

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By **CHAIRMAN BOB BACHINI**, on March 22, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Bob Bachini, Chairman (D)
Sheila Rice, Vice-Chair (D)
Joe Barnett (R)
Steve Benedict (R)
Brent Cromley (D)
Tim Dowell (D)
Alvin Ellis, Jr. (R)
Stella Jean Hansen (D)
H.S. "Sonny" Hanson (R)
Tom Kilpatrick (D)
Dick Knox (R)
Don Larson (D)
Scott McCulloch (D)
Bob Pavlovich (D)
John Scott (D)
Don Steppler (D)
Rolph Tunby (R)
Norm Wallin (R)

Staff Present: Paul Verdon, Legislative Council
Jo Lahti, Committee Secretary

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

HEARING ON SB 369

SEN. JUDY JACOBSON, SD 36, Butte, sponsor of SB 369, said this bill comes from a coalition of the American Lung Association, the American Cancer Society and others. This is model legislation. Some parts of Rep. Pavlovich's bill were put in this bill. This bill bans the sale or the distribution of tobacco products to minors. It sets up a system for a license to be sold through the Department of Revenue (DOR) with fees to be collected. The fees would be used to administer the program. It would require DOR to distribute signs to people selling tobacco products. The signs would have to be displayed to state that tobacco will not be sold to minors. There is also a section for fines of the person selling the tobacco and a suspension of the license to sell tobacco products. That suspension of the tobacco license becomes

longer with each violation. That is in Section 6 of the bill. The language of Rep. Pavlovich's bill that deals with the vending machines was used in Section 5. Section 4, not originally in the bill, was added to place a penalty on the minor who is purchasing the product.

Proponents' Testimony:

Earl Thomas, Director, American Lung Association, said they support SB 369. There are some modifications which they do not support, but as a general rule they do support it.

Jerry Loendorf, Montana Medical Association, said they support this bill, as they supported the earlier bill sponsored by Rep. Pavlovich. Before the age of 18 there are many decisions minors are not allowed to make on their own. In this particular instance, if only 17 year old individuals were buying tobacco, there might not have been such concern. There are people 12, 13 and 14 who start smoking. They are concerned that it may not be easy for people to break the habit once they know they may want to break the habit.

Paulette Kohman, Executive Director, Montana Council for Maternal and Child Health, provided testimony. She had also testified on Rep. Pavlovich's bill and suggested certain amendments. SB 369 does contain those types of amendments their Council believes are important. EXHIBIT 1

Jerome Anderson, Tobacco Institute, said they also supported HB 378. SB 369 was an effort by the Senate Committee to try to combine the two bills. They support the bill with the amendments that are suggested. EXHIBIT 2 They do think the second license should be taken out. They would also take the license suspension provision out of the picture. He said try the process for a couple of years and see if it would work.

Gene Phillips, Smokeless Tobacco Companies, said the member companies support a ban on the sale and distribution of tobacco products to children under the age of eighteen. They supported Rep. Pavlovich's bill and Sen. Gage's bill and endorse the amendments proposed by Mr. Anderson.

Mark Staples, Montana Tobacco and Candy Distributors and the Montana Tavern Association, said they support SB 369. It would be in line to receive the penalties and obligations imposed on those selling the tobacco products. The taverns would be the retailers that would be charged to watch the machines. The Anderson amendments make it more palatable. The sanctions are strong enough now.

Charles Brooks, Montana Retail Association, support the bill with the provision that the Anderson amendments be adopted. They have strong objections to the current punitive provisions in this bill which would cause the suspension of all multiple units should

there be a fourth violation. This gives the retailers an opportunity to refuse to sell. This has been a problem for the retailers.

Opponents' Testimony:

Mike Males, Bozeman, said he also opposed Rep. Pavlovich's bill. He suggested an alternative approach. He said none of the evidence presented in the three hearings he attended has shown reduced smoking by young people. There are problems for adults with all of the bills. **EXHIBIT 3**

REP. CROMLEY said he also testified against Rep. Pavlovich's bill. He said the smoking rate in Montana is one half the national average. He suggested making it a crime to have a cigarette. He asked why the tobacco institute supports this bill. He said he had spoken to the County Attorney's Office and they said there is no way to enforce this bill. The principal factors that impact youth smoking are peer pressure and parental or sibling influence. Making it a crime is not going to help. He is concerned that this bill might increase youth smoking.

Questions from the Committee:

REP. WALLIN asked who pays for the license. **Mr. Brooks** said the retailer has to buy a license to sell tobacco. **REP. WALLIN** asked if there is an office complex without a retailer but a machine, who bought the license? **Mr. Brooks** said he would defer to **Mr. Anderson**. **SEN. JACOBSON** said they have put in a license. It costs \$10 but made it commensurate with cost. The owner of the business is the person who would be purchasing the license. The license fee would then be used to administer the program and to pay for the signs. **Mr. Anderson** said under the present law the vending machine operator would purchase the license. The person in charge of the business location would be responsible. The license would be purchased by the vending machine operator and the person who has the vending machine in their location. There are limits in the bill as to the locations where vending machines may be placed. These are limited to places where persons under 18 are not permitted. The vending machine is to be under the supervision of the owner or an employee of the establishment. **REP. WALLIN** asked if there weren't office buildings with outer doors open and tobacco dispensing machines. He asked if the owner of the building is responsible. **Mr. Anderson** said if the machine was placed where there is no supervision, then it is located in a place where it is illegal. **CHAIRMAN BACHINI** asked if the person on duty would be liable if a person bought tobacco. **Mr. Anderson** said the vending machine should be located in a place where it would be under supervision.

CHAIRMAN BACHINI said he had heard that is a problem in motels. **Mr. Anderson** said usually tobacco products are placed in the lobby.

REP. ELLIS said he agrees with Rep. Cromley. He asked why the tobacco industry supports this bill. Is this a P.R. measure? Mr. Anderson said they support informed choice and informed consent. This legislation is in place except in four states in the U.S.

REP. ELLIS asked why informed consent is important. Mr. Anderson said this is important. REP. ELLIS said, so far, no information presented to this body has indicated that this bill will achieve their goal. Mr. Anderson said the per capita consumption of tobacco products is also less among adults.

Closing by the Sponsor: SEN. JACOBSON said they are trying to prevent minors from smoking. Chewing tobacco is a problem in the schools. She discussed the Anderson amendments. She thought the codification instructions should be left alone. They found in other states that one of the main tools for enforcing the law is the sale and revocation of the license. She asked that the license and the license revocation not be stricken. Page 4, line 12, said if the violation was by an employee or agent, if the sale was without the knowledge of the license holder and the license holder shows a system in place, the owner would not be subject to the revocation of a license.

HEARING ON HB 879

REP. DAN HARRINGTON, HD 68, Butte, said when the voters pass the Constitutional amendment, it will empower the Committee to create economic growth on their behalf. Over the last decade there has been a struggle to find the right tools to stimulate economic growth. In two instances, the Legislative efforts have been stymied by Supreme Court decisions which have taken away the tools that they created to produce economic development. In 1985 they created a Montana Economic Development Board for the programs to create growth. Among those programs was a loan guarantee program so the state could use the federal SBA guarantee bank business loans. The Supreme Court said no. In 1987 they told the Montana Science and Technology Alliance to invest some of the coal tax money in firms in science and technology fields. Again, the Supreme Court said no. The result was that the Legislature was denied the reasonable and rational choices to create economic growth. This suggests a Constitutional change to correct this imbalance. It will establish economic development as a public purpose so the Legislature can enact programs to create growth. Even though the programs may involve some public monies, funds ultimately touch the public sector. Economic growth programs must touch the public sector to be successful. Growth will come from programs where public and private work together. The change would be put to the people in the 1992 election. He requested this bill be placed in a subcommittee so it could be quickly reworked for consideration by the full committee.

Proponents' Testimony:

Evan Barrett, Butte Local Development Corporation, referred to the significantly changed language from the original bill as drafted by Legislative Council staff. The original bill amended Article 5, Section 11. This suggested amendment now amends Article 8, Section 1. **EXHIBIT 4**. The rationale is that it amends the section that affects not only state government but local government as well. The language is significantly different. Economic growth takes place in the private sector. Ultimately, governmental programs stimulate economic growth. The private and public sectors are in it together. The Court has been arbitrary in their decisions. Economic development, when done under a duly authorized public program enacted by the Legislature, can be construed as a public purpose. That language should open the door for some things that have been previously thrown out. There have been some concerns that the public treasury not be ripped open for raids on the private sector. That is a legitimate concern.

Steve Huntington, Interwest Development Associates, said he had spent many years working for the Department of Commerce. Over the past ten years there were two programs overwhelmingly enacted by the Legislature that had to do with the Montana Economic Development Board. The programs are still in effect, but do not use bonding mechanisms. The Economic Development Board had a program that allowed a guaranteed fund to guarantee the debt of private companies that received loans from the Board or also from private banks, although he was not sure about the private banks.

In the Hollow decision, the guarantee program was struck down. In the White decision, Montana Science and Technology's program was struck down. The basic issues that arose were (1) is it constitutional to use public funds when they benefit private purposes and (2) the state cannot pledge its credit in a way that the proceeds from that credit will be used to benefit private parties. There is inconsistency with fair housing and water development. The idea that public funds cannot benefit private purposes is absurd. The decisions have cast a cloud over two things. (1) Bond counsel is becoming increasingly jittery about taking Montana paper out into the market when there is some economic purpose. This is beginning to inhibit the state government's ability to take those mechanisms out into the marketplace. (2) Other counsel is beginning to get nervous about using public funds for private purposes.

The language in the bill isn't good. The language on the flip side is good.

If the Legislature is interested in enacting progressive programs that match what is going on in the country, it is appropriate to do something with the Constitution to send a message to the Court.

Opponents' Testimony:

George Bennett, Attorney, Montana Bankers Association, said he does not refute any of the programs. The Bankers have consistently supported economic development. It is obviously in their self interest to see economic development in Montana. The banking industry is tied to Montana's economy. The Bankers have consistently opposed and have gone to court over programs where control is lost by the State of Montana, where public funds are being used by private entities over which the state has no control. EXHIBIT 5

John Cadby, Montana Bankers Association, said two or three hundred bills could be introduced next session if this should pass and be approved by the voters. There could be worthy causes and needs. There is already money being appropriated for water projects. The Department of Commerce appropriates funds for the cities and counties. There are ways to provide capital through the SBA programs. There are already plenty of mechanisms in place to provide sufficient capital to meet the needs.

Questions from the Committee:

REP. CROMLEY asked if the amendment replaced the original bill.
REP. HARRINGTON said yes.

REP. STELLA JEAN HANSEN asked if the question of constitutionality had been discussed at the hearing for the bonding program for Science and Tech. Mr. Barrett said it was brought up because it had been raised in the previous case. REP. STELLA JEAN HANSEN said she thought a bill that was passed was probably unconstitutional. Mr. Barrett said the two previous cases, the water bond and housing programs, were alright. Between those cases and the Science and Tech case, there was the Hollow Case. Because of that bill, everyone considered crafting bills that would meet the test of the Supreme Court. REP. STELLA JEAN HANSEN said this had been a problem for the last few sessions. When a bill that is passed by the Legislature that has Constitutional questions, does that place some responsibility on the Legislators when it goes to Court and is found to be unconstitutional? Mr. Barrett said the suggested Constitutional Amendment is not addressing any specific program. It enables the people to tell the Legislature and the Supreme Court that there is more flexibility in the area of economic development. That doesn't open the door for direct appropriation. REP. STELLA JEAN HANSEN said they are operating under the constraints of I-105. Local governments are hurting. They are trying to design programs this session to finance some of local governments projects that are strictly public. Mr. Barrett said she is arguing in favor of being more flexible. The fact of I-105 means that the cash flow to government, particularly local government is very limited. This argues for using bonding mechanisms.

REP. BENEDICT asked how this bill will not open up the floodgate to Appropriations. Mr. Barrett said that is not the intent. The language says the use of tax money, if it benefits the private sector is considered public purpose, if it is done through a duly authorized enacted Legislative program for economic development. REP. BENEDICT asks where the program will go. The bill will be referred to Appropriations to get money for the program. If there are many programs and everybody wants it to be authorized by a different committee, they will still have to find a funding source and it will have to come from Appropriations. Mr. Barrett said that is the job of the Legislature to sift those out and make the budget balance. By placing it in this section it does not deal with only the Legislature.

Closing by the Sponsor: REP. HARRINGTON said something has to be done in the area of economic development. If the Committee feels there are some amendments that could be put into the bill, he hoped the Committee would look at it.

MOTION: REP. KILPATRICK MOVED HB 879 DO PASS.

Discussion:

REP. SONNY HANSON said he had a problem giving the private sector public tax monies. He thought it would be better to reduce taxes and let somebody else do it.

REP. ELLIS said he agreed with Rep. Hanson. He does not support this.

REP. S. RICE said she was uncomfortable voting on this at this time.

MOTION: REP. BENEDICT MADE A SUBSTITUTE MOTION TO TABLE HB 879.

VOTE: Motion carried 11-7. EXHIBIT 6.

HEARING ON HB 46

REP. MCCULLOCH, HD 96, Billings, said they met with the Secretary of State's Office and the Commerce Department. They went with the advice of the Commerce Department. The main change in the amendments would be on page 3, number 13 was added. This makes the bill more philosophical now. EXHIBIT 7.

Discussion:

REP. CROMLEY said the Commerce Department and the Secretary of State's Office were cooperative.

REP. BARNETT said they came out in a unanimous feeling on the amendments.

Questions from the Committee:

REP. BENEDICT asked if there was a revised financial statement.
REP. MCCULLOCH said there is no fiscal note.

MOTION: REP. MCCULLOCH moved to adopt the amendment on page 4, line 11, following Title 75, insert Title 80. Title 80 will also be exempt.

VOTE: Motion carried unanimously.

MOTION: REP. MCCULLOCH MOVED HB 46 AS AMENDED DO PASS.

VOTE: Motion carried unanimously.

CHAIRMAN BACHINI turned the hearing over to Vice-Chair Sheila Rice.

EXECUTIVE ACTION ON HB 196

MOTION: VICE CHAIR S. RICE moved the adoption of the amendments. She said the Value-Added Commission would consist of 15 members, Section 1, Subpart 2. Six members would represent commodities/industries; one member from research and development programs; one member from the Department of Commerce who specializes in economic development; two members from statewide labor organizations; one member from statewide conservation organizations; and four members from the Legislature from each Chamber and each political party. Members to the Commission would be appointed by the majority and minority leaders of both Houses from nominees submitted by the groups. As this bill was originally proposed by Rep. Kilpatrick, these were gubernatorial appointments. The subcommittee has made it a Legislative Commission and attached it to the Legislative Council. This Commission will bring its recommendations to the next Legislative Session. Subsection 3, the Commission shall identify and study principle value-added opportunities and develop a strategy. The Commission shall submit a final report to the 53rd Legislature. The terms of members would expire December 31, 1993.

The funding appropriation would be taken care of by appropriating \$10,000 to the Legislative Council. That money is only dispersed if it is matched on a 5-1 ratio, making the total \$60,000. \$50,000 would come from contributions from the basic commodities industries and other groups. If there isn't enough money to make the appropriation, the money goes back to the original source. The Legislative Council would then disperse it.

The Legislative Council would do primary staffing. The Governor's Office would be available. The Commission could contract for services if necessary. She said to cross out codification.

REP. LARSON said the Subcommittee felt they should focus on value-added possibilities in the basic commodities sector to give

the bill focus. The 53rd Legislature could enhance the bill. He asked how the funds could be solicited.

Mr. Verdon said he referred to legislation from four years ago that established the Legislative reorganization commission. That was funded by private funds. Page 3, Subsection 2, refers to the 5-1 contribution. The way it is written, the entire contribution could come from one source. It doesn't require there be a variety of sources.

REP. BENEDICT said he thought the Department of Commerce could be asked to help in getting the money.

REP. ELLIS asked if any of the organizations had been approached. He also asked about their reactions. REP. BENEDICT said unofficially they are willing. The did want to see how the grey bill came out.

REP. KNOX said many groups should be capable of raising the money. He fully supports the idea of the bill. VICE-CHAIR S. RICE said they addressed the idea of the Commission studying and making recommendations on tax policy. It is not excluded. REP. KNOX said that would be five percent. He asked about the members on the Board. He didn't think the bottom of page 1 was clear, "one member of a statewide conservation organization". He said it should state "environmental or preservation".

REP. ELLIS said he agreed with Rep. Knox. A proponent of this bill was the AFL-CIO. He also asked if organizations had been approached. He thinks value-added have to be taxed. Many have been lost in the last decade. He said they need to figure out how to keep the businesses once they come to the state. VICE-CHAIR S. RICE said she thinks this Committee will bring to the 53rd Legislature exactly what he would like as a plan.

REP. ELLIS said there should be a definition section in it. He had prepared a grey bill for the Committee one month ago. There were some provisions that should be included in this bill. The Commission is defined. The final section includes effective date determination. There is no permanent legislation established by this bill.

MOTION/VOTE: REP. KNOX MADE A SUBSTITUTE MOTION TO TABLE HOUSE BILL 196. Motion Failed.

VOTE: Motion on the amendments passed unanimously. EXHIBIT 8.

MOTION: VICE-CHAIR S. RICE MOVED HB 196 AS AMENDED DO PASS.

VOTE: Motion carried with REPS. BARNETT AND KNOX voting no.

EXECUTIVE ACTION ON HB 795

CHAIRMAN BACHINI returned. REP. S. RICE said narrowing the scope

of the bill to infrastructure only was an important difference between the two bills. That is the chief reason to go with HB 795, Harper's bill. Conceptually the Committee had the idea that the scope be narrowed to drinking water, sanitary and storm sewers, solid waste disposal and bridges. They looked at extending the bond life to thirty years and giving the Department of Commerce the ability to negotiate for the bond term. City, town or county's own bonding capacity would be used wherever possible to decrease the issue of how much state bonding capacity is obligated. They looked at granting both principal and interest subsidies by negotiating with the Department of Commerce. The bill requires a 3/4 vote up-front and subsequently would require a 2/3 vote. A section needs to be added to the bill. For those bonds issued at the state level for the use of smaller communities, a list must come from the Department of Commerce and a list from DNRC under water bonding. Those would be sent to the Governor and be merged at that point and then be sent to the Legislature.

CHAIRMAN BACHINI asked if jails are in the bill. **REP. S. RICE** said jails are not in the bill. In general, there was a feeling that it was an urban-rural issue.

REP. LARSON said the Committee did not want to include parks as Rep. Bradley's bill did. The subcommittee thought this bill addressed basic human health insurance.

REP. STELLA JEAN HANSEN said they had to prioritize. Water and sewers were two primary things needed for economic development.

REP. HANSON said they discussed the requirements on the federal level that will dictate action on the part of some small local communities.

REP. LARSON said Rep. Bradley did think the parks are part of the infrastructure. She would like the Committee to discuss that.

REP. S. RICE suggested amending HB 905 to strike everything but the Parks Section and the enabling clause. She suggested that HB 795 could be the vehicle for the main infrastructure bill and HB 905 could be a Parks Coal Tax Bill. She explained some amendments offered by the sponsor. In the grey bill page 1, half-way down the page, there is a figure of 75 percent. The sponsor's amendment strikes that and inserts 50 percent. That basically puts twice as much money into the infrastructure fund. The earnings will be used for bond and interest subsidies. That is the first sponsor amendment. The second amendment would be at the bottom of Subsection 3, the last line and wherever that occurs, strike "an interest" and insert "a subsidy". On page 3 of the grey bill, Subsection G, under 2B "sewer system" should be modified to say "sanitary or storm sewer systems". Near the bottom of page 3, it says "the Department shall prepare and submit a list of recommended projects." Suggested language for that would be "the Department shall prepare and submit a list of

recommended projects to the Governor. The Governor shall review the projects recommended under this Section and the projects recommended under the DNRC Water Bonding Program and shall submit a prioritized list of recommended projects to the Legislature." That language comes from HB 905, page 4, lines 19-23. Because of the way this bill works, there is money that is gathered the first two years but no projects are funded until the next biennium. The sponsor suggested that the interest be used by the Department of Commerce for administration and for engineering studies to determine what they need to do for water, sewer, solid waste, etc. The amendment reads, "the money accumulated in the special revenue account created is appropriated to the Department of Commerce to be used for engineering studies for eligible projects under Section 19. The grey bill incorporates the first set of amendments. The March 15th set of amendments are already included in the grey bill. The second set, March 21, are new amendments that have been discussed in this hearing. Amendment 4 should add the four words, "for the first biennium".

