THE MINUTES OF THE MEETING OF THE HOUSE LOCAL GOVERNMENT COMMITTEE
SPECIAL SESSION
November 19, 1981

The meeting was called to order at 4:00 p.m. by Chairman Bertelsen. The meeting was held in Room 108 of the State Capitol Building. Roll call was taken and all committee members were present.

Vice Chairman Vinger chaired the meeting for the first bill heard so Chairman Bertelsen could testify on the bill.

HOUSE BILL 13

REPRESENTATIVE KATHLEEN MCBRIDE, District 85, Silver Bow County, sponsor of HB 13, gave some background information on the bill.

REPRESENTATIVE MCBRIDE told the committee members that HB 13 is an alternative county proposal to that presented by the Department of Social and Rehabilitation Services (SRS). She said many of the other alternative county proposals had an equal distribution of costs. It is Representative McBride's feeling that the money should go to the counties making the most effort to stay within the mill levy for the poor fund.

REPRESENTATIVE MCBRIDE said HB 13 is an attempt to resolve co-mingling of the poor fund and the operation of county hospitals. HB 13 would provide for one account for the poor fund and one account for the operation of the county hospitals.

REPRESENTATIVE MCBRIDE said HB 13 provides for a county which has reached the 8 mill levy for the poor fund to then automatically be triggered into the state grant-in-aid program. She said this practice would not prevent a county from raising its mill levy to 13.5 to cover the operation of a county hospital.

REPRESENTATIVE MCBRIDE passed out copies of an impact sheet showing the effect of HB 13 on counties. (See EXHIBIT 1) She went over that handout with the committee members.

REPRESENTATIVE MCBRIDE said HB 13 does not need an appropriation. HB 13 just lowers the ceiling from 13.5 mills to 8 mills in order to receive grant-in-aid funding. She said HB 13 would have an effective date of July 1, 1982.

Vice Chairman Vinger asked for testimony from proponents of HB 13.

REPRESENTATIVE BERTELSEN said he feels there is fallout from the block grant reductions and there has been a serious impact on the poor funds. He said it seemed better to get some type of "vehicle" introduced as legislation to help the counties than to go away from the legislative session and say there was not enough time to work on the problem.

REPRESENTATIVE BERTELSEN said HB 13 is an effort whereby the state will assist the counties to ease the burden of funding their poor funds. The maximum effort required to meet the poor fund costs would be 8 mills.

MR. JOHN LAFAVER, Director of SRS, spoke in support of HB 13. He said SRS had seen there was going to be a large impact at the local level with the federal cut backs. SRS started searching for vehicles to meet those needs of the counties. HB 13 is that vehicle. He said HB 13 is a superior proposal to those proposals previously offered and HB 13 is the most equitable proposal. Mr. LaFaver said HB 13 will provide the framework for a long term solution. In three to four years, most counties will receive significant help from this legislation.

MR. ED MCCAFFREE, President of the Montana Association of Counties, also spoke in support of HB 13. He said HB 13 will provide immediate help to approximately half of the members of his association. Eventually, almost all counties will receive help from the state if HB 13 is passed.

MR. DON PEOPLES, Chief Executive of Butte/Silver Bow, said HB 13 is the most viable and effective vehicle than any of the other county proposals offered. He urged the passage of HB 13.

MR. JOHN WILKENSEN, Chairman of the Board of County Commissioners, said HB 13 covers the issue of equalization among county poor fund millage. The Board supports HB 13.

MR. BOB PALMER, Missoula County Commissioner, told the committee he feels HB 13 has the most likely chance of passage of any of the other introduced bills on this issue. He said if the counties do not receive help from this legislative session, the counties' poor funds will double from what they are now. He said Missoula County is now at the 11 mill levy for the poor fund. In order for Missoula County to receive grant-in-aid money, they would have to raise the mill levy to 13.5 by raising property taxes. Mr. Palmer said he doesn't want to have to see that happen.

