget was a little over \$1 million and \$527,000 came from the federal government (NIST). Montana State University had \$254,000 and the Montana Trade Authority had \$10,000 and an inkind match of \$264,000.

{Tape: 2; Side: A; Approx. Time Count: 77.5; Comments: Discussion continues on Economic Development program.}

Tape 2,B
Speed 2.4

{Tape: 2; Side: B; Approx. Time Count: 0; Comments: .}

3) Certified Communities:

Mr. Poole gave an overview of Item 3. There was a map in the packet he gave to the committee showing the communities that were certified. See EXHIBIT 7.

THE FOLLOWING TESTIMONY WAS GIVEN IN SUPPORT OF CERTIFIED COMMUNITIES:

Linda Reed, Senior Economics Development Advisor to the Governor said that they try to create jobs, jobs that pay well in Montana. She stated the traditional industries in Montana will offer less job opportunities. The certified communities program gives us the opportunity to build local businesses.

Laurie Shadoan, Chairman Montana Chamber of Commerce and the Gallatin County Development Corporation stated that the certified cities was important to assist in economic development efforts.

EXHIBIT 11. Jay Preston, President Lake County Community Development Corporation gave testimony on the Certified Communities program.

Kay Foster, Owner of a small business in Billings and representing the Montana Ambassadors stated they were organized about 12 years ago to promote business in Montana.

Moe Wosepka, representing the Chambers of Commerce in Kalispell and Bozeman gave testimony in support of the Certified Communities program.

Jim Davison, Managing Director of the Anaconda Local Development and an officer of the Montana Economic Development Association stated their support for the Certified Cities program.

EXHIBIT 12. Written testimony from Dick King, Executive Director Bear Paw Development Corporation of Northern Montana.

Evan Barrett, Director Department of Commerce, Butte, gave testimony in support of the Certified Cities program.

{Tape: 2; Side: B; Approx. Time Count: 34.6; Comments: .}

Discussion:

Mr. Pool and the committee members discussed the Certified Cities Program and the necessary funding requests.

EXECUTIVE ACTION ECONOMIC DEVELOPMENT DIVISION

EXHIBIT 13, Page C-233 - BUDGET ITEMS

4) Equipment Replacement:

Motion/Vote: REP. WISEMAN MOVED TO APPROVE ITEM 4, EQUIPMENT REPLACEMENT. Motion carried unanimously.

5) CDGB Grants to Local Communities:

Motion/Vote: SEN. JOHNSON MOVED TO APPROVE ITEM 5, CDGB GRANTS TO LOCAL COMMUNITIES. Motion carried 5 - 1 with REP. WISEMAN voting no.

6) Tax Credit Recovery:

No action taken on Item 6.

7) Contracted Services:

Motion/Vote: REP. WISEMAN MOVED TO APPROVE ITEM 7, CONTRACTED SERVICES. Motion carried unanimously.

8) Indirect Administrative Costs:

Motion/Vote: REP. WISEMAN MOVED TO APPROVE ITEM 8, INDIRECT ADMINISTRATIVE COSTS. Motion carried unanimously.

Other Base Adjustments:

Motion/Vote: REP. WISEMAN MOVED TO APPROVE OTHER BASE ADJUSTMENTS. Motion carried unanimously.

{Tape: 2; Side: B; Approx. Time Count: 61.8; Comments: .}

EXHIBIT 14, Page C-234 - EXECUTIVE NEW PROPOSALS

1) Manufacturing Extension:

Motion/Vote: SEN. JOHNSON MOVED TO APPROVE ITEM 1, MANUFACTURING EXTENSION.

Note: Motion failed for lack of a second.

3) Certified Communities:

Motion/Vote: SEN. JOHNSON MOVED TO APPROVE ITEM 3, CERTIFIED COMMUNITIES LESS 1 FTE. Motion failed 3 - 3.

4) Census 2000:

Motion/Vote: REP. WISEMAN MOVED TO APPROVE ITEM 4, CENSUS 2000. Motion carried unanimously.

Tape 3,A

Speed 2.4

HEARING HOUSING DIVISION

EXHIBIT 15, Page C-262. Brief overview by Maureen Rude, Administrator Housing Division.

EXHIBIT 16, Budget Items:

ADJOURNMENT

Adjournment: 11:45 A.M.


REP. ROGER DEBRUYCKER, Chairman


THEDA ROSSBERG, Secretary

RD/TR