Questions from the Committee:

REP. PAVLOVICH asked about page 10, the grey bill, on the 3/4 vote. He said in Rep. Bradley's bill only a 2/3 vote was required. REP. S. RICE that was correct. She said Rep. Bradley's bill sets up the shell. They are already appropriating to the Department of Commerce some monies. It is 2/3 for the bonding capabilities every year subsequent. REP. PAVLOVICH said if 3/4 is required they won't make it. He asked if Rep. Bardanoue knew that they would bring this vote out and would need a 3/4 vote of the Coal Tax Trust money. CHAIRMAN BACHINI said he did not know. REP. PAVLOVICH said if a 3/4 vote is required, it will never be gained.

CHAIRMAN BACHINI asked about the differences between the Bradley bill and the Harper bill. REP. S. RICE said she separated the discussions. They are acting on HB 795 now. They are considering amending Rep. Bradley's bill to strike everything but the parks.

REP. ELLIS asked why not put the section from Rep. Bradley's bill into this legislation. Why pass both bills? REP. S. RICE said she thinks these are two distinct issues. One is a bonding program for infrastructure, either state or local, and the other is a grants program for parks and/or state buildings. These are supported by the Coal Tax Fund. REP. ELLIS said this will be confusing.

REP. PAVLOVICH asked for the effective date. REP. S. RICE said there is no effective date. CHAIRMAN BACHINI said it could be amended to July 1 or October 1. REP. PAVLOVICH said this bill should be amended and put to a vote of the people. He thinks a 3/4 vote is impossible. REP. S. RICE clarified that this bill does not use the principle.

MOTION: REP. PAVLOVICH moved an effective date on passage and approval of July 1.

MOTION: REP. S. RICE moved adoption of the amendments including the effective date of July 1, including the two sets of the Harper amendments and including the changes noted today.

VOTE: Motion on the amendments carried unanimously.

MOTION: REP. S. RICE MOVED HB 795 AS AMENDED DO PASS.

VOTE: Motion carried unanimously.

EXECUTIVE ACTION ON HB 905

REP. LARSON would like to strike everything in HB 905 except public buildings and parks. He wanted to include the Interpretive Center, the Visitor Information Centers and historic sites. HB 905 as a grants program would be supported by the Coal Tax Trust for the development of these projects.

REP. S. RICE asked if a dollar amount should be set. As HB 905 it states, no more than \$4 million may be appropriated for the park section. There is no amount stated for the building section. REP. ELLIS said the rainy day is here. He favors the Big Sky Dividend Program because those grants will get money up front while there are still federal programs to match them. A grant is a down payment. The infrastructure is needed.

REP. LARSON said all of these projects have some commonality. They also have the eligibility for federal match. It might be wise to specify that the monies that are devoted from the Coal Tax Fund have to be matched from federal funds. CHAIRMAN BACHINI said rather than naming projects, it might be better to make it generic.

REP. SONNY HANSON said on page 4, subparagraph 10, it says "other public works projects that the Legislature determines to be in the public interests." That would include the specific sites.

REP. S. RICE said she wanted to clarify Rep. Larson's amendments. She asked if there was any bonding left in the amendments. It is grants. REP. SONNY HANSON said the money comes from a bonding program because the interest from the coal tax is used to advertise the cost of the bonds.

REP. KNOX said he is still concerned with the small towns in his district. There are so many worthy projects. He thinks the rural ends of the state will get the short end of the stick.

REP. S. RICE asked if he was speaking against the whole idea of a grants program for state parks. REP. KNOX answered yes.

REP. SCOTT said he thinks it is wise to keep the trust money there because they do not yet know how the land will be reclaimed.

REP. S. RICE asked Mr. Verdon what they can do with the bill. Mr. Verdon said it would be extremely complex and difficult to amend this bill. It is not impossible. This is a complex, integrated concept. He didn't think it could be done in the time there is to do it.

CHAIRMAN BACHINI said he thought it was important for the researcher to express the concerns he has on legislation.

REP. WALLIN said Dave Lewis told the Subcommittee so little income would be generated that it would take twenty years before there would be enough income to do anything and he wasn't sure it would work out at all. He doesn't support the bill in any form.

REP. S. RICE said she does think the bill can be amended. She referred to page 10, Section 11, of HB 905 as presented. That Section creates a fund called "The Building a New Century Fund". All the money comes from the Coal Severance Tax Bond Fund except what is necessary to meet current payments. The new income from new coal sold flows into a Building a New Century Fund. This does not involve touching the principal of the Coal Trust. That Section should be kept intact. There would be a grant program. Pages 7 and 8 are left intact, so there are state construction projects and state park projects. They take money from the Bank Fund. Lastly, something should be done with codification. Mr. Verdon said he will respond to any precise instructions that are given. CHAIRMAN BACHINI asked Mr. Verdon to respond to the technical ideas presented by Rep. Rice. Mr. Verdon asked about the bonding subsection and Subsection 2. REP. LARSON said grants would be authorized by the Legislature. Mr. Verdon said yes this involves loans. Eligible projects would match with Rep. Larson's intention. Priority projects would still be affiliated with the Department of Commerce. REP. S. RICE agreed.

REP. LARSON said page 2, Section 2, Subsection 2, needs to be stricken also because there is a change of emphasis. REP. STELLA JEAN HANSEN asked if this would take a 3/4 vote. REP. S. RICE said yes.

MOTION/VOTE: REP. KNOX MOVED TO TABLE HB 905. Motion Failed.

REP. LARSON said the reason to keep HB 905 alive is that HB 795 excludes parks and public buildings. This bill is an attempt to put before the Legislature this secondary project.

REP. ELLIS responded to Rep. Scott's comment that the money put in the Trust Fund was to reclaim it. He said the state is reclaiming with the money every day. He thinks the weakness of both of these bills is the fact that they go before the Legislature for a vote. He sees the small cities having problems. REP. S. RICE said there is no way to get 75 votes to spend coal tax money. REP. STELLA JEAN HANSEN said the 3/4 vote is in the Constitution. She thought it would be difficult to get

one bill through. If money is taken out of the Trust, there must be a plan to take it out. REP. PAVLOVICH said it is not coming from the General Fund. He said \$400 million is more than was anticipated. He thinks both bills should be used.

REP. LARSON said they are starting to mine coal at a faster rate.

REP. S. RICE said she would conceptualize the bills. They have a grants program for State parks, Visitor Information Centers, Historic Sites and public buildings. The money would come from new receipts to the Coal Tax Trust Fund through a bank program, Building a New Century Program. It requires a 51 percent vote to enable the legislation and a 3/4 vote for every list of projects for subsequent sessions. This bill states the DFWP does the prioritization of parks and the Department of Administration does the State governments facilities. The Department of Commerce would have to take care of the other public buildings program. She thinks the one thing they lack is a cap on the money.

REP. MCCULLOCH said why two bills were being passed out of this Committee. REP. S. RICE said one bill was an interest and principal subsidy for infrastructure projects. That is HB 795. HB 905 is narrowed down to a grant program only for state parks, public buildings and historic sites. There are two separate programs.

REP. STELLA JEAN HANSEN said she would prefer to put the money in the infrastructure. REP. S. RICE said if HB 795 is passed out of the Committee, it could be amended on the House floor.

REP. SONNY HANSON said public buildings are defined as a building owned by the public and a building that is accessed by the public. He said they should be called public owned buildings. REP. ELLIS said that also involves the university system and municipal and state buildings. REP. WALLIN said a 3/4 vote would be needed to make this work.

REP. S. RICE asked if \$5 million dollars a year of grant money would be available. REP. LARSON said there should another \$10 million. It has been said the Parks Futures Program members recommended \$6.5 million to get the park system back in shape. REP. RICE said up to \$10 million. CHAIRMAN BACHINI said he supported both bills.

REP. MCCULLOCH asked how much was appropriated for HB 795. REP. S. RICE said up to \$10 million. REP. MCCULLOCH asked how much was appropriated for HB 905. REP. RICE said up to \$10 million. REP. MCCULLOCH asked how that differed from the original proposals. CHAIRMAN BACHINI said one was to be bonded up to \$250 million in HB 905. HB 795 was up to \$450 million bonding. REP. ELLIS mentioned HB 905 would refinance some existing water projects so it could generate up to \$60 million available to bond. REP. S. RICE said they should pass this out of Committee.

REP. LARSON explained the bill with the recommended amendments. In the title lines 11 and 12, strike "providing for loans to local governments for infrastructure projects". Section 1, Subsection 2, line 13 and any other mention of "loan", strike "loans and", it will be just a grant program. Section 2, leave Subsection 1, strike the balance through Section 7. Leave Section 3, but change "loan" to "grant". They will need to take out the projects that were in HB 795. Take out A-E. Leave in public works projects. Section 4 stands in its entirety. REP. ELLIS asked what public owned buildings were included. REP. LARSON said that did include but not limit the types of buildings. He said the priorities for the buildings had to be redone. Strike Subsection 4 on page 6. Strike Sections 5 and 6. Sections 7, 8 and 9 should remain. REP. ELLIS said in Section 8 "historic sites" should be specifically inserted. REP. LARSON said strike Section 9, page 8. Strike Section 10. Section 11 would remain. Sections 12, 13 and 14 would be stricken. Sections 12-20 were stricken. Sections 21-25 would remain.

REP. CROMLEY said he would like to take out "order of priority", line 1, page 5. Use A-F. Leave out Subpart 3. REP. RICE said she could see three lists from Commerce, DFWP and Administration. They should decide if they want the Legislature to consider three lists or do they want the lists merged. Mr. Verdon said he thought the Departments should recommend their own projects.

MOTION/VOTE: REP. PAVLOVICH moved the adoption of the amendments. EXHIBIT 9. Motion carried with REPS. KNOX, STEPLER, WALLIN, HANSON, and SCOTT voting no.

MOTION/VOTE: REP. LARSON MOVED HB 905 as amended DO PASS. Motion carried with REPS. BARNETT, BENEDICT, ELLIS, HANSEN, HANSON, KNOX, SCOTT, and WALLIN voting no.

ADJOURNMENT

Adjournment: 11:45 a.m.



REP. BOB BACHINI, CHAIRMAN



JO LAHTI, SECRETARY

BB/jl

Jo

1:35
3-22-91
JDB

HOUSE STANDING COMMITTEE REPORT

March 22, 1991

Page 1 of 4

Mr. Speaker: We, the committee on Business and Economic Development report that House Bill 46 (first reading copy -- white) do pass as amended .

