

MINUTES

**MONTANA SENATE
53rd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chair, on March 31, 1993, at 8:00 a.m., Room 108.

ROLL CALL

Members Present:

Sen. Judy Jacobson, Chair (D)
Sen. Eve Franklin, Vice Chair (D)
Sen. Gary Aklestad (R)
Sen. Tom Beck (R)
Sen. Don Bianchi (D)
Sen. Chris Christiaens (D)
Sen. Gerry Devlin (R)
Sen. Gary Forrester (D)
Sen. Harry Fritz (D)
Sen. Ethel Harding (R)
Sen. Bob Hockett (D)
Sen. Greg Jergeson (D)
Sen. Tom Keating (R)
Sen. J.D. Lynch (D)
Sen. Chuck Swysgood (R)
Sen. Daryl Toews (R)
Sen. Larry Tveit (R)
Sen. Eleanor Vaughn (D)
Sen. Mignon Waterman (D)
Sen. Cecil Weeding (D)

Members Excused: None

Members Absent: None

Staff Present: Terry Cohea, Legislative Fiscal Analyst
Lynn Staley, Committee Secretary

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

Committee Business Summary:

Hearing: HB 654, HB 660, HB 678, HB 663
Executive Action: HB 663

HEARING ON HOUSE BILL 654

Opening Statement by Sponsor:

Representative Roger DeBruycker, House District 13, said HB 654 is a repealer from the Department of State Lands on the proposal of making the Swan River Youth Camp into a boot camp.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Harding questioned why the Youth Camp was being taken out.

Rep. DeBruycker said House Bill 2 changes the Youth Camp to a Boot Camp, which would be a 90 day training program. If that passes, there will not be a Swan River Youth Camp.

Senator Jacobson said this is the bill that is going to eliminate the Youth Forest Camp Work Program in anticipation of the Boot Camp.

Senator Christiaens said it is a totally different approach that hopefully will have better results for the young first time offender. It is a shorter time, intensive program that goes into self esteem, chemical dependency addiction, doing the treatment with an intense physical exercise program. States that have these programs have had good results. They volunteer for these intense programs, and then go before the Judge who allows them back into the community in a pre release program first, and then to work.

Senator Harding asked what happens with the people that are already there.

Senator Christiaens said many people there right now can go into a pre release program or parole or discharge. This program will not be up until October, so the people currently in the program will be able to work themselves on through. Some currently there will remain and be doing what they are currently doing. The majority of the staff will also probably stay.

Senator Weeding said it indicates a reduction of 3.5 FTE from this program, but there has to be the institution side. Would this be a more cost effective way of dealing with these low profile inmates.

Senator Christiaens said the Swan River Program is not much different than what is currently available in community based programs. The reason for the program was for the youthful first time offenders. If they are put in the population with older

inmates, the results are not what are desired. The young first time offenders will be screened for this program. There will probably be some cost savings because people will go through the program faster and get back into the communities.

Senator Weeding questioned the fiscal note regarding the Boot Camp.

Senator Jacobson said it is in HB 2. She asked the Department of Corrections to respond.

Rick Day, Department of Corrections said there is no out of pocket costs. They are going to do it within their normal operating budget this year. The facility already accommodates the Boot Camp concept, and they would be downsizing and converting during this fiscal year. In July they will start phasing in the new operation. There won't be a specific cost.

Senator Weeding asked if there would be a net saving of 3.5 FTE in this fiscal note.

Mr. Day said there is a direct savings with the Boot Camp. They are reducing 8 FTE as a result of the Boot Camp and will be able to process about 200 inmates a year. The Boot Camp is very critical to the balancing process.

Senator Hockett questioned the fiscal note regarding fire suppression and the requirement of 1.5 seasonal FTE. It is his understanding that the people at the Swan River facility are trained in fire suppression and work as fire fighting crews in the summer.

Don Artley, Administrator for the Forestry Division, said they relied on the inmates at the Swan River Forest Camp for a number of years to provide initial attack capabilities from that particular region. With the new concept they will no longer be able to do that.

Senator Hockett asked how many people normally are in fire crews.

Mr. Artley said they had six vocational instructors as part of the program on the Department of State Lands payroll. They had eliminated all six of those resident instructors and asked for reinstatement of 1.5 FTE in seasonal firefighter. That would give them four full time seasonal firefighters.

Senator Hockett said he had been at the camp and thought there were about 35 working there. Mr. Artley said there were 60. Senator Hockett questioned whether they were talking about professional full time staff on the 1.5 FTE rather than crews.

Don Artley said only a portion of the 60 residents of the camp were involved in firefighting. They would train one crew specifically for that purpose. Because they will not be

available, they will have to replace them with four seasonal firefighters. There will be no permanent people added because of this.

Senator Hockett asked if they were used for planting trees, etc. in the state forests.

Mr. Artley said they have had tremendous value from the program over the years. They have estimated approximately \$200,000 in benefits from various work projects of the entire 60 person population. It has been a very productive work program.

Senator Christiaens said there is still fire fighting crews at Montana State Prison going out on fires regularly. Some other services discussed are still available through the Prison Industries Program.

Closing by Sponsor:

Representative DeBruycker closed on HB 654.

HEARING ON HOUSE BILL 678

Opening Statement by Sponsor:

Representative Betty Lou Kasten, House District 28, said HB 678 is a committee bill from the Appropriations Committee and is not a change in policy. In an effort to replace at least 16 of the 18 drivers license examiners that were deleted, she proposed several amendments that would replace money needed to refund that program. One place she found money was in the gambling license.

