

MINUTES OF THE MEETING
LABOR AND EMPLOYMENT RELATIONS COMMITTEE
MONTANA STATE SENATE

March 17, 1987

The nineteenth meeting of the Labor and Employment Relations Committee was called to order by Chairman Lynch on March 17, 1987, at 1:00 p.m. in Room 413/415 of the State Capitol.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL NO. 765: Representative John Vincent, House District 80, sponsor of the bill, stated this bill passed through the House with 82 votes. He said this is a very important bill because it constitutes a statement of commitment and purpose of promise for a better economic future for Montana. Rep. Vincent distributed an outline of the Bill, attached as Exhibit 1. He stated this is a bi-partisan bill that calls for submitting the entire question to the people in November, 1988. The reason for this approach is he did not believe there would be any available money in this session, and the election issue would give this bill a better chance.

PROPONENTS: Mr. Ken Williams, representing ENTECH and the Montana Power Company, stated this is the type of self-help program needed to get Montana's economy growing.

Mr. Keith Colbo, representing the State Department of Commerce, testified in support of this bill. A copy of his testimony is attached as Exhibit 2.

Mr. Bob Correa, representing the Bozeman Chamber of Commerce, stated they support this bill because it will help create jobs in Montana, and will be a positive step for Montana.

Mr. Stewart Doggett, representing the Montana Chamber of Commerce, stated this bill contains many ideas and concepts that will better the economic climate in Montana; however, they do not believe this bill will accomplish all that needs to be done.

Mr. Alex Hanson, representing the Montana League of Cities and Towns, stated they are particularly interested in the Public Works Bonding Program included in this bill. Montana

is going to have to make a tremendous investment in public works in this state in the coming years, or Montana will pass on a real problem to the coming generations. He said a study done several years ago identified \$100 million in improvements that would be necessary to bring municipal water system up to acceptable standards. There are similar problems with roads, streets, bridges and sewer systems that are in violation of standards. This bill makes a commitment to begin to do something about the public works problem. If this is put off much longer, the state will not be able to afford the solutions.

OPPONENTS: There were no opponents present.

QUESTIONS (OR DISCUSSION) ON HOUSE BILL NO. 765: Senator Galt asked Rep. Vincent if House Bill 765 would need a 3/4 vote to pass since it is the coal tax money. Rep. Vincent stated this would require a 3/4 vote to actually institute. Senator Galt asked Rep. Vincent if this would increase the bonding capacity. Rep. Vincent stated a \$50 million cap was put in to make sure the water bonding program was not infringed upon and a \$25 million cushion was built into the system.

Senator Galt asked Rep. Vincent why the fiscal note states the water development projects will be lowered for the amount of the new bonds issued, making this a "piggy-back" on the water development. Rep. Vincent stated he would not call it "piggy backing", but if they did not do this to these bonding programs, the sky would be the limit for the water bonding. Rep. Vincent stated the current level would not be lowered, its potential for maximum growth would be lowered.

Senator Keating asked Rep. Vincent if coal tax dollars would be used. Rep. Vincent replied yes. Senator Keating asked Rep. Vincent if we would be using the portion of the coal tax money that was constitutionally directed to the trust fund as backing for the bonding program. Rep. Vincent stated that is correct. Rep. Vincent stated this bill proceeded in the House on the basis that a 5.7% slice was being taken from the general coal tax money fund. Senator Keating asked Rep. Vincent what would be used to retire the bonds. Rep. Vincent replied every bonding program would have to be developed for the 1989 session.

Senator Gage asked Rep. Vincent to explain the bonding programs. Rep. Vincent stated one bonding program is modeled after North Carolina and Pennsylvania, and would have to be very specifically related and justified on the basis

infrastructure improvement is necessary to all Montana business to expand or to be able to attract a new business. The other bonding program is much more general. It would only have to be generally related to economic development. Rep. Vincent requested general language because the legislature needs the time to create the specifics of these bonding programs. Also, he thought the 3/4 vote to establish the bonding program would be enough protection against ill advised bonding programs.

Senator Thayer asked Mr. Colbo how effective these programs are going to be until the basic problems of Montana's economy are fixed. Mr. Colbo stated the effectiveness is going to be limited.

Senator Keating asked Rep. Vincent what revenue source Pennsylvania uses for the backing of their program. Rep. Vincent stated Pennsylvania floated a \$190 million G.O. Bond Issue serviced through their own tax structure.

Senator Keating asked Rep. Vincent why the coal taxpayers are being asked to be responsible for this program. Rep. Vincent stated his reason for requesting the use of coal tax money is the industry will see benefits from this program, and the Coal Trust was set aside to back this kind of effort. Rep. Vincent stated that eventually this program will be funded from tax sources other than the coal industry.

Senator Blaylock asked Rep. Vincent if the investment board is required to invest 50% of the coal tax money at a lower rate of interest than they could receive elsewhere. Rep. Vincent stated this would be determined by the 1989 Legislature, but he would guess those interest rates would be less. Hopefully, this will generate enough new economic activity to make up for the less amount of interest.

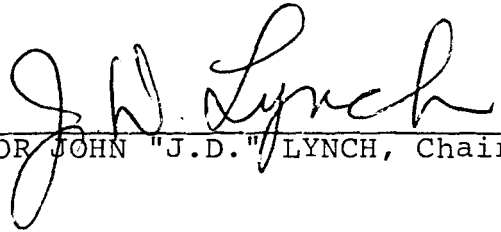
Senator Thayer asked Rep. Vincent if the investment board is being directed to invest 50% of the trust money in Montana businesses. Rep. Vincent replied yes. Senator Thayer asked approximately how much money is in the Coal Tax Trust Fund.

Mr. Tom Gomez replied according to the Revenue Estimating Advisory Council, \$81 million and 50% of that goes to the permanent trust and the other 50% would go under this investment.

Rep. Vincent closed by stating the specific use of coal tax

dollars for these purposes are already being used. For instance, in Science and Technology, coal tax dollars are being used that was intended for alternative energy. In many cases, the money being discussed is already marked for use. For the Universtiy Capitol Improvement Program and the Job Training Program, additional general fund dollars will probably be spent. Rep. Vincent stated education is very important to economic development and two aspects of this program go directly to education. The money goes to education through job training and to equipment needed for training. Rep. Vincent said House Bill 765 is but one piece of overall effort for economic development. States that have an economic development program are rich with innovation, investment, and a positive attitude. There is value added language included in this bill because Montana needs to find ways to add value to our basic mining, timber and agricultural commodities before they are exported from Montana. Rep. Vincent stated this bill was modeled after many of the key components of leading economic expert David Birch's presentation in Montana. Rep. Vincent feels this bill will being innovation and investment to Montana.

ADJOURNMENT: There being no further business to come before this committee, the hearing adjourned at 2:05 p.m.


SENATOR JOHN "J.D." LYNCH, Chairman

ROLL CALL

LABOR AND EMPLOYMENT RELATIONS COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3/17/87

NAME	PRESENT	ABSENT	EXCUSED
John "J.D." Lynch Chairman	X		
Gene Thayer Vice Chairman	X		
Richard Manning	X		
Thomas Keating	X		
Chet Blaylock	X		
Delwyn Gage	X		
Jack Haffey	X		
Jack Galt	X		

Each day attach to minutes.

DATE March 17, 1987

COMMITTEE ON Labor

HB 765

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Ken Williams	Entech / MT Powe	HB 765	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Keith Colbo	Commerce	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bob Correa	Boneman Chamber of Com		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Stuart Daggett	MT Chamber of Commerce		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bryan Enderle	Missoula Chamber of Com,		<input type="checkbox"/>	<input type="checkbox"/>
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(Please leave prepared statement with Secretary)

WHAT THE MONTANA JOBS ACT DOES

- * Invests 25% MORE coal tax dollars IN MONTANA'S ECONOMY for jobs and economic development, rather than sending these dollars out-of-state (increases in-state investment from 25% to 50%).
- * SPENDS COAL TAX DOLLARS TO:
 - * Help existing Montana businesses expand.
 - * Bring new businesses to Montana.
 - * Develop ways to ADD VALUE to Montana's basic commodities before they're shipped out-of-state. Agriculture, mining and timber - special emphasis.
 - * Provide advanced job training for Montanans - especially our young people - for the new kinds of jobs a changing economy offers.
 - * Obtain technologically advanced equipment for educating our university students and doing important research and development work.
 - * Secure on-going and improved funding for Montana's Science and Technology Alliance, the "heart and soul" of our middle high-tech partnership between business, government and the University System.
- * INVEST COAL TAX TRUST FUND DOLLARS TO ESTABLISH BONDING PROGRAMS FOR:
 - * General Infrastructure Improvements related to economic development.
 - * Business Infrastructure Improvements necessary to enable existing businesses to expand and new businesses to relocate.

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EXHIBIT NO. 1
DATE 3/17/87
BILL NO. HB 765

* INVEST COAL TAX DOLLARS...(CONTINUED) FOR:

- * Venture capital to help promising businesses get off to a productive start.
- * Operating capital to promote the expansion and growth of profitable Montana businesses.

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EXHIBIT NO. 1
DATE 3/17/87
BILL NO. HB 765

HB 765 TESTIMONY
MONTANA JOBS ACT OF 1987

Keith Colbo

SUPPORT FOR MONTANA JOBS ACT: Administration

- FAR SIGHTED MOVE DOWN THE ECONOMIC DEVELOPMENT PATH;
- ITS IMPLEMENTATION WILL PROVIDE A LOGICAL PROGRESSION TOWARD AN AGGRESSIVE ECONOMIC DEVELOPMENT PROGRAM.

HISTORY:

- 1983 STARTED ORGANIZED ECONOMIC DEVELOPMENT PROGRAMS IN THE STATE;
- FUNDING WASN'T AT LEVEL RECOMMENDED OR DESIRED BUT WAS A START IN THE RIGHT DIRECTION;
- IN 1985 MOST OF THE PROGRAMS WERE FUNDED AT CURRENT LEVEL OR REDUCED;
- EXCEPTION: IMPLEMENTATION OF THE MONTANA SCIENCE AND TECHNOLOGY ALLIANCE;
- POSITIVE STEP THAT HAS ALREADY REAPED BENEFITS;

OUR CONCERN ABOUT ECONOMIC DEVELOPMENT IS THAT WITH PRESENT RESOURCES WE CANNOT DO ENOUGH.

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EXHIBIT NO. 2

DATE 3/17/87

BILL NO. HR 765

EVEN WITH A LIMITED ECONOMIC DEVELOPMENT BUDGET, HOWEVER, OUR PROGRAMS HAVE STILL ACCOMPLISHED A GREAT DEAL:

- "MADE IN MONTANA" PROMOTION IS POPULAR, ACTIVE AND GROWING DAILY;
- BONDING, LOAN AND GRANT PROGRAMS CONTINUE TO PARTICIPATE WHERE POSSIBLE BUT ARE RESTRICTED BY STATUTE AND LEVEL OF FUNDING;
- THERE IS A REAL NEED FOR VENTURE CAPITAL IN THIS STATE;
- WE CONTINUE TO COUNSEL STARTUP OR EXISTING MONTANA / BUSINESSES IN THEIR FINANCIAL, MARKETING AND INTERNATIONAL TRADE EFFORTS;
- WE ASSIST COMMUNITIES AND LOCAL DEVELOPMENT ORGANIZATIONS IN THEIR BUSINESS RETENTION AND RECRUITMENT STRATEGIES; AND
- WE CONTINUE TO SPONSOR OR PARTICIPATE IN CONFERENCES AND / SEMINARS AND OTHERWISE PARTICIPATE IN A NUMBER OF FORUMS THAT DISCUSS MAJOR PUBLIC POLICY ISSUES FACING THE STATE.

WHAT MUST BE AVOIDED AT ALL COSTS -- THIS SESSION, IN PARTICULAR -- IS THE TENDENCY TO LOOK FOR A SCAPEGOAT:

SENATE LABOR & EMPLOYMENT
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~~THERE ARE ALREADY NUMEROUS BILLS INTRODUCED THAT ADDRESS THE MAJOR BUSINESS CLIMATE CONCERNS OF US ALL --WORKERS' COMP., TORT REFORM, TAXES, ETC. AND I REMAIN CONFIDENT THAT POSITIVE REFORMS WILL BE IMPLEMENTED BY THIS LEGISLATURE.~~

EFFORTS OF THE DOC ARE IN FOCUS, ON LINE AND APPROPRIATE AND WILL REMAIN SO ASSUMING THAT THE UNFORTUNATE ACTIONS OF OUR SUBCOMMITTEE WILL BE CORRECTED.

This bill would continue to support the existing programs and expand our efforts.

~~IT IS IMPORTANT TO RECOGNIZE THAT COMMITMENT TO ECONOMIC DEVELOPMENT MUST BE LONG-TERM.~~

WE ALL WANT A VITAL, VIBRANT ECONOMY FOR MONTANA AND ITS CITIZENS.

IF WE CAN SUSTAIN OR INCREASE OUR COMMITMENT--DON'T LOSE OUR COLLECTIVE NERVE--I BELIEVE WE CAN SEE THAT HOPE FOR A VIBRANT ECONOMY BECOME A REALITY.

~~IN THAT REGARD, HB 765 SUGGESTS PLANS THAT ARE AMBITIOUS AND WOULD REQUIRE SIGNIFICANT INVESTMENT BY THE STATE.~~

~~IT IS, HOWEVER, ^{appropriate!} ON TRACK AND RECOGNIZES THAT ECONOMIC DEVELOPMENT PROGRAMS ARE A PART OF THE ANSWER--NOT THE PROBLEM.~~

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EXHIBIT NO. 2

DATE 3/17/87

BILL NO. HR 765