

SELECT COMMITTEE ON ECONOMIC DEVELOPMENT

HOUSE OF REPRESENTATIVES

48TH LEGISLATURE

ATTENDANCE

DATE: February 19, 1983 Executive Session

ROOM: Old Supreme Crt. Chambers

	PRESENT	ABSENT	OTHER
VINCENT, John - Chairman	X		
SCHYE, Ted - Vice-Chairman	X		
ASAY, Tom	X		
DARKO, Paula	X		
FABREGA, Jay	X		
FAGG, Harrison	X		
HANSEN, Stella Jean	X		
HARPER, Hal	X		
HARRINGTON, Dan	X		
METCALF, Jerry	X		
NEUMAN, Ted	X		
RAMIREZ, Jack	X		
VINGER, Orren	X		

EXECUTIVE SESSION OF SELECT COMMITTEE ON
ECONOMIC DEVELOPMENT - FEBRUARY 19, 1983

CHAIRMAN VINCENT called the meeting to order at 6:00 a.m. on Saturday, February 19th, in Room 325, the former Supreme Court chambers. All members were present with the exception of Representative Harper.

DISPOSITION OF HOUSE BILL 832

FABREGA moved to amend bill as follows:

- (1) Page 2, line 20
Strike: "removing the restriction on"
Insert: "allowing the"

- (2) Page 2, line 24
Strike: "removing the restriction on"
Insert: "allowing the"

Motion carried unanimously.

Legislative Researcher Greg Petesch brought up that in Section 3 the year 1983 for the general election was put in because it means state biennial year, but should be 1984.

FABREGA moved to amend:

- (1) Page 2, line 18
Strike: "1983"
Insert: "1984"

Motion carried unanimously.

VINCENT moved that the title be amended to coordinate with amended ballot language:

- (1) Page 1, lines 7 and 8
Strike: "REMOVE THE RESTRICTION ON"
Insert: "ALLOW THE"

- (2) Page 1, line 9
Following: "AND"
Insert: "ELIMINATING"

Motion carried unanimously.

RAMIREZ moved the following amendment to include investment of public funds:

- (1) Page 21, line 21
Following: "~~steek-~~"
Insert: "Public funds may be invested in corporate capital stock."

Motion carried unanimously.

Representative Harper arrived at 6:35 a.m.

FABREGA moved that House Bill 832, AS AMENDED, DO PASS.

Motion carried unanimously.

DISPOSITION OF HOUSE BILL 733

METCALF moved the proposed amendments by Legislative Auditor:

- (1) Page 23, line 19
Following: "year"
Insert: "by or at the direction of the legislative auditor. The actual costs of the audit shall be paid from the board's funds"
- (2) Page 23, lines 20 through 22
Strike: subsection (2) in its entirety

Motion carried unanimously.

RAMIREZ moved to amend:

- (1) Page 5, line 6
Strike: "\$150,000"
Insert: "\$800,000"

HARPER spoke against the motion feeling this amount was too high and that the idea of economic package was to ease into these new programs. FABREGA recommended \$500,000 and RAMIREZ modified his motion to reflect this.

Motion carried. Harper voted against.

FABREGA moved to amend:

- (1) Page 5, line 10
Strike: "\$10"
Insert: "\$25"

Motion carried. Harper voted against.

FAGG suggested an effective date be attached to bill so won't have to wait until July 1st to implement the act established by the bill. FAGG moved that an immediate effective date be inserted in title and at end of bill, and that Greg Petesch be allowed to draft necessary language to reflect such.

Motion carried unanimously.

RAMIREZ suggested voting on the bill and then refer it to subcommittee for coordination of repetitive sections.

FABREGA moved that House Bill 733, AS AMENDED, DO PASS.

Motion carried unanimously.

DISPOSITION OF HOUSE BILL 721

HARPER moved proposed amendments by Legislative Auditor:

- (1) Page 24, line 2
Following: "year"
Insert: ", by or at the discretion of the legislative auditor. The actual costs of the audit shall be paid from the authority's funds"
- (2) Page 24, lines 3 through 5
Strike: subsection (2) in its entirety

Motion carried unanimously.

Greg Petesch explained proposed amendments by the Montana Hospital Association. Please see attached Exhibit A.

FABREGA moved the package of amendments. Ken Rutledge, Lobbyist for Hospital Association, and Gary Buchanan, Director of Commerce, were asked some questions. Buchanan expressed concern about having staff be part of state pay plan because at some point the staff will be attached to his Department.

