

January 16, 1979

Chairman Brand called the meeting to order at 9:05 a.m., roll call was taken with Reps. Staigmiller, Feda and Bennett excused.

HB 77-Sponsored by Rep. Gould -- I think this is an excellent proposal. We have an amendment to expand this a bit so that people employed in Life Skills Centers or something similar will then be paying a small amount for their room and board. I will let the people from the department explain the amendment.

NICK PETERING-Department of Institutions -- He presented the proposed amendments. The reason we expanded this is to include some other programs that department currently manages. If those people are employed, we want to be able to charge reasonable rates for board and room. It makes the program more viable and acceptable to the public. Carolyn Zimmit came with me for any additional testimony.

NO OPPONENTS

BRAND-What have you done in the past? ZIMMIT-At this point, we don't charge them. The state is paying the full bill. What we wish to do is recoup some of those monies back into the General Fund. The passage of this bill could mean as much as perhaps \$10,000-\$15,000 a year. Some of these people are in school, but many of them work, and we want to promote the responsibility notion with them.

AZZARA-How will you determine the rate? ZIMMIT-There will be a formula determined by whether they support a family, their educational level, whether they are paying restitution, etc. GOULD-At the present time I believe there are 91 people in the penitentiary that could be placed into pre-release centers who have been through parole and have less than 90 days before their parole will come up. If we can put them in the community, this will make space available in the penitentiary; and this would be helpful because we are reaching optimum occupancy -- plus teach them responsibility and prepare them to do the sorts of things they will do when they get out.

HB 76-Sponsored by Rep. Ramirez -- This bill was introduced at the request of the Department of Administration. It does nothing more than confirm the present practice of the state doing some of its own printing without putting out bids outside of state government - it is cheaper. There are representatives of the department here to testify, so I will turn it over to them.

LARRY D'ARCY-Deputy Director, Department of Administration -- This is more or less a housekeeping bill. It authorizes us to do something we already do in part. We do have an amendment on line 17 - to change 2% to 3% to make it consistent with Title 18, Section 1-102. We are trying to standardize our discount rates.

OPPONENTS

JANELLE FALLON-Montana Chamber of Commerce -- She submitted written testimony, see Attachment #1. We don't actually oppose this, but the bill is not doing what it claims. If this is a way to add expensive equipment and unfairly compete with private enterprise with taxpayer money, then it is unfair.

STAN THURSTON-Thurber Printing Company -- We are a small printing operation with ten employees, which is an average amount within the printing industry in the US is the largest diversified agency. My first exposure to this began in 1947, with

the Board of Examiners, and at that time it was agreed to allow the state to print inter- and intra-departmental printing and emergency measures. I'm sorry to say that it wasn't improved much even with your centralized printing department. In 1953, the budget was given approval to be printed by the state; then in 1967 the legislative bills went. Now the session laws go through the Legislative Council. We have seen departments do more and more of their own printing. so this is what has happened. This proposal is nothing new and has been proposed various times in the last 30 years. As to this 2-3% thing -- North Dakota thinks more of its printing industry, they have a 10% preference law, and so does Wyoming. It has been my experience that faces change, administrations change, viewpoints change, and when you open up a statute like this you are allowing the state to begin direct competition with the private sector using taxpayer money. The gentleman here is probably very sincere, but nonetheless, they have had state printers from Iowa, Washington and even Washington, D.C. for consultation, and you wonder what that was about. I wonder what this does to the intent of HJR 55 from the '77 session?

MIKE NAEGELE-State Publishing Company -- I have a vested interest in state printing, and we are currently a contractor....the bill is loosely drafted -- it states no particulars - who will do it - what will be done - whether there will be a competitive bid. Who knows the private sector well enough to know whether the state or the private sector can do it cheaper. I really do feel that the state of Montana does not belong in the printing business.

Mr. Naegele submitted further statements, which can be found in Attachment #2.

ERNIE PEARCE- President, Helena Typographical Union -- I have been a printer for 31 years in both methods. If this does go through, the cost is so enormous I don't think it could justify itself for a century. If the state has to buy all that equipment, they have to have people run it, and all these costs come back to the taxpayer. It would further cut employment in the printing business, and there aren't many left now due to automation.

JIM MURRAY-Executive Secretary of the Montana State AFL-CIO -- Mr. Murray submitted written testimony, please see Attachment #3.

PAMIREZ-I think there are legitimate concerns about cost here because that's what the issue is. Beyond that, what I hear in the name of competition is really subsidy. If the state can do it cheaper then that's the way to go. It isn't as though the state will compete with other business, but if the state can do it cheaper then go for it. I am introducing a bill to try to get a handle on extraneous spending on publications - some publications are more elaborate than they need to be. When it comes to highly specialized printing, then obviously we will have to go elsewhere. Right now, I think the taxpayer wants economy in government. I don't think this bill will have the dire consequences mentioned here, but if you want to amend the bill to make sure it is down at the lowest cost possible, OK; but apart from that I don't think the bill is doing anything wretched.

