

MINUTES OF THE MEETING OF THE APPROPRIATIONS COMMITTEE
April 13, 1983

The Appropriations Committee met at 8:00 a.m. on April 13, 1983, in Room 104, with Chairman Bardanouye presiding. All members were present except Representatives Hemstad and Shontz, who were absent. Judy Rippingale, Legislative Fiscal Analyst; Cliff Roessner, Sr. Fiscal Analyst; Peggy Williams, Associate Analyst; Norm Rostocki, Associate Analyst; and Pam Joeher, Assistant Analyst, were also present. EXECUTIVE ACTION was taken on HOUSE BILLS 22, 707, 813, 824, 849, 878, 881, 895, 905, 906, 912, 928 and HJR 9 and SJR 14 and SENATE BILL 270.

(Tape 3: Track 3:000)

***EXECUTIVE ACTION:

SENATE BILL 270: "A BILL FOR AN ACT ENTITLED: 'AN ACT CLARIFYING THE AUTHORITY OF THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES TO SET FEES FOR SERVICES PERFORMED BY ITS LABORATORY; PROVIDING FOR DEPOSIT OF THE FEES IN AN EARMARKED REVENUE FUND; AMENDING SECTION 50-1-202, MCA; AND PROVIDING AN EFFECTIVE DATE.'"

Representative WALDRON said the subcommittee had sat down with the Department of Health and then came to the conclusion that this bill should not be amended.

Representative WALDRON made a motion that Senate Bill 270 be concurred in. A voice vote was taken and the motion carried unanimously.

HOUSE BILL 906: "A BILL FOR AN ACT ENTITLED: 'AN ACT TO APPROPRIATE \$75,000 FROM THE COAL TAX CULTURAL AND AESTHETIC ACCOUNT FOR CONTRIBUTION TOWARD THE PURCHASE OF THE MOSS MANSION, LOCATED IN BILLINGS, MONTANA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.'"

Representative BARDANOUVE said this bill has been taken care of by the bill passed out of the House.

Representative MANUEL made a motion that House Bill 906 be tabled. A voice vote was taken and the motion carried unanimously.

HOUSE BILL 912: "A BILL FOR AN ACT ENTITLED: 'AN ACT APPROPRIATING FUNDS TO STUDY ALTERNATIVES FOR FINANCING PRISON FACILITIES; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.'"

Representative BARDANOUVE said, "We have passed the big bill and this bill will not be necessary".

Representative THOFT made a motion that House Bill 912 be tabled. A voice vote was taken and the motion carried unanimously.

HOUSE BILL 22: "A BILL FOR AN ACT ENTITLED: 'AN ACT TO AUTHORIZE THE USE OF THE OLD MONTANA STATE PRISON; REQUIRING THE DEPARTMENT OF STATE LANDS TO NEGOTIATE FOR THE TERMINATION OF THE LEASE OF THE OLD PRISON; ALLOWING THE WARDEN TO DETERMINE WHICH PRISONERS TO

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INCARCERATE IN THE OLD PRISON; REQUIRING THE OLD MONTANA STATE PRISON TO MEET CERTAIN STANDARDS; APPROPRIATING MONEY FOR THE RENOVATION OF THE OLD PRISON; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Representative MENAHAN made a motion that House Bill 22 be tabled. A voice vote was taken and the motion carried unanimously.

HOUSE BILL 878: "A BILL FOR AN ACT ENTITLED: 'AN ACT TO APPROPRIATE \$121,000 TO THE MONTANA AGRICULTURAL EXPERIMENT STATION FROM THE GENERAL FUND FOR THE CONSTRUCTION OF A COMBINATION OFFICE/LABORATORY BUILDING AT THE WESTERN TRIANGLE AGRICULTURAL RESEARCH CENTER NEAR CONRAD."

Representative BARDANOUVE said this has been taken care of in House Bill 900.

Representative WALDRON made a motion that House Bill 878 be tabled. A voice vote was taken and the motion passed unanimously.

HOUSE BILL 905: "A BILL FOR AN ACT ENTITLED: 'AN ACT TO APPROPRIATE \$15,000 FROM THE GENERAL FUND TO POWELL COUNTY TO ASSIST IN A COMMEMORATION OF THE CENTENNIAL OF THE COMPLETION OF THE FIRST TRANS-CONTINENTAL RAILROAD ACROSS THE NORTHWEST."

Representative BARDANOUVE said this bill will be taken care of in Representative Bengtson's subcommittee recommendations.

Representative WALDRON made a motion that House Bill 905 be tabled. A voice vote was taken and the motion passed unanimously.

HOUSE BILL 813: "A BILL FOR AN ACT ENTITLED: 'AN ACT TO APPROPRIATE \$18,500 FROM THE CULTURAL AND AESTHETIC PROJECTS ACCOUNT TO THE CITY OF BILLINGS TO PROVIDE PARTIAL FINANCING FOR PARTICIPATION BY THE BILLINGS SYMPHONY CHORALE IN THE WORMS INTERNATIONAL CHORAL FESTIVAL IN WEST GERMANY."

Representative BENGSTON said this bill is recommended to be tabled by her subcommittee.

Representative BENGSTON made a motion that House Bill 813 be tabled. A voice vote was taken and the motion carried unanimously.