Proponents' Testimony:

Jan Dee May, Department of Justice, said during the January Special Session the balance in the Gambling License Account was \$190,000 projected for the end of the year. She said the balance will be \$700,000. She stated this was not the tax revenue, but licensing revenue from the permitting of the machines and licensing of the establishments. The \$510,000 is the difference between the original \$190,000 at the special session and is not included in the General Fund revenue estimates. One half of the licensing fees go to the County and one half goes to the state to operate the Gambling Division.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Christiaens said for years they have been trying to get money for addictive disease programs, especially gambling

addiction. That never seems possible, yet funds can be transferred to take care of drivers licensing people. He felt the priorities are backwards.

Jan Dee May said there is a bill regarding the gambling addiction program which their department is in favor of.

Senator Jacobson said the money is not \$190,000. The fiscal note shows \$510,000, reducing the General Fund. The other problem is that we are now funding drivers license stations with gambling money, and it would be hard to reverse that.

Senator Swysgood asked why a bill is needed; why we don't appropriate the General Fund money up front.

Rep. Kasten said she understood a bill was necessary. It is a transfer that has to be accounted for.

Terry Cohea, LFA, said a bill is necessary to stop \$510,000 from going to the General Fund and to keep it in the Gambling Account; the net effect is the same.

Rep. Kasten said we are taking out for only the biennium and are asking in HB 2 that the department look at privatizing the drivers examination function. In answer to Senator Christiaens, she said she had targeted about the same amount of money out of Justice by reducing FTE's, dues, penalties, etc. to get about the same amount of money.

Senator Keating asked Ms. May if we are dealing with licenses from live card dealers.

Ms. May said it is licensing of the establishments and permits for the different gaming machines.

Senator Keating asked if this would interfere with the county revenue.

Ms. May said no, every time there is a permit or a license, approximately half goes directly to the county and the remainder to the department.

Senator Keating asked if there was an estimation of a saturation point and when the annual fees would level off.

Ms. May said this was the biennium they thought they would see the plateau, but it keeps going. Last session a bill was passed that increased the number of machines per establishment from 10 to 20.

Senator Jacobson asked Terry Cohea to explain what would happen if HB 678 was not passed.

Ms. Cohea said if the bill was not passed, the entire amount

would go into the General Fund. The appropriation in HB 2 for the drivers licensing is from this account. If there were sufficient revenue in the account, there would be enough to fund the appropriation. It is difficult, given the growth in that account, to know. The department's projection was you would need this transfer to keep the account solvent and continue funding the drivers licenses out of the account in 1994-1995.

Senator Weeding asked if some of the money would go into the drivers license examiner account whether this is passed or not.

Ms. Cohea said a year ago the department thought there would be a balance of \$190,000 at the end of 1993. Now it appears there will be \$700,000, so there is explosive growth in the account. The effect of this bill is to retain \$510,000 in the account to help fund the drivers licensing. The issue is would there be sufficient growth in revenue in the account that you wouldn't need to transfer. She doesn't think anyone would know the answer to that question given that this account has been exceeding expectations, but it is not definite that it will continue to exceed expectations.

Closing by Sponsor:

Rep. Kasten closed by saying if we don't think this is the thing to do, then 46 towns in Montana that have drivers license examiners at least once a month would have to be cut and would not have drivers license examiners at all. They will have to drive long distances to get the service.

HEARING ON HOUSE BILL 660

Opening Statement by Sponsor:

Senator Dorothy Eck, Senate District 40, presented the bill for Representative Peterson. She said the bill establishes an office of Community Service in the Governor's office. There have been real possibilities of an expanding role for volunteer services. There will be other kinds of funding available because of the Clinton proposals. There is also funding available right now that goes through public schools, higher education, tribal organizations, etc. She distributed copies of proposed amendments. (Exhibit 2) She said this is a program that is working very well, and the growth of these programs is important.

Proponents' Testimony:

Charlie Rehbein, Governor's Coordinator on Aging, said the Governor's office was assigned to put together an application for the National and Community Services Act and to pull together organizations that would be involved. In putting together this act, they used the National Community Services Act as a base. He said they support this act. He said with what President Clinton

is proposing, they see an opportunity for millions of dollars to come into Montana through the program. They understand the military will be receiving funds as the military downsizing happens, which is why they are a part of this act. The reason to have a coordinator is that things come up in a rapid fashion and someone is needed who can maintain the continuity of the program and get applications in a timely manner so Montana doesn't miss out on a lot of opportunities.

Pat Graham, Department of Fish, Wildlife and Parks, stated his support. (Exhibit 3)

Jane Hamman, Budget Office, said she was involved in the drafting of HB 660 as it was introduced in the House. Lead agency was an important concept as there are teams of people working together on a particular project, and there has to be a leader. They would support Senator Eck and not include in this amendment for action items 13, 14, 15, 16, 18, 19, 20, 21, 22, the second half of 23, 24, and 26 through 29. Those would be the items that would be impacted by that particular concept remaining in the bill.

Karen Fagg, representing the Governor, said they feel this is a critical program for Montana. The Governor is very concerned about the young people in the State and the lack of opportunities they have. This is a creative program and another way to reinvent government, to do more with limited resources.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Hockett asked how they deal with the potential liability if someone gets hurt on the site.

Arnold Olsen, said the Conservation Corps, Inc. carry their own liability. If they are working on state property, they are covered under the state liability insurance as well.

Senator Hockett asked if this would be expanded to all various entities handling this, including the military.

