

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

March 14, 1977

The meeting of the House Appropriations Committee was called to order on the above date at 7:00 p.m. by Representative Bardanoue, Chairman. Roll call was taken with a quorum present; see attached roll call. Present at the meeting were Dave Lewis and Bob Robinson, and hearings were held on the following:

H.B. 715: To require the Department of Administration to develop a program of incentives for state employees who save the state time and money. Representative Harrison Fagg, District #63, sponsor of this bill, said that he would like to take this out of Appropriations and make it a nonappropriations bill; the funding is not necessary. The Department of Administration could develop a system of merits and encourage an investigation into what could be done by the private sector. The fiscal note indicates an impact of about \$60,000 for the biennium; however, the LFA concurs with Representative Fagg that this program could be done within a committee structure at no additional cost. The sponsor recommended that the bill be amended to state that through the use of existing personnel, the state will conduct this program. See attached blue copy of the bill with proposed amendments made.

Proponents:

Peter Byrnes, Chief of the Labor Relations Bureau in the Department of Administration, presented the attached testimony addressing section 1 of the bill. He added that the Department feels this program could be deferred until the next biennium; they would, also, object to the amendment proposed by Representative Fagg. The FTEs that are indicated in the fiscal note would have to be added to the budget. He warned that if this type of program is not done properly, there could be bad consequences; however, if it is built and administered well, it could be a tremendous benefit for the state and employees. It should be given adequate funding to be done right or deferred for two more years.

Joan Uda, Staff Attorney in the Office of Budget and Program Planning, said they are not for or against the bill, but they request the committee consider the attached amendments. They suggest that this "proposal" (not "program") be placed in the Governor's Office rather than the Department of Administration.

Stan Gerke, representative for AFSCME, AFL-CIO, presented the attached amendments with explanations for the changes.

Opponents: None.

Questions:

In response to a question from Representative Hansen, Representative Fagg stated that the 3 FTE would not be added for this program.

In addressing the amendments, Representative Fagg said that the Department of Administration could not handle this without additional personnel; but the LFA feels that the Department could cover this program. The Governor's Office has also requested amendments to move this program into that office; they would probably not need extra money or FTEs to accomplish this. Representative Fagg made the recommendation that this be turned over to the LFA; they would not need the extra FTE or funds. He would prefer to see this bill killed if it were to be assigned to the Governor's Office.

It was clarified that if the fiscal impact is removed, this bill (or any other bill) would not be killed by putting it behind the deadline for nonappropriation bills.

H.B. 460: Appropriating money to the Board of Regents from the general fund to improve and maintain instructional television production and program exchange for the university system and the community colleges.

Representative Dan Harrington, District #88, sponsor of H.B. 460, said this will establish an exchange of TV production on the campuses. He explained that if the studios are converted to color they can develop instructional tapes of their own; they are all black and white presently. To insure good training for the students at Montana State University and the University of Montana this equipment must be converted to color very soon. He further explained that Eastern Montana College would be the base for some of this work; Western Montana College has close ties they would maintain with the colleges in the eastern part of the state. The number of ways that TV education could be made available to the public would be increased by this program.

Diane Tipton, representing the Commissioner of Higher Education's Office, presented the attached set of information to the committee members and discussed the information.

Robert Hoene, Executive Director of the Montana Broadcasters Association, left a prepared statement with Diane Tipton, which she presented.

Carrie Hahn, Montana Student Lobby representative, read the attached prepared statement in support of H.B. 460.

Dr. Richard Bowers, President of the University of Montana, stood as a proponent of the amendments. Their requests for this program were recently turned down by the subcommittee but they feel they need this program for the following reasons: 1) use of TV exchange between UM and WMC is thought to be a necessary part of the integration of those two campuses; 2) TV production in color will aid off-campus studies; and 3) this will aid students in the academic areas.

