

MINUTES OF THE MEETING  
FINANCE AND CLAIMS COMMITTEE  
MONTANA STATE SENATE

April 3, 1981

The thirty-fifth meeting of the Senate Finance and Claims Committee met in room 108 on the above date. The meeting was called to order by Senator Hims1, Chairman at Roll call was taken and all members were present.

CONSIDERATION OF HOUSE BILL 617: Representative Roth, sponsor of the bill explained that this was an act to appropriate \$485,000 for Water Right Compact Commission to protect the water rights. She said it is a result of the Senate Bill 76 in 1979 that directed the cost of the Commission shall be paid from the adjudication account. They are currently engaged with jurisdiction with several Indian tribes and with Agriculture. Two other Indian tribes may enter into the negotiations. She explained this saved court costs if the water adjudication could be negotiated.

Henry Loble, chairman of the Reserve Water Rights Compact Commission spoke as a proponent of the bill. The reservation rights go back in 1914. There was a case called the Winters case from which we got the Winters Doctrine, and it said the Indian tribes and later the Federal Government said a reserve water right to be resolved by litigation or by the Federal Government. The rights are not as simple as first-in-time or use-it- or-lose it. Water passes down through the generations. It has been used by ranchers for years, and the Indians and Federal reserve water rights may have rights prior to theirs. They could lose their water rights. These water rights are not quantified. The question is how to handle it. One litigation--Representative Roth told you about, the saving in money in litigation through negotiations--one litigation is a lot of money. The other way is through negotiation, and this will be done through congressional legislation and has not been successful, probably for political reasons, and no bill introduced could solve it. The other way is the way Montana, since 1979, has chosen to go. With the Indians, as concerns their water rights and with the Federal Government as concerns their water rights. The tax and the data gathered also be used if litigation became necessary so it is not all lost. A compact in Utah with the Ute tribe solved their problem by switching water from one water shed to another. We have had a fairly promising beginning with the Cheyenne, the Assinaboine Sioux at Fort Pect and the Kooteni in Flathead. We have had success with the Department of Interior. Also with the Department of Agriculture principally the Bureau of Land Management and the Forest Service. I have found a great deal of interest in the Western States on the Montana experiment. People are

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watching to see how it works out. If it is a success, it will be tried in other states. If successful, it will be ratified by the United States and by the Indian Tribes and by the Department of Interior or whatever. It will become a part of a final decree. Senators Galt, Steve Brown, Representative, Willy Day, etc. are on that commission, and all work very well together.

Leo Berry, Department of Natural Resources said this is an earmarked account that we are talking about. It is the account of filing fees and water right fees are accumulated in. I expect there is sufficient funds there to take care of it and fund it properly.

There were no further proponents, no opponents, and the Chairman asked if there were question from the committee.

Senator Smith: I don't know what the appropriation was in our subcommittee but it is money collected for filing fee on water rights. As I understand it it will take care of some of these problems down the road. There may be a necessity for funding from the Legislature.

Leo Berry: Senate Bill 76 acknowledges that at some period in time the general fund may have to back it up. We have sufficient funds for from 4 to 8 years depending on how it goes. Following that we anticipate the program may last 10 to 12 years. The general fund will have to pick up the portion following the end of the filing fees.

Senator Smith: I understand at the present time just going around and assisting in the filing has used up a lot of the money already.

Leo Berry: It has used somewhere around \$9,000. Less than 10% of the expected funds so far.

Senator Keating: How long will these funds carry us for these negotiations? Berry: 4 to 6 years. This is a biennium bill. It is for a 2 year period.

Senator Himsl: Wasn't it a couple of years ago we established a fund to hire some professional lobbyists in Washington and they found that they could not get qualified representation. They spent the money forming some sort of documentary on cases dealing with the Indians water rights.

Senator Van Valkenburg: They made the study. I am sure it had no relation to this.

Senator Himsl: The money was to do something in Washington. Then they come home and collected the information we already

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had. They spent the money on a book of some sort. This was prior to Senate Bill 76.

Berry: I don't think it was with water rights but dealt with Indian jurisdiction on the Indian lands.

Senator Himsl: It is in the library.

Senator Story: If the Winters Doctrine is all you say it is, how could a compact change it? If they have the rights on all that touches them. Loble: The Winters Doctrine had to do with Agriculture lands. The Indians are looking for water for industry and think in that nature. The Indians can't tell for sure exactly how much water they will finally get under the doctrine. We are presently engaged in litigation with some. One is on the basis of having jurisdiction. It is in the circuit court in San Francisco. Particularly if we win that case, they will be more willing to negotiate.

Senator Smith: Farmers and lawyers have hired lawyers to assist them with the Indian rights on the Big Muddy. We have collected a lot of money toward this. What happens to us there, do you work with our attorneys, or what?

Berry: We will be down to that area and hold public meetings. You are talking about the litigation.

Senator Smith: Will you be able to help work with these attorneys?

Loble: I don't know what they were hired to do. We do work with the ranchers and farmers in the area. The farmers and ranchers come and tell us of their problems. Of necessity we will need to talk to them.

Senator Johnson: I am confused. You are talking about a compact with the Indians for the rights to water, or to fight them or what? Loble: No. The Indians and the federal water right claim. It has never been quantified. They and we don't know how much it is. We need to get with them and try to decide how much water for each. For what purpose and how much. We would come up with a compact and would be sort of like a water right decree. Who is first, how much can they take and how it can be used. It would finalize it for all time. When concluded it would then be ratified.

Mr. Loble: There are 9 members of the committee and the compensation is \$.97 an hour. In addition we have a program manager, Mr. Scott Brown. An attorney, Mr. David Ladd and an hydrologist. In addition we have support staff, secretary, etc., expenses for going around the state. In addition we must gather the data to enter into the negotiations. We need to know how much water we are dealing with, how much is being used and by whom. How many irrigable acres, how much development exists in the

area. If gathered and we are not successful in entering into a compact it would still be available to use in litigation.

Senator Smith: These are earmarked monies. In using them adjudicating water rights with the Indians, how about the people with no problem with Indian rights. Won't their money also be used?

Senator Smith: If I have no problem, my money will be used for these others on this.

Mr. Loble: There are various places it is being used. On various streams. In effect, let's take someone with no question Decreed water rights. The people in the Big Horn and in the Powder River, etc. It is impossible to allocate it so each pays it's own share.

Senator Nelson: I was searching my water rights. I was informed we don't have to file on wells or stock water. Berry: You can file voluntarily. It is not required for domestic or stock water if in stream.

Senator Nelson: Unless you are using a well for irrigation it doesn't come under 76. I can spend \$480 or \$160.

Mr. Fritz, Department of Administration, Water Resources Division, said on the uses of water rights, ground water, stock and domestic wells as well as instream stock and domestic. Those people who wish may file, but they are exempt.

Senator Nelson: When we got scared before, in 1963 we filed in the court house. Fritz: A lot did not file. If you had filed, it is good evidence.

Senator Johnson: What is the amount that is travel? Berry: About 12%.

Representative Roth closed by saying: I would remind you that 1985 is the termination date of the compact commission. As to the question about Indian Water Rights, they hold other rights also. There is very little water in Montana that doesn't either arise or flow through the reservation. I think it is probably one of the best pieces of legislation that will come about. If you can negotiate rather than litigate, we will be much further ahead. We have made progress and will continue to do so.

Senator Himsel declared the hearing on House Bill 617 closed.

CONSIDERATION OF HOUSE BILL 675: Representative Harper, District 30 in Helena said this bill comes as a recommendation of the

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Interim committee on state mandates and effects of the state where property or local government. Attempts to get the cities and counties out of the drivers education program. It was the idea they could add on 20% to cover this expense. In 1968 the Supreme Court had a problem. In 1971 we set up the program as it is now. Cities and counties lose about 20% of the money to help funding the program. It is a revenue sharing program in reverse. It is a state program, and the cities and counties are in such a poor financial state that it is time to re-think the fairness of the original funding and get them out of the crunch. The difference would be met in the program by the state. All the money goes into a fund from increase in Highway Patrol funds, page 2, line 8 is 30% increase in drivers license fees.

Jim Nugget spoke as a proponent of the bill, his testimony is attached. He felt state mandated programs should be state funded.

Dennis Taylor, Budget director for the City of Helena spoke in support of the bill. It is an inappropriate way to fund it. By passing this bill you will help the cities and towns by taking this burden from them.

Joe Wolf, Butte, Silver Bow County, spoke as a proponent of the bill. He said they endorse the bill. These funds would be mandated back to local government. He said he had no problem with the program if the state feels it necessary to have it they should fund it from the state. 26% of the money generated goes back to the state.

Dan Mizner, Executive Director, League of Cities and Towns, said they were in support of the bill. The law applies to all cities. You are really taking money out of the general fund that we use to maintain the police operations. We don't think it is proper. An example: Great Falls sent \$81,375 to the program. The schools received for Drivers Education \$67,858, leaving a net of \$13,517 that came out of Great Falls that went to other places across the state. An increase in property tax in Great Falls is what it means. The monies ought to be left in the local level and not funding across the state.

There were no further proponents, no opponents and the Chairman asked if there were questions from the committee.

Senator Aklestad: Can somebody tell me what portion of revenue comes from Highway Patrol and what protion from Peace Officers?

Mr. Mizner: The fiscal note that came with House Bill 675 lists Drivers license revenues to remain constant at \$420,000, Highway

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Patrol to increase by 8% per year and will be \$108,308; that the county and city fines will decrease by \$524,616. Under those assumptions, an increase in fund of fine increases comes from the Highway Patrol, and GVW will be a percentage of about 50% and the state would back up that portion.

Senator Aklestad: Where is the short fall coming from? Additional financing? Mizner: the 20% paid by cities, the increase in Highway Patrol fines would go into Drivers Ed Program and reduce the amount going into the state general fund.

Senator Keating: Where is the increase in finances in this bill? Are the fines increased? Does this mean then that we will have to come up with \$1 million more in the general fund? Representative Harper: I agree, it does.

Senator Himsl: I am not clear on this. Keating: Look at the last line on the fiscal note. Taylor: About \$1 million lost to the general fund. It is the 20% that is coming from the cities and towns. It is latched in from the State Legislature and taken to the state. We are up against the wall. It is a small amount of money. We need this money and are most offended by the concept that the state mandate programs and the local government has no way out of it. It is appropriate for state programs to come from state level sources of funding. Now we fund 44% of the state traffic programs by fine or forfeiture.

Senator Keating: We should ask if mandate the program--should we not have the program? Taylor: I believe that is up to the legislature.

Senator Keating: The program takes place in the cities and counties? Taylor: It is supervised by the OPI and carried on by the school districts.

Senator Keating: Does not have value enough to the cities and towns? DonPeoples: I find the question stated is very ironic. We have been pleading the plight of the local governments. Now we find ourselves in a situation where you are asking us about the short fall. In regard to the cities and counties, I guess we will have to cut someplace and I think I would have to say we will have to cut the program--if that is the choice, the program would have to go. We would rather have the money than the program.

Senator Smith: I think the cities got into a plight somewhat themselves. The legislature did not do it.

Mr. Mizner: What happens, we have a maximum amount of mills to put out. Now you come to the point the cities are in a box and you say we have to take this money and send it to the state. The only place for the cities to get it is out of something else.

If the money goes into the police department we will lay off police to fund a drivers education program. That was a program the legislature said ought to be in the education program. We felt that since it is good for everybody, it should be state funded. We are losing a police force in the city so that we can send money up to you. When you cut down on the police it doesn't matter if they have drivers education or not, or whether they can drive since you can't enforce the law. When you cut down on the police force you cut down on the fines, when you cut down on the fines, you have less money left after the state gets theirs, then you cut back on the police force again, and you can see where it goes.

Senator Jacobson: Representative Harper, do we charge the kids for taking the course in the schools? Harper: I am not sure.

Senator Himsl: In the cases I know of, they do. \$15 per student. Representative Harrington: Between \$25 and \$35 depending on the locality. The parents pay for them, but it does not pay more than the expenses. The money that comes in still only pays about 2/3 of the cost of drivers education program in the school district.

Senator Himsl: The dealers furnish the cars, the school pays for the gasoline, insurance, instructors, etc.

Senator Dover: It will cost \$1 million from the general fund. Harper: This is the appropriation bill. It is the way the funding is shifted around.

Senator Himsl: If you read the bill, it is reversion. Dover: No increase, but it comes from increase. Harper: Increased percentage.

Senator Himsl: The state will not get the money. It is taking the money that used to come from the Highway Patrol, drivers license, gross vehicle tax, fees, etc. Harper: A higher percentage of the fines that will assist the Highway Patrol. Drivers license fees and gross vehicle fees.

Senator Boylan: Every time you go to town they will slip a fine on you to get more money.

Senator Johnson: What is the total demanded amount? Harper: \$475,000 in 1979 and that would probably go up to \$500,000 the next year, \$600,000 the next, etc.

Senator Nelson: Representative Harper, if this increase in fines is going into the general fund--\$1 million is coming out, it kind of offsets the whole thing a little bit, doesn't it? Some money will go back in? Harper: No increase in fines and no increase in license fees. Just a higher percentage is being

taken out of the money that is going to the state general fund now. In 1968 the Supreme Court said you can't raise up fines like that.

Senator Regan: I would address this to Mr. Taylor. You are looking at \$1/2 million spent over the whole state per year. In real bucks do you if this is done how much would come back into Helena? Taylor: \$31 or \$32,000. Billings is estimated at \$110,000. It is about at 1 mill that we could retain.

Senator Regan: This bill isn't going to begin to solve your problems. Taylor: No, but we have to start somewhere, and it could help.

Senator Regan: This is irritating to you? Taylor: We had a list of some items which are in the blue book that is a report that all legislators have. They said pick out 4 that are the most irritating to you. This was one of the 4.

Senator Story: Some of you have expressed an interest in "even steven". I think education could answer it. If not through the general fund, a like amount has been appropriated to OSPI Drivers Ed.

Mr. Taylor: This is an earmarked account. Traffic education account. It is fines and so much of these funds go there. When the money that goes into the fund is under the control of the OSPI. They take a portion for overhead and the rest goes to the districts on a formula basis.

Senator Story: If you decided to do this, you could reopen 500 and take a like amount away from the OSPI.

Senator Dover: What did you say was the pay of the policeman and those types of individuals--are they short of funds? Do you say if you make more fines you get more pay?

Mr. Mizner: Regardless of whether the basis is in the activity of the police. Maybe a speeding, a road block to collect fines I don't think so. The problem as we see it is there is very little money to take out. If there aren't the numbers of police in the state to catch the speeding fines you have less income.

Representative Harper closed by saying that in fairness he should mention there have been no audits on those forwarding the money. I think that this should be addressed. Senator Dover's concern should not be an overriding concern. The plight the cities and towns are in if they could make that much money by those methods, they would probably be enforcing the law more vigorously now. The concern is that when Legislature is over they will not come out with any relief. This will not fix what the cities are in but it could oil the wheels a little to keep them going a little longer.



CONSIDERATION OF HOUSE BILL 776: Representative Harrington, district 88, Butte, Chief sponsor of House Bill 776 said this would create a board similar to the Coal Board. It would govern over metal mines affected by the metal mines and the services needed as a consequence of metal mining. There is no increase in the metal mines tax. In 1925 Governor Dickson started the history on this. Anaconda was not taxed on this. It was passed on an initiative. 1.468 is the amount that is charged on the tax percent. This tax has not been changed since 1927. It contributed \$46,628,472 to the general fund of the state of Montana over the past years. We have a coal impact board and coal severance board. This should have been done on metal mines years ago. We hope coal will never face the problems that metal mines have done.

