

MINUTES OF THE MEETING OF THE APPROPRIATIONS COMMITTEE  
March 22, 1983

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The Appropriations Committee met at 7:10 p.m. on March 22, 1983, in Room 104, with Chairman Francis Bardanoue presiding and all members were present. Judy Rippingale, Legislative Fiscal Analyst, was also present. HOUSE BILLS 418, 600, and 902 were heard. EXECUTIVE ACTION was taken on HOUSE BILLS 418 and 600.

(Tape 8: Track 4:1000)

HOUSE BILL 902: A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING STATE EMPLOYEE COMPENSATION PLANS AND BENEFIT LEVELS; PROVIDING PAY SCHEDULES FOR FISCAL YEARS 1984 AND 1985; APPROPRIATING FUNDS THEREFOR; AMENDING SECTIONS 2-18-106, 2-18-303 THROUGH 2-18-305, 2-18-311, AND 2-18-703, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Representative BARDANOUE presented this bill but noted that there were many changes on this bill since its introduction that he did not know about. He also noted that there is substantially more money in this bill than the original bill.

The pay plan was to be funded through vacancy savings in the original bill which caused a great deal of fear that there would be massive layoffs of between 200 and 700 state employees. He felt the 700 figure was exaggerated but he could not pinpoint the actual figure. He noted that state government has almost 4,000 turnovers per year. When there are turnovers, there are some savings because it usually takes some time to fill positions. Also, the new employee will begin at a step 1 whereas the incumbent generally had accumulated steps. Some agencies do not have any turnover and other agencies already have tight budgets; both cases would make it difficult to fund this pay plan.

Representative BARDANOUE said the Labor Committee considerably amended this bill and he was not consulted on those amendments nor does he know how the amendments were arrived at so he could neither support nor oppose the amendments.

Representative BARDANOUE said he was concerned that there is not enough money to fund this pay plan and, if this bill passes, there must be a significant increase in taxes. He did not feel there was any way to get a major increase in revenue through the House and the Senate has declared that they would not pass a major revenue bill. The Governor also said he would not sign a revenue increase bill. In summary, there are two alternatives: raise revenues to fund the plan as it came out of the Labor Committee or pass the bill as it was originally introduced. Neither alternative is very well liked. There has been talk from some members of the legislature, some members of labor, and some members of the University System that they would prefer a pay freeze rather than a pay plan funded by vacancy savings. Representative BARDANOUE said a pay freeze could be a third alternative. He said high unemployment is a major contributing factor to this issue. He said some people would rather have the security of their jobs than a small pay raise.

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This is an extremely difficult issue and there will be opposition any way it is decided but the decision has to be made.

Representative BARDANOUE said we may not be living up to our negotiated agreement from the last legislature, but the legislature has always assumed the position that they are not bound by any negotiated agreements.

Proponents:

Dennis TAYLOR, Administrator of the Personnel Division, voiced his support of the bill as it was originally introduced and he was not sure if that made him a proponent or an opponent of this bill.

Mr. TAYLOR said the pay plan as it was originally introduced was consistent with the negotiations from the collective bargaining process. He spoke of a "Summary of Collective Bargaining for Public Employees of the State of Montana" which governs the conduct for the salary decisions of the Executive branch. He then spoke of the "State Employee Salary and Benefit Survey", which they are required to conduct every two years. He then explained in detail what these two reports represented.

Ron SUNSTEAD, chief negotiator for the Executive branch, voiced his support for this bill. He explained collective bargaining and the matrices outlined in the amended bill. He felt anything less than what is on HB 902 would hurt the state in their attempt to attract and retain competent employees. In summary, he felt HB 902 was in the best interest of the state and its employees.

Betsy PHILLIPS, President of the Montana Public Employees Association, voiced her support for the pay plan as it was negotiated and without layoffs. She felt the Legislature has to hold up their end of the agreement as the other members of the bargaining process have done.

Jim MC GARVEY, Montana Federation of Teachers AFL-CIO, voiced his support for HB 902 as amended. He opposed HB 902 as it was originally introduced because he felt it was not enough and he objected to funding state employees salaries out of vacancies. He noted that teachers are underpaid, especially teachers in the state institutions. He said a pay freeze, in his opinion, would be totally out of the question. If taxes have to be raised to fund programs and raises, he felt they should be raised.

Gene FENDER, business manager for Laborers Local 254 in Helena, said he represents state employees in the Capitol. He said he supports the 4.5% raise because that was what was negotiated. He did not want the budget balanced off the backs of state employees.

Tom SCHNEIDER, executive director of Montana Public Employees Association, voiced his support for the negotiated agreement. He centered his testimony on the possibility of a wage freeze. A wage freeze would lose between \$15 million and \$20 million in salaries.

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GEORGE HAGERMAN, American Federation of State, County, and Municipal Employees, voiced his support for HB 902 with serious reservations and presented written testimony outlining those reservations (Exhibit 1).

JOE GERAGHTY, president of Local 971 in Boulder, voiced his support for HB 902. He said HB 902 as originally introduced did not represent collective bargaining. He noted that, at no time during the bargaining was it stated that raises would be funded through layoffs or vacancy savings. Mr. GERAGHTY said he did not think the legislature cared about state employees.

