

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
SECOND SPECIAL 49th LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

March 26, 1986

The meeting of the State Administration committee was called to order by Chairman Walter Sales on the above date at 3:00 p.m. in Room 317 of the State Capitol.

ROLL CALL: All members were present with the exception of Representative Veleber who was excused and Representatives Campbell, Compton, Cody, Hayne, Holliday, and Jenkins, who are also members of the Agriculture committee and were attend-the Agriculture committee hearing.

CONSIDERATION OF SENATE BILL NO. 6: On behalf of Senator Christiaens, District 17, chief sponsor of SB 6, Representative Dennis Rehberg, District 88, presented the bill to the committee and explained it in detail. This legislation is to include certain higher education facilities in the list of projects financed by the issuance of industrial revenue bonds. These bonds currently can be used for commercial, manufacturing, agricultural and industrial enterprises, recreation and tourist facilities, multifamily housing, hospitals, long-term care facilities, small-scale hydro-electric production facilities, and other projects.

Rehberg claimed that there is now a need for time efficiency. Rocky Mountain College is currently attempting to restructure its short term debt and is in need of revenue and Rep. Rehberg urges passage of SB 6.

Rep. Rehberg further stated that concern has been expressed concerning separation of church and state in permitting the issuance of the industrial revenue bonds by private, religious colleges. The Montana Constitution and the United States Constitution prevent the possibility of such bond money to be used for the construction of chapels or churches.

PROPONENTS: Bruce T. Alton, president of Rocky Mountain College, Billings, stated that SB 6 has the potential strength to enhance one of our state's strongest economic and educational resources, namely, our private colleges. Senate Bill 6 would provide parity for our private colleges by including them among the other entities already authorized for such issuance of industrial revenue bonds and would promote continued economic efficiency. Montana's private colleges represent a savings to the general fund since students attending private colleges do not require tax support, thus saving the state approximately \$10 million

each year. SB 6 also provides an alternative method of financing at a time when economic factors are impacting traditional sources of tuition and gift revenues.

Representative Kelly Addy, District 94, stated that he supported SB 6.

DISCUSSION OF SENATE BILL NO. 6: Representative Harbin questioned the definition of "institution of higher education" being "any private non-profit corporation." Rep. Rehberg stated that was the best definition the statutes provided, but it was not to be taken out of context.

Representative Moore questioned how the \$10 million was saved by the state of Montana in regards to private colleges. Bruce Alton explained that private college students do not require tax support of \$3650 per capita general fund expenditures as do the university system students. Therefore, since the three private colleges educate approximately ten percent of the Montana college students, the equivalent of \$10 million is saved.

DISPOSITION OF SENATE BILL 6: Representative O'Connell moved that SB 6 BE CONCURRED IN, seconded by Rep. Garcia. The motion passed unanimously, with Representatives Hayne, Phillips, Campbell, and Veleber voting "aye".

There being no further business before the committee, the meeting was adjourned at 3:50 p.m.


WALTER R. SALES Chairman

DAILY ROLL CALL

STATE ADMINISTRATION COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date

March 26, 1986

NAME	PRESENT	ABSENT	EXCUSED
SALES, WALTER CHAIRMAN	✓		
O'CONNELL, HELEN, VICE CHAIRMAN	✓		
CAMPBELL, BUD	✓		
COMPTON, DUANE	✓		
CODY, DOROTHY	✓		
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	✓		
VELEBER, DENNIS			✓

VISITORS' REGISTER

State Administrator COMMITTEE

BILL NO. 256

DATE 2-24-66

SPONSOR _____

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

NAME BRUCE ALTON BILL NO. SB6
ADDRESS 1511 POLAR DRIVE BILLINGS DATE 3-26-86
WHOM DO YOU REPRESENT? ROCKY MOUNTAIN COLLEGE
SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

BRUCE T ALTON
PRESIDENT
ROCKY MOUNTAIN COLLEGE

TESTIMONY ON BEHALF OF SENATE BILL SIX

I HAVE COME TODAY TO SPEAK IN FAVOR OF SENATE BILL 6, AN ACT TO INCLUDE CERTAIN HIGHER EDUCATION FACILITIES IN THE LIST OF PROJECTS FINANCED BY THE ISSUANCE OF INDUSTRIAL DEVELOPMENT REVENUE BONDS.

THE PURPOSE OF THIS LEGISLATION IS TO INCLUDE MONTANA'S PRIVATE NONPROFIT COLLEGES AMONG A VARIETY OF OTHER ENTITIES ALREADY AUTHORIZED AS ISSUERS.

THIS LEGISLATION IS RECEIVING BROAD-BASED, BIPARTISAN SUPPORT. THE RECOGNITION OF ITS POTENTIAL TO ENHANCE THE STRENGTH OF ONE OF OUR STATE'S SIGNIFICANT EDUCATIONAL AND ECONOMIC RESOURCES - OUR PRIVATE COLLEGES - HAS BROAD APPEAL.

THERE ARE THREE REASONS WHY I BELIEVE THIS LEGISLATION WARRANTS YOUR FAVORABLE CONSIDERATION AND A "DO PASS" RECOMMENDATION.

