

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

March 30, 1987

The 20th meeting of the Senate Finance and Claims Committee met on the above date in room 108 of the State Capitol. Senator Regan, Chairman, called the meeting to order at 8:02 a.m. to hear House Bill 621 and take executive action on 434.

ROLL CALL: All members of the committee were present except Senators Tveit and Stimatz. Senator Tveit being excused for the morning session.

CONSIDERATION OF HOUSE BILL 621: AN ACT APPROPRIATING OIL OVERCHARGE MONEY FOR PROGRAMS ADMINISTERED BY THE STATE OF MONTANA; ESTABLISHING AN ENERGY CONSERVATION AND ENERGY ASSISTANCE ACCOUNT etc.

Quilici, House District 71, Butte said, this is the oil overcharge charge bill. He said, between 1973 and 1981 there were overcharges under the Federal Oil Price and Allocation and Controls act. The U. S. Government went in to litigation between Exxon, Chevron and others who were crude oil producers. The U. S. Court found these companies to be in violation of the act. They came up with over charge payments to various states. We are paid according to the amount of consumption each state has used. Our particular amount comes to nearly \$14.5 million. These funds are allocated in very specific ways. The U. S. Court said you can only spend these for specific projects. The Governors had to send a statement of assurance to the Court that they would only spend these funds in that specific way. The funds are allocated for LIEAP, Weatherization, Transloading facility, Agriculture and many other areas.

PROPOSERS TO HOUSE BILL 621: Dave Hunter, Director of the office of Budget and Program Planning said, I do have one amendment which I will pass out to all of you. There are people here from all of the agencies that are affected and I think they are all prepared to answer questions. I would like to talk about a couple important things in the bill. We will be required, once this bill passes in some form to submit a unified plan to the Department of Energy for the use of oil overcharge monies. I think it is important that this bill be the vehicle. There were 5 or 6 bills that were introduced in the House, the Long Range Planning Committee was cooperative, made the amendments that are in the bill so that we could have one bill and submit that one

unified plan. I would point out to you also that we do have a requirement under oil overcharge money to make sure that we allocate at least a proportion of these monies to low income individuals and a proportion of the amount to native Americans. That percentage is about 13% in terms of low income, given the allocations of both Lieap and weatherization we had allocated a little over 50%. Then the requirements also say to the extent we allocate money to those programs that native Americans get their share. SRS has an agreement with the various tribes to LIEAP and weatherization to get a share actually a little larger than their representation in the population. If the LIEAP and Weatherizations allocations that are now in this bill aren't changed then we will clearly meet both those federal criteria that we have to meet for the expenditure of the money. There are a list of eligible activities for both Exxon and Stripper are in the Budget book, I think on page 67. LFA also had a handout as to which activities are eligible for stripper and Exxon. All of the projects in the bill meet the criteria with one exception. Representative Addy amended in some money for energy share on the House floor. It is eligible for stripper, not for Exxon. It took some of the money out of Exxon.

Mr. Hunter said, one of the other things that is happening to us at the federal level with regard to this money is, Congress is certainly very aware that states have the availability of this money. The President's budget proposes to cut back substantially the amount of federal money that is available for LIEAP, weatherization, and for the Energy Conservation program with DNRC. Part of our recommendation in this bill the House has adopted, is to replace some of those monies so we can try to continue some of those programs at their current level. The way the bill is drafted, we would actually expand the weatherization program above its current level, but we would provide the Director of SRS the flexibility to use that money to replace lost weatherization or lost money for LIEAP if the Federal monies are cut back, and we would anticipate at least a strong likelihood.

Mr. Hunter said, the other amendment I would recommend to you is in regard to the West Yellowstone Airport. Under the stripper money to repair or renovate an airport facility -- one of the projects we got in the RFP was to fix the leaky roof at the West Yellowstone airport. When we made a recommendation to the Legislature, we chose to go through the Long Range Building bill that was presented to the Legislature. That project got dropped off at the last moment from the Long Range Planning bill.

Wayne Anderson, President of Energy Share Montana, and we support 621 as it is with the amendment Kelly Addy introduced in the House. I agree that, from my

understanding that money that was allocated does have to come from the stripper well money. The amendment was approved and passed in the House on a vote of 75 to I think 14, so it does show good support for energy share in Montana. Mr. Anderson said this was aimed at people who "fell through the crack" with an income just too high to get LIEAP assistance, but badly needing the help and also with the reduction of LIEAP funds many were coming for assistance now. He said Energy Share does want to look at those people.

Jim Smith, Human Resources Development Council said, HRDC's are the local deliverers of weatherization and Low Income Energy Assistance and Energy Share Montana. We have worked with Representative Quilici who carried this bill, we have worked with Dave Hunter's office, with SRS in the development of the bill, and sat through the hearings in Long Range Building and Planning. Our interest in the bill is to see that the low income programs did receive a good share of these funds, enough to enable us to carry on the work we have been doing the last several years. I would point out, there was language added in the House encouraging us to do what we can, where we can, to hire people to weatherize homes who at this time are recipients of public assistance, or are on general assistance, and we will do our very best to follow that legislative direction. The second thing is on the energy share allocation is that, as amended on the House floor this bill would set up \$200,000 which would only be used to match private donations the energy share receives, so in this case the state would get a 2 for 1 benefit out of that energy share allocation.

John Lahr, representing Montana Power Company said, we would like to go on record in support of House Bill 621.

Phyllis Honka, Energy Share and Montana Association for the Blind said, I would like to go on record as supporting the additional amendment relating to the energy share. There are a number of people who are just above that poverty line, some within the Montana Association of the Blind, and we would also be using money that is private donations. I would really support this.

Evan Barrett, Montana Economic Development Association said, we are here specifically to support the section of the bill relating to the construction of a transloading facility in Montana. He handed in written testimony, attached as exhibit 2, House Bill 621.

Pam Miller said she wanted to be on record in support of House Bill 621.

John Ortwein, Montana Catholic Conference spoke in favor of the bill and handed in written testimony, attached as exhibit 3.

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

QUESTIONS FROM THE COMMITTEE: Senator Hammond asked, what is the poverty line now? At what income level. Senator Regan said it depended on the size of the family. Someone from SRS could probably give you the schedule, and it may even be in the budget book.

Dave Lewis, Director, SRS said, the appropriations for AFDC were based on a percentage of the poverty level, and I think in the Appropriation write up, it depends on the size of the family. Jim Smith answered, it does depend on the size of the family. One person it is so much, 2 persons, so much, and for 4 people it is roughly \$12,000, and that is gross income, all sources, wages, tips, inheritance.

Senator Hammond asked, where did this overcharge come from? Where was the greatest impact -- who paid it? Representative Quilici answered, the greatest impact was Exxon, then some came from Chevron, some came from Diamond Shamrock paid some. Senator Hammond asked, they paid it to whom? Representative Quilici answered, the courts demanded they pay it to the Department of Energy. Senator Hammond asked, who paid it and Representative Quilici said the overcharge was to the consumers in the United States. Before the states got any of the money the courts said they shall make repayments to the trucking industry, the airlines, etc. Senator Hammond asked about Agriculture and where did they stand. Representative Quilici said he was not sure if they got direct payments or not. They get payments through this particular bill.

Dave Hunter said Representative Quilici was correct. The principle of the overcharge was that consumers were overcharged for oil because the oil companies charged in excess of the regulations. Court suits were brought against them and the deal required the states return the money in some kind of relationship to the way people were harmed.

Senator Himsel asked, do you know any more about that transloading facility? Representative Quilici said, the transloading facility will probably be located on a major rail line. The community that puts in an RFP -- The department of Commerce will require RFP's from each community request proposal. The request for proposal will be submitted by -- I think at the present time the Department of Commerce has proposals from places like Great Falls, Billings, Butte, Missoula -- I think Shelby has contacted them.

Senator Hammond said he would like to follow up. He still did not have his question answered. Senator Hebling said he could answer the question and said, In 1973 the Department of Energy classified crude oil into about 4 or 5 classes and established a windfall profits tax category on each level of crude oil. Old oil, new oil, old new oil, new old oil etc. What happened to Exxon -- their interpretation of the windfall profits tax formula for a single field in Eastern Texas was disputed by the Department of Energy about 6 or 7 years after the formula had been applied to their production for that period of time. The U. S. Supreme Court upheld the Department of Energy's claim that the formula was exceeded: that the classification of crude oil by Exxon was an improper class and that they had sold that old oil at a higher price than was permitted under the windfall profits tax formula and they had to rebate that money to the U. S. Treasury. Since that crude oil was sold throughout the U. S. through the refining process and retailing process they decided the consumer was the ultimate payor of that excess windfall profits, or the shortfall in the windfall profits tax and therefore it had to be distributed to the consumers of the United States. It was divided up accordingly to all of the various states.

Senator Hammond said, okay you got close -- now I want to know which categories of consumers paid the greatest amount of that overcharge? Does anyone have that? We are giving it back to a lot of people without any regard for who paid for it. Senator Smith said, Agriculture paid the biggest amount. Senator Hammond said, that is the thing I suspect, but I am not able to get that answer here.

Senator Boylan said, it looks to me like there is a lot of bucks here. What is built into the bill to see that the administrative costs will not take a big share of it? Dave Hunter said, if you will notice in the back part of the bill there is an allocation for administrative charges from the Diamond Shamrock money. It is \$234,916; page 8, line 17 is where the reference is. I guess I would suggest to you that for the administration of \$14.4 million that is not a lot of money for the allocation.

There were no further questions and Representative Quilici said in closing that this bill had a lot of input from a lot of entities. It first occurred in LRP, then in the full Appropriations committee, then on the floor of the House. There has been quite a few amendments put in, most of them have been within the guidelines set down by the court. I think you might want to look at the amendments suggested by Mr. Hunter on the energy share, I personally have no real problems with it.

Senator Regan declared the hearing closed and said we had scheduled executive action on 434.

DISPOSITION OF HOUSE BILL 434: Motion by Senator Hims1 to amend page 2, line 4, attached as exhibit 1, HB 434. He said about 6 months ago the Board of Crime Control made an application to upgrade the uniform crime control system and Montana was one of the states that was given this grant. This is 100% federal funding, does not commit any future funding on the part of the state, the total of the grant is \$57,698, and the request would be for continuing authority through the '89th session.

Question was called, voted, passed, unanimous.

Motion by Senator Manning which he said deals with the Department of Health. Attached as exhibit 2, HB 434.

Senator Bengtson asked if there was any special project that this is designated for? Senator Manning said there are a couple of people here from the Water Quality Bureau that could answer that question.

Steve Pilcher, Water Quality Bureau, DHES said, we have identified a number of special projects that we think would benefit from this "sort of a windfall". The memorandum that Senator Hims1 has is one that we put together for the fiscal people would give you some idea of how we would spend this money if it is approved. This is attached as exhibit 3, HB 434.

Senator Smith asked, is there in the present budget monitoring for the SAS Power Plant north of Scobey? The water that flows out of that dam flows into the state of Montana? Are there funds appropriated at the present time to continue that program? Mr. Pilcher answered, to my knowledge there are no funds specifically in the Water Quality budget for that continuing monitoring. It is my understanding that the U. S. Geological Survey has responsibility for continuing that monitoring. I have recently been informed that there may be some problem with continuation of that, but that particular problem did not develop in time to be included in our budget, and I honestly do not know about the details of the problem right now to address it.

Senator Smith said, I guess you must be talking about the funding problem, but that problem started when Montana didn't take an active part to see that that was monitored in the first place and it should be the state's responsibility to see that there is continued sponsoring. Mr. Pilcher said, if I recall correctly, the issue was attempted to be resolved through an international joint commission similar to what we are currently involved in in regard to the Cabin Creek development on the North Fork of the Flathead right now.

Senator Keating asked, has any other subcommittee addressed the expenditure of the use of this money, or is this proposal strictly from the department? Mr. Pilcher said, this is from the department, this is the first group that has had an opportunity to consider it.

Senator Keating asked, why is this going into a supplemental bill since this will appropriate money for the fiscal year ending 3 or 4 months from now. Have you expended this money or will you expend this money before June of 1987? Steve Pilcher said, obviously we have not expended the money since we do not have the legislative authorization to do so. We recognize that it is a one shot opportunity and we will have to make commitments to spend this money during this fiscal year. We were just informed of the availability of the money, that is why you did not get an earlier budget request.

Senator Keating asked, have the Feds required that this be spent by a certain date? Mr. Pilcher answered, yes, they have, they have notified us that this money is available and they have also notified us that the opportunity for carry over that we have enjoyed in the past is no longer going to be available, and it can be best described as a "use it or lose it" type of situation for the federal funds.

Senator Keating asked, what is their date? Mr. Pilcher answered, probably the end of the federal fiscal year which would be September 30.

Senator Haffey said, this is something that would have been in had we known about it in the bill that addressed the budget amendments. As long as you know about it if you don't try to do it here, you lose your chance, is that correct? Mr. Pilcher answered yes, we were just informed of it.

Question was called, voted, passed, unanimous.

Senator Jacobson said she had problems taking the money out of the Education Trust Fund and personally would prefer to take it out of the Coal Severance Tax Permanent Fund. That is what this amendment does. This amendment is attached as exhibit # 4.

Senator Haffey asked, what this amendment would do would be to provide an "either, or" kind of an approach for this bill. The way the language works in the bill, if 3/4 vote in each house then the funding would come from the permanent coal tax fund, if it isn't, then this section is void and the language in the bill as it is says that the Education Trust Fund will be used, and to the extent it is not needed it will revert to the Education Trust fund. The Education Trust fund interest this year that has been anticipated in

House Bill 2 and perhaps some other appropriation bills, how much is it that has been anticipated and so far appropriated for the next biennium?

Judy Rippingale said, I can't answer the question for the total interest. I can say if you take the money in House Bill 434 as it is presently written, the interest that is estimated to be lost is \$5.41 million.

Senator Haffey said, \$5.41 million that would be lost that is now anticipated and has been appropriated in various areas in House Bill 2, and perhaps a couple of other bills as well? Judy Rippingale answered, yes, that is correct.

Senator Haffey asked, could you give us some sense of which programs would be adversely affected? If we use the Education Trust Fund, we are going to have to adjust House Bill 2 and perhaps some other bills downwards? Judy Rippingale answered, the 3 major impacts on the interest are fiscal foundation program which is the biggest impact, the 2nd is the student assistance program, the Commissioner of Higher Education, basically WICHI and WAMI, and the 3rd is the Vo Tech centers. That is where the \$5.4 million is going.

Senator Haffey said, let's take Adult Basic Education, that is one that lists out. Is that one of the programs both in Vo Tech and the school districts. Judy Rippingale answered, that could be adversely affected, depending upon whether you replaced that lost income with some other funding source then Adult Basic Education could lose some money.

Senator Regan asked, Judy as I understand it, this whole impact money, the interest thereof, provides for those three programs and you lose \$5.5 million. If you take it out of the Coal Trust fund how much do you lose? Judy Rippingale answered, if you take it out of the constitutional trust fund, and if you took the same amount of money that the lost interest was figured on, because there is a reversion clause in here of almost \$28 million. You would lose the same amount. 65% of that goes directly to the general fund, 15% is reinvested.

Senator Regan asked, so if you lost the same amount of interest, be it from the earmarked account or from the general fund, it is really out of one pocket or the other because you could take the general fund money and appropriate that money for the 3 programs under discussion. Judy Rippingale answered yes, in anyway you lose 65% of it as a general fund revenue, the other way you lose 100% of it.

Senator Keating asked, on line 2 in the title of the bill it refers to local impact and educational trust fund accounts.

Aren't they two different accounts? Isn't the local impact a coal trust account and the educational trust the other one? Senator Regan answered that is correct. Senator Keating asked what are the percentages? What is the particular relation of funds from each of these accounts.

Dave Hunter gave an explanation of the Education trust and said he could not give the percentages off the top of my head, but it has always been referred to as the same account. Senator Regan said, I think we have only given them about \$600,000 this biennium. Senator Keating, is that correct. Dave Hunter said, Senate Bill 228 sponsored by Senator Van Valkenburg has passed the Senate and it is just about that amount of money.

Senator Keating said, but there is no corpus in the local impact, but there is a corpus -- there's \$80 million in the Education Trust Fund account, and the corpus of the Education Trust Fund -- I don't see any reason for tapping the local impact. Dave Hunter said that's just the name it's called in the statute, Senator Keating.

Senator Haffey pointed out that the use of the Educational Trust monies would impact the Adult Basic Educational funding, MICHIE, WAMI, and Vo Tech funding. They would have to come in and scrap and fight with all the rest for general fund money, isn't that correct. Judy Rippingdale said, yes, that is correct. Senator Haffey said money is money, but right now Education is getting something and if we pass the bill the way it is without at least the opportunity for the Senate and perhaps House to vote on the choice between \$5 million out of the permanent trust which takes a 2/4 vote or reducing by 50% the corpus of the Education Trust fund without giving them the choice. What we are doing is ironic.

Senator Oage said, I am going to go out on a limb and say that since this passed the House they understood that interest was not going to be there. Have they made an adjustment in the appropriation of the interest from the Educational Trust in whatever bill they are working on now? Judy Rippingdale answered, without a legislator to come down and ask for scenarios we have pointed it out to them and they have considered it as an expense to replace that money in the scenarios they have worked with. They have not at this point adjusted House Bill 2, pending your actions. Senator Regan said that will eventually go to the conference committee and that can be ironed out there.

Senator Hammond said there are 3 major places the interest and income from this trust fund goes. MICHIE, WAMI, Basic Adult Education and the Vo Techs. Senator Regan said that is correct and MICHIE WAMI got by far the major portion of it.

Senator Bengtson said, the interest income, that 5.5 million on the Education Trust, that is distributed, all of that is distributed to these Vo Tech, WICHI, WAMI, ABE -- none of that is reinvested, goes back into the corpus. Judy Rippingale answered, yes, that is correct. Senator Bengtson then said, then the interest income from the coal trust 85% goes into the general fund and 15% is reinvested. Judy Rippingale said, yes. That is correct.

Senator Regan asked Senator Jacobson if this would not be better introduced on the floor where you could get the direct vote on it than here? I have no objection to putting it in but it seems awkward.

Senator Lital said, I think I do. This bill has been considered in the House. They've worked this thing all over. We've got this amendment. We're changing the entire direction of this proposal, and I think we put into jeopardy the whole bill. We are setting up a contest, or a battle that we can just as well avoid.

Senator Jacobson said, I suppose you could look at it that way, but we are not taking out the sections that were the Education Trust Fund. I object to taking it out of the Education Trust Fund, and I will read you in our own statutes, "The principle of the local impact in education trust fund shall be dedicated to education and forever remain inviolate and sacred to this purpose" and we are taking it out and putting it in the general fund. Senator Regan said, that is something we passed by simple majority and we can un-pass it by simple majority in any succeeding legislature, and we have done that on numerous occasions.

Senator Hammond said, I think the House made a run at this. They tried it before they ever got to this point.

Roll call vote was taken on Senator Jacobson's amendment, exhibit # 4. Motion carried, 10-4 with 2 members excused.

Senator Jacobson moved to amend page 7, line 5. Attached as exhibit # 5. She said, what this amendment does is to say that if section 6 is void, if it doesn't get a 3/4 vote, then subsection 2 is void, and subsection 2 on page 7 is the section that says the rest of the money reverts back to local impact and education trust fund account. This would allow there to be a small ending fund balance at the end of this year. If coal trust money isn't used, this would take out that reversion so the 5 or 6 billion dollars that is left over would remain as an ending fund balance at the end of this year.

Question was called, the vote was unclear and Senator Regan asked for a roll call vote.

Senator Himsl said, if there is a surplus in here, then with this provision it reverts back to where it was taken from, but what I hear her say is, it will not work that way. Senator Jacobson explained, I am offering this amendment so we can be somewhat around 5 or 6 million dollars left as an ending fund balance this biennium. So, if we head into the next biennium with a deficit we've got this little bit of cushion. Senator Regan said these monies are the monies that are taken out of the Constitutional Trust fund and that you voted on earlier today. It is anticipated that not all those monies will be spent, therefore Senator Jacobson's amendment ways it will not go back into the trust fund but will simply remain out there to use this coming biennium.

Senator Haffey said, at the risk of being wrong, that is not what we are voting on. We're voting right now that if the permanent trust fund source of funds for this bill (which is in there now, it will go to the floor and we'll have a vote), if that doesn't pass then this bill returns for its source of funding to the Educational Trust Fund. When it does that, this amendment we are dealing with here takes the language out of the bill that would cause the reversion and would leave that extra money from the Education Trust fund within the general fund as an ending fund balance.

Question was called, roll call vote. Motion failed, 5-10 vote.

Motion by Senator Himsl to adopt an amendment page 5 after line 12. He said this is 11,109 in federal money which is available to the Division of Workman's Compensation. He read an explanation of the amendment, attached as exhibit 7, House Bill 434. Question was called, voted, carried, unanimous.

Motion by Senator Jergeson to amend page 3, line 19. His amendment is attached as exhibit #8, HB 434. This is on the Lewis and Clark court award to Lewis and Clark County. Rather than redistributing the local government bloc grant money. He said, the reason I offer this amendment is it is my belief that it is not the fault or the responsibility of the other 55 counties of the state that the state somehow screwed up in the distribution of money and there is this judgement that must be satisfied to Lewis and Clark County. It is not the fault of my county or any of the other counties here, it is a state responsibility and we ought to use state money to meet that responsibility.

Senator Regan said, there is an error here in the amount shown. Arent there too many eights? Senator Jergeson said it should read \$1,814,821.50.

Senator Keating said, the local block grant money is general fund money except for the little bit of oil severance tax

that flows in there, and all of the 55 counties received the surplus under the formula for several years and I don't see -- the reports have said that this money has to go to Lewis and Clark and so the other counties are going to have to do shortage for awhile and make up the surplus they had for several years. The money is all general fund money no matter which way you do it.

Senator Himsel said, the fees, and oil severance taxes go into that account. What has happened is, we were promised in the last special session that if House Bill 14 went through they would be able to fund the city and county school districts 85% of that money. Now you take this \$18 million out, those school districts that were promised 85% are only going to get 61%. As you know the school districts are the ones that will be the worst off. I support the amendment.

Question was called, roll call vote was taken, the motion passed, 11-4.

Motion by Senator Hammond to adopt an amendment on page 3, line 7. He said this is pass through funds, but we have to appropriate them. He said this amendment provides spending authority to the OPI for pass-through federal voted funding.

Question was called, voted, passed, unanimous.

Motion by Senator Gage to adopt an amendment to appropriate \$491,362 of general fund money for the reappraisal program, page 2, line 22. Exhibit #10 attached. He said, this is for the Tax Appeal Board for what they anticipate they have still facing them for processing the cases they still have before them.

Senator Regan said, that is between now and June 30 of this year? Senator Gage said, yes.

Senator Smith asked, is this additional money? I understand in the full Appropriation committee they asked for \$273,000 additional, is this added to that or what? Senator Gage said, as I understand, that would be before the next biennium. He said he was not sure which bill he was referring to. Senator Smith said in the full appropriations committee I read the news article that said the State Tax Appeal Board came in and asked for a \$273,000 additional dollars. I would like to know, is this for the reappraisal or for the State Tax Appeal Board.

Senator Regan asked if someone could answer that. Robert Raundal, Chairman, State Tax Appeal Board said, this extra expenditure is in addition to the supplement. It is a supplement to the supplemental, actually. He miscalculated when we made the original calculation at the end of the

fiscal year. This is all we are talking about here is for County Tax Appeal Board expenses, it is not for the state.

Question was called, roll call vote was taken. motion passed, 10-5.

Motion from Senator Gage to amend line 5 on page 2 for the Department of Military Affairs. He said, you recall the flood last fall and one of the provisions was that the money that went to the family grant program from the federal government had to be matched 25% by the state of Montana. They were not able to determine at that time how much that was going to cost, and they now have determined it will cost the state \$42,404 in general fund money because the federal money has already been paid. This is to reimburse the federal for that 25%.

Senator Story asked when the determination had been made, and Senator Gage said, just in the last few days, I understand.

Question was called, voted, passed, unanimous.

Motion by Senator Gage to amend House Bill 434 on page 2, line 24. Attached as exhibit # 12. He said, this is spending authority for the Department of Highways so that if the 65 MPH speed limit goes into effect they can put up the interstate 65 mile per hour signs.

Senator Regan asked Mrs. Rippingale, is this really necessary, don't they have their pot of money and can't they spend it? Do they need this spending authority? Judy Rippingale answered, that is asking my opinion, but I guess after having my staff look at the Highway Budget they do feel they have plenty of money. The Highway Department may not feel the same.

