

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By REP. TOM ZOOK, on February 9, 1993, at 3:00 P.M.

ROLL CALL

Members Present:

Rep. Tom Zook, Chair (R)
Rep. Ed Grady, Vice Chair (R)
Rep. Francis Bardanouve (D)
Rep. Ernest Bergsagel (R)
Rep. Roger DeBruycker (R)
Rep. Marj Fisher (R)
Rep. John Johnson (D)
Rep. Royal Johnson (R)
Rep. Mike Kadas (D)
Rep. Betty Lou Kasten (R)
Rep. Red Menahan (D)
Rep. Linda Nelson (D)
Rep. Mary Lou Peterson (R)
Rep. Joe Quilici (D)
Rep. Dave Wanzenried (D)
Rep. Bill Wiseman (R)

Members Excused: Rep. John Cobb, Rep. Ray Peck

Members Absent: None

Staff Present: Terry Cohea, Legislative Fiscal Analyst
Mary Lou Schmitz, Committee Secretary

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

Committee Business Summary:

Hearing: HB 425, HB 480, HB 428
Executive Action: None

HEARING ON HB 480

An Act appropriating a portion of Resource Indemnity Trust fund revenue, once the \$100 million fund balance is reached, for acquisition and maintenance of state parks.

Opening Statement by Sponsor: REP. HAL HARPER, HD 44 said this Bill is first in a series of a package of bills that has been designed over the interim in an attempt to address the problems

that Montana's state parks find themselves in and the needs that Parks face. He requested the committee to take out the statutory appropriation. He testified from **EXHIBIT 1, Comprehensive Parks Plan - 1993**. This is a package designed in response to the issues facing our parks. It encompasses this bill and three other bills.

He referred to Section 3, Page 4 of the bill which calls for a comprehensive plan. It is his opinion after meeting with parks people and users of parks, using this process is the only way they can rely on a long-range stable plan for development and maintenance of the parks in the state. He and the other sponsors are open and willing to listen to anyone who has better suggestions and ideas. This bill couples the two concepts; the long-range funding concept, the RIT cap, with the long-range plan.

Proponents' Testimony: George Ochenski, Representing the Montana State Parks Foundation Action Fund put this plan together. This does not ask for any new money. It says some time in the future when the RIT cap is reached, the \$100 million, after that period of time, take 25% of the .5% tax on non-renewable resource extraction, which is what the Resource Indemnity Trust tax is and put it into funding the maintenance of the parks. There was a question from **REP. KASTEN** about how is it this bill can even contemplate acquisition of additional parks if we can't maintain those we already have. The answer is it does not say that we go out and acquire parks. It says if the Department has a list of parks that could possibly be acquisitions then they will wind up in that comprehensive long-range plan and the public will have a chance to look at it, comment on it and the state of Montana always has to decide whether or not they can afford it.

Wayne Hirst, Montana State Parks Foundation also worked on this plan. To answer the question about acquisitions, there are some in-holdings in some of the existing parks which may or may not need to be acquired at some point in the future. As far as the use of the RIT funding for state parks, he believes it is an appropriate use.

Janet Ellis, Montana Audubon Legislative Fund, testified from **EXHIBIT 2**.

REP. BARDANOUVE said this is a possible means of financing parks. He expressed a concern for the lack of care and maintenance in the park system. There are some beautiful parks with tremendous potential for recreation purposes by Montanans and by tourism. Because of fiscal shortcomings the parks have not been taken care of. This bill is a long-term proposal, however, there are some bills in this session that might use some of the value of this bill.

Opponents' Testimony: None

Questions From Committee Members and Responses: **REP. ROYAL**

JOHNSON asked what is the diversion on this bill. **REP.**

BARDANOUVE suggested there is some diversion on a bill coming through that would take the income from this and put it someplace else. **REP. HARPER** said his understanding is there is a bill to

divert for general fund purposes. **Terry Cohea, Legislative Fiscal Analyst**, said the **Racicot** Administration has a bill to take 40% of the RIT that would normally be deposited in the trust and instead use it to fund operations in the Department of

Natural Resources and Department of State Lands and expand several of the grant programs. It would divert about \$3.9 million of money in the 95 biennium that would have gone into the trust so that will slow the buildup of the money in the trust to \$100 million. Under current law RIT is supposed to hit \$100 million in FY 96. If the amount of money is reduced by 40% per year it will obviously take longer to reach that target. **REP.**

ROYAL JOHNSON asked if all money from income from RIT supposed to go back into the RIT trust now? **Ms. Cohea** said under law the entire RIT flow of revenue goes into the trust and interest from that goes to a number of accounts. This bill would change it so 40% of the in-flow is used for immediate purposes, only 60% go to the trust.

REP. KASTEN said two or three years ago the Parks Division and the Interim Study on Parks did an extensive study on the need and resources out there. Does this have to be done again? **Arnie Olsen, Fish, Wildlife and Parks** said the study she is referring to is the State Park's Futures Committee study and that was submitted to the Legislature and to Governor Stephens in November, 1990. The report has cost estimates that are needed for maintenance as well as development. Other than adjusting those figures for inflation since 1990 that report still stands and is a very valid report on the issues that face state parks and the needs. There were several legislators on that committee as well as outside business people. At this point, they would not see that as having to be re-done. If the question refers to the plan in this bill, what **REP. HARPER** is referring to is more of a detailed plan on a park-by-park basis as to what needs are there and how the public would like those parks taken care of or developed. The Park Futures Committee was a higher plane and looked at issues rather than many of the specifics.

REP. QUILICI asked if the Department would utilize some of the data and information the Park Futures Committee put together so that they will not be going over the same issues with the Comprehensive Plan. **Mr. Hirst** said the State Park Futures report and other reports that have been done by outside consultants provide a fairly sound base for moving forward and there would be no duplication of effort. There has been a good foundation and now they need to build the rest of the plan. **REP. QUILICI** said it looks like this trust won't be capped until at least FY 95-96. In the event it is not capped by the next legislative session and this law will be in effect, what affect will it have for the next legislature and how will they look at this particular

legislation? **Mr. Hirst** said this bill would go into immediate effect and the result would be that the planning process would begin immediately and people concerned with parks are agreed they need to move ahead and develop this comprehensive plan. That planning process will be going on. If the statute at the same time delineates the funding source, they know they can depend on that funding source. That is the way the time-line of this bill is supposed to work. **REP. QUILICI** asked if the department has the funds to handle the comprehensive plan under the existing budget or will it cost that kind of money? **Mr. Hirst** said, in a discussion with the Department, it is his understanding they intend to do this. **Mr. Olsen** said any major planning process does cost some money. They feel that any additional revenue received from any initiatives that are being worked on by this legislative session would enhance their ability to do a comprehensive plan. However, in the absence of that they feel the need to move forward to do that and re-direct some of the administrative time and staff. They would probably do it in-house, using expertise they have and go through a comprehensive public process.

REP. GRADY said the Department did not come in as a proponent or an opponent and asked **Mr. Olsen** what the Department thinks of this? **Mr. Olsen** said their position is that they won't take a position. They are part of the executive branch and support the Governor's process of tax restructuring and are here to answer questions. They obviously have needs in parks and from a division perspective are not that concerned where that money comes from, their jobs are to lay-out what the needs are and do the best they can with the resources that are given them. **REP. GRADY** said what he is saying is the Department won't have a problem coming up with the money to do this study. **Mr. Olsen** said he hopes they can get some additional revenue this session to enhance an effort like this. If not, the effort will be as good as the money and time they have to put into it. They will have to re-direct and stop doing some other things in order to accomplish this. **REP. GRADY** said he sat on that committee as well as **REP. QUILICI** and they spent a lot of time and money and felt they had done a good comprehensive plan. He questioned why there has to be another study when they already know what the problem is.

REP. NELSON asked how many state parks do we have. **Mr. Olsen** said we have 42 state parks in their system. **REP. NELSON** said she would be interested in looking at a map to see where these parks are and **Mr. Olsen** said he would provide that.

REP. ROYAL JOHNSON asked how much money is in this fund now. **Ms. Cohea** said it is about \$95 million and getting very close to \$100 million at this point.

Closing by Sponsor: **REP. HARPER** said the State Park Futures report is the basis for this action. They saw a report that was done in 1990 and saw no action on it. He referred to Page 4, New

Section 3. He said Mr. Olsen explained the difference between the plan REP. GRADY referred to and the kind of plan offered here. That committee operated on a very high level looking at the over-all state needs and basically sounding the alarm that something has to be done. REP. HARPER said they have tried to respond to that call. This plan describes a state-wide plan that includes development of individual parks. The Department of Fish, Wildlife and Parks cannot design an adequate plan unless they go out to the individual people in those individual areas and ask specific questions. In no way does this plan duplicate the plan REP. GRADY is talking about. They intend to build on that plan, use that plan, but their concern is right now that plan is collecting dust and no one is looking at it. He is open to any amendments in terms of the park development, plan, or funding.

CHAIRMAN ZOOK closed the Hearing on HB 480.

HEARING ON HB 428

An Act extending funding for the voluntary statewide genetics program for two years.

Opening Statement by Sponsor: REP. HAL HARPER, HD 44 said this bill would extend the funding for the voluntary statewide genetics program for two years. This bill is the same format and the same method that has used to fund this program since its inception. This amount of money is, by no means, sufficient for the funding of this program. It just kicks in and matches other programs that come from private sources. There is an average of approximately 10% to 15% in an average population and in some populations as high as 25% that need or could use medical or genetic services. In newborns the average of chromosomal abnormality is 6 per 1000. Situations, like slow child growth and stillborn children, lead anxious couples to question themselves "why"? Questions like, "is it hereditary" and "can it be transmitted genetically" or "what is the risk of passing on the disorders to our children"? These are the kinds of questions that can be addressed by genetic counseling. 97% of the time anxious parents learn they will not be passing on genetic defects. If genetic counseling is used, like the service provided by the Montana Medical Genetics Program, families and doctors can base decisions on this rapidly expanding science of genetics. Montana is one of four states that does not have a medical school. In most states genetic programs are coupled with medical schools, therefore, supported by tax dollars. That option is not available in Montana. There are a number of benefits that are present to the state, to this region, because of this excellent program. This fee which is a 70 cent fee on individual and group disability or health policies probably is one of the fairest fees because it is even more broad-based than income taxes.

REP. JIM RICE, HD 43, CO-SPONSOR HB 428 addressed the financing

part of the bill. As **REP. HARPER** alluded to, we do not finance the entire program. All fifty states have medical genetics programs but Montana is fortunate enough to get away with funding less than the entire expense of the program but yet accrue to the entire benefit. For the last four sessions the legislature has approved this particular mechanism which funds the program which is a surcharge of health insurance policies in the amount 70 cents per year per person covered by a policy. That raises the amount of \$543,000 per year or a little over \$1 million per biennium. This funding mechanism isn't acknowledged when the direct benefits received by health insurance companies and by the public at large in having a state genetics program which greatly impacts our future medical costs. The dates provided in the bill for reporting and for payment of this tax coincide with existing dates for insurance company reports and payments so that additional employees are not required in the Insurance Commissioner's office to handle these submittals. The handling of collections by the commissioner has worked well without any procedural complaints. This program has had strong bipartisan support during the last four sessions and is supported by the **Racicot Administration**. **REP. RICE** introduced **Dr. John Opitz, Director of the Montana Genetics Program**. He is chairman of the Department of Medical Genetics, Shodair Hospital, Helena and Clinical or Adjunct Professor at the Universities of Washington/Seattle, Wisconsin/Madison and Montana State University, Bozeman and board certified in pediatrics, board certified in medical clinical genetics, Professor of Biology Genetics and Medicine at Montana State University in the WAMI program and has a world-wide reputation as an expert in the field of medical genetics.

Proponents' Testimony: **Dr. John M. Opitz** gave testimony from **EXHIBIT 1**.

Joan Fitzgerald, Administrative Director for the Department of Medical Genetics gave testimony from **EXHIBIT 2**.

Barbara Ann Botz, Butte told of her two daughters' illnesses that were diagnosed as cystic fibrosis. Through counseling with Shodair Genetic Department they have been able to identify the cystic fibrosis gene in her husband and herself. This has enabled their three healthy sons to learn they are not cystic fibrosis carriers. Although her two daughters died her sons are free of cystic fibrosis but did not know if they were carriers until DNA testing.

Jill Hoy said she first became associated with Shodair Genetics when she gave birth to a severely defected child diagnosed as a dwarf and was given counseling by **Dr. Opitz** before and after the child died.

Jim Ahrens, President, Montana Hospital Association, said this is an excellent program. Hospitals refer patients to it and are very supportive of the program.

Betty Babcock, Board Member of Shodair, appeared to support HB 428.

Maxine Ferguson, Bureau Chief, Family/Maternal and Child Health Bureau, Department of Health and Environmental Sciences presented testimony, EXHIBIT 3.

Paulette Kohlman, Executive Director, Montana Council of Maternal and Child Health, a private non-profit organization and have endorsed this program for the next generation.

Beda Lovitt, Representing the Montana Medical Association who has long stood behind this program. It continues to be a very worthwhile endeavor of which everyone should be very proud and urge the Committee's favorable consideration.

Barbara Booher, Executive Director, Montana Nurses' Association said they have supported this legislation since 1985.

Jack Casey, Administrator, Shodair Hospital, Helena referred to EXHIBIT 2 and explained some of the funding mechanisms of the Program. The total budget for this year is \$1,367,300. Graph #1 depicts the breakout of that funding. Graph #3 shows the percentage increase in funding, compared 1986 to 1993. Graph #6 shows the patient load.

Chad Smith, Shodair Trustee, passed out a collection of letters from physicians around the state, speaking in strong support of this bill, EXHIBIT 4 also a photocopy of the session laws that are referred to in the bill, EXHIBIT 5. Medical genetics is a science to improve basic health and to reduce health care costs by long-range planning to avoid critical and expensive medical problems. Mr. Smith referred to Section 33-22-301, EXHIBIT 6.

Opponents' Testimony: Tanya Ask, Blue Cross/Blue Shield read from testimony, EXHIBITS 7 & 8.

Tom Hopgood, Health Ins. Assoc. America, said a bill like this that takes up funding, there are those that consume the funding and those that produce the funding. He is representing about 300 commercial insurance companies that produce the funding to support this piece of legislation. There is a budget crisis but if this program, the genetics counseling and research program is such a good program and benefits the entire population of the state of Montana isn't there room for it in the general budget which also benefits the entire population of the state of Montana? What the legislature does directly affects the cost of health insurance.

Terry Minow, Montana Federation of Teachers, Montana Federation of State Employees and Montana Federation of Health Care Employees. She said her opposition is not based on the quality of the Shodair genetics program itself. There has been lots of testimony on the worth of the program. She bases her objection

on the source of funding. A premium tax on insurance policies is selective and regresses taxation. Montanans, our members who are lucky enough to enjoy the benefits of being covered by health insurance, are selectively taxed to fund the Shodair genetics program. HB 428 is a health care cost that is imposed on our members. There are more great cost-effective programs that the legislature will cut this session.

Larry Akey, Montana Association of Life Underwriters, which comprises over 600 life and health insurance producers in the state of Montana. He has opposed this bill since 1985, only half-heartedly because he believed the proponents when they said this was a temporary funding mechanism. Now that it's 1993 he is starting to doubt their sincerity. If this is a worthwhile program that affects all Montana residents, as the proponents of this bill claim, then they ought to get into the same process as all the other worthy human services programs.

Greg Van Horssen, State Farm Insurance Co., and, on this issue alone, for the **American Insurance Association**. Based on the fact this program will benefit all Montanans but is funded by a relatively few Montanans, State Farm Insurance Co. respectively opposes HB 428. Based on the same reasoning, the American Insurance Association would like to go on record as opposing HB 428. Both organizations ask for a Do Not Pass.

Questions From Committee Members and Responses: **REP. KASTEN** asked **Jack Casey, Administrator of Shodair Hospital**, if he could give her any correlation between total tests and the number of patients from the various towns, cities and counties? **Mr. Casey** said no, the total number patients are those patients seen by the physicians for physical examinations. The tests can be sent in from doctors' offices all over the state who are monitoring pre-natal care. There would be multiple tests done on some people. **REP. KASTEN** said Missoula has a lot of tests for the patients. Is there any explanation for that? **Mr. Casey** said the number of patients seen by their genetics people do not correlate with the number of tests being performed. The tests will come from a doctor's office in Missoula whereas only a certain select few of those patients, about 1 out of every 4, will ever see their genetics' program physicians.

REP. MENAHAN referred to **Ms. Ask** from the Blue Cross/Blue Shield concerning genetic testing which could prevent further complications or illnesses and thought this should keep the rates down. Why would she oppose this? **Ms. Ask** said they do not oppose this worthwhile program. What they oppose is that everybody in the state receives the benefit but only those people who are actually insured are paying for it. **REP. MENAHAN** said he is one of their clients and the rates have gone up by usage. He does not care if he pays 70 cents. It might save him \$100 by contributing and save the company money. **Ms. Ask** said their concern is it was supposed to be a temporary solution and it is not and they would like to see it more broadbased.

REP. GRADY said one of the arguments is only part of the people who have health insurance plans are being charged. Why aren't the independent groups being charged too? Mr. Smith said part of the reason is the cost of collection and the cost of keeping track of these things. All the information they need for collection of the tax under this bill is already in the Office of the Insurance Commissioner.

Closing by Sponsor: REP. JIM RICE said the insurance companies' objection is that this is supposed to be a temporary solution and he has a solution to that. Make it permanent. He would have no problem supporting an amendment to make this a permanent funding mechanism. The proponents are not to be blamed for the funding mechanism as it is now. You cannot combat a health crisis without a medical genetics program. In the tough financial times in which we live this is a fair and equitable way to fund the program. He asked the committee to take into consideration the worthiness of the program, find a way to fund it and he will support the committee on the floor.

CHAIRMAN ZOOK closed the Hearing on HB 428.

HEARING ON HB 425

An Act merging the functions of the Board of Housing and the Health facility authority in the State Revenue Bond authority, Providing new duties for a revised Board of Housing.

Opening Statement by Sponsor: REP. MIKE KADAS, HD 55 said in the last special session the legislature passed a bill that appropriated some fund balances to the general fund. At that time the Board of Housing essentially moved all their money out of the fund the legislature appropriated the fund balance from into another fund so that it wouldn't be appropriated to the general fund. That upset a number of legislators on the Audit Committee and on the Finance Committee. It started them looking a little more closely at the operations of the Board of Housing. They had a joint hearing of those two interim standing committees in November and there was a unanimous vote by both committees. They were presented with some options for restructuring the investment structure and the revenue bonding structure. The one that seemed to make the most sense is they are doing revenue bonding from a number of different places and they ought to consolidate that. Also they have a Board of Investments and there is a fair amount of overlap in potential expertise between the Board of Investments and the various revenue bonding authorities so they ought to get them together as well. That was the recommendation of the Audit Committee and the Finance Committee. This is the bill that was a result of that recommendation. They would not have done this had the Board of Housing gone along with what was recommended by the Legislature in HB 41. There are some savings to be had by making this consolidation.

REP. KADAS referred to EXHIBIT 1, Page 14 for the proposed new structure of the Board of Investments and the State Revenue Bonding Authority. Dave Lewis, Office of Budget and Program Planning (OBPP) has proposed one amendment to the bill. Under the bill they are putting a hiring authority for the Board of Investments back with the Department of Commerce so the executive director would be hired or appointed by the Department of Commerce as would the other employees. Currently the Board of Investments hires its own director. Mr. Lewis' concern is that there needs to be some independence between the Board and the Executive. He would like to see that the Chief Investment Officer for the Board of Investments be hired at the discretion of the board.

REP. KADAS referred to the fiscal note which shows \$160,000 savings over the biennium and that's basically because of some consolidations in staff, primarily in the administrative end. While it's a big bill, I think in general it's fairly simple and will provide some savings. It also gets most of the revenue bonding authority under the same roof. There is some potential for expanding that in the future. They still do some revenue bonds out of DNRC and currently the Department of Highway is looking at re-financing some bonds. Instead of having revenue bonds being done in a number of different agencies we will have the expertise of revenue bonds done in house. That is a long-term savings a bill like this will provide.

Proponents' Testimony: REP. BARDANOUVE said he urged the committee to adopt the amendment. For years he has been concerned about the political move in the field of investments. When they set up the Board of Investments, the board reorganization of government, and consolidated government into departments, he carried a bill that created the board in the Department of Administration bill. He made an amendment to that bill which removed the Board of Investments somewhat from politics.

Dave Lewis, Director, Office of Budget and Program Planning, Past Executive Director of the Board of Investments and Director, Department of Administration during the 1970s. Without getting specific he recalled two or three times during the past years when governors thought it might be a good idea for the Board of Investments to make a particular loan. The thing that has kept the program intact is the fact that the Board of Investment hires the chief investment officer and four portfolio managers. That is important to keep that in place. That's the subject of the amendment REP. KADAS talked about and the issue they had discussed earlier. The Board of Investments was never in the bond issuance business until 1987 when there was a merger at that time of what was the Economic Development Board of the Board of Investments. The Board of Investments at that time acquired some bond issuance responsibilities. It was something they had not been involved in to that point, were never that comfortable with.

Jon Noel, Director, Department of Commerce said his department is not taking a position for or against this bill at this point in time. He has not seen the amendments, although he has discussed them with **Mr. Lewis** and is in total agreement. He is here today to point out a few concerns he believes the committee should look into before any further action is taken. First of all, the draft as he has seen it lines out "duties of an executive director of the bond authority without creating that executive director". He thinks that is a little confusion in the wording but it does need to be straightened out because there is a nonexistent person who has responsibilities. More importantly, he believes the committee should have the advice of bond counsel to determine whether or not these moves can be made without endangering the bonds themselves. Advice from counsel should be sought on that. There is a second concern that has been expressed, probably will be heard from some opponents of this bill, that while there are economies that can be gained by this move, there is also a potential downside in moving more bonds into a single revenue authority because of the risk of a default on a single bond, creating the default on the entire bond portfolio. That has happened in other states. Admittedly, they know of no similar circumstance in this state. He has also heard the comment that by moving the real authority into the bond authority and out of the health finance and the housing authority that you are removing consumer access to the real decision making party, one step removed.

Opponents' Testimony: **Kevin Hager, Montana Chapter of the National Association of Housing and Redevelopment Officials and the Board of Commissioners, Great Falls Housing Authority.** He said when housing demands are so great and finding affordable housing is so difficult, those in the business of providing housing need every available resource. The Montana Board of Housing has been one of those resources for many years. It has assisted the Great Falls community in providing approximately 100 families the privilege of affordable home ownership. There is more increase in the housing waiting lists and less housing available. There is some legislation underway to create a state-wide housing task force. One of their functions would be to not just analyze one of the state's housing programs, the Montana Board of Housing, but to look at all the state's housing programs and their current delivery system to see if they are being operated in a manner which is most efficient for our state, for our communities and to get the service out to the people that need it.

Nancy Griffin, Executive Officer, Montana Building Industry Association testified from **EXHIBIT 2.**

Jan Martin, Real Estate Loan Officer, Valley Bank, Helena and Co-Chairman, Montana Bankers' Assn. Real Estate Lenders Committee. They are opposed to this bill and feel the Montana Board of Housing as it is now organized serves the state of Montana and the people. They feel that a change to the organization will do

a disservice and reduces ability to help the low and moderate income people of the state of Montana to buy their own home.

David Steen, President, Montana Building Industries Assn.,
testifying for Pat Ford, Helena Home Builder, EXHIBIT 3.

Jock Anderson, Montana League of Savings Institutions, said the savings and loan industry was originally chartered for the express purpose of providing a source of funds for residential housing at an affordable price. The Board of Housing was originally formed for that precise same purpose. Today the relationship between the Board of Housing and his industry has been very good. The task of providing affordable housing in Montana today is sufficiently great and sufficiently daunting that the public agency charged with that responsibility deserves its own identity. When you broaden and disperse the responsibilities of an agency you also dilute its focus. He is fearful that dilution will hinder the current effectiveness they have today.

John Celar, Loan Officer, First Bank, Helena and Co-Chair Montana Bankers' Assn. Real Estate Lenders Committee. On behalf of the Real Estate Committee he opposes HB 425. He feels the proposal reduces the Board of Housing to an advisory capacity where in the past, not only have they gone out and identified the needs for housing in Montana, but also had to physically implement and carry the plans through which has held them accountable. That accountability has made them successful.

Questions From Committee Members and Responses: **REP. BARDANOUE** referred to the statement that this was a politically motivated bill and the real reason the bill was brought forth. **Ms. Griffin** said the sponsor, in his introduction, alluded to the fact that possibly this legislation would not have been suggested, or maybe a need would not have been created without the controversy that happened of last summer. **REP. BARDANOUE** asked if the board will continue as they are, setting policies and setting up all the programs for housing? The only function of the Board of Investment will be to market the bonds. **Mr. Hager** said he is concerned what this bill will do is further fragment housing within the state and remove it from one more level to where there will not be the service out in the field so they can get affordable housing for people. **REP. BARDANOUE** said he does not follow the reasoning. If the Board continues as they are now, the Board of Investments will basically market the bonds but are not going to operate the Board of Housing. **Mr. Hager** said the Board of Housing, as he understands the bill, will just be in an advisory capacity if this bill is adopted. They will not have any power to look at the needs and do something about it. **REP. BARDANOUE** asked **Mr. Lewis** if that is the correct interpretation of this bill. **Mr. Lewis** said the bill establishes the State Revenue Bond authority. They would be the bond issuance authority for the programs now under investments, health facility authority of the Board of Housing. The Board of Housing would

become an advisory board but would be putting together housing policy, working within the Department of Commerce with the rest of the agencies involved in housing policy. They would be turning to the Revenue Bond Authority for the issue of bonds only. They would be, in effect, calling the shots and advising on housing policies and housing planning for the entire state as well as working with the other programs within the Department of Commerce.

REP. FISHER said usually when they try to consolidate some things it's to make it run more efficiently. She is concerned they have not been shown they will reduce some FTE with a consolidation such as this. There should be some savings. **REP. KADAS** said the fiscal note does show some reduction in FTE. Traditionally the way to do that is this bill, if it receives the approval of both houses would go through the process and then the final conference committee or even the Senate will amend the Natural Resources Subcommittee budget for the Department of Commerce and reduce those FTE out as the bill gets to the point of being passed-on to the Governor.

REP. GRADY said he has a report, SJR 20 passed in 1989 to do a study in the needs of certain loan grant programs. Some highlights say "initially we considered possible consolidation of all state government bond issues. As our audit progressed we determined consolidation would not be effective because the missions of the programs are so different and the bond issuance is driven by individual program needs". In looking at all the different departments who have bonds would agree their missions are almost entirely different in a lot of cases. Right now DNR has ongoing bonding. He quoted another paragraph "the department of Administration is developing a coordination system. We believe the Advisory Council would be effective if the administration offered bond coordination duties as indicated. We recommend the Department of Administration, with advice from the Capital Finance Advisory Council establish formal bond issuance coordination guidelines." **REP. KADAS** said he is aware there are other places that do bonding and tried to speak to that in his opening. At this point he wouldn't feel comfortable pulling all of them into this authority. In the future that may be a possibility. He would hope they can develop some revenue bonding expertise here so that they have it in-house. Right now DNRC has to go to a consultant and they are not cheap to get advice on bonding. It seems to him the state does enough bonding that they ought to be trying to develop some of their own expertise and hopefully cut down on some of the consultants.

REP. GRADY said this is just a start and the intent is to bring them all under one bonding authority. **REP. KADAS** said he thinks they have to keep looking at that as an ongoing process and can see economies of scale and increased efficiency then they ought to be taking advantage of that sort of thing. **REP. GRADY** referred to the different types of bonds and some of them that contract because they get specialists in certain areas who

understand what the bonds are. Can this be handled under one consolidation? **REP. KADAS** said most of them go to the same specialists used by different departments for these very diverse bonding programs.

REP. WISEMAN said he was going to allude to that same report. When they started the hearings on DNRC there were 19 different entities in the state that issue municipal bonds. He asked for an explanation on the source of the funds.

REP. KADAS said essentially when they let bonds they are able to generate some arbitrage earnings and they build up over time. Those arbitrage earnings were not dedicated to any other obligation and the legislature, in trying to balance the budget, realized there were over \$600,000 arbitrage earnings that were not obligated for any purpose by the Board of Housing. He did not think it was unreasonable to appropriate \$500,000 of those. **REP. WISEMAN** said, then those were not state of Montana funds, not general funds, but funds the Board of Housing had approved. **REP. KADAS** said they were state of Montana funds. They were not general funds. The Board of Housing operates under the authority granted by the state of Montana.

REP. ROYAL JOHNSON said **Mr. Hager** alluded in his testimony the Great Falls Housing currently had a major problem in the housing business. There was a task force of housing people in the state of Montana who identified housing needs throughout the state and **Mr. Hager** alluded to the fact his housing needs were about 30% behind where they were. If you read Section 2 in the bill it does create and keeps intact the Board of Housing. It specifically tells what those duties are which include identifying the housing problems in the state of Montana. This legislation is an attempt to make the Board of Housing do what it should do which is to identify those needs, to address the problem and that is not what's happening. **Mr. Hager** said the Board of Housing has been very responsive to the needs of Great Falls. They have public hearings there as they had concerns they needed to start looking at multi-family programs so they could develop future multi-family. They need to look at all resources. **REP. JOHNSON** said that is what they are trying to address in this bill. They are asking the Housing Board to go ahead and identify the housing needs.

