

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

February 4, 1985

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

ROLL CALL: Seventeen members present with Rep. Kennerly absent.

CONSIDERATION OF HOUSE BILL NO. 345: Rep. Gary Spaeth, District #84, sponsor of the bill, said that it was a rather important bill which would authorize the Department of Commerce to adopt administrative rules necessary to administer the federal community development block grant (CDBG) program, and said it was essentially a housekeeping measure.

PROPOSERS: David Cole, Department of Commerce, Program Manager of the CDBG explained the background of the Community Development Block Grant Program which is outlined on Exhibit #1 attached to the minutes.

There were no further proposers.

OPPOSERS: There were no opposers to HB 345.

DISCUSSION OF HOUSE BILL NO. 345: Rep. Cody asked if this would eliminate some of the paperwork that is presently necessary. Mr. Cole said this would only bring the program into conformance with State law. He suggested that if the Committee passes this bill they amend in an immediate effective date rather than the usual effective date. A statement of intent was passed out to members.

Rep. Cody asked Mr. Cole if they assist the smaller towns in the procedures required in following all these guidelines. Mr. Cole said they give assistance in putting the applications together and help the towns with the maze of federal requirements. Mr. Spaeth said they do not know the future of the funding but said there would probably be some effect on the funding when the budget is presented to Congress.

Rep. Moore asked if there were state and federal block grants. Mr. Cole said the state block grant programs are not administered under this program. There would be no additional personnel required as they are presently doing this with the personnel they have.

Rep. Spaeth closed his presentation asking that the Committee amend the bill to include an immediate effective date.

CONSIDERATION OF HOUSE BILL NO. 336: Rep. Joe Quilici, District #71, sponsor, said that presently the Pacific Northwest Power Planning Council is required to submit an annual report to

the Legislature and to the governor. He said that this is something that is not read by very many people and the governor doesn't think he needs to receive it. They were asking that it not be statutory that they have to send this report in every year. The report is available to anyone requesting it and he didn't think it was necessary.

PROPOSERS: Morris Brusett, member of the Northwest Power Planning Council, said that at one time every State agency was required to prepare a report for the Legislature and the governor. In 1983 that reporting requirement was eliminated however the change was not made in this particular agency and he said that the Council would provide any information that is requested.

There were no further proposers.

OPPOSERS: There were no opposers.

DISCUSSION OF HOUSE BILL NO. 336: Rep. Peterson asked if they do make an annual report. Mr. Brusett said they issued an annual report once, in 1982, but have not issued one since that year. There is an annual report covering four states which is prepared in Portland and is available to any interested party. They want to delete the requirement for an annual report because there is other information available.

Rep. Phillips asked what the current budget is for Montana. Mr. Brusett said it is around \$440,000 for 1985-86. Rep. Fritz asked where to get the report and Mr. Brusett said to contact the Council office in Helena. Chairman Sales asked Mr. Brusett if the appropriation for this would go through the regular process. Mr. Brusett said it is all federal money but it still goes through the regular process. He said this requirement would be unnecessary duplication; 200 more copies would have to be made and only 2 or 3 persons are interested.

Rep. Quilici closed saying that the Bonneville Power Administration and the Northwest Power Planning Council submit a budget request to Congress, Congress sends the money to the Council and they allocate it to the State. The Appropriations Committee acts on this budget just like any other budget.

The hearing was closed on HB 336.

CONSIDERATION OF HOUSE BILL NO. 343: Rep. Janet Moore, District #65, sponsor of the bill, said that the inspection services are presently provided by the Architecture and Engineering Division of the Department of Administration. The Division has only two inspectors who must inspect all state building construction in addition to providing school districts with inspection services when requested. These two inspectors are presently strapped in providing the State's construction inspection needs. School inspections can be better supplied by the private sector. Time

spent on school district construction problems is time that cannot be spent on the State of Montana's own building construction problems. While A/E personnel are happy to discuss items with school district people, they don't believe they should be compelled by law to be involved with their problems.

