

MINUTES OF THE MEETING  
FINANCE AND CLAIMS COMMITTEE  
MONTANA STATE SENATE

April 10, 1981

The forty-first meeting of the Senate Finance and Claims Committee met on the above date in room 108 of the state Capitol Building with Senator Himsl, Chairman, having Rool Call and calling the meeting to order at 8:14 a.m. All members were present

CONSIDERATION OF HOUSE BILL 45: Representative Vincent, chief sponsor of the bill said this bill has been a circuitous bill. It has been in a lot of committees and subcommittees, and has been reworked drastically. It was for an automatic cost of living increase for state employees. It is no longer automatic but now is adhoc. It is a one shot cost of living increase to public employees in retirement in the state of Montana. It affects the employees', teachers', highway patrol, sherrifs', and game wardens' retirement system and their beneficiaries. If this bill passes it will be a one shot increase that has been set at 50¢ for each creditable hour of service. If they worked for 20 years they will see their benefit check increased by \$10. We have also put numerous minimuns into this bill. It does help some people in the very low end of the scale--for someone without social security benefits or without any other income. Most of the retirees will be over this minimum, but there are some in local school districts that would come under it. In the House I tried to amend it to \$1 with a \$15 increase for a person working for 30 years since they have never received any increase it seems to me we can certainly do better than that.

Tom Schneider, Executive Director, Montana Public Employees Association, said he had worked with the interim committee for 2 years on this bill. It is no longer an automatic cost of living increase in the bill, but we still support it. You have two different increases. The minimum will not be increased if you change it to \$1. Highway Partolmen have never had an increase in cost of living since they started. Game Wardens never had one. Sheriffs' no. Teachers'--the last one was in '75. PERS was in '79.

Bob Johnson, Teachers Retirement System said they are in support of the bill.

Jim Turcotte, Assistant Administration, PERS, said they support the bill.

Nadine Johnson, Administrative Director, said they support the bill.

J. B. Lariman, Teachers Retirement, said there are 700 retired teachers who will benefit by this bill. We also support it.

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

Senator Story: Did you increase contributions? Vincent: We could not do it in the bill. When automatic. Numerous court cases have been on this issue. You cannot do this without increasing the ones who are working and contributing to the increase. When this was changed so that it was no longer automatic, that made it impossible to change so that it was no longer automatic, that made it impossible to add to the contributions. We voted in the committee to charge ourselves. They said since it was not automatic, then we could not. Some of these fall under the preview of the state, the locals fall under a mandatory mill provision.

Senator Story: The fiscal note passed on the final variation?  
Vincent: It is passed on the 50¢ per creditable year.

Senator Story: Are there any local communities that are at the top of their mandatory mill levy? Vincent: I can't answer this.  
Mr. Stephen, Montana Association of Counties: Many are up to their maximum, but in this case it can be worked in.

Senator Himsl: Isn't it through the mill levies and outside of the maximum in both? Story: Those outside maximums have not been needed? Stephen: In the maximum or close to it? Story: We told them they could need 1 or 2 mills to meet retirement plans. None have matched the maximum? Stephen: I can't recall any.

Senator Smith: On the Game Wardens. Did you obligate the wrong counties?

Jim Turcotte: Increased contribution from an increase in wildlife. They would be increased to the budget of Fish and Wildlife and Parks. No effect on the Counties since they are state funded.

Senator Himsl: Aren't these special funds or earmarked funds on general fund and will be picked up? It is no cost to the employee.

Senator Regan: How many employees receive less than \$30 a month and have worked for more than 20 years? Vincent: 700 teachers that would fall into that category.

Senator Regan: 700 teachers worked over 20 years and receive only the minimum? Elton Hendrickson, Actuary: We had investigated how many would be affected. There are a number of 3 and 4.50 without social security. That minimum only applies to those that worked 30 years. The average retirement system is under \$300 a month. Obviously the average is not 30 years. There are between 1500 and 2,000 that will come under this bill.

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Senator Story: Who is your employer? Elton: I am self employed. I was retained by the interim committee that studied the problem last year.

Senator Hims1: Where does the \$450 show up in the bill. I see the \$300 but how do you identify the \$450? Vincent: So much of the bill is changed that I'll have to find it. Page 23, line 18.

In closing, Representative Vincent said he would appreciate the careful consideration of increasing the bill to \$1 per creditable year. Secondly, just so that it is entirely clear how badly many of us feel that we cannot contribute to this. The original bill was to create a system where there was an equal partnership where we contribute to the system. The increase in every case from where each would be 1%. We tried to do that. We had consenses throughout the employees in the state.

Senator Hims1: This income is all tax free, is it not? Answer: Tax free from the state, but not federal.