Dr. George Bandy of Western Montana College was also a proponent stating that under H.B. 460 they would be able to establish and improve some instructional activities. This is the main consideration. In order to do this, however, they will need equipment. In doing this they will be able to provide the students in Western Montana College with courses the school could not previously afford to provide. They would also be able to add some more personnel.

Dr. Annahi-Jan Boden, President of Eastern Montana College, spoke next as a proponent of this bill. He agreed with the comments made by the previous witnesses, adding that one of the strengths of this bill is that it allows portability and ability to integrate the state of Montana. This will expand the horizons by pulling together the entire state. With the present equipment they use, they are not on the national average.

Ken Bryson, Chairman of the E.TV Committee at M.S.U. and also speaking on behalf of Dr. Carl Hoffman, Vice-President on Extension, endorsed the other statements made.

Representative Jim Courtney, District #86, stated that this would be a benefit to the students of the university system and to the people of this state. He urged a DO PASS recommendation.

Frank Newman, representing the Office of the Commissioner of Higher Education, explained that this would be an improvement for the students studying this field and for classroom teaching. It will be used in the future in public libraries, as well as in the university libraries. He gave a brief demonstration of the equipment and how it works.

Rosetta Kamlowsky, Shodair Childrens' Hospital and former broadcaster, explained that there will be a major seminar regarding birth defects in July, 1977. Because of the topics to be discussed, such as effects of institutionalization on the mentally retarded, aspects of therapeutic abortions, etc., they would like to have the programs filmed. This information could be of great benefit in the future; but they have found that the equipment is not adequate for their purposes and the costs would be out of their reach. She indicated it is a tragedy that this situation exists and it must be corrected.

Representative Bill Hand, District #82, indicated his support for this, as well as Representative Kerry Keyser, District #81.

Joan Duncan, President of the American Women in Radio and Television, gave a prepared statement for the record in support of H.B. 460.

Roland D. Pratt, representing the Montana Funeral Directors Association, and the associations for ophthalmologists, pharmacists and nursing home administrators, supports this bill as he feels this is a wonderful opportunity for continuing education for these people in many areas where they are the only practitioners of health care in outlying areas.

Mr. W.E. Lisinley of Northern Montana College representing the Instructional Broadcasting field stated his full support of H.B. 460.

Opponents: None.

Questions:

Most of the questions raised are answered in the attached 25-page report presented also by Ms. Tipton; there were, however, a few other points raised. Ms. Tipton explained that a continuing educational regional center at University of Washington is being developed and

the Montana campuses could use their equipment. When Representative Moore asked about their need for training equipment at MSU and UM, Dr. Bowers said that the request for equipment is a part of their request to serve a multiplicity of needs. This equipment is what they were planning for all along, Dr. Bowers stated, and this approach was not in attempt to get in something that the subcommittee already disapproved. Without color TV studios at the University, it could not be used. Dr. Bowers indicated that it is more important for them to have the equipment in the studios; if it is neglected much longer, they won't be able to convert it or work with it.

Representative Bardanouve asked what assurances this committee would have that the Board of Regents won't use this money for some other purposes? Jack Nobel stated, "If this bill is passed and the equipment is detailed and itemized, I will give you those assurances."

In response to a question from Representative Marks, Representative Harrington said that this will not keep them from hiring more people. It would help in teaching and would be a teacher's aid; but they would definitely not cut back on teachers positions. Dr. Boden explained that they are obligated to offer Native American studies which take 1/2 to 3/4 FTE; through the use of the FTEs they can provide better courses prepared at the University and save in that manner.

Closing Remarks: Representative Harrington said that this would help in the educational fields and would be a great cultural development for the people of Montana.

H.B. 661: To revise the application, study, and hearing procedures under the major facility siting act. Representative Francis Bardanouve, District #6, opened the hearing on this bill as the sponsor, stating that we won't address the entire bill but primarily the amendments that are proposed to it. The one area of concern is a matter of philosophy having to do with the provision that the Department of Natural Resources and the Board shall determine the areas for the plants. There is also the provision that not more than 20% of the power from a new plant facility should be sent out of Montana; this provision would ensure that Montana will not become a power producing state for the benefit of other states.

Proponents:

Ted Doney, Chief Legal Council at the Department of Natural Resources, addressed section 16 on page 41 of this bill. He indicated that \$121,000 would be appropriated for the Department to be used for siting inventory and forecasting of demand. The provisions for the siting inventory start on page 39 and call for the Department to inventory the state and their board will report on which areas are unsuitable for plants and transmission lines. This is part of the Governor's energy message. They are asking for \$60,000 to implement that. On the subject of forecasting, which is on page 41, section 15, Mr. Doney indicated that the Department would like to have the dollars from the legislature to develop a methodology for forecasting the demands, this would be updated every year. The board would use that information as well as information supplied by the utility people. In comparing this to Colstrip 3 and 4,

which cost \$100,000 or more to hire a consultant, Mr. Doney pointed out that this \$60,000 appropriation for the biennium is adequate for staffing for the Department.

Opponents:

Representative Dennis Nathe, District #1, stated he is not an opponent to the bill but proposed the attached amendments to page 3, line 2.

Don Allen, Executive Director, Montana Petroleum Association, said he could not understand the putpose behind this amendment, as Representative Nathe voted against this to not include the oil and gas refineries. There will be no new refineries built in this state, only updating the ones in existence currently to meet the EPA and state air quality requirements. They object to the fact that they are going to have to go through another bureaucratic area. They feel this approach would create additional expenses for the state and should be avoided.

Jim Swartz, Manager of the Exxon Refinery in Billings, supported the amendments as offered for excluding refineries. The refinery is constantly trying to improve their process and their air quality control. This new department would add costs to the taxpayers, which would be unnecessary.

Bob Blomeyer of the Cenex Refinery in Billings stated it is difficult to see adding another layer to do some of the things because these have to move very rapidly. They are already covered by the Department of Health and Environmental Science's rules and the Environmental Protection Act.

Louis Day, Cenex Refinery Manager in Laurel, spoke as an opponent in stating there are duplications by government departments. They are presently required to obtain permits from several places. This bill would be extra restriction and time consumption. Over the past 3 years, they have spent \$3 million in capital improvements. He concluded by stating they want to preserve good things about this state and to use the most advantageous ways of developing our natural resources.

Peter Jackson, representing the Western Environmental Trade Association which is made up of industries, agriculture, banks, etc., said they are taking a hard look at the statement that there will be no more new refineries. He said we must rememeber what is going to happen to the basic people and basic industries while these industries have to comply with a duplication that takes more time. Make sure the economy is being properly cared for also.

Representative Kvaalen, at this point, asked for a brief explanation of this bill by the sponsor. Representative Bardanouve explained that this will shorten up the time frame for the hearings and it will make one of the requirements a "need" criteria. It will require some long range forecasting on environmental demands; it will eliminate oil refineries. It will also give two kinds of certification that will pertain to utility plants and certificates of environmental compatability. The companies can sent out of Montana up to 20% of the power they produce and also emergency power to the other states in the West; they could also send out surplus power. This will clarify that and do alot

housekeeping work. One of the main points of this bill was the forecasting of the consumption of power in Montana.

Ward Shanahan representing the Northern Tier Pipeline Company, presented the attached two sheets of amendments and comments.

Mr. Donohue of the Environmental, Inc. supports the appropriation for H.B. 661. There were initially ten bills before this committee which were assigned to subcommittees. This bill incorporates five pieces of legislation and received an 11-5 vote for the recommendation of a DO PASS. It is clear that this bill has been adequately discussed; he requested that it be passed out of this committee in the same form in which it was received. The siting and forecasting got a 15-1 vote and a unanimous vote, respectively in the subcommittee.

