

MINUTES

**MONTANA SENATE
52nd LEGISLATURE - 1st SPECIAL SESSION**

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Chair Judy Jacobson, on January 14, 1992, at 10:15 a.m.

ROLL CALL

Members Present:

Judy Jacobson, Chairman (D)
Greg Jergeson, Vice Chairman (D)
Gary Aklestad (R)
Esther Bengtson (D)
Don Bianchi (D)
Gerry Devlin (R)
Eve Franklin (D)
Harry Fritz (D)
H.W. Hammond (R)
Ethel Harding (R)
Bob Hockett (D)
Thomas Keating (R)
Dennis Nathe (R)
Lawrence Stimatz (D)
Larry Tveit (R)
Eleanor Vaughn (D)
Mignon Waterman (D)
Cecil Weeding (D)

Members Excused: Senator Thomas Beck (R)

Staff Present: Jim Haubein(LFA)

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

Announcements/Discussion: NONE.

HEARING ON HOUSE BILL 6

Presentation and Opening Statement by Sponsor:

Representative Bob Thoft told the Committee House Bill 6 transfers \$430,000 from three accounts administered by the Department of Justice.

Proponents' Testimony:

Mick Robinson with the Department of Justice told the Committee there were no appropriations for this biennium. The large account balance addressed in Section 1 of the bill (an extra \$50 DUI reinstatement fee) is being deposited into state special revenue fund and for this biennium there is no appropriation. At the end of the biennium Section 1 is eliminated and the funds will go back to original wording for the next biennium.

Gordon Morris, Executive Director of Montana Association of Counties told the Committee the association supports this because it is not a revenue loss, it is delayed implementation of a program which will be back in 1993.

Opponents' Testimony:

Representative Dave Brown stated this was a change in the statute. Those monies were changed in order for them to be returned to local government for enhancement of drug and alcohol education.

Questions From Committee Members:

Senator Waterman stated she has concerns that the money would be transferred permanently.

Closing by Sponsor:

Representative Thoft explained he shares Senator Waterman's concerns.

HEARING ON HOUSE BILL 9

Presentation and Opening Statement by Sponsor:

Representative Thoft told the Committee House Bill 9 transfers funds to the general fund from the Secretary of State. The two transfers were authorized by the Secretary of State and the act terminates at the end of the biennium.

Proponents' Testimony:

NONE.

Opponents' Testimony:

NONE.

Questions From Committee Members:

NONE.

Closing by Sponsor:

Representative Thoft chose not to close.

HEARING ON HOUSE BILL 10Presentation and Opening Statement by Sponsor:

Representative Bob Thoft told the Committee HB 10 directs 12% of the coal severance tax (\$4,572,000) from the Department of Transportation to the General Fund in FY 93 only. This will have no effect on planned construction projects during the biennium. The recent Federal Transportation Act increased federal funds for Montana but also decreased the state match required from 19 to 17%. The 2 month congressional delay in approving that Act caused a delay in bidding projects in the state. He explained there had been a good deal of discussion on the bill. This transfer equals about one cent gas tax but is for just one year therefore there will not be permanent gas tax loss. Because the account is being drawn down at approximately \$30 million a year there may be a need for a gas tax increase but it would not be related to this transfer.

Proponents' Testimony:

NONE.

Opponents' Testimony:

NONE.

Questions From Committee Members:

Senator Waterman asked Representative Thoft if there was going to be a \$4.5 million transfer out of this account into the general fund. In 1993 the gas taxes will be raised \$3 to \$5 million because the account is being depleted. Representative Thoft told the Committee that was correct.

Senator Weeding asked Bill Salisbury what the projected cash balance would be in the highway trust fund if HB 10 passes. Mr. Bill Salisbury told the Committee HB 10 is through FY 92 and the ending fund balance with this out would be approximately \$65 million. He explained the problem would be if this continued on and was not put back in July 1, 1993 (FY 94). The deficit would widen over the years.

Senator Jacobson commented the diverting would be for just one year and then terminating. Mr. Salisbury said that was correct.