Senator Story : You pay for the whole thing always. Whether it says the state pay for it or whatever. It all comes out of the package that the employer finds it is worth. You will have less take home pay if it goes into the package.

Senator Stimatz: You passed around the amendments. Vincent: That bill is necessary as passed in its present state.

Lois Menzies: That amendment has to go into the bill as it passes. It is merely a technical amendment.

CONSIDERATION OF HOUSE BILL 827: This bill appropriates money to the Department of Administration TeleCommunications. Representative Lory, chief sponsor of the bill, Missoula, said it grew out of a bill in the subcommittee when we ran into the various Departments and the cost of telecommunications in Montana. This cost is increasing at a prodigious rate and is a big cost to the state. They have data processing, radios, etc., and we are concerned with the rapid rate of increase, especially with Mountain Bill. There was some work done in a study for a telecommunications bill. This appropriates money to make the study, \$45,000 each year of the beinnium to fund the study. We want a whole comprehensive plan. There are radio problems. No communications between the departments and there are many land mobile radios, and one unit cannot visit with another unit. The next item is the large increase in computer and data processing. SIBIS is tied into the main computer in Helena. Many of the car registrations are tied into Deer Lodge. That is all right by Mountain Bill, they say it will increase by 3%. Some states have gone to microfilm process and think this will pay off. We think this bill is an investment in savings down the road.

Mr. Clifford, said he was involved in the study. In the study last year, and said he supports the bill.

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Morris Brussett, Director of the DOA, said they support the bill.

Ted Whittling from the Department of Administration said they support the plan. He said they can integrate with the various state agencies for equipment use.

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

Senator Story: I do hope if we do, it doesn't turn out like the state airplane pool.

Senator Stimatz: I remember seeing a bill in some other committee that said this.

Senator Dover: I agree, I had a letter of intent from this committee and it is tied together.

Senator Boylan: Years ago on our subcommittee we talked about the same thing when all the federal money came in for the different forms of communication. Everybody gets very covenant about their own wave length and it is hard to get them all one. I think they would have to completely disband what they have and it would be a lot of money.

Senator Smith: The only thing. It seems like every time we appropriate money for a study they come in and say 3 to 5 million dollars to link all the systems together.

Senator Dover: We on our committee had this and there is a tremendous amount of communications going. Telephone, gas, etc. It needs to have a good look taken at this. We have data systems with lines running to them. It probably needs only one line. We have been pretty hard on it.

Senator Story: Bozeman just went and did this on a small scale. It cost them \$1/4 million. They were appalled at the amount.

Senator Boylan: \$45,000 a year. They hire one man and let him study it.

Morris Brussett: One man and a secretary and some operating expenses.

Senator Himsl: Isn't it through that private industry and contributions they do this sort of study? The T.V.'s I read about they will provide the whole thing.

Morris Brussett: We have lots of offers. They want us to do it their way, etc. We want to see what is the best for the state. We want to get input from all of them.

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Les Graham, Department of Livestock: I think your concerns about going in different directions are valid. We are on a low band now. It is almost impossible to use it because of the skip that is coming in. The sheriff's office is on a high band in another county. We work in remote areas. If you hit one of the dead spots you cannot be reached. They will use their own investigations. Something will have to be done not only for getting through and communicating with other groups, but also for safety. On most of our radios we can communicate. We have 4 channels. We are no longer willing to buy radios out of our system. They are outdated. We don't feel we want to replace them until we can get the type of system that will work.

Representative Lory closed by saying we are looking at money down the road. Increased cost on a study to see if we can solve the rapid escalation.

Senator Himsl declared the hearing closed.

CONSIDERATION OF HOUSE BILL 838: Representative Lund said this was at the request of the Appropriations committee. It is the committee bill on Appropriations. When we switched and did away with DCA this was a part put into the Department of Administration. DCA had been doing many audits for the cities and towns, school districts, etc. They helped them to set up bookkeeping systems. Many of the local governments thought it should be continued and we dropped this bill in to allow them to continue. Before, the audits were annual, now they are every 2 years. Section 4 lets them do a special audit if requested to do so by the local government. Audits may be done by an independent contract, it does not necessarily have to be done by the state government. Section 7 deposits the audit fees in a revolving fund. To start the revolving fund is money from the general fund from the Department of Community Affairs. Since Senate Bill 432 passed we would do away with the Department of Community Affairs and I would suggest an amendment on page 2, line 8. After "entity" insert "unless annual audits are requested by the government entities." If they want an annual audit they have to pay for it.

Morris Brussett, DOA, Earlier a discussion of phasing out of local government. We had a lot of people calling to continue the service. They are more interested in the help they can get than they are from the actual audits from the state. To make it self supporting we have had to remove the section on page 4 and the fees we would now charge would be the actual cost. On page 2, every 2 years meets the federal requirement and there is a penalty section on page 6 which provides if the bill is not paid in a certain period there could be an offset of money going to the community.

Dave Wanzenried, Department of Community Affairs said that the Department supports the bill. It is a necessary compromise. There

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was a concern that the state was subsidizing state audits and it was suggested you incorporate the amendment Mr. Lund gave you into the bill.

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

Senator Aklestad: On page 6, section 8. The \$157,500 in general fund money to be transferred to the DOA. If this is going to be self sustaining will it be replenished then? Lund: No, it will stay in the revolving account.

Senator Aklestad: Was it appropriated to DCA? Lund: No.

Senator Aklestad: Why not? Lund: At one time this was almost forgotten about. This unit of State government--and when you did away with the DCA it was left standing out there and nothing was done about it. I received many calls from local governments wanting this left in. They wanted some of the expertise the state government has given them

Senator Johnson: The fee structure is stricken. Why? Lund: It was stricken because it was kind of encased in concrete and the audit being an independent account he can charge his rate. The state will have a rate too.

Senator Johnson: Will the net effect be a greater expense to local government? Lund: I would say so.

Senator Himsl: I don't think it will be greater. The information I have was the program services to be received, but the accounting system service would be removed but the audit would not be. The outside governments were concerned the local CPA's were charging them so much money. This puts the state government back on board on a cost basis instead of the way the local CPA's were on. It will take quite an army of auditors on board to do this. They maintained they were satisfied with the accounting system, but not in getting enough audits done.

Mr. Prendergast, Administrator of Local Government Services In DCA. We had 22 field auditors. This was the staffing pattern approved. That is what we are going to be using and the local governments have to audit every 2 years. It will be complimented with contracts to various CPA's throughout the state.

Senator Himsl: Are you going on a bid basis on contracts?

Prendergast: It is negotiated by the local government and the firm. The bill will be on time involved.

Senator Himsl: Does that prevent you from putting out bids for those services? Prendergast: It is not in our plan now, no.

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Senator Himsl: In our experience with the Legislative Audits, we have found the fee could be less by the use of bids. Prendergast: The contract that allowed CPA's to be included to work in this area is between Montana and the CPA's including the State of Montana. We recommend they have bids on proposals but we leave it to their discretion. We got them to get bids from a couple of people we have available to do the work.

Senator Himsl: How do you see the audits coming in? Do you tell them to make their own arrangements or do you say we will send this crew in? Prendergast: We work up our work schedule and inform many of the local governments if you wish to contract we will get the process going or help to get it going. This is the 4th year in this business and things seem to be working very well.

Senator Aklestad: If continuing with the local CPA. how can you save if not on a bid basis? Prendergast: We are responsible for the audit lists at the state level. They have the option of having a contract to allow the local government to continue with local CPA's or to have the state do the work. It is a partnership between what we can cover and encourage the local governments to continue so the work can be covered. There will be a savings in moving this from the general fund to the revolving fund. The rates will go up in terms of local government. They have said they have no problem with the increase in rates so long as they get the service.

Senator Keating: I was in the subcommittee on this. There were a number of people in from the counties. Not so much the audit in the office, they were primarily concerned with having state auditors when problems arise they can rely on information between audits. Most of them said they could contract for local auditors, but that was not their main concern.

Senator Keating: Representative Lund, we increased it already--the fee the auditors can charge. Is it not in the bill? Aren't they supposed to go to 30 or 35?

Morris Brussett: We removed the fee structure we had. The audit fees will be done on the cost occurred. We don't have a fee structure as such any more.

Senator Smith: If I understand this is seed money. From then on that money will remain and there and no one will be coming back and asking for more down the road. Lund: Yes.

Senator Story: This is also general fund money into it. It cuts off then. I have trouble with section 6. I don't think it should be in there and would you mind if we took it out? Lund I have no trouble. M. Brussett: Could Mr. Prendergast address that?

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Mr. Prendergast: There is a problem in the revolving fund if we do not get our payments on time. We thought this would encourage the prompt payment of the fee.

Senator Boylan: Let's say you get into Bozeman and find they are plumb broke, and have no money to pay it. If the auditor says they are broke, where are they going to come up with the money?

Prendergast: We always get paid. We need a method to get prompt payment so that we can pay the staff people, and keep the revolving fund going.

Senator Story: They could put a community really behind the eight ball. They could really mess up the system with this.

Prendergast: I would just add that if this is the feeling that it is undesirable we in the trenches have no objection. The point is going on a revolving fund we need to have resources. One way to have them is through prompt collection.

Representative Lund said he had no closing remarks, and Senator Himsl declared the hearing closed on House Bill 838.

CONSIDERATION OF HOUSE BILL 865: Representative Lund said he had no intention of introducing this bill until the Department of Revenue approached him. Going back to House Bill 94 there are two phases to the law suit which is the problem of the Burlington Northern and their paying taxes under protest. The state was forced into a situation of proving they are right on the reclassification of the railroad property. We were informed by the Department of Revenue that it might amount to \$150,000. This has to do with phase 1, the up-front money. Originally it was thought they had enough money but Representative Bardanouve objected and they had this bill drawn up. The committee had felt the help on the law-suit were mediocre and the best was needed if we were going to win, and that would cost more money.

Representative Lund said he had signed the bill for the additional funds for the up-front money for the Department of Revenue and was very upset that the bill had been returned with all the additional money in it. He felt they had been added without his permission in the bill. He said he felt if they could not have their act together for House Bill 94 they should have swallowed it and been on their way. He had asked that the bill be drawn at \$150,000 and it came out at \$250,000.

Senator Himsl: I have one question. were these amendments put on in the committee or on the floor or what? Lund: No. The bill was drawn that way.

Ellen Feaver, Director of Department of Revenue said she was the one who had requested the \$150,000 which is the result of a law suit. Of the \$8.2 million the Burlington Northern is protesting \$6 + million. This suit will continue annually and the counties will be without this unless we finally settle. We are hiring experts and they come to Montana. These are experts who have handled and worked on the Penn Central and the Am Track cases,



who are familiar with the rail road evaluations of property. They will visit here and come up with an appraisal. B. N. says they are over appraised. According to the Milwaukee appraisals, we think the B. N. is under appraised. Unless we evaluate this property correctly it is an inequity to the other taxpayers in the state. We have to continue the litigation, and they have broadened the issues. Last time it was a discrepancy matter with the federal, this year they brought up other issues. They say we have overappraised their property.

In House Bill 94 there were two phases of money described. \$110,000 was the estimate to value the railroad. The time frame at that point was that we would have had the initial result of the appraisal. We have to start with getting maps from the B. N. They do not respond to requests, we have to get a court order.

Ms. Feaver continued by explaining what they had anticipated, the trouble they had in getting any cooperation from the rail road, and that the estimate had now seemed to change with the experts and would cost more for the first phase.

Dave Hunter, Department of Labor explained that their request in the bill was no jiggery. The request had been in, they were told they had to add it to a different bill and when this one came up that is where they put it. It had been broken out of 861 where it was originally appropriated. It had been bouncing around for several weeks and ended up in this bill.

Bob Kuchenbrod said that line 6 and 7 addressed the transportation of the prisoners. On prison travel there are two kinds, in-state travel and out-of-state travel. In January we asked for and received H. B. 94, \$19,000 and thought it was enough to get us through. The monthly bills since January are up to \$21,000. We now realize there were insufficient funds to finance the fiscal year. The alternative if we do not get the money is that there will be more prisoner transportation on the counties themselves since they back up the cost.

Commissioner Ellison, Public Service Commission, said he would like it understood that they have been up-front with this request from day one, and those of you who were on the subcommittee know that. For a small agency we do not have the option to eat the deficit. We have a good record of reverting money if left over and have never overspent out budget. We have been up-front. This amount is \$20,000.

Morris Brusett, Director of the Department of Administration said he was speaking for the Historical Society. The DOA provides maintenance fees to cover the security, etc., and then charge out to the agencies. It came to my attention in March that they would

be unable to pay us. I immediately wrote a letter pointing this out. They should have come in for a supplemental. By the time it came to my attention it was too late to get it into the bill.

They will owe us \$22,000 by the end of this year. There was a miscalculation last year by the fiscal analyst and they failed to include the appropriation. We could cut off the utilities, but I don't think that would be right. It was an error last year.

Les Graham: The problems addressed in this bill was brought before the subcommittee in January. We were told this was the direction to take on it.

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

Senator Keating: I would like to ask Ms. Feaver what is the schedule now. The \$110,000 is still the first phase? Feaver: In the subcommittee we were asked, have you attained the best experts there are? We left immediately to go out and see if we could find somebody else. We found somebody else that thought they were better, and they cost more. They also had higher estimate of the trial costs, etc. The B. N. appears to be drawing it out to be as costly as it can be. Even on the maps, they know we can lose our spending authority on July 30. Those are the kinds of tactics they will make and our time table is very unpredictable. We have written to the counties and told them they will have to take other measures for this year.

Senator Keating: Phase 1, \$230,000 and phase 2, about \$145,000. The estimates of the A. G. office were \$80,000 and court costs \$80,000

Senator Himsl: Those aren't the figures in 94. If we put \$150,000 in here we are at \$535,000. Feaver: The total is \$535,000. The \$150,000 would be broken between the 2 phases. The people with the contract now say the up-front money is the most.

Senator Keating: The total of phase I then is \$230,000 and the total of phase 2 is \$305,000.

Senator Johnson: Mr. Opitz, the Public Service Commission regulate the railroads. As a regulatory body why do you not have the maps you need? Opitz: Primarily the railroad has not been that responsive to any regulation body. They flaunt themselves before any regulatory body. They say we can go to the ICC and get our rate increase.

Senator Dover: Ellen, do you feel more optimistic about this now than in the subcommittee? Feaver: We are going to have to go to court every time we ask them for anything.

Senator Smith: What do you need in the maps? Feaver: We need updated and very detailed maps to evaluate all the property: Land, buildings, rolling stock, everything, and the only people who have those maps are the railroads. The volume of them is phenomina I visualize them as being huge and very detailed.

Senator Smith: Who does the reappraisal? Do they go out and reappraise the trackage? Feaver: This time on a unitary concept. They then approach a total to Montana based on the trackage in Montana. We are looking at the possibility of changing from a unitary to an actual that will be updated.

Senator Smith: Before it was done in each county and if a railroad wanted to file a suit they had to bring one in each county.

Senator Aklestad: Any other states? Feaver: This is a milestone kind of case. I think the reason B. N. chose Montana is that our state is the first one to launch into this.

Senator Aklestad: How does it value in other states for the same kind of property? Feavor: My understanding is it is under-evaluated.

Senator Aklestad: Montana is the only one that fears it is being under evaluated? Feaver: Montana is the only one that has this much involved. B. N. is being a better taxpayer in other states.

Senator Haffey: On the case decision by Judge Meloy last week, there are some people here from teh Department of Institutions. I would like to have this explained.

Gene Huntington, Executive Office, said this was the lieutenant case. It was an appeal of classificatinon by prison lieutenants. His decision has ordered the status of a case submitted to the subcommittee on Institutions. These were reported to the subcommittee that they could become a liability against the state and to the Department of Institutions if we were ruled against. The State Classification Act that if an employee gets upgraded and if the state contests it, then if we lose we must provide him a higher rate of pay and any back pay. The gentleman went into more detail on the case of the lieutenats, and the resulting law suit which the department lost.

Representative Lund: One comment. On the remarks that were made on the requests in H. B. 94. When Miss Feaver came to me in this request I said not in 801. All these other requests came in from 801.

Senator Himsl: Were you aware of this last amendment? Lund: It is news to me.

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Senator Stimatz: That decision just came down about 4 days ago.  
Himsl: The rumor I get is that it is quite a bit more. That was only the one case.

Senator Smith: I have a question for anyone that can answer it. The transportation of Prisoners. Something happened recently? If these are jumping up just before we are out of session you can't run to them to get funding later.

Senator Dover: This is a way to get promoted above the present pay scale. A lot of these people will do a little different job to get a little more pay. Now the court is behind it.

Senator Van Valkenburg: I would like to ask Gene, why the Department of Agriculture? Were they involved in the ruling also? Huntington: These were all the ones that were tied to the decision because they had the same defense on the supplemental budget issue. All of them are in the Department of Institutions except the one.

Senator Van Valkenburg: The one on the actual ruling was the prison lieutenants? Huntington: Yes.

Senator Van Valkenburg: Just what is this repeal and routine thing? Les Graham, Department of Livestock: We cut out the entire bureau from the Department of Livestock. It is to be contracted to the Department of Agriculture. These Employees should go with them but they decided to terminate. They essentially block the program between now and July 1. We are not going to have the program until after July and we brought this up in the subcommittee.

Senator Himsl: What did you say the \$20,000 was used for?  
Ellison: At this point in time we are about 2% behind in our budget. The rent has increased. It will just get us through the year with minimum operations.

Senator Himsl declared the hearing closed since there were no further questions from the committee.

Senator Regan said before we left the bill, apparently she had made some comments to Mr. South about the architect fees. I would like to ask Mr. South to respond. In all fairness to the rest of the committee, I wasn't really taking a cheap shot.

DISPOSITION OF HOUSE BILL 838: Senator Himsl said this is the bill on audit fees on local governments, and there is a proposed amendment on page 2, line 8.

Motion by Senator Regan to move the amendment on page 2, line 8.  
Voted and passed.

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Senator Story expressed some concerns on page 6. Senator Regan said if it is really a revolving fund you have to have some sort of leverage. Without some means of getting the money in, the revolving fund will not work. I don't see any trouble with it. It is a good one.

Senator Himsl: I don't think it is too serious a thing. They have no authority to cut off any money.

MOTION by Senator Dover that House Bill 838, as amended, by concurred in. Voted, Passed. Senator Himsl will carry the bill.

DISPOSITION OF HOUSE BILL 601: Senator Himsl said this is the irrigation district at Glen Lake. There was some question and we heard some comments about it.

MOTION by Senator Etchart that we concur in House Bill 601.

Senator Regan: I have some problems with it. I had asked for people from the Department of Natural Resources to be here. I would have a chance to talk to the Department before we considered this bill. It seemed there was an interest in Hydro power. The report we read said it was not feasible at all. Mr. Fritz is here, may I address some questions to him, Mr. Chairman?

Senator Regan: I read a report that was done by your staff. It clearly indicates that preliminary estimates are not feasible for Hydro. Has the department changed their mind? Fritz: I understand it relates to installing hydro power at this time. I expect it will become important at some time in the future. This bill is to replace the syphon. The St. Clair Siphon is divorced from the question of whether the hydro-electricity is feasible in the future.

Senator Smith: Is this replacing something that is already working? Fritz: Yes. The syphon. Many members of the project and they have spent over \$800,000 of their own money on the project. As a consequence, they are paying a lot for water now. They have to replace that syphon.

Senator Himsl: Can you assure us that this will do the job now? Mr. Fritz: We use standard rates for labor. They are going to construct the project with volunteer labor and scrounging some of the material they need locally. By doing this they can probably build it for this.

Senator Aklestad: If I understand the report that Senator Regan had, a lot of these projects have already been done. Now, because of the syphon they can only run it at about 1/2 capacity. Fritz: If updated, the syphon will serve about that many more people.

Senator Regan: Why? Other irrigation projects of similar nature are maintained from year to year and kept current. Why do we have before us a project that really have been maintained by the owners themselves? As I look at the study with the full project, the total project costs well over \$2 million. That is a considerable discrepancy between this and the requests that were in the bill. When this is done, does that end the project as you see it? Fritz: In my discussions, this is the last part of the project that needs substantial rehabilitation. Some of the cost relates to the hydro power. That is not necessary at this time.

Senator Regan: The mainline distribution system is listed at \$1,450,000.

Senator Etchart: They said they are working on that as they go along and still will be repairing sections and turn outs, etc.

Representative Curtiss: This distribution system has to do with the building of pipes. A lot of that has been done. A lot of the people have borne their own cost. There has been a lot done in the last 2 years.

Senator Regan: We want to be sure that at some time in the future we will not be a request for finishing the distribution system.

Question was called, Senator Etchart's motion that the bill be concurred in was voted, passed, unanimous of those present and Senator Bob Brown will carry the bill.

DISCUSSION ON HOUSE BILL 290: This is the Silicotics bill. Some of these bills are coming in to amend it back to what it was originally. They have to come through the hearing in the House. They now want to go back and do it all over again. Is the committee agreed in the principal on 290? It is late to do a lot of amending it will go to the conference committees, etc.

Senator Van Valkenburg: I understand the practicalities of what you say, but I don't think we should give up our right to amend.

MOTION by Senator Boylan that we concur in House Bill 290.

Senator Regan: There is an inequity in this bill. If the silicotic died prior to 1974 the Widow receives 1/2 of the pension. If he had waited to die until the day after, the widow would get full benefits. I would like to amend the section, page 3, section 4 and reinstate the language in lines 17 through 25, or maybe the whole thing has to go in. The sponsor said that section 4 was wrong. It should be 5. If you reinsert 4. Mr. Chairman I would like to wait until tomorrow and get the amendment done right.

Senator Boylan: I will with-draw my motion for today.

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DISPOSITION OF HOUSE BILL 827: Motion by Senator Dover that we concur in House Bill 827.

Voted and passed by all present, Senator Johnson, Keating, Smith and Story were absent.

DISPOSITION OF HOUSE BILL 865: Senator Stimatz said there had been some trouble with the Chairman on this bill. The one the day before it really dealt with only private and federal funding and this is another package. The Department of Livestock and Public Service Department came to the subcommittee and we told them to put it in here.

Senator Himsl: The one giving some concern to me is the Department of Revenue and the railroad case. I wonder what this is, is it a new provocation? VanValkenburg: It was initiated last summer but certainly the court ought to receive the maps, they would give them so many days or they would be in court.

Senator Boylan: It looks like it really hurts state and local government because of the taxes. It does affect a lot of people.

Senator Van Valkenburg: Judge Battin is sitting on this case while he is taking a working vacation in Hawaii. There must be some reason for the delay.

MOTION by Senator Dover to adopt the amendments on the Department of Revenue, #1, 2 and 3 on the sheet.

Voted and passed.

Senator Haffey: I would move the amendments on line 12 inserting a new section 5 and renumbering the subsections.

Senator Aklestad: To whom would this be made? Haffey: The Department of Institutions.

Senator Dover: I oppose this amendment. Somewhere you have to put your foot down. This is a reclassification. If we let them get supplementals on this it is only the beginning. If the Department has to absorb it, they will think about it the next time.

Senator Haffey: We have to pay it, it took place. You would amend line 12, strike and insert Department of Institutions. You would have to have 2 number columns, one for general fund and one for earmarked, and \$211,935 general fund and \$2,108 for earmarked. Also the Department of Agriculture, \$21,500. As I understand this thing, the state has done everything it could to prevent this thing from happening. If the Department of Institutions has to eat it in the next 2 months I would be interested to know how they are going to do it. I suggest they can't and it is irresponsible on our part if we do not fund it.

Senator Regan: How much if any do you as the new director have socked away in a savings bank? South: This is in the supplemental bill. They came in for \$4 million to make it through the fiscal year exclusive of this. The Department refused to pay this. We hung our hat on the law that says you cannot pay if in deficit, and we lost. I had one in and requested if we lost that they be paid and the leadership had made a decision that no retroactive pay be made. Now it is a court order. I can refuse to pay and be in violation of a court order or I can lay off a lot of people.

Senator Regan: How many more?

Mr. Brussett: We surveyed the agencies affected by it. These are the only ones. We put in 840 that grades will not be an appealable subject. There are some in the process of appealing now.

Senator Regan: Mr. Schram, do you agree? Schram: Probably several hundred in appeals that have not been filed on, some will be denied, some will be granted. They would not be covered by House Bill 840. The appeals have already been filed.

Senator Regan: Do you have any ball park figure of how much money? Brussett: We did try to make an estimate. Most of it is non-general fund. I think the general fund was in to about \$200,000 area. If the decisions are after July 1, obviously they will be absorbed by the budget.

Senator Himsl: The Department of Institutions is general fund? Aren't certain percentages from other funds? Brussett: Most of the Institutions are under general funds.

Carol South: We have the alcohol and Drug amendment and the rest of them are under general fund. It is about 98% general fund money.

Senator Boylan: The engineers in the Highway Department, some jumped 4 grades. This is all out of earmarked funds.

Senator Himsl: The court ruling, it does not really order all this coverage at this time? You say they are blanketing under this.

Mr. schram: Institutions were brought as a test court case. he others are in exactly the same situtaion. It was in the same situation. It was approved and held up and all they have to do now is go through Judge Meloy. There is no defense left.

Senator Dover: Why is there so much reclassification there? This is a pile of bucks.

Senator Etchart: Why wasn't the decision appealed? Schram: The decision came down March 31. We have 60 days to appeal it to the Supreme Court. That decision has not been made. We have lost



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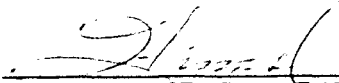
in the board of appeals and in district court. Why write bad law into cement. There are 50 days left. I don't think the result would be any different.

Senator Haffey: Mr. South, if you were turned down on this request where could the cuts come? South: \$97,000 of that is for guards. We can't lay off guards at the prison. There was \$30,000 in the clerks division. We are going on an economy basis because the expenses are going way over the appropriation. I don't know what I can do but the only way is to lay off people. The position of the Department of Institutions is in a law suit now. We were taken completely out of this. None of this is in our control, and it was between the employee and the personnel division. Some were granted without their concurrence. That is out of our control also.

Senator Haffey's motion to amend in the Department of Institutions and the Department of Agriculture. Amendment attached, was voted and passed - 7 to 6.

Senator Regan moved that House Bill 865 as amended be concurred in. Senator Aklestad objected that some of the Senators were absent and Senator Himsl said he would delay action on the motion until the next day.

The meeting was adjourned at 11:08 a.m.

  
SENATOR HIMSL, CHAIRMAN

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date

4/10

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	✓		

4/10

F + C

45, 838, 865, 82:

# VISITORS' REGISTER

[illegible]



# STANDING COMMITTEE REPORT

April 10, 1981

MR. President

We, your committee on Finance and Claims

having had under consideration House Bill No. 838

(Hims1)

Respectfully report as follows: That House Bill No. 838  
third reading, be amended as follows:

1. Page 2, line 8.

Following: "entity:

Insert: ", unless annual audits are requested by the governmental  
entity "

Y.C.  
And, as amended,  
BE CONCURRED IN

XXXXXX

# STANDING COMMITTEE REPORT

April 10 19 81

MR. President

We, your committee on Finance and Claims

having had under consideration House Bill No. 601

(B. Brown)

Respectfully report as follows: That House Bill No. 601

*He*  
BE CONCURRED IN

DO PASS

# STANDING COMMITTEE REPORT

April ~~11~~ 10,

81

19.....

**President**

MR. ....

We, your committee on ..... **Finance and Claims** .....

**House**

**827**

having had under consideration ..... Bill No. ....

(Dover)

Respectfully report as follows: That ..... **House** ..... Bill No. **827** .....

*L.C.*

**BE CONCURRED IN**

**DO PASS**

PROPOSED AMENDMENTS TO HB 45

1. Page 44, line 6.  
Following: "retired"  
Insert: "on or after July 1, 1975, but"
  
2. Page 47, line 22.  
Following: "~~14~~%"  
Strike: "15%"  
Insert: "14.04%"



Amend House Bill 838, Introduced Copy as follows:

1. Amend page 2, line 8 as follows:

Following: "entity"

Insert: ", unless annual audits are requested by the governmental  
entity"

AMENDMENTS TO HB 865

1. Title, line 6  
Following: "1981;"  
Insert: "PERMITTING CERTAIN APPROPRIATIONS TO THE  
DEPARTMENT OF REVENUE TO CONTINUE TO THE  
NEXT BIENNIUM"
2. Page 1, line 10  
Following: "limit."  
Strike: "The"  
Insert: "(1) Except as provided in subsection (2),  
the"
3. Page 1, line 16  
Following: line 15  
Insert: "(2) The appropriation to the department  
of revenue by this act (\$150,000) and the  
appropriation to the department of revenue by  
House Bill 94 for property valuation purposes,  
Phase I, (\$110,000) may continue for the  
biennium ending June 30, 1983. These  
appropriations may be spent for the stated  
purposes only."

# AMENDMENTS TO HOUSE BILL 865

## 1. Page 2.

Following: Line 14

Insert: Section 5. Appropriation of back pay. Subject to the terms and conditions of this act, the following money is appropriated for the fiscal year ending June 30, 1981; for payment of back pay to state employees, who were awarded classification upgrades by the Board of Personnel Appeals but were denied a pay increase under Section 2-18-302, MCA."

### Department of Institutions

Corrections Division	\$29,319	\$
Mountain View School	27,538	
Prison	97,383	
Board of Pardons	5,292	
Boulder River School and Hospital	5,699	
Galen State Hospital	10,880	
Center for the Aged	16,485	
Warm Springs State Hospital	14,593	
Alcohol and Drug Division		2,108
Management Services Division	4,746	

Department of Agriculture	12,500
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House Bill 865, third reading bill, be amended as follows:

1. Title, line 6.

Following: "1981"

Insert: "PERMITTING CERTAIN APPROPRIATIONS TO THE DEPARTMENT OF  
REVENUE TO CONTINUE TO THE NEXT BIENNIUM"

2. Page 1, line 10.

Following: "limit."

Strike: "The"

Insert: "(1) Except as provided in subsection (2), the"

3. Page 1, line 16.

Following: Line 15

Insert: "(2) The appropriation to the department of revenue by this  
act (\$150,000) and the appropriation to the department of revenue  
by House Bill 94 for property valuation purposes, Phase I, (\$110,000)  
may continue for the biennium ending June 30, 1983. These approp-  
riations may be spent for the stated purposes only."

4. Page 2, line 13.

Following: Line 12

Insert: "Section 5. Appropriation of back pay. Subject to the  
terms and conditions of this act, the following money is approp-  
riated for the fiscal year ending June 30, 1981; for payment of  
back pay to state employees, who were awarded classification up-  
grades by the Board of Personnel Appeals but were denied a pay  
increase under Section 2-18-302, MCA."

General Fund      Other Funds

Department of Institutions

Corrections Division	\$29,319	\$
Mountain View School	27,538	
Prison	97,383	
Board of Pardons	5,292	
Boulder River School and Hospital	5,699	
Galen State Hospital	10,880	
Center for the Aged	16,485	
Warm Springs State Hospital	14,593	
Alcohol and Drug Division		2,108
Management Services Division	4,746	

Department of Agriculture

Centralized Services	12,500
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Renumber: Section 5.

And as so amended,  
BE CONCURRED IN



Amend House Bill 810

1. Page 2, line 1.

Following: "section 1."

Insert: "The money may not be spent until each of the other participating states fully fund its share of the agreement. If the money is not spent, it shall revert to the general fund."