Senator Eck said she wasn't sure how each of the individual agencies would handle it. If the agencies had a corp program or if these young people were paid, the corp pays around \$5 an hour and in addition there is a voucher for \$50 a week that will go towards education. That is considered as more of an award that isn't covered as part of a wage. Other than that, they are on wages; there is withholding, health insurance and workers compensation.

Senator Christiaens asked Ms. Hamman to discuss that. He said he

carried a bill earlier regarding this same issue on workers compensation for community service and he does not know if that has been resolved.

Mr. Hamman said she is not positive about that issue, but on page 14, section 9 there was some discussion on the indemnification issue with department attorneys that we could include the crew leaders, corpsmembers and the volunteers in this act and cross reference it back to the same kind of indemnification that state employees currently have, and that was their recommendation.

Senator Christiaens said it needs to be addressed and researched.

Terry Cohea said Section 2-9-305 does not deal with injuries suffered by the worker; it deals with the worker doing something that results in a civil action and then they are indemnified.

Senator Christiaens said we are using grants and generally there is a match. On the fiscal note there is a 10 per cent local match. Apparently the grants that go to OPI and FWP do not have any kind of matching requirements.

Ms. Hamman said the only grant at this time that has that specific kind of match is OPI, and they are able to use current funds so there is no fiscal impact from that matching requirement. Other kinds of matching funds projected at this point would be current level state funds, private contributions and efforts of United Way agencies and others in the community that they could use.

Senator Jacobson said the amendments that have been given by Senator Eck were prepared with Judy Browning from the Governor's office. Now the budget office is asking to have a different approach to this. She questioned if there is any coordination between the Governor's office and the Budget Office.

Ms. Hamman said yes, there was preliminary discussion when Senator Eck and Judy Browning met. There was a follow up meeting where the concept of lead agencies was reviewed. At that time follow up efforts of communication to revise these amendments were made. They apologized for the confusion.

Closing by Sponsor:

Senator Eck closed on HB 660. She does not see that it makes any difference having lead agency put back in as it is a term that means something to people in the departments. This bill would accomplish a lot of valuable work that needs done in the State.

Senator Jacobson asked Senator Eck regarding Rep. Russell's bill and if these amendments would coordinate Rep. Russell's bill with this bill.

Senator Eck said the LFA has some amendments to that bill.

Senator Jacobson asked if it would be Senator Eck's intention to take the Department of Commerce completely out of that bill and insert the University System.

Senator Eck said in doing that he took out the Statement of Intent with the University System. That bill also would include some language that would refer to this bill.

Senator Jacobson said in Rep. Russell's bill, there is a section that refers to a committee consisting of 7 members. One of those is the Department of Commerce, and she wonders if we would want to leave the Department of Commerce in there or take them out of the committee.

Mr. Schenck said it would make it the University System instead of the Department of Commerce.

Senator Jacobson said a member of the Board of Regents is in there already.

Senator Eck said she believes the Commissioner's office has a person who is assigned to coordinate efforts to apply for these monies.

HEARING ON HOUSE BILL 663

Opening Statement by Sponsor:

Representative Hal Harper, House District 44, said HB 663 is the Treasure State Endowment Bill authorizing projects as a result of the program put in place after the June election. The bill lists the ranking and listing of projects that received the money. This bill was prepared by the Department of Commerce using nine statutorily weighted criteria, all of them based on serious health and financial needs of the community. He said the Department of Commerce was assisted by the Departments of Natural Resources, Health, and Transportation, which people did an outstanding job in a very short timeframe. He presented amendments to the bill that were requested by the State Bond Counsel. (Exhibit 4)

Proponents' Testimony:

Newell Anderson, Administrator of the Local Government Assistance Division, Department of Commerce, said it has been a very short time since the Treasure State Endowment has been passed by the voters. There have been ten public hearings across the state to listen to the citizens concerning how this program should be operated and there has been application workshops held to help local governments understand the program. In 5 weeks, 32 local government applications were developed. In the same time, the state departments involved with this have reviewed and ranked these projects according to the legislative criteria. In

February, Governor Racicot endorsed the project recommendations to the legislature and in mid March the joint long range planning committee reviewed and held hearings with the applicant communities. During the application ranking and the long range planning subcommittee hearings, the applications recommended in HB 663 became 22 quality applications totalling 3.9 million dollars and still bringing some 37 million dollars of other funds to these projects. It brings 22 quality projects that have real quantifiable system and financial needs. They bring local financial participation to them, ones that have been openly and fairly evaluated and have a financial need that the state will help solve.

Steve Huntington, Project and Financial Consultant for the City/County government of Anaconda/Deer Lodge, said the money that is made available here is very helpful to the city/county government in Anaconda. He said the County Commissioners express support for this program.

Gary Rowe, Finance Officer for the City and County of Butte/Silver Bow, thanked the state for the Treasure State Endowment Program. Butte was gratified to fare so well in the initial staff rankings. He said they have suffered health related problems for years and have been in a regulatory nightmare with the EPA and DHES. Once Butte/Silver Bow acquired the system, it initiated an improvement plan that would total about \$29 million and will result in severe rate increases for customers. The size of the project makes it incumbent upon them to seek whatever resources are available to solve the problem.

Lynn Moon, Administrative Officer with the City of Helena said they have made the improvements and as a result have the highest water rates in the state. In order to fund their project, which is the Hale System Improvements and provide adequate water pressure to that area, they would have to increase water rates once again. With this program, they would be able to fund that with their existing cash in the capital improvements funds. Without the program it would be very long and difficult.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Keating asked Newell Anderson what was the source of grant money regarding Neihart.

Mr. Anderson said all of the money in this bill is interest earnings from the Treasure State Endowment Trust Fund.

Senator Keating asked if the interest was coming from coal tax money that doesn't go into the trust fund but is set in a separate account and earns interest; is that the money that is

being distributed.

Mr. Anderson said that was correct. The Treasure State Endowment Program legislation from the past session established a division of the Coal Severance Tax Revenues. (Exhibit 5)

Senator Keating asked if the bonds would be state obligation bonds.

Mr. Anderson said those bonds would be backed by future earnings from the Treasure State Trust. They will not be general obligation bonds, but bonds that will be indebted to the future earnings.

Senator Keating asked if the future interest was coming out of here or would it be the interest on the loans made to the counties.

Mr. Anderson said if bonds can be sold against future earnings, money would be brought from the bottom of the chart to the top and equalize it.

Senator Keating asked if counties would be charged much interest on the loans.

Mr. Anderson said there are only three loans that are recommended at this time; the remainder are grants.

Senator Keating asked if the loans paid interest, and Mr. Anderson said yes.

Senator Keating asked the current rate of interest.

Mr. Anderson said it isn't specified at this point. The Department of Natural Resources will manage the loans since they are in the business to do that.

John Tubbs, Department of Natural Resources, said the loan rate isn't specified; they would be sold at the market rate. The three offered are deferred loans for engineering studies.

Mr. Anderson said they are deferred loans, but they are to be paid back out of the full project. When they finance the full project, they will pay back the deferred loan on the engineering study.

Senator Beck asked Rep. Harper how priorities are set; how the money will come in, and how it will be disbursed.

Rep. Harper read the nine criteria that are used to rank.

Senator Devlin asked if the interest rate would be the same as the water loans, etc.

Mr. Anderson said they have a set loan rate of 5 per cent.

Senator Tveit asked if the \$10 million was seed money that originally came from the Trust Fund.

Mr. Anderson said that was correct.

Senator Aklestad asked regarding page 3, line 24, and page 4, line 5, what was the difference in the projects.

David Cole, Chief of the Development Bureau at the Department of Commerce, said the situation on the two projects submitted by Toole County for the unincorporated community of Sweetgrass involved the water and a sewer system. They submitted applications for construction projects for both projects. They determined in their review, working cooperatively with the Department of Natural Resources, Water Quality Bureau and the Department of Health, that their engineering was not adequate for those projects. Instead of construction grants, they are recommending that they receive deferred loans for preliminary engineering.

Senator Aklestad asked if the commissioners had applied for a loan.

Mr. Cole said they applied for a construction grant for the project. A problem with the applications from Sweetgrass is the county was providing no matching funds for the project and the program requires dollar for dollar match unless there is an extreme hardship situation. The only community that met that situation was Neihart.

Closing by Sponsor:

Rep. Harper closed, saying a 2/3 vote is needed for this bill. He directed the committee's attention to pages 3 and 4 of the bill and said two of the Yellowstone County projects have been stricken. Both projects have been funded in HB 6 under the Water Development Program. The Treasure State Endowment has three different programs to meet the community needs, one being a grant program, second is a loan program and third is a state bonding program.

EXECUTIVE ACTION ON HOUSE BILL 663

Motion/Vote: Senator Lynch moved the amendments. (Exhibit 4)
The Motion CARRIED.

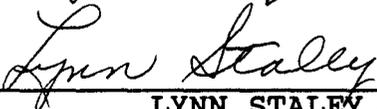
Motion/Vote: Senator Lynch moved HB 663 AS AMENDED BE CONCURRED IN. The Motion CARRIED Unanimously.

ADJOURNMENT

Adjournment: The meeting adjourned at 9:30 a.m.



SENATOR JUDY JACOBSON, Chair



LYNN STALEY, Secretary

JJ/lS

ROLL CALL

SENATE COMMITTEE FINANCE AND CLAIMS

DATE 3/31/93

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON	✓		
SENATOR FRANKLIN	✓		
SENATOR AKLESTAD	✓		
SENATOR BECK	✓		
SENATOR BIANCHI	✓		
SENATOR CHRISTIAENS	✓		
SENATOR DEVLIN	✓		
SENATOR FORRESTER	✓		
SENATOR FRITZ			
SENATOR HARDING	✓		
SENATOR HOCKETT	✓		
SENATOR JERGESON	✓		
SENATOR KEATING	✓		
SENATOR LYNCH	✓		
SENATOR TOEWS			
SENATOR SWYSGOOD	✓		
SENATOR TVEIT	✓		
SENATOR VAUGHN	✓		
SENATOR WATERMAN			
SENATOR WEEDING	✓		

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Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

Page 1 of 3
March 31, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 663 (third reading copy -- blue), respectfully report that House Bill No. 663 be amended as follows and as so amended be concurred in.

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

That such amendments read:

1. Title, line 8.
Following: "AUTHORIZING"
Insert: "GRANTS AND"

2. Title, line 10.
Following: ";"
Insert: "AUTHORIZING THE ISSUANCE OF TREASURE STATE ENDOWMENT BONDS TO FUND GRANTS; AUTHORIZING THE CREATION OF A STATE DEBT;"

3. Page 1, line 24.
Strike: "Earnings"
Insert: "Loan repayments from loans made from the treasure state endowment special revenue account"

4. Page 2, lines 1 through 10.
Following: "(3)" on line 1
Strike: remainder of line 1 through "(b)" on line 10

5. Page 2, line 11.
Strike: "awarded"
Insert: "used"
Following: "to"
Insert: "make loans or grants to"

6. Page 4, line 10.
Strike: "Appropriation"
Insert: "Authorization of treasure state endowment bonds -- appropriation"

7. Page 4, lines 11 and 12.
Following: "." on line 11
Strike: remainder of line 11 through "is" on line 12
Insert: "(1) The board of examiners may issue treasure state endowment bonds in an amount not to exceed \$4,462,900 for the purpose of funding the grants authorized and approved in

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[section 1]. The bond proceeds must be used to fund grants that cannot be funded with the interest earnings from the treasure state endowment special revenue account appropriated in [section 1(1)]. The bond proceeds may be used to pay the costs of issuing the bonds and establishing a reserve for the bonds.