REP. ROYAL JOHNSON said **Ms. Griffin** said this particular bill would rid the whole housing program. He asked her if she had read the makeup of the Board of Housing in Section 2 of this bill? **Ms. Griffin** said she did not remember saying it would rid the program and wondered of what. **REP. JOHNSON** said take the program out of the state. **Ms. Griffin** said no. There obviously has to be an agency dealing with the kinds of housing needs. Her main concern was the Board of Housing can identify the housing problems but all they could do was recommend implementations or solutions to a higher authority. **REP. JOHNSON** referred to **Jan Martin, Montana Bankers' Assn.** and asked her if she understands

the makeup of the Board of Housing, that it is currently a quasi-judicial Board, that four members of that Board go off this month and wondered if she knew it has a turnover like that? **Ms. Martin** said she knows that and has been working with the Board of Housing for years and as a real estate lender uses their program quite extensively. **REP. JOHNSON** asked if she thinks it makes a difference if they are advisory to the issuing authority? **Ms. Martin** said her concern was they would not be able to work as effectively as they do now. She was concerned about some vagueness in the bill as to how the whole thing would work. The Board of Investments is an investment mechanism, investing state money, where she sees the Board of Housing as a service organization in that they are making a product available to the people of Montana rather than an investment. **REP. JOHNSON** said what he envisions in this bill is that the Board of Housing would continue to identify the housing needs of the state of Montana, make some suggestions as to how those housing needs are being addressed. **REP. JOHNSON** referred to **Jock Anderson** and said he alluded to the good relationship he had with the Board of Housing, the League of Savings Institutions etc. Why did he think he would have a lesser degree of good experience with this Board? They would be appointed the same way. **Mr. Anderson** said his opposition to the bill is not based on the belief or the knowledge of being convinced that the working relationship between the industry and the Board would be changed under this bill. His opposition is based on the fear that it would be changed. The structure as it's setup has been a very good "marriage" for the purpose of putting real people into real houses. Unless there is a good and substantial reason to change that he would simply prefer the system be left alone.

REP. ROYAL JOHNSON asked **Mr. Anderson** if he is part of identifying the economic development needs in the state of Montana. **Mr. Anderson** said that is true. **REP. JOHNSON** said this Board has \$459 million worth of bonds outstanding. The last prospectus they had over the last two years indicated they should have about a 7% reserve. Currently they have \$65 million worth of reserves which is tied up so they cannot be touched by anything. He is not suggesting the legislature balance the budget on the backs of low-income people in the housing business. If we shouldn't do that, why would this Board not be doing something to help the housing needs. **Mr. Anderson** said he could not answer that.

REP. JOHNSON asked **Mr. Celar** the same question as to funds in the state of Montana and economic development. **Mr. Celar** said he cannot address that specifically himself because he is more involved in the real estate lending. What he has seen done by the Board of Housing is very effective. **REP. JOHNSON** asked what his loan ratio is to deposits. **Mr. Celar** said commercial is probably 60%.

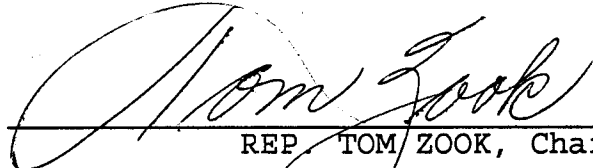
Closing by Sponsor: **REP. KADAS** said a lot of the opposition is because there is change and people who see the change are

concerned it will affect them. He does not believe it will, at least it won't in a negative way. There are good possibilities it will affect them in a positive way. Housing is a significant issue in the state of Montana. He asked the Fiscal Analyst to check the technical issues. He wanted to make it clear the bill is not politically motivated. The fact there was a problem and a fairly major conflict between the Board of Housing and the legislature caused a closer look. What they have found is a more efficient way to do what they are doing and does not think it is politically motivated.

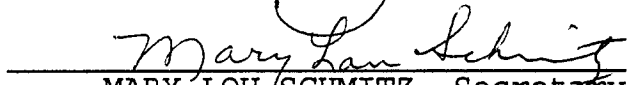
CHAIRMAN ZOOK closed the Hearing on HB 425.

ADJOURNMENT

Adjournment: 5:30 P.M.



REP. TOM ZOOK, Chair



MARY LOU SCHMITZ, Secretary

TZ/mls

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL

DATE

2/9/93

NAME	PRESENT	ABSENT	EXCUSED
REP. ED GRADY, V. CHAIR	✓		
REP. FRANCIS BARDANOUVE	✓		
REP. ERNEST BERGSAGEL	✓		
REP. JOHN COBB			✓
REP. ROGER DEBRUYKER	✓		
REP. MARJ. FISHER	✓		
REP. JOHN JOHNSON	✓		
REP. ROYAL JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BETTY LOU KASTEN	✓		
REP. WM. "RED" MENEHAN	✓		
REP. LINDA NELSON	✓		
REP. RAY PECK			✓
REP. MARY LOU PETERSON	✓		
REP. JOE QUILICI	✓		
REP. DAVE WANZENREID	✓		
REP. BILL WISEMAN	✓		
REP. TOM ZOOK, CHAIR	✓		

COMPREHENSIVE PARKS PLAN - 1993

EXHIBIT	1
DATE	2/9/93
HB	480

A package of linked legislation, carefully crafted in response to the issues facing Montana's state parks.

- > Long Range Funding & Comprehensive Planning - HB 480
- > Response to Current Maintenance Requirements - LC 1384
- > Reduce long-term expenditures - HB 314
- > Interactive public involvement in future actions - HB 354

Taken together, this package of bills provides a comprehensive policy for Montana's state parks system that ensures:

- > Stable funding that does not rely on an ever-increasing spiral of user fees
- > Targetted spending on parks needs, not administration
- > Use of efficient work force - Montana Conservation Corps
- > Meets known public desires for recreational opportunities
- > Uses appropriate sources of funding - No New Taxes!!

Responsible Policy for Present & Future Needs!

HB 480 - Parks Maintenance Trust Fund

EXHIBIT 1
DATE 2/9/9
HB 480

The Need:

Long-term, stable funding for parks maintenance, acquisition, and development needs without an increasing spiral of user fees.

The Proposal:

Once the Resource Indemnity Trust Fund is capped at \$100 million, use 25 percent of the tax revenue to establish the **Parks Maintenance Trust**, invested by the Board of Investments.

Interest earned by the Trust may not be expended by the Department of FW&P until a comprehensive, long-range plan is developed after soliciting statewide input from park users, sporting groups, and the general public.

Once the Comprehensive, Long-Range Plan is in effect, interest income may be spent for:

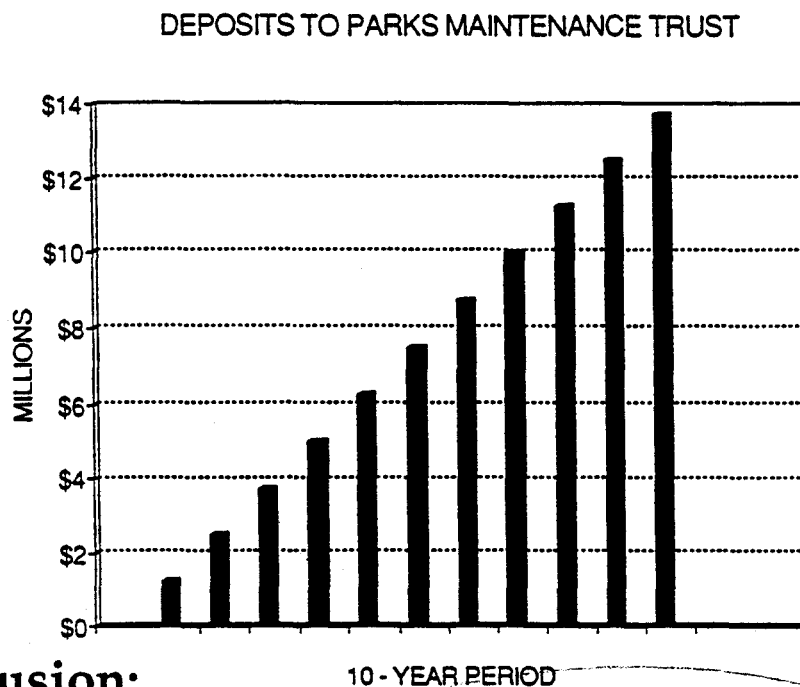
1. Urgent state parks maintenance and acquisition; and,
2. Timely and appropriate needs in accordance with the long-range comprehensive plan.

The Numbers:

LFA estimates Resource Indemnity Trust revenue income to be approximately \$5 million per year. At this rate, the Resource Indemnity Trust will be capped in 1995 or 1996.

HB 480 allocates 25 percent or \$1.25 million per year in the Parks Maintenance Trust.

Existing interest rates on Board of Investments-managed Trust funds is about 8-10 percent return.



Conclusion:

Establishing the Parks Maintenance Trust provides a continuous, long-term source of reliable funding for parks maintenance needs.

The development of the mandatory Long-Range Comprehensive Plan ensures appropriate spending with full public oversight and involvement.

LC 1384 - Meeting Maintenance Requirements Using the Montana Conservation Corps

EXHIBIT 1
DATE 2/9/93
HB 480

The Need:

Park use is growing at 10 percent per year. Urgent maintenance is required to protect the resources of Montana's State Park System.

The Proposal:

Use \$500,000 per year of Bed Tax revenues (approx. 7 percent) to fund parks maintenance requirements.

This revenue can only be spent by the Montana Conservation Corps for maintenance of state parks. Parks improvements may be funded once all maintenance projects are completed.

The Numbers:

The Lodging Facility Tax (Bed Tax) has grown significantly since its establishment. The projected revenues from this source of funding are estimated to be approximately \$7 million per year in the next biennium.

Tourism is growing at an average rate of 10 percent a year. Park use closely parallels this rate. Given a static Montana population, it is reasonable to expect a portion of the increased park use pressure is being generated by tourists.

The bed tax, which is used to advertise Montana and bring more tourists to the state is an appropriate source of funding for the maintenance of the "advertised product" - state parks.

EXHIBIT 1
DATE 2/9/93
HB 482

HB 314 - Primitive Parks Act: Long-term Savings by Meeting the Public's Recreational Desires

The Need:

The Parks Division's 1992 Status Report notes:

"The dichotomy between attitudes of Montanans remains a challenge. Half of the residents seem to want much better facilities, as do our non-resident visitors. The other half want primitive facilities and seem not to support better quality."

Montanans want a recreational "mix."

The state's fiscal condition demands that scarce resource dollars be spent in the most efficient manner possible.

The Proposal:

Put sixteen of the least developed parks into a developmental freeze. Allow on-going maintenance and improvements necessary for health & safety.

Remove access and camping fees for Montana residents. Maintain user fees for non-residents and increase fine to \$100 for non-resident violations.

Re-direct scarce resources to more developed sites; realize long-term savings through limiting development; Provide recreational "mix"; remove economic access barrier to low or fixed income Montana citizens.

The Numbers:

The Department's own recommendation to meet current spending requirements on limited revenue includes the following option:

"Reduce spending on low priority parks - Currently, ten parks have no development or budgets and another seven have only minimal services. We spend about 50% of our budget on five parks, 43% on another 20 parks, and only 7% is spent on the 27 lower priority parks."

Long-term savings through developmental "freeze" at these parks is estimated at approximately \$6 million.

Estimated "costs" of removing access and camping fees for Montana residents is \$59,304.

This so-called "lost revenue" would be compensated for by the short-term funding available through LC 1384, which provides \$500,000 per year to be used on parks maintenance to be performed by the Montana Conservation Corps.

In the long term, all such "losses" incurred by the removal of economic access barriers to state parks would be compensated from the Parks Maintenance Trust contained in HB 480.

Conclusion

The Primitive Parks bill accomplishes more by doing less. In meeting the recreational demands of citizens, we save money and remove economic access barriers for Montana residents. Positive positioning for Parks is likely to result with concurrent support for both the division and the department as a whole.

HB 354 - Interactive Citizen Involvement in Parks Development Decisions

EXHIBIT 1
DATE 2/9/93
HB 480

The Need:

Parks developmental needs can best be determined through close contact with the citizens of Montana.

Citizen involvement in parks development strengthens the process and builds support and credibility for the division and the department as a whole.

The Proposal:

Amend the Parks Development Policy Act to involve citizens in decisions resulting in acquisition, divestiture, management exchanges, imposition or increases in fees, limitation of access through physical barriers, or construction of toll booths at state parks and fishing access sites.

The Numbers

The small additional costs estimated to comply with the citizen notification and involvement provisions of the bill are likely to be offset by good ideas from citizens, and perhaps a need for less development than the department planned for.

Conclusion:

Involving citizens in parks decision-making will strengthen the process, add credibility and build support for the division and the department.

EXHIBIT 2
DATE 2/9/93
HB 480

Montana Audubon Legislative Fund

Testimony on HB 480
House Appropriations Committee
February 9, 1993

My name is Janet Ellis and I'm here representing the 2,500 Montana Audubon Legislative Fund. MALF is the lobbying organization of the 9 Montana Chapters of the National Audubon Society.

We support this bill. The purpose of the Resource Indemnity Trust is as follows:

15-38-102. "It is the policy of the state of Montana to indemnify its citizens for the loss of long-term value resulting from the depletion of its mineral resource base and for environmental damage caused by mineral development..."

We feel that using this fund to support our state park system is appropriate. Allowing Montana to maintain its history and cultural, and exception natural areas, is an appropriate use of this money.

Thank you.

EXHIBIT 1
DATE 2/9/93
HB 428

TESTIMONY

HB 428: "An Act Extending Funding For The Voluntary Statewide Genetics
Program For 2 Years"

By: John M. Opitz, M.D., D Sci (hc), M.D. (hc), FAAP
Director, Montana Medical Genetics Program
Chairman, Department of Medical Genetics
Shodair Children's Hospital, Helena; and
Clinical or Adjunct Professor at the Universities of
Washington/Seattle, Wisconsin/Madison, and
Montana State University, Bozeman.

I first began providing genetic services to Montanans in 1963, two years after Dr. Pallister had established a medical genetics program at Boulder under The Department of Institutions; in the same year, at Dr. Pallister's recommendation, this Legislature passed a bill for metabolic/genetic screening of all newborn infants. In 1976, the Board of Trustees of Shodair Children's Hospital asked Dr. Pallister to establish a Birth Defects and Genetics Unit at Shodair Children's Hospital; in 1984 this became the Department of Medical Genetics which remains the only unit providing comprehensive clinical and laboratory genetic services in Montana.

In 1985 the 49th legislature passed HB430 which established and funded 50-19-211 MCA - the voluntary genetics program (Montana Medical Genetics

EXHIBIT 1
DATE 2/9/93
HB 428

Program). This "program includes, but is not limited to, the following services:

- 1.) Follow-up programs for newborn testing, with emphasis on the counseling and education of women at risk for maternal phenylketonuria;
- 2.) comprehensive genetic services to all areas of the state and all segments of the population;
- 3.) development of counseling and testing programs for the diagnosis and management of genetic conditions and metabolic disorders; and
- 4.) development and expansion of educational programs for physicians, allied health professionals, and the public with respect to:
 - a.) the nature of genetic processes;
 - b.) the inheritance patterns of genetic conditions; and
 - c.) the means, methods and facilities available to diagnose, counsel, and treat genetics conditions and metabolic disorders."

In 1985 and in 3 successive legislative sessions this program was funded by a small "fee paid on each Montana resident insured on February 1 of each year under any individual or group disability or health insurance policy". We regret that in spite of repeated efforts this program is not funded from the General Fund. Thus, we are asking for your favorable consideration of HB428 under this same funding mechanism to continue the Montana Medical Genetics Program for another 2 years on the basis of the need for and the merits of the program.

