

HOUSE LABOR AND EMPLOYMENT RELATIONS COMMITTEE
January 24, 1983

The House Labor and Employment Relations Committee convened on January 24, 1983 at 7 p.m. in Room 224K of the State Capitol with Chairman Williams presiding and all members present except Rep. Thoft, who was excused. Chairman Williams opened the meeting to a hearing on HB 301.

HOUSE BILL 301

REPRESENTATIVE HAL HARPER, District 30, chief sponsor, said the bill was requested by the Department of Labor and Industry. He said the bill is to conform state law with federal statutes and clarifies present law.

HAROLD KANSIER, Department of Labor, said this would bring us into compliance with federal standards. He said the way our law is written now it treats seeking work and job refusal the same. The bill would also remove the requirement that there be a loss of four weeks in the case of seeking work. He said there is also a need to provide a disqualification for those who have lost their jobs due to gross misconduct and those who quit to attend school for at least 90 days.

JIM MURRY, Executive Secretary, Montana AFL-CIO, spoke in support and a copy of his testimony is Exhibit 1.

There were no opponents.

REPRESENTATIVE HARPER closed.

No questions were asked by the committee.

Chairman Williams closed the hearing on HB 301 and opened it on HB 302.

HOUSE BILL 302

REPRESENTATIVE HAL HARPER, District 30, chief sponsor, said the bill authorizes the Department of Labor and Industry to borrow money from the federal unemployment trust fund and it provides a way to repay interest on that borrowed money. If we borrow it will cost us 10% interest but there is a stipulation that the interest may not be taken from the trust fund, so this bill provides a funding mechanism to pick up that interest. If the borrowed money is paid back in a certain period of time we won't have to pay interest. This bill uses a separate charge applied to the employers and if the amount is not needed the excess will go to the trust fund.

DAVID HUNTER, Commissioner of the Department of Labor and Industry, spoke in support. He said previously there has not been any interest charged for borrowing but that was changed this past September. The statute says you can't use trust fund money to pay interest. He said the state expects to have to borrow as early as February from the federal fund. To repay the interest a separate unemployment tax or some other taxing mechanism is needed. He said this illustrates the inanity of some of the federal regulations as when there is a positive balance of interest earned it goes into the trust fund, and interest cost should be paid the same way.

JIM DUNDAS, Three Forks, United Cement, Lime Gypsum and Allied Worker Local #239, spoke next in support and a copy of his testimony is Exhibit 2.

JIM MURRY, Executive Secretary, Montana AFL-CIO, spoke next in support and a copy of his testimony is Exhibit 3 of the minutes.

REPRESENTATIVE CLYDE SMITH said on this bill he was in complete agreement with Mr. Murry.

ROBERT M. HELDING, Montana Wood Products Association, said they support the bill. He said it was proper to give the department the authority to borrow money if needed.

FORREST BOLES, Montana Chamber of Commerce, spoke in support of the bill. He said borrowing money has been necessary in the past and not necessary that the legislature act on that part of it. He said paying the interest is the part that is new. He was concerned that another charge was going to be made against employers. He said he wouldn't endorse all of Mr. Murry's testimony but that it was a pleasure to be on his side.

JIM MAYES, Public Construction Trades Council, spoke in support of the bill. He said we have borrowed money before and paid it back. He said reducing unemployment benefits is not a good idea and borrowing the money from the federal government is a better way to solve the problem.

REPRESENTATIVE BOB MARKS, District 80, spoke in support. He said other ways to get the needed money is to add an additional charge to the employers or decrease the benefits to the people who are affected by the measure. He felt this would not be the thing to do. People who are out of work can't afford to take cuts and as an additional burden put on the employers would work against the interest of the worker. Business is not in the best condition today, and it could very well make a loss of a job. He recommended the bill be considered affirmatively.

CHAD SMITH, Unemployment Compensation Advisors, said they represented about 300 plus employers and they support the bill not because they are interested in the state of Montana running a deficiency but because this is the only way to handle emergencies. We don't need a tax increase at this time and by borrowing the money now the committee will take a closer look at giving some relief so the economy has a chance to improve.

REPRESENTATIVE BOB ELLERD opposed the bill saying he doesn't want to have any more burden placed on employers. He suggested finding another way like I95 to fund the interest money.

REPRESENTATIVE HARPER closed.

Questions were asked by the committee. Rep. Seifert asked where the department had come up with the language that the interest must be charged against the employer. Mr. Hunter said it does not have to be charged against the employers. We could as easily provide for it through the general fund or from other means. Employers had the advantage of interest income when the cash was in a positive balance, so it seemed fair.

Rep. Pavlovitch asked if this charge would be removed when the fund builds itself up. Mr. Hunter said the interest will be charged on a year by year basis. It is charged in the following year when it is determined there is a need. As soon as the trust fund got into a positive situation and the federal government was repaid, there would be no more charge.

Mr. Hunter said the projected charge to employers would be .03 of 1% to .08 of 1%. In calendar year 1982 there were about 42,000 individual claimants -- an average of \$120 a week and a total of 600,000 weeks of benefits.

Rep. Ellerd said he knew I95 couldn't be used for this but what are some of the alternatives besides taxing the employers. Mr. Hunter said we did talk about possibly getting it from the general fund but because the interest earnings benefit employers when positive, we felt this would be fair.

Rep. Ellerd asked if we could borrow from the coal tax fund. Mr. Hunter said if the legislature so chooses. He said it is better financially for us to borrow from the federal government than from the coal tax fund.

Mr. Kansier responded to a question that the .03 of 1% of the base \$8,200 would mean \$6 for the employer.

Chairman Williams closed the hearing on HB 302 and opened the hearing on HJR 7.

HOUSE JOINT RESOLUTION 7

REPRESENTATIVE NORM WALLIN, District 76, said during the last session a resolution directing the job service to dispose of property they owned in Bozeman was passed. This property is not yet sold. When advertised, the land aroused a great deal of interest in Bozeman. He said he asked for an investigation which was not very satisfying. He found it can only be obtained by means of this resolution which specifies that all functions should be studied. He said some questions need answering: what are all the duties of the job service division? How do they function? What is its relations to the federal program? Who sets its returns and how determined? Fines, interest and penalty moneys go into a slush fund. If the service is free, why are private ones able to provide service since individuals have to pay for their services? Why is the federal government closing some of them? How come the site in Bozeman hasn't been sold?

HERBERT R. JONES, Lewistown, representing self, spoke next and a copy of his testimony is Exhibit 4 of the minutes.

WARREN STONE, Belgrade, representing self, spoke next and he said he proposed to register the charge that we are not getting honest government. He said one of his indictments has to do with the job service situation and he could cite four other cases of violations of our state constitution and he has documented evidence. He said he is not doing this with any political interest. He said he learned from the job service situation that we don't have a two party adversary system in Montana - it's a case of you help me get my bill passed and I'll help you and special interest groups get their way. He said he had photocopies of everything on which he had made charges. He said what is done with it is up to the committee. He said his only interest was in presenting it. He said the sale of the land was authorized Janaury 15, 1979 and on March 12, a warranty deed was issued. HB 417 appropriated \$105,000 for the purchase of the land but that wasn't approved and signed until May 14, 1979. So this took place 61 days after the transaction had been completed. This is in violation of the law and constitution - to purchase the land and issue the warrant prior to legislative passage and approval by the governor. Officials of the governor have violated and usurped the power of the legislature in this transaction. But the land cost more than the appropriation. There was not an appraisal at the time but an opinion of value. Why was this accepted? \$270,883 was the actual sale price. Rep. Wallin requested an investigation by the Legislative Auditor Office. Wallin did not receive a fair investigation by the auditor, as they gave the Department of Labor a whitewash. The Employment Security Division used funds to purchase the

property. I went down to see what the bookkeeping account number was. The account number was for the interest and penalty fund. The penalty and interest account is a fund accumulated when an employer is charged for late returns. \$183,800 is a strange amount to be taken from such an account. This seems to be sort of a slush fund and an easy place to put money in and easy to get out. It circumvents more rigid requirements in other accounts. I suggest you take a look at that carefully. Why did the legislature pass a law to appropriate this money if it wasn't needed. If that was all legal and proper, \$105,000 should have been appropriated and not \$275,000. Nice to have an account and not have to account for it. HB 417 says the appropriation was contingent on the sale of long range building bonds. The transaction had already occurred prior to authorization. Exhibit 5 is a comparison of appraised values and factor ratio and indicates that his property didn't get devalued during that time - and the property for sale had a legitimate appraisal and they tried to justify not selling by virtue of interest rates rising and property rights going up.

REP. BOB ELLERD, co-sponsor of the bill, said this Bozeman land deal was a bad idea all the way through. He said he lived with it. He hoped the committee would consider the testimony. He felt there might be something smelly about the whole deal. He felt some sort of investigation was needed to find out why these things happened. He said Mr. Stone was right in what he presented.

JIM MURRY, Executive Secretary, Montana AFL-CIO, spoke next in opposition and a copy of his testimony is Exhibit 6 of the minutes.

JIM DUNDAS, Secretary of the United Cement, Lime, Gypsum and Allied Workers, Local #239 in Three Forks, spoke next in opposition and a copy of his testimony is Exhibit 7 of the minutes.

REP. WALLIN in closing said he was surprised to get opposition from labor, seeing what has been happening to this fund. He said the department should welcome a complete out-in-the-open investigation.

Questions were asked by the committee.

Rep. Addy asked Mr. Hunter if he would care to respond. He said he didn't testify on the resolution as he has no objection to the resolution. He said there are some problems the department faces and some comments might be helpful. He said in regard to the Bozeman situation, it happened in 1978 and 1979 and he wasn't part of the administration at that time. He said he had reviewed it, there had been two federal audits, two state audits, and the Governor's Council on Management special

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investigator had checked the land purchase. All of these have found that no laws have been violated. He said the issue is an important one. He said the land was purchased before the long-range committee approved it. It became available and was purchased, which happens fairly often at MSU and U of M as they buy land when it becomes available around the colleges. He said they have no specific permission for that specific land. Hunter said maybe you want to change that statute. It is the common practice in state government and was handled no differently this time. He said as concerns the situation in Lewistown, it is important to realize workers who are laid off for a short period of time shouldn't be treated any differently than those laid off by woodworkers or by mills and they are going to be going back to work and so should be eligible for unemployment benefits when they are laid off. Federal government changed its method of paying BLM people. The federal government does pay taxes as does every other employer. This is not money that would have been available in the trust fund.

Rep. Wallin said until we check we don't know if this thing happens time after time or if this is an unusual occurence. Rep. Addy questioned the cost. Rep. Wallin said it should not cost a lot as there wouldn't be any travel needed. Rep. Wallin said he would be tickled to death if it was all OK. It should be handled properly and it could save the department many more times what it would cost for the investigation.

Rep. Driscoll asked if they sold the land. Rep. Wallin said they still have it. Rep. Driscoll asked if there was an attempt to sell the land. Mr. Hunter said the department did put up a public auction for the land and they got one bid. He said they took the bid to the Board of Land Examiners and they voted not to sell the land at that price.

Rep. Ellerd asked Mr. Hunter if, in his opinion, when the bid was at the appraised price, even if there was only one bid, if that shouldn't have been accepted. Mr. Hunter said the recommendation to the land board was that we thought the state could do better than the bid and suggested holding on to the property and trying to sell it at a later date.

Rep. Ellerd asked how long they are going to sit with it. Mr. Hunter said they had a land appraisal this year and one of the appraisals came out significantly higher and one about similar. He said the intention of the department is to sell the land to the higher bidder so as to get the best price we can and return the money to the fund. Rep. Ellerd said the piece of land is off the tax roles and it is valuable land and needs to be sold. Mr. Hunter said and they need the money. Rep. Driscoll said the

land should be sold but not sold so as to lose money. Rep. Harper asked of Mr. Stone, why haven't you considered a legal route. You have leveled charges against the department, division, governor and legislature. Mr. Stone responded, they will do what's practical. It's all done and over. Don't have the money to go to court. Trying to get an organization together to put the money together to do this. He didn't think it would be solved through the legislature. Rep. Harper said, you indicated you didn't like politics, yet you have come to testify on a resolution such as this and isn't that the best way to put it into the field of politics? Mr. Stone said he was not going to go after either party. All I am doing is very strongly saying that our constitution has been violated. This is a bureaucratic government. He said he would like to see a grand jury investigation. I would like to get somebody to do something. Exhibit 8 is Mr. Stone's presentation.

Rep. Pavlovitch requested that Rep. Marks be permitted to speak. Rep. Marks commented that a resolution was passed in the last session by majority vote that the land be sold. Is there an intent to evade the purpose of that resolution? Mr. Hunter said we decided to get an appraisal and it was my judgment that we would do better in terms of selling the land by waiting until the summer of 1983. Rep. Marks asked if land prices were going to rise in Bozeman. Mr. Hunter said they did make an attempt and put it up for auction and that was turned down by the Land Board, as they felt they could get a better price than was asked.

Rep. Wallin, said a little more information on the auction. The minimal acceptable bid was \$186,000. Would you not believe that would be an acceptable bid. Rep. Seifert asked if they advertised for bids and reserved the right to reject any and all bids. Rep. Ellerd said his interest is to get rid of the piece of property. The resolution was passed two years ago so there is no time limit and we could own it 10 years more. The state should have money and we should get it off the book. Mr. Hunter said the resolution instructed me to sell it but only the Land Board can approve the sale, regardless of what an attorney may have said on the courthouse steps. Rep. Ellerd asked what can we do to help you sell. Mr. Hunter said, change the statutes to permit me to sell.

Rep. Driscoll said it seems you have a big problem with this land in Bozeman. He asked what he expected the investigation to turn up. Rep. Wallen responded if we knew what they are going to turn up we wouldn't need to audit.

Rep. Marks explained how appropriations for resolutions are

arrived at. Chairman Williams thanked him for this explanation for the sake of the new members on the committee.

Chairman Williams closed the hearing on HJR 7 and opened the meeting to an executive session on the following bills.

EXECUTIVE SESSION

HOUSE BILL 301 Rep. Dozier moved DO PASS. Motion carried unanimously (Rep. Thoft absent).

HOUSE BILL 302 Rep. Ellerd moved DO NOT PASS. He said it was unfair to have this extra tax on the employer. He said other alternatives should be checked into.

Rep. Driscoll made a substitute motion of DO PASS. He said the cost to the employer would be about .03 of 1%. He said if we don't borrow the money there won't be any unemployment checks. He said no one likes to pay taxes but 18-20,000 people need their unemployment checks. Rep. Smith said he agreed with Rep. Driscoll.

Rep. Seifert said he agreed with the concept. He felt it would be wise to put an amendment in the bill so when the fund gets solvent the act will be terminated. He said it doesn't sound like a lot but if it's on the books the figure can be increased. Mr. Hunter was requested to respond as to whether this wasn't taken care of by the bill. He said section (b) provides that the assessment is for the calendar year following the year it is needed. It only allows the department to make an assessment when needed. There is no authority to collect when the balance is positive.

Rep. Hannah moved to amend by striking page 1, following "against" on line 18 through line 12 on page 2. He said he would like to have it assessed against the general fund. He felt it unfair to single out one segment of the people. Rep. Ellerd agreed.

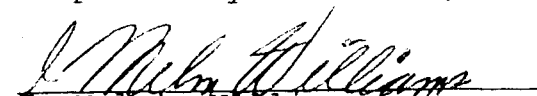
Rep. Harper said this would be a serious amendment as much more is being removed than who pays - the question of when and under what circumstances you have to apply, what rate they will pay, the assessment and how to pay it back. You said the bill would need to be rewritten.

Rep. Hannah withdrew his amendment.

Question was called on the bill. The motion of DO PASS carried with Reps. Seifert and Ellerd voting no (Rep. Thoft absent).

Meeting adjourned at 9:20 p.m.

Respectfully submitted,


J. Melvin Williams

Land-deal charges back in limelight

By BOB ANEZ
Associated Press Writer

A four-year-old controversy over a state land buy surfaced Monday night, amid charges that state Unemployment Securities Division officials violated the constitution in handling the deal.

The House Labor and Employment Relations Committee delayed action on a requested investigation into the agency. The pay asked for documents to support claims of property for a Job Service office was made prior to legislative authorization.

The investigation was called for in House Joint Resolution 7, sponsored by Rep. Norm Wallin, R-Bozeman.

When the state subsequently dropped its plans to construct the employment office in 1981, Wallin co-sponsored a resolution ordering sale of the land. Wallin was the sole bidder for the land, and during his re-election bid last fall political opponents accused him of a conflict of interest in the matter.

The bid, matching the appraised value of \$186,000, was about \$90,000 less than what the state paid for the land and was rejected by the Board of Land Commissioners.

Most of the testimony Monday in support of HJR7 revolved around the state's handling of the land transaction.

Rep. Robert Ellerd, R-Bozeman, a co-sponsor of the measure, said, "There's was something smelly about the whole thing and Rep. Wallin was the fall guy."

He said he supported the investigation "to find out why these things happened and to see that they don't happen again."

Labor Commissioner David Hunter told the committee he had no objection to an interim investigation of the division, although he pointed out a legislative auditor's probe of the matter showed no violation of state law.

Most of the claims of wrongdoing came from Warren Stone, a private Bozeman resident.

He said the bill authorizing \$105,000 for purchase of the Bozeman lot was signed 61 days after department officials had finalized the purchase.

That, Stone said, violated the Montana Constitution by usurping the power of the Legislature. He also questioned why the state

had paid so much more for the land than was approved by lawmakers.

His personal investigation into the transaction showed the money had been drawn from a "slush fund," Stone said, calling the auditor's investigation a "reasonable whitewash."

Stone said he could not afford to take legal action against the state, but would like to see a grand jury investigation of the case. "I just want someone to do something," he said. If the Legislature fails to take action, "then justice has not been served," he added.

When asked by a committee member what he expected his proposed investigation to find, Wallin said there may be other instances of "wasted money."

"You won't know until you shake the tree

and see what falls out," he said. "I didn't like being dragged through the mud on this deal."

Hunter, questioned closely by Ellerd about why the land has not been sold, said he could not ask the Land Board to approve the sale until he was certain he could get a better price than Wallin's offer two years ago.

The latest appraisals on the property have ranged from \$192,000 to \$240,000, he said, adding that members of the real estate industry have suggested any sale be delayed until this summer.

Opponents of the resolution said an investigation would be a waste of money. They said two federal audits, two state audits and the legislative auditor's probe — all within the past two years — were sufficient proof of no wrongdoing within the agency.

Mr Chairman -

I have a previous appt. I must leave.

If you accept proxies, these are my positions on matters heard tonight:

301	yes
302	yes
SJR7	no

Carol Jarvis
Jan 24, 1983

VISITOR'S REGISTER

HOUSE LABOR AND EMPLOYMENT RELATIONS COMMITTEE

BILL HB 301

DATE 1/24

SPONSOR REP. HARPER

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



JAMES W. MURRY
EXECUTIVE SECRETARY

Box 1176, Helena, Montana

ZIP CODE 59624
406/442-1708

H.B. 301

FACT SHEET

HOUSE BILL 301, introduced by Representative Hal Harper (D-Helena) at the request of the Department of Labor and Industry.

January 24, 1983

WHAT THE BILL DOES:

It clarifies the difference between job search and job refusal and reduces the penalty for disqualification. Current law disqualifies for eight weeks, which is four weeks more than required by federal requirements. It will reduce disqualification to four weeks, as required by the federal government.

WHY THE DEPARTMENT REQUESTED THIS BILL.

When the legislature enacted a bill to meet federal requirements in the last session, the bill was improperly drafted. It combined job search and job refusal and provided for penalties stiffer than federal requirements. This is essentially a house keeping bill to bring Montana law into compliance with federal requirements.

WHY THE MONTANA STATE AFL-CIO SUPPORTS THIS BILL.

Extended benefits have just triggered "on" for Montanan's unemployed workers. Montanan's lost that eligibility last year when the Reagan Administration tightened up eligibility requirements. (Montana lost its eligibility because the Reagan Administration was able to raise the "trigger" from a level of 4 percent insured unemployment to 5 percent. The new requirement is that extended benefits are triggered when the number of jobless workers receiving insurance benefits in a state reaches 5 percent or more of the labor force and when the insured unemployment rate is also 120 percent of the prior two-year average. Until now Montana met only the second requirement.) Further deterioration in the job market now makes approximately 4,000 Montanans eligible for extended benefits. While compensation is the same for workers as they received under regular benefits, the duration is only half as long. If a workers were unfairly disqualified for eight weeks rather than the four required, it might mean that some workers did not receive any benefits at all. Even if they were eligible for the entire thirteen weeks, an eight week disqualification could case them additional economic hardship.

MONTANA WORKERS DESPERATELY SEEKING JOBS.

In case anyone is under the impression that unemployed workers are not actively seeking jobs, a story in the January 20, 1983 Independent Record should dispel that notion. The front page story is titled "70 Turn Out for \$4.50 Job". It seems that a gas station advertised in the newspaper for a part-time gas station attendant for \$4.50 an hour. The paper came out at four o'clock in the afternoon,

and by seven o'clock that night, seventy people had applied for the job. By that time, the station owner quit taking applications. More came in to apply the next day as well.

The gas station owner told the Independent Record reporter:

"I am just lost for words, to see that many people turn out and have them leave with their heads hanging and degraded, not degraded by the job, but by knowing there's so little chance of getting a job."

The Independent Record, Helena, Mont., Thursday, January 20, 1983—3

1-20-83 pg 1
**70 turn out
for \$4.50 job** *IR.*

By MICHAEL CRATER
IR Staff Writer

A part-time opening for a gas station attendant at \$4.50 an hour brought 70 applicants in one evening, and station owner Tim Hornbacher called it "depressing."

It's not that he minds having lots of people to choose from, but "90 percent of my applicants really want to work, and there's just nothing there," Hornbacher said. "It's a shame."

And statistics show Helena has fewer unemployed than many Montana cities. Hornbacher's help-wanted ad ran Tuesday in the Independent Record, and "after the paper came out at 4 (p.m.), from then until 7 (p.m.) there were times we had 7 or 8 people just lined up waiting to see me. There were able-bodied people willing to work. It's just unreal.

"If I could, I'd put half of them to work," Hornbacher said. But he can't — his staff of five has little turnover — so after 70 applications, Hornbacher just quit taking them. "But we've still got them coming in today," Hornbacher said this morning.

"I'm just lost for words, to see that many people turn out and have them leave with their heads hanging and degraded, not degraded by the job but by knowing there's so little chance of getting a job."

WITNESS STATEMENT

Name Jim Dundas Committee On LABOR
Address Box 673, Three Forks, MT. Date 1/24/83
Representing UNITED CEMENT, LIME, GYPSUM
HB# ALLIED WORKER LOCAL # 239 Support X
Bill No. 302 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

TESTIMONY OF JIM DUNDAS, BEFORE THE HOUSE COMMITTEE ON LABOR AND INDUSTRY
ON HOUSE BILL 302, JANUARY 24, 1983.

I am Jim Dundas, Secretary of the United Cement, Lime, Gypsum and Allied Workers, Local #239, Three Forks. I am here to testify in favor of House Bill 302, which provides for obtaining a loan from the federal government for Montana's Unemployment Insurance Trust Fund.

As you may know, many of our members have been laid off in recent weeks. In fact, you may have noticed some of us in blue jackets around the legislative halls. The reason we are able to be here is because right now we are unemployed. We know first hand how necessary unemployment insurance is. Most of our members made a pretty good living when we were working. We have house payments and car payments just like you do. There are some things you can cut down on or go without, but nobody wants to lose their home, or their car, or the other things we have worked so hard to buy. And Montana Power doesn't reduce our bills just because we are unemployed. Just like thousands of other jobless Montanans, we are struggling to make ends meet, and believe me we need every penny of those unemployment insurance benefits.

We can't let the Trust Fund go broke, but we also can't restore those funds by cutting benefits. We urge you to borrow money from the federal government to put the Unemployment Trust Fund in the black again.

Thank you.



Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARYZIP CODE 59624
406/442-1708

TESTIMONY OF JIM MURRY ON HOUSE BILL 302, BEFORE THE HOUSE COMMITTEE ON LABOR AND INDUSTRY, JANUARY 24, 1983

I am Jim Murry, Executive Secretary of the Montana State AFL-CIO. I am here today to speak in strong support for House Bill 302. This bill allows the Montana Department of Labor and Industry to borrow money from the Federal Unemployment Trust Fund. The Montana Unemployment Insurance Trust Fund is rapidly going broke, and projections are that it could be \$22 million in the red by the end of the biennium.

The drain of the state's unemployment insurance trust fund is a direct and obvious result of Reaganomics. As these economic policies continue to devastate our country, more people are forced to draw unemployment insurance and fewer employers are paying into the fund.

Money must be restored to the fund, to help cushion the blow of unemployment for jobless Montanans. ~~Other methods have been proposed to replenish the fund. Among these are proposals to reduce benefits for the unemployed and to raise taxes for the employers. The Montana State AFL-CIO believes that it is not the fault of jobless workers that the economy is in such dire straits.~~

House Bill 174 presents a reasonable alternative, by reducing employer tax, rates and removing the wage base. This would have the effect of closing the loophole for large employers, while reducing the tax rate and raising nearly \$27 million over the biennium. But if House Bill 174 doesn't pass, or if the economy gets even worse, then the option must be left open to keep the funds solvent by borrowing the money from the federal fund.

This method has been used in the past. Because of the recession, which

began in 1975, Montana's fund borrowed from the federal government. It borrowed \$1.4 million in 1976, \$7.9 million in 1977 and \$1.2 million in 1978. Those loans were repaid promptly by Montana's fund as the economy improved and as certain changes were made in the law.

Frankly, the Montana State AFL-CIO does not believe that the economy is going to improve rapidly. We cannot agree with President Reagan who seems to think that prosperity is just around the corner. However, we do not think that the people of this country will stand much more of his insane economic policies.

It is interesting to note that even conservative business groups are beginning to speak out against those policies. Organized labor, and other groups committed to social and economic justice, have spoken out against these policies since they began. Now, business groups, alarmed at economic conditions and ballooning federal deficits are calling for the President to change his course.

The Bi-Partisan Appeal on the Budget Crisis, a group composed of 500 government, business and academic leaders, along with five former Treasury secretaries, says it is concerned that the current fiscal course is "senseless" and "threatens to lock the economy in stagnation for the remainder of this century". That group, along with the National Association of Manufacturers, the American Business Conference and the National Association of Independent Business, is seeking changes in the present economic course. Organized labor may not agree with all their proposals to change that course, but we are pleased they are finally realizing the errors of the President's economic policies.

The point is that the President will eventually have to change his course, or the people of this country will elect someone to do so. We cannot and will not continue to have 12 million Americans unemployed, business bankruptcies on the rise, family farmers forced off their land and continued cuts in programs to

help those in need. When the economy changes for the better, Montana will be able to pay back the loan from the federal government.

In the meantime, unemployed workers and hard-pressed employers will not have to pay an even higher price than they already are for the disaster of Reaganomics.

The Montana State AFL-CIO urges your support for House Bill 302. It does not commit the state to borrow. It merely allows that option in case the legislature doesn't provide enough money to meet unknown economic crises over the next two years.

Thank you very much.

WITNESS STATEMENT

Name Herbert B. Jones Committee On _____
Address Lewistown Montana Date 1-24-83
Representing Self Support ✓
Bill No. HJR 7 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Statement included

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

HOUSE EMPLOYMENT RELATIONS

BILL HB 302

DATE 1/24

SPONSOR REP. HARPER

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

Name BOB HELDING Committee On HB 302
Address MISSOULA, MT Date 1-24-83
Representing MT. WOOD PRODUCTS ASSN Support ☒
Bill No. HB 302 Oppose _____
HB 301 Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

Exhibit 4

HJR 7 - REQUESTING A COMPREHENSIVE STUDY OF THE ADMINISTRATION
AND OPERATION OF THE UNEMPLOYMENT INSURANCE DIVISION

SUBMITTED BY HERBERT R. JONES
HEATH STAR ROUTE, BOX 5010
LEWISTOWN, MONTANA 59457
TELEPHONE 538-8336

I WOULD LIKE TO MAKE SOME COMMENTS AND ENTER SOME FACTS AND FIGURES IN
SUPPORT OF HJR 7.

IN EARLY SEPTEMBER 1980 IT WAS BROUGHT TO MY ATTENTION BY SEVERAL OF MY
PERSONAL FRIENDS (TWO FEDERAL EMPLOYEES AND ONE MONTANA STATE EMPLOYEE) THAT
UNEMPLOYMENT INSURANCE BENEFITS WERE BEING PAID TO FURLOUGHED FEDERAL EMPLOYEES.

SPECIFICALLY THIS IS WHAT OCCURRED IN LEWISTOWN, MONTANA. OVER 20 FEDERAL
EMPLOYEES (BUREAU OF LAND MANAGEMENT) WERE DUE TO TAKE THEIR MANDATORY TWO WEEK
"NON-PAY" ANNUAL TIME OFF. THIS IS A POLICY USED SO AS NOT TO HAVE TO COUNT
THESE PEOPLE AS FULL-TIME EMPLOYEES, EVEN THOUGH THEY RECEIVED ALL BENEFITS AND
PROMOTIONS AS FULL TIME EMPLOYEES, AND ARE RETURNED TO THEIR JOBS AFTER THE TWO
WEEK LEAVE. THE LOCAL MANAGER OF THE LEWISTOWN JOB SERVICE, MR. ARNIE CAMPBELL,
STATED IN SWORN TESTIMONY, THAT HE WAS REQUESTED BY THE BUREAU OF LAND MANAGEMENT
TO BRING THE NECESSARY FORMS TO THE BLM OFFICES AND SIGN UP THESE 20 PLUS PEOPLE
FOR UNEMPLOYMENT BENEFITS.

THIS STATEMENT WAS TAPE RECORDED BY A MR. MICHAEL FURLONG OF THE STATE
EMPLOYMENT SECURITY DIVISION IN LEWISTOWN, JANUARY 6, 1981. AT THIS TIME, AFTER
A DISCUSSION OF THIS SITUATION WITH SENATOR HAROLD DOVER AND WITH HIS ASSISTANCE,
WE OBTAINED A STATEMENT FROM THE LEGISLATIVE FISCAL ANALYSTS' OFFICE SHOWING THE
MAGNITUDE OF THIS PROBLEM IN MONTANA.

TOTAL UNEMPLOYMENT BENEFITS PAID TO FEDERAL CIVILIAN EMPLOYEES FOR THE
FOLLOWING TIME PERIODS:

1980 CALENDAR YEAR - - - \$2,254,376.00

1981 CALENDAR YEAR - - - \$2,417,242.00

1982 (THRU SEPTEMBER)- - \$2,374,426.00

THE ABOVE FIGURES DO NOT INCLUDE BENEFITS PAID TO POSTAL AND MILITARY EMPLOYEES
WHICH ALSO RUN INTO MILLIONS OF DOLLARS.

TO OBTAIN UNEMPLOYMENT INSURANCE BENEFITS, AN APPLICANT MUST SIGN A FORM
CERTIFYING THAT THE APPLICANT IS "PROBABLY UNEMPLOYED, ABLE TO WORK, AVAILABLE
FOR WORK AND ACTIVELY SEEKING WORK". (EMPLOYMENT SECURITY DIVISION FORM #UI
202 REV. 12-78).

"THIS INFORMATION WAS TURNED OVER TO MR. FRED DARRETT OF THE EMPLOYMENT SECURITY DIVISION BY SENATOR DOVER. SENATOR DOVER INDICATED THAT MR. DARRETT WOULD PREFER THIS BE HANDLED BY THE DIVISION'S ATTORNEY, MR. ROBERT CAMPBELL. ON FEBRUARY 3, 1981 WE WERE ASSURED BY MR. CAMPBELL THAT HE AND THE FRAUD INVESTIGATOR, MR. JACK ROBERTS WOULD INSTITUTE A FULL SCALE INVESTIGATION. AFTER MONTHS OF FOOT DRAGGING AND LAME EXCUSES MR. CAMPBELL CONCLUDED HE COULD NOT FIND EVIDENCE TO SUPPORT CRIMINAL PROSECUTION. BETWEEN HE AND MR. ROBERTS, THEY HAD BEEN UNABLE TO OVERCOME SUCH PROBLEMS AS: NOT BEING ABLE TO FIND THE GOVERNMENT WORK CONTRACTS WITH THE EMPLOYEES, NOT BEING SURE THAT THE BLM HAD NOT TRULY RUN OUT OF FUNDS, NOT BEING ABLE TO FIND OUT WHICH EMPLOYEES HAD APPLIED FOR BENEFITS, NOT BEING ABLE TO DETERMINE WHETHER THE MANAGER OF THE LEWISTOWN OFFICE OF THE STATE EMPLOYMENT SECURITY DIVISION OR THE MANAGER OF THE LOCAL BLM HAD LIED UNDER OATH AS THEY HAD GIVEN CONFLICTING TESTIMONY RELATIVE TO THE SIGNING UP OF THE FEDERAL EMPLOYEES AND WHERE.

THESE ITEMS WERE BROUGHT TO THE ATTENTION OF MR. ROBERT CAMPBELL IN A LETTER FROM ME DATED APRIL 23, 1981. I HAVE YET TO RECEIVE A REPLY TO THAT LETTER.

ON AUGUST 11, 1982 THE ASSOCIATE SOLICITOR FOR THE INSPECTOR GENERAL OF THE U. S. DEPARTMENT OF INTERIOR STATED THAT - - - " I AM INFORMED - - - BY LAWYERS IN THE MONTANA EMPLOYMENT SECURITY OFFICE - - - THAT UNDER MONTANA LAW A FURLOUGHED BLM EMPLOYEE CAN COLLECT UNEMPLOYMENT BENEFITS EVEN IF HE WILL BE RETURNING TO WORK FULL TIME WITHIN A SHORT PERIOD". NO STATE STATUTE WAS QUOTED AND AS THIS WAS AN ATTORNEY FOR THE STATE IT WAS ACCEPTED AS FACT. EVEN THOUGH THIS IS IN CONFLICT WITH SECTION 2 OF FORM 1930-311-153/5318 WHICH REQUIRES THAT ALL STATES UNEMPLOYMENT INSURANCE LAWS REQUIRE AN APPLICANT FOR BENEFITS BE "UNEMPLOYED, ABLE TO WORK AND AVAILABLE FOR ANY SUITABLE WORK", HE FELT THIS MATTER SHOULD BE HANDLED BY THE STATE'S AUTHORITIES. AT THIS TIME, NO ACTION IS BEING TAKEN.

WHEN WE ARE DISCUSSING MILLIONS OF DOLLARS OF FUNDS THAT COULD BE VERY WELL USED FOR TRULY NEEDY UNEMPLOYED IN THE STATE OF MONTANA, I THINK THE HANDLING OF THIS FRAUD IS INEXCUSIBLE. THIS DIVISION DEFINITELY NEEDS THE STUDY RECOMMENDED IN HJR 7.

	1978 State Appraisal	Appraisal Unknown Source	Purchase Price	Factor	Unexplained Difference
Building & Land - East Main	\$43,091	\$87,000	\$87,000	2.02	
Land - West Main	18,530	252,900 %	270,883 <i>186,000</i>	14.62	\$17,983
My Home, Shop & Land - 2½ acres	\$30,155 *	\$62,500 #	\$86,600 @	2.07 & 2.87	
			\$76,000 ¢	2.52	

* State Assessed Value
 # Appraisal by Michaela Shyne June 1977
 @ Appraisal by Northwest Appraisal Oct. 1980
 ¢ Less appraiser's evaluation of depreciation.
 % Bozeman Realtor "Opinion of Value"



JAMES W. MURRY
EXECUTIVE SECRETARY

Box 1176, Helena, Montana

ZIP CODE 59624
406/442-1708

TESTIMONY OF JAMES W. MURRY, ON HJR 7, BEFORE THE HOUSE COMMITTEE ON LABOR
AND INDUSTRY, JANUARY 24, 1983

I am Jim Murry, Executive Secretary of the Montana State AFL-CIO. I am here to speak in opposition to HJR 7, which requests a comprehensive study of the administration and operation of the Unemployment Insurance Division of the Department of Labor and Industry.

We do not disagree that "questions about the procedures, operations and administration of the Unemployment Insurance Division should receive the fullest and closest scrutiny and public review and comment", as is stated in the resolution. Legislators should be fully cognizant of what goes on in state agencies. We understand a particular concern with the Unemployment Insurance Division since it is now providing the state's biggest payroll with the payment of unemployment insurance benefits.

We oppose the study because it is unnecessary, redundant and costly. The Governor's Council on Management has just made an exhaustive study of state government, including of course, the Unemployment Insurance Division. This Council was composed of management specialists from the private sector, with the advice and coordination of a public sector management firm. The Council studied the Unemployment Insurance Division and made a number of recommendations, most of which are being implemented. The Council also observed: "A dedicated staff performs assigned tasks efficiently."

In addition, a two year legislative audit has just been completed on the Division, with results to come out in approximately two weeks. The bill for the last legislative audit was for between \$90,000 and \$100,000.

With over 37,000 Montanans unemployed, and further reductions in social programs proposed, we believe that spending money on an additional study of the Unemployment Insurance Division is unconscionable. Every dollar available should be going to provide for essential needs, not for useless studies.

Unemployed workers are out of a job through no fault of their own. They are out of a job because of President Reagan's economic policies. Those policies have slowed inflation down to the lowest rate in 11 years, but it is the workers, the elderly, the handicapped and the needy who have paid the price. The President has made them front-line inflation fighters, and the price is too high.

We urge you to oppose wasting state funds on another unneeded study by voting against HJR 7.

Thank you.

WITNESS STATEMENT

Name Jim Dundas Committee On LABOR
Address Box 673, THREE FORKS MT. Date 1/24/83
Representing UNITED CEMENT, LIME, GYPSUM
ALLIED WORKERS LOCAL #239 Support _____
Bill No. HJR 7 Oppose X
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1.

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

Ex. 7

TESTIMONY OF JIM DUNDAS, BEFORE THE HOUSE COMMITTEE ON LABOR AND INDUSTRY
ON HJR 7, JANUARY 24, 1983

My name is Jim Dundas and I am the Secretary of the United Cement, Lime, Gypsum & Allied Workers, Local #239 in Three Forks. I want to tell you that our members are opposed to House Joint Resolution 7. ~~The sponsors of this resolution want to have a study made of the Unemployment Insurance Division.~~

WE CONCUR WITH MR. MURRAY'S TESTIMONY.

~~In our opinion, there is nothing wrong with the way the Division is operating or is administered. The problems we are experiencing, like the trust fund going broke, are the result of the Reagan recession, not of the way the Division is run. A study will cost money at a time when funds are very tight. That money could best be used to help unemployed workers.~~

~~Besides, Governor Schwinden just had his Council on Management make a study of the Unemployment Insurance Division. Their findings and their recommendations are available to the legislature and to the public. Anyone who is interested in how the Division is doing can read that study. We do not need another one.~~

~~We ask that you vote against House Joint Resolution 7 and save us all some money.~~

~~Thank you.~~

Bob Marks

EX 28

AN ACT TO AMEND 7-4-2617, M.C.A. 1979 TO REQUIRE THAT DOCUMENTS EXECUTED AFTER JANUARY 1, 1984 AND SUBMITTED FOR RECORDING BE LEGIBLE AND LEGIBLY REPRODUCABLE.

7-4-2617. Procedure to record documents. (1) When any instrument, paper or notice executed after January 1, 1984 authorized by law to be recorded is deposited for record in the office of the county clerk, as ex officio recorder, the printed written or typed words must be considered legible and legibly reproducible by the recorder before the instrument, paper or notice will be accepted for recording. Upon determination of legibility and the payment of the required fee, he must endorse upon the same, the time it is received, noting the year, month, day, hour and minute of its reception and the reception of the instrument must be immediately entered in the county clerk and recorder's reception book.

William J. Feeley
1125 30th Street West, Billings, Montana

NORTH BANK OF BILLINGS,

January 25, 1979

Phillip H. Lahner and Shirley Ann Lahner
17901 Park Lane, Livonia, Michigan 48152

Yellowstone

Township 5 North, Range 31 East, of the Principal Meridian, Yellowstone County, Montana.

Section 1: That part of farm Unit "A" described as Lot 2.

Section 2: That part of farm Unit "A" described as Lots 21 and 22. Farm Unit "H" described as Lots 3 and 19.

Section 2: Lots 18 and 20.

EXCEPTING, however, a tract of land in Lot 2 of Section 1, Township 5 North, Range 31 East, of the Principal Meridian, Yellowstone County, Montana, more particularly described as follows:

All that land in the said Lot 2 lying South of the Southeasterly right of way line of the Northern Pacific Railway as said Northern Pacific Railway is now constructed.

TOGETHER WITH all and singular, the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.

10,000.00

Bank, and the Bank shall have all of the following rights and powers, which are cumulative and not alternative:

(1) To take possession of the property, and upon payment of the amount of the purchase price payable pursuant to the contract, to transfer the same to the escrow holder provided the escrow holder, and the Assignor agrees to execute such documents as may be required by the Bank and the escrow holder to effect the transfer of all the interest in the above described real property.

(2) To take possession of the property, and upon payment of the amount of the purchase price payable pursuant to the contract, to transfer the same to the escrow holder provided the escrow holder, and the Assignor agrees to execute such documents as may be required by the Bank and the escrow holder to effect the transfer of all the interest in the above described real property.

(3) To take possession of the property, and upon payment of the amount of the purchase price payable pursuant to the contract, to transfer the same to the escrow holder provided the escrow holder, and the Assignor agrees to execute such documents as may be required by the Bank and the escrow holder to effect the transfer of all the interest in the above described real property.

16th

March

81.

X William P. Feltz

Attest:

16th

March

81

, before me,

appeared

William J. Feeley

, known to me to be

the person who was

in

Shirley A. Anderson

Notary Public for the State of M.

Billings, Montana
 26 9/1981

(12)

RECORDS OF DEEDS FOR
AND THE COUNTY RECORDS

SECTION 2. FINDER

50

RECORDS OF DEEDS

1226 REC 428

STATE OF MONTANA } ss.
County of Yellowstone

I hereby certify that the within instrument was filed in my office for record on this 20th day of March 1921 at 2:25 o'clock P.M. and is duly recorded in Book 1226 of 4 on Page 423

Witness my hand and official seal

RENEE L. FARMER

County Recorder.

By [Signature] Deputy
of

Witness To: Western Bank
1000 2209 Central Ave.
Billings, MT 59102

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/449-3122



ROBERT R. RINGWOOD
LEGISLATIVE AUDITOR

November 23, 1982

DEPUTY LEGISLATIVE AUDITORS:

JAMES H. GILLET
FINANCIAL/COMPLIANCE
AND CONTRACTED AUDITS

SCOTT A. SEACAT
PERFORMANCE/SUNSET AUDITS

STAFF LEGAL COUNSEL
JOHN W. NORTHEY

Warren Stone
10 Tower Road
Belgrade, Montana 59714

Dear Mr. Stone:

Enclosed please find copy of warrant number 335714, dated March 12, 1979, in the amount of \$183,883.00. Also enclosed is a copy of Transfer Warrant Claim 2471.

If I can provide further information, please call.

Sincerely,

Robert R. Ringwood
Robert R. Ringwood
Legislative Auditor

Enclosures

STATE OF MONTANA - STATE AUDITOR

No. 335714

107333-03-12-79 GC2671 600183,883.00 335714

YOUR BUSINESS BOOK DATE

MY TO THE ORDER OF

DONALD J. DECASSE & FIRST NATIONAL BANK OF BOZEMAN 600183,883.00

EMPLOYMENT SECURITY DIVISION

60018388300

TABLE

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PAYABLE TO
(Payee name is limited to 30 characters.)

CASH IN THE TREASURY

MAR 07 1979

335714-113

MULTIPLE VENDOR
WARRANT SOURCE RECORD PREPARED

TRANSFER FROM DATA

[illegible]

Recorded Only With Transfer To

This claim is approved for the sum indicated. It is mathematically and clerically correct.

continued" in total block if supplement is used. (Total does not necessarily agree with warrant total.)

HOUSE JOINT RESOLUTION NO. 58

INTRODUCED BY NOROTVEOT, SALES, ELLERD, WALLIN

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA URGING THE EMPLOYMENT SECURITY DIVISION TO LEASE OR PURCHASE NECESSARY OFFICE SPACE IN BOZEMAN AT THE LEAST POSSIBLE COST CONSISTENT WITH ITS NEEDS AND TO SELL THE EXPENSIVE LAND WHICH IT HAS ALREADY PURCHASED.

WHEREAS, Montana citizens, because of chronic inflation, the economic slowdown, and a growing tax burden, are facing a period of economic austerity; and

WHEREAS, in March 1979, the Montana Employment Security Division purchased one of the most expensive commercial building sites in Bozeman, located at 19th Avenue and Main Street; and

WHEREAS, the Employment Security Division intends to construct an expensive office building at this site; and

WHEREAS, these actions will result in such property being taken off the property tax rolls, with an ensuing loss of local property taxes amounting to as much as \$15,000 annually; and

WHEREAS, there is much commercial space available for lease or sale in Bozeman that would cost the Employment

Security Division substantially less; and

WHEREAS, Montanans rightfully expect their government to be fiscally prudent and responsible.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Employment Security Division is strongly urged to cease its planning and work on the Bozeman construction project and to sell the acquired land back to the private sector in an orderly end-profitable manner.

BE IT FURTHER RESOLVED, that the Employment Security Division is strongly urged to lease or purchase its office space at the least possible cost consistent with its needs.

-End-

Section 9. Land acquisition appropriation. The following money is appropriated from the indicated accounts for the purposes of land acquisition to the director of the Department of Fish and Game:

Fishing Access Acquisition	
Fish and Game, ERA	1,000,000
Fish and Game Recreation, FPRA	1,000,000
Big Game Habitat Acquisitions	
Fish and Game, ERA	300,000
Fish and Game, FPRA	300,000

Section 10. Appropriation of proceeds from the sale of long-range building bonds. The following money is appropriated from the BPICA to the director of the Department of Administration, contingent upon the authorization of the sale of long-range building bonds by the Legislature as provided in 17-5-402 and 17-5-403, MCA, and the sale of the bonds by the State Board of Examiners:

Construct Justice and State Library Building	6,200,000	
Construct Library, NMC	2,302,000	
Construct Addition, Kalispell Job Service Office	350,000	
Construct Bozeman Job Service Office	880,000	
Construct 40-Bed Cottage, School for Deaf and Blind	717,000	105,000
The appropriation of other funds is from account 09601.		
Remodel Gym for Laboratories and Classrooms, MCMST	1,400,000	

Section 11. Appropriation. There is appropriated to the department of fish and game \$265,000 from BPICA in full settlement of all the obligations of the department under the Montana supreme court decision in cause number 14086, and in full settlement of all the obligations of the department relating to operation and maintenance of a tram and railway under a contract entered into June 15, 1946, and a supplemental agreement entered into March 30, 1950, between the Montana state park commission and Link Brothers, Concessionaires.

Section 12. Authorization of geothermal development at Warm Springs state hospital. The department of institutions is authorized to enter into contracts for the development of geothermal energy research facilities at Warm Springs state hospital. No facilities may be constructed or modified without the express approval of the department of administration.

Section 13. 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 14. ~~Effective Date. This act is effective on passage and approval~~

~~Approved May 14, 1979~~

HOUSE BILL NO. 483

AN ACT APPROPRIATING MONEY TO VARIOUS STATE AGENCIES FOR THE BIENNIUM ENDING JUNE 30, 1981; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Be it enacted by the Legislature of the State of Montana:

Section 1. **Title.** This act may be cited as the "General Appropriations Act of 1979".

Section 2. **Definitions.** For the purposes of this act, unless otherwise stated:

(1) "Agency" means each state office, department, division, board, commission, council, committee, institution, university unit, or other entity or instrumentality of the executive branch, office of the judicial branch, or office of the legislative branch of state government.

(2) "Approving authority" means the governor or his designated representative for executive branch agencies; the chief justice of the supreme court for judicial branch agencies; appropriate legislative committees for legislative branch agencies; or the board of regents for the university system.

(3) "University system unit" means the board of regents, office of the commissioner of higher education, the university of Montana at Missoula, Montana state university at Bozeman, Montana college of mineral science and technology at Butte, eastern Montana college at Billings, northern Montana college at Havre, western Montana college at Dillon, the agricultural experiment station with central offices at Bozeman, the cooperative extension service with central office at Bozeman, or the bureau of mines and geology with central office at Butte.

Section 3. **Budget amendments.** The approving authority may approve a budget amendment to spend funds that were not available for consideration by the legislature but have become available from a source other than the state's general fund or earmarked revenue fund and other than receipts to the state from the United States government made available under provisions of P.L. 94-488, the federal Revenue Sharing Extension Act or any extension or modification of that act. Each budget amendment shall be submitted to the budget director and the office of legislative fiscal analyst.

WARRANTY DEED

FILM 30 MAR 1971

For Value Received DONALD J. DECOSSE, VERONICA C. DECOSSE, and JAMES W. DECOSSE, 1209 So. 3rd, Bozeman, Montana

the grantor s, do hereby grant, bargain, sell, convey and confirm unto STATE OF MONTANA acting by and for THE MONTANA EMPLOYMENT SECURITY DIVISION (formerly Unemployment Compensation Commission of Montana) Helena, Montana 59601

the grantee, the following described premises, in Gallatin County, Montana, to wit:

EXHIBIT "A"

Tract E of Minor Subdivision Number 19, a tract of land in the Northeast quarter of Section 11, Township 2 South, Range 5 East, Montana Principal Meridian, City of Bozeman, Gallatin County, Montana, according to the official plat thereof on file and of record in the office of the County Clerk and Recorder in Gallatin County, Montana.

TOGETHER with the right to the use of an access road easement to above described property across Tracts C and D of above referred to Minor Subdivision.

The 63.50 foot access road and parking easement along the north line of Tracts C and D shall be utilized as follows:

The southerly 28 feet of the easement area along with the 40 foot driveway entrance as shown on the Minor Subdivision No. 19 shall be used for non-exclusive ingress and egress for Lessee and the occupants of Tracts A, B and E for the benefit of Tracts A, B, C, D and E.

The length of the 40 foot wide drive way entrance may be lengthened or shortened so as to intersect with the above 28 foot wide driveway.

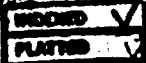
SUBJECT to all existing easements upon, over and across the property.

TO HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantee, its heirs and assigns forever, And the said Grantor s do hereby covenant to and with the said Grantee, that t hey are the owners in fee simple of said premises; that they are free from all incumbrances

and that they will warrant and defend the same from all lawful claims whatsoever.

WITNESSED March 13, 1971

Donald J. Decosse



Veronica C. Decosse

James W. Decosse

STATE OF MONTANA, COUNTY OF Gallatin

on this 13th day of March, 1971

before me, a notary public in and for said State, personally appeared

Donald J. Decosse, Veronica

Decosse, James W. Decosse

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 13th day of March, 1971.

Notary Public

STATE OF MONTANA, COUNTY OF Gallatin

I hereby certify that this instrument was duly recorded at the request of

at 1:55 p.m. on this 13th day of March, 1971

in my office, and duly recorded in Book 50

of Deeds at page 321

Notary Public

County Clerk and Recorder

Carlyle M. Taylor

Bozeman, MT

Cancelled Warrant
Completing Job Service Land Transaction

~~Note
a/c 07300
something to South
Fed. money.
This needs cleared out.~~



IDENTIFICATION PROCEDURE
When issuing this warrant for the individual
named, you must require full identification
and substantiate your presence, as stated
against evidence may otherwise result.

3337 02203
Kathy C. Gore
PARKER PIA

UNITED STATES OF AMERICA
FIRST NATIONAL BANK IN COMMERCE
AT
HELENA
973.0226-7

VIA President
MAY 19 79

Page 2.

In paragraph 4 THE AUDITORS IDENTIFY THE FACT THAT WITHIN THE \$880,000 BUDGET ESTABLISHED FOR THE PURPOSE OF CONSTRUCTING A JOB SERVICE BUILDING, THERE WAS \$105,000 SPECIFIC FOR THE ACQUISITION OF LAND. NOWHERE IN THIS LETTER ~~DOES~~ THE AUDITORS POINT OUT THE FACT THAT ~~\$/\$/~~ \$270,883 WAS THE TRANSACTED SALE PRICE OF THE LAND. NOWHERE IN THE AUDITOR'S LETTER DOES HE POINT OUT THAT AN AMOUNT, \$165,883 ^{was} in EXCESS OF THAT WHICH WAS APPROPRIATED BY THE LEGISLATURE. THIS IS CLEARLY A VIOLATION OF M.C.A. 17-8-103 WHICH READS("1) IT SHALL BE UNLAWFUL FOR THE ... BUREAU ... TO ... PERMIT THE INCURRING OF ANY OBLIGATION WHATSOEVER, IN ANY ONE YEAR, IN EXCESS OF THE LEGISLATIVE APPROPRIATION" AND"(2) IT SHALL BE THE DUTY OF ALL ... BUREAUS TO KEEP SUCH EXPENDITURES, OBLIGATIONS, AND LIABILITIES WITHIN THE AMOUNT OF SUCH LEGISLATIVE APPROPRIATION"

M.C.A., 17-8-104 ESTABLISHING PERSONAL LIABILITY FOR THOSE INDIVIDUALS ^{who} ~~WHICH~~ VIOLATE THE ABOVE LAWS. SUCH PENALTIES INCLUDE a FINE \$50 - \$500, imprisonment 30 days to 6 months, REPAYMENT OF UNEXPENDED FUNDS, AND REMOVAL FROM OFFICE. I SUBMIT THAT IF NOTHING IS DONE TO CORRECT THIS SITUATION EXCEPT TO TIGHTEN UP THE LAWS SOMEWHAT, THEN JUSTICE HAS NOT BEEN SERVED. PEOPLE HAVE NOT BEEN SERVED. YOU, THE LEGISLATURE, HAVE NOT FULFILLED YOUR OBLIGATION.

*And this kind of situation will continue to occur throughout
cont.*



State of Montana
Dept. of Labor & Industry

Employment
Security
Division

P.O. Box 1728 • Helena, Montana 59624
Phones: Job Insurance (406) 449-3834
Job Service (406) 449-4500

August 17, 1981

Mr. Warren Stone
10 Tower Road
Belgrade, Montana 59714

Dear Mr. Stone:

I am enclosing a copy of the check plus the endorsement made out to Donald J. Decosse and the First National Bank of Bozeman in the amount of \$183,883.00 dated March 12, 1979.

In addition to this amount, the former Job Service Office building appraised at \$87,000.00 was the down payment in the initial purchase of the lot making the total purchase price of the present property of approximately \$270,883.00.

The Board of Land Commissioners rejected all proposed cash and trade suggestions and we will keep the present property until next spring when we will review the options available.

Sincerely,

ROBERT J. CAMPBELL, Attorney
Department of Labor and Industry

RJC/sb
Enclosure

Received

8-18-81

new Report + Bonnell quote \$ 271,500
check plus buildings 270,883
\$ 617 difference

appraised by whom?

expenditures are made and accounted for in accordance with the budget plan authorized by the legislature in the enactment of the appropriations, including but not limited to procedures to accrue expenses incurred in one fiscal period and paid in a subsequent fiscal period and procedures for the issuance of purchase orders or contracts to be paid from succeeding year appropriations that will become available within 3 months from the date of the issuance of the purchase order or contract.

(2) The budget director may, when authorized by the governor, require a quarterly allotment system of expenditure for any office, institution, or agency. The amount of the respective appropriation made by the legislature shall then, except with respect to items of capital outlay and repairs and replacement through the long-range building program, be made available to the office, institution, or agency in quarterly allotments. However, the quarterly allotment shall be based on the requirements of that office, institution, or agency during that quarter based on previous experience of that office, institution, or agency and not on a prorated quarterly basis.

History: En. Sec. 4, Ch. 194, L. 1951; amd. Sec. 1, Ch. 101, L. 1953; amd. Sec. 8, Ch. 158, L. 1959; amd. Sec. 3, Ch. 267, L. 1971; amd. Sec. 45, Ch. 326, L. 1974; R.C.M. 1947, 82-109(3), (4); (2)En. Sec. 1, Ch. 118, L. 1979; amd. Sec. 2, Ch. 118, L. 1979.

17-8-103. Limit on expenditures. (1) It shall be unlawful for the board of trustees, executive board, managerial staff, president, deans and faculty, or any other authority of any state institution maintained in whole or in part by the state or any officer, department, board, commission, or bureau, having charge of the disbursement or expenditure of the income provided by legislative appropriation or otherwise, to expend, contract for the expenditure, or to incur or permit the incurring of any obligation whatsoever, in any one year, in excess of the legislative appropriation or authorized budget amendment provided for such year or for any supervisory board or authority either directly or indirectly to authorize, direct, or order any such institution, officer, department, board, commission, or bureau to increase any expenditures, except as specifically provided by law.

(2) It shall be and is hereby made the duty of any and all of such institutions, officers, departments, boards, commissions, and bureaus to keep such expenditures, obligations, and liabilities within the amount of such legislative appropriation or authorized budget amendment.

History: En. Sec. 1, Ch. 40, L. 1937; amd. Sec. 2, Ch. 82, L. 1961; amd. Sec. 11, Ch. 343, L. 1977; R.C.M. 1947, 79-901; amd. Sec. 1, Ch. 618, L. 1979.

17-8-104. Penalty for violation. Any authority or member of a board of trustees or any person, officer, or employee violating the provisions of 17-8-103 shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not less than \$50 or more than \$500 or imprisoned in the county jail for not less than 30 days or more than 6 months or by both such fine and imprisonment; and in addition thereto, said authority, member, person, officer, or employee shall be personally liable and the surety or sureties on his bond shall also be liable to the state for the amount of the excess thus unlawfully expended, and said authority, member, person, or officer shall be guilty of misfeasance in office, and such employee shall be guilty of wrongdoing, and each shall be subject to removal from office or from such employment, upon complaint of the attorney general or of any taxpayer filed

in a district court of
accordance with law.

History: En. Sec. 4, Ch. 194, L. 1951; amd. Sec. 2, Ch. 618, L. 1979.

*Shaw's
get this page* ↗

17-8-201. Authority to department. Disbursements shall be kept by the agency of disbursement must be must bear the signature

(2) The department writing, rules governing All claims shall be pro disapproved by the d with an explanation in

History: (1)En. Sec. 1, Ch. 194, L. 1951; (2)En. Sec. 3, Ch. 97, L. 196 1947, 82-109.1, 82-109.3.

17-8-202. Preau mittal of unliquida not required to preau state agencies shall sul tration which may pre shall retain the origi documents are subject

(2) The departmen unless the balance of appropriation is availa ment shall audit it and presentation to the leg

(3) An unliquidate mitted to the board of

History: En. Sec. 2, Ch. 196; amd. Sec. 47, Ch. 326, L.

17-8-203. Minim the department may e refund due from the v to less than the establ written request of the p

History: En. Sec. 6, Ch. 196; amd. Sec. 4, Ch. 268, L.

17-8-204 through

17-8-211. Notice state. (1) All transfers

Office of the Legislative Auditor



STATE OF MONTANA
 HELLENA, MONTANA 59620
 (406) 596-3122

JAMES H. GILLETT, C.P.A.
 ACTING LEGISLATIVE AUDITOR

October 6, 1981

JOHN W. NORTHEY
 STAFF LEGAL COUNSEL

Representative Norm Wallin
 2422 Springcreek Dr.
 Bozeman, MT 59715

Dear Representative Wallin:

In response to your letter dated September 2, 1981, we reviewed the Employment Security Division (ESD), Department of Labor and Industry, land purchase in Bozeman. We have compiled the following information.

1. The Board of Land Commissioners authorized the land purchase on January 15, 1979 subject to final approval by the Attorney General. The Attorney General gave his approval on February 23, 1979. The approval for the land purchase was in accordance with the applicable state statutes. (Montana Codes Annotated - 39-51-308, 77-2-203 through 205, 77-2-301, 77-2-302, 77-2-308. Administrative Rules of Montana - 26.2-301.)

See also
 39-51-406

2. ESD used funds from their penalty and interest moneys to purchase the property. Penalty and interest moneys are part of the unemployment insurance administrative account which may be used to purchase such equipment, supplies, and real property as deemed necessary. The balance in the account cannot lapse but is continuously available to ESD. Therefore, this use of penalty and interest moneys is in accordance with the statutes governing the fund. (Montana Codes Annotated - 17-8-101(1), 39-51-406.)

also see
 17-8-103
 17-8-104

3. No specific legislative authorization or appropriation for the purchase of the land exists. However, specific authorization or appropriation is not required as determined in 1 and 2 above. A Long Range Building Program - Capital Project Request was submitted on June 28, 1978. The requested \$880,000 was appropriated for the construction of the new Bozeman Job Service office in House Bill 417 (effective May 7, 1979) of the 46th Legislature. The appropriation was contingent upon the authorization and sale of long range building bonds.

check
 1 & 2
 but it is
 required by
 1970 Constitution

not true - Bills do not
 become law until signed
 by Governor.

Art VIII,
 Sec. 14

Submitted
 by whom?
 4-28

4. The land was incorporated with the proposed building construction under the Long Range Building Program through the appropriation mentioned in 3 above. The breakdown of the estimated cost of the project as listed on the Long Range Building Program - Capital Project Request is:

Land acquisition	\$105,000 *
Site survey	2,000
Soil testing	3,000
Other	2,000
Construction cost	617,000
Architectural/Engineering Fees	55,000
Utilities	15,000
Landscaping & site development	15,000
Contingencies	65,500
Total cost	<u>\$880,000</u>
(Federal & Private Revenue Funds)	

5. The large difference between the appraisal at the time of the purchase and the appraisal at the time of attempted resale was attributed to the following:

- a. When the appraisal for the attempted resale was completed (June 1981) money market conditions were down and interest rates were high as compared to conditions existing when the land was purchased two years earlier (March 1979). These conditions would tend to lower the value of the property.
- b. The value of the property at the time of purchase was based on an "opinion of value" and not a full appraisal. An opinion of value involves a minimal study of market values of similar property sold within the area as compared to the more intense study of a full appraisal. An appraisal analyzes the data gathered using three generally accepted methods of analysis. The appraiser then computes the appraised value based on these methods. The end result is an appraisal certificate which includes the appraised value and the appraiser's signature. The value resulting from an opinion of value is based on the valuer's study. This study does not utilize the above mentioned methods of analysis and is in the end only the valuer's opinion.
- c. The opinion of value of the purchased property was based on subdividing the property into two lots to maximize value. The lots were valued separately at \$131,500 and \$121,400 for a total sales price of \$252,900. (There is no documented explanation for the \$18,933 difference between the purchase price and the opinion of value.)

Violation here

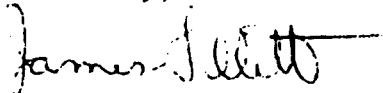
252,900
18,933

We identified additional information concerning the transaction which appears relevant to state land purchases and construction projects.

1. In the proposed sale of the property it may be to the state's advantage to subdivide the property into two lots. Each lot could be sold and/or traded for another more suitable lot or building.
2. The old state building was included in the original exchange for the lot because the federal government would accept the exchange with the appraised value of the old building becoming their interest in the basis of the purchased land (and future building). If the old building was sold outright and the proceeds were not applied to another office site or building, the federal government would require the state to reimburse to them the federal equity in the building. The potential loss (reimbursement) of federal funds in this manner should be considered when the state tries to sell the lot. The potential loss would probably be the \$43,288 of federal equity in the traded land and building.
3. The Board of Land Commissioners and the Employment Security Division did not require an independent appraisal nor do the state statutes require an appraisal for such purchases. It was apparent after reviewing this purchase transaction that an appraisal for the state may have shown the value of the land to be less than the \$271,833 purchase price. A statute requiring the board to obtain a satisfactory appraisal before approving such purchases may prevent such problems from occurring in the future.
4. Because of the questions raised concerning the construction of a new building, the purchase of an existing building, or leasing an in-depth study and analysis of the various options available may be beneficial before a final decision is reached. Possible future budget and personnel cuts in the employment services program is a factor to consider in any study and analysis completed.

If you have any further questions on this matter or if we may be of further assistance contact me at your convenience.

Sincerely,



James Gillett
Acting Legislative Auditor

*violation
of*

77-1-301

*need for
new law*

HOUSE EMPLOYMENT RELATIONS COMMITTEE

DATE 1/24

[illegible]

1-83.

STANDING COMMITTEE REPORT

January 24,

83

19

MR. **SPEAKER:**

LABOR AND EMPLOYMENT RELATIONS

We, your committee on

having had under consideration **HOUSE** Bill No. **301**

First reading copy (**white**)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO COMPLY WITH FEDERAL REQUIREMENTS FOR DISQUALIFICATION FOR FAILING TO SEEK WORK AND TO PROVIDE FOR FEDERAL MINIMUM DISQUALIFICATIONS IN THE CASE OF EXTENDED BENEFITS; AMENDING SECTION 39-51-2508, MCA."

Respectfully report as follows: That **HOUSE** Bill No. **301**

DO-PASS

STANDING COMMITTEE REPORT

January 24, 1983

MR. **SPEAKER:**

We, your committee on **LABOR AND EMPLOYMENT RELATIONS**

having had under consideration **HOUSE** Bill No. **302**

First reading copy (**white**)
color

**A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE DEPARTMENT OF
LABOR AND INDUSTRY TO BORROW MONEY FROM THE FEDERAL UNEMPLOYMENT TRUST
FUND AND PROVIDING FOR THE PAYMENT OF INTEREST ON THE BORROWED MONEY.**

HOUSE **302**

Respectfully report as follows: That..... Bill No.....

DO PASS

STATE PUB. CO.
Helena, Mont.

NEL BYSTANS

Chairman.

COMMITTEE SECRETARY