(2) The proceeds of the bonds are"

8. Page 4, lines 13 through 15.

Following: "]" on line 13

Strike: remainder of line 13 through "402" on line 15

Insert: "and to pay the costs of issuing the bonds"

9. Page 4, line 16.

Strike: "loans"

Insert: "grants"

10. Page 4, line 17.

Strike: "(1)"

11. Page 4, line 18.

Strike: "loans"

Insert: "grants"

12. Page 4, lines 20 and 21.

Following: "of" on line 20

Strike: remainder of line 20 through "tax" on line 21

Insert: "treasure state endowment"

13. Page 4, lines 21 through 25.

Following: "under" on line 21

Strike: remainder of line 21 through "sale" on line 25

Insert: "Senate Bill No. 402"

14. Page 5, lines 1 through 11.

Strike: subsection (2) in its entirety

15. Page 6, lines 15 and 16.

Following: "funds" on line 15

Strike: remainder of line 15 through "to" on line 16

Insert: "until sufficient revenue has been deposited in"

16. Page 6, line 17.

Following: "account"

Insert: "and is available for that purpose"

17. Page 7, line 25.

Following: line 24

Insert: "NEW SECTION. Section 8. Creation of debt for treasure state endowment bonds. (1) The legislature, through the enactment of this section by a vote of two-thirds of the members of each house of the legislature, in accordance with Article VIII, section 8, of the Montana constitution, authorizes the creation of a state debt in an amount not to exceed \$4,462,900 to fund grants to local government projects approved in [section 1], to pay the costs of issuance, and to establish a reserve for the bonds.

(2) In connection with the issuance of treasure state endowment bonds, the board of examiners may pay the principal of and the interest on the bonds, when due, from a debt service account and in all other respects manage and use the funds within each special bond account for the benefit of the bonds. The board of examiners shall exercise its discretion to enhance the marketability of the bonds and to secure the most advantageous financial arrangements for the state.

(3) Earnings on bond proceeds prior to funding the grants must be allocated to the debt service account to pay the debt service on the bonds. Earnings in excess of debt service, if any, must be allocated to the treasure state endowment special revenue account and may be used for the purpose provided in 90-6-703.

NEW SECTION. Section 9. Requirement for approval of state debt. Because [section 8] authorizes the creation of a state debt, a vote of two-thirds of the members of each house is required for the enactment of [section 8]."

Renumber: subsequent sections

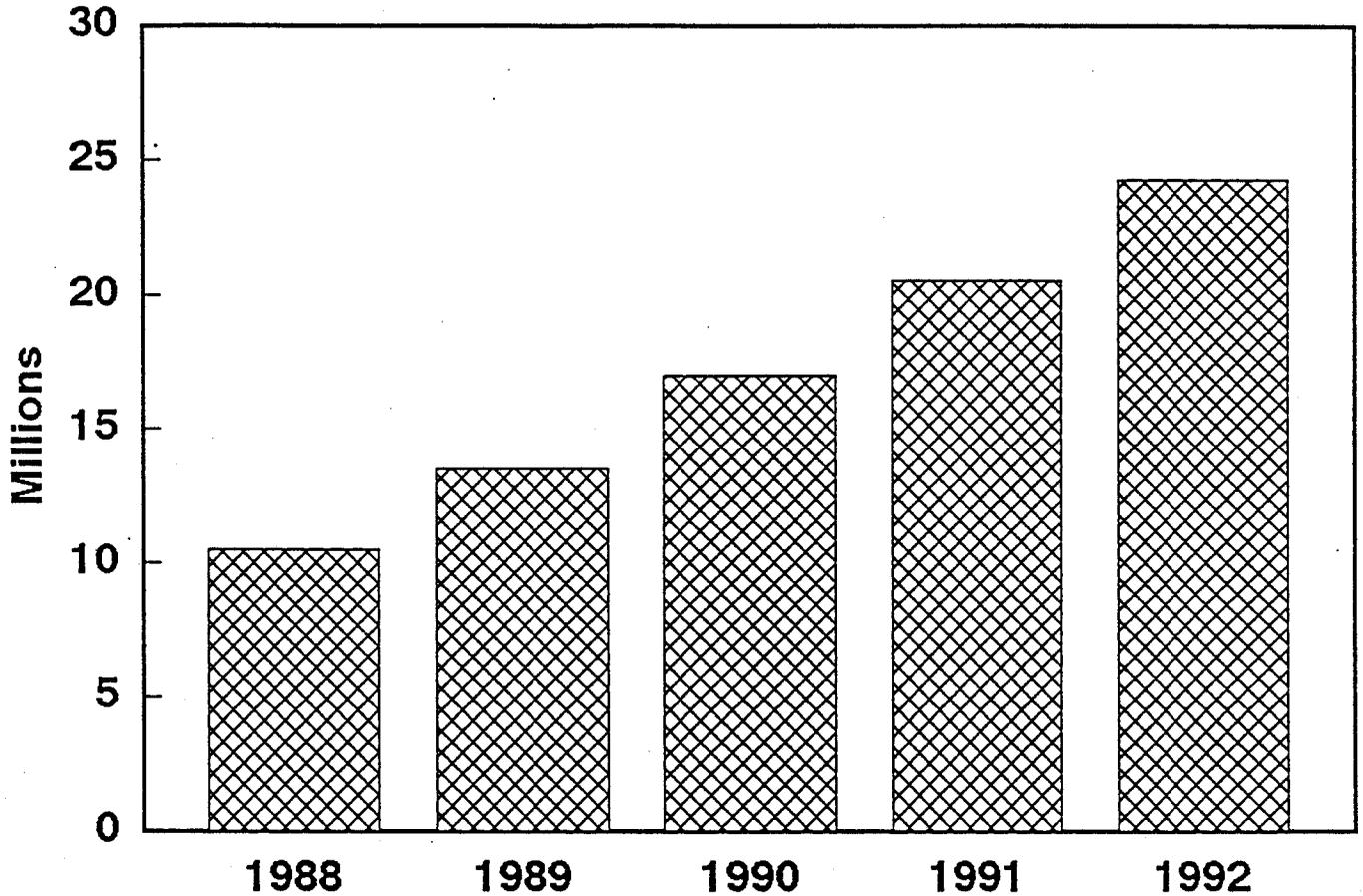
18. Page 8, line 1.

Strike: "[section 2] is"

Insert: "[sections 2 and 8] are"

-END-

**DEPARTMENT OF JUSTICE – GAMBLING CONTROL DIVISION
ANNUAL MACHINE TAX REVENUE – EXHIBIT 3**



Amendments to House Bill No. 660
Second Reading Copy

Requested by Senator Eck
For the Senate Committee on Finance and Claims

Prepared by Clayton Schenck
March 26, 1993

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 2
DATE 3/31/93
BILL NO. HP 660

1. Page 1, line 18.

Strike: "6"

Insert: "5"

2. Page 1, line 18.

Strike: "five state agencies"

Insert: "the office of community service"

3. Page 3, line 22.

Strike: "corps"

Insert: "organization"

Following: "established"

Insert: "to provide community services"

4. Page 4, following line 2.

Strike: lines 3 through 9 in their entirety.

Re-number: subsequent subsections

5. Page 4, following line 24.

Insert: "(2) The purpose of this office is to:

(a) renew the ethic of civic responsibility in the state;

(b) encourage the citizens of the state, regardless of age or income, to engage in full-time or part-time service to the state;

(c) call young people to serve in projects that will benefit the state and improve their life chances through the acquisition of literacy, job skills, and interpersonal skills;

(d) build on the existing organizational framework of state and local governmental entities to expand full-time and part-time service opportunities in a wide variety of programs for all citizens, particularly youth and older Montanans;

(e) involve participants in activities that would not otherwise be performed by employed workers; and

(f) establish corps to accomplish labor-intensive improvements to public or low-income properties or to provide services for the benefit of the state, its communities, and its people through service contracts that specify the work to be performed by the corps."

Re-number: subsequent subsections

6. Page 5, line 25 through page 6, line 2.

Following: "composed of"

Insert: "up to"

Following: "members"

Strike: ", " on page 5, line 25 through "9]" on page 6, line 2

7. Page 6, line 3.

Following: "from"

Insert: "a"

8. Page 6, line 4.

Following: "from"

Strike: "departments"

Insert: "at least four state agencies"

9. Page 6, line 5.

Following: "areas"

Strike: "of Montana state agencies"

10. Page 6, line 20.

Following: "development"

Insert: "and coordination"

11. Page 6, lines 20 and 21.

Strike: "plans, coordination of projects and activities"

Insert: "programs"

12. Page 7.

Strike: Section 5 in its entirety

Renumber: subsequent sections

13. Page 8, line 2.

Following: "of"

Strike: "lead"

Insert: "state"

14. Page 8, line 4.

Following: "following"

Strike: "lead"

Insert: "state"

15. Page 8, line 8.

Following: "the"

Strike: "lead"

16. Page 8, line 21.

Following: "the"

Strike: "lead"

17. Page 9, line 5.

Following: "."

Insert: "[The Montana university system shall provide assistance to the Montana student volunteer program established in House Bill No. 579.]"

18. Page 9, line 7.

Strike: "lead"

19. Page 9, line 17.

Following: "is the"

Strike: "lead"

20. Page 9, line 25.

Following: "other"

Strike: "lead"

21. Page 10, line 15.

Following: "Each"

Strike: "lead"

Following: "agency"

Insert: "listed in this section"

22. Page 10, line 21.

Following: "Each"

Strike: "lead"

Following: "agency"

Insert: "listed in this section"

23. Page 10, line 23.

Following: "approved"

Insert: "under [sections 1 through 8]"

Following: "a"

Strike: "lead"

24. Page 11, line 3.

Following: "(5)"

Strike: "Lead"

Insert: "The state"

Following: "agencies"

Insert: "listed in this section"

25. Page 11, lines 4 and 5.

Following: "designate"

Strike: "or, subject to the availability of appropriation authority, hire"

26. Page 11, line 5.

Following: "agency"

Strike: "corps"

Insert: "volunteer"

27. Page 12, line 15.

Following: "and"

Strike: "lead"

Following: "agencies"

Insert: "listed in [section 5]"

28. Page 13, line 16.

Following: "participating"

Strike: "lead"

29. Page 13, line 22.

Strike: "lead"

30. Page 3, lines 5, 8, 12, 20, and 23.

Page 4, lines 13 and 16.

Page 5, line 16.

Page 8, lines 17 and 20.

Page 9, line 5.

Page 11, lines 6, 9, and 19.

Page 12, line 12.

Page 13, lines 9 and 18.

Page 14, line 1.

Page 17, lines 3, 14, 20.

Strike: "9" or "9"

Insert: "8"

31. Page 16, line 6.

Strike: "8"

Insert: "7"

32. Page 17, line 19.

Strike: "consolidation"

Insert: "coordination"

33. Page 17, lines 22 through 24.

Strike: "." on line 22 through "programs" on line 24

34. Page 18, following line 7.

Insert: "NEW SECTION. Section 13. Coordination instruction. If House Bill No. 579 is not passed and approved, then the bracketed language in [section 5(1)(b) of this act] is void."

Renumber: subsequent sections

35. Page 18, lines 10 and 11.
Strike: "8(4)" on line 10
Insert: "7(4)"
Strike: "8(6)" on line 11
Insert: "7(6)"
Strike: "10" on line 11
Insert: "9"

EXHIBIT #2
DATE 3-31-93
~~HB-660~~

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 3

DATE 9/31/93

BILL NO. HB 660

HB 660
March 31, 1993

**Testimony presented by Pat Graham, Dept. of Fish, Wildlife & Parks
Before the Senate Finance & Claims Committee**

In 1989, the legislature passed the Montana Conservation Corps Act which enabled the Department of Fish, Wildlife and Parks, as the administering agency, to initiate conservation corps activities. Funding for the program coordination was obtained during the 1991 legislative session. This support allowed the formation of a public/private partnership with Montana Conservation Corps, Inc. and led to a federal grant from the National Community Service Act of \$500,000 obtained in 1992.

HB 660 complements the 1989 MCC legislation and the National and Community Services Act of 1990 and continues our department's involvement in natural resource and Parks corps efforts. The bill expands the level of participants and partners, increases the potential for service and youth employment and encourages a broader level of communication among agencies. HB 660 should improve Montana's chances to receive more federal dollars under the new National Youth Service Initiative of the Clinton administration.

HB 660 is another method that can help our ailing State Park system. Using community service corps such as the Montana Conservation Corps, Inc., we will be able to provide additional park repair, maintenance and enhancement while providing a work site and educational opportunity for our citizens. Conservation

Corps programs teach corps members life skills, vocational and educational skills, and a conservation and community service ethic while providing a hard-earned pay check.

For these reasons we support HB 660.

Proposed Amendments to House Bill No. 663
Second Reading as Passed by the House

1. Title, line 8.

Following: "LOANS"

Insert: "AND GRANTS"

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 4

DATE 3/21/93

BILL NO. HB 663

2. Title, line 9.

Following: "ACCOUNT;"

Insert: "AUTHORIZING THE ISSUANCE OF TREASURE STATE ENDOWMENT BONDS TO FUND GRANTS; AUTHORIZING THE CREATION OF STATE DEBT;"

3. Page 1, line 24.

Following: "section."

Strike: "Earnings"

Insert: "Loan repayments from loans made from the treasure state endowment special revenue account"

4. Page 2, lines 1 through 9.

Following: "(3)"

Strike: lines 1 through 9 in their entirety

5. Page 2, line 10.

Strike: "(b)"

6. Page 2, line 11.

Strike: "awarded"

Insert: "used"

Following: "to"

Insert: "make loans or grants to"

7. Page 4, line 10.

Following: "Section 2."

Strike: "Appropriation"

Insert: "Authorization of treasure state endowment bonds and appropriation"

8. Page 4, line 11.

Following: "bonds."

Strike: "In addition to the appropriation authorized in [section 1], there is"

Insert: "The board of examiners may issue treasure state endowment bonds in an amount not to exceed \$4,462,900 for the purpose of funding the grants authorized and approved in [section 1] that cannot be funded with the interest earnings of the treasure state endowment appropriated in [section 1(1)] paying

the costs of issuing the bonds and establishing a reserve for the bonds. The proceeds of the bonds are"

9. Page 4, line 13.

Following: "[section 1]"

Strike: "the proceeds from the sale of treasure state endowment bonds authorized by Senate Bill No. 402"

Insert: "and to pay costs of issuance of the bonds"

10. Page 4, line 15.

Following: line 15

Insert: **NEW SECTION.** Section 3. Creation of debt for treasure state endowment bonds. (1) The legislature, through the enactment of this section by a vote of two-thirds of the members of each house of the legislature, in accordance with Article VIII, section 8, of the Montana constitution, authorizes the creation of a state debt in an amount not to exceed \$4,462,900 to fund grants to local government projects approved in [section 1] and [section 4] pay costs of issuance and to establish a reserve for the bonds.

(2) In connection with the issuance of treasure state endowment bonds, the board of examiners may pay the principal of and interest on the bonds when due from the debt service account created in the treasure state endowment special revenue account and in all other respects manage and use the funds within each special bond account for the benefit of the bonds. The board of examiners shall exercise its discretion to enhance the marketability of the bonds and to secure the most advantageous financial arrangements for the state.

(3) Earnings on bond proceeds prior to funding the grants must be allocated to the debt service account to pay the debt service on the bonds during this period. Earnings in excess of debt service, if any, must be allocated to the treasure state endowment special revenue account and may be used for the purpose allowed under 90-6-703.

Renumber: subsequent sections

11. Page 4, line 16.

Following: "of"

Strike: "loans"

Insert: "grants"

12. Page 4, line 17.

Strike: "(1)"

13. Page 4, line 18.

Following: "the"

Strike: "loans"

Insert: "grants"

14. Page 4, line 20.

Following: "of"

Strike: "coal severance tax"

Insert: "treasure state endowment"

EXHIBIT # 4
DATE 3-31-93
HB-663

15. Page 4, lines 21 through 25.

Following: "under"

Strike: lines 21 through 25 in their entirety

Insert: "[Senate Bill No. 402]."

16. Page 5, lines 1 through 11.

Strike: lines 1 through 11 in their entirety

17. Page 6, line 15

Following: "funds"

Insert: "until sufficient revenues have been deposited in"

Strike: "that are not collected and allocated to"

18. Page 6, line 17

Following: "account"

Insert: "and are available for that purpose"

19. Page 8, line 8.

Following line 8

Insert: "NEW SECTION. Section 10. Requirements for approval of state debt

Because [section 3] authorizes the creation of a state debt, a vote of two-thirds of the members of each house is required for enactment of [section 3]."

Renumber: subsequent section

TREASURE STATE ENDOWMENT PROGRAM (TSEP)

Annual Coal Tax Revenue

\$ 40,000,000

\$-20,000,000 earmarked program

\$ 20,000,000 Balance

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 5

DATE 3/21/93

PERMANENT TRUST

minus \$ 500,000/yr. for Coal Sev. Tax Bonds Bill NO. 2135

minus \$ -0- /yr. for School Const. Bond Special

minus \$ 5,000,000/yr. for 3 yrs. Clean Coal

= **\$14,500,000***

Operating Year	Annual Deposits to Perm. Fund Principal	Annual Deposits to TSEP Fund Principal	Est. Annual Interest Available for Distrib.
1 FY '94	\$ 7,250,000	\$ 7,250,000	\$ 1,013,136
2 FY '95	(10,000,000)	\$ 10,000,000	\$ 1,653,748
3 FY '96	\$ 7,250,000	\$ 7,250,000	\$ 2,395,000
4 FY '97	\$ 7,250,000	\$ 7,250,000	\$ 3,175,000
5 FY '98	\$ 9,750,000	\$ 9,750,000	\$ 3,955,000
6 FY '99	\$ 9,750,000	\$ 9,750,000	\$ 4,735,000
7 FY '00	\$ 9,750,000	\$ 9,750,000	\$ 5,515,000
8 FY '01	\$ 9,750,000	\$ 9,750,000	\$ 6,295,000
9 FY '02	\$ 9,750,000	\$ 9,750,000	\$ 7,075,000
10 FY '03	\$ 9,750,000	\$ 9,750,000	\$ 7,855,000
11 FY '04	\$ 9,750,000	\$ 9,750,000	\$ 8,635,000
12 FY '05	\$ 9,750,000	\$ 9,750,000	\$ 9,415,000
13 FY '06	\$ 9,750,000	\$ 9,750,000	\$ 10,195,000
14 FY '07	\$ 9,750,000	\$ 9,750,000	\$ 10,975,000
15 FY '08	\$ 9,750,000	\$ 9,750,000	\$ 11,775,000
16 FY '09	\$ 9,750,000	\$ 9,750,000	\$ 12,535,000
17 FY '10	\$ 9,750,000	\$ 9,750,000	\$ 13,315,000
18 FY '11	\$ 9,750,000	\$ 9,750,000	\$ 14,095,000
19 FY '12	\$ 9,750,000	\$ 9,750,000	\$ 14,875,000
20 FY '13	\$ 9,750,000	\$ 9,750,000	\$ 15,655,000
21 FY '14	\$19,500,000	\$ - 0 -	\$ 15,655,000
TOTALS	\$207,000,000	\$197,500,000	\$180,791,884

* Changes to \$ 19,500,000 in year 1997.
 Years '94 & '95 projected at 8.26% & 8.56% interest earning rate, respectively.
 Years '96 & on, projected at 8% interest earnings rate.

"TREASURE STATE ENDOWMENT PROGRAM"

The Definitions of the Act: (LR 110)

1. Creates a Treasure State Endowment Fund & Program (TSEP). (effective 10/1/92)
2. Provides for a 50% TSEP Fund / 50% Permanent Trust Fund deposit of uncommitted annual coal severance tax receipts.
3. Authorizes interest from TSEP fund to be spent on grants, debt service subsidies, and loans to local governments.
4. Transfers \$10 million (one time) from the permanent trust to the TSEP fund. (effective 7/1/93)
5. Provides that the 53rd legislature may authorize the issuance of bonds in order to provide the maximum amount of initial funding.
6. Defines eligible projects as: drinking water systems; wastewater treatment; sanitary sewer or storm sewer systems; solid waste disposal and separation systems, including site acquisition, preparation or monitoring; and bridges.
7. Expands the coal severance tax bond program & amend 17-5-701 and 17-5-703, MCA.
8. Provides statutory priorities for ranking applications.
9. Provides for Executive Branch application review/recommendations and final Legislative project funding review/approval.
10. Submits the creation of TSEP (LR 110) to the qualified electors. (Passed 6/3/92)

DATE 3/31/93

SENATE COMMITTEE ON Finance And Claims

BILLS BEING HEARD TODAY: HB 654, HB 660, HB 678,
HB 663

Name	Representing	Bill No.	Check One Support Oppose	
Arnie (Cass)	FWP	HB660	✓	
Don Hottel	DSL	654		

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY