

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By Rep. Bob Pavlovich, on January 30, 1989,
at 8:30 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Paul Verdon and Sue Pennington

Announcements/Discussion: None

HEARING ON HOUSE BILL 300

Presentation and Opening Statement by Sponsor: Rep.

Vincent, District 80, Bozeman. House Bill 300 is the Montana Jobs Act. I would like you to think of the bill as a centennial commitment to economic progress. That at this time in our state's history nothing would be better to do than for this legislation to go on record as saying that over the next several years we want to make some bold, innovative steps on behalf of the economic future, the economic viability of our state, and make those kinds of investments that are necessary to help this state progress economically. This bill is designed to aggressively promote and develop a strong, stable growing, and diversified economy for Montana's future. All those adjectives are critical, not just in political terms, but in economic terms as well. It is based on the premise, at least in my mind, that the most important thing a government can do is to provide greater opportunity for its citizens to succeed. We all know that Montana needs more good jobs. Government isn't the answer. The government in partnership with business can, and I think, must do more to help create new jobs. Especially, for this state's talented young people. More than anything else, the high school teacher that I am, I want to provide our kids with the opportunity to remain in Montana and to work at good long-term career jobs. I

Jan 30, 1989

Page 2 of 11

think we all feel the way that I do, that every time a young Montanan has to leave this state to get that kind of good career oriented job, Montana loses. I think the Montana Jobs Act can help. It's not the entire answer, but I think it can help. In a combination with what we already have in place and with some bills that I have introduced and bills that other representatives will introduce during the course of this session that the passage of the Montana Jobs Act would give this state one of the most innovative, creative, and forceful comprehensive economic development packages in the United States today. I have spent a lot of time researching what other states have done whether they be states with republican or democratic administrations. Economic development, if you look at it closely, across this country is not a partisan issue. There have been excellent ideas, many of them incorporated in the Montana Jobs Act that have come from both political parties. One thing I have learned about economic development is that a successful economic development program is multi-faceted, it has got to be comprehensive. You can't just pass a couple of tax breaks and call that economic development. If you look at some states that have tried this, they have been dismal failures when it comes to competing with more innovative states. It needs to be a long-term strategy. It doesn't produce miracles, it doesn't do its work overnight. We would experience that same phenomenon in Montana, it takes time and sometimes it takes longer than it would in other states, given the resource base, and given all the factors that we have to take into consideration, some of them unique to Montana. It takes the idea of investment, you have to spend money to make money. You simply can't stand back and hope that it happens. You need to make the investment. It needs to award innovation, innovation seems to be a critical key here. It needs, certainly, to involve the idea of partnership; that government alone can't do the job and shouldn't do the job. Business, government, the university system, local governments, local economic development corporations, everybody working together in partnership is the key. The Montana Jobs Act would spend coal tax dollars from the top half of the pie, we are talking at this point about non-trust dollars. It would spend those dollars, first of all, through the department of commerce to do the following things: it would spend about \$870,000 a year to help existing Montana businesses expand, to bring businesses to Montana and to develop ways to add value to Montana's basic commodities before they are shipped out of state. This bill will revise allocations of coal severance tax proceeds; increase to

50 percent the share of the coal severance tax permanent trust allocation invested in the Montana economy; provide for a bonding program to help existing businesses to expand and grow; providing that the proposed act be submitted to the qualified electors of the state.

List of Testifying Proponents and What Group They Represent:

John Lahr, Montana Power Company, Butte
"Buck" Boles, President, Montana Chamber of Commerce,
Helena
Don Reed, Montana Alliance for Progressive Policies
Dan Walker, US West
Chris Kaufman, MEIC
Laurie Shadoan, Bozeman Chamber of Commerce
Brian Harlin, ASMSU
Mike Craig, ASUM
Don Ingels, Montana Chamber of Commerce
Peggy Haaglund, Montana Association of Conservation
Dist.
Sheila Cates, State Library
Bill Coddington, Helena
J. Kelble, Helena
Harriet Meloy, Helena MAPP
Jim Paladichuk, MDU Resources Group
Deborah Schlesinger, MT Library Association

List of Testifying Opponents and What Group They Represent:

None

Testimony: Mr. Lahr stated that he was here to support HB 300, a bill which will help businesses expand, lure new businesses to the state, provide advanced job training, further university system research, provide money for state science and technology alliance loans, and further the concept of creating jobs in Montana so that the young people of the state do not have to move out. We have three sons, they received their education here in Montana, but are living in other states where they have career, long-term jobs. I urge your support of this bill.

Mr. Boles stated that they want to commend Rep. Vincent for this proposal. It is a very important proposal and it takes the high road. I think this is what we really need to consider. While we consider this we also have to consider the big three problems in Montana as we found them as we traveled around the state and talked to the business people. That is addressing the worker's compensation, personal property tax problem-

Jan 30, 1989

the level of personal property taxes, and the liability climate in the state. I would hope you would pass this bill, but also appreciate it if you would remember that if you pass this bill you still have a lot of other issues to address.

Mr. Reed stated that in the past many have argued that it is inappropriate for the state to be involved in investment in Montana businesses. That argument, however, seems to ignore the fact that Montana is in the investment business already. The board of investments is a world class investor. The only real questions are where does the board of investors put our money and what rate of return does it earn. A smart investor logically looks for high returns and I believe that is what HB 300 calls for in sections 3 and 4 of the bill. Montana benefits more when the trust fund dollars are working on Main Street, not on Wall Street, or to put it in other terms, the state receives a rate of return greater than face value when investments put Montanans to work in addition to providing a financial rate of return. HB 300 certainly puts more of our money to work in the right place, our own communities, at the right rate of return. I urge you to support this bill.

Mr. Walker said he was here in support of the Montana Jobs Act. They support the concept of a public/private partnership to accomplish these goals and are in agreement with the provisions of this act that would support Montana science and technology alliance, job training and retraining, and improved research capability at our university system.

