

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON FISH & GAME

Call to Order: By Chairman Foster, on January 21, 1993, at 3:00 p.m.

ROLL CALL

Members Present:

Rep. Mike Foster, Chair (R)
Rep. Chase Hibbard, Vice Chair (R)
Rep. Bob Ream, Minority Vice Chair (D)
Rep. Beverly Barnhart (D)
Rep. Bob Clark (R)
Rep. Jim Elliott (D)
Rep. Duane Grimes (R)
Rep. Marian Hanson (R)
Rep. Dick Knox (R)
Rep. Bea McCarthy (D)
Rep. Brad Molnar (R)
Rep. Scott Orr (R)
Rep. Bill Ryan (D)
Rep. Emily Swanson (D)
Rep. Doug Wagner (R)

Members Excused: Rep. Fritz Daily (D)

Members Absent: None.

Staff Present: Doug Sternberg, Legislative Council
Mary Riitano, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 123
Executive Action: None.

HEARING ON HB 123

Opening Statement by Sponsor:

REP. JOHN JOHNSON, House District 23, Glendive, distributed brochures (**EXHIBIT 1**). HB 123 eliminates the sunset on the paddlefish/roe project. The bill initiating the program was passed in 1989, and it stated the sunset for the project would occur in June 1993. **REP. JOHNSON** described proposed amendments that he distributed (**EXHIBIT 2**).

Proponents' Testimony:

Mr. Robert Van DerVere, Citizen stated that before the original bill, paddlefish eggs were thrown away. He supports HB 123 and believes it should be passed.

Mr. Mike Carlson, Glendive Chamber of Commerce (GCC) stated he is one of the co-founders of the Glendive caviar project. He wrote the original bill in 1988. **Mr. Carlson** presented a short video to the committee that provided information regarding the Glendive Intake area and the paddlefish. GCC had a vision five years ago to improve the rock-bottom situation that existed in Glendive. Glendive had lost 30% of its population, 60 businesses, and the county taxable value had dropped 40%. Since 1964 paddlefish have been caught in Glendive. The average catch is approximately 2,500 paddlefish per year at the Intake fishing area, which is nearly 18 miles north of Glendive. The season starts May 15 and concludes June 30. Research in 1987 revealed that paddlefish eggs being thrown away were a source of caviar. The original goal was to obtain the eggs each spring, process them into caviar, and sell them. The method used was offering free fish cleaning and meat wrapping in exchange for the donation of the roe. Profits from the sale of the caviar are used for community development projects. **Mr. Carlson** discussed the fact sheet that was found in the brochure (**EXHIBIT 1**). The paddlefish population is thriving. Starting in 1964, continuous studies have been completed on the paddlefish. Montana has more data than any other state regarding paddlefish population. The harvest is approximately 3% to 4% per year. GCC funds a significant amount of research on the paddlefish. **Mr. Carlson**, said, in conclusion, that this project is beneficial for the paddlefish and Montana.

Mr. Steve Ols, member of the Glendive Chamber of Commerce Caviar Committee and the Caviar Grant Committee, stated the Grant Committee handles the disbursement of the GCC's share of profits. Fifty-six grant applications were reviewed last year and 39 were funded. The demand for funds outweighs the supply. Most projects include volunteer labor to reduce the overall cost of the project. Grants are proposed by local organizations and receipts are needed before funds are disbursed. City and county governments do not have funds to maintain or improve the existing recreation facilities. During the first two years of the project, the Committee granted 50% of the funds to cultural projects. Forty-five percent of the funds were granted to recreational projects, and 5% of the funds were granted to historical projects. The Committee looks favorably at applications from outside the Glendive area. See Caviar Grant Awards list (**EXHIBIT 1**) for a full list of caviar grant awards. The caviar project brings people and money to Glendive. **Mr. Ols** urged continued support.

Mr. Jim Culver, Glendive Chamber of Commerce Caviar Committee, stated that there is no state money funding the project. GCC is a nonprofit organization and its primary concern is the preservation of the paddlefish species. All research has been

paid for by paddlefish proceeds. GCC is asking for amendments that would indefinitely extend the period of the project and extend the area from which paddlefish roe may be donated. These changes do not affect the authority of either the legislature or the Fish, Wildlife, and Parks Department to terminate the program if the paddlefish is in danger. Harvest is still controlled by the Department and there is only one fishing access area. The last change requested by GCC is a different split of the proceeds. The change would be from 50/50 to 60/40, with 60% going to GCC and 40% going to the Department. GCC has met with the Department and in principle they both agreed upon the different split. The Department will be paid for all their costs of research and administration even after the split. **Mr. Culver** concluded his presentation by urging support of HB 123.

Mr. Lester Ollerman, Mayor of Glendive, urged support of HB 123. On behalf of the City of Glendive, **Mr. Ollerman** stated that the amendments provided in HB 123 are needed. **Mr. Ollerman** presented a letter he had written (**EXHIBIT 3**).

Mr. John Trangmoe, Executive Director Glendive Chamber of Commerce, urged support of HB 123.

REP. BETTY LOU KASTEN, House District 28, Brockway, stated she fully supports HB 123. This project is successful and has accomplished a lot in the community. **REP. KASTEN** said she would be available to offer more information at any time.

Opponents' Testimony:

Ms. Janet Ellis, Montana Audubon, stated that at a minimum they support the amendments offered by **REP. JOHNSON**. The Montana Audubon would like to see one additional amendment on page 6, line 11 following "1989," which inserts "and terminates June 30, 1997." A permanent project is not desirable because not enough is known about the population of the paddlefish. Paddlefish have been classified as a species of special concern. At this time, the population is alright; however, there are additional pressures. North Dakota is considering a similar commercialization program. Overharvesting could have long term impacts on the overall population. **Ms. Ellis** stated that the Montana Audubon does not feel comfortable with the 60/40 split, and they want to be sure all research is paid for out of this program. The organization is concerned that the Chamber of Commerce is driven by the economics of the project rather than concern for the fish. Technically, the 50% of the profit that GCC currently receives is supposed to go for historical, cultural, recreational, and fish and wildlife proposals. GCC has not funded any fish and wildlife proposals. She urged the committee to look carefully at HB 123 and the proposed amendments.

