

MINUTES OF THE MEETING OF THE HOUSE HIGHWAYS AND
TRANSPORTATION COMMITTEE, MARCH 22, 1983

The meeting was called to order by Chairman Abrams on Tuesday, March 22, 1983 at 12:30pm in Room 129, State Capitol. All members were present with the exception of Representatives Stobie and Hemstad, who were excused.

HEARINGS

SENATE BILL 454. SEN. JUDY JACOBSON, District 42, Silver Bow County, testified as sponsor of the bill, which would provide bonding to accelerate the interstate program in the amount of \$17.7 million and \$82.6 million for other programs. She said only eight states have larger unfunded systems than Montana, adding \$60 million in projects for 1986-1988 could be funded in 1984. Sen. Jacobson told the Committee the \$45 million in bonds would have a net cost to the State of \$.5 million, which would be locked in September, 1983 when the bonds were sold, adding the federal government would be obligated to reimburse costs once the projects were approved. She said the ACI reimbursement could be reinvested to the benefit of the State if it came in a lump sum and that the bill would create 792 new jobs, with a payroll of \$20 million.

PROPONENTS

MR. JIM MAYES, Operating Engineers Local 400, read from prepared testimony in support of the bill (exhibit).

MR. LARRY HUSS, Montana Highway Users Federation said the bill is a sound fiscal program and would save the State use of inflated dollars in the future.

MR. LARRY TOBIASON, Montana Automobile Association, told the Committee gaps in the interstate system are unsafe and would only be enhanced by completion.

MR. DON JUDGE, Montana AFL-CIO, read from prepared testimony in support of the bill (exhibit).

MR. TOM STAPLES, Montana Motor Carriers Association, stated his support of the bill.

MR. SAM HUBBARD, Montana Department of Highways told the Committee completion of the interstate system is top priority, preferably by 1990.

OPPONENTS

There were no opponents of the bill.

QUESTIONS

REP. KEYSER asked Mr. Richard Harris, First Boston Corporation about bonding. Mr. Harris replied he could not get too close to structure as the bonds were not sold yet and said they would mature in 1990 at 7 1/2% to be reinvested at 9 1/2%.

MR. HUBBARD said the bonding bill would provide \$120 million, adding financing costs would be \$3.2 million and the debt service reserve fund, \$21.7 million, with possible Federal Highway Administration participation to the benefit of the State.

REP. KOEHNKE asked how many incomplete interstate miles there were in Montana. Mr. Hubbard replied there are 74 miles of which 47 are 4-lane gaps.

REP. HARP told the Committee he was concerned with bonding being unable to keep up with revenues when payment is due. He asked Mr. Harris what rating First Boston would give the program. Mr. Harris replied Montana has a particularly good highway fund and bonds would be rated at least AA, with a benefit to the State of approximately \$6.5 million.

REP. KOEHNKE asked about projections. Mr. Hubbard said he expected to have all projects under contract at the end of the next biennium.

REP. KEYSER asked how much would be necessary to complete the interstate gap near Dillon. Mr. Hubbard said there was a problem with stabilizing a slide area and the Union Pacific right of way, but the project was anticipated to be contracted in 1986.

REP. HARP commented there seems to be greater emphasis on I-4R monies. Mr. Hubbard responded, explaining interstate construction would remain about level, while emphasis appeared to be increasing dramatically.

CHAIRMAN ABRAMS asked for an explanation of proposed funding through 1990 if federal funds were to cease or decrease. Mr. Gary Wicks, Director, Department of Highways told him once the federal government approves a project, it is obligated through 1990 to reimburse the State for funds expended in the interstate construction program.

MR. KEN JOHNSON, Federal Highway Administration, said he would surmise there would be no difference in making these approvals.

CHAIRMAN ABRAMS asked about the transfer of funds referred to on page 4, Sections 3 and 4 of the bill. Mr. Wicks advised all earnings on the highway earmarked account presently go to the general fund and he wanted earnings from the bonding program to remain in the earmarked account, after this biennium.

REP. HARP said he wondered if either the Legislative Fiscal Analyst or the Office of Budget and Program Planning have included the bonding program in their revenue projections.

The hearing was closed on Senate Bill 454. Rep. Harrington was asked to carry the bill.

EXECUTIVE SESSION

SENATE BILL 402. REP. BROWN moved the bill Be Concurred In and be amended according to amendments 1,2, and 3 (exhibit). Rep. Keyser seconded the motion, which was unanimously approved.