PROPOSERS: Tom O'Connell, Division of Architecture and Engineering, said they do have a problem meeting the intent of the existing legislation. The other problem is that the way the existing legislation reads is they inspect during construction. They inspect when there is a problem which is after the construction. They don't have the manpower or the resources to do this. The existing personnel is stretched to inspect State buildings.

Wayne Buchanan, Montana School Boards Association, said this bill was unique in that the State would be relinquishing some of its powers which it almost never does. He said there are statutes on the books requiring architects and compliance with building codes. He said it would be a regulation well removed.

There were no further proposers.

OPPOSERS: There were no opposers.

DISCUSSION OF HOUSE BILL NO. 343: Rep. Cody asked who would do the inspections. Mr. O'Connell said the school districts have the option to contract with the architects for inspection services. His division has never been requested by the school district to help in the construction of a building - they have been called in after the construction was completed and there was a problem. Rep. Harbin asked if maybe they would be limiting the option of the school districts, especially in the small rural districts. Mr. Buchanan replied that he could be correct.

Mr. O'Connell, in answer to Rep. Fritz' question regarding how much money they have made on this, said they have made no money. They could contract for the inspections but it would have to be with existing personnel and these people would have to put aside their other inspections. Rep. Fritz said that they can provide these services at a cost. Mr. O'Connell said that during the time of the Whitehall problem with its school the decision was made not to charge for the services and it amounted to many more hours than was anticipated. He could not tell the Committee why that decision was made, however.

Rep. Pistoria, referring to the problem with the school in Great Falls, asked if the division had been contacted. Mr. Buchanan said he did not know much about this project and Mr. O'Connell said he thought a phone call had been made to Mr. Phil Hauck. They were aware of the problem but as far as he knew none of their people even went to look at it.

Rep. Moore closed without further comment.

CONSIDERATION OF HOUSE BILL NO. 419: Rep. Ray Brandewie, District #49, sponsor of the bill, said it was simply a repealer of a duplicated requirement. The FAA requires the same air instructor license or certificate and said the State and Aeronautics Division should not be spending their money on the same thing.

PROPOSERS: Mike Ferguson, Aeronautics Division, spoke in favor of this repealer. He said that during the existence of the aeronautics division this bill has never been implemented. The FAA registration of flight instructors is sufficient.

There were no further proponents.

OPPOSERS: There were no opponents.

DISCUSSION OF HOUSE BILL NO. 419: Rep. Fritz asked if the FAA requires an air instructor license or certificate. Mr. Ferguson said they do require such license or certificate which have to be renewed every two years.

There being no further questions from the Committee, Rep. Brandewie closed his presentation.

CONSIDERATION OF HOUSE BILL NO. 421: Rep. Ray Brandewie, District #49, sponsor of HB 421, said this would allow the Aeronautics Division to cover search volunteers with workers compensation. These are voluntary pilots, aircraft and observers. Under this legislation they would be covered in the event of an accident.

PROPOSERS: Mike Ferguson, Aeronautics Division, said that the cost would be minute but the protection would be great. So far we have not had an incident in the extensive searches in the state. This would extend only to a State organized air search and rescue. The state is divided into 14 districts and there is a coordinator in each district that has a list of approved pilots, etc. to call.

There were no further proponents.

OPPOSERS: There were no opponents.

DISCUSSION OF HOUSE BILL NO. 421: Rep. Harbin expressed some serious doubts about the figures on the fiscal note. He said that \$200 per year for premiums did not seem a reasonable figure and asked Mr. Shapiro how they came up with those figures. Rep. Smith stated that he also had some real problems with these figures.

Rep. Phillips asked if they use these volunteers rather than the Civil Air Patrol. Mr. Ferguson said they do use the CAP in the districts where they do have units. The CAP is already covered by workers compensation and the Air Force pays for their fuel.

