

Chairman Brand called the meeting to order at 9:00 a.m., roll call was taken with Bardanouve absent and Feda excused.

HB 124-Sponsored by Rep. Oberg -- This bill was submitted at the request of the Department of Community Affairs, it changes the distribution of weatherization funds. This program uses \$150,000 each biennium, and when written it required that the money be allocated on a share basis with no more than 5% going for administration of the program. 50% of the money is given on a matching fund basis, and as it has been distributed, it isn't be distributed equitably. Some counties are able to get a larger share because of the matching fund rule -- some counties are able to generate more revenue than other -- rural counties are at a distinct disadvantage. There have also been changes in the federal policy. (I do not have his comments on these changes. ns) We aren't changing the 'need basis', but the federal share basis is different and the money can go more to those who need it. Some rural areas can't get enough matching funds, whereas a couple of cities have done really well. Great Falls got 1/5% and Butte got only .65%.

GARY WIEBE-Energy Program, Department of Community Affairs -- Mr. Wiebe submitted written testimony, please see Attachment #1.

GAIL STOLTZ-Human Resource Development Council -- HRDC supports the bill and the change in the formula.

#### NO OPPONENTS

BRAND-How is the percentage determined? OBERG-The number of eligible houses that need weatherization in a district is compared to the average city. This bill will allow DCA to put more money into areas that haven't been able to qualify yet. WIEBE-The basis for the number of houses is based on the 1970 census. JOHNSTON-How many homes have come under this program? WIEBE-2400 O'CONNELL-Do they hire CETA workers? OBERG-Yes, they have a labor program, and the people are receiving job training in a viable field. There's a big turnover in Havre because the people learn a good skill and can get a job soon. WIEBE-Part of the requirements are that the money be distributed on a yearly basis, so it all goes out by July. (I do not have the question that this was in answer to. ns) KROPP-Where could I find out how much work has been done in Malta? WIEBE-Through the local HRDC.

HB 113-Sponsored by Rep. Bardanouve -- This is sort of a clean up bill because it cleans up the miscellaneous leftovers from a defunct department. When an agency closes, there are always some leftovers and right now there's no statute covering handling this. We have had three examples of agencies closing out, and there was no way to close out their assets and liabilities. I refer to the Centennial Train -- which was quite a hassle, there were leftovers for quite a few years. Then the Bicentennial Commission, there were some assets from that. One really controversial agency was the educational television -- there was a lot of garbage left from that, namely thousands of dollars in TV equipment. Whenever we don't know what to do with something, it gets dumped on the Department of Administration; so this bill gives them the legal backing to deal with defunct agencies. It allows them to inventory, pay off any claims, if the claims are larger than the assets, they can prorate and submit a supplemental appropriation to cover the rest. If the assets are larger, the department is required to deposit any surplus in the General Fund.

## NO OPPONENTS

KROPP-In line 17 it mentions supplemental appropriations - could you explain that? BARDANOUE-If they have accumulated debts, these are paid by sale of equipment, etc. If there isn't enough to pay the debts the department has to submit a supplemental bill to cover the remainder. The Appropriations Committee would then examine the claim and if we felt they were justified, then it would be granted; if not, it would be rejected or reduced. In any event, this is an obligation of the state. DONALDSON-If Fish & Game should drop one of its agencies, and that bureau became defunct, would this bill apply? BARDANOUE-No, this doesn't apply to divisions. In the case you speak of, the department in question would take care of it. If we abolish the Department of Military Affairs, there would be tanks and jeeps and equipment of all sorts, plus claims against the department; once you sell everything and still you have claims, then you would get another appropriation. This doesn't deal with reorganization within a department - sunset legislation would be directly applicable to this bill. SALES-You brought up the TV deal, and there was a legal problem with the rental of the building. Where does it say that the department would prorate all claims? BARDANOUE-A suit was rendered and we were obligated to pay it, so we paid it. SALES-If there's a disputed claim there shouldn't be any proration. JOHNSTON-You have to prorate because you only have a certain amount of money. BARDANOUE-Any judgement has to come before the Legislature.

## EXECUTIVE SESSION

HB 113-O'CONNELL moves DO PASS, motion carries unanimously.

HB 124-BAETH moves DO PASS.

SALES-I would like to amend page 1, line 16; adding "at least 50% of the total funds must go to the purchase of materials actually used on the weatherization projects in the planning districts". O'CONNELL-I'm trying to follow you here, this is funded primarily with federal money and they have to meet federal minimum wage standards, so if we put this in what are we doing to the people receiving training? BARDANOUE-I support the concept Sales is putting out. Maybe we should know more about the internal operation to know whether this is actually workable. MAGONE-One of their projects is putting on plastic storm windows, so that materials wouldn't be even close to 50%. SALES-I would want it to be 50% overall.

BAETH withdraws his motion. PISTORIA moves to hold the bill and get the formula for spending throughout the state. Motion carried.

HB 77-BRAND-There are amendments that have been developed by the amendments coordinators since yesterday, because the amendments that the Institutions people presented weren't proper, so we need to approve these and pass them. You have a copy of them in front of you (see Attachment #2).

BARDANOUE moves the amendments, motion carries. O'CONNELL moves HB 77 AS AMENDED DO PASS, motion carries.

HB 82-BRAND-Could we also consider HB 82? The bill is now before us as \$150 million. PISTORIA-I move that we increase \$150 million back to \$375.

SALES-I'm very concerned that the amount of money we are giving this board will make them one of the largest lending institutions in the state. I don't think their track record has been bad, but I don't think it has been that good either. I understand that Gerke has another bill coming in that has to do with how the funds revolve; so I suggest that we hold this until the other bill comes in. By the time you consider the interest payments and the payback that we are setting up, it becomes an awfully big deal real fast. I would like to see this held until the other bill comes in. PISTORIA-The reason I changed my mind is that these builders have done a good job in this program providing money for low income people and have been really successful and I have had many calls to that effect. So, I feel we should go ahead and vote on this. O'CONNELL-We keep saying "low income" -- we also have young couples with families who have only been able to get houses through this program. Without this program they would be renting or living in hovels. JOHNSTON-Maybe \$375 million seems like a lot of money; back in '75 when we put in \$75 million that seemed like a lot, but now it doesn't. SALES-The bill specifies that it will be used for low and moderate income - I know of several people who have gotten loans who could have gotten money from any lending institution in the state. Of course, there will be abuses in any program of this nature. I would hope that you hold off until we can see the other bill. AZZARA-Would the other bill repeal HB 82? SALES-No, but it will change the way in which the money can be used. AZZARA-Virginia Jellison came in and stated that they are interested in increasing the ratio of single family and multiple family dwellings and this would take more money. I would be willing to look at Gerke's bill if it doesn't alter the basic objective. DONALDSON-I spoke with a number of lending agencies and they concurred that \$75 million was totally inadequate; but they suggested that the people come back in two years for review. I would like to see HB 176 in this committee so that we could deal with both of them. PORTER-I'm enthusiastic about the concept, but I am concerned about a couple of things. Southeastern and south central Montana are jaundiced about this. The money was so mishandled, and we were told that the regulations would be revised. If this goes to \$375 million, the flow of money -where- this board will never have to come back to the legislature for anything. You are putting up a permanent office that will run forever. I think it would be prudent to set up a benchmark for review of their performance. PISTORIA-Are you associated with any lending institution? Is that out of order, Mr. Chairman? BRAND-Yes, we can't allow questions like that. PORTER-That's all right Mr. Chairman, no, I am not.

SMITH-As a substitute motion, I move that we hold this until HB 176 can be brought in to look at them both.

BARDANOUE-I'm not sure if the other bill will have any real bearing on this bill. This bill provides the money, the other bill provides the philosophy.

BRAND-I just got a copy of HB 176, and what they are doing is asking for 9%. I would like to review the bill. BARDANOUE-I voted for the original amendment but my concern went back several years to when we first set up this board. However, we called the Chairman of this board and I assure you that the man behind this is probably one of the most brilliant men in the state in terms of finances. One of my original concerns was the situation in New York where their board issued several hundred million dollars in bonds with very poor legislative backing. Although these are not a direct obligation, they were a moral obligation on the state of New York. We have better legislation than

New York, we can't be found in default. If the federal government goes broke, we are all broke. These bonds are guaranteed, and the lending agency gets 1/3 of 1% for handling. The administrative expenses are taken care of and they have built up a substantial reserve, even above the requirement of the law. I asked Groff if he thought he would sell all of this, and he said that with money the way it is he probably won't be able to sell them all right away. If the President cuts interest rates back that's another story. SALES-HB 176 seems to make it into a revolving fund and I think we need to know what kind of lending institution we are building here. BARDANOUE-If the bill is held in committee, what happens to it. BRAND-I will see if I can get HB 176 transferred to this committee and have a hearing on it and get them both out. AZZARA-What if we pass the bill as amended and then amend it further on the floor? BARDANOUE-If it alleviates the concern, I don't see any big heat or crisis on this.

BARDANOUE-I would move to hold the bill (HB 82) in committee. Motion carries unanimously.

JOHNSTON moves to adjourn, so moved and carried.

Adjourn: 10:05 a.m.

  
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Joe Brand, Chairman

  
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Nita Sierke, Secretary