Ms. Kaufman is really happy to stand up in support of HB 300. It is good to stand up for something that has coal tax in the title. This bill does not raid the coal tax trust like many other bills, but instead it puts the money in the trust to good use in the Montana economy. It will help to create jobs, an economic opportunity for the citizens of Montana, help expand small businesses, encourage a diverse economy, and especially important it encourages those kinds of businesses and industry which are compatible with sound environmental policy. It is not a matter of chasing the smokestacks but promoting small businesses that are going to be able to survive in a compatible way with the kind of environment we want in this state.

Mr. Paladichuk stated that his company wants to go on record as supporting HB 300.

Ms. Shadoan stated that Bozeman's chamber of commerce is in full support of HB 300 as one positive step towards putting Montana back on track. It is time we realized we are sending our young talented people away. The Bozeman chamber of commerce has gone on record as opposing any spending of coal tax dollars for anything except economic development. We urge you to vote do pass for HB 300.

Mr. Harlin stated that the students at Montana State University are in full support for this bill for two reasons: 1) we always encourage the opportunity for increased research, obviously it helps the value of our degrees a great deal, 2) we look for the opportunity to remain in Montana, there are many graduates that have had to leave the state to obtain jobs in their career choice. We urge you to vote do pass on HB 300.

Mr. Craig was here representing the Associated Students of the University of Montana. We think HB 300 is a wise, constructive use of our coal tax severance revenues. We are especially supportive of the creation of a higher education capital improvement fund. Presently the university system has few resources available to cover the cost of equipment necessary to remain competitive in the increasingly complex world of modern technology. We urge you to favorably support HB 300.

Questions From Committee Members: Rep. Simon said that page 5 and 6 of the bill refers to middle and advanced technology, I guess I am not quite clear what middle and advanced technology might be. Can you enlighten us, is research and technology advances in agriculture, is that middle technology? I don't quite understand. Rep. Vincent said there are no clear, precise definitions. I put middle and advance because I had heard the terms-high tech and low tech- and there is especially the academic and research communities a lot of discussion about varying degrees of technological research. I put that language just to make it clear. It is more language for intent than it is specificity. To make sure we weren't just talking about the very highest echelon of technological research, that there is the kind of research, especially I think, in Montana that would be less than the kind of absolutely university oriented high tech research, that would still be very beneficial in terms of economic development. Rep. Simon said when we hear about high tech, I think people immediately start thinking about electronics.

Rep. Wallin asked Rep. Vincent about two deterrents in Montana. One the high personal property tax and unfunded liability of workers' comp. Since these are vital questions to business is there a way that your bonding could help take care of these? Rep. Vincent stated that economic development is multi-faceted and we have other work to do, but I don't think that leveraging coal trust fund dollars to apply to the unfunded liability of workers' comp or personal property tax rates is the way to go. We need to address those issues, but I think that there are better ways to fund them than to tie them to the coal tax trust fund.

Rep. Glaser stated that he understood this bill to mandate that 50 percent of all the funds that go into the permanent coal tax trust fund must be invested in Montana businesses instead of the current 25 percent. Rep. Vincent said that this was correct. Rep. Glaser then asked if this would take approximately 1.6 million dollars annually from the general fund? It takes 5.3 million dollars annually from K-12 grades education? That is about 9 million dollars and earmarks it into other miscellaneous projects. Rep. Vincent said the fiscal note indicates that the bill would divert 2.6 million dollars in coal severance tax collection from the general fund. Rep. Glaser then asked if it does divert 9 million dollars from K-12 in the general fund, where do you perceive we are going to come up with the rest of the money? Rep. Vincent stated that he would assume if the diversion were as high as you suggest it would be reflected on the fiscal note. He signed off on the fiscal note from the office of budget and planning and it does not mention that amount of money. It is no secret that it will divert money that is currently going into the general fund and would earmark it for economic development. That is the intent of this act. Rep. Vincent asked Rep. Glaser if he had a revised fiscal note. Rep. Pavlovich said we had a fiscal note from the state auditor's office that Rep. Thomas brought in for us. Rep. Vincent stated that he had not seen this fiscal note and would have to study this note, Rep. Thomas had not told him that he had this prepared. If the auditor is saying 9 million and the budget office is saying 2 million that one or the other is wrong. Given the dollar figures based on the percentages that I have in the bill at this point I would say that the budget office's projections are the correct ones. Although I would have to study this other fiscal note.

Rep. Blotkamp asked if Rep. Vincent could give us some idea, based on the percentages, what kind of return we would get on the money invested in Montana. Rep. Vincent said it was very difficult to be precise about this. I don't think it is any secret that your actual financial return, your percentage of financial return on money invested in state may well be lower than if it were invested on Wall Street. But turning that over and looking into the spinoffs and looking into job creation and the generation of new tax dollars for this state, over time I think at least makes up for that. I think if the program works well and the economy grows and expands would more than make up for the loss in immediate interest earnings. That is certainly the hope and a lot of us make investments on that basis.

Rep. Thomas asked Rep. Vincent if we were only talking about new deposits going into the trust fund, that we aren't talking about taking money out of the coal tax trust fund and putting it in this investment fund. This is new money not existing money, is the way you understand it. Rep. Vincent answered yes.

Closing by Sponsor: Rep. Vincent said that he wanted to make sure that everyone on the committee recognizes that I don't see this piece of legislation even in conjunction with the other bills that I will be presenting during the course of the session as the answer. There are other things we need to do, and although we will all have disagreements as exactly what we need to do in those areas of workers' comp, personal property taxes, and others and maybe some pretty substantial differences, I think we all recognize that some action in those areas is necessary and that you need comprehensive overall package if you are going to be successful in economic development. This is a positive and workable step and I think we need to take this kind of action in this session.

DISPOSITION OF HOUSE BILL 300

Motion: None

Discussion: None

Amendments and Votes: None

Recommendation and Vote: None

HEARING ON HOUSE BILL 343

Presentation and Opening Statement by Sponsor: Rep. Hansen stated that this bill will clarify the definitions of licensed food establishments; increase license fees; and amend sections 50-50-102, 50-50-201, and 50-50-205, MCA.