Mr. Art Whitney, Montana Chapter of American Fisheries Society, presented written testimony (**EXHIBIT 4**). He stated the split should be 50/50 rather than 60/40 and that the Society is in

favor of the utilization of the eggs. In conclusion, he said that there should be a sunset date on the project.

Mr. Stan Bradshaw, Montana Trout Unlimited (MTU), stated a large part of all the research completed is funded by GCC's 50% share. A large concern are the implications HB 123. He stated we have embarked on a legislatively sanctioned, commercial exploitation of a resource that is not greatly abundant throughout its range. HB 123 expands the area and the life of the project. **Mr. Bradshaw** proposed the question that if at some point, people develop a taste for bull trout or cutthroat trout, will a similar type of project be started? He said that he hoped not. The area from which roe can be received is being confined. Original legislation did not specify a precise area for roe removal. The original bill of 1989, before it was amended and after negotiations with Fish, Wildlife, and Parks, proposed 100% of the proceeds to go to the nonprofit corporation. The final agreement was the 50/50 split. He stated he was unsure about the 60/40 split. The GCC has done good work having only the 50/50 split. He stated the sunset date, June 30, 1997, proposed by the Montana Audubon was a good idea. The practical effect of the advertising by GCC is to encourage more people to come to Glendive to fish for paddlefish. Long-range effects of this strategy on the paddlefish and on the fishery is unknown. He asserted that Glendive has a successful source of income. When the time comes that the department proposes to reduce or eliminate this harvest, he foresees the GCC resisting the Department. He speculated the GCC would come to the legislature and have them intervene on their behalf. Over the period of time the program has been active, the city of Glendive has returned each legislative session making refinements. **Mr. Bradshaw** remarked that it would be very appropriate to implement a four-year extension in HB 123.

Mr. Bill Holdorf, Skyline Sportsman Association, stated he testified four years ago against this bill because he was afraid of the possibility of people taking paddlefish by poaching due to the value of the eggs. He stated he agreed with the amendment of extending the area 17 miles, provided the fisherman has to bring the entire fish to Intake to be cleaned. He believed there should be a sunset date. **Mr. Holdorf** stated he has caught a lot of paddlefish. He felt the profit split should remain 50/50. He stated he has been in many states that have sales tax. He speculated that the GCC would return for increases in the percentage split much the same as the government raises the sales tax in other states.

Mr. Jim Richard, Montana Wildlife Federation, said that the Federation appreciated the amendments proposed by **REP. JOHNSON**. A large concern is the progressing image of Glendive of being large on tourism. Extending the sunset would allow an opportunity to continue to observe the program and observe whether the program can work as intended.

Mr. Jim Jensen, Montana Environmental Information Center, stated no mention has been made regarding the need for ongoing research on the paddlefish, as well as the sturgeon, which inhabits the same range, and what management techniques will be implemented. A passageway is proposed at the Intake site so that the sturgeon can move further up the river. He did not think it was a good idea to restrict any of the research money until GCC can be well informed about ways to manage this program to protect the paddlefish.

Informational Testimony:

Mr. Pat Graham, Director Fish, Wildlife, and Parks, provided a written statement regarding HB 123 (EXHIBIT 5).

Questions From Committee Members and Responses:

REP. JIM ELLIOTT asked Mr. Carlson if one of the reasons the GCC desired to extend the program was to build long-range plans. Mr. Carlson replied yes. Currently one-year contracts are negotiated for manufacture of the caviar. Future plans include negotiating a better contract. REP. ELLIOTT inquired how long range plans could be made when the Department has the authority to terminate the program any time due to endangerment of the paddlefish. Mr. Carlson replied that it would be in the contract. REP. ELLIOTT asked Mr. Carlson how does this differ from the situation today whereby the GCC might get only a two-year extension by the legislature. Mr. Carlson replied it is a consideration. He said that the GCC would like to market the caviar themselves rather than going through the middle man.

REP. ELLIOTT stated he was present when the original bill went through the House of Representatives. He quoted page 4, line 21, of HB 123, "The advisory committee shall solicit and review historical, cultural, recreational, and fish and wildlife proposals and fund projects." At the time, he felt the money used to promote the Glendive area was a worthwhile cause. When looking at the grants awarded, 45% have been awarded to recreational projects; 50% have been awarded to cultural projects; and 5% have been awarded to historical projects. However, it seemed as if no money has been invested in the paddlefish. He asked Mr. Carlson why it seemed as if the historical projects and paddlefish have been neglected. Mr. Carlson replied that advertising is completed for those that submit the grant applications. Very few historical projects and fish and wildlife applications have been submitted. GCC has shared funding with the Department for a new well at the Intake site. REP. ELLIOTT asked Mr. Carlson what the \$4,500 grant was for to the Cottonwood Country Club. Mr. Carlson stated the Cottonwood Country Club is a public club and golf course. The grant was for an underground sprinkler system. REP. ELLIOTT asked Mr. Carlson the purpose of the \$5,000 grant to Eastern Montana Bible Club. Mr. Carlson stated it was an interdenominational organization and was open to the public. REP. ELLIOTT asked Mr. Carlson for the purpose of the grant to

the Badland Drifters Car Club. **Mr. Carlson** stated it was a grass roots organization that needed support money to get started.

REP. EMILY SWANSON asked **Mr. Carlson** what the reasoning was behind the change in the percentage split. **Mr. Carlson** replied the GCC does a great deal of work on the project. The change in the percentage split would result in more money that would be available for grants. He stated that GCC has requested a breakdown of the expenditures made from the Department's portion of the percentage split. He said that the breakdown was unsatisfactory and that the GCC could make better use of the funds.

REP. SWANSON asked **Mr. Carlson** how many proposals GCC was not able to fund and what the monetary amounts of the nonfunded projects were. **Mr. Carlson** referred the question to **Mr. Ols**. **Mr. Ols** replied the GCC had received 56 applications for last year asking a total of approximately \$300,000. GCC funded just under \$97,000 for 39 projects.

REP. ROBERT CLARK remarked that on page 4, lines 3-8, there is a list of uses for the project funds. He asked **Ms. Ellis** how much money does the Montana Audubon contribute toward similar projects involving the paddlefish. **Ms. Ellis** responded saying that the Audubon is a Montana based operation. All money is raised within Montana, and there are no excess funds for projects. The organization is starting a wildlife fund. After the fund reaches \$20,000, grants for projects such as the paddlefish will be considered.

