

MINUTES OF THE MEETING OF THE HOUSE APPROPRIATIONS COMMITTEE
April 2, 1981

The meeting was called to order in Room 104, State Capitol, by CHAIRMAN LUND at 7:00 a.m. with all members present, except REPRESENTATIVE HEMSTAD, CONROY AND STOBIE. REPRESENTATIVE BENGTON was excused.

The committee met in executive session, discussing the following bills:

HB 865. REPRESENTATIVE MOORE moved that the Committee delete all but \$150,000 for the Department of Revenue from HB 865.

REPRESENTATIVE LORY made a substitute motion that the \$60,000 requested by the Department of Justice for transportation of prisoners be amended to \$45,000 and that the bill pass as amended.

MR. BOB KUCHENBROD, Central Services Administrator, Department of Justice, stated that transportation of prisoner costs for March, 1981, were \$17,000. He added that the highest monthly costs were \$21,000 and that the monthly average was \$16,000. He stated that the Department needed the full appropriation requested.

The motion as made by REPRESENTATIVE LORY passed, with nine members voting aye, one member voting no and seven members absent.

HB 619.

REPRESENTATIVE MOORE moved that the Committee table HB 619. The motion was passed unanimously by those members present.

HB 29.

REPRESENTATIVE DONALDSON moved that HB 29 be tabled by the Committee. The motion unanimously passed in a vote of those present.

HB 827.

REPRESENTATIVE LORY stated that SENATOR DOVER added an amendment to purchase equipment if matching funds were received. He moved that the Committee Do Pass HB 227.

The motion was unanimously passed by those Committee members present.

HB 864.

REPRESENTATIVE MOORE Moved that the bill be amended by the deletion of "general funds" and the insertion of "renewable resource development funds".

The motion failed, with seven members voting no, two voting aye and seven members absent.

REPRESENTATIVE LORY moved that the Committee do pass HB 864. The motion passed with seven members voting aye, 1 member abstaining, 2 members voting no and seven members absent.

HB 854.

REPRESENTATIVE ERNST explained the planning of the Transportation Department of Commerce. (EXHIBIT ATTACHED).

MR. KEITH KELLY, Governor's Office, stated that the Department of Agriculture would give up its Transportation Specialist if the request for the Transportation Division of the Department of Commerce is approved.

Mr. Kelly stated that the annual anticipated cost would be \$567,104 and that a portion of this amount has already been funded in HB 500, but that \$297,000 annually is requested to meet anticipated expenditures not covered in HB 500.

MR. TERRY WHITESIDE, Transportation Unit, Department of Agriculture, stated that the Governor had requested full funding of the Transportation Division, Department of Commerce and that the Division would also cover the Staggers Act.

REPRESENTATIVE MOORE stated that the initial grant request of \$247,000 under the 4-R's Act was killed as it was only the tip of the iceberg. He asked if the Transportation Division were in the same situation.

REPRESENTATIVE QUILICI asked what could be done by the new Transportation Unit that could not be done by the current Transportation Unit.

MR. KELLY stated that the new Unit would be a consolidation effort and would address the Staggers Act.

REPRESENTATIVE DONALDSON made a substitute motion for all motions pending, requesting that a subcommittee be appointed to study the matter further. The motion was unanimously approved by those present.

ACTING CHAIRMAN MOORE appointed REPRESENTATIVE QUILICI, HEMSTAD and THOFT as a subcommittee to further study HB 854.

HB 620.

REPRESENTATIVE HURWITZ moved that the Committee do not pass HB 620.

REPRESENTATIVE LORY made a substitute motion that HB 620 do pass.

The motion made by REPRESENTATIVE LORY failed, with five members voting aye, five members voting no and seven members absent.

REPRESENTATIVE SHONTZ moved that the Committee reconsider its action. The motion was unanimously approved by the Committee members present.

REPRESENTATIVE SHONTZ moved that the Committee amend HB 620, striking \$14,000 in line 13, page 3 and \$28,000 in line 14, page 3 and inserting \$7,000 and \$14,000 accordingly.

The motion made by REPRESENTATIVE SHONTZ was passed with nine members voting aye, two members voting no and 6 members absent.

HB 767.

REPRESENTATIVE DONALDSON moved that the Committee take HB 767 off the table. The motion was unanimously approved by the members of the Committee present.

REPRESENTATIVE DONALDSON moved that HB 767 Do Pass. He stated that the appropriation would allow a consultant to be hired who is familiar with laboratories and could assist legislators in the study of the lab situation in Montana.

The motion passed with eight members voting aye, 4 members voting no and five members absent.

HB 700.

CHAIRMAN LUND appointed REPRESENTATIVE MOORE, LORY and SHONTZ to further study HB 700 and report to the Committee on 4-3-81.

The meeting was adjourned at 9:20 a.m.



REP. ART LUND, CHAIRMAN

jc

designates current funding

* new FTEs

Transportation Division Administrator

\$ 46,995 plus

note Transportation unit in Dept of Agriculture has Administrator who is also transportation specialist

PERSONAL SERVICES

\$ 143,277

plus

104,353

plus

66,979

\$ 361,604

Litigation and Analysis Bureau Chief

Affiliate Counsel

Transportation Specialist III

Para Legal

Analysis Section Supervisor

Transportation Economist II

Rate Analyst

Secretary III

Economic and Rate Consultants

Planning and Implementation Bureau Chief

Traffic Inspector

Secretary III

Intermodal Planning Section Supervisor

Planner IV

Draftsman III

Transportation Assistance Bureau Chief

Program Manager

Program Manager

Secretary III

Rail Planning Highways

DCA

Total Estimated Budget

361,604

Personal Services 135,000
Contracted Services 17,000
Supplies 4,000
Communications 9,000
Travel 13,500
Rent 500
Repair and Main Other Expenses 1,500

180,500

Equipment -Office for 9 13,000
Word Proc. Unit 12,000

25,000

\$ 567,104

Planning Consultant

3-31-81

House Bill 854 - Proposed Transportation Division in the Department of Commerce

Montana's economic base is primarily built upon extractive-type industries. This means that the industrial base of Montana's economy produces commodities which are bulk in nature and because of our lack of population base, these bulk commodities require movement to destinations outside the boundaries of the state in order to be of economic benefit to our citizens. We produce large quantities of coal, grain, lumber, livestock and products of the mine. To these industries efficient and economical transportation is not just a necessity, it is survival.

If we are to remain competitive with other states, our Montana industries must secure adequate transportation at reasonable transportation rates. Our transportation problems are not just railroad oriented but we have problems with truck service, passenger service, urban transportation service, rural transportation service, transportation of people - livestock - bulk commodities and manufactured commodities.

It is in the best interest of the state to consolidate the transportation service bureaus within state government. It is also in the best interest of the state to elevate those functions so that they can become more efficient in dealing with our massive transportation problems.

The proposed transportation division will consist of three bureaus: (1) a litigation and analysis bureau; (2) a planning and implementation bureau; and (3) a transportation assistance bureau.

Litigation and Analysis Bureau

The litigation section will be primarily responsible for dealings with the Interstate Commerce Commission in rate proceedings, branch line abandonments and other areas of Interstate Commerce Commission jurisdiction.

The need for increased litigation and analysis is brought about by the passage of the Staggers Rail Act. Under the Act the burden of proof in rate matters now rests with the shipper. The Act requires determination of certain tests as to whether a railroad has market dominance before any rate protection is granted. Under the Act total economic costing data must be used in any rate cases. This data is unavailable to individual shippers due to expense and complexity.

The deregulation Act also diminishes the role of the state Public Service Commissions in all railroad and motor carrier regulation. The Montana Consumer Counsel is directed by statute to represent the Montana transportation and public utility interests only before the Montana Public Service Commission.

The litigation section will have a chief, a transportation specialist III, a paralegal and a secretary III. This core litigation group will develop in-house expertise rather than rely on extensive use of expert affiliate counsel.

In the litigation section the transportation specialist III will be an ICC practitioner capable of handling and progressing cases in the special transportation area and to prepare briefs and direct legal research. The position will require an in-depth knowledge of all phases of transportation, rate work, loss and damage, transportation economics, finance, transportation operations and physical distribution.

The litigation chief will be a transportation litigation expert who will formulate legal strategy, case review and preparation and appellate processes.

The backbone of the litigation bureau will be the economic analysis section. Montana does not possess any transportation economic costing mechanism to provide the springboard for effective litigation. The economic analysis section will provide both the rate analysis work and the mandatory transportation costing for presentation of evidence. The section will consist of a supervisor, transportation economist II and a rate analyst. This section will also employ a certain amount of economic and rate consultants. The analysis section will provide the basis of all evidentiary material and expert witnesses.

The analysis section will be required to fully develop transport costing on all modes for movement from and to the state of Montana. These complicated transport costing procedures will form the basis for providing a base from which litigation can be pursued.

The activities currently residing in the transportation portion of the Marketing and Transportation Unit of the Department of Agriculture will be moved to this bureau. A large portion of the increase in funding for this bureau will be used for the economic analysis section.

Planning and Implementation Bureau

The planning and implementation bureau will carry out planning and project implementation under Title 803 utilizing 20/80 federal matches. The program will deal in planning predominantly of the rail networks within the state and also coordinate planning and projects with other transportation planning agencies within state government. The initial state rail plan processes are complete and the bureau is starting to implement projects. They will be involved in rail reconstruction, ties, facilities, etc. The addition of the traffic inspector is needed just like highway inspectors are needed for inspection of projects which utilize state funds and to adequately carry out rail planning operations.

A track inspector makes four principal contributions to the rail planning process: 1. inventory data collection; 2. preparation of track rehabilitation estimates; 3. preparation and/or review of preliminary design for construction or rehabilitation projects; and 4. monitoring of construction activities.

Montana has utilized consultant track inspectors in past rail planning, but at great expense. We struggle with incomplete statewide rail system

inventories and rehabilitation estimates as we undertake new rehabilitation construction activities which multiply our need for track inspection. A full time certified track inspector assigned to the Rail Planning Unit staff for the FY 83-FY 83 biennium would not only meet this increased demand, but effect a reduction in the backlog of state track inspection needs. The overall result would save federal program monies which could then be transferred to additional construction improvements.

The addition of a draftsman will be for collection of the data necessary for completion of a statewide transportation facilities indexing and mapping project. The draftsman will also be utilized in preparation of litigation evidence, maintaining statistical and inventory data and records for rail planning, as well as updating routine reports and projection by adding new research findings.

Transportation Assistance Bureau

This bureau deals primarily in people transportation and will provide assistance to people and groups with special transportation needs. This bureau is being transferred intact from the Department of Community Affairs. The transportation Assistance Bureau will deal in specialized transportation problems, urban transportation problems and rural transportation problems dealing with people.