List of Testifying Proponents and What Group They Represent:
James M. Peterson, Food & Consumer Safety Bureau
Dan Corti, Missoula City-County Health Department
Scott Church, Northwestern Montana Sanitarians' Assoc.
Edward P. Michalewicz, Public Health Administrator,
Flathead County, Kalispell
Paddy R. Trusler, Lake County Land Services, Polson
Ron Anderson, Lincoln County Sanitarian, Libby
Denise Mott, Mineral County Planning & Sanitation
Office, Superior

List of Testifying Opponents and What Group They Represent:
None

Testimony: Mr. Church stated that his department was in full support of this bill. See exhibit 1.

Mr. Larson also said his department supports this bill. See exhibit 2.

Mr. Corti's department supports this bill. See exhibit 3.

Mr. Selser stated that his department at Lewis and Clark County is in full support of this bill and urge the committee to give it a do pass.

Mr. Johnson said his association supports this bill.

Mr. Trusler ask the committee to support this bill. See exhibit 4.

Mr. Peterson said the department of health and environmental sciences supports HB 300. See exhibit 5.

See exhibits 6, 7, and 8 for written testimony from other agencies in support of this bill.

Questions From Committee Members: Rep. Thomas asked Mr. Tresler what problem are we addressing with this bill. Mr. Tresler said basically we are addressing is the

problem of funding the work. The fees associated with this program are extremely low, we are trying to do necessary inspections on a limited budget.

Closing by Sponsor: Rep. Hansen said that 90 percent of the fees is deposited in a local board inspection fund and the balance of fees go to the state general fund. I think this is a necessary bill if you realize that food poison, and bacteria that people are constantly subject to in food establishments is on the rise. There has been a tremendous increase in food establishments and the inspections have not been stepped up. The incidence of salmonella and other food poisonings have stepped up considerably. If we really want to protect the people in the state of Montana from this kind of thing, we have got to provide them with an adequate financial basis to do these inspections. I urge you to give this bill a do pass.

DISPOSITION OF HOUSE BILL 343

Motion: None

Discussion: None

Amendments and Votes: None

Recommendation and Vote: None

HEARING ON HOUSE BILLS 318 AND 319

Presentation and Opening Statement by Sponsor: Rep. Simon stated that these bills are dealing with the same subject matter and I would like to address both bills at the same time to save time. Both bills deal with death certificates. There are a number of changes needed and I have another bill being prepared to handle some of the changes. These bills deal with small changes and we can do them simultaneously. These bills will increase the maximum penalty for knowingly transporting, interring, or disposing of a dead body without a permit or for refusing to provide information required by law and authorizes the department of health and environmental sciences to prescribe the time frame within which a death or fetal death certificate must be filed with the local registrar prior to interment or disposition of the body when the place of death is

known.

List of Testifying Proponents and What Group They Represent:

Sam H. Sperry, Bureau of Records & Statistics
Bonnie Tippy, Montana Funeral Directors

List of Testifying Opponents and What Group They Represent:

None

Testimony: See exhibits 1 and 2 for Mr. Sperry's testimony.

Ms. Tippy stated that the interesting thing about death certificates is that by law the folks who are responsible for filing them are funeral directors and in spite of this we have problems with physicians, dealing with getting things filled out, sometimes getting the burial transmittal permits are pretty hard to get on weekends. A lot of times the registrar will presign these permits so funeral directors will have them available in the funeral home in order to transport a body on Saturday or Sunday. In HB 319 we would be happier if it had a statement of intent attached to it. The funeral directors support these bills but the 3-day time limit simply is not enough. It is not practical. We urge you to let the department know they must go through rule making procedures so there is adequate hearing process for us to go and comment.

Questions From Committee Members: Rep. Pavlovich stated he asked Paul Verdon about a statement of intent. Paul said a statement of intent can be attached to any bill if you want. He doesn't think a statement of intent is necessary for either bill. Rep. Simon said he thought we needed the extension of authority. If Ms. Tippy would like to submit suggestion for a statement of intent, I would be happy to consider it.

Closing by Sponsor: Rep. Simon stated that as we can see this is a different bill. This is a serious matter, what we are dealing with is death, death certificates, the need to collect the proper statistics. This all came about as the result of a death of my friend's uncle. The man committed suicide. The coroner did a very poor job of filling out the death certificate to say the least. The man had cancer; kinitis, which is a serious ringing in the ear, and drives many people crazy, and causes many people to commit suicide because they can't stand it any longer; he also had

fibramyalgia, which is a very painful soreness in the muscles and so on that crippled him till he could hardly walk. He committed suicide, none of the other three things that were wrong with him were on the death certificate. That death affects the vital statistics which Mr. Sperry is collecting because there is no relationship between that death as a suicide by a gunshot wound to the head and the fact that the man had cancer and yet cancer was certainly a large contributing factor in the note that he left for his family. He feared that the cancer had spread to several parts of his body. We should say that that cancer is a contributing factor to that man's death, but it is not on the death certificate. It is not going to be included in the statistics. This is a very serious matter that we are dealing with. They need to be done properly and correctly. This is an attempt to move in that direction.

DISPOSITION OF HOUSE BILLS 318 AND 319

Motion: None

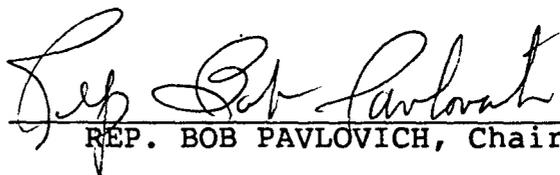
Discussion: None

Amendments and Votes: None

Recommendation and Vote: None

ADJOURNMENT

Adjournment At: 11:10 a.m.