JIM STRAW, Chairman of the Board of County Commissioners of Yellowstone County, and Second Vice President of the Montana Association of Counties, told the committee the mill levy for the poor fund has been rising steadily in Yellowstone County. He feels it will not be long before the county has reached the 13.5 mills. He said he supports HB 13.

MR. DAVE GOSS, representing the Billings Area Chamber of Commerce, said during the past years there has been a trend where taxable valuation does not come close to keeping up with inflated costs of doing business with local governments. He said he doesn't think the property taxpayers can affort to pay higher mill levies. He also strongly supports HB 13.

There being no other proponents to speak on HB 13, Vice Chairman Vinger asked for testimony from opponents to HB 13. There were no opponents present at this meeting.

VICE CHAIRMAN VINGER opened the meeting to questions from committee members.

REPRESENTATIVE GOULD asked Mr. LaFaver what the bottom line figure would be as far as the amount of grant-in-aid money needed. Mr. LaFaver said there are 24 counties that would receive a cash payment the first year of the life of this legislation equaling $6 million.

REPRESENTATIVE KESSLER asked if any county would be opposed to this legislation. Mr. LaFaver said this piece of legislation would not adversely affect any county and would positively affect 24 counties the first year.

REPRESENTATIVE KITSELMAN asked if HB 13 is a program of state profit sharing with an open-ended purse. Mr. LaFaver said there is another bill that would allow SRS to more tightly define the perimeters of medical assistance and general assistance than what has been done in the past.

REPRESENTATIVE MCBRIDE said by separating county hospital operating expenses from the poor fund, there is an equalization for counties that do not have a county hospital, but the mill levy for the poor fund is already up to 13.5 mills.

REPRESENTATIVE DUSSAULT asked if counties that do not have a county hospital pay the medical assistance out of their poor fund. Mr. LaFaver said yes, those counties pay the private hospital costs for those people receiving county aid instead of subsidizing the county hospital.

REPRESENTATIVE BOB MARKS, District 80, Jefferson County, offered some amendments to HB 13. (See EXHIBIT 2) He told committee members the basic purpose of HB 13 is to provide a sharing of welfare costs between the state and the county after a threshold has been reached. The threshold in this amendment would be 10 mills. Representative Marks said he is offering this option for this committee's consideration. He did not have enough time to study all the sections of HB 13 to know what sections would be affected by the amendment. He suggested the committee's attorney go over the proposed amendments and write them up so that they fit into the bill properly.

VICE CHAIRMAN VINGER asked Lee Heiman, attorney for the Legislative Council, to provide this committee with the amendments in proper form to fit HB 13.

REPRESENTATIVE MCBRIDE asked Representative Marks how his proposal would deal with counties who are at 10 mills for the poor fund now but need more than 3.5 mills to operate the county nursing home.

REPRESENTATIVE MARKS said the ceiling of 13.5 should be taken off. The participation would go to whatever mill levy is necessary to support the poor fund. The nursing homes would have to be funded aside from that.

REPRESENTATIVE MCBRIDE asked Representative Marks if he was saying the 13.5 mill ceiling should be taken off. Representative Marks said he wasn't sure if it could be done because that wouldn't be within the scope of the call of the legislature. Representative Marks said that would have to be researched. He said he just wanted to present the concept of the amendment for this committee's consideration. Representative McBride said if the counties are confined in their operation of the county hospitals, those hospitals may be forced to close.

VICE CHAIRMAN VINGER said Mr. Heiman will prepare the amendments and present them to the committee for consideration.

In closing, Representative McBride stressed three points:

1. HB 13 recognizes efforts made by the counties and may provide property tax relief.

2. HB 13 retains the local control of the poor fund.

3. HB 13 provides equality amongst the counties.

The hearing on HB 13 was closed.

At this time the committee was called into EXECUTIVE SESSION by Chairman Bertelsen.

EXECUTIVE SESSION

House Bill 10

REPRESENTATIVE GOULD moved HB 10 DO NOT PASS. He said he feels HB 10 is a bad bill.

REPRESENTATIVE MCBRIDE made a substitute motion that HB 10 BE TABLED. She said the bill has some problems but this committee should be careful not to cancel out the idea of the bill.

