

APPROPRIATIONS - FINANCE & CLAIMS

SUB-COMMITTEE: HUMAN SERVICES

JANUARY 18, 1979 - OLD HIGHWAY BUILDING

The meeting was called to order at 8:20 a.m. by Chairman, Steve Waldron with the following members present:

Chairman Steve Waldron
Senator Gary Aklestad
Representative Bill Hand
Representative Robert Marks
Senator Pat Regan

Senator Pete Story was excused; but did attend the last portion of the meeting.

Others present were: Senator Tom Towe; Henry Siderius, Veronica Sullivan, Eugene J. Schuld, Dave H. Palm; Bill Meisburger, Jack Cohn and Murdo Campbell, members of the Coal Board; Dan Worsdall, DCA; Mark Lindsay, DCA, Brian Shirety, LFA; Ailsa Simonson, North Dakota Coal Impact Office; David E. Wanzenried, DCA; Jeannie Cross, Lee Newspapers; Tom Kotynski, Great Falls Tribune; Marion E. Schuld and Dolly Siderius, visiting; Barbara Froehlich, Coal Board; Curt Nichols, LFA; Carolyn Doering, Executive Budget Office and Representative Francis Bardanouye, Chairman of the House Appropriations Committee.

The Fiscal Analyst, Curt Nichols, advised the subcommittee that the LFA has some concern about the grants that have been going out. In many instances grants are going to counties with mill levies which are at or lower than counties without coal. He felt much of the impact has been alleviated. The LFA recommends that only \$500,000.00 worth of grants be given out per year and that grants are given only twice a year. This would give the Board an overall view of requests for grants.

Carolyn Doering, Executive Budget Division, told the subcommittee that they do not agree with "de-earmarking" any funds for the Board.

Chairman of the Coal Board, Jack Cohn, reviewed for the subcommittee how the Board was started. It was developed in 1975 under Senate Bill 87. It was set up to deal with impact that had occurred and impact that could occur in the coal areas. The main criteria set up in that bill were need, severity of impact, local effort and availability of monies. The main function is to aid people within the impact area so they would not suffer because of the coal development. Each request for a grant is studied very carefully, sometimes taking up to one and one half years. The Coal Board pulls in every fact available, local communities come in with their facts and statistics and then the Board makes the decision to grant or deny.

JW

The Coal Board does not feel that impact in Montana is over. There are several areas that are just beginning to feel coal impact, including Decker, the Circle area and others. The Coal Board has granted \$17,355,572.00, denied \$12,618,194.00 worth of grants and cut another five million dollars in pre-initial requests. On the average local communities match the Coal Board grants 50-50. The Coal Board does feel it has carried out their mandate.

Both Bill Miserburg and Eugene Schuld agreed with Mr. Cohn. Senator Tome Towe also agreed with Mr. Cohn. He did make two points. 1) He has been highly critical of the grants given to the counties. The counties do not need the money. The counties have a very high taxable level and very low mill levies. This is because the counties receive 45% of all gross proceeds from the coal. However, these grants only make up 2% of all the Coal Board grants. He does feel they do a good job and they do not abuse their duties. 2) This is not a good time to tinker with the coal system. The state is in the process of a legal suit regarding the Coal Severance Tax and any challenges now may jeopardize the suit. He does not want to see the whole coal tax system taken away from the State of Montana. Mr. Towe was questioned if a set of policies would help or hinder the Board. Mr. Towe responded by saying policies would help and that is the direction the Board was going with the study. However at this time it is best to leave it alone.

Representative Bardanouye spoke on behalf of the Coal Board. He felt that perhaps the problems would have to be solved in the legislature not in committee. Chairman Waldron agreed with this. Representative Bardanouye feels the Coal Board is foremost in alleviating impact and has doubts about "de-earmarking" funds. He did feel there should be guidelines, but tying the Board down to a specific amount may put them in a bind later. He also pointed out that the Board did not need to spend all the money, that extra goes to the Education Trust Fund.

Mr. Cohn again stated that the report was to help develop guidelines. They are in the process of setting up guidelines, however it is practically impossible to set up a mathematical formula for every situation. Mr. Cohn also said it was impossible to predict how much money they will need. The Coal Board would prefer to be on a percentage set income as the need depends on the amount of mining. Although there is a lead time before mining begins, they sometimes take that long to approve the grants. He also pointed out that out of 12 million dollars in the Education Trust Fund almost 3 million dollars has come from the Coal Board.

Human Services
January 18, 1979
Page 3

Senator Regan voiced a criticism of the Board for giving grants in areas that did not seem deserving. She believes the Board will be in trouble until they have guidelines to protect themselves.

Sweed Goodheart, Coal Board member, stated he did not believe the Board was in trouble, they do follow the guidelines set up in SB 87 and that the fiscal analyst does not set the policy.

Discussion of specific grants was avoided due to the time element.

Meeting was adjourned at 10:00 a.m.

Respectfully submitted:

Steve Waldron
Chairman, Steve Waldron

Approved

HSP: bes