Rep. Phillips said the CAP has indicated they do not get as much action as they could handle. Mr. Ferguson said that sometimes it is impossible to call them out of Great Falls, Missoula, Libby and Bozeman for an air search across the state. They could have someone else there in the time it would take them to arrive. If the search was in their particular area that is who they would call. They do call them in from other areas as well.

Rep. Jenkins asked who calls in the volunteer pilots. Mr. Ferguson said this is coordinated from Scott Air Force Base in Illinois where they monitor this 24 hours. They call the Aeronautics Division and they contact the division coordinator. Rep. Jenkins also asked if they use them for searches other than for downed aircraft. Mr. Ferguson said not very often unless they are requested by the sheriff's department from that area. He stated that only the approved pilots flying the aircraft would be covered under workers compensation. They do not use pilots that are not on the approved roster. Rep. Jenkins asked about the language on page 1, line 25 and the top of page 2 referring to lodging, meals, etc. Mr. Ferguson said they don't provide much food and lodging as they are usually local people. They do pay for the fuel and oil except for the CAP which is taken care of by the Air Force.

Rep. Peterson asked if they have an approved roster for all 14 districts and how do they get on these lists. Mr. Ferguson said they have a great deal of history on the pilot and also conduct an annual school and training session for the pilots. The coordinator has the final discretion on calling the pilot but it would also depend on the type of aircraft the pilot flies.

Rep. Brandewie closed his presentation of HB 421.

The Committee then went into executive session.

DISPOSITION OF HOUSE BILL NO. 421: Rep. Jenkins said that these people do give a lot of time without compensation and felt this was a little that the State could do for them, therefore, Rep. Jenkins moved that HB 421 DO PASS, seconded by Rep. Moore.

Rep. Smith said that he had a problem with the bill even though he agreed these people should be covered. He said that the employers in the state are the ones who are going to be picking up the tab on this. Rep. Harbin said that there are no ramifications of what the claims could possibly be and it could take many years to pay off at \$200 per year. Rep. Smith said it could include widow's benefits, small children, etc. Chairman Sales said it would be tremendous exposure. Rep. Smith suggested that this bill be checked out further before any action is taken. Rep. Phillips remarked that the CAP is controlled by the Air Force and

is trained to do this type of thing.

Rep. O'Connell made a substitute motion to defer this for a day or two to check into the various questions that have arisen. Rep. Jenkins WITHDREW THE ORIGINAL MOTION.

Chairman Sales appointed Reps. Smith and Harbin to check with the Division of Workers' Compensation further and come back to the full Committee.

DISPOSITION OF HOUSE BILL NO. 419: Rep. Garcia moved that HB 419 DO PASS, seconded by Rep. Campbell. Motion CARRIED with Reps. Sales, Fritz and Peterson voting "no".

DISPOSITION OF HOUSE BILL NO. 343: Rep. Cody said she had a lot of questions about this bill. There were a lot of things that weren't addressed in it and also it says "upon request". It doesn't say they have to do the inspections. She was also concerned about the cost to the school districts, litigation, etc. Rep. Harbin said at the present it is an option that is available to the school districts and all this bill would do is take away that option.

Rep. Harbin moved that HB 343 DO NOT PASS, seconded by Rep. Garcia. Motion CARRIED UNANIMOUSLY.

DISPOSITION OF HOUSE BILL NO. 345: Rep. Harbin moved the ADOPTION OF THE AMENDMENT (immediate effective date), seconded by Rep. Jenkins. Motion CARRIED UNANIMOUSLY.

Rep. Phillips moved that HB 345, DO PASS AS AMENDED WITH STATEMENT OF INTENT ATTACHED, seconded by Rep. Compton. Motion CARRIED UNANIMOUSLY.

FURTHER CONSIDERATION OF HOUSE BILL NO. 244: Chairman Sales told the Committee that at the hearing on this bill Rep. Connelly asked that it be tabled, however, a spokesperson from the Department of Natural Resources appeared at that time and said it was something they would like to have. They have been doing it but would like to have more flexibility than the 50/50 split. The proposed amendments were discussed by the Committee which eliminated the Montana Arts Council so it just referred to the Department of Natural Resources.

Rep. Fritz said that the bill should remain tabled. Chairman Sales said he would like to see the opportunity for the State to recover some of the grant money if there is a profit being made.

After further discussion Rep. Campbell MOVED TO TAKE HB 244 OFF THE TABLE. The motion FAILED. HB 244 will remain tabled.

Following the vote of the Committee Rep. Connelly appeared at the meeting. She said she had some amendments from the Department

State Administration Committee  
February 4, 1985  
Page 7

of Natural Resources, however, these had previously been looked at by the Committee and it was the consensus of the committee that HB 244 remain on the table.

There being no further business, the Committee adjourned at 10:40 a.m.

  
\_\_\_\_\_  
WALTER R. SALES, Chairman

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

DAILY ROLL CALL

State Administration COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2/4/85

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	✓		



# STANDING COMMITTEE REPORT

February 4 19 35

MR. SPEAKER

We, your committee on STATE ADMINISTRATION

having had under consideration HOUSE Bill No. 419

first reading copy (White  
color)

**ELIMINATING REQUIREMENT FOR AIR INSTRUCTOR LICENSE OR  
CERTIFICATE**

Respectfully report as follows: That HOUSE Bill No. 419

DO PASS

# STANDING COMMITTEE REPORT

February 4

85

19

**SPEAKER**

MR. ....

**STATE ADMINISTRATION**

We, your committee on .....

**HOUSE**

having had under consideration ..... Bill No. **343**

**First**

**White**

reading copy ( ..... )  
color

**DELETE DEPT. OF ADMIN. INSPECTION OF SCHOOL BUILDING  
DURING CONSTRUCTION**

**HOUSE**

Respectfully report as follows: That ..... Bill No. **343**

**DO NOT PASS**

**DO PASS**

# STANDING COMMITTEE REPORT

February 4

85

19.....

**SPEAKER**

MR. ....

**STATE ADMINISTRATIVE**

We, your committee on .....

**HOUSE**

**336**

having had under consideration ..... Bill No. ....

**First**

**White**

reading copy ( ..... )  
color

**REMOVE ANNUAL REPORTING REQUIREMENT OF NORTHWEST POWER PLANNING  
COUNCIL**

**HOUSE**

**336**

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

**DO PASS**

# STANDING COMMITTEE REPORT

February 4

35

19.....

**SPEAKER**

MR. ....

**STATE ADMINISTRATION**

We, your committee on .....

**HOUSE**

**345**

having had under consideration ..... Bill No. ....

**First**

**White**

..... reading copy ( ..... )  
color

**COMMERCE TO ADMINISTER COMMUNITY DEVELOPMENT BLOCK GRANT**

Respectfully report as follows: That..... **HOUSE** ..... Bill No. **345**

**BE AMENDED AS FOLLOWS:**

1) Title, line 3.

Following: "HCA"

Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

2) Page 2.

Following: line 13

Insert: "NEW SECTION. Section 2. Effective date. This act is  
effective on passage and approval."

**AND AS AMENDED**

**DQ PASS**

**STATEMENT OF INTENT ATTACHED**

STATEMENT OF INTENT  
HB 345

February 4

35  
19.....

A statement of intent is required for this bill because it authorizes the department of commerce to adopt administrative rules necessary to administer the federal community development block grant (CDBG) program.

The purpose of this bill is to formalize within the context of the Montana Administrative Procedure Act the department's promulgation of policies, guidelines, ranking criteria, and requirements governing the CDBG program which the department has administered since it was authorized to do so by the November 1981 special session of the legislature. It is not the intention of this bill, however, to add unnecessarily to the cost or complexity of administering the program.

Currently the department's requirements for the program are contained in the publications described below:

1. The Montana Community Development Block Grant Program Application Guidelines describe the policies governing the program, the threshold requirements for CDBG applicants, and the procedure and criteria for evaluating applications.
2. The Montana Community Development Block Grant Program -- Grant Administration Manual describes the administrative procedures for local project start up, environmental review of project activities, procurement of goods and services, financial management, protection of civil rights, assuring fair wages for labor, and acquisition of property and relocation of persons displaced thereby. It also discusses special administrative considerations peculiar to public facilities, housing rehabilitation, and economic development projects.
3. The Montana Community Development Block Grant Program -- Requirements Notebook is a compilation of the federal and state statutes, regulations, and other standards which govern the CDBG program but which have been promulgated by agencies other than the department.

Because the conversion of these three lengthy publications to a rule format and their inclusion in the Montana Administrative Register or the Administrative Rules of Montana would be unduly cumbersome, expensive, and inexpedient, the legislature contemplates that the rules promulgated pursuant to this bill would be adopted by reference to the publications themselves as is authorized by section 2-4-307, MCA.

## VISITORS' REGISTER

COMMITTEE

BILL NO. 421

DATE \_\_\_\_\_

SPONSOR \_\_\_\_\_

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FOR

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

COMMITTEE

BILL NO. 419

DATE \_\_\_\_\_

SPONSOR \_\_\_\_\_

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

St. John.

COMMITTEE

BILL NO.

343

DATE

Feb 4

SPONSOR \_\_\_\_\_

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Ross Canen	Hinsdale		
Wayne Buchanan	Helena MSBA	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



## VISITORS' REGISTER

COMMITTEE

BILL NO. HB 336

DATE 2-4-81

SPONSOR Indur

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## VISITORS' REGISTER

State Admin.

COMMITTEE

BILL NO. HB 345

DATE

2/4/85SPONSOR Spaeth

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
David Cole	Dept. of Commerce	X	
Richard Weddle	Dept. of Commerce	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

PROPOSED AMENDMENTS TO HB 244 (introduced version)

1. Title, line 4.  
Following: "REQUIRING"  
Strike: "CERTAIN GRANT"
2. Title, line 5.  
Following: "RECIPIENTS"  
Insert: "OF CONSERVATION AND ALTERNATIVE ENERGY GRANTS"
3. Title, line 6.  
Following: "WITH THE"  
Strike: "GRANTING AGENCY"  
Insert: "DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION"  
Following: "AMENDING"  
Strike: "SECTIONS 22-2-306 AND"  
Insert: "SECTION"
4. Page 1, line 11.  
Strike: section 1 in its entirety
5. Page 5, line 20.  
Following: "research"  
Insert: ", demonstration,"
6. Page 5, line 25 through line 2, page 6.  
Following: "invention,"  
Strike: remainder of line 25 through "and" in line 2, page 6.  
Insert: ". The department may require that grants resulting in a profit to the grantee be repaid or repaid with interest, or that a percentage of profits or royalties be dedicated to"
7. Page 6, line 4.  
Following: line 3  
Insert: "repayments, including interest and"

## STATEMENT OF INTENT

\_\_\_\_\_ BILL NO. \_\_\_\_\_ [LC 1008]

A statement of intent is required for this bill because it authorizes the department of commerce to adopt administrative rules necessary to administer the federal community development block grant (CDBG) program.

The purpose of this bill is to formalize within the context of the Montana Administrative Procedure Act the department's promulgation of policies, guidelines, ranking criteria, and requirements governing the CDBG program which the department has administered since it was authorized to do so by the November 1981 special session of the legislature. It is not the intention of this bill, however, to add unnecessarily to the cost or complexity of administering the program.

Currently the department's requirements for the program are contained in the publications described below:

1. The Montana Community Development Block Grant Program Application Guidelines describe the policies governing the program, the threshold requirements for CDBG applicants, and the procedure and criteria for evaluating applications.

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project activities, procurement of goods and services, financial management, protection of civil rights, assuring fair wages for labor, and acquisition of property and relocation of persons displaced thereby. It also discusses special administrative considerations peculiar to public facilities, housing rehabilitation, and economic development projects.

3. The Montana Community Development Block Grant Program -- Requirements Notebook is a compilation of the federal and state statutes, regulations, and other standards which govern the CDBG program but which have been promulgated by agencies other than the department.

Because the conversion of these three lengthy publications to a rule format and their inclusion in the Montana Administrative Register or the Administrative Rules of Montana would be unduly cumbersome, expensive, and inexpedient, the legislature contemplates that the rules promulgated pursuant to this bill would be adopted by reference to the publications themselves as is authorized by section 2-4-307, MCA.

MONTANA OFFICE  
NORTHWEST POWER PLANNING COUNCIL

- - - - -

JUSTIFICATION FOR REMOVING REPORTING REQUIREMENT

- Section 90-4-403 Duties of Council Members states:

"The Council members shall:

(1) . . .

(2) . . .

(3) submit to the Governor and Legislature an annual report detailing the Council's expenditures, activities and plans."

- This section was a part of the original legislation passed in 1981 creating the Council and was common for most new departments and agencies.
- In 1969 the reporting requirements of state agencies was consolidated by requiring state agencies to submit reports to the Governor who, in turn, submitted a consolidated biennial report to the Legislature.
  - This change was made to eliminate the "blizzard" of individual reports submitted to the Legislature.
- In 1983, the consolidated biennial reporting requirement was eliminated (Keenan HB 346).
  - The report was eliminated because it was considered not very useful, yet costly to print.
- The elimination of the Council report:
  - is consistent with other state agency reporting requirements;
  - eliminates the cost of printing a report for all legislators, many of whom may not have the time or interest to read;
  - information concerning Council activities is available in other published reports, i.e., Northwest Power Planning Council annual report, Executive and Legislative Fiscal Analyst's budget reports, Legislative audit reports, etc.;
  - upon request, any information concerning Council activities will be provided legislators and other interested parties.
- Only one annual report has been prepared to date (1981), yet no inquiries have been made regarding its absence.

EX. #1  
2/4/85  
HB-345

## HOUSE BILL 345

### BACKGROUND

The Community Development Block Grant (CDBG) Program was established by the federal Housing and Community Development Act of 1974 and is administered nationally by the U.S. Department of Housing and Urban Development (HUD). The Act combined eight existing categorical grant programs into a single block grant program which is designed to help communities meet their greatest community development needs, with primary emphasis on assisting persons of low and moderate income. The program funds three basic types of projects: economic development, housing and neighborhood revitalization, and public facilities.

The national CDBG Program is divided into two major categories:

1. "entitlement" communities which are communities with 50,000 or larger populations. In Montana, only Billings and Great Falls are entitlement communities; they receive CDBG funds on a formula basis and are directly under HUD administration.
2. "non-entitlement" communities are communities with populations under 50,000. Allocations for the non-entitlement program are established for each state on the basis of a statutory formula. The "non-entitlement" CDBG program was commonly referred to as the "Small Cities" Program and has been an important source of funding for Montana communities for dealing with a variety of community development problems. Grants were awarded by HUD through an annual statewide competition which used a national rating system to evaluate applications. In the seven years that HUD administered the program for Montana, 46 cities, towns, and counties competed successfully for over \$23 million in grants.

In recent years, the non-entitlement funding levels for Montana have been as follows:

Federal Fiscal Year 1980	\$ 5,756,000
Federal Fiscal Year 1981	\$ 5,595,000
Federal Fiscal Year 1982	\$ 6,109,000
Federal Fiscal Year 1983	\$ 6,327,000
Federal Fiscal Year 1984	\$ 6,213,000
Federal Fiscal Year 1985	\$ 6,276,000

### STATE ADMINISTRATION OF THE CDBG PROGRAM

In 1981, Congress amended the federal Housing and Community Development Act to make the non-entitlement portion of the Community Development Block Grant program available as an optional State-administered program with the State totally responsible for the program. Prior to this time the only State role had been the technical assistance provided to Montana communities in the preparation of their grant applications and participation in HUD's evaluation and ranking of applications.

