

MINUTES OF THE MEETING  
HOUSE APPROPRIATIONS COMMITTEE  
50TH LEGISLATIVE SESSION

The meeting of the House Appropriations Committee was called to order by Chairman Rep. Gene Donaldson on March 26, 1987 at 8:00 a.m. in Room 104 of the State Capitol.

ROLL CALL: All members were present at the meeting except Rep. Iverson and Spaeth who were absent and Rep. Rehberg who arrived late. Also in attendance were Judy Rippingale, LFA and Denise Thompson, Secretary.

(107:A:3.46)

HB 275: Rep. Paul Rapp-Svrcek reviewed HB 275 for the committee again which replaces the funds that have been authorized to the Board of Investments to be invested at a reduced interest rate in Agricultural banks so that they can in turn make lower interest agricultural loans to agriculture producers. HB 275 is the mechanism to fund SB 46. A new bill is needed for the new program and the funding will need to be changed to make the bill more viable to the committee.

Rep. Swift moved to DO PASS HB 275. Rep. Winslow stated that if amended to the governor's budget it would cover what is in SB 46 which is Sen. Neuman's bill.

(107:A:10.12) Rep. Bardanoue made a substitute motion to cut the appropriation in half from \$500,000 each year to a biennial appropriation of \$500,000. The motion CARRIED unanimously.

Rep. Swift moved to DO PASS HB 275 AS AMENDED. Reps. Menke, Peck, and Connelly voted NO. The motion CARRIED.

SB 222: (107:A:12.05)

Senator Farrell presented the bill saying that it provides one-stop shopping for the Motor Carrier Transportation Services, for all state agencies, except intergovernmental home services. This would help the Montana truckers so they would have hauls back into the state and help bring more business to the state. The truckers would be notified of orders by the Department of Administration, and would have an opportunity to make a bid on those hauls which could save them from hauling empty one way and also be cheaper for the state agencies.

(107:A:16.39) Mr. Bill Fogarty from the Department of Commerce stated that a pilot program was set up in June. The program revealed that the trucking industry had problems getting back hauls into the state. This would help keep the Montana trucking industry in the state.

OPPONENTS:

(107:A:19.34) Ellen Feaver of the Department of Administration stated they laid off three people in her agency and now an additional two people, which will bring less money in (Exhibit 1). She stated there would be a negative savings for the state agencies if the program was implemented. There are very few purchasing requests that are eligible for the program.

QUESTIONS:

(107:A:27.40) Chairman Donaldson questioned the authority for Ms. Feaver to make loans as it would have to be paid back in one year.

Ms. Feaver answered with layoffs already made, they would not have the staff to do this in the Central Stores.

Rep. Poulsen asked why we don't limit this to carloads only.

(107:A:38.03) Mr. Hunter commented if an appropriation were added to the bill, the bill could be challenged on constitutional grounds.

(107:B:0.13) Sen. Farrell spoke regarding the pilot project saying that it was not properly done and the time frame was not long enough to give real accurate results, it was not broad enough and complete enough with no separate bids. Only the savings are shown (Exhibit 1).

(107:B:19.27) Rep. Peck asked Ms. Feaver her opinion on the program. She replied she felt it would not work and it would be expensive to administer.

The hearing was closed on SB 222.

HB 862 EXECUTIVE ACTION: (107:A:20.50)

Rep. Winslow moved to amend Page 3, line 6, change 22 1/2 to 27 1/2, and on page 4, Change 5 percent to 3 percent, on line 14 change line 17 to 3 percent, on line 22, 2 percent and line 25, 2 percent. (See Exhibit 10 for March 25). Rep. Quilici called the question. The motion CARRIED unanimously. This would reduce the impact from \$5 million to \$3 million.

Rep. Winslow moved to DO PASS HB 862 AS AMENDED. Rep. Quilici called the question. The motion CARRIED unanimously.

HB 890: (107:B:31.43)

Rep. Hannah presented his bill to redistribute vehicle fees. Rep. Connelly moved to DO NOT PASS HB 890. Rep. Swift made a substitute motion to DO PASS HB 890.

(108:A:12.35) Rep. Quilici made a motion before all motions pending to have Rep. Hannah draft two amendments and try to amend the bill in the committee and clean it up before passing it to the floor.

Action was delayed for twenty-four hours so Rep. Hannah could have amendments drafted to the bill. Rep. Devlin called the question. The motion CARRIED unanimously.

HB 155: (108:A:15.12)

Rep. Bardanoue presented HB 155 to the committee stating if Senator Smith's bill passes, this bill will not be needed but if the bill does not pass, this bill needs to be alive. This bill continues the fee increases from previous sessions for court fees and local government block grants. If neither bill passes, local governments will be out over \$5 million per year.

PROPONENTS:

Mr. Newall Anderson, Administrator, Local Government Assistant Division, Department of Commerce, stated support for the bill and presented written testimony (Exhibit 2).

Rep. Bardanoue moved to DO PASS HB 155. Rep. Quilici called the question. The motion CARRIED unanimously.

EXECUTIVE ACTION: (108:A:22.42)

SB 96: Rep. Poulsen moved to DO PASS SB 96. Rep. Menahan called the question. The motion CARRIED unanimously.

SB 134: Rep. Menahan moved to DO PASS SB 134. Rep. Peck called the question. The motion CARRIED unanimously.

SB 222: Rep. Poulsen moved to DO PASS AS AMENDED SB 222 and make Ms. Feaver responsible for the amendments being done properly.

Rep. Swift made a substitute motion to TABLE SB 222. The motion CARRIED unanimously.

HB 38: Rep. Menahan moved to take HB 38 from the table and place it on second reading this day. He then moved to DO PASS HB 38. Subsequently, he withdrew his motions.

Ms. Feaver expressed concern with the scored procedures in the bill stating that the bill would hurt the veterans preference.

HB 599: Rep. Swift presented a funding report to the committee for their consideration (Exhibit 3). This would take \$50,000 of general fund and \$25,000 of Fish, Wildlife, and Parks monies for the Biological station at Yellow Bay.

Mr. Jim Flynn, Director of Fish, Wildlife and Parks stated he was concerned about the proposal as it may jeopardize federal funds coming in to his department. He stated they may not have enough use of the station to warrant spending \$25,000 on it. There may be a problem with the federal government, they may feel this would not fall under the categories where the money could be paid. He felt the money should be taken out of general fund and private funds. If it were to come out of the Fish, Wildlife, and Parks budget, then it should come out 95 percent out of parks, and 5 percent out of license fees.

(108:B:7.20) Rep. Mercer stated that some work is currently being done for Fish, Wildlife and Parks now, and there is also duplication being done. He felt this could benefit the department.

(108:B:19.35) Rep. Swift moved to accept the \$50,000 of general fund and \$25,000 from Fish, Wildlife and Parks with the bill being amended in the title, line 5 following fund, and Fish, Wildlife, and Parks funds to University of Missoula (Exhibit 4). Rep. Peck called the question. Rep. Thoft Abstained from voting. Reps. Bardanouve, Devlin, Menahan, Bradley, and Menke voted NO. The motion CARRIED.

Rep. Swift moved to DO PASS as AMENDED HB 599. Rep. Quilici called the question. Reps. Bardanouve, Devlin, Menke, Menahan voted NO. The motion CARRIED.

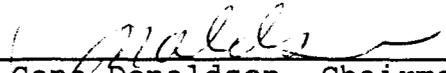
HB 882: Rep. Bardanouve moved to TABLE HB 882. Rep. Quilici called the question. Reps. Bradley, Peck, and Connelly voted NO. The motion CARRIED.

SB 122: (108:B:29.35) Rep. Rehberg moved the addition to the Tax Appeal Board of an additional hearings officer with a sunset date of July 1, 1989 and up to a backlog of 1,000 reviews to trigger that addition; plus insert the previous law into the bill language. Rep. Peck called the question. Rep. Bardanouve voted NO. The motion CARRIED.

Rep. Rehberg moved to DO PASS AS AMENDED SB 122. Rep. Peck called the question. The motion CARRIED unanimously.

ADJOURNMENT:

There being no further business the meeting was adjourned at 11:00 a.m.

  
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Rep. Gene Donaldson, Chairman

DAILY ROLL CALL

APPROPRIATIONS

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3/26/87

NAME	PRESENT	ABSENT	EXCUSED
DONALDSON, GENE Chairman	✓		
THOFT, REP. BOB Vice Chair	✓		
WINSLOW, REP. CAL	✓		
BARDANOUE, FRANCIS	✓		
BRADLEY, DOROTHY	✓		
CONNELLY, MARY ELLEN	✓		
DEVLIN, GERRY	✓		
IVERSON, DENNIS			
MANUEL, REX	✓		
MENAHAN, RED	✓		
MENKE, LARRY	✓		
MILLER, RON	✓		
NATHE, DENNIS	✓		
PECK, RAY	✓		
POULSEN, HAROLD	✓		
QUILICI, JOE	✓		
REHBERG, DENNIS	✓	in at 10:10	
SPAETH, GARY			
SWIFT, BERNIE	✓		
SWITZER, DEAN	✓		

**Senate Bill 222  
 Department of Administration Fiscal Impact Assumptions**

A joint Department of Administration/Commerce pilot project was conducted for a 6 week period in October and November of 1986.

**Pilot Project Results**

The pilot project period represented 12% of one year.

**Purchasing Bureau**

- 311 requisitions were received. This represents 15% of the total number of requisitions received during FY86.
- Only 7 requisitions (2%) were considered eligible for potential cost savings through the pilot project.
- Only 4 (1%) requisitions, resulted in separate freight bids.
- Half of the pilot project freight bids were higher than the vendor arranged freight bids; half were lower.
- The total savings generated was \$369.

Item	Purchase Price	Vendor Freight Bid	Pilot Freight Bid	Savings
Collator	\$ 6,535	\$ 240	\$ 281	(\$ 41)
Reflective Sheeting	36,275	216	425	( 209)
Drill Rod	13,590	738	175	563
Laundry Equipment	13,868	365	309	56
<b>TOTAL</b>	<b>\$70,268</b>	<b>\$ 1,559</b>	<b>\$ 1,190</b>	<b>\$ 369</b>

**Central Stores**

- During this same 6 week period, Central Stores also had 4 items bid separately.
- Half of the pilot project freight bids were higher than the vendor arranged freight bids; half were lower.
- The total savings generated was \$1,265.

Item	Purchase Price	Vendor Freight Bid	Pilot Freight Bid	Savings
Coarse Paper	\$47,807	\$ 6,589	\$ 5,235	\$ 1,354
Office Supplies	12,945	87	500	( 414)
Office Supplies	23,896	2,064	\$ 1,390	\$ 674
Computer Paper	59,370	\$ 1,606	\$ 1,955	( 349)
<b>TOTAL</b>	<b>\$144,018</b>	<b>\$10,345</b>	<b>\$ 9,080</b>	<b>\$ 1,265</b>

**Estimated Savings - Annualized**

Total Pilot Project Savings ----- \$ 1,634  
 (\$369 + \$1,265)  
 Annualized Savings ----- \$ 13,619  
 (\$1,634 + 12%)  
 Commerce Estimated Costs ----- \$ 68,590  
  
**Net Annualized Savings (Loss)----- (\$ 54,971)**

MARCH 26, 1987

TESTIMONY BY NEWELL ANDERSON, ADMINISTRATOR  
LOCAL GOVERNMENT ASSISTANCE DIVISION OF THE DEPARTMENT OF COMMERCE

TO THE HOUSE APPROPRIATIONS COMMITTEE

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, FOR THE RECORD MY NAME IS NEWELL ANDERSON AND I AM THE ADMINISTRATOR OF THE LOCAL GOVERNMENT ASSISTANCE DIVISION OF THE MONTANA DEPARTMENT OF COMMERCE.

HOUSE BILL 155, SPONSORED BY REPRESENTATIVE BARDANOUVE, IS A BILL REQUESTED BY THE DEPARTMENT OF COMMERCE AND IS INTENDED TO ACCOMPLISH THE VERY STRAIGHT FORWARD FUNCTIONS THAT HAVE BEEN DISCUSSED BY THE SPONSOR. IF THIS BILL IS PASSED, IT WILL CONTINUE THE DEDICATED DISTRICT COURT & BLOCK GRANT LICENSING FEES ON AUTOMOBILES AND LIGHT TRUCKS PRECISELY AS THEY ARE TODAY. IT IS IMPORTANT TO RECOGNIZE THAT HB 155 AND SB 200 ARE LINKED TOGETHER BY COORDINATION INSTRUCTIONS. IF THIS BILL AND/OR SB 200 DO NOT PASS, THE LOCAL GOVERNMENT BLOCK GRANT PROGRAM'S REVENUE WILL BE REDUCED BY \$2.432 MILLION IN FY '88 AND \$2.474 MILLION IN FY '89 AND THE REVENUE SOURCE SUPPORTING THE STATE'S DISTRICT COURT REIMBURSEMENT PROGRAM WILL BE ELIMINATED COMPLETELY. (EQUALING \$2.873 MILLION IN FY '88 AND \$2.923 MILLION IN FY '89)

FACTS ABOUT THESE 2 PROGRAMS:

THE DISTRICT COURT CRIMINAL REIMBURSEMENT PROGRAM

THIS PROGRAM, ENACTED BY THE 1985 LEGISLATURE, EXPANDED THE STATE'S FISCAL ASSUMPTION OF CERTAIN DISTRICT COURT EXPENSES ASSOCIATED WITH CRIMINAL PROCEEDINGS. THE GENERAL DEFINITION OF ELIGIBLE REIMBURSEMENT EXPENSES INCLUDE: A PORTION OF THE SALARIES OF COURT REPORTERS, TRANSCRIPTS OF CRIMINAL TRIAL PROCEEDINGS, WITNESS AND JURY FEES, INDIGENT DEFENSE EXPENSES, AND PSYCHIATRIC EXAMINATIONS. REIMBURSEMENTS ARE MADE TO COUNTY GOVERNMENTS ONLY AND TOTAL PROGRAM EXPENSES ARE LIMITED TO FUNDS APPROPRIATED BY THE LEGISLATURE.

THE EXECUTIVE HAS RECOMMENDED A 1989 BIENNIUM BUDGET FOR THIS PROGRAM OF \$2.5 MILLION EACH YEAR. BOTH HB 155 & SB 200 CONTINUE THE REVENUE SOURCE VEHICLE FEE.

THE LOCAL GOVERNMENT BLOCK GRANT PROGRAM

THIS PROGRAM, ENACTED BY THE 1981 LEGISLATURE, REPLACED THE AD VALOREM TAXING SYSTEM ON MOTOR VEHICLES WITH A FEE SYSTEM. THE BLOCK GRANT PROGRAM IS FUNDED BY REVENUES FROM 1/3RD OF THE OIL SEVERANCE TAX PROCEEDS, \$1.5 MILLION IN GENERAL FUNDS, AND THE SPECIAL FEE ON VEHICLE LICENSING (AS PER HB 155). A DECLINING REVENUE CONDITION HAS CAUSED THE ENACTMENT, BY THE JUNE 1986 SPECIAL SESSION, OF THE STATES AUTHORITY TO PRORATE BLOCK GRANT FUNDS - AS REVENUES ARE AVAILABLE.

THE 1989 BIENNIUM REVENUES FOR THIS PROGRAM ARE DEFINED IN THE AGENCY APPROPRIATION (HB 2) AS APPROVED BY THIS COMMITTEE LAST WEEK. THE NET RESULT OF THESE APPROPRIATIONS WOULD FUND, ON A PRORATED BASIS, THE PROJECTED LOCAL CLAIMS AT A 51% LEVEL IN FY '88 AND A 53% LEVEL IN FY '89. SB 200 WOULD REPLACE THIS PROGRAM.

CONCLUSION

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I ASK YOU TO AGAIN RECOGNIZE THAT SB 200 & HB 155 ARE LINKED TOGETHER (SEE LINE 17 - 19 ON PAGE 2 OF HB 155), AND I URGE YOUR **DO PASS** CONSIDERATION OF HB 155. **WITHOUT HB 155 AND/OR SB 200, CRITICAL LOCAL GOVERNMENT REVENUES WILL BE ELIMINATED.**

**Amendment to House Bill 599**

1. Title, line 5.  
Following: "FUND"  
Insert: "AND THE DEPARTMENT OF FISH, WILDLIFE, AND  
PARKS"
2. Page 2, lines 13 through 14.  
Following: "appropriated" line 13  
Strike: remainder of line 13 through "fund" line 14.
3. Page 2, line 16.  
Strike: "\$321,200"  
Insert: "\$150,000"
4. Page 2, line 17 through line 1 page 3.  
Following: "1989," on line 17  
Strike: line 17 through line 1 page 3 in their entirety.  
Insert: "of which \$100,000 is from the general fund and \$50,000 is  
state special revenue from the account established by  
87-1-601, MCA."

March 25, 1987

Reps. Swift and Peck

Department of Fish, Wildlife, and Parks  
 (Lands and Recreation Sites, Flathead Lake)

<u>Wildlife Management Areas</u>	<u>Acres</u>
5 Sites - Total Acres	136.58
<u>Flathead Lake Salmon Hatchery</u>	
1 Unit	2.24
<u>Fishing Access Sites</u>	
Bigfork (Leased from Dept. of Highway)	.69
Ducharme	48.22
<u>State Parks, Rec. Areas, Monuments, Etc.</u>	
Finley Point	23.83
Big Arm	55.28
Yellow Bay	10.00
Elmo	39.59
Woods Bay	11.70
Wayfarers	40.42
Walstad	3.32
West Shore	145.96
Wild Horse Island	<u>2,162.92</u>
Total Sites 17	2,688.75

No cabin sites or home sites on FW&P Land

<u>Department State Lands</u> (timber, watershed, cabin sites)	
Sec. 16, T24N, R19W	
(24 cabin sites - 16 occupied, 8 vacant)	180.75
Sec. 16, T25N, R20W, S half	
Timber watershed, no cabin sites	320.00
Lake lease to Carl Salmonson, apple orchard	3.70
Land adjacent to Elmo Rec. Site	
not leased, reserved for biological station	<u>42.90</u>
	547.35

We recommend funding of \$75,000 annually with \$50,000 general fund, \$25,000 Fish, Wildlife, and Parks funds for Yellow Bay Biological funding for fiscal years 1988 and 1989.

**Amendment to House Bill 275**

1. Page 1, line 18 through line 19.  
Following: "June 30," on line 18  
Strike: remainder of line 18 through "1989." line 19.  
Insert: "1989."