REP. DICK KNOX asked **Mr. Larry Peterman, Administrator of the Fisheries Division of the Fish, Wildlife, and Parks**, for an evaluation of the population of paddlefish and the effect the fishery has had on the area. **Mr. Peterman** said that the total population of paddlefish is in question because the range runs into North Dakota. The paddlefish roe program is centered at the Intake fishing access site, which is downstream from Glendive. Monitoring of the paddlefish population started in the 1970's. Some fish have been tagged to track the exploitation rate. Currently the population is healthy and stable. This species, however, has been labeled as a species of special concern. If the level of harvest rises beyond 10%, closer studies of the program will be made. **REP. KNOX** asked **Mr. Peterman** what level of harvest triggers concern about the program. **Mr. Peterman** stated he doesn't think a specific level has been identified. The Paddlefish Management Program is trying to identify that level. Other studies have shown that 10% is alright. **CHAIRMAN MIKE FOSTER** asked **Mr. Peterman** if the paddlefish population was approximately 30,000. **Mr. Peterman** replied no. He said that the exploitation rate of, for example 10%, is on that group of fish that spawns in the particular year being studied. The entire paddlefish population doesn't spawn every year. The different exploitation rates are for different segments of the population.

REP. BEA MCCARTHY asked **Mr. Peterman** what the length of season was for the paddlefish. He replied from May 15 through June 30. **REP. MCCARTHY** inquired what the average catch was for the season. **Mr. Peterman** answered the harvest has ranged from 500 to 600 fish in a season up to 4,500 to 5,000 fish a season. The harvest fluctuates with the amount of runoff from the mountains. **REP. MCCARTHY** asked if the Department has the power to regulate under the current regulations. **Mr. Peterman** said yes. The Department sets the season and the catch limits every two years. If an emergency situation arises regarding the paddlefish population, the Department can enact emergency regulations.

REP. BRAD MOLNAR stated there are wide fluctuations in the paddlefish migration to and from North Dakota. He asked **Mr. Peterman** if he detected anything in the amendments of HB 123 that would make it easier for the federal government to take over management of the fish. This happened to the grizzly bear. **Mr. Peterman** stated that in his discussions with the federal government, it felt management was too liberal. A large concern is the commercialization of the caviar which will place more pressure on the paddlefish. **REP. MOLNAR** asked if he observed anything that raises his concern or would make the situation worse. **Mr. Peterman** stated there is an extension of the area of 17 miles. The area is confined, accessible, and the extension can be justified.

REP. BOB REAM stated that on Chart 5 (**EXHIBIT 1**) there is a reserve fund of \$30,000. HB 123 proposes a reserve fund; however, there is not one in the current law. He asked **Mr. Carlson** where the money sits and how is it being used. **Mr. Carlson** said that there has always been a reserve fund. **REP. REAM** asked what the purpose of the fund was. **Mr. Carlson** replied the reserve fund is to give the GCC operating money from the first of the year until the income starts to come in. **REP. REAM** asked what the \$33,696 was for in the Glendive Administration fund. **Mr. Carlson** stated it was the administrative costs for the past three years. **REP. REAM** asked who the money went to. **Mr. Carlson** stated the administrator is the Director of the Chamber of Commerce. One-third of his wages are paid out of the Glendive Administration fund. **REP. REAM** asked if people were hired to complete the processing and marketing. **Mr. Carlson** stated that people such as fish cleaners and on-site help were hired and supplies purchased. The fish cleaners are one of the largest expenses.

REP. CHASE HIBBARD stated he was confused by **Mr. Carlson's** closing comments on the percentage split. He said that in addition to the 60/40 split, there would be a sliding scale with different levels of income. **Mr. Carlson** referred the question to **Mr. Culver**. **Mr. Culver** replied that in their business with the Department, GCC makes sure that their current levels of administration and research costs are maintained up to the maximum amount of proceeds made within one year.

REP. HIBBARD asked Mr. Peterman about the program's effect on the paddlefish harvest. He replied it is difficult to ascertain the affect of the program.

REP. DOUG WAGNER asked Mr. Peterman that if the population was healthy, why it was being considered for the endangered species list. Mr. Peterman replied that the paddlefish is not found in its entire original range area, and in some ranges the population is declining. The entire range is considered when making the determination of placing an animal on the endangered species list.

REP. WAGNER asked Mr. Peterman what the price per pound was on the caviar. Mr. Peterman responded the caviar is classified as grade 1 (high quality) and is sold for \$32 per pound.

REP. DUANE GRIMES asked Mr. Ols what the term of the contract will be. Mr. Ols said it will be a 10-year contract with the option to withdraw if the program terminates. The GCC would like to eventually eliminate the middleman and negotiate contracts directly with the seller of the caviar. Retail value of the caviar ranges from \$130 to \$500 per pound.

REP. BEVERLY BARNHART asked Mr. Ols what the \$2,000 grant to the Our Savior Lutheran (Cross on the Hill) was for and how the grant was classified. Mr. Ols replied it was a historical project, restoring a local landmark.

REP. SWANSON asked Mr. Carlson regarding the postcard in (EXHIBIT 1). Mr. Carlson replied the postcard goes with the tags a fisherman buys. It makes fisherman happy not to have to clean the fish. REP. SWANSON asked if there has been resistance from the fisherman of GCC's commercializing the caviar. Mr. Carlson said that no problems have occurred. The GCC has been doing a lot of public relation such as putting in a new well and bridge and adding electric power.

REP. ELLIOTT asked Mr. Carlson if a year-to-year count has been kept of the snagged paddlefish. Mr. Carlson said numbers can only be kept on the cleaned fish, which to date is 5,381 paddlefish cleaned. REP. ELLIOTT asked how many paddlefish a fisherman is entitled to per season. Mr. Carlson said two fish. REP. ELLIOTT asked if the GCC has tracked any increase in the number of tourists coming to Glendive and if the increase, if any, is linked to the paddlefish. Mr. Carlson stated there has not been an tourism increase. Forty percent of licenses sold by the Department are sold to people out of state. This level has remained constant over the past several years. REP. ELLIOTT asked Mr. Carlson regarding the type and length of the 12 jobs created through the program. Mr. Carlson said the 12 jobs were part-time lasting through the paddlefish season.