REP. BROWN moved the second set of amendments, one through seven be approved. Rep. Keyser seconded the motion, which was given unanimous approval of the Committee.

REP. BROWN moved the bill Be Concurred In as Amended.

REP. SOLBERG said he was still concerned with the legal/financial responsibility of a bicyclist who causes an accident. Col. Landon, Montana Highway Patrol, said the bill would provide more help with regard to civil action rather than criminal.

REP. SOLBERG told Rep. Brown he found it difficult to label a child's bicycle a vehicle when the child has no financial resources and is not financially responsible. Rep. Underdal added his agreement with Rep. Solberg.

REP. KOEHNKE asked if the bill addressed a bicycle as a vehicle. Rep. Brown said a provision was made in the statutes to levy a fee on bicycles, which is presently done in the city of Billings, adding the bill would encourage formation of educational groups for proper bicycle use.

Highways Committee Minutes
March 22, 1983
Page 4

REP. BROWN said the bill would make bicyclists more responsible and the minimal standards proposed for bicycle conduct are better than those presently in force. Rep. Lybeck concurred with Rep. Brown.

REP. KEYSER said the bill would at least allow violators to be charged according to the violation committed.

REP. KOEHNKE asked what is being done to educate children with regard to vehicle statutes. Col. Landon told him the educational community would structure training, adding he anticipated few arrests.

The motion made by Rep. Brown was given committee approval by all members except Representatives Howe and Solberg, who voted no.

SENATE BILL 287. REP. BROWN moved the bill Be Concurred In. Rep. Hammond seconded the motion, which was given unanimous committee approval.

REP. KEYSER was asked to carry the bill.

SENATE BILL 318. REP. SOLBERG moved the bill Be Concurred In. Rep. Lybeck seconded the motion, which was given unanimous committee approval.

SENATE BILL 155. MR. GREG PETESCH, Legislative Council Attorney, suggested codification instructions be included to eliminate any conflict with Senate Bill 170.

REP. BROWN moved the amendment be approved. Rep. Harp seconded the motion, which was unanimously approved by the Committee.

REP. BROWN moved the bill Be Concurred In as Amended. The motion was seconded by Rep. Harp and unanimously approved.

CHAIRMAN ABRAMS advised executive action on Senate Bill 454 would be postponed.

The meeting was adjourned at 2:37pm.


REP. HUBERT ABRAMS, CHAIRMAN

Joann T. Gibson, Secretary

STANDING COMMITTEE REPORT

MARCH 22, 19 93

MR. SPEAKER:

We, your committee on HIGHWAYS AND TRANSPORTATION

having had under consideration SENATE Bill No. 402

THIRD reading copy (BLUE)
color

A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING A BICYCLE AS A
"VEHICLE"; REVISING AND CLARIFYING THE BICYCLE TRAFFIC LAWS;
AMENDING SECTIONS 61-1-103, 61-1-123, 61-8-333, 61-8-336,
61-8-338, 61-8-354, 61-8-368, 61-8-504, 61-8-602, 61-8-604,
AND 61-8-605, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
DATE."

Respectfully report as follows: That SENATE Bill No. 402

Be amended as follows: (attached)

~~DEPASY~~

REP. ROBERT ABRAMS

Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

Amend SB 402, third reading (blue) copy, as follows:

Page 2 of 3

1. Page 4, line 7.

Following: "(2)"

Insert: "(a)"

2. Page 4, line 8.

Following: "or" at the end of line 8

Insert: "in subsection (2)(b)."

(b) A person operating a bicycle who intends to turn left"

3. Page 4, line 10

Following: line 9

Strike: "side" at the beginning of line 10

Insert: "curb or edge"

4. Page 4, line 11.

Following: "roadway, the"

Strike: "bicycle operator"

Insert: "person"

5. Page 4, line 12.

Following: "practicable to the"

Strike: "side"

Insert: "curb or edge"

Following: "roadway"

Strike: ", "

6. Page 4, line 13.

Following: "far"

Insert: "right"

Following: "turning, the"

Strike: "bicycle"

7. Page 4, line 14.

Following: line 13

Strike: "operator" at beginning of line 14

Insert: "person"

Following: "shall"

Insert: "yield to through traffic and shall"

REP. HUBERT ABRAMS, CHAIRMAN

Amend SB 402, third reading (blue) copy, as follows:

8) Page 11, line 1.

Following: ~~"in single file"~~

Strike: "not more than two abreast"

Insert: "in single file"

Following: "except"

Insert: "when: (a) riding"

9) Page 11, line 3.

Following: "of bicycles"

Strike: "."

Insert: ";

10) Page 11, line 5 through line 8.

Following: ~~"by so doing"~~

Strike: the remainder of line 5 through "lane" on line 8

Insert: "(b) overtaking and passing another bicycle;

(c) riding on a paved shoulder or in a parking lane, in which case the persons may ride two abreast; or

(d) riding within a single lane on a laned roadway with at least two lanes in each direction, in which case the persons may ride two abreast if they do not impede the normal and reasonable movement of traffic more than they would otherwise impede such traffic by riding single file and in accordance with the provisions of this chapter"

CK
AND AS AMENDED
BE CONCURRED IN

REP. HUBERT ABRAMS, CHAIRMAN

STANDING COMMITTEE REPORT

MARCH 22 19 83

MR. **SPEAKER:**

We, your committee on **HIGHWAYS AND TRANSPORTATION**

having had under consideration **SENATE** Bill No. **287**

THIRD reading copy (**BLUE**)
color

**A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
22-3-107, MCA, TO ASSIGN THE MONTANA HISTORICAL SOCIETY THE
D
DUTY OF PUBLISHING A ROADSIDE HISTORY OF MONTANA."**

Respectfully report as follows: That **SENATE** Bill No. **287**

BE CONCURRED IN

~~DOUBT~~

REP. HUBERT ABRAMS

Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

STANDING COMMITTEE REPORT

MARCH 22

19 83

MR. **SPEAKER:**

We, your committee on **HIGHWAYSSAND TRANSPORTATION**

having had under consideration **SENATE** Bill No. **318**

THIRD reading copy (**BLUE**)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND THE
PROPORTIONAL VEHICLE REGISTRATION LAW; TO CHANGE THE
DEFINITION OF THE TERM "PRECEDING YEAR"; TO REVISE THE
APPLICATION REQUIREMENTS; AND TO CHANGE THE PROCEDURE FOR
THE WITHDRAWAL OF FLEET VEHICLES; AMENDING SECTIONS
61-3-712, 61-3-721, AND 61-3-725, MCA."

Respectfully report as follows: That **SENATE** Bill No. **318**

BE CONCURRED IN
~~200X66X~~

REP. HUBERT ABRAMS

STANDING COMMITTEE REPORT

MARCH 22

19 83

MR. **SPEAKER:**

We, your committee on **HIGHWAYS AND TRANSPORTATION**

having had under consideration **SENATE** Bill No. **155**

THIRD reading copy (**BLUE**)
color

A BILL FOR AN ACT ENTITLED: "AN ACT GIVING VESTING THE
OWNER OF CONTIGUOUS PROPERTY THE RIGHT TO MEET THE HIGH-BID
FOR HIGHWAY FRONTAGE ACQUIRED FROM A RAILROAD; PROVIDING FOR
INSTALLMENT PURCHASES; AMENDING SECTION 60-4-204, MCA WITH
ANY INTEREST ABANDONED BY THE STATE IN PROPERTY ACQUIRED FOR
ESTABLISHMENT OF A HIGHWAY."

Respectfully report as follows: That **SENATE** Bill No. **155**

Be amended as follows:

1) Page 3, line 25.

Following: line 24

Insert: NEW SECTION. "Section 2. Codification Instruction.
Section 1 is intended to be codified as an integral part of
Title 60, chapter 4, part 2, and the provisions of Title 60,
chapter 4, part 2, apply to Section 1."

AND AS AMENDED
BE CONCURRED IN

XXXXXX
DO PASS

REP. HUBERT ABRAMS

Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

VISITOR'S REGISTER

HOUSE Highways

COMMITTEE

BILL SB 454

DATE 3-22-83

SPONSOR _____

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

Name Tom Staples Committee on Highways
Address 612 PowerBlock Date 3-22-83
Representing Mont Trade Commission Support X
Bill No. SB 454 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.

WITNESS STATEMENT

Name LARRY HINE Committee On Highway
Address ALBANY Date 3/22/83
Representing Mont. Highway Dept. Support /
Bill No. SB 100 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.

Bill Summary

House Highways and Transportation Committee

March 22, 1983

HB 454 authorizes the Board of Examiners to issue highway revenue bonds, the proceeds of which would be used for the construction, reconstruction, maintenance, and repair of both federal-aid and state highways. The bonds would be repaid through the pledge of highway earmarked revenue. Up to \$150 million worth of bonds could be outstanding at any time.

