

MINUTES

**MONTANA SENATE
53rd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chair, on March 4, 1993, at 8:00 a.m.

ROLL CALL

Members Present:

Sen. Judy Jacobson, Chair (D)
Sen. Eve Franklin, Vice Chair (D)
Sen. Gary Aklestad (R)
Sen. Tom Beck (R)
Sen. Don Bianchi (D)
Sen. Chris Christiaens (D)
Sen. Gary Forrester (D)
Sen. Harry Fritz (D)
Sen. Ethel Harding (R)
Sen. Bob Hockett (D)
Sen. Greg Jergeson (D)
Sen. Tom Keating (R)
Sen. J.D. Lynch (D)
Sen. Chuck Swysgood (R)
Sen. Daryl Toews (R)
Sen. Larry Tveit (R)
Sen. Eleanor Vaughn (D)
Sen. Mignon Waterman (D)
Sen. Cecil Weeding (D)

Members Excused: Senator Devlin

Members Absent: None

Staff Present: Jim Haubein, Legislative Fiscal Analyst
Lynn Staley, Committee Secretary

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

Committee Business Summary:

Hearing: HB 23, HB 617
Executive Action: HB 124, HB 617

HEARING ON HB 23

Opening Statement by Sponsor:

Rep. Ray Peck, District 15, sponsor, said HB 23 was

introduced at the request of the Legislative Finance Committee. The bill was introduced last session, but agreement could not be reached at that time. He indicated that although total agreement had not been reached with the Office of the Commissioner of Higher Education this session, he would have no objection to amendments being introduced. The bill would set up a mechanism to keep the Legislative Finance Committee informed on an ongoing basis of contributions received that would create any obligation against the state of Montana and the legislature for the appropriations process.

Rep. Peck asked Jim Haubein of the Legislative Fiscal Analyst's Office to comment.

Informational Testimony:

Jim Haubein, Fiscal Analyst, stated HB 23 sets up a process to review private funds received by state agencies and would address some of the budget amendment concerns of the Legislative Finance Committee.

(AT THIS TIME, MR. HAUBEIN WENT THROUGH HB 23 AND EXPLAINED CHANGES THAT WERE MADE)

Proponents' Testimony:

Brian Cockhill, Deputy Director, Montana Historical Society, offered an amendment to HB 23. (See Exhibit 1) He said he is concerned that they have been excluded from the ability to budget amend proprietary funds. If they are excluded from the budget amendment process through HB 23, they would have inability to continue to operate certain functions. He concluded that Rep. Peck had no objection to his proposed amendment.

Gloria Hermanson, Montana Cultural Advocacy, stated her support of SB 23 with the amendment proposed by the Montana Historical Society (Exhibit 1).

Marvin Eicholtz, Administrator, Procurement and Printing Division, Department of Administration, proposed an amendment to HB 23 to allow agencies to request a budget amendment for additional revenue deposited in funds other than the general fund from the sale of fuel for those agencies participating in the Montana public vehicle fueling program. (See Exhibit 2)

Leroy Schramm, Office of Commissioner of Higher Education, stated his support of Sections 2 through 7 of HB 23 with a proposed amendment to Section 3, page 9 (See Exhibit 3). He stated the more troubling section of is Section 1. The language on line 18, page 1, means all gifts above \$500 dedicated to a certain department and going into a sub-fund could not be accepted or expended until they went through the process laid out

in HB 23. The bill covers every single non-governmental grant they get. Regarding certifying "terms of agreement are not contrary to state law", he questioned how that can be done. He felt the Attorney General would have to do that. If money is being spent by higher education that is not approved, the legislative auditor would deal with that. He said many grants they receive where they have to supply some office space and so forth would be general fund. Another process is being laid out that is going to before the fact tell details that the legislative auditor might later tell them. All gifts are covered whether or not general fund is involved. He concluded that Section 1 should be deleted from HB 23 and all references to it throughout the bill.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Waterman questioned page 14, lines 10 through 16 regarding receiving federal funds, would this cover budgeting authority where federal funds have been granted but they have to bid it out to somebody else.

Mr. Haubein said that is what this is for; it would tend to reduce the number of appropriations.

