

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON APPROPRIATIONS

Call to Order: By FRANCIS BARDANOUVE, on April 4, 1991, at 7:00 a.m.

ROLL CALL

Members Present:

Francis Bardanouve, Chairman (D)
Ray Peck, Vice-Chairman (D)
Dorothy Bradley (D)
John Cobb (R)
Dorothy Cody (D)
Mary Ellen Connelly (D)
Ed Grady (R)
Larry Grinde (R)
John Johnson (D)
Mike Kadas (D)
Berv Kimberley (D)
Wm. "Red" Menahan (D)
Jerry Nisbet (D)
Mary Lou Peterson (R)
Joe Quilici (D)
Chuck Swysgood (R)
Bob Thoft (R)
Tom Zook (R)

Staff Present: Terry Cohea, Legislative Fiscal Analyst
Sylvia Kinsey, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Note: Chairman Bardanouve and Vice Chairman Peck alternated chairing the meeting.

HEARING ON HB 93

An Act to Impose a Utilization Fee on Nursing Facilities

Presentation and Opening Statement by Sponsor:

REP. JOHN COBB, HD 42, Augusta, said \$1.25 fee for each bed day in the facility for FY 92 and \$1.50 for each bed day in the facility during FY 93 for patients with insurance or Medicaid. The money is taken back and the federal government reimburses the state for the fees and it will be used to pay part of the re-basing which would be on the nursing homes. The \$1.50 is only

going to be for the second year of the biennium. The nursing homes put \$1.25 for the first year so that is the reason for the 2% each year above the re-basing.

Questions From Committee Members: REP. CODY asked how much above the 2% was put in when they re-based them? What was the percentage they got in the re-basing? Rose Hughes, Nursing Home Spokesman, said the percentage is 6.6% the first year and 6.2% the second. REP. CODY asked when the bill was drafted was there another 2% each year of the biennium in addition to the 6.6% and 6.2%? Ms. Hughes said yes, basically the re-base is in HB 2 and that was to get the rates closer to today's costs and then the 2% are to provide some minimum amount of inflation because those costs will go up over the biennium. REP. CODY asked if the total over the biennium for the Nursing Homes of 8.6% and 8.2% each year if you keep the 2%. Ms. Hughes said it is not quite that much because the 2% for the bill on the current base as opposed to being on the re-based amount so that brings it back a little bit, probably a few tenths of a percent.

REP. PETERSON said apparently other states have been doing this for some time and we have just discovered it or have we known about this and not done it before? If that match money was available by using these funds was it just found? REP. COBB said it is a new concept, other states started doing it, the federal government is allowing them to do it and there is concern whether it should be done. It does save the general fund some money.

REP. KIMBERLEY said REP. SCHYE brought up a question on the floor and the question was is there a chance they would have to pay that money back to the federal government? Mike Hanshaw, SRS, said you can be in situations where you have to pay Medicaid money back if the government disallows some of your expenditures but in this case, just in November, they passed a law as part of the Reconciliation Act that allows states to specifically do what is proposed here. It is that law that allowed them to amend out the charge to private pay individuals. Basically, the law says that states can have provider specific taxes for health care services and use that money to match for Medicaid. Since so many states are doing this there is a chance the federal government will change their mind and change that law at some point. It would not be retroactive - just sanction the state for money already collected under a law they just passed. REP. KIMBERLEY asked Mr. Hanshaw if he thought the state would have to pay it back? Mr. Hanshaw said what could happen is that they could pass a law that prohibits this at some point and then this wouldn't be a potential source of revenue. If it is structured right then he feels they are not in jeopardy to pay it back. By "structured right" he means the Federal government is saying they won't pay this tax but you can charge it, so you can tax services we buy, but you can't develop a rate structure that pays a certain rate and then adds this tax on top.

REP. BARDANOUVE said if this is such a good gimmick why are we

sunsetting it? **Mr. Hanshew** said because of some of the concerns raised here; this seems too good to be true in some sense, what if some things develop that we are not anticipating now and we don't like it. The notion was people want to take a look at it after it has operated for awhile. **REP. BARDANOUVE** said if that system works he doesn't object to it but the House earlier had to remove that one provision and it came back in through this bill and that concerns him.

REP. ZOOK said **REP. COBB** saved some general fund money this time but if this goes into the base what will it do to the general fund down the road? **Mr. Hanshew** said what the proposal would do, if the question concerns the amendments to bring the fee on the first year and give the 2%, you would add about \$800,000 in general fund expenditure to 1994's base that would not be covered by the \$1.50 fee that is in place in the second year. Basically, the \$1.25 that comes on the first year will fund anything they are doing in the biennium in terms of the 2% and it actually funds more than that, it raises about \$200,000 more than it takes to fund it.

REP. BRADLEY said when she first looked at material she was able to get from **Mr. South** it said that a provider's specific tax was all right but it could not be built into the base. Isn't this building it into the base or has that been changed and do we have a letter that says yes, they will take our 2/3 dollar and match it with more federal dollars? **Mr. Hanshew** said if they were paying the maximum amount, at the upper limit, right up at cost in the nursing home program, they couldn't give them an extra \$1.50 because they are proposing this tax because they wouldn't have any space. They would be paying all their allowable costs. They are paying something less than their allowable costs so what they are doing is increasing their reimbursement for their allowable costs not for the fee. **REP. BRADLEY** asked what will be the distribution system? **Mr. Hanshew** said with the federal limit they gave everybody an extra \$1.50. That would be a sign they are paying a fee directly. It will go into the pool of money that's dispersed to nursing homes and there are a lot of values that work there to influence how much you will get. Some people will get more than \$1.50, some will get less, which is the way the nursing home system works. It takes into account the size of the facility, kind of construction, kind of patients serving so that would be their argument to the government. **REP. BRADLEY** asked if this was going to work well with this program, they (SRS) had taken AFDC, and it's basically the same funding from the match, and had it down to the practical low level of 42% of the poverty level, why couldn't they tax AFDC mothers, match that dollar which is 2/3 federal, get more federal dollars and up it from 42% to 45%. It is exactly the same philosophy, so why don't they do that? **Mr. Hanshew** said he couldn't answer the question for the Department. He said she was right and they already do this. When they collect an income tax dollar from a physician they are in essence, doing this already. A portion of that physician's income comes from Medicaid. They take that income

tax dollar and match it back into the Medicaid program. This concept is working already.

REP. PECK asked if we get into this and the government says no it doesn't work and we aren't getting federal funds. Are we then obligated to come up with state money under this bill? **Mr. Hanshew** said the bill is written so if that happens, if there is a denial of participation because of something in this bill, the bill dies. He is assuming the spending that comes with the bill dies as well. You still have the issue of re-basing the nursing home rates. That is a \$3,000,000 general fund obligation in the second year of the biennium and if that modification continues, and it is in HB 2 now, then they have that obligation. The portion of this revenue that would have been used to pay that would be gone. **REP. PECK** asked if this bill would create any new obligations, not HB 2, but is having trouble understanding how it coordinates with this bill. **Mr. Hanshew** said it creates initial spending in the nursing home program but is funded to bring this fee on in the first year. There are two sets of amendments on this bill. None of the spending related to the re-basing initiative is in this bill but when it was put together as part of the Executive Budget the whole purpose was the high cost of re-basing. It was such a phenomenal amount of money that people were looking for a revenue source that was related to the service that was being delivered.

Ms. Hughes said there is a bill pending in Congress to re-affirm states can do this. If that bill fails and they say we can't do this, the 2% isn't in the base the next biennium because the bill is in effect for that two-year period and the appropriation is killed so the Department doesn't have the authority to give them the 2%.

REP. PECK asked what is the basis for doing it now if you say we have to pass federal legislation to do it? **Ms. Hughes** said last October Congress said that the executive agency could not stop this kind of thing from going on. It is in current law but there is an additional bill pending to clarify what states can and cannot do, largely because a lot of states are, in fact, in this and they want long term assurance.

REP. BARDANOUVE said there are hundreds of bills in Congress and only a small percent pass. **Ms. Hughes** said if the bill does not pass, the appropriation goes with the bill. **REP. BARDANOUVE** said he objects to putting back in what they had done prior and they are re-writing HB 2.

REP. KADAS said regarding the issue of whether the 2% is or isn't in the base he assumes that since this bill sunsets that it won't be in the base. **Mr. South** said he was aware of the bill in the initial stage and has changed some since then but as he understands the federal regulations the federal government will simply look upon this increase as an increase of reimbursement rates to nursing homes. Once you increase Medicaid rates, by rule, based on the amount of money here he's inclined to believe

that does become part of the base.

REP. SWYSGOOD said if they pass this bill, which includes the 2% increase, and it would go in effect July 1, 1991 and the federal government doesn't act on this bill until September, 1991 they, in effect, increase the base and they can't get out of it.

REP. KADAS asked if the bill in Congress fails to pass that doesn't mean you still can't do this. If it does pass then it means, for sure, you can do it. The concern he is raising is that if they are going to terminate the fee after two years, but can't terminate the 2% after two years, then maybe they should take the termination date out and insure they have somewhat of a funding source rather than come back and re-implement the funding source. Unless they do that they are clearly obligated to pick it up with general fund next time.

REP. COBB said the reason they put termination in was because hospitals that aren't nursing homes were concerned they were going after their beds because other states are thinking of going after the hospital beds.

REP. THOFT said in HB 2 the Human Services Committee took the best care they could of this problem in nursing homes. REP. BRADLEY said at the end of the biennium the dollar amount per day is about \$8 more per bed. REP. THOFT said then this came along which would add 2%. REP. BRADLEY said no, the Executive Budget had no other Medicaid provider increases except for those three entities but basically they rebilled doctors, hospitals and nursing homes to try to get the Medicaid reimbursement up to something closer to actual cost. When you don't come close to the actual cost there is a terrible cost shifting that takes place. The Executive Budget had those rebasings in there but had no across the board inflationary provider increase. She thought that was wrong and unfair and inflation continued to take place, so they added the 2% on top. The 2% was taken off as it went through the process, and she still thinks the 2% is justified but only if everybody gets it, particularly when its going collectively to someone who has the best rebates of all the budgets they did. REP. THOFT said his concern is building a base with something that could be one-time money. REP. BRADLEY said the 7% and 7% that Ms. Hughes said is 6.8% and 6.2% is in the base now and that is what the rebasing is. REP. THOFT asked if the tax money have to go into the nursing home program? REP. BRADLEY said under the bill it does. You can have a provider's specific tax and put it in the general fund. Mr. South said he does not think the federal government cares where you put the money, once you collect it. The one thing you can't do is build it into the rates, in other words, you can't tell the nursing homes you give us \$28 and we'll give you \$100. Essentially, we are doing that but not paying them back that \$28. As the bill was initially introduced there was no appropriation in it. The appropriation was a budget modification to be in HB 2 to take care of the reimbursement for this fee. As the bill is drafted

now to go into a state special revenue account the nursing homes would think that is protection for them to make sure the money does, in fact, get used for that purpose.

REP. COBB said that is why he went to a state special revenue fund because they were scared they would put it into general fund and never give it back. There are two parts to this bill, the money has already been put in for the rebasing, the \$1.50 can reduce the general fund share if you use that fee. The \$1.25 the first year will put the 2% and 2% above it all. So if you do not want to use the 2 and 2 just take the \$1.25 out. The fee is just reducing HB 2 general fund.

REP. PECK asked **REP. BRADLEY** if she said the money could be distributed to the three providers; doctors, hospitals and nursing homes but not the way this bill is written but you could, in fairness, decide that is the better way to go. **REP. BRADLEY** said there is not enough revenue raised here to do that and all that can be done is to put it in the general fund and somewhere along the line put the 2% increases back for Medicaid providers. **Mr. South** said under federal regulations you could tax any specific provider group; doctors, hospitals and in turn increase their rates if in fact you were paying them what Medicaid allowed you, the limit. In this case, if you actually taxed the nursing homes and used that money to pay hospitals and physicians the nursing homes may not support the tax. **REP. PECK** said you could go to the doctors and hospitals with the same tax and create the same program, in effect, you created for the nursing homes. **Mr. South** said you could but it is a little easier with nursing homes because you know where they are and can audit them. **Ms. Hughes** said some of the other providers were offered this same situation and did not want to participate in this kind of fee. To some extent the nursing facilities are different from the others because while we are here saying they need more money and funding we are also saying we know you do not have the money and do not have the general fund and we were willing to go along with this kind of providers' specific tax in order to generate the money through the fees and some of the other providers are not willing to do that. In response to **REP. KADAS** the "sunset" was not put in there at their request but was put in there more to alleviate the concerns of those people who were saying this is a funny way to do it and would rather have general tax reform in able to do that next time if people want to find some other way in the future to fund it. From their standpoint they are committed to this fee and willing to have that fee in place. The facilities she represents have no objection to that.

REP. SWYSGOOD said if this bill goes forward the "sunset" should be removed. There is a simple solution to this problem. There seems to be a lot of complaint about the \$1.50 and fees and if the concern is over the provider increase, the 2%, that can be struck out if it is the wish.

REP. BRADLEY said the Executive Budget had no provider increases

in Medicaid other than the selected ones. Are we to understand then the Executive supports the 2% increase for the nursing homes or not? **Mr. Hanshew** said the department has not taken a position on the 2% either for or against it. **REP. BRADLEY** asked if he had any information for them on the administrative costs of this? **Mr. Hanshew** said there are really no costs to SRS, but some to the Department of Revenue, which are in the fiscal note.

Motion/Vote: **REP. KADAS** moved to amend SB 93 to remove the termination date. Motion passed unanimously.

Motion: **REP. JOHNSON** moved to amend SB 93 to remove the 2%.

Discussion: **REP. KADAS** asked if they removed the 2% what are the consequences as far as the increase tax? **Mr. South** said he wasn't involved in putting the 2% together and is not sure what the ramifications of that would be but he believes if the \$1.25 is taken out of the first year it would take care of the 2%. **Mr. Hanshew** said if you remove the \$1.25, basically all the spending authority in the first year you will get the 2% plus the money to pay the \$1.25, then you have to remove some spending authority from the second year and leave the amount to pay the \$1.50 fee which was originally in place and they have those numbers. Basically, you take all the spending authority out of the first year and some of the spending authority out of the second.

REP. BARDANOUVE said his position is he would like to return it to where it was when it was passed out of the House in HB 2.

REP. BRADLEY said the other option is to leave the tax in there and just replace the general fund dollars. That is what it did when it first went to the Committee on Human Services. It was for rebasing. **Mr. Hanshew** said that is correct. There was a corresponding budget modification that, if this bill passed, it would have raised the appropriations for nursing homes in an amount equal to payment of the fee and that was the purpose to offset the cost of rebasing.

REP. KADAS said he liked **REP. BRADLEY's** idea. Use the fees to pay for the rebase. Leave the fee in and replace general fund dollars and remove the 2%. Use the \$1.25 to pay for the rebase.

Mr. Hanshew said there was no use of the fee money as there was no fee in the first year so if you leave this in place using revenue from a fee that wasn't you're not going to fund rebasing in the first year when we were just using it in the second before.

REP. KADAS said we can put this fee on the first year and might as well use it to fund some of the rebasing.

REP. JOHNSON withdrew his motion.

Motion: **REP. KADAS** moved SB 93 be amended to remove the 2%, but

leave the fees on and have the fees displace general fund use for rebasing.

Discussion: REP. COBB asked if the bill could stay as is with a clause or go to HB 2 and close general fund out? Mr. Hanshew said in addition to the money to pay the fee there is also spending authority for the 2% in the bill.

REP. SWYSGOOD said with this amendment this bill is like the original presentation early on in the session on the \$1 fee where that tax was going to raise \$1,800,000 and it would offset the general fund money to provide for increases. REP. BRADLEY said we are in that ball park but when it first went in it was \$1 a bed for everybody and they said they can't do it on Medicaid-Medicare beds so they said that will shift the burden to the other small sector that is left. It was totally readjusted and they put it solely on Medicaid because they can match federal dollars with more federal dollars. It moved from there into a shift that was no longer in the re-base but was on top of the re-base. She asked to make her position clear on this because she did not want to play "bad games" with it. Her position is, if it goes in there she thinks it should probably go in for re-basing. She personally does not support this kind of tax and thinks all the Medicaid providers should have a 2% increase.

REP. PETERSON asked Ms. Hughes for a clarification. Ms. Hughes said she would like to respond to REP. SWYSGOOD's question because she thinks he is asking, what we are doing now, does this basically go back to what the Governor had originally in his budget and the answer is no. There was never the \$1.25 tax on the nursing homes in the Governor's budget. It is only the second year money and this goes beyond that. The first year re-base was funded in the Governor's budget without a tax, the second year rebase was funded with the tax. This puts the tax on both years and doesn't give them any additional money so this is not the Governor's proposal. REP. SWYSGOOD said by not giving them the 2%, the nursing homes are being levied with a tax that's going back into the pot, the rebase that they got in HB 2. REP. BRADLEY said that was the Governor's approach, he did not support the 2% across the board provider increase. He only supported the rebase and this was part of it and yes, it was a lower number of dollars and it was only in the second year where it is supposed to cover all nursing home beds and now it is narrowed down to only those with federal dollars. He did not support the 2% increase her Subcommittee put in.

Vote: Motion carried. 12 - 5, with one absent.

Motion/Vote: REP. KADAS moved SB 93 be concurred in as amended. Motion carried. 12 - 5, with one absent.

HEARING ON SB 37**Provide Youth Detention Services, Including Regional Detention Facilities****Presentation and Opening Statement by Sponsor:**

SEN. MIKE HALLIGAN, SD 29, Missoula, said there was an interim committee to study juvenile and adult detention. The committee came out with some unanimous decisions on some bills and the plan they put together to deal with the juvenile side, and that is what this bill deals with. It is one of the most bare-bones, model pieces of legislation that they were able to put together from lots of other states. What they have done is put a combination of resources together; federal, state and local and will explain how they put that together. It is the most cost-effective way of doing this lest they get sued. It will prevent those things. Federal law says they have to get kids out of adult jails and that is what this does. The Governor and you have already passed 4 or 5 of the other pieces of legislation that deal with the problem. This is the foundation piece of legislation. In it is the county grant and aid program that shares the resources so they can put together not only juvenile detention but more importantly the community based services that are less costly.

He referred to Page 12, County Responsibility; Page 13, Regional Detention Facilities; Page 18, Distribution of Money. The ultimate cost of the bill is \$700,000 for county, \$744,000 for the state. The federal government is paying \$200,000 through the Board of Crime Control money. They have balanced out the major cost of it with a good balance, discouraging state facilities. They have to get kids out because federal lawsuits are looking at mixing the population.

Proponents' Testimony: **Steve Nelson, Board of Crime Control** gave a brief overview of the history of this project. This isn't something that just arose over the last biennium. In fact, they have been working on this particular project for about 15 years. When he was first involved with this the state juvenile courts were incarcerating about 27% of the kids that came through the youth court system and that came to over 3,000 kids per year. Over the course of that time, from 1976 to this date, what they have seen is a 90% reduction in the number of youths that are held in developed jails. It's down to about 3%. That has been done by resources the legislature has provided over the years for shelter care, services, policies and statutes. **EXHIBIT 1**

Dwight MacKay, County Commissioner, Yellowstone County and represents MACO, said the counties across the state want this to be a partnership with the state of Montana. They know it won't be easy, know it won't be a panacea, have a lot of things to work out but must do it to get kids out of adult lockups. Now they are paying for it out of the general fund of the sheriff's budget and it makes more sense to build five regional units than 56

different regional units.

Questions From Committee Members: REP. SWYSGOOD asked if this bill had a hearing in the House? SEN. HALLIGAN said yes. REP. SWYSGOOD asked if the appropriation was amended into it? SEN. HALLIGAN said yes.

REP. KADAS asked what other funding sources have they looked at besides lottery and game machines. SEN. HALLIGAN said the only other thing they have looked at is the permit fee proposal that is being drafted for video arcade machines that REP. STRIZICH has.

REP. GRINDE said he is concerned if this is mandatory or not. If the facility right now has the ability to incarcerate juveniles separately, do they still have to use the regional detention centers or are there allowances in there they would be able to stay? SEN. HALLIGAN said existing federal law has a rural exception in it that for 24 hours kids can be put in adult jails. After July 1, 1991, on the Montana statutes, they have nothing in this session to change that. After 24 hours they cannot be held in any of the adult facilities. REP. GRINDE said that will be federal law and SEN. HALLIGAN said if they didn't have a piece of legislation in here would that hold true? SEN. HALLIGAN said that is Montana law. REP. GRINDE said in his area they do have the sight and sound facility. Will they not be able to use it after July 1? SEN. HALLIGAN said after 24 hours. REP. GRINDE asked if the facilities are already there why should his county or city pay the expense to go to a regional facility if they have sight and sound areas? SEN. HALLIGAN said because federal law won't allow it after that, plus they are building in state law to comply with federal law. REP. GRINDE said that is confusing. If they are to amend this bill the communities would be able to do this if they had sight and sound facilities and would they be in compliance with the law? SEN. HALLIGAN said no they would not.

REP. BARDANOUVE asked if some of this money is coming from the Crime Control Board how long will that continue? Mr. Nelson said basically it is appropriated on a three year basis. The law is up for re-enactment at this point. It is something that goes from year to year so you can't count on it. REP. BARDANOUVE said there is no guarantee as they can get it now but may not have it a couple years from now.

Mr. South said CHAIRMAN BARDANOUVE received a conflict notice from the Legislative Council on this bill and Greg Petesch prepared amendments so they are suggesting if the bill is to pass it needs them. EXHIBIT 2.

REP. QUILICI asked what happens if they don't build the regional facilities? SEN. HALLIGAN said it is not so much building the regional facility as providing the youth detention service. If a free standing facility is provided for juveniles, fine, but if it is an adult facility that handles adult prisoners along with

kids, it won't be in compliance after July 1, 1991. In answer to **REP. QUILICI'S** question, **SEN. HALLIGAN** said there will be a lawsuit, no question about it. The federal lawsuits are already in the works as far as mixing populations of adults and juveniles plus the violent kids with the non-violent kids and that is why the deadline is set.

REP. GRINDE said there have been three or four bills that have gone through and he asked **SEN. HALLIGAN** if some had been signed by the Governor. **SEN. HALLIGAN** said yes. Those bills were coordinated with this so if this does not pass they will not pass. The July 1, 1991 deadline was not changed in any of those bills.

REP. KADAS said **REP. STRIZICH** had a potential funding source here and asked him to describe it. **REP. STRIZICH** said what the alternative is, which came out of Judiciary, will come from permitting amusement and video games, not keno or poker machines. It is being done in other states for similar purposes and it is a logical place to possibly raise some revenue.

REP. CODY asked **REP. STRIZICH** if that is a new tax, has it already gone through the taxation process or just incorporate it within this bill? **REP. STRIZICH** said that would be his recommendation. **EXHIBIT 3.**

REP. GRINDE asked **REP. STRIZICH** if that is what he intends to do, incorporate it in here? In the incorporating will these machines have to be retrofit for billing purposes? **REP. STRIZICH** said it will be an annual permit fee or stamp and the fee will be \$25 or \$50 based on how many machines that are around. They would like to raise approximately \$2,000,000. He said the package of bills they brought to the Legislature were separated -- appropriation or revenue generation issues from the policy issues. Two or three options have been presented, including the local funding and state funding and what has happened in committee is they selected certain options that the standing committees felt were more acceptable or not acceptable. Some of the bills have been tabled. What they are looking for is providing a responsible approach, giving the Committee options.

REP. SWYSGOOD asked **SEN. HALLIGAN** to refer to Page 15, the section that creates the Regions and asked for an explanation: **"(3) There may be no more than 5 youth detention regions established in the state at any one time."** **SEN. HALLIGAN** said they did meet with the Association of Counties and others to find out what they should do. The Board of Crime Control has a tremendous working relationship with MACO and the sheriffs and they would be able to put together a reasonable regional plan by just looking at the applications that came before them. **REP. SWYSGOOD** said by limiting only 5 facilities and referred to that statement in the bill that it should "be composed of contiguous counties", are you not eliminating some of the counties from having a regional facility? Distant rural counties would have a

cost of transportation and a cost of supporting a regional facility. **SEN. HALLIGAN** said that is a possibility but they feel they do not have the numbers in the rural counties but they need the ability to work cooperatively with other jurisdictions and other counties.

Tape 2,A

Closing by Sponsor: **SEN. HALLIGAN** said the federal act does say 1991. There are 28 kids statewide so they don't want to build a lot of facilities. They want to provide the alternatives to detention so that is why the bill provides that flexibility.

HEARING ON SB 242

An Act to Revise the Science and Technology Organization,
Funding, and Programs

Presentation and Opening Statement by Sponsor:

SEN. BRUCE CRIPPEN, SD 45, Billings, said the Montana Science and Technology Alliance was formed in 1985 to do two things, to make investment decisions on seed capital money and research and development projects. This bill deals with research and development projects. In 1988, the Supreme Court struck down the original funding in the White case. In 1989, during the session, they created a new program where very strict goals and criteria were established to run the program. The seed monies in this bill are loaned with payback to the state. Strict guidelines will be set up as to how the money is to be handled.

SEN. CRIPPEN referred to Page 4, line 15, Section 3, Loans Repayment.

Proponents' Testimony: **Chuck Brooke, Director, Department of Commerce** said he wants to put into context the role of this program in Montana's over-all economic development strategy before getting into the technical aspects of the bill with the executive director. The strategy this bill implements is to bring technical business to Montana.

Carl Russell, Executive Director, Science and Technology Alliance said the effectiveness of this program will be on the decision making process of the Board. They are governed by extremely strict criteria in the existing legislation and with the help of the sponsors and **Greg Petesch**, they have tightened the bill up further. These are to be investments and loans between their organization, the state, and the researchers, or the units in the University System involved.

David Toppen, Deputy Commissioner for Higher Education, said the designation of these funds, in particular, Montana Science and Technology Project, will be for the University System and for Biomedical Research elsewhere in the state. They have at the present time developed a very strong relationship between the University System units and the MSTA in the form of four state

designated Centers of Excellence, all of which have grown to the point of great contribution to the state's economic development already. The centers are located in Bozeman, Missoula, Butte and Billings. In addition there is a federally designated Center of Excellence at Montana State University.

Sam Hubbard, representing Deaconess Medical Center, Billings, spoke in support of SB 242.

Questions From Committee Members: **REP. QUILICI** referred to Section 6 under Definitions, Page 9, Line 6, "Medical facility research and development project" and said yesterday they had a bill asking for monies for the McLaughlin Center in Great Falls. Would that Center fall under this category? **SEN. CRIPPEN** said it could.

REP. CONNELLY asked about Yellow Bay and the research center there and wondered if that was included here? **Mr. Russell** said the Yellow Bay Research facility was the subject of separate legislation which has not survived the process. However, to look at the language which defines those projects which could be funded through the process in the University System, Yellow Bay would qualify, provided there was the provision for payback.

REP. COBB said the loans previously have not been paid back very well, why don't they just call them grants because the concern he has is he doesn't mind giving the University percentage of excellence the money to do their research but to call it "loan" when, in fact, they may never get this money back. **SEN. CRIPPEN** said there certainly is a place in legislation for grants, however, they have a program that was set up in the early 1980s with coal tax funds that is for this type of development. It is appropriate when you have institutions like the National Science Foundation to come in and give grants that it be done on the loan basis. **REP. COBB** asked when do you write the loan off? **SEN. CRIPPEN** said they tightened up this criteria substantially after the 1989 White case in order to make the loans fit the criteria. The stronger language in this bill requires matching funds in advance before the loan can be made. **REP. COBB** asked **Mr. Russell** if he has any policy yet when to call a loan non-repayable. The program has been started recently, but at some point there has to be some policy saying a loan can't be repaid. **Mr. Russell** said specifically they don't have a policy. In the past there was not a big return on the amount of money allocated. It is a long term process and the Board is extremely concerned about their personal fiduciary responsibility. **REP. COBB** asked if they were going to have some kind of bad debt accounts sooner or later? **Mr. Russell** said the original program did not have provisions for loans. The small amounts they put into the Centers of Excellence is the only program under the new rules. All of this money will go under the new rules.

REP. BARDANOUVE said he has concerns. The Legislative Auditor has just released a report, with the exception of the program

1985 to 1990, they have put out for projects and research \$3,373,000 and have had a return of \$6,700. He realizes many of these projects are long-term and may not have a financial return right away. Further on in the Auditor's report they say they believe MSTA should establish specific objectives to achieve their goals. They identify the lack of formal policies and procedures at MSTA that have caused inconsistencies in some operations. Mr. Russell said their response has been very little disagreement with the report and are either preparing or already have prepared changes in the program and in the management process.

REP. CODY said under their synopsis of the bill it says it allows the Board to waive certain matching requirements and asked SEN. CRIPPEN if that is still in the bill? He said it is still in the bill but has a limiting factor. REP. CODY asked who gets the royalties and how is it established? Mr. Toppen said at the present time they have an idea which looks like it will be potentially profitable and negotiate a deal, on more or less a separate basis, with their research Vice President and President on their respective campuses. There are no set University System policies that determine the percentage or rate of payback. That is what this bill will cause them to bring into effect. REP. CODY asked how they perceive the royalties to be split up or the contract they would draft as it would relate to the royalties. Mr. Toppen said there are two separate entities that are being created at the present time that will enable them to do a determination of what an appropriate split is; how much should go to faculty members, how much to institutions, how much to MSTA and how much to the state.

REP. KADAS asked if there will be payback provisions and interest provisions on the loan? Mr. Russell said the way the bill is stated, in combination with their existing regulations of legislation, the payback provision specifically works this way. In their contract they can demand, at least two times, the return they put in and can go beyond that. That is one of the changes seen in the legislation. That will be derived on an annual basis from the revenue stream which are the royalties of 5% per year.

REP. SWYSGOOD said most of this money is allocated to those research and development institutions that come up with an idea from which they can derive an income from a royalty and referred to Page 5, Section 5, that it was altered to a degree where this investment can be made. It looked to him as though the private sector is being denied the opportunity given that return because they cannot borrow any money from this investment. Mr. Russell said this particular section 4, the underlined words are "investments"-- and his understanding is the concern on the part of the private banking community at some point in the past was that there not be competition between the Board of Investment in direct loans so they used other mechanisms. That language does allow MSTA to do the seed capital program.

Closing by Sponsor: SEN. CRIPPEN said the good questions asked by the Committee is exactly why they have the bill to deal with some of the problems that have occurred in the past. This is the answer to some of those concerns that have been raised in previous practices. Anytime you can get a matching grant of \$7,500,000 when you put in \$600,000 is not a bad deal.

HEARING ON SB 259

Clarify Duty of DHES to Provide Consultation Services
for Health Nurses

Presentation and Opening Statement by Sponsor: SEN. EVE FRANKLIN, SD 17 Great Falls, spoke to a very critical service, re-instituting clinical nursing, consultation services into the Department of Health. This service has a long history in the Department of Health. In 1987, due to some difficult financial circumstances, this service was eliminated as a line item elimination and a difficult decision for all. The Department is asking for two clinically, competent experts in community health to function as liaison and consultation professionals to community health nurses throughout the state. Communities throughout the state require the kinds of professional consultations that these nurses can offer. Most critically, are rural communities in which community health nurses are often the only health care provider. They frequently are functioning in isolated communities, sometimes in a professional vacuum where they don't have the backup they need to make clinical decisions they are asked to make.

Proponents' Testimony:

Barbara Booher, Executive Director, Montana Nurses' Organization, presented testimony EXHIBIT 4 (8 letters).

Teresa Henry, Montana Nurses' Organization is a community health nurse practicing in various areas for more than ten years, the last two in Montana. EXHIBIT 5.

Kathleen Manion, Montana Association of School Nurses, presented written testimony. EXHIBIT 6.

Questions From Committee Members: REP. SWYSGOOD asked if this is the first hearing this bill has had in the House? SEN. FRANKLIN said no. She came before Joint Sub-committee early in the session, and it's been heard as well in House Health and Human Services. REP. SWYSGOOD asked if this bill was amended in House Human Services? SEN. FRANKLIN said no. REP. SWYSGOOD said he noted this bill has a fiscal note attached to it that appropriates general fund monies. He asked how this started in the Senate? SEN. FRANKLIN said there was no difficulty. REP. SWYSGOOD said his concern is the Senate is not allowed to attach an appropriation bill. This is not the first time he has brought this up with some Senate bills. The Senate is treading on very

thin ice as it relates to the House's position that all appropriation bills must start in the House.

REP. NISBET said that is not the case with this bill as it does not appropriate any money but is a requirement that the Department has to meet.

Closing by Sponsor: SEN. FRANKLIN said the proponents have spoken well for the issues involved and asked the Committee's careful consideration.

HEARING ON SB 229

Prohibiting Gubernatorial Changes to Judicial Budget Submission

Presentation and Opening Statement by Sponsor:

SEN. FRITZ, SD 28, Missoula, said this bill does not cost any money. It simply allows the judicial branch of government to submit its budget directly to the Legislature without changes by the Governor's Budget Office. The Judiciary is one of the three Constitutionally ordained branches of government and one can raise a Constitutional question, if not a Constitutional challenge, about the present procedure whereby the Governor's Budget Office can change the figures submitted to the Legislature by the judicial branch. The bill asks that the judiciary be given the same right or courtesy as the legislative branch now enjoys to have its budget reviewed directly without changes by the Governor's Budget Office.

Proponents' Testimony: Jim Oppedahl, Administrator, Montana Supreme Court said they had this bill last session, made it through the Senate and was tabled in House Appropriations. They need to tell the Legislature what their budget needs are. It is the Committee's responsibility to decide what is necessary. This will not increase the appropriation, simply put before the Committee what their needs are and the Legislature can decide how much they can afford.

Questions From Committee Members: REP. CODY asked if there is anything in the law that says that this budget has to go through the Governor's budget proposal? REP. BARDANOUVE said the general law is that all budgets go through the Budget Office. Curt Nichols, OBPP, said all the budgets are submitted to the Budget Office and put in the comprehensive executive budget. That includes the legislative branch budgets as well. REP. CODY said that is not her question and wants to know if there is anything in the law specifically? REP. BARDANOUVE said it says all budgets must be submitted. REP. QUILICI said all budgets have to be submitted to the Budget Office for review. The legislative budgets cannot be changed as submitted. There are the Executive, Judicial, Legislative branches of government and evidently what they are asking here is that the judicial branch of government, have their budget subject to review by the Governor's office, but

that the budget office cannot change the Judiciary's figures. **REP. CODY** said the reason she asked the question is that **REP. BARDANOUVE** said on the floor, unless something is specifically in the statute then it's considered to be open territory. **REP. BARDANOUVE** said that is on what Montana law is based. If it isn't prohibited, it can be done. **Mr. Oppedahl** said they don't want to "buy" the three-word change in the statute to change the administrator's structure of how they actually put the budget together. That is a good process and gets it all in the book. That is exactly what the Legislature does. The difference is they can't change the numbers. The Legislature can through appropriations.

Closing by Sponsor: **SEN. FRITZ** said if this bill is adopted, it will simply end a gubernatorial influence over the judicial branch of government.

HEARING ON SB 385

Establish Industries Programs at Youth Correctional Facilities

Presentation and Opening Statement by Sponsor:

SEN. KEATING, SD 44, Billings, said this bill is at the request of the Department of Family Services (DFS) and is not an appropriation, merely spending authority. The youth at Pine Hills, as a part of their Vo-Tech program, make things they are able to sell in various shops or on special order and then the monies come back to them to pay for the cost of goods as well as a little bit of income for the youth. What this bill does is establish the authority for Pine Hills to expend the \$6,000 they earn in their slush fund for rotation for purchase of goods and distribution of those earnings.

Proponents' Testimony: **Doug Mathies, DFS,** said the intent of this bill is to give them authorization to run the program. The appropriation is in their budget in HB 2. It is intended for Pine Hills School, but is available to both - Pine Hills and Mountain View.

Questions From Committee Members: **REP. BARDANOUVE** asked if this will put these facilities on the same basis as the developmentally disabled project like Helena Industries and Eastern Montana Industries at Miles City? **Mr. Mathies** said basically yes.

REP. PETERSON said whenever anybody says "slush" fund she wonders, how are they going to audit, how are they going to take care of that, who is going to know when that money is gone. **SEN. KEATING** said he withdrew the phrase "slush" fund and say it is in the industry's purchase of materials and it is a state special fund.

Closing by Sponsor: SEN. KEATING closed.

HEARING ON SB 391

Authorize Managed-Care Systems for the Medicaid and GA
Medicaid Programs

Presentation and Opening Statement by Sponsor: SEN. KEATING, SD 44, Billings, said this bill serves a good purpose and is sure the Committee will appreciate the intention of this proposal. This deals with managed-care system for the distribution of Medicaid services. At the present time, those who are Medicaid eligible may seek medical services from persons who are Medicaid eligible as providers. Often the clients, unsupervised, can go to any Medicaid provider of their choice and are receiving inappropriate services. What will happen is those Medicaid clients will have a file and there will be a care-management technician who will determine the appropriate services for that client so they will receive Medicaid services of their choice from medical providers of their choice, but it will be pre-determined that it is a more appropriate service they receive. The fiscal note explains the way the program will work. It will take the first year 1992 to set it up and will cost about \$70,000 in general fund money. In the second year, 1993, the savings from the reduction of inappropriate services will return about \$470,000 to the general fund so the net impact on the general fund balance will be an increase of \$400,000 in the general fund balance at the end of the biennium.

Proponents' Testimony: Nancy Ellery, Administrator, Medicaid Division of the Department of Social and Rehabilitation Services (SRS), submitted testimony. EXHIBIT 7.

Kathy McGowan, Montana Council Mental Health Centers, said they are advocates of passage of this bill and especially interested in the targeted case management forces.

Curt Chisholm, Director, Department of Institutions, said the Department supports this bill and have worked closely with SRS in arranging for them to add targeted case managers in Medicaid programs. SB 391 does not commit new general fund resources.

Tom Olsen, Director, Department of Family Services, spoke in support of this bill.

Questions From Committee Members: REP. COBB asked Ms. Ellery to explain her remarks "10% savings in AFDC primary care" but in FY 93 there is only a 5% savings. Ms. Ellery said the reason for that is since they are not going to start this until July, 1992, they are estimating they will only get 5% savings the first year of the program. It will take that long to get started. By the time it's in for a full year they will see the 10%. REP. COBB asked if the \$700,000 general fund saving is being taken out of the budget or still to be taken out of HB 2? Ms. Ellery said the

managed care piece is not in HB 2 right now. The managed care piece for the Medicaid where they are saving so much in AFDC primary care is not reflected in HB 2. **REP. COBB** asked if that could be taken out of HB 2? **Ms. Ellery** said those savings are not going to come until the next biennium. It will take a year to get the waiver and then take some time to get the program up and going. **John Chappuis, Medicaid Service Division** said they have submitted a letter to the Governor's office in which this would be incorporated in the 1993 budget to remove that amount of savings. **REP. COBB** asked if this would come out of HB 2? **Mr. Chappuis** said his understanding that it will be submitted to be removed or savings be incorporated in the bill which in effect would remove this amount of cost.

Closing by Sponsor: **SEN. KEATING** said the \$400,000 savings at the end of the biennium had not been worked into HB 2. If the bill passes, then it will be worked in through the budget so there would be a reduction in fund balance.

HEARING ON SB 269

Generally Revise the Laws Relating to General Relief
Medical Assistance.

Presentation and Opening Statement by Sponsor:

SEN. GARY AKLESTAD, SD 6, Galata, said the bill will re-structure the state medical program that was implemented in 1983. There are approximately 3,000 members in the state medical program. SB 269 will give the department new management tools for screening applications and referred to **EXHIBIT 8**. Under the new government proposal, they will be placed on SSI and we will get more federal money. They will be on that program and stay there if our criteria and the federal criteria coincide as far as the screening and if they agree.

Proponents' Testimony: **Ms. Ellery** referred to charts and testimony in **EXHIBIT 8**.

Opponents' Testimony: **Marcia Dias, Montana Low Income Coalition,** said she is an opponent because she does not understand the bill and needs some clarification. She understands the case management and does not oppose that. She does not understand the acute and chronic care and whether this is a cut back in services. She referred to "able bodied would be only allowed" and asked if this would eliminate mental health counseling and drug and alcohol counseling? **Ms. Ellery** said anyone who has a medical need for a service will continue to be allowed the service under this program. The only difference is that they are going to have health care professionals to determine if the person really needs the service.

Questions From Committee Members: **REP. COBB** asked when did that

regulation take effect? **Ms. Ellery** said it was passed out Nov., 1990 and became effective upon enactment. What they are doing is going out for contract for someone to do that independent disability determination for them. **REP. COBB** said if this bill dies that can go on anyway.

REP. CODY asked if the bill has a definition of "acute chronic long term"? **Ms. Ellery** said yes. **REP. CODY** referred to **Ms. Ellery's** statement that she would refer the individual who she feels is eligible to apply for SSI. What if they are not capable of filling out an application and applying for the SSI? **Ms. Ellery** said we will assist those applying for SSI and will require that they do so we can get those federal dollars. **REP. CODY** referred to the statement that this does not effect children yet her synopsis says it limits state medical benefits to persons who are less than 18 years old. **Ms. Ellery** said basically what they have said is that the provisions of this bill will not apply to individuals who are under age 18.

REP. KADAS said you are getting savings from two places. One, the health care person is going to make a judgement whether that person needs care or not and the other is you will be shifting people to SSI. Who decides who the health care person is and how does that person get into this circuit? **Ms. Ellery** said what they plan to do is go out on an RSP. There are a lot of managed care contractors out there because it is a very popular way to better manage medical programs.

REP. BARDANOUVE said in an emergency room for minor procedure the charge can be \$50 for one minute. Does SRS pay that same charge? **Ms. Ellery** said they have payment schedules with the hospitals and have a set fee schedule they pay. Medicaid is always less than what the charges are to the private pay person.

Closing by Sponsor: **SEN. AKLESTAD** thanked the committee for the good hearing and said what this bill will do is give a new management tool to the Department. There are two primary reasons why they are going to save money. They will bring in SSI and there will be savings because of the case management loads. They will help those who really need help.

HEARING ON SB 232

Create Justice Dept. Salvage and Motor Vehicle
Inspection and Identifying Program

Presentation and Opening Statement by Sponsor:

SEN. STEVE DOHERTY, SD 20, Great Falls, said this bill is an outgrowth of an effort by the Attorney General, Montana Sheriff's and Peace Officers Assn., Montana Automobile Dealers, Montana Bankers Assn., Insurance Companies and various local County Attorneys trying to deal with a problem of theft in Montana. A way to solve the problem is to provide for vehicle inspection, of

vehicles that come into the state from out of state and for salvage vehicles. With that vehicle inspection they are going to charge fees, \$18.50 for new vehicles coming in, \$18.50 for salvage vehicles, \$5 for salvage certificates for cars that are wrecked and then rebuilt. They also brought in a user fee to provide the funds to hire the inspectors the Department of Justice needs to hire in order to make this whole system work. The vehicle identification number are hidden in cars and car thieves have become adept at changing those vehicle identification numbers. In order to stop that problem the Department of Justice feels it needs highly trained individuals to inspect the bin numbers to make sure they are transferred or transferable and in doing that they will be able to kill the titles on cars that are wrecked.

Proponents' Testimony: Steve Turkiewicz, Executive Vice President, Montana Automobile Dealers Assoc., said a member of that organization was able to participate in the development of these recommendations the last year and are aware of the problem which faces all consumers of autos and can be solved with this bill.

Questions From Committee Members: REP. CODY said on the synopsis it says there is an additional 24 FTE in FY 92 and 40.5 FTE in FY 93. Does that mean a total over the biennium of 40.5 or a total of 64.5? Mr. Turkiewicz said it would be 40.5 as the maximum number of FTE. The first year is a partial year of operation. REP. CODY asked why do they need so many people to do this? Mr. Turkiewicz said the key is to cover the state adequately in terms of providing the inspections. REP. CODY asked if there is not some system that could be put into place to utilize the local government entities on this or do you feel the department would have to handle it totally on its own. Dean Roberts, Administrator, Motor Vehicle Division, said one of the problems they have now is they do ask for inspection of some vehicles and it is done by local law enforcement. They are not capable of doing it, they don't want to do it. It is very difficult for them because the crime is so sophisticated. They are using local law enforcement officers in this bill. This is only the management part of it. REP. GRADY asked how much impact will this create on the salvage or junk people? SEN. DOHERTY said it will not create any impact. They adopted amendments to cover this in the House Committee.

REP. KIMBERLEY said their summary also indicates the provisions of this bill are in conflict with HB 782. REP. BARDANOUVE said Mr. South has an amendment for that conflict.

REP. KADAS asked for an explanation, the 68,000 to 70,000 vehicles. Some of them are new and he does not understand why a new vehicle needs a bin inspection. Mr. Roberts said those are new vehicles belonging to other states. In fact, any new vehicle that comes into the state of Montana from the manufacturer is not inspected. REP. KADAS asked how many new vehicles are sold in

the state of Montana in a year? **Mr. Turkiewicz** said there are approximately 30,000 new cars and trucks registered in Montana. **REP. KADAS** asked how many new vehicles that aren't titled in Montana would fall under this and are most used vehicles? **Mr. Turkiewicz** said there has been somewhat of a change in flow of cars in Montana and elsewhere. They are called factory cars or programmed cars. A lot of cars that are manufactured go to rental car companies for four months and then go to the billings auto auction. They do up to 400 cars per week.

REP. BARDANOUVE said Montana has become a dumping ground for very questionable cars. **SEN. DOHERTY** agreed. When he first got involved with this a Great Falls dealer was talking about this. It is becoming a real problem with people from out of state because we don't do inspections and don't kill title. **REP. BARDANOUVE** asked if we kill the title will we continue to kill titles on this bill or will that situation remain the same as it is now? **Mr. Roberts** said basically the Department will get the title back on any salvaged vehicle determined to be salvaged by the insurance adjuster.

EXHIBITS 9, 10, 11 and 12 were distributed (amendments voted on during Executive Action later this day).

Closing by Sponsor: **SEN. DOHERTY** said he thinks it is a very serious problem and they have attempted to come up with aid for it without hitting the general fund and knows this Committee will look favorably on it.

HEARING ON SB 421

Stay Well Incentive Program

Presentation and Opening Statement by Sponsor:

SEN. BIANCHI, SD 39, Gallatin County, said currently, state employees earn one day per month of sick leave. They can accumulate that to any level they want and then on retirement, quitting or being fired, they can collect 25% in pay of the sick leave they have accumulated. The problem with this is that it gives employees an opportunity to work the system. If an employee wants to get paid 100% of sick leave, then each month an individual will take a day off to claim sick leave and get paid for that. On the other side of the coin, if an employee is dedicated and works all the time other than actually being sick, by retirement time, will accumulate a large amount of sick leave. The employee will not get paid for all of that, just 25%. What this bill is about is a fairness issue and it says if the employee doesn't quit or get fired and at retirement time could opt to take that accumulated sick leave and apply it toward health insurance and be paid on a monthly basis. The fiscal note is about \$900,000 general fund. If you look at monthly payments versus a lump sum in the next biennium about \$500,000 can be saved but according to the accountants it has to be taken out up

front. He has proposed amendments that would delay the savings at least until the next biennium. If the bill is passed with amendments, the savings for the next biennium would be about \$500,000 FY 92 and \$50,000,000 FY 93, and the same figures for local government. It would make the long range budgeting better.

Proponents' Testimony: Tom Schneider, Montana Public Employee's Association said he has been involved from the beginning because there are two reasons for the bill. One dealt with trying to do something about the overuse of sick leave people who feel they can get the 100% by using it as sick leave rather than waiting until they quit or retire and getting the 25%. The other important side of the bill is to do something for retirees on health insurance which is and always will be a recurring problem.

Mr. Hughes, Hughes Mining Company, Twin Bridges submitted written testimony. EXHIBIT 13.

Questions From Committee Members: REP. BARDANOUVE asked if this amendment would be a violation of the GAAP? Montana is under the GAAP by law, and all accounting entities have to follow the GAAP concept. SEN. BIANCHI said he would get the answer to that.

REP. CODY asked why the Administration Committee in the House changed it from 25% to 100%? SEN. BIANCHI said the intent of the original bill as he introduced it was 100% and asked for a fiscal note but did not have it by the time the bill had to be approved. So when it got into the Committee they had no idea what the money amount would be. To save the bill, they asked to put it at 25%. When it went to the House Administration Committee he asked to have them insert the 100% and they did. REP. CODY said as the law states now, when a state employee retires, they can collect 25% of their accumulated sick leave. If it is left at 25%, which is what they get now only in a lump sum, that would make it revenue neutral. She quoted Mr. Schneider as saying even though that would apply to health insurance premiums it would still be taxable for the retiree because it would be considered a lump sum payment. If you are going to be charged on your income taxes for accepting a lump sum payment which you have not accepted, how do you adjust that? SEN. BIANCHI said if you leave it at 25% there is no advantage to the employee not to take the lump sum. Any step above the 25% there are no tax advantages but he would have the advantage of getting the money on a monthly basis and obtaining more payback of sick leave he has accumulated beyond the 25%.

Closing by Sponsor: SEN. BIANCHI closed.

HEARING ON SB 274**Earmark Revenue from State Railroad Lines****Presentation and Opening Statement by Sponsor:**

SEN. LARRY TVEIT, SD 11, Fairview, said this bill earmarks a new state special revenue account for funding improvements to state-owned railroads and defines which railroads they are going to help. At this time the state owns only one railroad in the Lewistown area. The bill will earmark additional revenue coming from the operation of the line by Central Railroad Co. It goes back to the state and amounts to about \$12,000 a year. The purpose of this is to leave the money with the railroad for added improvements to keep it going. They have had problems in the past because they have branch line closures by the bigger railroads.

Proponents' Testimony: **Viggo Andersen, Transportation Chairman of Montana Grain Growers' Association,** spoke in support of the bill. **EXHIBIT 14.**

Lorna Frank, Montana Farm Bureau, said the railroads should be maintained and kept open so the farmers can send their products to market and would appreciate a Do Pass on the bill.

Don Engellant, Chairman of the Board, Central Montana Railroad, said this Railroad is a private non-profit corporation using its own railroad line and operating and providing rail service to the communities of Geraldine and Denton.

Kay Norenberg urged support of the bill.

Closing by Sponsor: **SEN. TVEIT** said it is a small bill but feels it is important.

HEARING ON SB 82

**An Act Standardizing the Funding Mechanism for
Elementary and High School District Transportation
Schedules.**

Presentation and Opening Statement by Sponsor: **SEN. FRED VAN VALKENBURG, SD 30, Missoula,** said he needed to impress upon the Committee the importance of this bill. Action is needed to meet the transmittal deadline. This bill is a product of HB 28 Oversight Committee and it deals with the issue of transportation. They learned as they studied transportation issues in the public schools that they cannot identify what the actual costs are in respect to transportation and that makes it extremely difficult to equalize those costs. The reason they cannot identify them is right now they have three different sources of funding for transportation and in order to get away from some of the problems associated with elementary and high

school districts trying to shift costs back and forth from one to another. They propose in this bill they go to two sources of funding, half coming from the state and half from a county levy and a county transportation committee would appropriate out to the various school districts that are involved.

Proponents' Testimony: Jan Thompson, OPI, said currently it is 90 cents a mile which is a 12.5% increase over transportation funding and would support bringing it back down a revenue neutral area at 85 cents a mile.

Questions From Committee Members: REP. PECK asked if all the increases, not just the bus schedule, need to be reduced to 6.25%? Ms. Thomson said that is correct. If they reduce the rate where one bus is 85 cents a mile they are structuring it so there is 6.25% increase in all transportation funding.

REP. BARDANOUVE asked "revenue neutral" to what? Ms. Thomson said under current law the state pays 1/3 of elementary transportation costs and 1/3 of high school transportation costs and 2/3 of special education costs. That totals approximately \$17,000,000. Under the new provisions in this bill, the state will pick up 50% and the counties will pick up 50%, which would mean the state will pick up \$10,000,000. Currently, they pick up \$6,000,000 out of the general fund and will pick up \$10,000,000 under this bill. The key factor is, in the elementary district the county assumes responsibility for 1/3 of on-scheduled transportation costs which are funded out of the foundation program. This bill, in essence, is requiring general fund funding for 50% of transportation costs but it is also freeing up approximately \$3,800,000 or \$4,000,000 in the foundation program. It is revenue neutral, dollarwise, but the funding sources become different.

REP. CODY said the urgency of this legislation was stressed and was that because the Committee was worried about another unfunded equalization suit? SEN. VAN VALKENBURG said it is one of the very important parts with respect to that. The Supreme Court, in their decision, said that not only the school general fund had to be equalized, but transportation and retirement had to be equalized.

REP. GRADY asked if this bill is going to address the three-mile limitation? SEN. VAN VALKENBURG said no. REP. GRADY then asked how can the Committee address equalization and transportation when they can't address that particular issue? SEN. VAN VALKENBURG said until they can say that districts are spending X amount on transportation, they can't get to the issue of the three-mile limit.

REP. GRINDE said in HB 28 they put in a gap the same the state runs on and asked if that gap, once it's on line, will pick up these costs of transportation to districts? Ms. Thomson said they are in the process of setting up gap funding for

transportation.

REP. COBB said in moving all this money around, will the general fund be put into these programs? Ms. Thomson said the way the bill is structured now is the state's responsibility will be a general fund appropriation. They have discussed it as a factor in HB 2 of making that appropriation out of the foundation program and having it paid out of that account.

REP. ZOOK asked if every County Superintendent knows how much money is spent for transportation? Ms. Thomson said that is correct. The point they are making here is because there was no definition of how districts were required to report transportation costs to them and there were shifts of expenditures between elementary and high school districts. They want to set up an accounting system so they can adequately identify what costs are being posted to the transportation fund, identify those costs individually, and then work with an interim committee to define what costs the state wants to assume as a responsibility for their share. REP. ZOOK asked if OPI sends them reporting forms? Ms. Thomson said that is correct. Again the problem is there was no instruction as to what kind of cost could be included under certain budgeting codes so there was no consistency in what was included under expenditures on their reports.

REP. BARDANOUE said when they came in with a supplemental bill they put in a large amount of money to help out with the shortfall of OPI in transportation, and asked if that is why it occurred? Ms. Thomson said that is correct.

REP. GRINDE asked if, at one time, there was a voucher system where the districts paid the parents directly for transportation? Ms. Thomson said that is still a provision under current law. It is called an individual contract and if the district does not provide bus service and the student lives more than three miles from the school the district will contract with the parents and pay them a rate of 20 cents a mile. REP. GRINDE asked if there has been any statistics gathered on cost ratios of going that way with a voucher system as opposed to the school districts providing buses. Ms. Thomson said no.

Closing by Sponsor: SEN. VAN VALKENBURG said he appreciated the fairness of the hearing and hopes the Committee will treat the bill just as well.

EXECUTIVE ACTION ON SENATE BILL 105

Motion/Vote:: REP. NISBET moved SB 105 be concurred in. Second Rep. Quilici. Motion carried with Reps. Peterson, Kadas and Grinde voting no.

EXECUTIVE ACTION ON SENATE BILL 242

Motion: REP. CODY moved SB 242 be concurred in. Second Rep. Peterson

Discussion: REP. KADAS said he would like to see a little better track record.

Motion: REP. KADAS moved to amend SB 242 to reduce the 5.1 to 2.5 SB 242. Second Rep. Thoft.

Discussion: REP. BRADLEY spoke against the motion. The track record of the R and D program, coming out of the Science and Technology Alliance is very good. They have appropriated dollars for it in the past. It has been highly successful in doing what it was meant to do. Nobody has come up with any money this time so it has been called a loan. It is unfair to criticize the program. The audit is not that unfavorable.

REP. ZOOK supports REP. BRADLEY and does not believe they are taking money away from anybody. It is pretty worthwhile what they are trying to do, whether they accomplish it or not and opposes the motion.

Vote: Motion failed. Roll call vote # 2.

Vote: REP. CODY'S original motion SB 242 be concurred in carried, with Reps. Cobb, Peck, Bardanoue and Thoft voting no.

EXECUTIVE ACTION ON SENATE BILL 37

Motion/Vote: REP. QUILICI moved SB 37 be amended (EXHIBIT 2). Second Rep. Cody. Motion carried unanimously.

Motion: REP. KADAS moved SB 37 be further amended (EXHIBIT 3). Second Rep. Cody.

Discussion: REP. QUILICI said he believed they were told that with this amendment of \$50, it would generate around \$2,000,000. REP. KADAS said he asked to have that checked and that was wrong. The \$50 generates \$1,000,000 a year. They had originally tried to generate \$2,000,000 and they had \$100 fee so they cut that in half. REP. QUILICI asked if this money will be adequate that to handle this particular bill? A representative from the Board of Crime Control said they are estimating the state liability will be about \$650,000 a year so it is more than adequate.

REP. THOFT asked if this is additional revenue? REP. KADAS said yes.

REP. GRINDE asked if the people who have the machines have been talked to and notified? REP. KADAS said he does not believe they have been talked to and this is the notification.

REP. CODY said this idea has been in the session from the beginning so it is not necessarily a new concept.

Vote: Motion carried, with Reps. Grady, Swysgood, Zook, Peterson, Grinde and Cobb voting no.

Motion/Vote: REP. KADAS moved SB 37 be concurred in as amended. Second Quilici. Motion carried with Reps. Swysgood, Grady, Grinde and Cobb voting no.

EXECUTIVE ACTION ON SENATE BILL 259

Motion/Vote: REP. THOFT moved to TABLE SB 259. Second Rep. Zook. Motion carried with Reps. Quilici, Connelly, Bradley, Peterson, Kimberley and Nisbet voting no.

EXECUTIVE ACTION ON SENATE BILL 269

Motion/Vote: REP. SWYSGOOD moved SB 269 be concurred in. Second Rep. Zook. Motion carried with Reps. Quilici, Connelly, Cobb and Nisbet voting no.

EXECUTIVE ACTION ON SENATE BILL 385

Motion/Vote: REP. THOFT moved SB 385 be concurred in. Second Rep. Kimberley. Motion carried unanimously.

EXECUTIVE ACTION ON SENATE BILL 391

Motion/Vote: REP. THOFT moved SB 391 be concurred in. Second Rep. Swysgood. Motion carried with Rep. Connelly voting no.

HEARING ON SJR 6

Continuing Montana's Membership in Western States
Legislative Forestry Task Force

Presentation and Opening Statement by Sponsor: SEN. BERNIE SWIFT, SD 32, Hamilton, said it is basically a Joint Resolution for appointing delegates to the Western States Legislative Forestry Task Force. Montana has been involved with the five other western states and now two provinces in Canada since 1974. The main purpose is because these states, collectively, average about 50% federal ownership so the reason for this is that it does give a voice in federal policy, activities that takes place on these lands and basically they are very vital to the economy of Montana and the other states involved. He asked for support of this resolution and handed out EXHIBITS 15 AND 16.

Closing by Sponsor: SEN. SWIFT thanked the Committee for the hearing and said when they look at the fiscal note on this Joint Resolution that does not show you exactly what the cost will be. They can get by and participate on a limited basis by having one or two meetings so they can voice Montana's opinion.

EXECUTIVE ACTION ON SENATE BILL 229

Motion/Vote: REP. QUILICI moved SB 229 be concurred in. Second Rep. Bradley. Motion carried with Reps. Thoft, Zook, Swysgood, Bardanouve, Grinde, Peterson and Kadas voting no.

EXECUTIVE ACTION ON SENATE BILL 232

Motion/Vote: REP. PETERSON moved SB 232 be amended (EXHIBIT 10). Second Rep. Nisbet. Motion carried unanimously.

Motion: REP. KADAS moved SB 232 be amended (EXHIBIT 9). Second Rep. Bradley.

Discussion: Carroll South, LFA, said this is another conflict issue raised by the Legislative Council and the amendment was prepared by the Chief Legal Counsel.

Vote: Motion carried unanimously.

Motion: REP. PETERSON moved SB 232 be concurred in as amended. Second Rep. Nisbet.

Discussion: REP. SWYSGOOD asked what is the funding source? REP. BARDANOUE said there will be fees. REP. PETERSON said there will be an \$18.50 fee on out-of-state inspections coming in, also on salvage inspections. There will be a lesser fee on a salvage certificate if the car is being totalled. REP. SWYSGOOD asked if this fee that is on the amendment will cover the personnel being hired. REP. BARDANOUE said you will have to limit the people to the revenue that is coming in.

REP. THOFT said he does not understand out-of-state inspections. Mick Robinson said that refers to the vehicle that is coming into Montana from out of state when they are applying for a Montana title. That is the situation where they have had a number of stolen vehicles that end up coming into the state. There is presently no inspection.

REP. SWYSGOOD said on the amendment that is in the bill now, in the expenditure side they are putting driver's exam, supervisors, inspectors and clerks. What does that have to do with bin inspections? Mr. Robinson said those are basically the classification titles that these individuals would flow into in the state classification system.

Motion: REP. BRADLEY moved SB 232 be amended to leave the FTEs at 24 and not 40 and that the budget be reflected accordingly. Second Rep. Kadas.

Discussion: REP. BARDANOUE asked can they do the job? REP. BRADLEY said they could probably do about as much of the job as the social workers they totally devastated in the House that are being called upon to take care of neglected and abused children.

Mr. Robinson said what happened with that particular type of staffing is that the smaller communities end up receiving very limited service. What they propose to do in the smaller communities is hire half-time individuals that will mesh with the driver's exam individuals.

REP. CODY spoke against the amendment because the state has a tremendous problem. What she foresees is, if you take the majority of the FTEs and put them in the bigger communities that will have the inspections because of the numbers you will end up driving this out in the country.

REP. KADAS spoke in favor of the motion.

REP. QUILICI asked if this amendment passes, will the budget reflect accordingly? REP. BRADLEY said she would include that in the motion.

Vote: REP. BRADLEY'S motion carried. Roll call vote # 3.

Vote: REP. PETERSON'S motion failed, with Reps. Peck, Thoft, Swysgood, Connelly, Cody, Grinde, Cobb, Zook and Grady voting no.

Motion/Vote: REP. PECK moved to reconsider their action. Second Rep. Quilici. Motion carried with Reps. Thoft, Swysgood, Connelly, Grady, Cody, Zook, Cobb and Grinde voting no.

Motion/Vote: REP. QUILICI moved SB 232 be concurred in as amended. Second Rep. Peck. Motion carried with Reps. Thoft, Swysgood, Connelly, Grady, Cody, Zook, Cobb and Grinde voting no.

EXECUTIVE ACTION ON SENATE BILL 421

Motion/Vote: REP. THOFT moved SB 421 be TABLED. Second Rep. Swysgood. Motion carried with Reps. Connelly, Quilici, Nisbet and Kimberley voting no. Rep. Grady absent.

EXECUTIVE ACTION ON SENATE JOINT RESOLUTION 6

Motion/Vote: REP. THOFT moved SJR 6 be TABLED. Second Rep. Swysgood. Motion carried with Reps. Quilici, Cobb and Nisbet voting no.

EXECUTIVE ACTION ON SENATE BILL 82

Motion/Vote: REP. PECK moved SB 82 be amended by reducing all increases by 50%. Second Rep. Nisbet. Motion carried unanimously.

Motion/Vote: REP. PECK moved SB 82 be concurred in as amended. Motion carried with Reps. Thoft, Swysgood, Grady, Zook, Peterson, Grinde and Cobb voting no.

EXECUTIVE ACTION ON SENATE BILL 274

Motion/Vote: REP. GRINDE moved SB 274 be concurred in. Motion carried unanimously.

EXECUTIVE ACTION ON SENATE BILL 62

Motion/Vote: REP. KADAS moved SB 62 be TABLED. Second Rep. Peck. Motion passed with Reps. Bradley, Grinde, Cobb, Cody and Kimberley voting no.

EXECUTIVE ACTION ON SENATE BILL 215

Motion/Vote: REP. COBB moved SB 215 be amended. EXHIBIT 17. Second Rep. Kimberley. Motion carried unanimously.


Motion/Vote: REP. NISBET moved SB 215 be concurred in as amended. Second Rep. Kimberley. Motion failed. Roll call vote # 4.

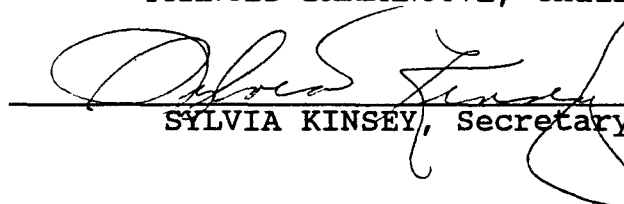
Motion/Vote: REP. PECK moved to reconsider action on SB 215. Second Rep. Quilici. Motion carried with Reps. Thoft, Swysgood, Cody, Grady, Peterson, Zook and Cobb voting no.

Motion/Vote: REP. BRADLEY moved SB 215 be concurred in as amended. Second Rep. Nisbet. Motion carried. Roll call vote # 5.

ADJOURNMENT

Adjournment: 1:00 P.M.


FRANCIS BARDANOUVE, Chair


SYLVIA KINSEY, Secretary

FB/SK

3:30
4-4-91
JDB

HOUSE STANDING COMMITTEE REPORT

April 4, 1991

Page 1 of 2

Mr. Speaker: We, the committee on Appropriations report that House Bill 93 (second reading copy -- yellow) do pass as amended .

Signed: Francis Bardanouve, Chairman

And, that such amendments read:

1. Title, lines 12 and 13.

Following: ~~"DEPOSITED IN THE GENERAL FUND"~~ on line 12

Strike: ~~"USED FOR CERTAIN MEDICAID REIMBURSEMENTS"~~

Insert: "DEPOSITED IN THE GENERAL FUND"

2. Title, line 14.

Following: "DATES"

Strike: "

Insert: "AND"

3. Title, lines 14 and 15.

Following: "DATE"

Strike: " , AND A TERMINATION DATE"

4. Page 5, line 16.

Following: "1993"

Insert: "and each year thereafter"

5. Page 14, lines 7 and 8.

Following: ~~"general fund"~~

Strike: the remainder of line 7 and line 8 in their entirety

Insert: "the state general fund"

6. Page 14, line 17.

Following: "APPROPRIATED"

Strike: "FROM THE ACCOUNT ESTABLISHED IN [SECTION 13]"

7. Page 14, line 22.

Strike: "STATE SPECIAL REVENUE FUNDS \$923,626"

Insert: "State General Fund \$508,576"

8. Page 14, line 23.

Strike: "2,341,223"

Insert: "1,289,147"

9. Page 14, line 24.

Strike: "\$3,264,849"

Insert: "\$1,797,723"

10. Page 15, line 1.

Strike: "STATE SP, CIAL REVENUE FUNDS \$1,465,300"

Insert: "State General Fund \$618,316"

11. Page 15, line 2.

Strike: "3,749,294"

Insert: "1,582,096"

12. Page 15, line 3.

Strike: "\$5,214,594"

Insert: "\$2,200,412"

13. Page 17, lines 10 and 11.

Strike: lines 10 and 11 in their entirety

HOUSE STANDING COMMITTEE REPORT

April 4, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that
Senate Bill 105 (third reading copy -- blue) be concurred in .

Signed: 
Francis Bardanouve, Chairman

Carried by: Rep. Wyatt

HOUSE STANDING COMMITTEE REPORT

April 4, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that Senate Bill 242 (third reading copy -- blue) be concurred in.

Signed: Francis Bardanoue
Francis Bardanoue, Chairman

Carried by: Rep. Bradley


HOUSE STANDING COMMITTEE REPORT

CORRECTED COPY

April 4, 1991

Page 1 of 4

Mr. Speaker: We, the committee on Appropriations report that Senate Bill 37 (third reading copy -- blue) be concurred in as amended .

Signed: 

Francis Bardanouve, Chairman

Carried by: Rep. Jim Rice

And, that such amendments read:

Amend House Judiciary Committee report dated February 11, 1991, as follows:

Amendment No. 1 through 3

Strike: Amendment No. 1 through 3

Amend the third reading copy of the bill as follows:

1. Title, line 20.

Following: "SERVICES;"

Insert: "PROVIDING FOR A FEE ON COIN-OPERATED, RECREATIONAL GAME MACHINES TO FUND YOUTH DETENTION SERVICES, FACILITIES, AND PROGRAMS; PROVIDING A STATUTORY APPROPRIATION;

Following: "15-25-122,"

Insert: "17-7-502,"

2. Page 29.

Following: line 12

Insert: "NEW SECTION. Section 25. Coin-operated, recreational, electronic and electromechanical game machine permit -- permit fee -- collection and disposition of fee -- penalty. (1) For purposes of this section, "game machine" means a coin-operated, recreational, electronic or electromechanical device into which a player inserts a coin or coins to play a video or other game and receives either no prize or only one or more free games as a prize. The term includes but is not limited to games commonly known as video games and pinball machines. It does not include a machine or other device regulated under Title 23, chapter 5.

(2) A game machine may not be made available for public play unless the person upon whose premises it is made

available for public play has obtained a permit from the department of revenue. The permit fee is \$50 a year, renewable annually on July 1. The fee for a game machine made available for public play for only part of a year must be prorated. The department shall develop a sticker to be placed on each game machine, in a location chosen by the department. The sticker is evidence of payment of the fee.

(3) The department may adopt rules to implement this section

(4) There is an account in the state special revenue fund. Money collected under subsection (2) must be deposited by the department in the account. One-tenth of the money in the account is statutorily appropriated, as provided in 17-7-502, to the department to be used to administer this section, and the remainder is statutorily appropriated to the board of crime control to be used by the board to fund state grants to counties for youth detention services, facilities, centers, holdovers, and programs, as provided in [section 8].

(5) A person who purposefully or knowingly makes a game machine available for public play without payment of the fee is punishable upon conviction by not more than 30 days in jail, a fine of not more than \$500, or both.

Section 26. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111; 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101; 75-5-1108; 75-11-313;

76-12-123; 80-2-103; 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306; [section 25]; and section 13, House Bill No. 861, Laws of 1985.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3), pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991.)"

Renumber: subsequent sections

3. Page 29, line 24.

Following: line 23

Insert: "NEW SECTION. Section 29. Coordination instruction. If this bill and either Senate Bill No. 38 or Senate Bill No. 59 are passed and approved, then the definition of "youth in need of supervision" contained in the amendment to 41-5-103 in Senate Bill No. 38 and Senate Bill No. 59 is amended to read:

"Youth in need of supervision" means a youth who commits an offense prohibited by law that, if committed by an adult, would not constitute a criminal offense, including but not limited to a youth who:

- (a) violates any Montana municipal or state law regarding use of alcoholic beverages by minors;
- (b) habitually disobeys the reasonable and lawful demands of his parents, foster parents, physical custodian, or guardian or is ungovernable and beyond control;
- (c) being subject to compulsory school attendance, is habitually truant from school; or
- (d) has committed any of the acts of a delinquent youth but whom the youth court, in its discretion, chooses to regard as a youth in need of supervision."

Renumber: subsequent sections

4. Page 29, line 25.

Following: "18"

Strike: ", "

April 4, 1991
Page 4 of 4

Insert: "and"
Strike: "26"
Insert: "28"
Strike: ", and this section"

5. Page 30, line 3.

Following: line 2

Insert: "(3) [Section 29 and this section] are effective on
passage and approval."

HOUSE STANDING COMMITTEE REPORT

April 4, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that
Senate Bill 269 (third reading copy -- blue) be concurred in.

Signed: Francis Bardanoue
Francis Bardanoue, Chairman

Carried by: Rep. Boharski

HOUSE STANDING COMMITTEE REPORT

April 4, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that Senate Bill 385 (third reading copy -- blue) be concurred in .

Signed: Francis Bardanouve
Francis Bardanouve, Chairman

Carried by: Rep. Cobb

HOUSE STANDING COMMITTEE REPORT

April 4, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that
Senate Bill 391 (third reading copy -- blue) be concurred in .

Signed: Francis Bardanoue
Francis Bardanoue, Chairman

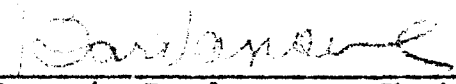
Carried by: Rep. Boharski

HOUSE STANDING COMMITTEE REPORT

April 4, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that Senate Bill 229 (third reading copy -- blue) be concurred in .

Signed: 
Francis Bardanouve, Chairman

Carried by: Rep. Bradley

4:25
4-4-91
JDB

HOUSE STANDING COMMITTEE REPORT

April 4, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that Senate Bill 232 (third reading copy -- blue) be concurred in as amended.

Signed: 
Francis Bardanouve, Chairman

CARRIED BY: REP. PETERSON

And, that such amendments read:

1. Title, line 19.

Following: ";

Insert: "TO PROVIDE AN APPROPRIATION;"

2. Page 6, line 17.

Strike: "\$18.50"

Insert: "\$11.50"

3. Page 6, line 20.

Strike: "\$18.50"

Insert: "\$11.50"

4. Page 16, line 18.

Following: "75-10-513(2)"

Insert: "discovered during department of justice inspections"

5. Page 16.

Following: line 18

Insert: "NEW SECTION." Section 7. Appropriation. There is appropriated to the motor vehicle division in the department of justice from the general fund \$417,300 in fiscal year 1992 and \$769,140 in fiscal year 1993 to fund the creation and operation of the statewide vehicle identification number inspection program."

Renumber: subsequent section

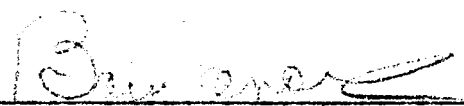
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4-4-91
JDB

HOUSE STANDING COMMITTEE REPORT

April 4, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that Senate Bill 82 (third reading copy -- blue) be concurred in as amended.

Signed: 
Francis Bardanouve, Chairman

Carried by: Rep. Peck

And, that such amendments read:

1. Page 18, line 13.
Strike: "90"
Insert: "85"

2. Page 18, line 18.
Strike: "2.25"
Insert: "2.13"

3. Page 18, line 20.
Strike: "90"
Insert: "85"

4. Page 20, line 15.
Strike: "22.5"
Insert: "21.25"

5. Page 23, line 12.
Strike: "\$5.62"
Insert: "\$5.31"


6. Page 23, line 13.
Strike: "\$3.38"
Insert: "\$3.19"

HOUSE STANDING COMMITTEE REPORT

4/4/91
153
April 4, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that
Senate Bill 274 (third reading copy -- blue) be concurred in .

Signed: 
Francis Bardanouve, Chairman

Carried by: Rep. Johnson

4:23
4-4-91
707

HOUSE STANDING COMMITTEE REPORT

April 4, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that Senate Bill 215 (third reading copy -- blue) be concurred in as amended.

Signed: Francis Bardanouve
Francis Bardanouve, Chairman

Carried by: Rep. Kadas

And, that such amendments read:

1. Page 3, line 1.

Following: "4]"

Insert: ", for bonds issued to finance capital projects for
community health facilities that contract with the state to
provide health care services"

2/21/93
 EXHIBIT 4/4/91
 DATE 5/3/91

PROJECTED
 DETENTION RELATED COSTS
 FOR FY93

	STATE	COUNTY	FEDERAL	TOTAL
Secure Detention				
Five secure detention programs @ \$200,000 each.	500,000	500,000	0	1,000,000
This assumes that 28 secure detention beds would be available from no more than five facilities located within three hours driving time of population area served.				
holdover Programs -				
One holdover program in each of the twenty Judicial Districts. The average cost of a holdover program is estimated to be \$15,000. These programs would be funded 75% with federal funds and 25% County funds.	25,000	75,000	200,000	300,000
Evaluations -				
The cost of providing evaluations at state correctional facilities and at community based secure or non-secure programs is estimated to be \$101,000.	0	101,000	0	101,000
Transportation -				
The costs of transporting youth to secure detention, sheltercare or holdover programs is estimated to be \$100,000.	50,000	50,000	0	100,000
Administration -				
One technical support position to assist in the development of multi-county programs and administration of project, and \$20,000 in planning grants.	70,000	0	0	70,000
TOTAL	645,000	726,000	200,000	1,571,000

3
Passed

EXHIBIT 2
DATE 4-4-91
~~SB~~ SB 37

Amendments to Senate Bill No. 37
Third Reading Copy

Requested by Greg Petesch
For the Committee on Appropriations

Prepared by Greg Petesch
March 5, 1991

1. Page 29, line 24.

Following: line 23

Insert: "NEW SECTION. Section 28. Coordination instruction. If this bill and either Senate Bill No. 38 or Senate Bill No. 59 are passed and approved, then the definition of "youth in need of supervision" contained in the amendment to 41-5-103 in Senate Bill No. 38 and Senate Bill No. 59 is amended to read:

"Youth in need of supervision" means a youth who commits an offense prohibited by law that, if committed by an adult, would not constitute a criminal offense, including but not limited to a youth who:

(a) violates any Montana municipal or state law regarding use of alcoholic beverages by minors;

(b) habitually disobeys the reasonable and lawful demands of his parents, foster parents, physical custodian, or guardian or is ungovernable and beyond control;

(c) being subject to compulsory school attendance, is habitually truant from school; or

(d) has committed any of the acts of a delinquent youth but whom the youth court, in its discretion, chooses to regard as a youth in need of supervision."

Renumber: subsequent section

2. Page 29, line 25.

Following: "18"

Strike: ", "

Insert: "and"

Strike: ", and this section"

3. Page 30, line 3.

Following: line 2

Insert: "(3) [Section 28 and this section] are effective on passage and approval."

3
passed

Amendments to Senate Bill No. 37
Third Reading Copy (as amended by House Judiciary
Committee Report dated February 11, 1991)

Requested by Rep. Strizich

Prepared by John MacMaster
April 1, 1991

Amend House Judiciary Committee report dated February 11, 1991,
as follows:

Amendment No. 1 through 3
Strike: Amendment No. 1 through 3

Amend the third reading copy of the bill as follows:

1. Title, line 20.

Following: "SERVICES;"

Insert: "PROVIDING FOR A FEE ON COIN-OPERATED, RECREATIONAL
GAME MACHINES TO FUND YOUTH DETENTION SERVICES, FACILITIES, AND
PROGRAMS; PROVIDING A STATUTORY APPROPRIATION;

Following: "15-25-122,"

Insert: "17-7-502,"

2. Page 29.

Following: line 12

Insert: "NEW SECTION. Section 25. Coin-operated, recreational,
electronic and electromechanical game machine permit --
permit fee -- collection and disposition of fee -- penalty.

(1) For purposes of this section, "game machine" means a
coin-operated, recreational, electronic or electromechanical
device into which a player inserts a coin or coins to play a
video or other game and receives either no prize or only one
or more free games as a prize. The term includes but is not
limited to games commonly known as video games and pinball
machines. It does not include a machine or other device
regulated under Title 23, chapter 5.

(2) A game machine may not be made available for public
play unless the person upon whose premises it is made
available for public play has obtained a permit from the
department of revenue. The permit fee is \$50 a year,
renewable annually on July 1. The fee for a game machine
made available for public play for only part of a year must
be prorated. The department shall develop a sticker to be
placed on each game machine, in a location chosen by the
department. The sticker is evidence of payment of the fee.

(3) The department may adopt rules to implement this
section

(4) There is an account in the state special revenue
fund. Money collected under subsection (2) must be
deposited by the department in the account. One-tenth of

the money in the account is statutorily appropriated, as provided in 17-7-502, to the department to be used to administer this section, and the remainder is statutorily appropriated to the board of crime control to be used by the board to fund state grants to counties for youth detention services, facilities, centers, holdovers, and programs, as provided in [section 8].

(5) A person who purposefully or knowingly makes a game machine available for public play without payment of the fee is punishable upon conviction by not more than 30 days in jail, a fine of not more than \$500, or both.

Section 26. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111; 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306; [section 25]; and section 13, House Bill No. 861, Laws of 1985.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3), pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991.)"

Renumber: subsequent sections

EX. 3
4-4-91
SB 37

3. Page 29, line 25.
Strike: "26"
Insert: "28"

Montana Nurses' Association

P.O. Box 5718 • Helena, Montana 59604 • 442-6710

CONTACT - Barbara Bothe

EXHIBIT 4

DATE 4/4/91

HB 58259

1988
259 Clarify Duty of DHES to provide
Consultation Services for Public
Health & School Nurses

HISTORY

The dissolution of the Nursing Bureau by the 1987 legislature eliminated several critical DHES functions which have not been able to be assumed by any entity in State government. The loss of these consultative functions directly affects approximately 350-400 nurses who are employed in public health and school nursing throughout Montana.

ISSUE

Nurses who work in public health and school nursing function as "small businesses" in their own right--they are responsible for program development, budgeting, marketing, billing and collecting fees for services (when applicable), evaluating services, maintaining their own professional expertise, all while meeting the nursing needs of a diverse client population. Depending on the educational preparation, many of these nurses have not had any public health education in their curriculum.

Public health and school nurses are locally employed by county governments and school districts and, with the exception of large, full time health departments these nurses typically work in "professional isolation." Nurses in virtually every other employment setting have other professionals available who either provide consultation about or do the functions of program planning, continuing education, and budgeting, to name a few.

PROPOSAL

Reestablish several functions formerly provided by the Nursing Bureau by employing 1-3 FTE who are Master's Prepared Public Health Nurse(s) to provide:

1. technical assistance in program development implementation and evaluation.
2. professional consultation regarding public health and health care delivery.
3. continuing education for local professionals.

4 2068
 X-1111
 DATE 4/4/91
 HB 50259

TETON COUNTY

Choteau, Montana 59422

466-2552

Feb. 7, 1991

Public Health Nurse
 P.O. Box 885
 Choteau, MT 59422

Dorothy Eck
 Chairman
 Senate Public Health Committee
 Capital
 Helena, MT 59620

Angela Russell
 Chairman
 House Human Services and Aging
 Capital
 Helena, MT 59620

Dear Chairman Eck/Russell

I am writing this letter regarding S.B. 259. I have been Teton County's Public Health Nurse of eleven years. I work full time and have a part time secretary. As Public Health Nurse I wear many hats, I'm the nursing administer, the staff nurse, the school nurse, the program planner, the WIC director and any thing else the department needs. There are many nurses in rural Montana in the same situation.

I do all I have to do with no professional supervision. I have no one to discuss concerns with; no one to help me develop protocols and procedures; no one to contact when a problem arises in the community; no one to review and evaluate my programs. Can you imagine other tax supported programs having to function this way?

Please support S.B. 259 to re-instate the funding and function of the nursing bureau. This will provide rural Public Health Nurses, such as myself, a resource we desperately need.

Sincerely,

Lora Wier R.N.
 Lora Wier R.N.

EXHIBIT 4 348
DATE 4/4/91
HB 88559

Senate Bill 259

Fax # 44-267-38

the public health nurses
in MT need your support
of Senate bill 259 for providing
consultation & direction in
health care.

the public health
nurses of eastern Montana
especially are in need of
this service

Marion Chudensky
Public Health Nurse
Wilbert County
Wilbert MT

EXHIBIT 4 4 of 8
DATE 4/4/91
HB SB 259

FAX 4426738

The Public Health Nurses in Montana need your support of
Senate Bill 259 for consultation and direction in nursing and health
care. Eastern Montana nurses have the greatest need.

Nina Verhasselt
Richland Co. Health Dept.
Sidney, MT 59270

SENT BY: Sidney Public Library ; 2-11-91 9:39AM ;

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EXHIBIT cl 5068

DATE 4/4/91

HB SB 259

FAX 4426738

The Public Health Nurses in Montana need your support of
Senate Bill 259 for consultation and direction in nursing and health
care. Eastern Montana nurses have the greatest need.

Mary Alice Rehbein,
Administrator
Richland County Health Dept.
Sidney, Mt.

4 6868
BIT 4/4/91
E 3B 259

FAX 4426738

The Public Health Nurses in Montana need your support of
Senate Bill 259 for consultation and direction in nursing and health
care. Eastern Montana nurses have the greatest need.

Carol Lee
Richland Co. Health Dept.
Sidney, MT

EXHIBIT 4 2068
DATE 4/4/91
HB 90259

FAX 4426738

The Public Health Nurses in Montana need your support of
Senate Bill 259 for consultation and direction in nursing and health
care. Eastern Montana nurses have the greatest need.

Karen Ziegler, RN
Richland Co. Health Dept.
Sidney, MT

MAR-12-1991 11:08AM

FROM MISSOULA HEALTH DEPT.

TO

162423914426738

P.02

MISSOULA
COUNTY

MISSOULA

CITY-COUNTY HEALTH DEPARTMENT

301 W. ALDER

MISSOULA, MONTANA 59802

(406) 721-5700

EXHIBIT 4 8 6 8
DATE 4/4/91
HB 7B259

March 12, 1991

Honorable Representative Angela Russell
Human Services and Aging Committee
Montana House of Representatives
Capitol
Helena, MT 59620

Dear Representative Russell,

I am in support of Senate Bill 259 which will benefit local health departments by providing them with the services of two nursing consultants located within the State Department of Health and Environmental Sciences. The consultants will provide:

- technical assistance in the development, implementation and evaluation of health programs,
- professional consultation regarding community health and health care delivery, and
- continuing education programs.

The role of the community health nurse (CHN) focuses on prevention of illness and promotion of health. Their work is conducted in diversified settings including homes, clinics, schools or community groups. The CHN's responsibilities range from primary nursing care to the development of community health standards and policies. In order to support CHNs across the state in meeting this broad range of professional responsibilities, the guidance, education and coordination provided through SB 259 is essential.

Thank you for considering this legislation, I urge your support of SB 259.

Sincerely,

Yvonne Bradford

Yvonne Bradford, Director
Health Services

ceph 5
EXHIBIT 5
DATE 4/4/91
HB 918259

WITNESS STATEMENT

NAME Teresa K. Henry BILL NO. SB259
ADDRESS 413-25th St South Great Falls DATE 4-3-91
WHOM DO YOU REPRESENT? Montana Nurses Association
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Here in support of this bill both as a representative
of MNA + personally

Community Health Nurses work with specific clients
in the community and work ~~with~~ to address/solve
community-wide health problems.

Examples: Pregnant women; school children; adults with
communicable diseases like Tb, AIDS, Food poisoning, older adults
who want to stay in their homes, Homeless, poor people

Prevention is cost-effective

Nursing consultants will give public health nurses
resources to see solutions to problems beyond the
immediate response and to respond to problems they
have had limited experience with. Consultants on
state level will help us do our jobs

EXHIBIT 6
DATE 4/4/91
HB SB259

WITNESS STATEMENT

NAME Kathleen Manion BILL NO. SB259

ADDRESS 2513 Gold Rush Helena DATE 4-4-91

WHOM DO YOU REPRESENT? Mt. Assoc. of School Nurses

SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY. - DONE

Comments: see attached

EXHIBIT ⁶

DATE 4/4/91

HB SB 259

Testimony on Senate Bill 259

Submitted by:

Kathleen Manion RN

Certified School Nurse

Helena Public Schools

I speak to you today on behalf of the Montana Association of School Nurses, in favor of this piece of legislation. I have been a school nurse in the Helena area for ten years and for the last two years have served on the Board of Directors for the National Association of School Nurses. I am pleased to be here today, as I am one of your constituents whom this bill directly affects. I have pertinent information that I hope you will find helpful.

School nurses work in the Public Health arena and until four years ago relied on the nursing consultation services provided through the State Health Department. The cliché "you don't know what you have until you've lost it" could not be more appropriate at this time. I am going to have a hard time sharing with you how strongly we school nurses feel about having this or a similar position reinstated. The nurses in more rural areas have been especially impacted. I am lucky, as I have six school nurse colleagues in the Helena District but those nurses who are by themselves in rural school districts have truly struggled the most.

Our job as school nurses is to promote the health of all the children we serve. School nurses love children. They are what make our jobs wonderful. Bobby was a 5 year old I met in 1980, the first year I was a school nurse. He was bright and loved school. One day he came with a dark bruise on his face and it became obvious to us that he had been hit there. It was the first child abuse case I had encountered in my new position and I was unsure of myself. I called Maxine Ferguson at the State Nursing Bureau and she not only provided me with helpful guidance but boosted my confidence. I've dealt with many abuse cases since then, unfortunately, but I'll never forget the help Maxine provided me when I needed it the most. She was always there to give me advice, whether about a specific situation, a programatic question, or to provide a pertinent continuing education course.

EXHIBIT 6
DATE 4/4/91
HB SB 259

School nurses do more than bandaids. Not only do we deal extensively with child abuse, we also screen children for potential health problems such as vision, hearing, scoliosis and dental problems. We teach health education as a resource person. We maintain health records, especially immunization records, to comply with state law. We make home visits, develop health programs for children with special concerns such as asthma, diabetes, epilepsy, genetic disorders, emotional problems, those needing medications in school; the list goes on. We make independent nursing decisions every day, and are the only health care person on site. Most recently and importantly, the disease of AIDS has made our jobs in the schools more crucial than ever. Educating our children about this disease has far reaching implications.

We need a nursing consultant on the state level. We need technical assistance in the development of programs, and continuing education opportunities specific to school nursing. It is vital to school nursing programs statewide, but mostly vital to the children we serve.

We school nurses have discussed the importance of this position many times, at our biannual meetings. Quite frankly, we have felt a sense of abandonment by our State Health Department. Somewhere in our state, at this moment, a five year old Bobby may also be feeling abandoned. Let's not allow this to happen. Please vote Do Pass on Senate Bill 259.

I will be glad to answer any questions you may have.
Thank you.

Respectfully,

Kathleen Manion

Kathleen Manion RN CSN

EXHIBIT

DATE

HB

7

4/4/91

SB 391

TESTIMONY OF THE DEPARTMENT OF SRS
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
(RE: SB 391 Authorize Managed Care Systems
for the Medicaid and State Medical Programs)

Chairman, members of the committee, my name is Nancy Ellery and I'm the Administrator of the Medicaid Division of the Department of Social and Rehabilitation Services. I appreciate the opportunity to appear before you today to discuss SB 391 which would authorize the Department to develop managed care systems in Montana's Medicaid and State Medical program and add targeted case management as an optional Medicaid service.

Managed care is a term heard more and more often these days, and it can mean a lot of different things. The broad definition is that managed care is the coordination and oversight of health care delivery. The goal is to reduce costs by decreasing the unnecessary or inappropriate use of medical services.

The managed care model we plan to use in the State Medical Program is the certification model. SRS plans to contract with an outside health care organization to certify services as medically necessary before the state will pay for them. This managed care contract will be similar to the one now in place for state employees. We expect 30% savings in inpatient hospital costs based on experience in the public and private sector. Under the current State Medical Program, a client gets a monthly letter of authorization which they can use to get any services covered by the program. Under this type of system there is potential for abuse.

For example, one person got 196 prescriptions in a one year period. These prescriptions were for drugs such as sleeping pills, muscle relaxants, and pain killers, all prime candidates for addiction and abuse. These prescriptions cost the program \$1,710. Another person visited the outpatient department of the hospital 61 times in three months for backaches. These visits cost the program \$1,422. Another person not only used the emergency room to avoid asking his doctor for prescription drugs, he used the ambulance to get there. Under a managed care system the State will only pay for services determined to be medically necessary but no one who needs services will be denied.

The method of managed care we plan to use in the Medicaid Program is called primary care case management.

The Primary Care Case Management Model

In the primary care case management model, states enroll primary care providers who agree to act as case managers. The provider must agree to provide or authorize all the health needs of enrolled clients and provide 24 hour a day, 7 days a week service. The physician provides education to clients on how best to use the system. A nominal case management fee of \$2 - \$3 a month for every client enrolled will be paid to participating providers.

Because managed care recognizes the importance of the physician in establishing a care plan and limit client behavior physicians find difficult, it is attractive to physicians and provides an on-going

DATE 4/4/77
HB SB 391

doctor/client relationship or "medical home".

Once a person becomes eligible for Medicaid, they will get a list of the participating primary care providers in their area. The client chooses one of the participating providers and from then on must get all care or referrals for care from that provider. Referrals to other physicians must be authorized by the primary care physician in order to be paid. The only exception would be emergencies.

The state must apply for a waiver from the federal government to limit a client's choice of providers and demonstrate cost savings. It is anticipated that the waiver will take approximately one year to get approved. After the waiver is approved, SRS will implement a managed care program on a phase-in basis for AFDC recipients statewide.

Primary care case management benefits everyone involved in Medicaid: providers, clients and the State of Montana.

Providers benefit because they can monitor patient care by improving the coordination and continuity of that care. It eliminates "shopping around," and over-use of medications where Medicaid clients go from doctor to doctor or pharmacy to pharmacy for the same medical problem.

Clients benefit because they have much better access to care. Right now, clients can see whoever they wish, as long as that provider accepts Medicaid and is willing to see them. The hitch can be finding a provider who accepts Medicaid. Under managed care, clients will know exactly who to see and their physician will see them.

Finally, the state benefits because of significant cost savings. The savings are usually due to reduced use of hospitals, including emergency rooms. Thirty other states have implemented some version of managed care in their Medicaid programs. Cost savings for Montana were based on actual experience in these states which shows 10% annual savings in AFDC primary care costs. This amounts to an estimated \$2 million total savings for the last 6 months in FY 93. The fiscal note includes one FTE to develop and implement the managed care program in Medicaid.

Other states experience have shown that managed care not only saves money, but is also improves the quality of and access to care for Medicaid recipients.

Targeted Case Management

The other part of SB 391 would add targeted case management as a Medicaid covered service. Forty-one states have already included this service in their Medicaid state plan.

The federal Medicaid statute defines targeted case management as "services to assist individuals in gaining access to needed medical, social, education, and other services". Case management services can include client assessment, education and care planning.

This federal definition gives states much flexibility as to what services

EXHIBIT 7
DATE 4/4/91
HB SB 391

they can offer as case management. It allows the state to target case management services to specific populations, providers, and to specific areas of the state. This is not true of other Medicaid services which require you to provide the same services to all Medicaid eligibles on a statewide basis.

The Department of SRS has been working with the Departments of Family Services, Institutions, and Health to provide Medicaid reimbursement for case management services to the following target groups:

- High-risk pregnant women
- Chronically mentally ill adults
- Developmentally disabled adults
- Seriously and emotionally disturbed children

The Departments are working together to define the population to be served, the geographic area, the payment methodology, and the qualifications of case management providers.

Case management providers are most often individuals who have experience with the targeted population. The case managers can be Department staff or local agencies on contract to SRS. Providers are most often registered nurses or social workers.

Funds to provide the state match for services to pregnant women, chronically mentally ill adults, and developmentally disabled have been identified in the appropriate Department's budget request.

To the extent that these services are currently provided with 100% state dollars, increase in federal funds from Medicaid will allow more people to be served.

Managed care can provide better quality and greater continuity of care, which in the long run will change how clients use the system and will therefore reduce costs.

Senator Keating's bill gives SRS the authority to go ahead with managed care and targeted case management and make Montana a more prudent purchaser of health care. I urge the committee to support it.

Submitted by:

Julia E. Robinson, Director
Department of Social & Rehabilitation Services

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EXHIBIT 8
DATE 4/4/91
HB SB 269

TESTIMONY OF THE DEPARTMENT OF SRS
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
RE: SB ~~296~~ ²⁶⁹ REVISE STATE MEDICAL PROGRAM

The State Medical Program was originally designed to pay for medical care for certain low-income Montanans who have nowhere else to go. They don't have health insurance and don't qualify for any other state or federally funded program such as Medicaid or Medicare. The services available are similar in amount, scope, and duration to the services available through Montana's Medicaid program. (Refer to chart 20 for a fact sheet on the State Medical program).

The State Medical Program began in 1983. Montana state law requires all counties to provide financial and medical assistance to indigent residents. Some counties, however, were having difficulty meeting that legal mandate. As a result, the Legislature authorized the state to assume responsibility for the administration and funding of welfare and medical assistance programs in counties that asked for help. In return, the counties give the state revenue equal to 12 mills. (Refer to Chart 21 for the location of the 12 state-assumed counties. _

In 1990 there were just over 3,000 people on State Medical. There are two ways to become eligible: a) you have to receive General Assistance payments (which, for a single individual, means income can't be over \$220 a month); and b) you may become eligible for State Medicaid only by making less than an average of \$330 a month and need help with medical bills. Chart 22 provides demographic

4/4/91

SD 249

information about State Medical recipients. They are mostly single
ages age 30-55. Chart 22 shows that 21% of GA recipients uses
State Medical and accounts for 85% of State Medical costs.

The cost of the State Medical Program has increased dramatically
since state assumption began in 1983. Chart 23 shows how costs
have held steady despite a 65% drop in the General Assistance
load. The cost of the program remained fairly constant at \$2.7
million between 1984 and 1987, when costs jumped to \$4.7 million --
74% increase. The projected cost for Fiscal Year 1991 is \$5.1
million. Unlike the Medicaid program, where the federal government
pays for 70% of the costs, the money for State Medical comes
entirely from the General Fund.

Chart 24 breaks out State Medical costs by type of service
provided. Inpatient and outpatient hospitals accounts for 62% of
the costs.

Problems

In order to gain a better perspective on State Medical, we compared
it to similar programs in other states and the District of
Columbia. We found that we were offering one of the most generous
programs in the nation. Only 10 other states have programs as
comprehensive as ours. In the other 40 states, 13 didn't offer any
medical assistance to people not eligible for federal programs.
(Chart 25 summarizes programs in the surrounding states.)

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DATE 4/4/91
HB SB 269

backaches. That cost us \$1,422. And another person not only uses the emergency room to avoid asking his doctor for prescription drugs, he uses the ambulance to get there.

The State Medical Program was transferred to the Medicaid Services Division in July of 1990. Since then we have started to bring this program in line with our management of the Medicaid Program. A number of changes have been made in how services are delivered, including the fact that authorizations for medical services are only given on request rather than monthly.

The initiatives we've already taken have strengthened the management of the program. The next step is a redesign of the program which SB ~~291~~ will accomplish.

39/

Basically, we are proposing a two pronged approach to the State Medical Program: Acute Care Coverage and Chronic Care Coverage. The range of services available will still be comparable to Medicaid. However, Acute Care Coverage will focus on services for immediate short term medical needs such as a broken leg. Chronic Care Coverage will be more comprehensive and include services need to treat long-term medical problems or disabilities. Both will incorporate managed care, which is the oversight and coordination of health care delivery.

Chart 25 shows how the system will work. When someone becomes eligible for State Medical, that person is immediately put on Acute

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Care Coverage. That means we'll pay for services to treat their immediate, short-term medical problems. Managed care will make sure that expensive services such as in-patient hospital admissions are medically necessary.

If the person has a chronic condition or disability that's expected to last 12 months or more, we have them apply for Supplemental Security Income -- called SSI for short-- a federal program that provides financial payments as well as Medicaid benefits for low-income aged, blind, and disabled people.

A new provision in federal law allows states to do independent determinations of disability in order to qualify for Medicaid. Previously, states had to go with the disability determination made in the SSI process.

If Montana's independent disability determination finds a person to be disabled, Medicaid can begin immediately, and continues until the final SSI appeal is exhausted. If the final SSI appeal still finds no disability, then Medicaid is closed and the client is put on Chronic Care Coverage in the State Medical program.

The department will work aggressively to help people get SSI eligibility. We already have a contract with Montana Legal Services to help people initially denied SSI eligibility to appeal that denial.

EXHIBIT 8
DATE 4/4/91
HB SB269

The two exceptions to this new program would be children and people enrolled with the Project Work Program. Children will still be entitled to the full range of services similar to Medicaid. In other words, there will be no change in services for children. Those in the Project Work Program may receive some services not covered by State Medical if they're necessary for employment. The Project Work Program will pick up the costs of those extra services.

This approach addresses the problems with our current open-ended system. Our proposal insures that we address a person's underlying medical condition -- not just the symptoms. People with long-term problems will receive the benefit of a comprehensive treatment plan through managed care in the Chronic Coverage Program. We won't just treat the medical crises -- we'll work to prevent them.

This proposal will help contain costs by reducing the unnecessary use of services. Identifying those who may be eligible for SSI and conducting independent disability determinations to get Medicaid started earlier will mean to get federal assistance in meeting their health care needs.

We need to make sure the state Medical Program reaches the people who need it. This bill will help do that and I urge the committee to approve it.

EXHIBIT 8
DATE 7/4/91
HB SB 249

20

FACTSHEET ON STATE MEDICAL PROGRAM

Description: State law requires all counties to provide financial and medical assistance for indigent residents. Counties having trouble fulfilling the mandate can ask the state to assume that responsibility in return for providing revenue equal to 12 mills. State Medical pays for medical care for certain low-income Montanans in the 12 state-assumed counties (Cascade, Deer Lodge, Flathead, Lake, Lewis and Clark, Lincoln, Mineral, Missoula, Park, Powell, Ravalli, and Silver Bow). The amount, scope, and duration of benefits are comparable to services in Montana's Medicaid program.

Who It Serves: The program serves a little over 3,000 low-income Montanans not eligible for any federally-funded program such as Medicaid or Medicare. 85% get State Medical because they receive General Assistance payments. The other 15% are eligible because their incomes are below \$330 a month (for a single person) and they have high medical bills.

Cost: The cost of the State Medical Program has increased dramatically since state assumption began in 1984. From \$2.7 million in 1984, it remained fairly constant until 1987, when costs jumped to \$4.7 million -- a 74% increase. The projected cost for 1991 is \$5.1 million. State Medical funds come solely from the General Fund.

Problems: Recipients get a monthly letter of authorization, and then it's up to them to decide what services to get. While some might call the open-ended nature of the program generous, it's actually is an invitation for abuse and less than optimal care.

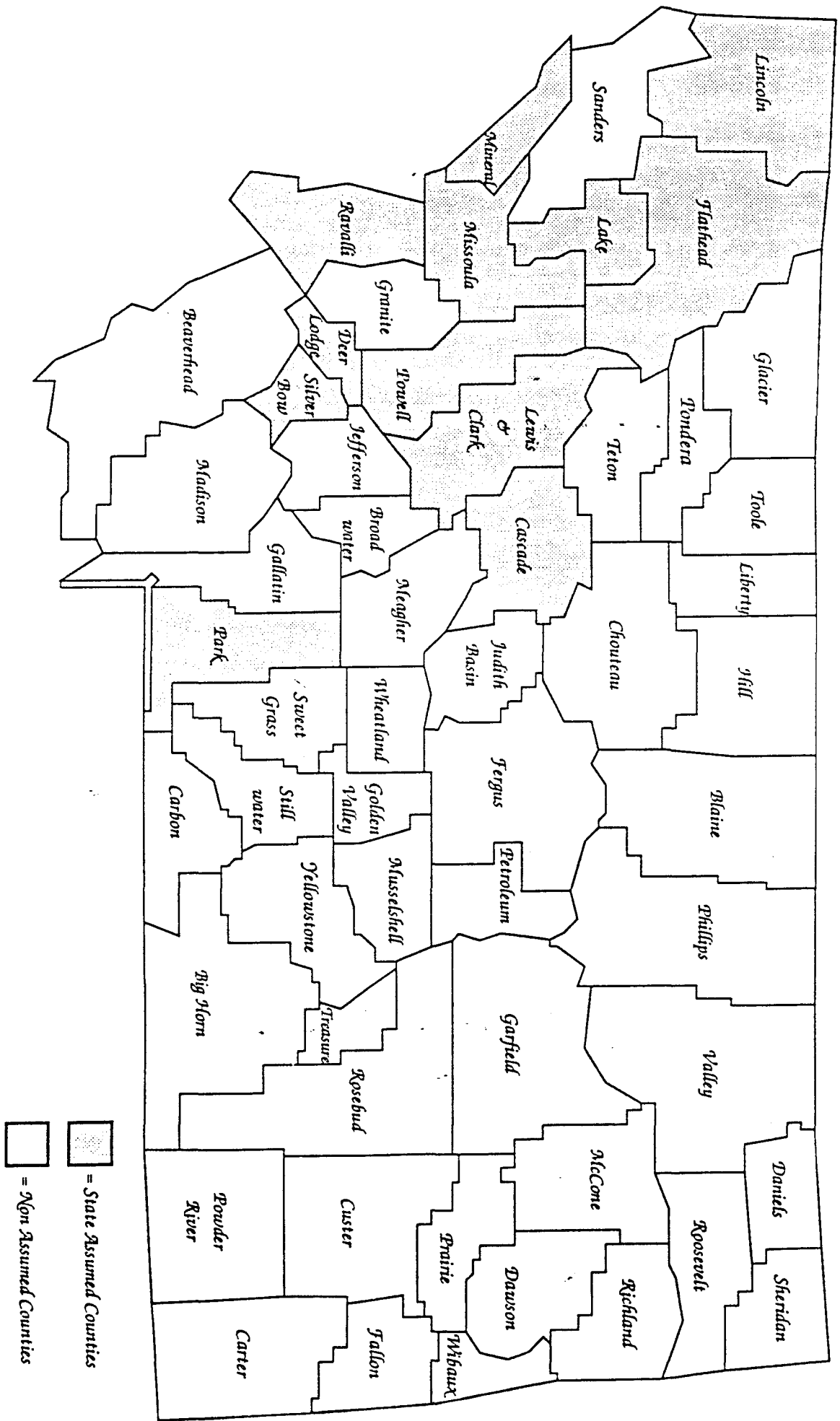
Proposed Changes: The Department proposes to keep eligibility criteria the same, but take a two-tiered approach to services:

Acute Care Coverage. Cover treatment of short-term, immediate medical problems. If another medical need developed later, they could get reauthorized for coverage of that problem.

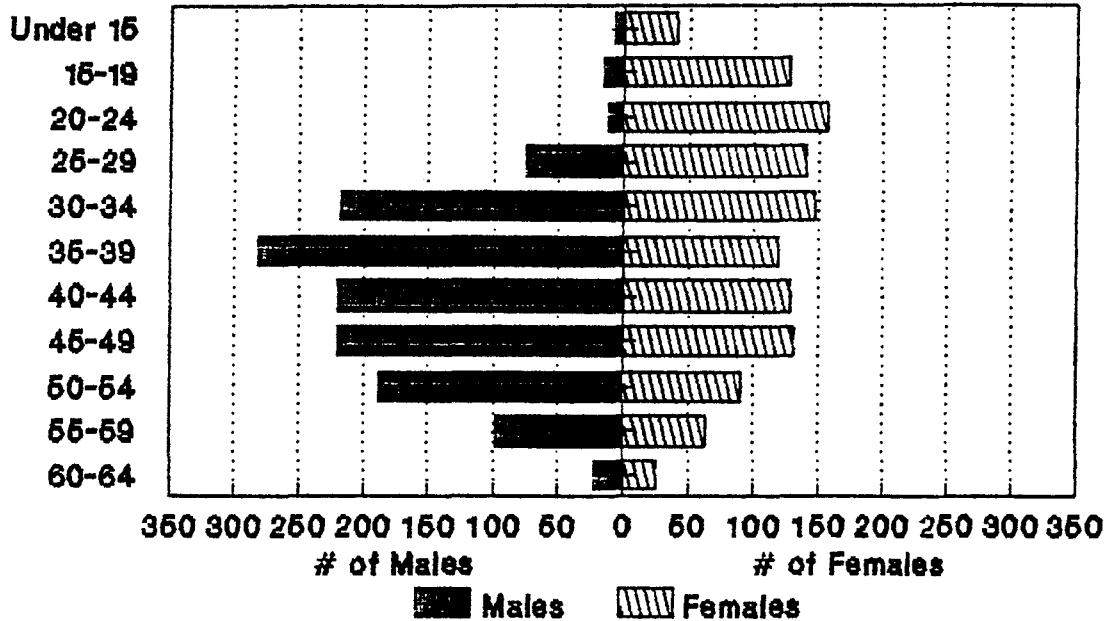
Chronic Care Coverage. We would assist people with long-term conditions or disabilities in applying for Supplemental Security Income or SSI, a federal program that makes people eligible for Medicaid. A new provision in federal law allows people who pass the initial screen for SSI to get on Medicaid while they await the final word on their SSI eligibility. Those who are eventually denied SSI would get Chronic Care Coverage, where we would use managed care to develop a comprehensive treatment plan.

EXHIBIT 8
 DATE 4/4/91
58266
 HB

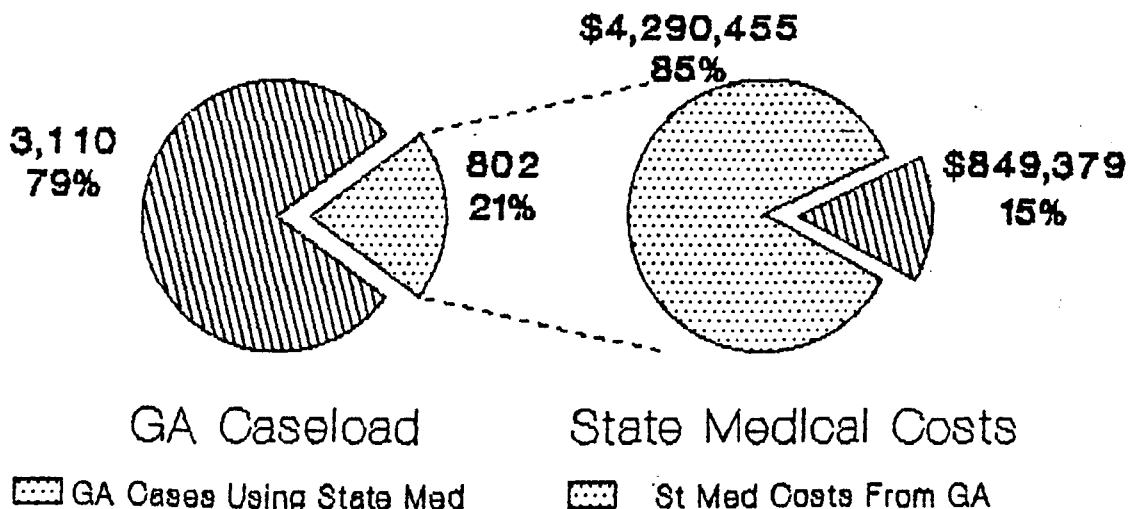
State Assumed Counties



State Medical Age Distribution FY 1990



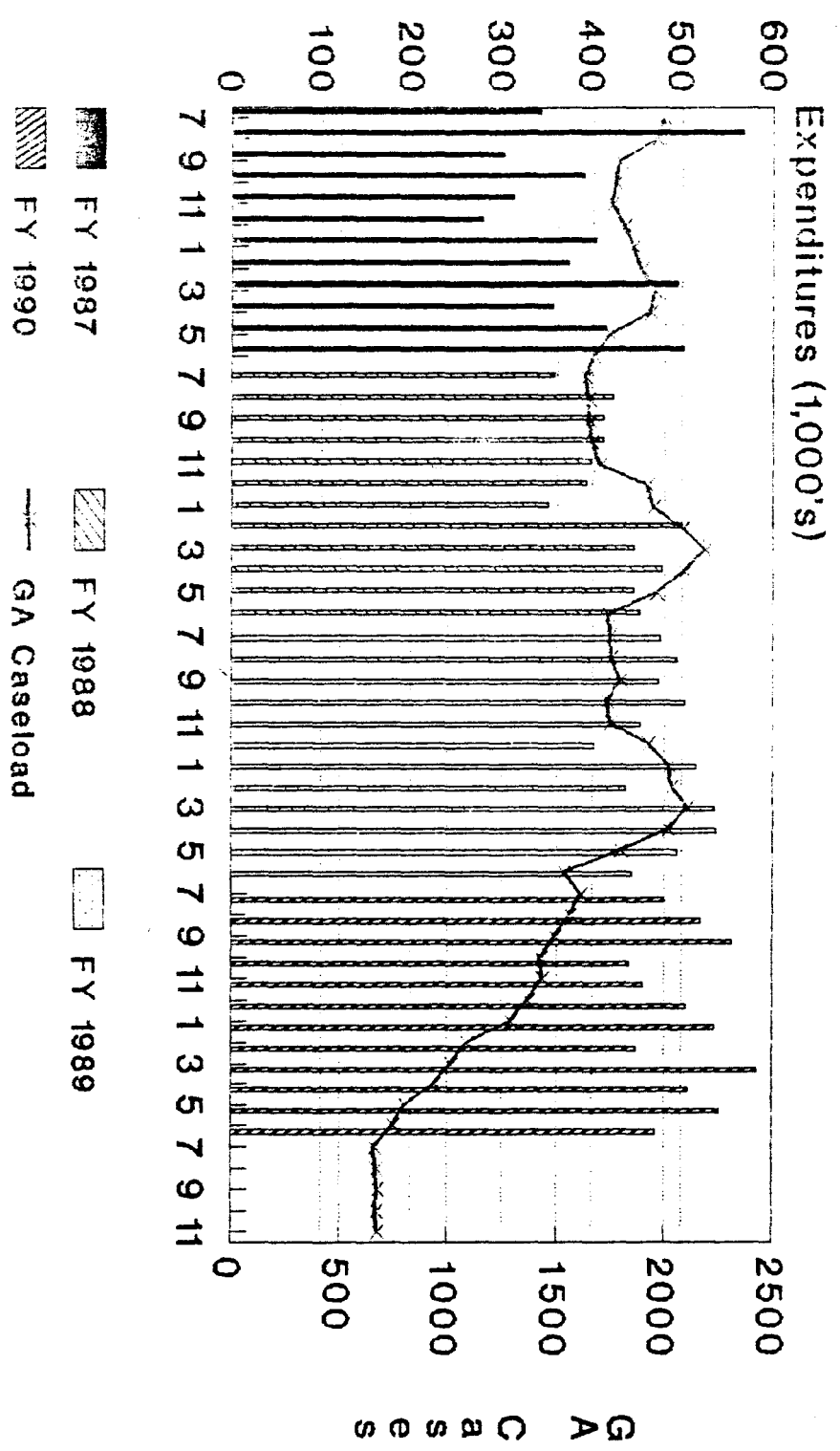
GA Usage of State Medical FY 1990



**Conclusion: 21% of GA recipients use
 State Medical program and account for
 85% of State Medical costs.**

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HB SB 269

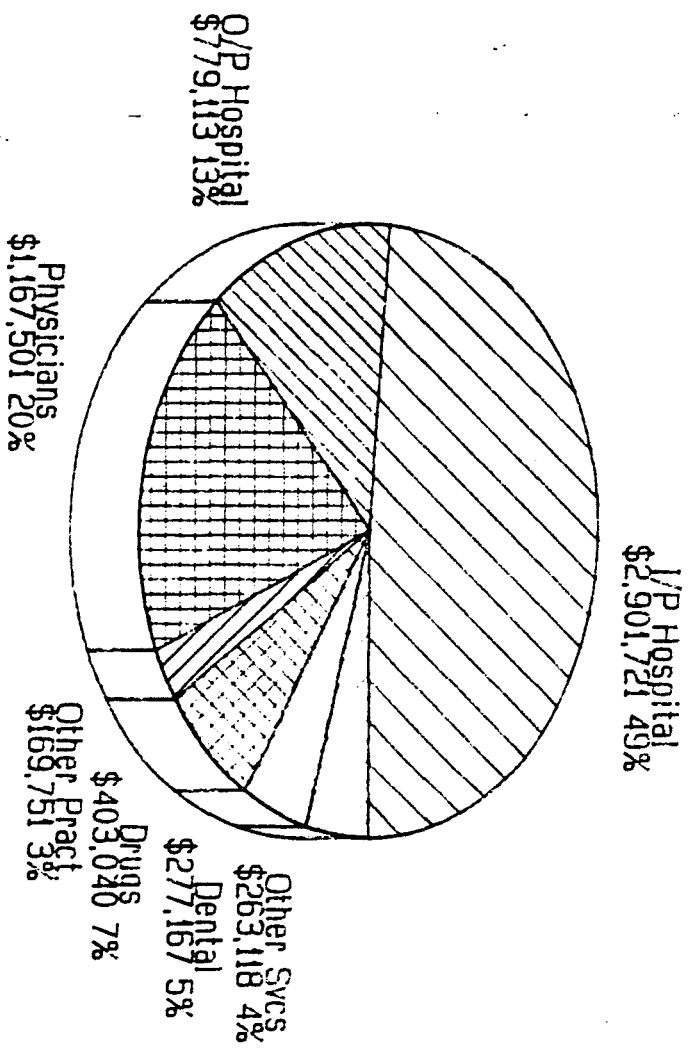
State Med Costs vs GA Cases FY 1987-90



FY 1990 cost data not yet complete.

EXHIBIT 8
 DATE 4/4/51
 5/13/69
 HR

State Medical Costs FY 1990



Costs as of 11/1/90 and prior to
 Medicaid refunds.

Comparison of Montana Indigent Medical Program To Surrounding States

Colorado: No County or State funded Indigent Program

Idaho: State mandates counties to provide emergency services.
County sets eligibility standards.

Nevada: State mandates all counties provide indigent medical svcs.
Benefits similar to Medicaid benefit level.

North Dakota: Only offered in some counties;
Only Emergency medical costs covered.

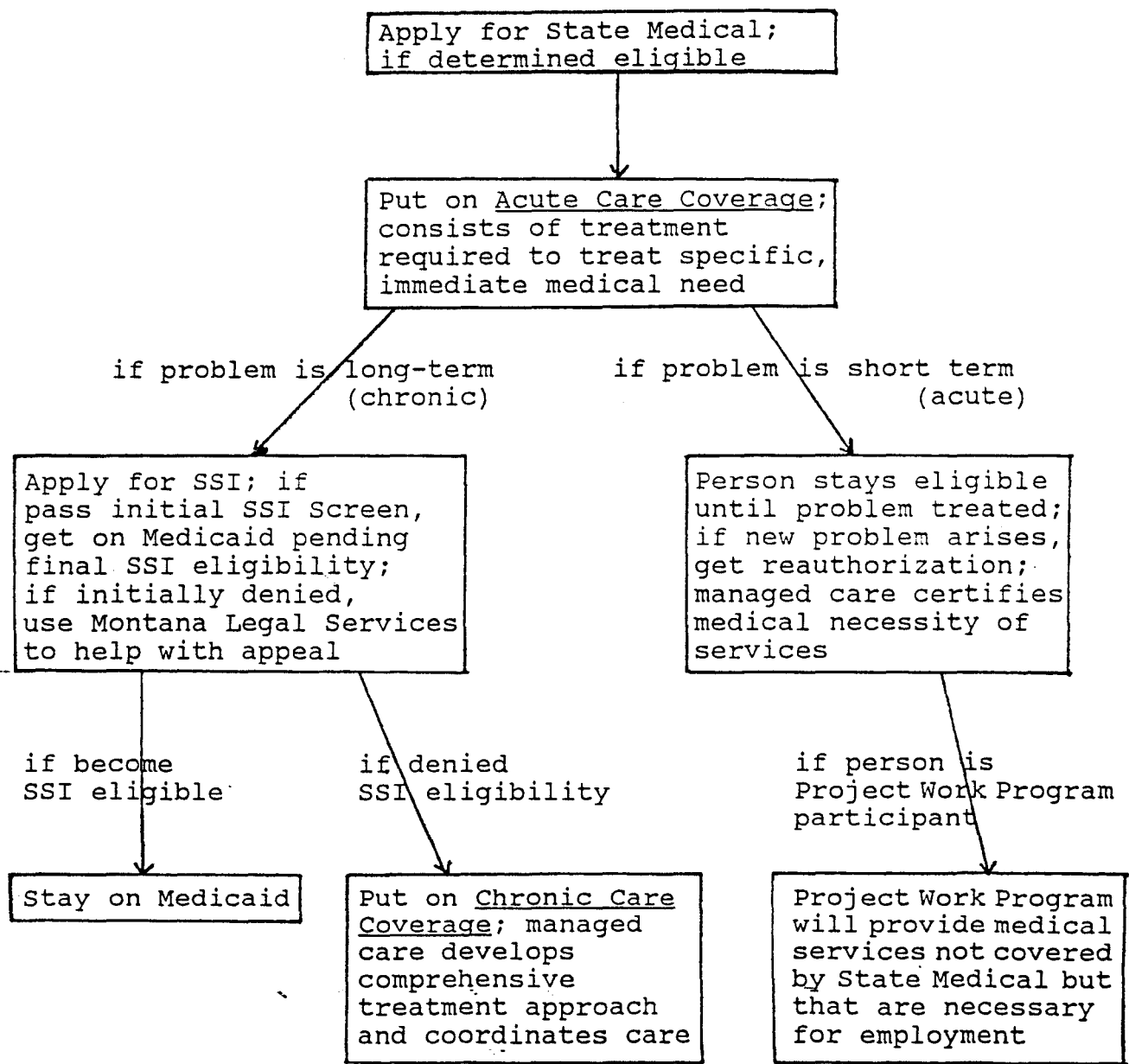
South Dakota: County Administered program; Benefits vary by county.

Utah: State Administered program.
Care for acute, life-threatening, or infectious diseases

Wyoming: State administered program;
Benefits less comprehensive than Medicaid.

EXHIBIT 8
DATE 4/4/91
HB SB 269

HOW PROPOSED TWO-TIERED SYSTEM WILL WORK:



Note: Eligibility criteria will remain the same. Benefits will still be limited to amount, scope, and duration of services available under Medicaid. Children are exempt from above changes. SSI is a federal program to provide financial assistance to low-income aged, blind, and disabled; includes Medicaid benefits.

Assumptions:

- [1] The base cost (current level) of the state medical program is \$5,020,000.
- [2] Current level costs are divided between unemployable and employable clients according to the following percentages: employable 40%; unemployable 60%.
- [3] Under the department proposal, the employable clients would be covered under the "acute coverage" provisions of the state medical program, and costs for these clients would be borne entirely by the state general fund.
- [4] Under the department proposal, the unemployable clients would be covered under the "chronic illness" provisions of the state medical program, and costs for these clients would be allowable for medicaid reimbursement. For the purposes of this presentation, we are proposing that the state match for these costs be included in the state medical appropriation.
- [5] All state medical clients, both employable and unemployable, will be covered by the department's managed care program for state medical clients.
- [6] Based upon department studies, 49% of all costs in the state medical program are incurred for inpatient care. These costs are susceptible to reduction under the managed care program.
- [7] The managed care program will reduce inpatient costs for state medical cases by an average of 33% in FY92 and 29% in FY93.
- [8] New SRS administrative procedures will reduce costs by 10%-20% below the costs incurred under the managed care levels for the employable category.

Calculations:

Based on the above assumptions, the table below summarizes the costs associated with the state medical program for FY92 and FY93:

	FY92	FY93
I. Base cost of state medical program (all GF)	\$5,020,000	\$5,020,000
II. Amount of base allocated to employable clients	2,008,000	2,008,000
Less reduction due to managed care (33% of 49% in FY92; 29% of 49% in FY93)	-324,693	-285,337
Less reduction due to new administrative procedures	-337,024	-339,388
Equals net GF cost for employables	<u>\$1,346,283</u>	<u>\$1,383,275</u>
III. Amount of base allocated to unemployables	\$3,012,000	\$3,012,000
Less reduction due to managed care (33% of 49% in FY92; 29% of 49% in FY93)	-487,040	-428,005
Equals net total cost for unemployables	2,524,960	2,583,995

General fund share to be included in state medical appropriation for unemployables	<u>\$ 714,311</u>	<u>\$ 726,103</u>
IV. Total general fund appropriations for state medical	<u>\$2,060,594</u>	<u>\$2,109,378</u>
V. Total federal appropriations to state medical program to cover the unemployables	<u>\$1,810,649</u>	<u>\$1,857,892</u>

EXHIBIT 9
DATE 4/4/91
HB SB 232

Amendments to Senate Bill No. 232
Reference Reading Copy

For the Committee on Appropriations

Prepared by Greg Petesch
April 4, 1991

Passed

1. Page 16, line 18.

Following: "75-10-513(2)"

Insert: "discovered during department of justice inspections"

4/4/91
SB 232
passed *Pat on*

SUGGESTED AMENDMENT TO SB 232
REFERENCE COPY

Amend senate bill 232 reference copy on page 16 line 18 following section 6 by inserting the following;

NEW SECTION Section 7. Appropriation. There is appropriated from the general fund to the department of justice \$695,500 in FY 92, AND \$1,281,900 in FY 93 to fund the creation and operation of the state wide vehicle identification number inspection program.

Further amend senate bill 232 reference copy on page 16 line 19 following the word Section, by striking the figure 7 and inserting the figure 8.

EXHIBIT 11
DATE 4/4/91
SB 232

S.B. 232
AMENDED FISCAL NOTE

REVENUE:

68,500 - "out of state" inspections @ \$18.50	\$1,267,000
2,000 - "salvage" inspections @ \$18.50	37,000
4,000 - salvage certificates @ \$5.00	20,000

Full Year Revenue	<u>\$1,324,000</u>
-------------------	--------------------

Half Year Revenue - FY92	<u>\$662,000</u>
--------------------------	------------------

EXPENDITURES:

	<u>FY92</u>	<u>FY93</u>
Personal Services - 6 months in FY92		
4 Driver Exam Supervisors - Grade 14	\$57,900	\$122,100
30 Driver Exam Inspectors - Grade 12	371,300	781,600
6 Clerks - Grade 6	49,500	103,200
Total Personal Services	<u>\$478,700</u>	<u>\$1,006,900</u>
Operating Expenses - 6 months in FY92	139,000	220,000
Equipment	77,800	55,000
Total Expenditures	<u>\$695,500</u>	<u>\$1,281,900</u>
Revenue from above	662,000	1,324,000
NET IMPACT ON THE GENERAL FUND	<u>(\$33,500)</u>	<u>\$42,100</u>

12.
Amendments to Senate Bill No. 421
Third Reading Copy

Requested by Sen. Bianchi
For the Committee of the Whole

Prepared by David S. Niss
April 3, 1991

Ex. 12
4-4-91
SB 421

1. Page 4, line 1:

Following: "exhausted."

Insert: "The amount of the premium paid from the insurance trust fund is considered to be, and must be represented in the state accounting system to be, an expense accrued during the month in which the premium payment is made."

S.W. Montana - "THE ORIGINAL GOLD BUG-1957"
HUGHES MINING CO., INC.

April 4, 1991

Nearly ³³30 Years In Precious Metals

"Everything Depends on Mining"

DRAWER J

TWIN BRIDGES, MONTANA 59754

WHAT'S THE QUESTION CONCERNING
MONTANA TECH?

(406) 684-5723

(406) 684-5708

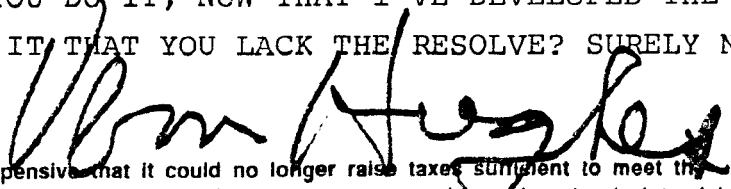
THE QUESTION IS, IS MONTANA TECH A "ROGUE" STATE AGENCY, BENT ON HIDING IT'S PARTICIPATION WITH THE ANACONDA COPPER MINING COMPANY, IN THE THEFT OF HUGE AMOUNTS OF PLATINUM OUT OF THE BUTTE HILL, FROM THE STOCKHOLDERS OF THE ANACONDA COMPANY, AND FROM THE STATE OF MONTANA, AND WHATEVER SEVERANCE TAX THE STATE OF MONTANA MIGHT HAVE ENACTED, HAD THE STATE OF MONTANA BEEN TOLD BY THEIR DEPARTMENT OF REVENUE WHAT WAS GOING ON FOR A HUNDRED YEARS?

IS THAT QUESTION CLEAR ENOUGH? DOES THE STATE OF MONTANA CARE, EVEN THO I AM ENLIGHTENING THEM RATHER BELATEDLY? HOW DID I GET ONTO THIS PROJECT? BY DISCOVERING HUGE RESERVES OF PLATINUM ON MY PATENTED PRECIOUS METALS MINES, IN MADISON COUNTY. HOW DID I COME OUT WITH THAT HUGE DISCOVERY? I GOT THE HELL KICKED OUT OF ME, BY MONTANA TECH CONTINUEING TO DENY COMMERCIAL PLATINUM IN S.W. MONTANA - THATS HOW I CAME OUT!! THREE MILLION DOLLARS AND QUITE A FEW YEARS DOWN THE DRAIN, AND MONTANA TECH IS STILL DENYING THE PLATINUM, A L T H O T H E Y A D M I T T H E Y C A N ' T A S S A Y
F O R P L A T I N U M ! !

IS MONTANA TECH THE GREATEST ENEMY OF MINING IN MONTANA, (HAVING DENIED FOR 100+ YEARS, THE EXISTENCE OF COMMERCIAL PLATINUM IN MADISON COUNTY FOR OVER 100 YEARS, AFTER THOMAS ALVA EDISON ANNOUNCED HE HAD IDENTIFIED PLATINUM IN MADISON COUNTY IN 1885)? THE ANSWER IS AN UNEQUIVOCAL Y E S ! ! !
(WHETHER OR NOT ALL OF MONTANA TECH KNEW WHAT WAS REALLY GOING ON!!!)

A "ROGUE" STATE AGENCY THAT CONTINUES TO DEMAND MILLIONS FROM STATE TAXPAYERS, YEAR AFTER YEAR, WHILE THEY ARE PROBABLY MONTANA'S WORST ENEMY!!!

MONTANA LEGISLATORS, SINCE YOU'VE TRIED SEVERAL TIMES TO CLOSE DOWN MONT. TECH, I'M ASKING, WHY CAN'T YOU DO IT, NOW THAT I'VE DEVELOPED THE PROOF OF WHAT I'M SAYING ABOVE? IS IT THAT YOU LACK THE RESOLVE? SURELY NOT!!!



"The Imperial Government became so expensive that it could no longer raise taxes sufficient to meet the required expenditures It kept on spending more than it received, and consequently ran hopelessly into debt as a result, the currency was inflated until it became practically worthless ... hatred and envy ruled everywhere roads were no longer secure." (The Outline of History, H. G. Wells. 1920)

THE GREATEST SECRET OF ALL TIME, TO PRECIOUS METALS MINING IN S.W. MONTANA!!

Exhibit # 13

4-4-91

MONTANA - "THE WORLD'S PRIMARY SOURCE OF HIGH-GRADE PLATINUM FOR 100+YRS!"
HUGHES MINING CO., INC. (DISPROVE THAT, MT. TECH!

April 1, 1991

Nearly 30 Years in Precious Metals

Read the almost-dying state-

"Everything Depends on Mining"
THE BOMB-SHELL SECRET OF

ment on the reverse, of an
honest old man,

DRAWER J

S.W. MONTANA! MADISON COUNTY, MONTANA,

(406) 684-5723

TWIN BRIDGES, MONTANA 59754

ORES, WHEN POLLUTED WITH PLATINUM, HIDE

(406) 684-5708

5/6THS OF THE GOLD AND SILVER VALUES FROM THE STANDARD FIRE ASSAYERS!! REAL
EVIDENCE OF THIS BOMB-SHELL SECRET IS AVAILABLE TO ANYONE WISHING TO RESEARCH

YOU HAVE TO FIND SEVERAL, MODERN, ADVANCED, & HONEST ASSAYERS. THE VERY LAT-
EST, AND MOST ACCURATE ASSAYING FOR S.W. MONTANA ORES, IS THE MODERN X RAY
FLORESCENCE SPECTROMETER, INVENTED, I'M TOLD, BY SUMITOMO OF JAPAN, AND MAN-
UFACTURED, FOR THEM, BY REGAKU, OF JAPAN, INCORPORATING KRISS SOFTWARE, FROM
GERMANY. I AM TOLD THE ERROR FACTOR IS SOMETHING LIKE .046!

AN INDEPENDENT CONSULTING GEOLOGIST, OUT OF DENVER, GRAB SAMPLED THE TOPS OF
A NUMBER OF DUMPS, ON MY HIGHEST GRADE PROPERTY, AND HAD THE ABOVE EQUIPMENT
USED TO TEST THE CONGLOMERATE SAMPLE. THE LAB DOING THE TESTS GAVE 261 OZ.
PLATINUM PER TON! THAT LAB THEN REFUSED TO PRESENT A HARD COPY, OR A BILL
FOR A SUMMER-LONG SERIES OF TESTS, AND FINALLY ACCUSED VERN HUGHES OF SALT-
ING THE DUMPS THAT WERE SAMPLED! THE NEWEST AND MOST IMPRESSIVE ASSAYING
EQUIPMENT IN THE WORLD, I'M TOLD, GAVE THIS MAGNIFICENT RESULT, AND BROUGHT
ABOUT THIS FALSE ACCUSATION! NO WISH ON THE PART OF MARTIN MARIETTA TO RE-
PEAT THE SAMPLING PROCEEDURE, PRIOR TO THEIR UNFOUNDED ACCUSATION! I HAD TO
THREATEN LEGAL ACTION, TO STOP THEIR ACCUSATIONS. DO I CONSIDER THE SAMPLING
TO BE REPRESENTATIVE? NO. BUT I CONSIDER THE RESULT MIGHTY IMPRESSIVE!

IN THE PAST 100+ YEARS, MY INFORMATION LEADS ME TO BELIEVE THAT MINES WERE
PAID, BY THE SMELTERS AND OTHERS, FOR 1/5TH OF THE ACTUAL GOLD CONTENT OF
THEIR ORES, AND NOTHING FOR THE PLATINOIDS. STANDARD FIRE ASSAYING WAS IN-
SISTED ON BY THE BUYERS OF THE ORES, WHO MUST HAVE KNOWN, FROM THE CONTENT
OF THEIR PROCESSING, WAS GRAND THEFT IN SPADES!!

SPOKE WITH A BUTTE BUSINESSMAN TODAY, WHO TOLD ME OF A CONVERSATION WITH A
PROMINENT MINING FIGURE, WHO SAID, "MADISON COUNTY IS THE LAST BIG UNDEVEL-
OPED MAJOR PRECIOUS METALS DISTRICT, AND HUGHES IS RIGHT IN THE MIDDLE OF IT!
MADE MY DAY, TO KNOW THAT THERE ARE AT LEAST A FEW ENLIGHTENED FELLOWS OUT THERE

I UNDERSTAND THE PRESIDENT OF MONTANA TECH, WHICH ORGANIZATION HAS IMPEDED
MY PROGRESS AGRESSIVELY FOR OVER A DECADE, ESPECIALLY SINCE MY FORMAL ANNOUN-
CEMENT OF EARLY 1985, (THAT I HAD SPENT TWO YEARS VERIFYING MY ENORMOUS PLA-
TINUM DISCOVERY) HAS ALLOWED ALUMNI TO COME TO HIS OFFICE AND READ THERE, THE
FULL STATUS OF MONTANA TECH AS TO THE DECERTIFICATION FACTS, NOT OTHERWISE
DISTRIBUTED TO THE STUDENTS, THE PUBLIC, AND PROBABLY, THE LEGISLATURE! I AM
NOT ALLOWED TO MAKE MISTAKES, AS THE LONG TIME VICTIM OF PERSECUTION FROM
MONTANA TECH, (WHO STILL DENIES EVEN THE POSSIBILITY OF MY PLATINUM DISCOVER-
IES) BUT TECH CAN MAKE THEM AT WILL, AND SOME GO FAR BEYOND THE WORD "MISTAKES"

THE ANACONDA COMPANY, AS MOST OLD LINE BUTTE AND ANACONDA FAMILIES KNOW,
SHIPPED ENORMOUS QUANTITIES OF PLATINUM OUT OF THE BUTTE HILL, FOR MANY
DECADES, AND NAURALLY, HAD TO HAVE THE PROTECTION OF THE MONTANA SCHOOL OF
MINES, TO PROTECT THEM FROM THE MONTANA DEPARTMENT OF REVENUE, AND ANY LAW
SUITS SMALL MINERS WOULD CERTAINLY HAVE LAUNCHED AGAINST THE SMELTER FOR
ROBBING THEM OF GOLD, SILVER, AND THE PLATINOIDS. THEY GOT THAT PROTECTION!

"The Imperial Government became so expensive that it could no longer raise taxes sufficient to meet the
required expenditures It kept on spending more than it received, and consequently ran hopelessly into debt

.... as a result, the currency was inflated until it became practically worthless ... hatred and envy ruled

everywhere roads were no longer secure." (The Outline of History, H. G. Wells, 1920)

This statement, given of my own free will, is to the effect that
when I was the ~~overall superintendent~~ ^{MINE FOREMAN} of the B&H mine, near Twin
Bridges, Montana, in 1934 — 1936,
it was common place for us to encounter substantial quantities of
platinum in the mill product. by Herb Carver, mine foreman) vh
(Witnessed statement on file, signed

I so stated to Vern Hughes, in a visit to his office, at Twin
Bridges, in 1985, when I first visited with him.

It was therefore no surprise to me to have him tell me at that
time that he had discovered platinoids in having the B&H mill
tailings assayed, earlier that year - 1985.

AFFIDAVIT

Last Spring when I was in Montana, I took several samples from the Toledo Mine dump in
the company of the owner of that property, Vern Hughes. I kept those samples in my
possession exclusively until they were delivered to a laboratory for grinding. Those samples
were then taken to Martin Marietta's Non-Destructive Testing laboratory and delivered to
the laboratory technician in charge, Mr. Dan Goist. The samples were then analyzed using
the an X-Ray Florescence Spectrometer. The X-Ray Florescence Spectrometer is
manufactured by Rigaku of Japan and the data output is processed using Kris software. The
combination of this Spectrometer and this Software are considered to be state-of-the-art.
Several weeks later I was again informed verbally that they would report the platinum
content of the Toledo dump ore at 8,100 ppm, which relates to approximately 261 ounces
per ton.

I certify that the above is a factual description of the events that have transpired to date.

Kenneth E. Worman
Kenneth E. Worman, B. Sc. Geophysics
Penn State University 1967
Professional Consulting Geologist
P.O. Box 27342 Denver, Co 80227

Sept 28, 1986

Date

1/25/89 - it has been indicated to me that Ma
tin Marietta has been trying to deny the fact
included in this "affidavit of assay." I don't
know just how they are attempting this, but I
should be kept in mind they worked all summer
attempting to find
error in their re-
ures - they found no

Subscribe and swear to before me this 28th day of September, 1986

Notary Public

Address

922-5575

DID DR. LINDSAY NORMAN MISLEAD THE LEGISLATURE, OR DID HE MISLEAD THE PUBLIC?

I told you in my last flyer there was a rumor around Butte and Anaconda that Montana Tech had been "decertified" last fall in their metallurgy department. Since that publication, I was able to verify that that was ~~probably~~ **probably** true, and some students would not be able to graduate as they had always been allowed to believe, and that some sort of legal action was being discussed-students. On the back side of this sheet, something a little different is being implied!

I am Vern Hughes, of Hughes Mining Company, of Twin Bridges, Montana. I discovered platinum in several of my large, patented precious metals mines, in Madison County. I did further work, verifying my discovery, and announced to the world that I had made very valuable platinum and platinoid discoveries, in 1985.

ALL HELL BROKE LOOSE. MONTANA TECH AND THE MONTANA BUREAU OF MINES, AND MANY MORE SIDEWALK EXPERTS SHOUTED, "NO WAY!" MONTANA TECH EVENTUALLY DISCLOSED THEY COULDN'T EVEN ASSAY FOR PLATINUM! BUT THEY COULD SURELY TELL YOU WHERE IT WASN'T TO BE FOUND! THIS IN SPITE OF THE FACT THAT THOMAS ALVA EDISON HAD ANNOUNCED IN THE MADISONIAN NEWSPAPER, IN VIRGINIA CITY, IN 1885, THAT HE HAD IDENTIFIED PLATINUM IN MADISON COUNTY ORES! THE LETTER WAS DISPLAYED THERE FOR MANY YEARS, ON THE COUNTER OF THE PAPER. MUCH CONVERSATION, FOR YEARS, NATURALLY! MONTANA TECH (THEN CALLED THE MONTANA SCHOOL OF MINES) DENIED! THEY STILL DENY AT THE TOP OF THEIR VOICES, AND INCLUDE -"VERN HUGHES IS A CON MAN AND A LIAR!" WE'LL ALL KNOW SOON ENOUGH WHO ARE THE LIARS! I HAVE AMPLE PROOF OF MY PLATINUM, BUT BY NOW MY REPUTATION HAS BEEN TRASHED SO WELL BY MONTANA TECH, OVER THE PAST 11½ YEARS, THAT MY CREDIBILITY IS VERY NEAR ZERO. STATE GOVERNMENT IN GENERAL HAS CONTRIBUTED FOR OVER A DECADE! S.W. MONTANA IS THE RICHEST SOURCE OF PLATINUM IN THE WORLD, AND HAS BEEN SUPPLYING SUCH FOR OVER A HUNDRED YEARS, TO THE WORLD, WITH A COVER-UP THAT STINKS TO HIGH HEAVEN, ALL AT THE EXPENSE OF MONTANA, AND THE STOCKHOLDERS OF THE ANACONDA COPPER MINING COMPANY. GRAND THEFT ON A SCALE THAT MAKES THE TEA POT DOME SCANDAL LOOK-

I've tried to talk to the Butte Chamber, and other leaders about a platinum refinery, or at least a second step concentrator, to no avail - I have given up on Butte leaders. They will preside over further shrinkage of Butte forever! The Montana Standard once had an article on, "The Need For a Platinum Refinery Hasn't Escaped Butte." They got upbraided for their trouble and no more mention.

L.A. COPS PLEAD NOT GUILTY TO BEATING UNARMED MAN NEARLY TO DEATH." "IRAQ COMPLAINS THEY'RE BEING ABUSED." "DR. NORMAN COMPLAINS VERN HUGHES IS ABUSING TECH AND HIM!" THIS AFTER TECH (AND NORMAN) HAS LIED ABOUT HUGHES FOR NEARLY A DECADE!

FOR NEARLY TWELVE YEARS, TECH AND THE MONTANA BUREAU OF MINES, HAVE BEEN BAD MOUTHING VERN HUGHES AND HUGHES MINING COMPANY, DENYING OUR PLATINUM AND PERFORMING ILLEGAL "RESTRAINT OF TRADE" PRACTICES AND TRAMPING ALL OVER MY CIVIL RIGHTS. THERE HAVE BEEN FOUR APPARENT ASSASSINATION ATTEMPTS (WHICH, OF COURSE, I CANNOT PROVE IS CONNECTED IN ANY WAY TO ANYONE) BUT I CAN, HAVING WITNESSES, TELL YOU OF A LARGE RED BEARDED MAN, WHO SAID IN A SHERIDAN BAR LAST YEAR, "WE ARE GOING TO BREAK VERN HUGHES - NEVER MIND THOSE FANCY CARS AND PICKUPS - WE ARE GOING TO BREAK HIM!" IF SOMEONE DARES NOT CONTINUE TO TRY TO KILL ME, THEY CERTAINLY ARE TRYING TO INTERFERE WITH THE SALE OF MY PROPERTIES! WHAT IS THE STATE OF MONTANA DOING ABOUT ALL THIS? I ASKED, BY RECENT MAIL FOR THE ATTORNEY GENERAL TO MOUNT A GRAND JURY INVESTIGATION - ~~NO ANSWER~~! IS MONTANA BENT ON ECONOMIC SUICIDE? LOTS OF PEOPLE THINK SO! I'VE SPENT \$3 MILLION DOLLARS, AND A BIG CHUNK OF MY LIFE ESTABLISHING THAT MONTANA IS THE HIGH GRADE PLATINUM CAPITAL OF THE WORLD, AND MONTANA WON'T HAVE IT!! ECONOMIC SUICIDE? YOU'RE DAMNED RIGHT!! AND WHO CARES? APPARENTLY HARDLY ANYONE. WHAT WOULD IT TAKE TO SHOCK MONTANANS? NOBODY KNOWS!!

FROM ABEL (OF CAIN AND ABEL) ON, THRU GALLILEO AND ALMOST EVERY DISCOVERER OF A MAJOR MINING DISTRICT, THE PUBLIC HAS TRIED TO PUT DOWN THE DISCOVERERS! NOT ALL EFFORTS SUCCEED, OF COURSE. WILL I?

Vern Hughes

Although the Legislature has voted to increase Montana Tech's budget by \$890,000 over the next two years, Tech president Lindsay Norman said more is needed to keep pace with the university's peers. This stops the hemorrhaging that takes us out of intensive care," Norman said. "But we're not out of hospital yet."

Rep. Joe Quilici, D-Butte, requested \$494,764 for the 1991 fiscal year and \$807,087 for the second year, but Tech received the \$290,000 both years.

It was considerably more than I thought I was going to get, to tell the truth," Quilici said. The amount was requested by Quilici to keep Tech's engineering accreditation intact. The Accreditation Board for Engineering and

Technology has told Tech to raise teachers' salaries and to lighten teachers' workload to allow more time for professional development. ABET also said that new lab equipment must be purchased and updated. All of the changes must be implemented before fall of 1992. Updating the lab equipment adequately could cost about \$1.2 million, Norman said.

Norman said the amount received helps the university approach accreditation standards, but more money is needed to help Tech keep pace with the average level of spending of its peer universities in the West. He said Tech is currently funded at 58 percent of its peers.

Cuts in faculty positions and other areas could be necessary if

Tech doesn't receive the necessary funding, Norman said.

Norman said that he would like to receive \$700,000 to \$800,000 for the first fiscal year and \$1.2 million for the second, which would help Tech keep pace with its peers.

He said the \$890,000 "merely keeps us from sliding any further." Quilici's earlier request for \$2.7 million, which would have brought Tech within 70 percent of its peers, was rejected last week by the House Appropriations Committee by a 10-8 vote.

One of the opponents was Rep. Mike Kadas, D-Missoula, whose House Bill 1007 will probably be debated this week, he said.

Kadas said the bill, which attaches a 2 percent surcharge on

corporate and personal income would bring \$15 million to the university system. He said it would bring Tech two-fifths closer to its peers.

He said the amount would be \$2.2 million dollars to Tech, but has attached an amendment that deducts \$390,000 from the amount. Quilici said he will oppose the amendment and recommend Tech receive the full amount.

The Montana Tech Foundation began a fund-raising program in January requesting donations from private sources. Donald Mair, executive director of the Foundation, said the program continues and money will be used primarily for purchasing and updating lab equipment.

Tech accreditation in danger

3/26/92 Mt. Standard Norman

By Karl Rohr
Standard Staff Writer

Unless Montana Tech receives the minimum funding requested by school administrators and local legislators, the college faces loss of engineering accreditation and faculty jobs, according to Tech president Lindsay Norman.

Rep. Joe Quilici, D-Butte, said he will ask the Legislature Tuesday for \$494,764 for 1992 and \$807,087 for the next fiscal year. He said it is the "absolute minimum" needed to keep Tech's programs accredited.

"It will keep us halfway accredited until we come up with some more money," he said.

Norman said the amount requested by Quilici would be a "major shot in the arm," but added he would like to receive \$700,000 to \$800,000 for the first year and \$1.2 million for the second.

Norman said the budget proposed by Gov. Stan Stephens is "wholly inadequate."

Stephens has proposed about \$266 million for the six university units, about \$26 million less than that requested by the Board of Regents. Under the proposed budget, Tech would receive \$9.7 million for the first fiscal year and \$9.6 million for the second year.

Norman said the Accreditation Board for Engineering and Technology has outlined standards that must be met by Tech when the board returns to evaluate the engineering program in the fall of 1992.

Standards include increasing the faculty salaries, decreasing the faculty workload and increasing and updating the lab equipment. Norman said changes in the lab equip-

ment alone would cost \$1.2 million.

Norman said he would have to prove to the board in 1992 that the standards had already been met.

"I can't say I'm going to do it," he said. "I've got to demonstrate I've done it."

Norman said Tech would be faced with cuts in faculty positions if the needed funds don't arrive. He said ABET has already stated that the university is understaffed and professors do not have the time for professional development because of the workload.

He said one alternative that has been proposed is to limit student enrollment.

"But I don't think that's very wise," Norman said.

Last week, Quilici's request for \$2.7 million to bring Tech more on a funding level with its peer institutions in the Northwest was rejected by the House Appropriations Committee by a 10-8 vote.

However, that amount would have only brought Tech to within 70 percent of its peers. Norman said Tech is currently funded at 58 percent of the average for its peers.

"They're putting our school literally down the tubes," Quilici said.

A bill written by Rep. Mike Kadas, D-Missoula, calls for a surcharge on corporate income and is directed at helping all Montana universities catch up with their out-of-state peers. Kadas' bill would contribute \$2.2 million to Tech, Quilici said.

But Quilici said his main concern is making sure Tech doesn't lose engineering accreditation, and raising Tech to a level comparable to its peers should be a second priority.

Norman said, "I'm optimistic it will sort itself out before it's done."

WAS MONTANA TECH DECERTIFIED LAST FALL

Is Tech on appeal, with little or no chance of appeal working, because Tech decided over three years ago, when they were supposed to have been put on probation not to hire two more professors in mineral processing, or metallurgy, in order to bring the school up to par or didn't they? No notice to students?

Whats my motivation? Not just to "get even," surely. Who would risk bankruptcy, merely for revenge? I am a Montana taxpayer, and Montana Tech is an albatross around the neck of Montana, and long has been. Tech is the worst enemy mining in Montana has ever had. They have set astride of the world's richest platinum reserves, denying all the while they were here in S.W. Montana! All to continue to protect the old School of Mines, and Tech, from the worst scandal in Montana history! Montana shows absolutely no platinum production in the past!! Stolen from others, wise, the richest state in the union!

Montanans, when will you even begin to suspect that you are the most naive people in the U.S., or very close to it, and that you have been gulled for over a hundred years about this platinum?

Here's the worst of it! Platinum in the gold ore hides 5/6ths GOLD (my estimate) from the standard fire assayer!

THERE IS THE BEGINNING OF THE GRAND THEFT THAT CORRUPTED EVERYONE (EXCEPT THE SMALL MINERS) FROM THE ASSAYERS, ON TO THE HOST OF PERSONS WHO HAD TO BE PAID OFF, OR INTIMIDATED. THOSE WHO WERE INTIMIDATED NOW HATE ME WITH PASSION. I'M NOT AFRAID TO DIE, OBVIOUSLY. V.B.

Exhibit # 13

4-4-91

I'M THE ONLY PROSPECTOR WHO HAS - - -

1. HAD ALL VOLUNTEER INVESTORS IN A CAREER OF PROSPECTING FOR NEARLY 40 YRS
2. CLAIMED A WORLD RECORD RETURN TO HIS VOLUNTEER INVESTORS? OVER 1000 to 1
3. CLAIMED THE WORLD'S ALL-TIME GREATEST DISCOVERY, AND BACKED IT UP!!
4. REPORTED TO INVESTORS SO VERY, VERY FREQUENTLY!
5. BEEN SO OPPOSED BY ORGANIZED OPPOSITION! THE HAND^OOFORGANIZATTIONALLABOUT
6. BEEN SO LABELED A "PROMOTOR," AND YET BUILT UP 52 YEARS BLU-RIBBONCREDIT
7. HAD PERSISTENT OPPOSITION FROM A MINING SCHOOL THAT FINALLY GOT DECER-
TIFIED AFTER THREE YEARS OF PROBATION. THEY HAD LOTS OFWARNINGOVERASSAYING!
8. BEEN SLANDERED VERY PERSONALLY FOR YEARS, BY PROFESSIONALS.
9. ABSOLUTELY VERIFIED PLATINUM (COMMERCIAL) IN MADISON COUNTY, MT. EXACT-
LY 100 YEARS AFTER THOMAS ALVA EDISON FIRST DID IT!
10. EXPOSED MONTANA'S GREATEST SCANDAL, WHICH THE STATE STILL REFUSES TO AD-
MIT, AS TO HOW THE ANACONDA COMPANY MADE THE "RICHEST HILL ON EARTH," THE
LONGEST AND LARGEST PLATINUM MINE IN THE WESTERN HEMISPHERE, FOR NEAR100YRS
11. BEEN SO WIDELY SLANDERED AND CRITICIZED BY GEOLOGISTS, IN SPITE OF A
VERY SUCCESSFUL CAREER, AS A PROSPECTOR, FOR NEARLY FORTY YEARS!
12. STEADILY INCREASED ASSET VALUE FOR THE PAST 11 YRS, WHILE MY OPPOSITION
HAS CONSPIRED TO REDUCE MY LIQUIDITY BY INTERFERENCE WHEREEVER POSSIBLE BY
BLOCKING SALES OF SEMI-PROVEN PROPERTIES, WITH PRODUCTION HISTORY!! AFTER
INTIMIDATION HAD DONE IT'S WORK ON PROSPECTIVE BUYERS, NO COUNTER OFFERS!!!
13. BEEN SUBJECTED TO 11 YEARS OF BUSINESS ESPIONAGE. TELEPHONE SURVEIL-
LANCE, OF THE MOST MODERN METHOD, AND QUITE PROBABLY, MAIL SURVEILLANCETOO!
14. BEEN SUBJECTED TO AT LEAST THREE APPARENT ASSASSINATION ATTEMPTS.
15. BEEN TARGETED WITH SUCH HATRED FOR SO LONG!
16. BEEN LIED ABOUT, SO EFFECTIVELY, ABOUT POSSESSING THE VERY FORMATIONS
ALMOST MANDATING COMMERCIAL PLATINUM DEPOSITS - METABASICS&META-ULTRAMAFICS
17. BEEN SO DENIED OF POSSESSING METABASIC & META-ULTRAMAFIC FORMATIONS, BY
PROFESSIONALS IN THE MINING BUSINESS!
18. WITNESSED SUCH A LACK OF PATRIOTIC CONCERN ABOUT THE NEED, MILITARILY,
FOR 4-5 VITAL STRATEGIC METALS, IN DOMESTIC SUPPLY, THAT WE POSSESS-PATENTED
19. FACED SUCH REJECTION, FOR SO LONG, FROM LOCALS, IN A MOST PUZZLING WAY!
20. HAD TO ENDURE A LARGE RED-BEARDED LOCAL MAN SAYING PUBLICALLY, "NEVER
MIND HIS FANCY CARS AND PICKUPS - WE'RE GOING TO BREAK VERN HUGHES." WE
HAVE WITNESSES!
21. SUCH A NEED TO REMEMBER, T H E R E I S N O S T I G M A A T T A C H -
E D T O F I N A N C I A L D I S T R E S S, I F I T I S F O R C E D B Y B U L L I E S!!!
22. NEVER HAD TO SUFFER THIS SORT OF MULTI-FACITED ASSAULT, MADE DELIBERATELY
23. HAD TO ASK FOR VOLUNTEER WITNESSES, TO SURVIVE THIS TOTALLY ILLEGAL A-
BUSE OF MY CIVIL RIGHTS. THE JUSTICE DEPARTMENT KNOWS OF THIS CARTEL, AND
IT'S HOLD ON MONTANA TECH, AND THE STATE OF MONTANA. WILL THEY ACT? // High

The following paragraph is excerpted from a report by Nabil M. Saweeres, who matriculated for his degree in geology and chemistry at Assuit University, in Egypt, and at the Colorado School of Mines, and at Wharton School

The KENNETT patented gold, silver, and platinum properties, with important amounts of chrome, and cobalt, has impressive production history. Nearly 10,000 feet of drift, produced by nearly 30 years of production. Possibly the largest underground gold/silver mine in Montana territory, in 19th cen.

The geological setting of the Kennett property is favorable for gold and silver mineralization near the contact between limestone (marble) and the precambrian gneiss and schist; the platinum and platinum group mineralization with lesser amounts of gold and silver is probably associated with the metabasic quartzofeldspathic gneiss, and the meta-ultramafics.

Dear Vern,

7 April 87

I gave the Gruff Report to ~~Doug Cozby~~, a geology graduate student at Bozeman. He'll stop at your office in late April. He confirms that mining companies form a cartel to ignore prospectors with claims. I'm delighted you'll reestablish your Teton County residence.

Sincerely, Bob Morris

Dear Vern + Johanna,

22 Nov 90

In Phoenix on 7 Nov. I had a phone conversation with your fan Bremer. With his patented processes + small furnace, he's showing refiners that platinum clusters in ores like yours can be broken. He counsels you to sell as few mines as possible now. Do you suppose he can serve as a finder? I didn't ask.

Sincerely, Bob Morris

dai - since thousands of old line Montana families have long known of it. I have only one question; will Montanans remain cowed, or will they protest?

S.W. Montana, "THE ORIGINAL GOLD BUG-1957"
"THE WORLD'S PRINCIPAL SOURCE OF HIGH GRADE PLATINUM!" (For 100+yrs)!
HUGHES MINING CO., INC. (Disprove that, Mt. Tech!)

March 25-26, 1991

Nearly 30 Years In Precious Metals

"Everything Depends on Mining"

-Exhibit # 13
4-4-91

DRAWER J

TWIN BRIDGES, MONTANA 59754

NATIONAL SCANDALS

(406) 684-5708
(406) 684-5708

Rodney King, the colored man beaten for speeding, when he wasn't speeding, is a California, and a national scandal! He had previously made a mistake in his life! Not an excuse! He is black! Not an excuse! He was set upon by a gang of bullies! Sworn and obligated to uphold the law! It will set the law back a lot of years! Just when we cannot afford that to happen!

Vern Hughes, the Irishman abused for claiming huge platinum discoveries, when he had waited from 1983 until 1985 to announce his discoveries, so as not to be hasty, and make a mistake, is a Montana, and a national scandal, because of the consistent denial of Montana Tech, (Montana's mining school?!). Absolutely no excuse! Thomas Alva Edison announced, in 1885, the discovery of ted platinum in Madison County! Hughes was set upon by a gang of bullies! Who were posing as friends of mining in Montana, (including bumper stickers that proclaim, "Friends of mining in Montana") when in fact from the Dales thru a former professor*at Montana Tech, they left that claim to easy challenge! *He interviewed me and told me if I had meta basic formations, I would be virtually "mandated" to have platinum, but that I didn't have that formation. That formation shows on every geologic map as being on my largest (Kennett) property! Montana Tech, and its predecessor, the Montana School of Mines, has held mining back in Montana over 100 years. Just when we couldn't afford it? WE ABSOLUTELY MUST NOT, ANY LONGER, ALLOW DENIAL OF THIS VITAL METAL!!!!

THE BIG DIFFERENCE IS THAT RODNEY KING GOT HIS ABUSE IN A LONG ENOUGH TIME PERIOD FOR THE COPS TO DELIVER 56 BATON BLOWS, (WITH LOTS OF WITNESSES). IN MY CASE, PROBABLY MORE THAN 56 SALES OF PROPERTIES HAVE BEEN INTERFERED WITH BY MONTANA TECH, WITH NEARLY ALL OF MONTANA WATCHING. MONTANA TECH, AND THE DALES CANNOT DENY THEIR LONG POSITIONS, BECAUSE THERE ARE TOO MANY WITNESSES TO REFUTE THEM. THE FILM TAPE OF KING'S BEATING SERVES THE SAME PURPOSE! DO YOU DOUBTERS BEGIN TO SEE THAT I COULDN'T POSSIBLY KEEP SAYING THESE THINGS ABOUT MONTANA TECH AND THE DALE FAMILY, UNLESS THEY WERE TRUE? RODNEY KING WOULD HAVE BEEN LAUGHED OUT OF THE POLICE STATION, WITHOUT THE TAPE, JUST AS I WOULD BE, IF I DIDN'T HAVE ELEVEN YEARS OF WITNESSES AND VERY GOOD ASSAY MATERIAL! OH, SURE, SOME WILL TELL YOU, "HE HAS A LOT MORE BAD ASSAYS THAN HE HAS GOOD ONES!" I DO, BUT THAT'S WITNESS THAT ANY ASSAYER IS APT TO TELL YOU HE CAN ASSAY FOR PLATINUM, WHETHER HE CAN OR NOT, WITH ACCURACY!

WHY DIDN'T THE OTHER COPS STEP IN ON RODNEY KING'S BEHALF, AND STOP IT? THEY DIDN'T SEE THAT THEY WERE INVOLVED, AND THAT THEY WOULD BE THE REST OF THEIR LIVES, ON EARTH AND IN ETERNITY! WHY HAVEN'T THE MOST DECENT AND HONEST OF OUR MONTANA SOCIETY, DONE THAT FOR ME? THEY DIDN'T SEE THAT THEY WERE INVOLVED AND THAT THEY WOULD BE THE REST OF THEIR LIVES, ON EARTH AND IN ETERNITY!

\$3 MILLION DOLLARS AND A BIG CHUNK OUT OF MY LIFE, AND IT ISN'T OVER YET-UNLESS THE RUMORED DECERTIFICATION OF MONTANA TECH IS REAL, AND WILL NOT BE GLOSSED OVER SOMEHOW, BY MONTANA'S MOST POWERFUL POLITICAL MACHINE - THE BUTTE POLITICAL JUGGERNAUGHT, THAT IS REPORTED TO HAVE SAVED MONT. TECH 3 TIMES BEFORE IN THE LAST TWENTY YEARS. WHERE AND WHEN WILL I GET MY SATISFACTION?? WHO WILL REPAY MY HEIRS AND MY 37 VOLUNTEER INVESTORS? WHO WILL SAVE THE U.S.

The Imperial Government became so expensive that it could no longer raise taxes sufficient to meet the required expenditures ... It kept on spending more than it received, and consequently ran hopelessly into debt ... as a result, the currency was ... until it became practically worthless ... hatred and envy ruled everywhere ... made war no longer secure." (The Gullible at history, H.G. Wells, 1920)

Industries

MINING

I HAVE REASONABLE INDICATIONS THAT I OWN MORE "INDICATED" PLATINIUM (& PLATINOIDS) COBALT & CHROME, THAN RUSSIA AND SOUTH AFRICA COMBINED.

THE PLATINUM RUSH OF 1987 IS ON

FIND ME AN HONEST GEOLOGIST WITH GREY HAIR AND I'LL SHOW HIM, META BASIC INCLUDED.

platinum is contained in volcanic matter squeezed between layers of rock. Or it may be located with copper or nickel deposits or turn up in the waste piles of abandoned gold mines.

BIG BUCKS. Prospectors are looking everywhere. Hughes is luckier than most. His platinum holdings, including those at an abandoned 3,000-acre gold mine at the foot of the Tobacco Root Mountains, are on land he bought for \$16,700 in back taxes in 1958.

Spotting platinum deposits is just the first step. Next, samples must be assayed, and that can be a problem. Until the last year or so, platinum assays were rarely requested in the U.S., so many metallurgists still don't know the right temperatures or reagents to use in identifying the metal. Even with word that he's found platinum, a prospector isn't home free. He has to acquire mineral rights to the property. Then, he must look for big bucks to underwrite core drilling, further sampling, and the con-

At \$590 an oz., the metal is drawing miners to North America

For years mining companies ignored Vern Hughes and his claims of holding rich platinum deposits. "I sat at the drugstore counter and was scoffed at," he recalls. No one's laughing now.

In August his Hughes Mining Co., of Twin Bridges, Mont., signed an option to sell a platinum claim in Montana's Tobacco Root Mountains to an unnamed Canadian mining company. Manville Corp. is sampling a second Hughes claim, and four other mining companies are negotiating for rights to other Hughes holdings. This sudden surge of interest is based on his calculations that he controls up to 400 million oz. of recoverable platinum, whose price has doubled in the past two years to \$590 an oz. If he's right, it would make his claims among the world's richest.

It's been a long struggle for Hughes, whose cluttered storefront office has only a part-time secretary. He claims to have made \$22 million in uranium during the booms of the 1950s and 1960s, then lost most of it on property litigation and three divorce settlements. Along the way, however, he accumulated mineral rights in Montana that appear to contain platinum. Now, even conservative mining men think the one-time Hudson car dealer may again have hit pay dirt.

TAKING THE RISK. North America is in the midst of its first platinum rush, and prospectors and major claim owners like Hughes are its foot soldiers, "taking the risks for the rest of us," says one mining expert. Hundreds of them, including sheepherders, rock hounds, and small mining exploration companies, will spend up to \$20 million this year scouring the West for platinum. "It's taken over [from gold] as the exotic metal," says Ross J. Beaty, president of Equinox Resources Ltd., of Vancouver, B. C., which holds 18 platinum properties in Canada and is one of 100 or so mining companies with claims to North American deposits.

There are good reasons for all the excitement. "The world can do without gold, but it certainly can't do without platinum," says John P. McGoran, president of Fleck Resources Ltd., a Vancou-

ver-based exploration company with claims from Nevada to the Yukon. Platinum's primary use is in automobile catalytic converters, which are required by more and more countries. It is also used in organic chemical making and petroleum refining. Today, 85% of all platinum comes from South Africa, but social turmoil there threatens its production.

North American mining companies are the main beneficiaries. Stillwater Mining Co., which opened the noncommunist world's first platinum mine outside



MONTANA'S HUGHES: MINING COMPANIES ARE LINED UP TO CHECK OUT HIS CLAIMS

South Africa in Montana's Bear Tooth Mountains early this year, will produce an estimated 25,000 oz. of the metal in 1988. Its owners—Manville, Chevron Resources, and LAC Minerals of Canada—plan to double that by 1990. Madeleine Mines Ltd. will open a \$35 million platinum operation north of Thunder Bay, Ont., next year. And Chevron and Galactic Resources Ltd. will begin recovering platinum from a \$75 million mine complex in the Canadian Yukon in 1989.

This corporate interest has created an unprecedented opportunity for prospectors and claim holders. Finding platinum is difficult because there are few geological clues as to where to look. Sometimes

struction of mine and metal processing facilities. This can run up to \$75 million or more.

The average prospector has less than one chance in a hundred of seeing his claim pay off, mining officials calculate. "It's like *The Perils of Pauline*," says J. Michael Sharratt, a Manville vice-president, whose company gets one or two queries a week from claim holders seeking help in developing metal finds. But such odds are all but meaningless to Hughes. "I think [my holdings] could be the richest of their size in the world," he says. "I could be platinum king of North America."

By Sandra D. Atchison in Montana

Cost Estimates:

EX-13A

SB 421

4/4/91

Local Government

State Government

At 25% Payout

	FY92	FY93	FY92	FY93
Current Law	\$ 889,931	\$ 929,740	\$ 902,785	\$ 943,169
SB 421:	391,569	806,433	397,225	818,057
Net Effect:	(498,362)	(123,307)	(505,560)	(125,112)

At 50% Payout

Current Law	889,931	929,740	902,785	943,169
SB 421:	391,569	882,195	397,225	894,937
Net Effect:	(498,362)	(47,545)	(505,560)	(48,232)

At 75% Payout

Current Law	889,931	929,740	902,785	943,169
SB 421:	391,569	882,195	397,225	894,937
Net Effect	(498,362)	(47,545)	(505,560)	(48,232)

At 100% Payout

Current Law	889,931	929,740	902,785	943,169
SB 421:	391,569	882,195	397,225	894,937
Net Effect	(498,362)	(47,545)	(505,560)	(48,232)

Note: The Cost estimate for SB 421 is based on current health insurance premiums for retirees on the state plan.

EXHIBIT 14

DATE 4/4/91

HB SB 274



**Montana
Grain
Growers
Association**

P.O. Box 1165 • 750 6th Street S.W. • Great Falls, Montana 59403 • 406/761-4596

Testimony of the
Montana Grain Growers Association & Montana Citizens Freight Rate Association
on Senate Bill 274
before the House Appropriations Committee
April 4, 1991

My name is Viggo Andersen, I am representing the Montana Grain Growers Association and the Montana Citizens Freight Rate Association. Both organizations support SB274 and believe that revenues from the lease or sale of state owned rail property should be channeled back to projects that will help maintain or improve rail service in the State. The revenues in question are very modest amounts, but might, for example, provide matching funds for a federal grant or help purchase used track or other material needed by an operating state-owned short line.

Given the importance of rail transportation to so many industries in Montana and the increasing difficulty of finding public funding for rail projects, SB274 seems to us to be a prudent step and we ask that you approve this legislation.

CHUCK MERJA
President

MERLE MULLET
Vice President

JERRY THUESEN
Treasurer

DAVID SAGE
Secretary

EXHIBIT 15
DATE 4/4/91
HB 5186
15

BYLAWS

WESTERN STATES LEGISLATIVE FORESTRY TASK FORCE
(As Revised January 10, 1988)

PREAMBLE

The Western States Legislative Forestry Task Force is a group of designated state legislators, whose decisions do not necessarily bind either the legislatures or state governments of their respective states, representing Alaska, California, Idaho, Montana, Oregon, Washington, and the provinces of British Columbia and Alberta which shall be associate members. Each state, by appropriate leadership, will dispatch appointed delegates to this Task Force; two delegates from its Senate and two from its House of Representatives or Assembly, plus contribution of some prorated share of funding necessary for essential actions of the Task Force and for the concomitant travel expenses of delegates.

The life and work of this Task Force are considered infinite; that is, there neither can nor should be a termination of its deliberations as long as the assurance of an adequate forest base to the West remains an issue within our nation. Individual members may come and go, as their terms of office or legislative considerations dictate, but the Task Force job of continuing contributions of public and private forests to the betterment of our country and the world must continue.

Specifically, this Task Force is charged with monitoring, on behalf of its member states, decisions of national and state executive administrations; decisions -- pending and past -- of state legislatures and of the Congress; decisions of state and federal agencies; and attitudes of all segments of society affecting the maintenance and utilization of forest lands, public and private, primarily in the West, whose fiber yield is essential to human survival, while recognizing the need to preserve and utilize a reasonable amount of our timbered land base to meet other multifaceted needs of Americans.

Finally, this Task Force is obligated to join all elements of American Society and government in actions to meet those challenges which would erode the nation's timber base for any seemingly expedient reason; to make certain that the United States will have for centuries beyond our view the productive forests to sustain its internal ecological balance, meet its recreational need, and fill its wood products demand.

1. Chair; Vice-Chair

- a. The Chair shall be elected annually to serve for a full calendar year, or until a successor is duly elected, and has such duties as the task force may authorize. Elections shall be held at the first meeting following state legislative elections. The Chair shall be rotated annually among the member states.

EXHIBIT - 15
DATE 4/4/91
IB 5186

- b. The Vice-Chair shall be elected annually to serve for a full calendar year, or until a successor is duly elected, and has such duties as the Task Force may authorize or the Chair direct. The Vice-Chair shall be rotated annually among the member states.
- c. In the event that the Chair is no longer a Task Force member, the Vice-Chair shall serve until the next regular election.
- d. In the event that both the Chair and Vice-Chair are no longer Task Force members, a special provisional meeting of the quorum will be held to elect a new group of officers.
- e. The Chair and Vice-Chair shall not be representatives of the same state, nor shall either be able to succeed him or her self.
- f. The Chair or the Vice-Chair of the Task Force may be removed for just cause by unanimous vote of at least 12 members of the Task Force, with each state represented by at least one member.

2. Quorum

A quorum shall consist of 25% of the membership. The determination of a quorum may be challenged by any member within ten (10) days of such determination by filing such challenge in writing with the Chair of the Policy Committee. Upon such filing, the Policy Committee shall review and determine if the challenge shall be upheld. If the challenge is not upheld by the Policy Committee within ten (10) days of the filing of same, the determination of quorum present shall stand.

3. Voting

Voting shall be by an individual member but no action on a roll call vote shall be taken unless the determination of a quorum has been made and a majority of those present vote affirmatively. Written proxies may be exercised by another member from the same state. Before any final determinative vote is taken on a resolution, any member may request, and upon such request, the resolution concerned shall be reduced to a writing. Associate membership shall not possess voting privilege.

4. Meeting Notice

Notice of all meetings of the Task Force shall be sent at least 21 days in advance of the meeting.

5. Executive Director

The Executive Director shall be appointed by the Task Force from those names submitted with recommendations by the members. The

15
4/4/91
DIRECTOR shall serve as Secretary of the Task Force and shall perform such duties as the Chair of the Task Force may direct. The nature of the employment will remain on an independent contractor-contractee basis. The salary and its provisions are negotiable.

6. Frequency of Meetings

Meetings shall be called at the pleasure of the Chair but the Task Force shall be convened within 21 days of the demand of a majority of the member states.

7. Fiscal

Dues and contributions from member states shall be deposited in a bank account in the name of the Task Force. The dues will be established by the formula adopted at Spokane, Washington. The Executive Director, with the concurrence of the chair shall disburse monies therefrom for necessary expenses of the Task Force. All disbursements are to be made by check with the signature of both the Chair, or Vice Chair, and the Executive Director.

Dues or contributions from associate members shall be established by negotiation with the Task Force, and shall be handled in the same manner as all other dues and contributions.

All fiscal records of the Task Force shall be annually reviewed by a certified public accountant chosen by the Chair with a concurrence of a majority of the members. A copy of all the records shall be sent to the appropriate legislative oversight committees at the end of the fiscal year, as directed by each state delegation or associate member.

8. Policy Committee

- a. The Policy Committee shall consist of a legislator from each member state designated by the delegates from each state. The Chair shall represent his/her state on the Policy Committee.
- b. The Chair of the Task Force shall be the Chair of the Policy Committee.
- c. The action of the Policy Committee shall be limited to preparing policy statements consistent with established policy positions of the Task Force in response to issues and situations requiring action in such short time as to make a full Task Force meeting impossible. The Policy Committee may direct the Executive Director to take action in name of the entire Task Force.
- d. The Policy Committee may act by mail or phone when considered necessary by the Chair of the committee, but no action shall be taken unless four members vote affirmatively.

9. Members Attendance

Should a member miss three consecutive meetings the leadership of the appropriate state House (assembly), or Senate, will be asked either to excuse the member officially or to appoint a substitute.

WESTERN STATES LEGISLATIVE FORESTRY TASK FORCE

Established 1974

February 4, 1991

WESTERN STATES LEGISLATIVE FORESTRY TASK FORCE (BACKGROUND PAPER)

CHAIR

Senator Bernie Swift

VICE CHAIR

Assemblyman Dan Hauser

MEMBERS

ALASKA

Senator Dick Eliason
Senator Lloyd Jones
Representative Robin Taylor
Representative (Vacancy)

ALBERTA

Honorable LeRoy Fjordbotten

BRITISH COLUMBIA

Honorable Claude Richmond

CALIFORNIA

Senator Barry Keene
Senator (Vacancy)
Assemblyman Dan Hauser
Assemblyman (Vacancy)

IDAHO

Senator Marguerite McLaughlin
Senator George Vance
Representative Richard Adams
Representative Ray Infanger

MONTANA

Senator Bernie Swift
Senator Mike Halligan
Representative Ben Cohen
Representative (Vacancy)

OREGON

Senator Mae Yih
Senator Joan Dukes
Representative Tony Van Vliet
Representative (Vacancy)

WASHINGTON

Senator Scott Barr
Senator Patrick McMullen
Representative Simeon Wilson
Representative Jennifer Belcher

EXECUTIVE DIRECTOR

James B. Corlett

The Western States Legislative Forestry Task Force was organized in 1974. It consists of two state senators and two state representatives (assemblymen) from Alaska, California, Idaho, Montana, Oregon and Washington legislatures. Most of the state delegates represent rural-forested areas. The current chairman is Senator Bernie Swift, Montana. Elected officers serve for one year and successors are rotated among the states. In 1986, the Canadian province of British Columbia joined the Task Force as an associate member. The Province of Alberta also joined as an associate member early in 1988. Both Canadian provinces are represented by their respective forest ministers.

The mission of the Task Force is to promote forest policy decisions that will assure the full productivity of western forests, recognizing the public's interest in sustainable forestry and a balance in ecological and economic use of forest resources. In order to achieve this mission, Task Force members will:

- * Enhance their capabilities as individual legislators
- * Collect, receive and exchange forest information
- * Provide a forum for discussion and debate
- * Act as a liaison with other legislators
- * Develop consensus and coordinate action among the member states and provinces
- * Advocate where appropriate

One of the common bonds of the Task Force states is the significant federal land ownership within each state. Federal policy and land management decisions can substantially influence the economic and social structures of states, and particularly those with large federal ownerships.

"Cooperative Action On Western Forestry Problems"

6950 S.W. Hampton, Suite 105, Portland, Oregon 97223 Phone: (503) 620-6616

PERCENTAGE OF FEDERALLY-OWNED LAND IN STATES THAT ARE MEMBERS OF
THE LEGISLATIVE FORESTRY TASK FORCE(1)

EXHIBIT 16
DATE 4/4/91
HB 3284

State	Percent Owned By U.S. Government(2)
ALASKA	85.85
CALIFORNIA	47.79
IDAHO	63.74
MONTANA	29.09
OREGON	49.72
WASHINGTON	29.06

- (1) U.S. Department of Interior, Bureau of Land Management, PUBLIC LAND STATISTICS 1985 (Washington, D.C.: U.S. Government Printing Office, 1985), p.5.
- (2) Excludes Trust Properties.

The Task Force has sought to influence federal policy by initiating unified state action on national forestry related issues. Annually or semiannually one of its quarterly meetings is held in Washington, D.C. There it has been received by the Secretaries of Agriculture and Interior, the Assistant Secretary of Commerce, the Chief of the U.S. Forest Service, the Director of the Bureau of Land Management and Presidential assistants. Its members have made numerous personal and written contacts with the Congressional delegations from each Task Force state, with appropriate Congressional committees and with key administration officials on current subject matters of concern. In April 1988, in Washington, D.C., the Task Force hosted a luncheon in the U.S. Senate for Senators and Congressmen to hear the Honorable Allen Gotlieb, Canadian Ambassador to the United States discuss the Canada/USA Free Trade Agreement. It also honored Senator John Stennis for his support for agricultural and forestry research at land grant colleges. It honored Senator Mark Hatfield in 1986, for his support of forest insect control.

Some of the issues upon which the Task Force has acted include: RARE II; Clean Air Act Amendments, Alaska Land Allocation; USFS budgets for reforestation, timber management, state and private forestry; long-range weather forecasting; uses of forest chemicals; cooperative forest fire funding; the National Forest Multiple Use Management Act; funding for the Forest and Range Renewable Resources Planning Act; economic criteria for determining federal timber harvest schedules; oversight hearings on the National Environmental Planning Act; Corps of Engineers authority to regulate dredge and fill; federal payments to states for lost revenues due to federal ownership of lands; forest insect research; USFS road funding policy; Spotted owl; Tongass National Forest; salvage timber sales; Canadian lumber imports; national forest

February 4, 1991

6 Page Three

4/4/91
SJR

planning; Gramm-Rudman Act; forest land taxes; international border forest fire cooperation; funding for emergency insect and disease outbreaks; support for vigorous U.S. forest service timber sales and road access programs; funding for applied fire management research; elimination of Japanese tariffs on U.S. softwood plywood imports; transportation of forest products to east and gulf coast ports on other than U.S. flag vessels; appropriations for the McIntire-Stennis forestry research program; modification of application of even-flow timber sale policy to better meet market-place and forest community needs; federal reimbursement authority for utilizing fire fighting resources regardless of jurisdiction (Canada); support for retention of the present 25 percent formula for timber sale receipt payments to the states and local governments; etc. Over one hundred such issues have received major Task Force attention and action.

For more information, please contact any Task Force member or the Task Force office in Portland, Oregon.

James B. Corlett
Executive Director

DATE 4/4/91
9/8/91

WESTERN STATES LEGISLATIVE FORESTRY TASK FORCE

1991 GOALS*

1. COMPILE INFORMATION ON TIMBER INVENTORY AND RELATED ISSUES SO THAT THE TASK FORCE CAN PUT TIMBER SUPPLY QUESTIONS IN PERSPECTIVE.
2. IDENTIFY A LIST OF COMMON ISSUES AND FIND EXPERTS TO MAKE PRESENTATIONS ON THEM TO HELP PREPARE FOR STUDY AND DISCUSSION.

THE TASK FORCE MEMBERS AGREE THAT THEY WILL BRING COPIES OF LAWS AND REGULATIONS TO MEETINGS AND SHARE INFORMATION AND IDEAS THAT HAVE WORKED IN THEIR RESPECTIVE STATES AND PROVINCES.

THE TASK FORCE AGREES THAT AT LEAST ANNUALLY IT WILL REVIEW ITS ACCOMPLISHMENTS AND ITS METHODS OF COMMUNICATING IDEAS AND POSITIONS.

*Selected, by vote of the members, from a list of goals suggested by the members, at SEATAC RED LION, Seattle, Washington, November 17, 1990.

WESTERN STATES LEGISLATIVE FORESTRY TASK FORCE MISSION STATEMENT*

THE MISSION OF THE TASK FORCE IS TO PROMOTE FOREST POLICY DECISIONS THAT WILL ASSURE THE FULL PRODUCTIVITY OF WESTERN FORESTS, RECOGNIZING THE PUBLIC'S INTEREST IN SUSTAINABLE FORESTRY, AND A BALANCE IN ECOLOGICAL AND ECONOMIC USE OF FOREST RESOURCES.

IN ORDER TO ACHIEVE THIS MISSION, TASK FORCE MEMBERS WILL:

- ° ENHANCE THEIR CAPABILITIES AS INDIVIDUAL LEGISLATORS
- ° COLLECT, RECEIVE AND EXCHANGE FOREST INFORMATION
- ° PROVIDE A FORUM FOR DISCUSSION AND DEBATE
- ° ACT AS A LIAISON WITH OTHER LEGISLATORS
- ° DEVELOP CONSENSUS AND COORDINATE ACTION AMONG THE MEMBER STATES AND PROVINCES
- ° ADVOCATE WHERE APPROPRIATE

*Tentatively adopted at a regular meeting held on November 18, 1990, at SEATAC RED LION, Seattle, Washington.

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4/4/91
5286
DATE
16

WESTERN STATES LEGISLATIVE FORESTRY TASK FORCE

LISTING OF MEETINGS

<u>Meeting #</u>	<u>Date</u>	<u>Location</u>
1	July 12 & 13, 1974	Fairmont Hotel, San Francisco, CA
2	September 16, 1974	Hayden Lake, Idaho
3	November 18, 1974	Benson Hotel, Portland, OR
4	December 12 & 13, 1974	State Office Bldg., San Francisco, CA
5	February 23, 1975	State Capitol, Helena, Montana
6	April 26, 1975	Benson Hotel, Portland, OR
7	July 28, 1975	Edgewater Hotel, Seattle, WA
8	January 24 & 25, 1976	Hilton Hotel, Portland, OR
9	May 7 & 8, 1976	State Capitol Bldg., Sacramento, CA
10	March 22 & 23, 1976	Statler Hilton Hotel, Washington, D.C.
11	August 7 & 8, 1976	Rodeway Inn, Boise, Idaho
12	November 21, 1976	Davenport Hotel, Spokane, WA
13	January 29, 1977	Ramada Inn, Boise, Idaho
14	March 26 & 27, 1977	Portland, OR
15	June 4 & 5, 1977	Hyatt House, Burlingame, CA
16	August 6 & 7, 1977	Spokane, WA
17	October 28, 1977	Missoula, Montana
18	December 16, 1977	Olympia, WA
19	February 11 & 12, 1978	Newport Beach, CA
20	April 15 & 16, 1978	Edgewater Inn, Seattle, WA
21	July 8 & 9, 1978	Sheffield House, Sitka, Alaska
22	September 22 & 23, 1978	North Shore Hotel, Coeur d'Alene, Idaho
23	December 8 & 9, 1978	Red Lion Motel, Portland, OR
24	February 3 & 4, 1979	Capitol Bldg., Sacramento, CA
25	March 24 - 27, 1979	Sheraton Carlton Hotel, Washington, D.C.
26	August 1 & 2, 1979	Trails End Motel, Sheridan, Wyoming
27	October 27 & 28, 1979	Red Lion Sea-Tac, Seattle, WA
28	January 18 & 19, 1980	State Capitol, Salem, OR
29	March 29 - 30, 1980	Travelodge at the Wharf, San Francisco
30	July 17 - 19, 1980	Marine View Hotel, Ketchikan, Alaska
31	October 10 - 12, 1980	The Outlaw Inn, Kalispell, Montana
32	February 28 - March 1, 1981	State Capitol Bldg., Boise, Idaho
33	May 2 - 7, 1981	The Quality Inn, Washington, D.C.
34	August 1 & 2, 1981	Jackson Hole, Wyoming
35	Oct. 31 & Nov. 1, 1981	Holiday Inn at the Wharf, San Francisco, CA
36	February 12 - 14, 1982	Red Lion Motor Inn, Portland, OR
37	May 1 - 4, 1982	Quality Inn, Washington, D.C.
38	August 21 & 22, 1982	She-Atika, Sitka, Alaska
39	November 19 & 20, 1982	Red Lion Sea-Tac, Seattle, WA
40	February 18 - 20, 1983	State Capitol, Sacramento, CA
41	May 1 - 3, 1983	Bellevue Hotel, Washington, D.C.
42	July 7 - 9, 1983	Big Sky, Montana
43	October 20 & 21, 1983	Red Lion Inn at the Quay, Vancouver, WA
44	February 24 - 26, 1984	Mansion Inn, Sacramento, CA
45	March 24, 1984	Airport Sheraton Hotel, Portland, OR
46	May 13 - 15, 1984	Bellevue Hotel, Washington, D. C.
47	Aug. 31 - Sept. 2, 1984	Ingersoll Hotel, Ketchikan, Alaska

<u>Meeting #</u>	<u>Date</u>	<u>Location</u>
48	November 30-December 2, 1984	Travelodge at the Wharf, San Francisco, CA
49	March 9 & 10, 1985	Sheraton Hotel, Spokane, WA
50	June 20 & 21, 1985	Harbour Towers Hotel, Victoria, B.C.
51	October 5 & 6, 1985	Hayden Lake, ID
52	December 7 & 8, 1985	Travelodge at the Wharf, San Francisco, CA
53	April 5-9, 1986	Bellevue Hotel and U.S. Capitol, Washington, D.C.
54	July 11-15, 1986	Fairbanks-Anchorage, AK
55	October 4-6, 1986	Vancouver, B.C.
56	December 12-14, 1986	Travelodge at the Wharf, San Francisco, CA
57	March 13-15, 1987	Valley River Inn, Eugene, OR
58	June 26-28, 1987	Village Red Lion Inn, Missoula, MT
59	September 18-20, 1987	Edmonton, Alberta, Canada
60	January 8-10, 1988	Carmel Mission Inn, Carmel, CA
61	April 8-13, 1988	Bellvue Hotel, Washington, D.C.
62	June 16-19, 1988	Red Lion, Port Angeles, WA
63	September 16-18, 1988	Ramada Inn, Lewiston, ID
64	December 9-11, 1988	Executive House, Victoria, B.C., Canada
65	March 17-19, 1989	Lake Tahoe Inn, South Lake Tahoe, CA
66	August 4-6, 1989	Ketchikan and Wrangell, AK
67	September 30-October 4, 1989	Quality Inn, Washington, D.C.
68	November 10-12, 1989	Monterey Hotel Resort, Monterey, CA
69	April 20-22 1990	Molatoes Inn, Klamath Falls, OR
70	June 29-July 1, 1990	Grouse Mountain Lodge, Whitefish, MT
71	September 7-9, 1990	Port O'Call, Calgary, Alberta, Canada
72	November 16-18, 1990	Red Lion Seatac, Seattle, WA

PROJECTED MEETINGS

73	March 15-17, 1991	Boise, Idaho, Field Trip Boise Interagency Fire Center; Public Meeting at Capital
74	June 21-23, 1991	Eureka, California, Private Forestry in California; Field Trip
75	September, 1991	British Columbia

WESTERN STATES LEGISLATIVE FORESTRY TASK FORCE
HIGHLIGHTS OF 1989 AND 1990 TASK FORCE MEETINGS
FEBRUARY 1, 1991

1989 MEETINGS

SIXTY-FIFTH MEETING, SOUTH LAKE TAHOE, MARCH 17-19, 1989,
Representative Dick Adams, Idaho, Chair

Activities included: A field trip with a briefing at the Tahoe Regional Planning Agency in Roundhill, Nevada, by William Morgan, Executive Director and Bob Harris, Supervisor, Lake Tahoe Basin Management Unit, U.S. Forest Service. The TRPA was formed to get California, Nevada and all federal and state agencies working together to protect the quality of life in the 325,000 acre basin. The agency classifies all land regarding erosion potential, requires rehabilitation of eroding property, improves transportation, conserves some land, and develops and regulates recreation.

Visited 410 acre resort on lake shore purchased by USFS from private owner and now leased to private management where recreational activities are continued. It is one of eight parcels purchased by USFS in 1979 to protect the lake shore for public access. Heard speakers.

Visited forest fire damaged area in heavily populated area. Heard from coordinating fire officials, local, state and federal about homeowner fire protection requirements.

Visited historic estate, now in federal ownership and being restored for public use. Held public meeting with Allan West, Deputy Chief USFS; Dennis Machider, Executive Director, California Conservancy; Bill Dennison, President, Timber Association of California; Lowell Smith, Nevada State Forester on fire cooperation compact; Dick Ernest, Director, California Department of Forestry and Fire; Ken Delphino, Western State Forester's Association on a strategic plan for interstate cooperation on forest resource policies. Adopted resolutions: 1) Animal and plant health inspection service for intensive rodent control research (major reforestation problem in Pacific Northwest). 2) Strongly opposed proposed diversion of federal funds now allocated to western counties, in lieu of taxes, to meet federal fire control costs. 3) Supported judicious use of herbicides to control weeds and vegetation in forest management.

SIXTY-SIXTH MEETING, KETCHIKAN AND WRANGELL, ALASKA, AUGUST 4-6,
1989, Representative Dick Adams, Idaho, Chair

Activities included: Field trip in vicinity of Ketchikan, visited Ketchikan Pulp Company. Orientation by Martin Pihl,

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DATE 4/8/91
WA 548191
General Manager. Toured mill, log storage and sawmill operations. At Clover Pass Resort heard report from Alaska State Forester Bob Dick regarding management of state lands. Took Alaska ferry to Wrangell (6 hours) had briefings on the Tongass National Forester (largest in USA), as group traveled through it, by US Forest Service staff persons.

At Wrangell, field trip to Wrangell Forest Products Company, host Ray Martin. Visited sawmill, water log storage and lumber shipping dock. Keene Khort, USFS explained activities on bus trip to interior of island. Saw recreation areas, logging areas, road construction, wildlife management and firewood gathering.

Public meeting: Speakers included Allan West, Deputy Chief, USFS on national events in forestry; Ron Humphry, Supervisor of Stikine area of Tongass National Forest regarding national wilderness legislation and management of other Tongass lands; Ron Wolf, Forester Klukwan Forest Products (a native corporation). Describe its land use program; Frank Rappel, Vice-President, Alaska Pulp Company, Sitka, explained operations and available timber supply; Mrs. Tobe Miller, President, Alaska Women in Timber, Wrangell Chapter explained the role of her organization in Alaska. Don Finny, Senior Manager, Alaska Loggers' Association, presented movie on the Tongass National Forest.

Representative Doug Sahan, Washington, reported on the efforts of his Task Force subcommittee to bring together players from all factions involved in the spotted owl issue in Washington State. The subcommittee served as a neutral body to provide a forum for numerous meetings, held at the Capitol in Olympia. A lot of progress has been made in finding common ground among the federal and state agencies, conservationists, private forest landowners, Indians and recreationists. It was the presence of the British Columbia minister that elevated the credibility of the subcommittee along with members from other Task Force states, he said.

SIXTY-SEVENTH MEETING, WASHINGTON, D.C.
SEPTEMBER 30-OCTOBER 4, 1989
Representative Dick Adams, Idaho, Chair

A series of meetings were held as follows: Jack Parnell, Deputy Secretary of Agriculture; Dale Robertson, Chief, U.S. Forest Service; and Cy Jamison, Director, Bureau of Land Management, USDI. Each government official explained new developments and problems in their agencies and responded to extensive questions from Task Force members. Task Force members also visited House and Senate members of their respective state delegations in the Congress. Resolutions were adopted on 1. Spotted owl/timber solution that maintains timber supply and jobs; 2. Support for capital gains differential; 3. Reaffirmed

requesting US Fish and Wildlife Service not to list the Spotted owl as threatened species.

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SIXTY-EIGHT MEETING, NOVEMBER 10-12, 1989, MONTEREY, CA
Representative Dick Adams, Idaho, Chair

The purpose of meeting was to coordinate with the meeting of the Western States Legislative Conference. Several members attended the conference including Representative Bernie Swift, Montana, Representative Robin Taylor, Alaska (Vice Chair), Assemblyman Dan Hauser, California and others.

A field trip traveled south on Highway One to visit the Los Padres National Forest, primarily a recreation and watershed forest; examples of the California State Park system and its administration; the continuous erosion along the coast road and the very difficult fire control logistics. Speakers included: Robert Taylor, Ranger Unit Chief, California Department of Forestry and Fire (CDF); Betsey Lyson, Regional Office, USFS, San Francisco; Dick Zechentmayer, Acting District Ranger, Monterey; Paul Thomas, Recreational Specialist, USFS; Charles Philpot, Director, Pacific Northwest Forest and Range Experiment Station; and Mr. Larry Brembray, Deputy Regional Forester, USFS, San Francisco. Speakers spoke at tour stops and at the box lunch stop at Pfeiffer Big Sur State Park. Observed the very large Molera II fire from Bixby Bridge Viewpoint; an arson-caused fire. Arson is very severe along this coast. The U.S. Coast Guard cooperated by stationing a cutter just off the coast as a platform for a coordinated fire command radio relay station, allowing communications up the steep slopes several thousand feet high. The Los Padras has over 3 million recreation visitors annually. Highway One was closed for over a year because of a huge slide in 1983. Representative Robin Taylor, Alaska, was elected Chair and Representative Bernie Swift, Montana was elected Vice Chair.

SIXTY-NINTH MEETING, April 20-22, 1991, Klamath Falls, Oregon
Representative Robin Taylor, Chair

A field trip visited the Klamath Falls Tree Farm, Weyerhaeuser Company (an intensively-managed industrial forest); the Winema National Forest, USFS; saw spotted owl nesting area outside classified owl habitat; Oregon Department of Forestry Land Management and state Forest Practices; lands owned by U.S. Bureau of Land Management (fish enhancement project, reforestation problems, recreation area and owl habitat impacts on BLM land management). The field trip was followed by a public meeting in the county court house. Speakers included:

John Monfore, Land Manager, Weyerhaeuser Company; Martin Lugas, Forestry Manager, Weyerhaeuser; Wayne Gaskins, Western Forest Industries Association; Ward Armstrong, Executive Director, Oregon Forest Industries Council; Bob Johnson, Timber Manager, Thomas Lumber Company; Roy Woo, State Forestry Department; John Trich, Manager, Columbia Plywood Corporation; Mike Balcom, Bearcat Logging, Inc.; Dave Deggenhardt, Oregon Department of Forestry; Oki Grossarth, Supervisor, Fremont National Forest; Joe McCracken, President, Western Forest Industries Association; Paul Vetterick, Associate State Director, BLM, Portland; Allan West, Deputy Chief, USFS, Washington, D.C.

SEVENTIETH MEETING, June 29-July 1, 1991, Whitefish, Montana
Representative Robin Taylor, Chair

A field trip visited state, private and national forest lands to observe a wide variety of forest management techniques, many unique to Montana. Montana's Best Management Practices were seen at many locations and explained in detail as to their function on various ownerships. Following the field trip, a public meeting was held in Kalispell. Speakers from this meeting and the field trip included: Gary Brown, State Forester, Montana; Norm Kuennen, Montana Forestry Department; Art Stearns, Director, Washington Department Natural Resources, Olympia; Keith Olson, Montana Logger's Association; Dean Sirucek, Soil Scientist, US Forest Service; Dr. Robert Pfister, Director, Mission Oriented Research, Montana Forest and Conservation Experiment Station; Art Vail, Manager Flathead Unit, Plum Creek Timber Company; Bill Parsons, Director of Operations, Plum Creek; Steve Ambrose, USFS, Juneau, Alaska; Charlie Grenier, Vice-President Plum Creek; Chris Risbrudt, Deputy Regional Forester, USFS, Missoula, and Charles Keegan, Director Business Institute, U. of M., Missoula.

Resolutions were adopted: 1) Request the three costal governors to ask the President to arrange for convening the Endangered Species Committee; 2) support for federal legislation to allow states to restrict raw log exports.

SEVENTY-SECOND MEETING, SEATAC AIRPORT, SEATTLE, WA. November
16-18, 1990, Representative Robin Taylor, Alaska, Chair

The purpose of the meeting was a workshop to complete a revised task mission statement and set 1991 goals. These were completed (see attached).

In addition a breakfast meeting provided opportunity to discuss the Washington State Sustainable Forestry Round Table and Initiative. Speakers included Bob Rose, Washington Department of

Natural Resources and Bob Gustavson, Director, Forest Management, Washington Forest Protection Association. Forest Inventory data available in the west was also discussed. Speakers included: Allan West, Deputy Chief, US Forest Service, Washington D.C., Cliff Smith, Deputy Minister, Alberta Forest Service and Dan Oswald, Project Leader Forest Inventory, Forest Experiment Station, -Portland, OR.

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HB 9/2/96

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EXHIBIT 17

Amendments to Senate Bill No. 215
Third Reading Copy

4-4-91

Requested by Representative Cobb
For the House Appropriation Committee

Vote #4

Prepared by Pamela D. Joehler
April 3, 1991

1. Page 3, line 1.

Following: "account"

Insert: "for bonds issued to finance capital projects for
community health facilities who contract with the state to
provide health care services"

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

ROLL CALL VOTE

TIME

7:12

DATE

4-4-91

BILL NO.

HB 93

NUMBER

1

MOTION:

Kadas

NAME	AYE	NO	ABSENT
REP. RAY PECK, VICE-CHAIRMAN	✓		
REP. DOROTHY BRADLEY	✓		
REP. JOHN COBB	✓		
REP. DOROTHY CODY	✓		
REP. MARY ELLEN CONNELLY		✓	
REP. ED GRADY		✓	
REP. LARRY GRINDE	✓		
REP. JOHN JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BERV KIMBERLEY	✓		✓
REP. WM. "RED" MENAHAN			✓
REP. JERRY NISBET	✓		
REP. MARY LOU PETERSON		✓	
REP. JOE QUILICI		✓	
REP. CHUCK SWYSGOOD		✓	
REP. BOB THOFT	✓		
REP. TOM ZOOK	✓		
REP. FRANCIS BARDANOUVE, CHAIRMAN	✓		
TOTAL	12	5	

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

ROLL CALL VOTE

TIME

11:20 AM

DATE

4-3-91

BILL NO.

242

NUMBER

2

MOTION:

Kad asume

NAME	AYE	NO	ABSENT
REP. RAY PECK, VICE-CHAIRMAN	✓		
REP. DOROTHY BRADLEY		✓	
REP. JOHN COBB	✓		
REP. DOROTHY CODY		✓	
REP. MARY ELLEN CONNELLY		✓	
REP. ED GRADY		✓	
REP. LARRY GRINDE		✓	
REP. JOHN JOHNSON		✓	
REP. MIKE KADAS	✓		
REP. BERV KIMBERLEY		✓	
REP. WM."RED" MENAHAN		✓	✓
REP. JERRY NISBET		✓	
REP. MARY LOU PETERSON		✓	
REP. JOE QUILICI		✓	
REP. CHUCK SWYSGOOD		✓	
REP. BOB THOFT	✓		
REP. TOM ZOOK		✓	
REP. FRANCIS BARDANOUVE, CHAIRMAN	✓		
TOTAL	5	12	

Passed

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

ROLL CALL VOTE

TIME

12:08

DATE

BILL NO.

232

NUMBER

3

MOTION:

*Amended by Cutting from
4 to 2 + ?*

NAME	AYE	NO	ABSENT
REP. RAY PECK, VICE-CHAIRMAN	✓		
REP. DOROTHY BRADLEY	✓		
REP. JOHN COBB	✓		
REP. DOROTHY CODY		✓	
REP. MARY ELLEN CONNELLY	✓		
REP. ED GRADY			✓
REP. LARRY GRINDE	✓		
REP. JOHN JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BERV KIMBERLEY	✓		
REP. WM. "RED" MENAHAN	✓		
REP. JERRY NISBET		✓	
REP. MARY LOU PETERSON		✓	
REP. JOE QUILICI	✓		
REP. CHUCK SWYSGOOD	✓		
REP. BOB THOFT	✓		
REP. TOM ZOOK	✓		
REP. FRANCIS BARDANOUVE, CHAIRMAN		✓	
TOTAL	<i>13</i>	<i>4</i>	

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

ROLL CALL VOTE

DATE 4/04/91 BILL NO. SB 215 TIME NUMBER 4

MOTION: AMENDMENT

EXHIBIT 17 just on

NAME	AYE	NO	ABSENT
REP. RAY PECK, VICE-CHAIRMAN		✓	
REP. DOROTHY BRADLEY	✓		
REP. JOHN COBB		✓	
REP. DOROTHY CODY		✓	
REP. MARY ELLEN CONNELLY	✓		
REP. ED GRADY		✓	✓
REP. LARRY GRINDE		✓	
REP. JOHN JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BERV KIMBERLEY	✓		
REP. WM. "RED" MENAHAN	✓		
REP. JERRY NISBET	✓		
REP. MARY LOU PETERSON		✓	
REP. JOE QUILICI	✓		
REP. CHUCK SWYSGOOD		✓	
REP. BOB THOFT		✓	
REP. TOM ZOOK		✓	
REP. FRANCIS BARDANOUVE, CHAIRMAN	✓		
TOTAL	9	9	

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

ROLL CALL VOTE

TIME

last one

DATE

4/04/91

BILL NO.

215

NUMBER

5

MOTION:

SB 215 BE CONCURRED IN

AS AMENDED

16 9 0

NAME	AYE	NO	ABSENT
REP. RAY PECK, VICE-CHAIRMAN	✓		
REP. DOROTHY BRADLEY	✓		
REP. JOHN COBB		✓	
REP. DOROTHY CODY		✓	
REP. MARY ELLEN CONNELLY	✓		
REP. ED GRADY		✓	
REP. LARRY GRINDE		✓	
REP. JOHN JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BERV KIMBERLEY	✓		
REP. WM."RED" MENAHAN	✓		
REP. JERRY NISBET	✓		
REP. MARY LOU PETERSON		✓	
REP. JOE QUILICI	✓		
REP. CHUCK SWYSGOOD		✓	
REP. BOB THOFT		✓	
REP. TOM ZOOK		✓	
REP. FRANCIS BARDANOUVE, CHAIRMAN	✓		
TOTAL	10	8	

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

2062

Appropriations COMMITTEE BILL NO. _____
DATE 4-4-91 SPONSOR(S) _____

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Duane Tooley	Motor Vehicle Div.	SB232		X
Kay Norenburg	WIFE	SB274		X
Lorna Frank	MT. Farm Bureau	SB274		X

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.