3-22-83
SB 454
Ex

MONTANA DEPARTMENT OF HIGHWAYS

BOND FINANCING PROPOSAL

ONLY AFFECTS
FEDERAL FUNDING

The Montana Department of Highways has a \$200 million budget with many revenue sources and expense accounts.

\$100.3 MILLION
IN FEDERAL
APPORTIONMENTS

Presently, the State's annual federal funding includes about \$17.7 million for Interstate construction and an additional \$82.6 million for all other federal programs.

INTERSTATE NEED

Only eight states have a larger percentage than Montana of their interstate system still unfinished.

ACCELERATE \$60
MILLION INTO 1984

This plan is designed to accelerate the construction of Interstate projects totaling approximately \$60 million dollars originally scheduled for fiscal years 1986 through 1988 so the work can begin in fiscal years 1984 and 1985.

NOT A REPLACEMENT FOR
PROPOSED REVENUE
INCREASES

An important question is how the new federal user fees and the new proposed state revenues on fuel and other sources may affect this proposal. Federal Interstate construction funding for Montana from the federal revenue increases in 1983 will be minimal for the next several years. In addition, enactment of any other Department of Highways revenue proposals presently before the Legislature would not affect this financing; those revenue measures remain necessary to pay for current level programs and the reconstruction trust program.

MANY BENEFITS

Among the many reasons to undertake this financing program are (1) to obtain the use of some important Interstate highways earlier, (2) to give the state's economy a major boost almost immediately, and (3) to save approximately \$15.3 million in inflation costs.

FINANCING STRUCTURE

The proposed financing structure would have the Department of Highways issue about \$145 million in Revenue Bonds which would be secured by Highway program revenues. The net cost to the State of the proposed structure would be approximately \$0.5 million, based on conservative assumptions regarding interest rates, current IRS regulations, the Department's construction program, and revenue receipts. The actual cost could vary depending upon the final financial structure used and the legal requirements which are prevalent at the time the bonds are issued. The financing would include moneys for both the \$60 million of Advanced Construc-

tion-Interstate (ACI) projects as well as other Department projects in order to allow the Department to better manage its cash flow and thereby generate investment earnings which would aid in the repayment of the bonds. All costs of the program will be locked in at the time the bonds are sold (by September 1983), virtually eliminating the risk of any unforeseen costs (see cash flow and timetable attached).

CASH FLOW MANAGEMENT
HELPS REPAY NOTES
AND/OR BONDS

Under this financing plan, the State of Montana can borrow money through bonds at a rate lower than the return it can realize on investments. With effective cash flow management funds will be generated through investment earnings to help repay the bonds.

FEDERAL GOVERNMENT
ACI FULLY OBLIGATED

Once the federal government has approved the projects, it is contractually obligated to make reimbursement for them, removing the obligation from the State, even if federal Interstate funding laws change. These reimbursements can also be used to help repay the bonds.

COSTS TO STATE

The cost to the State of this borrowing will depend upon the financing structure as well as the borrowing costs and the investment rates available for borrowed funds. Conservative assumptions regarding market conditions and reinvestment rates have resulted in the estimated net cost of \$0.5 million. Not included in these assumptions is any allowance for additional reimbursement by the Federal Highway Administration for the State's interest costs, or for more favorable investment earnings that would result if ACI reimbursements are made in a lump sum instead of the anticipated 36-month reimbursement period.

BENEFITS TO STATE

The State will realize the following benefits:

790 NEW JOBS

1. An estimated 790 new jobs now - when and where they are needed most.

\$20 MILLION PAYROLL

2. A direct payroll from the accelerated program of more than \$20 million plus the "multiplier effect."

ECONOMIC BENEFITS

3. Much earlier use of five key sections of Montana Interstate with an economic value of many millions of dollars.

FAVORABLE BIDDING
CLIMATE NOW

4. A presently favorable construction bidding climate, which will enable Montana to construct more interstate with the same dollars than under ordinary financing.

