

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
59th LEGISLATURE - REGULAR SESSION**

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN JACK WELLS**, on January 25, 2005 at 8:05 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. Jack Wells, Chairman (R)
Sen. John Brueggeman (R)
Sen. Mike Cooney (D)
Rep. Carol C. Juneau (D)
Sen. Bob Keenan (R)
Rep. John E. Witt (R)

Members Excused: Sen. Jon Tester, Vice Chairman (D)
Rep. Ralph L. Lenhart (D)

Members Absent: None.

Staff Present: Laura Dillon, Committee Secretary
Catherine Duncan, Legislative Branch
Amy Carlson, Mark Bruno, and Mike Burke, OBPP

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

Committee Business Summary:

Hearing & Date Posted:
Executive Action: HB 6; HB 8; HB 7; HB 11

SEN. KEENAN distributed copies of information (Exhibit 1) given to him by members of the Bigfork Water and Sewer District regarding the Mayport Harbor Project prior to commencement of the meeting.

EXHIBIT(jlh19a01)

CHAIRMAN WELLS called the meeting to order. He asked the committee members if there was any objection to grouping projects for executive action after they had been reviewed.

Cathy Duncan handed out an executive action worksheet (Exhibit 2) for Treasure State Endowment (TSEP) Projects under HB 11.

EXHIBIT(jlh19a02)

EXECUTIVE ACTION ON HB 11

Motion: REP. WITT moved that HB 11 BE ADOPTED.

Discussion:

Ms. Duncan explained the HB 11 worksheet to the committee. All 47 recommended projects can be funded according to Legislative Division Budget Estimates.

SEN. COONEY asked if there had been any agreement by the committee on an ending fund balance.

Ms. Duncan replied that the ending balance was at the discretion of the committee. She advised the committee that changes in the amount of investment earnings are expected and this would affect the budget.

SEN. COONEY asked the Governor's Office Representatives if they had comments.

Amy Carlson, OPBB stated that the executive estimates are \$2.8 million less than the legislative estimates and this should be taken into account.

SEN. KEENAN asked if the \$2.8 million referred to the entire budget or just the TSEP budget.

Ms. Carlson replied that the discrepancy was within the TSEP budget alone. This is because the interest earning estimates of the two budgets are significantly different.

CHAIRMAN WELLS commented that the 2007 Biennium revenues estimate on the legislative worksheet (which is listed at \$19.9 million) would be closer to \$17.1 million based on the executive budget.

SEN. BRUEGGEMAN felt that the remaining fund balance could still be allocated to deserving projects contingent on the accuracy of the funding balance.

SEN. COONEY asked **SEN. BRUEGGEMAN** if he felt there was a need to retain an ending fund balance.

SEN. BRUEGGEMAN replied that he did not feel it was necessary to leave money behind when many projects would like to utilize more funds. There will still be interest earnings contributing to the fund balance over the next biennium.

SEN. COONEY asked if the expenses listed at the top of the worksheet had already been factored into the funding projection.

Ms. Duncan replied that the budget accounts for administrative and other costs.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 13.9}

REP. WITT commented that he was comfortable using numbers in between the executive and legislative budget estimates.

REP. JUNEAU said the committee could use the listed beginning fund balance of \$26,000 as a reference when deciding how much should remain in the account at the end of this biennium.

Jim Edgcomb, Department of Commerce (DOC), TSEP, told the committee that any money not used for Planning and Engineering or Emergency Grants, goes back into the TSEP account for the next year. The money becomes a new appropriation for the next biennium.

CHAIRMAN WELLS asked if those funds are included in HB 11.

Mr. Edgcomb replied that they were.

REP. JUNEAU asked where the funding line would be according to the Governor's budget estimate.

Mr. Edgcomb said the recommendations in HB 11 are based on the Governor's Budget estimates. Funding is available through Project #39 and three additional projects are recommended for funding if additional money becomes available.

REP. JUNEAU asked the chairman to clarify which projects would be funded under a motion to pass the bill.

CHAIRMAN WELLS answered that a motion to pass HB 11 would move the entire bill. Amendments would be needed to take any projects out.

Ms. Carlson stated that the bill as written goes through Project #42

Mr. Edgcomb added that an amendment would be necessary to include Projects #43 through #47 in the bill.

Ms. Duncan explained that upon passage of HB 11 in its current form, any of the projects through Project #39 could begin construction. The remaining projects would have to wait until the end of the biennium to see if funds were available before they could start.

SEN. KEENAN asked how often project funding has been terminated in the past.

Mr. Edgcomb said one grant had been terminated during the last session. This is only the second session where it has been recommended that grants be terminated.

SEN. KEENAN asked if the Florence and Essex Projects were included in the grouping of funds resulting from terminated projects.

Mr. Edgcomb stated that neither the Florence nor Essex Project will move forward. The two projects will need to be terminated before there can be any access to their funds.

SEN. KEENAN commented that there was a lot of one time money available this session. He felt the committee should consider expanding the funding for eligible projects with some of this money. He gave examples of communities he felt needed the money to expand their projects (see Exhibit 1).

{REP. LENHART entered the meeting at 8:30 A.M.}

SEN. KEENAN also felt the \$7,500 per household limit could be increased to account for the inflation that has occurred since the rate was first established.

{Tape: 1; Side: A; Approx. Time Counter: 13.9 - 29.3}

REP. JUNEAU asked if projects below the funding line in previous sessions had been given priority in the following session.

Mr. Edgcomb said there were always more projects recommended than could be funded under budget estimates. These projects would be entitled to funds if additional money became available during the biennium. If the projects did not receive funding, they would have to reapply with everyone else in the next biennium.

REP. JUNEAU asked if the projects ranked high enough to be funded but would not receive money.

Mr. Edgcomb replied that this was correct.

CHAIRMAN WELLS asked if an amendment was necessary to include the recommended projects below the funding line in HB 11.

Mr. Edgcomb stated that this was correct. Some of the projects available for TSEP funds are below the funding line for Renewable Resource Grants (RRGL). Mr. Edgcomb said the committee might consider giving the extra TSEP dollars to these projects because they may not be able to move forward without their entire funding package.

CHAIRMAN WELLS asked if Mr. Edgcomb could identify the projects that had applied for both types of grants.

John Tubbs, Department of Natural Resources and Conservation (DNRC), said that only 40 of 59 projects were estimated to be funded through RRGL. The committee could either try to deal with the projects under HB 6 and HB 11 at the same time, or they could leave HB 11 open until they had decided on funding for the RRGL Projects.

Jim Edgcomb listed the projects that have applied for both types of funding:

- 1) Whitefish Project #26
- 2) Circle Project #40
- 3) Sun Prairie District Project #42
- 4) Ryegate Project #43
- 5) Bearcreek Project #46
- 6) Bigfork District Project #47

{SEN. TESTER entered the meeting at 8:45 A.M.}

SEN. COONEY asked how projects that have not been recommended for funding could be included in the bill.

Ms. Duncan said that if a community had made an application and was not recommended for funding they could be included in the bill through an amendment. She suggested that the committee find out the reasons why the project was not recommended before they amended the bill to allow any new projects.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 10.2}

CHAIRMAN WELLS stated that amending the bill to include projects not recommended for funding would be second guessing the DOC and DNRC recommendations.

Mr. Edgcomb told the committee that his department had received 47 applications and each project had been recommended for funding.

REP. WITT asked if a motion was in order to terminate the Florence and Essex Projects.

Ms. Duncan replied that language for their termination was already included in HB 11.

CHAIRMAN WELLS asked if the committee members had any amendments or comments on Projects #1 through #25 on the TSEP list.

SEN. BRUEGEMAN commented that he would like clarification of the committee's funding priorities before discussing the projects further. The senator wanted to know if the committee would be using any one-time monies and which department revenue estimates would be referenced. He stated that the committee could fund Projects #43 through #47 contingent upon the legislative revenue estimates and still be able to add funding to high ranking projects that demonstrated hardship.

SEN. TESTER asked where the Governor's Office estimates were at.

CHAIRMAN WELLS answered that the starting number on the worksheet (Exhibit 2) would be about \$17.1 million instead of \$19.9 million.

SEN. TESTER asked how there could be such a big discrepancy in the earned interest estimates.

Ms. Carlson replied that the state has been getting an unusually high amount of revenue from cashed bonds recently, but this is not anticipated to continue in the future. The executive budget estimates have taken this anticipated revenue drop into consideration.

Ms. Duncan stated that the interest rates on bonds drop as their value goes up. Because of this, the state gets more money from the sale of bonds. Over the past few years the state has received unusually high revenues from bond sales because the interest rates have been so low. These estimates will be looked at more closely under HJR 2 and could potentially change.

REP. LENHART asked if the committee should hold off on any decisions regarding the estimated \$750,000 remaining balance of HB 11.

Ms. Duncan advised the committee to keep in mind the projects' ranks in case the bill needed to be revised.

SEN. KEENAN suggested that the committee not cut into the \$750,000 at this point, but that they authorize a \$1.5 million one-time general fund transfer to meet the requested amounts of all of the projects under HB 6 and HB 11.

SEN. BRUEGGEMAN said he thought \$1.6 million would be required to meet the full funding amounts of just the projects in HB 6.

SEN. TESTER stated that SEN. KEENAN's estimate would be too low, according to his math.

SEN. KEENAN said he did not factor in the projects on HB 11 that would not receive funding under HB 6 and agreed that the estimate was flawed.

{Tape: 1; Side: B; Approx. Time Counter: 10.2 - 24.4}

CHAIRMAN WELLS told the committee that a final vote on HB 11 was not necessary today. He suggested that the committee use the legislative budget estimates at this time and put another contingency statement in the bill in case the estimates turned out to be too high.

SEN. BRUEGGEMAN suggested that the committee put language in the bill to fund Projects #43 through #47 contingently and use the ending fund balance to transfer more money to higher ranking projects.

SEN. KEENAN asked the committee to consider making a policy statement to increase the benefitted household limit from \$7,500 for the next biennium.

CHAIRMAN WELLS stated that increasing the household limit could be part of a separate discussion with input from the departments.

Motion: **SEN. BRUEGGEMAN** moved that **HB 11 BE AMENDED** so that Projects #43 through #47 be funded and that \$150,000 be added to the top four projects. Both of these actions would be contingent on available funds.

Discussion:

SEN. COONEY asked if the top four projects were most deserving of the extra funds.

{Tape: 1; Side: B; Approx. Time Counter: 24.4 - 31.8}

Mr. Edgcomb suggested that the committee members assess each project individually before adding funds. He said in some cases adding funding would do little more than reduce the community's rates.

SEN. COONEY asked Mr. Edgcomb if his department would be able to make recommendations to the committee on where the money would do the most good.

SEN. BRUEGGEMAN stated that he felt the communities would use the extra money to expand the scope of their projects rather than just reduce their rates.

Mr. Edgcomb said the Town of Carter had asked for more money to expand their project. Seeley Lake had also asked for more funds, but they would be used primarily to lower the rates.

CHAIRMAN WELLS asked for Mr. Edgcomb's opinion on the Town of Manhattan's project. This community's project had turned out to be larger than anticipated and the town already had relatively high rates.

Mr. Edgcomb replied that the town's rates are not high enough to qualify for a hardship under their current application. The expanded project could very well push rates up, but he has not yet been provided with the new information. Mr. Edgcomb advised against adding funding to any projects that had not demonstrated a hardship on their application.

SEN. BRUEGGEMAN asked Mr. Edgcomb if he thought additional funds for the Cascade project would result in lower rates, or if the community would put the money toward more work.

Mr. Edgcomb stated that any one of the projects could potentially do more work with more money. The Town of Cascade does not have a

loan for their project. Giving the community more money would allow them to lower their rates.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 8.6}

SEN. BRUEGGEMAN used the example of Rudyard Sewer District and argued that many communities would like to do more work with the funding.

REP. WITT asked the Rudyard Project Engineer if he saw any opportunity for more work to be done.

Dave Aune, ENTRANCO Engineering, stated that the Rudyard community had a significant amount of sewer line that needed attention. The community could easily expand the scope of their project with higher funding, but this could also be argued for a number of the communities.

SEN. BRUEGGEMAN asked if Mr. Aune believed the St. Ignatius and Carter projects could do more work.

Mr. Aune stated that St. Ignatius will not receive the total amount of Rural Development money that they had factored into their project. The community is also in danger of losing funding from Indian Health Services. He felt the extra money would benefit the town's project.

Mr. Aune felt the Carter project would utilize extra funding to expand their project. The community has a vast amount of water lines needing maintenance or replacement, and the current grant amount will only address a few of these lines.

Mr. Aune stated the Seeley Lake Project should be able to move forward with the amount of funding that is currently recommended.

SEN. TESTER asked **SEN. BRUEGGEMAN** to restate his motion to amend HB 11.

SEN. BRUEGGEMAN reiterated that he would like to fund Projects #43 through #47 and add \$150,000 to each of the top four projects' awards. All of this money would be awarded contingent upon the funds available at the end of the biennium.

SEN. TESTER asked who would make the decision that the funding was available.

CHAIRMAN WELLS said it would have to be expressed in the amendment. The funding awards would be contingent on the basis of the final revenue estimates.

SEN. COONEY asked how the decision would be made with regard to the contingent language already present in the bill.

Ms. Duncan replied that the contingent language provides a line. All projects above the contingency funding line may begin construction at the beginning of the biennium. Any projects below the line will have to wait until any leftover funds are awarded at the end of the biennium.

SEN. BRUEGGEMAN said that any of the funding proposed in his motion would be contingent. A discussion of funding availability could follow discussion on the amendment.

SEN. COONEY asked if the spending cap could prevent contingent projects from being funded regardless of the availability of money under the program.

Ms. Duncan stated that the appropriation for all the projects under the program becomes effective July 1. The money will be appropriated for this biennium regardless of whether or not it is spent.

Motion/Vote: **SEN. TESTER** moved that the **SEN. BRUEGGEMAN** amendment be segregated into two parts: one dealing with the projects below the funding line, and a second dealing with projects above the line. Motion carried unanimously by voice vote.

CHAIRMAN WELLS asked if there was a motion to fund the five projects below the funding line with contingent language.

SEN. TESTER encouraged the committee to leave the funding for the projects as it was presented in the original bill. He cited concerns over the differing revenue estimates as well as spending cap limits. He suggested that the committee may want to authorize an interim committee to deal with TSEP funding allocations for projects receiving contingent funds.

REP. JUNEAU asked for clarification of where the funding line was drawn.

CHAIRMAN WELLS explained that Projects #40 through #42 were currently contingently funded in HB 11. The **SEN. BRUEGGEMAN** amendment proposes adding more to that list.

Motion/Vote: **SEN. BRUEGGEMAN** moved **HB 11 BE AMENDED**. Motion failed 4-4 by roll call vote with **REPS. BRUEGGEMAN, KEENAN, WELLS,** and **WITT** voting aye.

SEN. TESTER asked if he was correct to assume the other half of **SEN. BRUEGGEMAN's** amendment would contingently fund \$150,000 to each of the top four projects.

SEN. BRUEGGEMAN answered that additional money was proposed for the top four projects, which consisted of Rudyard, Carter, St. Ignatius, and Cascade.

SEN. KEENAN felt it would be necessary to further segregate the projects due to their individual differences. He stated that the Rudyard Project already had a substantial grant and loan amount and may not be able to use the additional money.

Mr. Edgcomb stated the additional amount proposed for the Rudyard Project would replace their loan, which is currently for over \$80,000.

SEN. TESTER asked how adding contingency funds to these projects would affect their ability to begin construction at the start of the biennium.

Mr. Edgcomb said adding contingent funds to the top four projects would complicate their starting dates. The projects could be expanded with additional funds, but would not know if all the necessary funds were secure until the end of the biennium.

{Tape: 2; Side: A; Approx. Time Counter: 8.6 - 31.1}

John Tubbs said the projects are likely to wait until all funds are secure before moving ahead and he would not advise slowing down the process.

SEN. TESTER agreed that the projects should not be held back. His opinion was that the committee should either completely appropriate the additional funds, or not grant the projects any additional money.

REP. WITT stated that he would be open to discussing a motion to solidly fund the additional money to the projects.

SEN. BRUEGGEMAN withdrew his motion to amend HB 11 citing concerns that it could delay the projects.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 4.3}

SEN. KEENAN agreed and stated that the amendment could also further jeopardize the contingencies already in the bill.

CHAIRMAN WELLS advised the committee members that they were once again dealing with HB 11 in its original form.

SEN. COONEY called to question the original motion that HB 11 be adopted, which was presented by REP. WITT.

CHAIRMAN WELLS told the committee that he did not want to make a final decision on the bill. He would like a motion to accept Projects #1 through #42 as stated in the bill.

Motion: **SEN. COONEY** moved that Projects #1 through #42 be accepted as stated in HB 11. Projects #40 and #42 would remain contingent at the funding level recommended by the bill.

Discussion:

REP. WITT asked if this motion included the concept of finding other funding sources for the projects.

SEN. COONEY stated that the motion was not closed to the possibility of adjustment of additional funds becoming available.

REP. WITT asked if he was correct to assume the committee had until March before final action on the bill was required.

CHAIRMAN WELLS replied that this was correct.

SEN. COONEY stated that it was his intention to revisit the bill if revenue estimates indicate additional money will be available.

SEN. BRUEGGEMAN asked if a motion on Projects #1 through #42 was necessary when there was already a "be adopted" motion put forth on the bill.

CHAIRMAN WELLS explained that the motion would not change the bill, but it would be a way to conclude consideration of most of the projects included in HB 11. The projects would only be revisited as a result of significant changes in the budget revenue estimates.

SEN. COONEY asked if REP. WITT's original motion on the bill was sufficient.

SEN. BRUEGGEMAN stated that voting on a motion for HB 11 would move the bill out of committee. He asked if the committee wished to postpone action on the bill.

REP. LENHART asked if it would be appropriate to table the bill until final action could be taken.

CHAIRMAN WELLS replied that he did not want to table the bill because it would further complicate the process of revising the bill later. He wished to have HB 11 remain open.

REP. WITT asked if it was appropriate for him to withdraw his original motion.

CHAIRMAN WELLS answered that the original motion was necessary for discussion on HB 11. He stated that if the committee could agree to suspend discussion on the bill at this point, SEN. COONEY could withdraw his motion. The chairman went on to bring some technical amendments for HB 11 to the attention of the committee.

SEN. TESTER commented that he believed the TSEP bill had not traditionally been left open until March.

Ms. Duncan replied that she had worked during the 2003 session and the bill had been closed prior to March. She stated that the question of interest earnings in the current session create unusual circumstances surrounding the bill.

SEN. TESTER voiced concern that the bill remain open until March. He did not want to exceed any procedural deadlines on the bill.

CHAIRMAN WELLS said he did not intend to leave the bill open for that long.

Ms. Duncan stated that hearings on HJR 2 had begun yesterday. She believes the interest earnings question will be addressed during these hearings. This will clarify the decision making for HB 11.

SEN. TESTER asked if the committee was in agreement that HB 11 would be closed once solid revenue figures resulted from HJR 2.

CHAIRMAN WELLS consulted the committee agenda and replied that February 15 was the latest date he expected to defer action on HB 11.

SEN. COONEY withdrew his motion on HB 11.

Ms. Duncan clarified that sub-committees do not amend bills. Any amendments passed by the committee would be recommended to the standing Appropriations Committee in the form a report.

Ms. Duncan presented the committee an amendment to HB 11 (Exhibit 3). This is a technical amendment that will correct minor errors of syntax and clarify the language of the bill.

