

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
56th LEGISLATURE - REGULAR SESSION**

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By **CHAIRMAN ERNEST BERGSAGEL**, on January 19, 1999
at 8:00 A.M., in Room 317 Capitol.

ROLL CALL

Members Present:

Rep. Ernest Bergsagel, Chairman (R)
Sen. J.D. Lynch (D)
Rep. Matt McCann (D)
Sen. Chuck Swysgood (R)
Rep. Tom Zook (R)

Members Excused: None.

Members Absent: Sen. Tom A. Beck, Vice Chairman (R)

Staff Present: Cassandra Drynan, Committee Secretary
Jane Hamman, OBPP
Pam Joehler, Legislative Branch

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: **HOUSE BILL 6 & 8 - RENEWABLE
RESOURCE GRANT AND LOAN
APPLICATIONS, 1/19/1999**
**HOUSE BILL 15 - INFORMATION
TECHNOLOGY BOND PROPOSAL**

Executive Action: None

**HEARING ON HB 6 & 8 - RENEWABLE RESOURCE GRANT AND LOAN
APPLICATIONS (RRGL)**

RRGL PROJECT NO. 19 - BITTERROOT IRRIGATION DISTRICT

Mr. Michael Downy, Department of Natural Resources and Conservation (DNRC), reviewed the water conservation project and the department's recommendations.

{Tape : 1; Side : A; Approx. Time Counter : 0.3 - 2.5}

Mr. Gary Shatzer, Manager of the Bitterroot Irrigation District, gave a short presentation and mentioned that the Bureau of Reclamation had offered a matching grant. Questions were asked.

{Tape : 1; Side : A; Approx. Time Counter : 2.5 - 8}

Mr. Barry Dutton, with the Bitterroot Irrigation District, answered questions and gave a technical presentation. Questions were asked.

{Tape : 1; Side : A; Approx. Time Counter : 8.1 - 14.6}

Mr. John Tubbs, DNRC, answered questions about Tin Cup.

{Tape : 1; Side : A; Approx. Time Counter : 14.6 - 16}

REP MCCANN asked if the Bitterroot Irrigation District had reserve funds saved up.

{Tape : 1; Side : A; Approx. Time Counter : 16 - 18.1}

Mr. Mike Murphy, with Montana Water Resources Association, spoke on behalf of the project.

{Tape : 1; Side : A; Approx. Time Counter : 18.2 - 19.1}

RRGL PROJECT NO. 13 - SEEPAGE MONITORING PROGRAM

Mr. Downy reviewed the monitoring project and the department's recommendations.

{Tape : 1; Side : A; Approx. Time Counter : 19.3 - 20.6}

Mr. Glen McDonald, with the Water Resources Division, gave a short presentation. Questions were asked.

{Tape : 1; Side : A; Approx. Time Counter : 20.7 - 24.2}

REP. MCCANN asked if the water users were going to contribute to the project.

{Tape : 1; Side : A; Approx. Time Counter : 24.2 - 25.1}

SEN. LYNCH asked if requesting money from the water user's would fall under CI-75.

{Tape : 1; Side : A; Approx. Time Counter : 25.1 - 26}

Mr. Bob Goffena, President of the Deadman's Basin Board, testified on behalf of the project.

{Tape : 1; Side : A; Approx. Time Counter : 26 - 27.4}

RRGL PROJECT NO. 44 - CANYON CREEK IRRIGATION DISTRICT

Mr. Bob Fischer, DNRC, reviewed the dam rehabilitation project and the department's recommendations. Questions were asked.
{Tape : 1; Side : A; Approx. Time Counter : 27.5 - 30.8}

Mr. Ron Cleveland, Chairman of the Canyon Creek Irrigation District, gave a short presentation. Questions were asked.
{Tape : 1; Side : A; Approx. Time Counter : 30.9 - 1:B:5.5}

CHAIRMAN BERGSAGEL asked who selected the access road.

Ms. Jane Hamman, OBPP, asked if the department would explain the rank of the project. **Mr. Fischer** reviewed the ranking process.
{Tape : 1; Side : B; Approx. Time Counter : 5.5 - 10}

RRGL PROJECT NO. 20 - FRENCHTOWN IRRIGATION DISTRICT

Mr. Downy reviewed the management and water quality improvement project and the department's recommendations. Questions were asked.
{Tape : 1; Side : B; Approx. Time Counter : 11.3 - 13.5}

Mr. Ed Alexander, representing the Frenchtown Irrigation District, gave a short presentation. Questions were asked.
{Tape : 1; Side : B; Approx. Time Counter : 13.5 - 16.6}

CHAIRMAN BERGSAGEL asked how much money would be used for an education program.

Mr. Dutton gave a short presentation.
{Tape : 1; Side : B; Approx. Time Counter : 16.6 - 19}

REP. MCCANN asked which types of crops were being cultivated.
{Tape : 1; Side : B; Approx. Time Counter : 19 - 21.3}

Mr. Murphy testified on behalf of the project.
{Tape : 1; Side : B; Approx. Time Counter : 21.4 - 22.3}

RRGL PROJECT NO. 24 - WEST YELLOWSTONE REFUSE DISTRICT

Mr. Downy reviewed the compost facility project and the department's recommendations.
{Tape : 1; Side : B; Approx. Time Counter : 22.7 - 24}

Mr. Phil Olson, County Commissioner and Chairman of South West Montana Composting, introduced other proponents.

{Tape : 1; Side : B; Approx. Time Counter : 24.1 - 25.3}

Mr. Ed Flatt, representing Park County, gave a short presentation covering the benefits of the project.

{Tape : 1; Side : B; Approx. Time Counter : 25.4 - 2:A:0.5}

Questions & Discussion: Concerning savings and transportation.

{Tape : 2; Side : A; Approx. Time Counter : 0.5 - 2.5}

CHAIRMAN BERGSAGEL asked about a pilot program.

{Tape : 2; Side : A; Approx. Time Counter : 2.5 - 4.1}

Ms. Vernetta Steel, Member of the Board of the West Yellowstone Solid Waste District, gave a short presentation addressing the problems of dumping by visitors to the area and high costs of disposal.

{Tape : 2; Side : A; Approx. Time Counter : 4.2 - 9.1}

Ms. Sheryl Sigman, representing Jefferson County and the Headwaters Group Cooperative Recycling Project, spoke on behalf of the request and this innovative option for land filling.

{Tape : 2; Side : A; Approx. Time Counter : 9.2 - 10.1}

Mr. Larry Watson, Grants Administrator for Gallatin County, gave a short presentation.

{Tape : 2; Side : A; Approx. Time Counter : 10.2 - 14.2}

Ms. Mona Jamisin, Lobbyist for Gallatin County, requested that the project be bumped up one spot.

{Tape : 2; Side : A; Approx. Time Counter : 14.3 - 16.9}

Questions and Discussion: Concerning composting techniques.

{Tape : 2; Side : A; Approx. Time Counter : 16.9 - 19}

CHAIRMAN BERGSAGEL asked about a previous reduction system project. **Mr. Tubbs** and **Mr. Fischer** answered questions.

{Tape : 2; Side : A; Approx. Time Counter : 19 - 21.1}

RRGL PROJECT NO. 17 - GLEN LAKE IRRIGATION DISTRICT

CHAIRMAN BERGSAGEL stated that **REP. AUBYN CURTISS** wished to be recorded as a proponent of the project.

Mr. Fischer reviewed the dam improvement project and the department's recommendations.

{Tape : 2; Side : A; Approx. Time Counter : 21.4 -22.9}

Mr. Leonard Peterson, Member of the Board of the Glenn Lake Irrigation District, gave a short presentation.

{Tape : 2; Side : A; Approx. Time Counter : 23 - 24.5}

Mr. John Schwartz, with Schwartz engineering, gave a technical presentation.

{Tape : 2; Side : A; Approx. Time Counter : 24.6 - 29.4}

CHAIRMAN BERGSAGEL asked how much of the loan that they were granted last session had been used.

{Tape : 2; Side : A; Approx. Time Counter : 29.4 - 31.4}

Ms. Marylou Peterson, former Representative, spoke on behalf of the project.

{Tape : 2; Side : A; Approx. Time Counter : 31.7 - 32.1}

Questions: Questions concerning recreational use.