Opponents:

DAVE LEWIS, director of the Office of Budget and Program Planning, voiced his opposition to HB 902 as amended. Mr. LEWIS provided his testimony on HB 902 before it was amended (Exhibit 2) but said the \$12 million added by the amendments is not in the budget and, therefore, he cannot support HB 902 as amended. He explained that vacancy savings are real dollars and the pay plan can be funded by vacancy savings.

Discussion:

There was some discussion about the number of employees covered by HB 902. The average salary of state employees was discussed and Mr. Taylor presented a breakdown by EEO category (Exhibit 3).

Representative QUILICI said the legislature asked to hold these negotiations for collective bargaining and the agencies involved bargained in good faith. He felt this legislature had no choice but to accept this pay plan.

There was \$750,000 put in the original bill to cover small agencies that do not have any turnover. There was some discussion regarding the method of the Legislative Fiscal Analyst to propose cuts of positions that were vacant for more than one year. There is language in the bill to allow agencies the flexibility to move operating expenses into personal services.

Representative BARDANOUE closed by saying that the MEA says we are balancing the budget on the backs of property owners; the University System says we are balancing the budgets on the backs of the universities, the employees say we are balancing the budget on the backs of the employees, and the agencies say we are balancing the budget on the backs of the agencies. Consequently, Representative BARDANOUE said we must be balancing the budget on a fairly level plane since everyone is carrying the burden of the balanced budget. He felt the people of Montana should consider themselves lucky that they aren't in Minnesota or Michigan because even a pay freeze in those states would look like utopia given their financial plight.

The hearing was closed to further testimony.

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(Tape 8: Track 4:1729)

HOUSE BILL 418: A BILL FOR AN ACT ENTITLED: "AN ACT TO EARMARK A PORTION OF THE OIL SEVERANCE TAX FOR THE LOCAL GOVERNMENT BLOCK GRANT ACCOUNT; AMENDING SECTIONS 15-1-501 AND 15-36-112, MCA; AND PROVIDING AN EFFECTIVE DATE."

Representative DAN YARDLEY, House District #74, introduced this bill. Representative YARDLEY explained that this bill is a companion bill to House Bill 600. This bill would set up an earmarked account and House Bill 600 would allow that earmarked account to be used for the local government block grant.

Note: Testimony for both bills will be virtually the same so the proponents for both bills will voice their support in the hearing for HB 600 to save the committee time and prevent reiteration of testimony.

HOUSE BILL 600: A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A LOCAL GOVERNMENT BLOCK GRANT PROGRAM PROVIDING FINANCIAL ASSISTANCE TO MUNICIPALITIES AND COUNTIES IN MONTANA; PROVIDING A METHOD FOR DISTRIBUTION OF THE FUNDS; DESIGNATING THE DEPARTMENT OF COMMERCE AS THE ADMINISTERING AGENCY; AMENDING SECTION 61-3-536, MCA; AND PROVIDING AN EFFECTIVE DATE."

Representative McBride, who introduced this bill, was not available to open the hearing.

Proponents:

GEORGE TURMAN, Lieutenant Governor, addressed the deficiencies facing local governments. Past legislative actions have eroded the tax base and, as a result, local governments don't have the money to cover their deficiencies. This bill would provide funding for the block grant and reimbursement for lost vehicle taxes. The earmarking of the oil severance tax is appropriate because the last session identified that tax source to offset the losses that local governments realized as a result of the discontinuance of the vehicle reimbursement tax. This bill contemplates no new tax; simply the allocation of existing tax sources.

MIKE STEPHENS, Montana Association of Counties, voiced his support for both HB 418 and HB 600. He reiterated that local governments are desperately in need of additional funding sources.

GEORGE BOUSLIMAN, Urban Coalition, voiced his support for both HB 418 and HB 600. Local governments see two forces at work: a declining and static tax base and uncontrollable, spiraling costs. They have no alternative but to come to the state and seek a remedy, such as the passage of HB 418 and HB 600. If these bills are not passed, local governments will either have to raise property taxes or cut services, or even both.

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ALEC HANSON, Montana League of Cities and Towns, voiced his support for both HB 418 and HB 600. He felt passage of these two bills would be a beginning for dealing with probably the most serious and fundamental problems of government finance in the state which is reliance on a static property tax base.

He felt four factors contribute to this problem: legislative enactments, court actions, administrative decisions, and general economic conditions. Mr. HANSON said these two bills may not completely solve the problem but they represent progress in the right direction.

ARDI AIKEN, commissioner for the City of Great Falls, voiced her support for these two bills. She said Montana is one of only four states without a significant program of sharing state revenue with local governments. Local governments cannot keep raising property taxes. A poll conducted in November 1981 by the University of Montana Bureau of Business and Economic Research showed that 84% of the people statewide oppose an increase in property taxes.

AL THELAN, Billings City Administrator, voiced his support for these two bills.

Opponents: None.

Discussion:

Representative KATHLEEN MCBRIDE, House District #85, explained that she was caught on the floor of the House and apologized for any inconvenience to the committee. She presented information which showed how these bills would work (Exhibits 4 and 5). She summarized by saying there is a growing need for relief to local governments and we, as legislators, should look carefully at the obligation that we have created by the elimination of some taxes that went to local governments.

This would be anticipated revenue and would come in above the mill levy. Representative WALDRON noted that, because of some of the cuts made by the legislature in the property tax base, a mill brings in less than it used to. The income revenue for the oil severance tax was figured at \$26.50 per barrel at current production.

