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Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
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POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 485-3834
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Senate

Committee on Resources

March 3, 1982
1:35 p.m.

Beltz Room
Room 211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Fischer
Senator Eliason
Senator Gilman
Senator Mulcahy
Senator Sturgulewski

Hearing:

SB 730 An Act establishing the Aleksandr Baranof State Game Refuge.
SB 745 An Act extending the lapse date for the FY 82 appropriation for land disposal surveys.
SB 759 An Act relating to the size of trapping cabins.
SB 832 An Act extending the lapse date for the FY 82 appropriation for the Citizen Advisory Commission.

SB 745

Jeff Haynes, Deputy Commissioner, Department of Natural Resources, explained that this capital appropriation is necessary to continue survey work (\$11 million) and municipal grants (\$2 million).

Senator Fischer asked that SB 832 be heard before any action was taken on SB 745.

SB 832

Senator Fischer stated he would like SB 745 and SB 832 combined since they both amend the same line of the same statute.

Senator Fahrenkamp expressed opposition in consideration of the sponsors.

Senator Mulcahy moved SB 745 and SB 832 with individual recommendations.

Senate Resources Committee
March 8, 1982
Page 2

SB 759

Jeff Haynes stated that the existing statute limits the size of trapping cabins to 192 square feet. DNR feels the increase to 768 square feet that SB 759 would provide is too great. A smaller size would discourage the establishment of a permanent residence on a \$10/year trapping permit.

Senator Fahrenkamp said a Committee Substitute had been prepared that limits the size to 400 square feet.

Senator Eliason disagreed with the size limit, stating that criteria for obtaining a permit limit the cabin's use to trapping.

Senator Gilman moved the adoption of the Committee Substitute for SB 759. He then moved CSSB 759 with individual recommendations.

SB 730

Senator Sturgulewski moved to rescind the Committee's action on SB 730.

Senator Fahrenkamp explained that after action was taken last Friday, the land manager in Kodiak called about a technical error in the bill.

Senator Mulcahy stated that on page 1 line 29, and page 2 line 1, "21" should read "23". He moved the adoption of the Committee Substitute for SB 730. He then moved CSSB 730 with individual recommendations.

The meeting was adjourned at 2:00 p.m.



Official Business

Alaska State Legislature

Senate Resources Committee

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Senate Resources Committee
FROM: Senate Resources Committee Staff
RE: Committee Meeting, March 8, 1982
DATE: March 5, 1982

Please find attached background information for
the Monday, March 8 hearing on the following bills:

- SB 745 Extending the lapse date for the FY 82
appropriation for land disposal surveys.
- SB 759 Relating to the size of trapping cabins.
- SB 832 Extending the lapse date for the FY 82
appropriation for the Citizen Advisory
Commission.

The meeting will be held at 1:30 p.m. in the Beltz Room.

LEGISLATIVE SUMMARY

SB 832 "An Act extending the lapse date of the appropriation for the Citizen's Advisory Commission on Federal Management Areas; and providing for an effective date."

Sec..1. Extends the lapse date for the appropriation to the Citizen's Advisory Commission on Federal Management Areas until June 30, 1983.

Sec. 2 Effective date is immediately.

SPONSOR: THE RESOURCES COMMITTEE

IDENTIFICATION: Extending the lapse date of the appropriation for the Citizen's
Advisory Commission on Federal Management Areas.

BILL NAME:

SPONSOR(S): RESOURCES

RELATED BILLS PENDING:

DATE INTRODUCED: 3/4/82

REFERRALS

INITIAL RESEARCH:

INITIAL BILL SUMMARY COMPLETED *3/4*

SUMMARY BY LEGAL DIVISION
DEPT. OF LAW SUMMARY:

SPONSOR CONTACTED FOR BACKUP
MATERIALS:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET: *3/8*

STAFF MEMO TO COMMITTEE:

TELECONFERENCE

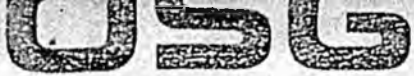
BACKGROUND MATERIAL DISTRIBUTED

PSA/PRESS RELEASE

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/CS DRAFTED:

Mark Witham. DNR



HON. WILLIAM M. BRODHEAD (Michigan) — Chairman

RICHARD P. CONLON — Executive Director

86 832

FACT SHEET

No. 97-17

April 30, 1982

RECLAMATION ACT AMENDMENTS

This DSG Fact Sheet deals with H.R. 5539, Federal Reclamation Act Amendments, which is expected to be considered on Thursday. The reclamation program has been the focus of controversy since a 1976 court ruling ordered the Interior Department to limit the availability of federally subsidized water to 160 acres of land under a single ownership.

The bill revises the rules under which farmers in western states receive irrigation water from Interior Department reclamation projects. The bill increases the amount of land legally eligible for federally subsidized water to 960 acres, establishes a new pricing system, repeals the residency requirement, and makes other changes in the Interior Department's irrigation program.

The bill is supported by the Administration, American Farm Bureau Federation, Farm-Water Alliance, National Water Resources Association, National Association of State Department's of Agriculture, National Association of Realtors, National Association of Manufacturers, Mortgage Bankers Association of America, American Textile Manufacturers Institute, National Cotton Council, and the American Potato Growers. The bill is opposed by the AFL-CIO, United Steelworkers, National Farmers Union, National Grange, National Land for the People, Interreligious Task Force on U.S. Food Policy, National Wildlife Federation, National Audubon Society, Environmental Policy Center, and the Sierra Club.

This Fact Sheet contains the following sections:

	<u>Page</u>
I. Background & Summary	3
II. Basic Provisions	5
III. Points of Controversy	9
IV. Anticipated Amendments	13

Section I

BACKGROUND AND SUMMARY

Since 1902, the Federal Government has been building dams and irrigation systems to provide inexpensive water to irrigate arid farmland in the West. Currently, reclamation projects deliver water to about 12 million acres in 17 western states. Although this comprises less than 1% of all farmland in the country, the land produces crops valued at more than \$7.4 BILLION, about 10% of the total value of all major crops produced in the United States.

The reclamation program, administered by the Interior Department's Bureau of Reclamation, has been the focus of intense controversy and debate for the past several years. Critics charge that the program delivers cheap, federally subsidized water to large corporate farmers despite the intent of the Reclamation Act of 1902.

The 1902 act specified that recipients of the inexpensive irrigation water had to reside on or near their land (interpreted by the Interior Department to mean within 50 miles) and that no single owner could receive water for more than 160 acres. These two criteria were designed to widely distribute the benefits of publicly financed reclamation projects, promote the small family farm as a socially desirable goal, and prevent speculative gains by a few large landholders.

As the program has evolved, Interior Department interpretations have allowed larger farms to receive project water. First, the Bureau of Reclamation allowed each member of a farm family to receive water on 160 acres. A farm couple with two children could thereby receive water on 640 acres. The Interior Department also stopped enforcing the residency requirement when, in 1926, Congress failed to include the requirement when it revised the 1902 act. Finally, the Department allowed farmers to receive water on unlimited amounts of leased lands. These administrative interpretations have allowed large corporations to receive subsidized irrigation water, in violation, critics charge, of the intent of the Reclamation Act.

Past Administrations also found a way to facilitate the construction of reclamation projects on private lands where large farms were already in existence. These large farms could receive project water on all of their lands if they promised to eventually sell land in excess of the acreage limitations. The farmers had to enter into a contract with the Department promising to sell excess lands, usually within 10 years, at a price which did not reflect the added value of the reclamation project.

The Interior Department administers the reclamation program through local water districts, which are set up to deliver water to local farmers and collect payments on a contract basis. Before the district can start receiving water, it must sign a contract with the Interior Department promising to repay costs for the operation and maintenance of the irrigation system and the construction costs of that portion of the project devoted to irrigation. Repayment is made in installments over a fixed period of time, usually 40 years, without interest. Operation and maintenance costs are usually frozen for the life of the contract. An individual farmer's payment is often discounted by an assessment of his "ability to pay" -- usually computed on the profitability of a 320-acre farm, even if the farm is actually much larger. The Interior Department can reduce the payment obligation if a farm's profits slip, but it does not increase water charges if the farm's profits improve.

The water district's interest-free repayment of construction costs, the freezing of operation and maintenance costs, and the "ability to pay" discount amount to a federal subsidy of irrigation costs. The subsidy reflects the difference between what the Federal Government pays to build and operate the project and what the farmers pay for the water. According to an Interior Department environmental impact statement made last year, the value of the subsidy ranged from \$50 to \$1,750 per acre in 18 representative districts surveyed. The Department found that two-thirds of the districts studied paid 18% or less of the full irrigation costs.

In addition to the federal subsidy of irrigation costs, the Interior Department has implemented a program to allow farms with less productive lands to receive more water than farms with highly productive lands. This program, known as the equivalency program, classifies lands according to their potential productivity, based on soil type, growing season, and other factors. The equivalency program is currently operating in 18 water districts.

A U.S. district court ruled in 1976 that the Interior Department must enforce the 1902 Reclamation Act's 160-acre limitation on land eligible for subsidized irrigation water. The Interior Department planned to issue final rules and regulations implementing the court's decision by March, 1981, but Interior Secretary Watt indefinitely suspended the rulemaking process in order to reconsider the issue. Unless Congress approves new legislation, however, the Interior Department must issue new regulations implementing the acreage limitation of the 1902 law.

COMMITTEE ACTION & SUMMARY

The Interior & Insular Affairs Committee reported the bill with additional and supplemental views by voice vote (H.Rept. 97-458).

This bill increases the acreage limitation from 160 to 960 acres, establishes a new pricing policy requiring farmers to pay a higher price for water delivered to lands in excess of the acreage limitation, allows unlimited leasing to farmers pay a higher price to irrigate leased lands, repeals residency requirements, and exempts most Corps of Engineers water projects from any acreage limitation.

Section II

BASIC PROVISIONS

This section summarizes the basic provisions of H.R. 5539, Federal Reclamation Act Amendments. The bill increases acreage limitations, authorizes unlimited leasing, and establishes a new pricing policy.

WATER COSTS

The bill establishes a new, two-tiered pricing policy -- full-cost and subsidized -- designed to recover more of the cost of building and delivering project water.

The full-cost price reflects the construction costs for that part of the project devoted to irrigation that the water district has yet to pay. It includes interest which is calculated on the government's cost of borrowing at the time of construction. This interest rate is subsidized. In addition to the full cost, users would be required to pay annually adjusted costs for operation and maintenance of the irrigation system.

Landowners would be required to pay full cost for water delivered to lands in excess of 960 acres. Additionally, water delivered to leased land or land owned by large corporations which start receiving water after October 1, 1981, must be paid for at this higher price.

The subsidized rate excludes interest. In addition, it is not based on how much water a farm uses, but on the farmer's ability to pay, thus further reducing the cost to the farmer. Farms under 960 acres would continue to receive water at the lower subsidized rate, except that operation and maintenance costs may be increased annually.

ACREAGE LIMITATIONS

The bill increases from 160 acres to 960 acres the amount of land under a farmer's ownership which would be eligible for irrigation water at the lower, subsidized cost. The expanded acreage limitations would apply to farms operated by individuals, partnerships, or corporations with 18 or fewer shareholders, or to any corporation receiving reclamation water as of October 1, 1981. Larger corporations which start getting water after this date would be required to pay full cost -- as defined by the bill -- for any water they receive.

Water districts would have the option to remain under the old acreage limitations or operate under the new system. However, when a district entered into a new contract or amends its existing contract to receive new benefits, it would automatically come under the jurisdiction of the new law. Also, individual farmers may choose the new acreage limitations even if their water district does not.

LEASING

The measure allows farmers to irrigate unlimited amounts of leased land with reclamation water, but they must pay the higher full-cost rate for the water.

RESIDENCY REQUIREMENTS

The bill repeals the requirement that landowners must reside on or near their land.

EXCESS LANDS

Farms which have land in excess of the 960-acre limitation could continue to receive subsidized water if the owner enters into a contract promising to sell the excess land within 10 years. The contract must allow the Interior Department to sell the land if the owner fails to do so in the specified time period. The selling price of the land cannot include the increased value brought by the reclamation project.

EQUIVALENCY

The bill retains the equivalency formula which allows farmers to receive subsidized reclamation water for land in excess of the acreage limitation if their land is less productive. If land is less productive due to poor soil or a short growing season, the farmer may receive subsidized water on more than 960 acres of owned land. Equivalency is granted on a case-by-case basis and is currently operating in 18 water districts. The bill extends equivalency only to those districts which choose to come under the new system.

EXEMPTIONS

The bill provides a number of exemptions to the acreage limitations. The bill exempts Corps of Engineers projects from the acreage limitation, except for those Corps projects which Congress has designated as part of a federal reclamation project or which have irrigation water distributed through systems built by the Interior Department. The bill also exempts those lands that are:

- * Located in water districts which have already repaid the Federal Government for their share of construction costs and have assumed full responsibility for the operation and maintenance of the irrigation system (the bill prohibits districts from speeding up their payments or paying the remainder of their obligation in a lump sum);

- * Held in trust by a bank or other trustee, as long as each individual trust account does not exceed the acreage limitations;
- * Receiving water for a year or less if the water received is a result of short-term surpluses;
- * Isolated to such an extent that the lands cannot be farmed profitably unless they are included with other lands in a larger farming operation; and
- * Acquired by involuntary foreclosure, if the land was eligible for subsidized reclamation water before foreclosure. This land may receive subsidized water for up to five years.

OTHER PROVISIONS

The bill also:

- * Requires farmers to certify they are in compliance with the provisions of this act;
- * Permits religious organizations to receive subsidized water as long as they do the farming and donate the proceeds to charity;
- * Permits surplus water to be used for water quality, municipal, or industrial purposes, if a proper contract requiring repayment is signed;
- * Permits water districts to sue the U.S.;
- * Prohibits farmers from growing crops with subsidized water if those crops are in excess supply in other parts of the country, but limits the prohibition to within 10 years of a water project's authorization;
- * Sets civil penalties for persons who knowingly accept water to which they are not entitled;
- * Validates existing contracts concerning "co-mingled" water (water from reclamation and non-reclamation sources);
- * Requires water districts to develop water conservation plans; and
- * Repeals the \$35,000 cap on Indian irrigation projects.

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Section III

POINTS OF CONTROVERSY

This section summarizes the major points of controversy surrounding H.R. 5539, Reclamation Act Amendments. Debate centers on the full-cost formula, the expansion of acreage limitations, leasing, residency requirements, and exempting Army Corps of Engineers projects. (See note at end of section.)

FULL-COST FORMULA

Arguments for the Full-Cost Formula -- Supporters of the full-cost formula argue that it ends the unrealistic and unjustified pricing policies which are responsible for the worst abuses of the current program. It would eliminate the federal subsidies to large-scale farmers, continue subsidies for family farmers, and encourage efficient use of water resources. Farmers wishing to irrigate more than 960 acres will have to pay full cost for the water they receive. In some cases, this will double farmers' irrigation costs. Small-scale farmers, however, could continue to receive lower-priced subsidized water, thus doing more to assure the continuation of the family farm than acreage limitations or residency requirements.

Realistic water pricing will stimulate improved management and more efficient use of water resources. Current wasteful practices will be replaced with more efficient technologies, such as drip irrigation, which uses 1% as much water as some of the current irrigation practices used in the West. Just as increased energy costs led to conservation and reduced consumption, realistic water pricing will spur efficient use of scarce water resources.

It would eliminate the unjustified federal subsidies to large-scale farmers, continue subsidies for family farmers, and encourage efficient use of water resources.

Arguments Against the Full-Cost Formula -- Opponents of the full-cost formula argue that it continues to provide a massive subsidy to farmers and will cost taxpayers hundreds of millions of dollars. Currently, reclamation water users pay only between 2% and 18% of the real cost of the service. The so-called "full-cost price" will, in most cases, only increase this cost to 20% to 25% of cost of delivering the water.

The expansion of the acreage limitation to 960 acres assures that 97% of all reclamation farmers will continue to receive water at a highly subsidized rate. Large corporations, which can afford to pay for more for their water, could continue to receive cheap water on 960 acres, and on excess land because of loose requirements to sell such land.

Even on those lands where the higher prices apply, the subsidy will still be large. The full-cost formula greatly understates the cost to the government of building and operating these projects. The interest charged in the formula is based on long-term government securities issued at the time of construction, and could be as low as 2% or 3%. The full-cost formula's interest charge does not account for the cost of rolling over the government's debt at higher interest rates. Interior Secretary Watt stated that the formula reflects "an interest subsidy which we cannot recommend."

At a time when the Federal Government is trying to reduce record deficits and cutting programs for the poor, it is unconscionable to continue a welfare program for large corporate farmers.

ACREAGE LIMITATIONS

Arguments in Support of Increasing Acreage Limitations -- Supporters of increasing the acreage limitation from 160 to 960 acres argue that it eliminates an antiquated policy and modernizes federal irrigation rules. Modern farm technology has made the 160-acre limitation both impractical and uneconomical. Today's large farms use economies of scale to maximize agriculture production, which is vitally important to consumers, who expect reasonable prices for farm products, and to our economy, which greatly benefits from agricultural exports.

The original 160-acre limitation was established to help promote settlement in the West. The Interior Department has recognized the need to improve agricultural production, however, and has allowed water to be delivered to larger amounts of land. The 960-acre limit simply conforms to current practice.

Attempting to encourage small farms through strict acreage limitations will only hamper agricultural production. The bill already ensures the viability of small farms by delivering water at fully subsidized rates. This will do more to protect small farms than arbitrary acreage limitations which reflect outdated policies without contributing to the efficient production of farm commodities.

Arguments Against Increasing the Acreage Limitations -- Opponents of increasing the acreage limitation to 960 acres argue that such a large increase in the acreage limitation is totally unwarranted. A 320- or 640-acre limit would include the vast majority of farms, but would assure that federal benefits are widely dispersed among family farms. Studies have found that such limitations would allow farm income to exceed the national average, still achieve economies of scale, and fully utilize farm labor. Indeed, studies have shown that farms in the 640-acre range are the most efficient.

Delivering cheap water to farms of up to 960 acres will generate huge incomes for these large farms. In California, for example, a 960-acre farm generates a gross income of almost \$800,000. In comparison, 76% of all U.S. farms had gross incomes of less than \$40,000.

Finally, limiting the amount of water a farmer receives does not limit farm size. The acreage limitation is not a restriction on the amount of land a farmer can own, but only on how much land the government will deliver cheap water to. The farmers can decide not to irrigate excess land or find other sources of water. If taxpayers are going to heavily subsidize the water these large farmers receive, the government should have some control over its distribution. The public will accept federal subsidies which promote legitimate social values, such as family farms, but will not tolerate subsidies to large, wealthy farmers who can well afford to pay the full price of the water the Federal Government makes available.

LEASING

Arguments in Favor of Leasing -- Supporters of leasing argue that it has always been allowed under the reclamation program. Reclamation is silent on the question of leasing, and the Interior Department has never imposed prohibitions or limitations on the amount of leased land for which a farmer could receive project water. Many farmers entered into long-term contracts with the Federal Government under the assumption that they would get water for leased land. To change the rules now would create hardship for many of these farmers and would be a breach of faith. Leasing is often a necessity in today's farm economy. Many farmers, especially those just starting out in farming, lease because they cannot afford to buy land at today's prices. Many farmers improve the efficiency of their operations by leasing land in addition to the land they own. It would be as much of an intrusion into a farmer's property rights to restrict leased land as it is to restrict owned land. Finally, this bill eliminates unjustified subsidies requiring farmers working leased land to pay full cost for the price of water delivered to that land.

Arguments Against Leasing -- Opponents of leasing argue that it is among the worst abuses of the reclamation program. It has allowed large farm operations to receive fully subsidized water on huge tracts of land and is the primary loophole by which program benefits accumulated in the hands of a few large landowners. A majority of the leased land is in huge farms, averaging almost 2,000 acres apiece. For these few farm operations to continue to unjustly reap the benefits of the program makes a mockery of the Reclamation Act. The so-called full-price cost that farmers will now have to pay on leased land greatly understates the actual value of the service. Thus, even with the new higher price, allowing unlimited leasing will still result in large corporate farmers reaping windfall benefits.

RESIDENCY REQUIREMENTS

Arguments in favor of Repealing the Residency Requirement -- Supporters of the elimination of the residency requirement argue that such an action would merely preserve the status quo. The requirement has not been enforced since 1926, when Congress failed to include the provision in its revision of the 1902 Reclamation Act.

Like the acreage limitation, residency requirements are anachronisms in today's modern farm economy. It is not uncommon today for a farmer to live many miles from the farm. Farmers with children often must live near urban centers so their children can get to school.

When the Interior Department developed rules to implement the original residency requirements in 1909, they defined residency as living within 50 miles of the property. Modern transportation and communication systems allow farmers to be closely involved with their farming operations and live much farther from their farms. The reclamation law should recognize this simple fact.

Arguments Against Repealing the Residency Requirement -- Opponents of repealing residency requirement argue that such an action would lead to even more corporate abuse of the reclamation program and will erode the quality of rural life. It would attract more absentee landowners and tenant farmers. The failure of the Interior Department to enforce the requirement has already allowed non-farm and foreign corporations to own land and receive federally subsidized water. Often, these firms are more interested in speculation and tax shelters than farming. Instead of reversing this misguided policy, this bill would enshrine it in statute. Studies have shown that absentee land ownership has a detrimental impact on rural life. A University of California study found "a consistent pattern of community deterioration associated with absentee ownership."

EXEMPTING CORPS PROJECTS

Arguments in Favor of Exempting Corps Projects -- Supporters of this exemption argue that Corps projects are not usually built for irrigation purposes. Farmers receiving irrigation water from Corps projects have usually built the water delivery systems themselves and should not, therefore, be subject to the same irrigation restrictions that apply to farmers receiving water from reclamation projects which are devoted to irrigation.

Arguments Against Exempting Corps Projects -- Opponents of the exemption argue that there should be no difference between subsidized water delivered by Interior Department projects or Corps projects. In both cases, federal money has been used to make water available for irrigation, whether or not that was the primary purpose of the project, and farmers should be subject to the same limitations on the use of the water. Indeed, the Supreme Court has ruled that irrigators using water from Corps projects are subject to the same restrictions applicable to reclamation projects.

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Section IV

ANTICIPATED AMENDMENTS

This section summarizes the anticipated amendments to H.R. 5539, Reclamation Act Amendments.

Rep. Patterson will offer an amendment to require that corporations with more than 18 shareholders must pay full cost, as defined by the bill, for all water received from reclamation projects.

Rep. Kildee will offer an amendment to delete the Interior Department's authority to waive civil penalties imposed by the courts.

Rep. Lujan may offer an amendment to make the equivalency formula applicable to all water districts, not just those opting for the new pricing and acreage limitations outlined by this bill.

* * *

TO: Representative Sutcliffe
Representative Panning
Co-Chairmen, House Resources Committee

FROM: Senator Fahrenkamp
Chairman, Senate Resources Committee

RE: Citizens' Advisory Commission

DATE: April 5, 1982

Please find attached 15 copies of the background information you requested on the following bills:

SB 832 Extending the lapse date for the FY 82 appropriation for the Citizen Advisory Commission.

SB 877 Relating to the staff of the Citizens' Advisory Commission on Federal Areas in Alaska.

Please let me know if I can be of further assistance.

Senate

465-3834

TO: Billy Berrier
Director
Legal Service

DATE: 3/2/82

FROM Bettya Fahrenkamp
Chairman

RE: Extending Citizen's Advisory
Commission funding to 1983.

Attached is a draft extending the lapse date for the FY 82 appropriation for the Citizen's Advisory Commission.

I would appreciate you having this draft put into a final bill. If you have any questions please contact Resa King at 46538884. Please return the final bill to Senate Resources Committee, Room 211, Capitol Building.

Attachment

APRIL 8, 1982

THURSDAY 3:00 P.M.

HOUSE

HOUSE RESOURCES COMMITTEE

SB 832 EXTENDING THE LAPSE DATE FOR THE FY 82 APPROPRIATION
FOR THE CITIZEN ADVISORY COMMISSION.

SB 36 PASSED LAST SESSION AND WAS SIGNED INTO LAW ALONG WITH
THE BILL WAS AN APPROPRIATION ITEM OF \$365,000 FOR THE
COMMISSION. DUE TO THE MEMBERS NOT BEING APPOINTED IMMEDIATELY,
NONE OF THE FUNDS HAVE BEEN EXPENDED -- IN FACT THE FIRST
ORGANIZATIONAL MEETING WAS HELD JUST THIS MARCH 25TH. SO
YOU CAN SEE THERE IS NO WAY THEY CAN SPEND ALL OF THE MONIES
BY THE END OF THIS FISCAL YEAR -- SO THE COMMISSION IS
ASKING THAT THE FUNDS THEY DID NOT SPEND LAST FISCAL YEAR BE
CARRIED OVER TO FUND THE COMMISSION THROUGH FY 83.