

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

#### SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By Chairman Gary Spaeth, on January 23, 1989, at  
8:00 a.m.

#### ROLL CALL

Members Present: All members of the committee were present.

Members Excused: None

Members Absent: None

Staff Present: Evan McKinney, LFA  
Jane Hamman, OBPP  
Donna Grace, Committee Secretary

#### HEARING ON DEPARTMENT OF COMMERCE

#### List of Proponents and Group They Represent

Bill Fogarty, Department of Commerce  
Newell Anderson, Department of Commerce  
Maureen Stohl, Department of Commerce  
John Maloney, Department of Commerce  
Tom Clinch, Department of Commerce  
Carolyn Doering, Department of Commerce  
Andy Poole, Department of Commerce

#### List of Opponents and Group They Represent

None.

#### Transportation Division 28:B (001)

Bill Fogarty, Administrator of the Transportation Division, presented a summary of the budget for this Division. He stated that as far as general funding was concerned, the base in 1988 was \$603,626 and the request for 1990 in the executive budget is \$515,193, a reduction of about \$88,000. The current level shows 11 FTE while in the 88-89 biennium they had 15 FTEs. Exhibit 1 is a compilation of the Division's budget request together with an explanation of the work accomplished by the Transportation Division.

Executive Action: 28:B (092)

The LFA analyst provided copies of his analysis to committee members.

Exhibit 2.

Issue No. 1. The LFA budget includes \$13,413 more for travel expenses than is included in the executive budget. Mr. McKinney stated the main difference was in the way the McCarty Farms matter was handled. The LFA had all the money in 1990 and there is also a slight difference for travel.

MOTION: Senator Devlin made a motion to accept the executive recommendation.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 2. The LFA included \$4,682 more for other expenses than is included in the executive budget.

MOTION: Representative Kimberley made a motion that the executive recommendation be adopted. Mr. McKinney stated that approximately \$1,000 had been left out of the executive budget for photocopier rent and the LFA did include that.

SUBSTITUTE MOTION: Senator Jenkins made a substitute motion to include the \$1,000 in the first year of the biennium in the executive budget for photocopier rent.

VOTE: SUBSTITUTE MOTION PASSED. All present voted yes.

Issue No. 3. The executive recommends that the general appropriations act reinstate language which appeared in prior bienniums to the effect that the department shall seek to recover from any settlement the general fund expenditures made for the McCarty Farms/Staggers 229 litigation plus interest at the rate of 10% and that it is the intent of the legislature that recovery be sought for all such expenditures on this case. Representative Spaeth suggested that the motion also include going with the executive recommendation as far as funding was concerned also.

MOTION: Representative Swift made the motion that the executive recommendation be adopted including \$180,000 for funding as well as the appropriate language.

Senator Jergeson stated that they had already come in for a \$12,000 supplemental and perhaps the LFA recommendation would cover that. Ms. Hamman stated that they had reason to believe that this case is winding down and perhaps the expenditures might not be so high in the coming biennium.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 4. The executive budget recommends adding language to the general appropriations act specifying that the Transportation Division may request budget amendment authority to add a maximum of one FTE to be funded entirely with federal funds. Mr. Fogarty stated that they would like to keep this position in the event they are able to obtain

federal funding. He stated that there are two good possibilities that the funding will be received either through the Section 9 Program or federal project monies approved by the Federal Railroad Administration and they could use up to 5% of that money for administration.

MOTION: Senator Jergeson made the motion that the language be added to allow spending authority to add one FTE if federal funds are made available.

VOTE: MOTION PASSED. All present voted yes.

Issue No. 5 and 6. Budget Modification for Rail Planning. This modification would provide technical assistance for shortline railroads, provide for update of the state rail plan, and continue the rail data base. They are requesting 1.5 FTE each year and \$50,000 per annum which would be financed with federal funds. Issue 6 relates to UMTA (Exhibit 3) and would provide training, technical assistance, and research to rural transit operators. Funding would also be federal money of approximately \$60,117 per year and would add 1 FTE.

MOTION: Senator Jenkins made a motion that the budget modifications outlined in Issues 5 and 6 be adopted.

VOTE: MOTION PASSED. All present voted yes.

#### Pacific Rim Trade Office

Mr. John Maloney passed out copies of the detailed budget prepared by the Department of Commerce for the Pacific Rim Trade Office. (Exhibit 4) Mr. Cohn, who made the original presentation, was unable to attend the meeting as he was escorting Japanese business people around the state. Mr. Maloney reviewed the budget in some detail and then responded to questions from the committee.

Representative Iverson questioned the advisability of having a woman in the Taipei office because Mandarin do not like to deal with women. Mr. Maloney said they didn't feel that it was detrimental. However, there were questions as to how they could best utilize her services and, in addition, they realized that the site of the office which is given to them rent free is not in the most desirable location. Another item questioned was travel to Japan for representatives of the Governor's office.

Mr. Maloney clarified for the committee that the division does not ever get involved in contract negotiations. Their function is to identify the opportunities and to introduce the players. The question was asked if it would be possible to charge some sort of fee for the assistance given by the Pacific Rim Trade Office. Mr. Maloney said that charging a user fee had been considered but at this point it would be

very difficult to develop one, i.e., put a value on services provided.

Senator Devlin stated that the division had been asked to reexamine their budget and it looked to him like they had brought back the same budget. Chairman Spaeth stated that, no, he had only asked them to break it down to individual items so that it could be scrutinized more closely. Chairman Spaeth also stated that he hoped that in the next session of the legislature this office would be able to provide more in the way of information on what had been accomplished and what the actual benefits were in having an office in the orient.

MOTION: Senator Jergeson made a motion that the executive budget be approved, however, the two trips to Japan for representatives of the Governor's office should be removed.

VOTE: MOTION PASSED. Representative Swift voted no. All others voted yes.

Local Government Assistance Division 29:B (052)

Mr. Newell Anderson, Administrator of the Local Government Assistance Division presented an overview of the Division's activities. Exhibit 5. He stated that their budget contains 77% federal funds, 14% general funds, 3% special revenues and 6% proprietary funds. There were no major differences between the executive recommendations and the LFA current level. The Local Government Assistance Division has twelve programs which provide either direct services or financial assistance to all Montana communities and residents.

Coal Board (580)

Senator Jergeson stated that the previous administration had indicated they wanted to make a change in this program. Ms. Hamman stated that they had indicated that they wanted a change and a school foundation bill will be introduced from the executive that will address this as well as other changes. However, no details are available at this time. Chairman Spaeth stated that this matter is under advisement and it will be considered at a later date.

Hard Rock Mining Board (616)

LFA Analysis - Exhibit 6. Also see Exhibit 7 which contains the agency's analysis of the budget for this board.

Issues No. 1, 2, and 3. The executive budget includes \$4,694 more for other compensation, \$5,363 more for contracted services and \$5,074 more for travel expenses than is included in the LFA budget.

MOTION: Representative Iverson made a motion that the executive recommendation be adopted for Issues 1, 2, and 3.

VOTE: MOTION PASSED. All present voted yes.

Issue No. 4. The LFA budget includes \$2,400,000 of grant authority for the Hard Rock Mining Board while the executive budget recommends including language in the general appropriations act authorizing the Board to spend up to \$1,200,000 in each year of the biennium only for the purposes detailed in 90-6-311, 90-6-307, 90-6-321 and 90-6-304(1), MCA, with the board to report to the legislature on any expenditures from the hard rock mediation and arbitration account.

MOTION: Representative Iverson made a motion to accept the budget and language recommended by the executive.

VOTE: MOTION PASSED. All present voted yes.

Community Development Block Grant Program 30:A (048)

Issue No. 1. The executive budget includes \$15,000 in contracted services that was excluded from the LFA budget. These funds related to proposed workshops on financial packaging of block grant economic development projects. 50% is general fund money and the other 50% is federal funds.

