

MINUTES OF THE MEETING
APPROPRIATIONS COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES
49TH LEGISLATIVE SPECIAL SESSION III

June 19, 1986

The meeting of the Appropriations Committee was called to order by Chairman Bardanoue on June 19, 1986 at 1:20 p.m. in Room 104 of the State Capitol.

ROLL CALL: Sixteen members were present. Rep. Donaldson, Ernst, Peck and Quilici were excused.

TAPE 9:B:400

Rep. Thoft, Chairman of the Long Range Planning Subcommittee, presented the recommended budget cuts (Exhibit 1).

CAPITOL CONSTRUCTION: HB 12 would have appropriated \$2,028,521 in excess interest from the capitol projects. This is the cash account used to maintain the 2500 state buildings. The bill was tabled in committee because the subcommittee felt it was important to keep up our maintenance schedule.

CAPITOL RENOVATION: HB 10 was carried by Rep. Abrams. It would divert capitol renovation money to the general fund. The state needs \$150,000 to pay interest on the bonds in October, so the \$5.1 million on hand would net \$4.950 million to the general fund.

Rep. Nathe asked if we have issued bonds, are paying interest on them, and are putting the bond money in the general fund?

Rep. Thoft agreed that was correct. The money is servicing the general fund. The interest on the bonds will continue to be paid. Counsel has advised that we are running into a problem with the Internal Revenue Service. We are earning interest on tax exempt debt and the time is running out when we can legally continue to do that. We will have to turn over further interest to the federal government.

Rep. Spaeth (528) commented that we came here to balance the budget. Now we appear to be doing that on borrowed money. He asked if there are any legal problems with that.

Ellen Feaver, Director of the DEPARTMENT OF ADMINISTRATION, said they had asked the bond counsel for advice on the legal aspect. He had stated that in his opinion the state was okay on every issue that was raised.

RESOURCE INDEMNITY TRUST PROGRAM: Rep. Thoft (528) said the

proposal from the subcommittee is to tap this account, but to leave the interest earnings for the purposes for which they are now being used and to divert the revenue to the general fund. The subcommittee left \$4.1 million in place for the R.I.T. grant programs in FY 87. The savings are reflected in the DEPARTMENT OF NATURAL RESOURCES budget.

WATER DEVELOPMENT EMERGENCY FUND: The subcommittee voted to eliminate \$125,000 from this fund.

COAL TAX ACQUISITION FUND: A hearing was held on capping this fund, but Rep. Thoft was not sure where HB 15 was now or its present status. He presented a revised list of priorities for the use of park acquisition funds if the cap was passed.

The subcommittee approved \$158,000 of funding for three projects from the priority list. These were recommended by the DEPARTMENT OF WILDLIFE, FISH & PARKS, with the agreement that any money available over and above that amount would remain in the fund. The three approved were 1) Spring Meadow Lake; 2) Elkhorn Building Stabilization; and 3) Lake Elmo improvements. The subcommittee also approved the final payment of \$322,500 on the Lake Elmo purchase from the 1987 biennium any time they have the funds. The ten projects that were deleted can only be de-authorized by amending HB 928.

TAPE 10:A:000

Rep. Thoft reported that the total budget reduction generated by action of the subcommittee was \$5.994 million, including the transfer of \$5.1 million of Capitol Renovation money.

There was general conversation regarding amendments to HB 30, 500, 922 and 938. Madalyn Quinlan reported that the Legislative Council said that HB 30 could be amended in such a way as to amend HB 500, 922 and 938, since the time for the drafting of bills has passed.

Mr. Flynn questioned whether two amendments would be needed; one for \$322,500 of coal tax money and one for authority to spend \$277,500 of Federal Land Block Concentration funds. The final payment for Lake Elmo is \$600,000.

Rep. Thoft (085) asked if it would be appropriate for the committee to approve the concept of these amendments. Upon being told yes, he moved to approve the concept for this payment. Rep. Winslow seconded the motion.

A voice vote was taken and the motion CARRIED unanimously.

Rep. Thoft reported that during the last session, at the last minute, a purchase was made with the stipulation that if any money became available in the Cultural and City Projects account the money would be repaid to the general fund.

Apparently the money is there now, but we have a project in Deer Lodge that the subcommittee agreed would not be funded unless money was available. The language was not in the minutes so the Deer Lodge project is now high priority, which is the opposite of what the action really was. If we can amend this it will save the general fund \$150,000.