BARTH-We did a tour of the Highway Patrol, and they do their own printing. Is there any way to know if they are saving money? D'ARCY-The Central Duplicating Operation is a quick and dirty operation. We are not equipped to do this sort of printing. We have contracted with the Council of State Governments to bring

printers from other states to take a look at our operations to see if the state if doing OK, and these studies indicate that we are doing this cheaper than outside sources. Again, I have no objection to the amendment to make sure we are not competing with private enterprise. We don't have facilities to print on newsprint, so the state phonebook was done outside. Having the bills coming out of alter in the evening, they can be on the desk by morning; with someone else doing it, they can't have the quick turnover. AZZARA-Lines 23 and 24 leave a lot of area open, and I would favor an amendment. DONALDSON-What is the criteria for whether it goes to the private sector? D'ARCY-It depends upon whether we have the necessary equipment. Sometimes the decision is made at the agency level. DONALDSON-Do you anticipate purchasing new equipment? D'ARCY-No, I will do all I can to prevent such growth, although I can't say what my predecessors will do. What we do in-house is usually for quick control. The definition of printing was established by the legislature as "putting a mark upon a surface", and at least 65% of our work is done commercially. What we do internally are pretty much written things. PORTER-You have a central printing department downstairs, don't we also have a Highway Patrol Department system? How many are there? D'ARCY-We have a central one in the old liquor warehouse for long run and back-to-back work. We have quick copy satellites where you can get things in one day. There is also one in SRS, the Highway Department has their own, and the cost figures are about 90% utilized. Fish and Game has one, Highway Patrol, Employment Security; we have reviewed each one, and there is a need for each one. The legislature has their own during the session and the other shops are giving backup during the session. RAMIREZ-It isn't that we want to run anyone out of business, we just want to get the best price for each publication. BRAND-Since the state has been in the business, how many have lost their jobs and how many businesses have gone out? THURSION-Over the last several years - a place in Butte, Electric City Printing, Naegele Prining went out of printing in '55, the IR has gone out of printing. I think if you check back to '63 or '65, there's already a bill to govern the quality of annual reports to the simplest form possible.

HB 126-Sponsored by Rep. Nathe -- I am carrying this for the PSC, and it is a bill to repeal the section giving the PSC jurisdiction over wharves and docks. The takes them out of regulation of these. They feel it is no longer needed since this was when they had steamboats on the Missouri.

BILL OPITZ-Public Service Commission -- This is a statute we came across in an extensive review, and it hasn't been enforced in at least 20 years. We don't have the budget or the staff to do this. Competition could regulate the service and fees.

BRAND-Did you contact Fish & Game about this? OPITZ-No, but we would be happy to. PORTER-You said you haven't done anything about this? OPITZ-This was passed in 1889, when river traffic was necessary for transportation. BRAND-Who regulates the Missouri River Barges? OPITZ-If the landing is on state land then it would be the PSC. BARDANOUVE-In northern Montana the ferries are county operated.

HB 50-Sponsored by Rep. Sales -- This bill proposes to eliminate duplication of effort, and put the responsibility with the agency best prepared to deal with actuarial pensions. This bill consolidates all of the actuarial responsibility with one department. Larry Nachtsheim is here to testify.

LARRY NACHTSHEIM, PERS Administrator -- This is the result of a talk with Mr. Pendergast at DCA, and his feeling was that we work with evaluations and wouldn't we want to take this on. The bill provides for the cost and this just adds another to the ones we already do. We have no objection.

NO OPPONENTS

BRAND-Are the funds handled by your department? NACHTSHEIM-We administer the police retirement for the 14 first and second class cities. This bill deals with 6 cities smaller than first or second class. We coordinated it, but now they want us to gather all of it. So we just run one more set of figures through our actuary. We don't handle the funds, they are locally administered.

EXECUTIVE SESSION

HB 50-SALES moves DO PASS, motion carried unanimously. The motion was made to put HB 50 on the Consent Calendar, but failed.

HB 76-BRAND goes over the proposed amendment submitted by D'Arcy on Page 1, line 17 -- changing 2% to 3%; and also on lines 21,22, and 23 inserting "the lowest unit cost".

JOHNSON moves that HB 76 be put in subcommittee. PISTORIA-I don't think we need to do that, and I propose a substitute motion that HB 76 DO NOT PASS. KROPP-I have very mixed feelings about this. Could we hold this until we get his other bill and possibly combine the two? BRAND-Then if the other bill comes in we can give them both to a subcommittee. BARDANOUVE-If we set a precedent of 3%, it could be trouble. BRAND-D'Arcy said all the other laws are 3%, so this would make them consistent.

PISTORIA'S motion of DO NOT PASS failed with his being the only YES vote.

JOHNSTON moves to hold the bill until the other one comes, which passes UNANIMOUSLY

HB 77-BARDANOUVE moves DO PASS, motion carries.

HB 82-PISTORIA moves to reconsider HB 82.

PISTORIA-After talking to many people, I feel I acted too quick and I want to move that we bring it back to 375.

A roll call vote was taken on Pistoria's motion to reconsider HB 82, the motion passed 12 - 5, Feda and Bennett were absent, and Smith, Sales, Kropp, Porter, and Hayne voting NO; Staigmiller left an absentee vote - please see Attachment #4 - stating that he was in favor of reconsidering the committee's action and voting in favor of reinstating the original figure of \$375 million.

PISTORIA moves to amend the bond debt limit in HB 82 from \$150 million back to the original \$375 million.

KROPP-I object to voting today since the Republicans don't have some members present. BRAND-We can debate this now, but Kropp has requested that we hold this until all members are present. If that is your desire, then we'll hold it.

PISTORIA-I agree that I would want you to wait for me.

BRAND-There's a substitute motion on the floor to hold the bill until all members are present. Motion carries with a voice vote.

KANDUCH moves to adjourn, so moved and carried -

Adjourned: 10:20 a.m.

Joe Brand
Joe Brand, Chairman

Nita Sierke
Nita Sierke, Secretary