Discussion followed relative to whether or not this was a new project within the Division. Chairman Spaeth asked the LFA, the OBPP and the department to meet to discuss this matter and return to the committee with a recommendation.

Housing Assistance Bureau (109)

LFA Analysis - Exhibit 8.

Issue No. 1 and 2. The LFA includes \$1,474 more for contracted services than is included in the executive budget. Ms. Hamman stated that No. 2 was not an issue, simply something the computer had not picked up.

MOTION: Representative Swift made the motion that the executive recommendation be adopted on issues 1 and 2.

VOTE: MOTION PASSED. All present voted yes.

Local Government Assistance (140)

LFA Analysis - Exhibit 9.

No issues to be resolved for this Division.

Local Government Assistance - Audit (158)

LFA Analysis - Exhibit 10.

There were no issues to be resolved.

Local Government Assistance - Systems (209)

LFA Analysis - Exhibit 11. Also see Exhibit 12 for agency's description of issues..

Issue 1 and 2. The executive budget includes 2 FTE that were eliminated from the LFA budget because the positions had been vacant for an extended period of time. The executive budget also includes \$43,304 more for travel than is included in the LFA budget. Mr. Anderson explained that these positions have been vacant for some time but clarified that the entire program is dependent on demand and that determines whether you hire someone or not. If the work demanded, it would be necessary to have the authority to hire these two individuals. The positions are funded with proprietary funds.

MOTION: Senator Devlin made a motion that the committee accept the LFA recommendation on Issues 1 and 2.

VOTE: MOTION PASSED. Jergeson and Spaeth voted no. All others voted yes.

Issue No. 3. This is a matter that relates to audit fees related to the district court reimbursement program. The executive budget includes \$54,223 more for audit fees than is included in the LFA budget. The Chairman asked the LFA to meet with the department to discuss this matter.

Issue No. 4. The executive budget includes \$854,036 more grant authority in the district court reimbursement program than is included in the LFA budget.

Issue No. 5. The executive budget recommends the following language for the general appropriations act: "If the revenues deposited to the general fund through implementation of 61-3-509, MCA, are less than the appropriation for District Court Reimbursement, the department shall reduce the reimbursement to equal the revenues generated."

MOTION: Senator Devlin made a motion that the executive recommendation be adopted for Issues 3, 4 and 5.

VOTE: MOTION PASSED. All present voted in favor.

General Appropriations Act Language (Exhibit 13) (415)

Business Assistance Division:

Ms. Hamman explained that there is about \$16, 589 in private

restricted contributions which the Montana Ambassadors raised. In order to close out this account, the following language is recommended: "There is appropriated to the Department of Commerce the unexpended private funds for the SuperCollider effort, to be held in a special fund for the Montana Ambassadors Program and used for projects which will promote new business or jobs. Any use of the funds will require a majority approval by the Montana Ambassadors Board of Directors."

MOTION: Representative Kimberley made a motion to accept the language.

VOTE: MOTION PASSED. All present voted in favor.

Board of Investments:

Ms. Hamman stated that she had developed and would recommend the following language authority for use of a portion of commissions and reporting requirement: "The Board of Investments may utilize designated commissions paid on the purchase and sale of securities for products and services customarily provided by brokers for such transactions according to applicable securities industries rules and regulations and Montana statutes. The board will make a report to the Fifty-Second Legislature on the use of the designated commissions."

MOTION: Senator Jergeson made a motion that the language be adopted.

VOTE: MOTION PASSED. All present voted yes.

Chairman Spaeth advised the committee that he had received a copy of a bill from the Department of State Lands relative to future funding of firefighting costs. He invited any members of the committee to sign on the bill with him. The bill addresses the problems of the State Lands Department coming in to request supplemental budgets when firefighting expenditures exceed funds available for that purpose.

Adjournment At: 11:45

  
REP. GARY SPAETH, Chairman

## DAILY ROLL CALL

NATURAL RESOURCES

SUBCOMMITTEE

DATE January 23, 1989

NAME	PRESENT	ABSENT	EXCUSED
Representative Spaeth	✓		
Senator Devlin	✓		
Representative Kimberley	✓		
Representative Iverson	✓		
Representative Swift	✓		
Senator Jenkins	✓		
Senator Jergeson	✓		



EXHIBIT 1  
DATE 1-23-89  
HB \_\_\_\_\_

TRANSPORTATION DIVISION

General Fund FY 88	\$603,626 (Includes \$90,000 moved from '89 to '88)
FY 90	\$515,193

Budget

Current Level	11 FTE's	\$515,193 General Fund
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Urban Mass Transportation  
Association/Rural Transportation  
Assistance Program (UMTA/RTAP)

1 FTE	\$ 60,117
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Federal Rail Administration

1.5	\$ 36,000-50,000
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1	can keep if can fund with federal dollars
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BN Loan Repayments plus interest

\$1,054,879

For Rehabilitation of

Stryker-Eureka	\$250,000
Alder-Whitehall	250,000
Whitetail-Stateline	400,000
Fort Benton-Great Falls	<u>154,879</u>

\$1,054,879

Discretionary Application to Federal Rail Administration:

Bainville-Scobey	\$500,000
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## TRANSPORTATION DIVISION

The Division currently has 15 FTE's with three Bureaus and a Special Projects Manager. The Bureaus are:

Litigation and Analysis  
Intermodal Commodities  
Passenger Transportation

LITIGATION AND ANALYSIS BUREAU (3 FTEs all funded by General Fund)

### McCarty Farms

Class action suit filed by grain producers alleging BN's rates were excessive. (Filed March 1981)

State filed base rate case before the Interstate Commerce Commission (ICC) in March 1981 alleging the base rates in effect at the time were excessive.

In December 1981 an ICC Administrative Law Judge decided in favor of McCarty, stating that:

1. BN is market dominant.
2. Rates were excessive, some as high as 292 revenue to variable cost.

1982 BN appealed the decision to the full ICC.

ICC reopens the case and combines the State's case with McCarty. During the period 1982-86 the ICC reopened the case 5 times for additional evidence in response to their ever changing rules.

In late 1985 Judge Hatfield instigated settlement negotiation that lasted approximately 9 months and in the end proved fruitless.

In May of 1987 the ICC finally ruled that BN was Market Dominant in Montana.

In February of 1988 the ICC further ruled that BN's rates were unreasonable and that reparations were due.

The BN has appealed the final ICC ruling to the Washington D.C. circuit court of appeals.

The State and McCarty filed a brief with Judge Hatfield in the spring of 1988 asking him to assume jurisdiction and set reparations. The D.C. circuit issued an order saying they would not proceed further with the case until Judge Hatfield had acted.

Judge Hatfield heard jurisdictional arguments on the case by both parties in October of 1988. Judge Hatfield then ordered both parties into settlement negotiations. BN and McCarty discussed settlement before Magistrates Shanstrom and Holter in Billings in November. Further negotiations are anticipated in January. The main issues of settlement are:

1. Arbitration
2. Rate index
3. Reparations
4. Rate reductions
5. All parties (including state) to be repaid costs plus interest.

As of December 1988 the following are the approximate expenses incurred by McCarty and the State:

Wheat and Barley Committee and the producers	\$ 300,000
State of Montana	890,000
Harding and Nelson Law Firm	<u>1,300,000</u>
TOTAL	\$2,490,000

#### Federal Legislation

The Division has tracked and testified on various pieces of legislation that would fine tune the Staggers Act and provide for less costly and more expeditious action by the ICC in protecting the State's Captive Shippers.

#### Montana Rail Link Southern Line Sale

The Department protested the terms of this sale primarily because of its structure and the apparent closure of the gateways to competing carriers. We did not object to the creation of a shortline and supported any competition that it may inject into our transportation system.

The Division has provided both technical and financial assistance to existing shortlines. We have also provided track condition and Benefit/Cost information to potential shortline operators.

For some shippers, particularly grain and lumber, we have provided rate, route and facility analysis information.

#### BN's Certificate of Transportation Program (COT)

The Department along with Montana Citizens Freight Rate

Association (MCFRA), Women Involved in Farm Economics (WIFE), and the Montana Grain Elevator's Association, filed a Motion to Intervene before the ICC in support of the National Grain and Feed Association's protest against the COT program. We feel this program would be harmful to our shippers in general but particularly the small shippers.

#### ICC Ex Parte Proceedings

The Department has participated in excess of ten Ex Parte proceedings before the ICC on issues that affect our shippers. Examples are Rail Cost Adjustment Factor, Revenue adequacy, Rail abandonments, Rate guidelines for non coal commodities, Rail Contracts.

INTERMODAL COMMODITIES BUREAU (4 FTEs supported by federal and general fund)

#### Rail Plan

In 1988 the State's Rail Plan was updated. Computer technology is being utilized to keep the data current and easily accessible for analysis. The 1988 planning work statement was completed. This document outlines the goals, objectives and annual mission for the state rail planning effort. The Bureau has also completed an analysis of the state's branchlines that we feel have the most potential as a "shortline operation." The document is proving useful to potential shortline operators. Inspection of 844 miles of the state's 3400 miles of rail was also completed. The lines evaluated for shortlines were: Eureka, Ft. Benton, Big Sandy, Bainville-Opheim, Whitetail, and Kalispell-Sommers.

#### Butte-Anaconda Historical Parks Railroad Corp.

The Department entered into a lease purchase agreement with the above organization to operate a branchline of Rarus railway as a recreation railroad. The Division also assisted in working out a mine haul route for New Butte Mining that would not interfere with the recreation rail operation.

#### Rarus-Central Montana Rail

The Division has provided technical information to both of the above named shortlines. Information was provided on rates,

track condition, rehabilitation estimates, track rehab equipment, engines and filing of the necessary operational documents with the ICC and the Federal Rail Administration (FRA). The above two lines are owned by the state but the shortlines are operated and maintained through a lease agreement between the state and the shortline corporation. The Right-of-Way requires the monitoring of over 1000 leases, licenses and permits.

#### Abandonments

The following branchlines either have been or will be very shortly candidates for abandonment. These lines because of their low traffic volumes are not viable candidates for a shortline operation. The Division is working closely with affected shippers and adjacent landowners to explain options and mitigate impacts.

1. Lewistown-Heath
2. Kalispell-Somers
3. Brazil Creek Spur

#### Silver-Bow Hub Facility

The Division is responsible for the technical oversight and construction of the Hub. The hub will have transloading facilities for forest products, minerals, trailer on flatcar container (TOFC), container on flatcar container (COFC), grain and fertilizers. The construction is progressing well and should be completed in early 1989. The construction grant was awarded in late 1987. Total construction cost for the hub will be \$5.6 million.

#### Shelby Hub

The Division has been working closely with the Northern Express Transportation Agency (NETA) personnel in development of the hub facility at Shelby. The Division did submit a request to the budget office to utilize \$300,000 in oil overcharge monies to help hasten the development of the facility. This money is included in the oil overcharge legislation. The hub facilities at both Silver Bow and Shelby will be a very positive step forward for the state's economic development effort and should prove to be of great benefit to the state's shippers and producers. The two facilities should complement each other.

#### Local Rail Service Assistance Program (LRSA)

With LRSA and BN lawsuit settlement monies the Division has provided the following financial assistance.

1. Spring Creek WYE \$125,212
2. Rehabilitation of the Geraldine-Denton branchline. \$3,699,567
3. Rarus siding at Anaconda. \$31,693
4. CMR Sage Creek Tunnel. \$86,003
5. Moccasin-Spring Creek line tie rehabilitation. \$300,000
6. Rehabilitation of Ford siding at Dillon for Montana Cubes.  
\$84,398

The above monies require a 30% match by the local participant.

## SPECIAL PROJECTS MANAGER

### Truck Costing Study

An in depth project with the primary objective being to determine the impact of user fees (state and federal fuel taxes, workmen's compensation, GVW permits etc.) on the operating ability of grain, lumber and general commodity motor carriers. Generally, the conclusion was that specialized grain haulers costs were too high for long distance hauling without the benefit of backhauls. It was also determined that it was difficult to obtain backhauls of commodities capable of being shipped in specialized types of grain hauling equipment currently being utilized.

### Rail Passenger Service

The Division was requested to explore the feasibility of passenger rail service between Billings and Spokane via Bozeman and Helena, along with an interpark rail passenger connection between Bozeman and Shelby. The feasibility of these rail routes in a revenue-cost comparison was found to be marginal. A second concept is currently being explored with a Billings to Missoula route and a Missoula to Pocatello route. Nine (9) dedicated motor coach bus routes are proposed to feed passengers into the two rail routes at selected points.

### Truck vs Rail Cost Comparison Study

Special analyses were made comparing the cost of using large trucks to haul Montana ores to various smelters versus hauling these ores by rail.

### Amtrak

The Amtrak passenger data base is in operation and constantly being updated.

A depot facility inspection was conducted by the Division at 12 AMTRAK stations in Montana. The purpose of the survey was to establish an inventory of rail passenger facilities in the state and to assist AMTRAK in establishing priorities for station improvement.

The Manager worked with various governmental and private businesses who were attempting to attract out of state business to Montana. Information provided included tariff and contract carrier freight rate information with respect to each client's raw material and product shipping requirements.

PASSENGER BUREAU (4 FTEs funded with mostly federal funds)

Capital Assistance for Elderly and Handicapped and Public Trans.

	<u>FY 87</u>	<u>FY 88</u>	<u>Total</u>
Federal Funds	\$246,284	\$267,530	\$513,814
Local Match	44,228	53,506	97,734
	<u>290,512</u>	<u>321,036</u>	<u>611,548</u>

Purchased 23 transit vehicles, rehabilitated 7 vehicles, purchased one computer system.

Communities: Helena, Kalispell, Eureka, Missoula, Ronan, Broadus

Administration, Operation and Maintenance Subsidy for Public Trans.

	<u>FY 87</u>	<u>FY 88</u>	<u>Total</u>
Federal Funds	\$486,434	\$422,497	\$908,931
Local Match	329,469	350,806	680,275
	<u>\$815,903</u>	<u>\$773,303</u>	<u>1,292,206</u>

Communities: Helena, Butte, Glasgow, Browning, Lewistown, Fort Peck

Transportation Planning

	<u>FY 87</u>	<u>FY 88</u>	<u>Total</u>
Federal Funds	\$120,000	\$ 78,000	\$198,000
Local Match	21,000	13,000	34,000
State Match	9,000	5,000	14,000
	<u>\$150,000</u>	<u>\$ 96,000</u>	<u>\$246,000</u>

Communities: Great Falls, Missoula, Billings, Blackfeet and Fort Peck Reservations

Activities:

Transit Systems inventory was updated, printed and distributed.

Safety and defensive driver's training program was developed and implemented.

Transportation Development Plans were developed for Blackfeet and Fort Peck Reservations.

Four issues of the Bureau's newsletter were written and distributed.

An instruction pamphlet was developed for local operators to prepare their quarterly vehicle reports.

Rural Transportation Assistance Program (RTAP)

The RTAP Program is a dedicated source of funding that is to be used to address the critical needs for training and technical assistance for rural transit. The activities in this program are designed and carried out by the state in consultation with the nonurbanized operators in the state.

Budget: FY 87 - \$60,775

FY 88 - \$59,395

Activities:

Conducted a workshop for all private operators in the state to help them respond to contracting opportunities.