EXHIBIT 1
DATE 2/9/93
HB 428

The needs for the program are such that present staff can barely meet the demand. We provide services in 11 communities in the State (Kalispell, Missoula, Butte, Helena, Bozeman, Great Falls, Miles City, Sidney, Browning (IHS) and Lodge Grass (IHS); perform over 4,000 lab tests per year in all counties of the State, including maternal serum triple screen, cytogenetic analyses, DNA diagnostics/consultations, and fetal pathology services; the program also provides cancer genetic counseling, service on Indian Reservations, information resources for patients, professionals and lay persons throughout the State, and scholarly service to the scientific community at large.

The Montana Medical Genetics Program is purely a service, not a research program; all scientific staff members are fully Board certified (or eligible); we are peer-reviewed and all laboratory services are accredited by the pertinent state and federal agencies.

In Montana, as elsewhere in the U.S., clinical genetic services are unable to pay for themselves from fees or insurance reimbursements because of the labor-intensive nature of the service. Our services probably constitute the most cost-effective form of preventive medicine there is, and one moreover which is of great benefit to insurance carriers in reducing substantially later claims through early screening, detections and treatment. Without this appropriation from the Montana Legislature, the Montana Medical Genetics Program would have to be discontinued as of July 1, 1993. No federal funds are available for such state genetic service programs.

EXHIBIT 1
DATE 2/9/93
HB 428

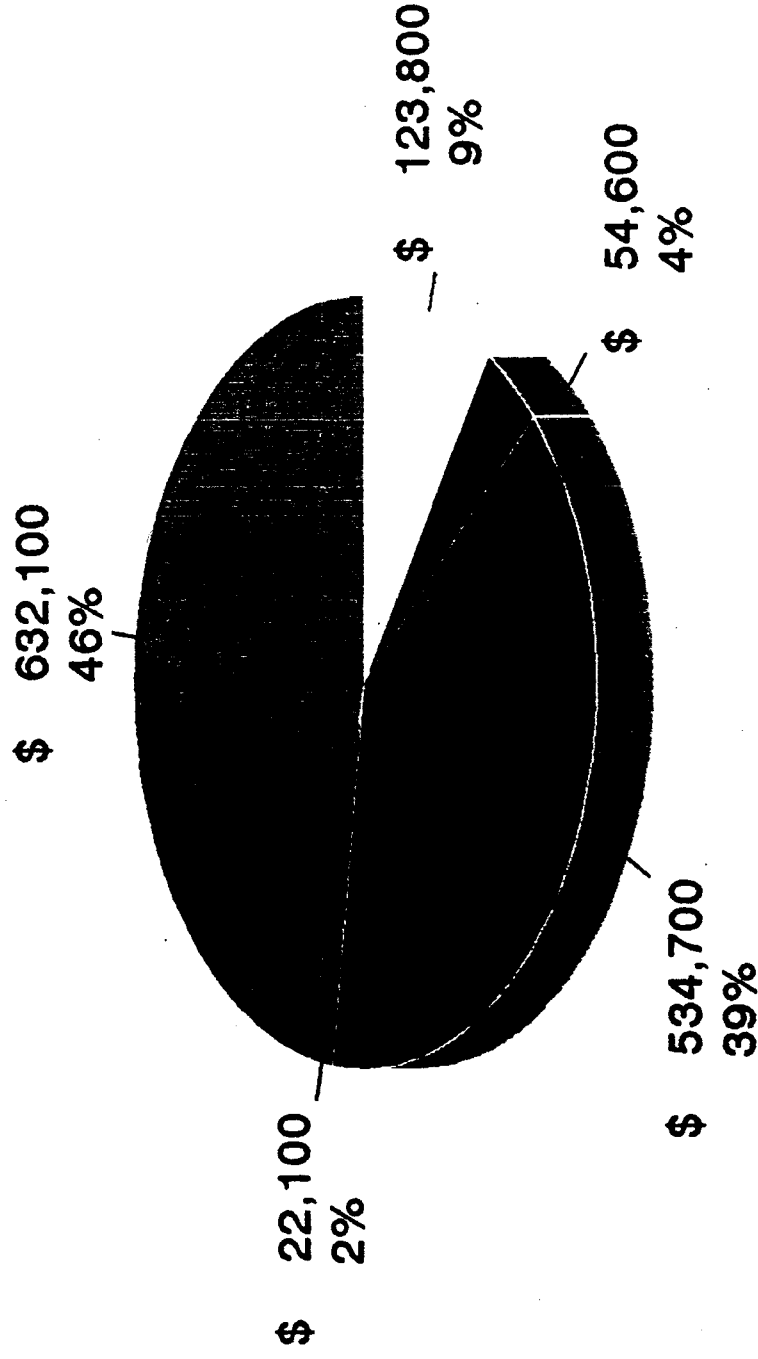
It is due to the outstanding qualifications, experience and exceptional dedication of our staff that the Montana Medical Genetics Program at Shodair Hospital has received national and international recognition for the excellence and innovative nature of its services. I am proud to have been involved in its development from the beginning and to have provided genetic services to the people of Montana for 30 years.

Your support and favorable consideration of HB428 would be appreciated most gratefully.

Montana Statewide Genetics Program

Funding Sources - 1993 Budget

EXHIBIT 2
DATE 2/9/93
HB 408

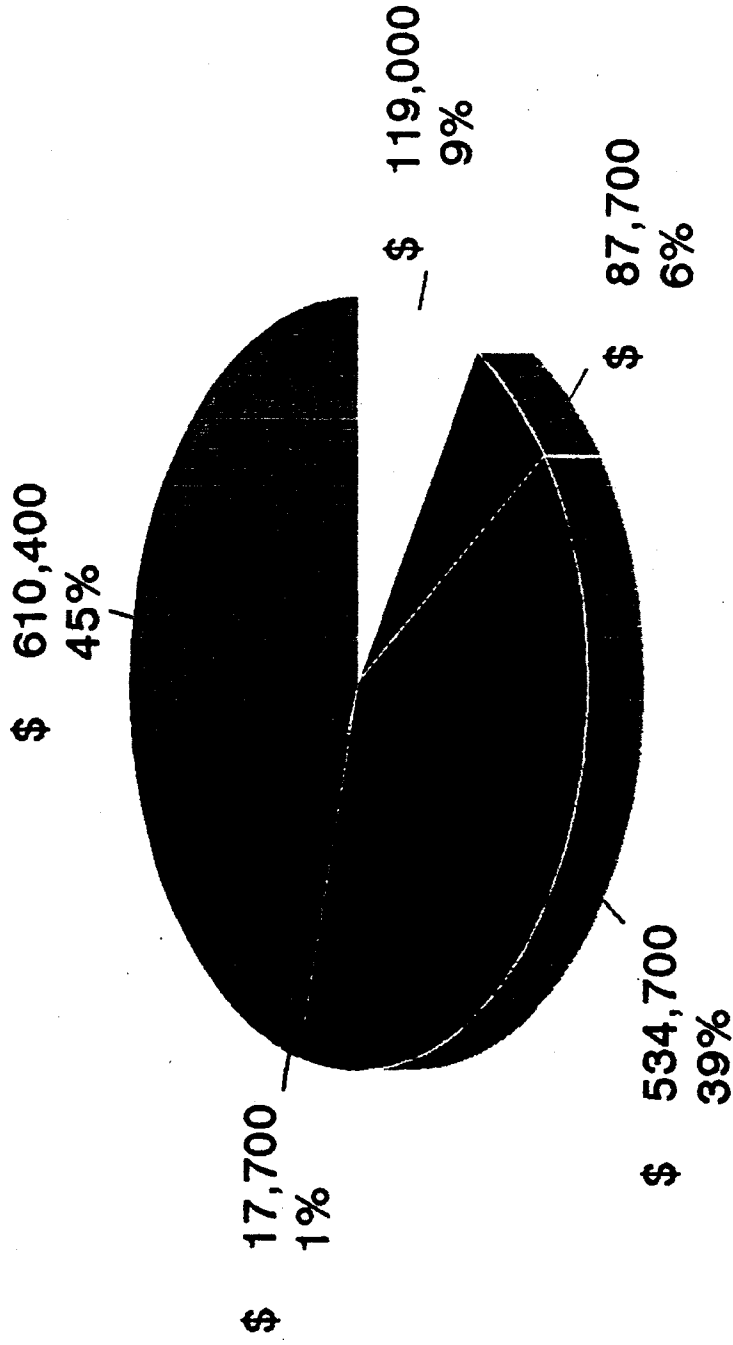


■	Operating Revenue
■	MT Children's Found.
■	State Contract
■	Grants
	Am. Journ. Med. Gen.

Montana Statewide Genetics Program

Funding Sources - 1992 Budget

EXHIBIT 2
DATE 2/9/93
HB 428



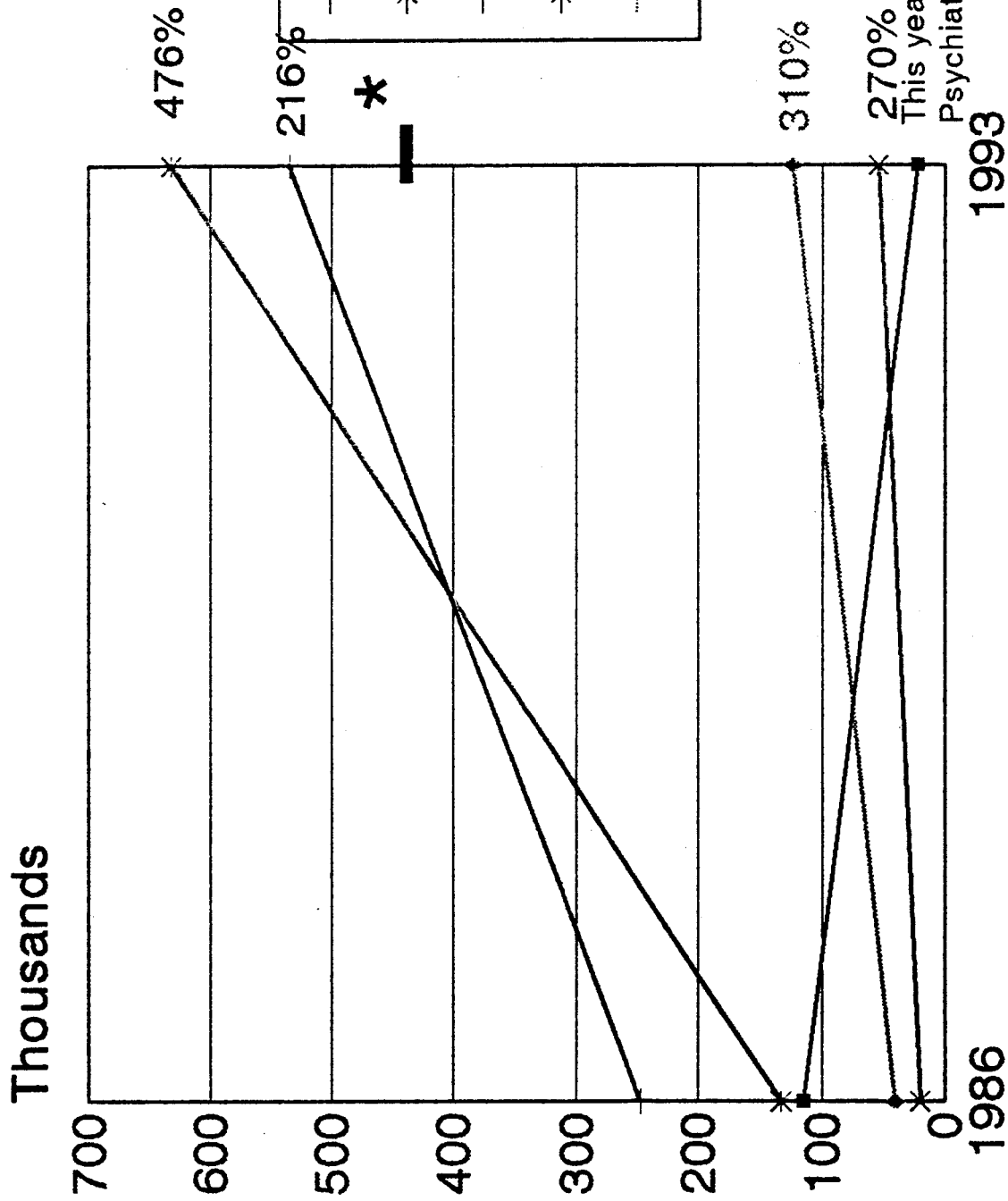
■	Operating Revenue
■	MT Children's Found.
■	State Contract
■	Grants
	Am. Journ. Med. Gen.

2

Montana Statewide Genetics Program

1986 vs 1993

EXHIBIT 2
DATE 2/9/93
HB 438



#3

EXHIBIT

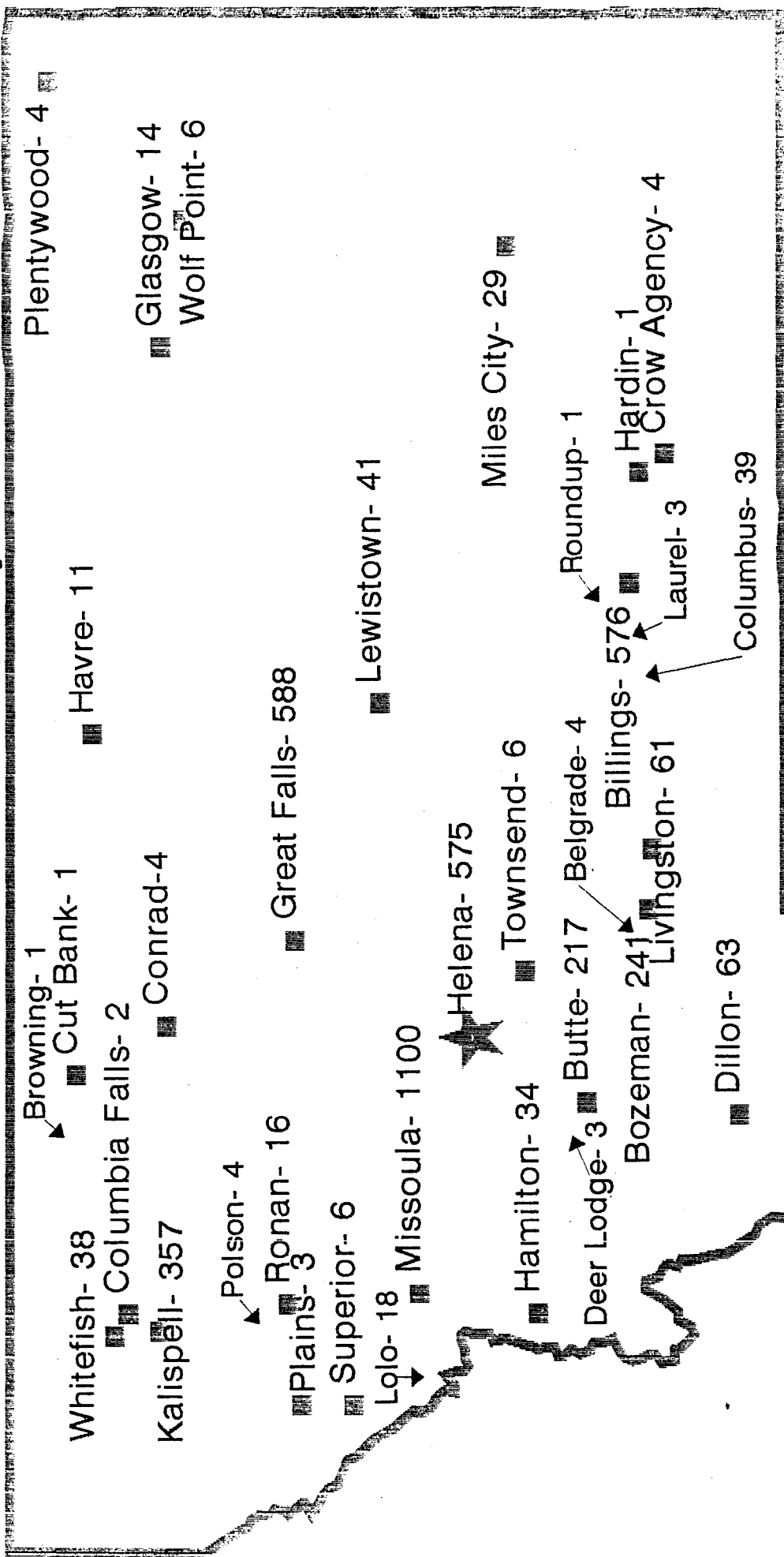
DATE

2/9/93

HB

428

Shodair Hospital Genetics Laboratory



Total Tests = 4107

4

1992

MONTANA STATEWIDE GENETICS PROGRAM

PATIENT ORIGIN BY COUNTY

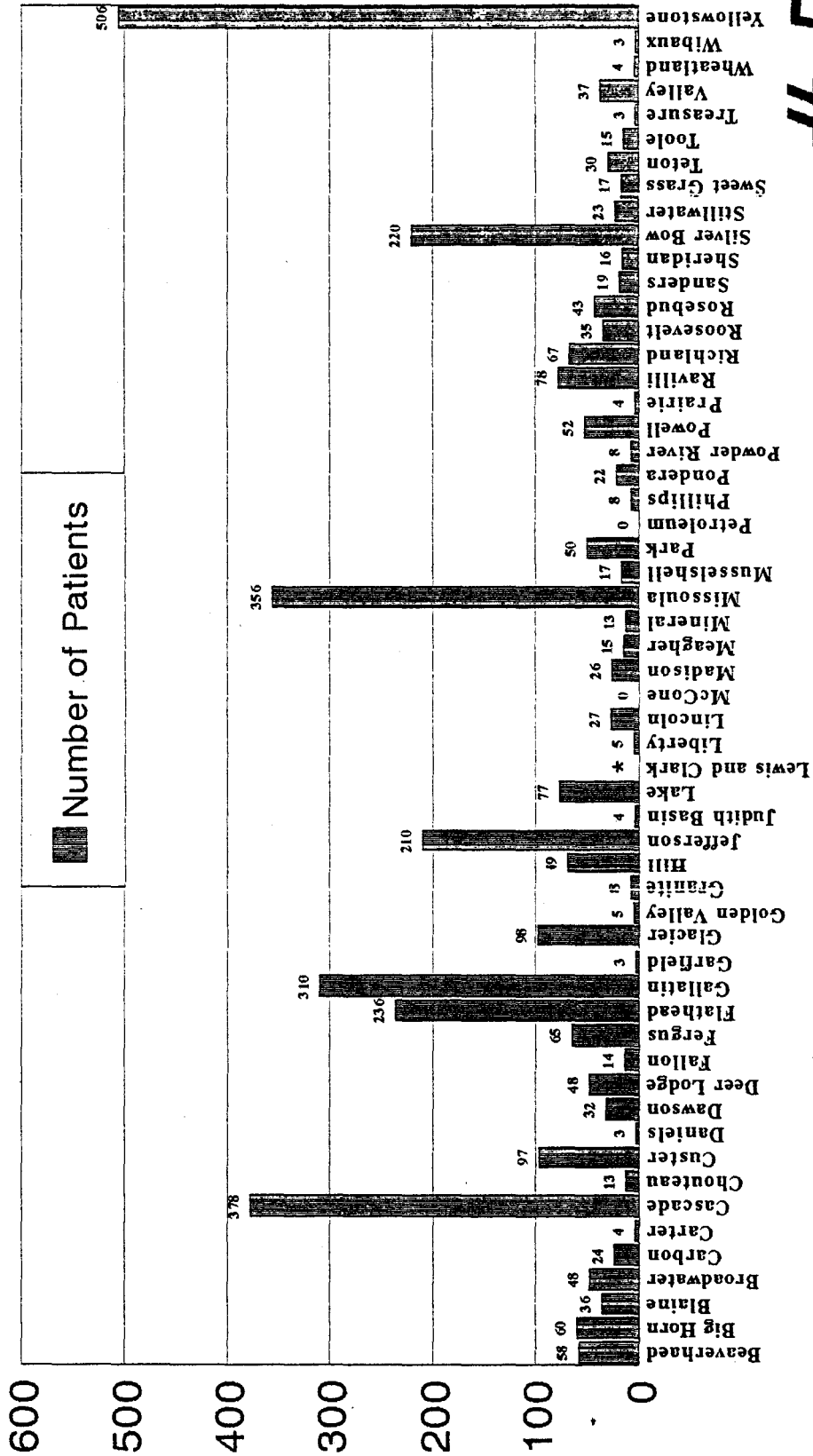
Shodair Hospital

EXHIBIT 2

DATE 2/9/93

HB 428

Patients



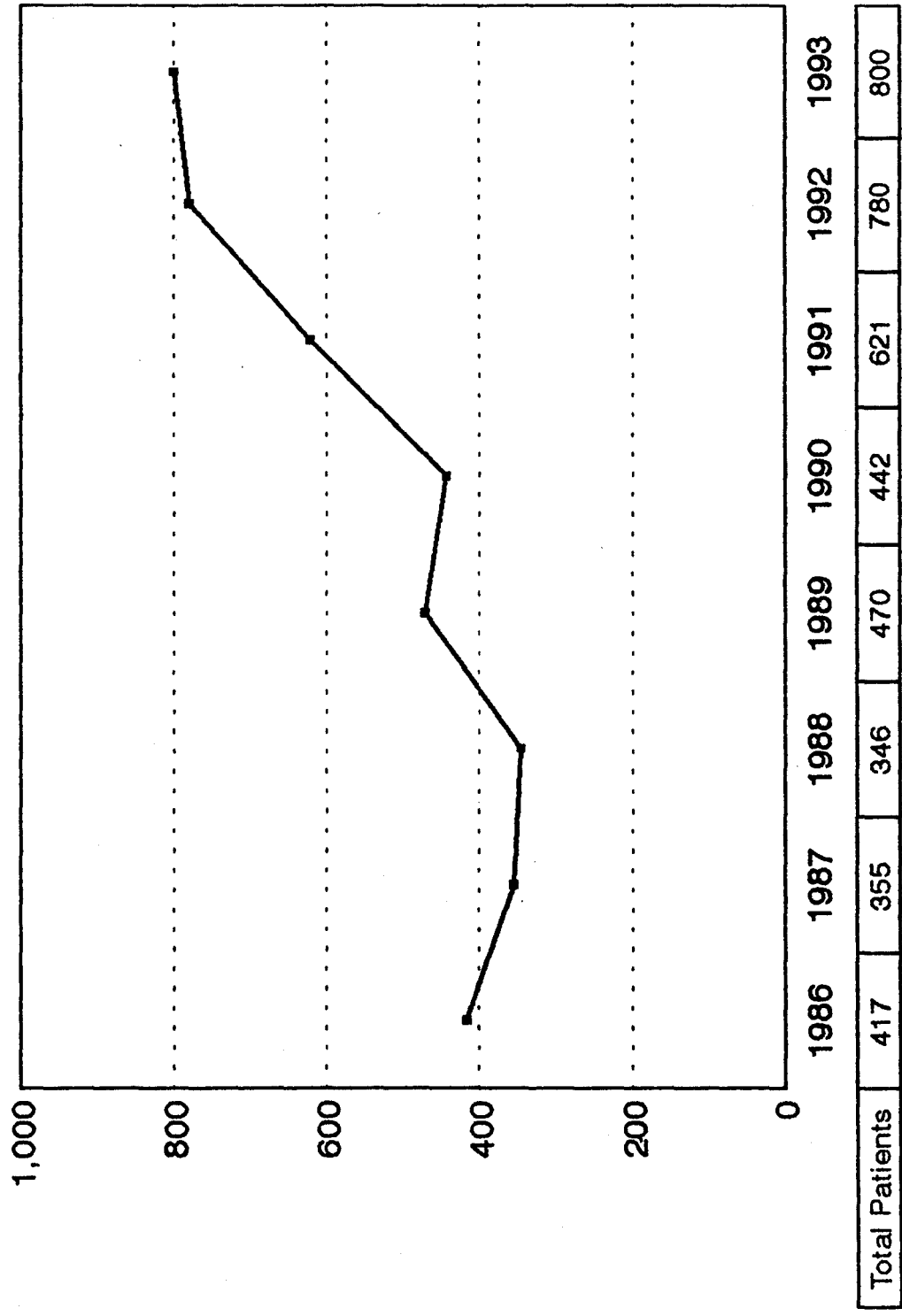
Counties

5

Montana Statewide Genetics Program

EXHIBIT 2
DATE 2/9/92
HB 428

TOTAL PATIENTS Shodair Children's Hospital



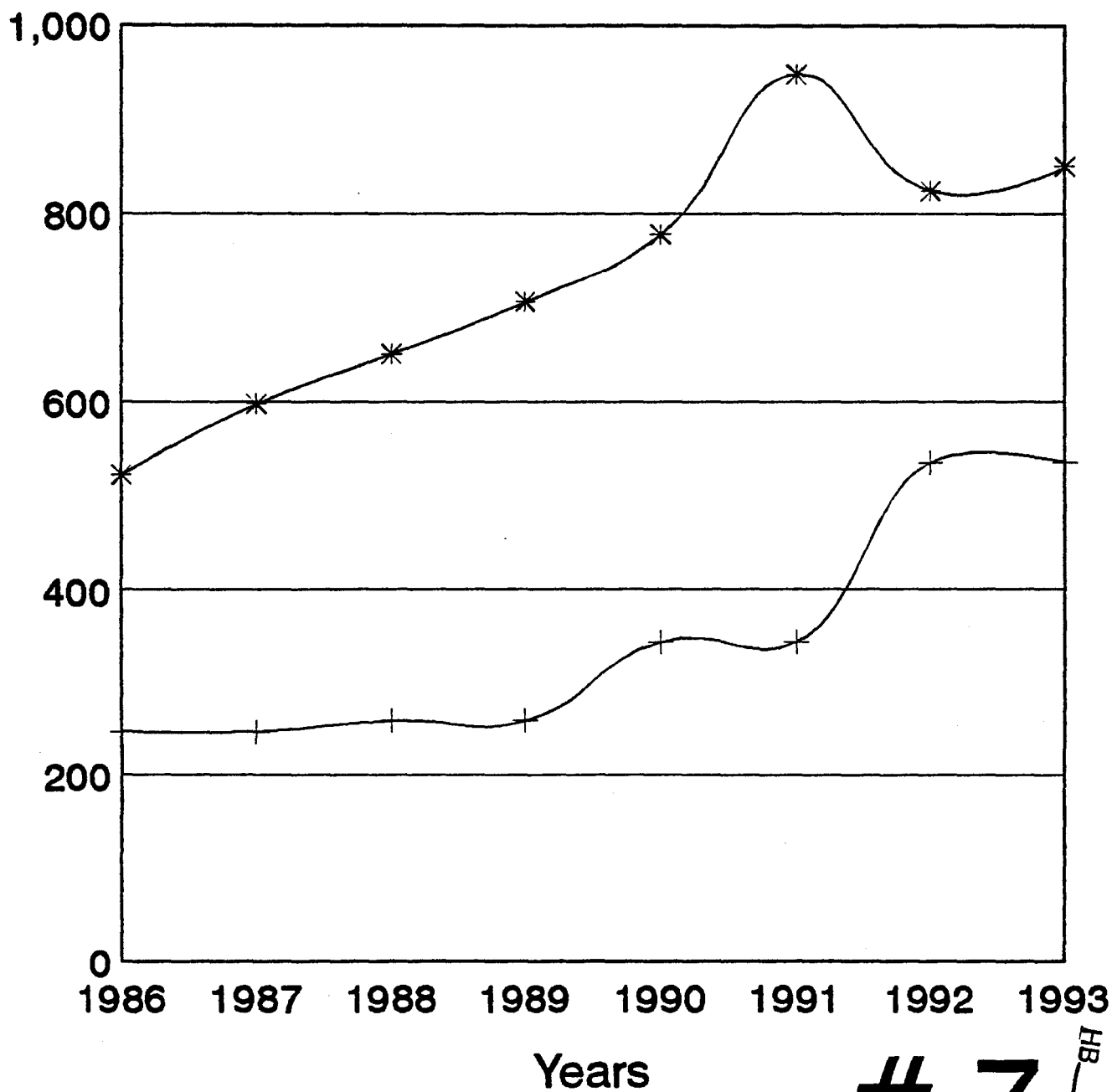
■ Total Patients

6

Montana Statewide Genetics Program

Shodair Children's Hospital
Cytogenetics Laboratory

* Total Tests + \$ X 1,000



Workload vs Funding

Projected thru FY '93

7

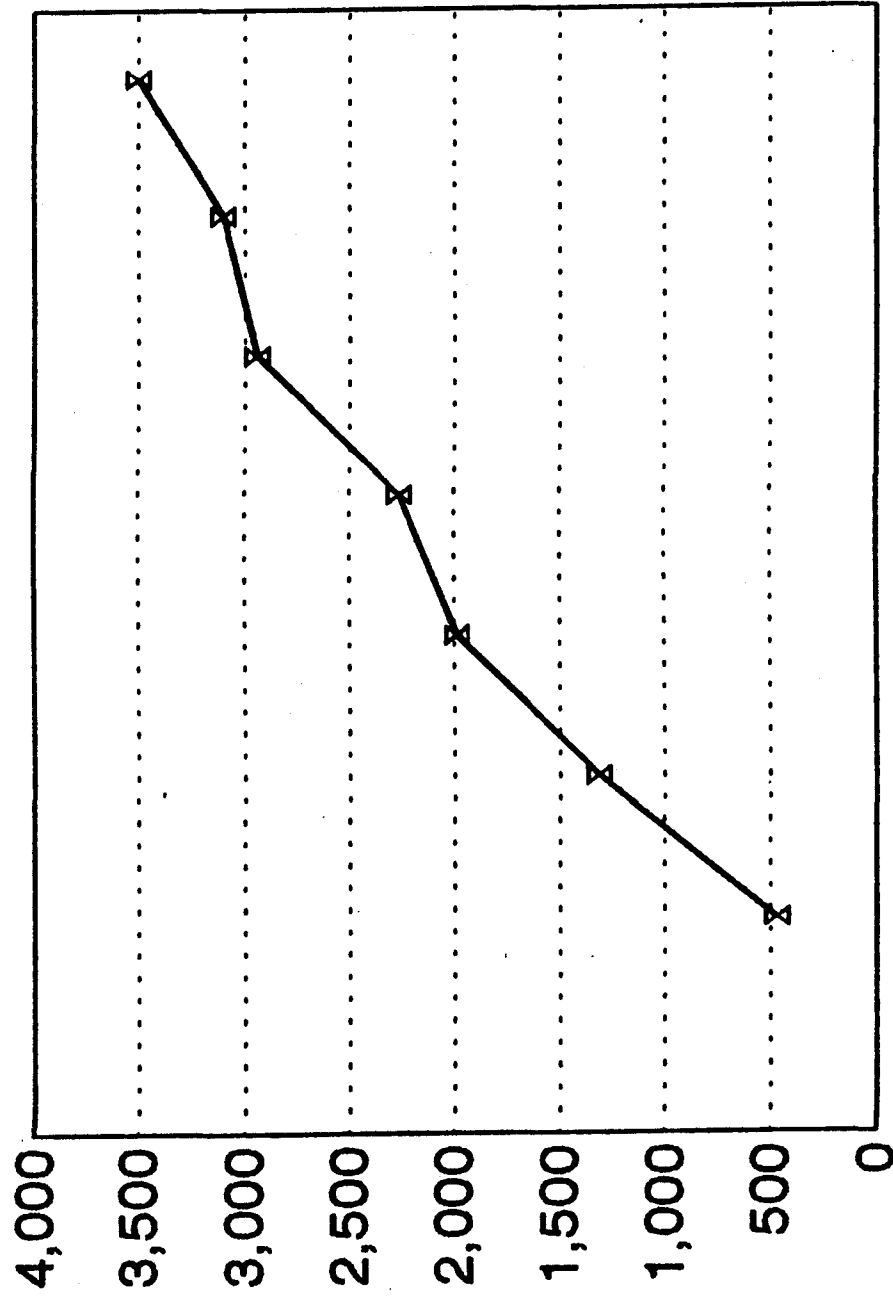
EXHIBIT 2
DATE 2/9/93
HB 428

Montana Statewide Medical Genetics Program

AFP Laboratory

Shodair Children's Hospital

EXHIBIT 2
 DATE 2/5/93
 HB YLF



x Total Tests

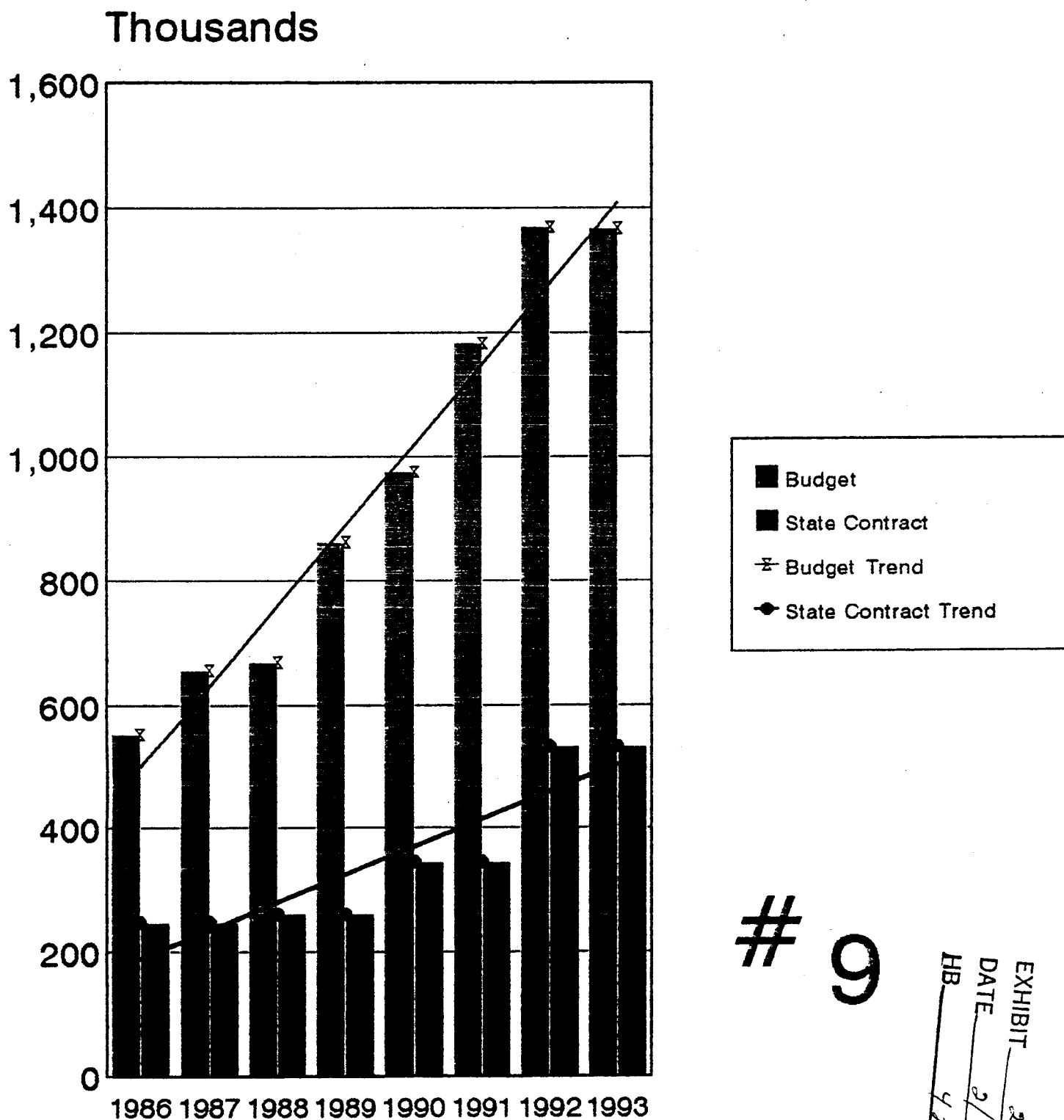
8

Total Tests		468	1,315	1,985	2,261	2,940	3,100	3,500
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Montana Statewide Genetics Program

1986 to 1993

Budget & Budget Trend vs Contract & Contract Trend



9

EXHIBIT 2
DATE 2/9/93
HB 428

EXHIBIT 3
DATE 2/9/93
HB 428

TESTIMONY REGARDING H.B. 428
PRESENTED BY MAXINE FERGUSON, BUREAU CHIEF
FAMILY/MATERNAL AND CHILD HEALTH BUREAU
MONTANA DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

February 9, 1993

Chairman Zook and members of the Committee, I am Maxine Ferguson, Bureau Chief of the Family/Maternal and Child Health Bureau in the Department of Health and Environmental Sciences.

The Department wishes to be on record in strong support of the Montana Medical Genetics Program at Shodair Hospital. As you are aware, the Medical Genetics Program is not in the Department's budget, nor is it a Department program. Our responsibility has been to administer the contract for services.

My testimony today is informational in nature, adding to your understanding of the importance of genetic services for the people of Montana.

The Montana Medical Genetics Program provides a wide array of statewide services for Montanans. Genetic counseling gives information about birth defects or genetic disorders, and is especially important for pregnant women who will be age 35 or older at the time of delivery; for a woman who has had two or more miscarriages or a stillborn baby; for anyone who has a child, or who is an individual, with a birth defect, learning or growth problems, or has a family history of such problems; Additionally, persons with cancer or cancer-prone families may benefit from genetic counseling.

An analysis of family history, diagnostic testing, explanations and counseling aid families in making decisions. Grief counseling and information about future pregnancies is also available.

DHES utilizes the services of the Montana Medical Genetics Program in clinics for children with special health care needs and in fetal and infant mortality review. We also utilize the expertise of the staff in fetal alcohol syndrome (FAS) and fetal alcohol effect (FAE), referring families and health professionals for information and counseling services. Recently, we began discussions about joint efforts, along with other specialty physicians, in providing diagnostic and followup services to families with children with metabolic conditions.

Educational programs for health professionals have been very helpful in identifying individuals and families who might benefit from the services offered by this program. Additionally, the library services of the Medical Genetics Program have been especially beneficial for health professionals and families needing well written materials about genetic conditions.

HELENA PEDIATRIC CLINIC

Elizabeth P. Gundersen, M.D.

Jeffrey H. Strickler, M.D.

John A. Reynolds, M.D.

1300 N. Montana Ave.

Helena, Montana 59601

Phone 406/449-5563

EXHIBIT 4
DATE 2/9/93
HB 428

February 4, 1993

Representative Tom Zook
Montana House Appropriations Committee Chairman
Capital Station
Helena, MT 59620

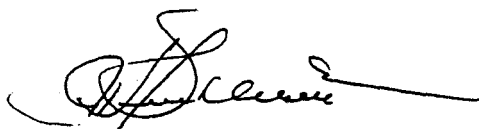
Dear Representative Zook and Members of the House
Appropriations Committee::

I am writing in support of House Bill Number 428, to
continue funding for the Shodair Genetics Unit.

The pediatricians in Montana have always supported funding
of this unit, and at our annual meeting in September of 1992,
voted once again to continue our support.

As a practicing pediatrician in Helena, I can tell you that
the services provided by the Genetics Unit at Shodair, have been
invaluable to me and to my patients. I know that I reflect the
opinion of all of the pediatricians in Montana and I urge you
strongly that you continue funding this excellent resource for
Montana.

Sincerely.



Jeffrey H. Strickler, M.D., F.A.A.P.

JHS/jp

HELENA PEDIATRIC CLINIC

Elizabeth P. Gundersen, M.D.
Jeffrey H. Strickler, M.D.
John A. Reynolds, M.D.
1300 N. Montana Ave.