Question was called for.

The motion was voted on and PASSED. All committee members voted aye except Representatives Dussault, Hannah, Switzer and Gould, who voted no.

House Bill 12

REPRESENTATIVE SALES moved HB 12 BE TABLED.

REPRESENTATIVE HANNAH asked why HB 12 should be tabled. He said the bill has too many problems and thinks the bill should be killed.

REPRESENTATIVE HANNAH made a substitute motion that HB 12 DO NOT PASS.

Question was called for by Representative Neuman.

The motion was voted on and PASSED. All committee members voted aye except Representatives Sales, Neuman, Pistoria and McBride, who voted no.

REPRESENTATIVE DUSSAULT made a request that when Mr. Heiman is developing Representative Marks' amendments, he also develop an impact sheet to be given to the committee members.

The meeting was adjourned at 5:30 p.m.

VERNER BERTELSEN, Chairman

Vicki Lofthouse, Secretary

EXHIBIT 1
11/19/81

Form 4256 Counties

State Publishing Co.
Helena, Montana

	Current over 8 mills	Additional over 8 mills	Total over 8 mills
Beaverhead	0	37045	37045
Big Horn	0	0	0
Blaine	0	0	0
Broadwater	0	0	0
Carbon	0	0	0
Carter	0	0	0
Cascade	472956	798340	1271296
Chouteau	0	0	0
Custer	0	0	0
Daniels	0	0	0
Dawson	0	0	0
Deer Lodge	84436	125886	210322
Fallon	0	0	0
Fergus	0	85913	85913
Flathead	0	231500	231500
Gallatin	0	0	0
Garfield	0	0	0
Glacier	0	0	0
Golden Valley	0	0	0
Granite	0	19206	19206
Hill	0	40990	40990
Jefferson	45976	28155	74131
Judith Basin	0	0	0
Lake	151905	86723	238628
Lewis and Clark	58549	109636	168185
Liberty	0	0	0
Lincoln	114137	122534	236671
Madison	81944	50210	132154
McCone	0	95885	95885
Meagher	0	0	0
Mineral	23966	11689	35655
Missoula	335303	741195	1076498
Musselshell	0	0	0
Park	21375	23438	44813
Petroleum	0	0	0
Phillips	0	0	0
Pondera	0	0	0
Powder River	0	0	0
Powell	25008	57518	82526
Prairie	31180	41383	72563
Ravalli	59711	134904	194615
Richland	0	0	0
Roosevelt	0	0	0
Rosebud	0	0	0
Sanders	0	0	0
Sheridan	0	0	0
Silver Bow	286714	639179	925893
Stillwater	0	0	0
Sweet Grass	0	0	0
Teton	0	0	0
Toole	80608	12897	93505
Treasure	0	0	0
Valley	0	18010	18010
Wheatland	0	22903	22903
Wibaux	0	0	0
Yellowstone	77531	522192	599723
	1951329	4057331	6008660

0

1/2 mill
V. Gordon

EXHIBIT 2
11/19/81

Amendments to Bill Number SB 13

Page 1, line 5.
Following: "levy"
Strike: "no more than 8 mills of the 13.5 mills"
Insert: "mills for the"

Page 1, line 6.
Following: ";"
Insert: "and providing conditions for participation for grant-in-aid;"

Page 1, line 20.
Following: "property"
Insert: "shall be made at the time other tax levies are made on property, as provided by law."

Page 1, line 20.
Following: "property"
Strike: "not exceeding 13½ mills,"
Following: "levy"
Strike: "of which not"

Page 1, line 20.
Strike: line 21 in its entirety

Page 1, line 22.
Strike: "needy under title 53, chapter 3,"

Page 1, line 22.
Following: "chapter 3,"
Insert: "the state will participate with a grant-in-aid for 50 percent of the cost in excess of 10 mills provided the county participates in the work program which meets work program guidelines established by the department of social and rehabilitation services."

