

House BILL NO. 235

INTRODUCED BY

Raney

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING \$1 MILLION ANNUALLY FROM THE INTEREST OF THE RESOURCE INDEMNITY TRUST FUND TO THE FUTURE FISHERIES IMPROVEMENT PROGRAM TO ASSIST IN PAYING THE COSTS OF MOVING OR REMOVING SOURCES OF POLLUTION FROM STREAMBANKS AND LAKESHORES; AMENDING SECTIONS 15-38-202 AND 87-1-272, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-38-202, MCA, is amended to read:

"15-38-202. Investment of resource indemnity trust fund -- expenditure -- minimum balance. (1)

All money paid into the resource indemnity trust fund, including money payable into the fund under the provisions of 15-36-324 and 15-37-117, must be invested at the discretion of the board of investments.

All the net earnings accruing to the resource indemnity trust fund must annually be added to the trust fund until it has reached the sum of \$10 million. Thereafter, only the net earnings may be appropriated and expended until the fund reaches \$100 million. Thereafter, all net earnings and all receipts must be appropriated by the legislature and expended, provided that the balance in the fund may never be less than \$100 million.

(2) (a) At the beginning of each fiscal year, there is allocated from the interest income ~~of~~ from the resource indemnity trust fund \$240,000, which is statutorily appropriated, as provided in 17-7-502, from the renewable resource grant and loan program state special revenue account to support the operations of the environmental science-water quality instructional programs at Montana state university-northern, to be used for support costs, for matching funds necessary to attract additional funds to further expand statewide impact, and for enhancement of the facilities related to the programs.

(b) At the beginning of each biennium, there is allocated from the interest income ~~of~~ from the resource indemnity trust fund:

(i) an amount not to exceed \$175,000 to the environmental contingency account pursuant to the conditions of 75-1-1101;

- 1 (ii) an amount not to exceed \$50,000 to the oil and gas production damage mitigation account
2 pursuant to the conditions of 82-11-161;
- 3 (iii) ~~beginning in fiscal year 1996~~, \$2 million to be deposited into the renewable resource grant and
4 loan program state special revenue account, created by 85-1-604, for the purpose of making grants;
- 5 (iv) ~~beginning in fiscal year 1996~~, \$3 million to be deposited into the reclamation and development
6 grants state special revenue account, created by 90-2-1104, for the purpose of making grants; ~~and~~
- 7 (v) ~~beginning in fiscal year 1996~~, \$500,000 to be deposited into the water storage state special
8 revenue account created by 85-1-631; and
- 9 (vi) beginning in fiscal year 1998 and each succeeding fiscal year, \$1 million to the future fisheries
10 improvement program, established in 87-1-272, to fund projects that enhance moving or removing sources
11 of pollution from streambanks and lakeshores, including but not limited to stockyards, mine tailings,
12 machinery, sources of silt, and other pollution sources.
- 13 (c) The remainder of the interest income is allocated as follows:
- 14 (i) Thirty-six percent of the interest income ~~of~~ from the resource indemnity trust fund must be
15 allocated to the renewable resource grant and loan program state special revenue account created by
16 85-1-604.
- 17 (ii) Eighteen percent of the interest income ~~of~~ from the resource indemnity trust fund must be
18 allocated to the hazardous waste/CERCLA special revenue account provided for in 75-10-621.
- 19 (iii) Forty percent of the interest income from the resource indemnity trust fund must be allocated
20 to the reclamation and development grants account provided for in 90-2-1104.
- 21 (iv) Six percent of the interest income ~~of~~ from the resource indemnity trust fund must be allocated
22 to the environmental quality protection fund provided for in 75-10-704.
- 23 (3) Any formal budget document prepared by the legislature or the executive branch that proposes
24 to appropriate funds from the resource indemnity trust interest account other than as provided for by the
25 allocations in subsection (2) must specify the amount of money from each allocation that is proposed to
26 be diverted and the proposed use of the diverted funds. A formal budget document includes a printed and
27 publicly distributed budget proposal or recommendation, an introduced bill, or a bill developed during the
28 legislative appropriation process or otherwise during a legislative session."
- 29

30 **Section 2.** Section 87-1-272, MCA, is amended to read:

1 "87-1-272. (Temporary) Future fisheries improvement program -- funding priority -- reports
2 required. (1) In order to enhance future fisheries through natural reproduction, the department shall
3 establish and implement a statewide voluntary program that promotes fishery habitats and spawning areas
4 for the rivers, streams, and lakes of Montana's fisheries.

5 (2) The department shall ~~by April 1, 1996, and thereafter~~ when projects are suggested by the
6 future fisheries review panel, through a public hearing process and with the approval of the commission,
7 prioritize projects that have been recommended by the review panel to be funded. Emphasis must be given
8 to projects that enhance the historic habitat of native fish species. The department shall fund and implement
9 the program regarding the long-term enhancement of streams and streambanks, streambank and lakeshore
10 pollution mitigation, instream flows, water leasing, lease or purchase of stored water, and other voluntary
11 programs that deal with wild fish and aquatic habitats. A project conducted under the future fisheries
12 improvement program may not restrict or interfere with the exercise of any water rights or property rights
13 of the owners of streambeds and property adjacent to streambeds, streambanks, and lakes. The fact that
14 a program project has been completed on private property does not create any right of public access to the
15 private property unless that right is granted voluntarily by the property owner.

16 (3) The department shall work in cooperation with private landowners, conservation districts,
17 irrigation districts, local officials, anglers, and other citizens to implement the future fisheries improvement
18 program. Any department employee who is employed under this section to facilitate contact with
19 landowners must have experience in commercial or irrigated agriculture. The department shall encourage
20 the use of volunteer labor and grants, matching grants, and private donations to accomplish program
21 purposes. The department may use contracted services:

22 (a) for negotiations with landowners, local officials, citizens, and others;

23 (b) for coordination with other agencies that may be involved in projects conducted under this
24 section; and

25 (c) to perform and supervise project work.

26 (4) Funds expended under this section may be used only for projects for the protection of the
27 fisheries resource that have been identified by the review panel, established in 87-1-273, and approved by
28 the commission and may not be used for the acquisition of any interest in land.

29 (5) (a) The department shall report to the commission on the progress of the future fisheries
30 improvement program every 12 months and post a copy of the report on the state electronic bulletin board

1 to ensure public access to the report.

2 (b) The department shall also present a detailed report to each regular session of the legislature on
3 the progress of the future fisheries improvement program. The legislative report must include the
4 department's program activities and expenses since the last report and the project schedules and
5 anticipated expenses for the ensuing 10 years' implementation of the future fisheries improvement program.

6 (c) In order to implement 87-1-273 and this section, the department may expend revenue from the
7 future fisheries improvement program for up to two additional full-time employees.

8 (d) In order to mitigate the effects of pollution affecting fisheries, the department may expend
9 revenue allocated from the interest income from the resource indemnity trust fund, pursuant to
10 15-38-202(2)(b)(vi), to fund projects that enhance moving or removing sources of pollution from
11 streambanks and lakeshores, including but not limited to stockyards, mine tailings, machinery, sources of
12 silt, and other pollution sources. (Terminates July 1, 2005--sec. 5, Ch. 463, L. 1995.)"

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14 NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 1997.

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-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0235, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act appropriating \$1 million annually from the interest of the resource indemnity trust fund to the future fisheries improvement program in the Department of Fish, Wildlife and Parks to assist in paying the costs of moving or removing sources of pollution from stream banks and lakeshores.