Representative BARDANOUVE said he fully supports these bills. He noted that the legislature has had to make some very hard decisions this session and have had to cut some very useful and successful programs. He did not feel local governments are making those same kinds of hard decisions. He noted instances where local governments refuse to cut programs or consolidate with other counties to cut costs. He offered as an example the closure of schools when there are more schools than are necessary to accommodate the population.

There was some discussion regarding funding this out of oil severance tax and speculations about how much oil severance tax there will actually be.

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Representative BARDANOUE asked the proponents what their preference was between these two bills and HB 910. All proponents stood and voiced their preference for passage of these two bills.

**\*\*\*EXECUTIVE ACTION:**

HOUSE BILL 600:

Representative WALDRON moved that HOUSE BILL 600 do pass.

The motion was passed UNANIMOUSLY.

HOUSE BILL 418:

Representative WALDRON moved that HOUSE BILL 418 do pass.

The motion was passed UNANIMOUSLY.

The meeting was adjourned at 9:45 p.m.



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FRANCIS BARDANOUE  
Chairman

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EXHIBIT 1  
March 22, 1983  
Full Committee

**MONTANA STATE COUNCIL No. 1**  
**AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES**  
Affiliated With A.F.L.-C.I.O.



Gerald W. McEntee  
International President

William E. Lucy  
International Secretary-Treasurer

**COUNCIL OFFICERS**

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Phone 846-3308

George E. McCammon, Treasurer  
Rte. 1, Box 144  
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Phone 266-3592

**TESTIMONY ON HOUSE BILL NO. 902**

George Hagerman, on behalf of the American Federation of  
State, County and Municipal Employees, Council No. 9

Supporting House Bill No. 902      House Appropriations Committee

March 22, 1983

**VICE-PRESIDENTS**

William Anderson  
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Miles City, MT 59301  
Phone 232-3304

James Cook  
817 3rd Avenue  
Havre, MT 59501  
Phone 265-4489

William McMullin  
920 Anchor Street  
Billings, MT 59101  
Phone 252-4093

I am George Hagerman, representing the American  
Federation of State, County and Municipal Employees,  
Council No. 9, AFL-CIO. We represent a number of public  
employees in Montana, including many state employees.

Carolyn Squires  
2111 S. 10th St. W.  
Missoula, MT 59801  
Phone 846-3308

Joe Geraghty  
1550 Waterline Road  
Butte, MT 59701  
Phone 494-4720

We support House Bill #902 with some serious  
reservations. Some of our units were among the first  
bargaining units to settle with the state this year.  
The pay increases averaged only 4½%, which is very low.  
Never, during all the negotiations were we told that the  
increases, the smallest of the last decade, would have  
to be funded out of vacancy savings or layoffs.

**COUNCIL STAFF**

Headquarters  
600 N. Cooke  
Helena, MT 59601  
Phone 442-1192

R. Naderan Jensen  
Executive Director

George F. Hagerman  
Field Representative

Sharon Donaldson  
Field Representative

As it is currently written, House Bill No. 902  
is much better than its original form. But it still  
makes use of vacancy savings to help fund the pay increases.

Bernette McLane  
Office Secretary

We are well aware that times are tough. But we  
are also aware that most economists are predicting at  
least some sort of economic recovery. In times like these,

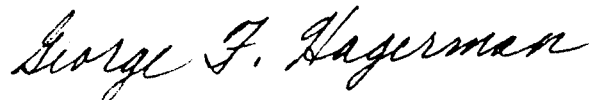
Testimony on House Bill #902  
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it doesn't seem fair to require state employees to make more sacrifices than other people. It also doesn't seem fair to use this backdoor method of cutting services.

The past two years have seen severe cutbacks in public employment and public services. House Bill #902 is now much better than its original form, but it still involves job losses and therefore service cutbacks.

We ask you to support House Bill #902, but to remove the provisions of funding even part of the increase by vacancy savings and/or layoffs.

Respectfully submitted by,

A handwritten signature in cursive script that reads "George F. Hagerman".

George F. Hagerman, Field Representative  
Montana Council #9, AFSCME, AFL-CIO



EXHIBIT 2  
March 22, 1983  
Full Committee

OFFICE OF THE GOVERNOR  
BUDGET AND PROGRAM PLANNING



TED SCHWINDEN, GOVERNOR

CAPITOL BUILDING

STATE OF MONTANA

(406) 449-3616

HELENA, MONTANA 59620

MARCH 15, 1983

ATTACHED IS THE OFFICE OF BUDGET AND PROGRAM PLANNING

TESTIMONY ON HOUSE BILL 902

## Testimony On House Bill 902

### Financing Of Pay Plan Costs

Since 1975 the appropriation committee has applied to agency personal services budgets various percentages of reduction known as vacancy savings.

This percentage varied from agency to agency depending on the amount of turnover experienced and the number of positions which were vacant in the preceding biennium. The amount reduced from agency budgets has run as high as 9% in years past. Most agencies averaged at least 3.5% reductions. At this point agency budgets have not been reduced by the amount of anticipated vacancy savings. All positions in the budgets have been fully funded at the step and grade currently assigned.