Senator Aklestad questioned with regard to private funds, would that be such as organizations that collect funds where statutory authority is given to them to collect those funds and they then come into a special revenue account.

Mr. Haubein said if they are in statute, he did not think that would be addressed. It was more from private grants.

Mr. Hockett questioned a combination of money and inkind support gifts. An example would be Toyota Motor Company gifts would include equipment as well as travel expenses and per diem for faculty going to training sessions.

Rep. Peck felt that example with Toyota Motor Company would not be covered in HB 23.

Mr. Haubein said if the money is not going through the state treasury and is being paid directly to faculty, that would not be coming through here. He noted that inkind gifts would not be included either. The review process was specifically patterned after the budget amendment review. It is the hard cash money that comes in and is appropriated.

Senator Jergeson said for example if a college receives an automobile from General Motors which has a value in excess of \$500, that donation would have to be reported through this process.

Mr. Haubein said that is not cash that goes through the treasury. It is similar to the budget amendment; it is cash grants or monies coming in, spending authority.

In an example by Senator Jergeson of a lady donating \$100,000 to a library, Mr. Haubein said that would go through this process.

Senator Jergeson questioned the time involved in putting together the necessary reports that would be generated.

Rep. Peck said the report would be sent by a secretary to the legislative fiscal analyst and he did not think it would be a long reporting process.

Senator Jergeson indicated his feeling that \$500 is too restrictive.

Rep. Peck said when HB 23 was drafted and brought to the finance committee for review, no maximum or minimum was indicated. Responses indicated that colleges don't get many contributions over \$500. Rep. Peck said he was agreeable to changing that figure.

Senator Waterman stated her concern that there could be means of getting around the intent of this.

Rep. Peck said HB 23 states criteria for acceptance and expenditure of certain nonstate and nonfederal money.

Senator Jacobson said the purpose of this is exactly the same purpose that any budget amendment is reviewed. When money comes in mostly from the federal government and someone has applied for that grant or asked for that for a purpose, the finance committee reviews the budget amendments and there is certain criteria it has to meet. The federal monies will be reviewed by the legislature and the authority will be expended or not. When other contributions come in whether they will cost the state money or not, we don't see them. She felt Rep. Peck was saying that anything that would affect the state budget should be reviewed if it has an impact. It is done with every other contribution except private money. She concluded the budget process is not that difficult to go through.

Informational Testimony:

Tom Reynolds, Northern Montana College, said as a professional fund raiser he is not in disagreement with filing

and filling out necessary forms. He indicated concerns about Section 1. He noted there are federal regulations to follow when they are talking about inkind gifts, and it would be difficult to go through a review process for cash gifts. When the foundation comes in, they then go to the Board of Regents and get authority to be able to have that as part of the process. He is concerned with the interpretation if working with a lady for example giving \$100,000 for the library and having to determine if that money can be used, it will be difficult for supplementing budgets. This should be predetermined before clients are talked to about whether or not that can be done, instead of first getting a gift, having it reviewed, and then going back.

Senator Jacobson said in the same way budget amendments are done, this process does not preclude them from accepting the gift. The budget amendment process does not allow the finance committee to turn down the gift, although the Board of Regents may.

Mr. Haubein asked Mr. Reynolds if gifts normally go to the foundation. Mr. Reynolds said about 60 percent of the gifts go to the foundation, and about 40 percent go directly to the institution. All gifts going to the foundation are transferred to the appropriate accounts.

Mr. Haubein said with regard to the foundation purchasing equipment and moving the equipment in, that is not requiring spending authority. It is only where it is requiring spending authority and going to the current restrictive fund that this would apply.

Senator Bianchi questioned how many forms typically would have to be filled out at Northern Montana College per year to meet this requirement.

Mr. Reynolds said in Senator Hockett's area in business and industrial relations, it would be 70 to 80 cash gifts that forms would have to be filled out. He noted there are federal forms to be filled out each year for cash gifts of \$5,000.

Senator Jacobson questioned if Mr. Reynolds was indicating that not including foundation gifts, they received 70 to 80 gifts of \$500 per year in cash.

