

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 21, 1987, at 9:00 a.m. in Room 104 of the State Capitol.

ROLL CALL: All members were present at the meeting except Reps. Winslow, Bradley, and Switzer who were excused for another meeting and Rep. Devlin being absent. Rep. Menahan was late for the meeting. Also in attendance were Judy Rippingale, LFA and Denise Thompson, Secretary.

HB 627: (32:A:2.46)

Rep. Miller stated that HB 627 sets up a process to implement one or two youth evaluation facilities and detention facilities. There is a follow up bill that would penalize people who deal in drugs. He presented two sheets to the committee and referred briefly to them (Exhibits 1 and 2). He stated he would like to just keep this bill alive until the accompanying bill gets here. He would like to amend the bill to incorporate Sheet 2 costs of \$360,091 in FY 1988 and \$311,205 in FY 89. Therefore there would be an appropriation on the bill and the bill would not die on the 45th day.

Rep. Bardanoue asked where these funds would be placed. Rep. Miller stated they anticipated it would be earmarked revenue specific for the program. Rep. Bardanoue asked how they would get the 2 percent. Rep. Strizich, sponsor of the legislation, stated that the items would be taxed and they would use a federal schedule which indicates tax by the ounce or per pound. They found in checking that these people seem to always have money or a way to get it, even investments in property. These things can be assessed if necessary.

This bill would create a bad business climate in Montana for the drug dealers.

Rep. Donaldson expressed concern about the earmarking of the resources.

(32:A:14.16) Rep. Thoft asked if they would build up an account before the centers were opened. Rep. Miller said they could maybe put in some general fund if it came from the drugs and keep kids out of prison, if they were directed to.

(32:A:15.44) Rep. Miller moved to amend the bill to include \$360,991 in FY 1988 and \$311,205 in FY 89 for a 15 bed facility to set up an appropriation. Rep. Bardanouve called the question. The motion CARRIED unanimously.

Rep. Miller moved HB 627 be TABLED. Rep. Rehberg called the question. The motion CARRIED unanimously.

HJR 16:

Rep. Peck presented HJR 16 which is a combined cooperative study between the board of ed and the interim committee in the legislative finance committee office. This study would cover the following four items: 1) adequacy of accreditation standards, 2) cost of providing service to meet the accreditation standards; 3) procedure for presenting information to the legislature of the cost of resisting the proposed accreditation data; and 4) the method of funding basic education.

(32:A:20.59) Cladett Morton, Board of Public Education, supported the resolution. She stated the budget that is in there is for just two years. It is critical because their staff is only two people for the Board of Public Education and it is not possible for them to do that kind of in-depth work without some additional help.

Rep. Nathe moved to DO PASS HJR 16. Implied in that, the subcommittee would in effect add that to the budget of the Board of Public Education or \$97,825 for the biennium.

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

HB 40:

Rep. Swift stated the subcommittee recommended a DO PASS as is.

Mr. Keith Kelly, Department of Agriculture, stated he helped with the fiscal note on the bill. Since then, they managed to allow them to recoup some of the program. He stated there were two services that would have to be preformed. An inspection and auditing program, and also to convince people that the grain has additional quality.

He stated there would be initial start up fees that must be covered some way.

(32:A:30.34) On the market side the cost would be \$90,000 per year and on the inspection side it would be approximately \$90,000 each year.

He stated they don't want to get into a position of borrowing money and if the program doesn't work in two years and they have to come back and borrow some money because it didn't work out and how would they pay it back.

He said they don't have the personnel to do this. They don't have those people in Great Falls to do it. You would need two separate people to do a certification program.

Rep. Thoft asked what the benefit would be to the grower. Mr. Kelly said the benefit will be realized only if and when they convince somebody that the grain is 100 percent blended grain, a preferred product. He stated the estimate would be 5¢ better than the market place to do that. To benefit any grower, you would have to get 7 or 8¢ better a bushel because there would be a nickel for additional cost in marketing that way.

Rep. Swift moved to TABLE HB 627. Rep. Manuel voted no. The motion CARRIED.

HB 836:

Rep. Nathe, District 19, stated this bill clarifies the legislature has the appropriation authority over the Board of Regents.

Rep. Bardanouve spoke in favor of the bill. Rep. Spaeth asked about the two schools they are proposing to close. If this were to be in place this session would the committee be able to fund money directly to save these programs. Rep. Nathe stated maybe.

Rep. Nathe explained to the committee that the only thing they are looking at is each unit develops different procedures and it is impossible to make any uniform judgements regarding their budgets when there is no consistency. He stated this bill would just tell them they need some consistency in the budget process so the committees could look at the budgets in a consistent manner. If they had a uniform system of accounting it would be easier to follow.

Rep. Iverson stated support for the bill but he was a little concerned about it. He stated he felt the Regents were making some decisions the legislature would be unable to make and under the circumstances, this may have to be done.

He also agreed that there needs to be a uniform system of accounting.

(32:B:24.35) Rep. Nathe moved to DO PASS HB 836. Rep. Spaeth called the question. Reps. Donaldson, Quilici, Iverson, Nathe, Thoft voted NO. The motion CARRIED.

HB 660: (32:B:25.41)

Rep. Peck, District 15 presented HB 660 stating that on page 5, line 6 following section you have to insert 1 and 3. Sections one and 3 terminate on June 30, 1989. Sections one and 3 are effective July 1 of this year and terminate on June 30, 1989. Sections 2 and 4 become effective on June 30, 1989. The reason is there is a slight addition in Section 2 if you compare it with section 1 on line 18, you will see the additional language that is inserted there. That is current unrestricted subfund and plant fund. In Section 2 page 2, line 13; it says the current unrestricted fund which is in Section 1, and added is the current designated subfund. You have one addition that takes effect on June 30th 1989. Sections 1 and 3 are picking up boiler plate language that are in the current appropriations bill, that is in response to Legislative Council's request to quit putting a lot of law in the appropriation bill. Sections 2 and 4 are picking up the current designated sub fund in 1989.

The university opposed the bill because they argued they need flexibility.

Rep. Peck stated it appears that the universities generate some profits off of all these funds and they do unusual things with it.

Rep. Donaldson stated these funds are all audited from the legal aspect. The plant funds a few years ago were used for other obligations. He said frankly he had reservations with trying to keep track of things the legislature has time to mess with.

(33:A:3.57) These sub funds are in essence proprietary funds.

Mrs. Rippingale stated to relate it back, the current designated subfund, if you were not in the university system, you would call it a proprietary fund. The universities have a different set of language, the correlation is proprietary fund. The computer center at the university system is a good example, central stores is another good example.

(33:A:14.21) Rep. Bradley asked Rep. Peck how many sub funds are there. Rep. Peck stated the ones that are listed in the statute in 17-2-102. Rep. Bradley asked if they have seen any misuse of these funds. Rep. Peck said they haven't seen any use at all. Rep. Bradley pointed out that they are audited.

The hearing on this bill was postponed until Monday in order for the necessary people to be notified of the hearing.


HB 382:

Rep. Connelly presented additional fiscal note information regarding HB 382. Ms. Ripplingale reviewed the handout with the committee (Exhibit 3 & 4). Both handouts were reviewed by the committee.

(33:A:39.34) Rep. Connelly moved to reconsider HB 382 which was tabled the day prior. The motion FAILED on a roll call vote by a vote of 8 to 10. Reps. Bardanouve, Bradley, Connelly, Manuel, Menahan, Miller, Peck and Quilici voted YES. Reps. Donaldson, Thoft, Iverson, Menke, Nathe, Poulsen, Rehberg, Spaeth, Swift and Switzer voted NO.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 9:05 a.m.


Rep. Gene Donaldson, Chairman

DAILY ROLL CALL

APPROPRIATIONS COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 2/21/87

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

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 2/21/87 BILL NO. House Bill NUMBER 382

NAME	AYE	NAY
Rep. Gene Donaldson, Chairman		✓
Rep. Bob Thoft, Vice Chairman		✓
Rep. Cal Winslow, Vice Chairman		
Rep. Francis Bardanouve	✓	
Rep. Dorothy Bradley	✓	
Rep. Mary Ellen Connelly	✓	
Rep. Gerry Devlin		
Rep. Dennis Iverson		✓
Rep. Rex Manuel	✓	
Rep. Red Menahan	✓	
Rep. Larry Menke		✓
Rep. Ron Miller	✓	
Rep. Dennis Nathe		✓
Rep. Ray Peck	✓	
Rep. Harold Poulsen		✓
Rep. Joe Quilici	✓	
Rep. Dennis Rehberg		✓
Rep. Gary Spaeth		✓
Rep. Bernie Swift		✓
Rep. Dean Switzer		✓

TALLY

THE MOTION FAILED

8 10

Denise Thompson
Secretary

Rep. Gene Donaldson
Chairman

MOTION: Rep. Connelly moved to reconsider HB 382.

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2/21/87
HB 627

LIST OF DRUGS AND AMOUNT CONFISCATED IN 1986

Marijuana:	313,931 oz. X 100.00 =	31,393,100.0
Hashish:	31 oz. X 250.00 =	7,750.0
LSD:	833 doses	
Precursor:	(208 oz.) 6448 gr. X 100.00 =	644,800.0
Cocaine:	(66 oz.) 2,046 gr. X 200.00 =	409,200.0
Depressants:	953 doses	
Stimulants:	6,194 doses and 5.46 oz.	
PCP:	1 oz. 317	
Morphine:	14.14 oz. X 200.00 = and 20 doses	87,668.0
Opium:	38 oz. X 200.00 =	235,600.0
Other Depressants:	787 doses	
Other Hallucinogens:	40 doses and 2 oz.	
Other Opiates:	517 doses and 5.6 oz.	
Other Stimulants:	1 oz. and 440 doses	
Unknown:	160 doses and 1.8 oz.	

32,778,118.00

HB 627

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Bill Strizich

OPTION 1

Open a 15 bed facility for evaluation and detention

	<u>FY88</u>	<u>FY89</u>
1 FTE Program Manager G 15/2		
1 FTE Social Worker G 12/2		
1 FTE CLA II G 9/2		
10 FTE CLA I G 8/2		
13 FTE - Personal Services Cost	232,380	232,494
¹ Operating Costs	98,516	98,516
Equipment	<u>50,000</u>	<u>1,000</u>
Total Cost - Sub-total	380,896	332,010
² MVS - Decrease of 5 ADP	(10,658)	(10,658)
³ PHS - Decrease of 5 ADP	(10,147)	(10,147)
Total Cost	<u>360,091</u>	<u>311,205</u>

OPTION 2

Open a 10 bed facility for evaluation

	<u>FY88</u>	<u>FY89</u>
1 FTE Program Manager G 15/2		
1 FTE Social Worker G 12/2		
1 FTE CLA II G 9/2		
5 FTE CLA I G 8/2		
8 FTE - Personal Services Cost	140,185	140,208
^{1 & 4} Operating Costs	90,632	90,632
Equipment	<u>50,000</u>	<u>1,000</u>
Sub-total	280,817	231,840
² MVS - Decrease of 5 ADP	(10,658)	(10,658)
³ PHS - Decrease of 5 ADP	(10,147)	(10,147)
Total Cost	<u>260,012</u>	<u>211,035</u>

¹Based on FY86 actual costs at the YEP unit.
²Used variable cost of \$5.84/day.
³Used variable cost of \$5.56/day.
⁴Reduced by YEP variable costs FY86 \$4.32 for 5 ADP.

*Funding Source from HB 791
 No inflation used

FEBRUARY 21, 1987
FISCAL ANALYSIS

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2/21/87

SCHOOL BUILDING FUND
YEARS

	1	2	3	4	5	6	7	8	9	10
COAL TRUST FUND	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
REPAYMENT	0	244,661	504,002	778,903	1,070,298	1,406,362	1,762,589	2,140,190	2,540,447	2,954,719
PRINCIPAL AVAILABLE	10,000,000	10,244,661	10,504,002	10,778,903	11,070,298	11,406,362	11,762,589	12,140,190	12,540,447	12,954,719
LOANS										
YEAR END PRINCIPAL	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
INTEREST EARNED	70,000	67,126	105,280	124,523	74,921	98,445	123,321	149,813	177,831	207,530
PRINCIPAL	0	540,000	1,065,326	1,575,080	2,068,346	2,504,122	3,119,746	3,615,991	4,085,563	4,533,153
LOANS	70,000	627,126	1,170,500	1,697,603	2,143,267	2,702,573	3,242,127	3,765,804	4,253,411	4,740,683
TOTAL INCOME	100,000	1,100,000	2,100,000	1,600,000	2,100,000	2,600,000	3,100,000	3,600,000	4,100,000	4,600,000
EXPENSE										
INTEREST TO TRUST FUND	0	1,000,000	2,000,000	1,500,000	2,000,000	2,500,000	3,000,000	3,500,000	4,000,000	4,500,000
ADMINISTRATION	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENSES	100,000	1,100,000	2,100,000	1,600,000	2,100,000	2,600,000	3,100,000	3,600,000	4,100,000	4,600,000
NET PROFIT (LOSS)	-30,000	-472,874	-925,406	99,603	43,267	102,573	142,127	163,804	163,411	140,683
COAL TAX TRUST FUND										
INTEREST FORGONE	0	650,000	1,300,000	1,950,000	2,600,000	3,250,000	3,900,000	4,550,000	5,200,000	5,850,000
INTEREST FROM BUILDING FUND	0	0	2,000,000	1,500,000	2,000,000	2,500,000	3,000,000	3,500,000	4,000,000	4,500,000
NET COST	0	-350,000	-700,000	450,000	600,000	750,000	900,000	1,050,000	1,200,000	1,350,000

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PAYBACK PROVISION

NEW SECTION 4 - (5)

(5) The superintendent of public instruction may use a portion of any money remaining in the education building ~~and insurance~~ account at the end of a fiscal year to pay the interest due during the next fiscal year on outstanding bonds issued by any school district if:

a) the bonds were issued before the effective date of (this act) or the obligation was approved by the superintendent of public instruction before the bonds were issued;

b) the interest rate is more than 7% but not more than 9%;
and

c) the bonds were issued to finance ~~insurance premiums, insurance losses, or~~ one or more of the capital expenditures enumerated in (section 11).

COMMENTS

(a) If a school district has bond obligations prior to July 1, 1987 the program may reimburse the district for up to 2% of the interest cost on those bonds.

(b) If those bonds obligations have an interest rate of over 7% the reimbursement may cover the additional interest up to 9%. All bonds over 9% should be reinforced at this time or an application could be made to the Education Building Loan Fund for a loan at 6%.

(c) The bonds in order to be eligible for this reimbursement must have been issued for capital expenditures as listed in (section 11).

NEW SECTION 13

COMMENTS

(1) Amortized payments - Equal payments for the period of the loan will eliminate the high upfront payment related to the interest cost. This is especially important to low evaluation districts with little ability to cover the additional interest payments during the first five years of the bond interest.

(2) No property taxpayers under this program would pay over 35 mill per year for a building loan.

(3)-(b) The district would levy 35 mill per year to pay the interest and whatever principal the 35 mill would bring. After 20 years the interest charge would be dropped and the total 35 mills would decrease the remaining principal.

(3)-(c) Most districts would complete the payments on their loans in 20 years or less. The majority of those paying the maximum of 35 mills would take less than 25 years but in no case would any district pay for more than 30 years.

VISITOR'S REGISTER

DATE
TIME

HB Appropriations COMMITTEE
BILL(S) 627, 660, 787, HSR 16 DATE 2-21-87
SPONSOR(S) HB 836

NAME	REPRESENTING	BILL NO.	SUP-PORT	OP-POSE
<i>Clayton D. Martin</i>	<i>Board of Public Education</i>	<i>588, HSR 16</i>	<input checked="" type="checkbox"/>	
<i>Bill Anderson</i>	<i>OPT</i>	<i>HB 382</i>	<input checked="" type="checkbox"/>	

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