Senator Aklestad asked Representative Thoft if the \$4.5 million was equivalent to 2% reduction match. He asked what the 2% reduction amounted to. He explained on the fiscal note it

states there was a 17% match which is a reduction from a 19% match. Mr. Salisbury explained the minimum state match would be 13% if the state gets a "sweetener" (federal program pays 87 to 13 match). He told the Committee currently the match is 81 to 19. Between the 19 and 13 is about \$6 million per year.

Senator Aklestad asked Mr. Salisbury where the \$4.5 million comes from. Mr. Salisbury explained the \$4.5 million in coal fund goes into the reconstruction trust fund which is 100% state funded program. The change in the match happens in the federal aid program. There is a correlation only when the two accounts are combined. There are approximately a \$6 million difference in the match ratios in the federal aid program which is less money that needs to be put into the reconstruction trust fund.

Senator Aklestad asked Mr. Salisbury if the \$4.5 million does not have to be replaced and is just transferred. Mr. Salisbury told the Committee that was correct. The fund balance gets drawn down by \$4.5 million faster.

Senator Weeding asked Mr. Salisbury if, in effect, the general government was not being run out of the highway fund with the highway department running off bonds. Mr. Salisbury told the Committee the bonds proceeds are used up now as of last April. The highway earmarked revenue account is being run down at approximately \$30 million per year.

Senator Hockett asked Mr. Salisbury if in the past there were federal funds available because the state had match money. Mr. Salisbury said that was correct.

Senator Hockett asked if this transfer would have any effect on that. He explained it appears the highway department was going to "run out of money" in two or three years. Mr. Salisbury stated that for two sessions in a row there has been more expenditures than revenue in the highway account. He explained the revenue increase will need to be addressed in the 1993 session. He stated this would not affect the ability to match the federal funds in FY 92 as there is still an adequate cash balance.

Senator Jergeson asked of Jane Hamman of the Governor's Budget Office if the Budget Office agrees with the director of highway department who has suggested that next session there will be a need to look at a motor fuels tax increase from three to five cents. Ms. Hamman told the Committee the Fiscal Analyst Office, the Budget Office, and the Department of Transportation has been saying for the last two sessions was "it looks like we probably are going to have to have some adjustment in the 93 session". She explained everyone has agreed during the last two sessions but knew there could no definitive action taken or make any accurate analysis of the situation until the new federal transportation act was passed.

Senator Jacobson asked Representative Thoft is HB 10 is going to divert \$4.5 million for one year only and this cannot be equated to a one percent increase unless it is ongoing. Representative Thoft told the Committee that was correct.

Senator Jacobson asked Representative Thoft if whether or not this transfer takes place there is still is a need to look at a gas tax increase in the next session. Representative Thoft stated that was correct and that has nothing to do with HB 10.

Closing by Sponsor:

Representative Thoft chose not to close.

HEARING ON HOUSE BILL 12

Presentation and Opening Statement by Sponsor:

Representative Mary Ellen Connelly told the Committee House Bill 12 was a committee bill from Long Range Planning. She stated HB 12 provides certain grants that were made under the water development program, or the renewal resource development program, or the reclamation and development grants program are not re-authorized. These had either terminated contracts, expired, etc. These grants had been authorized in 1987 which had been adequate time for program.

Proponents' Testimony:

NONE.

Opponents' Testimony:

NONE.

Questions From Committee Members:

Senator Fritz asked if this is reflected in the LFA account of fund balance transfers. Jim Haubein explained this is in House Bill 2. There is a funding switch within that bill.

Senator Bianchi asked the percentage reduction from DNRC includes this. Jim Haubein explained this would be a funding switch in that budget and is reflected in the figures.

Closing by Sponsor:

Representative Connelly chose not to close.

HEARING ON HOUSE BILL 13

Presentation and Opening Statement by Sponsor:

Representative Connelly told the Committee House Bill 13 is diverting to the Montana Arts Council for operating expenses a portion of the coal severance tax which now goes to the non-expendable trust fund for one year.

Proponents' Testimony:

David Nelson, Executive Director of the Montana Arts Council told the Committee this transfer would be for one year and would be used to operate on the income from this trust. He explained they have been assured of protection by all involved and those who drafted the bill.

Opponents' Testimony:

NONE.

Questions From Committee Members:

NONE.