Mr. Harrington explained some of the history of the tax, the problems they had left in their wake in shutting down in the different areas, the new mining of silver etc. that was coming in and this would be an attempt to keep the future in those areas from going through what they are going through now.

Don Peoples, Chief Executive, Butte, Silverbow, said he supported the bill, and said it sets aside a portion back to the area in which it originates. There is no need to remind anyone here of the problems our area is now having.

Representative Menahan, Anaconda, Spoke as a proponent of the bill. In Anaconda this affects the property tax income. 25% less taxes this year and possibly a greater amount next year that will be lost to us, since they plant to put the plant into salvage. All we got was the property tax the government would pay. He gave some history of the town by saying in the days of Marcus Daily the town was built around the one horse. Now the horse died and off they went--with the profits, and there is hardly anything left in the community. In the coal area they are looking at about 120 mills. We are paying 430 mills. He urged passage of the bill.

There were no further proponents, no opponents, and Senator Himsel asked if there were questions from the committee.

Senator Smith: I sympathize. Have you thought about increasing the tax on the product to help offset some of the costs.

Menahan: With copper being in such a competitive market the company said they would shut down their mine if more taxes. This would be one way to get some of the money back. With the number of copper companies in the world, they say they will just shut down the pit.

Senator Smith: In 1967 or 71 they attempted to increase the tax. In the earlier remarks over a period of 55 years they collected some \$43 million in metal mines tax. House Bill 355 and 356

the intent is to increase the severance tax nearly that much on the oil industry. Are we going to be in the same problem if you tax them this much?

Harrington: One of the problems, the percentage, I don't think they have been overtaxed. There was nothing set up to protect the area. This is one of the reasons why we are suffering now. No mechanism to help the areas impact, but the mining industry. As far as increasing it, we will just ask for a certain percent back out of it.

Senator Himsl: You are not increasing the tax, just changing the distribution? \$1 million from the general fund. That would go to fund this board? Harrington: Yes. The amount of money that has come in. All the taxes. Since the year 1927 when put into effect, the metal mines was one of the big contributors to the general fund. \$417,056 and the oil tax was \$174,071. The one time the metal mines tax was the greatest contributor. The fact that now the amount the oil companies are putting in is now up, we have missed the boat when this was not developed before.

Senator Haffet: Would this go in the reserve? On the origin of the tax, what was the reason. Was it to help the state fund its obligations or what? Harrington: Governor Dickson set up the basic formula. Using the New York market price for the basis of the amount of tax paid. What happened, in House Bill 629 would put an assay on the amount of ore going to Japan. The Department of Revenue did not want it changed. They would get away from the exact definition of growth flow, etc. Basically Governor Dickson felt in paying any tax and taking a great amount of money out there they were not putting anything back.

Senator Haffey: The money coming into the general fund of the state. What percentage would the \$400,000 make? Harrington: I cannot answer. It would have been a pretty fair percentage, but I don't have the figures.

Representative Harrington closed. He said he could recall that when Anaconda closed in September it was felt the Legislature should come in and try to alleviate some of the problems. This is one area we can set up now, to put down the problems of the ones coming in. I think we will find an increase in products. You will see an increase in millenium, platinum, and silver for example. If we develop something now, it will help to take off the impact later.

DISPOSITION OF HOUSE BILL 664: Senator Himsl said, this is the bill by Representative Vincent that would provide children of disturbed marriages some help. I was holding this bill at the request of Representative Waldron. The other bill was killed, so they use the same kind of appropriation.

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Senator Dover: I would MOVE that Senate Bill 664 BE NOT CONCURRED IN.

Senator Haffey: My notes show that Representative Vincent said they could amend this to be paid when a divorce was decided. It was one they talked about when the divorce was granted rather than filed, and he had no trouble with the sunset provision.

Senator Dover: I think it is good. We have to watch out for the people who need help. I can see a lot of these gals that have to get a divorce. They are doing good to get it. It is hard for them to get together that much without extra. They need welfare to help them and now we add \$20.

Senator Van Valkenburg: If that is the concern, I think it would be possible to draft an amendment to collect the fee at the end and affect it against the respondent and not collect it until it is collected from him. It may not generate as much income as he supposed. That is why I think the sunset should be on it to see if it is worth the effort. If that is your concern, not to start up another program--but that is different.

Senator Himsl: There are some suggested amendments from LaFavor here, attached. If the bill is put in there must be an appropriation to spend the funds .

Senator Dover: The second amendment has something to do with the person.

Senator Himsl: It does not earmark the money, and just recognizing it as a separate fund.

Senator Aklestad: I have problems with setting up another social program. Page 3, line 5 and 7 the match of state and federal funds as required. Federal funds dry up, we pick it up. This is just starting up another program.

Question was called on the motion DO NOT CONCUR IN. Voted, passed, Senator Story to carry the adverse committee report.

DISPOSITION OF SENATE BILL 653: This is the statutory limit on the budget and is Representative Nordvedt's bill. We have some amendments here.

Senator Regan: I want to understand what he is doing and would like to go through them one by one. I have no problem with the first and would move the amendment. This would be on page 1, line 6 and 7 to strike ";" Strike: "to provide, through collect ed".

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Voted, passed, unanimous.

Senator Smith: The next amendment is page 3, line 12 to page 5, line 11. I would move that amendment.

Voted, unanimous, passed.

Senator Van Valkenburg: The next amendment is page 1, line 19-21. It doesn't make sense to me to describe state expenditures in terms of state revenue. It says state expenditures means the general fund, the earmarked etc. Revenue and expenses are not the same thing. You need a definition of state expenditures.

Senator Dover: I think we should send for Ken.

Senator Van Valkenburg: I think we ought to strike the immediate effective date. It was added in the House. I don't agree with the statutory expenditure limit. If we are finding out this is going to meet state priorities. We will have to see what things are more important than others. If that is what is coming we ought to have fair warning. Everybody should know what is important.

Senator Himsl: I will hold this bill and ask him to come in tomorrow. The bills you heard today, are you ready to act on any of them?

DISPOSITION OF HOUSE BILL 717: Motion by Senator Dover that this bill be concurred in. It is \$485,000 to the commission for trying to negotiate water rights.

Senator Himsl: Two years ago you appropriated money for a negotiation and we got nothing but a book.

Senator Van Valkenburg: Has your office looked at this? Even though from an earmarked fund they should be held accountable. We should know about what it should be in the next 2 years. I have no problem with the funding, but want to make sure we are doing the right thing and they can account for the money.

Senator Boylan: There is a lot of travel etc.

Senator Himsl: I don't think anyone has it worked out in that amount. Perhaps we should hold it up and get some information.

Senator Stimatz: I served on the interim committee. They have a lot of information on this.

Senator Smith: Could Curt also check to see if he was on the other committee?

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Senator Etchart: This is a separate thing. That dealt with Indian jurisdiction. This was triggered by House Bill 76. It is forcing the Indians to quantify their water rights. No way can we set up the remainder until we can find out how much they have.

Senator Himsl: Some of us that live close to the Indian reservation where there is a lot of water are familiar with this. The Winters case not only included water on flowing through, but all surface water. Also where it comes from. How can you compromise, I don't know. The best thing we can do is to make an attempt.

Senator Keating: Aren't they even claiming the water for the city of Polson and Ronan?

Senator Stimatz: I have been involved in it. There are about 25 Supreme Court appeals on appellate court decisions. The doctrine has been defined a long way down. The courts insist all the data and the one with the best data usually prevails.

Mr. Roberts: Part of the confusion--I was chief legal council for Governor Judge when this was established. The philosophy was on a federal level. Secretary Andrews was to encourage negotiation to try to quantify the water rights that go back to the Winters case in 1960. I would hope that the Reagan administration will continue to do this. The other one was the Indian Jurisdiction task force. It was the study. It was successful in compiling all the treaty data relating to the 7 Indian Reservations in Montana. There is use for this data and it is being used in the litigation cases. Just 2 weeks ago we won the Big Horn case in the Supreme Court. The legal opinion, because of the Indian task force and some of the information compiled on the case was useful in that case. This is a big task to negotiate with the Indians. There are people on staff in DNR. Scott Brown is the Chief Staff and could answer most of your questions.