HOUSE BILL 881: "A BILL FOR AN ACT ENTITLED: 'AN ACT TO AUTHORIZE THE MONTANA ARTS COUNCIL TO SELECT A STATUE OF JEANETTE RANKIN TO BE PLACED IN STATUARY HALL IN WASHINGTON, D.C., AND TO APPROPRIATE FUNDS FOR THE STATUE."

Representative BENGSTON said this bill has also been taken care of in her subcommittee recommendations.

Representative BENGSTON made a motion that House Bill 881 be tabled.

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A voice vote was taken and the motion carried unanimously.

HOUSE BILL 849: "A BILL FOR AN ACT ENTITLED: 'AN ACT TO APPROPRIATE \$6,000 TO THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS TO LEASE THE WAPLES RANCH NEAR RED LODGE FOR USE AS A GAME RANGE."

Representative MANUEL said this bill will be taken care of tonight through House Bill 833.

Representative MANUEL made a motion that House Bill 849 be tabled. A voice vote was taken and the motion carried unanimously.

(Tape 3: Track 3:046)

HOUSE BILL 928: "A BILL FOR AN ACT ENTITLED: 'AN ACT PROVIDING FOR ADMINISTRATION OF THE CULTURAL AND AESTHETIC GRANTS PROGRAM BY THE MONTANA ARTS COUNCIL; PROVIDING FOR GRANT CONDITIONS AND EXPENDITURES; APPROPRIATING MONEY FOR CERTAIN PROJECTS; AND PROVIDING AN EFFECTIVE DATE" was heard.

Representative BARDANOUVE said the money for this bill comes from the Coal Tax funds.

Representative BENGTSON said the subcommittee had about \$825,000 and there were close to 90 projects reviewed. She said lay people had made recommendations on the projects and the subcommittee funded 83% of the recommended projects with 71% of the money. Only 4 of the recommended projects did not receive money.

She said the bill establishes the rules in law, so the Historical Society will not have to go through the rule-making process to have hearings because it's spelled out in law. In addition, House Bill 110 established the criteria. The subcommittee was careful to draft the language so these grants don't become questionable. The grantee must accept the council's conditions of the grant and sign a contract. The grantee must agree the funds granted will be expended solely for the purpose and activities described in the approved proposal. If the grant award is inadequate for the administration of the project, as originally submitted, modifications to the proposal and an operational budget supporting the modifications may be submitted by the grantee. All granted funds must be spent or encumbered during the grant period of two years. No project may receive more than 25% of the total grant award during a 6-month period. The second and each succeeding payment may be made only after an examination of the costs incurred and expenditures made to date by the grantee and a determination of any remaining balance from the prior grant periods is made.

Representative BARDANOUVE asked if the 25% requirement is practical with some projects, such as the elevator? Norm ROSTOCKI said, "The subcommittee wrestled with this issue and the problem is that the coal tax revenue comes in quarterly. To except capital projects

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would require priority be given to them because the money for the other projects isn't available. In other words, 'Who gets the money out of the gate and who doesn't' requires establishing priorities". Representative BENGTSON said that unless this language is left in the bill, there will be many problems. She said they are just going to have to work it out, knowing full well the language is in the bill. She said a copy of the bill will be sent to each grantee so they will know what they are dealing with. Representative BENGTSON continued to read the language in the bill outlining the conditions.

Butte-Silver Bow Arts Chateau: Representative BENGTSON said this is for a building in which they want a fire escape to make the 3rd and 4th floors available for use. There is no mill levy in the county, but because of the economic situation and the merit of the project, the subcommittee agreed.

Carbon County Arts Guild: This is for restoration of a depot given to the group. The depot is in Red Lodge.

Blaine County Museum: The group wants to create an exhibit about the Battle of the Bearpaws. The county levies a mill levy.

Montana Folklife Project: This is a state-wide project. Representative BENGTSON said this is an on-going project and next session they will try to get it funded by the General Fund. Representative WINSLOW asked if there is any language in the bill saying these funds should not be used for on-going projects... or are we going to get into this as we get down the road? Representative BENGTSON said, "I would think we would get into it all the time and we're going to have to make the determination of whether the Arts Council should include it in their budget and should we fund it as an on-going project." Representative WINSLOW asked if it would be possible to put something in the bill so in the future the Legislature is not committed to the on-going projects? Representative BENGTSON said there is some problem there, and we would have a problem if we put language in this bill saying we can't fund on-going projects...Shakespeare in the Parks, for instance, has been getting yearly support. Representative BARDANOUVE said any Legislature down the road can change the policy.

Montana School of Creative Arts: This is a private organization located in Helena. Representative BARDANOUVE questioned giving money to a private organization. David NELSON of the Arts Council said, "None of this money goes directly to an organization and in this case it is under the Helena School District. If it is not a non-profit organization, they have to contract for services with that organization. I believe this is a non-profit organization, but I would have to go back and check".

Jordan Museum: The money will be used for lighting and furnishings for the museum.

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Shakespeare in the Park: Comes out of Bozeman and should be self-supporting after about 10 years of operation. They lost \$10,000 of National Endowment money, so we funded them at that amount. They had asked for more.

Montana Association of Symphony Orchestras: There are 5 or 6 towns with symphonies and they want to do some coordination and a lot of outreach.

Vigilante Players: This is a bare-bones budget. They are a struggling professional company which deals mostly with schools. This group is based in Dillon.

Eastern Montana Resource Coordination Project: This is 17 Eastern Montana counties. They are going to coordinate the arts activities in Eastern Montana. They had the best documented needs assessment of all the projects reviewed by the subcommittee.

Custer County Arts Center: This to expand the educational out-reach to the schools. It is located just out of Miles City in the old water works plant.

Montana Authors Biographical Directory: Librarians see a need for this.

Tri-County Historical Society: Money would be used to renovate the Anaconda City Hall as a museum and arts center. A theater and museum would be provided.

Robert Yellowtail Film Documentary: This is to finance a film about Robert Yellowtail's life, who is 92 years old and very instrumental in working with the Crows and being their spokesman.

K. Ross Toole's Montana: To produce a course for public television using Toole's taped lectures. It will be 20 lectures which people can get college credit for taking the course.

Small Town Montana: This is an oral history project focusing on geographically located small communities. Representative BARDANOUVE expressed his concern that the funding granted would not be used to perpetuate their programs from in-house.

Growth Through Art: The group operates a visual arts center in Billings for disabled adults. Representative BENGTSON said, "It is unique in Montana". Some of their art work has received national recognition.

Western Heritage Center: This is a series of programs on heritage of the Yellowstone and the money will be used to put on a festival and have a traveling exhibit.

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Helena Civic Center: The money will be used to help solve some acoustical problems.

Paris Gibson Square: Money would be used for installation of an elevator. This provides 50% funding and is contingent upon the community raising the other half. It is located in Great Falls.

McCone County Museum: Money will be used to build an exhibit building. Funding is contingent on the community raising the rest of the needed money.

Children's Arts Center: This is in Missoula and is another kind of "hands-on" experience for children. It is the old Lincoln school which they have remodeled and children pay tuition to go into the school, but they are operating on a shoe string. A survey was taken in Missoula and it showed there was not enough activity for children and the subcommittee felt this helped answer that need.

Powell County Museum and Arts Foundation: This is located in Deer Lodge. It is for a re-enactment of the Northern Pacific gold spike ceremony and the allied activities. It is a one-time commitment. Chairman BARDANOUVE noted this is HB 905, which was tabled earlier today by the Committee.

Butte-Silver Bow Public Archives: This is a little building in downtown Butte which has been turned into a public archives and the money granted will be for purchase of duplicating machine and map storage and micro-film reader. They have received a little bit of funding from Arco and tourists stop in this little building.

Rocky Boy Tribal Elders: This is going to be an oral history interview with tribal elders. County Commissioners assured the subcommittee the money would be accounted for. There was a lot of equipment requested, so the subcommittee reduced their request because they felt all the equipment was not necessary.

University of Montana Magic Movers: This is a dance company sponsored by the University of Montana School of Fine Arts. They tour the schools and get the school children involved directly in the dance. They travel all over the state.

University of Montana Repertory Theatre: This project is aimed at communities of less than 5,000 and the grant will subsidize the performances and operations of the theatre, much like Shakespeare in the Park.

Conrad Public Library: In renovating a portion of the library... for weatherproofing the stained-glass windows.

Hockaday Center for the Arts: A small grant for a school enrichment program in Kalispell.

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Jeannette Rankin Statue: This will take up the second spot that Montana has in Statuary Hall in Washington, D.C. Representative LORY said he had heard objections that only one group, Missoula Women for Peace, supported the move. Representative WALDRON disagreed. Chairman BARDANOUVE asked if the placement was shortsighted since someone else might later outshine Charlie Russell and Jeannette Rankin. Representative DONALDSON supported the measure saying he disagreed with some of Rankin's stands, but she did exemplify the women of Montana.

Carter County Museum: This is a bare-bones proposal to restore the facility. "Carbon" County is a typographical error... it should be "Carter" County in the bill. This museum is in Ekalaka. Representative BENGTSON said if they do not levy a mill levy, they will be encouraged to do so.

Troy Museum: This is to purchase land for a museum. They have a little depot they have been using as a visitors' center and they are concerned that the land will be sold from under them.

Gallatin County Historical Society: Money would be used to renovate a jail for a museum. Nothing else was funded in the county except Shakespeare in the Park. The county does not levy a mill.

St. Mary's Mission: This grant is contingent upon an Attorney General's opinion that it would not be unconstitutional because it has religious connotations. Money is to be used to renovate the mission. Norm ROSTOCKI said the money must be used for a public purpose and a state agency must be responsible, but title to the property need not pass to the state. Representative BENGTSON said no money would transfer until the legal position was clarified.

Fort Owen: This is funding for Phase II of the preservation and restoration of the fort, the oldest settlement in the state. Chairman BARDANOUVE said he favored the project. He said, "This is my project... it is older than St. Mary's". He elaborated on the project.

Three Forks Historical Society: This is funding to support their museum.

Moss Mansion: Representative THOFT made a motion to delete the \$5,000 funding. A voice vote was taken and the motion carried unanimously. Representative THOFT made a motion to take the \$5,000 and add it to the Fort Owen project. A roll call vote was taken with 8 members voting "No" and 7 members voting "Yes". The motion failed.

Huntley Project Museum: This is the oldest irrigated, federally-owned project in the nation. The money would help maintain the museum.

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Representative LORY made a motion that \$25,000 be deleted from the Jeannette Rankin project and be given to the Fort Owen project. A roll call vote was taken with 5 persons voting "Yes" and 10 persons voting "No". The motion failed.

Cultural & Aesthetics Advisory Committee: The money is for operating expenses and provides for three meetings a year, a half-time secretary, supplies and travel. About \$21,000 is for the secretary for the biennium.

(Tape 3: Track 3:490)

***EXECUTIVE ACTION:

Representative ROUSH made a motion to amend the bill to correct the typographical error in the bill changing "Carbon" county to "Carter" county... Page 5, line 25. A voice vote was taken and the motion carried unanimously.

Representative BENGTON made a motion that House Bill 928 do pass as amended. A voice vote was taken and the motion carried unanimously.

Jerry SIMMONS, Billings, said the Committee spent much money for buildings, but little for art itself. He said that in the future he hoped this would change. Representative BENGTON said there was a lot of support by the subcommittee for the support of artists and the spreading of culture and when you talk about out-lying regions, they have to have a place to start... a place to house it. She said all of these projects spread culture and it is not all bricks and mortar.

Representatives DONALDSON and WALDRON praised the work of the subcommittee. Representative WINSLOW said, "I again want to issue my concern. I want to go on the record. I hope what we're not doing with a very good source of funding is have it grow and grow and grow... \$800,000 now and \$1.6 in a couple of years. I hope what we're not doing is setting up a separate General Fund... that anything that is arts related is going to be using grant funds. I can see down the road that we're going to be throwing the Historical Society and everything else in there. I think the reason these were established was to get the creative programs going."

HOUSE BILL 707: "A BILL FOR AN ACT ENTITLED: 'AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF INSTITUTIONS TO CONVERT THE GAS-FIRED HEATING PLANT AT THE PINE HILLS SCHOOL TO A COAL-FIRED PLANT." was heard.

(Tape 3: Track 3:551)

Representative RAMIREZ presented his bill. He said, it is an extremely important project which has the potential to save money for the state. He offered some amendments to the bill. (Exhibit 1). He said the amendments provide the Department of Administration to place the project out for proposals from various engineers. The

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The proposals would come in and would have to meet criteria outlined in the amendments. The Department of Administration would then go to the coal companies and request bids - conditional bids - on long-term contracts, at least 10 year contracts, containing certain provisions, including the provision that the price could only increase either the market price or a maximum 8% a year and that the total price, with delivery, for the initial year would be \$22 a ton. The Department would then take that long-term commitment for coal, the proposal of the engineer and then do one more calculation. They would take the projected price increases that MDU, who is the current supplier of energy, files with the PSC, take the current bond market rates, and then determine whether this project and the savings in the difference in the price of natural gas and the price of coal would, within 12 years, pay off the bonds at current bond rates. If it doesn't work out on this formula, the Department will scrap the project. But if it did work out, the life of the project is around 25 years, it would pay for itself in 12 years and you would have somewhere around 13 years in which the state would save a tremendous amount of money."

Phil HAUCK, State Architect, speaking as neutral on the bill, introduced his agency's mechanical engineer, George Nolan, in case the Committee had any questions they wanted to ask him. Phil HAUCK said, "In looking over this proposal, on any energy saving proposal the main object is to save money and the pay-back period ends up being the determining factor. Unfortunately, these pay-back periods are based upon estimates and projected costs which make this approach considerably less than scientific. There are many factors involved in arriving at a pay-back period and these many factors can provide conclusions on either side of the issue. When it comes to evaluating this, most of us know that projecting energy costs is sort of a national passtime. We can see where it can save a great deal of money... there is no question about this, but we question the pay-back period. Our office believes that building retrofit gives us the best and quickest return on our money, and I'm comparing retrofit to alternate energy uses. In our evaluation of the information given to us on the Pine Hills proposal, we generally agree with most of the assumptions and estimates prepared by Mountain States Engineers. We do disagree, however, with the cost escalation rate of coal in comparison to the gas, the maintenance and operational costs, and the efficiency and utilization of the proposed 600-horse-power boiler. In our calculations, we used a 400-horse-power boiler, we figured it at 80% utilization of the boiler for total load, we used actual gas rates and a constant state of escalation for both gas and coal, and our conclusion would give us a 17 to 18 year pay-back. We do not feel this pay-back is justifiable at this point in time, but this may change. We have talked to all kinds of coal companies and gas companies and we have put together all kinds of figures and will be glad to answer any questions from the Committee."

Representative ROUSH said, "In relation to the quality of coal to be burned there in relation to the natural gas, how much real savings are we looking at? Mr. NOLAN said in the present day the price of coal is approximately 1/3 that of natural gas.

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Representative PECK asked if there are any major state buildings which are now heated by coal? Mr. HAUCK said, "No". Representative QUILICI asked if a scrubber would be needed? Mr. HAUCK said, "No, but they need supplemental electricity".

Opponents:

John ALKE, representing Montana Dakota Utilities (MDU) opposed the bill because they view the project as inefficient. He said the bill is an experiment at state expense. He presented a statement with accompanying figures. (Exhibit 2).

Discussion:

Representative DONALDSON asked if the state does this, might there be a better place than Pine Hills? Mr. HAUCK said, "No. If there was a place which needed a boiler plant replacement, a viable situation to look hard at is coal. It seems the proposal hinges on obtaining a long-term, guaranteed price for coal, but no coal producer would do that unless the cost is indexed, probably to the cost of natural gas."

Representative BENGTON asked if this proposal went before the Long Range Building Committee? Representative RAMIREZ said, "Yes, but the committee said no money was available."

Chairman BARDANOUVE asked Mr. Hauck if he had information about the conversion at Malmstrom Air Force Base? Mr. Hauck said his information is sketchy, but he understands there will be a 50 - 60 year pay-back on the project.

Representative WINSLOW asked if this proposal would be feasible to use on the DNRC building? Mr. HAUCK said the cost of transporting the coal makes it infeasible.

Representative LORY asked if the study included a look at the escalation in the price of coal? Mr. HAUCK said coal is always cheaper, but escalates at the same rate as gas.

Representative STOBIE said from the language in the proposed amendments it is not at all clear that the project would end if the study shows it is infeasible. Representative RAMIREZ said the amendments will be amended to include this language.

(Tape 3: Track 3:856)

***EXECUTIVE ACTION:

Representative WALDRON made a motion that the amendments, including the added language to be prepared by the LFA, be approved. A voice vote was taken and the motion carried unanimously.

Representative WALDRON made a motion that House Bill 707 as amended do pass. A roll call vote was taken with 8 members voting "Yes" and 7 members voting "No". The motion carried.

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(Tape 3: Track 3:1014)

HOUSE BILL 895: "A BILL FOR AN ACT ENTITLED: 'AN ACT TO APPROPRIATE \$3,543,160 TO FLATHEAD VALLEY COMMUNITY COLLEGE TO BE MATCHED BY LOCAL FUNDS TO CONSTRUCT A NEW CAMPUS."

*****EXECUTIVE ACTION:**

Representative DONALDSON made a motion that House Bill 895 be tabled. Representative CONNELLY made a substitute motion that House Bill 895 do pass.

Discussion:

Representative BARDANOUVE said this proposal was agonized over in Long Range Building and received some support, but it was voted down.

Representative WALDRON said this bill sets a dangerous precedent because the state has never participated in a building program for community colleges. Representative CONNELLY disagreed and said the Vo-Tech schools have had funding and this is a similar type program.

Representative MENAHAN called this measure the "Camel getting it's nose in the tent". He said they are not the same as the Vo-Tech program.

Representative BENGTSON said that sometimes Community Colleges are in competition with Vo-Tech schools by offering similar courses.

Representative ERNST asked if there are any plans drawn up for the proposed campus? Representative WALDRON said, "No".

Representative BENGTSON said she did not favor state funding of buildings for Community Colleges, but she praised the the Community Colleges.

Represented ROUSH cautioned against the state getting into Community College financing.

The question being called, the substitute motion that House Bill 895 do pass failed on a roll call vote of two members voting "Yes" and 13 members voting "No".

(Tape 3: Track 3:1114)

SENATE JOINT RESOLUTION 14: "A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA CONSENTING TO THE BOARD OF REGENTS AUTHORIZING THE UNIVERSITY OF MONTANA TO RENOVATE THE CURRENT DORNBBLASER STADIUM OR CONSTRUCT A NEW STADIUM COMPLEX."

Representative MANUEL said the Long Range Building committee recommended this bill do pass. He said it would all be paid for by private funds. Harley LEWIS, athletic director at U of M said the money would be raised by private donation and fund raising.

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*****EXECUTIVE ACTION:**

Representative LORY made a motion that Senate Joint Resolution 14 be concurred in. A voice vote was taken and the motion carried with Representatives Connelly and Thoft voting "No".

(Tape 3: Track 3:1145)

HOUSE JOINT RESOLUTION 9: "A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA CONSENTING TO THE CONSTRUCTION OF A SWIM CENTER AT WESTERN MONTANA COLLEGE".

Representative DONALDSON said he had some amendments to this bill. [See "Standing Committee Report" in these Minutes.]

Representative DONALDSON made a motion that the amendments to the bill be approved. A voice vote was taken and the motion carried unanimously.

Representative DONALDSON made a motion that House Joint Resolution 9 as amended do pass. A voice vote was taken and the motion carried unanimously.

HOUSE BILL 824: "A BILL FOR AN ACT ENTITLED: 'AN ACT TO APPROPRIATE \$500,000 TO THE DEPARTMENT OF ADMINISTRATION FOR DEVELOPMENT OF BANNACK STATE PARK.'"

Representative BARDANOUVE said House Bill 833 would consider this bill.

Representative WALDRON made a motion that House Bill 824 be tabled. A voice vote was taken and the motion carried unanimously.

Chairman BARDANOUVE adjourned the meeting at 11:15 a.m.



FRANCIS BARDANOUVE
Chairman

jc

Prepared for
Rep Ramirez
4/13/83

AMENDMENT TO HOUSE BILL 707

1. Page 1, line 4.

Following: "Entitled:"

Strike: Remainder of title.

Insert: "Authorizing the issuance and sale of general obligation bonds to finance the conversion of the gas-fired heating plant at the Pine Hills school to a coal-fired plant; to appropriate the proceeds of these bonds to the Department of Institutions for the conversion project, and establishing criteria for the bond issue.

2. Page 1, line 9.

Following: The enacting clause.

Strike: Remainder of the bill.

Insert: "Section 1. Bonds authorized. The board of examiners is authorized to issue and sell general obligation bonds upon the conditions and in the manner provided in [HB 448] in the principal amount not to exceed \$1,000,000 for the purpose of financing costs to convert the gas-fired heating plant at the Pine Hills school to a coal-fired plant, as provided in section 3.

(4B)Administration

Section 2. Appropriation. There is appropriated to the Department of Institutions from the funds received from the sale of general obligation bonds \$1,000,000 for the project described in Section 1, subject to the conditions described in section 3.

Section 3. Procedures and restrictions. (1) Before the conversion for which this bond issue is made may take place, the following conditions and procedures must be met:

(a) The department of administration shall request engineering design proposals for conversion of the gas-fired heating plant at the Pine Hills school to a coal-fired system. The request must require all submitted proposals to:

(i) provide a system that is as fully automated as present technology can provide;

(ii) provide for particulate emission control of the system that achieves at least 85 - 95% efficiency;

(iii) use existing gas-fired boilers for standby and emergency purposes; and

(iv) provide coal receiving capacity for at least 33 ton truckloads of coal and total coal storage capacity of two weeks at winter design heating temperature of -30°F.

(b) (i) The department shall enter a contract for coal that:

(A) is contingent upon successful completion of the conversion of the Pine Hills system under the provisions of this act;

(B) notwithstanding section 18-4-102 has a contract term of not less than 10 years;

(C) requires payment for the coal at market price or lower each year but not to exceed 8% increase over the previous year's price; and

(D) provides for coal that has a minimum heating value of 8,700 BTU/lb.

(ii) Provision for delivery of the coal to Pine Hills school may be included in the coal contract or in a separate contract, however, the combined price of coal and delivery may not exceed \$22 a ton. ^{initial}

(c) After receipt of proposals under the provisions of subsection (1)(a), the department shall review them and determine which proposal best meets the criteria established in that subsection and which will result in annual cost savings to the state of Montana after the conversion is complete,

To determine annual cost savings the department shall consider:

(i) the requirements of subparagraph (b);

(ii) the forecasted natural gas rates as presented by the current Pine Hills school utility provider to the Montana public service commission in April 1983; and

(iii) the current bond interest rates.

(2) After determination under subsection (3), the department shall have this conversion project constructed as provided in Title 18, chapter 2, part 1, MCA, at a total price not to exceed the amount authorized in section 1."

Section 4. Effective date. This act is effective on passage and approval."

{and which will repay bonds authorized under section 1}
{within 12 years from their date of issuance.}

The proponents of House Bill 707 have forecasted very large energy savings by arbitrarily escalating the cost of natural gas at a high rate and comparing it to coal costs escalated at 10% per year. The proponents have escalated gas costs at 15% per year through 1990 and 12% per year thereafter. In fact, as MDU has recently advised the Montana Public Service Commission, gas costs, under the Natural Gas Policy Act, and current market conditions, are expected to raise by 7.3% annually through 1987 and by 8.7% annually through 1992. If these gas cost increases are used in the proponents' study and it is otherwise assumed to be a correct analysis, the proponents' own study, using the restated gas costs, would show that after 11 years the project would have a negative payout of \$737,000 instead of the positive payout of \$177,000 shown in their study. Both the original study and the original study restated with MDU's projected gas costs are attached. As the restated study shows the capital cost of the conversion dominate the cost picture and exceed energy cost savings.

Of equal importance is the fact that the study does not accurately reflect the cost increases which will be occasioned by such a conversion. The study shows only minimal cost increases for labor (\$3,000 per year) and maintenance (\$1,000 per year) caused by the conversion. MDU believes these cost increases are unrealistically low given the practicalities of ash disposal and the operation and maintenance cost associated with operation of a coal-fired boiler. Additionally, such a facility will require an electrostatic precipitator to control stack emissions which will require significant amounts of electrical energy. Yet, there is no calculation whatsoever of the increased electrical costs associated with such a conversion.

Even the gas costs used by MDU in the restated study are probably too high for purposes of this type of analysis. The Pine Hills School already has alternative fuel capability (fuel oil). That alternative fuel capability essentially provides a cap for the natural gas costs experienced by the school. If natural gas cost ever exceeded fuel oil prices the school would simply stop using natural gas and use fuel oil. With world oil prices declining and fuel oil prices declining the use of a constantly and ever increasing energy cost for the "without coal" option is unrealistic. Additionally, accelerated deregulation of new natural gas, depending on the form of such deregulation, could actually result in a decrease of the real cost of natural gas over the next decade.

The proponents of House Bill 707 have stated that the transportation cost of suitable coal will be approximately \$11 per ton. The study was performed using as the initial coal price \$21 per ton (\$1.25 per MBTU). That means the State would have to find a source of suitable coal at an initial selling price of \$10 per ton. Even in today's coal market that is a very low price.

MTAIN STATES ANALYSIS
RESTATE WITH MDU GAS COSTS¹

YEAR	COAL COST/ MMBTU	NAT GAS COST/ MMBTU	YEARLY COAL COST	YEARLY NAT GAS COST	LABOR	MAINT	PAYOUT	COAL SAVINGS	SAVING (LOSS)
1983-1984	\$1.25	\$4.02	\$34,375	\$100,500	\$3000	\$1000	\$186,320	\$ 66,125	\$ (124,195)
1984-1985	1.25	4.31	34,375	107,500	3240	1080	186,320	73,000	(241,835)
1985-1986	1.38	4.62	37,950	115,500	3499	1165	186,320	77,500	(355,320)
1986-1987	1.52	4.95	41,800	123,700	3778	1259	186,320	81,900	(464,777)
1987-1988	1.67	5.31	45,980	132,700	4080	1359	186,320	86,700	(569,836)
1988-1989	1.84	5.69	50,517	142,200	4406	1467	186,320	91,700	(670,329)
1989-1990	2.02	6.19	55,660	154,700	4758	1584	186,320	99,000	(763,991)
1990-1991	2.22	6.72	61,105	168,000	5138	1710	186,320	106,900	(850,259)
1991-1992	2.44	7.30	67,155	182,500	5549	1846	186,320	115,300	(928,674)
1992-1993	2.68	7.93	73,810	198,200	5992	1993	186,320	124,400	(998,579)
1993-1994	2.95	8.62	81,070	215,500	6472	2152	-0-	134,400	(872,803)
1994-1995	3.25	9.37	89,237	234,200	6989	2324	-0-	145,000	(737,116)

¹Only MDU gas cost data was substituted for Mountain States data. All remaining data is as provided by Mountain States. All calculations were performed as per Mountain States.

COAL CONVERSION ANALYSIS

YEAR	COAL COST/ MMBTU	NAT. GAS COST/ MMBTU	YEARLY COAL COST ¹	YEARLY NAT. GAS COST ²	LABOR	MAINT	PAYOUT	COAL SAVINGS	ACCL. RATE ³ OF RETEN.
1983-84	\$1.25	\$4.02	\$34,375	\$100,500	\$3000	\$1000	\$186,320	\$66,125	-\$124,195
1984-85	1.25	4.62	34,375	115,575	3240	1080	186,320	81,200	- 233,650
1985-86	1.38	5.31	37,950	132,825	3499	1166	186,320	96,375	- 229,745
1986-87	1.52	6.10	41,800	152,500	3728	1259	186,320	110,700	- 410,400
1987-88	1.67	7.12	45,1980	175,375	4080	1359	186,320	126,395	- 472,761
1988-89	1.84	8.19	50,517	204,750	4406	1467	186,320	154,233	- 510,781
1989-90	2.02	9.42	55,660	235,462	4758	1584	186,320	179,802	- 523,551
1990-91	2.22	10.55	61,105	263,750	5138	1710	186,320	202,645	- 518,151
1991-92	2.44	11.82	67,155	295,400	5549	1846	186,320	226,245	- 493,557
1992-93	2.65	13.24	73,810	330,960	5992	1993	186,320	257,150	- 420,732
1993-94	2.95	14.83	81,070	370,720	6472	2152	-	269,650	- 159,711
1994-95	3.25	16.61	89,237	415,240	6969	2324	-	326,003	- 176,951
					2,793,057				
								2,120,950	

COAL PRICE INCREASE 10%/TR (GUARANTEED)
NATURAL GAS PRICE INCREASE 10% 1990, THEN 12%/TR.
NATURAL GAS QUANTITY OF 25,000 MCF/TR. (25,000 MBTU/TR.)
COAL QUANTITY OF 27,500 MMBTU/TR.

VISITORS' REGISTER

HOUSE APPROPRIATIONS COMMITTEE

BILL HJR 9

Note: >

Date

SPONSOR HAND

CONSENTING TO CONSTRUCTION OF SWIM
CENTER AT WESTERN MONTANA COLLEGE.

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE APPROPRIATIONS COMMITTEE

Notes:

DATE

SPONSOR RAMIREZ

RAMTREZ

Appropriate funds to Dept. of Inst. to convert gas-fired heating plant at Pine Hills School to a coal-fired plant.

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE Association

COMMITTEE

BILL *HB 928*

DATE 4-17-1982

SPONSOR *Printers*

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STANDING COMMITTEE REPORT

APRIL 13,

19 83

SPEAKER

MR.

APPROPRIATIONS

We, your committee on

House Joint Resolution **9**

having had under consideration

First reading copy (**White**)

color

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA CONCERNING TO THE CONSTRUCTION OF A SWIM CENTER AT WESTERN MONTANA COLLEGE.

House Joint Resolution

9

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

BE AMENDED AS FOLLOWS:

1. Page 1, line 21.

Following:

Insert: "Should the total funds become available, the funding resources will be presented to the interim Finance Committee prior to the letting of any bids for the project."

AND AS AMENDED

DO PASS.

STANDING COMMITTEE REPORT

APRIL 13, 1983

MR. SPEAKER

APPROPRIATIONS

We, your committee on

having had under consideration

SENATE JOINT RESOLUTION xx No. 14

THIRD READING BOOK 1 BLUE
Color

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF
THE STATE OF MONTANA CONSENTING TO THE BOARD OF REGENTS AUTHORIZING
THE UNIVERSITY OF MONTANA TO RENOVATE THE CURRENT DORNBELASER STADIUM
OR CONSTRUCT A NEW STADIUM COMPLEX.

Respectfully report as follows: That.....

SENATE JOINT RESOLUTION BOOK No. 14

BE CONCURRED IN

DOCKFASER

STANDING COMMITTEE REPORT

APRIL 13,

83

19

SPEAKER

MR.

APPROPRIATIONS

We, your committee on

HOUSE

707

having had under consideration Bill No.

FIRST

WHITE

reading copy (white)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF INSTITUTIONS TO CONVERT THE GAS-FIRED HEATING PLANT AT THE PINE HILLS SCHOOL TO A COAL-FIRED PLANT."

HOUSE

707

Respectfully report as follows: That Bill No.
BE AMENDED AS FOLLOWS:

1. Title, line 4.

Following: "ENTITLED: "AN ACT"

Strike: Remainder of title

Insert: "AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS TO FINANCE THE CONVERSION OF THE GAS-FIRED HEATING PLANT AT THE PINE HILLS SCHOOL TO A COAL-FIRED PLANT; APPROPRIATING THE PROCEEDS OF THE BONDS TO THE DEPARTMENT OF ADMINISTRATION FOR THE CONVERSION PROJECT; ESTABLISHING CRITERIA FOR THE BOND ISSUE; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

2. Page 1, line 10.

Following: line 9

Strike: Remainder of the bill

Insert: "Section 1. Bonds authorized. The board of examiners is

XXXXXX
DO PASS

APRIL 13, 1983

authorized to issue and sell general obligation bonds upon the conditions and in the manner provided in [HB 448] in the principal amount not to exceed \$1,000,000 for the purpose of financing costs to convert the gas-fired heating plant at the Pine Hills school to a coal-fired plant, as provided in [section 3].

Section 2. Appropriation. There is appropriated to the department of administration from the funds received from the sale of general obligation bonds under [section 1] \$1,000,000 for the project described in [section 1], subject to the conditions described in [section 3].

Section 3. Procedures and restrictions. (1) Before the conversion for which the bond issue under [section 1] is made may take place, the following conditions and procedures must be met:

(a) The department of administration shall request engineering design proposals for conversion of the gas-fired heating plant at the Pine Hills school to a coal-fired system. The request must require all submitted proposals to:

(i) provide a system that is as fully automated as present technology can provide;

(ii) provide for particulate emission control of the system that achieves at least 85 - 95% efficiency;

(iii) use existing gas-fired boilers for standby and emergency purposes; and

(iv) provide coal-receiving capacity for at least 33 ton truckloads of coal and total coal storage capacity of two weeks at winter design heating temperature of -30°F.

(b) (i) The department shall enter a contract for coal that:

(A) is contingent upon successful completion of the conversion of the Pine Hills system under the provisions of [this act];

(B) notwithstanding 18-4-102 has a contract term of not less than 10 years;

(C) requires payment for the coal at market price or lower each year, but not to exceed an 8% increase over the previous year's price; and

(D) provides for coal that has a minimum heating value of 8,700 BTU/lb.

(ii) Provision for delivery of the coal to Pine Hills school may be included in the coal contract or in a separate contract; however, the initial combined price of coal and delivery may not exceed \$22 a ton.

(c) After receipt of proposals under subsection (1)(a), the department shall review them and determine which proposal best meets the criteria established in that subsection, will result in annual cost savings to the state of Montana after the conversion is complete, and will repay bonds sold under [section 1] within 12 years from their date of issuance. To determine annual cost savings the department shall consider:

(i) the requirements of subsection (1)(b);

APRIL 13, 19 93

(ii) the forecasted natural gas rates as presented by the Pine Hills school utility provider to the Montana public service commission in April 1993; and

(iii) the current bond interest rates.

(2) After a determination is made under subsection (1)(c), the department shall have the conversion project constructed as provided in Title 13, chapter 2, part 1 at a total cost not to exceed the amount appropriated in [section 2].

Section 4. Effective date. This act is effective on passage and approval."

AND AS AMENDED
DO PASS

STANDING COMMITTEE REPORT

APRIL 13,

19 83

MR. SPEAKER

APPROPRIATIONS

We, your committee on

HOUSE

928

having had under consideration

Bill No.

FIRST reading copy (WHITE)
color

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR ADMINISTRATION OF THE CULTURAL AND AESTHETIC GRANTS PROGRAM BY THE MONTANA ARTS COUNCIL; PROVIDING FOR GRANT CONDITIONS AND EXPENDITURES; APPROPRIATING MONEY FOR CERTAIN PROJECTS; AND PROVIDING AN EFFECTIVE DATE."

HOUSE

928

Respectfully report as follows: That

Bill No.

BE AMENDED AS FOLLOWS:

1. Page 5, line 25.

Strike: "Carbon"

Insert: "Carter"

2. Page 6, line 6.

Strike: line 6 in its entirety

AND AS AMENDED

DO PASS