REP. BOB PAVLOVICH, Chairman

BP/sp

2503.min

DAILY ROLL CALL

BUSINESS & ECONOMIC DEVELOPMENT COMMITTEE

51th LEGISLATIVE SESSION -- 1989

Date 1 30 89

NAME	PRESENT	ABSENT	EXCUSED
PAVLOVICH, BOB	✓		
DeMARS, GENE	✓		
BACHINI, BOB	✓		
BLOTKAMP, ROB	✓		
HANSEN, STELLA JEAN	✓		
JOHNSON, JOHN	✓		
KILPATRICK, TOM	✓		
MCCORMICK, LLOYD "MAC"	✓		
STEPPLER, DON	✓		
GLASER, BILL	✓		
KELLER, VERNON	✓		
NELSON, THOMAS	✓		
SIMON, BRUCE	✓		
SMITH, CLYDE	✓		
THOMAS, FRED	✓		
WALLIN, NORM	✓		
PAUL VERDON	✓		

Coal Tax Allocation Options - January 28, 1989

	FY 1988		Projected FY 1989 *		Projected FY 1990 *		Projected FY 1991 *		Projected FY 1991 *		Projected FY 1992 **		Projected FY 1993 **	
	Effective Rate	Rate	Effective Rate	Rate	Effective Rate	Rate	Effective Rate	Rate	Effective Rate	Rate	Effective Rate	Rate	Effective Rate	Rate
General Fund	15.31%	\$12,961,514	15.31%	\$8,918,261	13.68%	\$7,234,531	13.68%	\$6,249,434	13.68%	\$6,249,434	7.98%	\$3,645,503	7.98%	\$3,645,503
School Equalization	16.80%	\$14,215,854	16.80%	\$9,781,319	3.80%	\$2,009,592	3.80%	\$1,735,954	19.95%	\$9,113,759	3.80%	\$1,735,954	3.80%	\$1,735,954
Library Commission	0.38%	\$321,626	0.38%	\$21,297	0.38%	\$200,959	0.38%	\$173,595	0.38%	\$173,595	0.38%	\$173,595	0.38%	\$173,595
MT Growth thru Agrical	0.76%	\$643,251	0.76%	\$442,594	0.76%	\$401,918	0.76%	\$347,191	0.76%	\$347,191	0.76%	\$347,191	0.76%	\$347,191
Conservation Districts	0.19%	\$160,813	0.19%	\$110,648	0.19%	\$100,480	0.19%	\$86,798	0.19%	\$86,798	0.19%	\$86,798	0.19%	\$86,798
Alternative Energy	1.71%	\$1,447,315	1.71%	\$995,836	1.71%	\$904,316	1.71%	\$781,179	1.71%	\$781,179	1.71%	\$781,179	1.71%	\$781,179
County Land Plan	0.38%	\$321,626	0.38%	\$221,297	0.38%	\$200,959	0.38%	\$173,595	0.38%	\$173,595	0.38%	\$173,595	0.38%	\$173,595
Local Impact	1.52%	\$1,286,503	1.52%	\$885,187	6.65%	\$3,516,786	6.65%	\$3,037,920	0.00%	\$0	6.65%	\$3,037,920	6.65%	\$3,037,920
Renewable Resource Bonds	0.48%	\$402,032	0.48%	\$276,621	0.48%	\$251,199	0.48%	\$216,994	0.48%	\$216,994	0.48%	\$216,994	0.48%	\$216,994
Water Development Bonds	0.48%	\$402,032	0.48%	\$276,621	0.48%	\$251,199	0.48%	\$216,994	0.48%	\$216,994	0.48%	\$216,994	0.48%	\$216,994
FMP/Arts Council Trust	0.00%	\$0.00	0.00%	\$0.00	1.90%	\$1,004,796	1.90%	\$867,977	0.00%	\$0	1.90%	\$867,977	1.90%	\$867,977
Education Trust	0.00%	\$0.00	0.00%	\$0.00	7.60%	\$4,019,184	7.60%	\$3,471,908	0.00%	\$0	7.60%	\$3,471,908	7.60%	\$3,471,908
Science and Tech Board														
Business Assistance														
Job Training														
Higher Ed Equipment														
Misc. Tax Agency Fund		\$32,162,567		\$22,129,680		\$20,095,920		\$17,359,540		\$17,359,540		\$17,359,540		\$17,359,540
Highway Reconst Trust	12.00%	\$10,156,600	12.00%	\$5,988,320	12.00%	\$6,346,080	12.00%	\$5,481,960	12.00%	\$5,481,960	12.00%	\$5,481,960	12.00%	\$5,481,960
Trust Fund ***	50.00%	\$42,319,167	50.00%	\$29,118,000	50.00%	\$26,442,000	50.00%	\$22,841,500	50.00%	\$22,841,500	50.00%	\$22,841,500	50.00%	\$22,841,500

*** COMPONENTS OF TRUST FUND:														
Permanent Trust Fund	37.50%	\$31,735,375	37.50%	\$21,838,500	37.50%	\$19,831,500	37.50%	\$17,131,125	37.50%	\$17,131,125	25.00%	\$11,420,750	25.00%	\$11,420,750
In-State Investment	12.50%	\$10,579,792	12.50%	\$7,279,500	12.50%	\$6,610,500	12.50%	\$5,710,375	12.50%	\$5,710,375	25.00%	\$11,420,750	25.00%	\$11,420,750

* Projected Coal Severance Tax Collections from the Governor's Revenue Estimating Advisory Council														
** Projected Collections for FY 1992 and FY 1993 (Used FY 1991 Projection)														

WHAT THE MONTANA JOBS ACT DOES

- * Invests 25% MORE coal tax dollars IN MONTANA'S ECONOMY for jobs and economic development, rather than sending these dollars out-of-state (increases in-state investment from 25% to 50%).
- * SPENDS COAL TAX DOLLARS TO:
 - * Help existing Montana businesses expand.
 - * Bring new businesses to Montana.
 - * Develop ways to ADD VALUE to Montana's basic commodities before they're shipped out-of-state. Agriculture, mining and timber - special emphasis.
 - * Provide advanced job training for Montanans - especially our young people - for the new kinds of jobs a changing economy offers.
 - * Obtain technologically advanced equipment for educating our university students and doing important research and development work.
 - * Secure on-going and improved funding for Montana's Science and Technology Alliance, the "heart and soul" of our middle high-tech partnership between business, government and the University System.
- * INVEST COAL TAX TRUST FUND DOLLARS TO ESTABLISH BONDING PROGRAMS FOR:
 - * Business Infrastructure Improvements necessary to enable existing businesses to expand and new businesses to relocate.

* INVEST COAL TAX DOLLARS ... (CONTINUED) FOR:

- * Venture capital to help promising businesses get off to a productive start.
- * Operating capital to promote the expansion and growth of profitable Montana businesses.

OTHER BILLS IN THE JOBS PACKAGE

HB 220 Creating the Montana Value Added Commission

HB 240 Establishment of an annual "State of Montana Business" Conference

* IN DRAFT STAGE

LC 891 Tourist Welcoming Centers

LC's 898/902 Pre-Paid College Tuition, 0 Coupon Bonds
for construction of MSU/U of M University
Buildings

LC 897 Micro-Economic Development Loans to Local Economic
Development Corporations

LC 894 "One-Stop" Business Licensing System

State job-development plan provides an enduring legacy

The House Business and Economic Development Committee will hold a hearing Monday on a comprehensive job-development bill that could go a long way toward revitalizing Montana's economy.

The measure, HB300, was prepared by House Speaker John Vincent, D-Bozeman, after four years of research and a disappointing defeat in the 1987 session. A similar bill won handy approval in the House that year but was killed by the Senate.

The legislation — dubbed the Montana Jobs Act — would earmark 25 percent more coal tax trust fund money to help small businesses expand, lure new business to the state, provide advanced job training, obtain state-of-the-art technology and equipment for university system research and provide more money for state Science and Technology Alliance loans. A companion bill now being drafted would promote tourism, Vincent adds.

Using coal-tax trust money for those purposes would require voter approval in the 1990 election, the Bozeman lawmaker notes. The long-term cost: up to \$50 million, although a portion would be used for bonding collateral and would not be an outright expenditure.

Vincent has six other bills pending that deal with economic development:

- Two which have been approved in committee deal with creating a value-added products commission and holding an annual state business conference. Four others will be introduced soon — 1. A bill to provide low-interest loans, in the \$5,000 to \$25,000 range, to small businesses.
2. Establishment of six "world-class" tourist

- welcoming centers around the state.
3. Simplification of the state business licensing system.
4. A program to allow parents to prepay their children's college tuition. Funds collected would finance bonds to construct a new business school at the University of Montana, a science complex at Montana State University and a classroom addition at Eastern Montana College.

The primary job-development bill, HB300, doesn't face easy sledding even if legislators approve it. There's no guarantee the state's citizens will vote to fund it from the coal tax trust. Many feel the trust should continue to receive 50 percent of coal tax proceeds as a legacy for future generations.

We support Vincent's proposals for two reasons: 1. They represent the only complete (and workable) package under current consideration. 2. Although there may be a reluctance to "raid" the coal tax trust, this longterm program can readily be justified as the most important legacy of all — future jobs for Montanans.

The bill has only slight influence on the state budget for the next biennium, which is obviously the biggest problem that lawmakers face this session. There have been proposals to divert more coal revenue to operating budgets, but most lawmakers agree the necessary three-fourths approval of the Legislature cannot be obtained for budget relief.

It's also obvious that such a major jobs package can't be included in the next state budget.

HB300 deserves legislative approval. We think it also deserves support from the people in a 1990 funding referendum.

Our readers' opinions

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB300, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

A bill for an act entitled the Montana Jobs Act; providing for a comprehensive effort by the people and the legislature of Montana to encourage, develop, and promote the long-term economic revitalization of Montana, the diversification of Montana's economy, and the creation of new jobs and businesses; revising allocations of coal severance tax proceeds; increasing to 50 percent the share of the coal severance tax invested in the Montana economy; providing for a bonding program; providing that the proposed act be submitted to the qualified electors of the state of Montana; and providing an effective date.

ASSUMPTIONS:

1. The effect of the proposal is illustrated using the Revenue Estimating Advisory Council's (REAC) forecast of FY91 coal severance tax collections of \$45,683,000.

FISCAL IMPACT:

The proposal will have no effect in the biennium, since it requires approval by the electorate in the 1990 general election.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

If approved by the voters, the proposal would divert approximately \$2.6 million in coal severance tax collections from the general fund. The Montana Science and Technology Board, and the Business Assistance Division of the Department of Commerce would each receive approximately \$870,000 per year. The job training fund and the higher education capital fund would each receive approximately \$430,000 a year.

The proposal also would require that 50% of all receipts of the permanent trust be invested in Montana.

Ray Shalleford 1/27/89
RAY SHALLEFORD, BUDGET DIRECTOR DATE
Office Budget and Program Planning

John Vincent 1/27/89
JOHN VINCENT, PRIMARY SPONSOR DATE

Fiscal Note for HB300, as introduced



NORTHWESTERN MONTANA
 SANITARIANS' ASSOCIATION
 Courthouse
 Polson, Montana 59860



EXHIBIT 1
 DATE 1/30/89
 RE HB 343

January 30, 1989

TO: House Business and Economic Development Committee

FROM: Northwest Montana Sanitarians Association (NWMSA)

RE: House Bill 343

I am here today representing the NWMSA and to voice this organization's support of HB343. The members of this organization are Health Specialists from the seven counties of Flathead, Lake, Lincoln, Mineral, Missoula, Ravalli, and Sanders. Local Health Departments in these and other counties across the State have been facing several years of increased costs in carrying out their Licensed Establishment Programs. This organization ascribes to the philosophy that these programs should be paid for by the consumer who is being protected and the business which is being educated and regulated, but the price for providing these services has risen. For many counties, the monies that are reimbursed via the local board inspection fund account for much less than half the cost of the local program.

Licensed establishments have increasingly diversified their services over the last several years. Corner convenience stores have now expanded to also become mini restaurants and it is very common now to find meat markets, bakeries, and delis and restaurants as part of grocery stores. The time it takes to conduct an inspection, educate the employees and managers of an establishment, and the number of follow-up inspections have all increased. The average inspection time alone for a grocery store providing the services just mentioned takes between 3 and 4 hours.

For these reasons, our organization is requesting you to increase the basic license fee by \$20.00 and to establish an additional fee of \$10.00, coupled with the basic license, for each additionally defined activity.

The legislation you have before originated from our organization. The problem is not unique to one county. It is occurring across the state. In the 14 years since the enabling legislation passed, license fees have increased by only \$10.00. Without additional revenue, each county is faced with the dilemma of not being able to continue this program at the same level or, in the worst case scenario, turning the program back to the State. This organization therefore requests and thanks you for your support of HB343.

EXHIBIT 2
DATE 1/30/89
HB 343

H.B. 343

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, FOR THE RECORD I AM RICK LARSON, CHIEF SANITARIAN FOR THE BUTTE-SILVER BOW HEALTH DEPARTMENT AND PRESIDENT OF THE MONTANA ENVIRONMENTAL HEALTH ASSOCIATION.

I AM A PROPONENT OF H.B. 343.

LICENSE FEES ARE USED TO FUND LOCAL HEALTH DEPARTMENT FOOD SERVICE INSPECTION PROGRAMS. THESE INSPECTION PROGRAMS INSURE SAFE AND SANITARY EATING AND DRINKING ESTABLISHMENTS FOR THE PUBLIC. ADDITIONALLY THESE INSPECTIONS INSURE UNIFORM COMPLIANCE WITH THE ADMINISTRATIVE RULES OF MONTANA FOR FOOD SERVICE ESTABLISHMENTS.

UNFORTUNATELY THE FEES CURRENTLY CHARGED FOR THESE INSPECTIONS DO NOT ADEQUATELY PAY FOR THE SERVICE. FOR EXAMPLE IN BUTTE-SILVER BOW IT COSTS ABOUT \$20,000 TO PERFORM THESE INSPECTIONS; WHILE THE FEES PAID TO PERFORM THESE INSPECTIONS WERE ONLY ABOUT \$6500.

IF H.B.343 IS NOT PASSED LOCAL HEALTH DEPARTMENTS MAY NOT BE ABLE TO CONTINUE TO ADEQUATELY INSPECT ALL FOOD SERVICE ESTABLISHMENTS. THIS WILL NOT ONLY BE POTENTIALLY HAZARDOUS TO THE PUBLIC'S HEALTH, BUT IT ALSO COULD BE POTENTIALLY DAMAGING TO THE FOOD SERVICE INDUSTRY.

I URGE YOU TO VOTE FOR H.B.343. THANK YOU.



CITY-COUNTY HEALTH DEPARTMENT

EXHIBIT 3
DATE 1/20/89
HB 343

January 30, 1989

TO: House Business and Economic Development Committee
FROM: Missoula City-County Health Department
RE: House Bill 343

Representative Pavlovich and Committee Members:

House Bill 343 is meant to do three things.

1. Clarify and legally define different types of food and beverage establishments such as bakeries, drinking establishments, warehouses and meat markets to name a few.
2. Raise the annual license fee from thirty to fifty dollars.
3. Include a provision requiring an additional ten dollars be paid for each different activity or designation described in 1 above, when that activity is all done in one establishment.

Critics will say that HB 343 is simply a means to extract more money from an ailing industry and as such should be rejected out of hand.

In fact, HB 343 is an attempt to bring the cost of doing inspections and maintaining a reasonable consumer protection program more in line with the compensation.

Licensed establishment inspection and investigation of complaints costs Missoula County \$42,000 per year. The Health Department receives less than \$18,000 per year in license fees. This situation is not unlike many other programs which are subsidized with general revenue monies in order to maintain the minimum activities prescribed by law. Missoula, like most other jurisdictions in the State of Montana, is faced with the decision of how to manage dwindling resources and still provide services.

HB 343 would raise approximately \$8,000 dollars in Missoula County. It would not create a fee for service situation since over 40% of the cost of the program would still be generated from local tax revenue. It would create a situation in which the program could be performed within the limits prescribed by law. Without the additional revenues, the full continuation of the program is in jeopardy at a time when the incidence of foodborne illness is on the rise throughout the U.S.

Local health departments are faced with a struggle to survive and provide adequate services to protect the public health and provide resource protection. Many program decisions in our state are being made on the basis of available revenues. I hope the Business and Economic Development Committee will understand the need for increased support for a mandated program which at this time is far from self-supporting and which this bill will not make self-supporting. This bill will make it easier for local departments to justify continuation of the licensed establishment inspection program, even in the face of budget cuts which I assure you, we are all faced with.

Respectfully Submitted By:



Danny W. Corti R.S.

LAKE COUNTY LAND SERVICES

PLANNING AND SANITATION

106 Fourth Avenue East
Polson, Montana 59860-2175
Telephone 406-883-6211

EXHIBIT 4
DATE 1/30/89
HB 343

January 27, 1989

My name is Paddy Trusler and I am the Administrator of Lake County Land Services. I am here today in support of H.B. 343, with amendment.

This bill will provide necessary additional funds for maintenance of the County public accommodation inspection program. You are no doubt aware that local governments and departments therein are suffering from budget shortcomings. We continue to tighten our belts but unfortunately have run out of notches. Money and time are forcing us to prioritize programs based on public health significance and monetary output.

The public accommodation inspection program certainly has high public health significance but requires a large time expenditure with little monetary input. When you consider that we contract with the State for the inspection program and that they may be able to conduct the statutorily required inspections maybe the impact on the public health is somewhat reduced.

It is my estimate that with mileage, time, clerical, etc. the average inspection costs approximately \$50.00. In the case of food service establishments the local departments contract for two inspections per year or a \$100.00 per year output per establishment.

I would submit that public health services should not be evaluated on a straight dollar and cents basis. However, when push comes to shove in delivery of services it must be considered.

In the Lake County scenario this increase in license fee would simply make inspection more practical by placing approximately half the burden on the local taxpayer. I do not believe that the fee increase creates any substantial burden on the small business person and it will certainly be beneficial to local governments.

Your favorable consideration of H.B. 343 will be appreciated.


Paddy R. Trusler

DEPARTMENT OF
HEALTH AND ENVIRONMENTAL SCIENCES

EXHIBIT 5
DATE 1/30/89
HB 343



STAN STEPHENS, GOVERNOR

COGSWELL BUILDING

STATE OF MONTANA

FAX # (406) 444-2606

HELENA, MONTANA 59620

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

TESTIMONY
ON

HOUSE BILL 343

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE DEFINITIONS OF LICENSED FOOD ESTABLISHMENTS; INCREASING LICENSE FEES; AND AMENDING SECTIONS 50-50-102, 50-50-201, AND 50-50-205, MCA."

The Department of Health and Environmental Sciences depends upon 38 local health departments for inspection services and other assistance to carry out the public health protection activities in establishments licensed by the department. Without their participation, the department would have difficulty meeting its responsibilities under the licensing laws.

Payment to local health departments for their inspections began about 1975 when the legislature appropriated \$129,200 from the general fund to the department for this purpose. Appropriations, averaging \$139,425, continued until 1983 when the legislature amended the license laws and established the Local Board Inspection Fund Account.

House Bill 343 continues and improves the support to local health departments and thus helps maintain their capability to provide on-site inspection services. The department believes these services are vital and supports House Bill 343 as a means to assure their continuation.

We believe, however, that House Bill 343 is flawed in Section 3, page 6 in that it imposes two different license fees on essentially similar establishments and has two methods of apportioning license fees between the general fund and the local board inspection fund account. The department can fully support House Bill 343 only if these conflicts are resolved.

James M. Peterson, Chief
Food and Consumer Safety Bureau



Copy

Flathead City-County Health Department

723 5th Ave. East • Kalispell, Montana 59901
Sanitation: 756-5632 • Health Services: 756-5633

EXHIBIT 6
DATE 1/30/89
HB 343

January 27, 1989

Representative Bob Pavlovich, Chairman
Business and Economic Development Committee
Montana House of Representatives
State Capitol
Helena, Montana 59620

Dear Chairman Pavlovich:

The Flathead City/County Health Department thanks you for the opportunity to comment on HB-343 which amends chapter 50, MCA by clarifying definitions of licensed and regulated by the Montana State Department of Health and Environmental Sciences and local health departments.

The Department supports HB-343 as it helps clarify the various establishments that provide food services to the public. This change is necessary to address the change in the food service industry which responds to consumer changes and needs. These definitions will help to identify establishments that need inspections to protect public health and safety.

Another major change involves the increase of the license fee. The present fees were increased in 1983 with 85% of the fees collected earmarked to the local board inspection fund. The intent was to provide monetary support to help make the inspections. This does not cover inspection costs of field and office staff and travel. This normally involves two surveys per year, additional visits that may be necessary in preopening inspections and follow-ups when specific violations are found.

With establishments becoming much more diversified, additional survey time is required to examine the facilities and handling procedures to insure that they comply with the law and accepted public health principles. Some establishments include at one location and under one roof a restaurant, bar, retail food store, deli, sandwich shop, bakery, and food or drink vending machines. The inspections required to cover all the facilities take considerable time. The additional license fee of \$10.00 for each category would help cover some of the survey expenses.

Our health departments present food program has a budget of approximately \$68,000 per year. Nearly \$15,000 of this is returned from the state under the present license fees refund system.

January 27, 1989

Dear Chairman Pavlovich:

Page 2

License fees presently cover about 22 percent of the cost of the program. The proposed amendment would generate an additional \$8,000 for a total of \$23,000 or nearly 34 percent of the programs cost. When compared to other licensing and enforcement programs this increase is minimal while the benefit is high.

We believe that the inspection and licensing program of food establishments benefits all people who reside in the county and those that visit here. Protection of the public's health through a sound food protection program is vital for the continued social and economic growth of any county. We support HB-343 and encourage its passage.

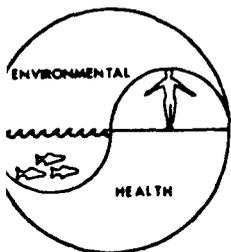
Sincerely,



Edward P. Michalewicz, Dr.PH
Public Health Administrator

cc: State Department of Health

EPM/et



DEPARTMENT OF ENVIRONMENTAL HEALTH

LINCOLN COUNTY

418 MINERAL AVENUE
LIBBY, MONTANA 59923
PHONE (406)293-7781

RONALD ANDERSON, R.S.
DIRECTOR

JOHN PETERSON, R.S.
ASSISTANT

EXHIBIT 7
DATE 1/30/89
HB 343

January 25, 1989

Chairman and Members
House Business and Economics Committee
State Capitol
Helena, Montana 59620

Dear Mr. Chairman and Committee Members:

Please consider my testimony in favor of HB 343, "An Act to Clarify the Definitions of Licensed Establishments and Increase License Fees".

As the Director of the Lincoln County Department of Environmental Health, it is my duty to insure that the 130 food establishments spread out over Lincoln County are given a thorough health inspection twice each year, as required by state law. This requirement translates into a significant expenditure of time and money for my department.

I assure you that the \$25.50 state reimbursement received for the biannual inspections does not approach the real cost of dispatching a sanitarian to do these inspections, review them with the owner, and then do the required record keeping and follow-up work. Consequently, the county general fund must be used each year to off set the costs not covered by the state fee reimbursement.

I strongly believe that this inspection program should be financially self-supporting. It is an unfair burden on the taxpayers to supplement health inspections required for food establishments. The cost of the inspection program should, in my opinion, be financed by the owners of the businesses involved.

HB 343 is an attempt to rectify the inequity created by a license fee that is now too low to cover the cost of the state-mandated inspection program.

Please support the passage of this legislation.

Sincerely,

Ron Anderson, R.S.
Lincoln County Sanitarian

EXHIBIT 8
DATE 1/30/89
HB 343

January 25, 1989

TO: House Business and Economic Development Committee
FROM: Mineral County Planning and Sanitation Office
RE: HB 343

Dear Representative Pavlovich and colleagues,

As the Sanitarian for Mineral County and a member of the Northwest Montana Sanitarians' Association, I am writing in support of HB 343. The proposed fee increase outlined in the bill should be considered an absolute necessity that allows for continued adequate protection of the public from possible exposure to unsanitary conditions in establishments.

At present, local government receives \$25.50 per licensed establishment (85% of the \$30.00 fee). These funds are used to help compensate the county for the costs of inspecting licensed establishments. Unfortunately, at present, these funds are woefully inadequate and do not cover the actual costs involved in protecting public health through a routine establishment inspection program.

Due to mileage and wasted travel time, this is particularly true for counties (or groups of counties) able to afford only one sanitarian who is responsible for inspecting establishments within a very large area. To compound this problem, the sanitarian often finds himself in the position of having to do several follow-up inspections to the same establishment in order to ensure compliance with state law.