TO: The Chairman and Members of the House Local Government Committee

FROM: Lee Heiman, Committee Counsel

DATE: November 19, 1981

RE: Bill Summaries

HB 13 - (McBride). Provides that of the existing 13½ mill poor fund levy, no more than 8 mills may be used for county general and medical assistance. In conjunction with section 53-2-232, MCA, a county would be eligible for the grant-in-aid for county general and medical assistance at the 8 mill level. (Note: a copy of 53-2-232 appears in HB 14).

HB 14 (Fabrega). Provides that the interest paid on registered warrants that were used for purposes that otherwise qualify for a grant-in-aid may be paid with the grant-in-aid.

HOUSE BILL NO. 13 Special Session I

INTRODUCED BY McBride, Bertelsen, Regan, Judy Jacobson

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT A COUNTY MAY LEVY NO MORE THAN 8 MILLS OF THE 13.5 MILL COUNTY POOR FUND FOR ASSISTANCE TO THE NEEDY; AMENDING SECTION 53-2-321, MCA; PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 53-2-321, MCA, is amended to read:

"53-2-321. County authorized to care for indigent and levy taxes therefor. The board of county commissioners has jurisdiction and power under such limitations and restrictions as are prescribed by law to provide for the care and maintenance of the indigent sick, except as otherwise provided in other parts of this title, or the otherwise dependent poor of the county; erect and maintain hospitals therefor or otherwise provide for the same; and for said purposes to levy and collect annually a tax on property not exceeding 13 1/2 mills, ~~which levy~~ <u>of which not more than 8 mills may be levied to provide assistance to the needy under Title 53, chapter 3,</u> shall be made at the time other tax levies are made on property, as provided by law."

Section 2. Effective date. This act is effective July 1, 1982.

-End-

HOUSE BILL NO. 10 Special Session

INTRODUCED BY [signature]

A BILL FOR AN ACT ENTITLED: "AN ACT TO CONTINUE A COUNTY'S FINANCIAL RESPONSIBILITY FOR ANY RECIPIENT OF COUNTY GENERAL ASSISTANCE WHO HAS MOVED DIRECTLY INTO A CARE FACILITY IN ANOTHER COUNTY; AMENDING SECTION 53-3-306, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 53-3-306, MCA, is amended to read:

"53-3-306. County liability for general relief. (1) General relief assistance shall be paid from the poor fund of the county where the eligible person resides.

(2) A person who leaves Montana with the intent to reside in another state and later returns to reside in Montana is considered a new resident for the purposes of this chapter and 53-2-610(3).

(3) <u>(a)</u> When <u>Except as provided in subsection (3)(b), when</u> a person who receives general relief assistance moves to reside in another county, he becomes the financial responsibility of the new county from the date he begins to reside in that new county.

<u>(b) A person receiving general assistance who moves directly into a state institution, licensed nursing home, hospital, or a private charitable institution remains the financial responsibility of his former county for the duration of his stay at such facility.</u>"

Section 2. Effective date. This act is effective on January 1, 1982.

-End-

INTRODUCED BILL

HOUSE BILL NO. 12 I

INTRODUCED BY

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR A METHOD OF PREVENTING COUNTY POOR FUND CASH-FLOW PROBLEMS THROUGH THE CURRENT BIENNIUM BY DIRECTING THE STATE BOARD OF INVESTMENTS TO PURCHASE COUNTY POOR FUND WARRANTS AT 6 PERCENT IF CERTAIN CRITERIA ARE MET; PROVIDING A METHOD OF REDEMPTION OF SUCH WARRANTS; CONFORMING EXISTING LAW RELATING TO PUBLIC INVESTMENTS AND PUBLIC ASSISTANCE TO ALLOW FOR SUCH PURCHASE, COUNTY REDEMPTION, AND COUNTY ABILITY TO REPAY SUCH WARRANTS; AMENDING SECTIONS 17-6-201 AND 53-2-323, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

WHEREAS, the Board of Investments invests money for the State of Montana and the interest income of the Short Term Investment Pool goes to the general fund and is thus available for appropriation; and

WHEREAS, the Legislature, by directing the Board of Investments to invest in county poor fund warrants as provided in this act at the rate of 6%, could appropriate funds to the Board of Investments to cover the lost opportunity of investing in higher yield investments; but so doing would be contrary to the public good by requiring as

administrative overhead the transfer of interest income from the Short Term Investment Pool to the general fund and then back to the Board of Investments to use in the Short Term Investment Pool; and

WHEREAS, the Legislature recognizes that subsidizing a higher return on such warrants by the use of form over substance is not proper fiscal management; and

WHEREAS, to encourage sound fiscal management and to provide a proper atmosphere for the State to comply with sections 12 and 13, Article VIII, of the Montana Constitution, a proper segregation of funds involved with State purchase of county poor fund warrants pursuant to this act as a separate accounting entity is necessary to properly develop a long-term solution to the present crisis by providing:

(1) the proper management tool to strictly track county funds necessary for legislation to comply with the mandate of section 3(3), Article XII, of the Montana Constitution during future legislative sessions;

(2) a manner for ascertaining the costs involved in the forbearance of higher investment yields; and

(3) the exact amount of cash for counties to overcome the present cash-flow crisis with cash lent at a reasonable rate of interest rather than with appropriated cash.

THEREFORE, from the perspective of the State as a

INTRODUCED BILL

whole, the Legislature has determined that the investment of money in county poor fund warrants as provided in this act is a prudent investment of state funds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. State purchase of county poor fund warrants. (1) (a) A county may apply for state purchase of poor fund warrants to fund county general assistance and county medical assistance programs if the county has depleted all funds available to the county poor fund. The warrants to be sold to the state shall be of an amount sufficient to fund anticipated county poor fund expenses for the month following sale plus the amount necessary for the redemption of any outstanding warrants that were registered for proper county general assistance and medical assistance purposes.

(b) (i) The county is eligible for state purchase of its poor fund warrants if and only if the following criteria are met and the county governing body certifies to the governor that they are met:

(A) all income collected and available to the county poor fund has been depleted;

(B) the county has complied with all requirements of law for registration of warrants; and

(C) the county by selling warrants to the state will

gain no advantage other than availing the county of an interest rate for the sale of the warrants that is lower than it could otherwise obtain.

(ii) The county shall allow and cooperate in an audit of the county poor fund by the department of administration to determine compliance with the criteria provided for in subsection (1)(b)(i) and shall include in its certification a statement that it will comply with this subsection (1)(b)(ii).

(2) Upon receipt of a certification under subsection (1), the governor shall direct the board of investments to purchase county poor fund warrants of the certified county. The county may use the proceeds of warrants purchased by the state only for county general assistance and county medical assistance programs as prescribed by rules adopted by the department of social and rehabilitation services under subsection (6).

(3) Each certification provided for in subsection (2) expires the next November 30 or May 31, whichever comes first following the date of certification.

(4) The department of administration may audit county poor funds:

(a) to determine whether the criteria established by this section have been met; and

(b) to determine if the proceeds of warrants sold to the state have been used only for county general assistance and county medical assistance as defined by rules adopted by the department of social and rehabilitation services. Redemption of registered warrants for proper expenses of county general assistance and medical assistance are a proper use of the proceeds of the sale of poor fund warrants to the state.

(5) (a) The county poor fund warrants purchased by the state shall bear interest at 6% per year.

(b) If upon an audit by the department of administration it is determined that a county which sold poor fund warrants to the state has not met the criteria set forth in subsection (1) or the county has used the proceeds of the warrants for other than county general assistance or county medical assistance as defined by rules adopted by the department of social and rehabilitation services, the warrants shall bear interest at an annual rate equal to 18%.

(6) (a) The department of social and rehabilitation services may by rule provide for administrative requirements necessary to effectuate the purposes of this section and [section 2].

(b) The department of social and rehabilitation services shall adopt rules prescribing what services and expenditures are reasonable and necessary expenses of the county poor fund for the purposes of state purchase of poor

fund warrants.