Motion carried. Ramirez voted against.

It was determined a fiscal note would be required to be attached to the bill.

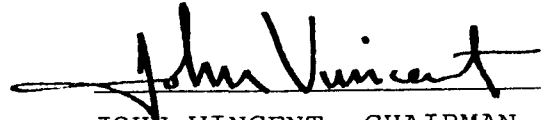
FAGG proposed the following amendment:


- (1) Page 4, lines 2 and 3
Strike: "other health care facility"
Insert: "facilities for senior citizens, developmentally disabled and the handicapped"

HARPER spoke against the amendment. It was his opinion that these facilities are not health care facilities. HARRINGTON and VINGER were also opposed to the amendment. More discussion was held on what constitutes a health care facility. FAGG suggested referring bill to sub-

committee to work on definition of a health care facility and to have Greg Petesch work on coordinating other parts of bill. The committee agreed to do this and took no further action on the bill.

CHAIRMAN VINCENT adjourned the meeting at 7:40 a.m.


JOHN VINCENT, CHAIRMAN


JOYCE ANDRUS, SECRETARY

PROPOSED AMENDMENTS TO HOUSE BILL 721 - MT HOSPITAL ASSOCIATION

- (1) Title, line 8
Following: "PROJECTS"
Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"
- (2) Page 1, line 12
Following: "is"
Strike: "a"
Insert: "created a public body corporate designated as the"
Following: "authority."
Insert: "This authority is constituted a public instrumen-
tality, and its exercise of the powers conferred
by (sections 2 through 26) shall be considered
and held to be the performance of an essential
public function."
- (3) Page 2, line 15
Following: "2-15-121."
Insert: "The authority may employ its own staff and personnel
and set their compensation as provided in (section
9)."
- (4) Page 7, line 5
Following: "adopt"
Strike: remainder of line 5
Insert: "policies and procedures"
- (5) Page 7, line 10
Following: "funds"
Insert: "obtained from the issuance of bonds and notes
which are"
- (6) Page 10, line 6
Following: "indebtedness."
Insert: "The interest, fees, and charges shall be deposited
to an earmarked revenue account to the credit of
the authority."
- (7) Page 10, lines 15 through 17
Following: line 14
Strike: lines 15 and 16 through "thereof." in line 17
- (8) Page 16, line 23
Following: "15."
Strike: "Findings before"
Insert: "Procedure for"
Following: "bonds."
Insert: "(1)"

- (9) Page 17, line 1
Following: "that"
Strike: remainder of line 1 through line 6
Insert: "such facility will enable or assist a health institution to fulfill its health care obligations.
(2) The resolution for the issuance of bonds or notes by the authority must provide that the proceeds of any bonds or notes may not be expended for any facility until such facility, if required by law, has been reviewed and approved by the appropriate regional and state health planning boards."
- (10) Page 18, line 16
Following: "of the"
Strike: "authority"
Insert: "health facility being financed"
- (11) Page 20, line 5
Following: line 4
Strike: "must"
Insert: "may"
- (12) Page 20, line 7
Strike: "must"
Insert: "may"
- (13) Page 20, line 10
Strike: "must"
Insert: "may"
- (14) Page 20, line 13
Strike: "must"
Insert: "may"
- (15) Page 24, line 18
Following: line 17
Insert: "Section 29. Effective date. This act is effective on passage and approval."

STANDING COMMITTEE REPORT

February 21

19 **83**

MR. **Speaker**

Select Economic Development
We, your committee on

having had under consideration **House** Bill No. **733**

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A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR CONSOLIDATED FINANCING OF LOCAL PUBLIC EXPENDITURES BY AUTHORIZING THE BOARD OF INVESTMENTS TO LEND MONEY TO MUNICIPALITIES OR OTHER PUBLIC BODIES THROUGH THE PURCHASE OF THEIR SECURITIES BY THE BOARD; TO AUTHORIZE THE BOARD TO RAISE MONEY FOR SUCH LOANS BY ISSUING ITS OWN BONDS AND NOTES PAYABLE OUT OF LOAN REPAYMENTS."

