

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

January 16, 1985

The meeting of the State Administration Committee was called to order by Chairman Sales, January 16, 1985 at 9:00 a.m. in Room 317 of the State Capitol.

ROLL CALL: All members present.

CONSIDERATION OF HOUSE BILL NO. 134: Rep. Bob Pavlovich, District #74, told the Committee that the statute now requires that these be republished each year and rather than go through the complete reprinting this bill would enable the Department of Justice to reprint the Fire Codes of Montana in looseleaf form and thereafter print replacement pages to be sent to the fire departments and sheriff departments in Montana. This would save the State a great deal of money.

PROPOSERS: Bob Kelly, State Fire Marshal, said that two years ago it cost \$4700 to print the required pamphlet and mail it to the various parties. They want to just print the changes that are made and mail replacement pages rather than republish the entire book.

There were no further proponents and no opponents present.

DISCUSSION OF HOUSE BILL NO. 134: Sen. Nelson asked why something like this has to go through the Legislature - why can't the Department decide something like this. Lois Menzies, Staff Researcher, said that it is statute and thus must be changed by the Legislature.

Rep. Pavlovich closed his presentation of HB 134.

The hearing was closed on HB 134.

CONSIDERATION OF HOUSE BILL NO. 139: Rep. John Phillips, District #33, told the Committee that the budget for the maintenance of the Capitol Complex grounds had been transferred to the Department of Fish, Wildlife and Parks during the 48th Legislative Session but they neglected to change the statute so it is still under the Department of Administration. This bill is really to clear up the books and put the responsibility on the Department of Fish, Wildlife and Parks to maintain the Capitol grounds. He also pointed out that the Fiscal Note indicated there would be no fiscal impact in transferring this to Fish, Wildlife and Parks.

PROPOSERS: Jim Flynn, Department of Fish, Wildlife and Parks, spoke in favor of the bill, read his written testimony which is attached as Exhibit #1 and offered to answer any questions the Committee might have.

There were no further proponents and no opponents were present.

DISCUSSION OF HOUSE BILL NO. 139: There were no questions from the Committee.

Rep. Phillips closed his presentation of HB 139.

The hearing was closed on HB 139.

A short recess was held with the hearing resumed at 9:45 a.m.

CONSIDERATION OF HOUSE BILL NO. 131: Rep. Gay Holliday, sponsor of the bill, read her prepared testimony which is attached as Exhibit #2, and said that this is a way for us to show our appreciation for what they have done for us.

PROPOSERS: George Schulze, Enlisted Association of the Montana National Guard, appeared in support of the bill on behalf of the Association. He read a prepared statement, Exhibit #3, which outlined several reasons why the Association supported HB 131.

Lt. Col. Dick Mooney, Recruiting and Retention Officer of the Montana National Guard and commander of the 2nd Squadron, also supported HB 131. The State is programmed for an increase in personnel in 1987 but because of federal budget constraints he told the Committee that this may be as far off as 1989. However, these additional people would be an added tax base for the state. The Guardsmen are trained, dedicated people and make many sacrifices, including being a member at a monetary loss to themselves. They spend much time and travel many miles to training and weekly meetings. This bill would require no additional paper work other than a W2 form. He urged a Do Pass for HB 131.

Ted Lott, Montana Air National Guard, said this bill would greatly add to their recruiting efforts and also said this bill is an incentive for recruiting and retention of members.

Bill Huber, student at the University of Montana and an enlisted member of the National Guard said this bill would give him an additional \$100 to be used for his education and said it would be an educational incentive.

There were no further proponents and no opponents present.

DISCUSSION OF HOUSE BILL NO. 131: Rep. Harbin asked Mr. Schulze what the fiscal impact would be to the state. Mr. Schulze said with 3900-4000 members the maximum would be around \$390,000. This would be true only if everybody in the Guard paid more than \$100 in taxes, but not all do. Some pay no taxes.

Rep. Cody questioned Mr. Schulze about Exhibit #3, page 2, second paragraph, concerning the Guardsmen volunteering to fight the fires of 1984 and asked if these people were paid. Mr. Schulze said they were paid by other agencies such as the forest service, etc., but they were not paid through the military.

Rep. Jenkins asked Mr. Schulze how long a person must serve in the Guard before they can retire. Mr. Schulze said they are able to retire after 20 years of service but are not able to draw retirement until age 60. On active duty they can retire after 20 years and can draw retirement after 20 years. The amount of retirement would depend on a point system and Col. Mooney said it depends greatly upon the number of years served.

Rep. Jenkins asked if the men receive any pay from their civilian jobs while they are serving with the Guard either at summer encampment or on emergency duty. Mr. Schulze replied that it is pretty much up to the employer and most are very good about this. The Post Office and Forest Service, etc. do have a military leave that they pay for, however, only the 15 day period during the summer comes under this. There is no pay for mileage, meals or lodging. The Air National Guard operates differently. The government will house those people on a drill - this is not so for the Army National Guard.

Rep. Pistoria wanted it made clear to the Committee how the \$100 tax credit would work. If the Guardsman does not pay any taxes he would not receive the \$100. If he owed \$110 in taxes he would pay only \$10. If he owed \$75 he would receive a tax credit of \$75 so he would pay nothing.

There were no further questions from the Committee.

Rep. Holliday closed her presentation of HB 1313 asking for the support of the Committee to show our gratitude to the Montana National Guard.

The hearing closed on House Bill 131.

The Committee then went into executive session.

DISPOSITION OF HOUSE BILL NO. 134: Rep. Harbin moved that HB 134 DO PASS, seconded by Rep. Garcia. Motion CARRIED UNANIMOUSLY.

DISPOSITION OF HOUSE BILL NO. 139: Rep. O'Connell moved that HB 139 DO PASS, seconded by Rep. Jenkins. Motion CARRIED UNANIMOUSLY.

DISPOSITION OF HOUSE BILL NO. 131: Rep. O'Connell moved that HB 131 DO PASS, seconded by Rep. Jenkins.

A fiscal note had been ordered on this bill but was not received. Rep. Holliday said it might be wise to wait for the fiscal note but didn't know how accurate it would be. Chairman Sales said the \$390,000 would be the maximum figure.

Rep. Fritz said he thought this discriminated against the poor National Guardsmen. The ones that pay taxes are the ones that would benefit from this. He suggested that some other incentive

be proposed such as a recruiting bonus.

Rep. Jenkins said that while these men and women are serving in the Guard it is a cost to them individually and said that anything that could be done to help without going into the general fund or paying them would show them some gratitude. It was suggested that perhaps there could be a tax benefit for loss of salary.

Rep. Pistoria said that since it affects so many people in the state he wanted it to go to the floor of the House for debate.

Rep. O'Connell's motion DO PASS CARRIED with Chairman Sales and Rep. Fritz voting "no".

Rep. Nelson asked about HB 70 and 74 which have been referred to subcommittees. Lois informed the Committee that HB 70 subcommittee would be meeting January 16th (today) and HB 74 has not been drafted but it was in the works.

Chairman Sales told the Committee that HB 98 which was amended and received a Do Pass As Amended on January 15, 1985 was being brought back to the Committee for further consideration of the amendments. The amendments did not do what was intended. HB 98 will be considered further on January 17, 1985.

There being no further business before the Committee, the meeting was adjourned at 10:23 a.m.



WALTER R. SALES, Chairman

(Type in committee members' names and have 50 printed to start).

DAILY ROLL CALL

State Administration COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 1/16/85

NAME	PRESENT	ABSENT	EXCUSED
Chairman Walter Sales	/		
V-Chairman Helen O'Connell	/		
Campbell, Bud	/		
Compton, Duane	/		
Cody, Dorothy	/		
Fritz, Harry	/		
Garcia, Rodney	/		
Hayne, Harriet	/		
Harbin, Raymond	/		
Holliday, Gay			
Jenkins, Loren	/		
Kennerly, Roland	/		
Moore, Janet	/		
Nelson, Richard	/		
Peterson, Mary Lou	/		
Phillips, John	/		
Pistoria, Paul	/		
Smith, Clyde	/		

Ex. #1
1/16/85
HB. 139

HB 139

Testimony presented by Jim Flynn, Department of Fish, Wildlife & Parks

January 16, 1985

The Department of Fish, Wildlife & Parks supports passage of House Bill 139.

In 1982, the Governor's Council on Management recommended, and the 1983 legislature authorized, transfer of the responsibility for maintenance of the capitol grounds from the Department of Administration to the Department of Fish, Wildlife & Parks. This was accomplished through the budget process by putting the spending authority for the maintenance in the Fish, Wildlife & Parks' budget. As a result, we have been carrying out these responsibilities since July 1983.

Since the 1983 session, it was discovered that Section 2-17-111 still references the Department of Administration as being the entity legally responsible for this maintenance. House Bill 139 changes that reference to the Department of Fish, Wildlife & Parks, and would then have the statutory authority in line with the budget authority.

EX. # 20
1/16/85
HB 131

Mr. Chairman and members of the committee, for the record I am Rep. Gay Holliday, District #31 and sponsor of HB 131.

The Montana National Guard is the only organized force available to be called to assist the citizens of the State of Montana in time of emergency or disaster.

In most cases, these calls to active duty cost the guard member money because they receive less pay while serving the state than from their civilian job.

In order to attract new Guardsmen and retain more of those already in the Guard ranks, most state legislators passed new laws creating additional state benefits for Guard membership.

This bill is an incentive for continued membership of trained manpower in the National Guard.

Montana offers nothing to them in the way of bonus, tuition, exemptions or credits. All they have is a special license plate which we did for them in the last session and they pay for themselves.

Other members of the Armed Forces pay no income taxes to the state, therefore a credit of \$100. is one thing we can do for the Guard who have served us for 100 years and celebrate their 100th anniversary this year.

The fiscal impact is hard to assess, as some will pay no tax and some pay less than \$100. to begin with.

Closing:

I do ask for the support of the committee on HB 131 to show our appreciation and gratitude for what they do for us.

EX #3
1/16/85
HB-131

WITNESS STATEMENT

Name <u>George E. Schulze</u>	Committee On _____
Address <u>Kalispell, Montana</u>	Date <u>Jan.16,1985</u>
Representing <u>Enlisted Assn. of The National Guard</u>	Support <u>X</u>
Bill No. <u>HB 131</u>	Oppose _____
	Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. See Attached Statment

2.

3.

4.

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

12 January 1985

SUBJECT: Montana National Guard Tax Credit Proposal

With the official end of the draft in 1973, most Guard units had already found out that their waiting lists, filled by draft-motivated volunteers, had become a thing of the past. In order to attract new Guardsmen and retain more of those already in the Guard ranks, most state legislatures passed new laws creating additional state benefits for Guard membership.

Enlistment/reenlistment bonuses, Guard scholarships and tuition assistance, state-funded Guard retirement pensions, improved medical benefits, legal assistance and life insurance programs are examples of benefits approved for Guardsmen by many states. Montana, in its continued battle against reduced revenues and rising costs, has held the line on state incentives to a bare minimum relying instead on the patriotic, volunteer nature of most Montanans. At the current time there are no funded state benefits/incentives for members of the Montana National Guard.

Montana has done well in National Guard strength since 1973. We witnessed a rather dramatic loss of strength during the period 1973-1977 with a progressive gain since that period to our current 103.8%. Our goal at this time is 105% (+) and then to ask for more troop/unit authorizations which directly equate to more federal money and more part- and full-time employment for Montanans.

The Tax Credit for Montana National Guardsmen and women is a real benefit for members and potential members of the National Guard. It would serve as a real and measurable incentive for recruiting and retention. It's success in both areas is guaranteed. At a relative low cost to the state with known and measurable return expected in federal revenue, the tax credit is an investment in Montana the the Montana National Guard.

If implemented, the MT NG Tax Credit would take effect for approximately 3,900 members of the Montana National Guard. A very large majority of these people are traditional or "part-time" service members with a small percentage federally paid full-time support personnel. There are 42 state paid National Guard support personnel. Statistics:

NG MEMBERSHIP BREAKDOWN	NUMBER OF PERSONNEL	AVERAGE ANNUAL FEDERAL PAY	AVERAGE ANNUAL STATE TAX PAID	STATE COST (TAX)
Part-time (all)	3,211	\$ 8,712,000	\$ 368,168	\$321,000
Full-time (all)	711	\$23,964,980	\$ 958,599	\$ 71,100
<u>TOTAL PROGRAM</u>	<u>3,922</u>	<u>\$32,676,980</u>	<u>\$1,326,767</u>	<u>\$392,200</u>
Officer	503	\$ 4,509,423	\$ 200,065	\$ 50,300
Enlisted	3,419	\$28,167,557	\$1,126,702	\$341,900

ENLISTED ASSN. OF THE NATIONAL GUARD

Testimony In Support Of HB 131

Mr. Chairman and members of the committee. My name is George Schulze. I represent the Enlisted Assn. of The National Guard. I am testifying in support of House bill 131 for the following reasons:

The Montana National Guard is the only organized force available to the Governor to be called to assist the citizens of the State of Montana in time of emergency or disaster. Examples of this action are the flood of 64 and the prison strike of 79. Last year the guard was called upon to assist in supporting the fighting of the forest fires in the state. This was on a voluntary basis. Not a call of the Governor, but the Guard responded with the assistance that was needed to do the job.

The Guard is your next door neighbor who must give up the comforts of their civilian job and take time away from their families whenever the need arises. The Guard has been doing these tasks for many years. March 10th 1985 is the 100th anniversary of the Montana National Guard.

This bill will offset some of the money lost to guard members when they are activated for floods, fires, earthquakes, international duty, etc.

Personnel strength is higher today than it has been in the recent past; however, the economic situation that has helped the recruiting effort may not last. Therefore, we request this bill as an incentive for continued membership in the National Guard of this trained manpower pool.

House bill 131 applies equitably to all guard members

The State of Montana has provided a total exemption for payment of income tax to all Montana service members in the active armed services. However, the people we must call upon here in the state are provided very little for their service directly from the State of Montana.

I therefore ask your support of HB131 and recommend a do Pass. Thank you

INFORMATION PAPER of
SUBJECT: Montana National Guard Tax Credit Proposal

12 January 1985

The Montana National Guard is an all volunteer organization co-funded by the state and federal government under the command and control of the Governor. It has been a part of Montana's history and development since 1885. At it's heart is the Montana citizen-soldier who has fought in every major conflict since the Spanish-American War and responded to every state emergency since the territorial Indian uprisings of the late 1880's. Montana guardsmen and women are there when needed, often paid and sometimes not but always working long hard hours at any duty assigned - under any conditions.

Most recently over 300 National Guard soldiers and airmen volunteered to work the summer-of-84 forest fires even though a state emergency was not called and hence no formal National Guard call-up. The Montana National Guard has and will continue to call up units and soldiers to respond to declared state emergencies. We also participate in an annual agreement to support the US Forest Service, the National Park Service, the Bureau of Indian Affairs, the Bureau of Land Management, and the state Division of Forestry. In this case we are paid by the requesting agency through their budget. The summer-of-84 forest fires were financially supported by the Federal Emergency Management Agency on a 75-25 percent basis.

Regardless of how paid, National Guard soldiers and airmen do respond to the emergency call. The tax credit is one way to say "thanks for being there when you are needed." It is compensation for sacrificial and patriotic service to Montana. For doing something no one else wanted to do!

The Montana National Guard is paid and trained by Department of the Army and Air Force. Federal participation in construction, logistics, fiscal and payroll is dependent upon our ability to man our units with qualified men and women at operational strengths. If we lose the strength we lose the unit. For this reason we spend a great deal of time and money on recruiting and retention. Most states faced with reduced strength and loss of units, enacted "state sponsored/funded" incentives to assist in this effort. The benefits provided to National Guard men and women in our neighbor states are listed below:

<u>STATE</u>	<u>PROGRAM INCENTIVE</u>	<u>STATE</u>	<u>PROGRAM INCENTIVE</u>
North Dakota	75% free tuition. \$50 recruiting incentive bonus paid for each individual enlisted. \$1,000 military pay exempt from state tax.	Wyoming	50% free tuition for guardsmen/women and 100% for children of guardsmen/women killed LOD
Washington	Tuition assistance not to exceed \$750 per year for guard members with less than 12 years service.	South Dakota	50% free tuition at state sponsored colleges & Vo-Tech. State paid premiums for \$15,000 life insurance (for deaths while on State AD.

INFORMATION PAPER

12 January 1985

SUBJECT: Montana National Guard Tax Credit Proposal

Montana National Guard members are citizens first, employed in and residing in Montana communities, farms and ranches. The federal money they are paid is in addition to their regular pay and is supplemental to the federal support money that accompanies every soldier in the system. The Tax Credit will be a successful recruiting and retention tool. Strength will increase, as will the corresponding federal income. The state cost will be offset.

"THE AVERAGE MONTANA GUARDSMAN"

The average Montana Guardsman is 28 years old, married and employed. In his military capacity he has 7 years of service and has attained the grade of Specialist Five/Sergeant E5. His average annual income from weekend unit training, two weeks annual training, additional training assemblies and/or full time training duty is \$2,953.

More likely than not his motivation for guard membership is not financial, but rather pride in belonging, comradeship, patriotism or training. Money is important, but secondary to the civilian full-time job, family and schools. These conflicts take a toll each year.

Because guardsmen and women are duty inspired, they often devote more time, effort and material to their guard units than they are adequately recompensed. They do what they do because they are proud of their organization and their service to their community, state and country. They are proud and they are special.

STATE TAX BENEFITS

<u>STATE</u>	<u>TAX ADVANTAGE</u>	<u>STATE</u>	<u>TAX ADVANTAGE</u>
ALASKA	All military pay exempt	ARIZONA	\$1,000 military pay exempt
ARKANSAS	\$6,000 military pay exempt. Exempt from County Road Tax	CALIFORNIA	\$1,000 of NG pay exempt
HAWAII	\$500 of service pay exempt from state tax	ILLINOIS	Military Pay Exempt from state taxes
INDIANA	\$2,000 service pay exempt	KENTUCKY	Guard pay exempt from state/local taxes plus a \$20 credit on income tax.
MICHIGAN	Federal pay for enlisted members is exempt	MINNESOTA	\$3,000 military pay is exempt
MISSISSIPPI	\$5,000 military pay exempt	NORTH CAROLINA	\$1,000 NG pay is exempt from state tax
NORTH DAKOTA	\$1,000 military pay exempt	OKLAHOMA	\$1,500 base pay exempt from income tax
OREGON	\$3,000 of federal pay is exempt	SOUTH CAROLINA	Military Pay is exempt
WEST VIRGINIA	\$4,000 exclusion for military pay from gross income	WISCONSIN	\$1,000 deducted from gross income for military pay

WITNESS STATEMENT

Name Ted Lott Committee On _____
Address Billings, MT Date 16 Jan 85
Representing MT ARNG Support X
Bill No. HB - 131 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Will Aid Recruiting Effort at a time we need every incentive we can get.
2. compensate traditional Guardsman for time spent working with Militia and away from his Major source of employment
- 3.
- 4.

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

STANDING COMMITTEE REPORT

January 16 19 35

MR. SPEAKER

We, your committee on STATE ADMINISTRATION

having had under consideration HOUSE Bill No. 139

First reading copy (White)
color

PLACE CAPITOL GROUNDS CARE UNDER FISH, WILDLIFE, AND PARKS

Respectfully report as follows: That HOUSE Bill No. 139

DO PASS

STANDING COMMITTEE REPORT

.....January 14..... 19 25.....

MR.SPEAKER.....

We, your committee onSTATE ADMINISTRATION.....

having had under considerationHOUSE..... Bill No.134.....

.....First..... reading copy (White)
color

LOOSE-LEAF FORM FOR "FIRE CODES OF MONTANA"

Respectfully report as follows: That.....HOUSE..... Bill No.134.....

DO PASS

VISITOR'S REGISTER

HOUSE

State Administration

COMMITTEE

BILL

DATE

1/16/85

SPONSOR

131, 139, 134

	NAME	RESIDENCE	REPRESENTING	SUP- PORT	OP- POSE
131	Ted Lott	Billings MT	MT ARNG	✓	
134	Rep Pavlovich	Butte	STATE LEG.	✓	
	Bob Kelly	HELENA	STATE FIRE MARSHAL	✓	
131	George E. Schaefer	Helena MT	ENLISTED ASSN MONTGOMERY	✓	
131	Dick Mooney	Helena MT	Recruiting & Retention	✓	
131	Tim Pentecost	Helena MT	MT ARNG	✓	
131	Jim Dwyer	Helena MT	MT ARNG	✓	
139	DEANE BLANTEN	HELENA, MT.	DEPT. OF ADMIN	✓	
139	Jim Flynn	HELENA MT	DEPT FWP	✓	
131	Robert Clemo	HELENA MT	MT ARNG	✓	
131	Ronald Johnson	Helena MT	MT ARNG	✓	
131	Brad Smith	Helena MT	MT ARNG	✓	
#131	Gerald A. Gates	Helena MT	MT ARNG	✓	
#131	Henry Adams	HELENA MT	MT ARNG	✓	
#131	Tommy Alving	HELENA MT	MT ARNG	✓	
#131	Steve Trachten	HELENA MT	MT ARNG	✓	
#131	John Olson	HELENA MT	MT ARNG	✓	
#131	Don Hordick	Helena MT	MT ARNG	✓	
#131	David Fuller	Helena MT.	MT ARNG	✓	
#131	David Shute	Helena MT	MT ARNG	✓	

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STANDING COMMITTEE REPORT

January 16 19 35

MR. SPEAKER

We, your committee on STATE ADMINISTRATION

having had under consideration HOUSE Bill No. 131

First reading copy (White)
color

GRANTS NATIONAL GUARD MEMBERS \$100 TAX CREDIT

Respectfully report as follows: That HOUSE Bill No. 131

DO PASS