

MINUTES

MONTANA SENATE
52nd LEGISLATURE - 2nd SPECIAL SESSION
COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, on July 17, 1992, at
8:00 a.m.

ROLL CALL

Members Present:

Judy Jacobson, Chairman (D)
Greg Jergeson, Vice Chairman (D)
Gary Aklestad (R)
Thomas Beck (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: None.

Staff Present: Teresa Olcott Cohea(LFA)

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

HEARING ON HOUSE BILL 7

Presentation and Opening Statement by Sponsor:

Representative Bob Thoft, District 63, sponsor, stated the
bill on page 2, lines 1 through 6, gives the Budget Office 45

days from the end of this special session to put together the 1993 budget. Normally they would be required to have it in by October 1st, and with this special session, that cannot be accomplished; the additional time is needed.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions From Committee Members:

None.

Closing by Sponsor:

Representative Thoft closed on HB 7.

EXECUTIVE ACTION ON HOUSE BILL 7

Motion:

Senator Nathe moved House Bill 7 Be Concurred in.

Discussion:

None.

Amendments, Discussion, and Votes:

None.

Recommendation and Vote:

The motion that House Bill 7 Be Concurred In carried unanimously. Senator Nathe will carry the bill.

HEARING ON HOUSE BILL 51

Presentation and Opening Statement by Sponsor:

Representative Kadas said under current law the Governor is allowed two million dollars of expenditure authority under the Disaster and Emergency Services Act. What the Governor has to do is declare a disaster or emergency. HB 51 would add to this authority an additional \$3 million expenditure for fire costs. He noted in a previous session there was a budget amendment which was paid and which was later ruled illegal. He stated we should not go that way again. HB 51 gives needed executive flexibility in dealing with fires. He added his feeling that we will have to spend more than \$1 million this summer. The Governor could declare an emergency under existing authority and come up with \$2

million. If the bill were larger than \$5 million or \$6 million counting the supplemental, the Governor would have no choice but calling a special session. He concluded HB 51 would avoid a special session by giving the Governor the flexibility to deal with that type of an emergency.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions From Committee Members:

Senator Weeding noted that there was a drought in 1988 that comes once in 100 years. Then last year it was about \$5.5 million. Rep. Kadas said it would be an additional \$3 million. Right now there is a \$5 million capability, \$3 million worth of internal borrowing within the Department. The Governor already has \$2 million in the current law that he would be able to apply towards fires. He said he understood the average for a fire supplemental is more than \$5 million. Senator Weeding stated his belief that was correct.

Bob Kuchenbrod, Department of State Lands, stated he was talking to the Forestry Division and they said the minimum amount for a fire season would be about \$1 million minimum amount. The average runs from \$3 million to \$4 million. He noted the 1988 fire season really skewed that average.

Senator Weeding said there is \$1 million left in House Bill 2 and questioned if that is part of this \$3 million. Rep. Kadas said no, this is an additional amount; that the \$1 million is appropriated, the Department of State Lands has it and it counts against their fund balance. The \$2 million that is in the current law and the \$3 million that he is proposing does not show on the fund balance until the Governor exercises authority to appropriate the money. It allows authority and flexibility without that showing on the fund balance.

Senator Weeding questioned if HB 51 did not pass that State Lands would still have \$1 million. Rep. Kadas said plus \$3 million in internal flexibility plus \$2 million as the law states, and that would be the limit. If we were above \$6 million, we would have a problem.

In a question from Senator Jacobson, Rep. Kadas said Section 10-3-312 is the current law and the intent of that has not been changed. He is adding another \$3 million specifically for fires.

Senator Jergeson questioned if the Governor used any of the \$2 million statutory appropriation last year during the fire

season when there were a number of fires in the fall. Rep. Kadas said he was not sure. Of the \$2 million authorized, Governor Stephens has utilized in the neighborhood of half a million or \$600,000 of that currently, but added the Disaster and Emergency Services Division could give the specifics on that.

Senator Jergeson questioned as part of the current \$2 million appropriation, what the Governor used for the fires last fall or if they borrowed internally. Mr. Kuchenbrod stated they used an internal budget amount to pay for the fires last fall and then came in for a supplemental during the January special session. He said they used the Governor's emergency funds in the amount of \$80,000 to \$100,000 when the Governor declared an emergency for a couple fires.