This means that most agencies have more available personal services funding than in the past. In addition, further funding is available from turnover savings realized when turnover occurs since positions are budgeted at the current step in the grade. When new employees are hired, they typically come in at step one or two.

We have also requested the authority to transfer all savings made in operating expenses in the first year of the biennium to the second year to fund pay plan shortages.

We believe that the combination of these three sources, vacancy savings, turnover savings, and operational expense savings in conjunction with the flexibility to transfer between years will allow us to fund the pay plan with a minimum of reductions in the level of employees.

An alternative method of funding would be to revert to the prior practice of reducing agency budgets by the amount of anticipated vacancy and turnover savings and placing this money in a pool for reallocation. However, this penalizes the Department of Institutions in particular. Since the large institutions suffer the highest turnover, they always have the highest vacancy savings. If these amounts are pulled out and put in a pool and the reallocation is on a per capita basis the Institutions actually come out shorter than if they kept all of their money and absorbed the cost of the pay plan.

We calculate that the normal turnover and vacancy savings result in savings of an average of 3.5% per year. In addition we believe that most agencies can save 2% operating expenses if saving jobs is offered as an incentive.

For example:

SMALL AGENCY (50 employees @ \$20,000)

First Year

Agency Personal Services	\$ 1,000,000
Vacancies and Turnover 3.5%	35,000
Agency Operating Expenses	150,000
2% Savings	3,000
Pay Plan Cost @ 4%	40,000
Total Possible Savings	<u>38,000</u>
Shortfall	\$ 2,000

Second Year

Agency Personal Service	\$ 1,040,000
Vacancies and Turnover 3.5%	36,400
Agency Operating Expenses	159,000
2% Savings	3,180
Pay Plan Costs @ 4%	81,600
Total Possible Savings	<u>39,580</u>
Shortfall	\$ 42,020

Vacancies required 1 position @ \$20,000 for 2 years.

LARGE AGENCY (1,000 employees @ \$20,000)

First Year

Agency Personal Services	\$20,000,000
Vacancies and Turnover @ 3.5%	700,000
Agency Operating Expenses	3,000,000
2% Savings	60,000
Pay Plan Costs @ 4%	800,000
Total Possible Savings	<u>760,000</u>
Shortfall	\$ 40,000

Second Year

Agency Personal Services	\$21,632,000
Vacancies and Turnover 3.5%	757,120
Operating Expenses	3,180,000
2% Savings	63,600
Pay Plan Cost @ 4%	\$ 1,632,000
Total Possible Savings	<u>820,000</u>
	\$ 811,280

Vacancy required, 20 positions @ \$20,000 for 2 years.

This means that 20 positions out of 1000 would have to be held vacant in the biennium to fund the pay plan. (2%)

In the current biennium we only funded approximately 92% of the pay plan. This required agencies to eat 8% of the 12 & 12 authorized by the last legislature.

This doesn't consider the fact that most agencies also had vacancy savings taken from their original budget request.

LEGISLATURE 1:R/4

SALARY ANALYSIS OF FEMALES AND MALES

BY EEO-4 Category  
March 1983  
(Classified Positions Only)  
(University Positions Not Included)

OFFICIALS AND ADMINISTRATORS

	<u>Totals</u>	<u>Female</u>	<u>Male</u>
No. of Positions	461	68 (14.75%)	393 (85.25%)
Avg. Starting Salary	\$25,062	\$21,405	\$25,695
Avg. Current Salary	\$30,729	\$25,478	\$31,638

PROFESSIONALS

No. of Positions	2,748	908 (33%)	1840 (67%)
Avg. Starting Salary	\$18,805	\$17,584	\$19,407
Avg. Current Salary	\$22,142	\$20,207	\$23,097

TECHNICIANS

No. of Positions	1,775	943 (53.1%)	832 (46.9%)
Avg. Starting Salary	\$14,435	\$13,541	\$15,447
Avg. Current Salary	\$17,030	\$15,823	\$18,399

PROTECTIVE SERVICES

No. of Positions	517	31 (6%)	486 (94%)
Avg. Starting Salary	\$15,216	\$13,699	\$15,314
Avg. Current Salary	\$17,720	\$15,058	\$17,890

PARAPROFESSIONALS

No. of Positions	940	619 (65.9%)	321 (34.1%)
Avg. Starting Salary	\$11,901	\$11,621	\$12,442
Avg. Current Salary	\$13,628	\$13,340	\$14,183

OFFICE AND CLERICAL

No. of Positions	1,754	1,548 (88.3%)	206 (11.7%)
Avg. Starting Salary	\$11,346	\$11,295	\$11,725
Avg. Current Salary	\$12,867	\$12,762	\$13,734

		<u>Female</u>	<u>Male</u>
<u>SKILLED CRAFTS</u>			
No. of Positions	413	7 (1.7%)	406 (98.3%)
Avg. Starting Salary	\$19,419	\$13,893	\$19,515
Avg. Current Salary	\$20,925	\$15,957	\$21,011

<u>SERVICE/MAINTENANCE</u>			
No. of Positions	740	111 (15%)	629 (85%)
Avg. Starting Salary	\$14,907	\$11,167	\$15,567
Avg. Current Salary	\$16,258	\$12,480	\$16,925

<u>STATE TOTAL</u>			
No. of Positions	9,348	4235 (45.3%)	5,113 (54.7%)
Avg. Starting Salary	\$15,710	\$13,372	\$17,647
Avg. Current Salary	\$18,236	\$15,343	\$20,632

Starting salary of Females is 75.8% of Males

Current salary of Females is 74.4% of Males

The erosion of the property tax base has been substantial and it endangers the revenue structures of many local governments. Prominent factors in that erosion have been:

YEAR	ITEM	TAX CHANGE	TAXABLE VALUATION
1973	Household goods	Exempted	\$17,468,238
1975	Solvent credits	Exempted	4,253,405
1975-6	Business inventory	Rate lowered	27,228,146
1977	Real property	Rate lowered	Insufficient data
1979	Centrally assessed property	Rate lowered	Insufficient data
1979	Recreational vehicles	Exempted	Insufficient data
1981	Livestock and Poultry	Rate lowered	49,921,021
1981	Equipment	Rate lowered	18,803,267
1983	Business Inventory	Exempted	38,753,870

Estimates of the annual revenue "losses" associated with these measurable reductions in taxable valuations, based on the average mill levies of jurisdictions at the time of reductions, are:

counties \$5,918,662

cities-towns 5,384,768

The details of these calculations appear in Attachment A. (see reverse)

Another legislative action eliminated the tax on bank stock and surplus which at the time (1979) had a taxable value of \$21,808,452. At the time, approximate replacement of the tax revenue was provided by the financial institutions corporation tax. However, tax credits allowed under that measure have reduced revenue about \$1 million from 1981 to 1982 and revenue for 1982 is about \$100,000 below the proceeds from the prior tax in 1979. Furthermore, the new act was declared unconstitutional in 1982 and the possible exposure to local governments for refunds is \$6.9 million.

Other developments which, while welcome, have had adverse revenue consequences for local governments are the settlements of two protracted tax disputes--disputes which predate this Administration. In the matter of protested railroad taxes, the settlements will mean the receipt by local governments of \$20.5 million less than the original tax billings of 1980, 1981 and 1982, an average of about \$7 million per year. In the matter of settlement of the "34% cases" (commercial property valuations), taxable valuations were reduced \$4,951,236 in 1979, \$6,201,950 in 1980, and approximately \$6,500,000 in 1981. Prospectively, these property valuations may have been reduced by about \$20 million for 1982.

The factors of erosion have affected all taxing jurisdictions which rely on property tax revenues, including school districts. However, the school foundation program has diminished the impact for school districts. Since 1973, the proportion of state funding in the foundation program has increased from about 50% to more than 68% and the support level from the foundation program including permissive levies has increased from about \$600 per student to more than \$1600 per student.

No comparable support or replacement mechanism exists for cities, towns, and counties. Consequently, the erosion of the tax base has led inevitably to reduced levels of services and employment in local governments and to the imposition of higher mill levies on the remaining property taxpayers.

Attachment A

ESTIMATED REDUCTIONS IN TAX REVENUE BY JURISDICTION

YEAR	ITEM	STATE	SCHOOL	COUNTY	CITY
1973	Household goods <sup>1</sup>	\$157,214	\$2,020,882	\$662,100	\$1,000,573
1975	Solvent credits <sup>2</sup>	25,495	506,316	144,298	253,008
1976	Business inventory <sup>3</sup>	152,443	3,184,337	1,008,794	1,648,091
1981	Livestock/poultry <sup>4</sup>	205,474	5,044,550	1,849,550	-
1981	Equipment <sup>4</sup>	92,608	2,273,600	833,600	-
1983	Business inventory <sup>5</sup>	187,440	4,643,760	1,420,320	2,483,096
		<u>\$820,674</u>	<u>\$17,673,445</u>	<u>\$5,918,662</u>	<u>\$5,384,768</u>

<sup>1</sup> Used average for all cities 1973-74: 220.04 mills - 37.91 county; 115.17 school; 57.29 city; 9.0 state.

<sup>2</sup> Used average for all cities 1974-75: 208.13 mills - 33.98 county; 107.8 school; 59.49 city; 6.0 state.

<sup>3</sup> Used average for all cities 1975-76: 206.52 mills - 37.05 county; 116.95 school; 60.53 city; 5.60 state.

<sup>4</sup> Based on 1981-82 rural levy of 207.28 mills - 54.0 county; 147.28 schools; 6.0 state.

<sup>5</sup> Used average for all cities 1982-83: 281.64 mills - 45.47 county; 148.63 school; 79.47 city; 6.0 state.



LOCAL GOVERNMENT BLOCK GRANT (HB 600, HB 418)

MAJOR FEATURES OF ADMINISTRATION'S PROPOSAL:

- .builds on 1981 Legislature's precedent of replacing property taxes with oil severance taxes to support local governments (natural resources helping human services)
- .helps mitigate erosion of tax base available to local governments
- .provides alternative, long-range revenue source to alleviate heavy dependence on property taxpayers
- .injects modest amount of state dollars to allow flexibility to local governments to meet local priorities
- .includes equalization factor to assure fair distribution to all local government units while targeting those most in need of assistance
- .based on cooperative planning and compromise among Montana Association of Counties, League of Cities and Towns, Urban Coalition, and the Administration.