Closing by Sponsor:

REP. JOHNSON stated a lot of good information was given by the people who testified. The Department has been observing the program and the GCC's Caviar Committee is concerned about the preservation of the paddlefish species. Studies done by the Department come out of its share of the proceeds. North Dakota has reduced the harvest of the paddlefish twice, using a system similar to Montana. This should result in an overall reduction of the number of paddlefish caught. The 60/40 percentage split does, in fact, go towards paddlefish research. Compromise is part of the legislative process and REP. JOHNSON stated that the amendments accomplish this between the two parties. He urged support for HB 123.

ADJOURNMENT

Adjournment: 4:50 p.m.



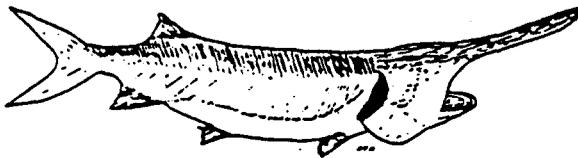
REP. MIKE FOSTER, Chair



MARY RIITANO, Secretary

ML/MR

EXHIBIT 1
DATE 1/21/93
HB 123



PADDLEFISH
CAVIAR PROJECT
GLENDIVE CHAMBER OF COMMERCE
AND AGRICULTURE

1991 CAVIAR GRANT AWARDS

	<u>GRANT AMOUNT</u>
1. Friends of Makoshika State Park	\$ 5,000.00
2. Babe Ruth Baseball	\$ 5,000.00
3. Chamber of Commerce - Intake Well Project	\$ 4,524.00
4. Tennis Association	\$ 2,500.00
5. Glendive Lions AAU Wrestling	\$ 2,500.00
6. American Legion Baseball	\$ 1,000.00
7. Hollecker Lake Committee	\$ 1,000.00
8. Glendive Community Building	\$ 1,000.00
9. Noon Lions -Eastern Mt. Leadership Camp	\$ 500.00
10. Dawson County Arts Unlimited	\$ 500.00
11. DCC Fine Arts - Shakespeare in the Park	\$ 400.00
12. Senior All Nighter	\$ 150.00
13. Glendive Police Department	\$ 150.00
TOTALS	\$ 24,224.00

1992 CAVIAR GRANT AWARDS

	<u>GRANT AMOUNT</u>
1. Eastern Montana Historical Society (Sidney)	\$ 300.00
2. Friends of Intake (Mondak Historical Society)	\$ 3,000.00
3. Our Savior Lutheran (Cross On The Hill)	\$ 2,000.00
4. Glendive Trap Club	\$ 2,000.00
5. Frontier Gateway Museum	\$ 1,000.00
6. Friends of the Library	\$ 20,000.00
7. Makoshika Bowman	\$ 1,500.00
8. Prairie County Museum (Terry)	\$ 1,600.00
9. American Legion Baseball	\$ 2,625.00
10. Glendive Arts Unlimited	\$ 500.00
11. Glendive Swim Team	\$ 1,500.00
12. Girl Scouts Camp	\$ 500.00
13. Glendive Girls Softball Association	\$ 8,000.00
14. Glendive Tennis Association	\$ 2,000.00
15. Cottonwood Country Club	\$ 4,500.00
16. Senior All Nighter	\$ 250.00
17. Merchants Committee -Banner Project	\$ 6,610.00
18. Babe Ruth Baseball	\$ 3,000.00
19. Glendive Police Department	\$ 150.00
20. Dawson County Fairboard	\$ 2,000.00
21. Eastern Montana Bible Camp	\$ 5,000.00
22. Shakespeare in the Park	\$ 250.00
23. Badlands Drifters Car Club	\$ 500.00
24. Lone Tree Archers of Sidney	\$ 1,500.00
25. Glendive Video - EDC	\$ 1,000.00
26. ABC Little League Baseball	\$ 3,200.00
27. Noon Lions Youth Camp	\$ 5,000.00
28. Eastern Montana Sportsman Headquarters (Circle)	\$ 2,500.00
29. Breakfast Lions - Hollecker Lake Improvement	\$ 660.00
30. Jaycees Youth Football Program	\$ 2,000.00
31. Glendive Chamber of Commerce -Hathaway Sign	\$ 700.00
32. Glendive Chamber of Commerce - Glendive Brochure	\$ 3,020.00
33. City of Glendive - Lloyd Square Park Shelter	\$ 4,000.00
34. Jordan Booster Club - Youth Center	\$ 1,000.00
35. Special Olympics	\$ 300.00
36. VFW/VVA/American Legion	\$ 700.00
37. PLASAFN - Youth Center	\$ 750.00
38. Kiwanis & Lower Yellowstone Amateur Radio Club (Visitor Information Radio Station)	\$ 1,000.00
39. Noon Lions AAU Wrestling	<u>\$ 812.50</u>
TOTALS	\$ 96,927.50

FACT SHEET

PADDLEFISH CAVIAR PROJECT
OF THE GLENDIVE AREA
CHAMBER OF COMMERCE & AGRICULTURE

HISTORY

1. Authorized by the 1989 Montana Legislature almost unanimously and signed by the Governor March 3, 1989.
2. Minor changes by the 1991 Montana Legislature.
3. Memorandum of Understanding for operations made each year with The Montana Department of Fish, Wildlife & Parks.

ORGANIZATION

Consists of five (5) member (volunteers)
"Paddlefish Caviar Committee"
A Non-Profit Organization

INCOME (Gross)

1990	-	\$108,615
1991	-	\$292,905
1992	-	\$ 69,822
<hr/>		
3 Year Total	=	\$471,342

AMOUNT OF CAVIAR PRODUCED

1990 - 4,000 POUNDS (1,600 Paddlefish)
1991 - 10,000 POUNDS (3,000 Paddlefish)
1992 - 2,200 POUNDS (781 Paddlefish)

All caviar is processed, sealed and inspected by Montana Department of Fish, Wildlife & Parks personnel in Glendive and in Billings, Montana before it is sent to New York.

OF JOBS CREATED

TWELVE (12)

DISTRIBUTION OF PROFITS - AFTER EXPENSES

1. Fifty percent (50%) of Net Income - Given to The Montana Department of Fish, Wildlife & Parks. By law they must use it for Paddlefish Research, Information and Fishing Site Improvements in Eastern Montana.
2. Fifty percent (50%) of Net Income - goes to the Glendive Area Chamber of Commerce and Agriculture. It must be given away through grants for cultural, recreational, and historical projects in the Glendive area.