Senator Keating questioned Rep. Kadas as to there being \$1 million in HB 2 and the Governor has \$2 million and there is \$3 million in State Lands in the fire suppression account. Rep. Kadas said it is taking the second half of fiscal year 1993 budget and moving it and then they would need a supplemental. In a question from Senator Keating, Rep. Kadas said they could borrow \$3 million from the second half of fiscal year 1993 from their other programs. Senator Keating said there would be \$9 million with \$1 million appropriated and the other \$8 million would be unappropriated spending authority. Rep. Kadas said that was correct.

Senator Bianchi said with regard to ending fund balances, they took \$2 million out of House Bill 2 for fire suppression, and if they put \$3 million in, is it necessary when the session is over to count that as an expenditure. Rep. Kadas said it is not counted as an expenditure until the Governor expends it. If we had an extraordinary fire year, it would count against the fund balance and when we come back in January of 1993, we would have to deal with it. Senator Bianchi said when ending fund balance is figured, the \$3 million will not be in there at that point, which Rep. Kadas said was correct.

Senator Keating said it is a contingency fund that does not show up anyplace. Senator Jacobson said sometimes contingency funds do.

Closing by Sponsor:

Rep. Kadas stated his concern about providing additional authority for expenditures, but added that has to be counterbalanced against the potential of an extraordinary fire year with the only way in which to deal with that being a special session. He closed by concluding it cannot be spent unless there is an extraordinary fire year.

Senator Keating noted this could also be for a flood as well. Senator Jacobson said \$2 million could be. Senator

Senator Keating stated we should keep in mind there was a time when we had large fires and not enough money to pay the bills for them. He noted it costs us nothing to have a contingency fund; in the long run money will be saved.

Senator Jacobson said it does not count in the ending fund balance but it is there to deal with something that the budget amendment process does not deal with well. It would avoid having to go through a lot of hoops if something did occur not just this year but down the line in the future for other governors.

Senator Devlin questioned if when the HB 2 conference committee met they could take \$1 million out of that and thereby gain \$1 million in the budget.

Senator Jacobson questioned what difference that would make. She felt when the bill was put in that there was probably \$5 million at the time. She felt this was good government policy and what we do with the \$1 million, she can't predict.

Senator Weeding's substitute motion failed.

Recommendation and Vote:

Senator Fritz' motion that HB 51 BE CONCURRED IN carried. Senator Jacobson will carry the bill on the Senate floor.

HEARING ON HOUSE BILL 41

Presentation and Opening Statement by Sponsor:

Representative Kadas, sponsor, said HB 41 will transfer the fund balance in various accounts to the general fund. The bill currently has \$2.1 million in it. By taking these balances we are able to avoid increasing taxes by that much, and Rep. Kadas went through HB 41 section by section.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions From Committee Members:

Senator Hockett questioned the highway patrolmen retirement fund and if we would be removing the money in this account. Rep. Kadas said they funded the increase in the last special session and added his belief that this is actuarially sound. He

concluded that no one has come to him and complained about that particular account.

Senator Hockett said he objected in principle and in the fact that we are taking these out of fees charged against drivers license area and concluded he would rather return the money to the people.

Senator Keating said with regard to the bed tax money, the tax was for a promotional fund to encourage tourism in the state. He noted it did a good job of encouraging tourism because the state has seen a tremendous growth that has been beneficial. Now they have money they are planning to use for promotional programs and we want to ex-appropriate it from their purpose to our purpose. He said this is unfair and questioned this is the best way to balance our crisis budget.

Rep. Kadas said there are a couple bills to increase the bed tax and he hoped they are willing to make a small contribution to dealing with the overall problem here.

Senator Keating said he has a problem with the whole idea, not so much the amount as it goes to the integrity of the system. We are increasing fees in order to fund some things which are taxes on the people and then we come along and break our word by stealing from little funds here and there without really advising the public on what we are doing.

Senator Jacobson said by looking at HB 41 it is quite obvious that the public has had some input in it. She added when we look at the alternative, people were more willing to give up a little ending fund balance than have the alternative which was a great deal more of an effect on them in the future. She concluded that in looking at HB 2 and also some previous sessions that this is not unusual. The only other place she can think of is to do across the board cuts.

When questioned by Senator Beck if it is the intention to use anything cut out of this bill to balance the budget, Rep. Kadas said he has made a promise that in order to get this bill off the table in the House committee that he would not include any additional money in this bill.