Senator Himsl: The point I would make is that Mr. Loble said he did not know there was this information compiled. Roberts: It is certainly available to him. It is very much available. How much he could use it on the water I don't know. Jurisdiction is not really in the negotiations.

Senator Smith: It is the very same problem. The difference is that the water that flows off private land and out of Canada and the Indian Reservation. They have filed on it. We have put several hundred dollars together on this, are these people working with those law firms?

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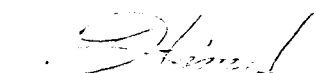
Mr. Roberts: If the reserve water rights commission is successful there will be a law suit. If not then all the private defendents will have to defend themselves all the way to the Supreme Court. It is the Winters case that allows them to make the claim.

Senator Boylan: That was the problem we had with 76. As to what was said about it. It was hung up for a long time to determine methodology. As to whether the Indians would be included or not.

Senator Himsl: At this stage, we are trying to get a break down.

A show of hands voted for holding this bill for the break down.

The meeting was adfourned until 8 a.m. tomorrow morning.

  
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Senator Himsl, Chairman

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date

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NAME	PRESENT	ABSENT	EXCUSED
Senator Etchart	✓		
Senator Story	✓		
Senator Aklestad	✓		
Senator Nelson	✓		
Senator Smith	✓		
Senator Dover	✓		
Senator Johnson	✓		
Senator Keating	✓		
Senator Boylan	✓		
Senator Regan	✓		
Senator Thomas	✓		
Senator Stimatz	✓		
Senator Van Valkenburg	✓		
Senator Haffey	✓		
Senator Jacobson	✓		
Senator Himsl	✓		

Date

11/7

Bill No.

664

Time

9:21

NAME	YES	NO	ABSENT	EXCUSED
Senator Etchart	✓			
Senator Story	✓			
Senator Aklestad	✓			
Senator Nelson	✓			
Senator Smith	✓			
Senator Dover	✓			
Senator Johnson	✓			
Senator Keating	✓			
Senator Boylan		✓		
Senator Regan		✓		
Senator Thomas	✓			
Senator Stimatz		✓		
Senator Van Valkenburg		✓		
Senator Haffey		✓		
Senator Jacobson	✓			
Senator Himsl	✓			

Sylvia Kinsey  
Secretary

11 5  
Senator Himsl  
Chairman

Motion:



April 3-8,

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# STANDING COMMITTEE REPORT

April 3

19 81

MR. President

We, your committee on Finance and Claims

having had under consideration House Bill No. 664

(Story)

Respectfully report as follows: That House Bill No. 664

*LC*  
BE NOT CONCURRED IN

~~DO PASS~~

# STANDING COMMITTEE REPORT

~~March~~

April 3

81

19

MR. President

We, your committee on Finance & Claims

having had under consideration House Bill No. 500

Respectfully report as follows: That House Bill No. 500

And, as so amended,  
BE CONCURRED IN

AND

~~PG PAGE~~

p. 1, lines 17 - 20 - strike present language and substitute:

NEW SECTION. Section 2. FUNDING OF PROGRAM. REVENUE FROM THE COURT FEE FOR DISSOLUTION OF MARRIAGE, AS PROVIDED IN 25-1-201 (1) (b), IS THE PRIMARY FUNDING FOR THE CHILDREN OF DISSOLVED MARRIAGES GRANT PROGRAM. THE DISPOSITION OF THE COURT FEE FOR DISSOLUTION OF MARRIAGES IS AS ESTABLISHED IN 25-1-201 (2).

p. 1, lines 23 - 24 - strike from the children of dissolved marriages earmarked revenue fund account

p. 5, line 4 - strike End and substitute:

Section 7. Appropriation. (1) There is appropriated from the general fund to the department of social and rehabilitation services for the children of dissolved marriages grant program the following amounts:

For the fiscal year ending June 30, 1982	\$68,700
For the fiscal year ending June 30, 1983	\$71,700

Amendments to House Bill 653

Page 1, Lines 6-7

Strike "to provide .... collected"

Page 3, Line 12 to Page 5, Line 11

Strike in entirety

This above amendment would eliminate the mechanism for distribution of surplus revenue. The surplus would stay in the general fund to be dealt with by the legislature as they saw fit. This is not an important part of House Bill 653. With passage of Initiative 86 there will tend to be substantially less surplus in coming years.

Page 1, Lines 19-21

after "means the" strike "total amount ... government"

insert "general fund, the earmarked funds, and the cash portion of the bond proceeds and insurance clearance fund"

This amendment simply define total state expenditures in a way simply administerable.

TO: SENATE FINANCE AND CLAIMS COMMITTEE MEMBERS  
FROM: JIM NUGENT, CITY ATTORNEY FOR MISSOULA, MONTANA  
RE: HB 675 EXEMPTING CITIES FROM CONTRIBUTING TO TRAFFIC  
EDUCATION ACCOUNT  
DATE: APRIL 3, 1981  
Hon. State Senators:

I would like to take this opportunity to strongly urge your support for the enactment of HB 675 which would exempt cities from contributing to the State Traffic Education Account. Section 20-7-504(1), M.C.A., of existing state law mandates that a local government deposit 20% of all its moving traffic offense fine monies into the traffic education account in the Montana State Treasury. The original legislative intent as manifested in 1965 legislation was to require a penalty assessment in addition to the fine or bail forfeiture. However, the Montana Supreme Court in the case of State ex rel Tom Sanders v. City of Butte (1968) 441 P.2d 190 declared the 1965 legislation invalid on four different grounds. The legislature's response to this Montana Supreme Court decision was to require that local governments deposit a portion of their fine or bond forfeiture monies in the State Treasury. Prior to the legislature taking these City and County monies, these traffic fine monies would be deposited into local government general fund accounts.

HB 675 would exempt cities and counties from the current state mandate that 20% of all fines generated by a city or county court from motor traffic citations issued by city or county law enforcement personnel be deposited into the traffic education fund in the treasury of the State of Montana. HB 675 would replace the above-mentioned existing city and county funding source by increasing the existing percentages of highway patrol fines and motor vehicle driver's license fees that presently help fund the Traffic Education Account.

Local governments are facing serious and severe financial difficulties not only because any inflationary increases in revenue sources have not kept pace with inflationary costs incurred by the City, but also because this legislature apparently intends to reduce the amount of revenue generated by several existing local government revenue sources. Local governments do not have as many revenue sources as state government does, nor do local governments have the same flexibility as the State to either create new revenue sources or increase existing revenue levy sources.


Further, it must be emphasized that the loss of fine monies is not the only cost to local governments. The costs of this state mandate to local governments also involves monthly administrative expenses incurred by the local governments to calculate, process, and administer the monthly payment of these local government fine monies into the State Treasury.

Today these traffic fine monies are desperately needed by local governments. All traffic fine monies should be allowed to remain in the general fund accounts of local government. Local court revenues from traffic as well as other fines do not even begin to pay for the cost of local government law enforcement, the local government court and its personnel, or the local government prosecution of misdemeanor offenses. Traffic fine monies should more appropriately be used by local governments to help finance local government law enforcement, courts, and prosecutors,

The traffic education program is a State program, mandated by Section 20-7-502(1), M.C.A., which is developed, administered, and supervised by the State. State programs as well as state mandated programs should be financed from State revenue sources and not from very limited local government revenue sources. Local governments do not have an excess offunds to afford the luxury of funding either state programs or state mandated programs.

The 20% of a local government's traffic fine money that is required to be paid to the State of Montana for a State program can be better used to aid local governments with their financial difficulties. Therefore, I strongly urge your support for the passage of HB 675.

Respectfully submitted,



Jim Nugent  
Missoula City Attorney

JN/jd