Signed: Bob Bachini - 2
Bob Bachini, Chairman

And, that such amendments read:

1. Title, lines 5 and 6.
Strike: "ESTABLISHING A BUSINESS REGISTRATION AND LICENSING SYSTEM;"
2. Title, line 8.
Strike: "30-16-202, AND 30-16-203,"
Insert: "AND 30-16-201,"
3. Title, lines 8 and 9.
Strike: "REPEALING SECTION 30-16-201, MCA;"
4. Title, line 9.
Following: "PROVIDING"
Insert: "AN IMMEDIATE"
Strike: "DATES"
Insert: "DATE"
5. Page 1, lines 11 through 22.
Strike: statement of intent in its entirety
6. Page 2, line 2 through page 3, line 11.
Following: "~~to~~" on page 2, line 2
Strike: the remainder of page 2, line 2 through "distributor" on page 3, line 11
Insert: "The purposes of this chapter are to:
(1) eliminate"
7. Page 3, line 14.
Strike: "(c)"
Insert: "(2)"
Strike: "streamlining"
Insert: "streamline"
Strike: "minimizing"

Insert: "minimize"

8. Page 3, line 16.
Following: "procedures;"
Strike: "and"

9. Page 3, line 17.
Strike: "(d)"
Insert: "(3)"
Strike: "distributing"
Insert: "distribute"

10. Page 3, lines 18 through 20.
Following: "licensing" on line 18
Strike: remainder of line 18 through "Montana" on line 20
Insert: "; and

(4) provide a convenient, accessible, and timely system for the business community to acquire and maintain the necessary state registrations and licenses to conduct business"

11. Page 3, line 25.
Strike: "review policies and rules adopted by the department"
Insert: "assist the department"

12. Page 4, line 11.
Strike: "and"
Following: "80"
Insert: "and Title 80,"

13. Page 4, lines 14 through 17.
Strike: subsection (4) in its entirety
Renumber: subsequent subsections

14. Page 4, line 24 through page 6, line 22.
Strike: page 4, line 24 through page 6, line 22 in their entirety
Insert: "Section 3. Section 30-16-201, MCA, is amended to read:
"30-16-201. Designation of small business licensing coordination center -- duties of center. The ~~governor shall designate an agency to~~ department of commerce shall administer a small business licensing coordination center. The small business licensing coordination center shall:

- (1) document and analyze current licensing requirements, fees, and procedures;
- (2) recommend elimination of unnecessary licensing requirements, administrative procedures, or forms or parts of forms that can be eliminated in the public interest;
- (3) recommend efficient and effective improvements in the administration and enforcement of licensing laws, including

gathering of information that facilitates the development of a permanent master license certificate;

(4) recommend revisions in the license fee structure to distribute the cost of licenses equitably and to provide financing for continuing improvements in licensing administration and enforcement;

(5) develop and upon request distribute information concerning state requirements for starting and operating a business in Montana;

(6) provide assistance to business enterprises to facilitate their compliance with state licensing requirements;

(7) maintain a supply of license and permit forms or applications for all licenses and actively assist the businessman business community in answering application questions;

(8) maintain a master list of the business types existing in the state and a corresponding list of the licenses or permits needed to operate or start that type of business;

(9) maintain a copy of the Administrative Rules of Montana in order to provide an applicant with the basic rules of any agency with regard to licensing;

(10) encourage agencies to provide informational brochures through the center, especially in the case of complex licensing procedures;

(11) maintain contact with licensing agencies in order to enable the center to assist an applicant with setting up appointments or otherwise facilitate the application process;

(12) perform other administrative tasks delegated to the center to improve state business license administration; and

(13) on January 4, 1993, present a report to the legislature containing its analysis and recommendations as required in subsections (1) through (4)."

15. Page 7, line 2.

Following: "includes"

Insert: "representatives of"

16. Page 7, line 7.

Following: "industry,"

Insert: "a representative of the public service commission, the secretary of state,"

17. Page 8, line 11 through page 9, line 4.

Strike: sections 7 through 9 in their entirety

Renumber: subsequent sections

18. Page 9, lines 5 and 6.

Strike: "(1) [Section 3] does"

Insert: "[Sections 1 through 6] do"

19. Page 9, lines 9 through 12.

Strike: subsection (2) in its entirety

20. Page 9, line 20.

Page 9, line 22.

Strike: "3"

Insert: "4"

21. Page 9, lines 23 and 24.

Strike: "dates"

Insert: "date"

Strike: "(1) [Section 3] and this section are"

Insert: "[This act] is"

22. Page 9, line 25 through page 10, line 1.

Strike: subsection (2) in its entirety

HOUSE STANDING COMMITTEE REPORT

March 27, 1991

Page 1 of 4

Mr. Speaker: We, the committee on Business and Economic Development report that House Bill 196 (first reading copy -- white) do pass as amended .

Signed: _____
Sheila Rice, Vice-Chairman

And, that such amendments read:

1. Title, line 5.

Following: "MONTANA"

Insert: "LEGISLATIVE"

Following: "COMMISSION;"

Insert: "TO EMPOWER THE COMMISSION TO STUDY THE POTENTIAL FOR ADDING VALUE TO MONTANA PRODUCTS; TO REQUIRE A REPORT TO THE 53RD LEGISLATURE; TO PROVIDE AN APPROPRIATION AND AUTHORIZATION FOR EXPENDITURE CONTINGENT ON PRIVATE CONTRIBUTIONS;"

2. Title, line 6.

Strike: "DATE"

Insert: "DATES AND A TERMINATION DATE"

3. Page 1, line 15.

Following: line 14

Insert: "NEW SECTION. Section 1. Definition. As used in [sections 1 through 3], unless the context clearly requires otherwise, "commission" means the Montana legislative value-added commission established in [section 2]."

Renumber: subsequent sections

4. Page 1, line 15.

Following: "Montana"

Insert: "legislative"

5. Page 1, lines 17 and 18.

Following: "Montana"

Insert: "legislative"

Strike: "within the department of commerce"

6. Page 1, line 19.

Strike: "10"

Insert: "15"

7. Page 1, line 20.

Strike: "nine members appointed"

Insert: "one member"

Following: "from"

Insert: "each of"

8. Page 2, line 1.

Following: "sheep;"

Insert: "and"

9. Page 2, lines 3 through 5.

Strike: subsections (vii) through (ix) in their entirety

10. Page 2, line 6.

Strike: "appointed"

Insert: "from the governor's nominees"

11. Page 2, line 7.

Strike: "."

Insert: ";

12. Page 2, line 8.

Strike: "The director of"

Insert: "one member specializing in economic development from"

13. Page 2, lines 8 through 12.

Following: "commerce" on line 8

Strike: remainder of line 8 through "commission" on line 12

Insert: "nominated by the governor;"

14. Page 2, lines 13 through page 3, line 20.

Strike: page 2, line 13 through page 3, line 20 in their entirety

Insert: "(d) two members representing and nominated by statewide labor organizations as defined in 49-2-101;

(e) one member representing and nominated by statewide environmental organizations; and

(f) four members of the legislature, including:

(i) two members of the house of representatives, including one member of each party, appointed by the speaker of the house; and

(ii) two members of the senate, including one member of each party, appointed by the president of the senate.

(3) The speaker of the house, the president of the senate, the minority leader of the house, and the minority leader of the senate shall jointly appoint the members of

the commission provided for in subsections (2)(a) through (2)(e).

(4) The commission shall identify and study principal value-added opportunities in the industries identified in subsection (2)(a) and shall develop a strategy for encouraging the development of new and expanding industries.

(5) Members of the commission shall select a chairman and a vice chairman from their membership. The commission shall meet at the call of the chairman or as a majority of the members determine.

(6) A vacancy on the commission must be filled in the same manner as the original appointment.

(7) The commission shall submit in writing to the 53rd legislature a final report with recommendations and any proposed legislation necessary to implement the recommendations.

(8) The members of the commission are entitled to compensation and reimbursement in the manner and amount provided in 5-2-302.

NEW SECTION. Section 3. Staff assistance -- commission support. (1) The legislative council shall provide staff assistance to the commission.

(2) The office of the governor, the department of administration, the department of commerce, the department of highways, the department of revenue, the public service commission, the Montana university system, and any other agency concerned with economic research and economic development shall assist and cooperate with the commission as may be required for the commission to carry out its duties.

(3) The commission may contract for services necessary to complete its duties under [section 2] within the limits of the appropriation and the expenditure authority provided in [section 4].

NEW SECTION. Section 4. Appropriation -- expenditure authority contingent on private contributions -- refund of unexpended contributions. (1) There is appropriated to the legislative council from the general fund \$10,000 to be expended as provided in subsections (2) and (3) to support the activities of the Montana legislative value-added commission during the biennium ending June 30, 1993.

(2) The legislative council may disburse the money appropriated in subsection (1) only if there is deposited in an account in the state special revenue fund to the credit of the commission before July 1, 1991:

(a) matching contributions of \$10,000 provided by each of the private sources identified in [subsections (2)(a),

(2) (d), and (2) (e) of section 2}; and

(b) cumulative private contributions totaling five times the general fund appropriation in subsection (1).

(3) Money from the general fund appropriation in subsection (1) may be expended only if accompanied by an expenditure for the same purpose five times as large from the account established in subsection (2).

(4) An unexpended and unobligated balance on July 1, 1993, in the account established in subsection (2) must be refunded to the contributors of record in amounts in direct proportion to the amounts contributed by each.

NEW SECTION. Section 5. Coordination instruction. If Senate Bill No. 164 is passed and approved and if it contains provisions including the department of highways within a department of transportation, the code commissioner is instructed to change "department of highways" in [section 3] to "department of transportation".

Renumber: subsequent section

15. Page 3, line 21.

Strike: "date"

Insert: "dates -- termination"

Strike: "[This act] is"

Insert: "(1) [Sections 1 through 3, 5, and this section] are"

16. Page 3, line 23.

Following: line 22

Insert: "(2) [Section 4] is effective July 1, 1991.

(3) Except for the provisions of [section 4(4)], [this act] terminates July 1, 1993."

HOUSE STANDING COMMITTEE REPORT

March 22, 1991

Page 1 of 3

Mr. Speaker: We, the committee on Business and Economic Development report that House Bill 795 (first reading copy -- white) do pass as amended .

Signed: _____
Bob Bachini, Chairman

And, that such amendments read:

1. Title, line 4.

Following: "ACT"

Insert: "CREATING THE MONTANA COMMUNITY INFRASTRUCTURE ACT;"

2. Title, line 11.

Following: ";"

Strike: "AND"

Insert: "APPROPRIATING MONEY IN THE SPECIAL REVENUE ACCOUNT TO THE DEPARTMENT OF COMMERCE FOR USE BY LOCAL GOVERNMENTS FOR ENGINEERING STUDIES FOR LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS;"

3. Title, lines 13 and 14.

Following: "17-5-719" on line 13

Strike: remainder of line 13 through "85-1-620" on line 14

4. Title, line 14.

Following: "MCA"

Insert: "; AND PROVIDING AN EFFECTIVE DATE"

5. Page 2, line 10.

Strike: "75%"

Insert: "50%"

6. Page 2, lines 11 and 12.

Following: "fund" on line 11

Strike: remainder of line 11 through "legislature" on line 12

7. Page 2, line 16.

Following: "fund"

Insert: "must be deposited in a special revenue account. Up to \$10 million a year"

8. Page 2, line 18.

Following: "projects"

Insert: "and bonds issued pursuant to Title 17, chapter 5, part 16, for projects approved by the legislature to receive a subsidy"

9. Page 6, line 11.

Following: "government,"

Strike: "school district,"

Insert: "or"

10. Page 6, lines 11 and 12.

Following: the second "district" on line 11

Strike: remainder of lines 11 and 12 in their entirety

11. Page 6, line 20.

Following: "(b)"

Insert: "sanitary or storm"

12. Page 6, line 21.

Following: ";

Insert: "or"

13. Page 6, line 22 through page 7, line 1.

Following: "(d)"

Strike: remainder of line 22 through "interest" on page 7, line 1

Insert: "bridges"

14. Page 7, line 10.

Following: "."

Insert: "The department may recommend either that the projects be funded through the issuance of coal severance tax bonds or that the projects be funded through bonds issued pursuant to Title 17, chapter 5, part 16, and receive a subsidy."

15. Page 8, line 9.

Following: "legislature"

Insert: "or appropriate money from the special revenue account established in 17-5-703(3) for a subsidy on projects authorized to receive the subsidy as provided in subsection (1)"

16. Page 9, line 16 through page 22, line 9.

Strike: sections 12 through 18 in their entirety

Renumber: subsequent section

17. Page 22, line 10.

Following: line 9

Insert: "NEW SECTION. Section 12. Appropriation. The money accumulated in the special revenue account created in 17-5-

March 22, 1991
Page 3 of 3

703(3) is appropriated to the department of commerce to be used for engineering studies for eligible projects under [section 7].*

Renumber: subsequent section

18. Page 22, line 15.

Following: line 14

Insert: "NEW SECTION. Section 14. Effective date. [This act] is effective July 1, 1991."

CLERICAL

House Bill No. 795

Date: 3/23

Time: 11 a.m.

Law
(Legislative Council Staff)

Business & Community
S / H Standing Committee

Bob Raskinis
(Chairman) Raskinis

S / H Committee of the Whole

(Sponsor)

In accordance with the Rules of the Montana Legislature, the following clerical errors may be corrected:

Title, line 12, following: "17-5-706,"
Insert: "AND" (style)

An objection to these corrections may be registered by the Secretary of the Senate, the Chief Clerk of the House, or the sponsor by filing the objection in writing within 24 hours after receipt of this notice.

HOUSE STANDING COMMITTEE REPORT

March 25, 1991

Page 1 of 3

Mr. Speaker: We, the committee on Business and Economic Development report that House Bill 905 (first reading copy -- white) do pass as amended.

Signed: Bob Bachini
Bob Bachini, Chairman

And, that such amendments read:

1. Title, lines 8 and 9.

Following: "FUND;" on line 8

Strike: remainder of line 8 through "BONDS;" on line 9

2. Title, lines 11 and 12.

Following: "FACILITIES;" on line 11

Strike: remainder of line 11 and line 12 through "PROJECTS;"

3. Title, line 13.

Following: "PARKS"

Insert: ", HISTORIC SITES,"

4. Title, line 14.

Strike: "SECTIONS 17-5-701, 17-5-702,"

Insert: "SECTION"

5. Title, lines 14 through 16.

Following: "17-5-703," on line 14

Strike: remainder of line 14 through "85-1-620," on line 16

6. Page 1, line 19 through page 2, line 1.

Strike: statement of intent in its entirety

7. Page 2, line 5.

Strike: "statutory appropriation --"

8. Page 2, lines 8 through 10.

Following: "fund" on line 8

Strike: remainder of line 8 through "fund," on line 10

9. Page 2, line 13.

Strike: "loans and"

10. Page 2, lines 14 and 15.

Strike: "7"
Insert: "5"

11. Page 2, lines 14 and 16.
Strike: "8"
Insert: "6"

12. Page 2, line 18.
Page 3, line 21.
Page 5, line 10.
Strike: "5"
Insert: "4"

13. Page 2, lines 18 and 19.
Strike: "":
(1)"

14. Page 2, line 22 through page 3, line 15.
Following: "projects" on page 2, line 22
Strike: remainder of line 22 through "needs" on page 3, line 15

15. Page 3, line 20.
Strike: "loan"
Insert: "grant"

16. Page 3, line 22.
Strike: "Loans"
Insert: "Grants"

17. Page 4, lines 1 through 6.
Strike: lines 1 through 5 in their entirety and line 6 through
"systems"
Insert: "(a) public buildings, as defined in 37-65-102, including
but not limited to interpretive centers and visitors' centers;
(b) areas, sites, or objects subject to the provisions
of 23-1-102"
Renumber: subsequent subsection

18. Page 4, lines 17 through 22.
Following: "projects" on line 17
Strike: remainder of line 17 through "projects" on line 22

19. Page 5, line 1.
Strike: "order of priority"

20. Page 5, line 13.
Strike: "and"

21. Page 5, lines 15 through 19.

Strike: "." on line 15, subsection (3) in its entirety, and "(a)"
on line 19

Renumber: subsequent subsections

22. Page 6, line 1 through page 7, line 5.

Strike: subsection (4) and sections 5 and 6 in their entirety

Renumber: subsequent sections

23. Page 8, line 3.

Following: "Park"

Insert: ", historic site,"

24. Page 8, line 6.

Following: "parks"

Insert: ", historic sites,"

25. Page 8, line 25 through page 10, line 22.

Strike: sections 9 and 10 in their entirety

Renumber: subsequent sections

26. Page 11, line 19 through page 25, line 9.

Strike: sections 12 through 20 in their entirety

Renumber: subsequent sections

27. Page 25, lines 14 and 17.

Strike: "6"

Insert: "4"

28. Page 25, lines 19 and 20.

Strike: "7"

Insert: "5"

29. Page 25, lines 21 and 24.

Page 26, line 12.

Strike: "8"

Insert: "6"

Exhibit 1
3-22-91
SB 369



Montana Council for Maternal and Child Health

2030 Eleventh Avenue, Suite 10 • Helena, Montana 59601 • (406) 443-1674

SUSTAINING MEMBERS

TESTIMONY FOR THE HOUSE BUSINESS COMMITTEE SB 369, TOBACCO SALES TO MINORS Date: March 22, 1991

Healthy Mothers, Healthy
Babies
The Montana Coalition

The Montana Council for Maternal and Child Health, a non-profit public policy research, education, and advocacy organization, supports SB 369.

March of Dimes,
Montana Big Sky Chapter

Teen smoking is a major health issue in maternal and child health. I am sure you are aware of the high cost to society of smoking in general. We now know that a high proportion of addicted smokers become addicted during the teen years. If we could effectively prevent the sale or other distribution of tobacco products to teens, we would be taking a major step toward a smoke-free society in the very near future. If prevention of such sales is to be effective, it must

Montana Academy of
Family Physicians

- address the "supply side" of the sale. Sophisticated tobacco marketing schemes target teen tobacco users by linking tobacco use with cartoon characters (such as the "smooth operator" camel character) and youthful, fun activities. An effective prevention law must target its sanctions against dealers, with consequences that hurt: temporary or permanent loss of the license to sell tobacco products.

Montana Chapter,
American
Academy of Pediatrics

- involve civil, rather than criminal penalties. Criminal penalties in this area are rarely enforced. In the case of tobacco sales, they tend to raise the sympathy of courts and juries. For young people, criminal penalties would overburden a juvenile justice system already unable to deal with more serious matters. Civil penalties are more readily imposed, and can be tailored to fit the offense.

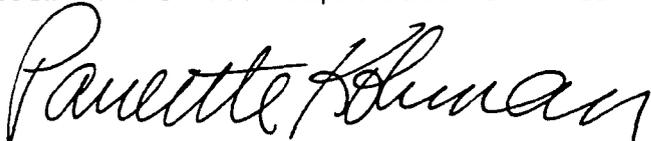
Montana Perinatal
Association

- Allow for local initiatives. Many local communities have working schemes for preventing teen use of tobacco products, and are invested in the enforcement of these schemes. A general state law which preempts local initiatives defeats its own purpose. A state law should provide a floor, not a ceiling, of standards. At the very least, a state law should grandfather existing local ordinances which do not directly conflict with the new state law.

Montana Section,
American College of
Obstetrics and Gynecology

SB 369 meets these three requirements. It also ensures that proprietors of businesses where cigarette vending machines are located are held responsible for sales from the machines.

Montana Section
Nurses Association of the
American College of
Obstetrics
and Gynecology


Paulette Kohman
Executive Director

3-22-91

SB 369

AMENDMENT TO SB 369

Amend the Title of the Bill:

p. 1, line 6, after "DISTRIBUTION" add "OF SAMPLES"

p. 1, lines 7 and 8, after "age;" strike "REQUIRING A LICENSE FOR RETAIL SALES OF TOBACCO PRODUCTS;"

p. 1, line 8, after "SIGNS;" add "PREEMPTING LOCAL GOVERNMENT REGULATIONS;"

Amend the Body of the Bill:

pp. 1 and 2, strike lines 11 through 25 on page 1 and lines 1 through 13 on page 2.

p. 2, line 18, after "sell" strike "or distribute"

p. 2, line 20, after "distribution" add "of samples"

p. 2, line 23, after "distribute" add "samples of"

p. 3, line 3, after "person." add "For the purposes of Sections 2 through 6, 'sample' means a tobacco product distributed for tobacco product promotional purposes to the general public at no or a nominal cost;"

p. 3, line 4, after Section strike "4" and substitute "3" in lieu thereof

p. 3, line 7, after "product." strike "." and add "or sample."

p. 3, lines 8 and 9, after "section" on line 8, strike "shall be fined an amount not to exceed \$50." and substitute, in lieu thereof, "may be prosecuted under the Montana Youth Court Act and be subject to a civil penalty of not more than \$100."

p. 3, line 10, after "Section" strike "5" and substitute, in lieu thereof, "4"

p. 3, line 20, after "of" add "either"

p. 3, line 22, after "by" strike "that" and substitute, in lieu thereof, "the"

p. 3, line 22, after "person" add "having such responsibility"

p. 3, line 23, after "Section" strike "6" and substitute, in lieu thereof, "5"

p. 4, line 1, after "of" add "not more than"

Ex. 2
3-22-91
SB 369

p. 4, line 2, after "sale" add "or distribution of a sample"

p. 4, line 5, after "of" add "not more than"

p. 4, line 6, after "of" add "not more than"

p. 4, line 8, after "of" add "not more than"

p. 4, line 11, after "(3)" strike "a license holder" and substitute, in lieu thereof, "An owner or manager of a retail establishment"

p. 4, lines 13 through 15, strike all matter after "of the" on lines 13 through 15 and substitute, in lieu thereof, "owner or manager and the owner and manager shows that he had in place a system to prevent violations of subsections 2 and 3."

p. 4, strike lines 16 through 25.

p. 5, strike lines 1 through 15.

p. 4, commencing on line 16, add, "New Section. Section 6. Local government preemption. A local government, including one with self-government powers, may not regulate the subjects of (Sections 1 through 5).

New Section. Section 7. Codification instruction. (Sections 1 through 6) are intended to be codified as an integral part of Title 45, Chapter 5, part 6, and the provisions of Title 45 apply to (Sections 1 through 6).

TO: House Business and Economic Development Committee
FROM: Mike Males
RE: Tobacco legislation and proposed alternative
22 March 1991

3/22/91
SB 369

SB 369 (Jacobson) should be tabled for this session in favor of the alternative student tobacco referendum approach (HB 849, Bradley) for the following reasons:

1. SB 369 represents an approach proven to be ineffective in reducing minors' use of tobacco. A law much stronger than SB 369 has been on the books in Minnesota -- the state universally agreed to have the best measures to ban minors' purchase of tobacco -- since 1961, with intensive enforcement efforts including fines of up to \$3,000 in the past five years. A comparison of Montana and Minnesota youth in 1989 shows:

	Minnesota	Montana
Percent of minors who smoke	17%	8%
Percent of adults who smoke	21%	19%
Ratio, youth:adult smoking	0.81	0.43
Percent of minors who have ever tried tobacco	66%	62%
Of those who try tobacco, percent who smoke today	32%	13%

These results are similar to the national results, which also show that Montana minors are less likely to try cigarettes, less likely to continue smoking if they do try them, and less likely to smoke today than youths nationwide -- despite the fact that Montana youths can legally buy tobacco while youths in 44 of the other 49 states cannot. Health spokespersons in Missoula -- which has a local ordinance similar to SB 369 -- have publicly complained that it is not working, and police have stated they have no resources to enforce it.

2. Passage of SB 369 would preclude the most promising method of discouraging tobacco use among minors -- personal decision and manifest peer disapproval by youths themselves -- inherent in the student tobacco referendum measure (HB 849, Bradley) approved overwhelmingly by the House. The Bradley bill would:

(1) Schedule a statewide vote by 7-12 grade students in schools, supervised by the Office of Public Instruction in October 1991, asking whether retailers should refuse to sell cigarettes or tobacco to minors.

(2) If approved, retailers would display signs stating that out of respect for wishes of Montana students, tobacco would not be sold to persons under 18 years of age.

Giving the referendum a chance to work first risks nothing and is likely to produce surprising benefits similar to the Bozeman tobacco-free schools referendum approved by 79% of the 7-12 grade students. If the referendum idea fails, SB 369's mandatory ban can always be brought back next session in compromise form that avoids the complications and deleterious effects of the current bill. Thank you for your consideration of this alternative.

Montana is one of only six states in which persons under the age of 18 may buy, possess, and smoke cigarettes on the same basis as adults. It has been suggested that legal cigarette use leads to more smoking by teenagers. Efforts have been proposed to ban minors in Montana from legal cigarette purchase as are nearly all minors nationally.

To test the theory that legality leads to more smoking, rates of smoking by Montana youth are compared to those of Montana adults and to the rates of youth who try cigarettes but do not continue to smoke, and these comparisons are contrasted with national rates. If legality leads to more smoking, we would expect to see higher absolute and net rates of cigarette initiation and continued smoking among Montana youths than is the case among youth nationally.

<u>MONTANA/NATIONAL SMOKING COMPARISONS*</u>	<u>Montana</u>	<u>U.S.</u>
Percent of high school seniors who smoke	11.0%	18.1%
Percent of adults who smoke	19.4%	28.2%
Ratio, youth:adult smoking rates	0.57	0.64
Percent of high school seniors who ever tried cigarettes (initiation)	61.0%	66.4%
Of those who ever tried cigarettes: percent who continue to smoke today	18.0%	27.3%

The results are as follows:

(1) Montana youths are 39% less likely to smoke than youths nationally and are 43% less likely to smoke than Montana adults.

(2) Smoking rates among Montana youths are 12% lower than those predicted by adult smoking rates compared to youths nationally.

(3) Montana youths are 8% less likely to try cigarettes than youths nationally. Those Montana youths who do try cigarettes are 34% less likely to continue smoking than youths nationally. More than four out of five Montana youths (82%) who try cigarettes give them up, compared to fewer than three out of four youths (73%) nationally.

These results indicate that a ban on cigarette purchases and smoking by minors does not lead to less smoking by minors and may have the opposite effect. It also indicates that Montana youths make better decisions on their own to avoid trying cigarettes and to avoid smoking than youths make if adults attempt to force them to abstain from smoking.

Mike Males
Bozeman, Montana

**Montana Adolescent Health Status*, Montana Office of Public Instruction, March, 1990; *Drug Use, Drinking, and Smoking*, National Survey Results, U.S. Department of Health and Human Services, 1989.



404 West Main, P.O. Box 520
Bozeman, Montana 59771-0520

EXHIBIT 3
3/22/91
Paula C. Butterfield SB 369
Superintendent

Phone: (406) 585-1501
Fax: (406) 585-1504

March 11, 1991

Dear Senators:

I would like to take this opportunity to urge you to vote to allow the students of Montana the opportunity to decide whether or not tobacco should be sold to minors. Although this may appear to be a risky thing to do, I believe you will be pleasantly surprised.

This winter the Board of Trustees in Bozeman, at the request of the President of the Student Government and Student Representative to the Board, allowed the students of Bozeman to vote on the issue of smoke and tobacco free schools. The vote was overwhelming (78% of the students voted for smoke and tobacco free schools), and as a result, all Bozeman Public Schools will be smoke and tobacco free as of July 1, 1991.

It would appear that our children are more aware of health and environmental issues than we were at their age. Many teachers came to me after the decision saying that they too voted to be smoke and tobacco free, but needed a program to help because they started smoking when they were young and it was the "cool" thing to do. So our children have been role models for their elders.

Let's allow the students throughout the state to lead their elders to better health.

Sincerely,

A handwritten signature in black ink that reads "Paula C. Butterfield".

Paula C. Butterfield
Superintendent
Bozeman Public Schools

PCB/kc

OUR OPINION

Put it to the right vote

Student referendum on tobacco sales ban makes a lot of sense

State Rep. Dorothy Bradley's proposed informal referendum to ban sales of tobacco to minors would not have the force of law, but its effect could be even more far reaching.

Bradley has suggested that the referendum be put to a vote — not by the general electorate — but by those who would be excluded from tobacco purchases: Montana's high school and junior high school students.

If the initiative passed, the state would issue signs stating that complying business are refraining in tobacco sales to minors at the request of the minors themselves.

But the real impact of the non-binding referendum could be much more significant. It would force a debate on the issue among those who would be affected by it. The debate would be a lesson on the importance of voter participation, and, more importantly, it would focus teens' attention on the dangers of tobacco use during the

formative years when lifetime habits are acquired.

Several proposals to ban tobacco sales to minors have been suggested, and they should be seriously considered by lawmakers. But Bradley's plan recognizes an important reality: that the effectiveness of a legal prohibition on sales to minors is questionable at best. One need only look at the ban on the sale of alcoholic beverages to minors to be convinced of this. Arrests of underage youths for possession of alcohol are frequent. And, sadly, many are the classes of high school seniors whose graduations are tainted by the tragedy of serious alcohol-related traffic accidents.

While lawmakers are frequently plagued by non-binding resolutions that do nothing but satisfy special interests, Bradley's idea would be much more than legislative window dressing and should be wholeheartedly endorsed by all lawmakers.

Ultimately, neither a legal prohibition nor the passage of the student referendum may have a substantial effect on the use of tobacco by minors. But, given the options, Bradley's idea is at least worth a try.

ARTICLE VIII

REVENUE AND FINANCE

Section 1. Tax purposes. Taxes shall be levied by general laws for public purposes.

Section 2. Tax power inalienable. The power to tax shall never be surrendered, suspended, or contracted away.

Section 3. Property tax administration. The state shall appraise, assess, and equalize the valuation of all property which is to be taxed in the manner provided by law.

Section 4. Equal valuation. All taxing jurisdictions shall use the assessed valuation of property established by the state.

Section 5. Property tax exemptions. (1) The legislature may exempt from taxation:

(a) Property of the United States, the state, counties, cities, towns, school districts, municipal corporations, and public libraries, but any private interest in such property may be taxed separately.

(b) Institutions of purely public charity, hospitals and places of burial not used or held for private or corporate profit, places for actual religious worship, and property used exclusively for educational purposes.

(c) Any other classes of property.

(2) The legislature may authorize creation of special improvement districts for capital improvements and the maintenance thereof. It may authorize the assessment of charges for such improvements and maintenance against tax exempt property directly benefited thereby.

Section 6. Highway revenue non-diversion. (1) Revenue from gross vehicle weight fees and excise and license taxes (except general sales and use taxes) on gasoline, fuel, and other energy sources used to propel vehicles on public highways shall be used as authorized by the legislature, after deduction of statutory refunds and adjustments, solely for:

(a) Payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges.

(b) Payment of county, city, and town obligations on streets, roads, and bridges.

- OVER -

(c) Enforcement of highway safety, driver education, tourist promotion, and administrative collection costs.

(2) Such revenue may be appropriated for other purposes by a three-fifths vote of the members of each house of the legislature.

Section 7. Tax appeals. The legislature shall provide independent appeal procedures for taxpayer grievances about appraisals, assessments, equalization, and taxes. The legislature shall include a review procedure at the local government unit level.

Section 8. State debt. No state debt shall be created unless authorized by a two-thirds vote of the members of each house of the legislature or a majority of the electors voting thereon. No state debt shall be created to cover deficits incurred because appropriations exceeded anticipated revenue.

Section 9. Balanced budget. Appropriations by the legislature shall not exceed anticipated revenue.

Section 10. Local government debt. The legislature shall by law limit debts of counties, cities, towns, and all other local governmental entities.

Section 11. Use of loan proceeds. All money borrowed by or on behalf of the state or any county, city, town, or other local governmental entity shall be used only for purposes specified in the authorizing law.

Section 12. Strict accountability. The legislature shall by law insure strict accountability of all revenue received and money spent by the state and counties, cities, towns, and all other local governmental entities.

Section 13. Investment of public funds. (1) The legislature shall provide for a unified investment program for public funds and provide rules therefor, including supervision of investment of surplus funds of all counties, cities, towns, and other local governmental entities. Each fund forming a part of the unified investment program shall be separately identified. Except for monies contributed to retirement funds, no public funds shall be invested in private corporate capital stock. The investment program shall be audited at least annually and a report thereof submitted to the governor and legislature.

(2) The public school fund and the permanent funds of the Montana university system and all other state institutions of learning shall be safely and conservatively invested in:

EXHIBIT 4
3/22/91
HB 879

Amend Article VIII,
Section 1 by adding the following language:

The use of tax money to aid or benefit, directly or indirectly, a private entity as part of a program duly authorized by the legislature to promote economic development within the State is a "public purpose" for purposes of this Article and shall not constitute an appropriation in violation of Article V, Section 11 of this constitution.

EXHIBIT 5

3/22/91

HB 879

~~HB 879~~

WITNESS STATEMENT

NAME George T. Bennett BILL NO. HE789

ADDRESS P. O. Box 1705, Helena MT 59624 (442-3691) DATE 3/22/91

WHOM DO YOU REPRESENT? MONTANA BANKERS ASSOCIATION

SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Attached is the testimony in OPPOSITION to HB879 of the MONTANA BANKERS ASSOCIATION.

2/1/86

TESTIMONY OF THE MONTANA BANKERS ASSOCIATION
IN OPPOSITION TO HOUSE BILL 879

House Bill 879 proposes an amendment to Article V, Section 11, Montana Constitution (see attached enlargement of pertinent language).

Passage of this bill by the Legislature necessarily carries with it an endorsement by the Legislature of the proposed Constitutional amendment. Therefore, the Legislature should take a careful look at what this bill purports to do.

This Montana Constitutional provision (ART. 5 Sec. 11) and other Constitutional provisions, contained in most other state constitutions, prohibits the use of public revenues by private persons or entities not under the control of the state. In short, the Constitution prohibits the appropriation of public funds to private entities in such a manner that the state loses control of the use and purpose of the funds.

For example, in the case of Hollow vs. State, 222 Montana 478 723 Pacific Second 227 (1986) the Montana Supreme Court held that a statute which permitted the use of public funds (monies derived from taxation) to be used to guarantee loans or bonds of private individuals or entities, either directly or through the capital reserve account, or through the economic guarantee fund, was unconstitutional not only under the subject constitutional provision, but under Article VIII, Section 1, and Article VIII, Section 13 (1). In the subsequent case of White vs. State 233 Montana 81 759 Pacific Second 971 (1988) the Montana Supreme Court examined certain statutes under the Science and Technology

Development Act and found again that such legislation violated the prohibitions against the use of public revenues by private persons not under the control of the state.

In a special concurring opinion, Justice John Sheehy (a former member of this Legislature) sets forth on page 95 some of the proposed expenditures, a copy of page 95 of the White opinion is hereunto attached.

The apparent intent of this Constitutional amendment would be to allow an appropriation if it is "for economic development" to be made to religious, charitable, industrial, educational, or benevolent organizations not under the control of the state.

In the first place, the term "for economic development" is virtually open ended. Secondly, the Montana Bankers Association does not think the Legislature should recommend a change in the Constitution to breach the wall of separation between the use of public funds by private entities not under the control of the state.

To breach this wall of separation is to allow general tax revenues raised from all taxpayers to be used for the special purposes of a select and chosen few not under the control of the state of Montana.

In addition as is pointed out, there are other Constitutional provisions which prohibit the use of public funds for private purposes.

In any event, this longstanding Constitutional prohibition against the use of public revenues for private purposes should not be changed.

WHITE V. STATE

95

233 Mont. 81

<u>RECIPIENT</u>	<u>LOCATION</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
Montana Ambassadors	Helena, MT	Proposal to U.S. West	\$50,000
Montana Ambassadors	Helena, MT	Montana Venture Capital Forum	\$ 7,500
Montana Wool Growers	Helena, MT	Transfer of Sheep Management Technology	\$50,600

Clearly, each of the foregoing commitments is the use of state monies for private purposes, because there is no provision for reimbursement nor a dollar for dollar match. However well intended the objectives may have been, these uses of state monies through private agencies clearly offend the Montana Constitution.

(5) No appropriation, except an appropriation for economic development, shall be made for religious, charitable, industrial, educational, or benevolent purposes to any private individual, private association, or private corporation not under control of the state.

(6) A law may be challenged on the ground of noncompliance with this section only within two years after its effective date."

EXHIBIT 6
DATE 3/22/91
HB 279

HOUSE OF REPRESENTATIVES

BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

DATE 3/22/91 ROLL CALL VOTE
BILL NO. HB 279 NUMBER 1

MOTION: Benedict a table
motion carries 11-7

NAME	AYE	NO
REP. JOE BARNETT	✓	
REP. STEVE BENEDICT	✓	
REP. BRENT CROMLEY		✓
REP. TIM DOWELL	✓	
REP. ALVIN ELLIS, JR.	✓	
REP. STELLA JEAN HANSEN	✓	
REP. H.S. "SONNY" HANSON	✓	
REP. TOM KILPATRICK		✓
REP. DICK KNOX	✓	
REP. DON LARSON		✓
REP. SCOTT MCCULLOCH		✓
REP. BOB PAVLOVICH		✓
REP. JOHN SCOTT		✓
REP. DON STEPPLER	✓	
REP. ROLPH TUNBY	✓	
REP. NORM WALLIN	✓	
REP. SHEILA RICE, VICE-CHAIR		✓
REP. BOB BACHINI, CHAIRMAN	✓	
TOTAL	11	7

Amendments to House Bill No. 46
First Reading Copy

Requested by Subcommittee
For the Committee on Business and Economic Development

Prepared by Paul Verdon
March 20, 1991

1. Title, lines 5 and 6.
Strike: "ESTABLISHING A BUSINESS REGISTRATION AND LICENSING SYSTEM;"
2. Title, line 8.
Strike: "30-16-202, AND 30-16-203,"
Insert: "AND 30-16-201,"
3. Title, lines 8 and 9.
Strike: "REPEALING SECTION 30-16-201, MCA;"
4. Title, line 9.
Following: "PROVIDING"
Insert: "AN IMMEDIATE"
Strike: "DATES"
Insert: "DATE"
5. Page 1, lines 11 through 22.
Strike: statement of intent in its entirety
6. Page 2, line 2 through page 3, line 11.
Following: "to+" on page 2, line 2
Strike: the remainder of page 2, line 2 through "distributor" on page 3, line 11
Insert: "The purposes of this chapter are to:
(1) eliminate"
7. Page 3, line 14.
Strike: "(c)"
Insert: "(2)"
Strike: "streamlining"
Insert: "streamline"
Strike: "minimizing"
Insert: "minimize"
8. Page 3, line 16.
Following: "procedures;"
Strike: "and"
9. Page 3, line 17.
Strike: "(d)"
Insert: "(3)"
Strike: "distributing"
Insert: "distribute"
10. Page 3, lines 18 through 20.

Ex. 7

3/22/91

HB 46

Following: "licensing" on line 18

Strike: remainder of line 18 through "Montana" on line 20

Insert: "; and

(4) provide a convenient, accessible, and timely system for the business community to acquire and maintain the necessary state registrations and licenses to conduct business"

11. Page 3, line 25.

Strike: "review policies and rules adopted by the department"

Insert: "assist the department"

12. Page 4, line 11.

Strike: "and"

Following: "80"

Insert: "and Title 80,"

13. Page 4, lines 14 through 17.

Strike: subsection (4) in its entirety

Renumber: subsequent subsections

14. Page 4, line 24 through page 6, line 22.

Strike: page 4, line 24 through page 6, line 22 in their entirety

Insert: "Section 3. Section 30-16-201, MCA, is amended to read:

"30-16-201. Designation of small business licensing coordination center -- duties of center. ~~The governor shall designate an agency to~~ department of commerce shall administer a small business licensing coordination center. The small business licensing coordination center shall:

(1) document and analyze current licensing requirements, fees, and procedures;

(2) recommend elimination of unnecessary licensing requirements, administrative procedures, or forms or parts of forms that can be eliminated in the public interest;

(3) recommend efficient and effective improvements in the administration and enforcement of licensing laws, including gathering of information that facilitates the development of a permanent master license certificate;

(4) recommend revisions in the license fee structure to distribute the cost of licenses equitably and to provide financing for continuing improvements in licensing administration and enforcement;

(5) develop and upon request distribute information concerning state requirements for starting and operating a business in Montana;

(6) provide assistance to business enterprises to facilitate their compliance with state licensing requirements;

(7) maintain a supply of license and permit forms or applications for all licenses and actively assist the ~~businessman~~ business community in answering application questions;

(8) maintain a master list of the business types existing in the state and a corresponding list of the licenses or permits needed to operate or start that type of business;

(9) maintain a copy of the Administrative Rules of Montana in order to provide an applicant with the basic rules of any

agency with regard to licensing;

(10) encourage agencies to provide informational brochures through the center, especially in the case of complex licensing procedures;

(11) maintain contact with licensing agencies in order to enable the center to assist an applicant with setting up appointments or otherwise facilitate the application process;

(12) perform other administrative tasks delegated to the center to improve state business license administration; and

(13) on January 4, 1993, present a report to the legislature containing its analysis and recommendations as required in subsections (1) through (4)."

15. Page 7, line 2.

Following: "includes"

Insert: "representatives of"

16. Page 7, line 7.

Following: "industry,"

Insert: "a representative of the public service commission, the secretary of state,"

17. Page 8, line 11 through page 9, line 4.

Strike: sections 7 through 9 in their entirety

Renumber: subsequent sections

18. Page 9, lines 5 and 6.

Strike: "(1) [Section 3] does"

Insert: "[Sections 1 through 6] do"

19. Page 9, lines 9 through 12.

Strike: subsection (2) in its entirety

20. Page 9, line 20.

Page 9, line 22.

Strike: "3"

Insert: "4"

21. Page 9, lines 23 and 24.

Strike: "dates"

Insert: "date"

Strike: "(1) [Section 3] and this section are"

Insert: "[This act] is"

22. Page 9, line 25 through page 10, line 1.

Strike: subsection (2) in its entirety

Amendments to House Bill No. 196
First Reading Copy

For the Committee on Business and Economic Development

Prepared by Paul Verdon
March 25, 1991

1. Title, line 5.
Following: "MONTANA"
Insert: "LEGISLATIVE"
Following: "COMMISSION;"
Insert: "TO EMPOWER THE COMMISSION TO STUDY THE POTENTIAL FOR
ADDING VALUE TO MONTANA PRODUCTS; TO REQUIRE A REPORT TO THE
53RD LEGISLATURE; TO PROVIDE AN APPROPRIATION AND
AUTHORIZATION FOR EXPENDITURE CONTINGENT ON PRIVATE
CONTRIBUTIONS;"

2. Title, line 6.
Strike: "DATE"
Insert: "DATES AND A TERMINATION DATE"

3. Page 1, line 15.
Following: line 14
Insert: "NEW SECTION. Section 1. Definition. As used in
[sections 1 through 3], unless the context clearly requires
otherwise, "commission" means the Montana legislative value-
added commission established in [section 2]."
Renumber: subsequent sections

4. Page 1, line 15.
Following: "Montana"
Insert: "legislative"

5. Page 1, lines 17 and 18.
Following: "Montana"
Insert: "legislative"
Strike: "within the department of commerce"

6. Page 1, line 19.
Strike: "10"
Insert: "15"

7. Page 1, line 20.
Strike: "nine members appointed"
Insert: "one member"
Following: "from"
Insert: "each of"

8. Page 2, line 1.
Following: "sheep;"
Insert: "and"

EX. 8
3/22/91
HB 196

9. Page 2, lines 3 through 5.

Strike: subsections (vii) through (ix) in their entirety

10. Page 2, line 6.

Strike: "appointed"

Insert: "from the governor's nominees"

11. Page 2, line 7.

Strike: "."

Insert: ";"

12. Page 2, line 8.

Strike: "The director of"

Insert: "one member specializing in economic development from"

13. Page 2, lines 8 through 12.

Following: "commerce" on line 8

Strike: remainder of line 8 through "commission" on line 12

Insert: "nominated by the governor;"

14. Page 2, lines 13 through page 3, line 20.

Strike: page 2, line 13 through page 3, line 20 in their entirety

Insert: "(d) two members representing and nominated by statewide labor organizations as defined in 49-2-101;

(e) one member representing and nominated by statewide environmental organizations; and

(f) four members of the legislature, including:

(i) two members of the house of representatives, including one member of each party, appointed by the speaker of the house; and

(ii) two members of the senate, including one member of each party, appointed by the president of the senate.

(3) The speaker of the house, the president of the senate, the minority leader of the house, and the minority leader of the senate shall jointly appoint the members of the commission provided for in subsections (2)(a) through (2)(e).

(4) The commission shall identify and study principal value-added opportunities in the industries identified in subsection (2)(a) and shall develop a strategy for encouraging the development of new and expanding industries.

(5) Members of the commission shall select a chairman and a vice chairman from their membership. The commission shall meet at the call of the chairman or as a majority of the members determine.

(6) A vacancy on the commission must be filled in the same manner as the original appointment.

(7) The commission shall submit in writing to the 53rd legislature a final report with recommendations and any proposed legislation necessary to implement the recommendations.

(8) The members of the commission are entitled to compensation and reimbursement in the manner and amount provided in 5-2-302.

NEW SECTION. Section 3. Staff assistance -- commission support. (1) The legislative council shall provide staff assistance to the commission.

(2) The office of the governor, the department of administration, the department of commerce, the department of highways, the department of revenue, the public service commission, the Montana university system, and any other agency concerned with economic research and economic development shall assist and cooperate with the commission as may be required for the commission to carry out its duties.

(3) The commission may contract for services necessary to complete its duties under [section 2] within the limits of the appropriation and the expenditure authority provided in [section 4].

NEW SECTION. Section 4. Appropriation -- expenditure authority contingent on private contributions -- refund of unexpended contributions. (1) There is appropriated to the legislative council from the general fund \$10,000 to be expended as provided in subsections (2) and (3) to support the activities of the Montana legislative value-added commission during the biennium ending June 30, 1993.

(2) The legislative council may disburse the money appropriated in subsection (1) only if there is deposited in an account in the state special revenue fund to the credit of the commission before July 1, 1991:

(a) matching contributions of \$10,000 provided by each of the private sources identified in [subsections (2)(a), (2)(d), and (2)(e) of section 2]; and

(b) cumulative private contributions totaling five times the general fund appropriation in subsection (1).

(3) Money from the general fund appropriation in subsection (1) may be expended only if accompanied by an expenditure for the same purpose five times as large from the account established in subsection (2).

(4) An unexpended and unobligated balance on July 1, 1993, in the account established in subsection (2) must be refunded to the contributors of record in amounts in direct proportion to the amounts contributed by each.

NEW SECTION. Section 5. Coordination instruction. If Senate Bill No. 164 is passed and approved and if it contains provisions including the department of highways within a department of transportation, the code commissioner is instructed to change "department of highways" in [section 3] to "department of transportation".

Renumber: subsequent section

- 15. Page 3, line 21.
- Strike: "date"
- Insert: "dates -- termination"
- Strike: "[This act] is"
- Insert: "(1) [Sections 1 through 3, 5, and this section] are"

Ex. 8

3/22/91

HB 196

16. Page 3, line 23.

Following: line 22

Insert: "(2) [Section 4] is effective July 1, 1991.

(3) Except for the provisions of [section 4(4)], [this act] terminates July 1, 1993."

Amendments to House Bill No. 795
First Reading Copy

For the Committee on Business and Economic Development

Prepared by Paul Verdon
March 22, 1991.

1. Title, line 4.

Following: "ACT"

Insert: "CREATING THE MONTANA COMMUNITY INFRASTRUCTURE ACT;"

2. Title, line 11.

Following: ";"

Strike: "AND"

Insert: "APPROPRIATING MONEY IN THE SPECIAL REVENUE ACCOUNT TO
THE DEPARTMENT OF COMMERCE FOR USE BY LOCAL GOVERNMENTS FOR
ENGINEERING STUDIES FOR LOCAL GOVERNMENT INFRASTRUCTURE
PROJECTS;"

3. Title, lines 13 and 14.

Following: "17-5-719" on line 13

Strike: remainder of line 13 through "85-1-620" on line 14

4. Title, line 14.

Following: "MCA"

Insert: "; AND PROVIDING AN EFFECTIVE DATE"

5. Page 2, line 10.

Strike: "75%"

Insert: "50%"

6. Page 2, lines 11 and 12.

Following: "fund" on line 11

Strike: remainder of line 11 through "legislature" on line 12

7. Page 2, line 16.

Following: "fund"

Insert: "must be deposited in a special revenue account. Up to
\$10 million a year"

8. Page 2, line 18.

Following: "projects"

Insert: "and bonds issued pursuant to Title 17, chapter 5, part
16, for projects approved by the legislature to receive a
subsidy"

9. Page 6, line 11.

Following: "government,"

Strike: "school district,"

Insert: "or"

10. Page 6, lines 11 and 12.

Following: the second "district" on line 11

Strike: remainder of lines 11 and 12 in their entirety

Ex. 9

3/22/91

HB 795

11. Page 6, line 20.

Following: "(b)"

Insert: "sanitary or storm"

12. Page 6, line 21.

Following: " ; "

Insert: "or"

13. Page 6, line 22 through page 7, line 1.

Following: "(d)"

Strike: remainder of line 22 through "interest" on page 7, line 1

Insert: "bridges"

14. Page 7, line 10.

Following: "."

Insert: "The department may recommend either that the projects be funded through the issuance of coal severance tax bonds or that the projects be funded through bonds issued pursuant to Title 17, chapter 5, part 16, and receive a subsidy."

15. Page 8, line 9.

Following: "legislature"

Insert: "or appropriate money from the special revenue account established in 17-5-703(3) for a subsidy on projects authorized to receive the subsidy as provided in subsection (1)"

16. Page 9, line 16 through page 22, line 9.

Strike: sections 12 through 18 in their entirety

Renumber: subsequent section

17. Page 22, line 10.

Following: line 9

Insert: "NEW SECTION. **Section 12. Appropriation.** The money accumulated in the special revenue account created in 17-5-703(3) is appropriated to the department of commerce to be used for engineering studies for eligible projects under [section 7]."

Renumber: subsequent section

18. Page 22, line 15.

Following: line 14

Insert: "NEW SECTION. **Section 14. Effective date.** [This act] is effective July 1, 1991."

HOUSE OF REPRESENTATIVES

BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

ROLL CALL VOTE

DATE _____ BILL NO. 749 205 NUMBER 1

MOTION: _____

HR 205 on amended

Motion carried

NAME	AYE	NO
REP. JOE BARNETT		✓
REP. STEVE BENEDICT		✓
REP. BRENT CROMLEY	✓	
REP. TIM DOWELL	✓	
REP. ALVIN ELLIS, JR.		✓
REP. STELLA JEAN HANSEN		✓
REP. H.S. "SONNY" HANSON		✓
REP. TOM KILPATRICK	✓	
REP. DICK KNOX		✓
REP. DON LARSON	✓	
REP. SCOTT MCCULLOCH	✓	
REP. BOB PAVLOVICH	✓	
REP. JOHN SCOTT		✓
REP. DON STEPPLER	✓	
REP. ROLPH TUNBY	✓	
REP. NORM WALLIN		✓
REP. SHEILA RICE, VICE-CHAIR	✓	
REP. BOB BACHINI, CHAIRMAN	✓	
TOTAL	<u>10</u>	<u>1</u>

**HOUSE OF REPRESENTATIVES
VISITOR REGISTER**

BUSINESS & ECONOMIC DEVELOPMENT COMMITTEE

BILL NO. SB 369

DATE MARCH 22 SPONSOR(S) SEN. J. JACOBSON

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Charles R. Brooks	MT. RETN. ASSOCIATION		✓
MIKE MALES	SELF - BOZEMAN		✓
JEROME ANDERSON	TOBACCO INSTITUTE	✓ if amended	
Jerry Loendorf	MT Medical ASSN	✓	
GENE PHILLIPS	SMOKELESS TOBACCO INST	X if amended	
E.P. & CAROL EKEGVEN			

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

