

MINUTES OF THE MEETING
APPROPRIATIONS COMMITTEE
50TH LEGISLATIVE SESSION

The meeting of the Appropriations Committee was called to order by Chairman Rep. Gene Donaldson on February 19, 1987, at 1:00 p.m. in Room 104 of the State Capitol.

ROLL CALL: All Members were present at the meeting except Rep. Winslow who was excused and Reps. Connelly, Iverson, Nathe, Spaeth, and Switzer who were late.

(29:A:0.00)

HB 635:

Rep. Simon presented his bill to allow the Department of Social and Rehabilitation Services to maintain positive cash balances in the federal special revenue fund by borrowing from the general fund when federal matching funds are not yet received. In doing the audits through the audit committee they found that SRS has a problem with monies that are coming in but have yet to arrive and as a result of that, they have spent money that will be reimbursed but it doesn't follow the right year. This is just an accounting situation to make sure that they are in compliance with the statute.

Pat Godbout, Division Administrator of Centralized Services, SRS, stated it is a very simply bill. They have a cash flow problem because of delay of draw from the federal government and reimbursement from the counties. She stated that the bill was written with the Legislative Auditor's Office and reviewed by the Legislative Fiscal Analyst's Office.

There were no opponents to the bill.

Rep. Bradley stated this was a good bill.

Rep. Bardanouve moved HB 635 DO PASS. Rep. Quilici called the question. The motion CARRIED unanimously.

HB 28:

Rep. Rehberg reported the General Government and Highways subcommittee recommends HB 28 do pass. This is to reroute GVW fines on non-state maintained roads to counties where the fine was assessed.

Rep. Rehberg moved HB 28 DO PASS. Rep. Menahan called the question. The motion CARRIED unanimously.

HB 461: (29:A:7.08)

Rep. Swift, Chairman of the Natural Resources Subcommittee stated the subcommittee recommended a do pass on HB 461. This is the fees for bee keepers. The fees were increased for the new program for pests and disease of bees.

Rep. Swift moved HB 461 DO PASS. Rep. Bardanouve called the question. The motion CARRIED unanimously.

HB 434:

Mr. Hunter distributed amendments on HB 434, the supplemental bill (Exhibit 1). He reviewed with the committee each addition to the bill.

1. Department of Labor - \$60,536 for the audit for Workers' Comp. Rep. Thoft moved APPROVAL of the amendment. Rep. Bardanouve called the question. The motion CARRIED unanimously.

2. Block Grants - Recommended by the Budget Office and the Natural Resources Subcommittee for \$1,814,821.50 of state special revenue. Mr. Hunter suggested that the sentence following the amendment be included to make it clear that they have fulfilled the obligation to fund the Supreme Court order that this appropriation is to satisfy the award under the Supreme Court docket number 86-289. The sentence reads: "This appropriation is to satisfy the court award in Lewis and Clark County vs. State of Montana, Montana Supreme Court docket number 86-289.

Rep. Swift moved to ADOPT the amendment. Rep. Devlin called the question. The motion CARRIED unanimously.

3. School Foundation Program 1987 - Mr. Hunter stated that the revenue estimate joint subcommittee recommends approximately \$680,304 for the foundation program. Rep. Thoft moved that the committee ACCEPT approximately \$680,000 for the school foundation program in 1987. Rep. Devlin called the question. The motion CARRIED unanimously.

4. Rep. Thoft moved to accept the 12 mill Levy for about \$218,958. Rep. Devlin called the question. Rep. Switzer voted no. The motion CARRIED.

5. General Assistance additional supplemental of \$2.9 for approximately \$1.5 million, in order to balance in 1987. Rep. Thoft moved to approve the additional \$1.5 million for the general assistance program. The question was called. The motion CARRIED unanimously.

Rep. Donaldson presented an amendment to transfer \$35 million of Coal Severance Tax collections from the permanent trust fund to the general fund (Exhibit 2).