Mr. Reynolds said he was indicating gifts of value. He said cash gifts going directly to the institution would be approximately \$50,000 and there would be about 12 to 20 coming from communities outside of Havre going directly to the college in which they would have to fill out the form. If inkind gifts were not included, there would not be a significant number of forms to be filled out.

Senator Beck questioned if somebody donated a \$100,000 building with no cash involved but would be a general fund

obligation to maintain the building in the future, what effect would that have.

Senator Jacobson said it was her understanding that if it was a building, it already has to be approved. If for example it was a \$50,000 contribution for research and was going to involve some state money for secretarial, et cetera, it would have to be reviewed.

Senator Fritz noted there are a number of amendments presented today relative to Section 3 of HB 23 and questioned how many other funds and spending programs would have to be amended into the bill to cover all the situations that exist.

Rep. Peck said the offered amendments are as a result of the hearing held in the House and probably should have been foreseen when HB 23 was in the drafting stage.

Closing by Sponsor:

Rep. Peck closed. He said regarding Section 1, page 1, line 18, striking the word "accept" would be agreeable to him. The finance committee has no authority to tell them they cannot accept it. The finance committee's purpose is to track financial concerns between legislative sessions. He concluded that in his opinion the reporting requirement in HB 23 would not be difficult to do.

HEARING ON HB 617

Opening Statement by Sponsor:

Senator Beck, District 24, Deer Lodge, a co-sponsor to HB 617, stated it would allow the Department of Corrections to be able to obtain federal certification for specific prison industries programs. He called on Jim Pomroy of the Department of Corrections to identify the bill.

Proponents' Testimony:

Jim Pomroy, Chief, Community Corrections Bureau, Department of Corrections, said HB 617 would help promote certification of the prison industries program, which program is self-supporting. The bill includes a number of issues that must be handled as part of the certification process in the statutes. Several factors in the certification as well as policies and procedures would have to be developed. He noted that for whatever programs they might pursue certification for, they are not talking about a great population of inmates. He added he could not imagine more than 50 being employed in the program in certified programs; not all programs would be certified. He said they attempt to work with all interested parties and have been approached by private industries to produce certain products for which there is no

existing labor force within reason. He concluded they have had to turn work away and would not be replacing any workers in the state.

Jan Reagor, Great Falls, owner of a marketing research firm, stated her support of HB 617. She indicated she has had an employee from the pre-release center in Great Falls who has been a reliable worker for her. (See Exhibit 5) She noted employees would pay for their own lodging expenses with their earned money, and it would not take work away from other people in the state. She showed to the committee a device made by her worker that she felt could be marketed worldwide and demonstrated the effectiveness of it.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Keating questioned if this applied to the women's prison as well.

Mr. Pomroy said it would and they would pursue this.

Closing by Sponsor:

In Senator Beck's absence, Senator Jacobson closed the hearing on HB 617.

EXECUTIVE ACTION ON HB 617

Motion/Vote: Senator Keating moved that HB 617 BE CONCURRED IN. Motion CARRIED UNANIMOUSLY. Senator Beck will carry HB 617 on the Senate floor.

EXECUTIVE ACTION ON HB 124

Discussion:

Senator Jacobson said there was a question dealing with an amendment previously passed by the committee on page 2, Section 2, subsection (4) of the bill. The language on a new amendment prepared by Jim Haubein would better cover the circumstances than the language that was originally put in as an amendment.

Bonnie Tippy, lobbyist for Funeral Directors Association, stated the language prepared by the LFA will define indigency for the purposes of indigent burial.

Senator Aklestad asked regarding the gray copy of HB 124, what type of an impact are we looking at.

SENATE FINANCE & CLAIMS COMMITTEE

March 4, 1993

Page 8 of 8

Ms. Tippy said the new language that will be amended into HB 124 will leave things status quo. What previously would have happened is the number of eligible people would have been cut in half which was not the desire of the Department of Social and Rehabilitation Services (SRS); it codifies what SRS has been doing in this area.

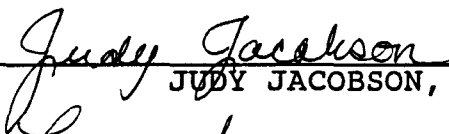
When questioned by Senator Aklestad about the previous amendment, Senator Jacobson stated when this amendment was put in, the wording given by SRS was used and this was not correct language. If the proposed amendment (See Exhibit 6) is adopted, we adopt the status quo and will pay for less burials because now we are requiring some adult children to pay.

Senator Weeding moved the amendment to HB 124 prepared by the Legislative Fiscal Analyst (Exhibit 6) Senator Weeding's amendment motion CARRIED UNANIMOUSLY.

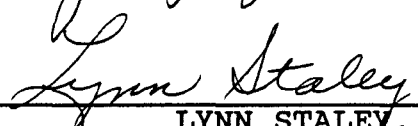
Motion/Vote: Senator Weeding moved that HB 124 AS AMENDED BE CONCURRED IN. Motion CARRIED UNANIMOUSLY. Senator Weeding will carry HB 124 on the Senate floor.

ADJOURNMENT

Adjournment: 9:40 a.m.



JUDY JACOBSON, Chair



LYNN STALEY, Secretary

JJ/LS

ROLL CALL

SENATE COMMITTEE FINANCE AND CLAIMS

DATE 3/4/93

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON	✓		
SENATOR FRANKLIN	✓		
SENATOR AKLESTAD	✓		
SENATOR BECK	✓		
SENATOR BIANCHI	✓		
SENATOR CHRISTIAENS	✓		
SENATOR DEVLIN			✓
SENATOR FORRESTER	✓		
SENATOR FRITZ	✓		
SENATOR HARDING	✓		
SENATOR HOCKETT	✓		
SENATOR JERGESON	✓		
SENATOR KEATING	✓		
SENATOR LYNCH	✓		
SENATOR TOEWS	✓		
SENATOR SWYSGOOD	✓		
SENATOR TVEIT	✓		
SENATOR VAUGHN	✓		
SENATOR WATERMAN	✓		
SENATOR WEEDING	✓		

FC8

Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 4, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 124 (first reading copy -- blue), respectfully report that House Bill No. 124 be amended as follows and as so amended be concurred in.

Signed: _____

Judy H. Jacobson
Senator Judy H. Jacobson, Chair

Amend the Senate committee on Finance and Claims standing committee report dated February 4, 1993, as follows:

Strike: Amendment No. 4 in its entirety.

AND THAT HOUSE BILL NO. 124, THIRD READING COPY, BE FURTHER AMENDED AS FOLLOWS:

Page 2, line 9.

Following: "."

Insert: "A person is indigent for purposes of this subsection if the value of all income and resources available to pay that person's burial, entombment, or cremation at the time of death is less than the negotiated amount due the funeral home or mortician for an indigent burial. Available income and resources include:

(a) any income as defined in 53-3-109 that was received by the deceased person and not spent prior to that person's death; and

(b) any resources as defined in 53-3-109 that are not excluded under 53-3-205."

-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 4, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 617 (first reading copy -- blue), respectfully report that House Bill No. 617 be concurred in.

Signed: _____

Judy H. Jacobson
Senator Judy H. Jacobson, Chair

M Amd. Coord.
____ Sec. of Senate

Senator Beck
____ Senator Carrying Bill

491104SC.Sma

MONTANA HISTORICAL SOCIETY

Proposed Amendment to H.B. 23

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 1

DATE 3/4/93

BILL NO. HB 23

Third Reading Copy

Page 9. (Section 3, Sub (a)) line 25

Add "Montana Historical Society enterprise revenue resulting from sales to the public," after "State Agencies."

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 2

DATE 3/4/93

BILL NO. HB 23

Committee: Senate Finance and Claims

Date: March 4, 1993

Presentor: Marvin Eicholtz, Administrator
Procurement & Printing Division
Department of Administration
telephone: 444-3053

Bill: HB 23 - An Act Generally Revising the Law
Concerning Budget Amendments

Purpose of Presentation: To propose an amendment to the bill to allow agencies to request a budget amendment for additional revenue deposited in funds other than the General Fund from the sale of fuel for those agencies participating in the Montana Public Vehicle Fueling Program.

The Department of Administration is developing a statewide fueling network involving a fleetcard processing company which will allow state agencies and participating local governments to (1) utilize a single fueling network and management information system for all fueling transactions; (2) avoid the cost of replacing underground storage tanks necessary to meet EPA standards by 1998 and (3) take advantage of bulk purchasing power in fueling from the commercial sector. The involvement of the fleetcard processor will allow public vehicles to fuel either at designated commercial fueling sites or publicly owned sites that are integrated into the network.

Because we anticipate that certain high volume centrally located sites will be selling more fuel through their sites than before, they will need the ability to request a budget amendment to replenish their underground storage tanks. The bill as currently written will not allow for a budget amendment for this purpose.

I have worked with Jim Haubein of the Fiscal Analysts Office to prepare this amendment and I believe he agrees that this amendment is acceptable and maintains the intent of the bill.

Please approve this amendment so that we can move forward with this very beneficial program.

Thank you.

PROPOSED AMENDMENT TO HB 0023, SECTION 3(1)(a), as follows:

Section 3. Section 17-7-402, MCA, is amended to read:

"17-7-402. Budget amendment requirements. (1) Except as provided in subsection (6), a budget amendment may not be approved:

(a) by the approving authority, except a budget amendment to spend additional federal revenue, additional tuition collected by the montana university system, additional revenue deposited in the internal service funds within the department as a result of increased service demands by state agencies, or additional revenue deposited in funds other than the general fund from the sale of fuel for those agencies participating in the montana public vehicle fueling program, (established by executive order 22-92), or a new source of revenue that was not available for legislative consideration during the most recent legislative session open to that matter;

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 3

DATE 3/4/93

BILL NO. HB 23

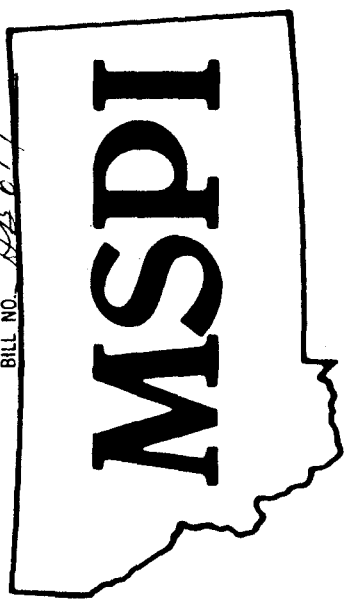
AMENDMENT TO HB023, THIRD READING COPY

1. Page 9, Line 24.

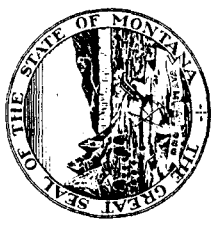
Following "department", insert "or the office of the commissioner of higher education".

EXPLANATION

The current language only allows budget amendments in internal service funds within the Department of Administration as a result of increased service demands. The office of the commissioner of higher education operates the university system group insurance program which is similar to the state group insurance program operated by the Department of Administration. This amendment would allow budget amendments to be submitted for either of these programs.



Private Sector/Prison Industries
Enhancement Program



An innovative program in
Montana Correctional
Institutions



Montana Department of Corrections
Montana State Prison Industries
300 Conley Lake Road
Deer Lodge, MT 59722
(406) 846-1320, ext. 2270

FOR THE
MISSION OF THE
CORRECTIONS DIVISION

- * Enhances the dignity of individuals and increases the potential for human growth and development.
- * Offers productive occupation during the course of an offender's supervision while providing active employment and pursuit of education resulting in positive rehabilitation.

FOR THE
LEGISLATURE
AND GOVERNOR

- * Offers a long-range opportunity to reduce recidivism to penal institutions.
- * Tax savings and human resources will be increased.
- * Will help relieve the social costs of institutional and welfare dependency.

FOR ADDITIONAL INFORMATION:

Montana Department of Corrections
Montana State Prison Industries
300 Conley Lake Road
Deer Lodge, MT 59722
(406) 846-1320, ext. 2270

A PUBLIC PRIVATE PARTNERSHIP

To train offenders for meaningful jobs while assisting victims of crime and reducing institutional costs.

PROGRAM BENEFITS

FOR THE PUBLIC

- * Reduce tax burden by decreasing institutional costs.
- * A source of support for offenders' dependents.
- * An investment in human capital.
- * Directed work experience skills leading toward long term employment.
- * A return to society of well-trained and/or motivated individuals reducing recidivism or a need to go on public assistance.
- * A viable method for measuring the effectiveness of the institutional training programs.
- * Pay taxes on wages.

FOR THE VICTIM

- * A new source to supplement tax dollars for restitution.
- * Restores confidence in the criminal justice system by compensating the victim (at least in part) for the harm done.

FOR THE OFFENDER

- * Work experience develops sound work habits.
- * Added skills enhance employability at release.

- * Increases probability of success on parole.

- * Establishes an excellent job reference.

- * Earns competitive wages.

- * Accumulates savings for return to community life.

- * Develops responsibility and accountability by providing public service and restitution to victims of crime.

- * Builds a sense of self-worth and accomplishment.

- * Voluntary participation gives a feeling of increased responsibility.

- * Develops an understanding and appreciation for using education resources to improve employability.

- * Community adjustment fears can be reduced by attempting to create "real world" situations and solutions with the institutional work and living environment.

FOR THE INSTITUTION

- * Reduction of idleness abates violence.
- * On-the-job training will encourage use of correctional resources: education, counseling, etc.
- * Increases revenue by deducting taxes and room and board reimbursement from the offenders' wage.

FOR THE PARTICIPATING EMPLOYER

- * Development of a consistent workforce of qualified applicants.
- * Will not have to pay the benefits which reduce the "profit margin."
- * Ex-offenders are appreciative of the opportunity and many times will exceed the productivity of regular employees.

- * Employer will have opportunity to hire job ready ex-offenders without large expenditure for training costs.

FOR THE INSTITUTION STAFF

- * Less violence increases personal safety.
- * The operation of an education/industry venture provides a means to motivate offenders to move through the system in an organized and goal-oriented manner.

FOR THE LABOR UNIONS

- * Wage floor protects the Union membership from unfair competition.
- * Labor union representation, when appropriate, will be included and consulted prior to initiation of a project.
- * Wages to offenders will not be less than work of a similar nature in the locality where work is performed.
- * Better trained workers mean better future union members.
- * Where possible, participating companies' projects will not adversely affect the local labor market.
- * A resource pool for future union members.

FOR THE PAROLE AGENT

- * Increases successful job placement because of enhanced work habits and skills.
- * Offender responsibility developed in the institution will be continued throughout the parole period.
- * Better prepared and motivated parolees decrease violations.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 5DATE 3/4/93BILL NO. HB 617NAME Don ReagerADDRESS 1431 Country Homes LaneHOME PHONE 4536095WORK PHONE 727 7050REPRESENTING Intermountain S.I.R.APPEARING ON WHICH PROPOSAL? HB 617DO YOU: SUPPORT X OPPOSE AMEND

COMMENTS:

Wish to support the prisoners having
more of an opportunity to learn how
to be dependable and work for a living.

WITNESS STATEMENT

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

Amending House Bill No. 124 and Senate Finance and Claims Standing
Committee Report Dated February 4, 1993

For the Committee on Senate Finance and Claims **SENATE FINANCE AND CLAIMS**

Prepared by Jim Haubein
March 2, 1993

EXHIBIT NO. 6

DATE 3/4/93

BILL NO. HB 124

Amend Senate Committee on Finance and Claims committee report dated February 4, 1993, as follows:

Strike: Amendment No. 4 in its entirety.

AND THAT HOUSE BILL NO. 124, THIRD READING COPY, BE FURTHER AMENDED AS FOLLOWS:

Page 2, line 9.

Following: "."

Insert: "A person is indigent for purposes of this subsection if the value of all income and resources available to pay that person's burial, entombment, or cremation at the time of death is less than the negotiated amount due the funeral home or mortician for an indigent burial. Available income and resources include:

(a) any income as defined in 53-3-109 that was received by the deceased person and not spent prior to that person's death; and

(b) any resources as defined in 53-3-109 that are not excluded under 53-3-205."

{Office of Legislative Fiscal Analyst

444-2986}

DATE Thursday, March 4, 1953

SENATE COMMITTEE ON *Finance & Claims*

BILLS BEING HEARD TODAY: HB 309, HB 425, HB 634

Name

Representing

Bill
No.

Check One

Support Oppose

[illegible]

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY