

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By Chairman Story, on April 10, 1989, at  
8:00 a.m. in Room 108 at the State Capitol.

ROLL CALL

Members Present: Senator Gary Aklestad, Senator Loren  
Jenkins, Senator Esther Bengtson, Senator Matt Himsl,  
Senator Paul Boylan, Senator Tom Keating, Senator Judy  
Jacobson, Senator H.W. "Swede" Hammond, Senator Pat  
Regan, Senator Larry Tveit, Senator Fred Van  
Valkenburg, Senator Dennis Nathe, Senator Greg  
Jergeson, Senator Gerry Devlin, Senator Richard  
Manning, Senator Sam Hofman, Senator Lawrence Stimatz,  
Senator Ethel Harding, Senator Pete Story

Members Excused: Senator Esther Bengtson, Senator H.W.  
Hammond

Members Absent: None

Staff Present: Clayton Schenck, LFA

Announcements/Discussion: None

HEARING ON HOUSE BILL 535

Presentation and Opening Statement by Sponsor:

Representative Jan Brown, HD 46, Helena stated that HB  
535 is the Medicare Supplement Bill. It revises the  
Montana Medicare Insurance Minimum Standard's Act to  
bring it into compliance with federal legislation.

List of Testifying Proponents and What Group they Represent:

Stuart Doggett, State Auditor's Office

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Stuart Doggett stated that HB 535 contains a statutory  
appropriations section of current level \$35,891 for the  
first fiscal year and \$22,697 for the second fiscal

year. That was derived from the cost of adding a grade 12. First year costs are higher because equipment purchase is necessary. Due to the two federal acts of Medicare Catastrophic Health Act of 1988 and the Omnibus Budget Reconciliation Act of 1987, additional duties are now required to be carried out by each state insurance department. These include reviewing all medicare supplements, insurance advertising in the state, and review and collection of information on the filings of all medicare supplement providers. Each state's medicare supplement plan must be certified or the state can lose its certification for failure to report or maintain the federal standards. HB 535 will make certain Montana does not lose its certification.

Questions From Committee Members: Senator Pat Regan asked Mr. Doggett why this is a statutory regulation, why is it not just an appropriation. Mr. Doggett stated that this was not included in the original budget proposal. This was specifically separated out because standards were imposed by Congress.

Senator Regan asked Mr. Doggett if this appropriation was just going to happen once. Mr. Doggett stated that this isn't actually a statutory appropriation, it is an appropriation within the bill. It is for each year of the next biennium.

Senator Himsl asked Mr. Doggett if the purpose of this was for an audit or policing of this new catastrophic program. Mr. Doggett stated this bill is to make sure that responsibilities are carried out.

Senator Himsl stated that the Wall Street Journal reports a \$10 Million scandal in the Medicare/Medicaid program that is being investigated in Washington involving all insurance companies and asked if this was part of that policing effort. Mr. Doggett stated that he was not familiar with that case.

Senator Keating asked Mr. Doggett if the state auditor's office was going to have enough of these policies to keep one person busy for two years. Mr. Doggett said yes.

Senator Keating asked Cheryl Fowler of the State Auditor's office if there was anyone in the office capable of doing this job. She said that there was a person doing such a job.

Closing by Sponsor: Representative Jan Brown thanked the committee for hearing the bill.

HEARING ON HOUSE BILL 320

Presentation and Opening Statement by Sponsor:

Representative John Mercer of HD 50 stated that this bill was introduced at the request of the House Judiciary Committee. This bill deals with computer funding for the judiciary. The judiciary is lacking far behind all other entities of government as well as the private sector in the use of computers, she stated. As an example in Polson every lawyer in the Judicial district, including those operating out of their houses, have computers. But the district judge has a typewriter. That is not the way to operate anything dealing with law in the modern age.

List of Testifying Proponents and What Group they Represent:

Jim Oppedahl, Supreme Court  
Clara Gilreath, District Court of Lewis & Clark County  
Charmaine Fisher, Yellowstone County Clerk of Court  
Russell McDonough, Supreme Court

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Jim Oppedahl left a booklet on the "Commission of the Use of Appropriate Technology in the Montana Judiciary". See blue pages of Exhibit #1.

Clara Gilreath stated she was in favor of this bill. It will help our office to be more efficient and it is one way we can save money, she stated.

Charmaine Fisher stated that the Yellowstone County Commissioners are in favor of computerizing and are willing to put some money into that project. Carbon paper is still used even with the largest court in the state. The large books are very difficult to work with. She urged the committee to vote favorably on the bill.

Justice Russell McDonough stated that before district judges can calendar properly they need the raw data before them and it has to be on the computer. Since it takes so much time to assemble the information, computers make the job more efficient.

Questions From Committee Members: Senator Manning asked if there was a bill at the present time for coordination of computers for state government. Senator Pete Story stated that there was a bill to have the legislative branches coordinate their computers.

Senator Devlin asked Mr. Oppedahl how much money has been spent so far on this project. Mr. Oppedahl stated that the Commission on Technology was something created by the court after a Board of Crime Control grant was received for a computerization study. The grant was about \$13,000.

Senator Devlin asked Mr. Oppedahl about the meetings of the Commission. Mr. Oppedahl stated the Commission needs to exist within the Supreme Court on a permanent basis. They need to meet once or twice a year but could not be permanent without funding.

Senator Aklestad asked Jim Oppedahl about the cost in the past. Mr. Oppedahl stated that the grant was \$13,000 through the Justice Department. It was a start-up cost of having the meetings and appointing people on the Commission to the National Technology Conference in Denver which included five meetings of the Commission in 1987 and part of 1988.

Senator Aklestad mentioned that on page 2, line 7-8 the bill states 6 meetings per year and asked if this would increase by one and would the money be requested to properly fund those meetings. Mr. Oppedahl stated that as the bill was originally introduced there was specific funding for the Commission meetings. That was struck by the House but they would try and do it in less than six meetings per year.

Senator Aklestad asked Representative Mercer why the money was reduced in the original bill. Representative Mercer stated that the bill originally had three purposes. To have the meetings, to set up law clerks in Helena to help district judges in the outlying areas and money for the boards and commission. These were cut by the House. They left in the language for the meetings but they would have to find another way to fund it.

Senator Aklestad asked Representative Mercer about the funding for the FTE's. Representative Mercer stated that it is for the two system analysts.

Senator Nathe asked Representative Mercer when Clerks of Court and Justices meet. Representative Mercer stated

that they meet annually.

Senator Nathe asked Representative Mercer if they could discuss computers and Representative Mercer stated that they could. The bill is designed to have system analysts (experts) who will suggest uniform software programs and uniform computers.

Senator Regan asked Representative Mercer if this bill was lower than the district court or does it stop at district court. Representative Mercer stated that it is designed for the entire judiciary. The Supreme Court is already computerized but district, justice, city and clerks of courts are not yet computerized. They all can benefit from computers but the focus is on the district court because those are the courts of record.

Senator Keating asked Jim Oppedahl if the computer system jump from books to computers and skips the micro film and micro fiche and just uses computer storage. Mr. Oppedahl stated that the computerization is to run the operations of the office as they are instead of having all kinds of books. Those records will all be computerized. If the records of the Clerk and Records office are on computer these records will be available to the judge.

Senator Keating asked about the Westlaw computer system. Mr. Oppedahl stated that a computer system would be developed slowly and cautiously and that the Clerk of the District Court and the Judge needs to be taken care of first.

Senator Story stated that it was important to have a system where a crooked attorney could not hire a hacker to create a computer virus. Mr. Oppedahl stated that standards and safeguards needed to be developed now to avoid that. Senator Story stated he thinks the legislature should also be involved so as to not in any way risk records.

Senator Story asked about the Board of Crime Control budget and the grant process. Senator Himsl, who is on the Board of Crime Control, stated that the grants of money had specific purposes for which the funds must be used.

Senator Jenkins asked Mr. Oppedahl how much the program would cost if the bill passed whether the money would be passed on to the counties. Mr. Oppedahl stated that training and setting up would be ongoing. The costs in this are for two pilot projects with \$50,000 for the

first year and almost nothing in the second. Buying additional equipment in future years is not anticipated.

Senator Jenkins asked Mr. Oppedahl about a coordinated system and the costs. Mr. Oppedahl stated that for a coordinated system the counties are going to have to buy into that. Once these office have received equipment they can eliminate most of their cost. There is a long-term efficiency savings in this system.

Senator Story asked Mr. Oppedahl if the smaller counties that had less court activity were required to have one of those large books. Mr. Oppedahl stated that they will last a lot longer in the small counties and some of those counties would not need to move away from the book. It is up to the county.

Senator Devlin asked Charmaine Fisher about fewer people in the office if it were computerized. She stated that she did not know if her office could operate with less people. Computerization would just make things more efficient.

Closing by Sponsor: Representative Mercer stated that computers are coming and you can't stop them. They are so efficient and every other place in government has them. The counties are going to buy them and it is a question of whether you want it to be in a uniform fashion for the free exchange of information. That will be a lot more cost-efficient.

#### HEARING ON HOUSE BILL 329

Presentation and Opening Statement by Sponsor:

Representative Daily, HD 69 stated the purpose of this bill is to hire an Upper Clark Fork Coordinator. This person would be in addition to the Clark Fork Coordinator in the Governors Office. This position would be funded with a grant from the R.I.T. Water Development account or the R.I.T. Reclamation account. He pointed out the seriousness of the situation in the Clark Fork River Basin. The Clark Fork River Superfund Site is the largest superfund site in the nation. The mine flooding that has taken place in Butte-Silver Bow along with the Berkeley Pit flooding is the largest mine flooding that has ever taken place in the world. He described how the water in the Berkeley Pit had risen about 700 feet since the mine pumps were shut down in 1982. The water in the mines in the Butte Hill had risen over 3,000 feet since the water was shut off

in 1982. He noted that not only was this a Butte problem it is a Northwest problem also since Silver Bow Creek is the headwaters for the Clark Fork River and the Columbia River Basin. The problem will eventually get to the Columbia River Basin if nothing is done. In Butte there is an area called the West Camp and an area called the East Camp. The water in the West Camp was within 20 feet of contaminating Silver-Bow Creek in December. It is heavily contaminated with arsenic and exceeds all state and federal standards.

List of Testifying Proponents and What Group they Represent:

Ted Duaine, Montana Bureau of Mines & Geology  
Jim Johnston, Butte-Silver Bow Government  
Marvin Miller, Montana Bureau of Mines & Geology  
Ole Yolán, Resource Conservation Development  
Agriculture Water Committee

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Ted Duaine showed a slide presentation to show the need for an Upper Clark Fork Basin Coordinator. He also passed out a leaflet which showed the situation in the Berkeley Pit. See Exhibit #2.

Ole Yolán stated that farmers and ranchers are concerned with the water supply that comes from this source for agriculture use. Those people in the Upper Clark Fork need someone in local government who can relate to their needs.

Jim Johnston stated that Butte-Silver Bow is one of the largest superfund sites in the country. In the past two years Butte-Silver Bow has had a reclamation board funded through an R.I.T. grant. Through the efforts of the reclamation coordinator three major projects have been completed in the reclamation area. (He passed around a picture.) Included in the duties of the reclamation coordinator is developing criteria for reclamation projects. In the past week the EPA has issued an order to the PRP mine water pumping. The owner identifies two options as far as the pumping is concerned. (1) Construction of a treatment facility and (2) pumping and utilizing the Butte-Silver Bow waste water treatment plant. The PRP chooses to utilize the water treatment plant. If so, a number of daily, weekly and monthly tests will be required to

insure Butte-Silver Bow's compliance with state and federal water quality standards. This coordinator will perform those tests. The coordinator's position is imperative as far as being able to improve the drainage from the Clark Fork River Basin, he stated.

Senator Stimatz stated that the Columbia River starts in Butte, Montana. That is the contaminated stream. This contamination began back in 1900. There are heavy metal deposits that leach into the creek. Representative Daily has been very instrumental in getting EPA to move. The EPA has the Butte-Silver Bow superfund site listed as the largest one in America. Without this project, devastating results on the Clark Fork River can occur, he said.

Marvin Miller stated that they view this position as more of a technical coordinator. The EPA is involved and has had eight to 15 consultants in Butte per year. Each of the responsible parties (the companies) have their consultants. As a result, all kinds of activities and data from all these consultants have been collected.

Questions From Committee Members: Senator Nathe asked Representative Daily if he has a problem with the Bureau of Mines hiring this person. Representative Daily stated he did not. The problem is that the Bureau of Mines has spent a lot of time on this project in the last couple of years. They have other projects they need to do. But we need, more than anything else, is somebody to stay on top of it and do it on a daily basis. It will take two years to build a treatment plant and pump.

Senator Nathe asked Marvin Miller where this water comes from. He replied that the amount of water coming in is about 3,000 gallons a minute from the hill. There is another sizeable portion coming from the leach pad operations. Butte imports about 18 million gallons a day (all of its water). They figured the pit is increasing by 7.6 million gallons per day.

Senator Nathe asked Marvin Miller what they did with the water in the past. He replied that in the early days they just let it go. In the 60's they created the opportunity ponds where the water was dumped into the creek and they added lime to raise the ph and drop the metal. Then, when they started the leaching operation, they pumped the water back to the leach pads. It was called a closed system. Then when they shut down



mining, it all has to drain.

Senator Boylan stated that this has been studied to death but that treatment was the best answer. Representative Daily stated that was the answer but it hadn't been easy to get EPA to respond. Hopefully, through enough pressure EPA will start working on the project. The EPA solution to this problem is to study it for two more years. That is not the answer but that is their solution.

Senator Keating stated that the Department of Health is charged with the authority for implementation of superfund areas. He asked if this had been designated as a superfund area and what was the Department of Health doing in this area. Representative Daily stated he was unsure that the Dept. of Health was involved. There are different agencies in charge of the sites.

Senator Van Valkenburg asked Mr. Haffer, the Governor's Clark Fork Basin Coordinator, what was being done on the state level to get a handle on this problem. Mr. Haffer stated that the state has a technical lead on all the projects but need an enforcement lead and House Bill 385 would give the state that authority. Then the state will inform the PRP's to start clean up of the area.

Senator Story asked Carroll South of the LFA if there was any money and if not, what projects get bumped and what is the effect on other projects if this is passed. He replied that the way it has been amended it would only be funded after the other grants in the other bills have been funded. But there is an option to transfer funding from the reclamation of the development fund, which is broke, to water development which will have \$500,000 available. So if the Dept. of Natural Resources transfers this grant over to water development and they use the accrual accounting system, there will be funding for it without bumping other projects.

Senator Aklestad asked Representative Daily how much authority could the state assume in relationship to SB 385. Representative Daily stated that this is the federal government's problem because it has been declared a superfund site. The Health Department has become a lead agency in this project, but it does not give the state the responsibility.

Senator Aklestad asked what the original water table was. Marvin Miller stated that in 1890 there were slews all

over the Silver Bow Creek and that was the original water level. The whole pit area there has been heavily mined and broken so it will probably not rise quite as high as it would have in 1890. It will actually come close to draining out of the lip of the pit into the creek and out. It has to exit the basin. There is a very low evapo-transportation in the Butte area.

Senator Story asked if the mountain was full of mineralization was it also full of dangerous water. Mr. Miller replied that when oxygen is added to the system the water turns to sulfuric acid. As long as that process takes place it generates vast quantities of sulfuric acid which makes the water very acidic and puts most all the metals in solution.

Senator Himsel asked Representative Daily if the party had been identified as the responsible party in this superfund site. Representative Daily said that in some areas it had. On the west camp the Atlantic Richfield Company and also Washington Corporation had been identified.

Closing by Sponsor: Representative Daily stated that if the money was received, he was sure that something would be done and the state and the government would benefit.

#### HEARING ON HOUSE BILL 772

Presentation and Opening Statement by Sponsor:

Representative Simpkins that this bill is the funding mechanism to expand the federal surplus property program for the state of Montana. This is a program to dispose of property that is in excess to the needs of the federal government. Most of it comes from military resources and is given away free to state governments and agencies that qualify to accept the property. In 1987 the donations of property valued \$408.9 Million. See Exhibit.

List of Testifying Proponents and What Group they Represent:

Lyle Nagel, Montana State Volunteer Fire Fighters

List of Testifying Opponents and What Group They Represent:

Testimony:

Lyle Nagel stated that this U.S. military property is a God-send for the fire service. When the federal surplus property was available to Montana a lot of things

needed could be found. But now without that surplus office it has created a problem. He pointed out one problem with excess property was that it is accountable for five years and the federal government can call that property back any time within that five years. But once you get surplus property under this bill it is yours and you must retain it for 18 months.

Questions From Committee Members: Senator Boylan asked what will be done with the people in this program who were doing nothing. Representative Simpkins stated they are looking for new people. A separate bureau run by itself solely for this purpose is needed.

Senator Van Valkenburg asked Marvin Eicholtz what the administration's view is in respect to this bill. Mr. Eicholtz stated that the Governor's position was to support the present stockless federal surplus program but were not opposed to this program and would enforce it if this legislation went through.

Closing by Sponsor: Representative Simpkins stated that he feels the money being asked for is only \$150,000 with a proprietary account which is \$100,000 and gives a spending authority of \$250,000 eventually building up. It would be up to the Governor to determine which department would be best capable to manage this program.

#### HEARING ON HOUSE BILL 759

Presentation and Opening Statement by Sponsor:

Representative Helen O'Connell of HD 40 stated that the health and welfare of citizens and economic development was very important. This bill meets both concerns and is designed to assist medical research facilities, new or established, in the state, she said. Unlike other economic development bills, this bill provides support only after the necessary federal funding is obtained. This bill would assist organizations that can meet the requirements to develop or expand their facilities in Montana. This will create good jobs. It will also provide an opportunity for much-needed bio-medical research to be done in the state of Montana.

List of Testifying Proponents and What Group they Represent:

Senator Gene Thayer, SD 19  
Senator Jerry Noble, SD 21  
Representative Susan Good, HD 36  
Ardi Aiken, Mayor, Great Falls  
Mike Labriola, Great Falls Chamber of Commerce

William J. Douner, McLaughlin Research Institute,  
Great Falls  
Peter J. Wettstein, McLaughlin Research Institute  
Lisa Palmer, Great Falls  
Ann Teros, Ft. Benton  
Steve Huntington, Montana Science and Technology  
Alliance  
Morris Brown, McLaughlin Research Institute  
Kay Foster, Billings Chamber of Commerce  
Representative Jerry Nesbit, HD 35  
Ted Neuman, Great Falls School Districts  
Senator Richard Manning, SD 18

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Senator Thayer wanted the committee to remember that \$2 Million will not be spent unless there is a federal grant. Without the commitment from the state the chances of getting that grant are non-existent. This is a very good project because the federal dollars are going to be re-directed back into Montana for construction as well as the on-going operation. The researchers bring with them their federal grants. Jobs would be created for 350 - 400 people. The economic impact of this would be well worth the effort.

Senator Noble stated that this is a very exciting thing going on over in Great Falls. It is a very well-managed program.

Representative Susan Good stated that if every state had an economic wish-list the key ingredients would be that industry would be clean, high tech, provide substantial paying jobs and be efficient. The facilities described in HB 759 adequately and magnificently fulfill all those wishes.

Ardi Aiken stated the need for economic development in the state of Montana is second to none. This bill offers one opportunity to make something positive happen in the state of Montana. Great Falls is attempting to expand the existing bio-medical research institute. This is not a high-risk business, it is economic development waiting to happen. With the availability of these funds through the science and tech alliance, a clean industry can be expanded and ultimately employ some 300 people.

Mike Labriola stated that this legislation is good for Great Falls as well as the state of Montana. In Montana we are bucking the national economic trends. This legislation flows with the national economic trends.

William Douner stated that the idea of HB 759 grew out of the McLaughlin Research. During the past year we have attracted two primary research scientists to Great Falls. The McLaughlin Research Institute has become one of the great success stories in that area. A show of support for this program is needed. It will be an opportunity for jobs for young people in Montana.

Peter Wettstein wanted to talk about science. The field of bio-medical research has undergone a tremendous transformation in the last 20 years. This bill will facilitate collaborative ventures. The discipline of molecular biology has made tremendous contributions to the knowledge of the genetic control of disease, development and the immune system. These advances have been made possible because of the bio-medical research explosion experience in the last 10 years. This study can reverse adverse affects. There has been an extensive specialization in research. Because of so much information being discovered, scientists are now specializing. If major projects are to progress, they will do so through the collaboration of scientists with diverse, but overlapping interests. So research institutes must expand and diversify.

Lisa Palmer stated she supported HB 759. She attended Montana College of Mineral Science and Technology for four years. She graduated from MSU in 1988 with a degree in biological sciences. This bill directly affects her as well as graduates like her. She wishes to remain in Montana and she wants to pursue a career in research. She is currently employed at the McLaughlin Research Institute in Great Falls. Over 60% of science graduates in Montana are forced to leave Montana. She has lost friends and family to Colorado, Texas, California, Washington and Alaska. All of these Montana residents wanted to remain in the state but were forced to leave. This bill would keep educated young professionals in this state.

An Tuos has been a research assistant at the McLaughlin Research Institute for about six months and supports HB 759.

Steve Huntington stated his support for HB 759. The goals and criteria spelled out for operating the grant fit

very will with things done in the past.

Morris Browny left his testimony. See Exhibit 4 - 4a.

Representative Bill Strizich stated his support of HB 759. This bill offers great job opportunities for Great Falls.

Kay Foster stated that Great Falls asked them to come and support this bill. She brought a testimony from the Deaconess Research Institute. See Exhibit #5.

Representative Jerry Nesbit stated his support for HB 759.

Ted Neuman stated his support of HB 759. Over the last four or five years he worked on several economic development projects. Once the first industry is started then the spin-off industries follow. The interaction between the industries can be very beneficial.

Senator Dick Manning stated new industry is needed to create jobs and this is the opportunity. He urged support of this bill.

Questions From Committee Members: Senator Jergeson asked if the proponents of the measure would have an objection to providing some amendment to this bill that would seek private monies to match the state contribution. Mrs. Foster stated that there were other pilot funds available. The funding for the program of the McLaughlin Institute depends very much on federal match because of the way other monies are used. Mr. Morris Browning stated that there will be private money. Part of these monies will be needed for the relocation investigator.

Senator Keating asked if there would be a return on the \$2 Million investment that goes out into the private sector. It was answered that it is directed to be a grant without monetary return.

Senator Van Valkenburg asked Mr. Huntington if he had been involved with providing funding for Chromati-chem in the Missoula area and Immuni-chem. Mr. Huntington stated they have invested in Chromati-Chem, a private company but not Immuni-chem. These companies and McLaughlin Institute are both involved in the bio-technology field and there is something of a relationship. The product line that Chromati-chem works on is a process that might used in some of the analysis used in the McLaughlin Institute. They are

related but not the same.

Senator Van Valkenburg stated that it is his understanding that one of the reasons Chromati-chem is located in Missoula is because of the biological research done at the University of Montana. He was concerned with is the long-term relationship between the university system and this research that is going on. If it turns out that the McLaughlin Institute gets \$10 Million of federal money and \$2 Million from the state, how would that tie in with university system work. Would this be laying the ground-work for a university unit in Great Falls. Mr. Huntington stated that there is a great deal of difference between what the university systems bio-technology centers of excellence does and what McLaughlin does. Having a quasi-private research center would be of value to the private sector as well as the university system. The goals of a private organization and a university system are not the same.

Senator Van Valkenburg asked Dr. Wettstein to comment also. Dr. Wettstein stated that he is interested in having graduate students and they will teach courses. He said they did not have an intention of becoming a university or a college. They are scientists do research but don't see getting into competition with the university system.

Senator Himsl asked Morris Browning if this was a facility or a construction of a program. He replied that it was a facility. The research program would be put into that building and it is already funded. The investigator initiates the program that he wants to be researched. Then that program is submitted to the National Institute of Health for review. They fund that program.

Senator Himsl asked Morris Browning if this will be an educational activity and will people from i.e. University of Washington, be invited in to do research. Mr. Browning stated that people will be recruited because of the complimentary nature of their research to the research that is already on-going. He said they also plan to create opportunities for visiting investigators who want to plan a sabbatical for six months or so.

Ardy Aiken clarified the first question to Senator Himsl about money for construction. The \$2 Million will not be used to construct the building. It will be used for the purchase of the necessary equipment needed to do the research by the researchers.

Closing by Sponsor: Representative O'Connell stated that  
this will help the entire state and the surrounding  
states.

ADJOURNMENT

Adjournment At: 11:50 a.m.

A handwritten signature in cursive script, appearing to read "Pete Story", written in dark ink. The signature is positioned above a horizontal line.

Senator PETE STORY, Chairman

FCS410



DAILY ROLL CALL

FINANCE AND CLAIMS

COMMITTEE - 1989

DATE 4-10-89

NAME	PRESENT	ABSENT	EXCUSED
Senator Gary Aklestad	✓		
Senator Loren Jenkins	✓		
Senator Esther Bengtson			✓
Senator Matt Himsl	✓		
Senator Paul Boylan	✓		
Senator Tom Keating	✓		
Senator Judy Jacobson	✓		
Senator H.W. "Swede" Hammond		✓	
Senator Pat Regan	✓		
Senator Larry Tveit	✓		
Senator Fred Van Valkenburg	✓		
Senator Dennis Nathe	✓		
Senator Greg Jergeson	✓		
Senator Gerry Devlin	✓		
Senator Richard Manning	✓		
Senator Sam Hofman	✓		
Senator Lawrence Stimatz	✓		
Senator Ethel Harding	✓		
Senator Pete Story	✓		

STATE OF MONTANA  
SENATE  
DATE 4-10-89  
FILE NO. HB 320

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

DECEMBER 1988

CROSS SECTION LOOKING WEST

SOUTH

SENATE CHAIRMAN  
2  
4-10-89  
HB 329

BELMONT EL. 5659'

KELLEY EL. 5959'

NORTH

WEED CONCENTRATOR

RIM EL. 5520' (LOW)

BEDROCK-ALLUVIAL CONTACT (5320-5270)

12/28/88

WATER LEVEL

4996

WATER LEVEL ON 12-09-82  
WATER LEVEL ON 11-25-85  
WATER LEVEL ON 11-30-84

4835'  
4737'  
4630'

WATER LEVEL ON 11-10-83

PIT BOTTOM

4320'

4286'

WATER LEVEL ON 07-28-83

4029'

WATER LEVEL ON 12-02-82

3447'

FLOOD START ON 4-23-82

2195'

BELMONT BOTTOM EL. 1875'

KELLEY BOTTOM EL. 1111'

1000

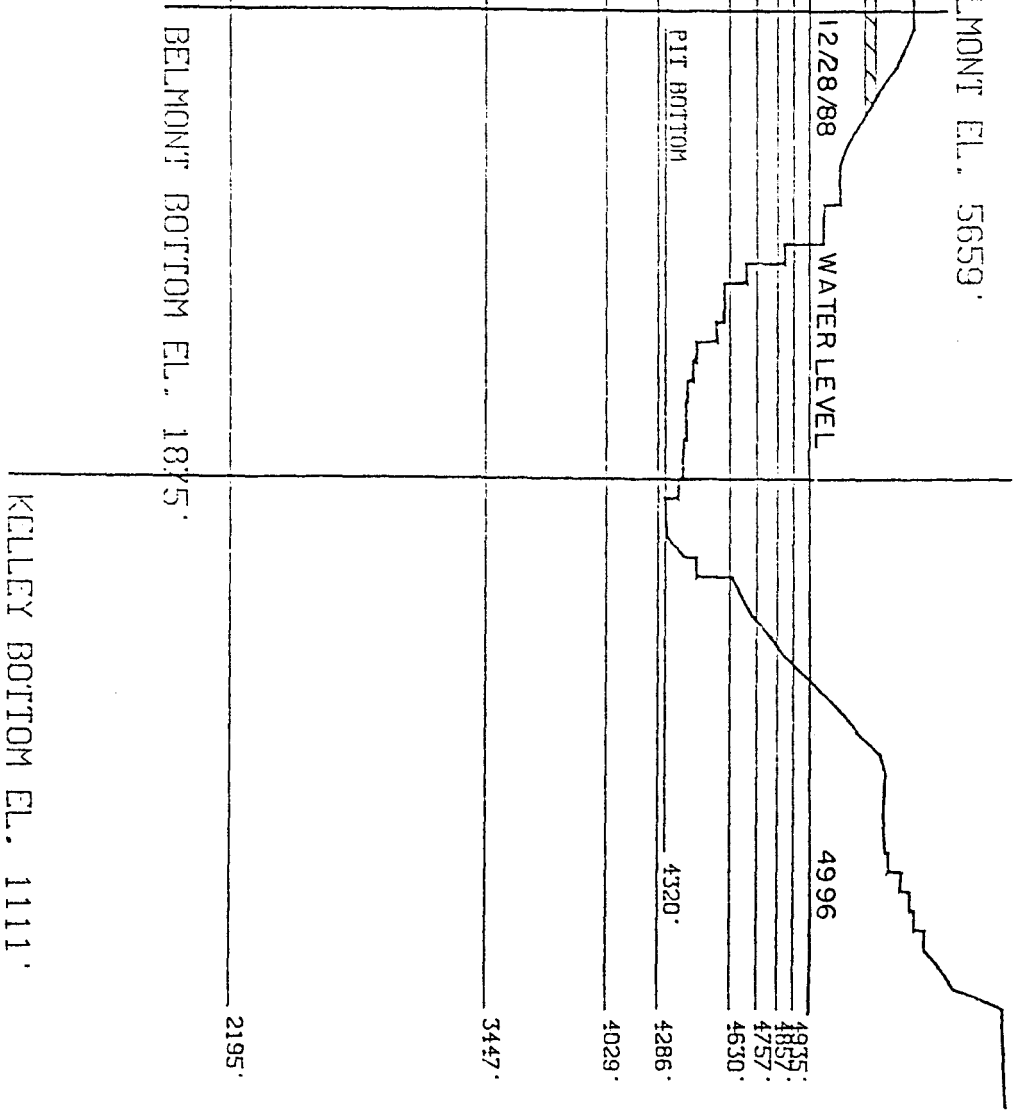
2000

3000

4000

5000

6000



ESTIMATED FIVE YEAR OPERATING BUDGET FY 90-94  
 FEDERAL SURPLUS PROPERTY PROGRAM  
 REP. SIMKINS

3  
 3  
 4-10-89  
 HB77

	FY 90	FY 91	FY 92	FY 93	FY 94
<b>REVENUE</b>					
Start Up Loan	\$150,000	\$0	\$0	\$0	\$0
Administrative Fee	\$100,000	\$250,000	\$300,000	\$300,000	\$300,000
<b>TOTAL REVENUE</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>
<b>EXPENDITURES</b>					
FTE	4.00	4.00	4.00	4.00	4.00
Personal Services	\$93,765	\$93,765	\$93,765	\$93,765	\$93,765
Operating Expenses					
Travel and Freight	\$30,000	\$60,000	\$85,000	\$85,000	\$85,000
Rent	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Refurbishing	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Miscellaneous	\$25,000	\$20,000	\$25,000	\$25,000	\$25,000
<b>Subtotal Operations</b>	<b>\$115,000</b>	<b>\$140,000</b>	<b>\$170,000</b>	<b>\$170,000</b>	<b>\$170,000</b>
Loan Repayment	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
<b>TOTAL EXPENDITURES</b>	<b>\$238,765</b>	<b>\$263,765</b>	<b>\$293,765</b>	<b>\$293,765</b>	<b>\$293,765</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>\$11,235</b>	<b>(\$13,765)</b>	<b>\$6,235</b>	<b>\$6,235</b>	<b>\$6,235</b>

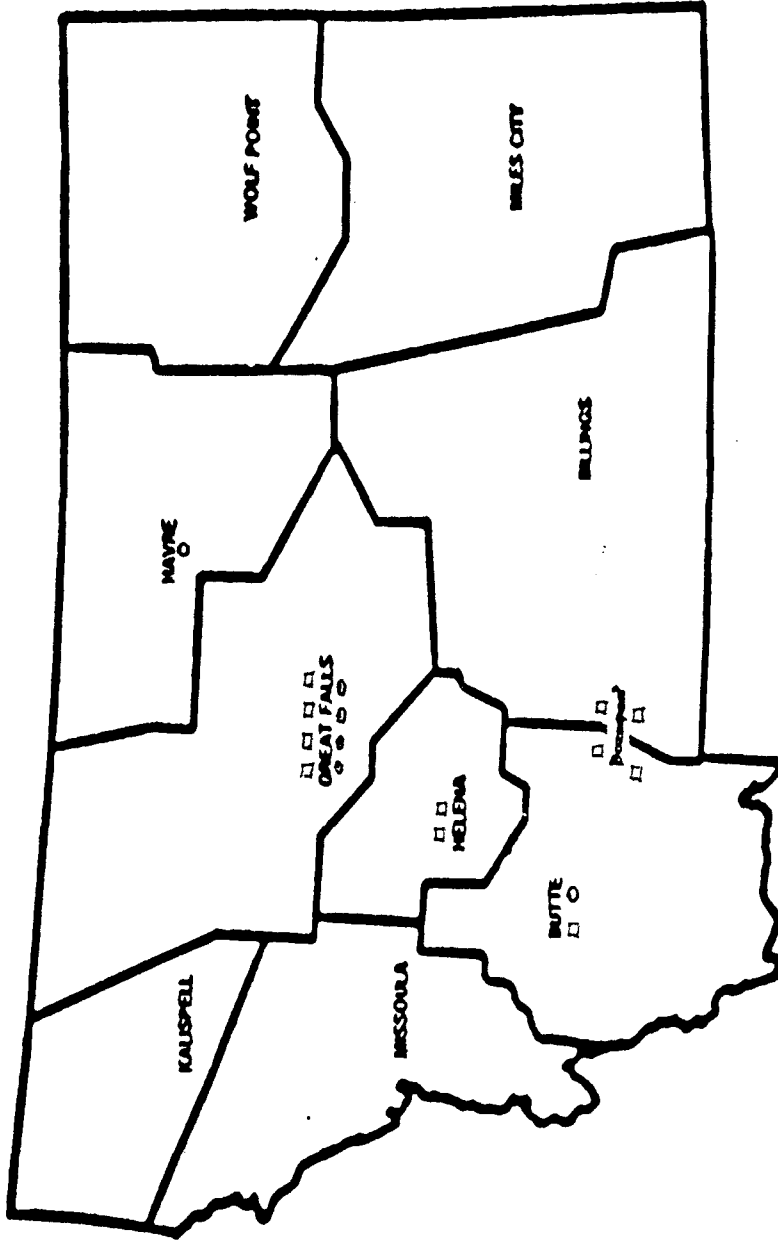
ESTIMATED FIVE YEAR CASH FLOW FY 90-94  
 FEDERAL SURPLUS PROPERTY PROGRAM

	FY 90	FY 91	FY 92	FY 93	FY 94
BEGINNING FUND BALANCE	\$0	\$11,235	(\$2,531)	\$3,704	\$9,939
PROFIT (LOSS)	\$11,235	(\$13,765)	\$6,235	\$6,235	\$6,235
ENDING FUND BALANCE	\$11,235	(\$2,531)	\$3,704	\$9,939	\$16,173

CALCULATION OF PERSONAL SERVICES COST:

POSITION	GR/ST	EST. ANNUAL COST
PROGRAM MANAGER	16/2	\$25,336
SEC/BOOKKEEPER	11/2	\$16,805
WAREHOUSE WORKER/ASST SCREENER	9/2	\$14,542
WAREHOUSE MGR/SCREENER	13/2	\$19,549
<b>TOTAL SALARIES</b>		<b>\$76,232</b>
EST. BENEFITS @ 23%		\$17,533
<b>TOTAL PERSONAL SERVICES</b>		<b>\$93,765</b>

# MONTANA



Figures were compiled on 12 Research Assistants employed at McLaughlin Research Institute

- O - 6 raised in Montana
- - 7 attended Montana University System
  - Great Falls - College of Great Falls
  - Helena - Carroll College
  - Butte - Montana Tech
  - Bozeman - Montana State University

4

SENATE FINANCE AND CLAIMS  
EXHIBIT NO. 4  
DATE 4-10-89  
BILL NO. HB 759

4a

Education Background of McLaughlin Research Institute Employees

SECRET SERVICE AND CLAIM

EMPLOYEE NO. 42

DATE 4-10-89

BILL NO. HB 755

High School/College

Administrative Director

J. Maurice Browning

1965 - A.B. Political Science  
Western Maryland College

Co-Scientific Directors

George Carlson, Ph.D.

1969 - A.B. - Univ. of Pennsylvania/Phil., PA  
1976 - Ph.D. - Tufts University/MA  
1975-77 - Postdoctoral - Univ. of Alberta/  
Edmonton, Canada

Peter J. Wettstein, Ph.D.

1968-72 - A.B. - Princeton Univ., Princeton, NJ  
1972-76 - Ph.D. - Univ. of NC, Chapel Hill, NC

Office Personnel

Wanda Forster

C. M. Russell H.S., G.F., MT

Georgean Wald

G.F. Central H.S., G.F., MT

Beverlee Zahara

Marian Heights H.S., Spokane, WA  
College of Great Falls, G.F., MT

Senior Research Assistants

Scott Earley

Central H.S., E. Corinth, ME  
1981-88 - B.S. & M.S. - Univ. of Maine, Orono,  
ME

Tim Horan

G.F. Central H.S., G.F., MT  
College of Great Falls, G.F., MT  
MSU, Bozeman, MT  
Mayo Clinic Graduate School of Medicine,  
Rochester, MN  
Rochester State Jr. College, Rochester, MN

Research Assistants

Stephanie Ambrose

Bishop Garcia Diego H.S., Santa Barbara, CA  
B.S. - Loyola Marymount Univ.,  
Los Angeles, CA  
Graduate work - Univ. of Calif.,  
Santa Barbara, CA

Shigeo Banks

Great Falls H.S., G.F., MT  
1969-70 - B.S. - MSU, Bozeman, MT  
1974 - College of Great Falls, G.F., MT

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4-10-89

Page 2

Sylvia Banks	Cheyenne Central H.S., Cheyenne, WY Columbia Basin College, Pasco, WA Wenatchee Valley College, Wenatchee, WA B.S. - College of Great Falls, G.F., MT
Dana Barr	Great Falls H.S., G.F., MT 1984-88 B.A. - Carroll College, Helena, MT
Chris Ebeling	Liberty H.S., Bethlehem, PA 1983-85 - B.S. - College of Great Falls, G.F., MT
Wendy Nevala	Havre H.S., Havre, MT 1985-88 - Carroll College, Helena, MT College of Great Falls, G.F., MT
Lisa Palmer	Butte H.S., Butte, MT 1982-87 - Montana College of Mineral Science and Technology, Butte, MT 1987-88 - B.S. - MSU, Bozeman, MT
Mike Strausbauch	Great Falls Central & Great Falls H.S., G.F., MT 1974-79 - B.S. - College of Great Falls, G.F., MT
Anne Tewes	James Madison Memorial High School, Madison, WI 1977-81 - B.A. - Lawrence University, Appleton, WI 1983-86 - M.S. - MSU, Bozeman, MT
Kent Thomas, Ph.D. (part-time; currently Prof. of Biology, College of Great Falls)	Manhattan H.S., Manhattan, KS B.A. - Univ. of North Carolina Ph.D. - Kansas State Univ. Post-doctoral fellowship - Univ. of Iowa
Margaret Velardo	Holy Name H.S., Cleveland, OH B.S. - Univ. of Dayton, Dayton, OH AASc - Cuyahoga Community College, Parma, OH
<u>Animal Care Personnel</u> Joe Amato	Great Falls H.S., G.F., MT Job Corp, Trapper Creek, MT
Russ Bartlett	Great Falls H.S., G.F., MT
Carolyn Burrows	Sparks H.S., Sparks, MD

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4/10/81

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Cindy Miller

C.M. Russell H.S., G.F., MT  
College of Great Falls, G.F., MT

Dan Spragg

Great Falls Central H.S., G.F., MT

Rick Tanner

Great Falls H.S., G.F., MT

Part-time Students

Julie Luisi

Great Falls H.S., G.F., MT

Rachel White

Great Falls H.S., G.F., MT



# Deaconess Research Institute, Inc.

5

SENATE FINANCE AND CLAIMS  
EXHIBIT NO. 5  
DATE 4-10-89  
FILE NO. 759

April 10, 1989

To: Members of the Senate Finance and Claims Committee

Reference: House Bill 759



The Deaconess Research Institute is a nonprofit medical research organization recently formed by the Deaconess Medical Center of Billings. Major components of the Institute's program involve cancer and aging research. The Institute takes the position that the interests of the State of Montana would be best served if House Bill 759 were to be changed in two ways:

First, references to **federally appropriated** funds should be changed to **federally and privately (non-state) appropriated** funds to allow matching of funds obtained from private foundations and bequests. This is important because of the uncertainty of federal appropriations for medical research and because of the trend for an increasing fraction of the research dollar to be derived from other non-federal sources.

Second, consideration of the number of organizations devoted to medical research within Montana suggests that the \$2,000,000 figure may need to be increased.

Since many external funding sources require matching by local funds for construction and equipment costs, passage of this bill would certainly enhance the ability of Montana to attract the funding and high caliber medical scientists required to develop this desirable segment of the state's economy.

Thank you for your attention to this important matter.

John M. Jurist, Ph.D.  
Scientific Director  
Chief Operating Officer

Robert K. Snider, M.D.  
Medical Director  
Chairman of the Board of Directors

Deaconess Care  
Corporation

2520 17th Street West  
Suite B-3  
Billings, Montana 59102

Telephone 406-255-8470

John M. Jurist, Ph.D. Scientific Director  
Robert K. Snider, M.D. Medical Director

THE McLAUGHLIN RESEARCH INSTITUTE

1625 - 3rd AVENUE NORTH  
GREAT FALLS, MONTANA 59401  
PHONE (406) 452-6208

HB 759  
4-10-89

April 10, 1989

Senator Pete Story  
Chairman  
Senate Finance and Claims Committee  
Capitol Building  
Room 108  
Helena, MT 59620

RE: House Bill 759

Dear Senator Story:

As the average age of Americans continues to climb, more focus has been placed on finding solutions to some of our major health care problems. We are no longer willing to accept many problems as the inevitable result of the aging process. The most obvious result of that emphasis is increasing federal spending on health care and related research programs. The National Institutes of Health is the major supporter of biomedical research in this country, supporting about 85% of the research that is being done on health problems. In the current fiscal year, the NIH budget is approximately \$7.2 billion. Even in periods of fiscal constraint, the NIH budget has continued to grow. Since 1967, for example, the NIH budget has grown 1389%, from approximately \$400 million to the current level of \$7.2 billion. By any measure, this figure represents real growth, not just inflationary growth.

Today approximately \$5.6 billion of the NIH budget is awarded to universities, colleges, medical schools, and independent research institutes to support peer reviewed research. Of that \$5.6 billion, only about \$2.2 million, or 0.04%, is being awarded to researchers in Montana. Clearly, we should make a reasonable effort to get more of those dollars to Montana! If we can be successful, both we, as well as the federal government, will benefit.

Research grants and contracts contain two broad cost elements - direct costs and indirect costs. Direct costs are the monies required by the scientist to support the cost of salaries for the staff working on the project, supplies, various pieces of scientific equipment, etc. Indirect costs support the cost of administration of the program, including depreciation on the facilities, and the cost of utilities including insurance, etc. While the average indirect cost rate at private institutions is approximately 70 cents for each dollar of direct costs, our rate is only 28 cents on each dollar. Since the average NIH grant is \$130,000., the saving to the government is \$54,600 or \$36,400, as opposed to \$91,000 on each grant awarded. Similar savings would be realized on grants awarded to universities and colleges in Montana, as well. The money saved will

fund more research projects, having the potential to discover more answers to various health problems. Therefore, encouraging the development of biomedical research in Montana will benefit the state's economy, will give the science graduates of our colleges and universities the opportunities to use their education in Montana, and will encourage private biomedical research companies to locate in Montana.

The importance of the spin-off effect needs serious consideration. Wherever there is a substantial amount of government funded research, one will find emerging and well established private biotech enterprises. This can be demonstrated quite clearly if one looks at the biotech firms in the suburban Maryland and Virginia communities adjacent to the government research facilities in Bethesda, MD, Fort Dietrick in Frederick, Maryland, Palo Alto, CA, suburban Boston, the Research Triangle Park in North Carolina, etc.

One of the things we should be concerned about is the potential harm these facilities can do to our environment. Clearly we want to preserve our clean air, and clean water, because of their intrinsic value to us, as well as their value to the tourist industry in this state. Since these facilities come under strict federal regulation, they produce virtually no pollutants that might be released into the environment. Further, they pose no threat to the health of the community or the employees of these facilities.

Given the fact that we need to attract biomedical research activity to Montana, House Bill 759 represents the most fiscally responsible way to achieve that goal. NO STATE FUNDS will be expended unless and until an organization has attracted the requisite amount of federal funds to meet the matching requirement. As you know, the federal peer review system is very rigorous. Only the best scientific projects are funded. Therefore, federal funding of a project ensures that it is of top quality. Thus, the State does not have to spend a great deal of money evaluating proposals for these funds. Again, a responsible and cost effective move. Further, building a facility is a one-time cost, while finding the funding to support the program in that facility is an ongoing activity. Again, through this act, the State assumes NO continuing liability for the ongoing cost of the scientific programs to be located in these facilities.

When each of these points is considered, we feel that House Bill 759 provides the incentive to organizations that qualify to seek the requisite federal funds. Thus, House Bill 759 encourages the development of biotech activity without committing State resources "up front". Therefore, we support House Bill 759 and urge you to act favorably on it.

Sincerely,

J. Maurice Browning  
Administrative Director

JMB:bz

## COMMITTEE ON

## Finance &amp; Claims

4-10-89

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Alie McLeod	Hunter Co. Veto Committee	329	✓	
Ted Dodge	Headwaters RCD	329	✓	
Mary R. Miller	MT. Bur. of Mines & Geology	329	✓	
Ted Duaine	MT Bureau of Mines & Geology	329	✓	
Stuart Payge	State Auditor's Office	535	—	
Cheryl Fowler	State Auditor's Office	535	—	
Jim Johnston	Attel Silver Bow Govt	329	✓	
Chris Gallus	BATE SILVER BOW GOVT.	329	✓	
Mary Brown	Ant Dul	759	✓	
Shirley Taylor				
William Walker, Jr.	McLaughlin Research Prot-GTF	759	✓	
Gen. Noble	GF	759	✓	
MIKE LABRIOLA	GREAT FALLS AREA CHAMBER OF COMMERCE	759	✓	
Dick Simpson	GF HD #39	759	✓	
Ray Foster	Billings Chamber	759	✓	
Sen. Darrin Meyer	GF	759	✓	
LISA PALMER	Great Falls	759	✓	
Rep Susan Lind	HD 36 GF	759	✓	
TED NEUMAN	School Dist #1 GTF	759	✓	
Bill Strizich, Rep Dist #41		759	—	
JOHN PHILLIPS RE #33		759	✓	
Ardi Aiken	Mayor - Great Falls	759	✓	
Cyrus Jones	H. Bentm	759	✓	
Peter Mattstein	McLaughlin Research	759	✓	
Rep Jerry Nesbet	Great Falls Dist 35	759	✓	
Senator Tom Jacks	Big Sandy Spat 7	759	✓	