Helena, Montana 59601
Phone 406/449-5563

EXHIBIT 4
DATE 2/9/93
HB 428

February 4, 1993

Representative John Cobb
Chairman of the Human Services Subcommittee
on Appropriations
Capital Station
Helena, MT 59620

Dear Representative Cobb:

I am writing in support of House Bill Number 428, to continue funding for the Shodair Genetics Unit.

The pediatricians in Montana have always supported funding of this unit and at our annual meeting in September of 1992, voted once again to continue our support.

As a practicing pediatrician in Helena, I can tell you that the services provided by the Genetics Unit at Shodair, have been invaluable to me and to my patients. I know that I reflect the opinion of all of the pediatricians in Montana and I urge you strongly that you continue funding this excellent resource for Montana.

Sincerely.



Jeffrey H. Strickler, M.D., F.A.A.P.

JHS/jp

CC: Mr. Chadwick H. Smith
P.O. Box 604
Helena, MT 59624

EXHIBIT 4
DATE 2/9/93
HB 428

STATE OF MONTANA
DEPARTMENT OF JUSTICE
FORENSIC SCIENCE DIVISION



Marc Racicot
Attorney General

Broadway Building
554 West Broadway - 6th Floor
Missoula, MT 59802

February 8, 1993

Representative Mike Kadas
Capitol Station
Helena, MT 59620-1701

RE: House Bill 428
Voluntary Statewide Genetics Program

Dear Representative Kadas:

Some hereditary diseases may present as sudden unexpected death.

On several occasions since my tenure as the State Medical Examiner, I have consulted the Montana Medical Genetics Program at Shodair.

I value their opinions and have referred survivors of affected families for counseling and evaluation. In some instances this may result in life saving treatment (ie. aortic aneurysm repair in Marfan syndrome).

I encourage your support of House Bill 428.

Please call if you have any questions or I may be of assistance.

Sincerely,

Gary Dale

Gary E. Dale, M.D.
Montana State Medical Examiner

GED:klg

John - I sent this out Monday
the 8th - Good Luck
Ken!

WESTERN MONTANA CLINIC, P.C.

315 WEST FRONT STREET
MISSOULA, MONTANA
59602

TELEPHONE (406) 721-5600
TOLL FREE 1-800-626-6666



EXHIBIT 4
DATE 2/9/93
HB 428

February 4, 1993

Representative Mike Kadas
Capitol Station
Helena, Montana 59620-1701

Dear Mike:

I am writing to you to ask you to support House Bill 428. As you know, this bill would extend funding for the Voluntary Statewide Genetics Program for two years through the Department of Health and Environmental Sciences. I consider this an important part of preventive medical care, not only for diagnosis of fetal abnormalities but also for genetic counseling prior to conception. My experience with the Montana Medical Genetics Program at Shodair Hospital has been excellent since beginning my practice here in Lolo in 1988. In particular its director, Doctor John Opitz is an outstanding asset to our state medical community.

Please let me know if you have any other questions or if I can give you further information.

Sincerely,

Judith Visscher, M.D.

JV:nk

c: John M. Opitz, MD[✓]
840 Helena Avenue
Post Office Box 5539
Helena, Montana 59604

INTERNAL MEDICINE

S.P. AKRE, M.D.
Rheumatology
F.J. ALLAIRE, M.D.
D.E. ANDERSON, M.D.
R.D. BLEVINS, M.D.
Pulmonary Disease
G.A. BUFFINGTON, M.D.
Nephrology
S.J. EFFERTZ, M.D.
Rheumatology
J.D. EIDSON, M.D.
RAYMOND A. GEYER, D.O.
Infectious Disease
K.A. GUTER, M.D.
Oncology
MICHAEL V. KEILEY, M.D.
Allergy
P.A. KREZOWSKI, M.D.
Endocrinology
T.J. LENZ, M.D.
B.L. MAYNARD, M.D.
W.H. MILLER, M.D.
Gastroenterology
T.W. ROSENBAUM, M.D.
Nephrology
G.D. SPENCER, M.D.
Gastroenterology
J.D. WATSON, M.D.
Cardiology

OBSTETRICS AND GYNECOLOGY

C.J. BELL, D.O.
P.L. BURLEIGH, M.D.
F.J. HANDWERK, M.D.
R.J. MCCLURE, M.D.
J.K. PHILLIPS, M.D.
S.M. WARD, R.N., C
Certified Nurse Practitioner

NEURO-SCIENCES

D.E. ENGBTROM, M.D.
Psychiatry
W.H. LABUNETZ, M.D.
Neurology-EEG
E.E. SHUBAT, Ph.D.
Psychology
T.J. KRAJACICH, Ph.D.
Psychology

OPHTHALMOLOGY

A.A. JORDAN, JR., M.D.
MINDY E. STERNER, D.O.

ORTHOPAEDIC SURGERY

P.A. SUAREZ, M.D.

PEDIATRICS

J.M. EICHNER, M.D.
N.C. GERRITY, M.D.
J.R. HALSETH, M.D.
J.P. HINZ, M.D.
C.C. MATELICH, M.D.
N.J. MAYNARD, M.D.
J.G. ROSENFELD, M.D.
D.P. RUGGERIE, D.O.
Pediatric Cardiology

SURGERY

W.P. HORST, M.D.
Urology
R.E. LAURITZEN, M.D.
General and Vascular
J.E. MUNGAS, M.D.
Vascular and General
M.B. ORCUTT, M.D.
General and Vascular
J.A. SCHVANEVELDI, M.D.
Ear, Nose & Throat
L.M. TAYLOR, M.D.
General and Thoracic
W.C. VASHAW, M.D.
General and Vascular

FAMILY PRACTICE CENTER

J.A. ROSS, M.D.
1220 Central Avenue
771-0081

IMMEDIATE CARE CENTER

D.R. ENGGBRECHT, M.D.
T.J. SWEENEY, M.D.
1220 Central Avenue
771-0000

ADMINISTRATION



GREAT FALLS CLINIC

1400 TWENTY-NINTH STREET SOUTH

P.O. BOX 5012

GREAT FALLS MONTANA 59403-5012

PHONE (406) 454-2171

FAX (406) 454-0455

EXHIBIT 4
DATE 2/9/93
HB 428

February 5, 1993

Representative Bill Wiseman
Capitol Station
Helena, MT 59620-1701

Dear Mr. Wiseman:

I am writing to ask your vigorous support to extend funding for the Voluntary Statewide Genetics Program for an additional two years.

This is a unique and absolutely essential program and it simply must be continued. It is one of the true "gems" of the Treasure State.

It is unique not only as regards the nature of the program, but the high qualifications of its personnel and it is the best 70 cents I pay in taxes.

I am well aware of the financial difficulties in the state, due in part to prior legislators failing to address the problem.

The Muscular Dystrophy Association has clinics throughout the state and we refer constantly to Shodair for genetic counseling of the families of boys with Duchenne's Muscular Dystrophy, as well as other neuromuscular disorders.

Also my practice involves two families with Huntington's Disease, a fatal, progressive, untreatable neurologic problem, that effects males and females between the ages of 30 and 50. Presymptomatic testing is now available, which in combination with genetic counseling would do a lot to eventually curtail affected individuals.

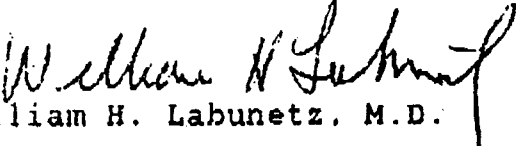
EXHIBIT 4
DATE 2/9/93
HB 428

Representative Bill Wiseman
February 8, 1993
Page 2

There would be significant savings to both the individual and the tax payers with this testing and extensive counseling program for it would eliminate affected individuals being cared for at the cost of millions for a number of decades.

Sincerely,

NEUROSCIENCES DEPT.


William H. Labunetz, M.D.

WHL:lh

INTERNAL MEDICINE

S.P. AKRE, M.D.
Rheumatology

F.J. ALLAIRE, M.D.

D.E. ANDERSON, M.D.

P.O. BLEVINS, M.D.
Pulmonary Disease

G.A. BUFFINGTON, M.D.
Nephrology

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RAYMOND A. GEYER, D.O.
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FAMILY PRACTICE CENTER

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ADMINISTRATION



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GREAT FALLS, MONTANA 59403-5012

PHONE (406) 454-2171

FAX (406) 454-0455

EXHIBIT 4
DATE 2/9/93
HB 428

February 5, 1993

Representative Roger DeBruycker
Capitol Station
Helena, MT 59620-1701

Dear Mr. DeBruycker:

I am writing to ask your vigorous support to extend funding for the Voluntary Statewide Genetics Program for an additional two years.

This is a unique and absolutely essential program and it simply must be continued. It is one of the true "gems" of the Treasure State.

It is unique not only as regards the nature of the program, but the high qualifications of its personnel and it is the best 70 cents I pay in taxes.

I am well aware of the financial difficulties in the state, due in part to prior legislators failing to address the problem.

The Muscular Dystrophy Association has clinics throughout the state and we refer constantly to Shodair for genetic counseling of the families of boys with Duchenne's Muscular Dystrophy. as well as other neuromuscular disorders.

Also my practice involves two families with Huntington's Disease, a fatal, progressive, untreatable neurologic problem, that effects males and females between the ages of 30 and 50. Presymptomatic testing is now available, which in combination with genetic counseling would do a lot to eventually curtail affected individuals.

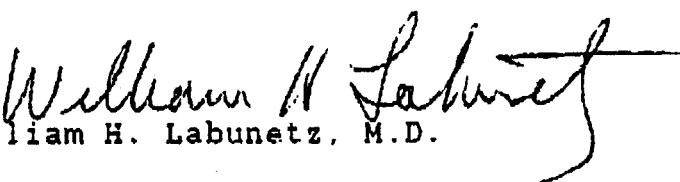
Representative Roger DeBruycker
February 8, 1993
Page 2

EXHIBIT 4
DATE 2/9/93
HB 428

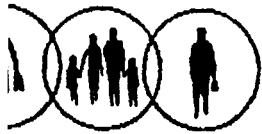
There would be significant savings to both the individual and the tax payers with this testing and extensive counseling program for it would eliminate affected individuals being cared for at the cost of millions for a number of decades.

Sincerely,

NEUROSCIENCES DEPT.


William H. Labunetz, M.D.

WHL:lh

**Big Sky Family Medicine**

Pamela R. Oehrtman, M.D.
Diplomate, ABFP, AAFP
Family Practice - Obstetrics - Pediatrics

Richard C. Wise, M.D.
Diplomate, ABFP, AAFP
Family Practice - Pediatrics

Irene A. Martin, M.D.
Diplomate, ABFP, AAFP
Family Practice - Obstetrics - Pediatrics

Kathleen M. Young, R.N.C.
Nurse Practitioner
Specializes in Womens Health Care

1291 Burns Way, Kallispell, MT 59901 • Telephone (406) 752-8433

January 27, 1993

EXHIBIT 4
DATE 2/9/93
HB 428

Honorable William E. Boharski
Capital Station
Helena, MT 59620

Dear Representative Boharski:

As chair of the House Committee on Human Services and Aging, I would like to give you input regarding my feelings regarding the Montana Medical genetics program. This program at Shodair hospital provides very important services in the area of diagnostics for Montana citizens regarding the health and well-being of yet unborn generations. It is important that this service be available within our state. Should this funding mechanism that was approved by the last session of the legislature be closed down, our citizens will be forced to exit the state for such genetics counseling and diagnostic procedures. I feel that this program will, in the long run, save the state money as far as medical bills and SSI payments to children born with genetic disabilities, and will assist some couples in decision making regarding future pregnancy planning. The money saved over a life time could certainly be into the millions of dollars in the area of state subsidy payments.

Thank you much for your consideration of this issue. I would be happy to discuss it with you at anytime in the future if you so desire.

Sincerely,

Pamela R Oehrtman MD

Pamola R. Oehrtman, M.D.

PRO/dks

CHAPTER NO. 638

[HB 696]

13 428
EXHIBIT 5
DATE 2/9/93
HB 428

AN ACT EXTENDING THE FUNDING FOR THE STATEWIDE GENETICS PROGRAM FOR 2 YEARS; INCREASING THE FEE ON HEALTH INSURERS TO FUND THE PROGRAM; APPROPRIATING FUNDING FOR THE PROGRAM TO THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES; AMENDING SECTION 33-2-712, MCA; REPEALING SECTIONS 33-2-712 AND 33-2-713, MCA, SECTION 7, CHAPTER 554, LAWS OF 1987, AND SECTIONS 2 AND 5, CHAPTER 155, LAWS OF 1989, MCA; AND PROVIDING EFFECTIVE DATES.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 33-2-712, MCA, is amended to read:

"33-2-712. (Temporary) Genetics program fee. Except as provided in 33-2-713, for each Montana resident insured under any individual or group disability or health insurance policy on February 1 of each year, the insurer or health service corporation issuing the policy, and the state group health plan provided for in Title 2, chapter 18, part 8, shall pay 45 70 cents to the commissioner. The fee must be paid on or before March 1 of each year and be deposited in the general fund. The purpose of the fee is to fund the voluntary statewide genetics program established in 50-19-211. (*Terminates June 30, 1991—sec. 2, 5, Ch. 155, L. 1989.*)"

Section 2. **Appropriation.** There is appropriated from the general fund to the department of health and environmental sciences \$1,069,299 for the biennium ending June 30, 1993, for the purpose of operating the voluntary statewide genetics program established in 50-19-211.

Section 3. **Repealer.** (1) Section 7, Chapter 554, Laws of 1987, and sections 2 and 5, Chapter 155, Laws of 1989, MCA, are repealed.

(2) Sections 33-2-712 and 33-2-713, MCA, are repealed.

Section 4. **Effective dates.** (1) [Sections 1, 2, and 3(1)] are effective July 1, 1991.

(2) [Section 3(2)] is effective June 30, 1993.

Approved April 25, 1991.

EXHIBIT 6
DATE 2/9/93
HB 428

Part 3

Requirements for Certain Individual Coverages

33-22-301. Coverage of newborn under disability policy. (1) Each policy of disability insurance or certificate issued thereunder shall contain a provision granting immediate accident and sickness coverage, from and after the moment of birth, to each newborn infant of any insured.

(2) The coverage for newborn infants must be the same as provided by the policy for the other covered persons; provided, however, that for newborn infants there shall be no waiting or elimination periods. A deductible or reduction in benefits applicable to the coverage for newborn infants is not permissible unless it conforms and is consistent with the deductible or reduction in benefits applicable to all other covered persons.

(3) No policy or certificate of insurance may be issued or amended in this state if it contains any disclaimer, waiver, or other limitation of coverage relative to the accident and sickness coverage or insurability of newborn infants of an insured from and after the moment of birth.

(4) If payment of a specific premium or subscription fee is required to provide coverage for a child, the policy or contract may require that notification of birth of a newly born child and payment of the required premium or fees must be furnished to the insurer or nonprofit service or indemnity corporation within 31 days after the date of birth in order to have the coverage continue beyond such 31-day period.

History: (1), (2) En. 40-4002.1 by Sec. 2, Ch. 74, L. 1973; amd. Sec. 2, Ch. 83, L. 1974; Sec. 40-4002.1, R.C.M. 1947; (3) En. Sec. 352, Ch. 286, L. 1959; amd. Sec. 1, Ch. 74, L. 1973; amd. Sec. 1, Ch. 83, L. 1974; Sec. 40-4002, R.C.M. 1947; R.C.M. 1947, 40-4002.1, 40-4002(4); (4) En. Sec. 23, Ch. 303, L. 1981; amd. Sec. 4, Ch. 139, L. 1987.

Cross-References

Child support enforced by Department of Social and Rehabilitation Services — insurance coverage required, 40-5-208.

33-22-302. Age limits — effect on coverage. If any such policy contains a provision establishing, as an age limit or otherwise, a date after which the coverage provided by the policy will not be effective and if such date falls within a period for which premium is accepted by the insurer or if the insurer accepts a premium after such date, the coverage provided by the policy will continue in force subject to any right of cancellation until the end of the period for which premium has been accepted. In the event the age of the insured has been misstated and if, according to the correct age of the insured, the coverage provided by the policy would not have become effective or would have ceased prior to the acceptance of such premium or premiums, then the liability of the insurer shall be limited to the refund, upon request, of all premiums paid for the period not covered by the policy.

History: En. Sec. 382, Ch. 286, L. 1959; R.C.M. 1947, 40-4032.

House Bill 428
Testimony February 9, 1993
Tanya Ask, Blue Cross and Blue Shield of Montana

EXHIBIT 7
DATE 2/9/93
HB 428

This is a program which benefits all the people of Montana. It is funded by a tax on a few, a temporary tax that was to disappear in 1987, 1989 and 1991. This is 1993, and we are working on years nine and ten of a "temporary funding solution".

A few of the quotes of the last four sessions are included for your information.

This tax is not paid by everyone. The tax does not impact self insured groups such as most hospitals, many school districts and many large businesses in the state. This tax is paid only by individuals who are privately insured, and by the State of Montana Employee Benefits Plan. As more businesses move to self-funded groups or pools, the base on which this tax is collected shrinks. *+ Small employees*

If this program benefits all the people of Montana, it should be subject to the same budget scrutiny and receive its funding from the General Fund. As one senator said on the floor of the Senate in 1991 when faced with the fourth session of the "temporary solution", enough is enough...

EXHIBIT 8
DATE 4/28/87
HB

10 feet. He added that all boats from 1974 on have identification numbers.

Chairman Ramirez asked what administration costs would be. Dave Severt replied that federal funds are available to the Registrar of Motor Vehicles from the Coast Guard. Rep. Bachini advised that start-up costs would be minimal.

CLOSING ON HOUSE BILL NO. 730: Neither Rep. Menahan nor Rep. Bachini made closing comments.

CONSIDERATION OF HOUSE BILL NO. 716: Rep. Jan Brown, House District #46, sponsor of HB 716, said the bill would continue funding for the Shodair Hospital Genetic Research Program. Rep. Brown explained that last session the program asked for 45 cents from each health insurance policy sold, to fund continuing research. She said the program is requesting 40 cents for the coming biennium, and that she would propose that amount be amended to 35 cents per policy. Rep. Brown commented that Dr. Opitz is a world-renowned geneticist, and asked the Committee to continue funding for this research.

Rep. Brown read a letter from Blue Cross/Blue Shield, who, she said, do not oppose the bill (Exhibit #5).

PROPOSERS OF HOUSE BILL NO. 716: Chad Smith, a Helena attorney, told the Committee that with statistics from the research, it is possible to reduce funding requests to two sources, the Alan R. Litz Foundation, and the Alberta Fund. He said 35 cents per policy would raise the \$260,000 necessary to fully fund the program, and that costs for genetically disabled persons would be reduced because of the bill. Mr. Smith provided a letter from the Commissioner of Insurance concerning funding of the program (Exhibit #6).

Dr. John Opitz, Chairman of Medical Genetics at Shodair Hospital, and Chairman of the Montana Medical Genetics Program, explained that he was awarded a study grant by the Department of Health and Environmental Sciences (DHES). He said HB 230 requires that certain genetic duties fulfilled and also requires a quarterly financial report to be filed. Dr. Opitz explained he is reluctant to come before the Committee again, as the program was designed to be funded for only one biennium. He added that because of the financial bind the state is in, the program will need this funding to complete its purpose.

Dr. Opitz advised that in 1985 it was estimated that national health care cost \$750 per person, or a total of \$485 billion. He said those figures are \$956 per person and \$1.54 billion in Montana. He said this small tax is needed to offset these staggering figures, which Shodair matches with about \$258,000 annually.

History: En. Sec. 3, Ch. 227, L. 1973; R.C.M. 1947, 69-6712.

Cross-References

Adoption of publication of rules, Title 2, ch. 4, part 3.

50-19-203. Metabolic tests. (1) A person in charge of a facility wherein a child is born or wherein a newborn infant is cared for or a person responsible for the registration of birth of an infant shall ensure each infant is administered tests designed to detect inborn metabolic errors as shall be required to be administered under rules adopted by the department.

(2) The tests shall be done by an approved laboratory. An approved laboratory shall be the laboratory of the department or a laboratory approved by the department.

History: En. Sec. 2, Ch. 227, L. 1973; R.C.M. 1947, 69-6711.

50-19-204. Department and Montana developmental center to furnish assistance when requested. (1) The department and the staff of the Montana developmental center shall make available and furnish, when requested, any assistance and services permitted by law to achieve the legislative intent of this part.

(2) The department may determine its procedure for advising the attending physician, the parents, or legal guardian of the newborn infant of any medical results of the test and the availability of assistance, services, or counseling of the department and the staff of the Montana developmental center.

(3) The department may determine procedures for coordination with the Montana developmental center in providing the services and assistance required in this part.

History: En. Sec. 4, Ch. 227, L. 1973; R.C.M. 1947, 69-6713; am.d. Sec. 1, Ch. 151, L. 1985.

Cross-References

Primary function of Montana Developmental Center, 53-20-501.

50-19-205 through 50-19-210 reserved.

50-19-211. Voluntary genetics program established. A voluntary statewide genetics program is established in the department to offer testing, counseling, and education to parents and prospective parents. The program includes, but is not limited to, the following services:

- (1) followup programs for newborn testing, with emphasis on the counseling and education of women at risk for maternal phenylketonuria;
- (2) comprehensive genetic services to all areas of the state and all segments of the population;
- (3) development of counseling and testing programs for the diagnosis and management of genetic conditions and metabolic disorders; and
- (4) development and expansion of educational programs for physicians, allied health professionals, and the public with respect to:

- (a) the nature of genetic processes;
- (b) the inheritance patterns of genetic conditions; and

(c) the means, methods, and facilities available to diagnose, counsel, and treat genetic conditions and metabolic disorders.

History: En. Sec. 1, Ch. 706, L. 1985.

Group disability policy exemption.

33-2-713.

Cross-References

Genetics program fee, 33-2-712.

Part 3

Montana Initiative for the Abatement of Mortality in Infants

50-19-301. Short title. This part may be cited as "The Montana Initiative for the Abatement of Mortality in Infants (MIAMI) Act".

History: En. Sec. 1, Ch. 649, L. 1989.

Compiler's Comments

Termination Repealed: Section 7, Ch. 634, L. 1991, repealed sec. 15, Ch. 649, L. 1989.

which terminated this section on June 30, 1991.

50-19-302. Purposes. The purposes of this part are to:

- (1) assure that mothers and children, in particular those with low income or with limited availability of health services, receive access to quality maternal and child health services;
- (2) reduce infant mortality and the number of low birthweight babies; and
- (3) prevent the incidence of children born with chronic illnesses, birth defects, or severe disabilities as a result of inadequate prenatal care.

History: En. Sec. 2, Ch. 649, L. 1989.

Compiler's Comments

Termination Repealed: Section 7, Ch. 634, L. 1991, repealed sec. 15, Ch. 649, L. 1989.

which terminated this section on June 30, 1991.

50-19-303. Definitions. For purposes of this part, the following definitions apply:

- (1) "Council" means the MIAMI project advisory council established in 2-15-2109.
- (2) "Department" means the department of health and environmental sciences provided for in 2-15-2101.
- (3) "Low income" means, with respect to an individual or family, income that does not exceed the official federal poverty threshold as defined by the federal office of management and budget and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981.
- (4) "Project" means the MIAMI project established in 50-19-311.
- (5) "Service provider" means a person, agency, or organization that has a contract to provide services under the MIAMI project.

History: En. Sec. 3, Ch. 649, L. 1989.

Compiler's Comments

Termination Repealed: Section 7, Ch. 634, L. 1991, repealed sec. 15, Ch. 649, L. 1989.

which terminated this section on June 30, 1991.

EXHIBIT
DATE
FILED

2/9/93
428

EXHIBIT
DATE 2/9/93
HB 425

State of Montana

OFFICE OF THE LEGISLATIVE AUDITOR

REVIEW OF THE TRANSFER/REORGANIZATION OF THE
BOARD OF HOUSING FUNCTION AND REQUIREMENTS REGARDING
MAINTENANCE OF BOARD FUNDS IN THE STATE TREASURY

Legislative Request # 92L-77

November 10, 1992

The original is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

Direct comments/inquiries to:
Office of the Legislative Auditor
Room 135, State Capitol
Helena, MT 59620

Homebuilders Assoc. of Billings
252-7533

S.W. Montana Home Builders Assoc.
585-8181

Falls Homebuilders Assoc.
OME



Flathead Home Builders Assoc
752-2522

Missoula Chapter of NAHB
273-0314

Helena Chapter of NAHB
449-7275

Nancy Lien Griffin, Executive Director
Suite 4D Power Block Building • Helena, Montana 59601 • (406) 442-4479

HB 425
Revise Duties of Board of Housing

Recommend:
Do Not Pass

EXHIBIT 2
DATE 2/9/93
HB 425

Nancy Griffin, Executive Officer, Montana Building Industry Association, representing 6 local associations with over 800 small business members and 32,000 employees serving Montana's housing needs.

We urge a Do Not Pass for the following reasons:

1. Housing Finance Programs Require Specialized Services

Housing mortgages require a greater degree of consumer education. They require specialized knowledge of federal mortgage guarantees and loan qualification criteria. Home loans have always operated under investment criteria which are much different than commercial loan criteria. Recent federal lending requirements, known in the home mortgage business as FIRREA, have established new loan regulations; and the federal agencies update and revise these criteria on a regular basis.

The needs of housing finance require specific knowledge of the many and constantly changing federal housing programs and federally guaranteed home mortgage investment programs, such as Freddie Mac and Ginne Mae. HB 425 proposes to consolidate the diverse investment functions of the State of Montana into one super board which is expected to have expertise in both commercial and housing investments. We saw Savings and Loans institutions all over America experience vast problems when they began the common practice of merging commercial investments with their more secure housing investments. HB 425 requires that members of the state revenue bond authority be experienced in housing, health institutions, economics and finance. That would be quite a resume'.

The loan experiences provided by public, commercial and housing bond sales operate under different regulations and offer to investors different kinds of investment security. To lump them together would be a disservice to both the creativity and marketing required in the public and commercial bond markets and the flexibility required in the housing bond market.

EXHIBIT _____ 2
DATE _____ 2/9/93
HB _____ 425

2. Mortgage Financing Requires Quick Market Response

We have seen in the past several years sharp increases and decreases in home mortgage interest rates. This is an arbitrary federal reserve prerogative based upon availability of money supply; economic climate; inflation; and politics. It is imperative that housing bond sales be initiated and re-negotiated on a flexible basis in order to remain secure and competitive to investors. Housing investments quite often do not keep pace with other bond investments. The markets for one type of bond sale do not necessarily correspond with the other. I believe the administrative mechanics proposed in HB 425 would hinder the ability to respond effectively to these fluid market conditions.

3. Board of Housing has Established Effective Loan Service Procedures With Lenders Throughout Montana

This legislation changes the entity which is required to service housing loans, assess fees, establish loan criteria, collect interest and take assignment on security. This would require a restructure of existing mortgage agreements and essentially provide for a reprocess of thousands of home loans throughout the state of Montana. I believe whatever minimal cost savings are realized by the consolidation will be expended in loan reservicing, education and marketing.

The Board of Housing has throughout the past decade developed effective and far reaching relations with the many local lenders which sell Board of Housing loans to their customers. These lenders have come to expect quick response to their concerns and have in return opportunity to negotiate user friendly loan procedures. This type of lender service would be more difficult when the lender is required to access several layers of board authority before recognition of program needs can be met.

4. Housing Crisis -- Multiple Board Administration Distances the Response One Step From the Need.

We have in Montana a housing shortage crisis. To be more specific we have in Montana an **affordable** housing shortage crisis. The most impacted group is those low to moderate income working families struggling to meet federal mortgage income qualification criteria. It is the housing needs of these families that are currently served by the Board of Housing. They have over the years developed several affordable housing programs targeted at demonstrated need. Their multi family program has housed thousands of low income families. Because of the market place flexibility that is critical to their unique investment programs they have been able to place thousands of first time home buyers in family homes. They have developed programs for manufactured housing and energy efficient housing. They have been there to respond effectively to Montana's housing needs.

We urge you to reject this politically motivated legislation which serves only to kill the fly with a sledgehammer. Deprioritizing housing constitutes bad economic policy.

EXHIBIT 3
DATE 2/9/93
HB 425

Mr. Chairman, Ladies and Gentlemen of the Committee:

I am Pat Ford, a homebuilder from Helena, Montana. Our company builds affordable homes for Montana citizens. I am also a member of the Helena Building Industry Association, and a member of Building Committee for the Helena Habitat for Humanity.

The changes proposed in HB 425 are of great concern to the housing professionals in our state. We feel this legislation will greatly impact the status of housing and affordable housing finance programs. We have in Montana a housing shortage of crisis proportions. This shortage has the greatest impact on those Montanans of limited means. I have provided with my testimony copies of a housing crisis fact sheet for your information.

Although I understand that this measure is the result of concerns the Legislature developed about administration of state programs which may hold investments outside of the state treasury--I would urge that this committee consider the wisdom of this proposed ~~state investment~~ measure. This is not the time in the development of resources for our state's citizens to deprioritize housing. I urge you to continue to administer housing programs within the current structure. To throw housing, which requires specialized knowledge of mortgage regulations, into an administrative pool which would as a practical measure require that housing compete with other state investment programs is just not sound policy.

Please defeat this ~~state investment~~ ~~legislation~~ and maintain the importance of housing as a priority concern for Montana. I urge a do not pass for HB 425.

MONTANA HOUSING CRISIS

POSITION PAPER

September 1992

EXHIBIT 3
DATE 2/9/93
HB 425
1992

from the Montana Association of Housing and Redevelopment Officials

Montana has a housing crisis in its major cities. Working families are living in tents in Kalispell according to newspaper accounts. University students in Missoula and Bozeman are living in the lobbies. The student apartments that normally house these young people are already filled by permanent residents. These two items are only the tip of the crisis iceberg. The extent of the housing problem can be clearly seen. The statistics cited below show that we indeed do have a crisis.

It is the intent of this paper to demonstrate the extreme housing needs in Montana. We wish to call for the establishment, by the new Governor, of a **STATE WIDE HOUSING CRISIS TASK FORCE**. This Task Force should meet as soon as possible to find a solution to this problem.

Billings Housing Authority
Public Housing/ Section 8 - Waiting List
1989 1,300 familys
1992 2,200 familys
Number served presently
is 3,000 people

Homes for sale
Multiple Listing Service - single family
Aug. 1990 836 homes
Aug. 1992 548 homes
for a reduction of 34%

Butte Housing Authority
Public Housing - Waiting List
1990 12 familys
1992 18 familys
Number served presently
is 750 people

Homes for sale
Multiple Listing Service - single family
Aug. 1990 292 homes
Aug. 1992 295 homes
virtually no change

Great Falls Housing Authority
Public Housing/ Section 8 - Waiting List
Aug. 1990 1,017 familys
Aug. 1992 1,365 familys
Number served presently
is 1,487 people by G F H A
Last major project - 50 units - 1980

Properties for sale
Multiple Listing Service - properties
Aug. 1990 993 properties
Aug. 1992 711 properties
for a reduction of 28%

Helena Housing Authority
Public Housing/ Section 8 - Waiting List
Aug. 1990 441 familys
Aug. 1992 975 familys
Number served presently
is 1,213 people
Last major project - 36 units - 1980

Homes for sale
Multiple Listing Service - single family
Aug. 1990 454 homes
Aug. 1992 320 homes
for a reduction of 30%

Helena Food Share reports homeless
from May to August at 150 people

Flathead, Lake, Sanders & Lincoln Co.s
Public Housing/ Section 8 - Waiting List
- three years -
Total of 413 rental units

Homes for sale
Flathead Multiple Listing Service
Aug. 1990 1,187 homes
Aug. 1992 994 homes
for a reduction of 16%

Hunger Resources in Kalispell reported that
in June of 1992 there were 42 homeless

Missoula Housing Authority
Public Housing/ Section 8 - Waiting List
Aug. 1990 1,248 familys
Aug. 1992 1,981 familys
Last major project - 4 units - 1992

Homes for sale
Multiple Listing Service - single family
Aug. 1990 460 homes
Aug. 1992 379 homes
for a reduction of 32%

Homeless shelter, Poverello Center
reported a 46% increase from '90 to '92

Any future economic development that could benefit Montana will certainly be curtailed by this crisis. Future workers needed to operate a new development will simply not have any place to live.

Housing authorities exist in nearly every major Montana city. These authorities have an effective record of serving housing needs in Montana many since the 1930's. In 1992 Helena received the prestigious National Award for "Sustaining Performance" from H.U.D.. In 1987 Missoula received the same award. Billings presently has a self sufficiency program in successful operation. Great Falls has received a national award for a successful and on going Drug Elimination Program. And in the summer Great Falls participates in a food program to ensure that children can receive two nutritious meals each day.

Housing Authorities in Montana have a proven record of being able to handle the construction and operation of large multi-family housing operations.

The delivery of rental assisted housing to those who need it is a fragmented procedure. In many larger communities in Montana applicants must apply at two or three agencies. Funding resources are scarce, we need a consolidated delivery system to maximize the use of the dollars available. Without the state and local agencies working together to assist localities with this housing crisis we will have a difficult time providing affordable housing.

The Housing Authorities in Montana want to be part of the Housing Crisis Task Force. It is our request that the membership for the Task Force will come from each major locality to assist in addressing the diverse needs that are present in Montana.

We have the knowledge and experience of dealing with housing problems. Our input will be a major contribution to finding a solution to this new problem that Montana is facing in the 1990s.

Appropriations

DATE _____

HB 480
2/9/93

DIVISION

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**HOUSE OF REPRESENTATIVES
VISITOR REGISTER**

Appropriation

COMMITTEE

BILL NO.

428

DATE

2/9/93

SPONSOR(S)

Hal Harper / Jim Roca

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Greg Van Horssen	State Farm Ins. Co.		X
R. Phabram	State Farm Ins.		X
Lile Hay & Anna	Self	X	
Rex H. Hoge	Self	X	
Rita M. Hoover	Self	X	
Tom Hopygood	Health Ins. Assoc. America		✓
Barb Lochen	MT. Nurses Assoc.	X	
Wayne			
Becky Powell	Self	X	
Terry Munow	MT Ed Teachers		X
Dee Lovitt	Int. Medical Assoc.	✓	
Betty Babcock	Board Member of Shokai	X	
LARRY AKET	MT ASSOC OF LIFE UNDERWRITERS		✓
Tanya Azk	Blue Cross & Blue Shield		X

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**HOUSE OF REPRESENTATIVES
VISITOR REGISTER**

Appropriation COMMITTEE BILL NO. 428
DATE 2/9/93 SPONSOR(S) _____

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
John M. Opitz	Self	✓	
LoVelle M Spano	"	✓	
Nicki J. Smith	self	✓	
Karen Streets	Self	✓	
Walter H. Hagg	WALTER H. HAGG		
John Noel	COMMITTEE		
Kathy Nelson	Self	✓	
Barbara Ann Bly	Self	✓	
Joan Fitts	Self	✓	
Kathleen Berry	self	✓	
CHAD SMITH	Shodair Trustee	✓	
DAN MINKOFF	SELF	✓	
Jack Casey	Shodair	✓	
MAXINE FERGUSON	DHE	✓	

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**HOUSE OF REPRESENTATIVES
VISITOR REGISTER**

428

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[illegible]

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**HOUSE OF REPRESENTATIVES
VISITOR REGISTER**

Appropriations COMMITTEE BILL NO. 425
DATE 2/9/93 SPONSOR(S) _____

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Kevin Hagg	Great Falls Housing Auth * NAHICU		✓
Jon Noel	Dept Commerce		
Pat Ford	Helena Homebuilder		✓
Jock Anderson	Mt. League of Sav & L's		✓
Nancy Groggin	Montana Bldg. Industry Assoc		✓
DAVID R. STEEN	MNT. BLDG. IND. ASSOC		✓
JOHN CAPBY	MNT BANKERS ASSN		✓
L John Celar	Montana Bankers Assn		✓
Jan Mace	Montana Bankers Assn		✓

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