

MINUTES

MONTANA HOUSE OF REPRESENTATIVES

51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By Rep. Bob Pavlovich, on February 14, 1989, at
8:00 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Paul Verdon and Sue Pennington

Announcements/Discussion: None

DISPOSITION OF HOUSE BILL 483

Motion: Rep. Bachini moved DO PASS and moved the amendments.

Amendments, Discussion, and Votes: Paul Verdon explained the amendments. See the attached copy. The amendments DO PASS

Recommendation and Vote: HB 483 DO PASS as amended unanimously.

DISPOSITION OF HOUSE BILL 418

Motion: Rep. Bachini made a motion to table the bill.

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: HB 418 TABLED unanimously.

DISPOSITION OF HOUSE BILL 611

Motion: Rep. Bachini moved DO PASS and moved the amendments.

Amendments, Discussion, and Votes: Rep. Pavlovich went over the amendments. There are 10 changes to the bill, see the attached copy. Rep. Simon said he would support these amendments but after we adopt them I would like to take it one step further. I don't see why we just allow beer and wine wholesale people to be in the position to protest. There are other wholesale people who should be able to have the same courtesy as the beer and wine wholesale people. Rep. Bachini asked Paul if we could make this expansion within the title of the bill. Paul said that Rep. Simon's amendment would fall within the title. Rep. Pavlovich said that liquor has to be paid in cash, when you talk about beer and wine, you have a 7-day credit period. Rep. Simon is talking about buying pictures, etc. Rep. Simon said if there are other creditors, they should be able to protest along with the beer and wine wholesalers.

Rep. Pavlovich said the first vote would be on the amendments presented by Rep. Connelly. These amendments DO PASS.

Rep. Simon and Glaser wants to change wholesaler to person on page 1, line 20, page 2, line 10, and line 21. Then the person extending credit would be allowed to protest. The amendments DO PASS.

Recommendation and Vote: HB 611 DO PASS as amended.

DISPOSITION OF HOUSE BILL 446

Motion: Rep. Bachini made a motion to reconsider our actions on this bill. Rep. Thomas made a motion to take HB 446 from the table. Rep. Bachini moved DO PASS and he moved the amendments.

Amendments, Discussion, and Votes: Rep. Thomas argued against the amendment. By leaving the amendment out, the bill says they can have commission up to 8 percent. I am in favor of giving the lottery more flexibility but I am certainly not in favor of just saying the commission will not be 8 percent. That is what this amendment does and I will argue against it. I think the words should be left as they are

and pass the bill out and let Rep. Daily talk about it on the floor. Rep. Pavlovich said if you take this out they can get 6 or 7 percent but otherwise they will get 8 percent. The amendment failed 13-3.

Recommendation and Vote: HB 446 DO PASS 11-5 vote.

HEARING ON HOUSE BILL 651

Presentation and Opening Statement by Sponsor:

Rep. Spaeth said this bill would provide for compliance with national electrical safety code standards establishes due care in the defense of a negligence action; and amends Section 69-4-201, MCA.

Testifying Proponents and Who They Represent:

Art Wittich, Butte
Ted Neuman, MT Council of Cooperatives
Gene Pidgeon, MDU Resources
Barry Hjort, US West Corp.
Gene Phillips, Pacific Power and Northwestern Telephone
Vicki Archibald, PSC
H. S. Hanson, Consulting Engineers, Helena

Proponent Testimony:

Mr. Wittich stated that this bill was really about fairness. It amends the existing statute which already incorporates the NESC into the Montana codes.

Gene Phillips said both the corporations he represents support this bill.

Gary Hjort stated that US West support this bill.

Mr. Neuman said the cooperatives support this bill.

Mr. Pigeon stated that MDU Resources support this bill.

Mr. Hanson said the consulting engineers support this bill.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: None

Closing by Sponsor: Rep. Spaeth wanted to emphasize that this is an important bill even though it is a short bill. The standards for NESC are not easy standards, they are rigorous standards. It is a bill that is fair to both sides and I urge your support.

DISPOSITION OF HOUSE BILL 651

Motion: Rep. Smith moved DO PASS.

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: HB 651 DO PASS unanimously.

HEARING ON HOUSE BILL 565

Presentation and Opening Statement by Sponsor:

Rep. Pavlovich, House District 70, Butte. HB 565 is the infrastructure bill. First this bill will maintain the coal board as distribution of local impact funds in the mining areas of eastern Montana. Second, it will establish a separate infrastructure or public works account under the coal board to provide grants and loans to all cities and counties across the state. See exhibit 2 for more details.

Testifying Proponents and Who They Represent:

Alex Hanson, MT League of Cities & Towns
Larry Anderson, Assistant to the Mayor, Missoula

Proponent Testimony:

Mr. Hanson stated that this bill is a small start on a big

problem. Some of the serious problems in this state include water service, bridges, railroad overpasses, jails, airports, sewage treatment and disposal, dams, and solid waste. This legislation needs to commit itself to this problem.

See exhibit 1 for Mr. Anderson's written testimony.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: None

Closing by Sponsor: Rep. Pavlovich wants to stress the basic part of the bill on page 2, Section 3, line 16 through 21. Half the money will stay with the coal impact council to take care of the coal areas where the money comes from. This will be a start in the right direction for all the communities in the state of Montana. I hope you will give the bill a do pass.

HEARING ON HOUSE BILL 600

Presentation and Opening Statement by Sponsor:

Rep. Vincent said this bill will revise the "Montana Small Business Licensing Coordination Act"; it establishes a business registration and licensing system, a board of review; and amends Sections 30-16-102, 30-16-103, 30-16-202, and 30-16-203, MCA; it repeals Section 30-16-201, MCA; and provides an effective date. The state of Washington passed a bill of which this is almost a carbon copy. This is a bill I put together based on my approach to economic development which is to look around the United States, identify the program that we think is the best there is. See if that model will fit the Montana experience and then if the answer is yes, go with it. It establishes a business license system in that state. Since the bill was passed the Washington model has been recognized nationally as the most advanced, sophisticated, cost-effective business licensing system in the United States today. The Washington business licensing system is simply the best there is. I think when you have an example like this from another western state

that is much like Montana, it merits a good close look in regards as to whether or not we should adopt that system, that model. This particular model was put into effect in 1978 by a republican administration, promoted by a republican governor. It was non partisan at the time, it had strong support from the democratic majorities in the House and Senate in Washington at that time. All reports are that after the implementation schedule, much like the one contained in this bill, this program was a success virtually from the first day. This is a nationally recognized, acceptable business licensing program. It will allow a master license to be issued when appropriate. This is one of the key components of the Washington system. They have a single, universal application form and once you complete it and you are issued the licenses that you need to operate your business that is it. You are issued, not 17 separate licenses, but a master license that covers them all. Once a year you apply for the renewal of all your licenses in one simple phone call, one simple punch into a computer, one simple application form; you don't have to apply for all of them individually. You apply for all of them together.

Testifying Proponents and Who They Represent:

Laurie Shadoan, Bozeman Chamber of Commerce

Proponent Testimony:

Ms. Shadoan stated that the chamber of commerce would like to go on record in support of HB 600.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Rep. Pavlovich asked Rep. Vincent if we didn't try to do something like this in 1981? What happened to that bill? Rep. Vincent said he did not know, like a lot of his bills, it disappeared into the woodwork after a while. There have been several attempts, we had one business licensing bill the last time. But, it was not in a specific bill as it is this time. It was wrapped into a couple of other economic development bills. This is much more specific and direct in that it is modelled after the Washington statute. Rep. Pavlovich asked if this then would benefit him since he has to buy a cigarette license for the cigarette machine, a store license, there are ten different licenses I have to buy to operate? Rep.

Vincent said when it is all said and done and the license is hanging up behind the counter, where as now you have a lot of licenses hanging there, at least for the state there will be only one master license. That license will list all of those licenses that you have in that package. Assuming that your business has lived up to the rules and regulations that those licenses are based on, you virtually have an automatic renewal with that single master license once a year.

Rep. Simon asked Rep. Vincent if we could not amend into the bill an appropriations clause with a dollar amount so that if it is an appropriations bill and when we know the amount we can amend the dollar amount? Rep. Vincent said he would have no objection to doing this. There is two ways to go, put an appropriation in even if we can't base it on a fiscal note, or an appropriation could be made in the general appropriations bill.

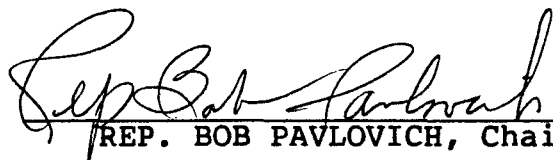
Rep. Hansen asked Rep. Vincent if he had done any work on what kind of appropriation it would take, or how he might go about this. Rep. Vincent said it would be done by the budget office. This bill was just introduced two days ago and the fiscal note simply hasn't caught up with it.

Rep. Pavlovich asked Rep. Vincent if we shouldn't wait till Friday for the fiscal note before we move the bill one way or the other. He said he had no objection to this, he would be willing to come back Friday to explain the fiscal note to the committee.

Closing by Sponsor: Rep. Vincent said he closed.

ADJOURNMENT

Adjournment At: 9:50 a.m.


REP. BOB PAVLOVICH, Chairman

BP/sp

3803.min

DAILY ROLL CALL

BUSINESS & ECONOMIC DEVELOPMENT COMMITTEE

51th LEGISLATIVE SESSION -- 1989

Date 2 14 89

NAME	PRESENT	ABSENT	EXCUSED
PAVLOVICH, BOB	✓		
DeMARS, GENE	✓		
BACHINI, BOB	✓		
BLOTKAMP, ROB	✓		
HANSEN, STELLA JEAN	✓		
JOHNSON, JOHN	✓		
KILPATRICK, TOM	✓		
MCCORMICK, LLOYD "MAC"	✓		
STEPPLER, DON	✓		
GLASER, BILL	✓		
KELLER, VERNON	✓		
NELSON, THOMAS	✓		
SIMON, BRUCE	✓		
SMITH, CLYDE	✓		
THOMAS, FRED	✓		
WALLIN, NORM	✓		
PAUL VERDON	✓		

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/14/89 BILL NO. 483 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich		
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin		

TALLY

15/6

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION:

do pass as amended

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/14/89 BILL NO. 611 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich		
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin		

TALLY

16 _____

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: do pass as amended

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/14/89 BILL NO. 446 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich		
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson	X	
Vernon Keller		X
Tom Kilpatrick	X	
Lloyd McCormick	X	
Thomas Nelson		X
Bruce Simon		X
Clyde Smith	X	
Don Stepler		X
Fred Thomas	X	
Norm Wallin		X

TALLY

11

5

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: do pass

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/14/89 BILL NO. 651 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich		
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin		

TALLY

16 _____

Sue Pennington
Secretary

Bob Pavlovich
Chairman

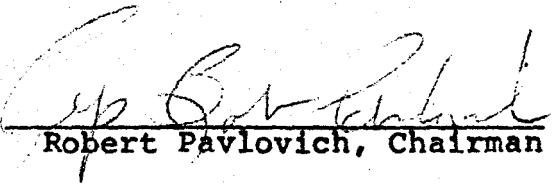
MOTION: do pass

2-8-89
1:25pm
T.O.

STANDING COMMITTEE REPORT

February 8, 1989
Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that House Bill 483 (first reading copy -- white) do pass as amended .

Signed: 
Robert Pavlovich, Chairman

And, that such amendments read:

- 1. Page 1, line 21.
Following: "development,"
Insert: "construction, improvement, maintenance, equipment, operation,"
- 2. Page 4, line 19 through page 5, line 4
Following: "state." on line 19
Strike: the remainder of subsection (7) in its entirety
- 3. Page 7.
Following: line 17
Insert: "(6) Nothing in this section or 7-14-1134 may be construed to limit the use of port authority revenues, including federal and state money as described in 7-14-1136, to make grants and loans or to otherwise provide financial and other support to organizations, including corporations organized under the provisions of the development corporation act in Title 32, chapter 4. Under no circumstances may the credit of the state, county, or municipal governments or their agencies or authorities be pledged to provide financial support to such development organizations"
- 4. Page 7.
Following: line 22
Strike: "of the"
Insert: "thereof, including"
Following: "property"
Insert: "acquired"
Strike: "the authority has"

STANDING COMMITTEE REPORT

February 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 483 (second reading copy - yellow), after rereferral to committee, do pass as amended.

Signed: Robert Pavlovich, Chairman

And, that such amendments read:

1. Page 1, line 19.

Following: "of"

Insert: "its jurisdiction and of"

2. Page 2, line 12.

Following: "of"

Insert: "its jurisdiction and of"

3. Page 4, line 13.

Following: "of"

Insert: "its jurisdiction and of"

4. Page 5, line 24.

Following: "organizations"

Insert: "through the issuing of bonds as provided in 7-14-1134 and this section to an organization, including a corporation organized under the provisions of Title 32, chapter 4, whose purpose is to advance economic development of its jurisdiction and the state and its citizens"

2/14/89
2:30 pm
ja

STANDING COMMITTEE REPORT

February 14, 1989

Page 1 of 2

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 611 (first reading copy -- white) do pass as amended .

Signed: _____
Robert Pavlovich, Chairman

And, that such amendments read:

1. Title, line 6.

Following: "BY"

Insert: "CREDITORS AND"

2. Title, line 7.

Following: "COMES"

Insert: "AND ADJOINING MONTANA COUNTIES"

Following: " ; "

Strike: "AND"

3. Title, line 8.

Following: "MCA"

Insert: " ; AND PROVIDING AN EFFECTIVE DATE"

4. Page 1, line 20.

Following: "by"

Insert: "a person who has extended credit to a transferor or"

5. Page 1, line 21.

Following: "comes"

Insert: "or adjoining Montana counties"

6. Page 2, line 10.

Following: "by"

Insert: "a person who has extended credit to a transferor or"

7. Page 2, line 11.

Strike: "county"

Insert: "counties"

8. Page 2, line 21.

Following: "by"

Insert: "a person who has extended credit to a transferor or"

9. Page 2, line 22.

Following: "comes"

Insert: "or adjoining Montana counties"

10. Page 3, line 5.

Following: line 4

Insert: "NEW SECTION. Section 3. Effective date. This act is
effective July 1, 1989."

24-87
STANDING COMMITTEE REPORT

February 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic
Development report that HOUSE BILL 446 (first reading copy --
white) do pass .

Signed: Robert Pavlovich, Chairman

214-37
30.35
76

STANDING COMMITTEE REPORT

February 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 651 (first reading copy -- white) do pass .

Signed: _____
Robert Pavlovich, Chairman

Amendments to House Bill No. 483
Second Reading Copy

Requested by Representative Driscoll
For the Committee on Business and Economic Development

Prepared by Paul Verdon
February 13, 1989

1. Page 1, line 19.

Following: "of"

Insert: "its jurisdiction and of"

2. Page 2, line 12.

Following: "of"

Insert: "its jurisdiction and of"

3. Page 4, line 13.

Following: "of"

Insert: "its jurisdiction and of"

4. Page 5, line 24.

Following: "organizations"

Insert: "through the issuing of bonds as provided in 7-14-1134
and this section to an organization, including a corporation
organized under the provisions of Title 32, chapter 4, whose
purpose is to advance economic development of its
jurisdiction and the state and its citizens"

Amendments to House Bill No. 611
First Reading Copy

For the Committee on Business and Economic Development

Prepared by Paul Verdon
February 14, 1989

1. Title, line 6.
Following: "BY"
Insert: "CREDITORS AND"
2. Title, line 7.
Following: "COMES"
Insert: "AND ADJOINING MONTANA COUNTIES"
Following: ";"
Strike: "AND"
3. Title, line 8.
Following: "MCA"
Insert: "; AND PROVIDING AN EFFECTIVE DATE"
4. Page 1, line 20.
Following: "by"
Insert: "a person who has extended credit to a transferor or"
5. Page 1, line 21.
Following: "comes"
Insert: "or adjoining Montana counties"
6. Page 2, line 10.
Following: "by"
Insert: "a person who has extended credit to a transferor or"
7. Page 2, line 11.
Strike: "county"
Insert: "counties"
8. Page 2, line 21.
Following: "by"
Insert: "a person who has extended credit to a transferor or"
9. Page 2, line 22.
Following: "comes"
Insert: "or adjoining Montana counties"
10. Page 3, line 5.
Following: line 4
Insert: "NEW SECTION. Section 3. Effective date. This act is effective July 1, 1989."

2/14/89



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House Bill 611 by Connelly et al.

Requested Amendments

1. Title, p. 1, line 7
Following: COMES
Insert: "or by certain creditors"
2. Sec. 1, p. 1, line 21
Following: comes
Insert: "or by a wholesaler who has extended credit to the transferor under 16-3-243 or 16-3-406"
3. Sec. 1, p. 2, line 22
Following: comes
Insert: "or by a wholesaler who has extended credit to the transferor under 16-3-243 or 16-3-406"
4. Sec. 1, p. 2, line 11
Following: county,
Insert: "or by a wholesaler who has extended credit to the transferor under 16-3-243 or 16-3-406."

Mary Ellen —

The wholesalers' trucks typically go to 3 or 4 counties. Kalispell beer wholesalers go to Lincoln County, Lake County, Sanders county, and one to Glacier County, as well as bringing beer and wine to the taverns in Flathead County. They would need this amendment to safeguard their rights to protest a transfer throughout their territories.

Directors:
BRIAN CLARK, Kalispell
BOB CLAUSEN, Helena
JOHN DECKER, Billings
JERRY JOHNSON, Lewistown

WAYNE SMITH, CPA, Helena
 Galusha, Higgins & Galusha
 Treasurer

BILL WATKINS, Missoula
 President

JIM THOMPSON, Butte
 Vice-President

Directors:
CHUCK LEE, Kalispell
DALE MARKOVICH, Butte
KARL REMBE, Great Falls



2/14/89
HB 565

JOSEPH L. ALDEGARIE
Director

Engineering
Traffic
Streets
Sewers
Vehicle Maintenance

CITY OF MISSOULA
Larry Anderson Testimony on House Bill No. 565

The City of Missoula strongly supports House Bill No. 565 which would allow 50% of the funds in the local impact account of coal tax revenue to be used for grants or loans to local governments for public works projects.

For years there has been much discussion and concern about the nation's crumbling infrastructure and the massive amounts of money which should be infused to stop this decay. Montana is no different than the rest of the United States. There is much to do but very little money is available. This bill will provide one more way to obtain additional financing.

A strong commitment to our infrastructure by the public sector is necessary for at least two reasons. First, a well-maintained public works system contributes to and is imperative for an expanding, healthy economy. An adequate infrastructure is needed to attract business and industry to a community. Secondly, an adequate infrastructure contributes to an improved standard of living.

A recent study indicates that the lack of investment in the nation's infrastructure has led to the slowdown in private sector productivity growth. The study has found a strong and consistent correlation between gross national product growth and public infrastructure investment. The study suggests that failure to adequately maintain public facilities is the underlying cause of the productivity slowdown. We cannot let this happen -- the infrastructure must be maintained and improved.

It is our understanding that this bill would make available some \$7,000,000 for the 1990-1991 biennium and will be limited to \$100,000 per project. While this is not an enormous amount of funds and certainly in itself won't solve the infrastructure funding problem, it is one more important incremental step in addressing the shortage of investment in our infrastructure. The City of Missoula strongly supports HB565 and respectfully urges your concurrence.

#2
HB 565
2/14/89

ANALYSIS OF HOUSE BILL 565

HOUSE BILL 565 IS BEING INTRODUCED FOR TWO REASONS:

FIRST -- THIS BILL WILL MAINTAIN THE COAL BOARD AND THE DISTRIBUTION OF LOCAL IMPACT FUNDS IN THE MINING AREAS OF EASTERN MONTANA.

SECOND -- IT WILL ESTABLISH A SEPARATE INFRASTRUCTURE OR PUBLIC WORKS ACCOUNT UNDER THE COAL BOARD TO PROVIDE GRANTS AND LOANS TO ALL CITIES AND COUNTIES ACROSS THE STATE.

IN 1987, A MAJOR PORTION OF THE LOCAL IMPACT ASSISTANCE FUNDS WERE BORROWED FOR THE GENERAL FUND. THIS "ONE-TIME" REDUCTION OF IMPACT ASSISTANCE WAS SCHEDULED TO TERMINATE AT THE END OF THIS BIENNIUM, BUT BOTH THE OUT-GOING AND IN-COMING ADMINISTRATIONS PROPOSED DIVERTING THESE FUNDS TO THE SCHOOL FOUNDATION PROGRAM FOR ANOTHER TWO YEARS. THIS BILL IS AN ALTERNATIVE TO THIS TRANSFER, AND IT IS BASED ON THE IDEAS THAT COAL IMPACTS SHOULD CONTINUE TO BE FUNDED WHILE THE STATE FOCUSES ATTENTION ON THE DETERIORATION OF STREETS, ROADS, JAILS, WATER AND SEWER SYSTEMS AND OTHER VITAL PUBLIC WORKS.

UNDER LAW, 6.65 PERCENT OF THE COAL SEVERANCE TAX, AN ESTIMATED \$6.42-MILLION FOR THE NEXT TWO YEARS, IS EARMARKED FOR IMPACT ASSISTANCE. HOUSE BILL 565 PROPOSES TO USE HALF OF THIS MONEY FOR ITS ORIGINAL PURPOSE OF MITIGATING DEVELOPMENT IMPACTS WHILE APPLYING THE REMAINING 50 PERCENT TO A PUBLIC WORKS LOAN AND GRANT PROGRAM FOR ALL CITIES, TOWNS AND COUNTIES.

INFRASTRUCTURE FUNDING IS A SILENT BUT DEADLY SERIOUS ISSUE. IN A REPORT ISSUED AUGUST 26TH OF LAST YEAR, A COAL TAX OVERSIGHT SUBCOMMITTEE ESTIMATED THE COST OF PUBLIC WORKS REPLACEMENT AND REHABILITATION, NOT INCLUDING STREETS AND ROADS, AT MORE THAN \$500-MILLION. OBVIOUSLY, THIS BILL DOESN'T COME CLOSE TO PROVIDING THE MONEY THAT IS NECESSARY TO CORRECT THESE DEFICIENCIES. IT DOES, HOWEVER, REPRESENT PROGRESS IN THE RIGHT DIRECTION AND A COMMITMENT FROM THE LEGISLATURE TO AT LEAST RECOGNIZE THE SEVERITY OF THE INFRASTRUCTURE PROBLEM IN MONTANA.

REPRESENTATIVE RAMIREZ HAS PROPOSED USING 25 PERCENT OF THE COAL SEVERANCE TAX TO FUND PUBLIC WORKS PROGRAMS, BUT A CONSTITUTIONAL AMENDMENT APPROVED BY THE VOTERS WOULD BE NECESSARY TO IMPLEMENT THE LAW. THIS BILL WILL HAVE TO BE REFERRED TO THE APPROPRIATIONS COMMITTEE, BECAUSE THE MONEY INVOLVED IS BEING CONSIDERED IN THE GENERAL FUND BUDGET. IT IS NOT GOING TO BE AN EASY ROAD FOR THIS BILL, BUT I ASK THIS COMMITTEE TO PASS IT ALONG, BECAUSE THE TIME HAS COME TO UNDERSTAND THAT DOING NOTHING IS THE WORST POSSIBLE WAY OF DEALING WITH THE INFRASTRUCTURE PROBLEM.

#3
2/14/89
HB 56

AMENDMENT TO HOUSE BILL 565

AN AMENDMENT IS NEEDED TO CLARIFY THAT A SEPARATE PUBLIC WORKS ACCOUNT IS ESTABLISHED BY THIS BILL.

PAGE 1, LINE 21, AFTER "GRANTS.", STRIKE: "FUNDING FOR THE GRANTS AND LOANS MUST COME FROM 50 PERCENT OF THE FUNDS IN THE LOCAL IMPACT ACCCOUNT ESTABLISHED IN 90-6-202."

PAGE 1, LINE 21, AFTER "GRANTS.", INSERT: "A SEPARATE PUBLIC WORKS ACCOUNT FUNDED BY 50 PERCENT OF THE LOCAL IMPACT FUND AS PROVIDED BY 90-6-202 IS ESTABLISHED TO FINANCE THE PUBLIC WORKS GRANT AND LOAN PROGRAM."

MONTANA'S INFRASTRUCTURE NEEDS

The most recent comprehensive reviews of the extent of Montana's problem of deteriorating infrastructure were completed in 1984 by the Governor's Task Force on Infrastructure and in 1986 by the Joint Interim Subcommittee on Infrastructure. The latter group conducted a study on the subject during that interim.

Little has been done since to remedy the problems highlighted in the two reports, and it can be concluded that the situation has worsened. The degree of deterioration of infrastructure and the estimated costs of rehabilitation stated in those previous documents have escalated with the passage of time and as inflation continues. The findings of the 1984 and 1986 reports provide a starting point for assessing Montana's local government infrastructure needs.

Extent of the Problem and Remedial Costs

The Governor's Task Force summarized the problem and estimated the costs of rehabilitation and replacement:

Roads and Streets: Cities and counties are responsible for maintaining approximately 70,000 miles of roads and streets. Estimated costs of maintenance: \$7,500,000,000.

Bridges: Of the 2,142 bridges for which cities and counties are responsible, 1,717 are structurally deficient or obsolete. Estimated costs of repair or replacement: \$100,000,000

Airports: Out of 116 Montana airports, 64 needed repairs or reconstruction. Capital improvement funds from federal or state sources were available to 58% of Montana airports while the rest must rely on self-funding. The federal grant/state match program was expected to fall about \$2,000,000 short of needed funds.

Water Systems: Incorporated cities and towns reported 264 needed capital improvement projects. In addition, 98 of the 279 rural water systems were reported to be in need of major upgrading to bring them into compliance with state water quality standards. Estimated costs of these improvements: \$100,000,000.

Sewage Treatment and Disposal: On 203 public systems, repair or expansion was needed for systems serving approximately two-thirds of the state's population. Estimated costs: \$231,276,000.

Solid Waste: Almost one-tenth of the state population was being served by solid waste systems that did not comply with Department of Health standards. Estimated costs

of bringing these systems to compliance was \$1,000,000; estimated cost of maintaining all systems at a compliance level is \$5,400,000. Total estimated costs: \$6,400,000.

Jails: All but one of Montana's 53 county jails needed rehabilitation, expansion, or replacement; 21 of those were more than 30 years old and needed complete renovation or replacement. Estimated cost: \$56,713,000

Dams: A potential for hazard was said to exist at 804 dams in Montana with 672 said to pose significant risk. Some threat to human life was recognized, but mainly the danger was of economic loss. Another 132 dams were ranked as high hazards because a break or failure in any of those would claim more than a few human lives and the economic costs would be excessive. Of these significant hazard and high hazard dams, 64 were identified as owned by the State of Montana, 30 by cities, and five by counties.

Total estimated liability of Montana local governments for infrastructure projects exceeded \$8,000,000,000.

THE STATE'S PARTICIPATION IN THE SOLUTION

As a facilitator or an expeditor, the state can play a role in solving this problem, the Task Force recommended, by enhancing local capabilities to finance and maintain public facilities. To achieve this end:

- (1) each local community should determine its own priorities and needs for capital investment;
- (2) the Legislature should authorize new sources of local revenue, using local taxes for local public facilities;
- (3) the Legislature should change statutes and regulations that add to the cost of planning and financing local public works; and
- (4) the state should actively encourage local governments to prepare capital improvement plans.

FINDINGS OF INFRASTRUCTURE SURVEY

The Joint Interim Subcommittee on Infrastructure's 1986 survey found these infrastructure needs of cities and counties:

Table 1

CONDITION OF PUBLIC FACILITIES IN CITIES AND TOWNS*

	<u>Percent Reporting Facility</u>			<u>Number of Cities Reporting**</u>
	In Good Condition	Needs Repairs	Needs Major Rehabilitation or Replacement	
WATER				
Supply	54	23	23	83
Storage	64	22	14	83
Distribution	33	38	29	86
Treatment	63	10	27	59
SEWAGE				
Collection	53	22	25	87
Treatment	62	18	20	77
SOLID WASTE				
	51	11	38	53
STREETS				
	18	45	37	93
BRIDGES				
	27	53	20	15
JAIL				
	53	13	33	15
LIBRARY				
	68	15	17	41

* Two facilities (Hospital and Other) are omitted here because fewer than ten respondents indicated their physical condition.

**Excludes respondents who either indicated that their city was not responsible for the facility or did not report its condition.

Table 2

CAPACITY OF CITY FACILITY TO MEET COMMUNITY NEEDS

Percent Reporting that the Facility is:

	Adequate for At Least the Next 5 Years	Meets Existing Need But Will Be Inadequate by 1990	Does Not Meet Existing Need	Number Responding*
WATER				
Supply	70	12	18	84
Storage	66	16	18	83
Distribution	56	24	20	86
Treatment	69	14	17	58
SEWAGE				
Collection	64	24	12	87
Treatment	72	15	14	81
SOLID WASTE				
	55	20	26	51
STREETS				
	47	22	31	91
BRIDGES				
	69	6	25	16
JAIL				
	53	12	35	17
LIBRARY				
	77	14	9	43

*Excludes respondents who did not know whether capacity was adequate, as well as those who had indicated that their city was not responsible for the facility.

Table 3

CITY PRIORITIES FOR CAPITAL IMPROVEMENTS

Percentage Distribution

	First Priority	Second Priority	Third Priority
WATER			
Supply	21	12	5
Storage	9	3	7
Distribution	14	22	10
Treatment	9	13	3
SEWAGE			
Collection	9	16	9
Treatment	8	9	10
SOLID WASTE	10	4	12
STREETS	16	13	33
BRIDGES	0	0	2
JAIL	2	0	2
LIBRARY	0	3	5
HOSPITAL	0	0	0
OTHER	2	6	2
<hr/>			
ALL RESPONDING			
CITIES AND TOWNS*	100	100	100
(Number)	(80)	(69)	(58)

*Each column includes respondents who had indicated in previous questions that at least three, two, or one of these facilities was inadequate or needed rehabilitation or replacement.

Note: In some cases a priority was assigned by a respondent who had indicated that the facility met existing needs but would be inadequate by 1990.

Table 4

CONDITION OF PUBLIC FACILITIES IN COUNTIES*

Percent Reporting Facility

	In Good Condition	Needs Repairs	Needs Major Rehabilitation or Replacement	<u>Number of Counties Reporting**</u>
ROADS	11	58	31	36
BRIDGES	5	42	53	36
JAIL	35	6	59	34
LIBRARY	66	28	7	29
HOSPITAL	58	25	17	24
SOLID WASTE	78	9	13	23

*Water, sewage, and other facilities are omitted here because fewer than ten respondents indicated their physical condition.

**Excludes respondents who either indicated that their county was not responsible for the facility or did not report its condition.

Note: For each facility, the total number of respondents is 36. Butte-Silver Bow and Anaconda-Deer Lodge are not included.

Table 5

CAPACITY OF COUNTY FACILITY TO MEET EXISTING NEEDS

Percent Reporting that the Facility:

	Is Adequate for At Least the Next 5 Years	Meets Existing Need But Will Be Inadequate by 1990	Does Not Meet Existing Need	Number Responding*
ROADS	42	39	19	36
BRIDGES	31	22	47	36
JAIL	33	11	56	36
LIBRARY	73	14	14	30
HOSPITAL	67	8	25	24
SOLID WASTE	62	29	10	21

*Excludes respondents who did not know whether capacity was adequate, as well as those who had indicated that their county was not responsible for the facility.

Table 6

COUNTY PRIORITIES FOR CAPITAL IMPROVEMENTS*

	<u>Percentage Distribution</u>		
	First Priority	Second Priority	Third Priority
ROADS	29	31	12
BRIDGES	23	24	33
JAIL	27	7	38
LIBRARY	0	10	0
HOSPITAL	3	10	17
SOLID WASTE	7	0	0
OTHER**	11	18	0
ALL COUNTIES RESPONDING (Number)	100 (31)	100 (29)	100 (24)

*Each column includes respondents who had indicated in previous questions that at least three, two, or one of these facilities was inadequate or needed rehabilitation or replacement.

Note: In some cases a priority was assigned by a respondent who had indicated that the facility met existing needs but would be inadequate by 1990.

VISITORS' REGISTER

BUSINESS

COMMITTEE

BILL NO. 565 600 651 DATE 2/14/89

SPONSOR Pavlovich Vincent Speth

Please put
bill numbers.

SB651

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
LARRY ANDERSON	MISSOULA	565	
ART WITICH	BUTTE	651	
TELL NEUMAN	MT COUNCIL OF COOPERATIVES and REAS	✓	
GENE PIGRON	MDU RESOURCES	651	
PATRY L. HORN	PSWC	651 ✓	
GENE PHILLIPS	PACIFIC POWER NORTHWESTERN TEL	651 ✓	
Vicki Archibald	Helena PSC	651	
AS Houson	HELENA	651 ✓	
Laurie Shaban	Bozeman Chamber	600	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.