

MINUTES

MONTANA SENATE 51st LEGISLATURE - REGULAR SESSION COMMITTEE ON STATE ADMINISTRATION

Call to Order: By Chairman William E. Farrell, on February 8, 1989, at 10:00 a.m., Room 331, Capitol

ROLL CALL

Members Present: Senator Hubert Abrams, Senator John Anderson, Jr., Senator Esther Bengtson, Senator William E. Farrell, Senator Ethel Harding, Senator Sam Hofman, Senator Paul Rapp-Svrcek, Senator Tom Rasmussen, Senator Eleanor Vaughn

Members Excused: None

Members Absent: None

Staff Present: Eddy McClure

Announcements/Discussion:

Chairman Farrell indicated the 4 directors were asked to attend the meeting, and will be asked to make a short statement to the committee regarding their policies and what direction they will follow as director of the department to which they have been appointed.

GOVERNOR'S APPOINTMENTS

Testimony:

Mr. Michael Letson, Director, Department of Commerce.

Mr. Letson testified that there are several things he would like to see done in the area of commerce, starting with increased utilization of Montana as a destination for tourism. He indicated he also wants to concentrate very heavily on expansion of the international trading with Taiwan, Japan, etc. He added he also wants to see a reduction in the red tape that exists in businesses forming and business coopera-

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tion. Mr. Letson noted they have a business assistance division that he thinks is a very important division in the Department of Commerce, and there are several areas where they can grow and become very effective under Governor Stephen's administration and tutelage. Mr. Letson indicated he would be happy to answer any questions from the committee.

Questions from the Committee:

- Q. Chairman Farrell noted that Mr. Letson, as director of commerce, has to set policies for the state based on commerce and tourism, and asked if he was prepared to go along with what the Legislature sets for policy in taxation areas, and further asked if he was willing to make recommendations to the Legislature over the next few years.
- A. Mr. Letson responded yes, that he is willing to work very closely with the Legislature because he understands the importance of the Legislature. He added that the laws the Legislature makes, the rules the Legislature sets down, are things that the Department of Commerce will live by, and he thinks it is very important that they all operate under the same playing field.
- Q. Senator Abrams indicated he is sure Mr. Letson is aware of the headlines everyone has seen regarding the litigation with him and his wife, as well as the problems in West Virginia, and asked if he would care to comment.
- A. Mr. Letson responded that divorce is a matter of public record, and is a personal matter. He indicated he does not think it bears on his ability to run the Department of Commerce, or to encourage businesses to become more productive in our state. He further indicated, regarding the headline in this morning's paper about West Virginia, that he admits paying a \$460 fine he did not have to pay, and stated he believes they have run a very clean operation. Mr. Letson then stated the "proof is in the pudding", they got their permit, and then indicated he would be happy to answer specific questions.
- Q. Senator Abrams indicated he was interested only in a general statement.
- A. Mr. Letson then indicated his West Virginia coal mining operation, the MT Black Diamond Coal Company, joint ventures with Black Gold of West Virginia to find, prove up and potentially mine coal for the steam and metallur-

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gical markets in the east. He stated they chose Lincoln County, West Virginia because they felt there were coal reserves there that were untapped. He noted the area that came under question was whether they needed a permit from the State of West Virginia Department of Energy to explore their own lands to determine the extent of the coal reserves thereunder.

Mr. Letson indicated that, when the department of West Virginia determined they needed a permit to do that, they said okay, if that is the way it is, we are guilty, we will pay the fine. He noted a \$460 fine was assessed, but that they did not have to pay the \$460 fine because it was under \$1,000, and the Department of Energy in West Virginia has a policy of not collecting fines under \$1,000 because of the administrative process and the administrative work that goes along therewith. He stated they were not trying to rip anybody off, and they were not trying to do anything wrong. They simply said, okay, if we're wrong, we will then comply. He added they went ahead and complied more than to the extent of the law; they complied by reclaiming everything the Department of Energy wanted them to reclaim in that area, including old face-up mines that had existed since the 40's, and they did that to the extent of several thousand dollars, to show their good faith. Mr. Letson stated this was in 1987 and 1988, and then asked Senator Abrams if he had a specific question about that, indicating he did not want to ramble off and bore everyone.

Senator Abrams indicated he had no specific questions, and that he appreciated Mr. Letson's comments.

- Q. Senator Anderson asked Mr. Letson to expand on his comment regarding reduction of red tape for business, explaining what he has in mind.
- A. Mr. Letson responded that he does not want to make any blanket statements as to what can be eliminated and what can not be eliminated, but indicated there are often impediments in the way of starting business, that there are misunderstandings about who has jurisdiction in compliance areas that he would like to try and overcome. He added there are often-times misunderstandings about building codes, and things like that, which have to be resolved. He further indicated there are misunderstandings about which building codes are being used at the time, and how those building codes affect a project; some people are required to get building permits, and some

people are not. He indicated all those things have to be researched, and a common course of action for all people has to be determined so that there are not different rules for different people.

Mr. Letson indicated that, as for some of the red tape, and noted he uses "red tape" collectively, there are areas that the Department of Commerce serves that people are unaware of. He stated the business assistance division does research, does forecasting, and provides assistance with business plans for young, emerging companies, and these things can be utilized to help Montana business grow and prosper. Mr. Letson added that, if people don't know about this, or only know about parts of them, he thinks it is a marketing problem on their part.

- Q. Senator Bengtson noted that, in dealing with international trade, business and tourism, he will have to have a great deal of interaction with people, and asked Mr. Letson if he feels his personality is such that he can deal courteously, and with understanding, with people that he will come in contact with. She reported she has had phone calls indicating that Mr. Letson's interaction with people he works with is not exemplary, and further asked if he feels he can handle the stress of dealing with all of these kinds of people.
- A. Mr. Letson responded yes, definitely, and distributed copies of letters to the committee members, copies of which are attached as Exhibit 1. Mr. Letson stated the letters represent 100% of the people who have worked for him in the last 8 years, going back as far as 12 or 13 years. He stated that, without question, he can definitely do that, and what Senator Bengtson has been told is not correct.
- Q. Senator Bengtson asked, regarding litigation, business and private deals that have ended up in court, how many business deals, in addition to his divorce, have ended up in court.
- A. Mr. Letson responded they are in court constantly in West Virginia, going through the appeal process that is allowed in that state through varying steps. He indicated, if that counts as litigation, that is one. He added he had a business dealing with a gentleman in 1981, through 1984, that was in court, and which was reported in the paper. Mr. Letson then reported he was an owner

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of an apartment building, and was often in court to collect rents. He indicated that, other than child custody hearings, he knows of no other time he has been in court.

- Q. Senator Bengtson indicated she has been informed that there are a number of court costs which are accrued to him, and asked Mr. Letson if he has an exact amount he has paid out in court fees over the past 5 years to settle his business deals.
- A. Mr. Letson responded he did not have that number, and did not know what Senator Bengtson is searching for. He indicated maybe he could answer the question differently, and stated that, when going through a permitting process and an appeal process on a coal mine, it takes lots and lots of attorneys and lots and lots of time, and asked Senator Bengtson if that is what she is searching for.
- Q. Senator Bengtson indicated she was referring to a several digit number, which represented a lot of money Mr. Letson has paid out in court costs to settle his business deals, in addition to those.
- A. Mr. Letson responded he has never paid out any money to settle any business dealings, and indicated he does not understand the question. He stated he has never settled a business dealing by paying someone, and indicated that he and his partner were shareholders in a corporation which was sold, and that his partner took his money from his shares, and he, Mr. Letson, took his money from his shares.
- Q. Senator Rapp-Svrcek asked Mr. Letson if, in his view, is there, or should there be, any correlation between the ability of a person to raise money for a political candidate, and appointments, should that candidate become successfully elected.
- A. Mr. Letson responded that his qualifications for running the Department of Commerce have, he thinks, very little bearing on whether he raises money or not. He added he is very successful in almost everything he has ever undertaken, and he will be successful in the Department of Commerce.
- Q. Senator Rapp-Svrcek indicated that, from what he has read, Mr. Letson is very successful at everything he does. Senator Rapp-Svrcek then re-stated his question

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if Mr. Letson thinks there should be correlation between the ability to raise money for a political candidate, and appointment to an administrative position, should that candidate be successfully elected.

- A. Mr. Letson responded he did not think there is any correlation.
- Q. Senator Hofman indicated he made quite a few telephone calls, that none of them were to any of the people named on the letters distributed by Mr. Letson, and that most of the answers he got were very positive. Senator Hofman added that people spoke well of Mr. Letson, they liked him, and he came off very well. He then noted there were also a few that were exactly the opposite, and very strongly so; they talked about his abrasive personality. Senator Hofman indicated he does not know if there are two sides to Mr. Letson's personality, and asked Mr. Letson if he feels the people that will be working under him in the Department of Commerce are going to feel comfortable there, and if he feels he has the management skills to make people happy in their work.
- A. Mr. Letson responded that he intends to go into the Department of Commerce, listen and learn with a great deal of understanding, and will do everything he can to make those people feel comfortable. Mr. Letson stated he does have high standards, will expect a great deal of the people in the Department of Commerce, and that he wants to assure the committee he is not a "hatchet man". Mr. Letson referred to the letters, noting they represent 100% of the people that have worked for him, and that they are the people that know him the best.
- Q. Senator Rasmussen indicated he hears reoccurring stories about businesses trying to locate in Montana, that they do not seem able to get help from the Department of Commerce and other areas of state government, and end up going somewhere else. Senator Rasmussen asked Mr. Letson if he is aware of this, if he know where the problems are, and if he has thoughts on this, as we look to try to build our economy.
- A. Mr. Letson responded that he wants to express a degree of advocacy in government that he thinks the Department of Commerce will have in the future. He indicated he wants to have people understand that they are going to be there to help them, and he will go to no end to see that they are properly treated, and assisted in every

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way. Mr. Letson corrected this statement, indicating he wanted to say he will go to every end. He then stated he wants to go to every end that he possibly can to make sure that they extend the welcome hand and the welcome mat to every legitimate business that can possibly locate in this state, and that can find and utilize our work force.

Mr. Letson stated we have a great work force here, and a work ethic that is amazing; he added we have a great educational system which puts out good, quality people, and he wants to use those. He indicated everyone talks about how their kids have to leave home to find work, and noted that is hard; a tough thing to say, but that it sometimes happens. He stated he can't promise everyone a job, but that he wants to make sure they have the welcome mat out, and they will do everything they possibly can. Mr. Letson noted he did not want to say they will have a new attitude, because the people in the Department of Commerce have been doing a good job in many, many areas, but he wants to enhance some of those areas and, in those areas where they are falling down, he will try not to be too abrasive, but he will get results.

- Q. Senator Vaughn indicated she is interested in the business assistance division, and asked Mr. Letson if he has some plan to get that information out to areas so that business people are aware of this assistance. She noted that a lot of small businesses are not aware of that being available.
- A. Mr. Letson responded he talked with the business assistance division people this morning about the fact that so many of the small businesses, expanding young companies, do not know that the service is available. He noted he asked them to give him a list of recommendations on how they can get the public aware that they exist, and what they can do for them. Mr. Letson stated he thinks that is a very, very important area, and he certainly intends to follow-up on that, and do something in that area so that every small business knows. He added that, right now, they are using financing agencies, banks, etc., to get the word out, but that does not always get the word out to those companies that really need the help because sometimes those guys are on the bad check list every morning, and they hate to go to the bank.

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- Q. Senator Rapp-Svrcek indicated Mr. Letson has, as is his right, been critical at times, in the press, of some of the members of Montana's congressional delegation. He indicated that the Department of Commerce, in order for Montana to develop economically, needs to work in concert with the congressional delegation on both sides of the aisle, and asked Mr. Letson if he feels he can work with members of both parties in Montana's congressional delegation.
- A. Mr. Letson responded he believes that he can, and he believes he can assist the Department of Commerce, the State of Montana, and all the public in the State of Montana, by doing just exactly that.
- Q. Senator Hofman indicated that, when the legislators are home, not in session, some of the biggest problems they have are with businesses that have on-going problems with the different departments in state government. He noted the two that he has the most problems with are the Department of Commerce and the Department of Natural Resources, on water issues. Senator Hofman indicated a lot of the problems his people have are harassment by state inspectors at various agencies. He noted he does not think this is a policy of the department, as much as it is a feeling on the part of the people doing the inspections that they are a powerful person, and want to make sure everyone understands they are the ones that call the shots, and make the decisions. Senator Hofman asked Mr. Letson if he has any thoughts on that.
- A. Mr. Letson responded this relates to Senator Rasmussen's question about advocacy in government, and reiterated he feels very strongly about advocacy in government, having been on the other side. He indicated he wants to assure the committee, and all the people in the State of Montana, that he will work very hard to make sure they are an advocacy agency. Mr. Letson reported that a gentleman called him about being harassed by an individual in the Department of Commerce, and he told the caller that he appreciated it, and would do everything in his power to make sure that those harassment techniques are stricken. He stated that, if a person is complying with the rules and regulations set forth by the Legislature, and interpreted by the court, there is no reason to have their department making new administrative law.

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Mr. Letson further stated it is abhorrent to him that harassment takes place by the state against the citizenry, and he can assure the committee that he will do what he can to correct that. He noted that, if it is the law as the Legislature has written it, then they will follow it, but they will not deviate from that so they can flex their administrative muscle.

- Q. Chairman Farrell indicated the Department of Commerce has all the licensing boards, and stated the committee is struggling with a bill called sunrise, and sunrise provisions. He then asked Mr. Letson if he has any expertise in boards, and if he would be willing, in two years, to make a recommendation to the Legislature on how to handle this problem.
- A. Mr. Letson responded he would like to explore the problem, and asked if he could get back to Chairman Farrell. He then noted he would have a board look into that.

Chairman Farrell announced the hearing on the appointment of Michael Letson as Director, Department of Commerce, as closed.

Testimony:

Ms. Karen Barclay, Director, Department of Natural Resources and Conservation .

Ms. Barclay indicated she has been on the job for a little over two days, and that her first goal, or priority is to spend the amount of time necessary to learn what has been going on within the department, and learn some of the different programs. She stated it has been overwhelming, as there are so many different programs, and it is a very large and complex agency.

Ms. Barclay noted that her number one priority will be in the water area, that it is a big, complex and difficult issue to deal with, and that the department has made some tremendous strides in the water area, one of which is in the water planning process. Ms. Barclay pointed out that there is a state water planning advisory council which has worked on developing a water plan for the State of Montana, and that they have done some tremendous work. She reported the advisory council made a number of recommendations, four of which have been adopted by the administration, and indicated she believes there will be some bills before the Legislature concerning some of those recommendations.

Ms. Barclay stated they have not accomplished everything yet; there are a number of areas that the water planning advisory council was not able to address, and one of her priorities will be look at how far they have gone, where they need to go from here, and to utilize the people in the advisory council, the technical committees that were formed, develop some new technical committees, and concentrate on those issues that have not been developed yet. She indicated they need to get out and talk to the people who are most affected, noting she realizes this recent year, with the drought conditions, we all feel we were most affected. She reiterated one of her priorities will be to bring all the people together that are concerned about the water area, get their input, and incorporate that into the water plan as it continues to develop.

Regarding the water adjudication process, Ms. Barclay reported the department's role is one of technical and administrative support, and indicated she would like to see that strengthened, working more closely with the water court, and noted she thinks the water court has been very comfortable with their support, and that one of her priorities will be to work closer with Judge Leslie and the water courts in the technical support area.

Ms. Barclay pointed out there are a number of other programs, and that she would like to work more closely with the Department of Energy. She indicated there are a number of programs she would like to concentrate on, one of which is developing a memorandum of understanding with the Department of Energy to allow an easier working relationship between the Department of Energy and the State Department of Natural Resources. Ms. Barclay indicated these are the three major areas, and she thinks they will keep her very busy for quite some time.

Questions from the Committee:

- Q. Senator Rapp-Svrcek indicated that the Department of Natural Resources is critical to the environmental policy of the state, and asked Mr. Jensen, Director of EIC, if he wishes to make any comment.
- A. Mr. Jensen responded that, although he did not attend the meeting to comment, regarding Ms. Barclay's nomination, they are delighted to have someone with her energy background and understanding of the energy issues that will face Montana in the future, the way they have in the past, and noted he hopes they will be able to cooperate and work without the kinds of problems they have had in

energy development in the past. Mr. Jensen added they hope to have a good working relationship with the department.

- Q. Senator Rapp-Svrcek asked Ms. Barclay to give the committee her feelings about the environmental laws that are in place in Montana now, and the role she sees her department taking in terms of maintaining those, or modifying those.
- A. Ms. Barclay responded that she thinks it is critical to have strong environmental legislation. She stated that she, and the administrators, feel very strongly that they need to concentrate on coordination with environmental groups, and with proposed developers, so that in the very beginning of a concept, whatever that concept might be, whether it is an energy development concept like Colstrip, or whether it is a small hydroelectric project or a wind energy project, they can develop a cooperative effort to identify what the project is, what the potential problems are, and can try to mitigate those. She noted that if, in fact, they can mitigate them in a cooperative effort, and the project can live up to the rules and regulations, fine. She added that, if it can not, then she would be against it. Ms. Barclay reiterated that she feels it is critical to have strong environmental legislation.
- Q. Senator Bengtson indicated she was pleased to hear that Ms. Barclay considers water issues a number one priority, and stated she is interested in knowing what sort of role Ms. Barclay would anticipate in working with the Board of Natural Resources.
- A. Ms. Barclay responded she will be meeting all of the board members Thursday and Friday, and that it will be an educational experience for her. She noted one of the issues they will be dealing with is the water plan and the recommendations for the water plan, and they will be asking the Board to approve the water plan. She stated she believes that some of the new members, as well as some of the ongoing members, have some very strong feelings in the water area, and they would like to incorporate them in the planning effort.
- Q. Senator Bengtson indicated it is her understanding that the present administration is not going to adopt at least two portions of the water plan; one dealing with water use efficiency, and the other agriculture. She added

they are going to go ahead with the hydropower part, and the resource information system. Senator Bengtson asked if Ms. Barclay is going to recommend accepting the entire water plan.

- A. Ms. Barclay responded, noting she has not read it in great detail, that there are four areas they are recommending for acceptance; the state water rights, hydro-power area, the water resource data information system, ag water efficiency, and in-stream flow protection.
- Q. Senator Hofman asked if Ms. Barclay attended any of the meetings held this summer.
- A. Ms. Barclay responded she did not.
- Q. Senator Hofman indicated he attended two of those meetings, and that the Department of Natural Resources was amazed at the number of people who attended. He noted farmers, ranchers and irrigators from all across the state were in attendance, and that they were very concerned because they felt this was a threat to something they own and use, which is the water. Senator Hofman asked what Ms. Barclay thinks about in-stream water flows, how to keep those, and asked for her suggestions on storage.
- A. Ms. Barclay responded that both are very complex issues, noting that storage is one area that was not addressed. She indicated they have a draft report, in the department, that they are going to take a look at and, hopefully, refine it a little bit and use it as a basis for some planning. She stated she does not believe that storage is a cure-all. She indicated she does believe there is an appropriate place for it, that they do have to address the issue and, where appropriate, she thinks they have to utilize storage. Ms. Barclay added it is also very expensive. She noted it is an area they have to pay attention to, and something they will concentrate on in the ongoing planning process.

With regard to in-stream flow protection, Ms. Barclay indicated they are recommending the ability to lease water rights for in-stream flow protection in drought situations, and they do have some draft legislation proposing a test case. She noted that the Department of Fish, Wildlife and Parks will attempt to prioritize streams they would like to concentrate on for in-stream flow protection, and that they can utilize the legisla-

tion for in-stream flow protection to see if those work. Ms. Barclay stated she believes it will work, and that she is also a proponent of leasing.

- Q. Senator Bengtson asked Ms. Barclay, regarding reservations on the Yellowstone River and the 10 year review plan, if she feels that the Board has the authority to reallocate some of those reservations.
- A. Ms. Barclay responded she is not familiar enough to comment.
- Q. Senator Anderson commented, regarding in-stream flow, that it can vary from stream to stream, and that storage may be the answer to some, although probably not all. He noted that, in his area, where storage projects are properly managed, they did not have in-stream problems. Senator Anderson further commented that he is very impressed with Ms. Barclay's comments regarding closer cooperation with the Department of Natural Resources and the water courts, and he thinks it is important to get the adjudication process completed. He added he thinks Montana is very lucky to have water to work with, it has become more and more a precious commodity, and that we really realize it in the drought years.

Senator Anderson further indicated he thinks Ms. Barclay is on the right track in trying to get everyone together to cooperate. He noted this is a problem affecting many people, re-stating that he appreciates Ms. Barclay's comments, and thinks she is on the right track.

- A. Ms. Barclay thanked Senator Anderson.
- Q. Chairman Farrell indicated that water seems to be the hot issue in the Legislature this time, and asked Ms. Barclay for her comments on how important mining is in the State of Montana, and where she would like to see mining go, including regulations and the clean water act with regard to mining.
- A. Ms. Barclay responded that she has been involved in the mining industry for quite some time, and feels mining is an important industry in Montana. She indicated she also feels that, if you look at the historical mining operations, we had better learn from our mistakes. She interjected that, being from Anaconda, she is aware of what mining in the wrong sense can do. Ms. Barclay stated she has worked on a number of mining projects that

have been very successful, very concerned about the environment, and do comply with the current environmental regulations. She noted that, if we did not have strong environmental legislation, we probably would not have people in mining, and other industries, as concerned about the environment.

Ms. Barclay indicated that the mining industry now has good, strong environmental engineers, good strong hydrologists who understand the total situation, and that it is important to protect the water, and protect the land with reclamation. Ms. Barclay noted that she realizes not everyone in the mining industry understands that, but indicated her experience has been that they have developed good, sound environmental policies.

Q. Chairman Farrell then asked if Ms. Barclay is willing to work with those mine operators to try and bring them into compliance.

A. Ms. Barclay responded that is what she has been doing for quite a number of years.

Chairman Farrell announced the hearing on Karen Barclay as Director, Department of Natural Resources and Conservation, as closed.

Testimony:

Mr. Robert L. Mullen, Director, Department of Family Services.

Mr. Mullen gave a brief summary of his background and indicated that, due to his experience, he is somewhat familiar with what the issues are that need to be addressed within the Department of Family Services. He noted that, because the department is fairly new, there probably have been many questions and concerns addressed to the members of the committee.

Mr. Mullen indicated that his major initiatives will be primarily to help shepherd through their legislation and, in addition, he would like to open channels of communication with those people that were involved with providing services to Montana's youth and families before the department was created. He noted that, unfortunately, he feels county commissioners, county welfare directors and, to some degree, youth probation officers have been eliminated from the process of planning for the delivery of services to troubled youth and children, and he wants the department to reach out, and try

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to use the wisdom those people have from providing services over so many years.

Mr. Mullen indicated that the last 18 months, in the department, have been spent, primarily, in creating the regional structure in the 5 regions around the state, and very little time has been spent on defining internal policies for the department. He stated that he thinks there is a considerable amount to be done, as far as defining internal policies such as creating channels of communication between his regional administrators and field staff. He noted it has been a very frustrating period for the field staff over the last 18 months, and he thinks they need to do some things to improve the morale of the employees in the department. He further indicated he looks forward to working with the service providers, and the Legislature, in order to do a better job of providing continual services to Montana's youth.

Questions from the Committee:

- Q. Senator Bengtson asked Mr. Mullen if he would be willing to provide a home and an umbrella organization for all of the DD programs in the state, including the Montana Developmental Center, and all of the community-based facilities. She noted that is not one of his responsibilities, at present. Senator Bengtson indicated that one of the big issues facing Institutions and Human Services is how to put all of the DD programs under one administration, and she asked if Mr. Mullen is willing, and does he feel he has the staff to handle that under Family Services, noting she understands he probably does not have the staff.
- A. Mr. Mullen responded that one of the recommendations of the Governor's task force is to put the DD division under the Department of Family Services. He indicated that, if that is what he is required to do, of course he would be willing to do that, but stated he would have concerns, right now, about placing the DD division under the Department of Family Services. Mr. Mullen stated this is primarily because he thinks the department, in the last 18 months, is just getting on its feet and, to be given a agency or division as large as the DD division, would have a staggering effect upon the Department of Family Services. He added that the DD division has a budget that is larger than the budget of the Department of Family Services, and would probably have the effect of doubling the size of the department. Mr. Mullen

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stated he thinks it is premature for the Department of Family Services to do that.

- Q. Senator Vaughn indicated, regarding youth after care, that, once they are released from the institutions, no one seems to know who has the responsibility, and there does not seem to be any correlation between who has responsibility for what, and they are left not knowing where to turn, or what to do. She asked Mr. Mullen if he has any plans for trying to help that in some way.
- A. Mr. Mullen responded that he is familiar with the situation, and the probation officers are concerned that law enforcement people in Libby will pick up someone that has run away from Pine Hills, and that person is held in the county jail, referring to the funding problems. He indicated the department's position, up until now, has been that the Department of Family Services is not responsible for providing that service. He noted they are in the process of introducing legislation, to take effect in approximately two years, which would make after care the responsibility of the counties, but it is their hope that the State of Montana will fund the services.
- Q. Senator Rasmussen asked Mr. Mullen what would be his feeling about his department relating to adoption, and asked if he has any thoughts on where he thinks the department should go in that area.
- A. Mr. Mullen responded that he probably does not know as much about adoption as he should, that he has been on the job approximately one week. He indicated that he is familiar with a case that was recently "hammered" on, and noted that the criteria the department had been using in the past for selecting placement of adopted children could no longer be used; they can no longer discriminate on the basis of age or marital status. He further indicated this has created some problems to the department as far as their adoption responsibilities, and they are looking at trying to resolve some of those issues. Mr. Mullen noted he believes the department has considerable responsibility regarding that.
- Q. Senator Hofman indicated he senses a certain amount of adversarial positions between the people at the county level, and the people at the state level. He asked Mr. Mullen if he has any thoughts on how he might handle that.

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- A. Mr. Mullen responded that he does. He indicated, initially, he was one of the most out-spoken critics of the creation of the department, but his attitude has changed in the last 18 months. He stated he thinks the department needs to contact the county welfare directors and county commissioners, and educate them on what the Department of Family Services really is, and what services they provide. He indicated the real sore point is that they are asking counties to continue to fund a portion of the Department of Family Services, regardless of how small it is, and they have very little say in how the department is run. Mr. Mullen stated he would like to meet with them, and he thinks they need to make some changes on their local advisory councils, so that it is absolutely imperative that the county commissioners be represented on those councils so they have some input into the policies.
- Q. Senator Abrams indicated he appreciates Mr. Mullen's comments, especially on DD.

Chairman Farrell announced the hearing on the appointment of Robert Mullen as Director, Department of Family Services, as closed.

Testimony:

Dennis D. Casey, Commissioner, Department of State Lands.

Mr. Casey indicated there were many factors involved in his decision to return to Montana, and commented that Montana's educational system is equal to, if not better, than the one in Kansas, which has been an award-winning school district.

Mr. Casey testified he is very impressed with the people at the department, indicating they are capable and dedicated people, he looks forward to working with them, and will rely on them a great deal. Mr. Casey stated he will look at speeding up the process of permitting mining operations, indicating he has had some suggestions from people in the farming community that there are some things they can do to provide more money for the State of Montana, as well as for the farmers leasing state lands. He noted they are specifically referring to flexibility in the time in which they are allowed to sell their crops.

Questions from the Committee:

SENATE COMMITTEE ON STATE ADMINISTRATION

February 8, 1989

Page 18 of 20

- Q. Senator Rapp-Svrcek asked Mr. Casey to give the committee, briefly, a sense of how he stands regarding the sale of state lands.
- A. Mr. Casey responded that it would be premature for him to respond to that at this time.
- Q. Senator Hofman asked Mr. Casey how he means to raise more money for the State of Montana from the agricultural sector.
- A. Mr. Casey responded it was suggested to him that, if there was some flexibility given to lessees in the time frame in which they can sell the grains, perhaps it is something they need to look at, if it could provide a method by which a greater price could be obtained for the crop. He noted it is his understanding there are limitations as to the time crops can be sold.
- Q. Senator Hofman stated he leased a section of state farm land, and he knows what Mr. Casey is referring to. He indicated the restrictions are not so severe because, if a person chooses to keep the crop for a while to sell it later on, they have the latitude to do that by contacting someone in the Department of State Lands, and sending a written notice of intent, which is not a problem. Senator Hofman further indicated that, over the years, it has been proven that the farmer who sells his grain immediately, in a long-range program, ends up ahead. Senator Hofman added he appreciates the latitude.
- A. Mr. Casey indicated he meant to tell the committee that he will take a look at all the activities, and see what can be done. He reiterated that he is very impressed with the manner in which the department is staffed and operates.
- Q. Chairman Farrell indicated that money which is raised on state lands goes to help fund schools, and asked Mr. Casey if he sees any way to increase the revenue, or does he think we are getting a fair share of the revenue that the State of Montana should be getting off the state lands, right now.
- A. Mr. Casey responded that it is his understanding, if it is competitive bidding, we are obtaining that.
- Q. Chairman Farrell asked Mr. Casey what he means by competitive bidding.

- A. Mr. Casey responded most of the agricultural leases are 10 year leases and, at the time of renewal, anyone can bid on them.
- Q. Chairman Farrell then asked what would be his position if, under competitive bid, an outfit wanted to lease the hunting rights on state lands, and bids higher than agriculture.
- A. Mr. Casey responded he does not have a position on that, but suspects he will have to find a position.

Chairman Farrell announced the hearing on Dennis D. Casey as Commissioner, Department of State Lands, as closed.

Testimony:

John A. Rothwell, Chairman, State Tax Appeals Board

Mr. Rothwell indicated he thinks it is important for the taxpayer to have an ombudsman totally separate from the Department of Revenue, so the taxpayer can feel they have a real appeal basis, above the county level. He noted the less appeals that go from the county level to the state appeals board is a good measure of their effectiveness in taxation. He indicated that, if the people feel they are being treated fairly, those appeals will not be coming up. Mr. Rothwell noted the ultimate would be to put yourself out of a job, and have as few appeals as possible.

Questions from the Committee:

None.

Chairman Farrell announced the hearing on John Rothwell as Chairman, State Tax Appeals Board, as closed.

DISPOSITION OF GOVERNOR'S APPOINTMENTS

Discussion:

Chairman Farrell indicated the committee needs to make a recommendation, and that recommendation has to be placed on the floor for 3 days, allowing the other Senators to indicate if they wish to have any appointees separated out on the list. At that time, a resolution has to be reported to the Secre-

SENATE COMMITTEE ON STATE ADMINISTRATION

February 8, 1989

Page 20 of 20

tary, and it will be 3 more days before it is voted on by the full Senate.

Senator Harding offered a motion that the committee adopt a resolution including all of the appointees before the committee at this time.

Senator Bengtson stated that, regarding Mr. William Stratton, she called a number of people in that area, including people that work with him, as well as neighbors, and they all highly recommend Mr. Stratton. Chairman Farrell indicated he made some phone calls, and reports the same thing regarding Mr. Gregory Barkus of Kalispell. He then reported he personally knows Mr. Ed McHatton, who served on the school board, is a small contractor, and does a lot of work with irrigation systems.

Recommendation and Vote:

Motion passed by the committee that all 7 of the Governor's Appointments before the committee at this time be adopted in one resolution.

OTHER BUSINESS

Chairman Farrell closed the hearing on SB288, which was held open until today to allow for additional written testimony. He reminded the committee that the hearing on SB296 is still open until Monday, February 13 to allow for written testimony.

Senator Harding asked if any written testimony has been received on SB288, noting she has received information from different areas. Chairman Farrell responded the committee has received no written testimony.

ADJOURNMENT

Adjournment At: 11:25 a.m.


WILLIAM E. FARRELL, Chairman

VISITORS' REGISTER

STATE ADMINISTRATION COMMITTEE

DATE: February 8, 1989

NAME	REPRESENTING	BILL #	Support	Oppose
Robert Bellard	Government Office			
Don Ramage	Government Office			
Millie Boylan	Legis. Wife			
"Lulu" Festing	Legis. Wife			
DENNIS CASHY	Dept. of State Lands			
Robert Mullen	Dept. of Family Services			
Len J. Wankin	AP			
Mardene Hagg	Legis. wife			
White Kelson	Dep. Dir. Comm.			
John Kachner	STAB			
Jim Jensen	MEIC		MS. BARCLAY	
Dave Brown	State Rep. # 72		Barclay	

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

ROLL CALL

STATE ADMINISTRATION COMMITTEE

51ST LEGISLATIVE SESSION

DATE: February 8, 1989

NAME	PRESENT	ABSENT	EXCUSED
HUBERT ABRAMS	✓		
JOHN ANDERSON, JR.	✓		
ESTHER BENGTON	✓		
WILLIAM E. FARRELL	✓		
ETHEL HARDING	✓		
SAM HOFMAN	✓		
PAUL RAPP-SVRCEK	✓		
TOM RASMUSSEN	✓		
ELEANOR VAUGHN	✓		

SENATE STATE ADMIN.
EXHIBIT NO. 1
DATE 2/8/89
BILL NO. GOV. APPTS. pg 1

January 25, 1989

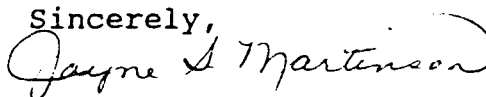
TO WHOM IT MAY CONCERN:

My name is Jayne S. Martinson, and I was an employee of Michael Letson from August, 1982 until May, 1984. I terminated my employment for maternity reasons.

During the scope of my employment with Mr. Letson, I found him to be a very interesting, very intelligent, fair individual. My first impression of Mike was that he was very strong-minded. I was not incorrect in my assumption. I also found him to be a warm, compassionate human being with a terrific, sometimes very dry, sense of humor. He was very supportive and understanding at times when most employers would not take the time to be.

I have not been employed with Mike since 1984, although my husband and I have maintained a friendship with Mike which has lasted since that time. I cannot say in all honesty that I have had that relationship with any prior employer.

Mike is a good man and a caring person. Anyone who knows Mike and has had the privilege of working for him can feel fortunate to have had him as an employer. I would go back to work for him in a "New York minute"!

Sincerely,

Jayne S. Martinson

DISTRICT JUDGE
HON. R.D. McPHILLIPS

TOOLE COUNTY, MONTANA

CLERK OF COURT
PENNY UNDERDAHL

COURT REPORTER
R.R. GRESCZYK

DEPUTY CLERK
CAROL SWOBODA

(406) 434-2451

(406) 434-2271



Ninth Judicial District

P.O. Box 850
Shelby, Montana 59474

February 2, 1989

SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 2/8/89

BILL NO. GOV. APPTS. 192

To Whom It May Concern:

I was employed at the Toole County State Bank in Shelby, Montana from September of 1972 until January of 1977, terminating my employment to have a baby. In March of 1978, I returned to work and remained employed until February of 1980, at which time I had our second child and made the decision to leave the working force.

I met Mike Letson when I returned to the bank in March of 1978. He was Vice-President of the bank at that time. Mike was instrumental in structuring a fair wage increase for all the employees. This was very much appreciated by all the employees as wages had not been competitive for years. In my opinion, this was a great boost to the employees' morale and productivity.

I have always found Mike to be a fair, open-minded and compassionate employer, who made it very clear to us that he was interested in our well-being. I personally have talked to him about matters that concerned me and was always greeted with a very caring and honest response. I am only one of the many employees of the bank that hold Mike in high esteem. He respected us and we in turn respected and appreciated him. I have no knowledge of Mike ever being abusive to an employee. Mike sets high standards for himself and expects the same from his employees, none of which are unrealistic.

I would not hesitate to work for Mike in the future and would consider it an honor to do so. I feel he will be a great asset to the Department of Commerce and highly recommend him for the position.

Sincerely,

Carol Swoboda

Carol Swoboda
P.O. Box 891
Shelby, Montana 59474

SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 2/8/89

BILL NO. Gov. APPTS. pg 3

January 26, 1989

To Whom It May Concern:

It is my understanding that you have been accused of abusive treatment of your employees. The purpose of this letter is to put in writing my feelings about my employment with you for the last two years.

Abusive treatment? Nothing could be further from the truth! I believe you have been very fair with me throughout my employment. I always know where I stand with you because you will speak up and tell me if I have done something wrong, but you will just as readily tell me if I have done something right. In fact, I have received more praise from you than any other employer and that means a lot to me.

I had heard negative things about working for you before I actually started my employment, so I spoke to the girl that was working for you at the time. She told me that she had no problem with you and that she actually enjoyed working with you; and I can now say that I feel the same way. I then checked you out further by speaking to some people that knew you, not just slightly, but very well. The response I generally received was "Nah, you'll get along fine with him". Their impression of you was of a forceful individual with perfectionist ideals but they told me not to let that scare me, just be myself. I am very glad that I didn't just listen to rumor, but in fact checked you out for myself, because I have been the winner by securing employment that I truly enjoy.

While I admit that you have very high standards, you have NEVER been abusive with me. The best way I know to prove that I mean what I am saying is that I would not be moving to Helena to continue my employment with you if you were abusive to me.

Sincerely,



Cathy Bond
Bookkeeper/Secretary

DATE 2/8/89BILL NO. GOV. APPTS RS 4*January 26, 1989*

Re: Michael Letson
117 5th Ave. N.
Shelby, MT 59474

To Whom It May Concern:

I am writing this letter in regards to a former employer of mine, Michael Letson. I am a 27 year old, single mother of two young boys who used to live in Shelby for eight years, working for Mike Letson for 2 1/2 of those years in some capacity or other. I will elaborate.

In 1985, offices at 860 Oilfield Avenue, Shelby, Montana, first consisted of James A. Johnson, Attorney at Law and Michael Letson, private entrepreneur. I started as part-time secretary for both, eventually working full-time for James A. Johnson and Joseph R. Hunt, when Johnson & Hunt became partners. I continued secretary services for Letson on a part-time basis until he moved his office. I have never seen or experienced Mr. Letson to be unfair. He expected an honest days work for an honest days pay. I certainly didn't see anything wrong in that.

Mr. Letson was a very interesting and knowledgeable man to work for. I consider myself fortunate to have, in essence, "studied" under him. He was well versed in the oil business as well as the Chairman for the Republican party in Toole County. I cannot recall ever having a falling-out with Mr. Letson in his professional life.

What I learned most of all from Mr. Letson is that, when all is said and done, your actions, attitude and the way you treat people will speak louder than words or money ever could.

An example of his fair dealing is when Mr. Letson, realizing I wasn't quite able to make ends meet on the home front, offered me his weekly housecleaning position. He was a stickler for details, but certainly not unfair. He paid good dollar for good work. This can't hurt a worker, it can only make them take work more seriously, be it typing a document or cleaning a sink.

I presently live in Kalispell, am a secretary for M. Penny Leatzow, Attorney at Law, attend Flathead Valley Community College, and work at the OutLaw Inn on weekends. I believe Mr. Letson helped me considerably in the work world and I will say once again, I felt it a privilege to work with him.

A former employee,

Valerie Good
Valerie Good
403 5th Ave. West
Kalispell, MT 59901

SENATE STATE ADMIN.

EXHIBIT NO. 2

DATE 2/8/89

BILL NO. GOV. APPTS

State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

STAN STEPHENS
GOVERNOR

January 6, 1989

Senator Bill Farrell
Chairman,
State Administration Committee
Montana State Senate
Capitol Station
Helena, MT 59620

Dear Chairman Farrell,

You will find below a biographical sketch of Ed McHatton of Lolo. Governor Stan Stephens is requesting your committee consider and approve Mr. McHatton as a member of the Board of Natural Resources and Conservation.

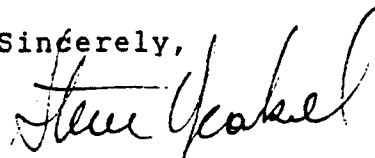
Ed McHatton, Board of Natural Resources and Conservation. (Four year term to end in 1993)

Ed McHatton is a 56 year old self employed contractor from Lolo. The Bitterroot Valley native has extensive experience with both flood and sprinkler irrigation systems as well as working with federal agencies on streambank protection and preservation.

He is a board member of the Bitterroot Valley Bank of Lolo, a former Lolo School Board member and serves on the Carleton Cemetary Board. He is married and has three children.

Thank you for your consideration and approval of Ed McHatton to the Montana Board of Natural Resources and Conservation.

Sincerely,



Steve Yeakel
Chief of Staff
Governor State of Montana



STAN STEPHENS
GOVERNOR

State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

SENATE STATE ADMIN.

EXHIBIT NO. 3

DATE 2/8/89

BILL NO. Gov. App'ts pg. 1

January 30, 1989

The Honorable William Farrell, Chairman
State Administration Committee
Montana State Senate
State Capitol
Helena, MT 59620

Dear Senator Farrell:

I respectfully submit the biographical information for the following appointments:

As Director of the Department of Commerce in accordance with Section No. 2-15-111, MCA.

Mr. Michael Letson, Shelby, Montana 59474 to serve at the pleasure of the Governor.

Mr. Letson, a Red Cloud, Nebraska native, is a 1964 finance graduate of the University of Denver. He was involved in banking and construction in California prior to becoming an officer and director in the Toole County Bank in Shelby. In 1981, Letson helped pioneer the use of low pressure natural gas collection and refining in Montana. His Northern Energy Company and its affiliate, Energy Compression and Leasing Company, became successful utilizing this technique. He sold the firm in 1984. He is the chief executive officer of Partnership Management Company, a firm which manages failing companies back to health, and is an executive with the Montana Black Diamond Coal Company, Inc. Both firms are based in Shelby.

As members of the Montana Fish and Game Commission in accordance with Section No. 2-15-124 and 2-15-3402, MCA.

Mr. William Glenn Stratton, Billings, Montana 59105 appointed for a term ending 1/2/93.

Mr. Stratton is currently the general manager for Power Transmission Equipment Company of Billings. He has worked for that firm since

-more-

SENATOR WILLIAM FARREL
JANUARY 30, 1989
PAGE 2

graduating from Billings Senior High School in 1955. Stratton has served on the board of directors of the Montana Coal Council, and has been a member of both the Wyoming and Montana Mining Associations. In 1987-1988, he was president of the Montana Chapter for Safari International, a professional association working with professional guides and outfitters. In that capacity, Stratton worked with the Fish, Wildlife and Parks Department on wildlife research and management programs.

He will serve on the commission as a member from District 5.

Mr. Gregory D. Barkus, Kalispell, Montana 59901 appointed for a term ending 1/2/93.

Mr. Barkus is the vice president for D.A. Davidson and Company in Kalispell. The 1969 University of Montana graduate has worked in retail sales and banking in Havre, Missoula, Butte and Cut Bank. He is currently the vice president of the Flathead Chapter of Pheasants Forever and has served as treasurer with a local Ducks Unlimited chapter.

He will serve on the commission as a member from District 1.

Sincerely,



STAN STEPHENS
Governor



State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

SENATE STATE ADMIN.
EXHIBIT NO. 4
DATE 2/8/89
BILL NO. Gov. Appts. ps 1

STAN STEPHENS
GOVERNOR

February 2, 1989

The Honorable William Farrell, Chairman
State Administration Committee
Montana State Senate
State Capitol
Helena, MT 59620

Dear Senator Farrell:

I respectfully submit the biographical information for the following appointments:

As member, and chairman, of the State Tax Appeals Board in accordance with Section No. 15-2-101 and 2-15-201, MCA.

Mr. John A. Rothwell, Great Falls, Montana 59401, appointed for a term ending 3/1/95.

A Great Falls native, Rothwell graduated from Montana State University in 1959 with a degree in accounting. He is a 17 year veteran of the Montana Air National Guard. He currently is owner/operator of his family-owned business, Gus and Jack's Tire Shop in Great Falls.

As Director of the Department of Natural Resources and Conservation in accordance with Section No. 2-15-111, MCA.

Ms. Karen Barclay, Butte, Montana 59701 appointed to serve at the pleasure of the Governor.

An Anaconda native, Ms. Barclay received a bachelor's degree in mathematics from Carroll College. She is currently vice president of MSE, Inc. in Butte and manager of the MultiTech Services Division of that company. Ms. Barclay is a member of the Montana Coal Council Board of Directors, president of the Associates of the Montana Mining Association, member of the Montana Mining Association Board of Directors, member of the Montana Coal Council's and Montana Mining Association's environmental committees, member of the Montana School of Mines and Geology Foundation

-more-

SENATE SENATE
EXHIBIT NO. 4
DATE 2/8/89
BILL NO. Gov. Appts. pg 2

THE HONORABLE WILLIAM FARRELL
FEBRUARY 2, 1989
PAGE 2

(Director of Department of Natural Resources and Conservation, cont.)

Board of Directors, trustee for the National Mining Hall of Fame and Museum, member of the Montana's Organized for Value Added (MOVE) Advisory Board. She was selected as boss of the year for 1988 by the Butte-Silver Bow Professional Secretaries Institute.

As Director of the Department of Family Services in accordance with Section No. 2-15-111, MCA.

Mr. Robert L. Mullen, Sidney, Montana 59270, appointed to serve at the pleasure of the Governor.

Mr. Mullen has been a Richland County Commissioner from 1981 to the present, and served as chairman of the commissioners since 1985. The Sidney native attended Eastern Montana College in Billings, and received a bachelor's degree in Business Administration/Finance from Moorhead State University in Moorhead, Minnesota in 1976. From 1976-1980 he was vice president and cashier at the 1st United Bank in Sidney, and also worked at Union State Bank in Fargo, North Dakota and Richland National Bank in Sidney. Mr. Mullen has served as 2nd vice president, 1st vice president, president and on the Board of Directors of the Montana Association of Counties. He has also been on the boards of directors for the 1st United Bank of Sidney, and the Sidney Chamber of Commerce. Mr. Mullen has served on several committees including the Youth Jail Removal Task Force (through the Department of Family Services), the Job Services Employment Committee, Montana Association of Counties Economic Development Committee, Department of Family Services Advisory Council, Local Youth Services Advisory Council (Glendive area), National Association of Counties Board of Directors, Richland County Solid Waste Board, and Richland County Planning Board.

As Commissioner of the Department of State Lands in accordance with Section No. 2-15-111, MCA.

Mr. Dennis D. Casey, Shawnee, Kansas 66216, appointed to serve at the pleasure of the Governor.

Mr. Casey graduated from Wolf Point High School, and received a bachelor's degree in Business Administration from Montana State University in 1957. From 1957-1979 he worked for Casey Livestock, Inc., Wolf Point,

-more-

SENATE TRANSMITTAL

EXHIBIT NO. 4

DATE 2/8/89

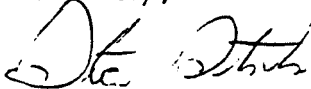
BILL NO. GOV. App'ts. pg 3

THE HONORABLE WILLIAM FARRELL
FEBRUARY 2, 1989
PAGE 2

(Commissioner of the Department of State Lands, cont.)

Montana, a family owned livestock marketing business. He served as president of the operation from 1969-1979. Also from 1969-1979 he owned and served as vice president of the Sidney Livestock Market Center. From 1979 to the present he has been Associate Manager for Government and Industry Affairs for the Livestock Marketing Association in Kansas City, Missouri. He served in the Montana House of Representatives in 1975-76, and was Secretary of the Montana Senate in 1979.

Sincerely,



STAN STEPHENS
Governor