Rep. Bardanouve stated this would cause a huge fight among the legislators. Rep. Donaldson pointed out that this issue had to be addressed. The legislature can not balance the budget for the 89 biennium when the 87 issue has not even been addressed yet. This problem has to be addressed in the very near future.

(29:A:36.40) Rep. Vincent who was in attendance spoke regarding this and another proposed amendment by saying that he had no doubt that it is one of the two options that we have to consider. There is no consensus yet. Most people have narrowed the choices down but they haven't proceeded any further than that. He asked Rep. Donaldson when he saw the bill coming to the floor. Rep. Donaldson said he is seeing trying to put this bill in the best possible shape today if possible, it would be brought to the floor on the concurrence if Rep. Vincent and Speaker Marks as to when it needs to be discussed. The legislature has to get this bill in shape and get the issue before our caucuses. There is another amendment which takes the money from the educational trust fund (Exhibit 3). Rep. Donaldson also referred to a bill which would be heard, HB 808 which would take money from other sources. The legislature needs to get a bill put together and take it back to caucus. They need to start addressing this issue and they need to start putting in place the building blocks that will indeed address it. Rep. Vincent stated they are talking about a matter of faith. The speaker and himself agreed to put the summitry together to talk about the process first and foremost, not about the policy questions but the process. Part of the process is when a bill like this should come to the floor. Committee action is really secondary to that. Having time to take the bill to caucus, having summitry to determine the best time for that bill to go to the floor is absolutely critical.

(29:B:4.00)

Rep. Donaldson explained his amendment to transfer \$35 million from the local impact and education Trust Fund Account to the General Fund (Exhibit 3).

Rep. Quilici offered to take the two proposals to their caucus and discuss them and try to report back to the committee the following day with what the intent of the caucus was.

Rep. Devlin moved to ACCEPT the first amendment to use the Coal Trust fund.

Rep. Thoft made a substitute motion to get a commitment from Rep. Vincent and Rep. Bardanouve to take this to their caucus this afternoon and have some answers tomorrow.

Rep. Vincent stated he would indicate to the committee what the caucus feels about handling the situation once the committee acts. And second, they could give an indication of where the votes are so they will know where the caucus is regarding the two proposals.

Rep. Quilici called the question. The motion CARRIED unanimously.

HB 808:

Rep. Asay presented his bill by saying he does not believe the coal tax trust fund should be used to bail us out of current problems or results of past mistakes. If there is use of that fund it should be used for future needs. He stated there is, in the Park Acquisition Fund, approximately \$17 million dollars of coal money that is laying there. There is the local impact education trust fund for \$80 million. The highway reconstruction fund had \$2.9 million at the beginning of the year. He stated the committee could make any amendments as they see fit.

OPPONENTS:

Mr. Ron Marcoux, Fish, Wildlife and Parks, spoke against the bill and presented testimony (Exhibit 5).

Brenda Schye, Montana Cultural Advocacy, also spoke against the bill and presented a copy of her testimony (Exhibit 6).

Gary Wicks, Director of Montana Department of Highways opposed the lines which referred to the highway funds. He stated that the money in their account was used to pay for the contracted services that are being performed on the roads. He said that there was only about \$276,000 in the fund at this time and as soon as they receive monies they are redistributed back out to the various companies.

(29:B:27.40) Jim Manyon representing the Montana Automobile Association. They oppose this bill, in particular the highway reconstruction portion.

Janet Ellis of the Montana Audubon and Legislative Fund. Nearly 4.6 million people visited Montana's parks last year, 52 percent were Montanans and 48 percent were from out of

state. They think the park system is really important to the tourist industry. She urged defeat of the bill.

Claudett Morton, Executive Secretary to the Board of Public Education opposed the bill saying they can not put an additional burden on the local taxpayers for schools and museums. They must look to a stable funding source at the state level. This is a stable funding source and the Board would object to getting into either of these trusts.

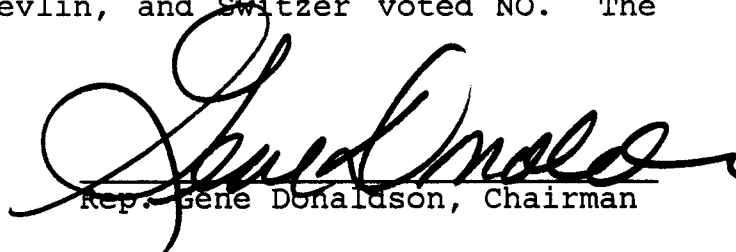
Mr. David Nelson, Executive Director of the Montana Arts Council stated he also opposed the bill.

Arnie Melina, Director of the Helena Fund Society and President of the state Montana Performing Arts Consortium, and on the Citizens Advisory Committee of the Coal Tax. He stated that these grants are necessary. They oppose the bill. It would reduce grants by 71 percent, reducing \$1.2 million to \$350,000. This is the most important cultural money in the state.

There was written testimony furnish by Kate Guehlstorff (Exhibit 7).

There were questions from the committee. Rep. Asay closed on the bill by saying that he didn't expect this to be any different. The fact is, this problem is everyone's just as much as it is the legislature's. The fact is everyone has taken a big long blind ride on that coal tax and it is about to roll back into the dust. We better start taking some real hard looks. This debt is ours, not just the legislatures, not just the big business.

Rep. Quilici moved to TABLE HB 808. Rep. Menahan called the question. Reps. Swift, Devlin, and Switzer voted NO. The motion CARRIED.


Rep. Gene Donaldson, Chairman

DAILY ROLL CALL

APPROPRIATIONS COMMITTEE

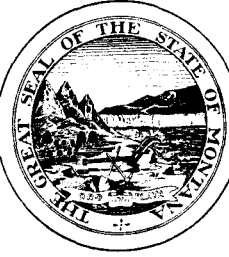
50th LEGISLATIVE SESSION -- 1987

Date 2/19/87

NAME	PRESENT	ABSENT	EXCUSED
DONALDSON, GENE (Chairman)	✓		
THOFT, BOB (Vice Chairman)	✓		
WINSLOW, CAL (Vice Chairman)			✓
BARDANOUVE, FRANCIS	✓		
BRADLEY, DOROTHY	✓		
CONNELLY, MARY ELLEN	✓	late	
DEVLIN, GERRY	✓		
IVERSON, DENNIS	✓	late	
MANUEL, REX	✓		
MENAHAN, WILLIAM "RED"	✓		
MENKE, LARRY	✓		
MILLER, RON	✓		
NAIHE, DENNIS	✓	late	
PECK, RAY	✓		
POULSEN, HAROLD	✓		
QUILLICI, JOE	✓		
REHBERG, DENNIS	✓		
SPAETH, GARY	✓	late	
SWIFT, BERNIE	✓		
SWITZER, DEAN	✓	late	✓

EXHIBIT 1
DATE 2/19/87
HB 434

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING



TED SCHWINDEN, GOVERNOR

STATE CAPITOL

STATE OF MONTANA

(406) 444-3616

HELENA, MONTANA 59620

Proposed amendments to House Bill 434

Page 3
Section C.
Line 15

Insert:

DEPARTMENT OF COMMERCE

Local Government Block Grant 1987 1,814,821.50 State Special

This appropriation is to satisfy the court award in Lewis and Clark County vs. State of Montana, Montana Supreme Court docket number 86-289.

This amendment allows the Department of Commerce to pay, from the existing revenues of the FY87 local government block grant account after March 1, 1987, to Lewis and Clark County the amount of their underpayment from fiscal year 1982 through fiscal year 1986. This supplemental appropriation is to satisfy the award granted by the district court and upheld in the supreme court in favor of Lewis and Clark County.

Page 3
Line 4

Insert:

SCHOOL FOUNDATION PROGRAM 1987 \$680,304 General Fund

This amendment provides funding for the School Foundation Program consistent with the revenues estimated by the joint sub-committee on revenue estimates.

Page 4
Line 20

Insert:

WORKERS' COMPENSATION AUDIT 1987 \$60,000 State Special

This amendment provides the authority to pay for the additional audit work requested of the Legislative Auditor.

Page 5

Line 6

Strike: \$1,405,006

Insert: \$2,905,006

Page 5

Line 18

Insert:

12 Mill Levy Deficiency 1987

\$218,958 General Fund

This amendment provides the general fund necessary to show a reduction in the revenue estimate for the 12 mill levy funds as estimated by the joint sub-committee on revenue estimates.

Amend totals

Amendments to HB 434

2nd Reading
Yellow Copy

1. Title, line 7.
Following: "1987;"
Insert: "TRANSFERRING \$35 MILLION COAL SEVERANCE TAX COLLECTIONS FROM THE PERMENENT TRUST FUND TO THE GENERAL FUND; AMENDING SECTION 17-5-703, MCA;"

2. Page 5, line 25.
Following: line 24
Insert: "Section 5. Section 17-5-703, MCA, is amended to read:
"17-5-703. Coal severance tax trust funds. (1) The trust established under Article IX, section 5, of the Montana constitution shall be composed of the following funds:
(a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal severance tax shall be deposited;
(b) a coal severance tax permanent fund; and
(c) a coal severance tax income fund.
(2) The Except as provided in subsection (3), the state treasurer shall from time to time transfer to the coal severance tax permanent fund all money in the coal severance tax bond fund except the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund on the next two ensuing semiannual payment dates.
(3) The state treasurer shall transfer from the coal severance tax permanent fund created in subsection (1)(b), but not from the in-state investment fund created in 17-6-306, \$35 million to the general fund."

NEW SECTION. Section 6. Requirements for coal trust transfer. Because section 5 transfers money flowing into the permanent trust fund to the general fund, a three-fourths vote of each house is required under Article IX, section 5, of the constitution.

NEW SECTION. Section 7. Reversion. All funds transferred to the general fund under section 5 that are unspent and unencumbered on June 30, 1987, revert to the coal severance tax permanent fund created in 17-5-703(1)(b)."

Renumber: subsequent section.

EXHIBIT 3
DATE 2/19/87
HB 434

Amend House Bill 434 Second Reading (Yellow)

1. Title, line 7.

Following: "1987"

Insert: "TRANSFERRING \$35 MILLION FROM THE LOCAL IMPACT AND
EDUCATION TRUST FUND ACCOUNT TO THE GENERAL FUND;"

2. Page 5.

Following: line 24

Insert: "Section 5. Transfer to general fund -- reversion. (1)
There is transferred \$35 million from the local impact and
education trust fund account funded by 15-35-108(3)(b) to
the general fund.

(2) All funds transferred to the general fund pursuant
to subsection (1) that are unspent and unencumbered on June
30, 1987, revert to the local impact and education trust
fund account."

XT01

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Amend House Bill 434

Page 3, Following Line 14

Insert: "Funds available within the local government block grant account shall be distributed in the following priority.

First, the state's financial obligation to Lewis and Clark County for fiscal years 1982 through 1986 shall be paid.

Second, the remaining funds in the account should be distributed according to Section 7-6-303, MCA."

Amend totals to conform

Local Government Block Grant
Fiscal 1987

Beginning Balance - 7/1/87	\$(1,643,346)
Revenues: Oil Severance Tax	5,466,000
Vehicle Fees	2,313,100
General Fund Appropriations	<u>7,925,000</u>
Total Funds Available	\$14,060,754
Amount for Lewis and Clark County Settlement FY82-86	<u>\$ 1,814,874</u>
Available for Distribution	<u><u>\$12,245,880¹</u></u>

¹A fully funded block grant would require \$17,688,000 of which this represents 69 percent.

HB 808
February 19, 1987

Testimony presented by Jim Flynn, Dept. of Fish, Wildlife & Parks

Mr. Chairman, the department appears in opposition to HB 808 which would remove \$10 million of the \$16 million corpus of the Coal Tax Parks and Cultural Trust. The interest earnings from the account are split 1/3 to the State Arts Council for cultural projects and 2/3 for State Park System. The State Parks' share of the earnings is \$1.15 million per year which this bill would reduce to approximately \$460,000.

Coal tax funding in the Parks Division represents 27% of the present \$3.8 million budget. Loss of this revenue will affect specific areas such as land-based parks due to the fact that all of the other funding sources within the Parks System are earmarked for such things as snowmobile and boating activities. Loss of this funding would mean that approximately 30 presently open areas would be affected. We have attached a list of those sites for your review.

To emphasize the reason we get to closing park sites, I would point out that in fiscal 1984, Parks operations included \$628,519 of general fund monies. As a result of the state's financial difficulties, the legislature, in fiscal 1986, reduced this amount to \$409,767 from the general fund for operations. The 1986 special session removed all general fund support from the Parks Division. As a result, the proposed current level budget for fiscal 1988 anticipates zero dollars from the general fund and, in addition, the coal tax was capped. The result of these actions has been a reduction since 1984 of \$900,663 per year which is a 47% reduction in these combined sources.

The result of these financial changes is that the Parks System no longer has a capital improvements program to maintain the capital investment in present sites, much less develop and open new sites which have recently been acquired, or to buy any new sites. The cuts proposed by HB 808 will result in the locking up of a substantial portion of the present Parks System. This will not only leave these facilities unmanaged and unprotected but will significantly affect the economies of the surrounding communities. For that reason, Mr. Chairman, the department urges that the committee do not pass HB 808.

HB808

ATTACHMENT

Giant Springs State Park at Great Falls
Bannack State Park west of Dillon
Makoshika State Park at Glendive
the Smith River Recreational Waterway south of Great Falls
Spring Meadow Lake Recreation Area at Helena
Pictograph Caves State Monument at Billings
Chief Plenty Coups Memorial State Monument south of Billings
Missouri Headwaters State Park at Three Forks
Frenchtown Pond Recreation Area west of Missoula
Lost Creek State Park north of Anaconda
Lake Elmo Recreation Area at Billings
Blackfoot Recreational Waterway west of Missoula
Lone Pine State Park south of Kalispell
Missouri River Recreation Road south of Great Falls
Council Grove State Monument at Missoula
Fort Owen State Monument at Stevensville
Sluice Boxes State Monument south of Belt
Wild Horse Island State Park on Flathead Lake
Beavertail Hill State Recreation Area west of Missoula
Rosebud Battlefield State Monument south of Miles City
Medicine Rocks State Park south of Baker
Madison Buffalo Jump State Monument west of Bozeman
Ulm Pishkun State Monument south of Great Falls
Chief Joseph Battlegrounds State Monument south of Chinook
Natural Bridge State Monument south of Big Timber
Grey Cliff Dogtown State Monument at Greycliff
Elkhorn State Monument east of Boulder... and possibly other
sites.

TESTIMONY ON HB 808
House Appropriations Committee
Feb 19, 1987

Mr. Chairman, members of the Committee: I am Brenda Schye, and I represent the Montana Cultural Advocacy, which is a broad cross-section of Montanans who are committed to the development of this state's cultural ~~future~~ *resources*.

I believe it is when fiscal situations are relatively good that we are able to make the most rational decisions about planning and budgeting for the future. A few years ago, this Legislature recognized that there are some things that are very important for the quality of life in this state--so important that there was justification for setting up a permanent trust to ensure a continued source of funding.

The interest from the cultural and aesthetic trust has funded hundreds of cultural projects affecting every county in this state. It brings music and live theatre to small towns; it captures, through oral history programs, the voices and experiences of Montanans who shaped our state; it documents and preserves the folk-culture which is distinctly Montana--our cowboy poetry, our fiddle music, our quilting traditions, our miners' songs and stories, our tribal ceremonies; it nurtures the creativity of children through dance, painting, music, drama, and writing; it preserves our heritage by helping museums acquire and restore historic collections. In short, the cultural activities of this state give Montanans something to celebrate about.

It is not in spite of tough times, but especially in tough times, when you should not take that away from the residents of this state. We continually discuss the importance of the business climate, but usually neglect discussing the equally important cultural climate, which is what determines whether we live above the level of robots.

We do not expect that arts + culture should
~~The arts and cultural community has not asked to~~ be spared from bearing their share of the burden during lean fiscal years. In the June special session, we supported temporarily diverting the revenues that would normally be flowing into this trust. Consequently, three years of revenues that would have gone to this fund have already been going to the general fund.

Please don't put this state back into the dark ages. We must continue to have something to be proud of--to celebrate our heritage, our uniqueness, our creativity. We must have more than jobs to nurture our souls and our spirits.

We strongly urge your defeat of HB 808.

Curly & Kate

Milwaukee Rode Productions

Box 285

Helena, Montana 59624

406.449.6622

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2/19/87
808

February 19, 1987

TESTIMONY IN OPPOSITION TO H.B.808

Gentleman of the Committee:

We would like to speak to you in OPPOSITION to H.B.808 today.

My partner and I are a performing duo called Curly & Kate. We specialize in singing songs and telling stories about Montana. We especially like to perform for folks in the smaller, rural towns. These people are hard working, land rooted, honorable and loving families who don't often get the chance to have live cultural performances in their communities... the money is just too tight and the distances are just too great. It is only because of programs like the Cultural and Aesthetic Arts Grants that we are ble to perform for these communities. In the last year or so we have played in towns like Circle, Fort Peck, Choteau and Hobson. How many performers come to Hobson, Montana to perform do you imagine? Certainly all Montanans deserve to maintain cultural in their communities, even if it is infrequent.

On another note, we need to remember that this coming biennium begins Montana's Centennial Celebration. Please don't let this centennial year go down in history as the one in which Montana lost her vision and her heart by putting our scrapping for money first. That's like throwing the baby out with the bath water!

There will always be budget problems. I guess it has always been that for people in our state. I know it sure is for us. We aren't exactly living high on the hog ourselves. But it's the arts that keep us going in the hard times. Remember the "other" great depression? It was music, the songs, that kept folks going. When everything else is seeming to shatter around us, it's the arts that give us hope, remind us of who we are and where we come from, and give us heart to stick it all out and keep plugging along.

This 1987 legislative session is a bear for you folks on the hill. You're working with apparently impossible finances. But please don't think that the budget will be saved or the poor will all be fed by scratching all that is special and fine about Montana. Please let's save something for the future by hanging onto our unique arts and culture.

Please, Gentlemen, save the Cultural and Aesthetic Arts package as a whole, and vote in OPPOSITION to H.B. 808.

Thank you for your time and your hard work.

Kate Guehlorff

Kate Guehlorff, Curly & Kate

VISITOR'S REGISTER

Appropriations

COMMITTEE

BILL(S) HB 28, 434, 635, 808, (461)

DATE 2/19/87

SPONSOR(S) _____

NAME	REPRESENTING	BILL NO.	SUP-PORT	OP-POSE
Janet Ellis	MT Audubon	^{HB} 808		✓
Brenda Schye	Mont Cultural Advocacy	808		X
Bill Smith	MT Arts Assoc			X
J. D. Holmes	Mont. Cultural Advocacy	808		✓
Kathleen Goehldorff Kathleen Go	Curly Kate	808		X
Jack & Kater	Art School of Creative Arts	808		X
Claudette Morton	Board of Public Education	434	X	
Claudette Morton	Board of Public Education	808		X
Dave Nelson	MT. Arts Council	808		X
Kay Turman	Arts Organizations			X
Arnie Malina	MT Public Art Council	808		X
Chip Clausen	Archie Bray Foundation	808		X
John Green	Arts Council	808		X
Penelope Loucas	Independent Art Contractors	808		X
Zon Duda	Montana Centennial Office	808		X
Bob Anderson	MSTA	808		X
Jeanne C. Klobnak	MWF	808		X
Janet Morrison	Mont. Arts Assoc	808		X
Janet Atkwal	MT Alliance for Arts	808		X
Janet Atkwal	"	434	X	
Brookes Morin	City of Helena	808		X

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR VISITOR'S STATEMENT.
IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY.