

MINUTES

MONTANA HOUSE OF REPRESENTATIVES  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By Vice Chairman Gary Spaeth, on February 28,  
1989, at 9 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Curt Nichols, LFA

Announcements/Discussion: Representative Spaeth said the  
Chairman and some other committee members would be late  
since they were in another meeting.

HEARING ON HOUSE BILL 325

"AN ACT CLARIFYING AND EXPANDING THE DUTIES OF THE DEPARTMENT OF  
ADMINISTRATION REGARDING ALLOCATION OF SPACE FOR CERTAIN STATE  
AGENCIES; AND AMENDING SECTION 2-17-101, MCA"

Presentation and Opening Statement by Sponsor:

Representative Marks, House District 75, Chief Sponsor of  
House Bill 325 explained House Bill 325 as an effort to take  
care of space allocations in regard to the needs of space  
for state agencies.

Testifying Proponents and Who They Represent:

None

Proponent Testimony:

None

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Representative Swysgood (069)  
asked about the FTE in the bill. He said that the  
Department may be able to absorb this amount, and asked

about it. Chairman Spaeth reminded the committee this is not an appropriation bill, it is an appropriation impact bill. He said they would have to plug it into the Department of Administration budget, and if we do not put the money in the bill, they will have to absorb it.

Representative Cody asked about the fiscal note assumption # 2, that says locating and allocating state owned and leased office space statewide. She asked if they did not know now where the office space is at and Representative Marks said he does not think it is very well coordinated.

Representative Cody asked about # 4 on travel necessary to provide on-site assistance to agencies statewide, and asked why travel would be necessary. Mr. Blanton, Dept. of Administration answered that it was necessary if the job were to be done right, to travel to areas and help set up the space. He said when House Bill 788 was passed they had never been able to do justice to it, since there was no money allocated.

When asked by Representative Swysgood what would happen if the bill were passed with no funding, Mr. Blanton answered they would try to do what they could, it would be probably done by telephone.

Closing by Sponsor: Representative Marks said he is in total agreement with the bottom line of the fiscal note which says allocation and location of agency space should result in future cost savings to the state.

#### HEARING ON HOUSE BILL 56

"AN ACT DIRECTING THE DEPARTMENT OF HIGHWAYS TO DESIGN, ERECT , AND MAINTAIN CERTAIN WELCOME AND FAREWELL SIGNS; PROVIDING CERTAIN EXCEPTIONS; PROVIDING GENERAL SPECIFICATIONS FOR THE SIGNS; PROVIDING FOR PAYMENT OF THE COSTS FROM THE LODGING FACILITY USE TAX; AMENDING SECTION 15-65-121, MCA; AUTHORIZING THE DEPARTMENT OF HIGHWAYS TO ACCEPT AND EXPEND MONEY FOR THE PURPOSE OF THIS ACT; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

Presentation and Opening Statement by Sponsor: Representative Whalen, District 93, Billings, Chief Sponsor of House Bill 56 said this bill requires signs to be placed on entrances and exits on the Interstate Highway except the one from Montana to Idaho, which is physically impossible. He said this would also include the primary road on highway 212. He said this cost would come out of the Highway Department, and they needed the spending authority only. He said Jess Monroe had told him they have \$250,000 a year for maintenance and replacement for signs and he had promised Mr. Monroe that he would ask for the additional money to put these signs up.

Testifying Proponents and Who They Represent:

Bill Gosnell, Highway Department

Proponent Testimony:

Mr. Gosnell (262) said the \$250,000 is their operating budget. He said to add this additional amount in it would put a crimp in their operating budget. He said there are several bills floating around that adds to the cost of maintenance, erection of signs, etc. (280)

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Representative Swysgood said, unless we give you additional spending authority, the possibility of absorbing this would cause a hardship, and Mr. Gosnell answered, yes, they use about a quarter of a million in replacing signs that have blown down, been shot up, or whatever, just maintenance and replacement of existing signs.

Representative Kadas asked why no sign on the Lookout Pass on I 90 and Rep. Whalen said he understood it was a sheer drop on both signs of the road and no space available to put one.

Representative Kadas asked, if you have the money and only need the authority, what would this money be spent for and Mr. Gosnell said construction. A question was asked about the counties paying on this, and Mr. Gosnell said that was no longer in the bill, it had been amended out.

Representative Whalen explained the need for replacing the old wooden signs as a promotional thing as the new signs are attractive for people coming in and going out of the state, giving a warmer feeling about Montana. There is a provision in the bill to take the signs that are presently up and move them to the primary roads.

Tape #1, (475)

Closing by Sponsor: Representative Whalen stated it is true that signs were put up that were primarily financed by the federal government two years ago. He stated one of the best things to promote Montana is to give the drivers a warm feeling and thinks metal signs do not give this impression.

~~EXPERIENCE BY PROPERTY AND CASUALTY INSURERS FOR PURPOSES OF DETERMINING THE APPROPRIATENESS OF RATES CHARGED BY SUCH INSURERS, AND PROVIDING A PENALTY, AND REPEALING SECTION 33-16-202, MCA"~~

Presentation and Opening Statement by Sponsor:

Representative Whalen, House District 93, Chief Sponsor of House Bill 238 explained House Bill 238 as an Insurance disclosure act. This Bill requires the property and casualty insurance industry to furnish certain data, basically direct writings, premiums written, premiums earned, investment income, how much they paid in claims, the reserves they've set, adjustments made and other expenses incurred in Montana. EXHIBIT 1 was handed in by Rep. Whalen.

Testifying Proponents and Who They Represent:

Proponent Testimony:

Testifying Opponents and Who They Represent:

Jacqueline N. Terrell, Lawyer, representing the American Insurance Association  
Bonnie Tippy, Alliance of American Insurers  
Rodger McGlen  
Stephen Browning, State Farm Mutual Insurance

Opponent Testimony:

Ms. Terrill feels it ignores an enormous quantity of material and information that is presently available to consumers that is already in a more workable and meaningful format. The most detailed data legislation may fail to result in any useful conclusions. She hopes that Montana will utilize the wealth of data already available as well as new data collected in 1977 and 1988 pursuant to voluntary insurance industry undertakings.

Tape #1, (738)

(049) Bonnie Tippy said the information received would not be useful in providing the information desired. Her testimony is attached as EXHIBITS 3 and 4.

(087) Mr. McGlen said he felt it was better to use the data they had rather than accumulate more to make dust.

Mr. Browning said House Bill 238 was unnecessary. He said the data that is available is really all they need.

Questions From Committee Members: Representative Grinde asked if this was the bill designed by the interim committee on Liability Insurance and Rep. Whalen said it was set up prior

to your coming to the legislature. Rep. Grinde asked if the general public would be using this information, not just the Auditor's Office. Rep. Whalen stated this was correct.

Closing by Sponsor: Representative Whalen stated in 1987 Montana individuals and businesses paid approximately one billion dollars to out of state insurance agencies in the form of insurance premiums. The amount of state money that was spent in the last biennium was between \$700 and \$800 million dollars. This kind of information, that this bill would require them to furnish, is needed to determine whether or not the statements that are being made to us Montanans in this Legislature in regard to whether or not these dramatic changes that were made in our civil justice system, were necessary.

Tape 1B, (295)

HEARING ON HOUSE BILL 618

"AN ACT TO INCREASE BY 4 PERCENT THE MAXIMUM GENERAL FUND BUDGET SCHEDULES FOR ELEMENTARY SCHOOLS AND HIGH SCHOOLS FOR SCHOOL FISCAL YEAR 1989-90; TO APPROPRIATE FUNDS TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION FOR STATE EQUALIZATION AID; AMENDING SECTIONS 20-9-316 AND 20-9-317, MCA; AND PROVIDING AN EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Representative Schye stated this is a bill that would raise the foundation program 4 percent which is the CPI almost for this coming year. It is for one year of the biennium. The equalization will still have to be done but next year the schools will know what they have to do. They will get this 4 percent increase. If this bill was raised for the estimated cost in fiscal 1990 at 0 percent it's \$25 million dollars. Every budget so far already has that amount in it. This amount is to bring the foundation program up to 0. The 4 percent above that is \$11.134 million dollars that would have to be added onto the schedules. The Revenue Estimating Committee came up with an increase of almost \$10 million dollars over the Governor's and LFA budgets.

Testifying Proponents and Who They Represent:

Nancy Keenan, State Superintendent of Public Instruction  
Claudette Morton, Executive Secretary to the Board of Public Education

Larry Rogers, student representative to the Board of Public Education

Jenny DeVoe, Student Body President, Helena High School  
Stewart Bishop, President of Montana School Boards Association

Eric Feaver, Montana Education Association

Pat Melby, Representing the Schools that were the plaintiffs

in the underfunded lawsuits.

Terry Minow, representing the Montana Federation of Teachers  
Tony Tonazetti, Superintendent of Schools, Stevensville, MT.

Bill Zorn, Superintendent of Schools, Shelby, MT.

Jim Foster, Superintendent of Schools, Chester, MT.

Daryl Rude, Principle of Lockwood School, Billings

Jerry Weist, Superintendent of School, Great Falls

Kay McKenna, representing the Montana Association of School  
Superintendents

Rick Floren, Assistant Superintendent for Finance at Havre  
Public Schools

Sen. Richard Manning, District 18, Great Falls

Bob Moudry, School Trustee from Butte

Harry Erickson, Superintendent of Schools, Belgrade

Calvin Moore, Superintendent of Schools, Medicine Lake, MT.

#### Proponent Testimony:

Ms. Keenan, handed out two exhibits, Foundation Programs, and explained the foundation payment. She appeared to talk about students, their oversized classes, schools operating in violation of the minimum class size standards and there is no alternative.

Ms. Morton stated House Bill 618 is a good practical response for the first year of the biennium. The 4 percent is simply an inflation factor.

Larry Rogers, spoke concerning budget problems from a student's point of view and how important his education has been to him.

Ms. DeVoe spoke on her quality education in the past and the need for this quality education to continue.

Mr. Bishop spoke on behalf of the Montana School Board Association with a membership of 284 local districts throughout the state of Montana with about 150 of those members representing elementary and high school districts that are operating under one administration. House Bill 618 addresses their need for additional state funding for next year. The additional money would be distributed in a foundation program and a 4 percent increase translates into approximately a 2 percent increase in total funding. This is within the range of increases being considered for state employees. Property tax collections by school districts declined \$22 million dollars in the first year following passage of 105.

Mr. Feaver spoke in support of House Bill 618 and passed out Exhibit 4.

Tape 1B (665)

Mr. Melby stated schools will have to be funded in fiscal

1990 under the current foundation program and increase in this funding is absolutely essential.

Ms. Minow spoke in support of House Bill 618 to maintain the current level of education.

Mr. Tonazetti stated that with the 1105 freeze plus the 00 foundation program increases they have received in the past few years they have been consuming their reserves.

Mr. Zorn spoke in support of House Bill 618 and the equalization issue.

Tape 2A (075)

Mr. Foster spoke on the budgeting process and if there is a change in the process training will need to be set up soon. See Exhibit 5

Mr. Rude urged support for House Bill 618 and spoke on the quality of education in the schools of Montana and continued cuts could drive excellent young educators out of the state.

Mr. Weist said the bottom line for the last five years in Great Falls general fund budget started out at \$34,453,098 and now the general fund budget is \$34,331,260, down \$122,238 and during that same time the student enrollment is up. Total revenue from all sources is down also. Special education and text book costs have increased.

Ms. McKenna visits 34 schools in Lewis & Clark County and sees structure problems and worries about the cost of putting small projects off until they become large projects.

Mr. Floren spoke in support of House Bill 618 and there is a need for more money but they need a year to implement the funds.

Sen. Manning spoke in support of House Bill 618

Mr. Moudry spoke about the cuts in Butte to save money for financial reasons and they don't have the reserves that some other towns have.

Mr. Erickson stated the educational supplies budget is less than it was five years ago due to cutting back and spoke in favor of House Bill 618.

Mr. Moore spoke in favor of House Bill 618.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

Tape #2A (315)

Representative Marks asked Mr. Melby about his comment that the Legislature is in default by past underfunding. Mr. Melby stated he was trying to be jocular in response to Rep. Bardanouve's comment that he claimed they were the people who caused this problem and he was trying to point out they did not cause the problem, the problem was there and they needed to get somebody's attention. He mentioned the disparity between voted levies. Representative Bardanouve stated he made the remark in a light vein and Mr. Melby said he tried to respond in a light vein too. Rep. Marks asked Mr. Melby if this Bill would help cure the problem recognizing the plaintiff's concerns for equality. Mr. Melby stated it only provides a cost of living increase with no change in the difference between the amount of school funding that is supported by the state and that which must be supported by a voted levy and any amount the legislature appropriates to the foundation program will help equalization.

In response to a question by Representative Spaeth, Mr. Melby stated that comprehensive insurance was only set up as a separate fund when liability insurance become such a problem to all entities.

Representative Cody asked Superintendent Keenan how many school districts in the state have used their maximum school levy and Ms. Keenan stated it was about 50 percent.

Representative Kadas referred a question to Jesse Long concerning a reduction in retirement payments and if this would work out better for schools than a 4 percent increase in the foundation program. Mr. Long said the mechanics of putting in place the retirement program being thrown into the foundation program will be extremely difficult to carry out.

Closing by Sponsor:

Representative Schye stated the 4 percent is not out of line. He stated this is the first step in the equalization process to keep the schools going in the next year.

Chairman Bardanouve announced the Hearing on House Bill 618 closed. Committee recessed until 1:30 p.m.

DISPOSITION OF HOUSE BILL 618

Motion: by Representative Spaeth that House Bill 618 do pass



Discussion: Representative Marks, after checking the figures, stated all of increases are not 4 percent but 5.06 percent in each case. Representative Kadas stated there are four sections in the law that deal with the schedules. One section for the first fiscal year of the biennium for elementary and high school and the one section for the second fiscal year for elementary and high school. The section they are amending is for fiscal year 88. The difference between the first year and second is 1 percent right now. The second year is 1 percent higher. Rep. Marks has a concern that if they pass this bill they might be perpetuating the problem of a law suit unless something can be done to not create a bigger dollar gap. Rep. Kadas disagreed and stated for poor districts a larger proportion of their budget is foundation program and if this is increased the same across the board you are helping poor districts more because the foundation component of their budget is the larger proportion of their total budget. Rep. Marks stated they would be smart to put an amendment on it similar to the one on Senate Bill 203.

Discussion:

Amendments, Discussion, and Votes: Representative Marks moved to adopt an amendment to this bill that would be identical to Senate Bill 203 that would disallow any of this increased money to go to districts over the 168 percent.

Representative Quilici has not had a chance to look at Senate Bill 203 but stated the cap would have a dramatic effect and be a detriment.

Representative Thoft stated he would support the amendment.

Representative Spaeth asked Rep. Marks what schools would be effected by the cap and Rep. Marks stated he did not have a print out on it. Rep. Kadas stated about 75 schools in the state would be affected and asked Rep. Marks if the amendment would freeze those above 116 percent or is it also going to phase down the percentage increase for those between 100 percent and 116 percent and Rep. Marks would support this suggestion and put this language in the amendment. Rep. Kadas spoke against the motion. Rep. Cody stated it was her impression that this bill did not have anything to do with the equalization it was addressing the foundation money. Chairman Bardanouve stated that basically she was right. They are bridging the first year over to when they get in place a proper foundation program.

Amendments, Discussion, and Votes: The motion to adopt the amendment was voted, failed.

Recommendation and Vote: Vote was taken on Representative Spaeth's original motion for a do pass for House Bill 618. Voted, passed, Roll call vote, 11 members voting yes, 9 members voting no.

## HEARING ON HOUSE BILL 329

"AN ACT TO APPROPRIATE FUNDS FROM THE RESOURCE INDEMNITY TRUST RECLAMATION AND DEVELOPMENT GRANTS SPECIAL REVENUE ACCOUNT TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION TO BE AWARDED TO THE BUTTE-SILVER BOW CITY-COUNTY GOVERNMENT FOR HIRING AN UPPER CLARK FORK RIVER BASIN COORDINATOR."

Presentation and Opening Statement by Sponsor: Representative Daily, House District 69, Butte said the purpose of the bill is to hire an Upper Clark Fork coordinator to coordinate the information that is being obtained by the various agencies dealing with the Super Fund problem, particularly the Clark Fork in the Butte area. He said before the mines were shut down in Butte, in 1980 in the Butte Anaconda area there were 3200 people who worked for the Anaconda Company with an annual payroll of over \$100 million. Now there are about 320 people working for Montana Resources in Butte with a payroll of around \$15 million. He said the mine flooding problem has the potential of becoming the largest environmental disaster in the state, and possibly in the nation. He said the Clark Fork Superfund site is the largest Superfund in the United States. The mine flooding in Butte is the largest ever taken place in the world. He said Silver Bow Creek is the headwaters of the Columbia River Basin, so this is a problem of Montana and the Northwest. He said there are two areas that are flooding, the West camp and the East camp which includes the Berkeley Pit. He said a recent pump test on the Trivonia area in the West Camp area. They pumped the water down 32 feet and discontinued last Wednesday and as of Monday the water had recharged 8 feet. He said before the pump test the water was within 24 feet of contaminating the ground water table in Silver Bow creek. He said the water in the West Camp rises at a rate of 4 feet per month, which made it within 6 months of contaminating Silver Bow Creek. He said the water in the Berkeley Pit is more serious. (274)

Testifying Proponents and Who They Represent:

Don Peoples, Chief Executive, Butte Silver Bow  
Marvin Miller, Montana Bureau of Mines and Geology

Proponent Testimony: Mr. Peoples said they are in strong support of House Bill 329. He said the environmental problems are serious and at a level where it needs a coordinated effort of the state, federal, local and private agencies to solve the problem. He said they have been fortunate in having Mr. Johnson working out of the Governor's office working as the Clark Fork Coordinator. He

said that position terminates in the near future. (318)

Mr. Miller said since '82 they have been doing some monitoring and evaluation in the Upper Clark Fork Basin and said he would like to think of this person as a technical coordinator to review many of the documents. There are lots of groups that each have a number of consultants, each preparing reports representing their various entities. He said there are probably about 18 to 20 major reports which come in huge boxes to be reviewed, and evaluated. He said in addition there are a large number of smaller entities, university systems, etc. having reports to be evaluated. He said they really need someone to coordinate the efforts and give direction as to where it should go, and to work as a liaison officer to coordinate the work.

Testifying Opponents and Who They Represent: None

Opponent Testimony: None

Questions From Committee Members: Representative Cobb said in Human Services they had funded a coordinator for the Clark Fork, and asked if this were another one. Representative Menahan asked if that one wasn't the one who works on the stream at the Clark Fork and takes results from the Warm Springs Creek Pollution all the way down to near Missoula and this one would deal with Butte Hill.

Representative Marks asked if there was something wrong with using that as the agency to do the work in Butte. Cabin Creek polluting the Columbia River is important, and the area in Butte is important too, and it affects the Columbia drainage. Representative Daily said we are looking for an additional person because Howard Johnson has been the Clark Fork River Coordinator and he has done a fairly good job, but it is such a big problem, and his time has been spent mostly on the lower Clark Fork. You really have two separate problems there. We need someone where we are because that is where the real problem is, and to this point we have had no one.

Representative Marks asked if it wouldn't be just as well to have that person to work with Mr. Johnson since there may be some other upper reaches of the drainage that might have some problems too. Mr. Daily said he had no problem with that. Representative Thoft said with Cabin Creek no longer an issue, couldn't they just move Mr. Johnson up the creek, and Rep. Daily said he had no problem with that either.

Representative Cobb said the committee could allocate \$200,000 to sue ARCO too in case something does not take affect.

Representative Connelly asked if the grants program was applied when you came in for some other projects.

Representative Daily stated he did not come up with the idea of person until after the projects had been submitted.

Representative Menahan would like to find out what Mr. Johnson's duties are and see what can be done before any decision is agreed upon. Rep. Daily agreed

Closing by Sponsor: Representative Daily stated the economic development that has been going on in Butte-Silver Bow has made strides in the past few years and when the economy of Butte improves you improve the economy of Montana. He used the Berkeley Pit as an example of how polluted the water is. He stated there were iron railroad rails that were 12" thick, 20 ft. long and would be literally gone in a week when they were put in water.

Representative Bardanoue stated executive action on House Bill 329 would be taken later.

#### HEARING ON HOUSE BILL 666

"AN ACT TO DEVELOP AND IMPLEMENT TELECOMMUNICATIONS NETWORKS IN MONTANA TO SUPPORT EDUCATION, ECONOMIC DEVELOPMENT, AND GOVERNMENT SERVICES; TO PROVIDE FOR DEMONSTRATION PROJECTS; PROVIDING APPROPRIATIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor: Representative Ramirez, District 87, explained this bill came about as a result of a study conducted under HJR 58 from the last session, to establish a task force on telecommunication technologies for Montana. The purpose of that particular resolution was to see if a telecommunication system or technology in the state had the potential to produce significant cost savings in the delivery of such services as education, training, library resources, public information, inter-governmental agencies etc. They raised money independently, hired a consultant and then prepared a report to the legislature which each of you received. That report explains what is being asked for in House Bill 666. The recommendation was to create a telecommunications cooperative to oversee this to finish through the use of a consultant with funding of about \$200,000 and actually design a telecommunication system, primarily a video communication system and get it installed and that would require some money that is also asked for in the Bill, about \$1 million dollars. In addition it asks for some money, about \$500,000, for grants for pilot projects to get this system in use as quickly as possible.

#### Testifying Proponents and Who They Represent:

Tom Asay, Forsyth, Montana, presented Exhibit 1 which is attached.

Representative Kimberley, District 90, Billings  
Carrol Krause, Commissioner of Higher Education

Bill Thomas, Board of Public Education  
Gail Gray, Office of the Superintendent of Public Education  
Beth O'Hallahan, American Federation of Teachers  
Tom McGree, U. S. West Communications  
Jay Downen, representing the Telephone Cooperatives  
Dave Wilson, Director of the University of Montana  
Telecommunications

Proponent Testimony: Mr. Asay said they were looking at how to get quality education delivered to the smaller schools, and the task force included a cross section including rural telephone people, University people, people from the Board of Education, etc. He said they also talked to people from surrounding states to see how they could work without duplication of services.

Tape 3, 000.

Representative Bardanoue mentioned the educational system in Australia in the Outback where it may be 50 miles between neighbors, and that education there is done by radio, etc.

Representative Kimberley said he wanted to be in the record as for this bill. He said he had watched the public broadcasting in Eastern in Billings and observed 25 or 30 non-traditional students that would not have been students without it.

Commissioner Krause said there had been a very diverse group working on this task force. This is not a University bill, it is a state bill with major implications for major economic Development in the state. EXHIBITS 2 and 3. He said consultants recommended incorporation on existing sources in Montana, the micro wave networks that are both publicly and privately held, utilizing the capabilities of the telephone system, independent telephone companies, the fiber optics etc., and including an up-link to enable reaching the far corners of Montana, and obviously spill over into other states. He said they aimed at getting the initial work in place along with a satellite in place so they could begin broadcasting this biennium.

(152) Representative Bardanoue handed in a letter from Mr. R. L. Little, A T & T, to be introduced as testimony.  
EXHIBIT 4.

Bill Thomas, said the Board of Public Education, which was part of the task force, and said they are fully in support of this bill.

Gail Gray, said she was speaking on behalf of the State Superintendent who wishes to indicate her strong support for House Bill 666. She said this bill would give a chance to use telecommunication technologies to give young people a chance for an equal education. She said satellite dish

receivers are now located at their post secondary education sites across the state, and now 72 out of 550 plus elementary and secondary school districts are using dishes to bring in quality instruction in foreign languages, math and science as well as enrichment programs.

Beth O'Hallorhan said they would like to go on record as in support of House Bill 666.

(267) Tom McGree said they support this bill, and they recognize they have a highly qualified group of people in the state educating and delivering communications around the state.

Jay Downen, representing the Telephone Cooperatives that participated in the task force and said they represent about 1/3 of the telephone users in Montana, but in their case they are spread out over about 80 or 85 percent of the geographic land mass of the state. They are non-profit organizations in full support of rural schools. They are 100 percent supportive of House Bill 666 and the task force effort.

(307) Rep. Cody asked Rep. Ramirez how much it would cost for this type of education. Mr. Krause stated the cost for the schools will be an investment that will require a satellite dish of \$4,000 or \$5,000. NTI funding will participate in funding that cost. It will be much cheaper than having those kinds of teachers in the classrooms for those specialized programs. According to other states that are using this system as the more people using it the cost goes down.

Dave Wilson, Director of University of Montana's Telecommunication Network, stated the two main costs in delivering software by satellite are buying the programs and buying time on the satellite. The cost is \$400.00 an hour for satellite time.

#### QUESTIONS FROM COMMITTEE MEMBERS:

Representative Cobb asked Ms. Gray if every school that wants one will be hooked up to a network. Ms. Gray referred the question to Ron Lukenbill who stated there are a number of school districts who have satellite dishes in place so in some cases all they need to do is use low power television to broadcast to a whole county. The \$500,000 that is there for demonstration grants depends on how local communities can best use that money so in one part of the state it might be used for buying additional dishes and in another part of the state it you may need to provide additional funding for cooperatives that already have outside funding to link with other groups in order to make more effective use of the teachers in the area. Rep. Cobb asked if it was his intention to every school that wants to can get it. Mr. Lukenbill stated it was.

Representative Marks referred testimony of Ms. Gray's which mentioned a number of different computerized programs and wondered if she sees other ones being integrated in the program. Ms. Gray replied that one of the purposes of this particular Bill is to have a consolidated approach to this and they not start something different everywhere that has no connection. There are different needs at different places, one area they need specialized learning and don't have any foreign language teachers, and other places they don't have the advanced physics capability. Everywhere will be different where it is set up. The purpose of the Bill is to have consolidated approach and comprehensive plan to the whole system.

(427)

Testifying Opponents and Who They Represent: None

Opponent Testimony: None

Closing by Sponsor: Representative Ramirez stated they are under a mandate by the court to equalize educational opportunity. A lot of money will be pumped into education and none of the things they are doing addresses the problem of how do they provide at the lowest possible cost, equality of educational opportunity, especially in smaller schools in rural communities. This is probably the most cost effective way to do it. This has the potential to save them literally millions of dollars in the future. The entire foundation program is structured on the basis that they have higher expense per student in the smaller schools. They can get a classroom out to the student in a very cost efficient way through this type of video telecommunication.

Representative Bardanoue closed the hearing on House Bill 666.

#### HEARING ON HOUSE BILL 744

"AN ACT DELETING FROM THE STATE SPECIAL REVENUE FUND THE MOTOR VEHICLE RECORDING ACCOUNT; PROVIDING THAT MONEY FORMERLY DEPOSITED IN THE ACCOUNT BE DEPOSITED IN THE GENERAL FUND; AMENDING SECTIONS 23-2-508, 23-2-510, 23-2-611, 23-2-612, 23-2-616, 23-2-619, 61-3-103, 61-3-108, 61-3-108, 61-3-204, 61-3-321, 61-3-406, and 61-5-121, MCA; AND PROVIDING AN EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Representative Quilici, District 71, Butte stated this Bill de-earmarks the motor vehicle account. This is an account that is derived from registration fees of various vehicles, such as snowmobiles etc. There are various disbursements from this account that go primarily into the Department of Justice, Driver's Services Bureau, Vehicle Registration and the Law Enforcement Academy, Central Services, Data

Processing, Forensics Sciencing and various agencies. There has been a trend to de-earmark some of these state special funds. There is a tendency to address these funds a little differently than they would general fund money. The Agency that was most involved with this was the Attorney General's office and a statement was made to the committee that he has no problem with us de-earmarking these funds because if he can't, in the eyes of this committee, justify our department on its merit then we shouldn't have it.

Testifying Proponents and Who They Represent:

Mick Robinson, the Department of Justice

Proponent Testimony:

(607) Mick Robinson with the Department of Justice stated that Mr. Racicot was out of town and would like to respond to the bill. They do support the de-earmarking of this particular fund and their reasons are solid business reasons. The different funding alternatives they have, especially the motor vehicle fund, did put them into some sort of a box in terms of really evaluating the true priorities to the department and they did not feel that the motor vehicle fund met the definition of what a earmarked fund should really be. A number of programs have been moved into that by the Department of Justice and maybe the legislative process over the years, and at the present time is operating as if it is general fund money anyway.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Representative Cody stated the majority of things that people do in this division, getting license plates etc. so it is a service area that you will find a great many Montanans taking part. Is there any danger that the service, because the money is going in the general fund and the appropriation will have to come out of there, will suffer because of the action of the Bill. Rep. Quilici stated he did not think the service would deteriorate. The Subcommittee will evaluate the services and fund them with general fund money but they know it is motor earmarked and address them as to a determination and need.

Representative Swift stated they have been extracting problems in the registration and his understanding is some of the



funding is to shut off of these activities, went directly to the county. Are we going to provide for the backup of these programs? Rep. Quilici stated that as far as the committee and he are concerned they will try to address these issues and the money is coming from registration fees. These fees should be used, although they are general fund monies, for these expressed purposes. By statute, there are various agencies they are supposed to be used for, but two in particular do not come under the statute. One is the Driver's Service Bureau and the other is the Undercover Drug Unit. With the passage of this Bill they will better realize what the monies are for and look at the agencies themselves and that they are funded adequately. Rep. Swift stated the reason he asked the question is because the program that was recently put in place in registration seems to be having considerable problems and he hopes it's not just his county. They don't have the vehicles, certain ages, etc. in the program yet. He also understood it should have been about two months back.

Representative Cody asked how much revenue are we talking about you're putting in the general fund and what does the budget generally run for this division. Rep. Quilici stated the revenues FY 88 were about \$4 million dollars and FY 89 are about \$5.1 million and projected revenues for 1990 and 1991 are about \$4.9 million dollars each fiscal year.

Closing by Sponsor: Representative Bardanouve stated that inasmuch as the Subcommittee endorsed this Bill and the full committee requested this Bill and as the Attorney General put his blessing on it executive action will be taken.

#### DISPOSITION OF HOUSE BILL 744

Motion: Representative Kimberley moved to pass House Bill 744

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: Do Pass vote was unanimous.

#### HEARING ON HOUSE BILL 730

"AN ACT DELETING FROM THE STATE SPECIAL REVENUE FUND THE MOTOR VEHICLE RECORDING ACCOUNT; PROVIDING THAT MONEY FORMERLY DEPOSITED IN THE ACCOUNT BE DEPOSITED IN THE GENERAL FUND; AMENDING SECTIONS 23-2-508, 23-2-510, 23-2-611, 23-2-612, 23-2-616, 23-2-619, 61-3-103, 61-3-108, 61-3-204, 61-3-321, 61-3-406, AND 61-5-121, MCA; AND PROVIDING AN EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Representative Spaeth, District 84, Joliet, said this had been heard on second reading, and before the State Administration Committee. There is a cost involved, and Mr. Mitchell from the Secretary of State's office will address the bill and the cost of the bill. It requires the Secretary of State to maintain a list of all electorates in the state and to mail out the voter information pamphlet. he said there is a net savings to the state because of the postage.

Testifying Proponents and Who They Represent:

Doug Mitchell, Secretary of State's Office

Proponent Testimony:

Mr. Mitchell (084) said at the present time the County Clerk and Recorder is responsible for the cost of mailing and there are a number of small counties that actually put stamps on them to mail them out. He said by mailing in bulk on their permit it could be done much cheaper. He said they would need some equipment, about \$15,000 worth, but the main cost is the postage. He said using the size and weight of the '88 voter pamphlet, it would cost in the 1990 election around \$79,000 for their office to mail this out. He said if you look at the county level and assume they can take the second lowest mailing rate, with the same number of voter information pamphlets, their cost would be \$105,000. He said they intend to charge for the voter list, and have proposed in this bill, \$10,000 for a copy of the state wide voting list.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Representative Thoft asked if the Clerk and Recorders had testified on the bill and Rep. Spaeth answered, yes, they testified in favor of the bill. Representative Thoft asked if they would be selling the list to others, and Rep. Spaeth answered that it was for non commercial purposes, and had to be available for political parties. The same rules apply on availability as the present laws with the Clerk and Recorders.

When asked about breaking this down to precinct level, Mr. Mitchell said it would be broken down, but they would only sell the state wide list and that would not take sales away from the counties. He said what they thought the counties would be doing at this level was to supply them with changes, and we would swap data with them.

Representative Marks said you could not distribute anything from the secretary of state's office except the statewide list, and was told by Mr. Mitchell that was their intent. Representative Spaeth said he had no objection.

Closing by Sponsor: Representative Spaeth said he closed.

HEARING ON HOUSE BILL 320

"AN ACT APPROPRIATING MONEY TO THE SUPREME COURT FOR IMPROVEMENT FUNDING."

Presentation and Opening Statement by Sponsor: Representative Mercer, District 50, Polson, said this bill was introduced at the unanimous request and consent of the House Judiciary Committee. He said there is a serious problem in the Judicial System in Montana, and we requested this bill which is before you today. He said the three parts were: 1. to set up a pilot program of computers in the courts, 2. they would like to continue their commission on appropriate technology which they would like to continue, and 3. to put together a couple law clerks for centralized legal research for district court judges who would not ordinarily have access to one.

Testifying Proponents and Who They Represent: (311) Jim Opendahl, Administrator for the Supreme Court.

The Honorable Gene Turnage, Chief of the Supreme Court

Allen Chronister, State Bar of Montana

Proponent Testimony: Mr. Opendahl said in Dec. 1987, a commission to study the use of appropriate technology in the Judiciary. He said where computerization was happening at all was helter skelter, ad hoc, and very uncoordinated. He said they felt the courts should be computerized, that it should be coordinated, and should be done to be effective for all courts. He gave out EXHIBIT 1, House Bill 320. He walked the committee through parts of the exhibit.

Representative Bardanouve said he was receiving a large amount of mail concerning this bill.

Mr. Chronister said the State Bar supports the appropriation in HB 320. He said a high percentage of law offices now have been computerized, the courts have not. His testimony is attached as EXHIBIT 2, House Bill 320.

Judge Turnage said the first two items in the bill are perhaps the most important, bringing the computer into the judicial system in a meaningful way. He told the history of law offices during his years of practice and said Representative

Mercer now has a computer in the office. He said the transfer of information electronically is here, and he felt it would permeate the government, judiciary, etc., and get into the commercial field. He said without uniformity of planning it was nearly impossible. Judge Turnage said he would like to go on record of commending Mr. Opendahl for the work he had done on this, and that as a court administrator he had really done a fine job.

Judge Turnage said we need to bring uniformity into the whole system so that we have compatibility. He said the counties would be buying a computer and a software program that fits only their entire operation, and if this commission can help to avoid that, it will go a long way. He said, in regard to the law clerk, this would be for the district judge. He said many of them, and mentioned Judge Langdon whose area is from Glasgow to Chinook, is all alone, and has no law clerk and no access to Westlaw or Lexis, or the state library. He said this is their thought about a chance to access the information.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Representative Marks said in reading 217.501 it tells about the Department of Administration being in charge of data processing. In the formation of this 11 person committee, did you talk to these people? Mr. Opendahl said the committee consisted of people within the Judiciary because of lack of funding and trying to keep the expenses as small as possible. He said they talked to the Montana Association of Counties and with people in the Department of Administration. He said it was not their intent to create another bureaucracy, but feel they need a modest in-house capacity to understand who they are and where they are going with computerization. He said if they use the Department of Administration, they charge, and we would need money for that.

Representative Swift said, in dealing with the county unit and with the state unit on a legal system, who is going to have the authority to see that we get that compatibility. We are still having those problems right here in this building. You need to get this in place, but I am concerned that we need to get this in place, but is fearful they will lose control, he said. Judge Turnage said the state participation in this is rather small compared to what the local government will do. He said the heavy end is the local government, district clerks offices, etc. He said he could not answer how the Department of Administration might

interface with what they are trying to do.

Closing by Sponsor: Representative Mercer said in regard to Rep. Swift's question as to who will enforce the plan when it comes into being, and I don't know the answer, but said he was sure the court had ways to persuade people to do things. He said the computers are coming, they are in every law practice around here, and they will come to the Judicial branch. The question is do you want it to come in a disorganized fashion or an organized fashion.

Chairman Bardanouve closed the hearing on House Bill 320.

HEARING ON HOUSE BILL 373

"AN ACT TO REVISE THE DAILY EXPENSE PAYMENT FOR LEGISLATORS AND THE ALLOWABLE NUMBER OF REIMBURSABLE ROUND TRIPS FOR LEGISLATORS TO THEIR PLACE OF RESIDENCE DURING REGULAR LEGISLATIVE SESSIONS; AMENDING SECTION 5-2-301, MCA; PROVIDING FOR COORDINATION WITH CHAPTER 1, LAWS OF 1989; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

Presentation and Opening Statement by Sponsor:

Representative Hannah, District 86, Billings, Chief sponsor of House Bill 373, said he would suggest to the committee they would amend the amendments out that the State Administration Committee put on it. He said the bill was introduced to deal specifically with the motion passed on the House floor with the feed bill to provide for two extra trips home for members of the Legislature. He said on lines 25 and 25 of page 1 and line 1 of page 2, amended the bill to include a per diem increase to the allowable federal level applicable this session and sessions going forward. He would like to have this part removed so it only funded the extra trips.

Testifying Proponents and Who They Represent:

None

Proponent Testimony:

None

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Representative Marks if section 2 was no longer necessary and Representative Hannah

said he could be right since it was obviously a coordinating clause. He said the purpose of the bill was simply to codify what the House approved in the feed bill which added two additional trips. He said in looking at the title and the underlined material, it would indicate it should come out.

Representative Cody asked how long has it been since the Legislature has had 2 round trips? Rep. Hannah answered as long as he had been here, since '81 at least. Rep. Cody asked if all increases to the legislature had been for that period of time and Rep. Hannah answered that he believed in '81 they increased the per diem by \$5. He said he thought one of those terms they put the legislature in the pay plan.

Representative Bardanouve said he had not used them and asked how many they receive now. He was told 4 trips, 2 to come and 2 to go home. Existing law is on line 15, page 2. He said they have taken the 3 out and put in 5.

Closing by Sponsor: Representative Hannah said he had stepped out on a limb in a way to push this legislature this session to consider their own status, their pay, their own trips home. He said he thought it would have been healthier for the Legislature if they could have done more, but realized this was the only piece of the bill most of the members of the House have agreed to.

Chairman Bardanouve declared the hearing on House Bill 373 closed.

#### HEARING ON HOUSE BILL 54

"AN ACT CREATING A STATUTORY LEGISLATIVE COMMITTEE ON INDIAN AFFAIRS; PROVIDING FOR THE COMMITTEE'S TERMINATION IN 1991; APPROPRIATING FUNDS FOR THE COMMITTEE; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

#### Presentation and Opening Statement by Sponsor:

Representative Marian Hanson, District 100, Ashland, chief sponsor of House Bill 54 said this bill is the Interim Committee for Indian Affairs bill that the committee recommended. She said they worked with the tribes and interesting people around the state in trying to get an agreement between Indian nations and others concerned. The appropriation is for \$6,000. She said when they took the bill to State Administration they suggested making it a statutory appropriation since they came in every two years.

#### Testifying Proponents and Who They Represent:

Representative Cody, District 20, Wolf Point

Proponent Testimony:

Representative Cody said she would like to go on record as a proponent of this bill.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Representative Cobb asked if the Governor's office doesn't have an Indian Coordinator. Rep. Hanson said that is about \$100,000 per year. Rep. Cobb asked if they had any money left over. Rep. Hanson said this is \$6,000 for 2 years. Representative Cody said they had to come in for a supplemental last time. Representative Marks said, if this bill passes, then next session this will be included in the budget? He was told it should be. Chairman Bardanoue asked if this were attached to the Legislative Council now, and was told yes, it is in the bill.

Closing by Sponsor: Representative Hanson said she would close by saying she hoped the committee would see favorable action on the bill.

Chairman Bardanoue said they would be hearing a lot of bills before they took action, and asked the committee members to take notes on their bills to refer to at that time.

Representative Marks said, on the bill that Rep. Mercer brought in on computerization, he thought they might want some investigation done on it. He said it seemed to him they were creating another advisory council on communications when we already have one in the state.

Discussion was held on how the situation could be handled, what agencies should be involved, etc.

Ms. Ripplingale said they could get the Department of Administration, Jim Oppendahl, some of the processing people together and make sure whatever is needed to guarantee cooperation is done, and an amendment be brought back to you. Chairman Bardanoue asked her to do so.

Chairman Bardanoue announced no meeting tonight since the committee had heard all the bills.

ADJOURNMENT

Adjournment At: 4:18 p.m.

  
REP. FRANCIS BARDANOUE, Chairman

FB/sk

4702.min



DAILY ROLL CALL

HOUSE APPROPRIATIONS COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 2/28/89

NAME	PRESENT	ABSENT	EXCUSED
REPRESENTATIVE BARDANOUVE	✓		✓
REPRESENTATIVE SPAETH	✓		
REPRESENTATIVE PECK	✓		
REPRESENTATIVE IVERSON	✓		
REPRESENTATIVE SWIFT	✓		
REPRESENTATIVE QUILICI	✓		
REPRESENTATIVE BRADLEY	✓		
REPRESENTATIVE PETERSON	✓		
REPRESENTATIVE MARKS	✓		
REPRESENTATIVE CONNELLY	✓		
REPRESENTATIVE MENAHAN	✓		
REPRESENTATIVE THOFT	✓		
REPRESENTATIVE KADAS	✓		
REPRESENTATIVE SWYSGOOD	✓		
REPRESENTATIVE KIMBERLEY	✓		
REPRESENTATIVE NISBET	✓		
REPRESENTATIVE COBB	✓		
REPRESENTATIVE GRINDE	✓		
REPRESENTATIVE CODY	✓		
REPRESENTATIVE GRADY	✓		

STANDING COMMITTEE REPORT

February 28, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that  
HOUSE BILL 618 (second reading copy -- yellow) do pass .

Signed: \_\_\_\_\_  
Francis Bardanouve, Chairman

STANDING COMMITTEE REPORT

February 28, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that  
HOUSE BILL 744 (first reading copy -- white) do pass.

Signed: \_\_\_\_\_  
Francis Bardanouve, Chairman

#48 Rep Whalen, <sup>Tim</sup>

EXHIBIT 1  
DATE 2/28/89  
HB 238

Here's some info on HB 238.

REVISED FISCAL NOTE/HB 238

The attached amnds change the bill into a pure reporting bill.

Assumptions:

1. The data will be filed and stored for 5 years.
2. The Montana Insurance Department will store and maintain the data on its computer to achieve retrievability.
3. The data will not be used for on-going rate review.

Kathy Irigoin

Fiscal Impact:

1. One-half Clerical Position (Grade 6, Step 2)				
Personal Services	FY 90	\$ 7,550	FY 91	\$ 7,524
Operating Expense		475		475
Capital Outlay		550		0
		<u>\$ 8,575</u>		<u>\$ 7,999</u>
2. Additional Disk Storage				
Capital Outlay	FY 90	\$12,000	FY 91	\$ 0
GRAND TOTALS	FY 90	\$20,575	FY 91	\$ 7,999
89 Biennium Cost		\$28,574		

P.S. I'll be in the lobby for a few minutes.

If amnds proposed by Rep. Whalen are not accepted, State Auditor's Office opposes HB238. Without the amnds, HB 238 basically requires a form of prior approval of rates. Now file and use

No actuary - inadequate, excessive, Can't do file + use  
With amndt, <sup>HB238</sup> simply store let alone  
unfairly discriminatory. information and make it available prior approve w/o

approve staff resource costing \$250,000/yr

EXHIBIT 2  
DATE 2/28/89  
HB 238

STATEMENT OF  
AMERICAN INSURANCE ASSOCIATION  
BY  
JACQUELINE N. TERRELL  
RE HB 238

Mr. Chairman and members of the committee:

My name is Jacqueline N. Terrell. I am a lawyer from Helena and a lobbyist for the American Insurance Association. The American Insurance Association is a national trade association that promotes the economic, legislative, and public standing of its some 180-member property-casualty insurance companies. The Association represents its participating companies before federal and state legislatures on matters of industry concern.

We, the American Insurance Association, oppose House Bill 238.

The insurance industry recognizes that credible, useful data is important for understanding the origins of and possible solutions to the "liability insurance crisis". Absent meaningful in-put and analysis, even the most detailed data reporting legislation may fail to result in any useful conclusions. Rather than enacting new and burdensome data reporting requirements in 1989, we hope Montana utilize the wealth of data already available, as well as new data collected in 1987 and 1988 pursuant to voluntary insurance industry undertakings.

During 1986, data collection initiatives were advanced and sometimes enacted in conjunction with substantive civil justice reform. On the state level, 18 states enacted significant data collection requirements. No two state requirements are identical. Some, such as Florida's, require case-specific information that can be obtained only from an examination of closed-claim files. Others, such as Louisiana's, require detailed expense and profitability statements for sublevel classifications of insurance (such as athletic associations).

Any new insurance data collection requirement is unlikely to greatly enhance an understanding of the liability system, for reasons which include the following:

- (1) The broad collection of past claim data is virtually useless as a way of predicting future claims costs. Such raw data -- absent expertly-developed trend factors and underwriting judgments -- are not useful in predicting future prices, since individual company expense factors and market variables are interposed between cost projections and pricing decisions.
- (2) This particular bill no attempt to limit data requested to troubled lines of insurance or to link the losses paid to the premiums written or earned.
- (3) A growing proportion of commercial risks are not insured by the kinds of carriers which are likely to be the target of collection legislation. Self-insurers, risk retention groups, and surplus lines companies are not currently represented in any data pool, yet are critical for understanding the total picture.

Further, responding to detailed data requests is likely to be enormously costly, in terms of both expenditures and person hours. An onerous claims data requirement could virtually paralyze an insurer's claims operations, potentially delaying indemnification of needy claims. And at some point these requirements will override the benefits of doing business in a state that represent only 3/10 of 1% of market share. The costs of reporting will certainly be reflected in future marketing decisions.

Insurers wish to respond positively to the call for data relevant to the tort system. Yet, uncoordinated insurer data collection requirements may be confusing, counter-productive, and costly. Rather than adding to the array of requirements to which

the industry is now responding, legislators should review the wealth of old and new data relevant to the issues now under discussion. These data would serve the needs of policymakers.

Submitted to House Appropriations committee for hearing on House Bill 238, March 28, 1989, 8:00 o'clock a.m.

Respectfully submitted,

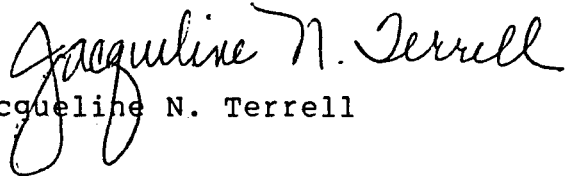
  
Jacqueline N. Terrell

EXHIBIT 3  
DATE 2/28/89  
HB 238

STATEMENT OF  
ALLIANCE OF AMERICAN INSURERS  
BY  
BONNIE TIPPY  
RE HB 238

Mr. Chairman and members of the committee:

My name is Bonnie Tippy. I am lobbyist for the Alliance of American Insurers.

We, the Alliance of American Insurers, oppose HB 238.

To attack a problem sensibly it is necessary to understand what the problem really is. That must precede any credible proposals for solving the problem. There has been little effort to ascertain in an objective way the nature of the problem we think we are addressing today.

The insurance industry already provides more data than any other comparable segment of the American economy. Insurers long have provided state legislators, regulators, and statistical agents with extensive data detailing their claims experience, financial condition, and rating calculations. In addition to state-specific information, insurers provide data detailing their nationwide operations to federal agencies such as the Internal Revenue Service (IRS) and the Securities and Exchange Commission (SEC), as well as to the National Association of Insurance Commissioners (NAIC). While much of this information has been available for many years, new reporting requirements have been added recently to provide more detailed information for specific lines of business (such as medical malpractice and products liability). The NAIC is currently reviewing an alternative to data reporting bills that could be used by individual states to obtain uniform information.

In addition to the data available pursuant to statute or regulation, the insurance industry has undertaken voluntarily to provide additional information detailing the impact of the tort system on claim costs. The Insurance Services Office is currently sponsoring two high-priority projects to aid in estimating the relative effects of various tort system changes on claim costs. The first study, completed in the Spring of 1987,



evaluates model claims, comparing pre-reform to post-reform tort laws. The second study, a claim file data analysis, examines (again by comparing pre to post-reform law) about 12,000 open and closed commercial liability claims, and will also consider the characteristics of these claims. These studies are expected to collect and analyze important information which will be available in the public policy debate. We urge you to make use of the wealth of material already available before enacting new data collection mechanisms which contemplate only the storage of additional material.

Submitted to House Appropriations committee for hearing on House Bill 238, March 28, 1989, 8:00 o'clock a.m.

Respectfully submitted,

Bonnie Tippy

EXHIBIT 4  
DATE 2/28/89  
HB 238

**TESTIMONY  
HOUSE BILL 238**

***Submitted by: Bonnie Tippy  
Alliance of American Insurers  
February 28, 1989***

The Alliance strongly opposes the data reporting requirements under this bill since the information requested will not be any more useful than the data already reported by insurers. The financial information reported by the insurers provides the insurance department with information needed to evaluate individual insurer's financial condition as well as overall industry profitability. In addition, statistical agents such as Insurance Services Office already provide the insurance department with detailed statistical data necessary to evaluate the adequacy and fairness of the rate and rating plan used by insurers. In view of the information being provided to the insurance department, we question whether the supplemental data reporting is necessary. The Alliance is also concerned about the lack of uniformity in data reporting laws. This lack of uniformity imposes substantial time and expense burdens on insurers who have to develop special data collection procedures to respond to the variety of laws that have been enacted.

This bill as originally drafted would have imposed increased costs on the Insurance Department of over \$400,00. That is because the original bill required that the Department analyze the data which would be presented by insurers. However, this bill was amended so that now all that is required is that the Commissioner collect the data and file it. In other words, all this additional information will do nothing but collect dust. Even more dangerous than the data sitting idle would be an outside group with its own interests in mind, such as a Trial Lawyers Group or an Insurance Association or company, utilizing the data to form its own studies and conclusions. The data should be consolidated and analyzed by an objective source, and under this bill, there is no chance that this would happen. In short, enactment of this legislation could create additional misunderstanding and chaos in an already confusing area.

We ask that this legislation be given a do not pass recommendation.

EXHIBIT 5

DATE 2/28

HB 238

HOUSE BILL 238

Statement by R. Stephen Browning  
For State Farm Mutual Insurance  
Before the House Appropriations Committee

State Farm opposes HB 238 as unnecessary, burdensome and expensive legislation. It is the experience of State Farm in other states where non-traditional insurance reporting is required is that the information is not used. Further, the additional reporting requirements on the companies that are required to provide the information are expensive.

However, in the event that the Montana legislature feels compelled to pass such a bill, State Farm requests that an amendment be added to authorize Montana's Commissioner of Insurance to adopt rules that would allow (as a substitute for the information required in HB 238), reporting pursuant to the recommendations of the National Association of Insurance Commissioners (NAIC) and the Insurance Services Office, Inc. (ISO).

The additional data that is being made available by the insurance industry, with the cooperation of and through the NAIC, is in all three major information areas: financial data, statistical data and claim file information. The NAIC will directly communicate information concerning these activities to each state insurance commissioner before the end of March.

NAIC Fast Track Quarterly Reports (Financial Data)

The NAIC will begin compiling and delivering quarterly fast track data relative to commercial lines. The data will be calendar year premium and loss information broken down by state and by rate classification for those companies who use ISO as their statistical agent or rating organization. The reports will be delivered to the NAIC by ISO each quarter beginning in June, 1987. These reports will be placed on line in the NAIC data base immediately and will be available to insurance commissioners through their data processing terminals or other hard copy reports.

Updates in NAIC Statistical Handbook (Statistical Data)

The NAIC Statistical Advisory Committee has made several recommendations for changes in that part of the Statistical Handbook that dictates the contents of the reports of the statistical agents concerning general liability insurance. The proposals would expand the amount of statistical information provided regularly to insurance departments concerning this line of insurance. The NAIC must adopt these changes and, if this is done in the spring 1987 NAIC meeting in Lexington, Kentucky, the general

liability statistical report received by the commissioner in early 1988 will contain the expanded information. The Statistical Advisory Committee is also reviewing other portions of the Statistical Handbook and is proceeding to recommend changes in the reporting requirements in other lines of insurance.

#### ISO Claim File Studies (Claim File Information)

ISO is sponsoring two high priority project involving commercial insurance claim data. The two projects will provide information designed for three specific purposes. (1) Obtain as much objective information as possible about the relative impact on claim costs of various tort reforms; (2) Assist insurers, regulators and other sin making the difficult judgments associated with evaluating the effects of tort reform; and (3) Gather all available information from insurer claim files that will be valuable in assessing future changes or modifications to existing tort law.

The first project, "The Claim Evaluation Project" is being conducted by the independent policy and management consulting firm of Hamilton, Rabinovitz and Alschuler of Los Angeles, California. The claim evaluation project has required a group of representative, experienced claim staff to evaluate certain typical, but hypothetical claims, first under current and then under "reformed" tort laws.

The second project, "The Claim File Data Analysis" will be performed by ISO and participating insurance companies with the results compiled by ISO. The project will collect key data from actual claim files in selected states that have enacted some modifications of the tort system. NAIC involvement in this second project is significant in the data collection effort although the NAIC has no current plans to participate in the analysis of the data. In addition, several other regulatory and interested groups have commented on and had input to the questionnaire developed by ISO. These groups include the American Trial Lawyers Association, The Association of Attorneys General, The National Insurance Consumer Organization, The General Accounting Office, The Department of Commerce, and The Congressional Research Center, among others.

EXHIBIT 6

DATE 2/28

HB 238

Proposed Amendments to HB 238

by R. Stephen Browning

Page 1, line 24

New Section 2

The Commissioner may adopt by rule additional reporting requirements in lieu of the new requirements established by this Act. In adopting these optional rules, the Commissioner shall adhere to the recommended reporting procedures of the National Association of Insurance Commissioners or the Insurance Services Office, Inc.

Renumber following Sections

Page 6, line 10

New Section 10

The date for reporting additional information required by this Act shall be June 1, on each year following the effective date of this Act.

EXHIBIT 7  
DATE 2-28-89  
HB 238

WITNESS STATEMENT

HB-238

NAME Roger McGlenn BUDGET \_\_\_\_\_

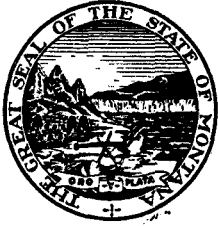
ADDRESS P.O. Box 5593

WHOM DO YOU REPRESENT? INDEPENDENT INSURANCE AGENTS ASSOC. OF MT

SUPPORT \_\_\_\_\_ OPPOSE X AMEND \_\_\_\_\_

COMMENTS: WE SUPPORT ADEQUATE STAFFING AND FUNDING OF THE MONTANA INSURANCE DEPARTMENT. IF THE COMMITTEE WERE TO EXPEND THESE KIND OF FUNDS, WE ~~WOULD~~ <sup>WOULD</sup> URGE YOU TO EXPEND FUNDS TO BETTER EVALUATE THE CURRENT DATA REPORTED, RATHER THAN SPENDING \$28,000 IN THE BUDGET TO COLLECT ADDITIONAL DATA ONLY TO BE STORED.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



*The Big Sky Country*

## MONTANA HOUSE OF REPRESENTATIVES

REPRESENTATIVE TIMOTHY J. WHALEN

HOUSE DISTRICT 93

HELENA ADDRESS:  
CAPITOL STATION  
HELENA, MONTANA 59620  
PHONE: (406) 444-4800

HOME ADDRESS:  
101 AVENUE C  
BILLINGS, MONTANA 59101

March 8, 1989

*Exhibit was given  
see on Mar 9 -*

TO; All Members of the  
Appropriations Committee

FROM: Timothy Whalen  
Representative

RE: HB 238 Insurance Reporting

EXHIBIT  
DATE 2/28  
HB 238

Dear

I wanted to clarify some apparent misunderstandings some of you have about the Insurance Reporting Bill before you take executive action.

### NEED FOR THE INFORMATION

Contrary to the claims of the insurance industry, they are not presently furnishing the information requested in HB 238. Two statutes presently regulate reporting requirements of the insurance industry. They are 33-2-721, relating to disclosure by insurers writing products liability insurance, and 33-23-311, relating to disclosure by carriers insuring professional liability (i.e. doctors, lawyers, accountants).

The bill, as drafted, requires property and casualty carriers to disclose meaningful information about how much they are charging Montanans and what they are paying in claims, attorneys' fees to beat people out of their claims and advertizing costs. The property and casualty insurance industry does not now furnish this information and does not want to. However, if we are going to legislate in the best interests of Montanans, we need to have this information so that we can properly evaluate statements by the insurance industry that they cannot and do not make money in this state and therefore they need legislation advantageous to them and disadvantageous to the insurance consumer.

I note that this bill came out of the interim committee on liability issues established in 1985.

#### UNUSED AND NEEDLESS INFORMATION

The industry claims (the commissioner did not) that there are presently lots of boxes of unused information over in the insurance commissioner's office collecting dust. Presuming this is true, what we ought to do is throw it out and pass legislation that requires the information no longer to be collected. But, let's not let that prevent us from obtaining the relevant information we need to properly evaluate the claims of the property and casualty insurance industry and best represent the individuals and businesses paying for insurance in this state.

#### COST OF THIS BILL AND YOUR JOB TO PRIORITIZE STATE SPENDING

The total cost of this bill for the first year is approximately \$20,000 (\$12,000 for disc storage space and \$8,000 for  $\frac{1}{2}$ FTE), and \$8,000 ( $\frac{1}{2}$ FTE) per year thereafter. Insurance is one of the most important commodities that individuals and businesses buy. It allows business to conduct its affairs without fear that a substantial catastrophe or claim would wipe out its invested capital. Insuring invested capital from risk, allows for orderly investment providing jobs and profits to business enterprise. Likewise, it allows individuals to build homes, accumulate assets and conduct private affairs with the freedom of knowing that, in the event of loss, they will not be wiped out. In short, insurance buys the purchaser security. It also provides the victim security, whether he be the purchaser himself or someone else.

However, if insurance becomes too expensive, it becomes unaffordable for some businesses operating on small margins and unaffordable for individuals with moderate or small means. As a result, we have a loss of security to both the purchaser and those claiming entitlement to compensation. Furthermore, excessive insurance rates can cause the loss of public services and the loss of private consumption on such things as cars, homes, and other assets requiring insurance.

We have been told by the insurance industry that high rates are rooted in the number and liberality with which claims are compensated. The industry will not give us the data to verify their claims. House Bill 238 will require them to do just that.



Insurance  
Page - 3 -  
March 8, 1989

Last session we gave the insurance industry the tort reform they requested, thereby reducing the amount of security that those who suffer injury will be able to obtain. We made that concession to the industry in the dark, relying on their claims of the necessity of doing so in order to maintain insurance company profits and insurance availability. It's time now to find out if the industry was honest with us two years ago and evaluate whether further reform is necessary. I am told the cost of this bill is less than the original cost to finance the interim committee on liability, the committee which recommended this bill.

Finally, your decision should be made in light of the amount Montanans presently spend for insurance. In 1987 alone, Montanans paid approximately one billion dollars to out-of-state companies for insurance. That figure does not reflect the substantial amount of self insurance that large businesses furnish themselves. State government spent about 2.3 billion dollars in the last biennium, 60-70% of which was federal money. I am informed that approximately 750-800 million dollars of that budget was state money or about 400 million dollars per year. Montanans pay two-and-a-half times that amount per year for insurance. I ask - which is the greatest burden on individuals and businesses, and what is the cause of that burden? I say - let's find out. It's very cheap to do so.

#### DIFFICULTY OF INDUSTRY COMPLIANCE

The industry claims that it cannot comply because Montana's law would not be similar or identical to other state laws if this bill passes. I cannot tell you what the reporting requirements are in other states, or whether the requirements in this bill are similar or dissimilar.

I can tell you what I found out when I spoke with the attorney who has represented the Montana Medical Association for the past ten years, Jere Neeley. Part of his job has been, and is, to evaluate insurance carriers for doctors. He has also worked with, and is, very proficient with computers. After reviewing HB 238, I asked Mr. Neeley how difficult it would be for the industry to comply with the reporting requirements contained in the bill. He advised me that the insurance industry already compiles the underlying information. To call up the information in the form requested in the bill would require either a simple software change or if they already have the software capability a) a recall operation to bring the information up in the form requested, which

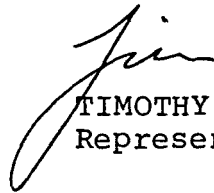
Insurance  
Page - 4 -  
March 8, 1989

would take a computer operator but a few minutes.

Finally, I note that insurance carriers writing products liability and professional malpractice insurance, are reporting similar information in similar form pursuant to 33-2-721 and 33-23-311 MCA. Unfortunately, the segment of the industry serving the largest share of the market, the property and casualty insurers are not furnishing information of a like nature.

I STRONGLY URGE YOUR FAVORABLE APPROPRIATION OF THE MONEY NEEDED TO FUND THIS BILL. IT WILL BE MONEY WELL SPENT.

Sincerely,



TIMOTHY J. WHALEN  
Representative

P.S. Please catch me and let me know if you have any questions.

TW/eb

EXHIBIT 1

DATE 2-28-89

HB# 618

Montana House of Representatives  
School Foundation Program  
Fact Sheet

*HW*  
*HB 618*

Fiscal Year	CPI % Chg.	Schedule % Chg.
79	9.42%	7.00%
80	13.28%	8.00%
81	11.60%	10.00%
82	8.66%	18.00%
83	4.36%	15.00%
84	3.67%	4.00%
85	3.93%	3.00%
86	2.84%	4.00%
87	2.21%	1.00%
88	4.14%	0.00%
89	4.65%	0.00%
90	4.85%	4.00%

Cumulative		
Increase 79-89	93.61%	94.09%
Increase 79-90	103.00%	101.85%

Maximum General Fund Budget Without a Vote

Estimated Cost FY 90 @ 4%	\$289.489 M
Estimated Cost FY 90 @ 0%	\$278.355 M
Estimated Increase	\$11.134 M

School Foundation Program FY 90

Estimated General Fund @ 4%	\$36.635 M
Estimated General Fund @ 0%	\$25.501 M
Estimated Increase	\$11.134 M

Revenue Estimate Changes From LFA

Estimated General Fund REC	\$1,162.769 M
Estimated General Fund LFA	\$1,156.728 M
Estimated Increase	\$6.041 M
Estimated Foundation REC	\$794.487 M
Estimated Foundation LFA	\$790.544 M
Estimated Increase	\$3.943 M
Total Increase	\$9.984 M

# Montana House of Representatives

## School Foundation Program

### CPI Versus Schedule Increases

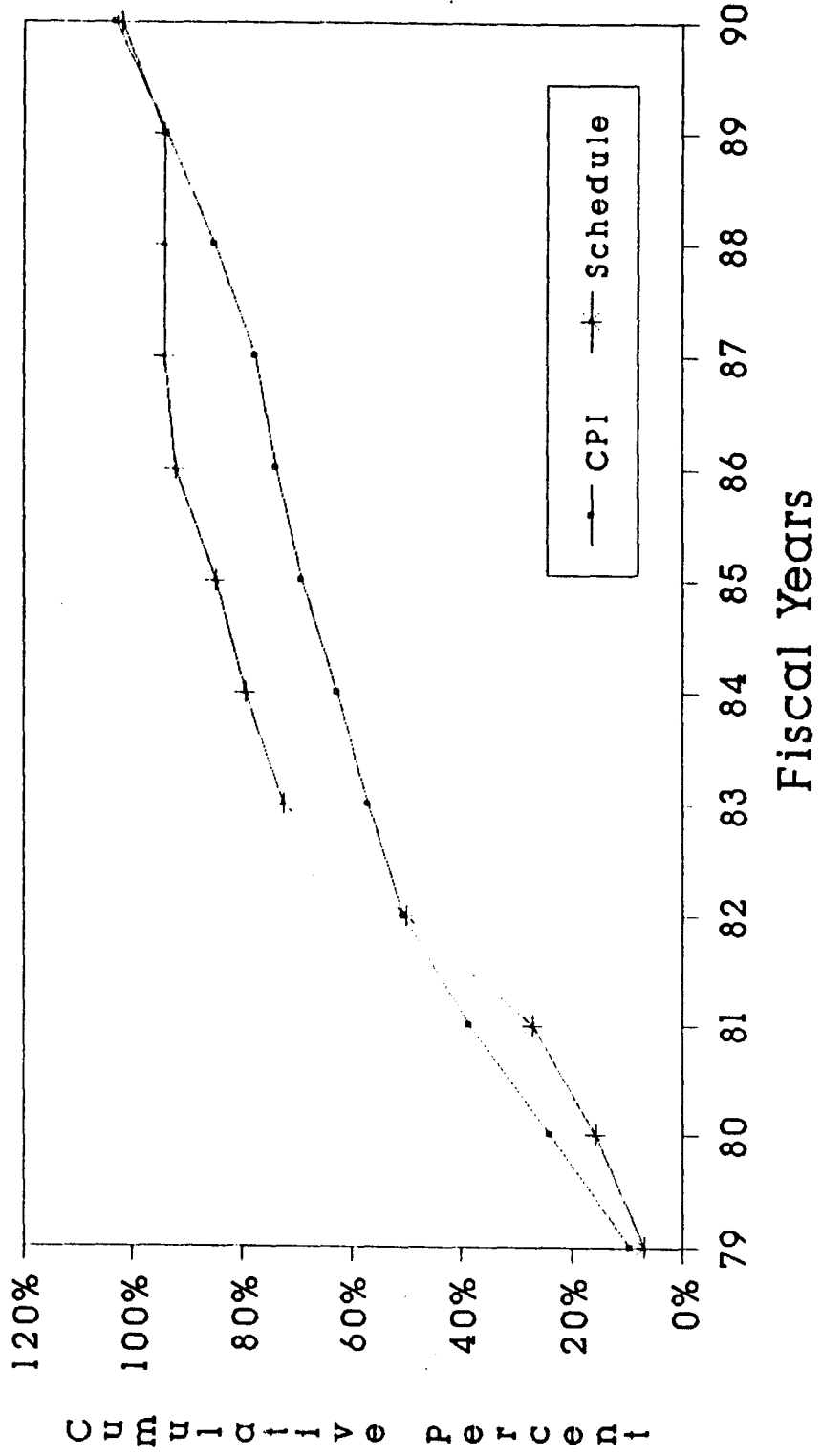


EXHIBIT 2  
 DATE 2-28-89  
 HB 618

FOUNDATION PROGRAM

Fiscal Yr	ANB	Foundation Program (no Sp. Ed.)		**Schedule increases	CY CPI	FY CPI
		*MGFBWV(LFA Approp)	Fndn Schedule (CPI)			
1981	158,175	218,200,000	215,352,000	10.0%	96.5	96.6
1982	154,321	221,300,000	223,333,333	13.0%	99.6	94.1
1983	152,105	248,950,000	253,681,959	15.0%	102.9	98.2
1984	150,705	260,500,000	251,688,839	4.0%	107.5	101.8
1985	151,246	265,800,000	270,975,961	3.0%	109.6	105.8
1986	151,565	281,970,000	282,140,754	4.0%	113.6	108.8
1987	150,811	283,760,000	283,413,929	1.0%	115.5	111.2
1988	150,278	285,360,000	281,685,568	0.0%	118.3	115.8
1989	149,320	286,843,000	279,491,093	0.0%	124.3	121.2
Change 81-89	-5.5%	31.5%	29.8%		28.8%	40.0%

\*Maximum General Fund Budget Without a Vote

\*\*Increases are to the Foundation

CPI - 1982-84 = 100.0 SA

Program Schedules

CY - Calendar Year

FY - Fiscal Year

EXHIBIT 3  
 DATE 2-28-89  
 HB 618

FOUNDATION PROGRAM

Fiscal Yr	ANE	Foundation Program (w/ Sp. Ed.)		**Schedule increases	CY CPI	FY CPI
		*MGFBWV(LFA Approp)	Fndn Schedule (CPI)			
1984	150,705	260,500,000	261,688,639	4.0%	107.6	101.8
1985	151,246	266,800,000	270,975,961	3.0%	109.6	105.8
1986	151,565	281,970,000	282,140,784	4.0%	113.6	108.8
1987	150,811	283,760,000	283,413,929	1.0%	115.5	111.2
1988	150,278	285,360,000	281,885,968	0.0%	118.3	115.8
1989	149,320	286,843,000	279,491,093	0.0%	124.3	121.2
Change 84-89	-0.9%	10.1%	6.8%		15.5%	19.1%

\*Maximum General Fund Budget Without a Vote

\*\*Increases are to the Foundation

CPI - 1982-84 = 100.0 SA

Program Schedules

CY - Calendar Year

FY - Fiscal Year



EXHIBIT 5  
DATE 2-28-89  
HB 618

My name is Jim Foster. I am Superintendent of Schools at Chester, Montana. I have been asked by the Hi-Line superintendents to represent them in the testimony that follows.

This testimony was prepared for the Hi-Line area schools. The testimony was developed at a joint meeting of superintendents and was unanimously agreed upon.

We have two concerns that can have a significant impact on our schools and their orderly operation the remainder of this and next year. The legislature needs to address these two issues immediately.

First, we need the legislature to indicate that we will have the same financial process next year that we currently have. This needs to be confirmed in order that budgets can be established and consistency remain in our schools. Additional reasons for this most appropriate action are:

Tenure Laws: We are quickly approaching notification time for tenured and non-tenured teachers.

Reduction in Force: Many schools have RIF clauses in the collective bargaining agreements. RIF has a direct correlation with funds and budgeting processes.

Voted Levies: Many schools have called for and set their voted levies to be run on April 4.

Accounting programs: Accounting programs and software may need to be developed to incorporate any changes that may be a result of the underfunded law suit.

Inservice: Training on any new accounting program needs to be developed for clerks, business managers, county superintendents, district superintendents, treasurers and auditors.

Funding Sources: Funding sources need to be identified for the financial plan finally adopted by the legislature and approved by the governor.

Plaintiffs Underfunded Law Suit: It is our understanding that the plaintiffs have said the plan to remedy the equalization of funding could be implemented FY 90-91.

Second, we are requesting that the legislature grant a 4% increase in the foundation program for next year. Our reasons for this request are:

Last Four Years: In the last four years we have only received a one percent increase in one of the four years.



I-105: Many schools' budgets have been frozen due to the property tax freeze.

Salary Increase: Schools are currently negotiating and have granted salary increases in the last four years.

Increases Fixed Costs: We expect a 20% increase in health insurance. Our costs have increased because of increases in workers' compensation, paper supplies, heat, special education, etc.

Thank you for your consideration!

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Respectfully,

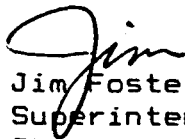
  
Jim Foster  
Superintendent  
Chester Public Schools

EXHIBIT 1DATE 2-28-59HB 1666

H.B.666 HAD ITS OBVIOUS BEGINNING IN THE 1987 SESSION WITH HJR 58. THAT RESOLUTION INSTRUCTED THE COMMISSIONER OF HIGHER EDUCATION TO PUT TOGETHER A TASK FORCE TO EVALUATE THE EXPANDED USES OF TELECOMMUNICATIONS AND TO REVIEW OUR PRESENT DELIVERY CAPABILITY. WHILE EDUCATIONAL USES HAD A HIGH PRIORITY, OTHER NEEDS AND USES WERE NOT OVERLOOKED. LAW ENFORCEMENT, HEALTH CARE, STATE ADMINISTRATION ETC. ALL HAVE SOME EXISTING DELIVERY CAPABILITY AS WELL AS EXPANDING NEEDS.

THAT TASK FORCE CONSISTED OF PEOPLE FROM THE UNIVERSITY SYSTEM, SCHOOL SUPERINTENDENTS, REPRESENTATIVES OF SCHOOL BOARDS, TEACHERS GROUPS, & STATE DEPT. OF EDUCATION.

THE COMMUNICATION NEEDS AND CAPABILITY OF GOVERNMENT AGENCIES WAS PRESENTED BY VARIOUS DEPARTMENTS OF STATE GOVERNMENT. THE INTERESTS OF THE COMMERCIAL RADIO AND TELEVISION INDUSTRY WAS A KEY ELEMENT OF THE TASK FORCE

A.T.& T., U.S. WEST, AND THE RURAL TELEPHONE ASSOCIATIONS WERE MORE THAN GENEROUS WITH THEIR TIME AND INPUT. WE HEARD FROM ADJOINING STATES IN ORDER TO LEARN FROM THEM, AS WELL AS TO WORK WITH THEM. ALL IN ALL IT WAS A STUDY IN COOPERATION; FINDING HOW WE CAN MORE ECONOMICALLY PROVIDE FOR OUR NEEDS BY MAKING EFFICIENT USE OF NEW TECHNOLOGY, AND AVOIDING UNNECESSARY DUPLICATION.

H.B.666 HAD ITS OBVIOUS START IN H.J.R.58. BUT HJR 58 HAD ITS ORIGIN IN FRUSTRATION. OVER THE YEARS IT SEEMED THE MOST COMMON REMEDY FOR EDUCATIONAL ILLS WAS MORE CONSOLIDATION.

IT APPEARED THAT THERE CERTAINLY MUST BE A BETTER WAY OF GETTING OUR YOUNGSTERS EDUCATED THAN HAULING THEM IN BUSES FOR UP TO 3 & 4 HOURS A DAY. (WHICH IN ITSELF IS NOT VERY CHEAP). IT WAS OBVIOUS THAT THE ABILITY TO DELIVER QUALITY EDUCATIONAL MATERIAL TO REMOTE AREAS WAS AVAILABLE. BUT THE QUESTIONS HAD TO ANSWERED. CAN IT BE COST EFFECTIVE? WHAT METHODS DO WE HAVE AVAILABLE? WHAT IS COMING IN THE FUTURE? WHAT OTHER NEEDS CAN BE MET? HOW CAN WE MAKE BEST USE OF EXPENSIVE SYSTEMS? HOW BROAD IS THE INTEREST IN FINDING OUT?

THE LAST QUESTION WAS ANSWERED BY THE ENTHUSIASM OF THE MEMBERS OF THE TASK FORCE AND EVERYONE CONNECTED TO THE TELECOMMUNICATION INDUSTRY. IT WAS TREMENDOUS, THEY ARE TO BE CONGRATULATED. (AND FRANKLY THAT IS ALL THEY'LL GET AS THEY SERVED ADMIRABLY WITHOUT PAY OR EXPENSE COMPENSATION).

I WILL LET MEMBERS OF THE TASK FORCE PROVIDE ANSWERS TO THE OTHER QUESTIONS. BUT IN CLOSING I WANT TO LEAVE THE THOUGHT THAT EDUCATION IS OF MORE AND MORE CONCERN TO THOSE PAST THE AGE USUALLY ASSOCIATED WITH SCHOOLS. RETRAINING FOR JOBS, EXPANDING GOALS OF RETIRED PEOPLE, BROADER WORLD INTERESTS. ALL THIS AND MORE. THESE SHOULDN'T BE REGARDED AS MORE OBLIGATIONS, BUT RATHER AS OPPORTUNITIES FOR BROADER USE AND PARTICIPATION IN THE EDUCATION SYSTEM, BY MORE PEOPLE IN THE COMMUNITY. AN EXPANDED SYSTEM, WITH BROADER USE, CAN TRANSLATE INTO EXPANDED FINANCIAL SUPPORT FROM A BROADER ECONOMIC BASE.

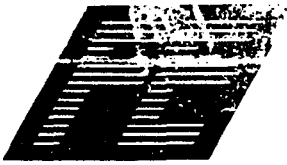
EXHIBIT 2  
DATE 2-28-89  
HB 666

## COST MODEL

A COST MODEL OF THE HYBRID VIDEO SYSTEM INCORPORATING ANALOG MICROWAVE RADIO, T1 AND SATELLITE DELIVERY SYSTEMS HAS BEEN DEVELOPED TO ILLUSTRATE THE RELATIVE COSTS OF IMPLEMENTING A VIDEO SYSTEM TO MEET THE NEEDS OF MONTANA.

THESE ESTIMATES INCLUDE THE COSTS OF ESTABLISHING AND MAINTAINING THE VIDEO NETWORK MODEL AS DESCRIBED. THE COSTS FOR LEASING THE FLOOR SPACE; PREPARING ROOMS ACOUSTICALLY; PROVIDING CAMERAS, LIGHTS, SOUND SYSTEMS, AND FURNITURE; AND THE COSTS OF THE PERSONNEL WHO WOULD PRODUCE THE PROGRAMS AND MANAGE THE CONFERENCES HAVE BEEN EXCLUDED. THESE COSTS MUST BE CONSIDERED WHEN A SYSTEM IS ACTIVATED, HOWEVER.

THE MAINTENANCE CHARGES INCLUDE THE REPLACEMENT PARTS AND LABOR REQUIRED TO KEEP THE EQUIPMENT OPERATIONAL. THE FULL TIME TECHNICIAN FOR THE T1 SYSTEM WOULD PLAY THE DUAL ROLE OF CONTROL OPERATOR AND CONSULTANT TO THE USERS OF THE SYSTEM.



Use Appropriations  
EXHIBIT 3  
DATE 2/28/89  
NO. 666

**FEDERAL ENGINEERING, INC.**  
2722 MERRILEE DRIVE  
FAIRFAX, VIRGINIA 22031  
(703) 560-7500 • FAX (703) 876-2691

**FINAL REPORT**  
**MONTANA VIDEO**  
**NETWORK STUDY**

**JANUARY 1989**

**PREPARED FOR:**

**MONTANA AMBASSADORS**  
**C/O MONTANA TELECOMMUNICATIONS PROJECT**  
**SUITE 4D, POWER BLOCK**  
**HELENA, MONTANA 59601**

4  
EXHIBIT  
DATE 2/28/89  
NO. 666



R. A. Little  
Assistant Vice President  
External Affairs

One N. Last Chance Gulch  
Helena, Montana 59601  
Phone (406)449-6776

February 27, 1989

The Honorable Francis Bardanouve,  
Chairman  
House Committee on Appropriations  
Capitol Station  
Helena, MT 59620

Dear Representative Bardanouve:

I am writing to express AT&T's support for HB 666. Linda Adams and I had planned to appear to testify before this committee, but we were unable to do so because of previous commitments. Linda is AT&T's Government Relations Director and the author of a recent article entitled, "The Information Revolution", in the October 1988 issue of State Government News.

One of the keystones to Montana's future is its system of higher education. While it is certainly adequate today, if the State is to move forward into the future and keep pace with the rest of the nation the proposals contained in HB 666 are a necessity. In fact, Montana's future, educational systems, and a modern telecommunications infrastructure are inextricably intertwined.

It is AT&T's belief that the combination of private and public networks envisioned in HB 666 is a plan which will not only be an efficient use of the funds to be appropriated, but also is in the best interest of all of Montana's citizens.

Yours truly,

A handwritten signature in cursive script that reads "Bob Little".

R. A. Little

cc: Carrol Krause  
Linda Adams  
Representative Ramirez

EXHIBIT 5  
DATE 2/28/89  
HB 666

TESTIMONY BY REPRESENTATIVE BETTY KASTEN

In reference to the Engineering Study and Funding: *B666*

Funding should be provided to allow users to tap into existing facilities rather than fund duplicate facilities. The funding should encourage "state of the art" technology (i.e., full interactive 2-way video rather than compressed 1-way video), especially when that technology is already available.

The cost of service is based on filed tariffs. These rates are normally higher than those of the Independent Telephone Companies' tariffs that serve our rural areas. The engineering study seems to focus on the Western Montana Universities and state government, rather than on rural Montana, especially Eastern Montana where the need is greatest.

Mid-Rivers Telephone Co-op is having a demonstration project on interactive TV between Circle High School and Dawson County High in April and plan on eventually setting up a link between Baker High, Plevna High and Ekalaka. This shows that the capability is out there and it encourages businesses in our rural communities.

My main point being, if you choose to fund this bill, the money should foster the best programs and not be spent for duplication of existing facilities. It should be kept in mind that once a project is set in motion it often is irreversible, even if it becomes apparent that there is a more reasonable and useful approach.

Exhibit 1  
2/28/89  
HB 320

Hse. Appropriation

COMMISSION ON THE USE OF APPROPRIATE  
TECHNOLOGY IN THE MONTANA JUDICIARY  
REPORT AND RECOMMENDATIONS TO THE  
MONTANA SUPREME COURT

DECEMBER 1988

EXHIBIT 2  
DATE 2/28/89  
HB 320

WITNESS STATEMENT

NAME Allen Chronister BUDGET HB 320

ADDRESS Helena

WHOM DO YOU REPRESENT? State Bar of Montana

SUPPORT Y/S OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

COMMENTS:

The State Bar supports the appropriation in HB 320. A high percentage of the state's law offices, state agencies, local government offices and the state law library have commenced computerization to one extent or another.

It is time to bring our judicial system into the fold so that it not be left behind this technological revolution; so that it can operate more effectively and efficiently; and so that it can communicate with the computerized entities that do exist

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.





ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

1:51 P

DATE 2/28/89

BILL NO. 618

NUMBER \_\_\_\_\_

NAME	AYE	NAY
REPRESENTATIVE SPAETH	✓	✓
REPRESENTATIVE PECK		✓
REPRESENTATIVE IVERSON	✓	
REPRESENTATIVE SWIFT		
REPRESENTATIVE OUILICI		✓
REPRESENTATIVE BRADLEY		✓
REPRESENTATIVE PETERSON	✓	
REPRESENTATIVE MARKS	✓	
REPRESENTATIVE CONNELLY		✓
REPRESENTATIVE MENAHAN		✓
REPRESENTATIVE THOFT	✓	
REPRESENTATIVE KADAS		✓
REPRESENTATIVE SWYSGOOD	✓	
REPRESENTATIVE KIMBERLEY		✓
REPRESENTATIVE NISBET		✓
REPRESENTATIVE COBB	✓	
REPRESENTATIVE GRINDE	✓	
REPRESENTATIVE CODY		✓
REPRESENTATIVE GRADY	✓	
REPRESENTATIVE BARDANOUE		✓

TALLY

8      11

Sylvia Kinsey  
Secretary

Representative Bardanoue  
Chairman

MOTION: Marks adopt Amend in SB 203

yd

11586

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE  
DATE 2/28/89 BILL NO. 619 NUMBER \_\_\_\_\_

NAME	AYE	NAY
REPRESENTATIVE SPAETH	✓	
REPRESENTATIVE PECK	✓	
REPRESENTATIVE IVERSON		✓
REPRESENTATIVE SWIFT		✓
REPRESENTATIVE OUILICI	✓	<del>✓</del>
REPRESENTATIVE BRADLEY	✓	
REPRESENTATIVE PETERSON		✓
REPRESENTATIVE MARKS	✓	✓
REPRESENTATIVE CONNELLY	✓	
REPRESENTATIVE MENAHAN	✓	
REPRESENTATIVE THOFT		✓
REPRESENTATIVE KADAS	✓	
REPRESENTATIVE SWYSGOOD		✓
REPRESENTATIVE KIMBERLEY	✓	
REPRESENTATIVE NISBET	✓	
REPRESENTATIVE COBB		✓
REPRESENTATIVE GRINDE		✓
REPRESENTATIVE CODY	✓	
REPRESENTATIVE GRADY		✓
REPRESENTATIVE BARDANOUE	✓	

TALLY

11 9

Sylvia Kinsey  
Secretary

Representative Bardanouve  
Chairman

MOTION: De pas  
\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_