Senator Bianchi said the money from the Department of Livestock was taken out in the House. He questioned if HB 41 was passed in its current form that the conference committee could come back and put that back in. Senator Jacobson said it is two different pots of money we are talking about. She concluded this has been discussed with the Department of Livestock and they have said they feel in good faith they should be doing something to help out and they have agreed to a cut of \$250,000 in HB 2.

Senator Aklestad said he realizes this is one time real money and that he has a problem with the long term problem and

felt this encourages less responsible expenditures of their budgets at these different areas. We will have a situation where everyone is going to make sure they will have an ending fund balance in any category and those funds might not be spent wisely. He concluded the HB 41 will encourage less wise expenditures of funds.

Rep. Kadas said what he has tried to do is not take monies that are needed to get them through the biennium. In the case where cash balances have gone up, there is a good case to be made that the fees are too high.

Senator Keating questioned with regard to the \$220,000 balance which is from the bed tax money that has been levied for the purposes of promotion. Sandra Guedes, Montana Promotion Division, said the way it works is their program is funded 100 percent from the bed tax that are based on collections. They have to manage their funds very carefully so they have to end up with a fund balance no lower than what is in there right now in order for them to operate in the fiscal year and that is budgeted into what is projected in their fiscal year '93 budget. When asked by Senator Keating regarding a cut in their budget, Ms. Guedes said what they would be cutting is advertising.

Rep. Kadas said \$220,000 is out of a total of \$6.4 million so we are not talking about a real heavy hit.

Closing by Sponsor:

Rep. Kadas closed.

EXECUTIVE ACTION ON HOUSE BILL 41

Motion:

Senator Keating moved to amend HB 41, strike page 4, lines 19 through 21 in their entirety. Senator Jacobson said that deletion would be the entire section.

Senator Fritz made a substitute motion to take one-half of the money.

Discussion:

Senator Jacobson said there has been big chunks already taken out but in regard to the bed tax, she would like to say that she agreed it is something we collect for tourism and advertising. On the other hand, we have gone into just about everything and taken a four percent across the board cut as well as making other cuts in the budget. This would be a 3.4 percent cut which is less than most other programs have taken.

Senator Keating said he disagreed with that when we consider the purpose of a tax is to provide a service the taxpayers can't provide for themselves. He said this is a special program. He concluded he makes his living on the road and he does not want to put his tax money in the general fund.

Senator Bengtson said there are a couple things in the Department of Commerce that are revenue producing and noted it is wrong to take the money that makes the money.

Amendments, Discussion, and Votes:

Senator Fritz' substitute motion was withdrawn.

Senator Keating's motion to amend HB 41 failed on a roll call vote.

Recommendation and Vote:

Senator Jergeson moved that House Bill 41 BE CONCURRED IN.

Senator Harding questioned if the crime victims account was raised in the '91 session.

Ed Hall, Administrator of Crime Control Division, said during the last regular session the fees and fines were lowered.

Senator Jacobson said with regard to an amendment that was passed out to the committee (see Exhibit 1), that is taking not just the balance in the traffic education or the aid account but this would take the whole program out for '93 which is something Representative Kadas suggested and she suggested maybe that was not a good idea. She concluded that unless someone cared to bring that up, she would prefer not to deal with it.

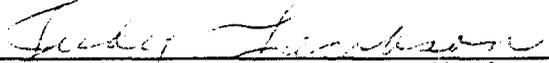
Senator Tveit questioned in the area of crime control, what the \$100,000 would do to his agency.

Mr. Ed Hall said those funds go back to the victims to pay for injuries. He noted the fund has built up a little bit.

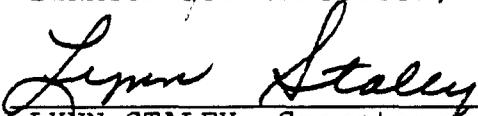
Senator Jergeson's motion that HB 41 BE CONCURRED IN carried with Senators Tveit, Devlin, Aklestad, Keating, Harding and Waterman opposed.

ADJOURNMENT

Adjournment At: 9:15 a.m.



SENATOR JUDY JACOBSON, Chairman



LYNN STALEY, Secretary

JJ/ljs

ROLL CALL

FINANCE AND CLAIMS

COMMITTEE

DATE

7/17/92

SPECIAL

52nd LEGISLATIVE SESSION

am

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

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
July 17, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 51 (third reading copy -- blue), respectfully report that House Bill No. 51 be concurred in.

Signed:

Judy H. Jacobson
Judy H. Jacobson, Chairman

JJA 7-17-92
And. Coord.

SB 7-17-92
Sec. of Senate

111045SC.Sji

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
July 17, 1992

MR. PRESIDENT:

We, your committee on having had under consideration House Bill No. 41 (third reading copy -- blue), respectfully report that House Bill No. 41 be concurred in.

Signed:

Judy H. Jacobson
Judy H. Jacobson, Chairman

AM 7-17-92
Amd. Coord.

AM 7-17-92
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
July 17, 1992

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 7 (third reading copy -- blue), respectfully report that House Bill No. 7 be concurred in.

Signed: Judy H. Jacobson
Judy H. Jacobson, Chairman

JAK 7-17-92
Asst. Coord.
SB 7-17-92
Sec. of Senate

Amendments to House Bill No. 41
Third Reading Copy

For the Senate Finance and Claims Committee

Prepared by Eddy McClure
July 16, 1992

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 1
DATE 7/17/92
BILL NO. HB 41

1. Title, line 4.

Following: "ACT"

Insert: "GENERALLY REVISING SCHOOL FINANCE LAWS;"

2. Title, line 9.

Following: "FUND;"

Insert: "TEMPORARILY DEPOSITING IN THE STATE EQUALIZATION AID ACCOUNT ANY BALANCE REMAINING IN THE TRAFFIC EDUCATION ACCOUNT AT THE END OF FISCAL YEAR 1993; TEMPORARILY DISCONTINUING THE DISTRIBUTION OF PROCEEDS FROM THE TRAFFIC EDUCATION ACCOUNT TO SCHOOL DISTRICTS FOR THE SCHOOL FISCAL YEAR BEGINNING JULY 1, 1992;"

3. Title, page 2, line 1.

Following: "20-7-504,"

Insert: "20-7-506,"

4. Page 5, line 1.

Strike: "subsection (4)"

Insert: "subsections (4) and (5)"

5. Page 6, line 8.

Following: line 7.

Insert: "(5) At the end of the school fiscal year ending June 30, 1993, the state treasurer shall deposit in the state equalization aid account, provided for in 20-9-343, the balance remaining in the state traffic education account."

6. Page 6, line 8.

Following: line 7

Insert: "Section 3. Section 20-7-506, MCA, is amended to read:

"20-7-506. Annual allocation and distribution of traffic education account proceeds -- allocation for state administration. (1) The Except as provided in subsection (3), the superintendent of public instruction shall ~~annually~~ order the distribution of ~~all~~ moneys in the traffic education account to the districts conducting approved traffic education courses. The distribution of the traffic education moneys ~~shall~~ must be based on the distribution policy promulgated by the superintendent of public instruction, provided that the reimbursements to districts ~~shall~~ must be based upon the number of pupils who, in a given school fiscal year, complete an approved traffic education course, including both the classroom instruction and behind-the-wheel driving.

(2) Before ~~such~~ the fund is disbursed, there ~~shall~~ must be deducted an amount necessary to provide for the state

administration of the traffic education program by the superintendent of public instruction. ~~Such~~ The state administration may include:

(a) development, printing, and distribution of essential materials;

(b) preparation of teachers of traffic education;

(c) state supervision of the program; and

(d) any and all other activities ~~deemed~~ considered necessary by the superintendent of public instruction.

(3) The superintendent of public instruction shall distribute to each district with an approved traffic education course the amount of \$141 for each pupil who completes the course in the school fiscal year ending June 30, 1992. A distribution may not be made for traffic education course completion in the school fiscal year beginning July 1, 1992."

Renumber: subsequent sections

7. Page 20, line 14.

Strike: "1"

Insert: "4"

Strike: "6"

Insert: "7"

8. Page 20.

Following: line 15

Insert: "(3) [Sections 1 through 3] terminate July 1, 1993."

ROLL CALL VOTE

SENATE COMMITTEE FINANCE & CLAIMS

Date 7/17/92 House Bill No. 41 Time _____

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

Lynn Stacey
Secretary

Chairman

Motion: Amend HB 4

strike page 4. lines 19-21

ROLL CALL VOTE (Cont'd)

SENATE COMMITTEE FINANCE AND CLAIMS

Date 7/17/92 H Bill No. 41 Time _____

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

Secretary _____

Chairman _____

Motion: _____

