MINUTES

MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chairman, on March 12, 1991, at 8:00 a.m. in Room 108.

ROLL CALL

Members Present:
Judy Jacobson, Chairman (D)
Greg Jergeson, Vice Chairman (D)
Gary Aklestad (R)
Thomas Beck (R)
Esther Bengtson (D)
Don Bianchi (D)
Gerry Devlin (R)
Harry Fritz (D)
H.W. Hammond (R)
Ethel Harding (R)
Bob Hockett (D)
Thomas Keating (R)
Dennis Nathe (R)
Lawrence Stimatz (D)
Larry Tveit (R)
Eleanor Vaughn (D)
Mignon Waterman (D)
Cecil Weeding (D)

Members Excused: Senator Manning

Staff Present: Teresa Olcott Cohea(LFA).

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

Announcements/Discussion: none

HEARING ON HOUSE BILL 630

Presentation and Opening Statement by Sponsor:

Representative McCulloch, District 96, Billings, sponsor, stated he was introducing the bill at the request of the Governor and the Disaster and Emergency Services Division to reinstate their spending authority. Currently they are authorized to spend two million dollars from the general fund in case of an emergency or disaster. This bill would allow the spending authority to increase back to the two million dollars if the monies are recovered. He concluded it would eliminate any need for a special session and basically has no fiscal impact.

Proponents' Testimony:

Bill Good, Montana Disaster and Emergency Services Division, stated their support of HB 630 and indicated he would be glad to answer any committee questions.

Opponents' Testimony:

None

Questions From Committee Members:

Senator Devlin indicated he did not see it mentioned that the bill was at the request of the Governor's office. Mr. Good said it was left off but that it was requested by the Governor.

Senator Fritz questioned if there was an actual situation occurring that triggered this request. Mr. Good said although there was not an actual situation bringing this up, they felt that continued disaster and emergency payoff would have caused it to go down.

Closing by Sponsor:

Representative McCulloch closed by stating the bill would replenish the money if that money is recovered.

EXECUTIVE ACTION ON HOUSE BILL 630

Motion:

Senator Nathe moved that HB 630 DO PASS.

Discussion:

None

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

Motion that HB 630 DO PASS carried unanimously. Senator Nathe will carry the bill in the Senate.

EXECUTIVE ACTION ON SENATE BILL 274

Amendments, Discussion, and Votes:

Senator Tveit, sponsor, distributed amendments to SB 274 (See Exhibit 1) and discussed his amendments. Regarding discussion on a statutory appropriation, Ms. Cohea of the LFA's office said it was her understanding that a statutory appropriation could not originate in the Senate making it possible to strike that language in the bill so you could allocate it in the Senate and appropriate it in the House.

Senator Aklestad questioned since this is a Senate bill that has not met the transmittal date but is on the list as a revenue bill, what would be the rulemaking authority. Senator Jacobson said the original bill was on the list of bills considered as an appropriation bill and will remain that way, whether amended in the Senate or the House.

Senator Jacobson noted her concern about the bill in that we are talking about $175,000 and setting up a statutory appropriation with administrative costs, et cetera, and she felt the fund would not be replenished very much. She added in her opinion it would not do much to repair railroads.

John Craig, Intermodal Commodities Bureau, Department of Commerce, said the money is available from the sale of a railroad; approximately $60,000 has come in over the last five year period that they expect will continue to come into the fund. He noted they could not predict what the future would bring in terms of other railroads being made available, portions of existing railroads that could be sold or how much money that could generate. Regarding class 3 carriers, it would be both private and public. Senator Jacobson noted her concern if it is possible to statutorily appropriate money to a private entity. Senator Jergeson indicated there was a court case saying the legislature cannot appropriate to a private entity and questioned if there might be a parallel here.

Senator Nathe asked if the concerns could be met if it was stated for a class 3 carrier where the State owns the rail bed. Senator Weeding questioned the source of the $60,000 that was an annual input. Mr. Craig said it was easement and rental payments by other people operating railroad right-of-way.

Senator Waterman asked if there might be a way to take the one time money and appropriate it for improvements of state-owned railroads on state-owned beds and not set up a statutory appropriation. Senator Jacobson said she was informed by the LFA that it would have to be appropriated out of the general fund because that is where it is.

Senator Keating questioned the $12,000 every year going into the general fund and asked Mr. Craig if they get an appropriation back to their bureau. Mr. Craig indicated it simply goes into the general fund and is not appropriated back for any of their purposes. When asked how the railroad is maintained, Mr. Craig said by lease operators on the track.

Regarding number of miles of state-owned beds, Mr. Craig said the state-owned railroad is the 99 mile Central Montana Railroad and approximately seven and one-half miles of the Butte-Anaconda historic parks railroad. He said they basically are doing their own maintenance but are not doing much in the way of rehabilitation because of the expense. When questioned by Senator Jergeson as to whether the Department asked the subcommittee for money for maintenance and upgrading, Mr. Craig said they have never come in with a request. He added they have tried on a number of occasions to create a trust fund and have not been able to do so.

When questioned by Senator Weeding as to what they anticipate the annual upkeep to be, Senator Tveit said the $175,000 could be used for track upkeep. He added he would like to have the bill passed in committee and taken to the House where possibly amendments could be made that would make it beneficial.

Regarding the railroad in Senator Nathe's area, Senator Keating noted that line doesn't belong to the state so $12,000 could not be expended on that area. The only railroad is the Geraldine line, and he felt all they wanted to do was put $12,000 in that line and then they wouldn't have to go through the budget process.

In a question from Senator Hammond regarding the Sioux line, he noted they have tried to abandon that line several times and added maybe something should be done so the State could take over that right-of-way and the people would be able to run the line since it is so important to that area. He concluded he did not think that would happen with SB 274. Mr. Craig said at the present time there have been no offers or negotiations to acquire any of the railroads in question.

Chairman Jacobson said we would take up the matter later in the hearing.

HEARING ON SENATE BILL 451

Presentation and Opening Statement by Sponsor:

Senator Halligan, Senate District 29, Missoula, sponsor, said when the Department of Family Services was created in 1987, one of the concerns then was we probably didn't have the amount of money that would be needed to fund the administrative costs of implementing the agency. He said they have been looking at the consequences of their being responsible for the administrative support services for the Department of Family Services in the non-assumed counties. This bill proposes to repeal the section of law requiring counties to be responsible for those administrative costs. He distributed to the committee a packet received from counties indicating their particular costs they incur as a result of protective services they do in their counties. (See Exhibit 2)

<u>Proponents' Testimony:</u>

Gordon Morris, Executive Director of the Association of Counties, distributed handouts to the committee members. (See Exhibits 3, 4) He indicated that Exhibit 3 is a resolution adopted by the Association addressing this issue. Exhibit 4 is an amendment to SB 451. He noted when the bill was prepared, they proposed to strike Section 14 from the 1987 session laws. He was under the misassumption that by striking Section 14 they would be dealing with administrative costs that counties were looking to address as identified in the resolution. By striking Section 14, he indicated he went further than what he was directed to. In looking at the fiscal note, salary and travel portion was identified as a $912,000 item and the portion they were looking at addressing was indirect costs identified in the fiscal note as the operating costs of $541,000; therefore, they are proposing the amendment, identified as Exhibit 4. He concluded he would like the committee to take care of the small financial portion that continues to be a problem for county commissioners across the state.

Dwight MacKay, Yellowstone County Commissioner, stated he is a member of MACo subcommittee for Human Services and counties have struggled with this issue since 1987. They were told that these administrative costs would be taken care of and the State would be responsible for this. The 44 counties in Montana that are non-assumed, in his opinion, are the most efficiently run because they are not state assumed. As a result, they are being penalized for having to pay for State services. He noted that local governments are responsive to children's needs. He said in Yellowstone County they are now subsidizing the state from their poor fund to make sure children in acute crisis care in their youth service home are taken care of. He stated the counties have no control over salary increases of state workers but have to pay a portion of that, and they have no control of that or responsibility; it is a legislative decision. He said they have to appropriate money from their property taxes to pay for State services, and he expressed concern that it is time for the legislature to act on that. He said he is aware the State of Montana doesn't have a lot of money; neither do local governments. If they are required to pay for these services, another service is cut in order to provide the required money. He suggested on administrative costs, if we can't see that it will work, counties could be asked to raise their individual foster care payment cap. Perhaps local governments would raise that cap an equal amount to their administrative costs, making this as revenue neutral as possible. He noted the possibility that the LFA may not allow this because of bookkeeping problems; but he is offering the amendment because the State doesn't have a lot of money. Mr. MacKay said county commissioners feel it is their responsibility to provide for foster care needs in their communities, but don't feel they are responsible for dealing with administrative and telephone costs of the state, et cetera. Regarding salary and travel, he stated his desire, even with the offered amendment, that the State could eventually see fit not to make local governments pay for this; they are not their workers or their responsibility, yet their community taxes have to be raised to take care of this. He hoped there could be a five year plan there, with the counties the first year paying 75 percent and the third year, 50 percent; the fourth year, 25 percent, taking five years for them to be balanced. In five years, the State could take responsibility for their agency that they control.

<u>**Opponents' Testimony:**</u>

Tom Olsen, Department of Family Services, said there is not enough money in their budget to fund the bill at the present time. In discussing it with the Governor, he doesn't feel the money is available. He stated he is sympathetic to the counties' concerns and suggested that an interim study be conducted, a joint committee of legislative members, Human Services subcommittee of MACo,and the Department of Family Services to try to come to a resolution on this issue.

Doug Matthies, Department of Family Services, said historically there were three areas of financial participation provided by counties for protective services. They reimbursed the State for a portion of salaries, travel and state office indirect costs relating to the salaries of protective service workers. They reimbursed the State for a portion of the out of home placement costs the State paid for foster care placements, and they provided local administrative support for protective service workers in the local sites. This was done under SRS before Family Services became a department. HB 325, which created the Department, made protective services a State service. A cap was put on salaries, travel and state office indirect costs. A ceiling was put on foster care costs. The responsibility to provide local administrative costs was not addressed at that time. He said there has been continual discussions on these issues with the counties and the Department on responsibility for these costs. An attorney general's opinion was requested in 1990 to clarify if the counties were responsible for administrative costs and if that was the case, to what amount. The Attorney General said an opinion couldn't be issued because of the many conflicting areas in the statutes regarding the issue. They did however conclude that all counties are obligated to pay salaries and travel expenses to the extent of their expenditures for those expenses and indirect costs in Fiscal Year 1987. Also that all counties have an obligation to pay a proportionate share of administrative costs of protective services set forth in Section 53.2.322, however they will need to determine what administrative cost entails and how to determine county's proportionate share.

Mr. Matthies said the amendment to strike the indirect costs has the effect of eliminating $169,000 of the $912,000 they currently reimburse them and does not address the issue of local administrative costs at the county level. He concluded because of the lateness of the Attorney General's opinion and the complexity of the issues, the Department did not have time to prepare a plan to try to address the concerns in this session, but they would like to come back next session with a solution worked out with the counties and interested parties and define the problems and appropriate solutions.

Questions From Committee Members:

Senator Keating asked if a comparison had been made between state assumed counties with regard to how their foster care expenses are covered and non-assumed counties. Mr. Morris said he had not. He pointed out in state assumed counties, the responsibility is vested 100 percent in State of Montana and does not know if there is a comparison to be made.

Regarding state assumed counties, Senator Keating said they levy 12 mills which are paid to the State, and the State takes care of all expenses, not only in foster care but other things as well; in non-assumed counties, they assess 12 or 13 mills and put in their poor fund to take care of their various programs. Under the law, he questioned how much of foster care expense in non-assumed counties they pay for and how much does the state pay for. Mr. Matthies said the law states in foster care, the counties will pay one-half of non-federal share of foster care placement up to the ceiling established in HB 325 which was a 1987 level of expenditure, half of the general fund portion of what is expended.

Regarding Yellowstone County becoming a state assumed county, Senator Keating said they would have to come up with 12 mills; he questioned if they would save money by becoming state assumed. Mr. MacKay said that would have to be analyzed.

Senator Beck said state assumed counties funding at 12 mills went into the state assumption for a reason and the impact of general assistance to those areas, there was a draw for that impact. He asked Mr. MacKay if they have been working with the Department of Family Services regarding this prior to this session and asked if this budget was brought before the subcommittee on Human Services of the legislature. Mr. MacKay said they have been working for 18 months with the Department of Family Services to resolve this issue.

Senator Jacobson noted the assumed counties are paying 12 mills to the state and Yellowstone County isn't up to 12 mills; she questioned them saying they are subsidizing assumed counties. Mr. MacKay said they are paying for state services. Senator

Jacobson said they are not subsidizing assumed counties; they are also paying.

Senator Keating questioned Mr. Matthies regarding assumed counties levying mills to cover what the state is spending on these programs if they would have to levy somewhere around 17 or 18 mills. Mr. Matthies said that was under the SRS budget but felt that was the figure. Senator Keating said assumed counties are spending somewhere around 17 mills except it is being paid for by the state, whereas the non-assumed counties, many of them are not up to 12 mills. Many of them are 7 or 8 mills, depending on caseload in their county; he said county efficiencies are what keeps the mill levy down, and the state assumed counties don't have any obligation at home; the state will take care of it.

Senator Jergeson asked Mr. MacKay regarding raising the cap on what the county contributes on foster care and saying it would be revenue neutral; he questioned what they are gaining. Mr. MacKay said Yellowstone County commissioners feel it is their obligation to provide services for foster care children. He said they have been subsidizing the day rate for DFS for a long time in their county which comes out of the poor fund. He feels if they once get rid of the administrative costs and they are shifted to the Department of Family Services, there will not be any change of dollars. Counties are levying that money now. The State of Montana has certain costs relative to foster care. Regarding a question from Senator Jergeson relative to Mr. MacKay talking to the Governor about this issue, Mr. MacKay said he has talked to the Governor who is concerned about the issue but has the concern about appropriating the needed dollars.

Senator Hockett questioned if the fundamental problem was the fact there are two categories of counties. Mr. Morris said it was conceived in a prior administration that the State could take over and administer welfare more efficiently and save money, and as a result legislation was introduced to afford counties an option of letting the State assume 100 percent responsibility for welfare. The option called for a threshold of 12 mills to be levied locally that would be sent to the State, and that would pay totally the costs of welfare in those 12 state assumed counties. The number of counties that went state assumed has remained relatively constant. There are 13 right now that opted to trade off what they were levying and paying by way of welfare costs which were in excess of the 12 mills, give that to the state and in return end up with a continuing property tax liability limited to 12 mills. Until that point welfare costs were paid for out of a maximum thirteen and one-half mill levy; anything spent in excess of that was a reimbursable expense from the State of Montana. Senator Hockett said he felt there was an implied statement that the state assumed counties do not have as much incentive to be as efficient as the others. Mr. Morris said it would be wrong to make that assumption. It is totally state administered and as a result the welfare board is nothing other than a rubber stamp and doesn't have any role. In the non-assumed counties, the commissioners act as a welfare board and make determinations in terms of level of eligibility awards and handle day to day programs. Programs have to be identical in that they have to be coincidental with federal requirements and the State welfare plan.

Senator Keating questioned how many counties are in favor of this measure. Mr. Morris referred to the packet of letters (See Exhibit 2) from approximately 45 counties, and stated the support for this issue is unanimous.

Senator Beck questioned how much of the three million dollar impact this would save Yellowstone County. Mr. MacKay said it would be $396,000 a year.

Closing by Sponsor:

Senator Halligan closed by saying the counties have a commitment to the children and to the issues. As amended, the fiscal impact would be about $541,000 per year because of the administrative cost. He added in the 1987 session they took on the responsibility with the assumption it would later be taken on by the state. In 1989 Mr. Huntington and others said they would take that responsibility and try to do that. The money wasn't available then and it isn't available now, but they have gone on record in prior sessions saying they are going to try to make the state assume the administrative costs. He hoped a timetable or agenda could be put together to put the state in the position to bear those administrative costs.

Senator Weeding questioned what difference the bill would make in assumed counties. Senator Jacobson said it doesn't affect assumed counties.

HEARING ON HOUSE BILL 452

Presentation and Opening Statement by Sponsor:

Senator Ed Kennedy, Kalispell, sponsor, stated the bill was requested by the Department of Institutions, relating to alcohol earmarked tax revenue.

Proponents' Testimony:

Darryl L. Bruno, Administrator, Alcohol and Drug Abuse Division, Department of Institutions, stated SB 452 was introduced as a companion bill by the Department for the closure of Galen, which they felt was absolutely critical at that time but stated it doesn't look like the case right now. He stated there is certainly a need for passage of HB 452. (See testimony attached, Exhibit 5)

Opponents' Testimony:

None

Questions From Committee Members:

Senator Jacobson asked regarding program costs ranging between $195 and $275 a day, what is the cost at the Galen facility. Mr. Bruno said the per diem cost is about $70 a day; they contract at a negotiated rate under their contract. He added the rate at Northern Montana is $73.60, with the same rate at Glasgow and Rimrock. Regarding how many beds are set aside, Mr. Bruno said their current contract with Northern Montana is six beds, one at Rimrock, and Francis Mahon Deaconess Hospital is almost two beds.

Senator Keating questioned the use of the word earmarked and asked if it wasn't state special. Mr. Bruno said he is referring to earmarked revenue alcohol tax dollars; it is an account generating so many dollars and they come directly into the Department of Institutions. There is a 10 percent license tax on the sale of liquor in the liquor stores, 65.5 of that comes to the Department. There is also 8.75 cents per liter on wine sold in the stores; this is in addition to other taxes. Regarding a question from Senator Keating as to them being a statutory appropriation, Senator Jacobson said they are not a true statutory appropriation because we appropriate the money.

Senator Keating said the counties can spend their money with a private organization. Mr. Bruno said the counties have to go through a private not for profit because the law is explicit that the revenue cannot be used for private for profits. He added the only private for profit programs are inpatient and very little of that money goes for inpatient services. Senator Keating said the counties usually use their money for the indigent and primarily for detoxification in the communities. He noted this is a good measure, not only for the state but for the counties to give them some latitude in providing the care for those people.

In a question from Senator Aklestad regarding for profit programs, Mr. Bruno said under the bill it would change the law and they may not deal with for profits with the earmarked account because the legislature may not appropriate any to them. Senator Aklestad questioned under the proposed statute if they can deal with for profit organizations. Mr. Bruno said it is restrictive. Senator Aklestad stated his concern if we are dealing with tax dollars for profit, shouldn't we have terminology of contract for services in the bill. Ms. Cohea, LFA, said the legislature cannot directly appropriate funds to a private agency but what would be happening here would be allowing a department to deal with a private agency and we can authorize a department to do that. As a practical matter, it would be run through contracted services because that is the contracted amount of payment; it would be coded as a contracted service. Regarding a question from Senator Aklestad if it would have to state in this statute contracted service, Ms. Cohea said not to her knowledge although she would check that for the committee. As long as the legislature itself is not directly appropriating money to a private entity, we are all right as long as the department is contracting with them. Mr. Bruno added all of their dollars are under contract; no money is given to programs without a contract. Senator Keating said the language in the law now prohibits and we are lifting that prohibition from the law and then the funds are handled through contracted services; we are not appropriating any money to a private organization. We are allowing that department to utilize that fund in the way they see fit.

Closing by Sponsor:

Senator Kennedy closed by saying the bottom line on any program we have is that people are taken care of, and that the people needing the help are taken care of. This bill would help in making sure they can get it done where they are and allow the department a little more leeway.

EXECUTIVE ACTION ON SENATE BILL 274

Discussion:

John Craig of the Department of Commerce said the Department has analyzed the state railroad system throughout Montana and they have identified that the branch line system currently has about 40 million dollars worth of rehabilitation needs in the state that are not being addressed. If we look at just the state owned rail system, there is approximately half a million dollars of rehabilitation that could be performed in the state system. When questioned by Senator Jacobson, Mr. Craig said the bill was not brought in by the Department but by the grain growers.

Senator Tveit said he felt it is important in maintaining the railroads and the branch lines to get products to market. He added proper language should be drafted to allow the Department of Transportation to issue money if the legislature doesn't issue it.

Amendments, Discussion, and Votes:

Senator Aklestad questioned if we are disregarding a prior amendment to this bill that was introduced at the time of the hearing. Senator Jacobson said it is incorporated in Senator Tveit's amendments. Ms. Cohea said regarding the amendments, those offered by Senator Tveit in the first hearing dealt with the fact that they didn't want all of the revenue earned by the railroad to go into this, just revenue paid to the state by the operator. That particular amendment is incorporated in the amendments that were offered this morning. Senator Jacobson inquired of Senator Tveit if on the amendments he wanted to eliminate the three amendments dealing with statutory appropriation, thereby avoiding the rules committee, to which Senator Tveit agreed. Senator Jergeson said he is concerned about the condition of the railroads but questioned that $175,000 is not going to go very far for 40 million dollars worth of work on the rail lines, and he added he would like to see a plan dealing with all the rail problems that exist and maybe a better plan could be brought in during the next session.

Regarding removing certain portions of the amendments, Ms. Cohea said that removes the statutory appropriation so the bill would be in its present form of allocating the revenue, calling on the legislature to appropriate funds but not actually appropriating them. It would also leave in the retroactive application to the $175,000 would be taken out of the general fund for this purpose.

Motion:

Senator Tveit moved SB 274 AS AMENDED DO PASS. Senator Beck made a substitute motion that SB 274 DO NOT PASS.

Recommendation and Vote:

Senator Beck's substitute motion that SB 274 DO NOT PASS failed on a roll call vote.

Amendments, Discussion, and Votes:

Senator Tveit moved that amendments 3, 5, 6, 7, 10, 11, 12 do pass. Motion carried unanimously.

Motion:

Senator Tveit moved SB 274 AS AMENDED DO PASS.

Recommendation and Vote:

Motion by Senator Tveit that SB 274 AS AMENDED DO PASS carried unanimously.

EXECUTIVE ACTION ON SENATE BILL 452

Motion:

Senator Keating moved that SB 452 DO PASS.

Recommendation and Vote:

Motion that SB 452 DO PASS carried unanimously.

EXECUTIVE ACTION ON SENATE BILL 451

Amendments, Discussion, and Votes:

Senator Beck questioned what the fiscal note would do with the amendments offered by MACo. Ms. Cohea said if they are trying to not pay the state administrative costs as she understands the Department's testimony, the fiscal impact would be 1.19 million dollars for the biennium.

Senator Jacobson said there was also a suggestion by Mr. MacKay to raise the ceiling on the foster care to make the bill revenue neutral which she felt would be a matter of policy; that they are willing to pay for that but they are not willing to pay administrative costs, and it would be a policy change. Senator Aklestad noted that was one county expressing that desire and we don't know if other counties are sympathetic to that effort.

Senator Beck moved the MACo amendments to the bill. (Amendments are shown in Exhibit 4). Motion carried with Senator Fritz opposed.

Motion:

Senator Bengtson moved SB 451 AS AMENDED DO PASS.

Recommendation and Vote:

Senator Waterman questioned if this could become a study over the next two years and then recommendations could be made. She noted her concern that this did not go through the appropriations subcommittee. Senator Jacobson said she did not think there was a deadline on study resolutions and if the committee wanted to go that route, the bill should probably be tabled and introduce a study resolution or language could be inserted in House Bill 2.

Senator Keating stated this needs to be addressed through the administrative budget process and then we can make statutory changes when the money is available and priorities are established. He also noted there is potential with Department of Family Services in taking care of the children and abused families but we will have to work together. Senator Jacobson felt the people that sat on that particular subcommittee have to be listened to. She added there are 100 and some cat and dog bills of which some will come to our committee and she hoped we are prioritizing.

Senator Bengtson's Motion that SB 451 AS AMENDED DO PASS failed with Senator Bengtson in favor of the motion.

Motion:

Senator Devlin moved SB 451 AS AMENDED BE TABLED.

Recommendation and Vote:

Motion by Senator Devlin that SB 451 AS AMENDED BE TABLED carried unanimously.

ADJOURNMENT

Adjournment At: 10:00 a.m.

Judy Jacobson
JUDY JACOBSON, Chairman

Lynn Staley
LYNN STALEY, Secretary

JJ/ls

ROLL CALL

FINANCE & CLAIMS COMMITTEE

DATE 3/12/91

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON CHAIRMAN	P		
SENATOR JERGESON, VICE CHAIRMAN	P		
SENATOR AKLESTAD	P		
SENATOR BECK	P		
SENATOR BENGTSON	P		
SENATOR BIANCHI	P		
SENATOR DEVLIN	P		
SENATOR FRITZ	P		
SENATOR HAMMOND	P		
SENATOR HARDING	P		
SENATOR HOCKETT	P		
SENATOR KEATING	P		
SENATOR MANNING			P
SENATOR NATHE	P		
SENATOR STIMATZ	P		

Each day attach to minutes.

ROLL CALL

FINANCE & CLAIMS COMMITTEE, CONTINUED

DATE________

____ LEGISLATIVE SESSION ____

NAME	PRESENT	ABSENT	EXCUSED
SENATOR TVEIT	P		
SENATOR VAUGHN	P		
SENATOR WATERMAN	P		
SENATOR WEEDING	P		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page [illegible]
March [illegible]

MR. PRESIDENT:

We, your committee on [illegible] Claims having had under consideration Senate Bill No. [illegible] first reading copy ([illegible]), respectfully report that Senate Bill No. 15[illegible] do pass.

Signed: [illegible]
Judy [illegible], Chairman

Amd. Coord.

Sec. of Senate

[illegible]

SENATE STANDING COMMITTEE REPORT

Page [illegible]
March [illegible] 19[illegible]

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. [illegible] (third reading copy -- [illegible]), respectfully report that House Bill No. [illegible] be concurred in.

[illegible] Judy H. Jacobson
Judy H. Jacobson, Chairman

Amd. Coord.

Sec. of Senate

SENATE STANDING COMMITTEE REPORT

March 1[illegible], 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration Senate Bill No. [illegible] (first reading copy -- white), respectfully report that Senate Bill No. [illegible] be amended and as so amended do pass.

1. Page 1.
Following: the enacting clause
Insert: "NEW SECTION. Section 1. Legislative findings. The legislature finds that it is in the interests of the state of Montana to preserve and encourage, whenever possible, Montana's railroad transportation infrastructure, especially those railroads classified as Class III carriers under 49 CFR, chapter 10, that operate entirely within the state."
Renumber: subsequent sections

2. Page 1, line 15
Strike: "of, the"
Insert: "or"

3. Page 1, line 16
Following: "of"
Strike: "[illegible]"
Following: "or"
Strike: "other activities"
Insert: "revenue paid to the state of Montana by an operator"

4. Page 1, line 1[illegible]
Strike: "1"
Insert: "2"

5. Page 1, line 2[illegible]
Following: "1"
Strike: "and 2"
Insert: "through 3"

6. Page 2, line 1
Following: "1"
Strike: "and 2"
Insert: "through 3"

7. Page 2, lines 4 and 5.
Following: "received" on line 4
Strike: the remainder of line 4 through "Montana" on line [illegible]
Insert: "pursuant to [illegible]"

Signed: *Lesley [illegible]*
[illegible], Chairman

[illegible] Coord.

Sec. of Senate

NOTICE OF COMMITTEE EXECUTIVE ACTION

(Do not use for actions resulting in report to floor).

To: Secretary of the Senate

Dated this 12th day of March, 1991.

Committee: Senate Finance Claims

Bill: SB 451

Action: Senate Bill 451 as amended be tabled

Lynn Staley

Signature

SB 3/12

11:40

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 1
DATE 3-11-91
BILL NO. SB 274

Amendments to Senate Bill No. 274
First Reading Copy

Requested by Senator Larry Tveit
March 7, 1991

1. Title, line 4.
Strike: "ALLOCATING"
Insert: "STATUTORILY APPROPRIATING CERTAIN"

2. Title, line 6.
Strike: "THOSE"
Following: "RAILROADS;"
Insert: "AMENDING SECTION 17-7-502, MCA;"

3. Page 1.
Following: the enacting clause
Insert: "<u>NEW SECTION.</u> **Section 1. Legislative findings.** The legislature finds that it is in the interests of the state of Montana to preserve and encourage, whenever possible, Montana's railroad transportation infrastructure, especially those railroads classified as Class III carriers under 49 CFR, chapter 10, that operate mainly within the state."
Renumber: subsequent sections

4. Page 1, line 14.
Following: "**money**"
Insert: "-- statutory appropriation"

5. Page 1, line 15.
Strike: "of, the"
Insert: "or"

6. Page 1, line 16.
Following: "of"
Strike: ","
Following: "or"
Strike: "other activities"
Insert: " revenue paid to the state of Montana by an operator"

7. Page 1, line 18.
Strike: "1"
Insert: "2"

8. Page 1, lines 19 through 22.
Following: "(2)" on line 19
Strike: the remainder of line 19 through "Montana." on line 22
Insert: "All funds deposited in the special railroad facilities account created in [section 2] are statutorily appropriated, as provided in 17-7-502, to the department of commerce and must be used by the department for the improvement of railroad tracks and associated facilities within Montana of any railroad that is a Class III carrier as described in 49 CFR, chapter 10, and that operates principally within the state."

sb027403.adb

9. Page 1.
Following: line 22
Insert: "**Section 4.** 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; <u>[section 3];</u> 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; 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

10. Page 1, line 24.
Following: "1"
Strike: "and 2"
Insert: "through 3"

11. Page 2, line 1.
Following: "1"
Strike: "and 2"
Insert: "through 3"

12. Page 2, lines 4 and 5.
Following: "received" on line 4
Strike: the remainder of line 4 through "Montana" on line 5
Insert: "pursuant to [section 3(1)]"

amends\SB027403.ADB

MONTANA
ASSOCIATION OF
COUNTIES

2711 Airport Road
Helena, Montana 59601
(406) 442-5209
FAX (406) 442-5238

February 25, 1991

Senator Judy Jacobson, Chair
Senate Finance and Claims Committee
State Capitol
Helena, MT 59620

Dear Senator Jacobson:

Enclosed is material in support of SB 451, sponsored by Senator Mike Halligan.

As you can see, we have sent the original letters from the counties to Governor Stan Stephens.

We urge your committee's favorable consideration of SB 451.

Sincerely,

John E. Witt
John Witt, President
Commissioner, Chouteau County

Gordon Morris
Gordon Morris
Executive Director

encls.

Please see original exhibits with original minutes.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 2
DATE 3-12-91
BILL NO. SB 451

MACo

SB 451

RESOLUTION 90-17

FAMILY SERVICES DEPARTMENT ADMINISTRATIVE COSTS

WHEREAS, House Bill 325 creating the Department of Family Services and enacted by the 1987 Legislature did not adequately address the issue of administrative support services costs (rent, utilities, telephone, supplies, etc) for the Department of Family Services; and

WHEREAS, the counties are presumed to be responsible for the administrative support services costs at the 1987 fiscal year level; and

WHEREAS, a system that requires one body of government to be responsible for another body of government's administrative support services cost is unfair and unworkable and difficult to administer; and

WHEREAS, it is believed that it was not the intent of the 1987 Legislature to require counties to be responsible for the administrative support services costs of the Department of Family Services; and

WHEREAS, the 1987 executive budget summary for the Department of Family Services states that "Counties will continue to provide current level support as in FY 87 (such as space, equipment, clerical, etc.) to the protective services staff and the youth probation staff. During the 1989 biennium, these support services and related costs will be identified along with corrective action and presented to the 1989 Legislature." and

WHEREAS, County Commissioners are of the opinion that the responsibility for administrative costs for the Department of Family Services should be the total responsibility of the Department of Family Services.

NOW THEREFORE BE IT RESOLVED that legislation be enacted that will correct this oversight and place the responsibility for administrative support services costs with the Department of Family Services.

SPONSORED BY: Districts 6 - 7
Yellowstone County

APPROVED: ANNUAL CONVENTION
JUNE 13, 1990

PRIORITY: HIGH

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 3
DATE 3-12-91
BILL NO. SB 451

SB 451

MONTANA ASSOCIATION OF COUNTIES

2711 Airport Road
Helena, Montana 59601
(406) 442-5209
FAX (406) 442-5238

SENATE BILL 451 AMENDMENTS
SENATOR HALLIGAN, SPONSOR
Senate Finance and Claims Committee
March 12, 1991

1. Title: Line 6
   Strike: REPEALING
   Insert: AMENDING

2. Page 1, Line 25
   Strike: NEW SECTION

3. Page 1, Line 25
   Strike: Repealer

4. Page 2, line 1
   Strike:. Repealed
   Insert: Amended to read:

5. Page 2, Line 2
   Insert: Section 14. **County contribution for salaries and travel of protective services employees** (1) Upon transfer of certain functions of the county welfare department to the department of family services as provided in [section 12], the salaries and travel expenses, as provided in 2-18-501 through 2-18-503, of protective services employees must be paid by the department of family services. The board of county commissioners shall reimburse the department of family services from county poor funds in an amount equal to that county's expenditures for salaries~~,~~ AND travel expenses~~, and indirect costs~~ of protective services employees in fiscal year 1987, adjusted for annual inflation.

   (2) On or before the 20th day of the month following the month for which payments were made for protective services employees' salaries~~,~~ AND travel~~, and indirect costs,~~ the department of family services shall present to the board of county commissioners a claim for the required reimbursement. The board of county commissioners shall make such reimbursement within 20 days after the presentation of the claim

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 4
DATE 3-12-91
BILL NO. SB 451

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 5
DATE 3-12-91
BILL NO. SB 452

TESTIMONY SB 452

3/12/91

DARRYL L. BRUNO, ADMINISTRATOR ALCOHOL AND DRUG ABUSE DIVISION
DEPARTMENT OF INSTITUTION

As we are well aware , alcohol and other drug abuse is a problem which effects nearly every citizen of Montana. The department of Institutions Alcohol and Drug Abuse Division (ADAD) is the recognized single state authority for chemical dependency treatment , rehabilitation and prevention services in Montana. As the single state authority we have a responsibility to ensure that residents of Montana receive the most appropriate, effective and cost efficient treatment possible.

Legislative duties that the Department has responsibility for include approving and evaluating treatment facilities and distributing state and Federal funds to state approved treatment providers. At the present time there are 34 state approved treatment providers of which only 12 are approved to provide Inpatient services either in a hospital or free standing environment. Of the 12 state approved programs two are operated by the state on the Galen campus and the other 10 are located in various communities across Montana. Of the 10 community inpatient programs the Department can only contract with 5 of the programs with Alcohol Earmarked Tax Revenue.

Alcohol earmarked revenue is revenue generated by taxation on alcoholic beverages.This account generates about 3.5 million per year of which the legislature appropriates funds (2.3 million in Fy 91) for treatment programs in state institutions and the operations of the alcohol and drug abuse Division . The balance is then distributed to counties for approved programs on an 85/15 (85% population 15% land area) formula. Most of this funding is contracted by the counties to approved programs for outpatient services however some is used for detoxification and inpatient services. Alcohol earmarked revenue is the primary source of revenue for treatment services in the state of Montana. General fund used for inpatient and out patient treatment is dwarfed in comparison to earmarked revenue in Montana.

The present statue is limiting as 53-24-108 prohibits the use of earmarked revenue by private for profit programs. The alcohol and drug abuse Division proposes that the law be changed to allow the department to contract earmarked revenue to private for profits along with not for profit programs. With this modification we can ensure the most appropriate and cost efficient services as possible. This change would allow us the flexibility for our department to contract appropriated earmarked revenue for inpatient services with 5 excellent programs that we presently can not contract with earmarked revenue. These programs are WILDERNESS I MARION MT. AND WILDERNESS II WILSALL , GLACIER VIEW HOSPITAL IN KALISPELL,ROCKY MOUNTAIN TREATMENT CENTER IN GREAT FALLS AND RED

WILDERNESS I AND II targeting adolescents and young adult males and RED CANYON RANCH targeting adolescents and young adult females are very unique programs .

The reason for the current law was the concern back in the 1970s that private for profits were much more expensive then non profit programs . This has not been true in Montana as the cost per day for all inpatient programs is much the same. Cost has not been all important however as the department only contracts with inpatient programs who will except a reduced negotiated rate. The department has had good success contracting with northern montana in Havre , Rimrock Foundation in Billings and Francis Mahon Deaconess Hospital in Glasgow for inpatient services at a reduced rate. We would like the same flexibility to contract with these private for profits chemical dependency programs with earmarked revenue appropriated by the legislature as all state agencies have with appropriations of general fund. The Department of Family Services for example contracts with both Wilderness Treatment Centers for Inpatient Services with their General Fund Chemical Dependency Appropriation and with Francis Mahon Deaconess hospital for services at Pine Hills School from the Earmarked appropriation.

This bill was introduced at the request of the Department initially because of the recommended Galen closure and while not critical at the present time, it will be if the state shifts more of its Chemical Dependency treatment responsibilities to community based programs. However at present we would like to ensure that any adolescent or young adult receiving services paid for from earmarked revenue receive them in the most appropriate program.

DATE 3/12/91

COMMITTEE ON Finance & Claims

Senate Bills 451, 452, HB 630

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One Support	Oppose
William K. Good, Jr	MT DES	HB630	X	
DWIGHT MacKay	Yellowstone Co.	SB451		
[illegible]	Institutions	SB452	X	
Tom Olsen	DFS	SB451		X
Gordon Morris	MACo	SB451	✓	
Doug Matthies	DFS	SB451		X

(Please leave prepared statement with Secretary)

ROLL CALL VOTE

SENATE COMMITTEE FINANCE AND CLAIMS

Date 3/12/91 Senate Bill No. 274 Time 9:45

NAME	YES	NO
SENATOR JERGESON	X	
SENATOR AKLESTAD		X
SENATOR BECK	X	
SENATOR BENGTSON		X
SENATOR BIANCHI	X	
SENATOR DEVLIN		X
SENATOR FRITZ		X
SENATOR HAMMOND		X
SENATOR HARDING		X
SENATOR HOCKETT	X	
SENATOR KEATING	X	
SENATOR MANNING		

Lynn Staley
Secretary

Chairman

Senator Beck substitute motion

Motion: Substitute motion that SB 274 do not pass

ROLL CALL VOTE

SENATE COMMITTEE FINANCE AND CLAIMS (Continued)

Date ______________ ______________ Bill No. __________ Time __________

NAME	YES	NO
SENATOR NATHE		X
SENATOR STIMATZ		X
SENATOR TVEIT		X
SENATOR VAUGHN	X	
SENATOR WATERMAN	X	
SENATOR WEEDING		X
SENATOR JACOBSON	X	

______________________ Secretary

______________________ Chairman

Motion: ______________________