LOCAL GOVERNMENT  
BLOCK GRANT  
ACCOUNT

=  
\$21.7 million  
per year\*

HB418 earmarks  
33 1/3% of oil  
severance tax  
(scheduled to  
increase to 6%  
on April 1 '83)

=  
\$18.7 million  
per year\*

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General Fund  
appropriation  
(line item in  
Commerce's budget -  
Community  
Assistance Prg)  
=  
\$3 million/yr

\$15.4 million/yr for GENERAL PURPOSE GRANT

.continues motor vehicle reimbursement program  
enacted by 1981 regular session

.recipients are:

- .counties
- .municipalities
- .school districts
- .other jurisdictions (cemetery,  
hospital, fire districts, etc.)

.allocations from state based on existing law  
(number of vehicles and average tax loss per  
vehicle in 1981).

.distribution is to counties, who then disburse to  
others (based on proportionate number of mills  
levied by each jurisdiction within the county)

.payments March 1 of each year (must be made  
before any other block grant funds are released)

\$6.3 million/yr for GENERAL SERVICES GRANTS

.total divided on basis of state's "unincorporated"  
vs "incorporated" population; for example:

counties = "unincorporated" = approximately  
44.4% of state's population =  
\$2.8 million/yr

cities/towns/consolidated governments =  
"incorporated" = 55.6% state  
population = \$3.5 million/yr

.distribution formulas based on population and  
relative value of local tax base

.payments June 30 of each year (exception:  
special one-time, partial payment to initiate  
program on October 1, 1983)

.estimated general services block grant alloca-  
tions for each county, municipality (including  
consolidated governments) appear on reverse side.

**PROPOSED GENERAL SERVICES BLOCK GRANT  
ESTIMATED DISTRIBUTION AMOUNTS**

COUNTIES  
REVISED: 2/4/83

MUNICIPALITIES. . .CONTINUED

COUNTY	BY POPULATION	BY VALUATION	TOTAL
BEAVERHEAD	15583.89	14530.03	30113.92
BIG HORN	21123.72	3305.65	24429.38
BLAINE	13324.16	4849.89	18174.06
BROADWATER	6219.46	4980.09	11199.56
CARBON	15418.26	7989.33	23406.60
CARTER	3424.80	1652.10	5076.90
CASCADE	153622.96	242143.59	395766.55
CHOUTEAU	11597.49	4305.12	15902.61
CUSTER	24955.92	31209.01	56164.93
DANIELS	5397.05	3328.20	8725.26
DAWSON	22473.46	15432.98	37906.45
FALLON	7163.71	398.18	7561.89
FERGUS	24893.10	25604.44	50497.55
FLATHEAD	98928.95	112173.61	211102.57
GALLATIN	81603.15	107361.30	188964.46
GARFIELD	3152.56	1399.25	4551.82
GLACIER	20232.78	8359.05	28591.84
GOLDEN VALLEY	1953.22	825.10	2778.32
GRANITE	5140.05	4569.68	9709.74
HILL	34238.48	24054.45	58292.94
JEFFERSON	13381.28	15113.60	28494.88
JUDITH BASIN	5037.25	2384.86	7422.12
LAKE	36277.37	45989.68	82267.06
LEWIS & CLARK	81934.40	112629.58	194563.98
LIBERTY	4433.77	838.66	5272.43
LINCOLN	33794.92	32169.69	65964.61
MCCONE	5143.86	2109.40	7253.26
MADISON	10371.49	6950.74	17322.23
MEAGHER	4100.62	2693.24	6793.86
MINERAL	6996.18	9678.45	16674.64
MISSOULA	144713.53	154609.74	299323.27
MUSSELSHELL	8429.69	2225.27	10655.96
PARK	24499.03	30910.17	55409.20
PETROLEUM	1246.93	495.31	1742.25
PHILLIPS	10217.29	2913.46	13130.75
PONDERA	12813.97	6361.17	19175.14
POWDER RIVER	4797.38	289.11	5086.50
POWELL	13246.11	14038.03	27284.14
PRAIRIE	3495.23	1800.88	5296.12
RAVALLI	42820.47	77216.20	120036.68
RICHLAND	23307.30	3447.46	26754.76
ROOSEVELT	19926.28	5399.02	25325.30
ROOSEVUT	18844.97	1992.44	20837.41
SANDERS	16514.81	12935.73	29450.54
SHERIDAN	10306.76	1055.57	11362.33
STILLWATER	10657.05	7465.39	18122.44
SWEET GRASS	6122.37	4708.94	10831.32
TETON	12357.07	7637.90	20194.98
TOOLE	10582.80	2271.89	12854.69
TREASURE	1867.55	727.40	2594.96
VALLEY	19513.17	11894.68	31407.86
WHEATLAND	4490.88	3252.97	7743.86
WIBAUX	2809.89	250.26	3060.16
YELLOWSTONE	205668.89	198039.81	403708.71
<b>TOTAL COUNTIES</b>	<b>1401167.99</b>	<b>1401168.00</b>	<b>2802336.00</b>

CITIES/TOWNS	BY POPULATION	BY VALUATION	TOTAL
BELGRADE	8833.62	8979.43	17813.06
BOZEMAN	81921.87	83926.48	165848.36
MANHATTAN	3726.78	4959.39	8686.18
THREE FORKS	4709.97	6147.75	10857.73
W. YELLOWSTONE	2773.02	1408.66	4181.68
JORDAN	1834.32	2376.71	4211.04
BROWNING	4636.77	14041.44	18678.22
CUT BANK	13954.10	15250.38	29154.49
LAVINA	616.46	924.27	1540.74
RYEGATE	1026.96	1393.59	2420.56
DRUMMOND	1555.16	2112.63	3667.80
PHILLIPSBURG	4299.47	8920.59	13220.07
HAVRE	41217.35	46159.45	87377.31
HINGHAM	689.66	593.62	1379.28
BOULDER	5444.13	11591.53	17035.67
WHITEHALL	3888.26	5076.36	8964.62
HOBSON	983.18	1599.54	2582.73
STANFORD	2244.82	2758.48	5003.31
POLSON	10579.68	10754.80	21334.48
RONAN	5781.43	5971.93	11753.37
ST. IGNATIUS	3316.28	8304.88	11621.17
EAST HELENA	6221.36	4210.92	10432.28
HELENA	90608.38	76619.79	167228.17
CHESTER	3643.53	3330.42	6973.96
EUREKA	4226.27	5913.09	10139.37
LISBY	10388.78	7483.22	17872.01
REXFORD	484.41	205.23	689.65
TROY	4108.58	6236.01	10344.60
CIPOLLE	3521.33	4254.70	7776.24
ENNIS	2494.57	2538.18	5032.75
SHERIDAN	2425.72	2890.52	5316.25
TWIN BRIDGES	1643.43	1564.47	3207.91
VIRGINIA CITY	719.09	807.30	1526.40
WHITE SULPHUR S	4915.94	8216.61	13132.56
ALBERTON	1379.33	2890.52	4269.86
SUPERIOR	3976.53	5267.24	9243.77
MISSOULA	126382.10	88577.30	214959.41
MELSTONE	894.91	1349.82	2244.73
ROUNDUP	8011.91	10681.60	18693.51
CLYDE PARK	1071.46	1863.62	2935.09
LIVINGSTON	26470.74	26043.45	52514.19
WINNETT	777.93	1525.63	2303.57
DOODSON	587.04	836.01	1423.05
MALTA	8950.60	8421.85	17372.46
SACO	953.76	1217.78	2171.54
CONRAD	11621.00	11767.34	23388.35
VALIER	2421.27	2787.90	5209.28
BROADUS	2685.46	2963.72	5649.19
DEER LODGE	15216.46	21113.48	36329.94
TEPPY	3507.18	5062.01	8569.19
DARBY	2186.69	3550.72	5737.42
HAMILTON	10065.34	8671.58	18737.42
STEVENSVILLE	4563.57	6177.17	10740.75
FAIRVIEW	5164.97	9698.48	14863.45
SIDNEY	21672.49	19939.47	41611.96
BAINVILLE	924.34	3022.56	3946.90
BROCKTON	1408.75	11781.69	13190.45
CULBERTSON	3345.71	6470.67	9816.38
PRCID	1217.86	2230.32	3448.19
POPLAR	3756.21	7365.53	11121.74
WOLF POINT	11621.00	17709.86	29330.86
PORSYTH	9655.34	12207.24	21862.58
HOT SPRINGS	2274.25	4167.15	6441.40
PLAINS	4211.20	5076.36	9287.56
THOMPSON FALLS	5590.54	7702.81	13293.35
MEDICINE LAKE	1547.80	2551.81	4099.62
OUTLOOK	454.99	671.35	1056.35
PLENTYWOOD	9361.82	8847.39	18209.22
WESTBY	1100.16	2303.52	3403.69
COLUMBUS	5444.13	5428.70	10872.84
BIG TIMBER	6382.83	7570.77	13953.60
CHOUTEAU	6794.05	8685.93	15479.98
DUTTON	1349.91	1951.17	3301.08
FAIRFIELD	2450.79	2626.44	5077.24
KEVIN	777.93	1496.93	2274.87
SHELBY	11885.81	15127.19	27013.01
SUNBURST	1789.83	3168.95	4958.79
ETSHAM	1687.20	2435.56	4122.77
GLASGOW	16859.89	17371.87	34231.76
NASHUA	1863.75	3066.34	4930.09
OPHEM	792.29	1115.16	1907.45
HARLOWTON	4460.95	7351.18	11812.13
JUDITH GAP	792.29	2171.48	2963.77
WIBAUX	2949.56	3946.84	6896.41
BILLINGS	253013.95	158726.42	411740.37
BROADVIEW	439.92	337.27	777.19
LAUREL	20733.80	21759.32	42493.13
WALKERVILLE	3345.71	8847.39	12193.10
<b>TOTAL CITIES/TOWNS</b>	<b>1466340.00</b>	<b>1466339.99</b>	<b>2932680.00</b>

**CONSOLIDATED GOVERNMENTS**

BUTTE-SILVER BOW	215488.00	202125.00	417613.00
ANACONDA-DEER LODGE	72503.00	85866.00	158369.00
<b>TOTAL CONSOLIDATED</b>	<b>287991.00</b>	<b>287991.00</b>	<b>575982.00</b>

MUNICIPALITIES  
REVISED: 2/4/83

CITIES/TOWNS	BY POPULATION	BY VALUATION	TOTAL
DYLLON	15039.91	18164.82	33204.74
LIMA	1026.96	1789.71	2816.68
HARDIN	12487.21	13498.93	25986.15
LODGE GRASS	2905.07	12031.42	14936.49
CHINOOK	6280.92	8268.28	14549.21
HARLEM	3858.83	5781.05	9639.89
TOWNSEND	6001.75	6837.37	12839.13
BEARCREEK	220.32	425.54	645.86
BRIDGER	2729.24	3418.68	6147.93
FROMBERG	1761.12	2993.14	4754.27
JOLIET	2166.69	2934.30	5100.99
RED LODGE	7175.12	6764.17	13939.30
EKALAKA	2333.09	3932.49	6265.59
BELT	3111.03	6118.33	9229.37
CASCADE	2920.14	4915.61	7835.76
GREAT FALLS	214716.23	209009.26	423725.49
NEIHART	337.29	278.43	615.73
BIG SANDY	3154.81	4064.53	7219.35
FORT BENTON	6397.90	6823.32	13220.92
GERALDINE	1144.66	1452.43	2597.10
ISHAY	102.62	190.88	293.50
MILES CITY	36346.40	37957.90	74304.31
FLAXVILLE	528.19	703.97	1232.16
SCOBEY	5223.81	7219.14	12442.96
GLENDAVE	22626.26	19176.65	41802.91
RICHY	1570.23	2362.36	3932.59
BAKER	8906.82	10285.48	19192.31
PLEYNA	719.09	1158.93	1878.02
DENTON	1335.55	1615.90	2949.45
GRASS RANGE	513.84	963.12	1476.96
LEWISTOWN	26881.96	38148.07	65030.03
MOORE	865.49	1467.50	2333.00
WINIFRED	571.97	983.12	1555.09
COLUMBIA FALLS	11768.12	10695.35	22464.08
KALISPELL	40293.51	27965.92	68259.44

## VISITOR'S REGISTER

## APPROPRIATIONS

COMMITTEE

HOUSE BILL 600

DATE \_\_\_\_\_

MC BRIDE

~~Establish local govt. block grant program providing financial assistance to municipalities & counties; provide method of distribution of funds; designate Dept. of Comm. administering agency~~

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITOR'S REGISTER

## APPROPRIATIONS

COMMITTEE

HOUSE BILL 418

DATE \_\_\_\_\_

YARDLEY

Earmark portion of oil & gas severance tax for local government block grant account.

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITOR'S REGISTER

HOUSE

Appropriations

COMMITTEE

BILL

HB 902DATE 3-22-83 p.m.

SPONSOR

Bardanne

NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
ROD SWANSTED	HELENA	ST. LABOR REL. BUR.	X	
DENNIS A. TAYLOR	HELENA	PERSONNEL DIV/DGA	X	
George Chapman	Helena	AFSCME	X	
Caleb Mills	Helena	St Labor Rel Bur	X	
Peter Phillips	Helena	Dept of Rev & MPEA	X	
Thomas Schumaker	Helena	MPEA	X	
Charlotte Maharg	Helena	State Employee	24 hrs/week in herb	
Rod Stebbins	Helena	MPEA	✓	
Rita Olson	Helena	MPEA & Dept. of Health	✓	
Dave Lunn		DBAP		
JOHN LA FAREZ	HELENA	SR S		
Joe Roberts	Helena	MPEA	✓	
Robert McDonnell	Helena	Self	✓	
Louise McDonnell	Helena	Self	✓	
LeRoy H. Schramm	"	Mt. Univ. System		
Carol Krause	Helena	MT Univ System		
Jim McHenry	Helena	Mont Fed of Teachers	✓	
Marge Bloor	Helena	Self	✓	
Mike Dahlem	Helena	Self	X	
Jim Sater	S. Helena	State employee	✓	

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITOR'S REGISTER

HOUSE Appropriations COMMITTEE

BILL HB 902

DATE 3-22-83 p.m.

SPONSOR Baroness

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

# STANDING COMMITTEE REPORT

.....MARCH 22..... 19 83.....

MR. SPEAKER.....

We, your committee on APPROPRIATIONS.....

having had under consideration HOUSE..... Bill No. 418

SECOND reading copy ( YELLOW )  
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO EARMARK A PORTION OF THE OIL  
AND GAS SEVERANCE TAX FOR THE LOCAL GOVERNMENT BLOCK GRANT ACCOUNT;  
AMENDING SECTIONS 15-1-501 AND 15-36-112, MCA; AND PROVIDING AN  
EFFECTIVE DATE."

Respectfully report as follows: That HOUSE..... Bill No. 418

DO PASS

# STANDING COMMITTEE REPORT

MARCH 22

83

19.....

MR. SPEAKER

We, your committee on APPROPRIATIONS

having had under consideration HOUSE Bill No. 600

SECOND

reading copy ( YELLOW )  
Color

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A LOCAL GOVERNMENT  
BLOCK GRANT PROGRAM PROVIDING FINANCIAL ASSISTANCE TO MUNICIPALITIES  
AND COUNTIES IN MONTANA; PROVIDING A METHOD FOR DISTRIBUTION OF THE  
FUNDS; DESIGNATING THE DEPARTMENT OF COMMERCE AS THE ADMINISTERING  
AGENCY; AMENDING SECTION 61-3-536, MCA; AND PROVIDING AN EFFECTIVE DATE."

Respectfully report as follows: That HOUSE Bill No. 600

DO PASS