(7) In cooperation with the department of administration, the board of investments may by rule establish an appropriate administrative procedure for county poor fund warrant purchase and redemption.

NEW SECTION. Section 2. Redemption of state-purchased county poor fund warrants. (1) Notwithstanding the provisions of Title 7, chapter 6, parts 23 and 26, county poor fund warrants purchased by the state shall be redeemed by the county in the fiscal year following purchase according to the following schedule:

(a) not less than one-half shall be redeemed not later than December 15; and

(b) the balance shall be redeemed not later than June 15.

(2) (a) Any poor fund warrants sold to the state outstanding on June 30 shall be redeemed through the regular county budget process.

(b) If the number of mills necessary for both the current operation of county public assistance and for the redemption of state-purchased warrants exceeds 13 1/2 mills, the number of mills necessary for the redemption of the poor fund warrants purchased by the state during the preceding fiscal year may be levied by the county for their redemption, notwithstanding the provisions of 53-2-321. For purposes of grants of funds authorized by 53-2-323, the extra mills allocated for the redemption of the poor fund warrants are attributable to the fiscal year in which the warrants were sold to the state.

(3) All county poor fund warrants that are sold to the state and that qualify for the state grant authorized by 53-2-323 shall be redeemed by the state. The state shall pay both the principal and interest on the warrants.

NEW SECTION. Section 3. Investment status of qualifying county poor fund warrants. For the purposes of investments but not for pledges or guarantees issued to secure deposits of public funds under 17-6-103, any county poor fund warrants complying with the provisions of [section 1(1)] are considered to be funds validly appropriated in the current county budget for expenditures from the poor fund for the fiscal year in which they are issued.

Section 4. Section 17-6-201, MCA, is amended to read:

"17-6-201. Unified investment program -- general provisions. (1) ~~The~~ Except as provided in [section 1], the uniform investment program directed by Article VIII, section 13, of the 1972 Montana constitution to be provided for public funds shall be administered by the board of investments in accordance with the rules provided in this chapter and with that degree of judgment and care, under circumstances from time to time prevailing, which men of

prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived, and preservation of purchasing power of capital during periods of sustained high monetary inflation.

(2) All state funds shall be invested and reinvested in securities enumerated in 17-6-211 to the maximum extent consistent with this policy and with the need and timing of cash expenditures for particular purposes.

(3) The board of investments has the sole authority to invest state funds. No other agency may invest state funds. The board shall direct the investment of state funds in accordance with the laws and constitution of this state. The board has the power to veto any investments made under its general supervision.

(4) The board shall:

(a) assist agencies with public money to determine if, when, and how much surplus cash is available for investment;

(b) determine the amount of surplus treasury cash to be invested;

(c) determine the type of investment to be made; and

(d) prepare the claim to pay for the investment.

(5) The board of investments may:

(a) execute deeds of conveyance transferring all real property obtained through foreclosure of any investments purchased under the provisions of 17-6-211 when full payment has been received therefor;

(b) direct the withdrawal of any funds deposited by or for the state treasurer pursuant to 17-6-101 and 17-6-105;

(c) direct the sale of any securities in the program at their full and true value when found necessary to raise money for payments due from the treasury funds for which the securities have been purchased.

(6) The state treasurer shall keep an account of the total of each investment fund and of all the investments belonging to such fund and of the participation of each treasury fund account therein and shall make from time to time such reports with reference thereto as may be directed by the board of investments.

(7) The cost of administering and accounting for each investment fund shall be deducted from the income therefrom, except that such costs of the trust and legacy fund shall be paid from income otherwise receivable from the pooled investment fund, and the amounts required for this purpose shall be appropriated by the legislature from the respective investment funds."

Section 5. Section 53-2-323, MCA, is amended to read:

"53-2-323. Grants from state funds to counties. A county may apply to the department for an emergency

grant-in-aid, and the grant shall be made to the county upon the following conditions:

(1) The board of county commissioners or a duly elected or appointed executive officer of the county shall make written application to the department for emergency assistance and shall show by written report and sworn affidavit of the county clerk and recorder and chairman of the board of county commissioners or other duly elected or appointed executive officer of the county the following:

(a) that the county will not be able to meet its obligations under law to provide assistance to the needy of the county or meet its proportionate share of any public assistance activity carried on jointly with the department;

(b) that all lawful sources of revenue and other income to the county poor fund will be exhausted;

(c) that all expenditures from the county poor fund have been lawfully made; and

(d) that all expenditures from the county poor fund have been reasonable and necessary, according to criteria set by the department in rules adopted for that purpose, for the county to meet its obligations under law to provide assistance to the needy.

(2) Within 10 days of receipt of the application and affidavit, the department shall determine whether the county poor fund will be depleted and shall give notice to the

county of the department's intention to deny or allow the grant-in-aid. Before a grant-in-aid for any fiscal year may be made to a county under this section, any money credited during that fiscal year to the depletion allowance reserve fund from the sources provided by 7-34-2402(2) shall be transferred to the county poor fund to be used for lawful poor fund expenditures. The amount of the grant-in-aid shall be determined after all sources of income available to the poor fund, including the depletion allowance reserve fund transfers, have been exhausted.

(3) Within 10 days of receiving notice from the department that a grant-in-aid will be made to the county, the board of county commissioners or other duly elected or appointed executive officer of the county shall adopt an emergency budget. There is no requirement of notice and hearing for that emergency budget. The emergency budget shall state the amount required to meet the obligation of the county and shall allocate that whole amount among the various classes of expenditures for which the grant was made.

(4) Upon receipt and approval of the county emergency budget, the department shall issue a warrant to the county treasurer of the county for the total amount stated in the approved emergency budget.

(5) The grant-in-aid received by the county shall be

placed in an emergency fund account to be kept separate and distinct from the poor fund account. All expenditures from the emergency fund account shall be made by a separate series of warrants or checks marked as emergency warrants or checks.

(6) The grants-in-aid from the department may be used only for public assistance activities lawfully conducted by the county, including but not limited to medical aid, hospitalization, and institutional care. No part of a grant-in-aid may be used, directly or indirectly, to pay for the erection or improvement of any county building or for furniture, fixtures, appliances, or equipment for a county building.

(7) In the event the county poor fund is replenished by other lawful sources of revenue, the county shall issue warrants to meet its obligations from the county poor fund until such time as that fund is again so depleted that warrants can no longer lawfully be drawn on that account. Upon depletion of the county poor fund, the county may again make disbursements from the emergency fund account as provided in subsection (5). At the close of the county fiscal year, the county shall return to the department any amounts remaining in the county poor fund and the emergency fund account, but the remaining amount to be returned may not exceed the total amount of the emergency grant-in-aid

for that fiscal year.

(8) Any amount which is unlawfully disbursed or transferred from the emergency fund account or used for a purpose other than that specified in the grant-in-aid shall be returned by the county to the department.

<u>(9) For the purposes of subsection (1)(b), a county qualifies for a grant-in-aid if for any fiscal year it levies 13 1/2 mills, including the actual mill levy for the particular year, plus any mills levied in the following fiscal year that are attributable to the prior fiscal year by virtue of the provisions of [section 2]. Such expenditures in excess of the 13 1/2 mills otherwise qualifying under the provisions of this section shall be assumed by the state through state redemption of the county poor fund warrants held by the board of investments. The redemption includes both the principal and the interest owing on the warrants.</u>"

Section 6. Severability. If a part of this act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

Section 7. Effective date and termination date. (1) This act is effective on passage and approval.

(2) This act terminates on June 30, 1983, except that repayment and mill-levy authorizations terminate on June 30, 1984.

-End-

VISITORS' REGISTER

HOUSE Labor & Industry COMMITTEE - Special Session

BILL HB 13 Date Nov 19, 1981

SPONSOR Rep. Kathleen McBride

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPPOSE
[illegible]		[illegible]	[illegible]	
John Wilkinson	Helena	Lewis & Clark Co	✓	
Ed McCabe REE				

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.