

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chairman, on April 11, 1991, at 6:30 p.m.

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)
Eve Franklin (D)
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: Richard Manning (D)

Staff Present: Teresa Olcott Cohea(LFA).

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

Announcements/Discussion: Senator Jacobson said they have a problem with a bill passed by them earlier today and would like to take care of it now.

Terry Cohea, LFA, explained to the committee that this morning 3 amendments were adopted on HB 1008, Rep. Bardanouve's bill that splits the trusts for the parks maintenance and the cultural and aesthetics. Further, for the two year period, it allows the entire flow of revenue into what would be the parks

trust to be spent. There are two issues she would like to raise; when the committee made the motion to strike "acquisition of state parks", she needs to be sure the committee meant that for the two year period only, or if it meant permanently. The second issue is the committee adopted an amendment providing for the stabilization and preservation of historic sites within the state park system. The way the amendment reads, as it was adopted, is that you would no longer be able to spend this money for state parks that were not historic sites. The way Ms. Cohea thought she understood the committee discussion was that the committee wanted to be able to spend the money both for state parks and historic sites. The way she has drafted amendment No. 5, it accomplishes that. (Exhibit 1) She wants to be absolutely certain that is what the committee intended.

Senator Hammond said Senator Aklestad asked that question and that it was to be for historic sites within state parks.

Ms. Cohea said that is how it is drafted, but as she understands it, there are parks that are not historic sites. With a literal reading of the amendment, you could only spend the money for historic sites that are also parks, that are within the park system.

Senator Hammond asked if this wasn't supposed to be parks and historic sites within the park. Ms. Cohea said that was right, and that is how she has this amendment drafted, but she wanted to check it with the committee.

Senator Devlin moved that we reconsider action of HB 1008.

Senator Harding said the way she understands it is that this was clearly to take care of the 16 historic sites.

Senator Jacobson said they are clarifying the language that was put on this morning, that came in from the Audubon Society. The LFA was concerned that we had eliminated the historic sites within state parks. First, when we took out acquisition did we only take it out for 2 years, and Senator Jacobson thinks we did, as this is a two year program. The second question is actually just a clarification of what we actually meant to do this morning.

Senator Harding questioned whether we are going to take care of these 16 areas that are in state parks. Senator Jacobson said yes, this would do that.

Senator Aklestad said plus all other state parks.

Senator Jacobson said we have a motion to reconsider, and it was carried unanimously.

EXECUTIVE ACTION ON HB 1008

Motion:

Senator Weeding moved the amendments. (Exhibit 1) Motion to amend carried unanimously.

Recommendation and Vote:

Senator Weeding moved HB 1008 AS AMENDED BE CONCURRED IN. The motion carried unanimously.

EXECUTIVE ACTION ON HB 234

Discussion:

Senator Jacobson said this is money that is already set aside and the matching money is already there from the federal government. We need to reappropriate the same money we appropriated last session.

Recommendation and Vote:

Senator Hammond moved HB 234 BE CONCURRED IN. The motion carried UNANIMOUSLY.

EXECUTIVE ACTION ON HB 692

Motion:

Senator Fritz moved HB 692 be concurred in as amended.

Discussion:

Senator Jacobson said there are amendments offered by the pharmaceutical association, but there are no amendments offered by the sponsor of the bill.

Amendments, Discussion, and Votes:

Senator Fritz said this is the bill that puts fees on the pharmaceutical industry and on pharmacists and pharmacies in Montana for the support of the School of Pharmacy at the University of Montana. This bill came about at the request of the pharmacists although they don't have 100 percent support for it. It is a 2 year effort to provide some support to the school of Pharmacy.

Senator Jacobson asked if Bonnie Tippy would explain the complicated method of getting these funds and then appropriating them and passing through the Department of Commerce.

Roger Tippy said as the bill now stands in section 3 all the fees are collected and go into the current restricted subfund, that is the university budget fund. The way the Dept. of Commerce and the Board of Pharmacy would recover their expenses of collecting the fee, would be by interagency agreement between commerce and U of M, which could provide for monthly, quarterly, etc., payments. As the bill now stands before you, funds are paid into a university system budget.

Senator Jacobson asked if the Board of Pharmacy or the Dept. of Commerce is collecting these fees.

Mr. Tippy said he thinks technically the Dept. sends out the statements to everyone who is licensed.

Steve Meloy, Dept. of Commerce, said the Board has the authority to collect fees for the Dept. and the administration staff support does the actual collecting of the fees and then deposits them in the Board of Pharmacy's account.

Senator Jacobson asked how the department accounts for the fees.

Mr. Meloy said they have to reconcile all of the deposits. Their staff collects the fees by mail and deposits them through automated deposits.

Senator Jacobson said then the fees are never accounted for in the Dept. of Commerce or on SBAS; you just pass them through.

Mr. Meloy said they have to account through the SBAS process. They have to collect them and show the amount of money collected.

Senator Jacobson asked if every little convenience store is going to get a bill for their aspirin and their bufferin, and they will send you a check and you will send it to the university fund.

Mr. Meloy said the way the bill is written, that money would be deposited in a subfund. That is not their fund. We were the ones that recommended to Mr. Tippy to allow us to deposit these monies in our revenue account. We will administer the money. We will be limited by the appropriation set forth by the legislature expressed in the fiscal note and at the end of the fiscal year all remaining funds would then pass to the university system.

Senator Jacobson asked if they would then take some administrative costs off the top for handling this for the university system.

Mr. Meloy said the way the bill was originally written was only going to give them 5 percent. The bill was changed to allow them to take what they needed, up to the amount in the appropriation or in the fiscal note.

Senator Jacobson asked if the Dept. of Commerce does this for anyone else. Mr. Meloy said yes, the Board of Horse Racing has an owners bonus fund and they act as the fiduciary.

Senator Tveit asked what happens to the School of Pharmacy if we don't pass the bill.

Senator Jacobson said the Dept. of Pharmacy has been concerned about their accreditation for some time. She doesn't know what the status is at the moment.

Senator Fritz said they are about as close as they can come to being discredited. This bill doesn't provide all of the support that the Pharmacy School needs to meet its accreditation standards, which amount to the demand for the addition of about six full time professors.

Senator Jacobson asked Bonnie Tippy for specifics on losing accreditation.

Bobbie Tippy said the School of Pharmacy is on published probation. The accreditation team will be here in two weeks to determine their fate. Published probation is as bad as it can get. The next step is loss of accreditation. With loss of accreditation, they can no longer graduate pharmacists.

Senator Jacobson said the other side of it would be, if the pharmaceutical associations are willing to voluntarily give contributions to help this problem.

Mr. Spaeth said on behalf of the Pharmaceutical Association, they have indicated to pharmacists that they are willing to do whatever they can. Some companies are talking about what they can do in the way of donations. They haven't come up with exact dollar amounts and he couldn't promise they would be able to raise the monies, but they want to keep the school open. They are willing to do whatever they can, but they don't like the bill.

Senator Jacobson said there is a bill called the "Kadas Bill", which has money in it that would help out Montana Tech and take care of the Museum of the Rockies and the nursing school and this bill. We don't know the fate of that bill at this time. The other choice would be to add some money into HB 2 to take care of the problem with general fund money.

Senator Aklestad said there are two points he finds wrong with the proposal. Number one is the university system always uses this type of a project to dramatize their funding predicament because they know it is something we should maintain in the state. The second thing is the management of it. Under this bill, they are going to have to send a bill to every little store in the state of Montana that sells aspirin.

Senator Fritz said it is a common complaint that the university system cries wolf, but what other program are they supposed to put out. In the last 3 years the University of Montana has lost a religious study program, a home economics program and a communications science and disorders program. If these programs aren't supported, they go.

Senator Devlin said he would think that all pharmacists would support this when they can put the over-the-counter little places completely out of business.

Senator Jacobson said this is probably a pain in the neck to do it, but no worse than a sales tax.

Senator Beck said we are setting a precedent here. If we are going to go back and tax the people that graduated from the university to keep the thing going. If we are going to fund the School of Pharmacy, lets go to the general fund and fund it like we do everything else. He said he does not go along with earmarking something for one school.

Recommendation and Vote:

Senator Fritz' motion that HB 692 BE CONCURRED IN FAILED with 9 voting yes and 10 voting no. HB 692 BE NOT CONCURRED IN.

EXECUTIVE ACTION ON HOUSE BILL 77

Amendments, Discussion, and Votes:

Senator Jergeson said he has some amendments for HB 77. Amendments two through 5 are technical in nature. He moved his amendments. (Exhibit 2)

Senator Keating asked if it reverts to the general fund at the end of the biennium. Senator Jacobson said no it didn't.

Senator Waterman said she thinks the money is there for a specific purpose.

Senator Keating said the amendment states that the Department shall make an annual contribution. He would like to have some background on the purpose of the fees, the fees, and where they go and how much money they raise.

Senator Jergeson said he was not sure of the entire purpose of the fees but the justification he would use for the fees to cover this retirement is that people go into local establishments, they push a quarter into the machines, and many of them imbibe in some alcohol and then get out on the highway and the highway patrolmen are expected to deal with them. He thinks it is as appropriate to fund retirement for Highway Patrol Officers out of that money as it is any other agency in the Dept. of Justice that deals with issues surrounding folks who use those machines.

Senator Keating said this money doesn't come from the machines. That tax goes someplace else. These are the permit fees that are like a license fee and asked if there was someone from the Dept of OBP that could tell how much money these fees raise, are they on an annual basis, and what is the purpose of the fees.

Bob Robinson, Gambling Control Division, Dept. of Justice, said the annual fee on the video gambling machine is \$200. \$100 of that goes to local governments and \$100 is earmarked to the gambling control division for regulatory and enforcement work. We also pick up a little on bingo game permit fees and card table permits, etc. Their revenue estimate for the next biennium is about \$1.4 million per year. The current appropriation in HB 2 at the current level is \$1.4 million. We asked for 10 FTE's and we got 5. That added about \$500,000 over the biennium and it is over and above the current level of revenue. The source of the 5 FTE's comes from a fund balance from those machine fees that was carried over from when the Dept. of Commerce regulated and licensed video gambling machines. That will not be an ongoing source of revenue.

Senator Hammond said he has a problem with the fact these people have been eligible for about 20 years to join the social security system. They chose not to do that, and now are feeling they do not have an adequate retirement benefit. He thinks we should challenge those people to belong to the social security system since they have the opportunity.

Senator Jergeson's motion to amend failed. (Amendments Exhibit 2)

Senator Jergeson moved the technical amendments to HB 77.

Senator Jergeson's motion carried unanimously.

Recommendation and Vote:

Senator Franklin moved that House Bill 77 As Amended Be Concurred in.

Senator Franklin's motion that House Bill 77 As Amended Be
Concurred In failed on a roll call vote.

ADJOURNMENT

Adjournment At: 7:00 p.m.


JUDY JACOBSON, Chairman


LYNN STALEY, Secretary

JJ/lis

ROLL CALL

FINANCE & CLAIMS COMMITTEE

DATE 4-11-91

LEGISLATIVE SESSION

P. M. session

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

Each day attach to minutes.

ROLL CALL

FINANCE & CLAIMS COMMITTEE, CONTINUED

DATE _____

____ LEGISLATIVE SESSION ____

NAME	PRESENT	ABSENT	EXCUSED
SENATOR TVEIT	✓		
SENATOR VAUGHN	✓		
SENATOR WATERMAN	✓		
SENATOR WEEDING	✓		
SENATOR FRANKLIN	✓		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 2
April 12, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 77 (third reading copy - blue), respectfully report that House Bill No. 77 be amended and as so amended be not concurred in.

1. Title, page 1, line 11.

Following: "POLICIES"

Insert: "AND A PORTION OF VIDEO GAMBLING MACHINE PERMIT FEES"

2. Title, line 13.

Strike: "AND"

3. Title, line 14.

Following: "19-6-502,"

Insert: "AND 23-5-612,"

4. Page 2, line 12.

Strike: "5|;"

Insert: "6|;"

5. Page 3, line 17.

Strike: "and"

6. Page 3, line 18.

Strike: "fees"

Insert: "taxes"

Following: "policies"

Insert: ", and a portion of video gambling machine permit fees as appropriated in 23-5-612(2)(c)"

7. Page 5, line 12.

Strike: "10.27%"

Insert: "9.53%"

Following: "SALARIES"

Insert: ", less the appropriation from video gambling machine permit fees provided for in 23-5-612(2)(c),"

8. Page 5.

Following: line 14

Insert: "(3) The department of justice shall annually contribute \$250,000 from the state share of video gambling machine permit fees."

9. Page 10.

Following: line 22

Insert: Section 7. Section 23-5-612, MCA, is amended to read:

"23-5-612. Machine permits -- fee. (1) The department, upon payment of the fee provided in subsection (2) and in conformance with rules adopted under this part, shall issue to the operator a permit for an approved video gambling machine.

(2)(a) The department shall charge an annual permit fee of \$200 for each video gambling machine permit. The department shall retain \$100 of the total permit fee collected for purposes of administering this part.

(b) The remaining \$100 must be returned on a quarterly basis to the local government jurisdiction in which the gambling machine is located. The local government portion of the fee is statutorily appropriated to the department, as provided in 17-7-502, for deposit in the local government treasury.

(c) The department shall make an annual contribution to the Montana highway patrol retirement account of \$250,000 as required by 19-6-404(3) from the portion of the \$100 permit fee retained by the department. The payments must be made to the administrator of the public employees' retirement division after the end of each fiscal year but no later than September 1. The payment is statutorily appropriated as provided in 17-7-502.

(3) The permit expires on June 30 of each year, and the fee may not be prorated.

(4) A used keno machine may be licenses under subsection (1) without meeting the requirements of 23-5-609 [as that section read on September 30, 1989] if the applicant for licensure can establish to the satisfaction of the department that, on the date of application, he owns or possesses a machine that was owned or operated in the state prior to June 30, 1987. A license issued under this subsection expires for all purposes no later than June 30, 1989."

Renumber: subsequent section

NOTE: This amendment also corrects the technical adjustments noted by the Public Employees Retirement Board.

Signed: Judy H. Jacobson
Judy H. Jacobson, Chairman

191 10:30
Am. Coord.

CB 4/12 10:40
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 11, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 692 (third reading copy -- blue), respectfully report that House Bill No. 692 be not concurred in.

Signed: Judy H. Jacobson
Judy H. Jacobson, Chairman

191 4-11-91
Amd. Coord.

SP 4-12
Sec. of Senate

10:10

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 11, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 234 (third reading copy -- blue), respectfully report that House Bill No. 234 be concurred in.

Signed: _____

Judy H. Jacobson
Judy H. Jacobson, Chairman

ma 4/11/91
Amd. Coord.

SR 4/12/10
Sec. of Senate

Amendments to House Bill No. 1008
Third Reading Copy

Requested by Senate Finance and Claims Committee
For the Committee of the Whole

Prepared by Carroll South
April 11, 1991

1. Title, line 9.
Strike: "ACQUISITION OR"

2. Title, line 13.
Following: "PROVIDING"
Insert: "AN"
Following: "EFFECTIVE"
Strike: "DATES"
Insert: "DATE"

3. Page 2, line 23.
Following: "parks"
Strike: "acquisition or"

4. Page 3, line 4.
Following: "the"
Strike: "acquisition,"

5. Page 4, line 1.
Following: "parks for"
Strike: "parks"
Insert: "the development, operation, and maintenance of state
parks and the stabilization and preservation of historic
sites within the state park system"

6. Page 6, line 21.
Strike: "(1)"
Following: "["
Strike: "Sections 1 and 3"
Insert: "This act"
Following: "]"
Strike: "are"
Insert: "is"

7. Page 6, line 22.
Following: line 21
Insert: "the temporary version of"

8. Page 6, line 23.
Strike: subsection (2) in its entirety

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 1
DATE 4-11-91
BILL NO. HB 1008

Amendments to House Bill No. 77
Third Reading Copy (Blue Copy)

Prepared for Senator Jergeson
For Senate Finance and Claims

April 10, 1991

1. Title, page 1, line 11.

Following: "POLICIES"

Insert: "AND A PORTION OF VIDEO GAMBLING MACHINE PERMIT
FEES"

2. Title, line 13.

Strike: "AND"

3. Title, line 14.

Following: "19-6-502,"

Insert: "AND 23-5-612,"

4. Page 2, line 12.

Strike: "5;"

Insert: "6;"

5. Page 3, line 17.

Strike: "and"

6. Page 3, line 18.

Strike: "fees"

Insert: "taxes"

Following: "policies"

Insert: ", and a portion of video gambling machine permit fees as
appropriated in 23-5-612(2)(c)"

7. Page 5, line 12.

Strike: "10.97%"

Insert: "10.94%"

Following: "SALARIES"

Insert: ", less the appropriation from video gambling machine permit fees
provided for in 23-5-612(2)(c),"

8. Page 5.

Following: line 14

Insert: "(3) The department of justice shall annually contribute \$250,000 from
the state share of video gambling machine permit fees."

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 2

DATE 4-11-

BILL NO 1113-7-7

9. Page 10.

Following: line 22

Insert: Section 7. Section 23-5-612, MCA, is amended to read:

"23-5-612. Machine permits -- fee. (1) The department, upon payment of the fee provided in subsection (2) and in conformance with rules adopted under this part, shall issue to the operator a permit for an approved video gambling machine.

(2)(a) The department shall charge an annual permit fee of \$200 for each video gambling machine permit. The department shall retain \$100 of the total permit fee collected for purposes of administering this part.

(b) The remaining \$100 must be returned on a quarterly basis to the local government jurisdiction in which the gambling machine is located. The local government portion of the fee is statutorily appropriated to the department, as provided in 17-7-502, for deposit in the local government treasury.

(c) The department shall make an annual contribution to the Montana highway patrol retirement account of \$250,000 as required by 19-6-404(3) from the portion of the \$100 permit fee retained by the department. The payments must be made to the administrator of the public employees' retirement division after the end of each fiscal year but no later than September 1. The payment is statutorily appropriated as provided in 17-7-502.

(3) The permit expires on June 30 of each year, and the fee may not be prorated.

(4) A used keno machine may be licensed under subsection (1) without meeting the requirements of 23-5-609 [as that section read on September 30, 1989] if the applicant for licensure can establish to the satisfaction of the department that, on the date of application, he owns or possesses a machine that was owned or operated in the state prior to June 30, 1987. A license issued under this subsection expires for all purposes no later than June 30, 1989."

Renumber: subsequent section

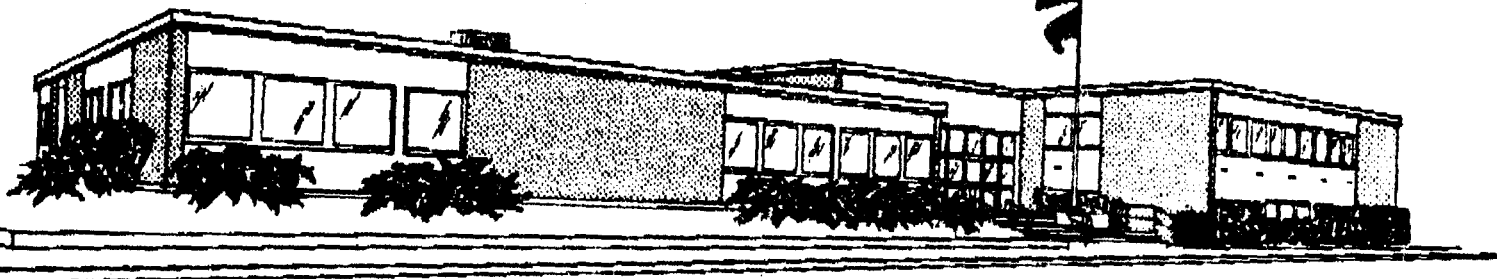
NOTE: This amendment also corrects the technical adjustments noted by the Public Employees Retirement Board.

April 11, 1991

FAX TO: Senate Finance and Claims Committee Members
FROM: Craig J. Anderson, 211 Sigmund, Glendive, MT.
RE: HB 764

It is my understanding that Senate Financing Claims is currently hearing HB 764. I urge your continued support of HB 764 which will provide for the Veterans Nursing Home construction in Glendive, MT.

Thank you for your consideration this is a very important project to Eastern Montana and the entire state.



Office of:
Clerk of District Court
Ardelle Adams

County of Dawson

207 W. Bell
Glendive, MT 59330

P.O. Box 1009
Phone (406)365-3967

TO: SENATE FINANCE AND CLAIMS
FROM: ARDELLE ADAMS, CLERK OF DISTRICT COURT, DAWSON COUNTY
RE: HE 764
DATE: April 11, 1991

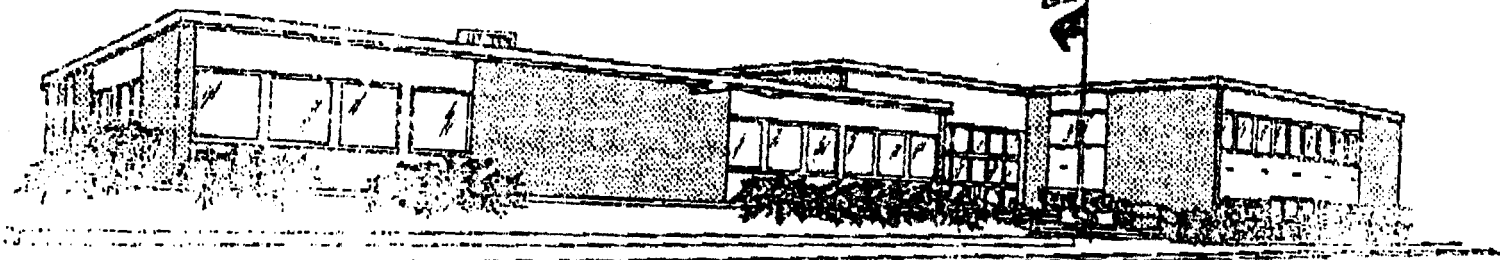
Jacobson, Chairman
Jergeson, Vice Chairman
Staley, Secretary

Aklestad
Beck
Bengston
Bianchi
Devlin
Fritz
Hammond
Harding
Hockett

Keating
Manning
Nathe
Stimatz
Tveit
Vaughn
Waterman
Weeding

I'm writing in support of HB764 as I want the 2¢ tax on cigarettes to go toward the operation of the Veteran Homes. I strongly support the veterans and feel this tax is for an excellent cause. Thank you for your consideration and I urge you to do pass.

Ardelle Adams



Office of:
County Commissioners
Phone 365-3562
Judy Reddig
Richard Shoopman
Robert Ziegler

County of Dawson
207 W. Bell
Glendive, MT 59330

Office of:
Clerk and Recorder
Phone 365-3058
Patricia Peterson Boje

Office of:
County Treasurer
Phone 365-3026
Cindi Hansen

April 9, 1991

444-4105

Senate Finance and Claims

Jacobson, Chairman
Jergeson, Vice Chairman
Staley, Secretary

Aklestad
Beck
Bengtson
Bianchi
Devlin
Fritz
Hammond
Harding
Hockett

Keating
Manning
Nathe
Stimatz
Tveit
Vaughn
Waterman
Weeding

PLEASE! PLEASE! YOU MUST SUPPORT HB764. IT IS ESSENTIAL FOR MONTANA TO SURVIVE.

THANK YOU FOR YOUR TIME AND CONSIDERATION.

SINCERELY,
JUDY REDDIG
RICHARD SHOOPMAN
ROBERT ZIEGLER

ROLL CALL VOTE

SENATE COMMITTEE FINANCE AND CLAIMS

Date APRIL 11, 1991 House Bill No. 77 Time

NAME	YES	NO
SENATOR JACOBSON	✓	
SENATOR JERGESON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		✓
SENATOR BENGTON		✓
SENATOR BIANCHI		✓
SENATOR DEVLIN		✓
SENATOR FRITZ	✓	
SENATOR HAMMOND		✓
SENATOR HARDING		✓
SENATOR HOCKETT		✓
SENATOR KEATING		✓

Lynn Stalley
Secretary

Chairman

Motion: Senator Franklin
motion HB 77 as amended
Be concurred in.

ROLL CALL VOTE

SENATE COMMITTEE FINANCE AND CLAIMS

Date APRIL 11/1991 House Bill No. 692 Time _____

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		✓
SENATOR BENGTSON		✓
SENATOR BIANCHI	✓	
SENATOR DEVLIN		✓
SENATOR FRITZ	✓	
SENATOR HAMMOND		✓
SENATOR HARDING		✓
SENATOR HOCKETT	✓	
SENATOR KEATING		✓

Lynn Staley
Secretary

Chairman

Motion: Senator Fritz moved that HB 692
Be Concurred In.

HB 692