{Tape : 2; Side : B; Approx. Time Counter : 0 - 1.4}

RRGL PROJECT NO. 50 - RATTLESNAKE CREEK RESTORATION

Mr. Downy reviewed the flood plain control project and the department's recommendations.

{Tape : 2; Side : B; Approx. Time Counter : 1.5 - 4.1}

Mr. Doug Waters, Parks Manager for the City of Missoula Parks and Recreation Dept., gave a short presentation using photos of Greenoug Park.

{Tape : 2; Side : B; Approx. Time Counter : 0.2 - 9.0}

CHAIRMAN BERGSAGEL asked about the court order to leave the park in it's natural state.

{Tape : 2; Side : B; Approx. Time Counter : 9 - 10.3}

Mr. John Pierce, Chairman of the Greenough Park Advisory Board, gave a short presentation.

{Tape : 2; Side : B; Approx. Time Counter : 10.9 - 16}

REP. MCCANN asked how they intended to solve the problem. **Mr. Pierce** responded that at this time they needed a study to determine how to deal with the problem. Discussion followed.

{Tape : 2; Side : B; Approx. Time Counter : 16 - 18.9}

RRGL PROJECT NO. 22 - DALY DITCHES IRRIGATION DISTRICT

Mr. Downy reviewed the dam replacement project and the department's recommendations. Questions were asked.

{Tape : 2; Side : B; Approx. Time Counter : 21 - 23.7}

Mr. Barry Pierson gave a short presentation in support of the project.

{Tape : 2; Side : B; Approx. Time Counter : 23.8 - 25.6}

CHAIRMAN BERGSAGEL asked if the Historical Society had approved the project.

{Tape : 2; Side : B; Approx. Time Counter : 25.6 - 26.4}

Mr. Mike Murphy spoke on behalf of the project.

{Tape : 2; Side : B; Approx. Time Counter : 26.5 - 27.2}

RRGL PROJECT NO. 40 - GARFIELD COUNTY CONSERVATION DISTRICT

Mr. Downy reviewed the irrigation dam rehabilitation project and the department's recommendations. Questions were asked.

{Tape : 2; Side : B; Approx. Time Counter : 27.9 - 29.9}

Mr. Alfred Jordan, with the Little Dry Water User's Association, gave a short presentation. **EXHIBIT(jlh14a01)**

{Tape : 2; Side : B; Approx. Time Counter : 30 - 3:A:0.4}

REP. BETTY LOU KASTEN, HD 99, spoke on behalf of the project.

{Tape : 3; Side : A; Approx. Time Counter : 0.8 - 2.4}

Mr. Gary Helm, with the Little Dry Water User's Association, testified on behalf of the project.

{Tape : 3; Side : A; Approx. Time Counter : 2.5 - 3.4}

Mr. Brian Milne, with Interstate Engineering, gave a technical presentation. **EXHIBIT(jlh14a02)**

{Tape : 3; Side : A; Approx. Time Counter : 3.4 - 5.6}

CHAIRMAN BERGSAGEL asked how much the principal was on the dam and how much the project would increase the user fees. Discussion followed.

{Tape : 3; Side : A; Approx. Time Counter : 5.6 - 7.5}

REP. MCCANN asked about the purpose of the removable planks. Mr. Helm responded.

{Tape : 3; Side : A; Approx. Time Counter : 7.5 - 8.3}

RRGL PROJECT NO. 42 - LAKE COUNTY CONSERVATION DISTRICT

Mr. Downy reviewed the pilot, carbon offset forestry program and the department's recommendations. Questions were asked.

{Tape : 3; Side : A; Approx. Time Counter : 9.3 - 13.7}

Mr. Dennis DeVries, Chairman of the Lake County Conservation Dist. & President of the Montana Watershed Inc. (MWI), gave a short presentation. Discussion about mitigation.

{Tape : 3; Side : A; Approx. Time Counter : 13.8 - 19}

Mr. Larry Van Rinsun, Executive Director of MWI & Vice Chairman of the Flathead Conservation Dist., gave a technical presentation.