A typical inspection can take from 1 to several hours depending on the condition of the establishment and the cooperation of the personnel involved. This inspection time includes the actual physical examination of the establishment by the sanitarian and the ensuing discussion with the proprietor regarding any necessary corrective actions to be taken. Logically, an increase in the number of services in any given establishment (such as a bakery, deli, meat market etc.) also means an increase in the inspection time required (with a corresponding increase in the cost of the inspection to the county).

The proposed increase would provide local government with \$45.00 per licensed establishment per year (90% of the proposed \$50.00 fee). This increase, although still inadequate as far as actually compensating local government for conducting inspections, would better help to offset the costs incurred by providing inspection services to the public, and I strongly ask you to consider this bill favorably. Thank you.

Sincerely,



Denise Mott, R.S.
Mineral Co. Planning
and Sanitation Office
P.O. Box 396
Superior, MT 59872

DEPARTMENT OF
HEALTH AND ENVIRONMENTAL SCIENCES

EXHIBIT 1
DATE 1/30/89
HB 318



STAN STEPHENS, GOVERNOR

COGSWELL BUILDING

STATE OF MONTANA

FAX # (406) 444-2606

HELENA, MONTANA 59620

January 30, 1989

TESTIMONY IN SUPPORT OF HB-318 BEFORE THE HOUSE BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE.

PRESENTED BY: SAM H. SPERRY
CHIEF OF THE BUREAU OF RECORDS AND STATISTICS
MONTANA DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

Title 50, Chapter 15, MCA, is titled "Vital Statistics." The department is charged with the responsibility of enforcing the provisions of 50-15. An important area of this enforcement responsibility surrounds the proper completion of the Montana death certificate and the proper handling of dead bodies for transport and/or disposition. This area involves physicians, coroners, funeral directors, local registrars of the department, cemetery sextons, county commissioners and owner-operators of crematoriums.

Over the past ten years or so, the methods of disposition of dead bodies have undergone notable changes. Also, over this same period of time, the needs of society for a properly completed death certificate have become more demanding and more complex. Many persons handling death certificates in Montana do so in a manner that was prevalent twenty years ago and have not taken note of changing business practices and increased demands of society. The department is increasingly called upon to enforce regulation as the gap between 1989 practice and 1967 statute widens. The existing enforcement tools provided to the department in terms of fines possible are inadequate in light of today's cost to government in assessing and collecting fines. It would cost the state or a county more than \$100 to assess and collect a fine of \$100, which is the maximum possible of the section of statute considered in this bill. From this standpoint alone, it is almost impossible for the department to address its enforcement responsibilities.

HB-318 would be a positive step toward enhancing the enforcement tools available to the department and the department supports the amendment presented in this bill.

DEPARTMENT OF
HEALTH AND ENVIRONMENTAL SCIENCES

EXHIBIT 2
DATE 1/30/89
HB 319



STAN STEPHENS, GOVERNOR

COGSWELL BUILDING

STATE OF MONTANA

FAX # (406) 444-2606

HELENA, MONTANA 59620

January 30, 1989

TESTIMONY IN SUPPORT OF HB-319 BEFORE THE HOUSE BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE.

PRESENTED BY: SAM H. SPERRY
CHIEF OF THE BUREAU OF RECORDS AND STATISTICS
MONTANA DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

Montana law requires that the following sequence of events are to follow a death that occurs in Montana:

1. Someone takes possession of the body at the place of death. This is usually a funeral director.
2. The person taking possession of the body cannot remove the body from the county where death occurred nor dispose of the body until they have been issued a permit by the department's local registrar in the county where the death occurred. This permit cannot be issued until a properly completed death certificate is filed with the local registrar.
3. The person taking possession must complete the death certificate, secure the cause-of-death certification from the appropriate physician or coroner and deliver the completed certificate to the local registrar. At this point, the local registrar receives the certificate for filing and issues a burial-transit permit to the person filing the certificate.

Some Montana counties do not have a resident funeral director. Deaths occur in some places in Montana which are long distances from a local registrar. Physicians are not always available to certify the cause of death within three days. The 3-day filing deadline established in 50-15-401 MCA is, in many instances, impossible for funeral directors and local registrars to comply with in a reasonable manner. HB-319 would allow the department some flexibility in setting filing deadlines that would remove many funeral directors and local registrars from a "forced" non-compliance.

The department supports the amendments presented in HB-319.

VISITORS' REGISTER

Business & Economic COMMITTEE

BILL NO. HB 300

DATE 1/30/89

SPONSOR Rep. Vincent

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Don Ingers	MT Chamber of Commerce		
Peggy Haaglund	MT Assoc. of Cons. Dist.		
BRIAN HARLIN	ASMSU	X	
Mike Craig	ASUM		
Sheela Carter	State Library		
Chris Kaufman	MEIC	X	
Laurie Shotton	Bozeman Chamber	X	
Dan Walker	US West Comm	X	
BILL CONINGTON	HELENA		
JOHN LAHR	BUTTE - MPC	X	
J. KEBBLE	HELENA	X	
P. Reed	Helena MAPP	V	
Danette Kelley	Helena MLWV		
Jim PAIADICHUK	M.D.U. Resources Group	X	
A. Brock Bales	Montana Chamber	X	
DEBORAH SUTLESINSON	MT LIBRARY ASSOC		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Business & Economics COMMITTEE

BILL NO. HB's 318, 319, 343

DATE 1/30/89

SPONSOR Simon S. Hansen

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Sam Sperry	Dept. of Health + Env. Sci.	HB 318 X	
" "	"	HB 319 X	
James M. Peterson	"	HB 343 X	
Scott Chorch	Northwest Mt. Sanitarians Assn.	HB 343 X	
Dan Corti	Missoula City-Co. HD	HB 343 X	
Will Selsree	L + C City - Co. HD - pl.	HB 343 ✓	
Rick Larson	Butte - Silver Bow Health Dept.	HB 343	
Robert Johnson	Mont. Pub. Health Assn.	HB 343	
Paddy Swisher	LAKE County	HB 343	
Bonnie Tapp	Mt Funeral Directa	HB 319 X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.