

MINUTES

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

**JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL RESOURCES AND
COMMERCE**

Call to Order: By **CHAIRMAN RICK RIPLEY**, on February 4, 2005 at
8:00 A.M., in Room 317-C Capitol.

ROLL CALL

Members Present:

Rep. Rick Ripley, Chairman (R)
Sen. Ken (Kim) Hansen, Vice Chairman (D)
Sen. Gregory D. Barkus (R)
Sen. Bob Hawks (D)
Rep. Walter McNutt (R)
Rep. John L. Musgrove (D)

Members Excused: Rep. Rosalie (Rosie) Buzzas (D)

Members Absent: None.

Staff Present: Britt Nelson, Committee Secretary
Eileen Rose, OBPP Representative
Barbara Smith, Legislative Branch

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

Committee Business Summary:

Hearing & Date Posted: HB 2
Executive Action:

HEARING ON THE FISH, WILDLIFE AND PARKS DEPARTMENT

Barbara Smith, Legislative Fiscal Analyst Assistant, discussed the spreadsheet which covered the Fish, Wildlife and Parks (FWP) Department's budget. She also referenced a handout from the day before, Exhibit 3 from February 3, 2005 minutes.

EXHIBIT (jnh28a01)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 3.6}

Jeff Hagener, Director of the Fish, Wildlife and Parks Department, reiterated that the FWP did not have any General Fund as of the last session. He addressed the key issues of retirement, which encompassed 184 available retirees, and the Internal Leadership and Management Program.

{Tape: 1; Side: A; Approx. Time Counter: 3.6 - 10}

He began presenting his PowerPoint presentation with the Department's mission statement. He proceeded to cover the issues facing FWP, goals, recent accomplishments, organizational structure, budget, and the Decision Packages associated with the Department.

EXHIBIT (jnh28a02)

{Tape: 1; Side: A; Approx. Time Counter: 10 - 49.9}

SEN. HANSEN left the room at 9:00 A.M.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 50.8}

{Tape: 2; Side: A; Approx. Time Counter: 0 - 12.2}

SEN. BARKUS wanted to know why the Montana Department of Transportation (MDT) costs dropped in all categories during 2006 and 2007.

Mr. Hagener was not sure, it was just the rates that were projected.

Larry Peterman, Chief of Operations for FWP, responded that the MDT had received variable bids on the vehicles.

Mr. Hagener added that an issue they faced was that some of the fleet vehicles were bought because they were not selling as well on the market and the bids were coming in low; however, they were

not the types of vehicles that the Department needed or wanted. He also discussed some of the language that they were requesting.

{Tape: 2; Side: A; Approx. Time Counter: 12.2 - 15.6}

REP. MUSGROVE mentioned the number of people eligible for retirement. He wanted to know how they handled the retirement pay-out packages.

Mr. Haganer replied that since the last session they had been using a Retirement Liability Account made up entirely of FWP funds. They asked for something similar and were turned down by the Budget Office because they had expanded the Governor's Fund to cover the pay-out packages. He indicated that it was supposed to be more efficient. He explained that they would have to have a self-imposed vacancy savings program for the positions.

REP. MUSGROVE reiterated that he felt vacancy savings was an abused budgeting tool.

SEN. HAWKS noted that a group of state-wide hunters and fishermen, called the Hidden Waters, have been concerned with the growth of public access and the heavy influence of outfitters on the Commission. He asked for a sense of the growth of privatization in the hunting and fishing arenas.

Director Haganer did not think he had clear cut information. He did claim that the number of hunting outfitters has declined over the last several years; however, the acreage they have used on private land has held fairly stable. He mentioned that there was a lot of growth over the late 1990's. The other element that he mentioned was how much of the land the public could utilize also. He explained that the amount of leased land being purchased by private entities is growing but is hard to track. As far as public opportunity he noted that the FWP has continually expanded, reaching 8.8 million acres. They are also working with other landowners to create cooperative wildlife improvements and other similar activities. He reiterated that there has been growth in the leased land but exactly where it is located is hard to define and the people who buy it may not allow public access. The second problem he expanded upon was the loss of access to blocks of federal and public land by nature of access.

{Tape: 2; Side: A; Approx. Time Counter: 15.6 - 28.2}

SEN. HAWKS commented that the bottom line is a sense of heritage that Montanans do not want to lose.

SEN. BARKUS asked SEN. HAWKS to yield to a question. He wanted to know what SEN. HAWKS had meant when he indicated there was influence by outfitters on the Commission.

SEN. HAWKS responded that the voting block on the Commission seemed to represent a larger amount of outfitter influence than the general public's interest.

SEN. BARKUS requested Director Hagener to follow up SEN. HAWKS' comments.

Mr. Hagener replied that from his experience the outfitters do come before the Commission and testify, but the regular sportsmen also come before the Commission. He indicated that as far as undue influence was concerned the outfitters did not have any.

{Tape: 2; Side: A; Approx. Time Counter: 28.2 - 31.6}

SEN. BARKUS asked Mr. Hagener to return to the topic of the General Licensing Account. He noted that he had found the projection of revenue into 2011 to be a flat line. He wanted to know if they projected the revenue to remain the same.

Mr. Hagener explained that what they had tried to project was that there would be some increase but there would also be some fall off from the seniors of Montana. He informed the committee that the revenue generally stayed flat and that significant changes were rare.

Ms. Smith informed the Committee that on Page C-5, Figure 2 of the Budget Analysis there were revenue estimates for 2005-07 from the Department.

CHAIRMAN RIPLEY wondered if the revenue from the licenses on State lands increased or stayed stable since they switched from the \$10 tag to the \$2 fee on Conservation Licenses.

Director Hagener replied that the agreement between FWP and the Department of Natural Resources and Conservation (DNRC) was that FWP would pay DNRC \$2 for each Conservation License that was sold. Since this started, he noted that the revenue has stayed relatively flat.

CHAIRMAN RIPLEY followed up asking if they had seen a net gain since they had not had to use full-time equivalents (FTE) to check the licenses.

Mr. Hagener responded that it now simpler because, if someone had a conservation license, they would be covered. He attested that they were still doing the same number of checks but it was much easier. He alleged that the largest problem was the use of the land by non-hunters.

{Tape: 2; Side: A; Approx. Time Counter: 31.6 - 42.3}

Chris Smith, Chief of Staff for the Director's Office of Fish, Wildlife and Parks Department, provided an overview of the Department of Management and the Decision Packages associated with the division. He informed the Committee that the Department of Management was a division that included the Director's Office, regional supervisor staff and their field offices and a number of other planning and support offices. He proceeded to discuss the functions, funding sources, accomplishments, priorities for the biennium, the relevant DPs, and New Proposals. There was also a section on the website and its uses for the Department.

EXHIBIT(jnh28a03)

{Tape: 2; Side: A; Approx. Time Counter: 42.3 - 49.4}

He provided the Committee with the 2004 Annual Report for Responsive Management Units which summarized the types of projects the Department undertakes.

EXHIBIT(jnh28a04)

{Tape: 2; Side: B; Approx. Time Counter: 0 - 8.8}

SEN. BARKUS questioned where the statute books contained in DP 904 -- Statute Book Printing, were printed.

Mr. Smith was unsure.

SEN. BARKUS followed up asking if they were printed in-state or out-of-state.

Mr. Smith repeated that he did not know but would find out.

CHAIRMAN RIPLEY requested that Mr. Smith also find out to whom it was contracted to and when the contract would be up.

{Tape: 2; Side: B; Approx. Time Counter: 8.8 - 17.6}

Mr. Smith continued the presentation until there was another question.

{Tape: 2; Side: B; Approx. Time Counter: 17.6 - 37.1}

SEN. BARKUS thought that the Department would be able to provide a great service to sportsmen if they could focus on getting the word out that the money used for endangered species studies was not license money but federal grants.

Mr. Smith indicated that the planning grant which they had written included funding for outreach. He noted that they had just begun advertising for a position to work as an outreach specialist with the plan coordinator. He mentioned that the position was meant to help people understand what was involved with the State Monitoring Program. He mentioned that one of the requirements in developing the plan is that there has to be public participation in developing the plan. He explained that they had organized a database of species which they will be taking public to get their perspective on the conservation of these species.

{Tape: 2; Side: B; Approx. Time Counter: 37.1 - 41.2}

{Tape: 2; Side: B; Approx. Time Counter: 41.2 - 48}

CHAIRMAN RIPLEY asked what process the Department had to go through for a budget amendment.

Sue Daly, Administrator of the Budgeting Development and Analysis Bureau of the Administration and Finance Division of the FWP, explained that in order to process a budget amendment they would need: 1) a federal contract, 2) prepare a budget change document for the budget amendment, 3) answer a series of questions about the project, and 4) send a copy to the Governor's Office which reviews the document, and then forwards it to the LFD office. She indicated that the way the budget changing process works is that every federal contract requires a separate document.

Ms. Smith interjected that if the Committee would like to see one of the budget change documents she could bring one in for review.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 1}

Mr. Smith continued discussing the DPs for the Division.

{Tape: 3; Side: A; Approx. Time Counter: 1 - 7.9}

CHAIRMAN RIPLEY inquired about the number of access sites on the Blackfoot River.

Mr. Smith was unsure but promised to come up with the number. He indicated that the pilot project which the Department was developing on the Blackfoot would be a registration and permitting system for all commercial and group use on the Blackfoot and on the access sites. He continued to discuss the issues including the Block Management Program.

{Tape: 3; Side: A; Approx. Time Counter: 7.9 - 19.2}

REP. MCNUTT questioned how the issue of maps without a clear indication of where block management land had been fixed with the use of the website, asking how it was working.

Mr. Smith informed the Committee that they had not put the block management maps on the website yet. He mentioned that they are trying to find a balance between the amount of contact landowners receive and the ability to get the information out to the public.

SEN. BARKUS followed up indicating that the lack and misrepresentation of block management maps was a major issue he had to deal with. He claimed that it was difficult to discover block management sites.

{Tape: 3; Side: A; Approx. Time Counter: 19.2 - 24.5}

Mr. Smith continued to discuss the website and its applications and content. He reported on the original DP requesting two full-time equivalents (FTE) as compared to the revised DP. He mentioned that the DP was contingent on a fee increase and if the fee increase was not approved then the FTE would have to be filled through another avenue. This was the last DP he discussed.

[EXHIBIT \(jnh28a05\)](#)

{Tape: 3; Side: A; Approx. Time Counter: 24.5 - 38.1}

SEN. HAWKS noted that when he had toured the State Library they had expressed pride in the management operations. He wanted to know what the State Library offered to FWP.

Mr. Smith answered that they had an excellent working relationship with the State Library. He attested that the most important asset they proved was physical space. In addition, they provide a server which houses the FWP website. He described their arrangement as parallel and complimentary.

SEN. HAWKS inferred that it was a noncompetitive relationship.

SEN. BARKUS mentioned the contingency on the fee increase. He wanted to know if it was a fee increase in any form, or if it was the proposed fee increase.

Mr. Smith responded that it would be contingent on HB 172's passage and approval. He informed the Committee that HB 172 was the proposal which provided for a significant fee increase which would last through 2011. He mentioned that there was a proposed hybrid of HB 172 and HB 176, which was a gradual increase in licensing fees relating to the consumer index prices.

SEN. BARKUS asked if the projections were passed on the hybrid bill.

Mr. Smith asserted that the slide in the overview was based on the original bill, HB 172, as submitted which would have generated \$4.5 million. He noted that the proposal as it was now would generate about \$600,000 less than the original until 2008 when it would generate a little more than the original.

{Tape: 3; Side: A; Approx. Time Counter: 38.1 - 50.2}

Eileen Rose pointed out that there were two separate slides projected with current revenue streams. The Governor was concerned about the 2011 fund balance deficiency and that is why it was contingent on the passage of HB 172.

SEN. BARKUS referenced the increase on the proposed fee increase. He mentioned that the way it was created made it appear to be an increase which was phased in and not a lump sum.

Mr. Smith replied that the reason for the appearance of a phased-in fee was the timing of the license year. He indicated that because the license year starts in March of 2006, there would be a part of the revenue from the last two months of fiscal year 2006 in the final revenue of 2007.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 3.1}

SEN. BARKUS wondered how the new licensing program would work if it was brought in-house. He wanted to know if they had been thinking about issuing the licenses on plastic identification cards that would be electronically licensed.

Mr. Smith was not aware of any discussion about going to a wallet card but they were implementing changes which would significantly reduce the amount of licenses that would have to be carried

around. He explained that they were specifically changing from a paper system to a tyvek material.

Mr. Hagener added that there had been some discussion about going to an electronic card system. The problem he indicated with that system is that all wardens would need a piece of equipment that would read the card.

{Tape: 3; Side: B; Approx. Time Counter: 3.1 - 5.9}

SEN. HAWKS returned to the discussion of license fee increases. He wanted to know if the projected revenue was adjusted for inflation.

Mr. Smith reported that they were real dollars but they did not have an inflation factor built in.

SEN. HAWKS reiterated that if there was a fee increase in today's dollars and it was projected out over time, expenses would obviously increase due to inflation. He wanted to know if the graphs reflected that reality.

Mr. Smith answered, "Yes, that was why the expenditure line increased while the revenue line stayed flat." He indicated that they expected the expenditures to increase in the future through a combination of inflation, program growth and Pay Plan adjustments while the actual cash expenditures would increase. The graphs assumed about a 4% increase per year for the expenditures.

{Tape: 3; Side: B; Approx. Time Counter: 5.9 - 9.3}

The Department handed out three booklets which were not discussed but provided for additional information.

[EXHIBIT \(jnh28a06\)](#)

[EXHIBIT \(jnh28a07\)](#)

[EXHIBIT \(jnh28a08\)](#)

Ms. Smith also provided a handout which was not discussed during the meeting but was referencing the oil and gas air quality permitting procedure. It was information for the Department of Environmental Quality's decision package dealing with permitting.

[EXHIBIT \(jnh28a09\)](#)

ADJOURNMENT

Adjournment: 10:45 A.M.

REP. RICK RIPLEY, Chairman

BRITT NELSON, Secretary

RR/bn

Additional Exhibits:

EXHIBIT ([jnh28aad0.PDF](#))