ASSUMPTIONS:

Department of Environmental Quality (DEQ):

1. \$1 million of the interest income from the resource indemnity trust fund (RIT) will be appropriated each year to the Department of Fish, Wildlife and Parks.
2. This appropriation will be made off the top of the RIT trust before the balance of the trust is allocated by a percentage split to the renewable resource account, the reclamation and development account, the hazardous waste CERCLA account, and the environmental quality protection fund (EQPF).
3. The DEQ currently is funded through appropriations from the reclamation and development account, the hazardous waste CERCLA account, and the EQPF. The Department of Natural Resources administers the reclamation and development account and the DEQ administers the hazardous waste CERCLA account.
4. The percentage allocation that remains is currently allocated as follows: 36% to the renewable resource account, 40% to the reclamation and development account, 18% to the hazardous waste CERCLA account, and 6% to the EQPF.
5. Revenue would be reduced \$802,496 for the biennium for the three accounts from the RIT that help fund DEQ programs if the Department of Fish, Wildlife and Parks were funded at \$2 million each biennium.
6. Approximately 67.04% of the \$802,496 or \$537,993 funds DEQ programs in whole and this amount would have to be reduced in FTE and operating costs if not replaced with other viable state funding sources.
7. Approximately 32.96% of the \$802,496 or \$264,503 is used as match funds to federal grant programs. This \$264,503 matches federal funds at approximately 24.23% which would result in a loss of \$1,091,634 in federal funds that the DEQ would not be able to match.
8. The numbers used in the Fiscal Impact section are from Table 2 of the RIT Trust, Interest Earnings, and Related Expenditure Accounts. The revenue numbers are as adopted by the Revenue Oversight Committee.

Department of Natural Resources and Conservation (DNRC):

9. DNRC appropriations are 47.8% of the total appropriations funded from the renewable resource account.
10. DNRC appropriations are 41.2% of the total appropriations funded from the reclamation and development account.
11. Reductions in deposits to state revenue accounts will cause appropriations to either be reduced or funded with general fund.
12. Any reduction in appropriations or general fund replacement will affect all appropriations within a state revenue account proportionately.

(Continued)

Dave Lewis 2-1-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

BOB RANEY, PRIMARY SPONSOR DATE

Fiscal Note for HB0235, as introduced

HB 235

Department of Fish, Wildlife and Parks:

13. The department will continue the Future Fisheries Improvement Program and receive requests to award the additional \$1 million from RIT.
14. The department will need to amend its rules to accommodate the additional eligible project criteria.
15. The department will redirect existing staff to accommodate this additional workload.
16. Future fisheries improvement contained in 87-1-272, MCA, is temporary and terminates July 1, 2005--sec. 5, Ch 463, L. 1995.

FISCAL IMPACT:

Department of Fish, Wildlife and Parks:

	<u>FY98</u>	<u>FY99</u>
<u>Expenditures:</u>	<u>Difference</u>	<u>Difference</u>
Future Fisheries Improvement Program grants	1,000,000	1,000,000
 <u>Funding:</u>		
Resource Indemnity Trust Interest revenue (02)	1,000,000	1,000,000

<u>Revenue Account</u>	<u>Percent Allocation</u>	<u>Fiscal 98</u>	<u>Fiscal 99</u>
Future Fisheries Program		\$1,000,000	\$1,000,000
Renewable Resource	36%	(360,000)	(360,000)
Reclamation & Development	40%	(400,000)	(400,000)
Hazardous Waste/CERCLA	18%	(180,000)	(180,000)
Environmental Quality Protection	6%	(60,000)	(60,000)

There would be a shortage of \$2 million dollars over the biennium in the RIT Accounts.

Net Impact:

HB 235 would decrease revenues going into the four accounts from the RIT trust that are funded according to the percentage split that is established in statute. Appropriations from the above accounts are in the base budgets of the following departments: a) Department of Environmental Quality, b) Department of Natural Resources and Conservation, c) The Governors Office-Flathead Basin Commission, d) Judiciary-Water Court, e) Library Commission-NRIS, and f) Legislature-Environmental Quality Council.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The long-range effects would be a reduction of reclamation and natural resources staff/program or proposals for replacement funding, together with improved fisheries habitat.