

STATE ADMINISTRATION
MARCH 31, 1981
RM 436

An unscheduled meeting of the House State Administration Committee was called to order at 12:45 p.m. on March 31, 1981, with Chairman Jerry Feda presiding. All members were present. The purpose of this meeting was to hold executive session on HJR 58 which was heard in committee on March 30, 1981.

HOUSE JOINT RESOLUTION 58

DO PASS

Representative Sales moved a DO PASS on HJR 58 and Representative Winslow seconded the motion.

Representative Sales said that it is a bad situation that the Employment Security Division has gotten themselves into in Bozeman and it is making a terrible reflection on the citizens of Bozeman. The mistake they made, he said, was purchasing the most expensive piece of commercial land in Bozeman.

Representative Kanduch said that this is something that should have been discussed two years ago. There was no opposition at that time so why bring it up now.

Representative Sales said that no one knew about the purchase until just recently.

Representative McBride said that this whole issue raises a question concerning the procedure involved when the legislature approves the sale of bonds. If we are going to approve such a thing and then two years later deny it, what is the purpose and how is the state ever suppose to build a building.

Representative Mueller said that he is concerned about the loss that the state will have to take on the money already invested in the project.

Representative Winslow said that he did not think the state should be involved in building its own buildings in the first place.

Representative Dussault responded by saying that it has been proven to be cheaper for the state to build its own buildings than to rent or lease.

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HJR 58 (cont.)

Representative O'Connell said that a resolution will show the state agencies that we feel they should "shop around" before making such an important purchase of property.

Representative Phillips said that he would like some dollar figures that would show what would be the least expensive way to go on this issue for the taxpayers.

Representative Sales said that presently the Division is paying \$8.25 per square foot for rental on one of the newest office buildings in Bozeman. That is one of the higher priced buildings in Bozeman. The figures in the testimony were talking something like \$30 per square foot which included everything.

Representative Kanduch said that he talked to Fred Barrett and Dave Hunter after the meeting the other day and they said that at the time they purchased the land there were no other adequate lots available in Bozeman. It is not their fault that the situation has now changed.

Representative Feda said that he would like the committee to be clear on just what this resolution will do. He asked for comments.

Representative McBride said that the final part of the bill sets forth what the legislature wants.

Representative Azzara said that there is a difference between urges and compels.

Representative Dussault said that a resolution is simply a statement of intent and is not binding, however, it would be foolish for any state agency to proceed with a project that the legislature has urged against so in a sense it is compelling. They will probably stop the project and lose all the money they have put into it thus far. They will have to start from scratch.

Representative Winslow said that he did not think they would stop the project but this resolution would give the people a message that the legislature is concerned about this issue also.

Representative Dussault said that what should have been done in order to handle this situation properly, is a bill should have been introduced to stop this appropriation through the Long Range Building Committee.

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HJR 58 (cont.)

Representative Sales said, in response to Representative Phillips question, that if the Division rented the best space available, with approximately 8000 square feet, they would be looking at a figure of about \$64,000 a year in rent. If they go out and build a million dollar building you would be looking at about \$180,000 as opposed to the \$64,000 that is available now. Maybe the Long Range Building Committee has an answer to this but I do not think it will work out better to build a new building on this expensive land.

Representative Kropp said that the issue had been thoroughly discussed and he called the question on the motion that HJR 58 DO PASS.

A roll call vote was taken and carried with 13 YES, and 6 NO. Representatives Dussault, Hanson, Kanduch, Kennerly, McBride and Pistoria voted no.

The meeting was adjourned at 1:15 p.m.

Respectfully submitted,

G. C. "JERRY" FEDA
G. C. "JERRY" FEDA, Chairman

Cathy Martin-Secretary