

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

March 17, 1987

The 16th meeting of the Senate Finance and Claims Committee met in room 108 of the State Capitol on the above date. Senator Regan called the meeting to order at 8:03 a.m. to hear House Bills 523, 607, 611 and 660.

ROLL CALL: All members present except Senator Harding who was absent.

CONSIDERATION OF HOUSE BILL 523: Representative Pavlovich, House District 70 and chief sponsor of House Bill 523 explained the bill as an act to provide funds to support the state veterans' cemetery at Fort Harrison through an income tax return checkoff. He said for every dollar that is checked off on the tax return we will get \$3 back from the federal government. He said there is a small fiscal note on the bill of \$11,000, and he said it could come down to \$3,000 or \$4,000. He said there is an amendment, we do not check off the money, we write in the amount we want to contribute, so he had an amendment to propose.

PROPOSERS TO HOUSE BILL 523: Rich Brown, Administrator for the Veterans' Affairs Division, said the 1985 Legislature gave State of Montana \$25,000 with which to develop a state veterans' cemetery. Following that the federal government gave us 65.4 acres at Fort Harrison and has set aside \$50,000 in matching funds for the veterans' cemetery. That initial \$75,000 will be used to develop what is referred to as phase 1 of the program which will allow burial of between 6,000 and 8,000 veterans. We would like to develop phase 2, 3 and 4 of the program which is basically the remainder of 55 acres. In order to develop that, he said, we would need additional cash. Not wishing to ask the state for the cash we have come up with the proposal in 523. He said as Representative Pavlovich mentioned for each dollar the state contributes in cash we will match with \$1 in land value or other non-cash items and then an additional \$2 from the federal government to match that. We do believe we would be able to complete the cemetery without asking the state for additional funds.

Rich Brown said, you will notice there has been a fiscal note attached. On line one it indicates that the department of Revenue believes that the 107,000 veteran families will only contribute \$800,500 toward the checkoff. We believe that through some advertising we will be able to raise that

amount of money significantly. He said, also you will notice on the fiscal note that should we raise \$800,000 the administrative costs to the state of Montana would be \$11,410 to collect that \$800,000. That presents a bit of a problem for us. If the veterans of Montana are going to be charged 134% of the amount of the money they raise we would go broke if we raised the amount of money we anticipate. We could never afford to pay it back. I would hope there could be something that could be amended in this bill.

Hal Manson, American Legion said the American Legion is very strongly in favor of this bill, and believes since they did get the appropriation from the 1985 session this is a good opportunity for the veterans of Montana to go ahead and build up the cemetery we so badly need. There has never been a state cemetery for the veterans of Montana and the only National cemetery in Montana has been closed for a long time. We believe the veterans and their families are made aware of their ability to write in an amount either on their refunds or taxes due they will do so, and this will bring a great deal of money from the federal for a veterans cemetery.

George Poston, United Veterans' Committee of Montana, said the word they are getting filtered back is the vast majority of veterans are for this checkoff and we will far exceed any \$8,000, so we are looking for a tool by the committee and by the state to run this campaign, get the word out to our veterans and other people who want it and get the money in to fund the cemetery.

There were no further proponents.

OPPONENTS TO HOUSE BILL 523: Ken Morrison, Department of Revenue said they are not really proponents nor opponents but find themselves coming to the committee asking you to pass the amendment which would provide for their administrative cost to fund the program. There has been some discussion about the \$11,000 that is in the fiscal note. The way that is computed, each checkoff is a stand-alone program and he did not know what the cost would be. If we are making other changes to our system at the same time then the cost would be less, he said he thought instead of \$8,000 it would be \$800 or \$900.

There were no further opponents, and Senator Regan asked if there were questions from the committee.

QUESTIONS FROM THE COMMITTEE: Senator Hims1 said, reference was made here to the state veterans' cemetery. What is the classification of their cemetery at Columbia Falls? Isn't that a veterans cemetery? Rich Brown answered, there is a cemetery at the Columbia Falls Nursing Home facility. That cemetery though very slight and small in nature is for

individuals who are at the Columbia Falls facility and die while they are staying there. That also includes individuals that have applied for Columbia Falls and have not been admitted because that facility is over capacitated right now. So, if you are on the waiting list so you may be buried there although it is a very restrictive burial and only for the veterans who are associated with the Columbia Falls nursing home, so it would not fit the 170,000 veterans in Montana.

Senator Himsl said, that cemetery is not filled, it is not a big cemetery but there is space in it. Veterans go there that are not in the home. Rich Brown said that is right, but they are on a waiting list. Senator Himsl said, I guess what I am asking is, this says the state veterans' cemetery accounts--I was wondering whether any of the Columbia Falls cemetery would be serviced from the same account. Rich Brown said no, what we have here is when we bury someone you will see a modification to the budget this year come through for the Montana State Division. As we bury someone in the cemetery we will get \$150 in maintenance cost. The construction cost that we have here is the amount of money from the checkoff matched with federal money.

Senator Smith said he would like to ask Ken Morrison, in the Fish and Game Committee about the non-game checkoff. It was pointed out at that time that there were two checkoff's that were not being charged by the Department of Revenue? Ken Morrison answered, that is correct. The Child Abuse Program checkoff program is not currently being charged. There was a lot of controversy over that in the last session and the decision was finally made not to charge them. Senator Smith asked, what do you think the cost would be per checkoff being you have the program in place for the others. Wouldn't the program cover each one anyway? Mr. Morrison said that is correct, however you still have to enter the amounts for each of the checkoffs into the data processing system and that is where the cost is. He said because of the other checkoffs and because of the Senate amendments on the Fish and Wildlife bill that said we could not charge that checkoff unless we charged all other checkoffs, we did ask Senate Taxation to put in a bill on it.

Senator Regan said she had requested it and we would be addressing the whole subject of the checkoff and the charges of the checkoff later in the session.

There were no further questions and Representative Pavlovich said he would close. Senator Regan declared the hearing closed on House Bill 523.

CONSIDERATION OF HOUSE BILL 611: Representative Dave Brown, House District 72, Butte, Silver Bow said basically this bill reallocates the reimbursement for indirect cost to the

University Grant and Contracts to the University System. Presently that is at 15% indirect cost recovery that goes into the designated fund. I put this legislation in at 100% and I am not sure that this particular committee has seen this bill before, however it is the 4th session I've carried it. We've had a little trouble in the House previous to this. The bill came out of the House subcommittee at 50% recommendation, and 50% out of the full House Appropriations committee. I believe it would be possible to get 75% or more on the House floor, but I chose not to test it there but to wait and see what the Senate would do on it. I would encourage you to look carefully at this piece of legislation. My own experience in being involved in the R & B development area is that when you come out with a brand new idea you are looking at 12 to 18 months to bring it to fruition and a lot of hard work between.

Representative Brown said one of the easiest and clearest vehicles we can go at is to provide better incentives for the faculty of the University System to go out and try to bring back more dollars to the University System.

PROPOSERS TO HOUSE BILL 611: Carol Krause, Commissioner of Higher Education said, this issue has been before the Legislature several times. In 1978 when the work first began on the formula it was set at 85% going into the general fund, 15% to the institution with the understanding that it would be studied because they were not quite sure what was happening across the country. During the special session you did allow us to keep 100% over a certain amount that was in the appropriations bill, which has been very valuable to us. We would encourage you to consider 100%. The Governor in his budget did support 100% retention so that we could use this money for economic growth and development. On the amendment, Mr. Krause said, when this bill first came out the Presidents felt it was important we try to encourage our smaller campuses to become involved in grants and contracts, and so our presidents of our two universities that get the major portion of the grants, were willing to provide a certain amount of this as seed money to the smaller campuses for those people to gain expertise in grant and contract writing. They indicated that of that 100% they would reallocate 15% to the smaller campuses. It was amended to 7 1/2 %.