Conducted 9 one and one-half day training classes on how to safely handle elderly and disabled passengers, especially those in wheel chairs.

Held a one-day workshop on how to fund-raise at the local level.

Conducted 12 program reviews of local transit operations.



## AGENCY: DEPARTMENT OF COMMERCE

## LEGISLATIVE ACTION

## PROGRAM: TRANSPORTATION

BUDGET ITEM	Executive	Fiscal 1990 LFA	Difference	Executive	Fiscal 1991 LFA	Difference
FTE	11.00	11.00	0.00	11.00	11.00	0.00
Personal Services	\$367,726	\$374,928	(\$7,202)	\$368,574	\$375,792	(\$7,218)
Operating Expenses	252,467	356,733	(104,266)	239,503	154,601	84,902
Equipment	4,000	4,000	0	500	0	500
Non-Operating	2,259,563	2,259,563	0	704,684	704,684	0
TOTAL EXPENSES	\$2,883,756	\$2,995,224	(\$111,468)	\$1,313,261	\$1,235,077	\$78,184
	=====	=====	=====	=====	=====	=====
FUNDING						
General Fund	\$515,193	\$626,661	(\$111,468)	\$499,577	\$421,393	\$78,184
State Special Rev	71,250	71,250	0	71,250	71,250	0
Federal Revenue	2,297,313	2,297,313	0	742,434	742,434	0
Other Revenue	0	0	0	0	0	0
TOTAL FUNDING	\$2,883,756	\$2,995,224	(\$111,468)	\$1,313,261	\$1,235,077	\$78,184
	=====	=====	=====	=====	=====	=====

	FTE	Gen Fund	Total Funds
Issue 1. The LFA budget includes \$13,413 more for travel expenses than is included in the executive budget.	0.00	2,896	13,413
Issue 2. The LFA budget includes \$4,682 more for other expenses than is included in the executive budget.	0.00	1,011	4,682

- Issue 3. The executive recommends that the general appropriations act reinstate language which appeared in prior bienniums to the effect that the department shall seek to recover from any settlement the general fund expenditures made for the McCarty Farms/Staggers 229 litigation plus interest at the rate of 10 percent and that it is the intent of the legislature that recovery be sought for all such expenditures on this case.
- Issue 4. The executive budget recommends adding language to the general appropriations act specifying that the Transportation Division may request budget amendment authority to add a maximum of 1.00 FTE to be funded entirely with federal funds.

EXHIBIT

DATE 1-23-89

HB

Issue 5. Budget Modification (92006) - Rail Planning  
 This modification would provide technical assistance to shortline railroads, provide for update of the state rail plan, and continue the rail data base

	Fiscal 1990	Fiscal 1991	
FTE	1.50	1.50	
Personal Services	41,334	41,357	
Operating Expenses	8,666	8,643	
Total	50,000	50,000	
Funding Federal	50,000	50,000	
			1.50      0      100,000

Issue 6. Budget Modification (92007) UMTA  
 This modification would provide training, technical assistance, and research to rural transit operators.

	Fiscal 1990	Fiscal 1991	
FTE	1.00	1.00	
Personal Services	33,562	33,634	
Operating Expenses	26,555	26,482	
Total	60,117	60,116	
Funding Federal	60,117	60,116	
			1.00      0      120,233

Section 9 Program - Urban Mass Transportation Administration

Section 9 is intended for use in urbanized areas between 50,000 and 200,000 population. In Montana these cities are Billings, Great Falls and Missoula.

The Montana Department of Commerce, under the proposed Memorandum of Understanding, may apply, direct, undertake and expand state and federal aid for the planning, capital and operating projects for all transportation modes in accordance with Montana State statutes.

MDOC will collect documentation and assurances from each subrecipient. UMTA may grant funds for planning, project management and MDOC administration; such funds would require a 20 percent state match. Funds available for operating assistance are limited for each fiscal year. MDOC may apply for an amount not to exceed 5 percent of its grant request for administration of the program. These expenses are funded at 80 percent federal share.

MDOC will provide technical assistance, including project planning, program development, development of vehicle and equipment specifications, management development, project coordination and construction management.

Eligible costs include administrative, such as salaries and benefits of management staff, clerical staff including secretarial and bookkeepers, office supplies, travel, equipment, rent and insurance.

UMTA will annually negotiate percentages of grant administration funds and reimburse actual expenditures as justified by MDOC.

Funds available to Montana in FY 89 are \$1,294,776. Of these, the allocation is:

Billings	\$512,228
Great Falls	\$446,526
Missoula	\$336,022

A proposed budget for FY 90 is:

Personal Services (Grade 14, step 7)	\$28,939
Contracted Services	4,500
Supplies/Materials	500
Communications	800
Travel	6,000
Rent	1,000
Repairs/Maintenance	500
Indirect/Other	<u>4,500</u>
TOTAL	\$46,739

Outline of budget for Pacific Rim Trade Office

(Please note that the original budget request from the division was prepared assuming an exchange rate of 125 Yen to the Dollar, which may fluctuate greatly.)

**Personal Services**

1 FTE for communication between Montana and Tokyo and Taipei.

Salaries, Benefits, and Insurance \$35,745/yr.

**Operating Expenses**

Contracted Services

Contract with Takahisa Yamagata to operate Montana's Trade Office in Tokyo: \$80,004/yr.

Contract with Mei Mei Wang to operate Montana's Trade Showroom in Taipei: \$15,996/yr.

Advertising contract for production of brochures, displays, for use in Trade Office and showroom (Montana firm): \$20,000/yr.

Japanese affiliate advertising agency for production, advertising, and printing for shows and special events: \$14,000/yr.

Taiwanese Affiliate advertising: \$ 5,500/yr.

Special Research in Japan as needed (packaging requirements, import information, etc.) \$ 6,076/yr.

**Exhibiting:**

Montana Shows for Pacific Rim visitors \$ 2,500/yr.

Tokyo Trade Shows \$35,000/yr.

Taiwanese Trade Shows \$ 7,500/yr.

Promotional Aids \$15,000/yr.

Insurance and Bonds, Secretarial Service, Contracts with non-profits, and Printing/Pub and Graphics \$15,024/yr.

### Supplies and Materials

Montana supplies purchases	\$ 1,738/yr.
Pacific Rim purchases	\$ 3,000/yr.
Expenses associated with Training in Export practices, usually reimbursed by training fees:	\$ 2,350/yr.

### Communications

Postage, Long-Distance Calls, Telefax, etc.	\$35,382/yr.
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### Travel

In-State	\$ 7,989
Out-of-State	\$67,367/yr.
Includes: 8 trips to Tokyo/Taiwan: 4 trips by Pacific Rim Trade Officer, 2 trips by other Dept. staff (Director, Bus. Asst. Admin.), and 2 trips by Governor's Office staff.	

### Rent

Tokyo Executive Center	\$84,378/yr.
Department space	\$ 1,333/yr.

<u>Repair and Maintenance</u>	\$ 301/yr.
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<u>Other Expenses</u>	\$23,722/yr.
(Includes duties, customs, and Value-Added Taxes, freight, Indirect Administrative costs and photographic expenses.)	

### Funding

General Fund	\$171,338/yr.
Accommodations Tax	\$134,016/yr.
Growth Through Ag. (Coal Tax)	\$150,000/yr.
Private Contributions (Taipei Office)	\$ 25,000/yr.
Total	\$480,354/yr.

PRESENTATION BY NEWELL ANDERSON

on the

LOCAL GOVERNMENT ASSISTANCE DIVISION

PROPOSED '91 BIENNIUM BUDGET

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, FOR THE RECORD MY NAME IS NEWELL ANDERSON AND I AM THE ADMINISTRATOR OF THE LOCAL GOVERNMENT ASSISTANCE DIVISION. I WOULD LIKE TO TAKE THIS OPPORTUNITY TO HIGHLIGHT SOME OF THE FACTS AND ISSUES THIS '91 BIENNIUM BUDGET PRESENTS.

- \* THIS DIVISION'S 12 PROGRAMS HAVE IN COMMON THE PROVISION OF EITHER DIRECT SERVICES OR FISCAL ASSISTANCE TO ALL MONTANA COMMUNITIES AND RESIDENTS. THEY RANGE FROM GRANTS FOR LOCAL ECONOMIC DEVELOPMENT PROJECTS - TO STATUTORILY MANDATED AUDITS OF LOCAL GOVERNMENTS - TO LOCAL GOVERNMENT REIMBURSEMENT FOR CERTAIN DISTRICT COURT COSTS - TO LOCAL PUBLIC WORKS FUNDING - TO LOW INCOME HOUSING ASSISTANCE - TO LOCAL ACCOUNTING SYSTEMS DEVELOPMENT - AND THERE ARE OTHERS IN-BETWEEN.
- \* THE DIVISION'S PRESENT ORGANIZATIONAL STRUCTURE WAS BEGUN IN 1986 BY COMBINING WHAT HAD PREVIOUSLY BEEN 2.5 SEPARATE DIVISIONS.
- \* THE BUDGETED \$23 MILLION IN THESE 12 PROGRAMS IS FUNDED BY: FEDERAL FUNDS (77%), STATE GENERAL FUNDS (14%), PROPRIETARY FUNDS (6%), AND STATE SPECIAL REVENUES (3%). SOME \$21.4 MILLION WILL BE DIRECT PAYMENTS AND \$1.6 MILLION WILL BE PROVIDED IN DIRECT PROFESSIONAL SERVICES BY THE DIVISION'S 57 FTE'S.
- \* SIGNIFICANT LEGISLATIVE POLICY ISSUES WITHIN THIS DIVISION ARE AS FOLLOWS:
  - o THE EXECUTIVE BUDGET BY THE SCHWINDEN ADMINISTRATION HAS PROPOSED TO CHANGE THE SOURCE OF REVENUE FOR THE FUTURE OF THE MONTANA COAL BOARD. THIS PROPOSED CHANGE ENDS THE COAL BOARD'S EXISTING REVENUE FROM THE COAL SEVERANCE TAX AND REPLACES THAT REVENUE WITH STATE GENERAL FUNDS. SUCH A CHANGE WOULD REQUIRE SEPARATE LEGISLATION THAT I BELIEVE WOULD BE CONNECTED TO THE SCHOOL FOUNDATION FUNDING PROCESS. THE ABSENCE OF SUCH A LEGISLATIVE CHANGE WOULD PROVIDE A BUDGET SIMILAR TO THAT PROPOSED BY THE LEGISLATIVE FISCAL ANALYST FOR THE COAL BOARD.
  - o NO LEGISLATION HAS BEEN PROPOSED BY THIS DIVISION OF THE DEPARTMENT OF COMMERCE.

'91 Biennium LGAD Budget Presentation

Newell Anderson

Page 2

THE LOCAL GOVERNMENT ASSISTANCE DIVISION OPERATES 12 DIRECT SERVICE AND FINANCIAL ASSISTANCE PROGRAMS, IT IS OPERATED BY 57 FTE'S, IT OPERATES ON A \$1.4 MILLION SERVICE BUDGET AND DISPERSES \$21.6 MILLION. THE DIVISION IS PROPOSED TO OPERATE WITH 4 LESS FTE'S AND SOME \$18.2 MILLION LESS REVENUE THAN DURING FY '86. THE '91 BIENNIUM BUDGET YOU HAVE BEFORE YOU FOR THIS DIVISION CAN BE STRONGLY AND REASONABLY DEFENDED.

A FEW OF THE PROGRAM ELEMENTS THAT I WOULD LIKE TO DESCRIBE FOR YOU ARE:

THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM: THOUGH THIS PROGRAM IS 98% FEDERALLY FUNDED, THE CONGRESS REQUIRES THAT THE STATES PAY A 50%-50% MATCH FOR ADMINISTRATIVE COSTS. THIS PROGRAM PROVIDES DIRECT GRANTS TO MONTANA'S LOCAL GOVERNMENTS TO HELP MAKE AFFORDABLE: HOUSING REHABILITATION, WATER AND SEWER SYSTEM CONSTRUCTION, AND LOCAL ECONOMIC DEVELOPMENT PROJECTS. THE FEDERAL MANDATE REQUIRES THAT THESE FUNDS PRINCIPALLY BENEFIT LOW AND MODERATE INCOME MONTANA FAMILIES. SINCE 1982, WHEN THE STATE TOOK OVER THE MANAGEMENT OF THIS FEDERAL PROGRAM, SOME \$45 MILLION HAVE BEEN AWARDED IN 123 GRANTS TO MONTANA COMMUNITIES.

THE ACCOUNTING AND MANAGEMENT SYSTEMS PROGRAM: A VALUABLE LOCAL GOVERNMENT PROGRAM DESIGNED TO IMPLEMENT AND MAINTAIN THE STATE MANDATE OF THE MID - '70's FOR A UNIFORM ACCOUNTING AND REPORTING SYSTEM, THIS PROGRAM CONTINUES TO BE A VERY IMPORTANT RESOURCE TO ALL LOCAL GOVERNMENTS. ORIGINALLY A GENERAL FUNDED STATE PROGRAM, THIS PROGRAM IS NOW 75% PROPRIETARY REVENUE (USER PAY). AS THE STATE'S ONLY FISCAL TECHNICAL ASSISTANCE AND COMMON SYSTEMS DEVELOPMENT PROGRAM, THE LEADERSHIP FROM THIS PROGRAM CONTINUES TO BE CRITICAL TO ALL MONTANA LOCAL GOVERNMENTS REQUIRED TO FIND NEW FISCAL EFFICIENCIES. THE FULL AUTHORIZATION AS PROPOSED BY THE EXECUTIVE BUDGET IS CRITICAL TO THIS PROGRAM AND THOSE LOCAL GOVERNMENTS THAT IT SERVES. I WOULD LIKE TO FURTHER EXPLAIN THE REASONS WHY BEFORE THE COMMITTEE BEGINS EXECUTIVE ACTION ON THIS PROGRAM.

THE DISTRICT COURT REIMBURSEMENT PROGRAM: STARTED BY THE '85 LEGISLATURE TO REPLACE THE OLD 'GRANT - IN - AID PROGRAM', THIS PROGRAM REIMBURSES COUNTIES FOR CERTAIN DISTRICT COURT COSTS. THIS PUBLIC POLICY INCLUDES 1.) THE STATE - WIDE ACCEPTANCE OF A FISCAL RESPONSIBILITY FOR CRIMINAL COURT COSTS SUCH AS WITNESS FEES, JURY FEES, INDIGENT LEGAL DEFENSE ETC. AND 2.) ASSURES THE STATE-WIDE EQUITY OF THE PROVISION OF JUSTICE REGARDLESS OF A LOCAL GOVERNMENT'S FISCAL CAPACITY. THE EFFECTIVE RESULTS OF THIS STATE-WIDE PROGRAM HAS THE SUPPORT OF LOCAL GOVERNMENTS ACROSS MONTANA.

THE LOCAL GOVERNMENT AUDIT PROGRAM: ONE OF THE OLDEST OPERATING PROGRAMS IN STATE GOVERNMENT, THIS STATE-WIDE PROGRAM BRINGS TO THE TAXPAYERS A UNIFORM FISCAL ACCOUNTABILITY MANDATE FOR ALL LOCAL JURISDICTIONS IN MONTANA. (THIS INCLUDES 54 COUNTIES, 2 UNIFIED GOVERNMENTS, 100 CITIES AND TOWNS, 186 SCHOOL DISTRICTS, AND APPROX. 100 SPECIAL PURPOSE DISTRICTS.) SINCE 1976, THIS AUDITING FUNCTION HAS INCLUDED THE PARTICIPATION OF PRIVATE CONTRACTED CPA'S. PERIODICALLY AUDITING THE FISCAL STEWARDSHIP OF MONTANA'S LOCAL TAXING JURISDICTIONS IS CONDUCTED SO AS TO PRESERVE AND PROTECT THE PUBLIC TRUST.



THE HARD ROCK MINING IMPACT BOARD: CREATED BY THE 1981 LEGISLATURE, THIS PROGRAM ASSISTS LARGE SCALE HARD ROCK MINING DEVELOPERS AND LOCAL GOVERNMENT UNITS PREPARE, REVIEW AND IMPLEMENT THEIR PROJECT'S IMPACT PLANS FOR SUCH DEVELOPMENT. THE IMPACT PLAN SERVES TO DEFINE THE MITIGATION STRATEGY FOR THE DIRECT LOCAL GROWTH AND THE CORRESPONDING INCREASES IN COSTS OF THE EXPANDED PROVISION OF LOCAL PUBLIC SERVICES. TAX PREPAYMENTS AND/OR GRANTS FROM THE DEVELOPER ARE THE FISCAL MECHANISMS USED TO ENABLE THE LOCAL TAXING JURISDICTION TO MEET THE REQUIRED FISCAL IMPACTS ON A TIMELY BASIS. ADDITIONALLY, THIS IS A QUASI-JUDICIAL BOARD THAT ARBITRATES DISPUTED IMPACT PLANS. THE BOARD ALSO OPERATES DEDICATED TRUST FUNDS THAT MAKE LOANS OR GRANTS TO MINING AFFECTED AREAS TO MITIGATE THE IMPACTS OF A MAJOR MINE WORK FORCE REDUCTION OR CLOSURE. THE EXECUTIVE APPROPRIATION REQUEST IS JUSTIFIABLE AND I WOULD LIKE TO DISCUSS THE WHY BEFORE YOU TAKE EXECUTIVE ACTION.

THE COMMUNITY TECHNICAL ASSISTANCE PROGRAM: ESTABLISHED IN 1967, THIS PROGRAM IS A FOCAL POINT FOR BOTH LOCAL OFFICIALS AND DEVELOPERS WHO DEPEND ON ACCURATE AND TIMELY INFORMATION ON PLANNING, COMMUNITY DEVELOPMENT, SURVEYING, LAND USE AND ENHANCED FINANCING RESOURCES. WITH THE EARLY 1980'S REDUCTION OF FISCAL RESOURCES, THIS FUNCTION HAS GONE FROM 14 FTE'S THEN TO 2 FTE'S NOW. WITH THAT REDUCTION HAS COME THE REQUIREMENT OF LESS CONCENTRATED INDIVIDUAL ASSISTANCE AND MORE SELF HELP PUBLICATIONS AND REGIONAL WORKSHOPS. THE "AUTOMATED PUBLIC WORKS FINANCING DATABASE" AND THE "CAPITAL IMPROVEMENT PLANNING HANDBOOK" ARE JUST TWO EXAMPLES OF DOZENS OF RESOURCES DEVELOPED BY THIS PROGRAM THAT ACTIVELY BRINGS IMPORTANT DEVELOPMENT INFORMATION TO ALL MONTANA COMMUNITIES. THIS PROGRAM HAS TRULY SET THE BASE LINE DEFINITION OF "MORE FOR LESS."

CONCLUSION:

THE CONTINUATION OF THESE 12 PROGRAMS THAT PROVIDE DIRECT SERVICES OR FISCAL ASSISTANCE TO ALL MONTANANS IS PROVIDED FOR BY THE BUDGET THAT IS NOW BEFORE YOU FOR YOUR CONSIDERATION. THIS BUDGET REPRESENTS A MINIMUM STATE COMMITMENT TO SUPPORTING OUR LOCAL GOVERNMENTS. THESE ARE PROGRAMS THAT HAVE MET THE DYNAMICS OF CHANGING NEEDS, OPERATED WITHIN THEIR PRESCRIBED BUDGETS AND HAVE APPROPRIATELY RESPONDED TO THE REDUCED FISCAL RESOURCES OF THE PAST 8 YEARS. I URGE YOUR APPROPRIATIONS SUPPORT FOR THESE CONSERVATIVE BUT EFFECTIVE PROGRAMS. I AGAIN REQUEST THE BRIEF CAPACITY TO FURTHER DISCUSS THE EXECUTIVE REQUESTS IN THE "SYSTEMS PROGRAM" AND THE "HARD ROCK IMPACT BOARD" PROGRAM AS THE COMMITTEE PROCEEDS WITH EXECUTIVE ACTION. I AM INTERESTED IN ANSWERING YOUR QUESTIONS. THANK YOU.

AGENCY: DEPARTMENT OF COMMERCE

## LEGISLATIVE ACTION

PROGRAM: HARD ROCK MINING BOARD

BUDGET ITEM	FTE	Executive	Fiscal 1990 LFA	Difference	Executive	Fiscal 1991 LFA	Difference
Personal Services		\$61,844	\$60,195	\$1,649	\$61,897	\$60,249	\$1,648
Operating Expenses		45,925	39,909	6,016	45,783	40,058	5,725
Non-Operating		0	1,200,000	(1,200,000)	0	1,200,000	(1,200,000)
TOTAL EXPENSES		\$107,769	\$1,300,104	(\$1,192,335)	\$107,680	\$1,300,307	(\$1,192,627)
FUNDING							
State Special Rev		\$107,769	\$1,300,104	(\$1,192,335)	\$107,680	\$1,300,307	(\$1,192,627)
TOTAL FUNDING		\$107,769	\$1,300,104	(\$1,192,335)	\$107,680	\$1,300,307	(\$1,192,627)

FTE	Gen Fund	Total Funds
0.00	0	4,694
0.00	0	5,363
0.00	0	5,074

Issue 1. The executive budget includes \$4,694 more for other compensation than is included in the LFA budget.

Issue 2. The executive budget includes \$5,363 more for contracted services than is included in the LFA budget.

Issue 3. The executive budget includes \$5,074 more for travel expenses than is included in the LFA budget.

Issue 4. The LFA budget includes \$2,400,000 of grant authority for the Hard Rock Mining Board, while the executive budget recommends including language in the general appropriations act authorizing the Board to spend up to \$1,200,000 in each year of the biennium for only the purposes detailed in 90-6-307, 90-6-311, 90-6-321 and 90-6-304(1), MCA, with the board to report to the legislature on any expenditures from the hard-rock mitigation and arbitration account.

EXHIBIT

DATE

HB

1-23-89

91 BIENNIUM BUDGET HARD ROCK MINING IMPACT BOARD

ISSUE 1: THE EXECUTIVE BUDGET INCLUDES \$4,694 MORE FOR "OTHER COMPENSATION" THAN IS INCLUDED IN THE LFA BUDGET.

EXECUTIVE JUSTIFICATION: THE PURPOSE OF "OTHER COMPENSATION" IS TO PAY THE MEMBERS OF THE BOARD \$50/DAY FOR THEIR PARTICIPATION IN BOARD ACTIVITIES. THE EXECUTIVE PROJECTS THAT 4 MEETINGS OF THE BOARD WILL BE NECESSARY EACH FISCAL YEAR. THE 6 YEAR HISTORY SHOWS THAT THE RANGE HAS BEEN FROM 7 TO 3 MEETINGS PER YEAR. TO LIMIT THE BOARD'S CAPACITY TO MEET COULD CAUSE THE BUREAUCRATIC SLOWING DOWN OF MINING DEVELOPMENT IN MONTANA. IF THERE IS A NEED FOR THE BOARD TO MEET 4 TIMES - THEY SHOULD MEET THAT NEED. IF THERE ISN'T A NEED TO MEET THAT OFTEN - THEY WON'T AND THAT BUDGET SAVINGS WILL REVERT TO THE IMPACT OF DECLINE TRUST ACCOUNTS.

THE EXECUTIVE PROPOSED BUDGET SHOULD BE APPROVED.

ISSUE 2: THE EXECUTIVE BUDGET INCLUDES \$5,363 MORE FOR "CONTRACTED SERVICES" THAN IS INCLUDED IN THE LFA BUDGET.

EXECUTIVE JUSTIFICATION: THE PURPOSE OF THIS LINE ITEM IN THE BUDGET IS TO BRING OUTSIDE EXPERTISE TO AN ISSUE OR PROBLEM THAT LOCAL GOVERNMENTS OR DEVELOPERS ARE HAVING WITH THE DEVELOPMENT OF AN IMPACT PLAN. AN EXAMPLE MIGHT BE THAT AN AFFECTED LOCAL GOVERNMENT NEEDS TO HAVE AN "EDUCATIONAL BOND" FOR SOME NEW CONSTRUCTION AND THAT BOND IS TO BE GUARANTEED BY THE DEVELOPER. SUCH A FINANCING MECHANISM HAS NO PRECEDENT AND A FINANCIAL ADVISOR SHOULD BE RETAINED TO DEFINE THE REQUIREMENTS. IF THERE IS A NEED FOR THE BOARD TO PROVIDE SUCH A FUNCTION - THEY SHOULD MEET THAT NEED. IF THERE ISN'T SUCH A NEED - THEY WON'T CONTRACT FOR IT AND THE BUDGET SAVINGS WILL REVERT TO THE IMPACT OF DECLINE TRUST ACCOUNTS.

THE EXECUTIVE PROPOSED BUDGET SHOULD BE APPROVED.

ISSUE 3: THE EXECUTIVE BUDGET INCLUDES \$5,074 MORE FOR "TRAVEL EXPENSES" THAN IS INCLUDED IN THE LFA BUDGET.

EXECUTIVE JUSTIFICATION: SAME AS ISSUE # 1. THE BOARD REACTS TO THE NEEDS - IT DOESN'T CREATE NEEDS. THE INABILITY OF THE BOARD TO MEET THOSE NEEDS BECAUSE OF A LACK OF SPENDING AUTHORITY WOULD BE CONTRARY TO THEIR DUTIES PRESCRIBED BY THE HARD ROCK MINING IMPACT ACT.

THE EXECUTIVE PROPOSED BUDGET SHOULD BE APPROVED.

ISSUE 4: THE LFA BUDGET INCLUDES \$2,400,000 OF GRANT AUTHORITY FOR THE HARD ROCK MINING BOARD, WHILE THE EXECUTIVE BUDGET RECOMMENDS INCLUDING LANGUAGE IN THE GENERAL APPROPRIATIONS ACT AUTHORIZING THE BOARD TO SPEND UP TO \$1,200,000 IN EACH YEAR OF THE BIENNIUM.

EXECUTIVE JUSTIFICATION: THE EXECUTIVE REPEATED THE METHOD CHOSEN IN THE '89 BIENNIUM, IN THAT SUCH AN APPROPRIATION DEFINITION BEST MET THE DEFINED NEED FOR THIS ELEMENT OF THE IMPACT ACT.

THE EXECUTIVE PROPOSED BUDGET SHOULD BE APPROVED.

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17-Jan-89

AGENCY: DEPARTMENT OF COMMERCE

## LEGISLATIVE ACTION

PROGRAM: HOUSING ASSISTANCE BUREAU

BUDGET ITEM	Fiscal 1990		Fiscal 1991		Difference	
	Executive	LFA	Executive	LFA	Executive	LFA
FTE	7.00	7.00	7.00	7.00	0.00	0.00
Personal Services	\$181,043	\$177,348	\$181,293	\$177,594	\$3,699	\$3,699
Operating Expenses	109,889	106,443	108,424	104,998	3,426	3,426
Equipment	11,330	11,330	350	350	0	0
Non-Operating	12,382,880	12,384,661	12,395,075	12,396,724	(1,649)	(1,649)
TOTAL EXPENSES	\$12,685,142	\$12,679,782	\$12,685,142	\$12,679,666	\$5,476	\$5,476
FUNDING						
Federal Revenue	\$12,685,142	\$12,679,782	\$12,685,142	\$12,679,666	\$5,476	\$5,476
TOTAL FUNDING	\$12,685,142	\$12,679,782	\$12,685,142	\$12,679,666	\$5,476	\$5,476

	FTE	Gen Fund	Total Funds
Issue 1. The LFA budget includes \$1,474 more for contracted services than is included in the executive budget	0.00	0	1,474
Issue 2. The executive budget includes \$9,612 more for travel than is included in the LFA budget	0.00	0	9,612

EXHIBIT

DATE 1-23-88

HB

BUDGET ITEM	Fiscal 1990		Fiscal 1991		Difference
	Executive	LFA	Executive	LFA	
FTE	2.00	2.00	2.00	2.00	0.00
Personal Services	\$88,529	\$88,529	\$88,576	\$88,576	\$0
Operating Expenses	9,774	9,692	9,778	9,693	85
TOTAL EXPENSES	\$98,303	\$98,221	\$98,354	\$98,269	\$85
	=====	=====	=====	=====	=====
FUNDING					
Other Revenue	\$98,303	\$98,221	\$98,354	\$98,269	\$85
TOTAL FUNDING	\$98,303	\$98,221	\$98,354	\$98,269	\$85
	=====	=====	=====	=====	=====

EXHIBIT 9  
DATE 1-23-89  
HB \_\_\_\_\_

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27-Jan-89

AGENCY: DEPARTMENT OF COMMERCE

## LEGISLATIVE ACTION

PROGRAM: LOCAL GOVT ASST - AUDIT

BUDGET ITEM	Executive	Fiscal 1990 Legislature	Difference	Executive	Fiscal 1991 Legislature	Difference
FTE	28.20	28.20	0.00	28.20	28.20	0.00
Personal Services	\$773,465	\$757,680	\$15,785	\$774,625	\$758,817	\$15,808
Operating Expenses	257,280	258,528	(1,248)	252,085	253,335	(1,250)
Equipment	11,548	11,548	0	16,828	16,828	0
Non-Operating	0	0	0	0	0	0
TOTAL EXPENSES	\$1,042,293	\$1,027,756	\$14,537	\$1,043,538	\$1,028,980	\$14,558
FUNDING						
General Fund	\$43,560	\$43,760	(\$200)	\$43,560	\$44,025	(\$465)
Other Revenue	998,733	983,996	14,737	999,978	984,955	15,023
TOTAL FUNDING	\$1,042,293	\$1,027,756	\$14,537	\$1,043,538	\$1,028,980	\$14,558

EXHIBIT 10  
 DATE 1-23-89  
 HB \_\_\_\_\_

LEGISLATIVE ACTION

BUDGET ITEM	Fiscal 1990			Fiscal 1991		
	Executive	LFA	Difference	Executive	LFA	Difference
FTE	7.00	5.00	2.00	7.00	5.00	2.00
Personal Services						
Operating Expenses	\$207,656	\$153,612	\$54,044	\$208,254	\$154,170	\$54,084
Equipment	172,821	125,218	47,603	161,760	114,576	47,184
Non-Operating	5,424	424	5,000	424	0	0
	2,710,412	2,398,864	311,548	2,914,781	2,383,731	531,050
TOTAL EXPENSES	\$3,096,313	\$2,678,118	\$418,195	\$3,285,219	\$2,652,901	\$632,318
	=====	=====	=====	=====	=====	=====
FUNDING						
General Fund						
State Special Rev	\$2,686,209	\$2,318,070	\$368,139	\$2,912,209	\$2,320,147	\$592,062
Other Revenue	201,000	203,270	(2,270)	174,000	183,168	(9,168)
	209,104	156,778	52,326	199,010	149,586	49,424
TOTAL FUNDING	\$3,096,313	\$2,678,118	\$418,195	\$3,285,219	\$2,652,901	\$632,318
	=====	=====	=====	=====	=====	=====

	FTE	Gen Fund	Total Funds
Issue 1. The executive budget includes 2.00 FTE that were eliminated from the LFA budget because the positions had been vacant for an extended period.	2.00	30,939	107,215
Issue 2. The executive budget includes \$43,304 more for travel than is included in the LFA budget.	0.00	12,496	43,304
Issue 3. The executive budget includes \$54,223 more for audit fees than is included in the LFA budget.	0.00	54,223	54,223
Issue 4. The executive budget includes \$854,036 more grant authority in the district court reimbursement program than is included in the LFA budget.	0.00	854,036	854,036

Issue 5. The executive budget recommends the following language for the general appropriations act:  
If the revenues deposited to the general fund through implementation of 61-3-509, MCA, are less than the appropriation for District Court reimbursement, the department shall reduce the reimbursement to equal the revenues generated.

EXHIBIT 11  
DATE 1-23-89  
HB

'91 BIENNIUM BUDGET "SYSTEMS PROGRAM"

ISSUE 1. THE EXECUTIVE BUDGET INCLUDES 2.00 FTE THAT WERE ELIMINATED FROM THE LFA BUDGET BECAUSE THE POSITIONS HAD BEEN VACANT FOR AN EXTENDED PERIOD.

EXECUTIVE JUSTIFICATION: IT IS TRUE THAT THESE 2 FTE'S HAVE BEEN VACANT FOR AN EXTENDED PERIOD BUT IT SHOULD BE UNDERSTOOD THAT THIS ENTIRE PROGRAM FUNCTION IS DRIVEN BY THE DEMAND AND THE AFFORDABILITY FOR SERVICES NEEDED BY LOCAL GOVERNMENTS. THAT ALONE IS THE REASON FOR THE EXTENDED VACANCIES. ONLY IF AND WHEN THESE NEEDS CAN BE AFFORDABLE TO THE CUSTOMER, CAN/ WOULD THESE VACANCIES BE FILLED. IF THE COMMITTEE ELIMINATES THE POSITIONS AND THE DEMAND FOR SERVICES IS REQUIRED BY LOCAL GOVERNMENTS - NO HELP WILL BE AVAILABLE. NONE OF THE POSITIONS IN THIS PROGRAM ARE TIED TO GENERAL FUNDS. THEY ARE USER PAY FUNCTIONS WITH A REALIZATION OF USER PAY OR GENERAL FUND PAY BENEFIT. THE PROPOSED EXECUTIVE BUDGET RECOGNIZES THIS REALITY.  
**THE EXECUTIVE PROPOSED BUDGET SHOULD BE APPROVED.**

ISSUE 2. THE EXECUTIVE BUDGET INCLUDES \$43,304 MORE FOR TRAVEL THAN IS INCLUDED IN THE LFA BUDGET.

EXECUTIVE JUSTIFICATION: AS WITH ISSUE # 1, THIS PROGRAM'S TRAVEL BUDGET IS A PROPRIETARY FUNCTION THAT IS GENERALLY USER PAY. WITHOUT THE AUTHORITY TO EXPEND FUNDS - NOT STATE FUNDS BUT USER FUNDS - A LOCAL GOVERNMENT NEEDING SUCH ASSISTANCE WILL NOT BE ABLE TO RECEIVE IT - EVEN IF THEY CAN AFFORD TO PAY. THE PROPOSED EXECUTIVE BUDGET RECOGNIZES THIS REALITY.

**THE EXECUTIVE PROPOSED BUDGET SHOULD BE APPROVED.**

ISSUE 3. THE EXECUTIVE BUDGET INCLUDES \$54,223 MORE FOR AUDIT FEES THAN IS INCLUDED IN THE LFA BUDGET.

EXECUTIVE JUSTIFICATION: ACTUALLY ONLY \$32,779 OF THAT LFA FIGURE IS FOR BIENNIUM "DISTRICT COURT REIMBURSEMENT PROGRAM" AUDIT FEES. SUCH AN ANNUAL AUDIT IS REQUIRED BY STATUTE (3-5-902, MCA). WITHOUT THIS APPROPRIATION THE PROGRAM WOULD HAVE TO OPERATE IN CONFLICT WITH EXISTING LAW.

**THE EXECUTIVE PROPOSED BUDGET SHOULD BE APPROVED.**

ISSUE 4. THE EXECUTIVE BUDGET INCLUDES \$854,036 MORE GRANT AUTHORITY IN THE DISTRICT COURT REIMBURSEMENT PROGRAM THAN IS INCLUDED IN THE LFA BUDGET.

EXECUTIVE JUSTIFICATION: THE RECOGNITION OF THREE FACTS HAVE TO BE DESCRIBED HERE: 1.) SB200, OF THE '87 SESSION, PRESCRIBED THAT 7% OF THE 2% COLLECTED BY LOCAL GOVERNMENTS FOR LICENSING VEHICLES WOULD BE DEDICATED TO FUNDING THE "STATE DISTRICT COURT REIMBURSEMENT PROGRAM". 2.) SB175, OF THE '87 SESSION, PRESCRIBED THAT ALL FUNDS REMAINING AFTER THE "REIMBURSEMENT PROGRAM" DISTRIBUTION WOULD BE RETURNED TO THE COUNTIES UNDER THE COURT GRANT-IN-AID PROGRAM. 3.) THE '89 BIENNIUM "REIMBURSEMENT PROGRAM" APPROPRIATION FOR GRANTS WAS DEFINED AS X DOLLARS OF GENERAL FUND, BUT LIMITED TO THE AMOUNT OF REVENUE RECEIVED. THE EXECUTIVE BUDGET REPEATS THE PRESENT APPROPRIATION METHOD AND RECOGNIZES THE PRECEDING.

**THE EXECUTIVE PROPOSED BUDGET SHOULD BE APPROVED.**



EXHIBIT

13

DATE

1-23-89

HB

DEPARTMENT OF COMMERCE

General Appropriations Act Language

Business Assistance Division

REASON: There is about \$16,589 in private restricted contributions which the Montana Ambassadors raised. In order to close out this account, the following language is recommended:

There is appropriated to the Department of Commerce the unexpended private funds for the Super Collider effort, to be held in a special fund for the Montana Ambassadors Program and used for projects which will promote new business or jobs. Any use of the funds will require a majority approval by the Montana Ambassadors Board of Directors.

Board of Investments

REASON: Language authority for use of a portion of commissions and reporting requirement:

The Board of Investments may utilize designated commissions paid on the purchase and sale of securities for products and services customarily provided by brokers for such transactions according to applicable securities industries rules and regulations and Montana statutes. The board will make a report to the Fifty-Second Legislature on the use of the designated commissions.

## VISITOR'S REGISTER

AGENCY(S) \_\_\_\_\_ SUBCOMMITTEE \_\_\_\_\_  
DEPARTMENT \_\_\_\_\_ DATE Jan 23

NAME	REPRESENTING	SUP- PORT	OP- POSE
Navell Anderson	Dept of Commerce		
Bill Fogarty	" " "		
Manuel Stohl	" "		
John Maloney	" "		
Tom Clinch	" "		
Andy Pook	" "		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT.  
IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY.