

EXHIBIT 13
DATE Feb 3, 2011
HB _____



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: January 28, 2011

TO: Representative Walt McNutt, Chairman
Long Range Planning Subcommittee

FROM: Representative Duane Ankney, Chairman
Natural Resources and Transportation Joint Appropriations Subcommittee

RE: Request for HB 5 – Reliance Refinery Cleanup

During deliberations on the budget of the Department of Environmental Quality, it was determined by the subcommittee that the state's portion of the cleanup for the KRY site needed to be addressed.

The 2011 Biennium budget contained a one-time-only biennial restricted \$9.0 million appropriation to fund the state's share of the cleanup. Unfortunately due to litigation, cleanup has been slow to come. The DEQ indicated they were considering an unacceptable accounting method to carry the balance, \$8.8 million until such time the cleanup begins. Instead the subcommittee requested staff to find an alternative to this method.

The alternative is to request a \$6.0 million appropriation from the Orphan Share fund in HB 5 to cover the state's liability of 27% of the cleanup of KRY. The remaining authority needed, \$2.5 million, is available under the carry forward rules due to the fact that of at least \$8.5 million will be unspent at the end of the biennium. Funds need to be restricted specifically to this site to cover the state's liability for cleanup. It would also be appropriate to add language requiring the department to update the Environmental Quality Council at least once in the interim on site progress and an update to the Long Range Planning Subcommittee at the next regular session.

Should you have any questions, please do not hesitate to contact me or Barb Smith of the LFD.

Representative Duane Ankney