

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By REP. TOM ZOOK, on February 12, 1993, at 3:15 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. John Cobb (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. Ray Peck (D)
Rep. Mary Lou Peterson (R)
Rep. Joe Quilici (D)
Rep. Dave Wanzenried (D)
Rep. Bill Wiseman (R)

Members Excused: All present

Members Absent: All present

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: None
Executive Action: HB 95, HB 186, HB 196,

EXECUTIVE ACTION ON HB 196

REP. JERRY DRISCOLL, Sponsor, said HB 196 freezes the local government reimbursement for taxes. When the personal property was lowered 12 to 9, this is the amount of money agreed upon to reimburse local government. Under this Bill, the reimbursement is frozen at the current fiscal year's level, about \$19.3

million. For instance, if Beaverhead County gets \$51,000, they will always get \$51,000 regardless of what happens to the mills within their county. It will cost the state \$19.3 million a year. There is a discrepancy between the fiscal note and the LFA's numbers. It saves over anticipated spending, not over actual spending. If the committee does not pass the Bill then the reimbursements to local governments will be about \$19.9 or \$20 million FY 1994 and about \$20.8 million in FY 1995 which is either a net increase of \$2.2, according to the budget office or \$1.1, according to the LFA office. If you don't freeze it, it will just go on forever. Depreciation of personal property is not recognized for reimbursement.

Terry Cohea, Legislative Fiscal Analyst, said if it would help, she would explain the difference between what is on the fiscal note and what is on the LFA status sheet. In Fiscal 91, the reimbursement paid out from the state was \$18.3 million. In Fiscal 92, \$19.1 million. In Fiscal 93, \$19.3 million. In the LFA estimate, and that is what's driving the projected \$215 million deficit, The reimbursement is projected to be in FY 94 \$19.7 million and in FY 95 \$20.1 million. Based on that, if you froze reimbursements at \$19.3 million, the savings would be \$1.168 million. Looking at the fiscal note, the budget office projects there would be a higher cost so they show a higher savings by freezing at 1993 levels. The effect of the Bill is as **REP. DRISCOLL** said. It freezes reimbursements at the 1993 level, which is a known amount of money, \$19.339 million. The savings depend on what you think you are going to spend. The LFA office thought the cost would be less so the savings are less. The Budget Office thought the cost would be greater, so the savings are greater. The only other thing is that the Budget Office in Assumption 3, shown on the fiscal note, does not take into account, when you send less money back to local governments and schools, one of the accounts that gets less money, is the 95 mills for schools. So there is a net revenue loss, shown on the status sheets, as a negative \$329,000. The net impact, or savings, of the Bill, if you are using LFA estimates of what it would have cost in the first place, is \$839,000.

REP. KADAS said since the committee is moving from the joint revenue estimate which gets them to the \$215 million deficit, then passing this Bill is going to save us \$1.2 million. **Ms. Cohea** said that is partially correct. That is the appropriation savings. However, that is offset by a revenue loss of \$329,000 in the school equalization account. The net impact on the combined general fund and SEA on the \$215 million is a positive impact. You will have solved \$839,000 of the problem.

REP. KADAS asked if that is the number **Ms. Cohea** will use in her spread sheet. Will she not use the number in the fiscal note of \$2 million? **Ms. Cohea** said no. On last week's status sheet and on this week's the net \$839,000 is shown. She has sent a letter to the Budget Office explaining why there is a difference and respectfully requesting they change the fiscal note to reflect

HJR 3.

REP. BARDANOUVE said **REP. DRISCOLL** suggested the committee could use the 1989 base. What would the savings be? **Ms. Cohea** said she assumed by the 1989 base that would be going back to the first year of the program which was tax year 1991. The first full year the payment was \$18.3 million. The savings over the biennium would be about \$2 million more. As the Bill stands now, every jurisdiction receives the same amount they got last year. The proposed amendment would be a reduction from what they got in the previous year.

Motion: **REP. MENAHAN** moved HB 196 DO PASS.

Discussion: **REP. BARDANOUVE** suggested an amendment to the Bill to use the 1989 base. **Ms. Cohea** said as she understands the suggested amendment, it would be the reimbursement in first full year that the program was implemented. **REP. WANZENRIED** said he would be concerned about doing that. He referred to a Bill before them in the special session to phase this whole thing out. This Bill doesn't go near that but if they begin to roll it back, in fairness to the people that were here to testify in the original Bill, we ought to give them the opportunity to come in and express their opinions. The public is not here to hear a substantial amendment to this Bill. **REP. MENAHAN** said the legislature has passed a few things along to the local governments and their expenses don't get any less. **CHAIRMAN ZOOK** said the substitute motion would amend it back to the original first full period it was in force, which is \$18.3 million.

