

March 18, 1977

Chairman Brand called the meeting to order at 8:00 a.m., with Bardanouve, Ryan, and Tower absent.

Hargesheimer submitted his summary - see attachment #1.

SB 440-Sen. Fasbender, sponsor--This is the Department of Transportation bill. (he went over the proposed amendments dealing with the Board of Aeronautics - see attachment #2) These amendments were agreed upon with the Board of Aeronautics, and basically, what they do: (1) moves the Motor Fuel Tax into the bill, out of the Department of Revenue; (2) clarifies who will be on the committee - at least one person from each of the modes of transportation; (3) outlines a different time frame; (4) the Board of Aeronautics wanted to remain in existence for two years, and then get a performance audit to see if they are functioning justifiably. They will be audited in 1979 rather than 1977, and then the legislature can decide if they are performing a valid function. The Highway Department would be abolished, and transferred to the Department of Transportation. The study presented (see attachment #3) gives the three alternatives for organization of the department - MODAL, FUNCTIONAL, or ECLECTIC. We felt that it could be set up statutorially, but we chose not to do that in the bill. The problems that a new department may encounter are impossible to determine beforehand, and mandating which divisions would be where would be unwise. It has become clear that overall transportation planning is essential in this state. We need all of these departments in one place so that rational decisions can be made. I feel the rationale of the bill is self evident.

BOB LOHN, Governor's Staff Attorney--We support the bill subject to four provisos. (1) with the clear understanding that the bill does not affect the location of the Registrar's office, (2) if a member of the aviation committee be a member of the Aeronautics Board, (3) that certain problems with DCA funding in Centralized Services be taken care of. The costs of this division are allocated through other departments, and by moving it out of the Traffic Safety and Aeronautics, it would cut their budget - the money must be replaced in some way. There would be some additional changes. We take no position on the transfer of the Highway Patrol. The reasons for the bill are straightforward, and simple. Our state needs this.

GENE CARROLL, Director of Rail Planning, Governor's Office, Director of Transportation--I have been in transportation for 30 years, and I know that some changes need to be made to give more centralized coordination. The federal government found that they had to do this. 32 other states have done this. I urge your support.

LARRY HUSS, Montana Motor Carriers--We support this in an effort to do away with the duplicity of power and duplicity of control - some coordination is needed. We are presently regulated by the PSC, the Department of Highways, and the Highway Patrol. We have a problem with the PSC due to the fact that they put more time into utility rate increases than they do into other problems brought before them. We have had to wait 6 to 8 months sometimes for a rate decision. I feel if we consolidate motor carriers with other forms of transportation, it will help to alleviate this situation.

MIKE GREELY, Attorney General--We support this, but have an amendment about the Motor Vehicle Division (see attachment #4), which would be transferred to the Department of Transportation. We feel this is a mistake, due to the law enforcement.

MIKE McGRATH, Attorney General's office--(see attachment #5)

## OPPONENTS

LARRY MAJERIS, Department of Highways--(He felt that vehicle registration should be left with the Department of Justice, as it is primarily a record keeping bureau.)

KEN CLARKE, United Transportation Union--(The railroad unions didn't really know what the bill would do to them, and so opposed.)

JERRY COLWELL, President, Montana Pilots Asso.--(Felt that the bill was too vague, and left too much room for executive intervention.)

STEVE JONES, Citizen--(He felt that the bill put too much power in the hands of one man, i.e. Director of the department)

AL NEWBY, President, Flight Line, Inc.--(see attachment #5 for his testimony)

ROY ERICKSON, Vice President of Public Relations for Northwest Airlines--(see attachment #7 for his testimony)

FASBENDER--Of all the people who opposed, five represented aeronautics. If you look at the amendments given, they all apply to aeronautics. It was not hastily written. It shows the problems involved, and gives solutions. The Aeronautics Board did not oppose this, and they are presently charged with air safety. Clarke had problems about railroad unions - in 82A-118 - a department succeeding to another department or agency keeps it's rules. Mr. Erickson explained some problems with DOT's in the U.S.; and said Wisconsin and Michigan were having problems. There are 32 states with DOT's, and I would think you could find at least half of the states that have them are satisfied. This bill has been worked on since 1976. The director would have no more power than any other department head. If you go through the bill, you will see that motor carriers are defined by statute. The pupil transportation would remain in the Superintendent's office - it was not our intent to change this. It is not my intention to debate executive reorganization. When you have divisions, boards and bureaus that are not accountable to anyone, it is a problem. It seems Mr. Newby's problems stem from the fact that the Board is not responding to his wishes. The Attorney General's problems about the Highway Patrol - in one instance, there are four safety divisions in the state - if those four divisions were changed with handling, these functions could be made more efficient and less costly. The record keeping function is simply that, and could be handled properly anywhere. I recommend the bill highly, and feel the state should do something. I know some of the members of this committee have worked long and hard on transportation, and this bill would help.

TURNER--What input was requested by the aeronautics group? FASBENDER--They were not consulted. TURNER--You don't think they should have been? FASBENDER--I didn't consult anyone. A number of people drafted this, and we looked at all of the functions. TURNER--What department has been sponsoring this bill? FASBENDER--Nobody originally wanted it. Now the Governor's office and the Aeronautics Board want it. We are splitting off only the function of transportation. This bill would enable a specific division to be put together for each mode. It will be on zero-base. MULAR--Would the employees transfer with the departments? FASBENDER--This would be optional, and up to the employers and employees. Generally, any transfer takes the people with it. MULAR--Will public hearings and the regular procedures of the PSC still be followed? FASBENDER--Yes, new rules may be promulgated. There is no fiscal note at this time.

There is a problem with DCA loosing the Traffic Safety and Aeronautics Board. TURNER-Would you object if the Department of Aeronautics was taken out? FASBENDER-Everybody in the state wants a separate department, so they can do what they want. We have taken their mode and transferred it totally to DCA. I feel we should do this, and take a look at how this works. I don't think you will ever create a special aeronautics department. LIEN-There's a proposed table of organization with mass transit - do you perceive transferring of funds from highway use to mass transit? ANDY ANDERSON, Director of Highway Department--We only have two urban areas in the state, and they would be needed at some point. I see mass transit as automobiles anyway. (a note of interest - Mr. Anderson found the hearing so interesting, that he slept through the remainder) ERICKSON-I think that one of the problems that you face here is that it sounds so great from a spellbinder named Fasbender. The federal DOT has been going for a number of years, and they have a massive budget and massive number of employees. We found the track record on DOT's to be not so good. LIEN-Do you agree that they have been more expensive? FASBENDER-You must recognize that the CAB was not transferred in the federal program. Other states have not generally had bad experiences with DOT's. There always is an ongoing reorganization. This is a structural change. Government never costs less. Compare the growth rates of states that have had no reorganization. Reorg. encourages the amelioration of brueaucracy.

GORDON BOLLINGER, Chairman, PSC--We thought it wasn't appropriate for us to tell you what to do with aeronautics; but personally, I oppose. I feel I have been as close to transportation as anyone, and with a little additional staff, we can give the truckers the kind of service they want. In a state that I am familiar with, there is no regulation. (Sec. note - Yes, that's really what I have in my notes)

MEETING ADJOURNED - 10:15 a.m.

Further opposition was received by mail from Henry Hardy, Billings - see attachment #9.

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Joe Brand, Chairman

*Anita C. Sierke*  
Anita C. Sierke, Secretary