

MINUTES OF THE APPROPRIATIONS COMMITTEE
HOUSE OF REPRESENTATIVES
State Capitol, Room 225

March 9, 1977

The meeting of the Appropriations Committee was called to order by Rep. Bardanouve, Chairman, at 7 p.m. Roll call was taken (attached) and a quorum was present. Also present were Dave Lewis, OBPP and John LaFaver, Legislative Fiscal Analyst.

H.B. 342: To require the state to pay indemnity of full appraised value if the Department of Livestock requires destruction of a herd because of brucellosis infection.

Rep. Ann Mary Dussault, sponsor of the bill, pointed out changes in the bill. Animals determined to be infected or exposed to diseases listed will be destroyed and full appraised value of the cattle will be paid to the owner. She made mention of the safety clause in the bill on page 4, and stated there are ample safeguards to protect the state. The bill appropriates \$1,200,000 for the biennium.

James W. Glasser, Montana Department of Livestock, stated the bill will have advantages to the Department; a review of herds that would qualify under the bill shows a reduction to 14, which would reduce the cost about \$500,000. The second year cost is speculative, it is hoped the projection would be lower.

Gail Patton, President of Western Montana Stockmen, stated that the ranchers are in worse financial shape than the general fund, and he would urge support of this bill (statement attached, Exhibit 1).

The following people also spoke in support of the bill:

Robert L. Deschamps, Jr., Ronan Montana
Montana State Board of Livestock
Roy L. McConkey, Missoula, Montana
Manager of Production Credit Association
Les Pauley, Helena, Montana
Montana Stockgrowers Association
Paul Lowser, Hot Springs, Montana
Rancher
Bob Edwards, Missoula, Montana
Rancher
Fred Deschamps, Missoula, Montana
Rancher
Robert Petersen, Missoula, Montana
Dairyman

The Chairman told the committee that Margaret Miller, Missoula, had called and said she wanted to be on record as supporting this bill, but was unable to attend the meeting.

There being no opponents to the bill, the hearing was opened to questions from the committee. In answer to questions from Rep. Gerke, Dr. Glosser said that 25% of the brucellosis-infected

herds in the last 3 years were from the western area - 3 other problem areas are Blaine, Glacier and Yellowstone Counties. If you remove the natural reservoir of the disease, which is cattle, the problem in wild game will clear itself. Errors in judgment and lack of testing allowed the problem to become so severe.

In discussion, it was mentioned that the vaccination is only 70% effective. The difference between what the bill appropriates and the amount shown in the fiscal note is caused by the reduction in the number of herds left to be destroyed. Projecting for FY 1979 is difficult. Under this bill, the cattleman receives the appraised value less the salvage value. Infected herds will be immediately quarantined and then destroyed. The Chairman asked for a final concrete figure, which Dr. Glosser will supply to be amended into the bill. During testimony, it was brought out that there are now 13 herds remaining to be destroyed.

H.B. 525: The state railroad planning and assistance act.

James T. Mular, sponsor of the bill, gave a brief statement concerning the impact that abandonment of light density lines could have in the western portion of the country, and introduced Gene J. Carroll, Director of Rail Planning, Office of the Governor.

The Montana State Rail Plan, Phase I, Planning Work Statement was distributed (copy attached). Mr. Carroll explained the appropriations section of the fiscal note and pointed out that Section 25 appropriates \$50,000 for each year of the biennium for implementing the state rail plan. All funds, state and federal, are appropriated to the Department of Community Affairs which is the agency H.B. 525 designates to administer and coordinate the state's rail planning and assistance functions. It also establishes a 9-member Rail Transportation Planning Advisory Council. H.B. 525 does not have the intention to bind the State of Montana beyond 1978-79 either by mechanics or appropriation. There are 29 light density segments in Montana; 1200 miles could be abandoned. Since passage of the 4-R Act, the only requirement the railroads must show to abandon lines is loss of revenue. The State must prioritize those lines it is willing to subsidize.

Robert Lohn, Governor's Office, commended the work done, stating Montana's proposal was so well done it was accepted in Washington, D.C., and offered as a model. In May the railroads will say which lines they will consider abandoning. Money is needed for planning some sort of transportation to replace that which might be lost; not necessarily rail, but transportation. Matching federal funds are available for this planning, but to get them the State Rail Plan must be submitted.

Gorham E. Swanberg, Montana Railroad Association, stated they do not anticipate abandoning lines in Montana, but it is a possibility and he urged funding for the plan in this bill.

Kenneth E. Clark, Railroad Brotherhood, gave a history of abandonment in Montana. The Brotherhood has fought for years for branch lines in Montana, and now finds an ally in the fuel crunch. It is vital to keep the rail system in Montana.

There being no opponents, discussion was opened to the committee. It was brought out that there are no economics involved; it is not a case of the State taking up the deficit on lines that are candidates for abandonment. The 4-R Act gives 3-years lead time to people in affected areas to give them time to prepare other arrangements.

In answer to questions, Mr. Carroll said that railroads have had the short end of the stick under regulations--there has been no subsidization. It was stated that railroads will not participate in this program except to give data to analyze. They will not commit funds. Rep. Lund asked if this would put the state in the railroad business, and was told that it would not.

In closing, Rep. Mular explained that under the notice requirements lines could be closed before the communities were aware of the notice of closing. This bill provides a plan for providing alternative transportation. The highways will suffer if everything is hauled on the roads. This provides an agreement to cooperate with the operation of a line and is the only chance to provide this alternative.

H.B. 532: State funding of operational expenses for district courts.

Rep. Ann Mary Dussault, sponsor of the bill, explained this bill has been passed by the Judiciary Committee and is in this committee because of the appropriation. In 1979, the state would assume costs of approximately \$11 million. There is an error on page 4 of the bill which she will submit an amendment to correct.

Section 6 is very important. It appropriates \$500,000 for the biennium for emergency expenditures. The cost of major trials has been excessive for some counties, and this covers that contingency. The total assumption of district court costs has been delayed for 2 years and an interim study and a method of study has been provided. Also, there is an appropriation of \$500,000 for emergency expenditures.

Ray Stewart, Court Administrator of the Supreme Court, spoke in support of the bill (see attachments). He further stated that chief Justice Hatfield had requested to the Commission on Local Government to put off assuming these costs for 2 years to allow the court system and the Judicial Planning Council time to study the way this might be implemented in Montana for the best good of the courts and their clients, the citizens of Montana.

John Gavin, Montana Judges Association, stated that the association supports this concept, that the idea of the state assuming the costs of district and appellate courts is sold, and should have been recognized many years ago.

The committee questioned where the money would be coming from if the state assumes this cost. It will be \$11 million in 1979. Rep. Gerke said it would reduce the property taxes in those counties by an equal amount. Statewide, the cost would be offset.

In closing, Rep. Dussault stated that the question of lowering of local taxes is interesting, and wondered if it could be effected if the State assumed these costs. The Judicial Planning Council is to address this question. She asked that if the committee could not fund the total bill, that it look seriously at the emergency expenditure section.

H.B. 503 and 671: Rep. South, sponsor of the bills, explained he would like to consider the bills together as they are related. H.B. 671 has been through the Local Government Committee and was approved.

H.B. 671: This is a bill to increase the current program of grants of state general fund monies to local health departments in amounts equal to \$1 per capita annually - for the purpose of defraying some of the expense of providing state-mandated services. Currently the state appropriates \$12,500 annually for this purpose, and the SDHES has requested \$25,000 annually for the next biennium for this program.

H.B. 503: This is the bill to appropriate the monies for H.B. 671.

Beth Richter, staff member of the State Commission on Local Government, gave a presentation on the relationships between the bills, and explained the purpose of H.B. 294 (insurance in the event that the proposed local government code did not pass). H.B. 503 and 671 are to assist local health departments to provide services they must by law provide. (Testimony attached.)

Donald Pizzini, Cascade County Health Department and Association of Health Officers, stated they receive less than 2¢ per capita per year to provide services which cost in excess of \$4 per capita to provide. Enforcing and carrying out provisions require by statute is 50% of their workload.

Ed Shepherd, Silver Bow Health Officer, urged support of the bills.

Bob Johnson, Lewis & Clark City-County Health Officer, stated they spend \$3 per capita providing programs and enforcing regulations, most of which are needed and worthwhile, but they need some financial assistance.

Dr. Martin D. Skinner, State Department of Health, Helena, and Will Selser, Local Sanitarian, rose in support of the bill. (Testimony of Will Selser attached.)

Questions from the committee brought out that local health departments do not have authority to charge fees for services other than for septic inspections. Fees are collected by the state Health Department, some are shared but most are retained by them.

The Chairman said that the laws mandate the services, but the local people benefit from them. Mr. Johnson said he believes they do benefit the people, but there comes a time when the responsibility passed from the state to the local government becomes a serious matter when the local government has to levy taxes to support state-mandated services. At the local level, 5 mills can be levied.

H.B. 505: To appropriate money to the Department of Health for the State Laboratory Division.

Rep. South, sponsor of the bill, turned the hearing over to Beth Richter, State Commission on Local Government. (Testimony attached, and handouts C and D.) See page 3 of testimony for amendments to the bill, which might be necessary.

Dr. Martin D. Skinner, State Department of Health, stated in support that if the bill granting authority to charge for laboratory tests does not go through this Legislature they probably will not be able to do all mandated tests and would have to close their doors.

R. A. James, State Administrative Officer for Department of Health, stated they will sustain a loss of \$96,000 in 1978 and \$99,000 in 1979, as H.B. 122 or H.B. 294 now stand, even if this money is appropriated. This is equal to 5 positions in their department. H.B. 505 represents 9 positions in people health services. He stated that the State Department of Health does spend money at the local level, and cited examples. In the local counties represented by full-time health officers, they spend a minimum of \$175,000 in the smallest expenditure level in those counties, and go as high as \$300,000 in some. These programs are contracted wherever possible to have consumer level health programs handled at the local level. He supports this bill, especially as it pertains to H.B. 122, or substitute H.B. 294.

Robert Johnson, Health Officer for Lewis & Clark County, stated he supports the bill, and in addition said that if the State Health Department is to contract work down to the local level, the revenue sharing funds should become shared funds with local health departments. Through the process of contracting more of its responsibilities to local health department, the state Health Department could reduce expenses and FTE's and share more of the funds at a local level.

H.B. 539: To distribute the general fund surplus to the individual income taxpayers.

Rep. David Ageson, sponsor of the bill, explained that this provides a mechanism to return to the taxpayer of the state an unappropriated surplus. Assuming that the Executive Budget was accepted as proposed, this would have a zero fiscal impact. If the time should come during the biennium when a windfall surplus would occur, this would return it to the taxpayers of Montana.

The income tax was chosen because it affects the largest number of people in the state and would cost the least to implement the return. He explained the mechanism set up by the bill. Rep. Aageson stated he did not believe that the people of the state think that government should maintain a large surplus within their coffers. The money would have a greater effect if it was in private control rather than in the state treasury.

Rep. Ellis asked if this eliminates business profits, corporation taxes--would it give an undue advantage to a large farmer. He was told that it would not, a percentage of what was paid would be what was returned.

This bill sets up the mechanism to return money if any is left. Unofficial figures of the cost are 80¢ per taxpayer to implement the bill. There being no further discussion, the hearing closed on H.B. 539.

Rep. South moved that the meeting be adjourned. The motion was seconded and passed and the meeting adjourned at 9:45 p.m.

FRANCIS BARDANOUVE, Chairman