

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

March 25, 1987

The 18th meeting of the Senate Finance and Claims committee met on the above date in room 108 of the State Capitol. The meeting was called to order by Senator Regan, Chairman to take executive action on House Bills 5 and 6.

ROLL CALL: All members present including the 4 members of the Long Range Planning Committee.

DISPOSITION OF HOUSE BILL 5: AN ACT TO APPROPRIATE MONEY FOR CAPITAL PROJECTS FOR THE BIENNIUM ENDING JUNE 30, 1989; TO PROVIDE FOR OTHER MATTERS RELATING TO THE APPROPRIATIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Motion by Senator Keating to adopt the amendment page 6, line 3 following "additions" insert ", statewide". Voted, passed, unanimous.

Motion by Senator Keating to adopt the amendment page 6, line 16 following "\$1,890,000" to insert "Plant, Auxiliary, and/or Loan". Voted, passed, unanimous vote.

Motion by Senator Keating to adopt the amendment page 7, line 20 following "\$200,000" to insert "Architecture and Engineering Construction State Special Revenue". Voted, passed, unanimous vote.

The next amendment was to purchase a law academy at Bozeman, and Senator Bengtson asked if Representative Thoft would explain. Is that what we were going to address in the bill? Representative Thoft said we had every intention of rolling that purchase into the bill and the Attorney General came into House Appropriations the other day and requested we not do that because all of a sudden they thought they could negotiate the purchase price down if there was not a set amount of dollars, so there is some language and money in House Bill 2, about \$139,000 and language that says they will negotiate the purchase and possibly come in for a supplemental. I will have the auditor take a look at it so we know it does what it is supposed to do.

Senator Bengtson asked, that is in House Bill 2, but what does this do? Representative Thoft said that is \$127,000 out of this bill and that would leave a balance in the bill which is not all bad because with the drop in interest rates there will be a little less.

Senator Keating asked, does this amendment establish the academy at Bozeman for 2 more years? Representative Thoft said the amendment in House Bill 2 establishes it there for an indefinite time.

Senator Keating asked, what happens with the Great Falls proposal? Representative Thoft said he thought they would be heard in House Appropriations, probably 3 proposals there.

Senator Keating asked, then is this amendment premature? Representative Thoft said he would hope the committee would just not consider this amendment at this time.

Senator Regan said we would not need a motion, we could just ignore amendment and go to the next one.

Motion by Senator Smith to adopt the amendment on page 3, line 14 to insert "Miles City Cool/Warm Water Hatchery Supplemental; j81,750 FWP License Fees; 245,250 Federal" to be inserted under "other appropriated funds".

Senator Smith said the state was given the federal fish hatchery at Miles City a couple of years ago. The Legislature did increase the fishing license fees to accommodate the renovations and now the bids came in a little bit higher than originally and this would allow them to go ahead with the construction.

Question was called, the motion carried and the amendments were adopted.

Senator Regan asked Madalyn Quinlan if the amendment she had marked in her book on page 3, line 23 to insert "and private revenue funds" should be in the bill. She was told yes, this was a technical error and should be there. Motion to adopt was made by Senator Manning, voted, passed and adopted.

Senator Bengtson said she would like to ask a question of Ellen Feaver about those buildings that have been designated for demolition and removal. Are those the only buildings that are in this? Ellen Feaver answered, yes, that is correct. They were in for last time and during the biennium the Department of Institutions did not demolish them. They are hoping that they might be able to reduce them in some other way, but they have not been able to do so.

Tom O'Connell, Department of Institutions said Curt Chisholm is across the hall and is much more familiar with this. The reason they haven't is there is no appropriation given with the buildings for demolition. They are trying to do it for no cost. They thought someone would remove the small buildings for the materials. Some of these are rather large

buildings and they would have to have a contractor come in and do that.

Curt Chisholm, Deputy Director, Department of Institutions said, Our progress hasn't been all that great. We have the very same language in there that was in the 1985 bill. It would simply give us the authority if we could find someone who would agree to demolish some of these buildings we have identified for salvage value itself. We haven't been able to find someone to do it. He said possibly some of the inmates could work on this and it would make a good industry project for some of the inmates.

Senator Bengtson asked, has business ever participated in any of this? Mr. Chisholm answered, not that I am aware of.

Senator Gage said that Senator Van Valkenburg had a rather lengthy amendment. Senator Regan said if it was all right with the committee she would like to wait for his return since he indicated he would be back in 10 minutes, and perhaps there is something else we can take up first.

Senator Aklestad said he had some concern about page 3, line 16 and 17 where the Fish and Game is going to build some new regional headquarters. With the economy in the state of Montana where they should be improving their fish hatcheries and their game management, and not necessarily buying more accessibility to sites including the sites we have now, and they increase the fees. I am wondering if they shouldn't be putting that money into the areas where the general public in the state of Montana can benefit from it rather than the buildings they are putting up.

