

MINUTES

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

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chair, on April 2, 1993, at 8:00 a.m., Room 325.

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 608, HB 3, HB 5, HB 46, HB 9, HB 6,
HB 7, HB 12, HB 10, HB 668, HB 674

Executive Action: None

HEARING ON HOUSE BILL 608

Opening Statement by Sponsor:

Representative Bergsagel, House District 17, said HB 608 was the RIT reorganization, and attempts to insure that the Grants Program is funded first.

Proponents' Testimony:

Mark Simonich, Director, Department of Natural Resources, said they support HB 608. This bill came about because of a concern that RIT money has been used to fund agency functions and less money has been available for the Grant Program.

Ray Beck, Administrator of the Conservation Resource Development Division, Department of Natural Resources, distributed a handout. (Exhibit 1) He said this bill would not provide the 5 million dollars that is recommended by the Legislature; it would provide approximately 3 million dollars for the next biennium and would go up to 4 million dollars for the next biennium. He said they have been administering the program for the last two bienniums and they are having a difficult time getting people to take on the liabilities attached to cleaning up the mining reclamation projects.

John Tubbs, Chief, Resource Development Bureau and Administrator of the Grants and Loans Program, Department of Natural Resources, discussed pages 4, 5, and 6 of Exhibit 1.

Arnold Peterson, a member of the North Havre County Water District and co-chairman of the Legislative Committee for Montana Rural Waters Systems, read from written testimony. (Exhibit 2)

Bill Cromwell, Supervisor for Daniels County Conservation District, said they support the bill.

Opponents' Testimony:

Senator Tom Keating, District 44, said he is a petroleum land man doing oil and gas leasing and title work and has operated in Montana for about 40 years. He said the source of the revenue in considering fairness of this proposal must be understood. He directed the committee's attention to page 2 of Exhibit 1. He said oil and gas have contributed about 70 percent of the funds to the RIT Trust Fund. The 30 percent has been paid from hard rock mining proceeds. The trust at the present time is about 87 million dollars. The tax is about 5 million dollars a year, and within three years, if the tax were unattached and flowing into the trust, the constitution requirement of 100 million dollars would be satisfied in 1995 or 1996. He said he would like the committee and the people present to understand that oil and gas is private property. They negotiate with an oil operator or an exploration company, or even a mining company to operate on that land in order to develop those minerals extracted from the ground and sell them. The proceeds are shared between the operator and the owner. The operator is vital to the mineral owner. The 87 million dollars that has gone into the trust fund is from private

property and it is a diminishing asset. There is no long term capital gains on that; the royalty is ordinary income and that is how it is taxed. The oil and gas industry in this state is taxed with 5 percent state severance tax, 7 per cent county tax, 1/2 of 1 per cent net proceeds tax and 2/10 of a per cent conservation tax. The state and the county are already taking from 12 1/2 to 19 per cent from the oil and gas that is coming out of the ground now. He said he is not objecting to paying the tax into the trust fund and letting the trust go to the 100 million dollar constitutional requirement, but he objects to the taxes being bled off before it goes into the trust fund. 14 per cent is ground water assessment. By taking the tax from miners and royalty owners and using it for water projects is not providing a service for the taxpayer. He said we should keep the law the way it is and let the tax money flow into the trust fund. When the trust fund reaches 100 million dollars, the tax should be repealed. He would ask the committee to seriously consider the fairness of capturing those funds from those particular taxpayers.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Beck asked the Department if the termination date was just for this biennium.

Ray Beck said the termination date is for the 30 per cent. It was originally put in at 40 per cent and was reduced to 30 per cent in the House. It would go back to 40 per cent the following biennium.

Senator Beck asked if the termination date were removed, what would be the projected time the 100 million dollar trust account would be met.

Ray Beck said currently if this bill did not pass, the cap would be reached in 1996. If it passed in its current form, it would be about 1999, so about three years difference.

Senator Beck asked if the termination was left on the books, would it be somewhere after the year 2000.

Ray Beck said if this bill were to pass in its current form, 1999 would be when the 100 million dollar cap was reached.

John Tubbs said there is already a temporary section in the law that changes this coming July and we will have a law the next biennium that diverts 30 per cent of the proceeds and then that terminates. Currently the bill raises it to 40 per cent.

Senator Weeding said the various percentages only add up to 90

per cent.

Mr. Tubbs said because of the House changes, it must not have been changed in the chart. It would be 55 per cent flowing into the trust.

Closing by Sponsor:

Rep. Bergsagel closed by saying this bill has been brought to the Legislature because we are funding our agencies that regulate our water quality and our gas industry and we are not funding the projects that do reclamation and environmental cleanup. If this bill does not pass we have about 7 hundred thousand dollars to fund the grant programs.

HEARING ON HOUSE BILL 3

Opening Statement by Sponsor:

Representative Cobb, House District 42, distributed a fact sheet for Supplemental Appropriations (Exhibit 3). He also presented amendments to HB 3. (Exhibits 4 and 5)

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Aklestad asked Rep. Cobb if he feels this Legislature has enacted any legislation that will slow the supplemental process down.

Rep. Cobb said during the last special session, they knew there would be supplementals with Family Services and SRS and we decided not to deal with it at that time. He said there is an indication psychiatric would be eliminated and that would save on supplementals unless Family Services can't do the community based services. SRS has tried to estimate what the increases would be regarding medicaid over the next two years, but they don't know for sure, and a supplemental could be needed. He said the Governor has made it quite clear he doesn't want any more supplementals.

Senator Aklestad said he appreciates the fact that the Governor doesn't want supplementals, but if we put statutory language in

that might help take care of supplementals, is there documentation the departments have tried to apply for federal waivers in any of these areas.

Rep. Cobb said Rep. Mercer has a bill about changing the supplementals. The statutes now state if there is a shortage of funds, SRS is supposed to cut.

Senator Jacobson said she is concerned that we know that Peter Blouke came into the House Appropriations with new estimates in the area of medicaid requiring another 7.3 million dollars. The House Appropriation Committee decided to ignore the new estimate and tell Peter Blouke to tighten his belt.

Rep. Cobb said it came at the request of the administration. They said they were going to try to hold the cost down. He said it is our responsibility to look at that.

She asked if Rep. Cobb if he thought they would be able to effect cost savings of 7.3 million dollars in that area.

Rep. Cobb said yes, if they go for waivers. A lot depends on what the hospitals do. If they can't control their growth rates and keep the rates down, and if we can't get waivers, then we would have a huge supplemental. Peter Blouke said he has the power and the duty to cut benefits and programs in order to meet the targets.

Senator Jacobson asked if by benefits, he meant eye glasses, hearing aids and that type of thing.

Rep. Cobb said they may have to cut back on those programs in order to meet the target.

Senator Christiaens asked Rep. Cobb why there was a \$50,000 supplemental for legal services.

Rep. Cobb said during the last special session the former director came in and said we could reduce the legal services budget by \$50,000 general fund and in return GA would pay them part of the savings that would accomplish. They can't legally do that; you can't say we have saved that money and now we will move it to legal services and pay them. So, the money was put up front to make sure they can do their work and if there is any savings, it would go to the Department of SRS.

Senator Jacobson said in the Department of Transportation, there is a 600 thousand dollar proprietary request to replace 53 vehicles, and asked why that is in the supplemental rather than in HB 2.

Rep. Cobb said he did not vote for that. We will have to ask Jane Hamman to discuss that.

Senator Jacobson asked if it was true this supplemental is reversing a cut that was made in one of the special sessions.

Jane Hamman said she was not sure. She said they looked at the contracts that were available this spring and the age of the vehicles and the amount that was in the account that was required to replace the 53 vehicles that were needed to maintain the fleet at the current level. She said LFA may have additional information.

Terry Cohea, LFA, said during the July special session the legislature reviewed an audit by the Legislative Auditor that found there were too many vehicles in the motor pool. The legislature reduced the appropriation for the motor pool about \$200,000 and required that proprietary fund be deposited in the General Fund. She said this seeks to replace vehicles cut in the July special session.

Senator Swysgood asked if the personal service shortfall in the State Auditor's budget was brought about by upgrades.

Dave Hunter said it wasn't a result of upgrades.

Senator Fritz said he noticed on the top of page 3 in the state fund supplemental, \$18 million in Workers Compensation and medical benefits has been reduced to \$15 million. He asked if these were the legal payments to injured workers, and how could that be cut.

Jane Hamman said when the bill was drafted, the best estimate was \$18 million. It was at the request of the agency that it was reduced.

Senator Weeding asked if someone could explain what happened regarding the motor pool. It appears some number of vehicles were purchased between the July special session and the beginning of this session.

Rep. Cobb said it is his understanding they want the authority to purchase those now.

Senator Weeding said there was a bill recently for an appropriation to buy vehicles and it was denied. He questioned if that is for this biennium or the next one.

Senator Jacobson said that was this coming biennium.

Rep. Cobb said they wanted to replace vehicles here, and in HB 2 they want to increase the size of the fleet.

Jane Hamman said in HB 2 the request to increase the size of the fleet was denied by this committee. This supplemental tries to use the revenue that is available in the account now as a result of increased utilization of the fleet to maintain current levels.

Closing by Sponsor:

Representative Cobb closed on HB 3.

HEARING ON HOUSE BILL 5**Opening Statement by Sponsor:**

Representative Bergsagel, House District 17, introduced the bill section by section.

Proponents' Testimony:

None.

Opponents' Testimony:

Representative Johnson referred to the Veterans Home on page 15 of the bill. He said they are asking that the funding and the construction of the Veterans Home in Glendive be restored. He said at the present time, in HB 5, it has been delayed for 2 years. If this should be delayed into the next biennium, in all probability, the federal funding will not be available. The proposal passed in 1989 provided for over \$1 million as the states share, and about \$3.6 million as the share from the federal government. He read portions of letters from U. S. Senator Conrad Burns and Congressman Pat Williams, stating that at the moment this is one of the top priorities and the Veterans Administration has guaranteed funding, but only until September 30, 1993. After that time, if matching funds are not approved by the state, this project would be demoted and would have to compete once again with other states. Rep. Johnson requested that this Eastern Montana Veterans Home be placed on the construction list and construction begin on the nursing home.

Betty Kasten, District 28, said it is the only building that isn't under the state's jurisdiction and receives federal funds, and the funds are ready now. She said if the Libby Armory isn't approved, we still retain the unit in the state. The Veterans Home is the one building that we do not have any authority over if the federal funds are withdrawn.

Robert Van DerVere, said he is a veteran of WW II and believes the building should be built, for both men and women.

Representative Vivian Brooke, House District 56, said she is an opponent to HB 5 with regards to the Women's Correction Center. She presented two amendments that were presented on the House floor. (Exhibits 6 and 7) She said we now have women in the system that the Department of Corrections has projected for fiscal year 1993. We also have numbers and projections for fiscal 1995 of 109 women in the system, and the end of 1995 would be the time we would be moving people in to the facility in Billings. She thinks we should build now while interest rates

are low. Billings has invested financial and community support at the Billings site. She said she objects to another section in HB 5 where there is \$260,000 for a new Visitor's Center and medical examining room and improvements at the site in Warm Springs. She said that site has to be abandoned soon and it is penny-wise and pound foolish to be putting that amount of money into improvements for a Visitor's Center and examining room at that current site. If the \$260,000 is approved to set up a new Visitor's Center, she would hope the committee would allow some money to staff that Center, as at the current level in HB 2, there is no staff person designated for that Center. Also in HB 5, money has been expended out of the General Fund on the planning and design of the Women's Correctional Center and it was to be paid off by the bonds we were to issue. Now that the bonds are not going to be issued for the building, that money has to be repaid out of some other account and she thought that was a waste of money. She said if we are to build, we will issue bonds and will be able to pay that money back to the general fund. She said another thing we have not looked at in this biennium is the need to add an additional \$500,000 to the Department of Justice for the law suit we probably would be engaged in if we don't build. She said she doesn't want to threaten, but under the equal protection clause of the 14th Amendment, it does require parity in prison systems, so male and women felons have to be treated the same. She said if we do build after this legislative session, they would not be open in this biennium. Other than start up costs, she doesn't believe we would be looking at an increase in operation costs.

Lester Ollerman, Mayor of Glendive, read from written testimony. (Exhibit 8) He also presented a letter from Congressman Pat Williams. (Exhibit 9)

Willie Day representing the group to build the Eastern Montana Veterans Nursing Home said with the action taken on April 1, 1993 on HB 2, if HB 46 is approved as amended, they feel they can take that money that was taken out of HB 2 and delay completion of construction on this nursing home and get through the '95 biennium. If that is done, there will be \$1,217,000 less than was in the original budget. He said he would like the committee to consider that.

John Buck, Chairman of the Eastern Montana Veterans Nursing Home Committee and State Commander of the Veterans of Foreign Wars, said for the last five years they have been working to get construction started on the Eastern Montana Veterans Nursing Home. All state and federal requirements have been met and he would urge the committee for the immediate construction of the home in eastern Montana.

Jerry Collins, past State VFW Commander from Wolf Point, said he is aware of the needs of the veterans and supports construction of the building.

Dave Steadman, Billings, State Commander of the VFW, said he is representing over 17,000 members and they would urge the Senate and House to support construction of the Glendive Veterans Home as soon as possible.

Hal Manson representing the American Legion of the State of Montana, said they have worked for the construction of this building since 1989. He said there is a great need for the home, and this is not money out of the state general fund to build this home. It is money already available that was raised by the 2 cent cigarette tax and also by federal funds. He said the present veterans nursing home in Montana is just too far away for the people from eastern Montana and it is also full. He would urge the committee to put the nursing home back into the bill.

Dick Baumgardner representing the Disabled American Veterans said he would hope the committee would concur with the amendments and put the building back into the bill.

Tony Cumming representing the American Legion of Montana said they are very much in favor of building the Eastern Montana Veterans Home.

John DenHerder said he was a veteran of 3 wars and is a disabled veteran, a career veteran and a military retiree. He said there is a need for this home now, and asked the committee to please endorse the nursing home.

Edward Johnson, Pearl Harbor survivor said he was in favor of the Glendive Veterans Home.

Sharon Hoff, representing the Montana Catholic Conference said she was asking the committee to restore the Women's Correctional Center. She said because of the size and security at Warm Springs, they have been unable to do activities that are available in the mens center. She asked the committee to restore it, not because that is a women's issue and not because there is a threat of a lawsuit, but because it has been a temporary condition too long and it is the right thing to do.

Kate Cholewa, Womens Lobby, said there is a need for the women's facility in the state.

George Dennison, President of the University of Montana, said he is opposed to HB 5 in its current form, primarily section 18. He said the school of business administration at the University of Montana is currently the largest single group of professional students. He said there are approximately 2,000 students, and that number represents about the number of students in the total university in 1950 when the current building was completed. He distributed a handout to the committee. (Exhibit 10) He directed the committee's attention to the figures at the bottom of the page. He said a delay for two years is likely to increase the costs of the two projects by 6 million dollars.

Representative Bardanouve said he is in an awkward situation as he is not opposed to HB 5. He said he was unhappy when the bill left the Long Range Committee, as they had to make difficult decisions and cut off the business school, the veterans home, women's prison, and a program at Deer Lodge. In that bipartisan bill as it left Long Range, we had the engineering building, and the armory at Libby. However, when it hit the appropriations the bill was almost emasculated and 46 percent of the money for repairs and maintenance was removed and the money was put elsewhere and the armory and the engineering building were taken out. He said his 2 amendments will place that bill back as nearly as possible to where it was. He said the engineering building at MSU is probably the most important project before this session and is the largest project in dollars. It is not a new project, and he said this was our opportunity to do something for education. He said he has not been lobbied by the University for this project. The engineering building is essential. They have kept their accreditation because they have been promised a major renovation of the engineering facilities. We have raised the tuition and raised the tuition, and we are asking them to pay to receive their education in a "horse and buggy" facility. We have to give the students value for their money. He said he asked the Commissioner of Higher Education what his number one priority was for buildings. The Commissioner said the regent's priority was the engineering building. Rep. Bardanouve said they have worked on this for 10 years and if it is approved this session, it will move the business school up to the number one priority. We can't do it all, but maybe we can do something for education this session. He said we could well lose our accreditation in engineering and that would be a tragedy for the University and Montana. MSU engineers are known world wide and should be given a good facility so they can continue their good reputation. He said he has been working on this project for 8 to 10 years. He said the appropriation committee took the cigarette money out of the Long Range building Program and put it into Columbia Falls Nursing Home and then took 2.6 million out of the nursing home and removed general fund from that in order to balance the budget. On the floor of the House, they put 2.6 million back into the House Bill for repairs and maintenance of the University and institutions. His proposal is to postpone for one year the construction of the engineering building and he has another amendment which was approved in Long Range for the Libby Armory. He said if the Armory and the engineering building are postponed for one year the impact will be relatively small. The total impact would be about 560,000 for the biennium. That is an impact in the general fund. His amendment will offset that so it will reduce it to -0- on the general fund. That is to reduce the amount of the general fund into repair and maintenance account of the bill by the amount of \$512,681 for engineering and if we choose the armory also of \$40,946. The Armory is in a critical situation as we have put it off year after year. He said the National Guard tells them if they move the guard from Libby, there will no longer be an armory, even if we give them the money 2 years from now. He said we have to do something for education

this time and if there is no general fund impact with his amendment, we can go home without criticism this session.

Aric Taylor, student at University of Montana said he worked for the UM Foundation to put himself through the University. He read from written testimony. (Exhibit 10a)

Mike Malone, MSU, said there are 2,000 students in the engineering program and that this building has been in the planning process for 10 years, with a lot of time and money invested. The Ryan Laboratory is outmoded by design as it is a 70 year old open bay laboratory and engineering no longer uses that type of laboratory. The building itself is beyond redemption. It leaks, can't be heated over 40 degrees in the winter and is only useable to a limited excess. He said different programs have different needs for accreditation. In the field of engineering, accreditation is vitally important. If you do not graduate from an accredited program you cannot be a licensed professional engineer in this state or in most states of the union. If something isn't done about the building soon, engineering accreditation will be in danger.

Dave Andrizich, a senior in electrical engineering at MSU and representing the 2,000 engineering students, said companies aren't interested in interviewing students without accreditation. He said 80 to 90 per cent of the students would not be there if it was not accredited.