Respectfully report as follows: That **House** Bill No. **733**

BE AMENDED AS FOLLOWS:

- (1) **Title, line 10**
Following: **"REPAYMENTS"**
Insert: **"; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"**
- (2) **Page 5, line 6**
Strike: **"\$150,000"**
Insert: **"\$500,000"**
- (3) **Page 5, line 10**
Strike: **"\$10"**
Insert: **"\$25"**
- (4) **Page 23, line 19**
Following: **"year"**
Insert: **"by or at the direction of the legislative auditor. The actual costs of the audit shall be paid from the board's funds"**

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DO PASS

(4) (b) Page 23, line 13
Strike: "(1)"

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(5) Page 23, lines 20 through 22
Strike: subsection (2) in its entirety

(6) Page 25, line 7
Following: line 6

Insert: "Section 34. Municipal finance guaranty fund. (1) The board shall create a municipal finance guaranty fund. The fund must be held by a trustee or other fiduciary designated by the board. There must be deposited into the fund amounts, insurance fees, premiums, and such other revenues and assets as the board considers necessary to comply with any contract or agreement entered into by the board under (sections 1 through 29). The board may borrow from and deposit in the municipal finance guaranty fund up to \$2.5 million from any available state fund, including funds of the Montana board of housing.

(2) The amounts in the fund must be used to satisfy any claim resulting from a defaulted loan, lease, or other credit agreement. The amounts in the fund may also be used for any other purpose prescribed by the board in accordance with guaranty contracts with financial institutions entered into pursuant to (sections 1 through 29), including without limitation the protection of the interest of the board in projects during periods of delinquency or upon default.

(3) The minimum reserve requirement for the municipal finance guaranty fund must be such amount as may be provided in an agreement, resolution, or indenture with the holders of bonds issued under (sections 1 through 29), but not in excess of the aggregate annual payments due under the loans, leases, or other credit agreements guaranteed by the board. No loan, lease, or other credit agreement may be guaranteed by the board if the amount of money available in the municipal finance guaranty fund would be less than the minimum reserve requirement.

(4) In order to assure the maintenance of the municipal finance guaranty fund, the chairman of the board shall, on or before September 1 in each year preceding the convening of the legislature, deliver to the governor a certificate stating the sum, if any, required to restore the municipal finance guaranty fund to the minimum reserve requirement. The governor shall include in the executive budget submitted to the legislature the sum required to restore the municipal finance guaranty fund to the minimum reserve requirement.

(5) All amounts remitted to the board under this section constitute loans to the board and must be

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Chairman.

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repaid to the state treasury without interest from available operating revenues of the board in excess of amounts required for the guarantee of loans."

Renumber: subsequent sections

(7) Page 25, line 25

Following: line 24

Insert: "Section 37. Effective date. This act is effective on passage and approval."

AND AS AMENDED
DO PASS

WE, YOUR SELECT COMMITTEE ON ECONOMIC DEVELOPMENT, ATTACH TO HOUSE BILL 721, THE FOLLOWING:

STATEMENT OF INTENT

HOUSE BILL NO. 721

A statement of intent is required for this bill because it grants the Health Facility Authority the power to adopt rules to administer this chapter. The Legislature intends that these rules include:

- (1) procedural rules to govern the Authority;
- (2) procedures for assessing applications;
- (3) the establishment of fees to be charged by health institutions using the procedures of the authority; and
- (4) procedures for determining the eligibility of a facility.

The legislature declares that the purpose of this bill is health care cost containment. By making this bonding authority available, the legislature intends that health care costs will be contained by reducing the costs of facilities and equipment so that these savings may be passed on to consumers.

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STANDING COMMITTEE REPORT

February 21

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MR. **Speaker**.....

Select Economic Development
We, your committee on.....

having had under consideration **House**..... Bill No. **721**

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A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE A MONTANA HEALTH FACILITY AUTHORITY WITH POWER TO LEND MONEY TO HEALTH INSTITUTIONS TO CONSTRUCT OR RENOVATE HEALTH FACILITIES; AND EMPOWERING THE AUTHORITY TO ISSUE BONDS TO FINANCE ITS PROJECTS."

Respectfully report as follows: That..... **House**..... Bill No. **721**

BE AMENDED AS FOLLOWS:

- (1) **Title, line 3**
Following: "PROJECTS"
Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"
- (2) **Page 1, line 12**
Following: "is"
Strike: "a"
Insert: "created a public body corporate designated as the"
Following: "authority."
Insert: "This authority is constituted a public instrumentality, and its exercise of the powers conferred by (sections 2 through 26) shall be considered and held to be the performance of an essential public function."

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DO PASS

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- (3) Page 1, line 14
Following: "2-15-124."
Strike: remainder of line 14 through line 15 on page 2
Insert: "The board must be broadly representative of the state, seeking to balance professional expertise and public accountability.
(3) Members must be appointed within 60 days of the effective date of this act in accordance with the manner prescribed in 2-15-124.
(4) The board is designated as a quasi-judicial board for the purposes of 2-15-124.
(5) The board is allocated to the department of commerce for administrative purposes only as provided in 2-15-121. The board has authority over its own personnel as provided in section 9 ."
- (4) Page 3, line 13
Following: "institution"
Strike: remainder of line 13 through "and" on line 16
- (5) Page 3, line 17
Following: "such indebtedness"
Strike: remainder of line 17 through "incurred" on line 20
- (6) Page 3, line 25
Following: "Section 4."
Strike: rest of line 25 and lines 1 through 23 on page 4
Insert: "Eligible health facility. (1) Eligible health facility means any structure or building used as a hospital, clinic, nursing home, or other health care facility as defined in 50-5-101, MCA; center for developmentally disabled; center for the handicapped; chemical dependency treatment center; nursing school; medical teaching facility; laboratory; dental care facility; or other structure or facility related to any of the foregoing or required or useful for the operation of a health facility by a health institution. These related facilities include supporting service structures and all necessary, useful, and related equipment, furnishings, and appurtenances and include without limitation the acquisition, preparation, and development of all lands and real and personal property necessary or convenient as a site for any of the foregoing.
(2) An eligible health facility does not include such items as food, fuel, supplies, or other items that are customarily considered as current operating expenses; and eligible health facility does not include a structure used or to be used primarily for sectarian instruction or study or as a place for devotional activities or religious worship."
- (7) Page 7, line 10
Following: "funds"
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- (7) Page 7, line 10
Following: "funds"
Insert: "obtained from the issuance of bonds and notes which are"
- (8) Page 10, line 6
Following: "indebtedness."
Insert: "The interest, fees, and charges shall be deposited to an earmarked revenue account to the credit of the authority."
- (9) Page 10, lines 15 through 17
Following: line 14
Strike: lines 15 and 16 through "thereof." in line 17
- (10) Page 11, line 8
Following: "necessary"
Strike: line 8 through "compensation"
Insert: "Such employment and contracting must be done in consultation with the department."
- (11) Page 12, line 20
Following: "bonds"
Insert: "not in excess of \$50 million for any two-year period"
- (12) Page 16, line 23
Following: "16."
Strike: "Findings before"
Insert: "Procedure for"
Following: "bonds."
Insert: "(1)"
- (13) Page 17, line 2
Following: line 1
Strike: line 2 through line 4
Insert: "(a) such facility will be operated by a health institution for the purpose of fulfilling its obligation to provide health care facilities; and (b)"
- (14) Page 17, line 5
Strike: "(2)"

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- (15) Page 17, line 7
Following: line 6
Insert: "(2) The authority may not allow the proceeds of any bonds or notes to be expended for any facility until it has been shown that such facility is financially feasible and that there will be sufficient revenues to assure that principal and interest payments are made when they become due.
(3) The authority may not allow the proceeds of any bonds or notes to be expended for any facility until it has considered the ability of the health institution to operate such a facility based on the health institution's experience and expertise.
(4) The authority must insure that its financings consistently provide fair and realistic terms and covenants sufficient to protect the position of the lenders or bondholders."
- (16) Page 18, line 16
Following: "of the"
Strike: "authority"
Insert: "health facility being financed"
- (17) Page 20, line 5
Following: line 4
Strike: "must"
Insert: "may"
- (18) Page 20, line 7
Strike: "must"
Insert: "may"
- (19) Page 20, line 10
Strike: "must"
Insert: "may"
- (20) Page 20, line 13
Strike: "must"
Insert: "may"
- (21) Page 24, line 1
Strike: "(1)"
- (22) Page 24, line 2
Following: "year"
Insert: ", by or at the discretion of the legislative auditor. The actual costs of the audit shall be paid from the authority's funds:"
- (23) Page 24, lines 3 through 5
Strike: subsection (2) in its entirety

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(24) Page 24, line 18

Following: line 17

Insert: "Section 29. Effective date. This act is effective
on passage and approval."

AND AS AMENDED

DO PASS

STATEMENT OF INTENT ATTACHED