Jim Flynn, Director, Department of Fish, Wildlife and Parks said, the Department has proposed no fee increases this session for the administration of the agency. There have been two bills brought before the session that do involve fee increases, both bills earmark revenues from those fee increases for various purposes. In developing the Department's budget for the session we developed what we felt were our operational needs and after we completed that part of our planning process, then we dealt with our capital improvements and had enough money to construct the two headquarters that are mentioned in this bill. The Department has regional headquarters located in various communities within the state and those 7 headquarters were all built in the early 1950's. In 1981 we began to redo those headquarters. At first we wanted to remodel and make the buildings more energy efficient. The architects indicated to us that that was a waste of both time and money and the buildings were so old and so antiquated that we began a replacement program. We have done the Missoula headquarters, the Glasgow headquarters and now have the Great Falls and Bozeman headquarters under construction, we

anticipate doing these two in the next biennium and hopefully finish the 7th one in the ensuing biennium. As a result it would take a decade to replace all of those headquarters and hopefully would be done without needing others for 30 or 40 years or so. We do serve the public with these buildings. They are a major part of our operations since most of our activity is done in the fields, and here in Helena.

Senator Aklestad said he still had a problem. He said, I think a lot of the people are using the facilities so far as the fishing and game etc. He said others were living in and using buildings built in the 50's. He said even though it was fees the public didn't have much to say about them and felt they would be more reluctant to pay them if they knew the money was going into buildings.

Senator Hammond said, Do you have any statistics to show where you have actually accomplished something energy wise in the two buildings that you have built. Mr. Flynn said, I don't know if we have any statistics. The question I put to the architect in 1981 was to start going out and refurbishing the old buildings, and the considered opinion that I got back was that would be a waste of time and money to do it that way as opposed to building new buildings. I am not an architect, I took that advice and began this rebuilding program. I know we could provide you with our energy costs today as opposed to what they were before the new building in Glasgow, for example. You would be comparing two different buildings, but we could provide that for you.

Senator Hammond said, if that was one of the reasons for building new buildings we certainly ought to see something. Mr. Flynn said, that was part of the reason it was recommended to us was to make the old quonset huts which were basically metal shells -- to make them energy efficient and to get the office conditions in the process we were better off to build a new structure.

Senator Keating said, you have one scheduled for Billings. Are you planning on building a new building there? Mr Flynn said, yes. We would intend to relocate that new building. We would intend to relocate at the Lake Elmo site and we would build a new building out there.

Senator Keating asked, do you just need an office building or do you need something unique. Mr. Flynn said they do some office building operation. In the Billings case for example, when we move off the present location we plan with some of this appropriation to refurbish some of the buildings that are there for shops etc.

Senator Keating discussed the real estate market in Billings and felt renting or leasing had some possibilities so far as office buildings were concerned. Mr. Flynn said they had not looked at renting office space as opposed to building. In Kalispell they have a rather unique circumstance. We are going to rebuild at the same location which will require them to move the office elsewhere while the present building is demolished and a new building constructed. The rent for the year in Kalispell will run about \$65,000 for the office space they need.

Senator Walker mentioned discussion in Long Range Building about consolidating one of the areas and not building the 7th headquarters, and is this something you are going to still consider? Mr. Flynn said, yes. Senator Walker said if he recalled correctly the headquarters were also used for confiscated game storage and this was a unique facility required. Mr. Flynn said that is correct. They are required to have a public auction to dispose of confiscated game and they must have a storage area in those areas for it.

Senator Bengtson mentioned last session there was a bill in to try to locate offices in the same building. That complex out there on Lake Elmo Road, the office building and the other buildings for equipment, etc. Is the office building necessary to the operation? Do the people who are housed in the office work in the out buildings? Has there been any progress made on renting space in an office building for Departments, and could they possibly move into rented office space instead of regional headquarters, or is the office building an integral part of the whole complex. Mr. Flynn said, the same people work back and forth in the whole complex there. I can't speak for the rest of state government but at the Lake Elmo complex we are having the Department of State Lands coming in and utilizing a part of the building complex we have there. I am not aware of what will develop but Dennis Hemmer and I have been talking about it for the last couple of months and I think we will probably come to some combination there.

Senator Bengtson asked Ellen Feaver, what is happening as far as consolidating some of those offices in Billings? Ellen Feaver answered, there was no money appropriated to implement the bill. We have compiled a list of all the leases by vocation in the state and we approached and are trying to make some progress in this bill by sending a copy of that report to the directors of the various agencies and encouraging that when their lease came up for expiration and renewal to work with the other agencies and see if they couldn't get cooperative space and be more cost efficient. Without having the staff to actually go to the committee and try to figure out which building, which agencies, etc. I don't know that there will be a great deal of progress.

Senator Himsl said, so that the committee understands what this building in Kalispell is, I am not sure, but Mr. Flynn, is that the quonset building that is going to be replaced? The kind that Senator Aklestad would use on his place for a granary? Mr. Flynn said, that is exactly what these buildings are that we have been replacing.

Senator Van Valkenburg referring to a proposed amendment on page 6, line 16 and attached as exhibit 1, H. B. 5 said, this pertains to MSU energy management control system. He said he had been concerned about the source of repayment of the funds in this matter, and he had worked together with some of the administration in trying to tighten up the language to the amendment. He said this proposed amendment needs to be further amended on the last line of the first paragraph, following "plant" insert "and auxiliary utility".

Motion by Senator Van Valkenburg to adopt this amendment. He said he would like to further distribute to the committee a memorandum from Dr. Tietz in which he states that none of the income used to repay the loan will come from student fees. (Letter attached to minutes as exhibit 2, HB 5.

Senator Regan said, we will consider this as one amendment. The amendment fee will be amended into the bill before it was offered.

Senator Keating asked, when we amended the language on line 16 to read plant, auxiliary and/or loan. Does this amendment fit that language? Madalyn Quinlin answered, yes, it does. The amendment you just passed clarifies the source of funding and these two paragraphs explain that further, so they do fit together.

Senator Jacobson asked, does this mean if we do this, that money that our subcommittee told MSU they could keep to help in their plant and maintenance which has fallen badly behind is now going to be quenched for another 7 years? Senator Van Valkenburg said he felt we really need to ask the MSU officials. The way they have represented the Energy Management Control System to me and to this committee the answer is they are going to get the money to repay the loan from future reductions in utility costs.

Jim Isch, Administration Director, MSU said, what we would like to do is to use some of the money we saved from the current retrofit to pay off the loan earlier so we could save on finance charges. If we can use a portion the first 5 or 6 years we can substantially reduce the interest rate.

Senator Jacobson said, so in essence you are using those savings that we have envisioned fixing your asbestos problems and other things and using it to pay off the loan. Jim Isch answered, yes that is correct. Some of the money

will be used. The first year we will use all but about \$10,000 and it reduces down to approximately \$100,000.

Senator Jacobson said, When I read that little management study that you handed out to our subcommittee, one of the main points of that was that you were very short on maintenance money so far as being behind on other things. You are just going to put that off further. In the end yes, you will get savings, but for the next 7 years that money is going to have to pay off the loan before you realize any savings, so you are just pushing a lot of that stuff on down the road. Jim Isch said, our projections currently have a savings of 10% in gas and 6% in electricity. After talking to the Billings school district, they had a similar system, they save 15 % in the first year and believe they can save an additional 5% in the second year for a total of 20%. We are planning on 10 and 6. We believe if we get it installed that we will not have to use the money that we are saving on the retrofit project, but we're trying to be conservative and say we may have to use it. We want to be up front.

Senator Himsl said, we don't actually know what the savings will be in dollars. That is just a projection. We ought to know what the front end cost of this is going to be. Of the \$1.8 million what is the cost to finance that as against the savings? If you are going to a private source to get this, what's the interest on it? Mr. Isch said they have done some checking in two or three areas. He said he had talked to a bond counselor yesterday etc., because of earlier concern of a g. o. debt (general obligation). The counselor I talked to said if we were to issue g.o. the lowest he felt we could get was 5.8 to 6.2% and that would be the lowest. You would have to add to that approximately 3% for issuance cost. I talked to our local banker. Previously on the retrofit we borrowed money from local banks at Bozeman at 6.5%. That was approximately 3 months ago.

Senator Regan said, I guess I understand the value of the project and I have no objection to doing this kind of thing, I think it is probably necessary and should be done state wide. I have to confess that I have a real problem with the way in which you are financing it and, in a sense, the way it came into the Long Range program. One of the problems is that you were given your operating costs that you saved through the interrupted service and you were supposed to use that money for your asbestos problems and other operating problems that you have. Those are very important problems and they should be taken care of. They are of immediate health concern, at least to some of us; and yet I see them being put aside. You take the money you planned for to use in this project, and while it will save you money in the long run, you also are obligating us to continue to give you the over-run money, the operating savings, for years and the other problems remain.

Jim Isch said, first we don't have as large an asbestos problem on MSU campus, we've taken care of our problems we believe. Not to say we don't have additional problems, but we feel we can handle them within our current budget. I guess what we're trying to say is -- you're either going to pay Montana Power or we can initiate this project, create savings and use the savings to pay off the loan. We believe it is a wise investment for the state, and I don't believe that we are committing funds that you haven't already committed to our utility budget.

Question was called on Senator Van Valkenburg's amendment. Voted, passed, Senator Regan voting no.

Motion by Senator Manning moved House Bill 5, as amended be concurred in. Voted, passed, unanimous.

DISPOSITION OF HOUSE BILL 6: AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR GRANTS FOR DESIGNATED PROJECTS UNDER THE RESOURCE INDEMNITY TRUST GRANTS PROGRAM; PRIORITIZING GRANTS AND AMOUNTS; AND ESTABLISHING CONDITIONS FOR GRANTS." Senator Regan said we heard this bill last week, it deals with the RIT money and I believe there may be some amendments offered on the bill.

Senator McLane moved to adopt amendments to insert the money for the hydrogeochemical effects of surface coal mining in Southeastern Montana, amendment is attached as exhibit 1, HB 6.

Representative Thoft said this budget was in the bill. We said take it to the coal board. They didn't have any money and we did not delete the project. We felt since it was not approved it should go to the bottom of the list. It will in fact, probably be deleted because of the deficit.

Senator Regan said, so you are actually taking that hydrogeochemical project and moving it to the bottom of the list and it will probably not be funded because of H. B. 18 which appropriated some money. Representative Thoft said HB 718 was tabled at the request of the sponsor and with all of these actions, I think the bill will be pretty close.

Senator Hammond asked, is that true in all of these that the last one is the first one to go off.

Senator Keating said, I want to resist this amendment because there will be a subsequent amendment to exchange the hydrogeochemical study for a programmatic study for environmental impact for oil and gas permitting which goes along with Senator Tveit's Senate Bill 184 on the MEPA bill and the Governor wants that programmatic study for mitigating the effects of permitting oil and gas siting. The RIT fund from which this money is drawn has been built 75%

on oil and gas taxes, and I think that programmatic probably has a priority claim on the sources of funds, and that programmatic is pretty important to the Governor and to our purposes for obtaining permits for oil and gas in the state. I would resist this amendment because the next amendment will establish those funds for a programmatic study.

Senator Aklestad asked, if we resist this, you want to leave it where it is at then? Senator Keating said, no, what we want is to substitute the programmatic for oil and gas permitting before the hydrogeochemical study affects the surface coal mining, and the money is the same. My question to Mr. Hemmer the other day was, which would you rather have, the coal study or the programmatic for oil and gas. He said the programmatic for oil and gas, and that is what we are attempting to do.

Senator Regan said she had a question for Senator Van Valkenburg. If we should accept this amount of money and just move the surface coal mining down to the bottom we still could put in the programmatic. Is there a chance that both projects could be funded? Senator Van Valkenburg said after being in the subcommittee and looking it over he did not feel there was much prospect that the hydrogeochemical study will be funded if it is at the bottom of the list. I think you would have to have a tremendous turn around with a lot of oil and gas production for this to happen.

Senator Keating said, so that the committee understands the sources of revenue, this is interest income from the constitutional trust, the Resource Indemnity Trust, so it is dependent upon the tax on mineral extraction for the growth of the constitutional fund beyond the \$53 million that is there presently and interest rates on the investment of that money and the size of this special revenue account.

Senator Tveit said he would resist the motion. He said, I believe the motion that I am going to offer would remove the language on 17, 18 and 19 and replace it with going to a programmatic study. Instead of putting it to the bottom where it will not be funded anyway, my amendment would just replace that which would then be taken off the list anyway and this would be in place of it.

Senator Jacobson said, I keep waiting to hear from the 4 members of that committee. It seems to me if they had a project they didn't fund that is in the middle of the list and now we are going to resist this motion and keep that project in the middle of the list in order to put a project in they never even talked about to begin with -- it seems to me if they want to do this project we need to talk about whether the project is worthy and what we want to pull out of the bill to pay for it. This seems like an end run.

Senator Van Valkenburg said, it seems like an end run, but I don't think it really is. The subcommittee never seriously considered this hydrogeochemical project. When we got to it in our subcommittee process we thought it was a project that could be funded out of coal board money and we directed our staff and the Department of State Lands to go talk to the coal board and to look at that. It got lost in the shuffle I think because we never came back to it, and I think when the bill got printed up and carried into the full House Appropriations committee the subcommittee members had never even gone back and reconsidered that. Representative Thoft said that is absolutely correct. Senator Van Valkenburg said, and finally the proposal that Senator Tveit and Senator Keating are speaking to on the programmatic is largely in response to the issues raised over Senator Tveit's MEPA exemption bill. That's a bill that has been hotly debated in the Senate and we are trying to find a way to balance the various interests involved. I think the House of Representatives has amended that bill to make specific reference to a programmatic assessment, and that is the reason why I don't think it is an end run.

Senator Tveit said, the programmatic bill which was being presented by Representative Cobb, he is injecting amendments into my bill and we believe it will do a lot on a study of oil and gas. So in this programmatic bill he had it needs \$200,000 revenue to get the program going.

Substitute motion to Senator McLane to accept the amendments, page 4, lines 17, 18 and 19 and insert Board of Oil and Gas Conservation, Programmatic Environmental Impact Statement \$143,800.

Senator Haffey asked what the total funding pool available is they anticipate it would be leaving the substitute that Senator Keating talked about, and whether that is enough to fund all the projects on the list through the last listed projects. Is there enough money to do all that if Senator Tveit's motion is passed. He asked if when this would be done if the last two on the list would be out. Representative Thoft said he would have to check with Madalyn but he thought there would be \$290,000 worth of projects that won't be funded. Madalyn Quinlan said, in this bill there is \$3,490,000 worth of projects. Under current law you could approve all of those projects and end up with an ending fund balance of \$1 million, but there are two bills before the Legislature now that will affect that \$1 million balance. House bill 777 sponsored by Representative Ream which takes 6% of our RIT monies for superfund and the second bill is House Bill 718 sponsored by Representative Harper which would establish taking 4% of the RIT money and set up a mini-super fund. That bill has been amended by Senate Natural Resources so that it won't go into effect until fiscal 1990, so that bill is out of the

picture. If HB 777 passes the RIT fund would be over appropriated by \$175,000, given House Bill 6 as it stands.

Senator Keating said, I think that Representative Ream's bill was increased to 12%, was it not. He was told it was 6 and went to 12.

Senator Van Valkenburg said, before we vote, Mr. Booker is here from the budget office. Are you familiar with the bottom line numbers here? Mr. Booker said, we worked with Madalyn on it. In answer to Senator Van Valkenburg's question of whether he was familiar with the \$175,000 short figure he said he had not seen these figures, but up to this point they have been in agreement.

Senator Haffey said, just to make sure what you are saying is, keep the \$140,000 in there whether it is for hydrogeochemical or for a programmatic for oil and gas, either way if that amount of money stays in there the probability, given what we've spent is the last 2 projects there won't be money for those.

Senator Keating said, there is one other impact that is tentative. Under the superfund bill there is a requirement that if responsible parties are found they have to fund the clean up projects themselves. If that's the case, then the financial impact will not be as great; if they come in and pay we will not and in that case there would be more money, is that correct? Madalyn Quinlan said, I don't believe those accounts overlap. Money that goes to the Department of Health is kept separate from the money that is available for RIT grants. Senator Keating said, so we wouldn't have advantage of any money there -- there wouldn't be a reduction by those responsible party payments to the funds that go to the Department of Health in the RIT? Madalyn said, right.

Senator Gage asked if George Ochenski, Environmental Information Center could address this? Mr. Ochenski said, Senator Keating had the right idea but the wrong bill. There are some grants in this HB 6 in the Gas Commission to do reclamation work and there are responsible party searches that are not completed yet. If in fact, they find the responsible parties, in those grants there will be a reduction of expenditure. Madalyn Quinlan said, even if this bill has \$3,490,000 in it, it is not unusual and unanticipated that there will be projects that will not use the full amount that has been appropriated for so it is possible that all the projects may get funded, given that there are projects at the top that don't use all their money.

Question was called on the substitute motion by Senator Tveit. Voted, passed, unanimous.

Senator Jergeson asked if the second part of this amendment was necessary and Mr. Brace Hayden said yes, they felt they would be reverting \$40,000. The reason they had the money was that subsequent to the last session they wound up getting some money from the National Park Service and EPA, and they were spending those funds rather than the RIT funds.

Motion by Senator Jergeson on page 7, line 21 to insert: Section 5. Reauthorization of a grant. (1) A grant to the Governor's Office for the Cabin Creek Reference to the international Joint Commission is reauthorized in the amount of \$40,000 to be used by the Board of Oil and Gas Conservation for a Programmatic Environmental Impact Statement, and to renumber the subsequent sections.

Senator Walker asked why put a dollar amount in there instead of just reverting whatever funds are left? Mr. Hayden said, we just are trying to come up to as close to the \$200,000 figure as possible and we feel if we tie things down we can revert 40 of that 80. I think 40 is about as close as we can come right now.

Question was called, voted, passed, Senator Walker voted no.

Senator Boylan said there is a letter submitted to the committee by John Driscoll, (attached as exhibit #2, HB 6). These are the amendments on the University System Water Resources Center, Berkeley Pit Reindustrialization and Mineral Recovery Project. Senator Boylan moved the amendments be adopted.

Senator Hammond asked, doesn't that reduce all of the others to some extent to provide for this?

Senator Regan said, if you notice, Senator, the first part is for \$125,000 and then the language which follows says reduce subsequent grant amounts by an equal percentage such that the total of reductions equals \$125,000.

Senator Smith said, I think this is completely wrong. I think this is the first time this has ever happened. It was worked in the subcommittee and then you allow these things to happen there is not much use in the subcommittee working it and setting priorities on the grants.

Senator Aklestad said this was presented to the subcommittee and we turned it down, and I guess I have reservations, since # 1 it will take a percentage off all the other projects and then it is putting this at the top of the priority list which I think is asking a little much.

Senator Jergeson asked, could we get a calculation on what the percentage reduction would be on each of these other

grants so that we could see what the dollar impact would be for each of them.

Senator Van Valkenburg said, my estimate of that would be 3.3% reduction in each grant in order to do what Commissioner Driscoll has proposed here.

Senator Story said, when you worked over all these things some of them were just as short as they possibly could be. Senator Van Valkenburg said yes, some of them were cut by 50% to get them in there.

Senator Walker said, when we were in committee I think it was basically the general consensus that this is a superfund site and that those monies should go to that and that the RIT money would be better spent on the non-superfund sites.