EXHIBIT(jlh19a03)

Motion: SEN. TESTER moved that amendment HB001102.ACD BE ADOPTED.

Discussion:

Mr. Edgcomb commented that in the second section of the amendment, it was only necessary to strike the word "Ranch" to reflect an accurate name of the project. The committee members changed their copies of the amendment to reflect this.

Motion/Vote: SEN. TESTER moved that HB 11 BE AMENDED WITH THE RECOMMENDED CHANGE IN SECTION 2 TO "RANCH". Motion carried unanimously by voice vote.

SEN. TESTER stated that representatives of Hill County had contacted him. They would like to be given an opportunity to speak on a project that had not been included in HB 11. SEN. TESTER asked the chairman if he had any objection to hearing their testimony.

CHAIRMAN WELLS agreed to allow Hill County representatives to speak following a short break.

Hill County Presentation**Proponents' Testimony:**

Dave Jones, Hill County Water District, gave the committee members copies of written testimony (Exhibit 3). He explained that the county had previously been awarded TSEP money, but had lost the funds when their project was terminated by the 2003 Legislature. The county was delaying construction because they were hoping to connect with the regional water system in the area. Now that the regional system is moving forward, they would like to be considered as a recipient for contingent funds.

EXHIBIT(jlh19a04)

Robert Moog, Joplin Water Users, testified that 800 users would be out of water if the system were to break down.

Larry Fossen, Inverness Water District, reiterated some of the comments of Mr. Jones as he testified in support of the project.

{Tape: 2; Side: B; Approx. Time Counter: 4.3 - 31}

Opponents' Testimony: none.

Questions from Committee Members and Responses:

SEN. COONEY asked if this project could qualify for emergency funds during this biennium.

Mr. Edgcomb replied that he did not know if the project could qualify. If the project did receive emergency funds, they would not be enough to cover the scope of the project.

SEN. COONEY commented that those who had testified for the project were asking to be added to the bottom of the funding list. At best, the project would qualify for contingency funds.

CHAIRMAN WELLS asked Mr. Edgcomb if it was possible for the committee to add a project to the list in this manner.

Mr. Edgcomb stated that Hill County was authorized a grant during the 1995 Legislature. They did not begin any construction on the project and it was terminated in 2003. There was no agreement with TSEP to wait for commencement of the regional water system before beginning construction. At the committee's discretion, the county was not notified when their funds were terminated. However, the county had received several warnings from TSEP that their funds could be terminated if they did not begin construction soon. Projects have never been added to the list from outside the typical application process.

REP. WITT asked how the Hill County Project could potentially fit into the regional water system.

John Tubbs replied that they would need to know more about the proposal to identify whether or not it could fit into the regional water system. If the project becomes part of the system, it will be eligible for some federal funding.

CHAIRMAN WELLS asked if Hill County would be able to provide the technical background on the project to see if it fits into the regional water system.

Mr. Edgcomb stated that a preliminary engineering report would be best, but his department would work with any information Hill County could provide regarding their project.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 7.9}

CHAIRMAN WELLS instructed the committee to begin executive action on HB 6, HB 7, and HB 8.

EXECUTIVE ACTION ON HB 7

Motion: REP. WITT moved that HB 7 BE ADOPTED.

Discussion:

Mr. Tubbs commented that all projects contained within HB 7 will be funded based on both revenue estimates.

SEN. TESTER stated he would have an amendment to HB 7 for committee discussion (Exhibit 5).

EXHIBIT(jlh19a05)

SEN. TESTER asked if the Tire Recyclers Clean-Up under HB 7 had been proposed before.

Rick Thompson, Department of Environmental Quality (DEQ), answered that it was the first time that particular tire project had been proposed.

Ms. Duncan explained the executive action worksheet for HB 7 to the committee members (Exhibit 6).

EXHIBIT(jlh19a06)

REP. WITT asked for clarification of the Decision Packages listed on the worksheet as part of HB 2.

Mark Bruno stated that the Decision Packages were in HB 2 to enable funds to be moved to Reclamation and Development Grants from other programs that had already secured enough funding.

Mr. Tubbs added that there were additional projects included in the Decision Packages.

CHAIRMAN WELLS commented that the Decision Packages were being reviewed by other committees. They have been already factored into the HB 7 worksheet. If these Decision Packages are not approved by the other committees, the funding line will change.

SEN. TESTER commented that he feels fairly confident the state will be receiving some federal money for the St. Mary's Project during this biennium. He is concerned that the state be ready to match the funds should they be granted by the federal government. His amendment would increase the current recommended appropriation for the project.

Motion: SEN. TESTER moved that amendment HB000702.ACD BE ADOPTED.

Discussion:

CHAIRMAN WELLS asked if the amendment would drop the bottom line for funding.

Ms. Duncan answered that the total grant funding would be increased by \$600,000.

SEN. BRUEGGEMAN clarified that SEN. TESTER did not wish to move the funding line, but rather add more money to the single project.

Motion/Vote: REP. WITT moved that HB 7 BE AMENDED. Motion carried unanimously by voice vote with SEN. KEENAN voting by proxy.

Motion: SEN. BRUEGGEMAN moved that amendment HB000701.ACD BE ADOPTED.

Discussion:

SEN. BRUEGGEMAN explained his amendment (Exhibit 7) would add an appropriation of \$285,572 to the Harlem Equity Co-op Bulk Plant Project. This project would be added to the list of funded projects.

EXHIBIT (j1h19a07)

{Tape: 3; Side: A; Approx. Time Counter: 7.9 - 30.1}

SEN. TESTER asked why the Petroleum Cleanup Fund hadn't dealt with the problems in Harlem.

Mr. Tubbs answered that the DEQ had not been able to hold the petroleum company liable for cleanup. The project was not recognized as a high enough priority for federal funds.

SEN. BRUEGGEMAN acknowledged that many agencies have neglected to deal with the problem and he believes the project should be addressed by the committee.

REP. WITT agreed that the problem should be addressed.

Motion/Vote: REP. WITT moved that HB 7 BE AMENDED. Motion carried unanimously by voice vote with REP. JUNEAU and SEN. KEENAN voting by proxy.

Ms. Duncan distributed copies of a fund balance statement (Exhibit 8). She and Mr. Tubbs explained that the balances of the environmental contingency accounts will go up after a fund transfer of \$100,000 from RRGL. This is to repay the amount transferred from the account to the St. Mary's project.

EXHIBIT (j1h19a08)

SEN. TESTER asked for clarification on the amount of funds that needed to be transferred to meet the \$100,000 cap listed on the balance statement.

Ms. Duncan explained that a \$57,000 appropriation is recommended transferred to bring the environmental contingency account up to the correct amount. The account earns money over time, so a larger fund transfer of \$100,000 from RRGL is not absolutely necessary.

Mr. Tubbs further explained the balance transfer as outlined in HB 7.

SEN. COONEY asked if it was necessary to change the \$100,000 transfer in the bill to the \$57,000.

CHAIRMAN WELLS replied that the bill could be amended to reflect a change in the amount of transfer since it was not necessary to transfer the entire \$100,000.

Motion: SEN. TESTER moved that the \$100,000 in HB 7 be replaced with \$57,115.94.

Discussion:

CHAIRMAN WELLS asked if it was necessary to be so accurate with the change in balance transfer.

Mr. Tubbs answered that the estimates were done to the penny, so it was best to use the more accurate number in the bill.

Motion/Vote: SEN. BRUEGGEMAN moved that HB 7 BE AMENDED. Motion carried unanimously by voice vote with REP. JUNEAU and SEN. KEENAN voting by proxy.

Motion/Vote: REP. WITT moved that HB 7 BE ADOPTED AS AMENDED. Motion carried unanimously by voice vote with REP. JUNEAU and SEN. KEENAN voting by proxy.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 22.7}

EXECUTIVE ACTION ON HB 6

Motion: REP. WITT moved that HB 6 BE ADOPTED.

Discussion:

Ms. Duncan presented a worksheet (Exhibit 9) on HB 6. She explained the appropriations for RRGL Program and where the funds came from. Funding through Project #40 is recommended by the Governor's Office.

EXHIBIT (j1h19a09)

SEN. COONEY commented that there would be a remaining balance of about \$900,000 if all projects through #40 were funded at the recommended amounts.

SEN. TESTER asked which project under the bill had opposition.

SEN. BRUEGGEMAN replied that it was Project #47, which is currently below the funding line.

Ms. Duncan passed out some written testimony given to her by citizens who opposed the project (Exhibit 10).

EXHIBIT (j1h19a10)

SEN. BRUEGGEMAN asked Mr. Tubbs why they were funding only through Project #40 and leaving over \$900,000 remaining fund balance.

Mr. Tubbs answered that due to the discrepancies in funding estimates by the executive and legislative branches, the funding line could be as low as Project #36 or as high as Project #50. All 59 projects are listed in the bill, but the appropriation is limited to \$4 million.

{Tape: 3; Side: B; Approx. Time Counter: 22.7 - 31}

CHAIRMAN WELLS commented that the bill would not be closed today because of the budget discrepancies.

Motion: SEN. TESTER moved that PROJECT #47, SWEETGRASS COUNTY CD BE DELETED FROM HB 6.

Discussion:

SEN. TESTER commented that he did not feel comfortable appropriating money to a project that held so much opposition. He felt the citizens should come to an agreement before asking for the grant.

Motion/Vote: SEN. BRUEGGEMAN moved that HB 6 BE AMENDED. Motion carried unanimously by voice vote with REP. JUNEAU and SEN. KEENAN voting by proxy.

SEN. COONEY asked Mr. Tubbs to explain the Grant Creek Flood Control Project.

Mr. Tubbs said the project would potentially rank high, but the application was missing key components at the deadline for funding in the biennium. He stated that if the committee decided to add funding for the project into the bill, the project could be completed.

CHAIRMAN WELLS asked Ms. Duncan to create an amendment that would correct the name of the Ranch County Project in the bill. The Grant Creek Project could be discussed as long as HB 6 remained open.

EXECUTIVE ACTION ON HB 8

Motion: REP. WITT moved that HB 8 BE ADOPTED.

Discussion:

Ms. Duncan told the committee to keep in mind that projects, which fall under HB 6 and HB 8, may not have the same priority ranking on each list.

Mr. Tubbs stated that projects not eligible for grants under HB 6 may be eligible for loans under HB 8. He did not feel it was necessary to join discussion on HB 6 and HB 8 because communities rarely apply for loans if they do not receive grants.

SEN. BRUEGGEMAN asked if authorizing more loans would affect the spending cap.

Ms. Duncan replied that only the debt service was excluded from the spending cap limitations.

Motion/Vote: SEN. TESTER moved that HB 8 BE ADOPTED. Motion carried unanimously by voice vote with REP. JUNEAU and SEN. KEENAN voting by proxy.

REP. WITT asked for explanation of the amendments process in subcommittees.

Ms. Duncan answered that the subcommittee can formulate amendments. These amendments go to the standing committee all together in the form of a report. The standing committee can make changes to the recommendations from the subcommittee.

{Tape: 4; Side: A; Approx. Time Counter: 0 - 16.4}

SEN. BRUEGGEMAN referred to SEN. TESTER's previous comments about a state match to federal funding for regional water systems. He suggested the committee draft a bill to authorize bonded debt for regional water projects.

Ms. Duncan commented that there was a scheduled bonding presentation later that day that the committee members could attend to understand the process better.

Motion/Vote: SEN. BRUEGGEMAN moved that THE COMMITTEE DRAFT A BILL TO AUTHORIZE BONDED DEBT FOR REGIONAL WATER PROJECTS. Motion carried unanimously by voice vote with REP. JUNEAU and SEN. KEENAN voting by proxy.

ADJOURNMENT

Adjournment: 11:45 A.M.

REP. JACK WELLS, Chairman

LAURA DILLON, Secretary

JW/LD

Additional Exhibits:

EXHIBIT ([j1h19aad0.PDF](#))