Ray Murry, Associate Vice President of Research and Dean of the graduate school at U of M. said indirect costs reimbursements come from grants and contracts. Grants and contracts come from the brains, the hard work, the initiative and the investment of the University system. Investment is important, it takes money to make money. It is for this reason that our neighboring states, South Dakota, North Dakota, Idaho, Utah, Oregon, all return 100% of direct costs for investment. These grants and contracts

representing \$20 million in the system last year, up 20% as the result of additional investment, went to support students, buy equipment to make the universities and colleges more productive in research and creative activities.

John Tutila, vice president of research at Montana State University. He said he would like to echo comments made and point out what investments in people and programs in Montana have yielded over the past 3 years. He mentioned the MONS program which was a cooperative effort with all of the units participating and funded in part by the National Science Foundation. He said this year they have a grant contract expenditure of approximately \$13 million based on total awards of \$38 million this year. He said that \$13 million together with other forms of research expenditures at Montana State according to the National Science Foundation figures, ranks them 108 among all the colleges and Universities in the states -- somewhere around 3,000 institutions. He told about the research of Jack Hoerner whom they hired from Kingston University at a salary of around \$17,000 and the resulting research on dinosaurs.

Bill Teats, President MSU spoke in favor of House Bill 611 and said this may be the most significant piece of legislation presented to this assembly. It gives an opportunity to recognize the initiative of our faculty and take advantage of some of the new developments made in people.

There were no further proponents, no opponents, and Senator Regan asked if there were questions from the committee.

QUESTIONS FROM THE COMMITTEE: Senator Haffey discussed with Dr. Teats the work done would bring money in that stayed in the state, continue to pursue the work they are on, and develop the new ideas and off shoots to have the environment prepared and can respond you have the serendipitous activity that someone puts up a magnitude ahead of the rest. That opportunity and ability to move ahead quickly that this money does.

Senator Gage asked, could one of you give us some idea of the percentage of the grant money that comes from private enterprise as opposed to governmental? Mr. Manson answered that approximately 15% comes from the private sector. He said one of the things that bothered them was the limited availability of private sector money in Montana.

President Teats said he might add to give an idea of the degree of aggressiveness this group has played, the national figures for private participation is a little over 16%.

Senator Hims1 said, in referring to the fiscal note, what is the impact now on the general fund. I understood in the special session we transferred all that and made it available to the universities. What is the impact here on the general fund? Dave Brown answered, what we did in the special session was to take all that over and above what was established in the last session and turn it back to the institutions. What this bill does is to take additional, at this point, 35% -- half of the total dollars that would normally go to the general revenue account and put it in the designated sub fund still produced within the university system, but it switches funds.

Senator Hims1 said, referring to this in dollars, what does that indicate in here in dollars. Mr. Krause said, 100% would have been \$3.1 million more for the biennium. 50% would be \$1.6 million for the biennium. Senator Hims1 asked, the figures here that refer to the designated fund of the \$3.1 million, that is the figure we are talking about? Commissioner Krause said that was correct and it would be half of that at 50%

There were no further proponents and Representative Brown closed by saying he could not emphasize the impact this has on the system and the quality of the faculty. In times when we are having trouble financing the system and finding the kind of funds and retaining the quality academicians at the professorial level, this kind of incentive really allows for extra displacement they do not get on the salary side, they have the potential for national attention for quality education in the system.

Senator Regan asked if someone wanted to move reconsideration of House Bill 4. She said if the committee recalled while they were waiting for a sponsor this was a bill that was picked out for committee action since there was no conflict on it. She said she understood one of the members had wished to put on an amendment, and had not known the bill was heard. Senator Van Valkenburg said he believed he had talked Senator Walker out of the amendment, and that therefore a motion for reconsideration would not be required. Senator Regan apologized for not notifying the LRP committee of the hearing and said if no motion was needed we would then just report the bill out.

CONSIDERATION OF HOUSE BILL 660: Representative Peck, House District 15 and chief sponsor of House Bill 660 said this was a heavily negotiated bill before it was ever introduced, it did not satisfy anyone, but a degree of acceptance perhaps. The bill deals with 3 things. It moves the language from the House Appropriation bill and puts it in the statute at the request of the Legislative Council. Secondly it requires a report to the Legislative Finance Committee on designated subfunds, and thirdly provides an

effective date of July 1, 1987 and provides for a termination date on section 4.

Mr. Peck went through the bill explaining amendments, changes, etc. in the bill. He stressed page 3, line 18 and said the reason for this was because the subcommittee on Education went into more detail in questioning than previously and as a result asked for information that had perhaps not previously been requested. The form of that information that the University System had at hand really did not satisfy our needs at times and that is the reason we are saying it was not clearly identified in the state budgeting and accounting system. He said on page 4 they also inserted a section saying they had to make a detailed report on each designated subfund account. He said Mr. Noble was interpreting this that each member of the finance committee would have a report and it would be too costly. He said he did not interpret it that way, but that one report be given to the finance committee.

There were no further proponents and Chairman Regan asked if there were any opponents.

OPPONENTS TO HOUSE BILL 660: Commissioner Krause said he found it difficult to decide whether to speak as an opponent or a proponent. We did spend a lot of time working with Representative Peck on these amendments and I think the bill is something we can live with. He said as it is now they will be reporting to the interim finance committee. He said they do put out for the Board of Regents approval a full accounting of their designated funds and showed the document. He said they do give it to the budget office and the fiscal analyst and they do have approval of the Board of Regents. He said they are willing to provide the Legislature with any information they want, but wonder if the demands in the bill are necessary since the Legislature has the authority through the interim finance committee to request any information they might want.

There were no further opponents and Senator Regan asked if there were questions from the committee.

QUESTIONS FROM THE COMMITTEE: Senator Bengtson asked, I was wondering how this bill would interface with Representative Bardanouve's amendment in the House appropriations bill we heard the other day which required additional reporting and to set up a system for the University System and actually get everything on SBAS. Representative Peck said it was his impression that that amendment goes beyond 660 in terms of the specifics that he is requiring. He is talking about class loads at the University System getting on SBAS, personnel so it can be tracked on SBAS, etc. This bill does not go that far but it does provide specific information. Senator Bengtson said she understood there was a fiscal note

with Representative Bardanouve's amendment and was wondering if this did not need additional costs to the University System. Representative Peck said, I am not sure here again, but the major requirement as they indicated was already a standard report they gave to the Board of Regents. Commissioner Krause said, the primary costs of 660 will be publication of this manual (showed a notebook). We are looking at from \$500 to \$800 to produce this and the fiscal analyst already gets a copy of it so it would be a matter of producing multiple copies for the finance committee, if that is what is desired. You already get one through the LFA and if that is all that is required then there would not be a specific increase in cost. The only minor cost would be the preparation of the material in the sub funds that you would like to appropriate to the major centers. In Representative Bardanouve's bill however, we have very significant costs involved.

Senator Bengtson asked if that is compatible with this bill and was told by Commissioner Krause that it is really a different issue. The language Representative Bardanouve is putting into the appropriation bill requires them to develop a personnel system which is compatible throughout the unit to code every position in the University System, to set up a computerized system by course list and those two things will require some very substantial investments in soft ware.

Senator Regan asked Representative Peck, the question was raised, "was this necessary" and how do you respond. Representative Peck answered, I think it is necessary from the standpoint that -- most significant in my mind is to create some consistency in terms of reporting. Before you can request information you have to know it is there and frankly, the committee and some of our staff, was not aware of some of the information that was available until we made the request through the legislative process. I think it is necessary from the standpoint that it will provide information that we have not had before.

Senator Regan said, Commissioner Krause seemed to indicate in his book that everything was there. Have you seen that and are you in agreement that it is all there? Representative Peck said he had skimmed through the book, and said the LFA has a new staff down there, and did not think they were aware they had that report. The one he saw Mr. Noble had shown him. He said he had not seen the report in the LFA office.

Commissioner Krause said every year they do give it as it is approved by the board which is usually the July or August meeting and they give the LFA and the Budget Office a copy of it. Every one is required to be approved by the board and then the board specifically (showed a green book) in this green book we call inventory and validation of fees,

that includes every fee on every campus and they have to be authorized.

There were no further questions and Representative Peck closed by saying there had been so much of the initial drafted book taken out, and the process had certainly improved communication between their staff and the commissioner's office and the committee itself. He said he felt the amended bill was necessary to encourage budget consistency. We found it very difficult to compare cost items in the University System. He gave the example of insurance which was budgeted differently in many areas.

Senator Regan declared the hearing closed, and called for a hearing on House Bill 607.

CONSIDERATION OF HOUSE BILL 607: Representative Nancy Keenan, House District 66 and Chief Sponsor of House Bill 607 said this is basically a tourism bill. She pointed out her area on a map and said all areas were similar, in that there was a real lack of information on what was available in an area. She showed symbols of skiing, boating, historical sites, etc. that were available and pointed out such highway signs as directing traffic to Idaho Falls, not the next town in Montana, and not even saying it was a junction to Idaho Falls. She said it left the tourist wondering if there was nothing worth seeing or doing in Montana and they would have to travel on to Idaho or further to see or do anything. She talked of possible signs, information needed for even the people in Montana to know where they were, and how tourism in Montana could be promoted through the use of signs.

PROPOSERS TO HOUSE BILL 607: Bob Archibald, Director, Montana Historical Society, said he was in support of House Bill 607 simply because if we are going to make any major efforts to promote tourism in the state of Montana, and if you do that as a growth industry it makes sense to give proper guidance and instructions to tourists once they arrive in our state and guide them to the sort of attractions they would expect to find here.

There were no further proponents, no opponents, and Senator Regan asked if there were questions from the committee.

QUESTIONS FROM THE COMMITTEE: Senator Tveit said, now there is a regulation of the number of signs on the interstate. How will this affect that. Is it within the limits or can they put on more signs or what? Representative Keenan said she felt we would still have to meet the Lady Bird Johnson federal legislation which is getting stricter. She said she felt we should write our congressmen about that since it prohibits a lot of signage in the state. The intent of this legislation is to say "what do you have out there and how do

you improve on that." She said she felt it necessary to improve on what was there, and on the designs of the signs. Someone has to have some direction as to what we have and what we want in the state.

Senator Bengtson said the bill that went through the other day really did interface with this bill. She said she was wondering about the primary. There is a program of tourist oriented signs and perhaps the trio could work together. The Historical Society and the Department of Commerce could work with the Highway Department on that particular portion of her bill. She said they are pretty well tied to the federal law on the interstate.

Senator Himsl asked, what can you tell us about the renewal of Historic signs? Representative Keenan said she thought that was Representative Fritz's bill, and it says to put some money in to upgrading those signs. Some of them haven't even been taken care of for many many years because there were no funds available. He is saying let's get them cleaned up, restored or whatever they need.

Senator Himsl asked if this were not done under the Highway Department. Mr. Archibald said in the last session of Legislature, an appropriation of some left over Revenue Sharing money. It has been used, working closely with the Highway Department to renovate those show signs. That will be completed within the next 3 or 4 months. Senator Himsl asked, from the Highway Department? Mr. Archibald answered, the Historical Society is in charge of the work that is being done closely with the Highway Department. They are actually doing the renovation work. Senator Himsl asked, they are paying for it? Mr. Archibald answered, no, Revenue sharing that was appropriated to the Historical Society is paying for it.

Senator Himsl expressed concern that they would wreck them by trying to modernize them. Mr. Archibald said the Historical Society is responsible for any language changes for any new sign language in those signs, and we regard those signs as Historical artifacts and they need to be dealt with very sensitively. They were a model program for many states when they were put up in the '30's. I can assure you that the changes, if any, will be few and far between.

Senator Smith mentioned when they came out of Bozeman the other day they realized there was no sign after coming out of Bozeman and going across the interstate, for the airport to Belgrade.

Senator Regan asked Mr. Wilson, Department of Community Affairs, the Department of Commerce, I assume you like the bill? He indicated yes. She asked, should these pass and

you are responsible for the signing you will hire some good artists to do a snappy job on it? He answered, what I understand you want is an inventory to find out "what can we do" and then plan what to do, not to design signs. Senator Regan said, it would seem to me the plan would also show some prototype of what we can do and should be doing, and I would encourage you to include that so you have something concrete to present to the next legislature, something to help sell the program.

Senator Story said, on funding, there are plenty of local people in the community who want signs and would be willing to contribute money. Your plan should include their cooperation. When you figure out how to get the signs and how to deal with the negative attitude of the Highway Department, I think the community will provide the money for the signs and be glad to do it. Also it should entail signs at your rest stops and turn offs so people will know. Again, the Highway Department drags its feet, but when they won't let you put signs along the route there ought to be highly visible signs at every rest stop for the local merchants to advertise.

Representative Keenan said this was true, and she felt the local areas in the state were very sensitive to what they need. Via the rules, and meeting the federal law there is a need for public input. She mentioned the "amazing" book in the state that requires us to do certain forms of signing and certain requirements, and the engineers say "get from point a to point b, that's all we have to worry about -- traffic control", and we need to look at this book and put some input from communities to change the book rather than leaving it entirely up to the engineers.

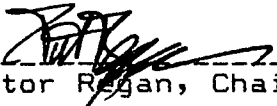
Senator Hammond asked, what can we do with the Highway Department? There are a lot of places that are not even signed on the road. There is no way they can find them without stopping at a service station. How do you approach that? Senator Bengtson said, I really do think the Highway Department is taking a different look at this, just because of these complaints from the Legislature. She said in working with Dennis Unsworth, Promotional Department, State Highway Department, and with Gary Wicks, there has been a change of attitude, and I think there will be a different approach to this.

Dennis Unsworth said, the tourist information directed sign program that is in Senator Bengtson's bill is a program the federal government proposed a year ago to get at some of the problems you are talking about here. You can't find your way to a business; a business applies for a sign and the Highway Department can't give it to them, so the bill would allow us to set up a program, either if the feds decided they are going to put this program into effect or if not we

would ask them for an experimental program and then go ahead and do it; Representative Keenan mentioned the manual we have over there, and that is the impediment to a lot of new signs going up. I think people who use the manual think it is very clear, and this may give more people a chance to look at the manual, decide whether the instructions are clear, and if not find out how they could better serve the interests of the state.

Representative Keenan closed by saying she felt we had a lot to offer tourists in this state, our national parks, historical sites, etc. This does not solve the problem immediately, but it does get us started.

Senator Regan declared the hearing closed, and adjourned the meeting.



Senator Regan, Chairman

ROLL CALL

50th LEGISLATIVE SESSION - - 1987

Date 2-17-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR REGAN	✓		
SENATOR HIMSL	✓		
SENATOR JACOBSON	✓		
SENATOR BENGTON	✓		
SENATOR STIMATZ	✓		
SENATOR HARDING		✓	
SENATOR HAFNEY	✓		
SENATOR SMITH	✓		
SENATOR KEATING	✓		
SENATOR STORY	✓		
SENATOR BOYLAN	✓		
SENATOR JERGESON	✓		
SENATOR TVEIT	✓		
SENATOR MANNING	✓		
SENATOR HAMMOND	✓		
SENATOR GAGE	✓		
<i>Van Valkenburg</i>	✓		
<i>W. Kistner</i>	✓		
<i>Walker</i>			
<i>The Chief-Lane</i>	✓		

DATE 3-17-87

COMMITTEE ON

F+C

BILL NO.

VISITOR'S REGISTER

NAME	REPRESENTING	Check One	
		Support	Oppose
Ray Murray	U of MT		
John Tuttle	MSU 611	✓	
Dave Brown	HD-72-sponsor HB 611	✓	
Ed Myers	HB 611	✓	
BRENDA Schye	MONT. Cultural Advocacy HB 4	✓	
TODD HUDAK	ASSOC. STUDENTS MSEL 611	✓	
Cornel Krause	Comm of A RD 611		66
MATT THIEL	ASSOC. STUDENTS LIM 611		
Shawn Glin	UTM Administration 611		
Kelly Holmes	MT College Coalition HB 611		
Ken Heikes	Eastern Montana College 611		66

(Please leave prepared statement with Secretary)