Senator Regan asked, are we appropriating more money for this? In their maintenance certainly they have enough money. What is left in their maintenance budget? Senator Keating said, \$40 million. Mr. Gosnell, Highway Department said the '07 fiscal year is \$38 million reduced from 41 which we actually used in 1986. There is a \$3 million reduction in the current fiscal year from what we spent last year.

Senator Regan asked, how much do you have left? Mr. Gosnell said, right now we are over budgeted. We did not have the winter storms. On our budget with 25% of the time spent and we are right around 65% spent so far as money. Senator Regan asked, how much money is sitting there with the 35% that is left then. Mr. Gosnell answered 35% of \$38 million.

Senator Story asked if this is where the gas tax money is, and you are not asking for general fund then? Mr. Gosnell said they were not asking for general fund money.

Question was called, vote unclear, roll call vote taken. Motion carried, 8-7.

Motion by Senator Gage, page 2, following line 23. He said this is for equipment for the Environmental Quality Council. He said they were using some old equipment the LFA had and it is so old it can not be covered by a maintenance contract and it finally gave up. This would allow them to buy some equipment which no longer works in their office.

Senator Bengtson asked, it is not long until the new fiscal year, is it really that urgent? Senator Gage said, I guess it is general fund whether you put it in this year or next year. It is my understanding it is not in their current budget request because the equipment was going when they had their budget reviewed by our subcommittee.

Judy Rippingale said the equipment is now non-functional and EQC does not have enough equipment budget in '88 or '89, even if they could combine both years together to replace the equipment.

Question was called, motion not clear, roll call vote, 8-7, motion passed.

Motion by Senator Gage to amend page 2, line 16 to add \$56,520 for the Forensic Science lab. He said if the committee would recall he had passed around pictures of the building in Missoula and back in 1985 it was determined by the Architect and Engineering Division that the building was hazardous to your health to be in and a strong wind could blow the building down and they determined they should move out of the building. They had some very expensive equipment in it that was being littered by dust and they were not able to keep some of the equipment warm enough to keep it operating.

Senator Gage gave the history of the move from the building, the remodeling and the amortized the cost over a period of years. If they do not get the supplemental they will probably have to lose some FTE and they indicate they are presently behind in the work they are doing.

Senator Keating asked, what state special revenue fund is this? Senator Gage said it is my understanding it would come from the vehicle fee account.

Question was called, voted, Hands were raised for no votes, there were 5 no votes, the motion was carried. The amendment is attached as exhibit #14.

Motion by Senator Gage to amend page 2, line 6. Amendment is attached as exhibit # 15. He said this deals with the food security act of 1985 whereby the liens are being filed in the Secretary of State's office. They have funding available for handling this supplemental from the fees they charge for their service, they have had more requests than they anticipated, and need spending authority of about \$48,000.

Senator Hammond asked where this money was coming from and Senator Gage answered, this money comes from fees that are charged to the users of their service in the Agricultural liens that are filed with the Secretary of State's office.

Senator Bengtson asked how much they were raising the fees and Senator Gage answered, they are not raising the fees.

Question was called, Voted, passed, Senators Jergeson, Regan, Story and Bengtson voting no the motion carried.

Motion by Senator Jacobson that House Bill 434, as amended be concurred in.

Question was called, roll call vote was taken, 8-7, the motion passed. Senator Jacobson to carry the bill.

The meeting was adjourned.



Senator Regan, Chairman

ROLL CALL

50th LEGISLATIVE SESSION - - 1987

Date 3-30-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR REGAN	✓		
SENATOR HIMSL	✓		
SENATOR JACOBSON	✓		
SENATOR BENGTON	✓		
SENATOR STIMATZ			
SENATOR HARDING	✓		
SENATOR HAFLEY	✓		
SENATOR SMITH	✓		
SENATOR KEATING	✓		
SENATOR STORY	✓		
SENATOR BOYLAN	✓		
SENATOR JERGESON	✓		
SENATOR TVEIT			✓
SENATOR MANNING	✓		
SENATOR HAMMOND	✓		
SENATOR GAGE	✓		

*Amend
Budget Dept
4/6/87*

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 1
DATE 3-30-87
BILL NO. 621

Admendments to HB 621:

Fix or repeal the "Addy" admendment

Repeal

1) Page: 3
Lines: 3-19
Strike: Section 5

Page: 7
Line: 25
Strike: 1,900,000
Insert: 2,000,000

Page: 8
Line: 5
Strike: 900,000
Insert: 1,000,000

Fix

1) Page: 3
Line: 14
Strike: 1,550,000
Insert: 1,650,000

2) Page: 3
Line: 17
Strike: 950,000
Insert: 850,000

Repair the West Yellowstone Airport Roof:

1) Page: 7
Line: 13

Insert : New Section: Section 9. There is appropriated from the Stripper Well Payment contained in the Federal Special Revenue Fund to the Department of Commerce 65,000 for repair of the roof at the West Yellowstone Airport.

2) Page: 7
Line: 25
Strike: 1,900,000
Insert: 1,985,000

Amended #1

AMENDMENT TO HB 434

Amend section A. GENERAL GOVERNMENT line 4 page 2

Insert "CRIME CONTROL DIVISION

Crime Reporting Enhancement 1987 57,698 Federal Special

The unexpended balances are reappropriated for fiscal years
1988 and 1989."

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 1

DATE 3-30-87

H BILL NO. 434



ECONOMIC DEVELOPMENT ASSOCIATION

Post Office Box 1093

• Helena, Montana 59624 •

DATE: March 27, 1987

TO: Members of the Senate Finance and Claim
Committee

FROM: Montana Economic Development Association

SUBJ: House Bill 621

I want to thank you for the opportunity to testify before the Senate Finance and Claims Committee in support of the Governor's recommendation, in House Bill 621, for an appropriation from the Exxon Oil Overcharge monies for a transportation hub facility.

A large segment of the economic development community in Montana is vitally interested in the construction of the hub. We believe that it will provide significant economic benefits as well as the necessary and appropriate energy savings required. The economic development "triple play" that comes with the facility includes:

1. Creation of Montana jobs -- an estimated 250 primary and secondary jobs.
2. Reduced freight rates -- retaining more dollars in the pockets of Montana manufacturers, shippers and producers, resulting in more money spent on Main Street, Montana.
3. Availability of new markets for Montana products -- resulting from reduced rates while enabling Montana products to be shipped further and still remain competitive.

Because of these things, we endorse the concept for its economic as well as energy benefits. Testimony on behalf of the transportation hub has come previously by the following entities:

Butte Local Development Corporation
Gallatin Development Corporation
Missoula Economic Development Corporation
Anaconda Local Development Corporation
Great Falls Chamber of Commerce
Butte Chamber of Commerce
Anaconda Chamber of Commerce
Lewis and Clark County Commission Chairman
Champion International
Montana Grain Growers Association
Montana Motor Carrier's Association

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 2

DATE 3-30-87

H BILL NO. 621

This project would benefit Montana's basic shippers in agriculture, timber, and mining, and would provide a strong competitive boost for the State's economy.

Again, we urge your support for HB 621 and specifically for the \$2.1 million appropriation and the construction of the transportation hub by one of our Montana communities.

prh

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 2 *Page 2*
DATE 3-30-87
BILL NO. 621

#2
Manning
passed

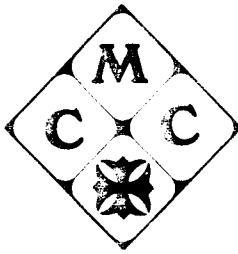
Amend House Bill 434

1. Page 5, Line 4

Insert: "Water Quality Bureau 1987 103,718 Federal Special"

The Department of Health, Water Quality Bureau has been notified by the Environmental Protection Agency (EPA) that they have available an additional \$103,718 of federal funds for the Water Pollution Control Program in Fiscal Year 1987. The additional funds will be used to enter in to ~~additional~~ water monitoring contracts, purchase equipment and other additional services identified by the Water Quality Bureau. This amendment does not effect current general funds or require additional general fund support in the future.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 2
DATE 3-30-87
H BILL NO. 434



Montana Catholic Conference

March 30, 1987

CHAIRMAN REGAN AND MEMBERS OF THE SENATE FINANCE AND CLAIMS COMMITTEE:

I am John Ortwein representing the Montana Catholic Conference.

I am here today to speak in favor of House Bill 621.

I would like to specifically address two sections of the Bill which deal with the weatherization of homes and the Energy Share portion of the bill.

For several years members of low-income groups have come to various committees of the Montana Legislature stating the same phrase, "We would like to have a job." This bill encourages those entities that receive weatherization funds to hire individuals who are eligible for general assistance to do the weatherization work. This not only employs persons who might not otherwise have a job, but will result in a savings to the government through decreased welfare and unemployment insurance expenditures and increased revenues from the taxes paid by the newly employed.

From the conception of the Energy Share, Inc. program the Montana Catholic Conference has been involved. We are still a sponsor of the program. The first Chairman of Energy Share was John Frankino, who served in the position I now hold as Director of the Montana Catholic Conference.

Energy Share serves well as a program to bring the private and corporate sectors together to help in providing heat and light to those that would not otherwise find assistance. Energy Share has done a good job through the years and the appropriation of \$100,000 for each year of the next biennium to match private contributions will help a great number of people.

We urge your support of H.B. 621

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 3
DATE 3-30-87
BILL NO. 621

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES



TED SCHWINDEN, GOVERNOR

COGSWELL BUILDING

STATE OF MONTANA

HELENA, MONTANA 59611

Date: March 18, 1987

TO: Ray Hoffman

FROM: Steve Pilcher

SUBJECT: Proposed budget for additional 106 funds

In view of the fact that we have been notified by EPA that we have available to us funds in excess of our current spending authority by an amount of \$103,718, we have developed the following proposed budget to be submitted to the legislature for their consideration and hopeful approval. It should be pointed out that these funds do not require a general fund match as the required state level of effort has already been met. It is also unlikely that the funds will be available in future years if not applied for now.

A proposed budget is as follows:

2100 - CONTRACTED SERVICES

- \$3,000 2102 - Consultant & Prof. Service - Evaluation of the information in the Flathead Basin Monitoring Plan by recognized experts in the field of limnology.
- \$4,000 2144 - Microfilming/D of A - Past records of the bureau from both the Helena and Billings office need to be microfilmed for permanent record.
- \$5,000 2169 - Contracts with non-profits - Contract with USGS to establish a gauging station on Stoner Creek, a tributary to Flathead Lake.
- \$8,700 Contract with the Flathead Conservation District for a watershed study on Ashley Creek in conjunction with improvements to the Kalispell wastewater treatment plant.

2800 - OTHER

- \$3,000 2801 - Dues - Annual membership to the Association of State and Interstate Water Pollution Control Officials.

3100 - EQUIPMENT

- \$33,500 3106 - Multi-user computer terminals

RECEIVED AND CLAIMS

EXHIBIT NO. 3

DATE 3-30-87

H BILL NO. 434

Jacobson
#4

Amend House Bill 434, Third Reading Copy (blue)

1. Title, line 8.

Following: "i;"

Insert: "APPROPRIATING MONEY FROM THE COAL SEVERANCE TAX
PERMANENT FUND"

2. Page 7.

Following: line 5

Insert: "Section 6. Appropriation of coal severance tax
permanent fund -- three-fourths vote required. (1) There is
appropriated \$35,000,000 from the coal severance tax
permanent fund created in 17-5-703(1)(b), but not from the
Montana in-state investment fund created in 17-6-306, to the
general fund for the fiscal year ending June 30, 1987.

(2) Because subsection (1) appropriates money from the
coal severance tax permanent fund, Article IX, section 5, of
the Montana constitution requires a vote of three-fourths of
the members of each house for passage. If passage occurs
without the necessary three-fourths vote, this section is
void."

Renumber: subsequent section

XT01

\wp\lee\amdhb434(pg4)

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 4
DATE 3-30-87
BILL NO. 434

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE AND CLAIMS

DATE _____

3-30

14 Feb

Bill No.

434

Time

8.3

[illegible]

Sylvia Kinsey
Secretary

Senator Regan
Chairman

MOTION:

July 8th
545 1/2 2 2 2 2

Motion -
 Carried -
 Amendment
 Adopted

Exhibit #4

~~Handwritten signature~~
Handwritten initials

Admendment to HB 434

Page 7.

Line 5

Following: account.

Insert: If section 6 is void this subsection (2) is void.

SERVICE FINANCE AND CLAIMS
EXHIBIT NO. 5
DATE 3-30-83
BILL NO. 2213 434

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE AND CLAIMS

DATE _____

Bill No. 934

Time 7:55

NAME	YES	NO
SENATOR HIMSL		✓
SENATOR JACOBSON	✓	
SENATOR BENGTON	✓	
SENATOR STIMATZ		
SENATOR HARDING		✓
SENATOR HAFLEY		✓
SENATOR SMITH		✓
SENATOR KEATING		✓
SENATOR STORY	✓	
SENATOR BOYLAN		✓
SENATOR JERGESON	✓	
SENATOR TVEIT		✓
SENATOR MANNING		✓
SENATOR HAMMOND		✓
SENATOR GAGE	✓	
SENATOR REGAN		✓

5 10

Sylvia Kinsey
Secretary

Senator Regan
Chairman

MOTION: Judy J. [signature]

H 95

Herman
11/16

AMENDMENT TO HOUSE BILL 434

Page 5, after line 12, insert:

COMPUTER TERMINAL
AND COSTS

1987

11,109

Federal Special

6

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 6
DATE 3-30-87
H BILL NO. 134

107 247
up

AMENDMENT TO WORKERS' COMPENSATION DIVISION SUPPLEMENTAL

The Federal Government has advised the Division that funds are available to purchase a computer terminal and supporting software to allow the Division to interact with OSHA's Integrated Management Information System.

The Division will be able to submit On-Site Consultation inspection results directly to OSHA's computer system rather than submitting written reports on a weekly basis. This information will be integrated with all other states' information and will be accessible on-line to all states participating in the program. This information will be used to assist Loss Control personnel in their efforts to reduce accidents in the workplace.

The Division will also have access to OSHA's database which will include information on chemicals and correction of workplace hazards.

SENATE FINANCE AND CLAIMS -
EXHIBIT NO. 7
DATE 3-30-87
H BILL NO. 434

Page #8

Amend House Bill 434, Third Reading Copy (blue)

1. Page 3, line 19.

Strike: "LOCAL" on line 19 through "MCA." on line 3 of page 4.

Insert: "Lewis and Clark County 1987 1,814,821.50 General Fund"

Adjust: totals accordingly

1,814,821.50

XT01

\wp\lee\amdhb434(pgl)

11-4
6

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 8

DATE 3-30-87

AT BILL NO. 434

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE AND CLAIMS

DATE 9/30

14

Bill No. 4311

Time 2:00

NAME	YES	NO
SENATOR HIMSL	<i>✓</i>	
SENATOR JACOBSON	<i>✓</i>	
SENATOR BENGTSON	<i>✓</i>	
SENATOR STIMATZ		
SENATOR HARDING	<i>✓</i>	
SENATOR HAFHEY	<i>✓</i>	
SENATOR SMITH	<i>✓</i>	
SENATOR KEATING		<i>✓</i>
SENATOR STORY		<i>✓</i>
SENATOR BOYLAN		<i>✓</i>
SENATOR JERGESON	<i>✓</i>	
SENATOR TVEIT	<i>✓</i>	
SENATOR MANNING	<i>✓</i>	
SENATOR HAMMOND	<i>✓</i>	
SENATOR GAGE	<i>✓</i>	
SENATOR REGAN		<i>✓</i>

11 2/2

Sylvia Kinsey
Secretary

Senator Regan
Chairman

MOTION: Arg #6
Exhibit #8

passed

Bill # 9

HB434am.end

HB434 AMENDMENT
Senate Finance and Claims

Page 3

Line 7

Insert: "Federal Discretionary 1987 \$807,474 Federal
Special"

Explanation: This amendment provides authority to the Office of Public Instruction for pass-through federal vo-ed funding. Because these funds are discretionary funds, a state appropriation is needed to insure proper distribution to school districts.