Motion/Vote: **REP. BARDANOUVE** MADE A SUBSTITUTE MOTION to amend HB 196 to use the 1989 base. Motion carried 11 - 7 with Reps. John Johnson, Royal Johnson, Kadas, Menahan, Peck, Quilici, Wanzenried voting no.

Motion/Vote: **REP. BARDANOUVE** MOVED HB 196 DO PASS AS AMENDED. Motion carried 16 - 2 with Reps. Menahan and Quilici voting no.

EXECUTIVE ACTION ON HB 186

REP. McCAFFREE said this is the Bill calling for 2% penalty on delinquent property taxes to be put in the county general fund. He was concerned about the fiscal impact of the Bill as shown on the fiscal note. For the 12 month period just passed, his county paid \$22,033,122 to the state. If a full 5% of that was delinquent it would amount to \$1,101,656. If you multiply that by 2% it would amount to \$22,033 in penalty. That is not the case in his county nor is it the case in most counties. His county has 1% or less delinquent taxes. If you were to multiply that figure by the 1% that would amount to \$220,000 in delinquent taxes and multiply that by 2% it would amount to \$4400 as opposed to \$22,033 which is reflected in the fiscal note. Most counties do not run a 5% delinquency tax. Most counties that have

industrial properties, such as Yellowstone, pay their taxes.

Discussion: REP. BARDANOUVE asked what will be the advantage to counties besides getting more revenue that now goes to the University. CHAIRMAN ZOOK said it might be an incentive to the counties to collect this money also. REP. McCAFFREE said that is his argument and in so doing could have a positive impact for the funds involved. REP. BARDANOUVE said the correct law says they shall collect it.

REP. GRADY said there has been discussion why people aren't paying their taxes and some is due to tough times in Montana. He doesn't see this turning around either, depending on what happens in this legislative session, it may get tougher. According to the fiscal note, there is a large impact and asked REP. McCAFFREE if he thinks there are that many people not paying their taxes? REP. McCAFFREE said he does not think so. He thinks the law reflects a 5% delinquency and that is an assumption. In the budgeting process, 95% of the taxable evaluation is used assuming that 5% of taxes will be delinquent. REP. GRADY said this fiscal note seems to be creating quite an impact in two different areas. He is not too comfortable with this Bill but it might have merit if it will help the counties out. He feels they should do it up front instead of taking unknown money away.

REP. DeBRUYCKER said he does not think it will get any more money out of the tax base. The 2% penalty is what they are already collecting and deposited for the county. The penalty is not being increased. REP. McCAFFREE said the only explanation he would have is it gives the local government an incentive to collect the tax, the same as the Department of Revenue.

REP. BARDANOUVE said he is trying to help balance the budget but cannot see taking money from education and the University system when the county officials should do what they are supposed to do.

Motion/Vote: REP. COBB MOVED HB 186 DO PASS. Motion passed 12 - 6 with REPS. Grady, Bardanouve, Kadas, Menahan, Peterson and Wanzenried voting no.

HB 309

Discussion: REP. KADAS asked if a subcommittee had looked at the fiscal note for this Bill. REP. KASTEN said this Bill went before the Human Services' Committee and they did have a fiscal note. REP. KADAS requested the Human Services subcommittee hear the Bill rather than the full committee. He asked REP. COBB if the fiscal note line up very closely with what you, in your subcommittee, anticipate the savings would be. Ms. Cohea said the Human Services subcommittee appropriated \$1.1 million of general fund in HB 2, contingent on the passage of this Bill. The revenue the subcommittee anticipated from the Bill does match the fiscal note. The \$1.1 million shown on the general fund status sheet is less than what's shown on the fiscal note because

the total cost of the Bill is 1/3 general fund, 2/3 federal.

REP. KADAS said the concern he has with this Bill and others that are similar, is generally what happened in the last session there are a lot of different Initiatives that were going to save money, particularly on the Human Services budget by holding caseload growth down. The savings never materialized and ended up back here with \$40 or \$50 million in supplementals. **REP. COBB** said he is concerned too. The Foster Care Program told them up front they were short \$2 million during the special session. It turned out to be \$6 million.

REP. QUILICI asked what kind of income would you have to derive to have an income greater than the Medicaid need to qualify.

REP. KASTEN said they use the SSI amount which is \$416 and then you can spend down to that amount and become Medicaid eligible. That is the base. If you make \$500 a month you would have to spend down \$84 in order to become Medicaid needy.

REP. KASTEN said they must look at this with a little bit of skepticism and the assumption that bothers her most is #4. SRS is using the Utah model to decide how many people would spend down. When there are no statistics within the state you have to use something. **REP. BARDANOUVE** said the population of Utah is not typical of the population of Montana. There is not a broad enough base. **REP. KADAS** asked **Ms. Cohea** is it possible to look at some other states for similar types of programs. **Ms. Cohea** said they could certainly try. **CHAIRMAN ZOOK** said he felt it is not the Committee's function but the function of the subcommittee that heard the Bill. **REP. WANZENRIED** said they were not looking at this in terms of the fiscal impact but in terms of policy. **REP. COBB** said any dollars that are spent down to give the state will save some money, but the issue is, how much.

CHAIRMAN ZOOK said they can wait on this Bill until more information is furnished by **REP. COBB**.

Ms. Cohea said in order for this Bill to be profitable it would at least have to produce more than the \$1.1 million cost currently in HB 2.

REP. ROYAL JOHNSON said if we have allocated this money some place have a different "ballgame" than if we are just talking about whether they will get the money in or not. **REP. KASTEN** said that \$1.123 million is the benefit that would encourage the people that paid the incurment. This benefit, if they don't pay it, won't happen. People are paying the bills as they proceed through the month with their medical problems. If they have \$100 paid out in order to get on the medically needy program. Every time they go to the doctor they send that bill into the office and say "I have incurred this much expense". When they reach their pay-down they then get a card that says "for the rest of the month you are eligible for Medicaid". Sometimes that card comes in late and they incur costs between the time they have spent the money that should make them medical eligible and when

they actually get the card. That is the benefit they will gather and that is the \$1.123 million.

CHAIRMAN ZOOK said the committee will take executive action on this at a later date.

EXECUTIVE ACTION ON HB 95

Motion: REP. MENAHAN MOVED HB 95 DO PASS

Motion: REP. JOHN JOHNSON MADE A SUBSTITUTE MOTION TO APPROVE THE AMENDMENTS. REP. JOHNSON WITHDREW HIS MOTION.

Motion/Vote: REP. BARDANOUVE MOVED TO TABLE HB 95. Motion passed unanimously.

HB 193

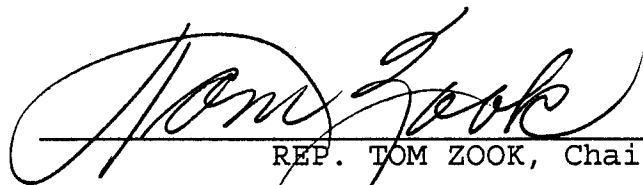
Motion: REP. MENAHAN MOVED HB 193 DO PASS.

Discussion: CHAIRMAN ZOOK said REP. TUSS asked to delay action on this Bill. REP. COBB said this is a special revenue fund and he is going to put in the general fund when it is acted on later.


Motion/Vote: REP. MENAHAN MOVED HB 193 be passed for the day. Motion carried unanimously.

ADJOURNMENT

Adjournment: 4:25 P.M.



REP. TOM ZOOK, Chair



MARY LOU SCHMITZ, Secretary

TZ/mls

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL

DATE

2/12/93


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	✓		

HOUSE STANDING COMMITTEE REPORT

February 15, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that House Bill 196 (second reading copy -- yellow) do pass as amended .

Signed: 

Tom Zook, Chair

And, that such amendments read:

1. Title, line 10.

Strike: "1993"

Insert: "1991"

2. Page 5, line 14.

Strike: "1993"

Insert: "1991"

-END-

Committee Vote:

Yes / No

370935SC.Fbf

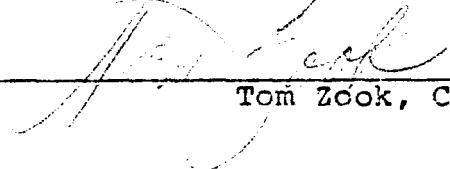
HOUSE STANDING COMMITTEE REPORT

February 15, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that
House Bill 186 (third reading copy -- blue) do pass .

Signed: _____


Tom Zook, Chair

Committee Vote:

27003250 11-1

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL VOTE

DATE 2/12/93 BILL NO. HB 196 NUMBER

MOTION: Rep. Menahan moved HB 196 DO PASS

NAME	AYE	NO
REP. ED GRADY, V, CHAIR		
REP. FRANCIS BARDANOUVE		
REP. ERNEST BERGSAGE		
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 MENAHAN		
REP. LINDA NELSON		
REP. RAY PECK		
REP. MARY LOU PETERSON		
REP. JOE QUILLICI		
REP. DAVE WANZENREID		
REP. BILL WISEMAN		
REP. TOM ZOOK, CHAIR		

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL VOTE

DATE 2/12/93 BILL NO. HB 196 NUMBER

MOTION: Rep. Bardanouve made a substitute motion to amend

HB 196 to use the 1989 base. Motion carried 11 - 7

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	X	
REP. FRANCIS BARDANOUVE	X	
REP. ERNEST BERGSAGE	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON		X
REP. ROYAL JOHNSON		X
REP. MIKE KADAS		X
REP. BETTY LOU KASTEN	X	
REP. WM. RED MENAHAN		X
REP. LINDA NELSON	X	
REP. RAY PECK		X
REP. MARY LOU PETERSON	X	
REP. JOE QUILICI		X
REP. DAVE WENZENREID		X
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	11	7

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL VOTE

DATE 2/12/93 BILL NO. HB 196 NUMBER MOTION: Rep. Bardanouve moved HB 196 DO PASS AS AMENDED

Motion carried 16 - 2

NAME	AYE	NO
REP. ED GRADY, V. CHAIR	X	
REP. FRANCIS BARDANOUVE	X	
REP. ERNEST BERGSAGE	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS	X	
REP. BETTY LOU KASTEN	X	
REP. WM. RED MENAHAN		X
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARV LOU PETERSON	X	
REP. JOE QUILLICI		X
REP. DAVE WENZENBEID	X	
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	16	2

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL VOTE

DATE 2/12/93 BILL NO. HB 186 NUMBER MOTION: Rep. Cobb moved HB 186 DO PASS

Motion carried 12 - 6

NAME	AYE	NO
REP. ED GRADY, V, CHAIR		X
REP. FRANCIS BARDANOUVE		X
REP. ERNEST BERGSAGER	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS		X
REP. BETTY LOU KASTEN	X	
REP. WM. RED MENAHAN		X
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARY LOU PETERSON		X
REP. JOE QUILLICI	X	
REP. DAVE WENZENREID		X
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	12	6

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL VOTE

DATE 2/12/93 BILL NO HB 95 NUMBER MOTION: Rep. Menahan moved HB 95 DO PASS

NAME	AYE	NO
REP. ED GRADY, V, CHAIR		
REP. FRANCIS BARDANOUVE		
REP. ERNEST BERGSAGE		
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 MENAHAN		
REP. LINDA NELSON		
REP. RAY PECK		
REP. MARY LOU PETERSON		
REP. JOE QUILLICI		
REP. DAVE WANZENREID		
REP. BILL WISEMAN		
REP. TOM ZOOK, CHAIR		

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL VOTE

DATE 2/12/93 BILL NO. HB 95 NUMBER

MOTION: Rep. John Johnson made a substitute motion to approve
the amendments. Rep. Johnson withdrew his motion.

NAME	AYE	NO
REP. ED GRADY, V. CHAIR		
REP. FRANCIS BARDANOUVE		
REP. ERNEST BERGSAGE		
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 MENAHAN		
REP. LINDA NELSON		
REP. RAY PECK		
REP. MARV LOU PETERSON		
REP. JOE QUILLICI		
REP. DAVE WANZENREID		
REP. BILL WISEMAN		
REP. TOM ZOOK, CHAIR		

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL VOTE

DATE 2/12/93 BILL NO. HB 95 NUMBER MOTION: Rep. Bardanouve moved to Table HB 95Motion carried unanimously.

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	X	
REP. FRANCIS BARDANOUVE	X	
REP. ERNEST BERGSAGE	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS	X	
REP. BETTY LOU KASTEN	X	
REP. WM. RED MENAHAN	X	
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARY LOU PETERSON	X	
REP. JOE QUILICI	X	
REP. DAVE WANZENREID	X	
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	18	0

HOUSE OF REPRESENTATIVES

APPROPRIATIONSCOMMITTEE

ROLL CALL VOTE

DATE 2/12/93 BILL NO. HB 193 NUMBER MOTION: Rep. Menahan moved HB 193 DO PASS

NAME	AYE	NO
REP. ED GRADY, V, CHAIR		
REP. FRANCIS BARDANOUVE		
REP. ERNEST BERGSAGEI		
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 MENAHAN		
REP. LINDA NELSON		
REP. RAY PECK		
REP. MARY LOU PETERSON		
REP. JOE QUILICI		
REP. DAVE WANZENREID		
REP. BILL WISEMAN		
REP. TOM ZOOK, CHAIR		

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

COMMITTEE

ROLL CALL VOTE

DATE 2/12/93 BILL NO. HB 193 NUMBER

MOTION: Rep. Menahan moved HB 193 pass for the day

Motion carried unanimously.

NAME	AYE	NO
REP. ED GRADY, V, CHAIR	X	
REP. FRANCIS BARDANOUVE	X	
REP. ERNEST BERGSAGEI	X	
REP. JOHN COBB	X	
REP. ROGER DEBRUYKER	X	
REP. MARJ. FISHER	X	
REP. JOHN JOHNSON	X	
REP. ROYAL JOHNSON	X	
REP. MIKE KADAS	X	
REP. BETTY LOU KASTEN	X	
REP. WM. RED MENAHAN	X	
REP. LINDA NELSON	X	
REP. RAY PECK	X	
REP. MARV LOU PETERSON	X	
REP. JOE QUILICI	X	
REP. DAVE WANZENREID	X	
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIR	X	
	18	0