Fred Freedman, Associated Students of MSU, said if we do not build the MSU engineering building we will be taking a step in the wrong direction. He thanked Rep. Bardanouve for his defense of the engineering building.

Brian McCullough, Budget Officer, Department of Labor and Industry, said they would appreciate support to provide at least a 2/3 vote in support of sections 9 and 11 to enable the department of Labor and Industry to deal with building problems in Great Falls, Butte, Miles City, Polson and Shelby.

Ken Heikes, representing Yellowstone County, Billings Chamber of Commerce and the City of Billings, said he is a reluctant opponent to HB 5. He said Rep. Brooke has enumerated the reasons for an adequate correctional center and the background for the selection of Billings as provided in the 1991 legislation.

Senator Vaughn said she has an amendment to HB 5 in regard to the Libby Armory, but would present it later. She said she had a packet of letters in support from people that could not be here today. She also said there were people that wanted to speak to the bill in person, and asked if they could do that now.

Bill Yaeger, Assistant Adjutant General for the Montana Army National Guard, said he was in support of the construction of the Libby Armory. He said in 1990 the federal government authorized

more than a million dollars for their share of construction of the Armory. The money was committed for a 5 year period and that will be lost if something is not done in this legislative session. The County of Lincoln has donated 10 acres of land for its location and the city will provide water and sewer hookup amounting to approximately \$60,000.

Roger Hagen, Legislative Chairman EANGMT, presented a Fact Sheet for the Libby Armory. (Exhibit 11) He said if we tell the Department of Defense we are not going to build the armory for 2 more years, the money will not be available. It would also tell them that Montana doesn't support the National Guard. The operation and maintenance expense already exists with the leased armory in Libby, and this would merely be a replacement. There should be minimal operational and maintenance expense if the building is built.

Lt. Col. Ken Cottrill, Director of Facilities for the Montana Army National Guard, said the armory is 98 per cent designed. The federal government spent \$57,000 on design of the facility and the state has spent another \$40,000 bringing it up to code. It was designed prior to building code changes of 1990 and they had to go back and make changes. He said if it is put off one more year, construction costs will increase at least 6 per cent. He said they must leave the facility they now have leased. He said they were also concerned about their ability to respond to the people of the state of Montana should there be disasters. In Libby, Montana, the National Guard has been called out 8 times since they have been in Libby to assist in local disasters, fires, floods, etc.

Russ Ritter, President of the Washington Foundation of Missoula, Montana, said on the private side, they feel strongly about the Montana projects. He said one of the directors of their Foundation is deeply involved with the University of Montana and their fund raising. He thinks it is shortsighted and sends the wrong signal to philanthropic foundations, and they would request the committee re-evaluate and continue with the progress that has been made with the building of these two very important structures for the University of Montana and Montana State University.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Fritz said all the arguments Rep. Bardanouve made for the engineering building at MSU, could also be made for the U of M business building, and wondered why both projects shouldn't be pursued.

Rep. Bardanouve said that was right, but when we are balancing dollars and don't have enough to go around, as the Regents said, MSU is number one. He said engineering began before the UM became a high priority. He said there was one difference, and that is if the accreditation of the business school was lost, the graduates could probably continue in their field while graduates of engineering would not have a license to practice. He said the business school at Missoula was not on an accreditation probation.

Senator Fritz said the business school has been around since 1983, has approximately 2,000 students in the program, and the facilities were built in the 1930's.

Senator Swysgood asked Rep. Bergsagel if it was correct that since the House did not get a 2/3 vote, on section 9, we will not buy off the current indebtedness and refinance.

Rep. Bergsagel said that was correct. He said we will have to find approximately another one hundred thousand dollars. That was the savings we were going to incur by transferring the bonds to the state of Montana.

Senator Swysgood asked what the biggest point of contention was with the House.

Rep. Bergsagel said it would be the delaying of the construction of all these facilities.

Rep. Bardanouve said there will be no bonding if this bill does not go back to the House. As of now there is no project agreement. There will have to be some kind of amendment to return it to the House.

Senator Jacobson said there were many amendments to the bill.

Closing by Sponsor:

Rep. Bergsagel closed by saying at a joint meeting of the House and Senate he was advised that any building requiring operational costs from the general fund or any building whose indebtedness would require monies to come from general fund, be delayed or stopped. He said the net savings by delaying construction of all the facilities, would save the state \$5,383,000. He said if we put all of these buildings back in in the next biennium, we would have to come up with \$18 million to operate and provide debt service for all the buildings. We will be \$18 million down in the next biennium. He asked the committee to weigh that when they are addressing these issues.

HEARING ON HOUSE BILL 46

Opening Statement by Sponsor:

Representative John Johnson, House District 23, said HB 46 is designed to restore the 2 cent cigarette tax for operation and maintenance funds for the two nursing homes. The original intent was to fund operation and maintenance of the two nursing homes. He said the cigarette tax has brought in approximately \$4 million since its inception in 1990, when that was placed into the Long Range Building Program. The Veterans would like to have that returned to the operation and maintenance of the home. With the balance that is left, \$600,000 a biennium, they feel it is possible to construct the home in Glendive and first funding would have to be done in January or February 1995.

Proponents' Testimony:

Lester Ollerman, Mayor of Glendive, presented written testimony. (Exhibit 12) He asked the committee for favorable consideration to HB 46, as amended.

Verner Bertelson, representing Montana Legacy Legislature said with amendments from Rep. Johnson, they support the bill.

Hal Manson, representing American Legion, said there is still a great need for a Veterans Home in eastern Montana. He said they don't mind sharing the money with the nursing home at Columbia Falls, if they can also have the funding for the nursing home in Glendive. In a nursing home strictly for veterans, the federal government pays a certain amount each day for those people in the nursing home, so it is self supporting. Many of them have veterans pensions which go to support them. He asked the committee to honor the amendment Rep. Johnson has submitted, and on such a basis, they would support HB 46.

Dick Baumgardner, representing the Disabled American Veterans, asked for support of Rep. Johnson's amendment.

Robert Van DerVere, rose in support of HB 46.

Willie Day, said he supports the privatization of the eastern Montana nursing home. He said they are not proposing to privatize other buildings. He suggested the committee check with insurance people. This program, with the amendment to HB 46 will not work without needy veterans.

Dave Steadman, State Commander Veterans of Foreign Wars, said they support HB 46 as amended by Rep. Johnson and they would urge passage with the amendment.

Fred Olson, Department Service Officer with the State of Montana VFW, said the beds in Miles City are constantly full and the only way a veteran can get in there is if one of the veterans died, or moved out. The Veterans Benefit Act of 1992 says that any veteran in a nursing home cannot receive more than \$95. The \$95 cannot be used for a supplement payment to Medicaid, it belongs to the veteran. This bill puts a tremendous financial burden on

the State of Montana in reference to Medicaid. By building the nursing home in Glendive, this would save the state of Montana a lot of money to the Medicaid program, it would provide nursing home care for the veterans in eastern Montana.

Senator Jacobson asked Rep. Johnson where the amendment was people kept referring to.

Rep. Johnson said Senator Weeding has the amendments that are proposed and would present them during Executive Action.

Senator Jacobson said Executive Action would not be taken today, but asked Rep. Johnson to explain so committee members would be aware of what he was trying to do.

Rep. Johnson said the amendment takes out the amendments proposed by Rep. Bergsagel that take out money for an insurance program, home health and nursing home care.

Rep. Betty Kasten, House District 28, said she does not know if she is an opponent or proponent, but she does not usually back earmarking as she does not think that is the way to go. She has tried to see that the state is fiscally responsible, lives within its budget and fulfills its promises. She does think we have to give assistance to the Veterans Home in Glendive.

Rep. Bergsagel, said he supports HB 46 as it stands, without amendments. He presented insurance information (Exhibit 13, 4 pages). He said it is important that veterans be provided those types of services that do not require that they impoverish themselves in order to participate. His proposal would not require that they spend down their incomes. He said there was \$600,000 to work with and that would cover 150 - 175 veterans. He said it is important that people understand this is an alternative for veterans to have a choice in the type of care they can have. We have the potential of providing care for approximately 150-175 veterans with \$600,000; \$300,000 each year versus providing care for 80 veterans at a cost of 2.2 million over a biennium. There is a significant difference between those cost factors. Because we are looking at a group proposal our benefits programs are more flexible. He said he was in support of the privatization concept. He said the Federal Government has determined they are going to expand veterans care in Miles City by remodeling the 4th floor to provide long term nursing care, as well as upgrades in the Fort Harrison facility. Under his insurance proposal, there is no expanded cost for Medicaid. He would encourage the committee to retain the bill as it is and reject the amendments.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Lynch questioned whether the Veterans appreciated Rep. Bergsagel's efforts.

Rep. Bergsagel said that was one of the frustrations. He said the attempt he was making was to ensure that the Veterans were left with something. They have worked very hard for the Veterans Home in Glendive, and he does not want to imply that he wants to take out the home in Glendive.

Senator Beck asked Rep. Johnson if he would be receptive to the idea of having the operation and maintenance of the building turned over to private enterprise if the home was built.

Rep. Johnson said he has an amendment that states the Department of Corrections may investigate the possibility for contracting for the operation and maintenance of that particular building. He said he would like Frank Cote to explain this particular insurance program.

Frank Cote, Deputy Insurance Commissioner, said of the 50 Insurance Commissioners, there is a 25/25 split whether long term care insurance is actually a product that is beneficial to the public. He discussed a study by the National Association of Insurance Commissioners which show premiums based on a long term care policy. At the average age of 62, the average premium is about \$795 per year. 10 years later at issue age 70, the premium has gone up more than 100 per cent to almost \$2,000. He said the committee needs to be aware the costs of long term care insurance does increase at a rapid pace. He said he has reviewed the Department of Corrections and Human Services proposal on this, and it mentions that cost of living increases would also be included in the plan. If that is added into the plan, the average premium of a 60 year old goes from about \$800 to about \$1700 per year, and at age 70, that premium is up to \$3300 per year. The companies that would be asked to participate would be asked to demonstrate a top two rating category. There are approximately 48 companies in the state of Montana that offer long term care insurance. Of those 48, there are only 4 available that offer group insurance in the long term care market and are top rated. The average cost of long term care in a state facility is about \$28,000 a year. If this proposal insures 175 Veterans and only 10 of those go into a Veterans or nursing home, that would eat up the premium that companies will charge. It will take about \$280,000 out of that. He would submit the companies would have to raise premiums dramatically at that point.

Senator Keating asked Mr. Cote to explain the long term policy and the premiums in language he could understand.

Mr. Cote said long term care is when you pay an annual premium to an insurance company based on your age and other benefits that would be available. He said if it is an annual premium of \$800 and if you become sick, there is a waiting period before you can receive benefits from the insurance companies, which is typically between 30 to 180 days. Once the waiting period is over, you receive benefits based on the amount the facility is charging, up to a maximum, in this case it would be about \$70-80 a day. If the facility is charging \$100, the insurance company would pay \$80. He said he didn't think any insurance company would offer a policy if you were already in a nursing home. He said in most cases you have to be healthy and not anticipating going into a nursing home.

Senator Keating asked if the state would start paying an insurance premium on a 60 year old Veteran in anticipation that he may go into a nursing home.

Mr. Cote said that was correct. The state would pay that premium until the time the veteran went into the nursing home.

Senator Lynch said the insurance companies would probably be choosing the healthy veterans, the ones that don't need help.

Mr. Cote said the major concern in underwriting is to accept the best risk that you can and if you can't accept the best risk, to charge a higher premium for those that are not the greatest of risks.

Senator Christiaens asked under what circumstances the premium has been developed. He feels if you wait until a person is 60, there would be some kind of pre-existing conditions. He asked if they would all have waiver of premiums so when the person starts using them, the premiums stop, and is there anything for cost of living increases while that individual is in the nursing home. He said unless there is a provision for that, the whole thing could collapse.

Mr. Cote said regarding the waiver of premium, it would depend on the particular company. He said there is an inflation protection factor which can be added on as a benefit to the policy.

Rep. Bergsagel said on this particular proposal, there is a 100 day waiting period. The waiver of premiums is 90 days, and the proposal includes a cost of living increase.

Senator Weeding said Rep. Bergsagel's proposal is talking about a healthy, insurable group of people and Rep. Johnson's proposal is speaking to the needs of a group that are already down and out and wouldn't be insurable under any circumstance. He asked what good Rep. Bergsagel's proposal was to the people that need the services now.

Rep. Bergsagel said the Department would develop criteria that

will determine who will receive insurance benefits. He said it is not accurate to say it will only cover 10 individuals and that the premiums would go up. This would be a group program that is nationwide and the costs will be spread out nationwide.

Senator Weeding said he was talking about people in need of a nursing home or nursing home care right now.

Rep. Bergsagel said he could not give specific numbers, that this is an insurance program to insure 175 veterans who meet criteria developed by the administrative agency. He did not know how many would participate. As to how we would provide care for those truly in need, his proposal was to insure veterans would not leave this legislative session with nothing.

Senator Weeding asked if the proposal would contemplate a continuous group of 165 people, or will they drop the more vulnerable people and pick up some 55 year-olds.

Rep. Bergsagel said the proposal is that they would provide insurance as long as the premium rate is paid. He said there is no such thing as the insurance agency being able to drop the insured because they don't like the age.

Senator Devlin said we will be back in a couple years looking for more beds, and is glad the Long Range Building Committee is looking at other alternatives. He wondered how they would designate who is insured.

Rep. Bergsagel said the criteria for the acceptance in this insurance plan would be developed by the administrating agencies. They would be responsible for individuals signing up and being accepted.

Senator Devlin asked who makes the selection to spend \$600,000; who selects which veterans will qualify.

Bob Anderson, Department of Corrections and Human Services, said they oversee the Veterans Home in Columbia Falls, and would oversee the eastern Montana Veterans Home if it is developed. He said he put together a scenario that would develop a committee from a representation of the Department of Corrections, the Department of Family Services, Department of Administration, and representatives of different Veterans groups, and that committee would develop the criteria for RFP which would lay out the parameters for what the insurance would provide. Because we are talking about a limited number, it would have to be first come, first served. He said they would insure the first 150 or 175 individuals based on the premiums quoted to them.

Senator Devlin asked Mr. Cote if he had looked at the premiums from the Blue Cross Blue Shield memorandum. (Exhibit 13)

Mr. Cote said he had not, but would be happy to.

Senator Hockett said this is not a bill that came out of Long Range Planning. He said his concern is about the long term maintenance and repair on state buildings.

Tom O'Connell, Administrator, Architect and Engineering Division, said the effect of HB 46 is to take out almost \$2.7 million this biennium. In House floor action, when the \$2.7 million was deleted for HB 46, there was \$2.6 million added from the General Fund to restore the projects. On a state wide basis, we have needs far beyond what we can take care of with the existing money. If HB 46 passes, approximately \$3 million dollars will be available next session. He said they can't keep up with the repair and maintenance of all the buildings, so he would say there is a negative effect with the passage of this bill.

Senator Weeding said the 2 cent cigarette tax was levied with the intent of constructing and maintaining Veterans homes.

Tom O'Connell said the 2 cent tax was levied for the purpose of constructing the veterans home but was not passed with the intent of operating and maintaining the veterans homes. HB 547, which established the need for the 100 bed nursing home in section 10 of that bill said the continued operation and maintenance would be paid for by General Fund dollars - not anything to do with the 2 cent tax approved.

Senator Weeding said if you didn't have the tax, they wouldn't have the \$600,000 in the fund.

Tom O'Connell said that was correct. The 2 cent tax, as originally proposed as 5 cents and when HB 202 was introduced it was supposed to sunset after money was raised to construct the facility. The sunset was removed in the legislative process and was reduced to 2 cents. The 2 cents has been put into the Capitol Projects fund as per HB 202 and HB 547 and once the money was raised to construct, that money has been used as any other money in the cigarette tax cash account for the repair and maintenance of state facilities.

Senator Tveit asked if insurance companies could limit the number of people they will insure, and was that legal.

Mr. Cote said they would have a master group policy of which individuals could apply for a certificate under that group policy, and it would be legal for them to do that.

Senator Jergeson asked Rep. Bergsagel if a new proposal were put forward in a typical legislative session to start a program of insurance like this, would he be as favorable to that as to the proposal that exists today.

Rep. Bergsagel said in this state there is no way we are going to be able to build enough nursing homes and nursing beds for people. We have to find methods of caring for people in their

own homes and communities. He would prefer it not be limited to Veterans.

Senator Jergeson asked if during the 1995 session, Rep. Bergsagel would continue to pursue this program with respect to all senior citizens and not just veterans, regardless of the decision on this particular proposal and this particular bill.

Rep. Bergsagel said it will depend on whether he is re-elected and on the changes made by the Clinton administration concerning health care.

Senator Swysgood said this is a good faith attempt by a number of people to address the concerns as it relates to veterans.

Rep. Johnson said he would be opposing the insurance because he doesn't think it works. From what he has learned from the insurance people, this type of thing will not do what it is intended to do in determining that veterans have a nursing home situation.

Senator Swysgood asked Rep. Johnson whether this passes or fails and whether the home gets built or not, if some proposal similar to this would come up in future legislation, would he be opposed to it.

Rep. Johnson said unless there is a clear way to provide for more than the 175 veterans, he could not support it.

Senator Devlin asked if there is a guarantee they still have a bed at that nursing home, and does the state pay for that through medicaid, medicare, etc., and at what rate is the bed held open.

Rose Skoog said there is a bed hold policy with Medicaid patients who are in nursing homes and it relates to if they go to the hospital or to their home for a therapeutic home visit. It is a certain number of days a year they are allowed to have a bed held if the facility is full and has a waiting list.

Senator Devlin asked if Ms. Skoog had thought about a program like that for the veterans.

Ms. Skoog said she hadn't thought about it, but that type of thing is happening in other states.

Senator Jacobson said she doubts they hold nursing home beds in veterans homes.

Senator Devlin said 80 beds will not be enough for the increasing number of veterans that will be needing a nursing bed.

Senator Jacobson said we have two different issues. One is that there are people pushing to build a nursing home and not divert funds for another type of program, and the other is whether this

is a viable program.

Senator Weeding asked Mr. Cote if, in any given group 55 or above, how many of those covered individuals may end up in a nursing home; how many people would get a nursing home paid for.

Mr. Cote said he didn't have a specific figure, but would find out and report back. He would suggest anywhere from one in four to one in twelve. In response to Senator Devlin, he said he looked at the figures in exhibit 13 and said they are similar to the figures he had discussed. He said the majority of WW II veterans were over 60 years of age. Regarding Senator Tveit's questions, taxes are going to have to be paid by the veteran, either on the basis of the premium or on the basis of the benefit. That would be for the IRS to figure out.

Closing by Sponsor:

Representative Johnson closed and said the bill has a long history of providing operations and maintenance through the cigarette tax. He said veterans should not have to impoverish themselves to go to a Veterans Home. 41 of the residents of Columbia Falls pay for their own way. The Veterans facility at Miles City is a federal facility and they have a waiting list of 27. The Glendive Nursing Home has a waiting list of 75. HB 46, with the Bergsagel amendments taken out would provide for the operation and maintenance of the homes.

HEARING ON HOUSE BILL 9

Opening Statement by Sponsor:

Representative Bergsagel, House District 17, said HB 9 is the Montana Arts Council Grants Program.

Proponents' Testimony:

Robin Fishbaugh, Executive Director of the Montana Arts Council appeared in support of HB 9. She said it is a valuable resource in terms of the cultural treasures in Montana. She said the Montana Arts Council is the administrator of the Cultural Trust Grant Program.

Janette McKee, President of the Daily Mansion Preservation Trust, Hamilton, Montana, said they are in support of HB 9.

Gloria Hermanson, Montana Cultural Advocacy, recommends HB 9 be passed as it came out of the House Committee.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Devlin said he understood when the Daily Mansion was bought, the Preservation Trust was going to take over the mansion and maintain it at no additional cost to the state, but that hasn't happened. He asked Ms. McKee if HB 9 would help them to be able to maintain.

Ms. McKee said this would make all the difference, and would open the grant process for them.

Senator Devlin asked if they would be back in two years for a like amount.

Ms. McKee said they did not come this time for this amount. She said they came for a small administrative grant and Rep. Bardanouve felt it was important and something that needed to be saved.

Closing by Sponsor:

Rep. Bergsagel closed by saying it was the conclusion of the committee that the Daily Mansion was of historic significance.

HEARING ON HOUSE BILL 6

Opening Statement by Sponsor:

Representative Bardanouve said HB 6 appropriates money for water development and renewable resources, development grants and small loans. He described projects in Ryegate which has many financial resources and the Ruby Valley Conservation District. He noted this is a cooperative agreement in which they will build fences and water lines.

Proponents' Testimony:

John Tubbs, Resource Development Bureau, DNRC, stated the department's support for the bill.

Rep. Jim Elliott, House District 51, said originally, the community of Hot Springs was placed on 2 bills, HB 6 and HB 7. The subcommittee did not grant a portion of the monies in HB 6 but did reduce the monies in HB 7 and recommended the town of Hot Springs to get a \$150,000 grant. He asked that the committee of the full House of Representatives move the grant up to the original placement for the grant to the town of Hot Springs in HB 6. He asked for support for HB 6 as it stands.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Swysgood said on the Senate Floor two of the projects were put back in to their original funding mechanism, and asked Mr. Tubbs if they had to be amended to strike them out of this bill.

Mr. Tubbs said they could be struck from this bill, or they could be left in the bill contingent that they only receive funding from one source or the other.

Senator Vaughn offered 2 amendments and said the department has requested them in order to provide for the authority to issue bonds. (Exhibits 14 and 15)

Mr. Tubbs said the amendments were adequately explained. He said he would try to attend the Executive Action to answer questions.

Senator Weeding asked why the Department of Natural Resources comes in for a grant, he thought they were granted funds off the top before the projects came in.

Rep. Bardanouve said the administration did not show up in this part.

Senator Weeding referred to page 3, lines 25 and 26.

Rep. Bardanouve said it would be a research project.

Senator Swysgood asked the department to draft an amendment for the projects in Yellowstone County and the town of Ennis that they would only receive funding from one source.

Senator Bianchi asked the effect of the amendment on the town of Hot Springs.

Mr. Tubbs said it would have no effect because when the LFA calculated the amount of the beginning fund balance for the upcoming session, they assumed that those grants would receive funding.

Rep. Bardanouve said some of the projects that won't be funded this biennium will probably have a higher priority in 1995.

Senator Toews questioned what was done in the Senate to the Ennis project.

Rep. Bergsagel said the projects were Huntley and the study of a creation of a water district.

Senator Swysgood said it was in reference to Yellowstone County Shepard Rural water system development and the town of Ennis water storage and distribution that were taken from the Treasure State Endowment and put into this, and because of the action to HB 608, the funding was removed and they were put back where they originally were.

Senator Beck asked about the word "loan" in the Vaughn amendments.

Mr. Tubbs said it wasn't clear with the current bill, so the Bond Council suggested that we make it clear that if you authorize the loans, say it is a loan and if it is a grant/loan combination, specify how much is grant and how much is loan.

Closing by Sponsor:

Rep. Bardanouve closed.

HEARING ON HOUSE BILL 7

Opening Statement by Sponsor:

Rep. Bergsagel, House District 17, said HB 7 appropriates money to the DNRC for grants for designated projects under the reclamation and development grants program, prioritizes grants and amounts and establishes conditions for grants. He said most of the grants were for environmental cleanup.

Proponents' Testimony:

John Tubbs said they support HB 7.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Swysgood said on page 4, the town of Hot Springs is listed for the same amount of money that was in the last loan, and wondered if they were being given \$300,000 for the same project.

Rep. Bergsagel said it was left in, but was not funded at all.

Mr. Tubbs said it is well below the funding level. The funding level is \$2.2 million dollars if HB 608 passes. It would be at least \$1 million out of the fund.

Senator Swysgood asked if they have language in HB 7 so they can't get funding from both sources.

Mr. Tubbs said they did apply for both programs. He said it was his understanding they would be taken out of HB 7 funding. The committee did not think they should receive more than \$150,000.

Senator Swysgood said the way it stands right now, if funding becomes available for these projects, they could receive \$300,000. An adjustment needs to be made so they only receive funding from one source.

Mr. Tubbs said they could keep it in HB 6, and it would not be inappropriate to delete them out of HB 7.

Closing by Sponsor:

Rep. Bergsagel closed.

HEARING ON HOUSE BILL 12

Opening Statement by Sponsor:

Rep. Bardanouve, House District 16, said HB 12 is about Coal Trust monies, and explained the bill and the importance of the projects to the committee.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

None.

Closing by Sponsor:

Rep. Bardanouve closed on HB 12. He said they have saved the State of Montana and the Coal Trust over \$600,000 in the negotiations on the project.

HEARING ON HOUSE BILL 10

Opening Statement by Sponsor:

Representative Bergsagel, House District 17, said HB 10 appropriates oil overcharge money for programs administered by the State of Montana.

Proponents' Testimony:

John Rife, Executive Director of Energy Share of Montana, presented written testimony. (Exhibit 16)

Judith Carlson, representing the Human Resource Development Association and Directors, said they support HB 10.

Denise Peterson, speaking for the Public Service Commission said they support the appropriations for low income weatherization in Section 4, for matching funds for low income energy assistance in Section 5 and the energy efficient home mortgage reserve account in Section 10.

Laurie Zeller, DNRC, spoke in support of Section 9.

Nancy Griffin, Executive Officer, Montana Building Industry Association, presented written testimony. (Exhibit 16a)
She said they supported Section 10.

Mike Voleski, Montana Association of Conservation Districts, said they support Section 9 of the bill. They support HB 10 as is. He presented written testimony from John Bays, Wilsall, MT. (Exhibit 17)

Deborah Schmidt, Executive Director, EQC, said they support Section 10.

Van Jamison, DNRC, said they support HB 10, as does Dave Hauser representing Montana Power.

Rep. Bardanouve said it is a worthwhile bill and he hopes the committee passes HB 10.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Devlin asked for an explanation of Section 11, the

Northern Montana College Tractor Resource Center appropriation.

Rep. Bergsagel said it is a proposal that was put forth by Northern Montana College for testing of tractors because Montana is one of the largest users of diesel fuel in the nation. They have a testing program where they tune up the equipment and try to generate fuel savings.

Senator Weeding asked for an explanation of the oil overcharge. Rep. Bergsagel asked Mr. Jamison to respond to that.

Van Jamison said the oil overcharge monies are collected by the United States Department of Energy and distributed to the states on the basis of fuel consumption when the price controls were in place. They go into a stripper well fund from which the appropriations of the new monies are made. In some instances the stripper well monies are appropriated to one of the 5 federally sponsored energy programs. If the oil overcharge monies were incorporated into one of those program plans, they cannot leave the plan because the stripper well settlement agreement provides that monies are to be used to supplement, not supplant money that would otherwise be available to the program.

Senator Weeding asked if that was the only money that goes into the account. Mr. Jamison said that was correct, it is only stripper well money.

Senator Swysgood referred to page 5, section 6, and asked for a definition on transportation demand management.

Mr. Jamison said it is a way of looking at different alternatives for providing certain kinds of transportation services.

Senator Swysgood asked if there were other funds available to the new ISTEA Agreement that would go for this also.

Van Jamison said the amount of money that goes to the Department of Transportation under ISTEA stays the same. They have a broader range of activities that they can actually fund the new bill compared to the old bill. This study could be done using transportation funds because there is no limit in the ISTEA legislation on how much can be spent for administrative purposes. He said they envisioned the Department of Health, Department of Natural Resources and the Department of Transportation, local planning organizations and others getting together to develop a transportation service plan for the whole state.

Closing by Sponsor:

Rep. Bergsagel closed on HB 10.

HEARING ON HOUSE BILL 668

Opening Statement by Sponsor:

Rep. Bergsagel, House District 17, said HB 668 deals with cultural grants.

Proponents' Testimony:

Robin Fishbaugh, Executive Director of the Montana Arts Council said they are in support of the bill.

Gloria Hermanson, Montana Cultural Advocacy, rose in support of the bill.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Swysgood asked how a value was placed on in kind services.

Rep. Bergsagel said it is a judgement call of the committee. He said they reviewed the cultural grants in depth and they looked for community participation and the desire of the individuals to have the project.

Senator Swysgood cautioned letting this enter into the funding mechanism.

Closing by Sponsor:

Rep. Bergsagel closed on HB 668.

HEARING ON HOUSE BILL 674

Opening Statement by Sponsor:

Rep. Bergsagel, House District 17, said HB 674 is a bill revising the law for state construction projects and increase the cost for a building that may be constructed without legislative consent to \$50,000. It authorizes the Governor to transfer funds and authority for emergency repair of buildings; it removes the Board of Examiners from certain building functions allowing the Department of Administration to contract for work. It increases to \$10,000 the amount of architectural engineering and land survey services that may be contracted. He said it would not

require legislative approval.

Proponents' Testimony:

Tom O'Connell, Administrator, Architect and Engineering Division, said they have worked with various state agencies to come up with a bill that takes care of some of the most pressing needs to streamline the construction process. Removing the Board of Examiners was agreed to by the Board. He said there is transfer language in the bill that is necessary to continue operating the way they are now, with statute backing them up on the procedure.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

Senator Swysgood asked if there was a possibility that agencies would come in asking for more operating money in anticipation of building buildings since they can do it without legislative scrutiny.

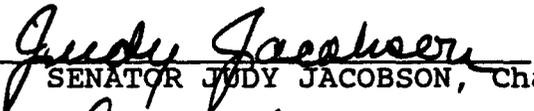
Rep. Bergsagel said it is possible, but highly unlikely.

Closing by Sponsor:

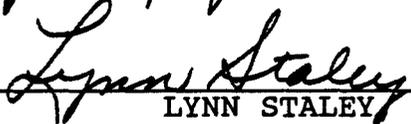
Rep. Bergsagel closed on HB 674.

ADJOURNMENT

Adjournment: The meeting adjourned at 4:30 p. m.



SENATOR JUDY JACOBSON, Chair



LYNN STALEY, Secretary

JJ/lb

ROLL CALL

SENATE COMMITTEE FINANCE AND CLAIMS

DATE 4/2/93

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	✓		

FC8

Attach to each day's minutes

EXHIBIT NO.

DATE

BILL NO.

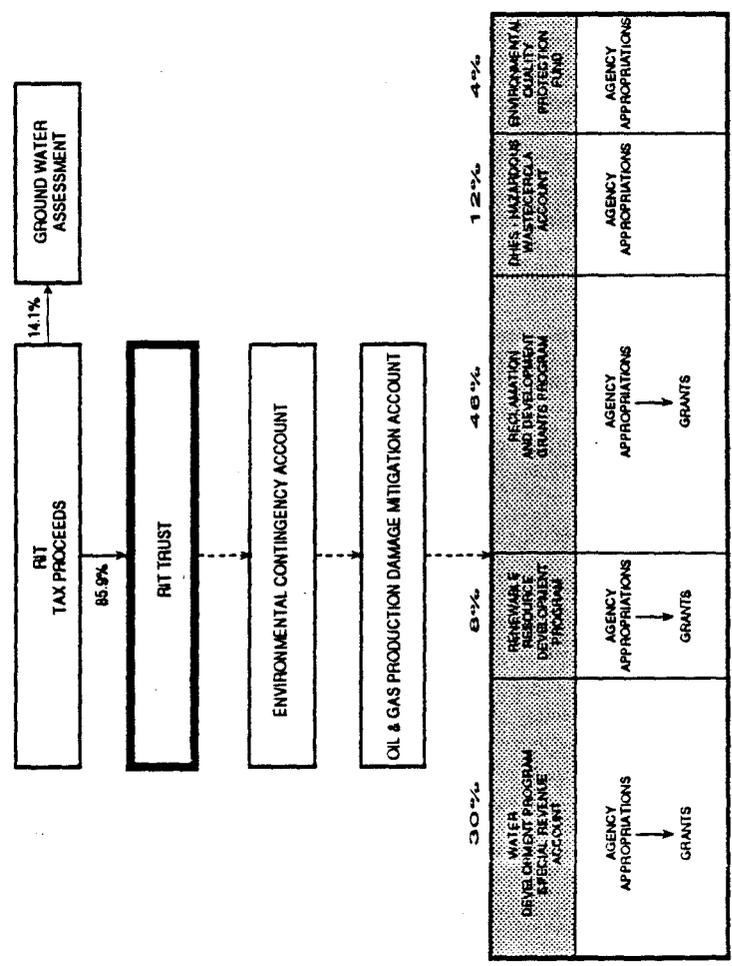
HOUSE BILL NO. 608

April 1, 1993

- **The RIT's original intent was to provide funding for reclamation projects, to protect and enhance the natural resources of the state, and to support projects that benefit the economy of the state. HB 608 elevates the RIT grant programs above agency appropriations. By giving priority to the grant programs the legislature is preserving the original intent of the RIT.**
- **The legislature must decide either to fund these grant programs or not. Without HB 608 agency appropriations will leave only \$727,852 for grants. Session after session the agency appropriations have taken larger and larger shares of these revenues. The time has come to either fund viable grant programs that assists local governments throughout the state or to only fund agencies.**
- **RIT will continue to fund natural resource agencies. With or without HB 608, House Bill No. 2 provides \$20,838,545 of RIT revenue for agency appropriations. These RIT revenues fund programs and projects in DNRC, DSL, DHES, Water Courts, EQC, State Library, the Reserved Water Rights Compact Commission, and the Montana Salinity Control Association.**
- **The grant programs invest money in local projects and provide needed matching funds. For example, the 1991 legislature provided a \$300,000 grant to design the WASTEC center located in Silver-Bow County. This has led to a \$14 million investment from the U.S. Department of Energy and the EPA. \$400,000 in grant funds were awarded to irrigation districts along the Milk River. Over a million dollars in local match was raised for these projects. In the next biennium grants, a \$300,000 grant to fund the DHES non-point pollution control program along with 9 reclamation grants, provide the required state match. The federal cost share would be as high as \$2.6 million for pollution prevention, if these grants are funded. There are no other programs that can provide this match to leverage these federal dollars.**
- **The grants programs fund needed improvements and provide one of the only sources of funds to reclaim lands that have been impacted by mining and mineral development. Grants this biennium provide funding to:**
 - Plug 29 abandoned oil wells that are listed as the highest priority by the Board of Oil and Gas
 - Reclaim 2 placer mines on two streams that provide important habitat for fisheries. One protects the only remaining west slope cutthroat population in the Big Belt mountains. The other reclaims a tributary to the Big Blackfoot and would restore needed spawning beds.
 - Provide funding for eight small rural water and wastewater systems. These small systems have an very difficult time affording the EPA mandated system improvements without assistance.

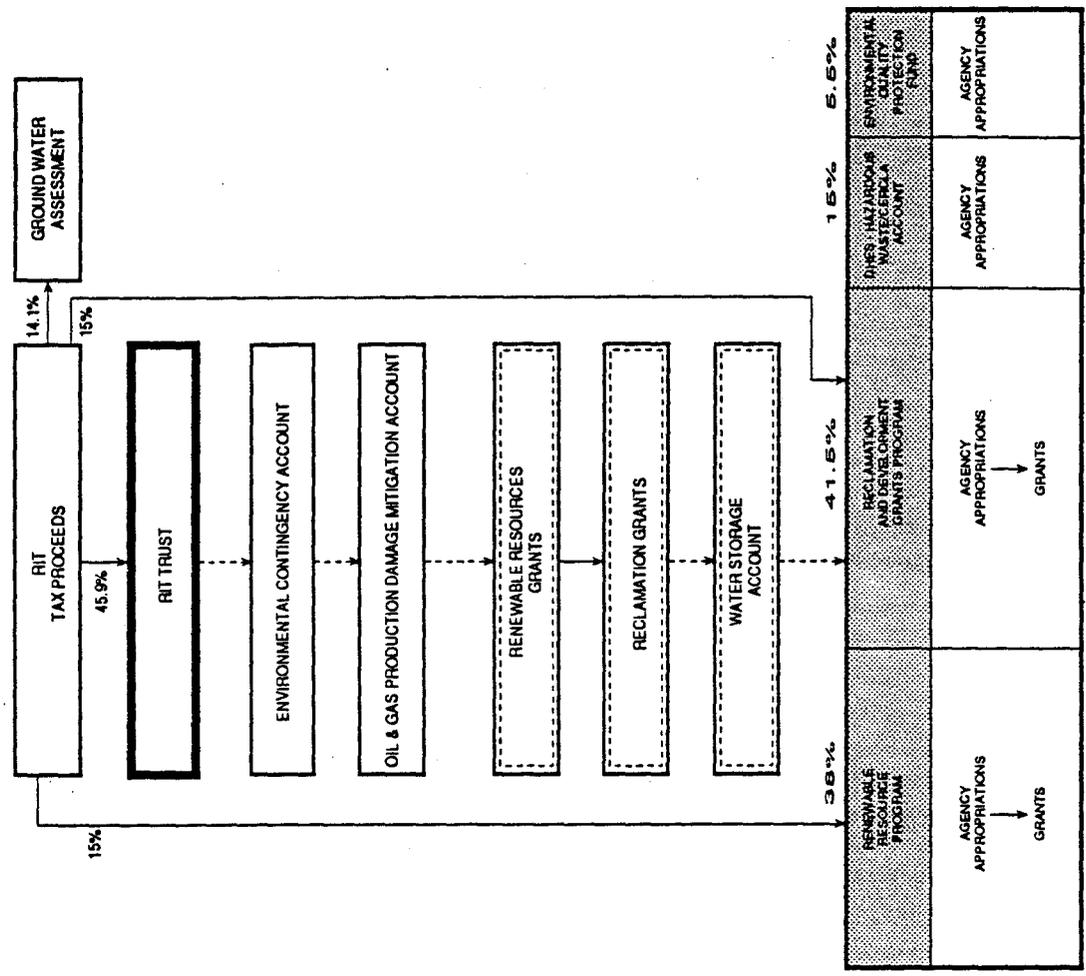
CURRENT LAW

15-38-106, 15-38-202



HB 608

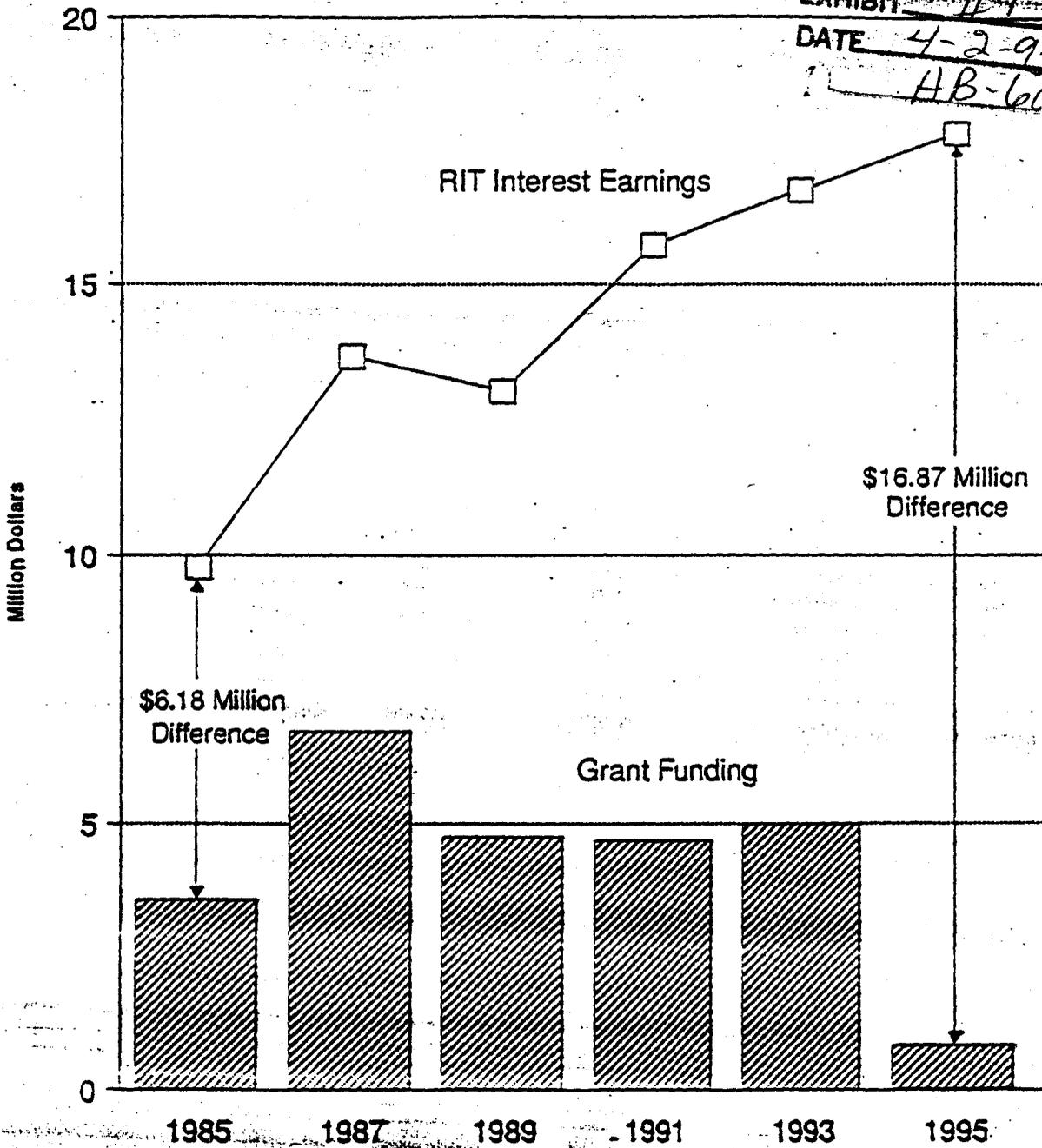
AS AMENDED



————— PROCEEDS
 - - - - - INTEREST

Funding for RIT Grants DNRC

EXHIBIT 11-1
 DATE 4-2-93
AB-608



Based on June 30, 1992 Cash Flow Sheets and March 15, 1993 Income Estimates

HB 608 AS AMENDED

- 1) For the 94/95 biennium, diverts 30% of the RIT tax proceeds (\$2,765,560) to be deposited into the Renewable Resource State Special Revenue Account (\$1,382,780) and Reclamation and Development State Special Revenue Account (\$1,382,780).
- 2) For the 96/97 biennium and into the future, diverts 40% of the RIT tax proceeds (\$3,687,414) to be deposited into the Renewable Resource State Special Revenue Account (\$921,854) and Reclamation and Development State Special Revenue Account (\$2,765,560).
- 2) For the 94/95 biennium, establishes minimum funding for renewable resource grants (\$1,075,000 million), reclamation and development grants (\$2,200,000 million), and provides that \$275,000 be deposited into the water storage account.
- 3) For the 96/97 biennium and into the future, establishes minimum funding for renewable resource grants (\$2 million), reclamation and development grants (\$3 million), and provides that \$500,000 be deposited into the water storage account.
- 4) Combines the Water Development and Renewable Resource Development programs into one program.
- 5) RIT account balances are positive.

DATE 4-2-93
HB-608

NAME OF APPLICANT	REQUESTED FUNDING	RECOMM. FUNDING	COMMITTEE ACTION	ACCUMULATIVE TOTAL
1 BOARD OF OIL & GAS CONSERVATION Kevin - Sunburst Plugging & Reclamation Project	\$299,000	\$299,000	299,000	\$299,000
2 BOARD OF OIL & GAS CONSERVATION Cat Creek Plugging & Reclamation Project	\$214,810	\$214,810	214,810	\$513,810
3 LT. GOVERNOR'S OFFICE The Montana Office of Public Policy Dispute Resolution	\$127,667	\$127,667	127,667	\$641,477
4 TOWN OF WALKERVILLE Walkerville Reclamation Project	\$75,569	\$75,569	50,000	\$691,477
5 DEPARTMENT OF STATE LANDS Well Assessment and Abandonment -- Oil and Gas	\$211,800	\$211,800	0	\$691,477
6 BROADWATER CONSERVATION DISTRICT Whites Gulch Placer Mine Reclamation Project	\$296,300	\$296,300	296,300	\$987,777
7 TOOLE COUNTY North Toole County Oil Field Reclamation Project	\$294,284	\$294,284	294,284	\$1,282,061
8 DEPARTMENT OF FISH, WILDLIFE, AND PARKS Elk Creek Placer Mined Channel Reconstruction	\$72,850	\$72,850	72,850	\$1,354,911
9 TOWN OF COLUMBUS Waste Stream Reduction -- Oil Recycling	\$220,084	\$41,172	41,172	\$1,396,083
10 MONTANA SALINITY CONTROL ASSOCIATION Soil and Water Nonpoint Source Pollution Control and Management	\$300,000	\$172,250	172,250	\$1,568,333
11 CARBON CONSERVATION DISTRICT RC&D's Affecting Change Through Local Leadership	\$300,000	\$300,000	300,000	\$1,868,333
12 DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES Nonpoint Source Pollution Control in Montana	\$300,000	\$300,000	300,000	\$2,168,333
13 BUREAU OF MINES & GEOLOGY Acid-mine drainage prevention, control, and treatment technology	\$297,245	\$148,623	148,623	\$2,316,956
14 JEFFERSON VALLEY CONSERVATION DISTRICT Crystal Mine Remediation Technology Demonstration	\$300,000	\$150,000	0	\$2,316,956
15 DEER LODGE VALLEY CONSERVATION DISTRICT Developing Acid/Heavy Metal-Tolerant Cultivars for Mine Reclamation	\$137,700	\$137,700	120,000	\$2,436,956
16 GLACIER COUNTY CONSERVATION DISTRICT Comprehensive Evaluation of Groundwater Contamination, Red River	\$214,059	\$214,059	150,000	\$2,586,956
17 VALLEY COUNTY Fort Peck Reservoir Breakwater	\$300,000	\$300,000	100,000	\$2,686,956
18 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION Arsenic Transport & Mobility in Surface Water, Irrigated Soils & Groundwater	\$229,989	\$50,000	50,000	\$2,736,956
19 RAVALLI COUNTY A Lake for Better Water Quality	\$300,000	\$300,000	300,000	\$3,036,956
20 BUTTE-SILVER BOW Mitigation of Mining and Smelting damage through Urban Forestry	\$150,000	\$150,000	150,000	\$3,186,956
TOWN OF HOT SPRINGS Camas Therapy Center				

WATER DEVELOPMENT AND RENEWABLE RESOURCE DEVELOPMENT RANKING AND FUNDING RECOMMENDATIONS

APPLICANT	PROJECT NAME	GRANT REQUEST	GRANT RECOMMENDED	COMMITTEE ACTION	CUMULATIVE TOTAL	LOAN
1 MALTA IRRIGATION DISTRICT	WATER USE EFFICIENCY IMPROVEMENTS -- SOUTH CANAL	\$100,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00
2 RICHLAND COUNTY	DAM EVALUATION AND DESIGN	\$60,850.00	\$60,300.00	\$60,300.00	\$110,300.00	\$0.00
3 MT DNRC - WATER RESOURCES DIVISION	CHARACTERISTICS OF EXTREME PRECIP. IN MONTANA	\$100,000.00	\$100,000.00	\$100,000.00	\$210,300.00	\$0.00
4 TOWN OF RYEGATE	WATER SYSTEM IMPROVEMENT	\$100,000.00	\$33,750.00	\$50,000.00	\$260,300.00	\$150,000.00
5 YELLOWSTONE COUNTY	YELLOWSTONE RIVER PROJECT	\$100,000.00	\$100,000.00	\$50,000.00	\$310,300.00	\$0.00
6 STOCKETT/CASCADE WATER & SEWER DISTRICT	SEWER SYSTEM	\$50,000.00	\$50,000.00	\$0.00	\$310,300.00	\$0.00
7 MT STATE UNIVERSITY, WATER COURSE	INNOVATIVE WATER RESOURCE EDUCATION	\$94,900.00	\$94,900.00	\$0.00	\$310,300.00	\$0.00
8 BUTTE--SILVER BOW LOCAL GOVERNMENT	MUNICIPAL COMPOST PRODUCTION FROM YARDWASTE AND SLUDGE	\$59,854.00	\$50,000.00	\$50,000.00	\$360,300.00	\$49,854.00
9 DARBY SCHOOL DISTRICT NO. 9	SCHOOL PARK PROJECT	\$25,300.00	\$25,300.00	\$0.00	\$380,300.00	\$0.00
10 MT DEPARTMENT OF STATE LANDS	REFORESTATION PROJECTS ON STATE LANDS	\$83,185.00	\$21,974.00	\$60,000.00	\$440,300.00	\$0.00
11 HUNTLEY WATER AND SEWER DISTRICT	WATER SYSTEM REHABILITATION	\$100,000.00	\$100,000.00	\$100,000.00	\$540,300.00	\$50,000.00
12 RUBY VALLEY CONSERVATION DISTRICT	UPPER RUBY WATER DEVELOPMENTS AND RIPARIAN AREA IMPROVEM	\$100,000.00	\$100,000.00	\$100,000.00	\$640,300.00	\$0.00
13 BUTTE--SILVER BOW LOCAL GOVERNMENT	BLACKTAIL CREEK RESTORATION PROJECT	\$100,000.00	\$100,000.00	\$0.00	\$740,300.00	\$0.00
14 MT BUREAU OF MINES & GEOLOGY	GROUNDWATER PROTECTION AND EDUCATION FOR RURAL SCHOOLS	\$94,184.00	\$94,184.00	\$0.00	\$830,300.00	\$0.00
15 TOWN OF WINNETT	SEWER RECONSTRUCTION AND REHABILITATION	\$100,000.00	\$100,000.00	\$50,000.00	\$930,300.00	\$50,000.00
16 FORT PECK RURAL WATER DISTRICT	WATER ENGINEERING STUDY	\$50,000.00	\$40,000.00	\$40,000.00	\$970,300.00	\$0.00
17 TOWN OF DUTTON	WATER SYSTEM IMPROVEMENT	\$94,880.00	\$50,000.00	\$0.00	\$1,020,300.00	\$0.00
18 PETROLEUM COUNTY	CROOKED CREEK RECREATION CENTER	\$100,000.00	\$50,000.00	\$0.00	\$1,070,300.00	\$0.00
19 EAST GLACIER WATER AND SEWER DISTRICT	MIDVALE DIVERSION STRUCTURE	\$25,810.00	\$25,905.00	\$25,905.00	\$1,100,300.00	\$76,537.00
20 TOWN OF NASHUA	WATER STORAGE SYSTEM IMPROVEMENTS	\$50,000.00	\$50,000.00	\$50,000.00	\$1,150,300.00	\$0.00
21 CARBON COUNTY	WATER SYSTEM IMPROVEMENTS	\$100,000.00	\$50,000.00	\$0.00	\$1,200,300.00	\$100,000.00
22 CHINOOK DIVISION IRRIGATION ASSOCIATION	IRRIGATION WATER MEASURING DEVICES	\$100,000.00	\$34,217.00	\$34,217.00	\$1,234,517.00	\$65,783.00
23 CHINOOK DIVISION IRRIGATION ASSOCIATION	REPAIR OF LOHMAN DAM	\$100,000.00	\$36,173.00	\$36,173.00	\$1,270,690.00	\$63,956.00
24 LIBERTY COUNTY CONSERVATION DISTRICT	SWEET GRASS HILLS - EAST BUTTE GROUNDWATER EVALUATION	\$100,000.00	\$100,000.00	\$0.00	\$1,370,690.00	\$0.00
25 CUSTER COUNTY	COUNTY RECYCLING PROJECT	\$18,900.00	\$4,725.00	\$4,725.00	\$1,375,415.00	\$0.00
26 TOWN OF CIRCLE	WATER QUALITY IMPROVEMENT PROJECT	\$40,000.00	\$16,000.00	\$36,000.00	\$1,411,415.00	\$0.00
27 EASTERN SANDERS CONSERVATION DISTRICT	ACCELERATE SOIL SURVEY ON FORESTLANDS	\$99,000.00	\$99,000.00	\$99,000.00	\$1,510,415.00	\$0.00
28 MT INSTITUTE OF TOURISM AND RECREATION	STUDY OF THE IMPACT OF TOURISM	\$42,583.00	\$35,484.00	\$0.00	\$1,545,900.00	\$0.00
29 TOWN OF HOT SPRINGS	CAMAS THERAPY CENTER	\$100,000.00	\$100,000.00	\$150,000.00	\$1,695,900.00	\$0.00
30 GLASGOW IRRIGATION DISTRICT	INSTALLATION OF FARM DELIVERY HEADGATE MEASURING DEVICES	\$100,000.00	\$50,000.00	\$50,000.00	\$1,745,900.00	\$50,000.00
31 HILGER COUNTY WATER AND SEWER DISTRICT	SEWAGE AND COLLECTION TREATMENT FACILITIES	\$100,000.00	\$100,000.00	\$50,000.00	\$1,845,900.00	\$0.00
32 VALLEY COUNTY	FORT PECK BREAKWATER	\$99,812.00	\$99,812.00	\$0.00	\$1,945,712.00	\$0.00
33 MILE HIGH CONSERVATION DISTRICT	RADON ASSESSMENT OF MONTANA'S AQUIFERS	\$100,000.00	\$100,000.00	\$100,000.00	\$2,045,712.00	\$0.00
34 MT DNRC - WATER RESOURCES FIELD OFFICE	FLATHEAD VALLEY COOP. GROUNDWATER STUDY	\$56,185.00	\$56,185.00	\$0.00	\$2,101,897.00	\$0.00
35 MISSOULA URBAN TRANSPORTATION DISTRICT	ALTERNATIVE FUELS INITIATIVE	\$64,700.00	\$47,318.00	\$47,318.00	\$2,149,215.00	\$0.00
36 LITTLE BEAVER CONSERVATION DISTRICT	WATER RESERVATIONS DEVELOPMENT AND IMPLEMENTATION	\$88,340.00	\$88,340.00	\$70,872.00	\$2,229,087.00	\$0.00
37 RAVALLI COUNTY	GROUNDWATER VULNERABILITY ASSESSMENT	\$100,000.00	\$85,000.00	\$75,000.00	\$2,304,087.00	\$0.00
38 YELLOWSTONE COUNTY	RURAL WATER SYSTEM DEVELOPMENT	\$31,470.00	\$31,740.00	\$0.00	\$2,335,827.00	\$0.00
39 MT STATE UNIVERSITY	GUIDE TO MONTANA WATER LAW	\$100,000.00	\$50,000.00	\$50,000.00	\$2,385,827.00	\$50,000.00
40 HILL COUNTY	SALINITY CONTROL PROJECT	\$100,000.00	\$7,000.00	\$7,000.00	\$2,492,827.00	\$0.00
41 ROOSEVELT COUNTY CONSERVATION DISTRICT	RECREATIONAL ENHANCEMENT OF MISSOURI RIVER	\$50,000.00	\$50,000.00	\$1,596,310.00	\$2,648,827.00	\$0.00
42 FORT SHAW IRRIGATION DISTRICT	'A' SYSTEM DIVERSION	\$53,000.00	\$31,568.00	\$31,568.00	\$2,701,395.00	\$0.00
43 DODSON IRRIGATION DISTRICT	WATER USE EFFICIENCY IMPROVEMENTS	\$99,000.00	\$50,000.00	\$44,500.00	\$2,795,895.00	\$31,328.00
44 FORT SHAW IRRIGATION DISTRICT	REHABILITATION AND BETTERMENT STUDY	\$99,000.00	\$50,000.00	\$0.00	\$2,845,895.00	\$0.00
45 FLATHEAD JOINT BOARD OF CONTROL	FISH FRIENDLY IRRIGATION	\$51,408.00	\$13,921.00	\$0.00	\$2,897,316.00	\$54,500.00
46 WHITEFISH COUNTY WATER AND SEWER DISTRICT	PROTECTION OF SWIFT CREEK PILOT PROJECT	\$0.00	\$0.00	\$100,000.00	\$2,997,316.00	\$0.00
47 TOWN OF ENNIS		\$0.00	\$0.00	\$0.00	\$2,997,316.00	\$0.00

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1 1

ASSUMES HB 608 DOES PASS (30% Diversion)

EXHIBIT # 1
DATE 2-2-93
HB-608

RIT PROCEEDS PROJECTIONS			
	RIT Proceeds	To RIT Trust	Ending Trust Balance
FY 93	5,012,489	5,012,489	87,502,387
FY 94	4,563,683	2,094,730	89,597,117
FY 94	4,654,850	2,136,576	91,733,694

RIT TRUST INTEREST EARNINGS PROJECTIONS			
	FY94	FY95	TOTAL
	8,715,992	8,940,752	17,656,744

TOTAL 1995 BIENNIUM ALLOCATION OF RIT INTEREST EARNINGS		17,656,744
Environmental Contingency Account		175,000
Oil & Gas Production Damage Mitigation Account		50,000
Renewable Resource Grant & Loan Program		1,075,000
Reclamation & Development Grants		2,200,000
Water Storage Account		275,000
TOTAL BIENNIAL APPROPRIATIONS		3,775,000
AMOUNT AVAILABLE FOR FURTHER DISTRIBUTION		13,881,744

Distribution of Remaining Interest Earnings

Account	Renewable Resource	Reclamation & Development	Hazardous Waste/ CERCLA	Environmental Quality Protection	TOTAL
Percent of RITT Interest	0.380	0.415	0.150	0.055	100%

Beginning Balance	\$890,367	\$0	\$1,169,906	\$915,135	\$2,975,408
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Revenues					
RIT Interest	\$5,275,063	\$5,760,924	\$2,082,262	\$763,496	\$13,881,745
RIT Tax Proceeds	1,382,780	1,382,780			\$2,765,560
Coal Tax	782,106				782,106
Loan Repayments	1,338,831				1,338,831
NR Damage Repayment Interest (STIP)					0
Administrative Fees	10,000		100,000	110,000	210,000
State Owned Proj. Rev.	538,604				538,604

Total Funds Available	\$10,217,751	\$7,143,704	\$3,352,168	\$1,788,631	\$22,502,254
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Appropriation					
Bond Debt Service	\$1,834,273	\$0	\$0	\$0	\$1,834,273
DNRC Centralized Services Division	1,157,119	311,576			1,468,695
DNRC CARD	1,088,585	996,475			2,085,060
DNRC Water Resources Division	1,943,544	2,724,302			4,667,846
Reserved Water Rights Compact Comm	326,747	674,341			1,001,088
DNRC State Water Projects	1,785,000				1,785,000
State Project Ownership Transfer	125,088				125,088
Missouri River Reservation	273,051				273,051
Montana Salinity Control Association		200,000			200,000
DSL Reclamation Div		2,534,319			2,534,319
DSL Central Management		63,592			63,592
DH&ES Environmental Division			2,295,218	1,040,262	3,335,480
Water Courts	1,046,712				1,046,712
State Library	207,470	183,615			391,085
Environmental Quality Council		27,256			27,256
Northern Montana College					
Pay Plan					

Total Appropriations	\$9,787,589	\$7,715,476	\$2,295,218	\$1,040,262	\$20,838,545
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Projected Biennium Ending Balance	\$430,162	(\$571,772)	\$1,056,950	\$748,369	\$1,663,709
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ASSUMES HB 608 DOES NOT PASS

RIT PROCEEDS PROJECTIONS			Ending
	RIT Proceeds	To RIT Trust	Trust Balance
FY 93	5,012,489	5,012,489	87,502,387
FY 94	4,583,883	3,920,204	91,422,591
FY 95	4,854,850	3,998,518	95,421,107

RIT TRUST INTEREST EARNINGS PROJECTION	FY94	FY95	TOTAL
	8,724,950	9,102,853	17,827,803

TOTAL 1995 BIENNIAL ALLOCATION OF RIT INTEREST EARNINGS			17,827,803
FIRST TIER DISTRIBUTION			
Environmental Contingency Account		\$175,000	
Oil and Gas Production Damage Mitigation Account		\$50,000	
TOTAL FIRST TIER BIENNIAL APPROPRIATIONS			<u>225,000</u>
AMOUNT AVAILABLE FOR FURTHER DISTRIBUTION			17,602,803

Distribution of Remaining Interest Earnings
Second Tier Distribution to Five Accounts

Account	Water Development	Renewable Resources	Reclamation & Development	Hazardous Waste/ CERCLA	Environmental Quality Protection	TOTAL
Percent of RIT Interest	30%	8%	46%	12%	4%	100%
Beginning Balances	\$890,367	\$0	\$0	\$1,169,906	\$915,135	\$2,975,408
Revenues:						
RIT Interest	\$5,280,841	\$1,408,224	\$8,097,289	\$2,112,336	\$704,112	\$17,602,802
Coal Tax	391,053	391,053				782,106
Loan Repayments	1,186,651	152,180				1,338,831
NR Damage Repayment Interest (STIP)				100,000	110,000	210,000
Administrative Fees	10,000					10,000
State Owned Proj. Rev.	538,804					538,804
Total Funds Available	\$8,297,516	\$1,951,457	\$8,097,289	\$3,382,242	\$1,729,247	\$23,457,751
Appropriation:						
Bond Debt Service	\$1,400,373	\$433,900	\$0	\$0	\$0	\$1,834,273
DNRC Centralized Services Division	443,411	713,708	311,576			1,468,695
DNRC CARD	661,332	427,253	996,475			2,085,060
DNRC Water Resources Division	1,943,544		2,724,302			4,667,846
Reserved Water Rights Compact Comm	326,747		674,341			1,001,088
DNRC State Water Projects	1,785,000					1,785,000
State Project Ownership Transfer	125,088					125,088
Missouri River Reservation	273,051					273,051
Montana Salinity Control Association			200,000			200,000
DSL Reclamation Div			2,534,319			2,534,319
DSL Central Management			63,592			63,592
DH&ES Environmental Division				2,295,218	1,040,262	3,335,480
Water Courts	1,046,712					1,046,712
State Library		207,470	183,615			391,085
Environmental Quality Council			27,258			27,258
Northern Montana College Pay Plan						
Total Appropriations	\$4,005,256	\$1,782,331	\$7,715,478	\$2,295,218	\$1,040,262	\$20,838,545
Projected Available for Grants	\$219,194	\$125,245	\$185,813			\$729,852
Projected Available for Water Storage	\$73,065	\$42,262				\$115,327
Projected Biennium Ending Balance	\$0	\$0	\$0	\$1,087,024	\$688,985	\$1,776,009

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Allan Sloan
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Dan Keil
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SENATE FINANCE AND CLAIMS

EXHIBIT NO. 2

DATE 4/2/93

BILL NO. HB 608

Mr. Chairman & Members of the Committee;

I am Arnold Peterson. I live at 1220 - 5th Street, Havre, Montana. I am a member of North Havre County Water District & Co Chairman of the Legislative Committee for Montana Rural Water Systems.

Montana Rural Water Systems Favors House Bill 608.

We would rather see Water development left by itself. However, since H.B.608 appears to protect Montana's most valued resource (Water) for Domestic use, and perhaps will lead to more efficient government, we support HB608.

We also feel that money should be protected for small municipalities since this is the only source of funds for rural Water Districts and Water service to small towns.

Small community water systems in Montana are having a hard time meeting expenses that are being incurred by the EPA through the amended Safe Drinking Water Act of 1986. Most of these systems are not eligible for FmHA, RDA and other loan and/or grant funding. In addition to this, they must compete with every other project for CDBG funds.

The Water Development Loan and Grant Program of 1983 provided a very needed resource of funding for these very small systems.

SUMMARY EXPLANATION OF HOUSE BILL 3

SUPPLEMENTAL APPROPRIATIONS

Prepared for Senate Finance and Claims
By the Office of Budget and Program Planning

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 3

DATE 4/2/93

BILL NO. HB 3

General Government and Transportation - Section A

Governor's Office [beginning p. 2, line 1]

Termination Pay for Personal Staff: \$71,046 general fund, \$11,180 federal special revenue for termination payouts for 11 personal staff in the Governor's Office who were not retained by Governor Racicot. Termination pay is required by statute when an employee leaves state employment, and is not a budgeted expense. Similar requests occurred in FY89 in agencies where there was a change in the elected official.

Mental Disabilities Board of Visitors: \$27,000 general fund for termination pay of director and related staff, contingent [see page 6, lines 20-23] upon the reductions in HB2.

State Auditor [beginning p. 2, line 6]

Warrant Writing System: \$155,000 general fund for the costs of mailing state warrants, comprised of the \$57,000 appropriation transfer from FY93 to FY92 and the \$98,000 FY93 shortfall. The agency is experiencing an approximate 6% growth in the volume of warrants above the anticipated level.

State Payroll Data Processing: \$45,620 general fund for payments to the Information Services Division (ISD) for expenses of over \$25,000 per month to run the state bi-weekly payroll on the state mainframe computer.

Judgments-Personal Services: \$61,250 general fund to cover costs incurred and payments made by the agency for judgments and settlements in four lawsuits filed by employees for violations of the federal Fair Labor Standards Act (FLSA). Two of the payments were required judgments and the other two were out-of-court settlements.

Termination Pay for Personal Staff: \$34,672 general fund for the termination costs for eight personal staff who were not retained by State Auditor O'Keefe during the recent change of administration. Termination pay is required by statute when an employee leaves state employment, and is not a budgeted expense.

Personal Services Shortfall: \$40,712 general fund to cover a shortfall in the appropriations for personal services. This supplemental would enable the agency to fund payroll expenses for the existing staff as of January, 1993. The agency laid off seven employees in January who were on probationary status in order to reduce the estimated shortfall by about \$65,000.

Department of Justice [beginning p. 2, line 12]

County Attorney Payroll: \$35,000 general fund for 50% of county attorney salaries and benefits which are determined by county commissioners and supported by state statute, but paid by the department. This program required an appropriation transfer of \$95,000 from FY93 to meet FY92 obligations.

Summary of House Bill 3

Transportation of Prisoners: \$150,000 general fund to reimburse county travel expenses for transfer of prisoners and extraditions from other states as required by statute. The amount of the supplemental request is based upon both FY93 underfunding and the transfer of \$65,000 from FY93 to FY92 to meet obligations.

Highway Patrol-Retirements: \$380,000 state special revenue as a result of legislation passed during the 1991 regular session (HB77) which increased the employer's share of the contributions to this retirement system by 9.53%. HB77 funded only a portion of the required contribution. The \$380,000 includes \$35,000 for the FY93 appropriation transfer to FY92.

Highway Patrol-Prisoners: \$539,000 state special revenue for prisoner per diem payments to local detention centers for prisoners arrested by the Highway Patrol. Legislation passed during the 1989 regular session removed the \$20 per day fixed rate for incarceration and allows counties to identify and bill the direct and indirect costs of the incarceration as determined by each county. An appropriation transfer of \$114,000 was made from FY93 to FY92 to provide necessary funding for FY92 expenses.

Department of Transportation [beginning p. 2, line 19]:

Motor Pool: \$593,500 proprietary to replace 53 vehicles which have or soon will have exceeded the vehicle economic life and are required to maintain the current fleet of 127 day use and 70 leased vehicles. This fleet is insufficient, resulting in denial of 14% of day rental requests and 30 leased vehicle requests. In-state travel is not a discretionary expense for agency work such as audits, health care facility inspections, fire and building code inspections, highway construction, etc. and motor pool rates are not only less expensive than the mileage allowance, but the state may not require the use of personal vehicles for state business.

Department of Revenue [beginning p. 2, line 21]

Property Assessment: \$910,000 general fund for costs of statewide reappraisal which required a \$910,000 appropriation transfer from FY93 to FY92.

Income Tax Division: \$19,217 general fund for the staff overtime required to complete the 1991 individual income tax tape and provide a copy to the Legislative Fiscal Analyst, as requested by the Revenue Oversight Committee.

Department of Administration [beginning p. 2, line 24]

Risk Management and Tort Defense: \$450,000 proprietary for legal defense costs resulting from lawsuits brought against the State of Montana. A precise projection of increased costs is not possible since case development is relatively unpredictable. However, the state currently is defending more highly complex cases than in recent years and, therefore, the department requires additional spending authority.

State Compensation Mutual Insurance Fund [beginning p. 3, line 1]

Compensation and Medical Benefits: \$15,000,000 proprietary fund for projected benefit payments based on most recent data.

Department of Military Affairs [beginning p. 3, line 4]

Disaster and Emergency Services: \$8,000 general fund for outside legal counsel required to defend a termination action. Federal regulations preclude the use of federal funds for legal defense expenses.

Summary of House Bill 3

Air National Guard: \$4,000 general fund for defense costs of three separate legal actions, two of which are being handled by Department of Justice Agency Legal Services. Although the Air Guard program is funded 75% with federal revenue, no federal funds may be used to pay legal expenses. The agency reduced its original request from \$14,352 to \$4,000 by absorbing that amount of legal expenses within its current operating budget, thereby also creating a loss of federal matching funds.

Veterans' Affairs Division: \$1,800 general fund for office space in Butte at \$200 per month due to closure of a previously rent-free office on October 1, 1992.

Human Services - Section B

Department of Health and Environmental Sciences [beginning p. 3, line 9]

Water Quality Bureau: \$145,962 general fund for dramatic increases in subdivision activity which result in application fees deposited to the general fund, with the appropriation contingent upon deposit of dollar-for-dollar fee revenue to the general fund.

Department of Labor and Industry [beginning p. 3, line 11]

Employment Relations Division: \$125,000 proprietary revenue for benefit payments from the subsequent injury fund and the uninsured employer fund, for which the department is requesting statutory appropriation authority beginning in FY94.

Dislocated Worker Program: \$500,000 state special revenue for dislocated worker job training due to concern for anticipated layoffs in the public and private sectors. This supplemental will correspond with HB2 to allow any unused funds at the end of FY93 to be available to be used in the 1995 biennium.

Department of Social and Rehabilitation Services [beginning p. 3, line 14]

TEAMS Data Processing: \$175,000 general fund and \$325,000 matching federal special revenue for fully operational computer processing costs.

Support Services Division: \$77,279 general fund, \$26,971 state special revenue and \$92,750 federal special revenue for department postage due primarily to expanding federal notification requirements processed through TEAMS. There is an additional \$213,200 general fund to correct the Medicaid funding mix for FY93.

MEDS Contract: \$65,000 general fund and \$65,000 federal special revenue to provide the independent disability determination reviews for medically needy persons applying for Medicaid and for state medical clients who may be eligible for Medicaid, thereby reducing general fund expenses.

AFDC Benefits: \$1,069,723 general fund, \$29,897 state special revenue and \$1,064,177 federal special revenue due to a projected caseload of 11,474 per month compared with the 10,904 average caseload budgeted.

General Assistance Benefits: \$259,526 general fund due to a projected caseload of 1,080 per month compared with the 979 average caseload budgeted.

Summary of House Bill 3

Extend Legal Services Contract: \$50,000 general fund to provide legal assistance to Medicaid recipients to qualify them for Supplemental Security Income benefits.

Medicaid Primary Care: \$7,890,742 general fund, \$1,638,000 state special revenue and \$18,900,058 federal special revenue due to a budgeted inflation factor of 10% from the FY91 base to FY92 compared with an actual increase of 15%, plus a budgeted factor of 5% from FY92 to FY93 compared with a currently-projected rate of 17%, offset by \$4.4 million in savings from the PASSPORT Program and other adjustments.

FY92 Medicaid Primary Care Accrual: \$1,008,795 general fund and \$2,604,779 federal special revenue due to an unforeseen increase in medical primary care costs attributable to FY92 services provided.

Nursing Home Reimbursement: \$981,257 general fund and \$2,829,589 federal special revenue to fund a provider rate increase. This amount was determined as a settlement to a Boren Amendment lawsuit filed by the Nursing Home Association against the state.

Federal Match-DFS Youth Psych Benefits: \$11,371,474 federal special revenue as match for the general fund appropriated to Department of Family Services for youth psychiatric benefits.

Day Care: \$84,585 general fund and \$145,543 federal special revenue due to a 10% increase in days of care provided for AFDC children, resulting from about a 60% increase in JOBS and AFDC transitional-related service, partially offset by a limit on slots for AFDC training-self-initiated day care implemented in FY93.

Vocational Rehabilitation: \$71,219 general fund and \$(71,219) federal special revenue due to a new federal matching rate of 78.8% replacing the prior 80% rate effective October 1, 1992, and due to federal elimination of two-tier calculation for Section 110 expenditures.

Department of Family Services [beginning p. 4, line 19]

Pine Hills School: \$189,244 general fund comprised of school trust interest and income shortfall of \$17,751 in FY92 and \$36,217 in FY93, plus fewer federal boarders for revenue shortfall of \$47,276 in FY92 and no federal boarders for shortfall of \$88,000 in FY93.

Mountain View School: \$15,000 general fund due to no federal boarders in FY93.

Foster Care: \$2,218,171 general fund due to increasing foster care caseloads over those estimated during the 1991 regular session and over those projected five months ago.

In-Patient Youth Psychiatric: \$2,027,411 general fund for Medicaid match [see \$11.4 million federal special revenue supplemental in SRS Youth Psych Benefits above] for costs comprised of \$282,901 for FY92 shortfall and \$1,744,510 for the projected FY93 shortfall due to the unanticipated increase in utilization of the Medicaid program.

Residential Youth Psychiatric: \$2,590,252 general fund due to the projected opening of Shodair and the unanticipated increase in utilization of services.

EXHIBIT # 3
DATE 4-2-93
HB-3

Natural Resources and Commerce - Section C

Department of Fish, Wildlife and Parks [p. 5, line 2]

Enforcement Division: \$46,480 state special revenue including \$44,480 for warden sergeants overtime liability from January 1, 1991 to December 11, 1992, because the warden sergeants were incorrectly classified as exempt from the overtime provisions of the Fair Labor Standards Act. The department will be able to use prior year unspent authority to cover a portion of the total liability, but must request a supplemental for the balance. Differential pay for sergeant wardens to work the remaining holidays in FY93 is \$2,000.

Department of State Lands [p. 5, line 5]

Forestry Division - Firefighting: \$1,370,537 general fund for \$248,558 appropriation transfer from FY93 to FY92; the cost of fires during the summer and fall of 1992; the cost of federal assistance on state fires; and the estimated cost of 1993 spring fires; less the \$1 million appropriated for fire suppression during the July special session.

Department of Livestock [p. 5, line 8]

Meat and Poultry Inspection: \$105,512 general fund and \$105,512 federal special revenue comprised of \$131,024 to replace FY93 authority transferred to FY92, as reviewed and supported by the Legislative Finance Committee and approved by the Governor; and \$80,000 to continue the 2.00 FTE authorized in the FY92 supplemental. The 2.00 FTE are included in HB2 for the 1995 biennium.

Corrections and Cultural Education - Section D

Department of Corrections and Human Services [beginning p. 5, line 11]

Corrections: \$1,948,152 general fund including \$1,152,300 for medical costs which exceeded projections, \$190,000 for higher drug costs, \$281,400 for food and other variable costs at Montana State Prison due to higher than budgeted population, \$201,657 for additional costs arising from the disturbance, and \$122,795 appropriation transfer from FY93 to FY92.

Workers' Compensation Rates: \$3,042,106 general fund for the rate increase received by the department following the July special session, which could not be absorbed due to vacancy savings, earlier budget reductions and court-mandated services requirements.

K-12 Education and Higher Education - Section E

Board of Public Education [p. 5, line 16]

Administration - Lawsuits: \$35,164 general fund and \$5,649 state special revenue comprised of \$7,702 for the FY93 transfer to FY92, \$10,311 for the Associated Press lawsuit and \$22,800 for the school funding lawsuit, MREA underfunded lawsuit and hearing examiners.

Montana School for the Deaf and the Blind [p. 5, line 22]

Workers' Comp Rate Increase: \$13,043 general fund for a maintenance and kitchen staff rate increase from 7.9% to 16.96% in FY93.

Summary of House Bill 3

Sign Language Interpreters: \$26,200 general fund for interpreters based on more deaf students taking classes in the Great Falls public schools requiring an increase from 7.00 FTE interpreters to 9.50 FTE interpreters.

Office of Public Instruction [beginning p. 5, line 26]

Legal Fees: \$7,500 general fund for 75% of the litigation defense resulting from the Saco and Whitewater school districts in Phillips county filing a declaratory judgment against the OPI that seeks to prohibit local government severance tax (LGST) revenue from being included in the calculations for distribution of the 55 mill county equalization and the six mill university levy. The Board of Regents is paying for 25% of the defense. Statewide, \$18 million of county equalization and \$12 million of university revenue is at stake.

Yellowstone Treatment Center: \$258,626 general fund because the education program at the Yellowstone Treatment Center, Yellowstone Education Center (YEC) has been serving an average of 72 Montana students during the 1993 school year, compared with the YEC projection of 40 students when the appropriations were established for children's psychiatric hospitals and residential treatment centers by the 1991 Legislature.

Butte Vo-Tech Center [p. 6, line 3]

Severance pay: \$22,637 general fund to cover payouts for employees who are severing their employment during FY93.

Missoula Vo-Tech Center [p. 6, line 5]

Severance pay: \$44,644 general fund to cover payouts for employees who are severing their employment during FY93.

AMEND HOUSE BILL 3, THIRD READING

Senate Finance and Claims
Representative John Cobb
April 2, 1993

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 4
DATE 4/2/93
BILL NO. HB 3

1. Page 3, line 12.
Strike: "125,000"
Insert: "200,000"

Explanation: A March 17, 1993, Montana Supreme Court decision (No. 91-558 Loos vs. Waldo & Uninsured Employers Fund) ruled that the uninsured employers fund pay out a death benefit. The amount payable in FY93 will be about \$75,000.

2. Page 5, line 11.
Following: line 10
Insert: "DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
Board of Water Well Contractors 1993 3,290 State Special"

Explanation: This appropriation is needed for costs associated with an ongoing license revocation case. Funds are water well contractors fees from the board's state special revenue account, which will be repaid through forfeiture of a \$4,000 performance bond if the case is decided in the board's favor.

3. Page 1, line 7.
Following: "SERVICES"
Insert: "AND THE SECRETARY OF STATE'S OFFICE"

4. Page 2, line 6.
Following: line 5
Insert: "SECRETARY OF STATE
SB235 Special Election 1993 786,156 General Fund"

5. Page 6, line 24.
Following: line 23
Insert: "(3) The appropriation in subsection (1) for the June, 1993, special election costs in the Secretary of State's Office is contingent on the passage and approval of Senate Bill No. 235."

6. Page 6, line 25.
Following: "SERVICES"
Insert: "and the Secretary of State's Office"

[over]

Amend HB3, third reading

7. Page 7, line 3.

Following: "Services"

Insert: "and any unexpended funds in the appropriation made to the Secretary of State's Office for the costs of the June, 1993, special election"

Explanation: Amendments 3-7 relate to the passage and approval of SB235. SB235 generally revises taxation and provides for a special election for approval. The primary costs to be incurred by the Secretary of State's Office, as shown in the fiscal note for the bill, include \$688,504 reimbursement to counties for expenses associated with administration of the special election and the distribution of the voter information pamphlet. A temporary 0.25 FTE is added to the Secretary of State's Office to enable the office to meet the reduced election timeframes mandated in SB87 which is a companion bill to SB235. It is expected that some expenses associated with the election will not be incurred until after fiscal year end 1993; therefore, language is added to allow the unexpended balance of the appropriation to be reappropriated as necessary in fiscal 1994.

8. Page 1, line 7.

Following: "SERVICES"

Insert: "AND THE DEPARTMENT OF MILITARY AFFAIRS"

9. Page 6, line 25.

Following: "SERVICES"

Insert: "and the Department of Military Affairs"

10. Page 7, line 3.

Following: " Services"

Insert: "and any unexpended funds in the appropriation to the Department of Military Affairs for Disaster and Emergency Services"

Explanation: Amendments 8-10 are presented because it now appears likely the attorneys will request that the hearing date for the case be postponed and, if this occurs, some of the authority would be required in FY93 and some in FY94.

AMEND HOUSE BILL 3, THIRD READING

Senate Finance and Claims

SENATE FINANCE AND CLAIMS

April 2, 1993

EXHIBIT NO. 5

DATE 4/2/93

BILL NO. HB 3

1. Page 7, Line 11.

Following: "expenditures"

Insert: "with the exception of the Department of Military
Affairs for repair and maintenance contracts."

Explanation: Due to the short construction season repair contracts for state buildings, such as armories and maintenance shops, might not be completed by June 30. Types of problems that arise which can push the completion date into the next fiscal year are inclement weather, contractors' schedules, delays in the delivery of material, labor problems, etc.

March 20, 1993 5:28 pm

Page 1 of 1

Mr. Chairman: I move to amend House Bill 5 (second reading copy -- yellow).

Signed: _____
Representative Driscoll

And, that such amendments to House Bill 5 read as follows:

1. Page 15, line 25.

Strike: "10,075,600"

Insert: "9,300,000"

2. Page 16, lines 8 through 14.

Following: "." on line 8

Strike: The remainder of subsection (3) in its entirety.

This amendment will reduce the appropriation for the Women's Correctional Center to \$9.3 million and strike the language to delay the project until fiscal year 1996.

ADOPT

REJECT

HB5.1
631727CW.Hss

HOUSE COMMITTEE OF THE WHOLE
House Bill 5
Representative Brooke

SENATE FINANCE AND CLAIMS

AMENDMENT 7

DATE 4/2/93

BILL NO. HB5

March 22, 1993 9:18 am
Page 1 of 1

Mr. Chairman: I move to amend House Bill 5 (second reading copy -- yellow).

Signed: Rep. Vivian Brooke
Representative Brooke

And, that such amendments to House Bill 5 read as follows:

- 1. Page 11, line 23.
Strike: Lines 23 and 24 in their entirety.

This amendment deletes the improvements at the Women's Correctional Center at Montana State Hospital.

ADOPT

REJECT

HB5.5
640918CW.Hss

300 South Merrill
Glendive, Montana 59330

April 1, 1993



Phone (406) 365-3318
FAX 406-365-6873

The Honorable Senator Judy Jacobson
Chairperson, Finance and Claims Committee
Room 108
Capitol Station
Helena, MT 59602

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 8

DATE 4/1/93

BILL NO. HB5

Dear Ms. Jacobson and Committee Members:

As Mayor of Glendive and a Korean War Combat Veteran, I wish to ask your committee to give favorable consideration to amending HB-5 to allow the immediate construction of the Eastern Montana Veterans Home.

The State Veterans Nursing Home was conceived in our community because of the immediate needs of the veteran population in Eastern Montana. This project had a long and difficult and sometimes frustrating battle, but now is to the place where construction can begin. All money, both State and Federal, is set aside for this project. Veterans are getting older and the need for this home is even more critical. We see no reason for delay. I emphasize THERE IS NO DEBT INCURRED TO THE STATE OF MONTANA.

Please consider the loss of money to the State of Montana. Construction funds of \$3,669,237 from the VA plus the \$27.61 per day for each veteran in the nursing home comes to a potential loss of four million (\$4,000,000) over a two-year period to the State of Montana. Not building this nursing home would be "penny wise and pound foolish." The State of Montana has already invested \$230,000 in architectural and engineering fees.

I would remind this committee of the struggle to obtain the priority to VA funding. Through strong efforts by the Montana Congressional Delegation, this was made possible. To delay construction for two years would certainly jeopardize these funds. This fact is confirmed and documented by the VA and strongly supported by our two Senators and our Representative in Washington, D.C. A delay at this time, I am sure, would be the end of the Eastern Montana Veterans Home. Let me assure you that other states will be competing for these funds.

We implore your committee to consider this project as a separate issue as you consider the proposed building needs. We respectfully request that this Veterans Nursing Home be considered on its merits, because it is vitally important to meet the needs of those who served our nation, our state, and our communities.

Thank you for letting us testify before your committee. We will appreciate a favorable vote on this bill. The Veterans of this State will certainly thank you as well.

Sincerely,


Lester Ollerman

PAT WILLIAMS

MONTANA

MAJORITY DEPUTY WHIP

COMMITTEES:

AGRICULTURE
EDUCATION AND LABOR
NATURAL RESOURCES

CHAIRMAN:

LABOR-MANAGEMENT RELATIONS

SUBCOMMITTEES:

POSTSECONDARY EDUCATION
SELECT EDUCATION
NATIONAL PARKS AND PUBLIC LANDS
NATIVE AMERICAN AFFAIRS

2457 RAYBURN BUILDING
WASHINGTON, DC 20515
(202) 225-3211



Congress of the United States
House of Representatives
Washington, DC 20515-2601

March 30, 1993

DISTRICT OFFICES

BILLINGS 59101

BUTTE 59701

RM. 306, 306 W. MERCURY
(406) 723-4404

GREAT FALLS 59401

RM. 101, COURTHOUSE ANNEX
325 2ND AVE. N.
(406) 771-1242

HELENA 59624

P.O. BOX 1681
RM. 443, 316 N. PARK AVE.
(406) 443-7878

MISSOULA 59802

302 W. BROADWAY
(406) 549-5550

TOLL FREE NUMBER

1-800-332-6177

The Honorable Lester Ollerman
Mayor
City of Glendive
300 South Merrill Avenue
Glendive, Montana 59330

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 9

DATE 4/2/93

BILL NO. HB 5

Dear Les:

I have written the members of the legislature to clear up any confusion regarding the jeopardy of postponing the construction of the veterans nursing home creates. I related conversations with the Chief of State Home Construction Grant Program at the Veterans Administration regarding this matter. The VA substantiates my contention that if Montana does not culminate the agreement to begin construction on the Glendive nursing home in this session, the home is likely a goner.

This August, the VA will contact Montana state officials to determine if the money set aside to meet the federal grant is available. If informed that the state has made the decision to delay release of those set aside funds, the Glendive project will drop from the "first priority list," which we have now secured, to the third or fourth priority list -- and by the way fourth place is last place.

Available nursing home funds are released for construction of eligible projects from the top of the "first priority list", working down the list until the appropriated federal funds are depleted. Currently that means funding is secure for those projects throughout the first priority list and one third of the way down the second priority list.

There is very good reason to believe -- because of budget cuts at the federal level -- that the VA's State Home Construction Grant Program will have less money available for funding nursing homes in the future. In the future, there is likely to be a much smaller pot of money for projects such as the Glendive nursing home.

Page 2

I know you, the citizens of Glendive and Montana veteran organizations are working hard to educate the people of Montana concerning the facts of this issue. If our state legislators cannot be convinced to restore the state match for the veterans home, I am very pessimistic that we will ever see the construction begin in Glendive.

If that occurs, it will be Montana's veterans who lose, as will as the economy of eastern Montana.

Best regards.

Sincerely,

A handwritten signature in cursive script that reads "Pat Williams". The signature is written in black ink and is positioned above the printed name.

Pat Williams

FINANCING OPTIONS

**Montana State University
Engineering/Physical Science Building**

**The University of Montana
Business Administration Building**

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 10

DATE 4/2/93

BILL NO. HB 5

Historically low interest rates and the dedication of interest earnings on the unexpended balances on the construction fund for the combined MSU/UM buildings make it possible for the State of Montana to proceed with the two projects at a FY1995 biennial cost substantially below the cost estimate considered by the Long Range Building Committee. Furthermore, it is possible to further reduce the FY1995 biennial cost by using Capital Appreciation Bonds (CABs).

In December 1992, the Department of Administration calculated the FY1995 biennial principal and interest payments for the two projects. The estimates identified the anticipated total General Fund costs for debt service for the two projects as \$4,046,025, assuming level debt payments of 15 years at an average coupon of 5.911%.

Using tax exempt interest rates on a \$112 million General Obligation issue handled by D.A. Davidson in early March 1993, the FY1995 biennial principal and interest payments for the two projects could be reduced to \$3,677,814, assuming level debt service on 15 year serial bonds at an average coupon of 4.732%. Moreover, by designing the FY1995 interest earnings of \$1.475 million on the construction fund, the net obligation of the State's General Fund would be reduced to \$2,202,814 - almost \$175,000 below the December 1992 estimate for the MSU project alone.

A second option would be to schedule a sufficient amount of principal to mature over the FY1995 biennium to match the interest earnings on the construction fund, thereby eliminating any General Fund obligation in FY1995. The second option would use a combination of serial bonds and Capital Appreciation bonds.

Therefore, the two options - compared to the December 1992 estimate - are as follows:

	<u>FY1995 Principal and Interest Payments</u>	<u>FY1995 Interest Earnings, Construction Fund</u>	<u>FY1995 General Fund Obligation</u>
December 1992 Estimate	\$4,046,025	\$	\$4,064,025
Option 1 (Serial Bonds)	3,677,814	<1,475,000>	2,202,814
Option 2 (Serials & CABs)	1,515,165	<1,571,000>	<55,835>

A detailed schedule on the principal and interest costs (excluding the FY1995 interest earnings on the construction fund) is attached.

FINANCING OPTIONS

Montana State University
Engineering/Physical Science Building

The University of Montana
Business Administration Building

1985 Series	1992 Refinancing Existing Debt.	Service	December 1992 Estimate	Option 1		Option 2	
				Serials	Serials & CABS (c)	Serials	Serials & CABS (c)
FY1994	\$9,221,523		\$875,511	\$695,309	\$760,395		
FY1995	10,822,522		3,188,514	2,982,505	754,770		
FY1996	10,651,135		3,179,850	2,974,717	747,270		
FY1997	3,087,936		3,174,115	2,970,804	1,063,645		
FY1998	(119,628)		3,160,398	2,963,753	4,262,083		
FY1999	(85,626)		3,170,133	2,964,995	4,007,180		
FY2000	(58,852)		3,155,857	2,959,832	3,979,045		
FY2001	(75,127)		3,149,513	2,958,266	3,995,000 c		
FY2002	(228,728)		3,150,399	2,954,668	4,155,000 c		
FY2003	(219,684)		3,143,118	2,949,095	4,150,000 c		
FY2004	(218,753)		3,142,643	2,947,002	4,140,000 c		
FY2005	(210,772)		3,131,444	2,942,875	4,135,000 c		
FY2006	(215,129)		3,140,233	2,945,052	4,145,000 c		
FY2007	(223,459)		3,121,683	2,936,035	4,285,000 c		
FY2008	(220,944)		3,122,843	2,927,305	4,385,000 c		
FY2009	(224,894)		3,111,778	2,924,100	-		
FY2010	(64,159)		-	-	-		
FY2011	-		-	-	-		
FY2012	-		-	-	-		
FY2013	-		-	-	-		
FY2014	-		-	-	-		
Total Principal	N/A		N/A	31,785,000	31,783,783		
Total Interest	N/A		N/A	13,207,278	17,180,605		
Total			\$48,118,032	\$44,992,278	\$48,964,388		
Average Coupon	N/A		5.911	4.732	5.988		
Present Value Savings	N/A		-	-	-		

SENATE
EXHIBIT NO. 10 A
DATE 4/2/93
BILL NO. JBS

Madame Chair, Members of the Committee; for the record my name is Eric Taylor I am a Senior at The University of Montana.

One of the ways I have helped put myself through school is to work for the UM Foundation in the Excellence Fund phonathon. Some of you UM Alumni have probably gotten telephone calls from me right in the middle of you dinner. Our fundraising efforts have been successful. Potential major donors to the University are watching you and us closely right now. They see themselves in a partnership with us and with the State of Montana. But partnership has to be built on trust, and right now that trust is in jeopardy.

We have heard some legislators say, "In these difficult times, how can we build buildings - how can I justify that to my constituents?" The answer of the students is, with your 2/3 vote two years ago, you made a commitment to us as and to future students. You also made commitment to the donors who have contributed more than \$5 million to these projects. It is important to us that you keep your word, and we think the rest of your constituents would think it important as well.

As Senator Aklestad said yesterday in regard to the Veterans Home, "I don't like to spend money, but I do believe in keeping my word and living up to our commitments." Luckily, low interest rates, successful private fundraising and compelling academic needs make keeping your word good public policy. If even in these tough economic times we can continue to grow, by creating buildings that will last long after we are all gone, it will have the effect of raising the morale of the people of this state, which is, quite frankly, rather low.

Thank You.

31 March 1993

FACT SHEET - LIBBY ARMORY

Provided by:

The Enlisted Association - National Guard of Montana (EANGMT)

EANGMT encourages your support for funding of the construction of the Libby Armory as requested in HB 5. The following information is presented to assist you in making a decision.

- The Federal share of the construction was appropriated in 1990 and is valid for 5 years. A concern with the federal funds is that the money is not specifically earmarked for this project. It is in an account that funds all National Guard construction nationwide. If a project in another state goes over budget the overage is taken from the account. The account will more than likely not have adequate funding for Libby in late 1995.

- The 10 acres of land for the armory was donated by Lincoln County. The title includes the provision that the land will revert back to the county after 6 years. This reversion was to have taken place in September 1992 but the County Commissioners extended the title for an additional year.

- The City of Libby has agreed to contribute approximately \$60,000 of services to provide water and sewer to the site.

- Design phase of construction is nearly complete. There will be a cost incurred for design even if the armory isn't funded. The estimate of the state share of the design costs is \$40,000.

- The Department of Military Affairs is currently leasing a facility in Libby. The owners of the facility want it back but have agreed to let us stay based upon the construction of the new facility. If the lease is discontinued it will cost approximately \$50,000 to \$75,000 to make a new location secure enough for our use. The Department does not have funds in the proposed FY94/95 budget to support this possible requirement.

- The Unit contributes approximately \$206,000 per year to the community in local purchases, Guard pay and full-time employee pay. The unit has two full time federal employees at an average annual cost of \$30,000 each.

- The Unit is over 100% of peacetime authorized strength. The members are motivated and proud of their Unit. Approximately 50% of the members are from the Libby area. The Unit is in a key location for responding to state emergencies such as fires, floods, and etc.

Please consider these issues when deliberating on HB 5. Our Association stands firmly behind our members of the Libby Unit in asking for your support. Thank you for your consideration.


ROGER A. HAGAN
EANGMT Legislative Chairman

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 11
DATE 4/2/93
BILL NO. HB 5

31 March 1993

WHY THE LIBBY ARMORY IN 1993?

- * More than \$1 mil. Federal Funds committed to project.
- * Land (10 acres) donated by Lincoln County.
- * City will contribute sewer/water hookup (approx \$60,000).
- * Design phase nearly 100% complete.
- * Lease of current armory to be discontinued.
- * Maintenance/Utility costs will remain essentially the same as this is a replacement building not an additional building.

WHAT IF THE LIBBY ARMORY IS NOT FUNDED IN 1993?

- * Federal funds are not specifically protected for Libby armory construction. By late FY95, the construction money from the Federal authorization may be depleted.
- * Land donation offer expires September 1993.
- * City donation offer may not be made for other properties
- * Costs of design phase must be paid by state and federal monies. The state share is estimated at \$40,000 (funding not in current state budget).
- * Leasing of new facility in Libby will require \$50-75,000 to make new location secure (funding not in current state budget).
- * Potential of moving Libby Unit to another city's armory exists. The degradation of training at a shared site impacts members readiness, morale and retention.

The above information is provided by the Enlisted Association of the National Guard of Montana.

300 South Merrill
Glendive, Montana 59330



Phone (406) 365-3318
FAX 406-365-6873

April 1, 1993

The Honorable Senator Judy Jacobson
Chairperson, Finance and Claims Committee
Room 108
Capitol Station
Helena, MT 59620

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 12
DATE 4/2/93
BILL NO. HB 46

Dear Ms. Jacobson and Committee Members:

The City Council and I, as Mayor of Glendive, wish to ask your committee to give favorable consideration to House Bill 46 as ammended.

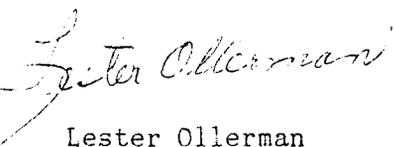
The citizens of this community have worked long and hard on the Veterans Nursing Home for Eastern Montana. The continued operation and maintenance is a very important factor and could be an expense to the State's general fund. However, I believe the concept of private operation of this facility should be given serious consideration as this has proven to be successful in a number of states. It has resulted in savings, not only to the general fund, but also the costs to the State for Medicaid reimbursement would be considerably less.

With this innovative plan and the two-cent cigarette tax, I believe both the Columbia Falls Veterans Home and the Eastern Montana Veterans Nursing Home could both be operated comfortably. With private operation, other states have been able to operate their State Veterans Homes with very little or no general fund money. Because of this concept, these states are able to continue building new nursing homes to meet the needs of veterans.

As a Korean combat veteran and one who was grateful to receive a bonus provided by a cigarette tax, I feel the money derived from this two-cent cigarette tax should continue for the benefit of veterans in our great State. Remember, the original intent of this cigarette tax was to build the Eastern Montana Veterans Nursing Home.

We are grateful to be able to tesitfy before your committee and will appreciate a favorable vote on this bill. We thank you very much for you efforts on behalf of all veterans.

Sincerely,


Lester Ollerman
Mayor and Korean War Veteran

LO/md

SCHMIDT INSURANCE SERVICES SIA MARKETING, INC



March 22, 1993

Representative Susan Good
c/o The Speakers Office
Box 160/Capitol Station
Helena, Montana 59620

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 13

DATE 4/2/93

BILL NO. HB 46

Dear Ms. Good,

As one of the National Marketing Agencies for PFL Life Insurance Company, I have been kept advised of the current debate in Montana concerning the state's funding of long term care coverage for some of your veterans.

I have also seen the March 14th article written by David Fenner for the Independent Record...although my understanding of the program is very different from that proposed by this reporter. PFL Life Insurance Company has submitted a long term care proposal based on group premium rates (lower than individual) but fully underwritten. In other words, we are not talking about guarantee issue coverage for all individuals, but appropriately underwritten policies that offer the premium advantages of a group. PFL's LTC IV plan offers basic comprehensive long term care benefits that include an "Alternate Plan of Care", with an optional rider for home health care. All of your state's requirements for loss ratios, of course, would be met as with any other product.

Many states are looking to address the long term care needs of their citizens, but Montana has certainly taken a most responsible approach by considering the individual preferences of your Veterans. In my 18 years of experience in long term care, I have witnessed the heartbreak of families who must be separated when a spouse, parent or grandparent must be confined in a facility that is not of their choice. The distance in miles makes visitation difficult if not impossible...creating a very real sense of isolation. And remember that persons receiving long term care today are often expected to recuperate, returning to their homes when recovered. The experts tell us that recovery is much more likely when a person can receive care in their own home or with their loved ones nearby. You are offering your Veterans freedom of choice, the freedom to choose a facility in a location that is convenient for them and for their family. That is what long term care insurance is all about. I wish you luck with this bill.

Sincerely,

Gene G. Schmidt, President

GGS/ps

BLUE CROSS and BLUE SHIELD of MONTANA

Memorandum

Date March 8, 1993

TO: Tanya Ask

FROM: Bruce Walters *BW*

SUBJECT: LTC cost

Lee Shannon asked me to provide you the following information:

Rates for \$80/day, 60 day elimination period, unlimited benefit

age 67	\$ 792.
age 68	880.
age 69	968.
age 70	1064.
age 71	1176.
age 72	1304.
age 73	1448.
age 74	1608.

Rates for \$80/day, 20 day elimination period, unlimited benefit

age 67	\$ 912.
age 68	1008.
age 69	1112.
age 70	1232.
age 71	1360.
age 72	1504.
age 73	1672.
age 74	1864.

The above rates are annual. Rates vary with benefits included.

cc Lee Shannon

EXHIBIT #13
DATE 4-2-93
X HB-46

ONE TIME 100 DAY ELIMINATION PERIOD

The 100 day elimination period is cumulative and need be satisfied only once during the lifetime of the insurance plan.

SUMMARY OF COVERAGE

Nursing Home Coverage:

Provides LIFETIME coverage, \$80 per day, after a one-time 100 day elimination period.

Home Health Care Coverage:

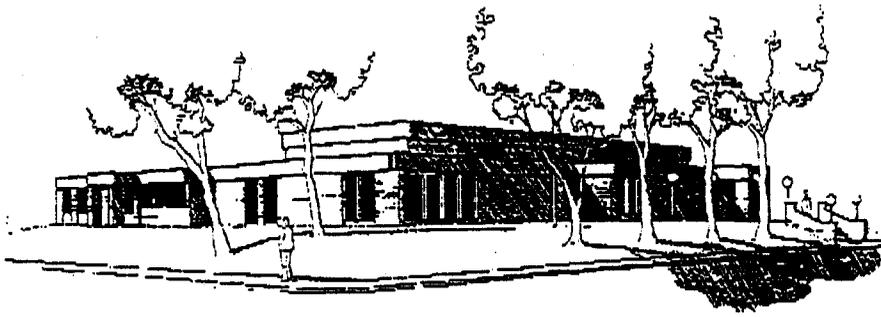
Provides coverage for TWO YEARS, \$50 per day, after a 30 day elimination period.

SAMPLE PREMIUMS

	Annual Premium
Age 65 Veteran	\$822.48
Age 70 Veteran	\$1,327.56
Age 75 Veteran	\$2,128.88

Ernest Bergsagel
Representative, HD 17

EB:vn



Valley County

501 Court Square
Glasgow, Montana 59230

Phone: (406) 228-3221
FAX: (406) 228-9027

MEMO

TO: REPRESENTATIVE ERNEST BERGSAGEL

FROM: ELEANOR D. PRATT *Eleanor*

DATE: MARCH 16, 1993

RE: VETERANS HOME-HEALTH

For forty years I have felt the veterans were discriminated against by offering care at veterans' hospitals and not giving them an opportunity to choose their own health care providers.

For veterans to be able to stay in their home town, or town of their choice, for medical care, i.e., doctors, hospital, nursing home, etc., is the best solution. First, it would offer the security of knowing the family is near; second, it would allow for a choice of provider; and third, it would save dollars for the veteran and family, as well as the government.

You are right on track with your proposal for veterans home-health. Mayor Lester Ollerman from Glendive is wrong-wrong-wrong. You must remember he is a politician and needs to look for ways to promote his community.

Keep promoting your plan. I think that Alaska is using something other than veteran homes, possibly a voucher system.

NOTE: I took care of two elderly men (father and father-in-law) during the last years of their lives. For each of them there were many weeks/months spent in the hospital. They both constantly required family at their side, and our family complied. We could not have been so attentive if they were in a hospital or nursing home many miles from home.

Amendments to House Bill No. 6
Third Reading Copy

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

Prepared by Jim Haubein
March 31, 1993

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 14

DATE 4/2/93

BILL NO. HB 6

1. Title, line 16

Following: "LOANS"

Insert: "APPROVING THE ISSUANCE OF COAL SEVERANCE TAX BONDS TO PROVIDE FUNDS FOR LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; AUTHORIZING THE CREATION OF STATE DEBT; APPROPRIATING COAL SEVERANCE TAX INCOME FOR DEBT SERVICE;"

2. Page 1, line 22.

Following: Line 21

Insert: "(1) The legislature finds that water development projects in this section meet the provisions of 17-5-702. The board of examiners may issue coal severance tax bonds in an amount not to exceed \$3,855,242 for the purpose of making loans and financing state projects in the amount of \$3,504,740, including the cost of issuance and establishing a reserve for the bonds in the amount of \$350,477. Funds are appropriated for the cost of issuance, to a maximum of 4% of the amount of each bond sale."

Renumber subsequent subsections

3. Page 2, line 4.

Strike: "and renewable resource development projects under 90-2-111"

4. Page 2, line 6.

Strike: "(3) and (4)"

Insert: "(4) and (5)"

5. Page 2, line 14.

Strike: "(1)"

Insert: "(2)"

6. Page 3, lines 1 and 6.

Strike: "(4)"

Insert: "(5)"

7. Page 8, line 14.

Strike: "--" through "(1)"

Insert: "."

8. Page 8, lines 19 through 25.

Following: "from" on line 19

Strike: the remainder of subsection (1) in its entirety

Insert: "coal severance tax bond proceeds authorized in [section 12]."

9. Page 9, lines 1 through 13.

Strike: Subsection (2) in its entirety

10. Page 9, line 25.

Following: "."

Insert: "Loans for the reauthorized projects described in this section must be made from water development coal severance tax bonds authorized in [section 12]."

11. Page 12.

Following: Line 13

Insert: "**NEW SECTION. Section 12. Appropriation – creation of debt for coal severance tax bonds.**

(1) The legislature, through the enactment of this section by a vote of three-fourths of the members of each house of the legislature, as required by Article IX, section 5, of the Montana constitution, pledges, dedicates, and appropriates from the coal severance tax bond fund all money necessary for the payment of principal and interest not otherwise provided for on the coal severance tax bonds authorized by [sections 1 through 3] to be issued pursuant to Title 17, chapter 5, part 7, pursuant to the provisions of [sections 1 through 3], and pursuant to the general resolution for this bond program that has been adopted by the board of examiners under the authority provided in Title 17, chapter 5, part 7.

(2) The legislature, through the enactment of this section, in accordance with Article VIII, section 8, of the Montana constitution, authorizes the creation of a state debt in an amount not to exceed \$3,855,242 for loans to political subdivisions and local government entities for water development projects approved in [sections 1 through 3] and for funding a reserve for the coal severance tax bonds authorized to fund those projects.

(3) In connection with the issuance of coal severance tax bonds, the board of examiners may pay the principal and interest on the bonds from the 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.

(4) Earnings on bond proceeds prior to the completion of any loan 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 water development state special revenue account and may be used for the purposes allowed under 85-1-604(3)(c).

(5) Loan repayments from loans financed with coal severance tax bonds are pledged, dedicated, and appropriated to the debt service account in the state treasury for the benefit of bonds approved for loans under this section.

"NEW SECTION. Section 13. Requirements for approval of state debt. Because [section 12] authorizes the creation of a state debt and appropriation of coal severance tax bond fund deposits and appropriates money that would otherwise be deposited in the coal severance tax permanent fund, a vote of three-fourths of the members of each house of the legislature is required for passage of [section 12]."

Renumber: subsequent sections

{Office of Legislative Fiscal Analyst

444-2986}

Amendments to House Bill No. 6
Third Reading Copy

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

Prepared by Jim Haubein
April 1, 1993

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 15
DATE 4/2/93
BILL NO. HB 6

1. Page 9, line 18.

Following: "of"

Insert: "a"

Following: "\$100,000"

Insert: "loan"

2. Page 9, line 19.

Following: "of"

Insert: "a"

3. Page 9, lines 20 and 21.

Following: "\$250,000"

Insert: "loan"

Following: "amount of"

Insert: "a"

Following: "\$200,000"

Insert: "loan"

Following: ","

Strike: "East Glacier water and sewer district in the amount of \$116,380;"

4. Page 9, line 22.

Strike: "\$209,975"

Insert: "a \$49,975 grant and a \$150,000 loan"

5. Page 9, line 23.

Following: "of"

Insert: "a"

Following: "\$14,169"

Insert: "loan"

Following: "AMOUNT OF"

Insert: "a"

Following: "\$150,000"

Strike: ","

Insert: "loan; Stockett water and sewer district in the amount of a \$50,000 grant and a \$150,000 loan; Meagher County conservation district in the amount of a \$62,500 grant and a \$37,500 loan;"

6. Page 9, line 24.

Following: "of"

Strike: "\$100,000"

Insert: "a \$50,000 grant and a \$50,000 loan"

John Rife, Executive Director
Energy Share of Montana
April 2, 1993

EXHIBIT NO. 16
DATE 4/2/93
BILL NO. HB 10

Energy Share's mission is to help people who have heating related emergencies but lack the resources necessary to help themselves. The emergency may be in the form of an overdue utility bill, a broken heating system, or some other occurrence. Whatever the cause, the common thread is that if someone doesn't help, the home will be without heat. During a Montana winter, that is not just an inconvenience. That can be deadly.

Eligibility for Energy Share is based on need rather than on meeting specific guidelines. Each request for assistance is reviewed by a committee of volunteers, and the committee makes the determination whether to help someone or not. The committees are coordinated by the ten Human Resource Development Councils, and are located throughout the state.

Energy Share applicants are required to exhaust all other sources of help first, using Energy Share as a last resort.

Our funding comes from contributions from utility companies and private individuals, from the Stripper Well grant, and from fees generated by various projects Energy Share operates.

Its important to point out that there are no administrative dollars included with the Stripper Well grant. Every dollar we receive from you goes directly to help someone in need. We pay the administrative costs out of our other sources of funding.

We are a nonprofit corporation, and we were established to ensure that no one would have to face a Montana winter without heat. So far, and with your help, we have fulfilled that goal.

I hope this information helps you to better understand who we are, and encourages you to continue to support us.

Homebuilders Assoc. of Billings
52-7533

S.W. Montana Home Builders Assoc.
585-8181

Great Falls Homebuilders Assoc.
452-HOME



Flathead Home Builders Assoc.
752-2522

Missoula Chapter of NAHB
273-0314

Helena Chapter of NAHB
449-7275

Nancy Lien Griffin, Executive Director
Suite 4D Power Block Building • Helena, Montana 59601 • (406) 442-1179

SECRET FINANCE AND CLAIMS
EMPHIT NO. 16a
DATE 4/2/93
BILL NO. HB 10

HB 10
Oil Overcharge Appropriations

Recommend:
Support Section 10 for Mortgage Reserve Account for Energy Efficient Housing Finance Program

Nancy Griffin, Executive Officer, Montana Building Industry Association, representing six local homebuilder associations, with 800 small business members employing nearly 32,000 workers and subcontractors.

During the past year the conference room at DNRC has seen some interesting discussions and disagreements. The participants in the EQC group were for the past two legislative sessions before House and Senate business committees on opposite sides of building codes and housing energy issues. We stand before you today with agreements in hand--it was a truly an impressive and effective exercise in collaborative issue resolution.

Very early on the EQC collaborative process **affordability** emerged as the primary barrier in the construction standards debate. With assistance from the Board of Housing, utility companies, and bankers; a solution was developed. That solution is before you today as a mortgage program insured above FHA limits by a loan reserve account. The loan reserve account is a one time expense necessary to authorize a tax exempt housing bond sale. The account is composed of equal match by utility company dollars on a loan by loan basis. Let me stress some important aspects of the program:

1. No State Dollars

The appropriation requires no general fund dollars, only an appropriation of discretionary oil overcharge dollars, whose mandated purpose is conservation.

2. Public-Private Partnership

Draws on the account, jointly funded by oil overcharge funds and utility incentive payments, will only occur in cases of default (The Board of Housing default rate is .005%); and then only in the amount of delinquency above the FHA insured portion of the mortgage.

3. One Time Expense

Interest and earnings and homeowner mortgage insurance payments will generate to the account. It is expected this account will regenerate over the term of the bond sale.

4. Code Upgrades Linked to Development of Finance Program

Another important component of the agreements reached within the EQC collaborative, was the agreement among the parties that the various components of the program would be a "package deal". One of the two agreements which require legislative approval appears before you in the amendments to HB 10, the other is a change to the building codes enforcement which requires builders to certify that homes have been built to upgraded energy efficient standards. Those changes in building standards constitute regulatory compromise on the part of homebuilders across Montana and are the subject of SB 340 which will be heard today before the Senate Business committee. Language in SB 340 links it's adoption to appropriation amendments which appear before this committee in HB 10.

The energy Montana consumes is largely consumed in homes. This is why all parties involved in the collaborative process have considered this a critical industry issue. Any financial strategies we can develop, any consumer education we can promote which served to drive the market for construction of energy tight homes is not just good energy conservation--it is good business. These homes not only create a lasting cost-effective value for Montana families; but constitute a solid, well-built community resource for years to come.

Please support Section 10 which authorizes the energy efficient housing finance program--the program not only serves the state goal of assisting families in affordable housing; but serves the state goal of conserving Montana's precious hydroelectric and natural gas resources.

April 2, 1993

Senate Finance and Claims Committee

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 17

DATE 4/2/93

DNRC NO. 5 Ag Energy

Reasons why I support the Conservation Program. (Current wording of HB10, sec 9)

This funding supports farmers and Ranchers that organize in small groups to deal with problems specific to their own area of the state.

Agriculture across the state of MT shares some common problems but it also has problems that are specific to certain areas of the state.

Knapweed & rocks in the west, high land values in the south and west, Farmers dealing with the SCS's rules in the East and North, and so on.

In our valley we are seeing rising land values, but with our traditional crops and livestock systems we are financially falling behind. I organized a group of Farmers and Ranchers in the shields valley to look at some new Ag Energy ~~Conservation~~ conserving farming practices that would help to increase our income.

We applied for funds to help offset our costs and reduce our risks of trying these new practices from the DNRC. The funding paid for seed costs, soil sampling, and organizing a public tour of the project. To make a long story short we feel it was a success and are grateful the DNRC has this program available.

This spring we are continuing with the same projects only we are expanding them to a larger size.

John Bays

State of Mississippi



"BY VALOR AND ARMS"

State Veterans Affairs Board

STATE VETERANS HOME
4607 LINDBERG
JACKSON, MS 39209
(601) 354-7205

March 25, 1993

Mr. Kevin Dorwart
Director of Operations
City of Glendive
Glendive, Montana 59330

Dear Mr. Dorwart:

The State of Mississippi operates a 150 bed Veterans Nursing Home at no cost (other than the 35% matching construction funds) to the State. The cost of care is paid from VA per diem and a direct charge to each resident.

We are able to keep care costs relatively low by contracting for nursing, dietary, housekeeping, etc. services and by utilizing the VA Medical center for hospitalization. There are usually four (4) to five (5) companies who actually submit bids for the operation of the Home when we go through that process.

If you have additional questions about our operations, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Jack Stephens".

JACK STEPHENS
Executive Secretary (Director)

Kevin, I hope this helps. The Alabama State General Fund does not contribute any funds to our operation.

We have a Veterans Home Trust Fund that is based on contributions from the various veterans organizations.

Our facility (Bill Nichols State Veterans Home) is a 150 bed total skilled care facility.

We are in the process of building two more facilities that will be total skilled care facilities.

This facility is operated under contract by the PHP Healthcare Corporation, Alexandria, VA. They hired TOTAL LOCAL PERSONNEL to operate this facility.

I will be glad to discuss our operation with any member of your Governor's staff or any of your Legislative members.

Hope this helps.

Fraternally,

Hank

The Honorable Representative John Johnson.

Dear John,

The following is a list of state veteran nursing homes which are privately run. Also included are contacts at these homes and information obtained through talking with these people pertaining to the operation and maintenance of these homes.

Bill Nichols State Veterans Home
1801 Elkahatchee Road
Alexander City, AL 35010
(205) 329-3311
Bruce Tatum , Director
Hank Hammonds, Administrator (205) 242-5077

Mr. Tatum informed me that the home was operated by PHP Health Corp. He stated that equipment under \$500 was purchased by PHP and anything over this amount was split with the state. He also stated that PHP may be interested in bidding on running a home in Montana if such an opportunity materializes. He also said that PHP paid the state a small amount per bed to run the home but he wasn't sure how much. Mr. Hammonds told me that there is not one dollar of state funds in the operation of their home. He also stated that any state could do the same thing and gave an invitation to come to Alabama to see how this is done. John, I think that you should call this man as what they have done is very impressive. He also said that the home health care idea wouldn't work.

Charlotte Hall Veterans Home
Route 2, box 5
Charlotte Hall, Maryland 20622
(301) 884-8171
Marcus Brookbank, Executive Director

Mr. Brookbank informed us that the only state funding in this facility relates to the domiciliary and for equipment purchases. He stated that personnel costs associated with the facility were far below those which the state would be required to pay. He also stated that the costs associated with medicaid were lower for the state due to the VA benefits being applied at the home whereas with out the home such benefits are lost.

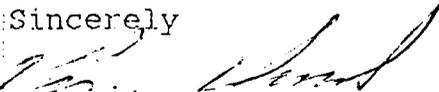
Mississippi State Veterans Home
4607 Lindberg Street
Jackson, MS 39209
(601) 354-7205
Mr. Jack Stephens Administrator

Mr. Stephens stated that there is not General Fund support in their nursing home. He is sending information to us.

I might mention that all of these states are planning multiple new nursing homes this year, and have legislative support. Thus it would appear that our chances of funding if postponed are getting slimmer.

I will give you all the information we receive as soon as we receive it.

Sincerely



Kevin Dotwart



Marketing Dept.
Finance Dept.

923 Custer
P. O. Box 305

Dickinson, ND 58601
Shelby, MT 59474

(701) 225-7911
(406) 434-5536

March 26, 1993

Governor Marc Racicot
State Capitol
Helena, MT 59620

Dear Governor Racicot:

This letter is in reference to the Veteran's Administration Nursing Home currently being proposed to be built. As a shareholder in Med Management, Inc., we are expressing an interest in managing the VA home in Glendive. We believe we are a very competitive management firm in that we have three CPA's, two of which have had extensive experience and training in the healthcare industry.

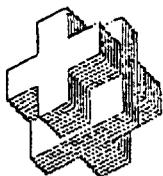
We believe that with our experience and expertise we can maintain an efficient operation and management of the VA facility in Glendive and will be competitive with any management team across the State. We also believe that there will be no direct or indirect costs specifically from the State of Montana's general fund given the following; the facility has a high occupancy of veterans and the Veterans Administration reimbursement on daily usage is reasonable. We believe that the revenue needed to operate the VA home in Glendive would be primarily from sources outside the State of Montana.

If you have any questions in regards to this, please feel free to call me at 434-5536, ext. 207, or the president of our corporation, Jerome Morasko at 434-5536, ext. 201.

Sincerely,

Mark A. Cross, CPA, Secretary-Treasurer
Med Management, Inc.

MAC/kj



PHP HEALTHCARE CORPORATION

March 26, 1993

Mr. Kevin Dorwart
Director of Operations
City of Glendive
Glendive, Montana

Dear Mr. Dorwart:

The purpose of this letter is to express our interest in operating and managing a Veterans Home in Montana.

We are currently under contract to the states of Alabama and South Carolina to provide similar services. We operate a 150-bed home in Alexander City, Alabama and a 220-bed home in Anderson, S.C.

PHP is a New York Stock Exchange Listed Company that provides health care services on a national basis.

I will be pleased to provide additional information at your request.

Sincerely,

Charles H. Robbins

President and Chairman



VIA FACSIMILE (406) 365-6873

March 31, 1993

Mr. Kevin Dorwart, Director of Operations
City of Glendive
300 South Merrill
Glendive, Montana 59330

The
Hillhaven
Corporation

Dear Mr. Dorwart:

I am sending you this letter as a follow up to our recent phone conversation concerning the proposed Veterans' facility to be located in Glendive, Montana. As we discussed, you are looking at various alternatives for the daily management and operation of this facility, including the possibility of entering into a management agreement with an organization experienced in long term care.

I wish to express to you Hillhaven's interest in being considered for the manager of this facility. Hillhaven is currently the second largest provider of long term care services in the United States, operating approximately 400 facilities in 38 different states. We currently operate 3 facilities in Montana.

When you are ready to begin discussions with prospective management firms, please contact me so that we might understand what the process would be for pursuing this opportunity and also to learn more specifically your thoughts on how you wish to structure the services to be provided to the facility.

If in the meantime I can be of any assistance to you in answering any questions, please do not hesitate to contact me.

Corporate
Office,
1148
Broadway
Plaza
Tacoma, WA
98402

206 572 4901

Yours truly,

Raymond B. Peirce, Jr.
Vice President

RP/mw
RPO35CB
cc: Warren Herz

Commissioners

Kay McKenna, Mayor
Margaret Crennen
Tom Huddleston
Colleen McCarthy
Mike Murray



City-County
Administration Building
316 North Park
Helena, MT 59623
Phone: 406/447-8000

William J. Verwolf
City Manager

City of Helena

April 2, 1993

House Bill 9

Senate Finance and Claims Committee
State Capitol
Helena, Montana 59620

Ms. Chairman and Committee Members:

My name is Kathy Macefield and I am the planning director for the City of Helena. I am here today to support HB 9 on behalf of the City of Helena.

The Cultural and Aesthetic (C&A) grants have provided funding for a variety of cultural projects in the Helena area. These varied cultural assets also enhance the development of positive self-images for children, encourage creativity, and provide an economic benefit to the community.

The C&A grants have been instrumental so that music, art, theater, exhibits, performances, and workshops can continue to be presented to many citizens of all ages, abilities, and income levels. The C&A grants have also assisted historic preservation efforts; different elements of the Helena community have been encouraged to identify their needs and opportunities, and then seek creative solutions by working together to address their common needs.

I ask you for your support for HB 9. Thank you.

Sincerely,

Kathy Macefield
Kathy Macefield

Commissioners
Kay McKenna, Mayor
Margaret Crennen
Tom Huddleston
Colleen McCarthy
Mike Murray



City-County
Administration Building
316 North Park
Helena, MT 59623

Phone: 406/447-8000

William J. Verwolf
City Manager

City of Helena

April 2, 1993

Senate Finance and Claims Committee
State Capitol
Helena, Montana 59620

*House Bill
10*

Ms. Chairman and Committee Members:

My name is Kathy Macefield and I am the planning director for the City of Helena. I am here today to speak on behalf of the City of Helena and in support of HB 10, and specifically Sections 6 and 8 of the bill.

The City of Helena has been recently going through the long-range transportation planning process in which over 50 million dollars worth of improvements have been identified to be needed for the community over the next 10 years. With only about 11 million dollars worth of revenue coming in to address those needed transportation improvements, the citizens have expressed a desire to pursue other methods instead of building more roads that cannot be maintained. Those alternative methods include reducing the traffic demand by transportation demand management (TDM).

Section 6 of HB 10 provides financial assistance to DNRC to help local governments with grants for TDM. These grants could also be used to help local governments coordinate their efforts with the Montana Department of Transportation by providing matching funds (by grants to local governments) for the enhancement funds of ISTEA (the recent federal highway legislation).

Section 8 of HB 10 provides financial assistance to DNRC to give technical assistance to local governments for energy conservation and alternative energy related to transportation.

I ask you for your support for HB 10. Thank you.

Sincerely,

Kathy Macefield
Kathy Macefield

DATE 4/2/93

SENATE COMMITTEE ON Finance & Claims

BILLS BEING HEARD TODAY: HB 606, HB 3, HB 5, HB 6,
HB 7, HB 9, HB 10, HB 12, HB 668, HB 674,
HB 46

Name Representing Bill No. Check One Support Oppose

John Hancock	CLAUDE VETS NURSE.		✓	
John Harsh	Post #35 Parkes		✓	
Donald Barthel	Veterans Nursing Home		✓	
James S. Butcher	Legacy Legislature - H.B. 46		✓	✓
Norme Barth	1125 Glench		✓	
Bene McDonald	Veterans N. Home		✓	
Don Norton	Veterans Nursing Home		✓	
Floyd Marsh	Veterans Nursing Home		✓	
Pat Smith	Veterans Nursing Home		✓	
Pat Abelin	Bozeman Chamber of Comm			
Ray Carlson	OBPP	HB 5		
Joe Hegel	Glenzie Vets Nursing		✓	
Sen Betty Brunk-Mason	Senate Meet 12		✓	
Ernie Mans			✓	
Jim Hill	Dept of Labor			✓

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE 4/2/93

SENATE COMMITTEE ON Finance & Claims

BILLS BEING HEARD TODAY: HB 608, HB 3, HB 5, HB 6, HB 7, HB 9, HB 10, HB 12, HB 668, HB 674, HB 46

Name Representing Bill No. Check One Support Oppose

Virginia Egli	Veterans Nursing Home Funding		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Steve Kupatuck	Veterans Home Funding		<input checked="" type="checkbox"/>	<input type="checkbox"/>
John Surles	" " "		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Barb Gortner	" " "		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ron Conrad	" " "		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Robert Ziegler	" " "		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Harry P. Mohr	Glendie Nursing Home		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Norman B. Kunde	" " "		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Abel S. Friinger	" " "		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Leard Meoer	" " "		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ed Donato	Miles City		<input checked="" type="checkbox"/>	<input type="checkbox"/>
John E. Schwarz	Veterans Home Funding		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Brandon Heafelt	" " "		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Duane L. Erickson	" " "		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Matthew Richardson	" " "		<input checked="" type="checkbox"/>	<input type="checkbox"/>
John Coulman	" " "		<input checked="" type="checkbox"/>	<input type="checkbox"/>

VISITOR REGISTER

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DATE 4/2/93

SENATE COMMITTEE ON Finance and Claims

BILLS BEING HEARD TODAY: HB 608, HB 3, HB 5, HB 6, HB 7, HB 9, HB 10, HB 12, HB 668, HB 674, HB 46

Name	Representing	Bill No.	Check One	
			Support	Oppose
John Tubbs	DWR	608, 617, 12	/	
DAVID ANDRZEJEK	Montana State U.	5	/	
Hans Romig	Montana State U.	5	/	
Deborah L. Wiese	Montana State U.	5	/	
Chris Denning	Dept Military Affairs	5		
David J. Huber	MSU	5	/	HB 46 4 MON
Arnold Peterson	mont own Rural water systems	607 6.	/	HB 7
Betty Olesman	royal Glendive	5446	✓	
Hal Manson	American Legion	HB 5 HB 46	✓	
Willie Day	Glendive Folyet	HB 5 HB 46		at market
Johnny Buck	Glendive	HB 5 HB 46	✓	
JERRY COLLINS	WOOLF POINT	HB 5 HB 46	✓	
Dick Baumberger	D.A.V	HB 46 HB 5	✓	
Kathy Macfield	City of Helena	HB 9 HB 10	X	
Kevin Desrosier	City of Helena	HB 5 HB 46	X	at market
ROGER A. HAGAN	ENLISTED ASSOC. NC	HB 5 HB 46		

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DATE 4/2/93

SENATE COMMITTEE ON Finance - Claims

BILLS BEING HEARD TODAY: _____

Name	Representing	Bill No.	Check One	
			Support	Oppose
Denise Peterson	PSC	HB 10	<input checked="" type="checkbox"/>	<input type="checkbox"/>
John Rife	Energy Share of MT	HB 10	<input checked="" type="checkbox"/>	<input type="checkbox"/>
John Bruma	Woods	608	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dave Steadman	VFW State Commander Billings	5 46	<input checked="" type="checkbox"/>	<input type="checkbox"/>
John Decker Herder	E. Herder self	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Edwin Johnson	Helena	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Hugh Bond Cummins	Marine Corps League	Vets Home 5	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FRED FREEDMAN	ASSOCIATED STUDENTS MSU		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ken Heikes	Billings	5	<input type="checkbox"/>	<input checked="" type="checkbox"/>
John Morrison Jr.	Modris m-Maierle	5	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Nancy Grogan	Montana Building Industry Assoc	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRIAN McLaughlin	Labor	HB 5	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Jan Metropoulos	Flathood JBC	HB 6	<input checked="" type="checkbox"/>	<input type="checkbox"/>
"	"	HB 608	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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