2/6

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 9
DATE 3-30-87
BILL NO. 434

8 Page

AMENDMENT TO HOUSE BILL 434

House Bill 434 is hereby amended to read as follows on
Page 2, Line 22:

Reappraisals 1987 402,541 491,362 General Fund

2

24h 10

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 10
DATE 3-30-87
BILL NO. 434

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE AND CLAIMS

DATE 3-30-81

H

Bill No. 4301

Time 8:10

NAME	YES	NO
SENATOR HIMSL	<input checked="" type="checkbox"/>	
SENATOR JACOBSON	<input checked="" type="checkbox"/>	
SENATOR BENGTON	<input checked="" type="checkbox"/>	
SENATOR STIMATZ		
SENATOR HARDING	<input checked="" type="checkbox"/>	
SENATOR HAFLEY	<input checked="" type="checkbox"/>	
SENATOR SMITH		<input checked="" type="checkbox"/>
SENATOR KEATING	<input checked="" type="checkbox"/>	
SENATOR STORY		<input checked="" type="checkbox"/>
SENATOR BOYLAN		<input checked="" type="checkbox"/>
SENATOR JERGSON	<input checked="" type="checkbox"/>	
SENATOR TVEIT		<input checked="" type="checkbox"/>
SENATOR MANNING	<input checked="" type="checkbox"/>	
SENATOR HAMMOND		<input checked="" type="checkbox"/>
SENATOR GAGE	<input checked="" type="checkbox"/>	
SENATOR REGAN	<input checked="" type="checkbox"/>	

10 5

Sylvia Kinsey
Secretary

Senator Regan
Chairman

MOTION: H S
Page
Tax Appeal Bd

8

AMENDMENTS TO
HOUSE BILL NO. 434
(Third Reading Copy)

WJF-

1. Page 2, line 5.
Following: line 4
Insert:
"DEPARTMENT OF MILITARY AFFAIRS
Disaster and Emergency Services 1987 \$42,404 General Fund"
2. Page 6, line 16.
Following: line 15
Strike: "23,697,498"
Insert: "23,739,502"
3. Page 6, line 22.
Following: line 21
Strike: "45,745,781"
Insert: "45,788,185"

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 11
DATE 3-30-87
BILL NO. 434

DEPARTMENT OF MILITARY AFFAIRS
Amendments to HB 434 (Third Reading Copy)

The state's share of the Disaster Relief, granted to individuals affected by the flooding which commenced September 1986 in North-Central Montana, is an additional \$42,404 in general fund monies. This funding will be utilized to reimburse the Federal Emergency Management Agency (FEMA).

FEMA has paid 100% of the approved grants under the program, with the provision they be reimbursed by the state for the state's share.

The funding requested involves only the Individual Family Grant Program of the flooding disaster. This program provides disaster relief of 75% of the cost involved by FEMA with the state responsible for 25%.

For an individual to be eligible for a grant under this program, the individual must first receive a declaration of assistance from the Small Business Administration.

Difficulty was encountered in obtaining factual data from SBA on which to determine the state's share.



SENATE FINANCE AND CLAIMS
EXHIBIT NO. 1-A
DATE 3-30-87
A- BILL NO. 434
Explanation
J # 11

#9
Amendment to HB 434, 1987 Supplemental Bill:

Page 2, Line 24:

Insert: "DEPARTMENT OF HIGHWAYS

Maintenance 1987 65,000 State Special

Contingent upon legislation passing which would increase
the speed limit on the Interstate System to 65 MPH."

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 12
DATE 3-30-87
X BILL NO. 434

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE AND CLAIMS

DATE

3-30

Bill No.

434

Time

8:16

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

Sylvia Kinsey

Secretary

Senator Regan

Chairman

MOTION:

Page # 9

Highway Dept
exh # 12

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE AND CLAIMS

DATE _____

Bill No. _____

Time 8:18-

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	✓	
	✓	

8 7

Sylvia Kinsey
Secretary

Senator Regan
Chairman

MOTION: 4 10
ECC

6

#10

Page 2, Following Line 23

Insert: "Environmental Quality Council
Equipment and Related Items

bpj

\$7,500, general fund"

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 13
DATE 3-30-87
X BILL NO. 434

11

Wap

Amendment to HB 434 third reading copy

1. Page 2, line 16.

Following: State Special

Insert: Forensic Science

1987

56,520

State Special

James

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 14
DATE 3-30-87
BILL NO. 434

#12

bay

SECRETARY OF STATE

Amendments to HB434

1. Page 2, line 6.
Strike: "108,117"
Insert: "156,466"

This supplemental appropriation is needed to meet the requirements of the federal farm bill, the Food Security Act of 1985. Section 1324 of the farm bill resulted in additional system development and data entry costs for the centralized agricultural lien program in the secretary of state's office. The secretary of state's office has already incurred \$121,466 in systems development and conversion costs as a result of this federal law; an additional \$35,000 in data processing charges are anticipated.

The funding for these added expenses comes from fees paid into the state special revenue fund by agricultural lenders and agricultural buyers who have chosen to subscribe to the service. Through February, revenues collected significantly exceed expenditures incurred.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 15
DATE 3-30-87
* BILL NO. 434

ROLL CALL VOTE

SENATE COMMITTEE

FINANCE AND CLAIMS

DATE 3-30

H Bill No. 434

Time 8:50

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		✓

8 7

Sylvia Kinsey
Secretary

Senator Regan
Chairman

MOTION: 9 As Amended
Be Concurred

Amend

*Amendment
Not out
Not act on*

Amendment to HB 434

- 1) Page 1
Line 8
Strike: General fund
Insert: School Foundation Program
- 2) Page 3
Line 6
Strike: 1,000,000 General fund
Insert: 35,000,000 Local Impact and Education Trust Fund
Account
- 3) Page 6
Line 23 through Page 7 Line 5
Strike: Section 5
- 4) Amend totals as necessary

The following narrative explains briefly the supplementals being requested by state agencies for fiscal year 1987. The narrative is presented in the same order as the supplemental bill.

GENERAL GOVERNMENT

SECRETARY OF STATE

Food Security Act

\$108,117 State Special Revenue - This supplemental provides for systems development and conversion costs to meet the requirements of section 1324 of the federal food security act of 1985. Fee revenues from users of the central notice system will pay for this service. The system is used by lending institutions to verify ag lien information. These lenders provide the funding for the system.

STATE AUDITOR

Central Payroll - Technician

\$20,162 State Special Revenue - This supplemental for the Central Payroll Program provides funds to fill a payroll technician position lost during the budget reductions. This position was previously funded through the general fund. This request asks for funding from the payroll special revenue account. Most of the funds come from federally funded programs.

Central Payroll - Fed reporting

\$35,000 State Special Revenue - This increase provides central payroll with funds to account for Medicare Tax Report and Comp Time modifications to the payroll system. These two system mods are required by federal regs. A budget amendment was requested by the auditor, but was rejected due to not meeting the emergency provision of the budget amendment law.

Fiscal Management

\$11,400 General Fund - The communications budget for the Audit Division is augmented to compensate for a 6% increase in the number of warrants being mailed. This increase pays for the cost of postage.

Insurance

\$6,000 State Special Revenue - This increase provides for expansion in the long distance telephone expenditures for the Insurance Division. This division has experienced increases in the number of questions and complaints being registered due to the current uncertainties in the insurance industry.

DEPARTMENT OF JUSTICE

County Attorney Payroll

\$57,200 General Fund - This increase provides funds for the county attorney payroll costs that had to be paid in fiscal year 1986. The anticipated cost was lowered due to the passage of HB11 during the June Special Session. This bill allows a freeze of certain salaries at the county level. Because some salaries were frozen, less is needed in the supplemental request.

Law Enforcement Academy

\$10,500 State Special Revenue - This supplemental provides additional funding for the Law Enforcement Academy Division to include an Emergency Vehicle Operations and First Responder component in their basic curriculum.

DEPARTMENT OF REVENUE

Beneficial Use Litigation

\$3,864 General Fund - These funds will be used to contest an appeal made on the Beneficial Use Tax for powerlines used by the Coal Strip consortium for tax years 1984-85. There is approximately \$3 million in protested taxes.

DEPARTMENT OF ADMINISTRATION

Reappraisals

\$402,541 General Fund - This supplemental provides funding to replace money transferred to the State Tax Appeals Board to cover the substantial increase in workload stemming from property tax appeals because of the completion of reappraisal. County appeal costs account for \$378,900 of the increased cost.

Manual Disparity

\$33,750 General Fund - This supplemental is also for the State Tax Appeals Board. After the reappraisal of 1978 an issue known as manual disparity or the "34%" issue arose. Nearly 2,000 appeals to STAB are affected by the potential ruling. The ruling is expected at anytime.