Closing by Sponsor:

Representative Connelly cautioned the Committee not to change this as the intent was for one year only.

HEARING ON HOUSE BILL 17**Presentation and Opening Statement by Sponsor:**

Representative Dave Brown told the Committee there was a left over amount of funds in the gambling control section which would be transferred to the general fund.

Proponents' Testimony:

NONE.

Opponents' Testimony:

Mick Robinson of the Department of Justice told the Committee he recommended an amendment which would change the word "cash" to "fund". He explained there could be from \$1 million to \$190,000 in operating cash in the fund. This revenue is distributed back to cities and counties after June 30. He explained the opposition of the Department because the appropriation was decreased.

Questions From Committee Members:

Senator Jacobson asked Representative Brown if there is a fund balance at the end of the year does it stay in there.

Representative Brown stated it stays in there.

Senator Jacobson asked if there is a fund balance at the end of this biennium the fund balance will be transferred for this year only. Representative Brown stated that was correct. He commented the change of the word "cash" to "fund".

Senator Keating asked if the fiscal note was based on the fund balance or the cash balance. Mr. Haubein answered it is based on the fund balance.

Senator Waterman asked what was paid out of this account. Mr. Robinson explained the entire operation of the gambling control division is being paid out of the account and during this biennium approximately \$500,000 of the legal services division of the Department of Justice.

Senator Harding asked if monies which would revert back to cities and counties what is the breakdown. Representative Brown explained the only monies being reverted are those monies left after all the cities and counties distribution and other operating costs.

Senator Fritz asked if this money is listed in the LFA summaries. Mr. Haubein told the Committee this has been carried as an unknown amount of money. This is not reflected in the figures because it is not known what will be remaining. There has not been an analysis done on it. The \$190,000 is the best projection.

Closing by Sponsor:

Representative Brown asked to make it clear this money is only being taken once. He spoke to the Justice Department's objection saying it is no different than any other attempt to balance the budget by taking ending fund balances in other agencies.

HEARING ON HOUSE BILL 18

Presentation and Opening Statement by Sponsor:

Representative Dave Wanzenried told the Committee House Bill 18 is to cap the science and technology account for the biennium only.

Proponents' Testimony:

NONE.

Opponents' Testimony:

NONE.

Questions From Committee Members:

Senator Waterman asked if the \$450,000 is collected and it is not reverted to the general fund what happens to it. Mr. Carl Russell, Executive Director of the Science and Technology Alliance told the Committee presently the account stays as it is and moves from biennium to biennium. There is a regular stated appropriation made for that account.

Senator Waterman asked if the next Legislature would appropriate it out the to general fund. Mr. Russell explained traditionally what has happened is the account was set up in the 1989 session. There was one seat capital deal which had transpired prior to the Waite Supreme Case. This was refinanced with the new money from the coal trust. As part of that refinancing a one-time (approximately \$130,000) came back. That is where the money has come from essentially to fund this account.

Senator Waterman asked what his proposal would be in 1993 if the \$450,000 stayed in the account. Mr. Russell told the Committee it would be used to implement the science plan.

Senator Jacobson stated the account is presently over \$19,000 not \$450,000.

Closing by Sponsor:

Representative Wanzenried explained the second section is language which Greg Petesch has asked be included in the bill.

HEARING ON SENATE BILL 4**Presentation and Opening Statement by Sponsor:**

Senator Gary Aklestad told the Committee Senate Bill 4 pertains to supplementals. He expressed the concern that supplementals are being included in the budgetary process. He explained the supplemental appropriation in similar category as the budget amendment. It would require the executive branch, for example, to come before the Senate and House Finance Committees for approval. The Committee could either recommend or reject the supplemental.

Proponents' Testimony:

NONE.

Opponents' Testimony:

NONE.

Questions From Committee Members:

Senator Keating asked Senator Aklestad to explain his statements about supplementals being taking money from the second year and being it in the first year. He asked about entitlements. Senator Aklestad explained he looks at entitlements as budget amendments. He stated SB 4 would not deal with entitlements. It would be dealing with supplementals where there is a need for transfers from one year to the other, and in most cases those are general fund monies.

