

DP 111- Restore Montana's Agricultural Heritage Program - The executive requests \$400,000 general fund each year of the 2007 biennium to restore the Montana Agriculture Heritage Program. The program was created through the Montana Agricultural Heritage Act passed by the 1999 legislature to help stem the loss of critical farm, ranch, and forestlands to development. The 2001 Legislature chose not to fund the program, and the program's enabling legislation sunsetted in July 2003. Funding for this program is contingent on passage and approval of legislation to restore the program.

**LFD
ISSUE**

The decision package provides for the funding of 1.0 FTE to support the Agricultural Heritage Program. The decision package allocates salary, but does not directly allocate operating expenses such as commission travel and per diem, supplies, phone, office space, etc. The department indicates operating expenses of \$48,000 for salaries; \$1,800 for contract services; \$2,000 for supplies; \$1,000 for communication, \$7,000 for commission per diem and travel and \$800 in rent, utilities. Given this information, the commission would have available \$340,400 for conservation easement work.

There are two other issues:

1. This new proposal expands the role of the department and increases appropriations from the general fund. As a new proposal, the funding for this program, if approved, would be added to the division's base for future budgets.
2. As a new proposal, the program does not have any benchmarks in place to determine the success or failure.

If the legislature approves this proposal, it may wish to designate the decision package as restricted and one-time only and require a report to the next legislature on activities of the program.

Water Resources Division

DP 2409 – Water Adjudication Funding- OTO- The executive requests \$1.0 million general fund each year of the biennium to expedite the water rights adjudication process which is behind schedule. The funds would be transferred to the water adjudication account. The executive intends \$400,000 to be used for improvements to the water rights database. The funding is one-time-only.

**LFD
ISSUE**

This decision package is designed to augment funding provided by the current HB 22. HB 22 creates the water adjudication account and establishes adjudication fees to be collected from all water right holders in even numbered years. The legislation provides a statutory appropriation of \$2.6 million to the department for the sole purpose of funding the water adjudication program from these fees. The fee is collectable only when the department meets benchmarks regarding the number of adjudications completed. Fee collection ends when the account reaches \$31.0 million.

The transfer of general fund to the water adjudication fund indicates that the executive wants the funds to be utilized solely for the water adjudication program. If HB 22 passes the transfer is made to the water adjudication account. If the legislation fails, support for the program could be achieved through the use of a restricted appropriation of general fund.

The executive wishes to direct \$400,000 for improvements to the water rights database. The executive does not indicate how this appropriation is to be allocated across the biennium or how it relates to the actual cost of database enhancements.

As written, the legislature is provided with a considerable number of options:

- o Separate out the \$0.4 million into a separate line item restricted for database development
- o Split the decision package into two one-time only appropriations separate from HB 22
 - o \$0.6 million in 2006 and \$1.0 million in 2007 restricted to support the water adjudication program
 - o \$0.4 million in 2006 restricted to address the database issues
- o Approve the decision package as written
- o Approve the decision package contingent upon HB 22 passing
- o Disapprove the decision package

In addition, the legislature may wish to provide biennial designations to provide greater flexibility to this process.