EDUCATION

OFFICE OF PUBLIC INSTRUCTION

Title IX Sex Equity Lawsuit

\$100,609 General Fund - This supplemental provides funds to pay for expenses incurred by the Office of Public Instruction in its defense in the Title IX Sex Equity Lawsuit. This suit involves athletic programs in Montana's Public Schools.

Foundation Program Lawsuit

\$234,313 General Fund - This request helps pay for expenses

incurred in the Foundation Lawsuit brought against the state by various school districts. The suit challenges Montana's system and level of funding k-12 education.

School Transportation

\$281,586 General Fund - This supplemental provides funding for the state transportation costs of K-12 education. Because the reimbursement amount to local schools is set by statute, any shortfall in the transportation payments is funded through the supplemental process.

School Foundation Program

\$1,000,000 - General Fund - This amendment is based on the assumption that the revenue generated to the school equalization account will not be sufficient to cover the anticipated reimbursements to public schools. Statute provides that any shortfall in equalization aid shall be funded through the supplemental process.

BOARD OF PUBLIC EDUCATION

Litigation Defense

\$17,525 General Fund - This request provides funding for expenses incurred because of added legal costs. These added costs stem from the Board's involvement in two lawsuits involving Title IX and the Foundation Program funding system.

MONTANA UNIVERSITY SYSTEM

Board of Regents

\$4,500 General Fund - Supplemental funding is requested to provide per diem compensation at statutory compensation levels for Board of Regent members. The current budget contains only \$25 allowances despite the current law calling for \$50 allowances. Board members had to serve about 50% of FY86 without per diem reimbursement because of the inaccurate funding level.

MSU - Fee Waiver

\$207,657 General Fund - Montana State University is requesting a supplemental appropriation to correct an error in the Scholarship and Fellowships appropriation. Mandatory fee waiver funding was not included in MSU's appropriation for either fiscal 86 or 87. The fact that funds for mandatory waivers were not included in the appropriation does not relieve the University of its responsibility to grant fee waivers to those students who qualify for them.

NATURAL RESOURCES

DEPARTMENT OF STATE LANDS

Central Administration - Twin Bridges

\$11,800 General Fund - State Lands requests funding to maintain minimal caretaking services at the Childrens' Center at Twin Bridges. The department had to repossess the property in August of 86. Funding is needed for a contract for caretaking and utilities.

Forestry - Fire

\$557,462 General Fund - This request is for fire suppression costs in the Forestry Division. Because of the difficulty in estimating what kind of fire season we will have, the legislature has adopted the policy of paying for past fire costs by supplemental funding. This request covers the 1986 fire season and one carryover bill from the 1985 season.

DEPARTMENT OF COMMERCE

Local Government Block Grant

Language is added to allow compliance with the Supreme Court order requiring the state to make payment to Lewis and Clark County. This payment is for \$1.83 million and represents payments not received in the past. This amount has been distributed to other counties over the life of the block grant program.

INSTITUTIONS

DEPARTMENT OF INSTITUTIONS

Corrections Medical

\$680,000 General Fund - This request is for augmentation of the corrections medical budget. The supplemental is needed due to two reasons. First, the average daily population has increased substantially over the 1984 population on which the appropriation was based. Second, the cost per resident has escalated (Institutions cont.)

beyond the 1984 base cost. The appropriation was based on an average cost of \$575.94 per year. Actual costs in FY 85 was \$738.82.

Worker's Compensation

\$1,974,297 General Fund - This supplemental is to cover increased Workers' Comp costs for all of the institutions. A breakdown by institution is:

Montana State Hospital	-	\$1,129,999
Montana Developmental Center	-	416,959
Montana State Prison	-	331,176
Eastmont	-	71,442
Center for the Aged	-	20,588
Vets Home	-	10,157
Pine Hills	-	(3,086)

Mountain View	-	(3,068)
Others	-	130

Total		<u>\$1,974,297</u>
-------	--	--------------------

MOUNTAIN VIEW SCHOOL

\$4,000 State Special - Mountain View School is requesting additional authority for its Canteen operation. The canteen sells goods to residents and needs extra authority to continue current services.

PINE HILLS SCHOOL

\$15,000 State Special - This request is for canteen authority similar to the request at Mountain View.

MONTANA STATE PRISON

Prison Lawsuit

\$351,291 General Fund - This supplemental provides funding for payment of damages incurred at the Prison because of a law suit involving a malpractice settlement incurred by a local physician and his insurance company. Apparently the doctor's contract had a hold harmless clause leaving the state liable under the original lawsuit by a former inmate.

Canteen

\$244,998 State Special - The prison needs added canteen spending authority because of the large increase in population. This program provides goods such as cigarettes and personal items to inmates.

SWAN RIVER FOREST CAMP

Canteen

\$15,000 State Special - Like the prison, this request is for the canteen operating fund which does not have adequate authority to continue providing goods to inmates at the facility.

MONTANA STATE HOSPITAL

Canteen

\$12,162 State Special - Canteen operations needs additional authority at the state hospital for continued service to residents.

YOUTH TREATMENT CENTER

\$140,000 General Fund - Sale of the Youth Treatment Center to a private provider (Rivendale) was delayed one month. This supplemental is for operations of the facility for this time period.

HUMAN SERVICES

HEALTH AND ENVIRONMENTAL SCIENCES

Certificate of Need

\$35,713 General Fund - This supplemental provides funding for the department to continue certificate of need operations in fiscal year 1987. Federal health planning funds were not reauthorized. The department has enough federal authority to carry the program through February. The health planning bureau provides the staff and technical support necessary for the department to administer the Montana certificate of need legislation which sunsets June 30, 1987.

DEPARTMENT OF LABOR AND INDUSTRY

Social Security Offset

\$20,702 General Fund - This supplemental is required to reimburse a private insurance company for costs they incurred in Young Motor Company v. Division of Worker's Compensation decided by the Montana Supreme Court. The decision enabled the claimant to be eligible for the Social Security Offset Program.

Workload Increases

\$313,064 and \$23,223 State Special - These supplementals are due to the serious backlog in workload for the State Insurance Fund in FY86. Additional FTE's to deal with the backlogs were authorized through a transfer from other programs within Labor and Industry. These positions were continued into Fy 87 to continue the effort of reducing the backlog of work.

Actuary Report

\$6,114 - State Special - This supplemental pays for a second opinion obtained from an actuary on the fiscal condition of the Worker's Comp fund.

Audit

\$60,536 - State Special - This supplemental provides funding for an independent audit of the Worker's Comp. Program by the Office of the Legislative Auditor.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Foster Care

\$1,727,008 General Fund, (\$107,922) Federal Special & \$378,377 Other Special (county) - Foster care benefits require a supplemental appropriation due to foster care and group home placements above the number estimated by the 1985 session. In addition, the number of placements by type of placement also changed between the last legislature and this session as differ-

ent foster care benefits have different funding mixes.

AFDC

\$2,378,109 General Fund, \$5,915,012 Federal Special & \$196,745 Other Special (county) - The most recent estimate of AFDC caseload for FY87 is 9,352. Budgeted caseload for FY87 is 8,083. This supplemental request provides funding for the anticipated caseload through the end of FY87. These costs are based on 8,464 regular cases @ \$321.50 per month and 888 UP cases @ \$422.00 per month.

Day Care

\$48,203 General Fund & \$94,563 Federal Special - The AFDC day care appropriation was reduced by the June special session. Increased AFDC caseloads are causing this benefit to be used more than anticipated.

General Assistance

\$2,905,006 General Fund - The state General Assistance Program will increase due to the district court ruling that SRS cannot limit any recipient's GA benefits to two months in any twelve month period. The amount was increased 1.5 million due to the inability to move unexpended funds from FY 86 to FY87.

Nonresident GA

\$150,000 General Fund - This supplemental is for nonresident general assistance. The cost is due almost entirely to the cost of one accident of a nonresident. The entire biennial appropriation for this program was \$60,000.

Medical Assistance Administration

\$2,500 General Fund & \$7,500 Federal Special - This supplemental request would fund preadmissions screening for psychiatric treatment at Rivendell Youth Treatment Center and expert witness testimony if adverse findings are appealed.

State Medical

\$2,547,951 General Fund - Claims for state medical assistance are higher than estimated during the 1985 Legislature. To date the number of claims paid is running much higher than a year ago. This program is 100% general fund.

Medicaid Youth

\$488,400 General Fund & \$1,011,600 Federal Special - Rivendell Youth Treatment Center is expected to receive medicaid certification retroactive to January 1st of this year. This supplemental funds the cost of those medicaid eligible youth at the facility.

Medicaid Other

\$7,045,153 General Fund & \$13,698,532 Federal Special - Supplemental appropriation is requested in the medicaid other program due to higher than anticipated AFDC caseloads and higher numbers of claims.

Consultec Claims

\$60,000 General Fund & (\$20,000) Federal Special - This supplemental provides funding to pay Consultech for processing claims. Because of increased claims in the state medical program, this additional amount is requested.

12 Mill Levy Deficiency

\$218,958 - General Fund - This supplemental is necessary to fund the shortfall anticipated in County mill levy funding. The amount is based on the revenue estimates formulated by the joint committee on revenue estimates.

TRANSFER OF EDUCATION TRUST FUNDS

The House added section 5 which transfers \$35 million of Education Trust funds to the General Fund to pay for the cost of these supplementals and help balance the FY87 state budget. Any balance remaining in the general fund at fiscal year end will be transferred back to the Trust Fund.

STANDING COMMITTEE REPORT

..... March 30 19 87

MR. PRESIDENT

We, your committee on FINANCE AND CLAIMS

having had under consideration..... House Bill No. 434

third reading copy (blue)
color

SUPPLEMENTAL APPROP. TO VARIOUS STATE AGENCIES FOR CURRENT FISCAL YEAR

DONALDSON (Jacobson)

Respectfully report as follows: That..... House Bill No. 434
be amended as follows:

1. Title, line 8.

Following: "FUND;"

Insert: "APPROPRIATING MONEY FROM THE COAL SEVERANCE TAX
PERMANENT FUND;"

2. Page 1, line 12.

Following: line 12

Strike: everything following the enacting clause

Insert: attached material

AND AS AMENDED

BE CONCURRED IN

XXXXXX
DO PASS

XXXXXXXXXX
DO NOT PASS

..... Senator Regan

Chairman.

"Section 1. Time limits. The appropriations contained in this act are intended to provide only necessary and ordinary expenditures for the year for which the appropriations are made. The unspent balance of any appropriation must revert to the fund from which it was appropriated unless the appropriation is continued by this act.

Section 2. Governor's power to reduce appropriations. In the event of a shortfall in revenue, the governor may reduce any appropriation in this act by not more than 15%.

Section 3. Totals not appropriations. The totals shown in this act are for informational purposes only and are not appropriations.

Section 4. Appropriations. The following money is appropriated, subject to the terms and conditions of this act:

<u>Agency and Program</u>	<u>FY</u>	<u>Amount</u>	<u>Fund</u>
A. GENERAL GOVERNMENT			
BOARD OF CRIME CONTROL			
Crime Reporting Enhancement 1987	\$	57,698	Federal Special
The unexpended balances are reappropriated for fiscal years 1988 and 1989.			
DEPARTMENT OF MILITARY AFFAIRS			
Disaster and Emergency Services	1987	42,404	General Fund
SECRETARY OF STATE			
Food Security Act	1987	156,466	State Special
STATE AUDITOR			
Central Payroll	1987	20,162	State Special
Central Payroll	1987	35,000	State Special
Fiscal Management	1987	11,400	General Fund
Insurance	1987	6,000	State Special
DEPARTMENT OF JUSTICE			
County Attorney Payroll	1987	57,200	General Fund
Forensic Science	1987	56,520	State Special
Law Enforcement Academy	1987	10,500	State Special
DEPARTMENT OF REVENUE			
Beneficial Use Litigation	1987	3,864	General Fund
DEPARTMENT OF ADMINISTRATION			
Reappraisals	1987	491,362	General Fund
Manual Disparity	1987	33,750	General Fund
DEPARTMENT OF HIGHWAYS			
Maintenance	1987	65,000	State Special
This appropriation is contingent upon legislation passing that would increase the speed limit on the interstate system to 65 miles per hour.			
ENVIRONMENTAL QUALITY COUNCIL			
Equipment and Related Items 1987		7,500	General Fund

B. EDUCATION

OFFICE OF PUBLIC INSTRUCTION

<u>Agency and Program</u>	<u>FY</u>	<u>Amount</u>	<u>Fund</u>
Title IX Suit	1987	100,609	General Fund
Foundation Suit	1987	234,313	General Fund
Transportation	1987	281,586	General Fund
School Foundation Program	1987	1,000,000	General Fund
Federal Discretionary	1987	807,474	Federal Special
BOARD OF PUBLIC EDUCATION	1987	17,525	General Fund
MONTANA UNIVERSITY SYSTEM			
Board of Regents	1987	4,500	General Fund
MSU - Fee Waiver	1987	207,657	General Fund

C. NATURAL RESOURCES

DEPARTMENT OF STATE LANDS

Central Administration	1987	11,800	General Fund
Forestry	1987	557,462	General Fund

DEPARTMENT OF COMMERCE

Lewis and Clark County	1987	1,814,822	General Fund
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This appropriation is to satisfy the court award in Lewis and Clark County vs. State of Montana, Montana Supreme Court docket number 86-289.

D. INSTITUTIONS

DEPARTMENT OF INSTITUTIONS

Corrections Medical	1987	680,000	General Fund
Workers' Compensation	1987	1,974,297	General Fund
MOUNTAIN VIEW SCHOOL			
Care and Custody	1987	4,000	State Special
PINE HILLS SCHOOL			
Care and Custody	1987	15,000	State Special
MONTANA STATE PRISON			
Prison Lawsuit	1987	351,291	General Fund
MSP Canteen	1987	244,998	State Special
SWAN RIVER FOREST CAMP			
Canteen Fund	1987	15,000	State Special
MONTANA STATE HOSPITAL			
Canteen Fund	1987	12,162	State Special
YOUTH TREATMENT CENTER			
Treatment Services	1987	140,000	General Fund

E. HUMAN SERVICES

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

Certificate of Need	1987	35,713	General Fund
Water Quality Bureau	1987	103,718	Federal Special

DEPARTMENT OF LABOR AND INDUSTRY

Workers' Compensation			
Social Security Offset	1987	20,702	General Fund
Workload Increase	1987	313,064	State Special
	1987	23,223	State Special
Actuary Report	1987	6,114	State Special
Workers' Compensation Audit	1987	60,536	State Special

<u>Agency and Program</u>	<u>FY</u>	<u>Amount</u>	<u>Fund</u>
Computer Terminal and Costs	1987	11,109	Federal Special
DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES			
Foster Care	1987	1,727,008	General Fund
	1987	(107,922)	Federal Special
	1987	378,377	Other Special
AFDC	1987	2,378,109	General Fund
	1987	5,915,012	Federal Special
	1987	196,745	Other Special
Day Care	1987	48,203	General Fund
	1987	94,563	Federal Special
General Assistance	1987	2,905,006	General Fund
Nonresident GA	1987	150,000	General Fund
Medical Assistance			
Administration	1987	2,500	General Fund
	1987	7,500	Federal Special
State Medical	1987	2,547,951	General Fund
Medicaid Youth	1987	488,400	General Fund
Treatment Center	1987	1,011,600	Federal Special
Medicaid Other	1987	7,045,153	General Fund
	1987	13,698,532	Federal Special
State Medical	1987	60,000	General Fund
Consultec Claims	1987	(20,000)	Federal Special
12-Mill Levy Deficiency	1987	218,958	General Fund

STATEWIDE TOTAL

General Fund	1987	\$25,651,045
State Special Revenue	1987	1,043,745
Federal Special Revenue	1987	21,579,284
Other Special Revenue	1987	575,122
Total		<u>\$48,849,196</u>

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

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

Section 6. Appropriation of coal severance tax permanent fund -- three-fourths vote required. (1) There is appropriated \$35 million from the coal severance tax permanent fund created in 17-5-703(1)(b), but not from the Montana in-state investment fund created in 17-6-306, to the general fund for the fiscal year ending June 30, 1987.

(2) Because subsection (1) appropriates money from the coal severance tax permanent fund, Article IX, section 5, of the Montana constitution requires a vote of three-fourths of the members of each house for passage. If passage occurs without the necessary three-fourths vote, this section is void.

Section 7. Effective date. This act is effective on passage and approval."