Bob Tully, rancher from Round Up and a representative of the Northern Plains Resource Committee, stated that NPRC supports the position of Governor Judge that power in Montana should be for Montana's needs; we must do our share in resolving the nations energy problems. He also pointed out that between 1971 and 1976, there was a 700% increase in the exports.

Pat Smith of the Northern Plains Resource Committee stated support for the \$60,000 appropriation referred to by Mr. Doney. The 1975 legislature mandated in H.B. 473 that the Governor's Office set up an energy policy. They support a coordinated planning approach. They support the appropriation which would allow DNR to participate in forecasting. This bill has been substantially amended; they feel that for energy plant devises, DNR is the most appropriate agency. An independent agency is necessary for forecasting.

David Gleason, representing Dreyer Brothers, Inc., also supported this bill at first because the classification of hearings examiners was important and the addition of two staff assistants was a step forward. He suggested they consider going back to Ted Doney's original language. The amendment is desirable because it eliminates the rate discrimination. He also submitted the attached testimony.

Steve Williams of the Anaconda Company stated that he is opposed to the language on page 4, lines 17-20 and to the provisions that would put facilities like this under the siting act. The language that would put the Anaconda Company under the larger facility siting act would be almost impossible to meet. That language is too broad and there are already requirements that they must meet.

John Peterson, Lobbyist for the Montana Power Company, presented the attached written testimony. He felt this bill should not be an appropriations bill. See the proposed amendments also attached.

Bruce Lobel, speaking for his brother who represents the Montana-Dakota Utility Company, presented the attached testimony.

Representative Bardanouve apologised to the committee for being the sponsor of an appropriations bill as it puts the committee in an awkward position. Clarifications could be made with amendments to protect

all present refineries, he stated, but new refineries should be regulated. Northern Tier Pipeline is unduly concerned, Representative Bardanouve stated; the language on page 4, line 10 solves their problems. MDU should not be concerned because this bill was written to exclude them; clarifications could be made in that regard. Montana Power has a whole philosophical difference on this bill, as expressed by Mr. Peterson. Representative Bardanouve said that he would object to striking the "need criteria".

It was also explained by Representative Bardanouve that the Rules Committee met jointly and decided that any bill that had a fiscal impact either by appropriations or in anyother way would be considered by the Appropriations Committee as an appropriations bill. He also stated that he had promised the legislature that a bill would not be killed because of the whole definition of appropriations bills.

Questions:

Representative Kvaalen said that in my county they have been having trading activity and refining oil and gas and building pipelines. He asked about the portion of this bill relating to a pipeline from or to a utility; Representative Bardanouve briefly clarified this issue for him.

In response to questions from Representative Marks, Representative Bardanouve stated that gas brought together in a central point and then to a pipeline would not come under this bill. Mr. Doney further pointed out that that is included in the definition on page 4 (c); "these pipelines...from ot to a utility facility..."

H.B. 611: To require the Department of Institutions to operate and allocate funds to the Montana Children's Center at Twin Bridges.
Representative Joe Brand, District #28, sponsor of H.B. 611, presented the attached testimony and supporting information for the record.

Proponents:

Representative Kerry Keyser, District #81, stated that this committee made an error in closing a \$3 million valued property and building that had a very definite public and child service. There have been numerous bills dealing with children and himes for children; the facility is there and the state owns it and it should be used. This facility could be filled and run efficiently, he concluded.

Marie McAlear, Chairman of the Local Committee for the Utilization of Montana Children's Center, said she is on a fine line between being a proponent and an opponent. As a proponent the Committee is trying to find a use for the building. It has been hard on the community with the loss of payroll, employment, etc. But as an opponent, she read the statement from the Committee, which is attached. She further indicated that she would be addressing the committee again at its next meeting when they consider another bill regarding this facility.

Opponents:

The Executive Director for the Friends to Youth, Inc., a Missoula non-profit corporation to train, supervise and work with the kids that are in the Montana Youth Centers, stated that isolation from the community is a big problem with insittutions. Long term institutionalization has been found to produce bad effects. He gave several examples to support this belief. They support the principle of placing children in homes rather than institutions. The corporation feels it has been successful in progressing toward meeting the needs of children and would like to be given the opportunity to continue their work. He concluded saying that this bill should be killed as it would be a step backward for the youth services in Montana.

Questions:

Representative Marks asked if the community experienced problems within their area because of the children in the Center and was there an impact on the community. Ms. McAlear stated they did have problems with their own children, and having the "delinquents" from all over the state in their community did have an impact on the people living there. She further stated she could not find one person who was interested in coming in to support this bill. Until a few years ago they had an orphan element to the Center; but the town began to "sour" on the home when the delinquent element came in.

Representative Marks stated that the Montana Child Act had a lot to do with this. Until this act it was a home with a live and learn and work approach. After the act came into effect, the home element was gone and there was a different kind of set up.

Representative Brand said that he has talked with the former director of the Center who stated that he wanted to institute some new programs and felt the Center at Twin Bridges would be a good thing for Montana. They had started to institute some new programs when the Center was closed. He concluded that there are some children, just as there are some adults, who need all the help in the world they can get; this is one way of helping them.

H.B. 183: To amend sections of R.C.M. 1947 relating to public employer's contribution to insurance for public employees. Representative South as a representative for the Joint Select Committee on Employee Compensation stated that this is one of two bills introduced that would do the same thing. The Select Committee amended it down from \$40 a month to \$20 a month during the first year and \$30 a month for every year thereafter. Also under the present law, the state would have to pay \$10 and they can pay no more than that per month. In order to be flexible, it was necessary to remove the ceiling and place a mandatory floor in the bill. The collective bargaining bill would allow a component group to pay more. The committee did not have a prerogative to deal with local government requirements so they left that faction as it currently is. He stated that he was not sure if Representative Mike Meloy, sponsor of this piece of legislation, approved of that last change.

Proponents:

Tom Schneider, Executive Director of the M.P.E.A., spoke in support of this bill, but he questioned the placement of it as an appropriations

bill. The \$10 insurance contribution is statutory and cannot be changed without legislative action. He gave a brief history of the state's participation in a statewide insurance plan, which started in 1967 with a \$7.50 health insurance contribution. At that time employees' premiums were about \$7 or \$8 total. There have been no increases since 1969 when the contribution was raised to \$10 a month; but the insurance premiums have continued to rise. This should be a part of the total salary package, he felt.

Stan Gerke, representative of AFSCME, AFL-CIO spoke as a proponent. Health insurance coverage has become one of the most important things that we consider in negotiating with the members of AFSCME.

Marvin Alt, Vice Chairman of the Insurance Advisory Council, stated that with only a \$10 contribution the "Blues" are the only ones that bid on the jobs. If the state doesn't have a fully paid health insurance program, only the people that need the health insurance coverage are going to get on, which would raise the rates. They fully support the bill at \$40 a month but will still support it at \$20 and \$30 a month.

Opponents: None

Questions:

Representative South explained that the reason for the change to \$20 and \$30 a month was that that was the amount tentatively agreed upon between the Executive Branch and the employees. It should all be considered as one package. It was uncertain what the revised fiscal note would be; Representative South suggested that they ask the Budget Office to rewrite the note. This package would include all employees, including the university system.

If there were increases in compensation and benefits, rather than salary, Representative Marks pointed out, there would be a loss of tax dollars to the state. Tom Schneider asserted that there would be a savings in tax dollars that would be minimal compared to those taxes that could be collected. Representative South said that the fringe benefits are now considered at 14%; the \$10 would automatically increase the obligation to the state by \$1.40.

The meeting adjourned at 10:15 p.m.

Francis Bardanouve, Chairman

jlm