Brenda Schye (119) reported that the Deer Lodge Law Enforcement Museum was added at the last minute. It was put in with the idea that it would be funded only after all of the other approved projects were funded, including those which were to be funded if there was any reversion from other projects.

Rep. Bardanouve inquired if the Deer Lodge project was funded.

Dave Nelson, Executive Secretary of the Montana Arts Council, the agency responsible for administering the funds, testified that the Deer Lodge project was not funded since it had not come up with sufficient match. He said that Sen. Van Valkenburg at the very end of the meeting had interjected that this project was to be funded only after all other obligations had been met, but this did not get into the minutes. It had originally been on the first list, so it was replaced back on the first list. This is how it got set up as a priority.

Madalyn Quinlan (154) commented that given the current revenue estimate, there is enough money to fund Deer Lodge and every other appropriation in HB 938. It would also fund the \$150,000 that could be amended into this.

Rep. Thoft moved that such an amendment be adopted. He noted there may be a problem with language so he asked the committee to adopt the concept.

Madalyn Quinlan said the understanding was that the committee wants the Deer Lodge Law Enforcement Museum funded first and any balance would go to pay off the general fund loans.

Rep. Thoft wanted it made very clear that the Deer Lodge project would be funded after all of the other projects. This intent of the committee cannot be backed up in the minutes.

Dave Nelson (219) reported that it was not in the minutes, but it was on the tape. The LFA office said we can only go by what is in the minutes. The tape verifies that Deer Lodge would only be funded after all other obligations had been met. The intent was that it would be last.

A voice vote was taken and the motion CARRIED unanimously.

Rep. Thoft moved that the report be adopted.

Rep. Moore (270) said if the amendments required to HB 922 and HB 928 are connected and are going into HB 30, the

title of HB 30 should be changed and made a part of this motion.

Rep. Thoft advised that Madalyn Quinlan had discussed this, and it would be made a part of the motion.

A voice vote was taken and the motion CARRIED unanimously.

Rep. Thoft moved that HB 31 be removed from the Long Range Building Committee and referred to the full Appropriations Committee. Rep. Moore seconded the motion.

Sen. Fuller (348) said he would prefer to have the subcommittee hear the bill, but since he was a minority of one he had no objections in taking the bill to the full committee.

A voice vote was taken and the motion CARRIED unanimously.

Rep. Moore moved that HB 31 have a hearing before the full committee upon recess of the House tomorrow.

A voice vote was taken and the motion CARRIED unanimously.

Adjourn: The meeting was adjourned at 2:10 p.m.


FRANCIS BARDANOUE, Chairman

DAILY ROLL CALL

APPROPRIATIONS COMMITTEE

49th Legislature Special Session III

Date June 19, 1986

NAME	PRESENT	ABSENT	EXCUSED
BARDANOUVE, Francis (Chairman)	✓		
DONALDSON, Gene (Vice Chairman)			✓
BRADLEY, Dorothy	✓		
CONNELLY, Mary Ellen	✓		
ERNST, Gene			✓
FRITZ, Harry			
HAND, Bill	✓		
LORY, Earl	✓		
MANUEL, Rex	✓		
MENAHAN, William	✓		
MILLER, Ron	✓		
MOORE, Jack	✓		
NATHE, Dennis	✓		
PECK, Ray	.		✓
QUILICI, Joe	.		✓
REHBERG, Dennis	✓		
SPAETH, Gary	✓		
SWIFT, Bernie	✓		
THOFT, Bob	✓		
WINSLOW, Cal	✓		
SCHYE, Ted	✓		

Exhibit 1
6-19-86

1:15 p.m.

LONG-RANGE PLANNING SUBCOMMITTEE ACTION AS OF JUNE 17, 1986

The Long-Range Planning subcommittee addressed proposals in the following program areas: capital construction, capitol renovation, RIT grants, water development grants, coal tax park acquisition projects, and cultural and aesthetic projects. In addition, the Long-Range Planning subcommittee heard testimony on the executive proposals to cap the deposits to the education and park acquisition trusts and to freeze the state employee pay plan at its fiscal 1986 level.

CAPITAL CONSTRUCTION PROGRAM

In the area of the capital construction program, the subcommittee tabled House Bill 12, a proposal to appropriate \$2,028,521 of excess interest earnings in the long-range building capital projects fund to the general fund.

CAPITOL RENOVATION

The subcommittee approved House Bill 10, which proposes to delay the capitol renovation project and to appropriate bond proceeds of \$5.1 million to the general fund. A two-thirds vote of each house is required for passage because the bill amends the original bond authorization for the capitol renovation project. General fund savings of \$5.1 million would be generated by passage of this bill.

RIT GRANT PROGRAM

The subcommittee chose to leave the \$4.1 million RIT grant program in place in fiscal 1987 and to provide funding to DNRC for the development of an RIT grant program proposal for the 1989 biennium.

Specifically, the subcommittee took action to reduce the 1987 biennial appropriation for RIT grant administration from \$277,000 to \$108,000. The reduced appropriation would still allow the Department of Natural Resources and Conservation to prepare an RIT grant program proposal for the 1987 legislature. The remaining appropriation of \$169,000 is used to replace general fund in the DNRC operating budget as shown in the action of the Natural Resources and Commerce subcommittee.

The subcommittee voted to transfer \$300,000 from the environmental contingency fund, established in House Bill 922, and to use it to replace general fund in the DNRC operating budget.

Finally, the subcommittee voted to appropriate \$300,000 of the anticipated fund balance in the RIT interest account to be used to offset general fund in agency operating budgets.

The total general fund savings generated by the above committee actions is \$769,000. These general fund savings are reflected in the DNRC budget presented by the Natural Resources and Commerce subcommittee.

WATER DEVELOPMENT GRANT PROGRAM

The subcommittee voted to eliminate the water development emergency fund. The \$125,000, which was appropriated for this fund, is now appropriated to replace general fund in the DNRC operating budget. General fund savings as a result of this action is \$125,000.

COAL TAX PARK ACQUISITION PROJECTS

The Department of Fish, Wildlife and Parks presented a revised list of priorities for use of park acquisition funds based on the assumption that the executive proposal to cap the deposit to the coal tax park acquisition trust would be adopted by the legislature. The estimate of interest earn-

ings lost in fiscal 1987 as a result of the executive proposal is \$48,923. However, the revenue estimate used by the subcommittee for the 1987 biennium, which assumed the adoption of the executive proposal, is now \$2.92 million compared to the estimate of \$2.58 million which was used by the 1985 legislature.

The subcommittee approved \$158,000 of funding for three projects from the revised list. Ten previously approved projects were deleted from the park capital projects list. The three approved projects are Spring Meadow Lake, Elkhorn building stabilization, and Lake Elmo improvements. Any additional revenues will remain in the fund balance of the coal tax park acquisition account.

The subcommittee approved the final payment of \$322,500 on the Lake Elmo purchase for the 1987 biennium. The Lake Elmo authorization will have to be amended into House Bill 500 if House Bill 928 (the Long-Range Building bill) is not opened for amendments. The ten projects which were deleted from the funding list can only be de-authorized by amending House Bill 928.

The general fund is unaffected by these subcommittee actions.

CULTURAL AND AESTHETIC GRANTS

The subcommittee reviewed the impact on the cultural and aesthetic grant program of the executive proposal to cap the coal tax deposit to the park acquisition trust. The Arts Council told the subcommittee that, given the revised estimate of interest earnings from the park acquisition trust, it expected to be able to fully fund the projects that were approved by the 1985 legislature, even if the executive proposal were adopted. The estimate used by the subcommittee in the 1985 legislature was \$1.29 million compared to the \$1.46 million which is now estimated to be available in the

1987 biennium if the executive proposal to cap the deposit to the park acquisition trust is adopted. The executive proposal will reduce the interest earnings available to the cultural and aesthetic grant program by an estimated \$24,462 in fiscal 1987.

The subcommittee took no action affecting the appropriations in the cultural and aesthetic grant program.

The Long-Range Planning subcommittee took no action on the executive proposals to cap the deposit to the park acquisition and education trusts, nor did the subcommittee take action on the pay plan proposal.

The total general fund savings generated by the actions of the Long-Range Planning subcommittee is \$5,994,000. Of this, \$5,100,000 results from the delay of the capitol renovation project, \$769,000 results from replacing general fund with RIT interest earnings in agency operating budgets, and \$125,000 results from elimination of the water development emergency grant program. Already reflected in the DNRC budget presented by the Natural Resources and Commerce subcommittee is \$894,000.