Comments received from the public at a series of ten regional block grant briefings held in September, 1981, was overwhelmingly supportive of State administration of the CDBG Program. The Montana League of Cities and Towns and the Montana Association of Counties also both endorsed state take-over of the program. As a result, Governor Ted Schwinden sought and received authorization from the November, 1981 special session of the Legislature to assume administration of the program beginning with the fiscal year 1982 funding cycle.

#### DEVELOPMENT OF THE MONTANA CDBG PROGRAM

In December, 1981, Gary Buchanan, former Director of the Department of Commerce, appointed a task force to advise the Department in the development of Montana's 1982 CDBG Program. Although extensive federal requirements attach to the program, the State does have some flexibility in establishing the criteria that are used to select applications for funding in the State's annual CDBG competition.

Following the 1982 CDBG competition, Gary Buchanan appointed another committee of local officials to evaluate the performance of the first year of the State CDBG program and to recommend any necessary modifications prior to the 1983 grant competition. The current application guidelines reflect the efforts of those committees and the Department of Commerce to respond to the concerns or suggestions that local officials or staff have offered at fifteen regional public hearings held during the three years the State has administered the program.

The guidelines established by the Department are prepared under the federal regulations for the program and are reviewed by HUD prior to each year's grant competition. They are considered binding only upon local government applicants for or recipients of CDBG funds. Local governments are bound by the guidelines through written agreements submitted upon applying for CDBG funds and through a formal contract prior to receiving grant funds.

The Department of Commerce provided copies of its guidelines to the Administrative Code Committee during its survey of State agencies in February and March, 1984. In September, 1984 the Committee suggested, in a letter to Gary Buchanan that he "request legislation authorizing the Department to implement the Community Development Block Grant Program with formal rules adopted pursuant to MAPA."

House Bill 345 would formalize, within the context of the Montana Administrative Procedure Act, the Department's promulgation of policies, guidelines, ranking criteria, and requirements governing the State CDBG Program.

Currently the Department's requirements for the program are contained in the publications described below:

1. The Montana Community Development Block Grant Program Application Guidelines describe the policies governing the program, the threshold requirements for CDBG applicants, and the procedure and criteria for evaluating applications.



2. The Montana Community Development Block Grant Program -- Grant Administration Manual describes the administrative procedures for local project start up, environmental review of project activities, procurement of goods and services, financial management, protection of civil rights, assuring fair wages for labor, and acquisition of property and relocation of any displaced persons, and project audit and closeout. It also discusses special administrative considerations unique to public facilities, housing rehabilitation, and economic development projects.
3. The Montana Community Development Block Grant Program -- Requirements Notebook is a compilation of the federal and state statutes, regulations, and other standards which govern the CDBG program but which have been promulgated by agencies other than the Department.

Because the conversion of these three lengthy publications to a rule format and their inclusion in the Montana Administrative Register of the Administrative Rules of Montana would be unduly cumbersome, expensive, and inexpedient, the Department proposes to adopt the rules promulgated pursuant to this bill by reference to the publications themselves, as is authorized by section 2-4-307, MCA.

## STATEMENT OF INTENT

\_\_\_\_\_ BILL NO. 345 [LC 1008]

A statement of intent is required for this bill because it authorizes the department of commerce to adopt administrative rules necessary to administer the federal community development block grant (CDBG) program.

The purpose of this bill is to formalize within the context of the Montana Administrative Procedure Act the department's promulgation of policies, guidelines, ranking criteria, and requirements governing the CDBG program which the department has administered since it was authorized to do so by the November 1981 special session of the legislature. It is not the intention of this bill, however, to add unnecessarily to the cost or complexity of administering the program.

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Because the conversion of these three lengthy publications to a rule format and their inclusion in the Montana Administrative Register or the Administrative Rules of Montana would be unduly cumbersome, expensive, and inexpedient, the legislature contemplates that the rules promulgated pursuant to this bill would be adopted by reference to the publications themselves as is authorized by section 2-4-307, MCA.