{Tape : 3; Side : A; Approx. Time Counter : 19.1 - 30.1}

CHAIRMAN BERGSAGEL asked how many carbon credits there were per acre.

REP. MCCANN asked if the 700 acres being used, would ever be reclaimed otherwise.

Mr. Ted Dodge, Conservation Coordinator, answered questions.

{Tape : 3; Side : A; Approx. Time Counter : 31.3 - 3:B:1.5}

Ms. Mary Seccombe, President of Montana RC & D, spoke in support of the project.

{Tape : 3; Side : B; Approx. Time Counter : 1.6 - 3.2}

Ms. Jane Hamman asked who would plant the trees

REP. ZOOK asked why there was a fifty acre limit per participant.

{Tape : 3; Side : B; Approx. Time Counter : 3.5 - 5.1}

Ms. Hamman asked if there was any relationship between the Forest Resource Trust and the Forest Stewardship Program.

{Tape : 3; Side : B; Approx. Time Counter : 5.1 - 6.2}

RRGL PROJECT NO. 7 - PETROLEUM COUNTY CONSERVATION DISTRICT

Mr. Downy reviewed the monitoring project and the department's recommendations.

{Tape : 3; Side : B; Approx. Time Counter : 7 - 8.7}

Mr. Mark Sea, landowner in Petroleum Co., gave an overview of the project.

{Tape : 3; Side : B; Approx. Time Counter : 8.8 - 12.6}

REP. ZOOK asked about the two grants they had received.
{Tape : 3; Side : B; Approx. Time Counter : 12.6 - 13.4}

Ms. Donna DeFranscesco, Riparian Research Specialist with the Riparian and Wetland Research program at the University of Montana, spoke in support of the project.
{Tape : 3; Side : B; Approx. Time Counter : 13.4 - 15.5}

Ms. Amy Chadwick, Research Specialist at the University of Montana, gave a short presentation. **EXHIBIT(jlh14a03)**
{Tape : 3; Side : B; Approx. Time Counter : 15.6 - 18}

REP. MCCANN asked what the equipment money would be spent on.
{Tape : 3; Side : B; Approx. Time Counter : 18 - 18.6}

RRGL PROJECT NO. 53 - CITY OF TROY

Mr. Fischer reviewed the water system master plan project and the department's recommendations. Questions were asked.
{Tape : 3; Side : B; Approx. Time Counter : 18.9 - 21.7}

Mr. Ron Pierce, City Council Member, gave a short presentation and asked the committee to consider raising the amount of the grant to the full \$30,000. **EXHIBIT(jlh14a04)**
{Tape : 3; Side : B; Approx. Time Counter : 21.7 -4:A:0.7}

Mr. Mike Fraser, representing the city of Troy, testified on behalf of the project.
{Tape : 4; Side : A; Approx. Time Counter : 0.8 - 2}

HEARING ON HB 6 & 8 - RENEWABLE RESOURCE GRANT AND LOAN APPLICATIONS (RRGL) - CLOSED

HEARING ON HB 15

Ms. Mary Bryson, Department of Revenue, answered questions asked at the January 11th hearing on **HB 15**. **EXHIBIT(jlh14a05)**
{Tape : 4; Side : A; Approx. Time Counter : 2.5 - 28.5}

Ms Bryson went over the answer to question #1, see **EXHIBIT 5**.
{Tape : 4; Side : A; Approx. Time Counter : 2.8 - 5.0}

CHAIRMAN BERGSAGEL asked for clarification of where savings were coming from. Discussion followed.

{Tape : 4; Side : A; Approx. Time Counter : 5 - 6.6}

REP. ZOOK asked if the Information Services Division, (ISD), would have to raise it's rates.

{Tape : 4; Side : A; Approx. Time Counter : 6.6 - 7.6}

REP. MCCANN asked about mainframe costs.

{Tape : 4; Side : A; Approx. Time Counter : 7.7 - 9.3}

REP. ZOOK asked for an estimate of the savings gained from getting rid of ISD charges.

{Tape : 4; Side : A; Approx. Time Counter : 9.3 - 10.9}

SEN. SWYSGOOD asked about mid-tier costs.

{Tape : 4; Side : A; Approx. Time Counter : 10.9 - 11.8}

REP. MCCANN asked if the reduction in full time employees (FTEs) meant that three people would lose their jobs.

{Tape : 4; Side : A; Approx. Time Counter : 11.9 - 14.1}

Ms. Bryson went over the answer to question #2, see **EXHIBIT 5**.

{Tape : 4; Side : A; Approx. Time Counter : 14.1 - 16.4}

REP. BERGSAGEL asked about the total cost and benefit of the project.

{Tape : 4; Side : A; Approx. Time Counter : 16.4 -19.5; Comments : See exhibit 5, tab 2, page 2 for assumptions as to where revenue lift will occur.}

Ms. Bryson went over the answer to question #3, see **EXHIBIT 5**.

{Tape : 4; Side : A; Approx. Time Counter : 19.5 - 21.5; Comments : See exhibit 5, tab 3 for a breakdown of costs from the vendor}

SEN. SWYSGOOD asked if the system would be able to conform to new or "different" taxes.

{Tape : 4; Side : A; Approx. Time Counter : 21.5 - 22.8}

SEN. SWYSGOOD asked if there would be a savings if the legislature eliminated a tax.

CHAIRMAN BERGSAGEL asked if the new system could deal with a sales tax. **Ms. Bryson** responded that in that case, they would be requesting an additional \$5 million. Discussion followed.

{Tape : 4; Side : A; Approx. Time Counter : 22.8 - 25.6}

REP. MCCANN asked if the Dept. of Revenue was comfortable with the estimates they had calculated.

{Tape : 4; Side : A; Approx. Time Counter : 25.6 - 27}

Ms. Bryson went over the answer to question #4, see **EXHIBIT 5**.

{Tape : 4; Side : A; Approx. Time Counter : 27.1 - 28.4}

Mr. Jeff Miller, Dept. of Revenue, walked through one assembly of a business case.

{Tape : 4; Side : A; Approx. Time Counter : 28.5 - 4:B:24.4; Comments : See exhibit 5, tab 4}

CHAIRMAN BERGSAGEL asked about transaction fees.

{Tape : 4; Side : B; Approx. Time Counter : 2.5 - 3}

SEN SWYSGOOD asked about a discrepancy in the net benefit estimates.

{Tape : 4; Side : B; Approx. Time Counter : 3.4 - 4.7}

Mr. Miller went over the opportunity benefit assumptions.

{Tape : 4; Side : B; Approx. Time Counter : 5.8 - 9.0}

Ms. Bryson explained why they did a business case.

{Tape : 4; Side : B; Approx. Time Counter : 10 - 11}

Mr. Miller went over the ten year net revenue enhancement figure.

{Tape : 4; Side : B; Approx. Time Counter : 11.1 - 13.5; Comments : see exhibit 5, page 73}

Mr. Miller went over the opportunity cost/benefit summary.

{Tape : 4; Side : B; Approx. Time Counter : 13.5 - 16.8; Comments : see exhibit 5, tab 4}

REP. MCCANN asked who the department would target with this program.

{Tape : 4; Side : B; Approx. Time Counter : 16.8 - 20.6}

Ms. Bryson responded that this system would put an emphasis on non-resident/non-filers and non-compliant individuals.

{Tape : 4; Side : B; Approx. Time Counter : 20.6 - 21.9}

Mr. Miller went over the opportunity benefit assumptions.

{Tape : 4; Side : B; Approx. Time Counter : 21.1 -24.4; Comments : see exhibit 5, tab 4}

Ms. Bryson went over the answer to question #5, see **EXHIBIT 5**, and listed the departments that use their services.

{Tape : 4; Side : B; Approx. Time Counter : 24.5 - 30.2}

CHAIRMAN BERGSAGEL commented and asked why the Legal Fiscal Division(LFD) hadn't reviewed this information previously.

{Tape : 4; Side : B; Approx. Time Counter : 30.7 - 32.6}

HEARING ON HB 15 - CLOSED

ADJOURNMENT

Adjournment: 12:00 P.M.

REP. ERNEST BERGSAGEL, Chairman

CASSANDRA DRYNAN, Secretary

EB/CD

EXHIBIT (j1h14aad)