

MINUTES OF THE MEETING OF
HOUSE APPROPRIATIONS SUBCOMMITTEE ON ELECTED OFFICIALS
MONTANA HOUSE OF REPRESENTATIVES

January 21, 1977
8:10 a.m.
Room 428A
State Capitol Building

The meeting was called to order by Chairman Lynch with all members being present.

A correction was made to the minutes of the meeting of this committee for January 20, 1977, page 3, paragraph 2. It is corrected to read: "Senator Regan moved that the Workers' Compensation Judge's budget be accepted as amended. The motion did carry with three (3) votes in favor (Regan, Lynch, and Wood) and two (2) votes opposed to the motion (Lockrem and Nelson)."

The subject of the hearings at this meeting: Department of Highways: Preconstruction, Travel Promotion.

Mr. Gosnell briefly reviewed the request for the Preconstruction division. Mr. John Prebil, Administrator, Centralized Services Division, distributed the attached memorandum to the committee members. He said the Department agrees with the 2% vacancy savings and that is the biggest cut. He also wants the committee to consider sick and annual leave payments and contracted service requests as developed in the memorandum. Chairman Lynch moved to reinstate \$104,912 in the Preconstruction budget. The motion carried unanimously.

Relating to sick and annual leave payments, Chairman Lynch indicated that the committee will look into this area for all divisions of the Highway Department. Analyst Gosnell asked that the Department submit a breakdown of which accounts will be charged and in what manner.

Mr. Gosnell reported the the Department has requested the travel promotion budget be raised to \$750,000 each year and \$100,000 be appropriated for the tourist study. The Department distributed the attached memorandum explaining their requests briefly and the attached Travel Promotion Unit information and the Mini Profile: Montana Travel Industry--1975 - 1976 from the V.I.P. press kit.

There was a discussion over the fund request for "postage budget". The funds would be used strictly for postage, but the question was brought up as to whether the request was for an increase in the rates (from \$.13 to \$.17) or in usage. The rate of increase in postage expenditures was questioned and Mrs. Josephine Brooker, manager of the Travel Promotion Unit, explained that they had about 225,000 inquiries (about 50% increase) last year. Chairman Lynch attempted to find out if they were changing their request asking for the same amount of funds for inflation considerations or for increased usage. If this is, as the

ELECTED OFFICIALS SUBCOMMITTEE

January 21, 1977

Page 2

analysts agreed, for increased rates, then the amount should be deducted from the budget if it is also agreed that the rate increase is unlikely. Mr. Gosnell asserted that the problem is the budget submission itself. A modified budget should have been submitted, but it was never explained as anything other than an expanded budget.

Chairman Lynch asked Mr. Gosnell to furnish each member of the committee with a copy of the worksheet of the LFA's budget recommendations.

Mr. Prebil explained that the tourist study deals with the travel promotion unit but it comes under the general operations budget. This study may be contracted out, possibly to Montana State University; it could not be contracted out if it came under the planning and research division. It is a part of the travel promotion program and would partly be funded by federal government. Senator Regan expressed concern over funding programs because they would come out of federal revenue; we, as taxpayers, are still paying for the program and must take that into consideration.

Ms. Brooker clarified that last paragraph on page 240 of the committee's manual. \$234,000 per year are not for TV and radio advertising as indicated but is appropriated for national advertising, including magazines and newspapers, but not TV or radio only. \$16,500 is not used for "registration fees for training conferences" but \$10,000 is association (membership) fees in the Old West Trail Foundation, \$4,000 for association fees in the Pacific Northwest Travel Association. The remainder of this appropriation would be for state-level travel organizations. There are no conference registration fees included in this budget.

Ms. Brooker reported that there was between a 5 and 26% increase in the travel industry last year, depending on the area; Glacier and Yellowstone National Parks had their largest year ever.

Even though funds were cut last year there did not appear to be an effect on the tourism industry, stated Chairman Lynch, wondering if there doesn't appear to be a saturation point for the number of tourists that will come to Montana in response to advertising. Ms. Brooker retorted that the advertising investment brings immeasurable returns, that the organization pays for itself they feel.

The figures reflecting the effect on maintenance of roads and service areas was not available to answer a question by Representative Wood, but will be reported at another hearing.

Senator Margaret Warden gave testimony supporting the travel promotion units request and the tourist study, citing experiences she has had indicating that advertising has proven very beneficial to the tourist industry and has been the incentive for many people to come to Montana or extend a business trip to see more of the state. She used Oregon as an example of the impact of travel on the state, saying that when they asked the public to stay away from Oregon and the travel budget

ELECTED OFFICIALS SUBCOMMITTEE

January 21, 1977

Page 3

was cut back, they found the business people and resorts could not exist without tourism. The tourism industry in Montana generated \$240,000,000; and over 30,000 Montanans earn a major part of their income from the travel industry. She feels that if you show people what you have by advertising, it becomes a visual thing and isn't something nebulous. If the only thing the public hears about Montana all year is the weather reports and the low temperatures, you have to work to combat the impressions they are getting. More research is needed in the area of tourism, and she supports the funding of a tourist survey.

For purposes of comparison, Ms. Brooker reported that North Dakota had a budget of \$568,000 last year and increased to \$650,000 for the next year. South Dakota had \$918,000 and the governor has recommended that they raise it to \$1,019,000 next year.

Several points and questions were brought up by Chairman Lynch. He does not disagree with the value of advertising, but with the amount of money they are requesting. When we lose \$8 of federal funding for every dollar spent on travel promotion, we should consider how much we can afford to lose in this manner. Tourism was greater than anticipated last year even though funds were cut by \$200,000. He also pointed out that among the lowest paid employees in the state are probably in the tourism trade. He posed the question: would we lose tourists if the travel promotion budget was \$1,000,000 rather than \$1,500,000? Ms. Brooker felt that we probably would because, primarily, they would have to cut back on printing and distributing materials in response to mail and inquiries.

The committee and witnesses discussed the possibilities of federal funding for the construction of highways and other funding for this Department. Mr. Prebil observed that depending on which budget recommendation you look at, the amount they will have at the end of the next biennium varies. They will be low on funds in either case, but feel that the travel promotion unit brings funds into the department. Senator Regan said that they are assuming that there will not be a gas shortage or energy crisis to prevent people from traveling at the rate they currently are.

Mr. Gosnell will figure out how much difference there is now between the two budget proposals. Les Simpkins of the Budget Office will assist.

The hearing portion of the meeting was concluded at 9:30 a.m. and the committee members proceeded with an executive action session.

Environmental Quality Council: Chairman Lynch suggested that the rent expenses be left in the budget and they should try to work out something toward a move into the highway building. The committee cannot assume what will happen in the future in approving a budget. Senator Regan moved that the committee make a strong statement of intent that the Council move: "We the Subcommittee on Elected Officials strongly urge the investigation and specifically the move

ELECTED OFFICIALS SUBCOMMITTEE

January 21, 1977

Page 4

of the Environmental Quality Council into the old highway building if space is provided and available." Mr. Les Simpkins said they aren't asked to cut the appropriation, just move, but Mr. Gosnell indicated that this would be put in the appropriation report. The motion carried unanimously.

Senator Regan entertained a motion that the committee go with the modified budget that was submitted to the committee by Mr. Reuss (with figures of FY 78: \$158,861 and FY 79: \$167,978); this maintains the two (2) FTEs, modified travel and fewer meetings. The vote was: AYE: Lynch, Regan, Gunderson. NO: Wood, Nelson, Lockrem.

Legislative Council: Consideration was passed for the day.

Military Affairs: Mr. Gosnell has received a proposal from the airport authority in Great Falls asking that the committee consider putting all fifteen (15) FTEs (firemen) on the state's budget and obtain 80% federal funding and the city would reimburse the state for the 20%. Chairman Lynch asked that the committee take this into consideration, and investigate to make sure it can actually happen before passing. Senator Regan asked what they contemplate for the next biennium, if we fund them in this manner now. The appropriation report could be written to get this under control.

Civil Defense: Senator Regan moved that the committee amend the Civil Defense budget to add \$1,009 for FY 78 and \$3,847 for FY 79 for conducting audits.

The meeting was adjourned at 10:00 a.m.



J.D. Lynch, Chairman

jlm