CAVIAR GRANTS FUNDED

1. 1991 - Twenty-Six thousand (26,000) give for sixteen (16) community grants.
2. 1992 - Ninety-Seven thousand (\$97,000) was distributed for thirty-eight (38) community grants for cultural, recreational and historical projects in Eastern Montana.

CAVIAR PRODUCTION FACILITIES

1. New well at Intake Fishing area in 1991.
2. New Fish Cleaning Station and processing plant at Intake in 1992. New underground Power line at Intake Fishing area in 1992. New Septic Tank System at Intake Fishing area in 1992.
3. Processing and Canning operation is set up at a local dairy in Glendive, Montana.
4. \$144,000.00 has been given to from the Montana Department of Fish, Wildlife & Parks for paddlefish research, information, and fishing site improvements in Eastern Montana in 1990 and 1991.

GLENDIVE PADDLEFISH CAVIAR INCOME

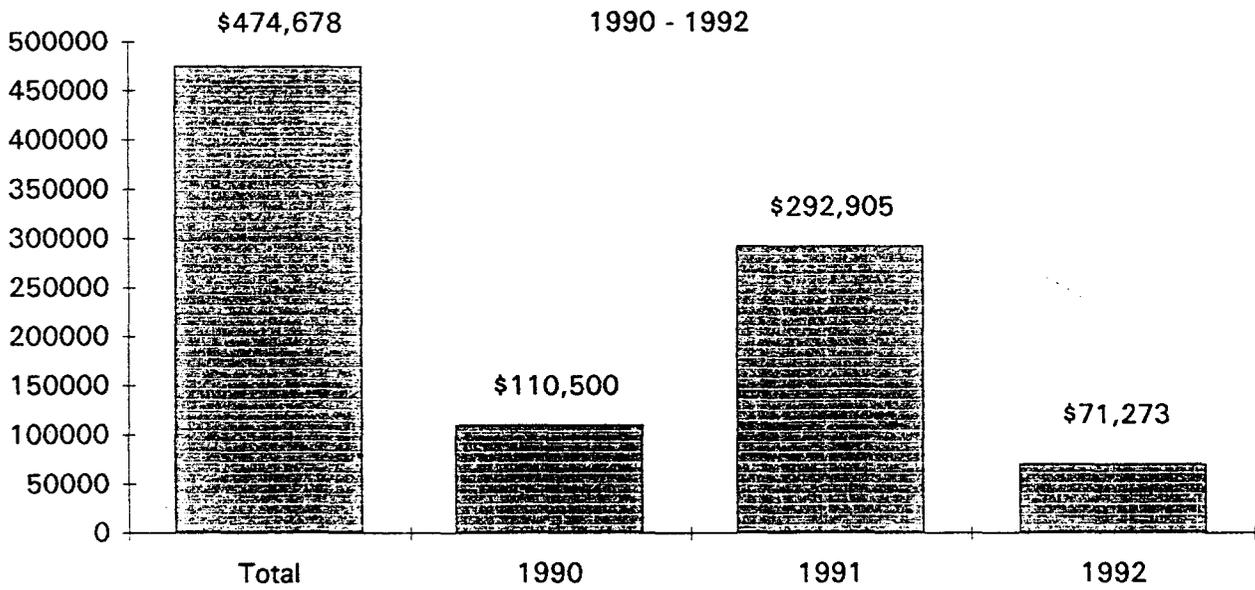
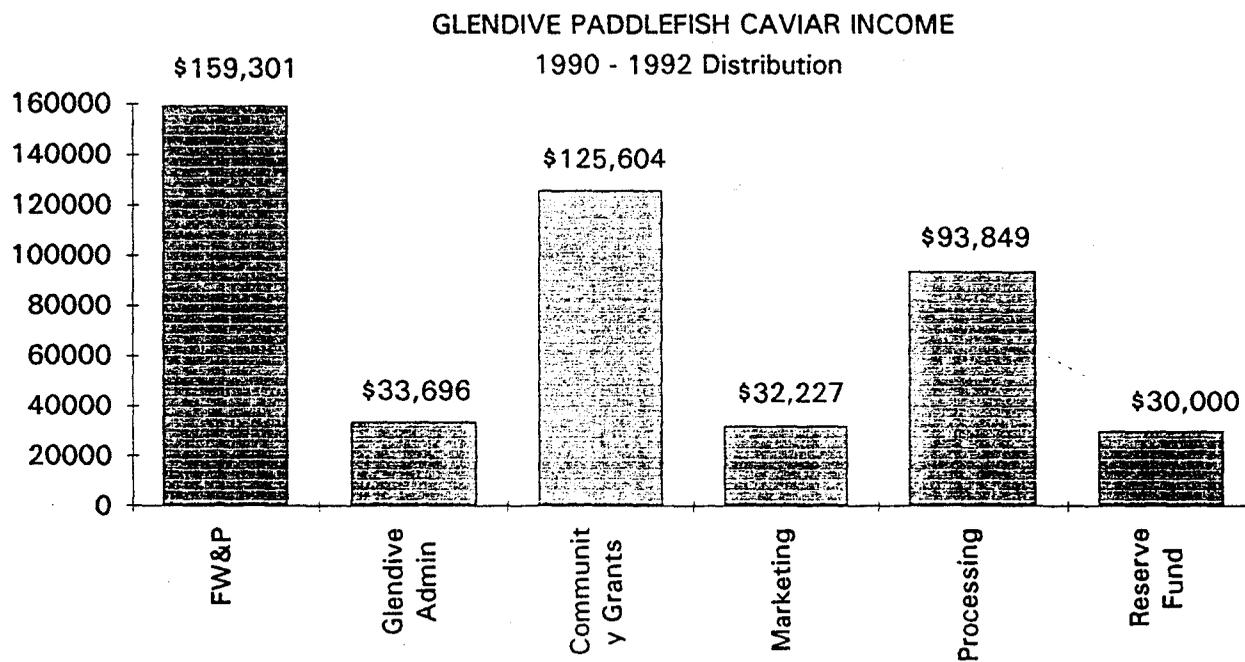


Exhibit
1-21-93
HB 123



Glendive Community Grants
1990 - 1991 Distribution (\$125,604)

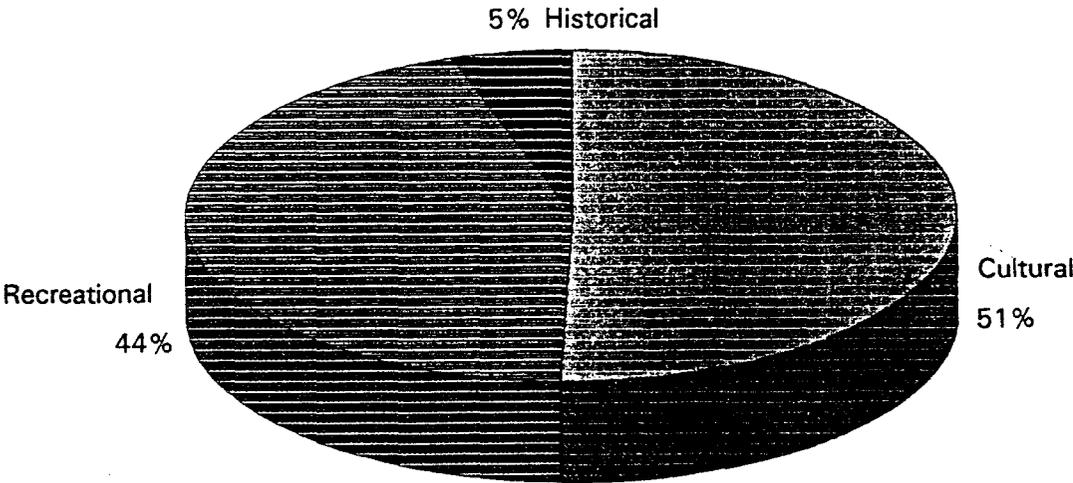
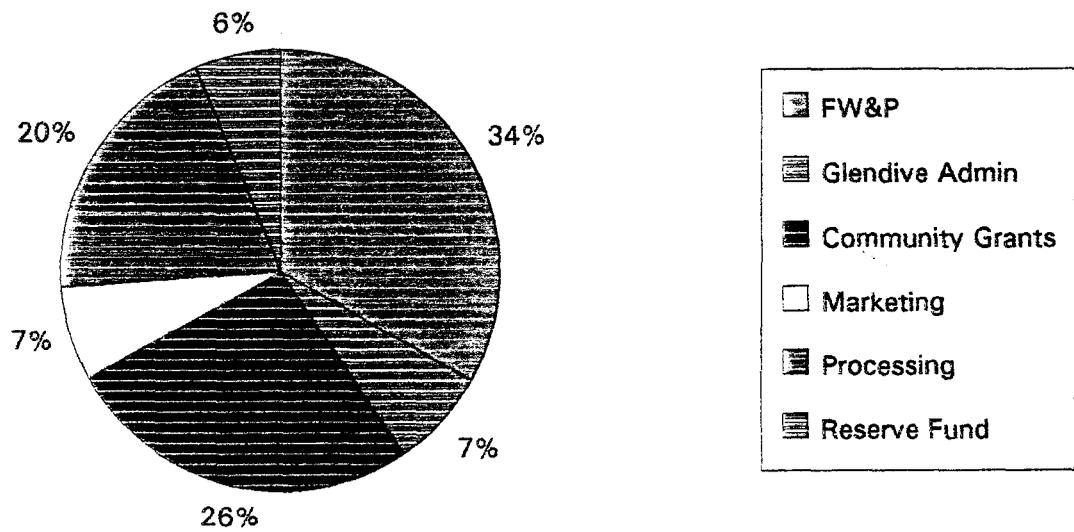
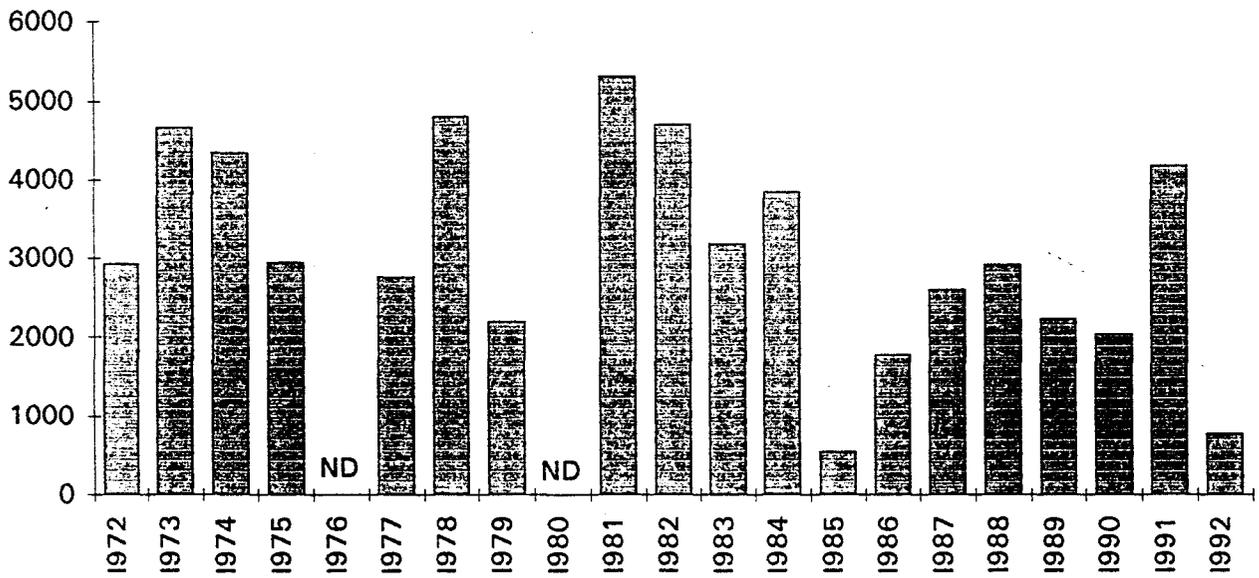


Exhibit 1
1-21-93
AB 123

GLENDIVE PADDLEFISH CAVIAR INCOME
1990 - 1992 Distribution

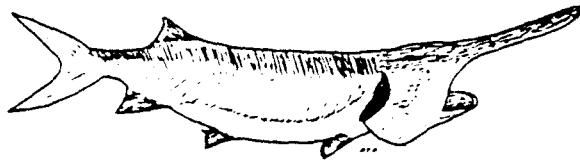


PADDLEFISH HARVEST
Intake Fishing Site (1972 - 1992)



SPORTSMEN

Paddlefish will be cleaned at no charge, by donating the eggs to a non-profit caviar operation. The proceeds will be used to benefit sportsmen and enhance recreational opportunities in Eastern Montana. For cleaning services contact the Intake concessionaire.



Sponsored by Glendive Chamber of Commerce and Agriculture

PROPOSED AMENDMENT TO HB 123
FIRST (WHITE) COPY

1. Title, page 1, line 5.
Following: "PROGRAM;"
Strike: "REMOVING"
Insert: "REVISING"
2. Title, page 1, line 7.
Following: "PROGRAM"
Insert: "by specifying a longer section of the
Yellowstone River"
Strike: "ESTABLISHING A RESERVE FUND TO COVER PROGRAM
COSTS;"
3. Page 2, line 19.
Following: "Glendive"
Insert: "from the Yellowstone River between the
Burlington Northern Railroad bridge at
Glendive to the confluence of Cottonwood Creek
and the Yellowstone River"
4. Page 2, line 25.
Following: "paddlefish"
Insert: "may be"
5. Page 3, line 1.
Following: "site"
Insert: "only to the Intake fishing access site"
Following: "for"
Strike: "cleaning or"
6. Page 3, line 2.
Following: "program"
Insert: "and"
7. Page 3, line 20.
Following: "~~One-half~~"
Strike: "~~Twenty-five percent~~"
Insert: "Forty percent"
8. Page 3, line 23.
Following: "~~administration~~"
Strike: "in excess of administrative costs of the
nonprofit organization and after deduction of
money deposited in the reserve fund
established in subsection (3)(e)"
9. Page 4, line 4.
Following: "access,"
Insert: "administration,"

EXHIBIT 2
DATE 1/21/93
HB 123

10. Page 4, line 9.
Following: "~~other half~~"
Strike: "remaining 75%"
Insert: "sixty percent"

11. Page 4, line 12.
Following: "~~administration~~"
Strike: "in excess of administrative costs of the nonprofit corporation and after deduction of money deposited in the reserve fund established in subsection (3)(e)"

12. Page 4, line 16.
Following: "caviar."
Insert: "The nonprofit organization's administrative costs must be paid from its share of the proceeds."

13. Page 4, line 25 through page 5, line 4.
Strike: strike section (e) in its entirety

300 South Merrill
Glendive, Montana 59330



Phone (406) 365-3318
FAX 406-365-6873

EXHIBIT 3
DATE 1/21/93
RE 123

January 18, 1993

The Honorable Mike Foster
Chairman, Fish and Game Committee
Room 312-1
House of Representatives
Capitol Station
Helena, MT 59620

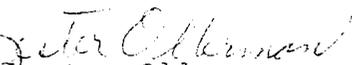
Dear Mr. Foster and Committee Members:

The City Council of Glendive and I, as Mayor, wish to ask your committee to give favorable consideration to House Bill 123. The City of Glendive feels strongly that the amendments provided in this bill are needed.

The paddlefish caviar industry which was started by the Glendive Chamber of Commerce is well managed and should be allowed to continue to grow. This industry is important to our community for economic reasons during these times of tight money. Also, this project puts money into numerous recreation projects and enhances the quality of life for our citizens.

We will appreciate a favorable vote on this bill and thank you for your support of economic development in Montana.

Sincerely,


Lester Ollerman
Mayor

LO/md

4
EXHIBIT _____
DATE 1/21/93 _____
HB 123 _____

HB 123
January 21, 1993

Testimony presented by Pat Graham, Dept. of Fish, Wildlife & Parks
before the House Fish and Game Committee

The 1989 Legislature legalized the collection, processing and selling of paddlefish eggs through a narrowly defined pilot program at the Intake fishing access site. This legislation is scheduled to sunset on June 30, 1993.

Montana's paddlefish population is still healthy. However, other states have not been as fortunate and the overall paddlefish population is rapidly declining throughout much of its range. Loss of habitat and over-exploitation through illegal commercial harvest of paddlefish for eggs are the two principal causes.

This has resulted in considerable attention and concern for the species on a national level. Since 1989, (the inception of this program) the Fish and Wildlife Service has received a petition to list the paddlefish under the Endangered Species Act, it has changed its classification under the act from C-3 to C-2 to encourage much needed research on the species and the paddlefish has been added to Appendix II of the Convention on International Trade in Endangered Species [CITES]. Clearly there is much attention focused on the paddlefish including Montana's management of the species and the paddlefish roe program.

Our management goal for paddlefish is to maintain adequate populations of this species to permit both a recreational harvest and a limited, well controlled and enforced roe-caviar operation while ensuring the long-term survival of the paddlefish. The original version of HB 123 would have made it difficult to meet that goal. The amendments offered by Representative Johnson address, with one exception, our concerns with the original bill.

Amendment #7 changes the percentage of revenue the department receives from 50% to 40% of the net proceeds. We currently dedicate a significant portion of our revenue to study the paddlefish population, ^{incorporated} determine a safe level of harvest and develop a long-term management plan which we feel is essential to provide for the continued harvest of paddlefish. *Increased enforcement activities related to this program also come out of the department's 50% share. The remainder of the department's share of the proceeds provide improved facilities at the Intake fishing access site for the public and educational and interpretive materials.

The critical items to continue are the enforcement activities and the paddlefish research. Together, these amount to approximately \$46,000. Since the program has been in operation for only three seasons, it is difficult to determine average program income per party, however, income to the Department from this program over the past three years has averaged approximately \$50,000. Changing the

allocation to 60/40 would reduce the Department's share to about \$40,000. This shift would make it difficult to maintain what we consider an essential level of enforcement and biological study. This shift would not allow for department expenditures in the other categories.

EXHIBIT 4
DATE 1/21/93
HB 123

HB 123
Testimony of the MT Chapter of AFS
before the
House Fish and Game Committee
21 January 1993

Mr. Chairman and members of the committee, my name is Art Whitney and I am here on behalf of the Montana Chapter of the American Fisheries Society. AFS is an international society of fisheries and aquatic professionals. In Montana we have 110 active members across the state, representing both public agencies and private enterprise. Our goals include promoting the wise use and management of fisheries and aquatic habitat.

In addition to extending the life of the paddlefish roe donation program, there are three modifications in HB 123 that truly threaten the well-being of this unique species of fish.

First, HB 123 changes the percentage of revenue the Department of Fish, Wildlife and Parks and the non-profit corporation would receive. Currently, the revenue is split 50:50 after administrative expenses are deducted. HB 123 proposes to change the split in revenue to 75% for the non-profit corporation and 25% for the Department, as well as eliminate the Department's administrative expenses. This proposed change takes substantial dollars away from management of the paddlefish, a species of special concern in Montana, to fund some projects that may not be in the public interest. Questionable projects funded by the Glendive Chamber of Commerce in the past include stocking fish in a pond located on a private golf course and constructing a cross on a hill for a local church. In contrast, the Department has used its share of the revenue to fund a long term research program on the Yellowstone paddlefish as well as funding improvements at the Intake Fishing Access Site. Distribution of revenue from the program should continue to be split 50:50 after administrative expenses are deducted.

Second, HB 123 would remove limiting the roe donation program to the Intake Fishing Access Site and extend the program to all paddlefish waters across the state. Extending this program to other waters would encourage commercialization of the paddlefish and increase the likelihood of poaching. Although Montana is the last stronghold for paddlefish in the United States, expanding the program to other waters would threaten the survival of this relic species of fish and that could possibly result in its listing on the threatened and endangered species list. If extended to the Missouri River, the program would be almost impossible to monitor or enforce due to the inaccessible nature of the Missouri above and below Fort Peck Reservoir. In addition, fishing regulations for paddlefish are currently different between the Yellowstone and Missouri rivers. Presently, anglers are allowed to catch and release paddlefish in the Missouri River. If the roe donation program was extended to the Missouri River, anglers would be able to cull their catch and select for the larger females containing

more roe. This practice would undoubtedly threaten the well being of the Missouri paddlefish. The roe donation program should continue to be limited to the Intake Fishing Access Site to allow for appropriate monitoring and enforcement.

Third, HB 123 would remove the sunset provision from the program. This program should continue to be viewed as a pilot program until a complete stock assessment is made and a management plan for the paddlefish is developed. The sunset provision should only be removed if it is determined through research that the roe donation program is compatible with the long-term survival of the paddlefish.

The roe donation program appears to be a worth-while project that has provided revenue to the management of the species, as well as to the community of Glendive. However, HB 123 makes changes to the program that act to threaten paddlefish populations in Montana. Expanding the exploitation of the paddlefish in Montana without knowing the biological consequences may have irreversible and unacceptable consequences.

The Montana Chapter of the American Fisheries Society urges you to vote against HB 123.

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0123, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the paddlefish roe donation program; removing the restriction that only roe from paddlefish caught at the Intake Fishing Access Site are eligible for donation to the program; establishing a reserve fund to cover program costs; making the program permanent by removing the termination date applicable to the program; and providing for an immediate effective date.

ASSUMPTIONS:

A. Revenues related to paddlefish eggs:

1. This activity generated the following income since its inception in 1989:

	<u>Income</u>	<u>Pounds of Caviar</u>	<u># Paddlefish</u>
1990	\$108,622	4,373	1,690
1991	\$292,563	10,672	3,090
1992	\$ 63,000	3,518	781
3 year average	\$133,749	5,748	1,853

2. The eggs sold for \$20 to \$35/lb. depending on the quality and number of pounds (graduated scale).
 3. Under existing legislation the Department of Fish, Wildlife and Parks (FWP) is entitled to 50% of the proceeds less all administrative costs of the non-profit corporation and FWP. The non-profit administrative costs were \$30,438 in 1990 and \$84,024 in 1991. FWP's costs were \$10,369 in 1990 and \$11,200 in 1991. The new legislation would not allow the FWP to recover its administrative costs.

B. Expenditures:

1. With the extension of the fishing area under this bill, the cost to enforce the additional paddlefish roe collection sites would increase \$8,000. The FWP's administrative costs would also increase.
 2. Biological monitoring and pesticide egg testing would need to be increased to protect the resource and the caviar consumer. Fish outside of the intake site have never been tested for pesticide residues, a potential health threat.

(continued)

David Lewis 1-13-93
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

John Johnson 1/14/93
 JOHN JOHNSON, PRIMARY SPONSOR DATE

FISCAL IMPACT:

	FY94		FY95	
	Current Law	Proposed Law	Current Law	Proposed Law
<u>Revenue:</u>	43,632	19,130	43,632	19,130
				(24,502)
<u>Expenditures:</u>	10,785	18,785	10,785	18,785
				8,000
<u>Net Impact:</u>	32,847	345	32,847	345
				(32,502)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Increased revenue for the non-profit corporation operating the program.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Elimination of the administrative cost recovery and the reduction of income for FWP will mean that some administrative and enforcement costs may have to be absorbed by the agency in order to provide adequate enforcement of the paddlefish fishery.

TECHNICAL NOTES:

If and when the sponsoring non-profit organization changes, there is no source of revenue available to fund the reserve account during the first year.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

FISH & GAME

COMMITTEE

BILL NO. 123

DATE 1/21/93

SPONSOR(S)

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
<u>Andy URBANE</u>	<u>Glendore Co F C</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Mike Carlson</u>	<u>Glendore Co F C</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Jim Culver</u>	<u>Glendore Chamber</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>John Prange</u>	<u>Glendore Chamber</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Tony Schonen</u> 1025 PLACER BUTTE MT	<u>Anacosta Sportsman</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>John A. Melning</u> 2639 HARVARD BUTTE MT	<u>Skyline Sportsman</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>John CHEBUL</u>	<u>SKYLINE SPORTSMEN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Art Whitney</u>	<u>MA Chapter AFS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Bill Holdorf</u>	<u>Skyline Sportsman</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Joe C. Herman</u>	<u>MAJOR GLENDORE</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Janet Ellis</u>	<u>MT Audubon</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Steve J. Clark</u>	<u>Glendore Chamber</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Kevin Senter</u>	<u>Self</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Steve Bradshaw</u>	<u>M.T.U.</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Fish + Game COMMITTEE BILL NO. 123
DATE 1-21-93 SPONSOR(S) _____

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Pat Graham	DFWP	Amend	
Larry Peterman	DFWP		
Jim Jensen	METC		✓
Robert Van Overbeek	Self	✓	
Jim Crane	MWA writer		
Katie Lancaster	AB-28	✓	
Jim E. Schaefer	MWF		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.