FIRST, UNDER THE CURRENT LAW, TITLE 90, CHAPTER 5, PART 1, MCA, A VARIETY OF PROFIT AND NONPROFIT ENTITIES MAY GENERATE REVENUE THROUGH THE ISSUANCE OF INDUSTRIAL DEVELOPMENT BONDS. INCLUDED AMONG THE CURRENTLY AUTHORIZED ISSUERS ARE COMMERCIAL, MANUFACTURING, AGRICULTURAL, AND INDUSTRIAL ENTERPRISES; RECREATION AND TOURIST FACILITIES ; MULTIFAMILY HOUSING; HOSPITALS; LONG-TERM CARE FACILITIES; AND SMALL-SCALE HYDROELECTRIC PRODUCTION FACILITIES WITH A CAPACITY OF 50 MEGAWATTS OR LESS.

THIS AMENDMENT TO EXISTING LAW WOULD PROVIDE PARITY FOR OUR PRIVATE COLLEGES BY INCLUDING THEM AMONG THE OTHER ENTITIES ALREADY PROVIDED SUCH AUTHORIZATION.

SECOND, THIS AMENDMENT PROMOTES CONTINUED ECONOMIC EFFICIENCY AND ACTIVITY THAT REPRESENT AN IMPORTANT BENEFIT TO OUR STATE.

AS YOU ARE AWARE, THE PRESENCE OF MONTANA'S THREE PRIVATE COLLEGES HAS CONTRIBUTED SIGNIFICANTLY TO THE STRENGTH, VITALITY, AND DIVERSITY OF THE EDUCATIONAL RESOURCES WITHIN OUR STATE.

THEY ALSO REPRESENT A NOTABLE "PRESENCE" IN MONTANA'S ECONOMY. TO BEGIN WITH -- A SAVINGS TO THE GENERAL FUND SINCE STUDENTS ATTENDING PRIVATE COLLEGES DO NOT REQUIRE TAX SUPPORT TO UNDERWRITE THEIR EDUCATION. BASED ON THE \$3650 PER CAPITA GENERAL FUND EXPENDITURE FOR STUDENTS WHO ARE ATTENDING A UNIT OF OUR STATE UNIVERSITY SYSTEM THE TAX SAVINGS IN THIS YEAR ALONE REPRESENTS SOME \$10 MILLION DOLLARS.

FINALLY - THEY ARE A DRIVING FORCE IN MONTANA'S ECONOMY. BASED ON COMBINED OPERATING BUDGETS AND OTHER FACTORS WHICH REFLECT ECONOMIC ACTIVITY, MONTANA'S PRIVATE COLLEGES REPRESENT A \$50 MILLION DOLLAR IMPACT ON OUR STATE.

AS A RESULT, THE FINANCIAL PLANNING STRATEGIES MADE POSSIBLE BY THIS LEGISLATION WILL PROMOTE AN OUTCOME WHICH IS CONSISTENT WITH THE INTENT OF OUR "BUILD MONTANA" PROGRAM - TO STRENGTHEN THE PRIVATE SECTOR OF THE STATE AT NO COST TO THE TAXPAYER.

THIRD - THIS AMENDMENT PROVIDES PRIVATE HIGHER EDUCATION WITH AN IMPORTANT TOOL IN DEVELOPING ALTERNATIVE METHODS OF FINANCING AT A TIME WHEN ECONOMIC FACTORS IN MONTANA ARE IMPACTING TRADITIONAL SOURCES OF TUITION AND GIFT REVENUES.

THESE ARE DIFFICULT ECONOMIC TIMES FOR MONTANA. ALL OF US-- BUSINESS, INDUSTRY, AGRICULTURE, STATE AND LOCAL GOVERNMENT -- ARE IMPACTED. IT IS A TIME WHEN ALL OF US MUST WORK TOGETHER IN DEVELOPING STRATEGIES TO MAXIMIZE OUR FINANCIAL RESOURCES.

THE AUTHORIZATION TO ISSUE INDUSTRIAL DEVELOPMENT REVENUE BONDS FOR OUR PRIVATE INSTITUTIONS OF HIGHER EDUCATION WILL PROVIDE ANOTHER STRATEGY TO MOVE THROUGH THESE CHALLENGING TIMES IN A POSITIVE AND CONSTRUCTIVE WAY. THIS STRATEGY REPRESENTS A CREATIVE STEP WITH WHICH TO SOLIDIFY OUR FINANCIAL BASE.

THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOUR COMMITTEE. I APPRECIATE YOUR CONSIDERATION OF THIS AMENDMENT ON BEHALF OF MONTANA'S PRIVATE COLLEGES.

STANDING COMMITTEE REPORT

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Mr. Speaker: We, the committee on State Administration
report SENATE BILL NO. 6

- ☒ do pass
- ☐ do not pass
- ☒ be concurred in
- ☐ be not concurred in
- ☐ as amended
- ☐ statement of intent attached

Rep. Walter Sales Chairman

ACT TO INCLUDE CERTAIN HIGHER EDUCATION FACILITIES