Senator Hammond said, what this amendment really does is to make sure the last two will not be funded because of the information we got before we voted on the last amendment said there is a strong probability there would be money enough to fund the last one and this would certainly take up the slack.

Senator Bengtson asked, would you have looked at the project differently if you had not expected it to be funded by superfund money? In effect now, it is not going to be funded by superfund money, is that correct? Senator Van Valkenburg said, I suppose in a slightly different light I don't suppose we would have put this at the top of the list, though. Senator Bengtson asked, would you have put it somewhere in your priorities? Senator Van Valkenburg answered, I suspect we would have, but I don't know where it would have been on the list, though.

Senator Aklestad said, I guess my impression was there is a lot of hypothetical assumptions in there. I think I personally would not have voted for it.

Senator Bengtson asked John Driscoll, are superfund monies available for this project in any amount? He answered, the answer is no, and the purpose of that 3 day meeting in Butte was to determine whether or not this is feasible. Those 40 scientists determined it is feasible. I have the superfund site enforcement officer from the Environmental Protection Agency, and you can ask him whether there is duplication or not.

Russ Forbes, EPA, said we have a certain amount of funds available to work on Berkley Pit. I must say our mission is strictly under health and environment, which would not include looking at many of the things Mr. Driscoll's proposal is looking into. We do plan to address the Berkley Pit and only address the health and environment and

eventually it would probably include discharge of Berkley Pit waters.

Question was called, voted, motion failed. Senator Bengtson, and Senator Boylan voting aye, Senator Jacobson excused.

Senator Boylan said we could move this to the bottom of the list then, and if there was a chance of funding they could get it.

Senator Regan asked, you would strike the second amendment since there would be no reductions, and you are moving only the first amendment and instead of page 2, line 24 you would put it on page 5, line 25. Is that the amendment? Senator Boylan said yes.

Representative Thoft said, I think I can honestly said if we had more money and put other projects on the list that this would not have been one of them. This project was not seriously considered by the committee, but there was some discussion and a feeling that in a couple of years the superfund might be there to finance it. It is possible it might have some merit, but this time we did not give it serious consideration.

Question was called, voted with decision unclear, roll call vote was taken, tie vote 10-10. Motion failed.

Representative Hannah's amendments were discussed. Senator Bengtson said they appropriate money to the Department of Health so they can put extra people down in Billings on the hazardous waste. The department testified they did not need the extra money.

Senator Keating said, for the sake of discussion I will move as a substitute motion, the Hannah set B. To explain these amendments, this does not change the amount of money appropriated in this bill. On page 7 there is \$212,000 that is authorized for research and public education. The Hannah amendment moves \$40,000 of that money to grants to local governments for emergency planning for hazardous waste facilities and reduces the amount on line 3, page 7 to \$132,000 and then it allows some other monies, \$80,000 for the funding of the staff position in Billings and the monitor and the whole idea was to start at the source of the generation of this hazardous waste and having someone make contact with the generators of these hazardous waste materials and education of those people in getting that material properly taken care of and moved to the temporary site and it seemed like a pretty good proposal because it would mitigate the effect on the public. It seems there is a lot of misinformation in Billings, and this would help educate the people in the area as well as the generators.

Senator Himsl took over the chair since Senator Regan was excused for a hearing.

Senator Manning said Senator Bengtson brought up the fact that this wasn't needed. Senator Bengtson said, this is just a reallocation then? Senator Keating said only a redirection of the funds, yes.

Senator Van Valkenburg asked if Mr. Opitz, Department of Health could comment on this. Mr. Opitz said, I am not sure exactly what this amendment does. What I had said was we would take and provide for a position out of the \$212,000 to take care of Eastern Montana and Billings, to look at the waste collection site and do inspections there. We had other things in mind to use this money. I think we are going to be awfully short.

Senator Keating said he would withdraw his motion.

Senator Smith moved that House Bill 6 be concurred in as amended. Question was called, voted, passed, unanimous of all present.

Senator Himsl closed the hearing on House Bill 6, and the meeting was adjourned. Senator Van Valkenburg to carry House Bills 5 and 6 on the floor.



Senator Regan, Chairman

ROLL CALL

50th LEGISLATIVE SESSION - - 1987

Date

3-25-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR REGAN	✓		
SENATOR HIMSL	✓		
SENATOR JACOBSON	✓		
SENATOR BENGTSON	✓		
SENATOR STIMATZ	✓		
SENATOR HARDING	✓		
SENATOR HAFFEY	✓		
SENATOR SMITH	✓		
SENATOR KEATING	✓		
SENATOR STORY	✓		
SENATOR BOYLAN	✓		
SENATOR JERGESON	✓		
SENATOR TVEIT	✓		
SENATOR MANNING	✓		
SENATOR HAMMOND	✓		
SENATOR GAGE	✓		
<i>Sen Mc Lane</i>	✓		
<i>Sen Volkening</i>	✓		
<i>Sen Walker</i>	✓		
<i>Sen Ahlert</i>	✓		

V.V. B # 6

Amend House Bill No. 5, Third reading copy (blue)

Page 6.

Following: line 16

Insert: "The MSU Energy Management Control System project will be financed under the authority of the Board of Regents with plant funds, auxiliary funds, or conventional lending, or a combination of such financing sources, on which the debt service will be retired with plant and auxiliary funds. The Department of Administration may not award a construction contract for this project until the Board of Regents has approved a financial plan that is based upon an engineering analysis and statement of projected energy savings. The annual conventional lending repayment requirement may not exceed the total estimated net annual savings contained in the MSU plant, budget base, and auxiliary utility

Any debt incurred in financing the project does not constitute a liability or obligation or a pledge of the faith and credit of the state but is payable solely from revenues or funds of MSU generated or received for purposes of financing the project. An obligation issued under this part must contain on the face thereof a statement to the effect that the state of Montana is not liable on the obligation and the obligation is not a debt of the state and neither the faith and credit nor the taxing power of the state is pledged to the payment of the principal of or the interest on the obligation."

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 1

DATE 3-25-87

H BILL NO. 5

McClure
#1 - HB6

Amend House Bill No. 6, Third reading copy (blue)

1. Page ⁴ 8, line 17.
Following: line 16
Strike: lines 17-19

2. Page ⁵ 8, line 25
Following: line 24
Insert: "DEPARTMENT OF STATE LANDS

Hydrogeochemical Effects of Surface Coal
Mining in Southeastern Montana
(Insert sum under Grant Amount)

143,800"

Sub
Track
passed

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 1
DATE 3-25-87
BILL NO. 6



Montana State University
Bozeman, Montana 59717

Office of the President

Telephone (406) 994-2341

TO: Finance and Claims Committee Members
FROM: William J. Tietz
DATE: March 24, 1987
RE: Energy Management Control System

During the Finance and Claims Committee meeting last Friday morning, concern was expressed that the proposed Energy Management Control System may result in increased student fees. I assure you that this project will not result in any increased student fees. In fact, the rationale for completing this project is to reduce energy costs, thereby containing future student fee increases. I urge your support of the Energy Management Control System project.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 2

DATE 3-25-87

BILL NO. 5



PUBLIC SERVICE COMMISSION

2701 Prospect Avenue • Helena, Montana 59620

Telephone: (406) 444-6168

March 25, 1987

3

John B. Driscoll, Commissioner
District 4

Senator Pat Regan
Senate Finance and Claims Committee
Helena, Montana

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 2

DATE 3-25-87

H BILL NO. 6

Madam Chairwoman;

The amendment below is a significant improvement over the suggested amendment I communicated to you last Friday.

1. Page 2, line 24, insert new language above DEPARTMENT OF STATE LANDS, which states:

*MONTANA UNIVERSITY SYSTEM WATER RESOURCES CENTER

Berkeley Pit Reindustrialization and Mineral
Recovery Project

\$125,000

2. Reduce subsequent grant amounts by an equal percentage, such that the total of reductions equals \$125,000.

Thank you, for your attention to this improvement.

45 25 ✓ #1

Sincerely yours,

John Driscoll
Commissioner

*Note: The Water Resources Center is an inter-university system collaborative effort, chartered by the Board of Regents. Dr. Peavey (MSU), Drs. Songeregger and Miller (MT TECH), and Dr. Silverman (UM) are each members of the Water Center who have participated actively in the Reindustrialization Project to date. Visiting scientists have privately indicated to me that they admire the quality of the four's work. The workplan that is beginning to evolve from the three day Expanded Steering Committee meeting in Butte, is already biased in favor of having Dr. Peavey (Water Cleaning Technology expert central to the Technology Assessment Subproject, and Dr. Sonderegger (Bureau of Mines Ground Water Hydrologist) central to the Site Characterization Subproject. Its likely that UM will be represented by the deep water experience of personnel from Yellow Bay station on Flathead Lake. We are fortunate to have such an institution and such qualified personnel already in place to competently press this Project to its next stage of development. I have spoken to the University Presidents, and Vice Presidents for Research.

III. Amendment Set B.

(Maintain appropriation at \$212,000; revise fund uses to accommodate new staff position; establish \$40,000 grant program for local emergency planning)

DHES Appropriations: \$212,000 (HB 6, section 4)
\$ 40,000 (subject to availability -- placed last on HB 6 projects list)

Proposed Uses:

- Waste Minimization Technical Assistance
Approach: as in Set A, but further reduce some efforts
Biennial Budget: \$ 82,000
- Public Information
Approach: as in Set A, but eliminate public service announcements and certain publications
Biennial Budget: \$ 20,000
- Maintaining Option for State-Owned Facility
Approach: similar to Set A, but withdraw funds for soliciting and reviewing bids; this function would only go forward if the next Legislature directed DHES to pursue the option of a state-owned facility and authorized funding
Biennial Budget: \$ 20,000
- Assessment of Private Waste Services to Small-Quantity Generators
Approach: similar to Set A, but utilize information gained from the new staff position and thus reduce funds for necessary for contracted services
Biennial Budget: \$ 10,000
- Establish 2-Year DHES Staff Position in Eastern Montana
Approach: as in Set A
Biennial Budget: \$ 80,000
- Establish Grant Program for Local Emergency Planning
Approach: as in Set A
Biennial Budget: \$ 40,000 (subject to availability -- the amendment places this program last on HB 6 projects list)

ON THE
SENATE FINANCE AND CLAIMS

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 3
DATE 3-25-87
BILL NO. 6

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 3
DATE 3-25-87
BILL NO. 6

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE AND CLAIMS

DATE 3-25 H Bill No. 6 Time 3:26

NAME	YES	NO
SENATOR HIMSL	✓	✓
SENATOR JACOBSON	✓	
SENATOR BENGTON	✓	
SENATOR STIMATZ	✓	
SENATOR HARDING		✓
SENATOR HAFLEY	✓	
SENATOR SMITH		✓
SENATOR KEATING		✓
SENATOR STORY		✓
SENATOR BOYLAN	✓	
SENATOR JERGSON	✓	
SENATOR TVEIT		✓
SENATOR MANNING	✓	
SENATOR HAMMOND		✓
SENATOR GAGE		✓
SENATOR REGAN	✓	
<i>W. J. ...</i>	✓	✓
<i>W. J. ...</i>	✓	✓
<i>W. J. ...</i>	✓	✓
	10	10

Sylvia Kinsey
Secretary

Senator Regan
Chairman

MOTION: Bylan 65-2

[Signature]

STANDING COMMITTEE REPORT

SCR#85

..... March 25..... 1987.....

MR. PRESIDENT

Finance and Claims

We, your committee on.....

House Bill

5

having had under consideration..... No.....

third reading copy (blue)
color

LONG-RANGE BUILDING PROGRAM BILL

Respectfully report as follows: That..... House Bill..... No. 6.....

BE AMENDED AS FOLLOWS:

1. Page 3, line 14.

Following: line 13

Insert: "Miles City Cool/Warm Water Hatchery supplemental
81,750 FWP License Fees
245,250 Federal" (insert sums under "Other Appropriated
Funds")

2. Page 3, line 23.

Following: "Federal"

Insert: "and Private Revenue"

3. Page 6, line 3.

Following: "ADDITIONS"

Insert: ", Statewide"

4. Page 6, line 16.

Following: " 1,850,000"

Insert: "Plant, Auxiliary, and/or Loan"

DO PASS

DO NOT PASS

.....
CONTINUED

Chairman.

STANDING COMMITTEE REPORT

SCRIBED

.....March 25,..... 19 87.....

MR. PRESIDENT

Finance and Claims

We, your committee on.....

House Bill

6

having had under consideration..... No.....

third

blue

reading copy (.....)

color

RESOURCE INDEMNITY TRUST GRANTS PROGRAM

Respectfully report as follows: That.....House Bill..... No.....6.....

BE AMENDED AS FOLLOWS:

1. Page 4, line 17, 18, 19.

Strike: "DEPARTMENT OF STATE LANDS

Hydrogeochemical Effects of Surface Coal

Mining in Southeastern Montana

\$143,800"

Insert: "BOARD OF OIL AND GAS CONSERVATION

Programmatic Environmental Impact Statement

\$143,800"

2. Page 7, line 21.

Following: line 20

Insert: "Section 5. Reauthorization of a grant. (1) A grant to the governor's office for the Cabin Creek reference to the international joint commission is reauthorized in the amount of \$40,000 to be used by the board of oil and gas conservation for a programmatic environmental impact statement."

Re-number: subsequent sections

AND AS AMENDED,
BE CONCURRED IN

DO PASS

DO NOT PASS

.....
Chairman.

Senator Regan

March 25,

87

19

5. Page 6, following line 16.

Insert: "The MSU energy management control system project will be financed under the authority of the board of regents with plant funds, auxiliary funds, or conventional lending, or a combination of such financing sources, on which the debt service will be retired with plant and auxiliary funds. The department of administration may not award a construction contract for this project until the board of regents has approved a financial plan that is based upon an engineering analysis and statement of projected energy savings. The annual conventional lending repayment requirement may not exceed the total estimated net annual savings contained in the MSU plant and auxiliary utility budget base.

Any debt incurred in financing the project does not constitute a liability or obligation or a pledge of the faith and credit of the state but is payable solely from revenues or funds of MSU generated or received for purposes of financing the project. An obligation issued under this part must contain on the face thereof a statement to the effect that the state of Montana is not liable on the obligation and the obligation is not a debt of the state and neither the faith and credit nor the taxing power of the state is pledged to the payment of the principal or of the interest on the obligation."

6. Page 7, line 10.

Following: "\$300,000"

Insert: "Architecture and Engineering Construction State Special Revenue"

AND AS AMENDED,
BE CONCURRED IN