SAVES INFLATION
COSTS

5. A savings of \$15.3 million in inflation costs.

FLEXIBILITY

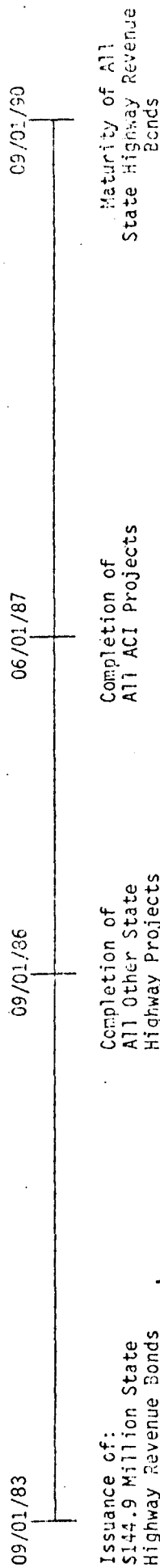
The proposed bill (SB 454) provides flexibility for the Department in selecting the best financing structure available at the time of issue. The Department will review market conditions at that time in order to insure that the alternative with the lowest risk/costs is selected. Based upon current market conditions, the structure proposed here creates the highest value for virtually no risk. Also, authorizing a financing program now will allow flexibility in obtaining the lowest cost financing and the most effective cash flow management and thus the lowest net cost to Montana.

PROPOSED ACI PROJECTS

Project	Route	Cost (in millions)	Letting Date (FY)
Bernice-Basin	I-15	\$17.5	1984
Elk Park-North	I-15	7.9	1984
Bernice-South	I-15	10.8	1984
Springdale-West	I-90	9.0	1985
Armstead-Pipe Organ	I-15	6.5	1985
Sloway-Superior (final surface)	I-90	4.5	1985
Lodge Grass-North (final surface)	I-90	4.0	1985
TOTAL		<u>\$60.2</u>	

