

MINUTES OF THE MEETING
TAXATION COMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

January 12, 1987

The meeting of the Taxation Committee was called to order by Chairman Ramirez on January 12, 1987, at 10 a.m. in Room 312B of the State Capitol.

ROLL CALL: All members were present, with the exception of Rep. Harp, who was excused. Also present was Dave Bohyer, Researcher, Legislative Council.

CONSIDERATION OF HOUSE BILL 56: Representative Tom Asay, House District 25, said the bill expands the purposes for Coal Board grants and loans. He told the Committee the bill was originally heard in the House Natural Resources Committee in error.

Rep. Asay explained that the Coal Board was originally created to deal with the effects of the downturn in the coal industry. He said the bill takes water resources into consideration and would bring the existing program into coal development areas.

Rep. Asay said there is a need to know if wells developed for stock in reclaimed areas are safe. He pointed out that lines 18-20, on page 1 of the bill, address the impact to water resources. Rep. Asay said lines 1-3 on page 3, address designated impacted Secondary Highways 318 and 384, a result of the 1985 Legislative Session.

Rep. Asay stated the Department of Natural Resources and Conservation, (DNRC), suggested the bill be amended by deleting the portion of lines 7-8, on page 3, which pertain to those whose employment is in the mining of Montana coal.

PROPOSERS: George Ochenski, Montana Environmental Information Center Action Fund, told the Committee he was concerned with language on line 20, on page 1, and suggested the Committee insert "affected by coal mining" after "water resources".

Rep. Hanson said she believes the language on lines 1-2, page 3, should be left in place.

OPPOSERS: There were no opposers to HB 56.

REPORT FROM MONTANA COAL BOARD ON HOUSE BILL 56: Murdo Campbell, Administrative Officer, Montana Coal Board, told the

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Committee current funding for the Board includes \$240,000 for Highway 384 and \$195,000 for Highway 314. He explained that the funding is a designated authority of the Coal Board concurrent with the Department of Highways designation of impacted highways. He explained that if the bill would cause the Department of Highways to look more closely at impacted highways, he would feel okay about it, adding that he thought it not a necessity.

Mr. Campbell said the Coal Board commissioned \$425,000 for a ground water monitor in Rosebud County, which is directly tied to coal development. He explained the Board also authorized \$207,000 for a 2 year study on the North Fork of the Flathead River, because of the effects of the Cabin Creek Mine in Canada, and a 2 year study in Rosebud County on the loss of alfalfa in hay meadows. He added that these studies are winding down right now, along with a project in Daniels County on the effects on groundwater around Scobey.

Mr. Campbell stated he did not believe local governments had the authority to become involved in reemployment of impacted mine workers, and that this jurisdiction belongs to the Department of Labor and Industry. He added that, in summary, he was not opposed to the details of the bill.

REPORT FROM THE DEPARTMENT OF LABOR & INDUSTRY (DL&I) ON HB 56: Sue Mohr, Administrator, Employment Policy Division, DL&I, read from a prepared statement, (Exhibit #1). She said dislocated workers could use Coal Board funds, as the current allocation of \$500,000 does not fund everyone. She cited copper workers in the Butte area and farmers in the Great Falls area, as examples, and said the Secretary of Labor will only fund these programs for one year, after which they must find other sources of funding.

QUESTIONS ON HOUSE BILL 56: Rep. Williams asked why (1) at the bottom of page 2 was necessary, since Secondary Highways 384 and 314 are already designated as emergency highways. Rep. Asay replied these two areas are directly impacted and that attention needed to be called to the matter.

Rep. Keenan asked Murdo Campbell if the Coal Board granted funds for retraining. Mr. Campbell replied that would be a new area and it could be construed for impact of decline.

Rep. Patterson asked Sue Mohr to explain the two to one match in her report (Exhibit #1). Ms. Mohr told Rep. Patterson it could be an in-kind match, as well as a federal match. She explained that all remaining programs have had a one to one match and that there are no match requirements for the coming year.

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Rep. Raney asked Sue Mohr if most of the funds available to the Butte area were used for On the Job Training (OJT). Ms. Mohr replied they were, and advised Rep. Raney that a dislocated farmer program travels between communities. She explained the program would be funded one year by the Secretary of Labor and that it appears it would be a good use of Coal Board funds, to continue an already successful program.

Rep. Sands asked Murdo Campbell for his opinion of lines 11-16, on page 3 of the bill, which would limit the Board to water resources affected by coal mines. Mr. Campbell stated he agreed with that wording.

Rep. Sands asked for the Coal Board budget figures. Mr. Campbell replied it is currently \$5.2 million, and will be \$983,000 in FY 88.

Rep. Williams asked Ms. Mohr if the structure of Job Service would have to change to accommodate the suggestions of the bill. Ms. Mohr replied that the larger Job Service offices would be obvious sites for implementation of such programs.

Rep. Ream asked Rep. Asay to elaborate on Rep. Sands' question concerning lines 11-16, page 3. He also asked what the wording on lines 13-14, page 3, was for. Rep. Asay replied it is general information about groundwater.

Rep. Keenan asked Ms. Mohr if lines 8-10, on page 3, would restrict Coal Board funds to use for other programs, or if the Board would be restricted to dislocated coal miners. Rep. Asay answered the question, and said an amendment has been suggested to change the wording to include other dislocated mine workers as well as coal mine workers.

Rep. Gilbert asked Mr. Campbell if these two highway projects were competing with other highway projects. Mr. Campbell replied Secondary Highways 314 and 384 are a priority and said a similar situation has occurred in Powder River County.

Mr. Campbell told the Committee the key is "may" on line 1, page 2 of the bill, which allows Coal Board discretion to prioritize these rules.

Rep. Ellison asked Mr. Campbell if \$900,000 was the correct budget figure for FY88. Mr. Campbell replied the budget for FY88 is \$5.2 million and the budget for FY89, \$5.3 million.

Rep. Ellison asked what other projects were to be funded. Mr. Campbell replied that \$712,650 would be used for the Yellowstone County jail, from an appropriation of \$983,000.

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Rep. Raney asked if all projects were coordinated through other agencies. Mr. Campbell replied they are all done in conjunction with the Montana Bureau of Mines and Geology, who will publish this information.

Rep. Raney said he wondered why more funds were necessary for this purpose, when publication would be completed by the Bureau.

Rep. Asay said it would be his preference to channel coordination efforts through DNRC.

Chairman Ramirez asked Mr. Campbell if he contracted for water studies. Mr. Campbell replied affirmatively and said the Board breaks the contracts down and records 15 copies of the final document.

Chairman Ramirez asked if the Board envisioned doing the same with DNRC. Mr. Campbell replied the Board would do so, under contract.

CLOSING: Rep. Asay suggested the Committee consider an amendment similar to that proposed by Rep. Cobb, when executive action is taken on the bill. He stated that funds have been robbed in the past for definite needs, which must be met now.

CONSIDERATION OF HOUSE BILL 14: Rep. Dennis Nathe, House District 19, provided committee members with a brief history of the bill. He explained that in the 1981 Legislative Session, the power of the Coal Board was expanded to make loans at the request of the Board.

Rep. Nathe pointed out that (2)(b), at the top of page 2 of the bill, removes limits on local government indebtedness of up to 200%, and that (2)(c), also on page 2, removes the requirement for an election to create a situation similar to a bond issue. He explained these measures expedite the manner in which entities can borrow coal tax dollars and said the bill includes loan repayment instructions.

PROPOSERS: There were no proponents of HB 14.

OPPOSERS: There were no opponents of HB 14. Rep. Raney asked Rep. Nathe if it appeared that counties would be able to take on tremendous indebtedness which taxpayers would be liable for. He said the community of Livingston owes \$3 million for a steam plant initially created to heat Burlington Northern (BN) shops, which are no longer open.

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Rick Weddle, staff attorney for the Coal Board, responded to Rep. Raney's statement and said that loans made under this authority cannot become a general debt of the community against the community or taxpayers. He stated that, essentially, the bill allows for a revenue bond issue without the bond, although it appears as general debt.

He explained that in Ashland the Board was unable to honor a request for teacher housing, as a school district can borrow only through a bond issue and an election. He added that, because of this situation, the Coal Board began to look at issues preventing it from making loans. Mr. Weddle stated that projects funded must be revenue-producing and that the Board has been unable to make any loans since it received the authority to do so in 1981. He advised committee members that many schools are near their bonded limits now, but with proper changes and an expanded program the Board could begin to make such loans. He added that counties must have an election if it borrows more than \$500,000, and that cities don't need elections.

Rep. Ream asked Mr. Campbell if he recalled the similar teacherage situation, presented to the Revenue Oversight Committee at an earlier meeting. Mr. Campbell replied that the teacherage at Lame Deer was approved as a grant instead of a loan. He commented that the inability of the Board to make loans has been a drawback.

Chairman Ramirez asked Mr. Weddle why 200% was used as a ceiling of indebtedness for local governments. Mr. Weddle replied it was an arbitrary figure.

Chairman Ramirez asked if revenue bonds were limited in any way and if there were any separate limits on the amount of revenue bonds a local government could issue. Mr. Weddle replied he was not aware of any, and that he would check on the matter.

Chairman Ramirez advised committee members that the Coal Board would be shown as proponents if there were no objections.

CLOSING: Rep. Nathe closed without comment.

EXECUTIVE SESSION: Chairman Ramirez stated there is a need to hear HB 97 prior to the Committee taking executive action on HB 56 and HB 14, and that he wished to consolidate efforts on the three bills.

Chairman Ramirez requested that subcommittee chairmen keep minutes of their meetings, and provide each chairman with forms for that purpose. He asked that all members who want information on subcommittees on other than those to which they are appointed, please notify the secretary of their preference.

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Chairman Ramirez stated he received information from the Coal Council with regard to the Coal Tax and problems experienced in competition with Wyoming. He suggested committee members read the material, as vital information will be pulled from this source for reference work. He advised committee members the work was prepared for the Montana Forward Coalition by Miller & Associates, Inc., Olympia, WA.

Dave Bohyer told subcommittee members he would try to sit in on as many subcommittee meetings as he was able.

Dan Bucks, DOR, offered technical assistance to the subcommittees, from DOR staff. Chairman Ramirez asked subcommittee chairmen to notify the secretary when they wished to have DOR staff present at their meetings.

Chairman Ramirez advised a public hearing on what kinds of tax changes should be made in Montana tax law would be held on Monday evening, January 19, 1987, at 7 p.m., in the Old Supreme Court Chambers, Room 325 of the State Capitol.

A study copy of Chairman Ramirez' sales tax bill was provided to members of the Committee.

Rep. Keenan asked if the Taxation Committee were going to pursue the \$18,000 deleted from the feed bill for federal increases in tax reform study. Chairman Ramirez replied he didn't know if that issue would go to a conference committee. He stated that, in his personal opinion, \$18,000 might be insufficient, adding that he would talk with the leadership on both sides if the Committee so desired.

ADJOURNMENT: There being no further business before the Committee, the meeting was adjourned at 11:25 a.m.



Representative Jack Ramirez,
Chairman

DAILY ROLL CALL

HOUSE TAXATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 1/12/87

NAME	PRESENT	ABSENT	EXCUSED
REP. RAMIREZ	✓		
REP. ASAY	✓		
REP. ELLISON	✓		
REP. GILBERT	✓		
REP. HANSON	✓		
REP. HARP			✓
REP. HARRINGTON	✓		
REP. HOFFMAN	✓		
REP. KEENAN	✓		
REP. KOEHNKE	✓		
REP. PATTERSON	✓		
REP. RANEY	✓		
REP. REAM	✓		
REP. SANDS	✓		
REP. SCHYE	✓		
REP. WILLIAMS	✓		

ROLL CALL VOTE

HOUSE TAXATION

COMMITTEE

DATE 1/12/86 BILL NO. HB 148

NAME	ABSTAIN	AYE	NAY
RAMIREZ, REP. JACK			✓
ASAY, REP. TOM			✓
ELLISON, REP. ORVAL	✓		
GILBERT, REP. BOB			✓
HANSON, REP. MARION			✓
HARP, REP. JOHN			✓
HARRINGTON, REP. DAN			✓
HOFFMAN, REP. ROBERT			✓
KENNAN, REP. NANCY			✓
KOEHNKE, REP. FRANCIS			✓
PATTERSON, REP. JOHN			✓
RANEY, REP. BOB			✓
REAM, REP. BOB		✓	
SANDS, REP. JACK			✓
SCHYE, REP. TED		✓	
WILLIAMS, REP. MEL		✓	
TALLY	1	3	12

Joann Banschbach
Secretary

Rep. Jack Ramirez
Chairman

Motion: Williams - Table

EXHIBIT #1
DATE 1-12-86
HB 56

DEPARTMENT OF LABOR AND INDUSTRY
EMPLOYMENT POLICY DIVISION



TED SCHWINDEN, GOVERNOR

P.O. BOX 1728

STATE OF MONTANA
January 6, 1987

(406) 444-4500

HELENA, MONTANA 59624

TO: Representative Tom Asay
Capitol Station

FROM: Sue Mohr, Administrator
Employment Policy Division

Impact of HB 56 re: Department of Labor.

The Department currently has the following services already available to persons laid off due to curtailment or discontinuance of coal mining in Montana:

1. Unemployment Insurance benefits.
2. Labor exchange services such as job search for individuals seeking work and recruitment and selection for employers seeking qualified workers.
3. Job seeking skills such as resume-writing, interviewing and placement.

Numbers 1 and 2 are provided through Montana's twenty six Job Service Offices.

Number 3 is primarily provided by the five Project Challenge: Work Again Offices and funded by JTPA Title III Dislocated Worker funds and matching state funds (Build Montana General Funds plus Unemployment Insurance funds).

In addition, the U S Secretary of Labor retains some Dislocated Worker funds to award at his discretion. For example \$500,000 was awarded in 1986 to specifically find jobs for laid off copper workers in Butte, Great Falls and Anaconda. These funds required a two to one match.

It appears that future discretionary grants will not require matching funds. However, successful programs are rarely funded for more than one year. Should a program be funded, and be successful, the Board may choose to award a grant to continue a program past the first year.

The Department will assist any interested individuals or businesses in applying for a discretionary grant should they develop a program to help laid-off coal workers re-train and find employment.