Senator Keating asked Senator Aklestad about the supplementals which are usually appropriated in the last half of the second year of the biennium are usually unappropriated spending because they are entitlements and the departments by federal direction have to make those expenditures. Senator Aklestad explained if that scenario is correct when each department comes before the Senate and House Finance Committee the Committee would agree this is a justifiable supplemental because it is pertaining to entitlements.

Senator Jacobson explained she had spoken with Senator Aklestad and had encouraged the Senator to draft the legislation.

Senator Keating explained he only asked the questions to emphasize the need for the Committee to be notified in advance about expenditures over which they had no control and should be aware of.

Senator Bianchi asked Senator Aklestad if at the present time the Finance and Claims Committee does not see any supplementals and the Governor approves or disapproves them. Senator Aklestad said there is no statutory mandate that supplementals come before the Finance Committee, budget amendments do go before the Finance Committee. He explained Senate Bill 4 would mandate the department come before the Committee with supplementals.

Senator Bianchi asked if the Governor still has the final say. Senator Aklestad explained that was correct. He explained that is why he emphasized the court case which was brought against the Finance Committee. At that time they had ultimate authority. This authority was taken away from the Committee.

Closing by Sponsor:

Senator Aklestad closed on Senate Bill 4. He explained much of the bill addresses the timing. He stated he believed it to be important legislation given the budget problems because it would be good fiscal management.

EXECUTIVE ACTION ON SENATE BILL 4

Motion:

Senator Nathe moved Senate Bill 4 DO PASS.

Discussion:

None.

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

Motion CARRIED UNANIMOUSLY. Senate Bill 4 DO PASS.

EXECUTIVE ACTION ON HOUSE BILL 6

Motion:

Senator Keating House Bill 6 BE CONCURRED IN.

Discussion:

None.

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

Motion House Bill 6 BE CONCURRED IN CARRIED with one (1) NO vote (Senator Waterman).

EXECUTIVE ACTION ON HOUSE BILL 9

Motion:

Senator Keating moved House Bill 9 BE CONCURRED IN.

Discussion:

None.

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

Motion to BE CONCURRED IN CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HOUSE BILL 10

Motion:

Senator Keating moved House Bill 10 BE CONCURRED IN.

Discussion:

NONE.

Amendments, Discussion, and Votes:

NONE.

Recommendation and Vote:

Motion CARRIED with Roll Call Vote. Three (3) NAY (Senator Hockett, Senator Waterman, and Senator Weeding); Fifteen (15) YEA (Senator Jacobson, Senator Jergeson, Senator Aklestad, Senator Bengtson, Senator Bianchi, Senator Devlin, Senator Franklin, Senator Fritz, Senator Hammond, Senator Harding, Senator Keating, Senator Nathe, Senator Stimatz, Senator Tveit, and Senator Vaughn).

EXECUTIVE ACTION ON HOUSE BILL 12

Motion:

Senator Keating moved House Bill 12 BE CONCURRED IN.

Discussion:

None.

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

Motion CARRIED with one (1) NAY (Senator Franklin).

EXECUTIVE ACTION ON HOUSE BILL 13

Motion:

Senator Hockett moved House Bill 13 BE CONCURRED IN.

Discussion:

None.

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

Motion CARRIED with one (1) NAY (Senator Fritz).

EXECUTIVE ACTION ON HOUSE BILL 17

Amendments, Discussion, and Votes:

Senator Keating moved to change the word "cash" to "fund" through out House Bill 17.

Motion to adopt amendment CARRIED UNANIMOUSLY.

Motion:

Senator Keating moved House Bill 17 BE CONCURRED IN AS AMENDED.

Recommendation and Vote:

Motion CARRIED with two (2) NAY (Senator Waterman, Senator Weeding).

EXECUTIVE ACTION ON HOUSE BILL 18

Motion:

Senator Keating moved House Bill 18 BE CONCURRED IN.

Discussion:

None.

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

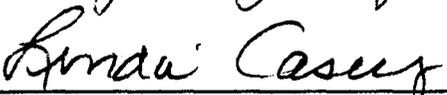
Motion to CARRIED with three (3) NAY (Senator Waterman, Senator Weeding, and Senator Fritz).

ADJOURNMENT

Adjournment At: 11:27 a.m.



SENATOR JUDY JACOBSON, Chairman



LINDA CASEY, Secretary

JJ/11c

ROLL CALL

FINANCE AND CLAIMS

COMMITTEE

DATE

1/14/92

SPECIAL

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON	X		
SENATOR JERGESON	X		
SENATOR AKLESTAD	X		
SENATOR BECK			X
SENATOR BENGTON	X		
SENATOR BIANCHI	X		
SENATOR DEVLIN	X		
SENATOR FRANKLIN	X		
SENATOR FRITZ	X		
SENATOR HAMMOND	X		
SENATOR HARDING	X		
SENATOR HOCKETT	X		
SENATOR KEATING	X		
SENATOR NATHE	X		
SENATOR STIMATZ	X		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 14, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 6 (third reading copy -- blue), respectfully report that House Bill No. 6 be concurred in.

Signed: _____

Judy H. Jacobson
Judy H. Jacobson, Chair

Jan 1-14-92
Ad. Coord.

SR 1-14-92
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 14, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 9 (third reading copy -- blue), respectfully report that House Bill No. 9 be concurred in.

Signed: Judy H. Jacobson
Judy H. Jacobson, Chair

MM 1-14-92
Ad. Coord.

SPS 1-14-92
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 14, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 10 (third reading copy -- blue), respectfully report that House Bill No. 10 be concurred in.

Signed: Judy H. Jacobson
Judy H. Jacobson, Chair

JH 1-14-92
Asst. Coord.

SB 1-14-92
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 14, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 12 (third reading copy -- blue), respectfully report that House Bill No. 12 be concurred in.

Signed: Judy H. Jacobson
Judy H. Jacobson, Chair

JAM 1-14-92
And. Coord.

SR 1-14-92
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 14, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 13 (third reading copy -- blue), respectfully report that House Bill No. 13 be concurred in.

Signed:

Judy H. Jacobson
Judy H. Jacobson, Chair

JJA 1-14-92
Ad. Coord.

SR 1-14-92
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 14, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 17 (third reading copy -- blue), respectfully report that House Bill No. 17 be amended and as so amended be concurred in:

1. Title, line 5.
Following: "Remaining"
Strike: "Cash"
Insert: "Fund"

2. Page 2, line 22..
Following: "Remaining"
Strike: "Cash"
Insert: "Fund"

Signed: Judy H. Jacobson

Judy H. Jacobson, Chair

JM 1-14-92
Asst. Coord.

Sec. of Senate

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SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 14, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 18 (third reading copy -- blue), respectfully report that House Bill No. 18 be concurred in.

Signed:

Judy H. Jacobson
Judy H. Jacobson, Chair

M *1-19-92*
Ad. Coord.

SM 1-14-92
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 14, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration Senate Bill No. 4 (first reading copy -- white), respectfully report that Senate Bill No. 4 do pass.

Signed:

Judy H. Jacobson

Judy H. Jacobson, Chair

JAL 1-14-92

Asst. Coord.

SRB 1-14-92

Sec. of Senate

ROLL CALL VOTE

SENATE COMMITTEE FINANCE & CLAIMS

Date 11/14/92 HB Bill No. 10 Time 10:17 AM

NAME	YES	NO
SENATOR JACOBSON	X	
SENATOR JERGSON	X	
SENATOR AKLESTAD	X	
SENATOR BECK		
SENATOR BENGTON	X	
SENATOR BIANCHI	X	
SENATOR DEVLIN	X	
SENATOR FRANKLIN	X	
SENATOR FRITZ	X	
SENATOR HAMMOND	X	
SENATOR HARDING	X	
SENATOR HOCKETT		X

Linda Casey
Secretary

Judy Jacobson
Chairman

Motion: HB 10 Concurred In.

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date _____ Bill No. _____ Time _____

NAME	YES	NO
SENATOR KEATING	X	
SENATOR NATHE	X	
SENATOR STIMATZ	X	
SENATOR TVEIT	X	
SENATOR VAUGHN	X	
SENATOR WATERMAN		X
SENATOR WEEDING		X

Secretary _____

Chairman _____

Motion: _____