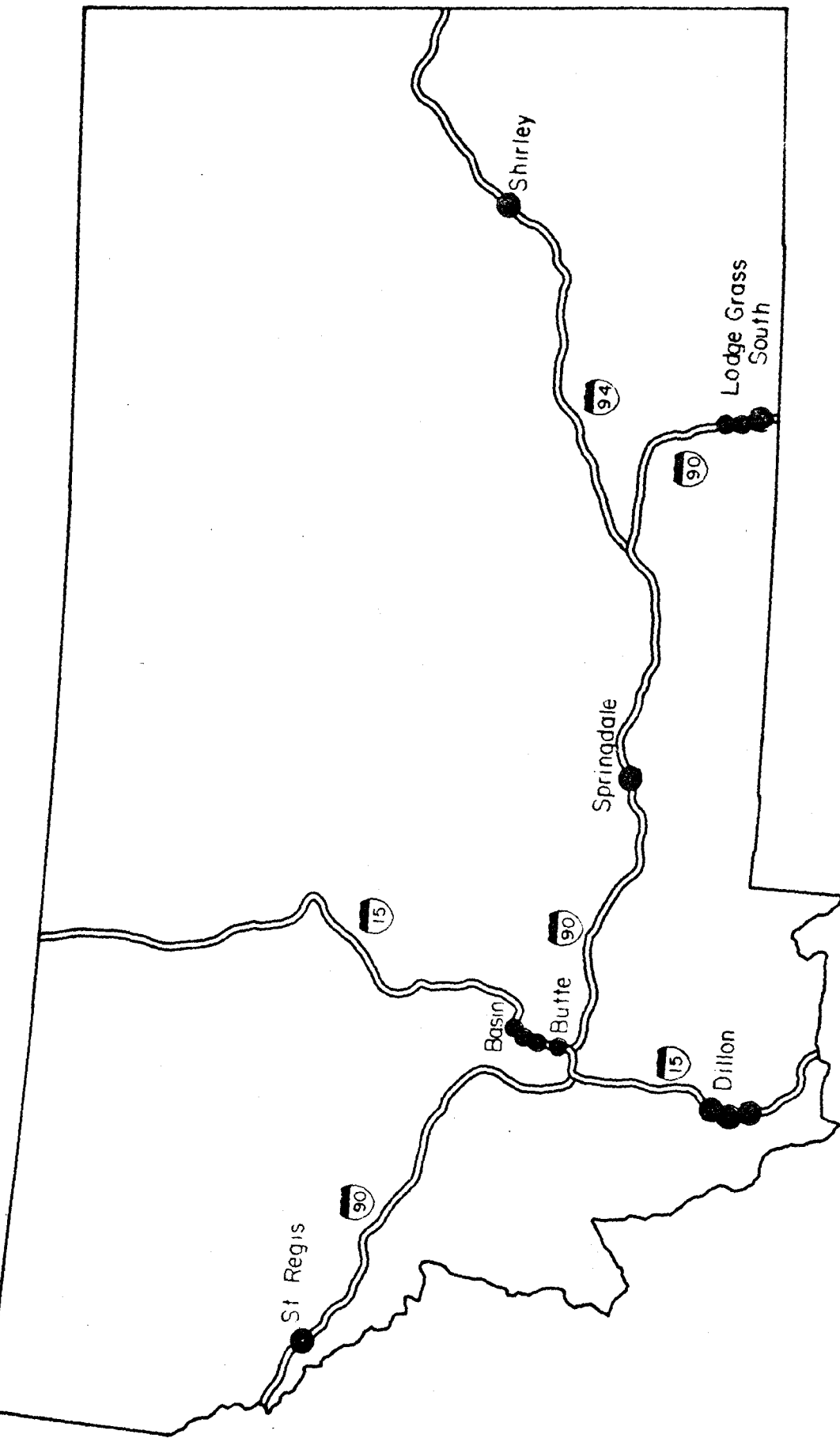
Bond Issue for ACI Projects &

Other State Highway Projects



Components of the Bond Issue (in millions)		Flow of Funds (in millions)	
Construction Funds:	\$120.0	Total Debt Service:	\$199.0
Financing Costs:	3.2	Less:	
Debt Serv. Reserve Fund:	21.7	Department Construction Funds:	70.0
Capitalized Interest:	-0-	Investment Earnings:	48.0
		DSRF Principal:	21.7
		ACI Reimbursements:	58.8
Total	\$144.9	Total Cost to State:	\$ 0.5

Issue Date: 9-1-83
 Final Maturity Date: 9-1-90
 Net Interest Cost: 7.06%



INTERSTATE GAPS IN MONTANA



Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59624
406/442-1708

TESTIMONY OF DON JUDGE ON SENATE BILL 454, HEARINGS OF THE HOUSE HIGHWAYS
AND TRANSPORTATION COMMITTEE, MARCH 22, 1983

I am Don Judge with the Montana State AFL-CIO. We support Senate Bill 454.

This is a complex bill involving some financial transactions that I don't pretend to understand. No doubt experts from the Highway Department will be able to answer all of your questions about the specifics of how the money is to be raised and spent.

I am here to support the concept of completing the interstate system ahead of schedule. This is a good idea, for the workers who will get the highway jobs, and for the entire economy of the state.

Businesses benefit in two ways, from having better transportation available, and from having highway workers with paychecks to spend in their stores. According to the Highway Department, much of the work to be done is on I-15 near Butte, which currently has an unemployment rate of 14.1%. These jobs will help workers and businesses.

Improving and maintaining the infrastructure is an important function of government, one that is entirely beyond the capacity of the private sector. Infrastructure is an important component of a valid economic development plan, especially in Montana which already has a severe transportation problem due to our distance from major markets.

This bill basically borrows money against future income. That seems to be an appropriate course of action during the present recession. When times improve, the funding crunch should not be as great as it is at present.

We ask that you give Senate Bill 454 a "do pass" recommendation.

International Union of Operating Engineers

EX

LOCAL 400

Affiliated with AFL-CIO

Montana

JOHN SLATTERY
President

D. E. "DAVE" JOHNSTON
Vice President

LOUIS LAYMAN
Treasurer

RALPH REID
Rec. Corres. Secretary



BILL BURLINGAME
Business Manager &
Financial Secretary

HEADQUARTERS
237 Airport Road
Helena, Montana 59601
Telephone (406) 442-9300

TESTIMONY OF JIM MAYES ON SENATE BILL 454, BEFORE THE HOUSE HIGHWAYS
COMMITTEE, MARCH 22, 1983

I am Jim Mayes, with the state's largest local union, Operating Engineers, Local 400.

Senate Bill 454 is a jobs bill of the best kind. It creates jobs in occupations and in geographical areas which need it. Our union is currently experiencing about 45% unemployment. That is up from a normal 22% unemployment at this time of the year, due to the seasonal nature of our work. This bill will put some of our members back to work, along with other types of workers.

The bill creates jobs which are not make-work jobs, but which provide an invaluable public service. The economy needs good roads, and the government is the only one who can build and repair those roads.

Not only does this bill create jobs, but it does so without putting even a small dent in the present state budget. It issues bonds against future income, so in effect this simply does the work now based on future income which was going to be raised and spent anyway. If the national trends are reversed, and the federal government starts putting more emphasis on highways again, we will have the benefit of jobs now when we need them and also later.

We support Senate Bill 454. Thank you.

(Union bug removed for
copying purposes)