

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - SPECIAL SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By CHAIRMAN TOM ZOOK, on December 6, 1993, at
8:00 a.m.

ROLL CALL

Members Present:

Rep. Tom Zook, Chairman (R)
Rep. Ed Grady, Vice Chairman (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 Quillici (D)
Rep. Dave Wanzenried (D)
Rep. Bill Wiseman (R)

Members Excused: None

Members Absent: None

Staff Present: Clayton Schenck, Legislative Fiscal Analyst
Cathy Kelley, Committee Secretary

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

Committee Business Summary:

Hearing:	HB 39	
	HB 41	
	HB 50	
Executive Action:	HB 5	Tabled
	HB 21	Do Pass As Amended
	HB 30	Do Pass As Amended

HEARING ON HOUSE BILL 50Opening Statement by Sponsor:

REP. EMILY SWANSON, House District 79, Bozeman, stated that this bill proposes to save \$1.2 million by reorganizing the property valuation division of the Department of Revenue, making its function more coordinated and more efficient. County assessors, deputy assessors, and Department of Revenue personnel in Helena have all worked on this bill.

REP. SWANSON said the bill allows each county to choose one of several options: (1) they can come to the state as employees of the state; (2) they can reduce the assessor's position from an elected assessor to an assessment supervisor and have both the assessor and deputy assessor become employees of the state; and (3) the county treasurer can become a treasurer/assessor, with the title but no formal duties. The bill eliminates area managers, so there is reduction in mid-level management. District supervision will be provided by one of the assessment supervisors who would have responsibility for several counties. The bill reduces staff in Helena by 10%. Most of the savings would come from vacancy savings stored up over the last year. To the best of **REP. SWANSON'S** knowledge, no one who is currently employed as a county assessor or deputy assessor would be put out of a job, although they may be assigned to another geographical location. Some will qualify for early retirement. The department estimates approximately 45 positions will be reduced through this reorganization, resulting in the bulk of the projected savings.

REP. SWANSON distributed a map, **EXHIBIT 1**, that showed how each county is currently dealing with this proposal. A number of counties have already been going through the process. She noted that one county, Petroleum, has chosen another option, i.e. to retain the elected assessor's position and to contract with the state.

REP. SWANSON pointed out that in Sections 1 and 2 of the bill, the department is allowed to recover a portion of its cost in developing and maintaining the computer-assisted mass appraisal system. If the department rents out that data base, it will charge for it. That money will be used to keep computer technology up to date. Section 9 identifies the qualifications for the office of county assessor in those counties that choose to keep an elected assessor. Sections 105-114 change the date as to when livestock is assessed from March 1 to January 1. Section 127 provides an additional window of eligibility for the transfer of elected assessors and deputy assessors to allow them to qualify for the early retirement program. Section 162 addresses the situation where the current acting assessor does not choose to become a state employee and the county chooses to retain the separate office of assessor, setting up the contract situation

with the department. Section 163 provides the ability to consolidate the office of assessor with another county. Section 164 details under what circumstances the department may reimburse the county, setting it up at a 50-50 split. Section 166 contains the \$1.2 million general fund appropriation reduction.

Proponents' Testimony:

Randy Wilke, Appraisal/Assessment Bureau Chief, Property Assessment Division, Department of Revenue, distributed EXHIBIT 2, the department's proposed amendments to the bill. He stated that these amendments were designed to cover oversights in the bill drafting process. He pointed out that much of the proposed change in the bill can also be called simple clarification or acknowledgment of current property taxation practices and work load. The bill eliminates references to the "county assessor" and replaces them with the "department of revenue." The bill replaces the term "assessment" with "property tax records." He said much of the bill cleans up old and out-dated language.

Mr. Wilke said the department's first amendment was a statement of intent regarding restructuring the property assessment program. It emphasizes the state's constitutional role in appraising and assessing property. The other amendments deal with livestock assessment. Moving to a January date is important to the work flow of the department, and the department intends to make that change effective in 1995.

Mr. Wilke pointed out specific sections of the bill, noting that Sections 7 and 8 deal with the elimination of deputy county assessors in the future. Sections 41 and 42 deal with certification and training of appraisers. Section 63 might help save some money. Section 78 is the first time the process for calculating tax has been identified. **Mr. Wilke** said there has been some confusion in the past as to whether assessors and deputy assessors are state employees or local government employees and this bill will clarify that. **Mr. Wilke** said his department had been working on this bill for months, forming committees to analyze work load, work efficiency, and organizational structures. He felt that every portion of the resulting bill was important.

Cele Pohle, President, Montana Assessors Association, said her association had worked with the department on this bill. EXHIBIT 3- She read a letter from Donna Kennedy, Rosebud County Assessor. EXHIBIT 4

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. COBB noted that before the department had reached the compromise referred to in EXHIBIT 3, estimated savings was \$1.2 million. He asked **Mr. Wilke** how he planned to still save this

amount of money with fewer people losing their jobs. Mr. Wilke said from a statewide perspective, there are positions that are now vacant. The department had known it was moving in the direction of restructuring and had been planning for that. It would be moving some people between counties. The plan allows the department to redirect its resources, moving people from less populated counties. Mr. Wilke said the department was forming groups to provide a concrete plan of attack to insure the money was saved. REP. COBB recapped by saying that originally the department had estimated saving \$1.2 million. It is now betting that it can still save that money, but it was not quite sure how it was going to do it, considering a compromise reached with the county assessors.

REP. DEBRUYCKER said that before the assessors agreed to this plan, he had received several letters from the assessors asking what would happen if the assessor was left in a county and it became a state-run entity. The assessors wondered whether the assessors would lease the space that they now have from the county or if the assessor's office and equipment would be moved to another building. REP. SWANSON said Section 26 continues to require counties to furnish space for use by Department of Revenue assessment and appraisal staff if such space is reasonably available. Mr. Wilke said the bill would leave the situation as it is. The county provides space and this bill would not change that.

REP. DEBRUYCKER said he had been told that a lot of county computer equipment was not compatible with the state. Mr. Wilke said he was not aware of any situations where the state and county were not able to effectively share information. There had been situations where modifications were required, but that had always been taken care of.

REP. WISEMAN said he had a problem in his district regarding property in a flood plain zone. People in his district feel that evaluation of property in those zones fluctuates excessively up and down. Mr. Wilke said normally there are maps in counties designating those areas. His staff is charged to apply the market value of that particular property. He said he would be glad to look at any situation where the market value varied widely from year to year.

REP. NELSON said she was having difficulty seeing where the \$1.2 million savings was going to come from. She wanted to know exactly what portion of costs the state paid for appraisers and deputies now as opposed to what it would pay under this bill. Mr. Wilke said now the state pays 100% of the salary of the appraisers and the appraisal staff. Currently the department pays 100% of the assessment staff, except the assessor and the deputy. The department pays 65-70% of the assessor and deputy assessor's salary. The department pays 100% of health care benefits. REP. NELSON asked what the department would pay under this bill. Mr. Wilke noted that the state had been paying for

some time 100% of the salary and benefits for the counties that have gone through consolidation. He said there were some counties in certain areas of the state where the department hoped to become more efficient and do the work with fewer people.

REP. NELSON asked whether, if the assessor was appointed, the state would pay 100% of the salary, but if it would be a 50/50 split for an elected assessor. Mr. Wilke said there are already some counties where all the people performing assessment and appraisal functions are state employees. There will be situations where assessors would choose to become state employees. If that were to occur, the county would go through an abbreviated office consolidation process and give the assessor title to another individual. All the duties of the assessment office would be contracted to department employees. A county might feel strongly about retaining the elected assessor position. This bill provides for the county to retain the assessor and requires the department to contract with the county for that assessment work to be done by that elected assessor. In that situation the department would pay 50% of the salary.

REP. NELSON asked whether the counties could charge rent if they did not want to provide office space any more. Mr. Wilke said the department worked hard to keep good relationships with local government. He didn't think this bill allowed the counties to charge the state rent for that space, although they could probably argue that there isn't any reasonable space available in the courthouse, in which case the state would be required to lease space outside the courthouse. Normally, the counties realize it is important to have the appraisal and assessment functions in the courthouse for access and availability.

REP. NELSON said the bill looked like a win/win situation for the assessors, but not quite as good for the people, since the people will be dealing with the department and the assessor will be somewhat of a figurehead. Mr. Wilke said he would hope no one would be treated any differently. The assessors will not be figureheads; they will be performing the same functions they have always performed. The department has asked local government officials and taxpayers in counties that have gone through consolidation if they have had any problems and the department has not found any.

REP. NELSON asked if in the long run savings must have to come from regionalization. Mr. Wilke said savings come from fewer employees. To be able to do that requires dependance on groups working closely together. There will be counties with staff reductions.

REP. NELSON asked about the status of Daniels, Roosevelt, and Sheridan counties, and Mr. Wilke said Roosevelt was the only one seeking information about consolidation.

REP. QUILICI said during the last session, one of the bones of

contention was the deputy county assessors. This bill says that the deputy assessors will have the same preferences and benefits that they have now. He asked for elaboration on that point. Mr. Wilke said they would have all the rights and benefits any other state employee would enjoy. As the department analyzes county work loads, it may be that some deputy assessors may need to consider a job in an adjoining county.

REP. QUILICI asked about the user fee for the CAMUS system in Section 1, p. 4. He wanted to know how much money that would generate. Mr. Wilke said no one knew at this time. REP. QUILICI asked if those fees would be charged to counties and cities. Mr. Wilke said there was no intent to charge local governments.

REP. WANZENRIED asked about p. 8, line 23, having to do with qualifications of assessors. He noted on p. 9 that all the additional qualifications beyond the constitutional oath of office were stricken. He asked Mr. Wilke to elaborate on whether those qualifications would no longer be required. Mr. Wilke said that the language on p. 9 had been moved to a different location in the bill. REP. WANZENRIED asked what qualifications assessors would be required to have. Mr. Wilke said they would have the normal office requirements, not a specific certification, and the state would contract with them. REP. WANZENRIED said some areas felt the assessor needed additional qualifications to hold that office, i.e. in order to do the job properly. He asked why the qualifications were being reduced. Mr. Wilke said that employees in the Department of Revenue doing assessment work will have to go through certification requirements. In counties that elect to retain the elected assessor position, it will be the department's responsibility to contract with the elected assessors and possibly place in that contract some of those types of requirements. REP. WANZENRIED said if the department did not put those requirements in, the assessor would be a figurehead. Mr. Wilke said the normal situation would be, regarding a county that has retained an elected assessor, the state would contract with the county to perform assessment functions. Mr. Wilke felt that people who accept assessment positions initially will have met these types of requirements. REP. WANZENRIED asked whether, if a county entered into a consolidation agreement and was not satisfied with it, it could reverse the process. Mr. Wilke said counties couldn't un-consolidate.

REP. WANZENRIED asked, of the 174 sections in this bill, which sections actually have substantive changes in law. Mr. Wilke said he would provide an outline.

REP. WANZENRIED asked in consolidated counties what portion of the elected official's salary is paid by the state. Mr. Wilke said the state pays 100% of the salaries in the appraisal and assessment offices. REP. WANZENRIED asked if the department could achieve any administrative savings if this bill didn't pass, or if this bill achieved something that couldn't be done any other way. Mr. Wilke said there could be some savings, but

in terms of statewide efficiency, all the elements of the bill were required. REP. WANZENRIED said he would like to see how the department had arrived at the \$1.2 million figure.

REP. BERGSAGEL asked, regarding fees assessed in Section 2, where the fees were going now. Mr. Wilke said the department was not collecting fees now. REP. BERGSAGEL referred to Section 11 and suggested that the department was going to charge cities and counties. Mr. Wilke said the intent was not to charge fees to cities and counties. This section dealt with private individuals who needed to access large quantities of information.

REP. BERGSAGEL pointed out that Section 11 specifically said that "the department may charge cities and towns 5 cents per folio of 100 words for each copy. . . ." Mr. Wilke said that language was old. The department does not charge cities and towns.

REP. BERGSAGEL asked about the CAMUS system, a system whereby local assessors enter information and it is transported to the state for manipulation, fact selection, etc. Mr. Wilke said the county appraisal staff use that system like a giant calculator, but it doesn't take away their responsibility to use good appraisal judgment as they value property. It is the best tool they have to perform that function. REP. BERGSAGEL asked if that was the information referred to in Section 11. Mr. Wilke said that property tax records are current on the computer system all the time. The information in the appraisal system pertains to real property. The CAMUS system is a "subset" of the information in Section 11.

REP. BERGSAGEL found it interesting that the department indicated it never charged cities or towns for information that they have collected, but now there was a new section of law creating an account for those monies. REP. BERGSAGEL wanted to be sure the language on p. 30, line 15, referring to "mines, minerals, quarries, and timber" didn't take away any monies delegated to the counties and cities. Dave Nelson, staff attorney, said that was merely a Legislative Council change and didn't divert any monies.

REP. BERGSAGEL said that because of changing the dates for assessment of livestock from March 1 to January 1, there is the potential for those individuals who liquidate their cattle herds after the first of the year to be doubly assessed for a three-month period. He asked Mr. Wilke if he had worked out a way to ameliorate that situation. Mr. Wilke asked if REP. BERGSAGEL was talking about the entire herd being liquidated. REP. BERGSAGEL said he was talking about cattle nine months or younger. Mr. Wilke said that currently cattle under 24 months are exempt from taxation.

REP. ROYAL JOHNSON asked, regarding Sections 41 and 42, whether the department was going to add some additional courses for training. He wanted to know what exactly the department was

going to do. Mr. Wilke said that the same types of courses would be given. REP. JOHNSON said he had heard that potential appraisers had a difficult time meeting requirements. He noted that Section 42, p. 46, line 21, changed the language requiring an appraiser to obtain a certificate in appraising residential property from "must" to "shall." Mr. Wilke said "must" and "shall" meant the same thing. Appraisers in the property assessment division are required to be certified.

REP. JOHNSON said one of the certification requirements for a residential appraiser was a certain amount of time working with an appraiser as an assistant. He noted that this was a problem for people in small communities who couldn't leave their present jobs in the community to travel to a larger city to work with a certified appraiser. REP. JOHNSON wondered if the department would have sufficient appraisers in those smaller areas. Mr. Wilke said REP. JOHNSON might be confusing requirements for being a certified appraiser with the Department of Commerce with federal requirements. While department staff are encouraged to meet those requirements and many of them do, they are separate and apart from the certification requirements the department has for its division staff. Federal requirements for the Department of Commerce require a potential appraiser to work with a certified appraiser for a certain amount of time with a certain number of appraisals. The Department of Revenue's requirements are to pass a specific course, to perform an acceptable number of appraisals, etc. He felt the best teacher his staff has is the public.

REP. JOHNSON said that it seemed to him the bill changed the mechanics of the appraisal process, but it didn't change the basic appraisal process. Mr. Wilke said it didn't change the methodology of appraisal. He felt it did more in terms of clarifying the assessment side of the process.

CHAIRMAN ZOOK responded to Mr. Wilke's statement about the 24 month exemption for cattle, and pointed out on p. 121 of the bill that there is a per capita tax on poultry, beef, swine, etc. nine months of age or older. He said, since in agriculture there was no longer the ability to do income averaging, and since there was price volatility in agriculture, sometimes there was a need to move income into the next year. He felt that by moving the date to January 1, the ability for many people to do that was eliminated. He stated that the fiscal year of many sub-chapter (s) corporations ended at some point in October, so they would still have some flexibility. But family ranch operations would be limited under this change. He asked Mr. Wilke why the date was changed. Mr. Wilke said the reason for the change was to allow a reduced staff to handle the work load as efficiently as possible.

CHAIRMAN ZOOK felt that if other taxpayers had to have information in by the 1st of February then the department should be well under way processing that and the date in March shouldn't

be too much of a hardship for the department. He said the January date could create a real hardship for a lot of people. He realized this could speed up work for the department, but he felt it was the Department of Revenue's job to serve the public, not vice versa. Mr. Wilke said the department wanted to do the right thing by the taxpayers, but they were trying to plan for reduced staff.

REP. BARDANOUVE stated he was not sure where the \$1.2 million savings came from, and he was not sure the department knew either. He felt that the compromise just meant the state would be paying money it shouldn't be paying. Mr. Wilke said the savings comes from reduced staff, from identifying workload and moving people. It was true the department did not have a perfectly completed plan. REP. BARDANOUVE wanted to know if there was a more efficient way than the current proposal. Mr. Wilke said they believed they were doing their best.

REP. FISHER asked Mr. Wilke whether the assessors had to take certification training or not since the qualifications on p. 9, lines 5-20 were stricken. Mr. Wilke said they did not.

REP. FISHER suggested that the department bring an amendment striking the language in Section 11 on p. 10 that states cities and towns will be charged.

REP. BERGSAGEL asked the department again to assure him that livestock owners would not be paying three months of double taxation. He also stated that there was an error on p. 5, line 8; the language should refer to 2-6-110(3) instead of 2-6-110(4).

REP. PECK asked Ken Morrison, Administrator, Property Assessment Division, Department of Revenue, if he had talked to the county commissioners about this bill. REP. PECK asked what the position of their association was. Mr. Morrison said they had no formal position, but he felt they were comfortable with the direction of the bill. He qualified that statement by saying there were undoubtedly some commissioners who did not want consolidation, but the compromise should help there.

REP. PECK felt Mr. Wilke was trying to avoid saying this bill would lead to regionalization. REP. PECK felt it was important to say the bill would lead to regionalization; every small county would not have an assessor like there is now. Mr. Morrison said the bill would lead to regionalization, but the department intends to maintain a local presence. REP. PECK asked then if the department would have an employee of some type carrying on the functions in that county. Mr. Morrison said that was correct. REP. PECK said that was where the savings would come, and he approved of it.

REP. NELSON asked about Section 167, p. 177, where counties had to make their decision by January 14, 1994. She wanted to know

if counties kept their elected assessor, what control would the department have over that person. Mr. Morrison said the state would initially contract with that county assessor. That contract would provide for an evaluation of the work done by that assessor. If the assessor did not meet the terms of the contract, the department would no longer assign work to that county assessor, nor would it pay any share of the assessor's salary.

REP. NELSON asked if, according to the department's amendments, EXHIBIT 2, the assessor's office would perhaps not be open as many hours as presently. Mr. Morrison said the department would be looking at those types of things, considering the needs of the citizens in the community.

REP. COBB asked Mr. Morrison if the January 14th deadline was acceptable. Mr. Morrison said the department had selected the date because of the filing requirements for the office.

REP. DEBRUYCKER asked Mr. Wilke if it was true that the counties would still furnish office space free of charge. Mr. Wilke said that was correct. REP. DEBRUYCKER asked if there were any regulations as to the quality of the office space. Mr. Wilke said there were no specific regulations, but the counties had always done well by the department. The department had anticipated in some small way helping counties remodel.

Closing by Sponsor:

REP. SWANSON thanked the Department of Revenue for their work trying to downsize government and create efficiencies. She stated that employees on the ground floor doing the work had been involved in this bill, and that, in response to REP. BARDANOUVE, was the best way to accomplish this task. She said the department was meeting with livestock owners to insure that livestock was not double taxed. She supported the department's efforts to move the date to January because in their effort to become more efficient, they might not be able to provide all the services that were provided in the past. She asked the committee to amend out the language referring to charging cities and towns. She closed by clarifying her understanding that if we are moving away from an elected assessor, we are also moving away from the need for the position title to have training. If we have a contractual agreement with the county to provide assessment duties, the contract will cover training requirements. Thus we will not allow someone to do the assessor's job without training.

HEARING ON HOUSE BILL 39

Opening Statement by Sponsor:

REP. SCOTT ORR, House District 2, Libby, stated that this bill would establish a pilot leasing program for the state motor pool. He noted that the state owns almost 6,000 vehicles. This bill

deals only with 193 vehicles in the state motor pool in Helena. His research showed that the two agencies that took the best care of their vehicle fleets were the state motor pool and the Department of Fish, Wildlife, and Parks. This bill takes one of the two best run fleets and singled it out to be a candidate for privatization.

REP. ORR stated that there have been audits in the past examining the state's operation of its vehicles. The audits have shown that we keep a state motor pool of approximately 20-40 vehicles more than we need. Audits have shown that the optimum size of the state motor pool should be 173 vehicles, which would meet the demand 94.4% of the time. In the event a vehicle was not available when needed, employees could go to another agency, rent a car, or use their own vehicle and be reimbursed. The state motor pool is run by five people: a manager, three service technicians, and a mechanic at the Department of Transportation.

REP. ORR stated that the state self-insures its vehicles for liability. Comp and collision damages come out of the budget of whatever agency damaged the car.

REP. ORR directed the committee to the fiscal note for potential savings. He felt that committee members could spend a lot of time discussing cost per mile comparisons without really knowing what they were talking about. His proposal was to lease out a small portion of the state fleet and see what happens. Every penny per mile savings that the state would realize on the leasing would save the state \$34,000 per year just on the state motor pool. Spreading that across the 6,000 vehicles in the state comes to \$1 million for each penny per mile saved. There is the potential of 4 - 5 cents per mile savings, so the state could be looking at \$4 -\$5 million savings just in per mile costs.

REP. ORR briefly discussed the last page of the fiscal note, net impact, items (a) through (e).

Proponents' Testimony: None

Opponents' Testimony: None

Questions from Committee Members and Responses:

REP. PETERSON asked whether REP. ORR was expecting much fiscal impact during the study period. REP. ORR was not.

REP. BERGSAGEL said he had just discovered that 50% of the motor pool was federally funded. He wanted to know if that cost was allocated per mile or if it was an actual acquisition cost.

Bill Salisbury, Administrator, Administration Division, Department of Transportation, said all costs are passed on on a per mile basis. REP. BERGSAGEL asked whether an agency that

receives a percentage of funding through federal funds pays for the use of those vehicles on a per mile basis, and it has nothing to do with the acquisition of the vehicle. Mr. Salisbury said that was correct.

REP. BERGSAGEL asked what the department did in 1990 when it considered cost effectiveness of privatization. Bruce Barrett, Department of Transportation, said the department sent RFIs (request for information) to 19 dealers and rental agencies and advertised in four major newspapers. They received two responses.

REP. BERGSAGEL asked if the department included maintenance in its RFIs. Mr. Barrett said the department requested information on providing a fleet similar to that operated by the state on a per mile charge. One vendor said it could not possibly beat the state's cost, and the other vendor gave prices per mile which were 2-3 times higher than motor pool rates.

REP. BERGSAGEL pointed out that the fiscal note showed that the vendor in 1990 had costs of 61 cents per mile, versus 30 cents per mile for the state. He asked REP. ORR if he had comparisons that conflict with this. REP. ORR said he did. He noted that those who responded to the 1990 RFI were car rental companies. No national car leasing company has looked at this. The rates the state received in 1990, then, were "retail" rather than "wholesale." REP. ORR had a leasing company look at the 1990 bid, and that company said they could save \$20 per month in maintenance on every one of the vehicles. Enterprise Leasing estimated their per mile cost for a full sized vehicle at 20.1 cents per mile. The state's cost in 1989 was 23.65 cents. The car rental companies' cost was around 40 cents per mile. The state's cost on a compact car was 22.05 cents, while the leasing company's cost was 18.51 cents. He was hesitant to discuss per mile costs in detail because of all the factors that enter in and the lack of expertise in considering these factors. This was why he suggested a pilot program.

REP. BERGSAGEL asked if REP. ORR would object to putting a RFI into the bill first rather than establishing the privatization program regardless. REP. ORR did not object to that.

REP. QUILICI noted that over the years general government and highways have looked at the budget thoroughly. They had suggested the RFI in 1989 to see if there was a way to save money in the state motor pool. The subcommittee was satisfied in 1990 that privatization wasn't the best way to go. He noted that in Section 3, (2), p. 3, the bill provided for DOT to liquidate its current inventory of state-owned passenger vehicles. He asked REP. ORR how much would be lost in the liquidation. REP. ORR said they had used the December, 1993, NADA guide and had estimated the state would get \$1.5 million for its vehicles at auction.

REP. FISHER stated that most companies would not take the time to

respond with a complete pricing schedule just for an RFI. If a company were actually submitting a bid they could afford to take the time to submit a valid proposal. She asked why the bill took five people out of the motor pool and then put five people into procurement and printing. She didn't think it took five people to submit a bid.

Dan Gengler, Office of Budget and Program Planning, said in putting together the fiscal note, his office showed that one contract officer would be required to administer the contract. That officer was reflected in DOA; the officer probably should have been reflected in DOT.

REP. MENAHAN asked what kind of liability protection a private company would have. REP. ORR said the leasing company would provide liability and comprehensive and collision. REP. MENAHAN asked if the leasing company would also put on privately owned plates and pay the taxes on the vehicles. REP. ORR felt that would be worked out in the contract. The money would be coming from the taxpayer either way, whether the company bought the plates and paid the tax, or whether the state put plates on and the company didn't pay the tax.

REP. MENAHAN asked how often the leasing company would be required to upgrade their cars, i.e. how long the bid would be. REP. ORR replied that a leasing company has a built-in incentive to maximize the return on their cars. They do their best to get top dollar for the vehicles when they sell.

REP. GRADY asked Mr. Barrett if he felt there would be enough vehicles to service state workers in Helena. Mr. Barrett said that the current motor pool meets 84-90% of the demand for vehicles. At the last audit, approximately 18 months ago, the state had more vehicles than it needed. Those vehicles were sold at auction a year ago in October. Motor pool use in FY93 dropped, but FY92 use was the highest year ever, capping twenty years of steady increase. He noted that the fiscal note uses 1990 mileage rates applied to FY93 usage data because the motor pool continues to see an increase in use. In FY93 it dropped to about 3,870,000, but the previous year it was slightly over 4,000,000 miles.

Mr. Barrett stated that motor pool rental rates cover costs. The only time an agency was billed directly for costs is when there was negligence on the part of the operator. Current motor pool rental rates for a mid-sized vehicle (operating on 0% profit) is 13.5 cents per mile. Rates fluctuate depending on losses and gains. Of the 6,000 state vehicles, 4,000 of those belong to DOT in its general equipment fleet. Only 2,000 of those are actual highway units. The other 2,000 are sanders, plows, etc.

REP. GRADY reiterated his question about how this bill would affect the department's ability to provide vehicles. Mr. Barrett said the department had developed their maintenance schedules to

sustain the operation they have. They could cut costs by extending service intervals, but extending service intervals results in more frequent repairs. The department wanted a fleet composed of a variety of new and older vehicles so that newer vehicles could be used for longer mileage trips. He was not prepared to answer how a private firm would be able to match the department's service.

REP. GRADY asked REP. ORR if his intent was to turn management of the fleet over to a private firm. REP. ORR said his intent was to turn over the management as well. The five employees at the state motor pool would be displaced. The entire management would be done by the leasing company.

REP. WANZENRIED asked about the use of the word "privatize" on p. 3. REP. ORR didn't know if that was defined in statute. REP. WANZENRIED said the bill in Section 3 (3), p. 13 tells DOA to negotiate lease agreements with the companies who offer the most competitive contract. He asked if the department had to take the least expensive bid, regardless of quality or service. REP. ORR said he wasn't sure; counties could take the most "reasonable" bid.

REP. FISHER said that the bid proposal could require certain minimum standards.

REP. WANZENRIED said that under this bill, DOT is required to liquidate part of the motor pool and then determine if the program was working. REP. ORR said it was a pilot program in that it covered only a small portion of the state's fleet, but the bill did provide for the total liquidation of the vehicles in the state motor pool.

REP. WANZENRIED asked what would happen if the program didn't work. REP. ORR said that was why the bill takes such a small portion of the fleet. They felt the projected savings warranted a small risk. REP. WANZENRIED said he felt the state shouldn't sell its vehicles until it found out if the program works. REP. ORR said it appears that 2-3 cents per mile will be saved. He said that the Governor currently has the authority to make this action.

REP. WANZENRIED wanted someone to answer his question about whether "the most competitive proposal" could include factors other than cost. Dave Ashley, Deputy Director, Department of Administration, stated that in the RFP the department would design, the different criteria would be spelled out upon which the department would base the award. Cost would be a factor, but there would be others.

REP. WISEMAN asked REP. ORR we were "re-inventing the wheel" or if there were other states which had done a similar thing. REP. ORR said other states had done this and the results vary. REP. WISEMAN asked if there were other states where leasing companies

managed the entire state fleet. REP. ORR did not think so.

REP. WISEMAN asked why a full time FTE was needed to administer the contract. Mr. Barrett said their primary concern was that there were a number of organizations trying to get rid of their old vehicles. The FTE would keep track of contracts, billing, problems, etc. He stated that the bill in its present form appears to be in conflict with Title 2, chapter 17, as far as who is responsible for the Helena-based fleet.

REP. WISEMAN reiterated his concern about the full time FTE. He felt if the state contract required reliable vehicles, the state would not need a full time person to write a monthly check to the leasing company. Mr. Barrett said the company providing the service would bill the agency that used the service. There would be no monthly check written out of DOT. The FTE would administer the contract, maintain the standards of the contract, etc.

REP. BARDANOUVE stated that he had been in the legislature since the pool was created. There had been some problems as the state moved slowly into the pool, but it was generally agreed that the pool was the most economic way to go. He wondered why, if privatization was more efficient, the U.S. government did not have that system. He felt the government must have analyzed the problem many times. REP. ORR said he hadn't investigated the federal government's policies. He felt we owed it to the taxpayers to analyze a small portion of our fleet. REP. BARDANOUVE said the state got into the motor pool to protect the taxpayers of Montana.

REP. KASTEN asked REP. ORR if there had been any consideration given to encouraging employees to use their own vehicles at a compensated rate. REP. ORR said they had looked briefly at that option. He felt that option would need to be looked at on a case by case basis. He would expect DOA and the leasing company to work out the best use of state monies.

REP. QUILICI said the general government subcommittee had looked at this issue over the years. The subcommittee had found that the cost for a full sized car was about 28 cents per mile as opposed to 22 cents per mile for a state car. Other considerations were liability, insurance, exclusive state use, etc.

REP. FISHER said in response to REP. BARDANOUVE that some federal agencies put their own plates on leased vehicles, so there is no way to tell they are really private, leased vehicles.

REP. BERGSAGEL said the state does allow state employees to use their own vehicles at a reimbursement rate of 27.5 cents per mile. The problem they had found was that it was often a hardship on the employee who might only have one car per family.

REP. DEBRUYCKER asked Mr. Barrett if he had said a mid-sized car

cost 13 cents per mile. Mr. Barrett said FY94 rates were, for 4x4s -.2572; for sub-compacts - .1715; for mid-sized - .1364; for pickups - .1715; for vans - .2903. He mentioned the EEO aspects of this problem, stating that the department was currently retrofitting a van to handle wheelchairs at a cost of over \$7,000.

REP. DEBRUYCKER asked REP. ORR if he agreed with the figures of Mr. Barrett and the fiscal note. REP. ORR again stated his hesitancy to argue numbers because of the lack of firm data and the high degree of variables.

REP. PETERSON asked if the evaluation for the pilot program would include, as well as costs, such factors as the availability of vehicles, degree of performance, etc. REP. ORR said previous audits had done spot checks on the state motor pool.

REP. BARDANOUE stated that this committee did not like to begin programs, pilot or otherwise, without having good figures. REP. ORR said he felt the state would do better than the federal government, who was about \$4 trillion in debt.

REP. FISHER noted, regarding RFPs, when a contracting officer has a request from an agency to put out a bid, the officer goes over the specifications of what they want. They may specify they won't take any vehicle older than 1991, they won't take anything over 10,000 miles, etc. The specifications should insure reliable vehicles and also need to specify what happens if the vehicle breaks down.

REP. WISEMAN expressed his concern about selling the fleet before getting RFPs. REP. ORR referred back to REP. FISHER'S concern that companies will not spend the time necessary to prepare a credible statement merely on an informational basis.

Closing by Sponsor:

REP. ORR stated that this pilot program would take only a small portion of one of the state's best-run fleets. The program would give definitive results on which future decisions could be based.

HEARING ON HOUSE BILL 41

Opening Statement by Sponsor:

REP. BOB PAVLOVICH, House District 70, Butte, said this bill was not a "trust buster." It provides for a constitutional amendment that would divert some of the coal tax money before it gets there, i.e. 25% of the original 50%, and dedicate that money to school finance and the maintenance of state-owned buildings.

REP. PAVLOVICH said when the trust was set up, the economy in the state was great. Now there are problems in the various state industries. He stated that the bill has three parts and they

have been heard in HB 2. Funding has been taken away from the university system, K-12 education has been cut with money taken from school district reserve funds all over the state, and there is no money for maintenance of state buildings. He felt that his bill would let the people vote on these problems. He said HB 22 had cut K-12 education about \$26 million. His bill would help make up for some of those cuts. REP. PAVLOVICH stated that we needed to start using some of the money from the coal tax now before legislators were elected who did want to break the permanent trust. EXHIBIT 5

Proponents' Testimony:

REP. BOB BACHINI, House District 14, Havre, reiterated the need to take care of the state buildings now or we would have to rebuild. He felt if the legislature didn't do something, the people might take the decision out of their hands. It was important to maintain the trust, but some adjustments needed to be made.

REP. BERGSAGEL stated his support for the legislation.

Opponents' Testimony:

REP. KADAS stated his opposition.

REP. BARDANOUVE stated his opposition.

REP. PECK stated his opposition.

Questions from Committee Members and Responses:

REP. KADAS asked REP. PAVLOVICH what effect his legislation would have on interest that goes to the general fund. REP. PAVLOVICH said he assumed that some interest would be lost, but the interest rate was not that good anyway.

REP. BERGSAGEL said he thought the impact of the bill was about \$4.5 million cumulative each year.

REP. KADAS stated that there was nothing in the language of the bill that required the money be spent for maintenance.

REP. BERGSAGEL asked REP. PAVLOVICH if he would be amenable to amendments to make sure the money was spent on maintenance. REP. PAVLOVICH said that would be acceptable.

REP. ROYAL JOHNSON said he felt this bill was a step in the right direction. He asked REP. PAVLOVICH why he addressed school finance in the same bill with maintenance. He asked REP. PAVLOVICH if he would object to taking school finance out and leaving the bill to deal strictly with maintenance. He asked if REP. PAVLOVICH would have any objections to taking out the "one-third" language and letting projects be determined in order of

need. REP. PAVLOVICH had no problem with that.

REP. QUILICI thought school financing should remain in the bill.

CHAIRMAN ZOOK asked REP. PAVLOVICH for a synopsis of what the Treasure State Endowment program did to the coal tax trust fund. REP. PAVLOVICH deferred to REP. KADAS, who said that the Treasure State Endowment takes part of the flow that goes to the trust, keeps it in the trust, but puts it in another sub-fund and redirects the interest on that sub-fund. Before the Treasure State Endowment, almost all the interest went to the general fund. Some was diverted for water bonds. Now just the interest is diverted for Treasure State Endowment programs which primarily help local governments. REP. KADAS said he did not object to diverting some of the interest generated by the trust to be used for maintenance. He did object to using the principle, which was what this bill proposed.

CHAIRMAN ZOOK said it seemed to be fine to use our coal tax trust to help cities and counties maintain their sewers, deal with safety problems, etc., and he agreed with that. We seem unwilling to use monies that are directed towards the coal tax trust fund for maintenance of our facilities. It appeared to CHAIRMAN ZOOK that we were more worried about the problems that cities and counties were having and are overlooking our own responsibility toward state facilities.

REP. PAVLOVICH said you could do the same thing off this bill -- take that money and use the interest off it for the same purpose.

REP. KADAS reiterated that he would not oppose setting up an account that directs some of the interest for maintenance. He said this bill spends principle and he was opposed to that. He pointed out there was a major difference between the way the Treasure State Endowment Program works and this bill.

REP. BERGSAGEL asked REP. KADAS if it would require a 3/4 vote to set up a program like the Treasure State Endowment to fund state building maintenance. REP. KADAS replied that it would not if only the interest were dedicated.

Closing by Sponsor: REP. PAVLOVICH closed.

EXECUTIVE ACTION ON HOUSE BILL 21

Motion: REP. PETERSON MOVED HB 21 DO PASS.

Motion/Vote: REP. PETERSON MOVED TECHNICAL AMENDMENT EXHIBIT 6.
Motion carried unanimously.

Motion/Vote: REP. PETERSON MOVED HB 21 DO PASS AS AMENDED.
Motion carried unanimously.

Motion: REP. KADAS MOVED HB 30 DO PASS.

Discussion: REP. KADAS noted further information distributed by REP. LARSON. EXHIBIT 7

REP. PETERSON said she was opposed to adding notebooks of information on federal mandates onto the budget bill. CHAIRMAN ZOOK noted several options listed on p. 2 of the memo from the Legislative Council, EXHIBIT 7.

REP. NELSON noted that Jane Hamman, OBPP, felt a more workable solution was the deletion of the last sentence on p. 3 of the bill and sections (i), (ii), and (iii) on p. 4.

Motion/Vote: REP. NELSON MOVED THE DELETION OF THE LAST SENTENCE ON P. 3 AND LINES 1-8 ON P. 4 OF THE BILL. Motion carried 17-1 with REP. DEBRUYCKER voting no.

Motion/Vote: REP. KADAS MOVED HB 30 DO PASS AS AMENDED. Motion carried 15-3 with REPS. KASTEN, PETERSON, and ZOOK voting no.

Motion: REP. BARDANOUVE MOVED HB 5 DO NOT PASS.

Motion: REP. FISHER MADE A SUBSTITUTE MOTION THAT HB 5 DO PASS.

Motion: REP. FISHER MOVED AMENDMENTS hb000501.a02. EXHIBIT 8

Discussion: REP. FISHER said her amendments provide that bids would be solicited for seedlings now provided by the state nursery in Missoula and the land now used by the nursery would be sold, with 10% of the land set aside for a green belt.

REP. KADAS opposed the amendments and the bill. He stated that the area around the state nursery was fairly built up and the state nursery land was a good green area. He felt there were a number of shelter belts that would not have been planted if it were not for the economic seedlings from the state nursery. He felt there were long-term economic benefits. He felt that not all decisions should be strictly market decisions. He also felt it was clear that there were only a small number of firms that could compete in the area of providing seedlings.

REP. WISEMAN said that 144 acres at \$40,000 per acre potential sales price equaled an asset of \$5,760,000 that could be sold. At \$30,000 per acre, the land was worth \$4.32 million. He felt the state nursery should move to less valuable property to grow shelter belt trees. He supported the amendment to sell.

REP. BERGSAGEL said he had planted thousands of trees over the years that came from the state nursery. He agreed with REP. WISEMAN that the state should look for less expensive land to grow trees, but opposed the motion because the state did not now have that land.

REP. PETERSON stated that she had planted shelter belts, too, and felt they added much to the state. She said in her area there

were three or four little nurseries who couldn't provide all seedlings that were needed, but could supply as many as 10,000 seedlings. She wanted to know how small nurseries could compete. REP. FISHER said that RFPs could be broken down into smaller units to allow smaller nurseries to participate.

REP. PETERSON wanted to know if this amendment would make the work of the county extension offices more difficult. REP. FISHER said the offices could still make their requests as usual, telling the state what their needs were. Her amendments merely provide that instead of planting seedlings in expensive land in Missoula, the state go to the private sector.

REP. BARDANOUVE didn't feel that the state should sell its land merely because it is valuable. He felt if the state nursery were sold, the shelter belt program in Montana would probably be destroyed. He noted how important and scarce trees were in eastern Montana.

REP. MENAHAN felt that all areas of the state should have some open space. He stated that the Missoula land was valuable because of the nursery. If the nursery were sold, the land might become less valuable.

REP. WISEMAN reiterated that the land in Missoula was too expensive to grow trees on. He felt a reasonable way to proceed was to sell a quarter of the land to get the capital to move, purchase land in a less expensive area, get a new shelter belt nursery going, and then sell the remaining three quarters of the land.

REP. BERGSAGEL asked REP. FISHER if her amendment would change programs of reforestation after fires, logging, etc. REP. FISHER replied that there wasn't anything in the amendment that would change that program.

REP. NELSON wanted to know if the bill's sponsor was agreeable to the amendment. REP. FISHER said she hadn't talked to him.

REP. QUILICI noted that "privatization of the state nursery and grounds program is effective upon the award of a bid that results in a net savings to the state, " Section 2 (2) of the bill. He asked if there was anything in the bill that would require the bidder to perform the service as well as the state is now providing the service. REP. FISHER said this bill just would hire someone to manage the nursery.

REP. KADAS said that in order to favor this bill and be consistent, the state would have to re-evaluate all the property the state currently owns in urban areas and sell it. He felt that procedure would cause a lot of consternation around the state.

REP. PETERSON said she didn't favor selling the state land. She

liked the idea of smaller nurseries being contracted to provide portions of seedlings needed.

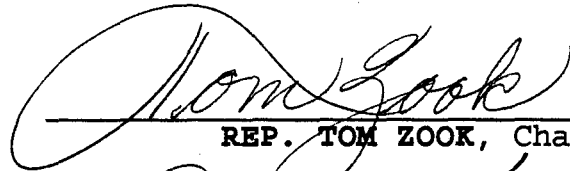
CHAIRMAN ZOOK said he would like to see the bill drafted to provide for a concessionaire. Private individuals would have the opportunity to bid on the operation of the state nursery, as is done in the park service. He opposed the amendment and the bill.

Vote: AMENDMENTS hb000501.a02. EXHIBIT 8 Motion failed 4-14 with REPS. DEBRUYCKER, FISHER, PETERSON, and WISEMAN voting yes.

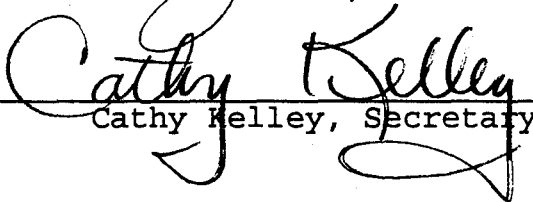
Motion: REP. QUILICI MADE A SUBSTITUTE MOTION THAT HB 5 BE TABLED. Motion carried unanimously.

ADJOURNMENT

Adjournment: 4:55 p.m.



REP. TOM ZOOK, Chairman



Cathy Kelley, Secretary

TZ/cek

**HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE**

ROLL CALL

DATE 12/06/93

NAME	PRESENT	ABSENT	EXCUSED
REP. ED GRADY, VICE CHAIRMAN	X		
REP. FRANCIS BARDANOUVE	X		
REP. ERNEST BERGSAGEL	X		
REP. JOHN COBB	X		
REP. ROGER DE BRUYCKER	X		
REP. MARJORIE 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 WANZENRIED	X		
REP. BILL WISEMAN	X		
REP. TOM ZOOK, CHAIRMAN	X		

HR:1993

wp.rollcall.man

CS-09



HOUSE STANDING COMMITTEE REPORT

December 7, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that **House Bill 21** (first reading copy -- white) **do pass as amended.**

Signed: _____

Tom Zook
Tom Zook, Chair

And, that such amendments read:

1. Page 7, line 16.

Following: "of each biennium"

Insert: ", subject to [section 3(1)(b)]"

-END-

Committee Vote:
Yes 18, No 0.

080854SC.Hcr

12-7-93
10:30

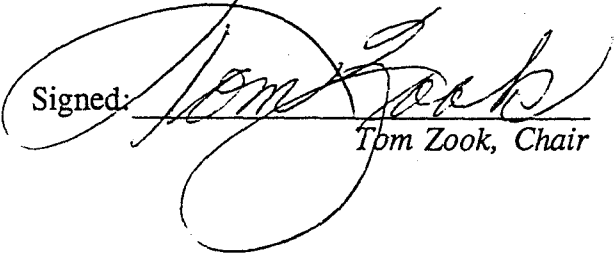


HOUSE STANDING COMMITTEE REPORT

December 7, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that House Bill 30 (first reading copy -- white) do pass as amended.

Signed: 

Tom Zook, Chair

And, that such amendments read:

1. Title, lines 7 and 8.

Strike: "AND" on line 7 through "NONCOMPLIANCE" on line 8

2. Page 3, line 24 through page 4, line 8.

Strike: "The" on page 3, line 24 through "funds." on page 4, line 8.

-END-

Committee Vote:
Yes 15, No 3.

080902SC.Hcr

del.
12-7-93
10:30

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE
ROLL CALL VOTE

DATE 12/06/93

BILL NO. HB 5

NUMBER 1

MOTION:

NAME	AYE	NO
REP. ED GRADY, VICE CHAIRMAN		X
REP. FRANCIS BARDANOUVE		X
REP. ERNEST BERGSAGEL		X
REP. JOHN COBB		X
REP. ROGER DE BRUYCKER	X	
REP. MARJORIE 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 WANZENRIED		X
REP. BILL WISEMAN	X	
REP. TOM ZOOK, CHAIRMAN		X

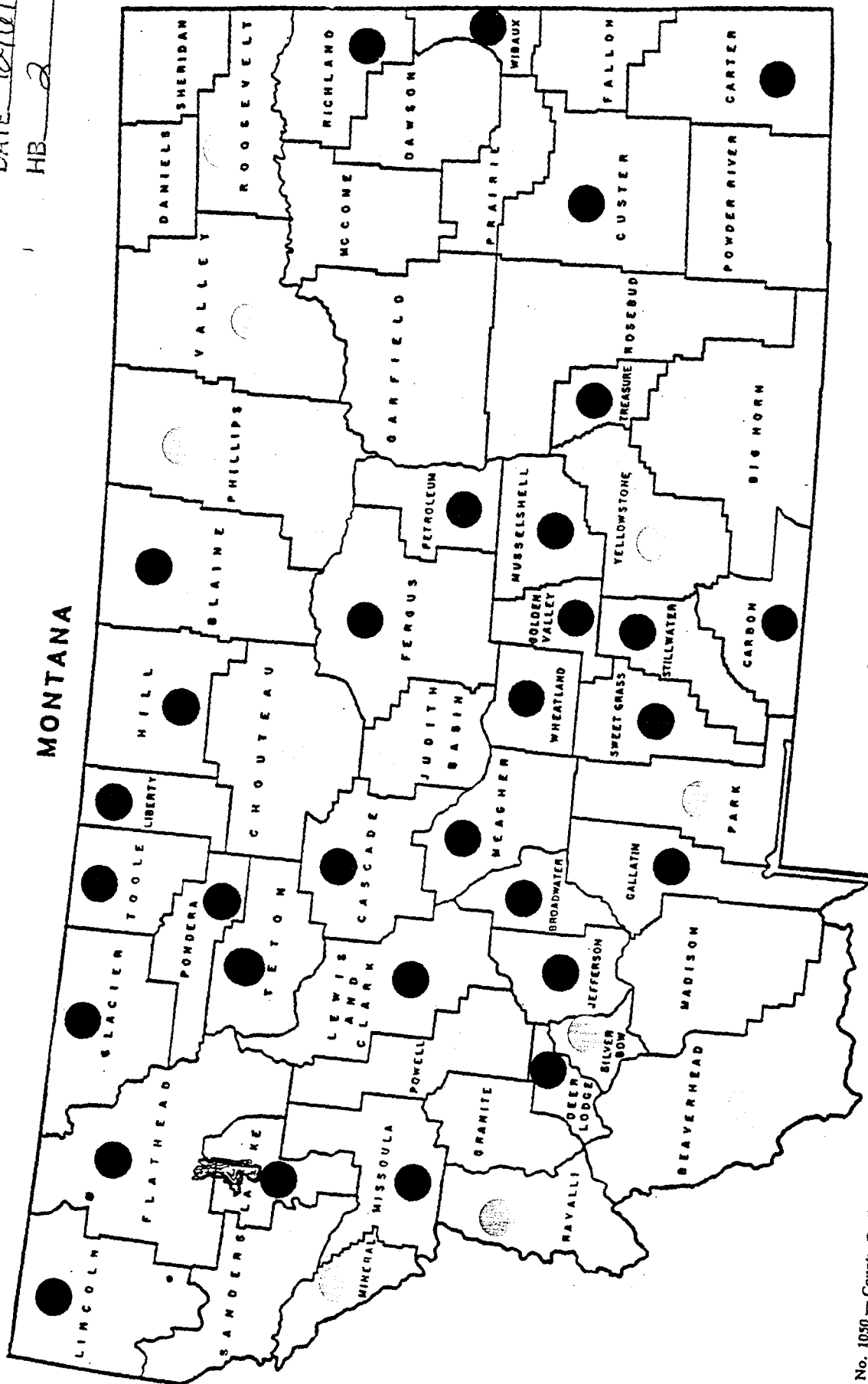
HR:1993

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CS-11

DATE 12/6/93
HB 2

MONTANA



No. 1050 — County Outline Map
State of Montana, Department of Natural Resources

- CONSOLIDATED COUNTIES
- COUNTIES REQUESTING INFORMATION ON CONSOLIDATION
- COUNTIES IN PROCESS OF CONSOLIDATING
- CONTRACTED COUNTIES

EXHIBIT 2
DATE 12/6/93
HB 50

Amendments to House Bill 50
Introduced Reading Copy

Prepared by Department of Revenue
12/ 6/93

1. Page 3.

Following: line 12

Insert: "STATEMENT OF INTENT

With the adoption of the 1972 Montana Constitution, the state assumed responsibility for the appraisal, assessment and valuation of property for property tax administration. Though the state was granted this new responsibility and authority by the Constitution, assessors were permitted to be retained by local governments to assist the state in the assessment function, acting as agents of the department of revenue. Through the implementation and use of electronic data processing and other technological advances, many of the assessment functions previously performed by county assessors have changed dramatically.

Recognizing the need to make state and local government more responsive and efficient, it is the intent of the legislature that all appraisal and assessment duties relating to property taxation be assigned to the department of revenue. This action transfers from county assessors to the department of revenue the responsibility and authority to perform any assessment functions.

Acknowledging the talents and skills of assessors, it is the intent of the legislature that current assessors may choose to become employees of the department of revenue and their respective counties may consolidate the office of assessor with another county office.

If the current acting assessor does not choose to become a state employee and the county chooses to retain the separate office of assessor, the department of revenue will, with the consent of the assessor, contract with the county for the assessor to perform specific duties as assigned by the department. If under this agreement the assessor produces satisfactory work quality and output for the department, the department will continue the contract as long as the person currently serving as county assessor retains the assessor position. The department may also contract for any successor county assessor in counties that retain the separate office of assessor to perform duties assigned by the department.

It is further the intent of the legislature that all present deputy assessors will become employees of the department of revenue with the same preferences and benefits as other state employees.

To allow for the efficient administration of the property tax appraisal and assessment, it is the intent of the legislature that the department of revenue utilize other efficiency measures such as consolidating neighboring county appraisal and assessment offices, adjustment of office hours of department field offices, and restructuring the organizational structure of the property

assessment division.

The legislature grants to the department of revenue general rule making authority for the accomplishment of these administrative changes."

2. Page 116.

Following: line 23

Insert: "Section 112. Section 15-24-902, MCA, is amended to read:

"15-24-902. Assessment of livestock. The department of ~~revenue or its agent~~ shall assess all nonexempt livestock in each county where they are located on March 1 of each year. The livestock must be assessed to the person by whom they were owned or claimed or in whose possession or control they were at midnight of March 1 in that year."

Renumber: subsequent sections

3. Page 117, line 15.

Following: "March"

Insert: "1,"

4. Page 117.

Following: line 22

Insert: "Section 115. Section 15-24-903, MCA, is amended to read:

"15-24-903. Duty of owner to assist in assessment. (1) The owner of livestock, as defined in 15-24-901, or his the owner's agent, at the time of assessment shall make and deliver to the department of revenue or its agent in for the county or counties where his the owner's livestock were located on ~~March~~ January 1, a written statement, under oath, ~~showing the listing the owner's~~ different kinds of his livestock within the county or counties ~~belonging to him or under his charge, together with a listing of~~ their marks and brands.

(2) As used in this section, "agent" means any person, persons, company, or corporation, including a feedlot operator or owner of grazing land, who has charge of livestock on the assessment date."

Renumber: subsequent sections

5. Page 118.

Following: line 6

Insert: "Section 117. Section 15-24-905, MCA, is amended to read:

"15-24-905. Livestock brought into state -- notice to department of revenue or its agent. The owner or the agent, manager, or ~~foreman~~ supervisor of any person, corporation, or association bringing livestock into this state after March 1 shall immediately after ~~said the~~ the livestock cross the state line forward to the department of revenue or its agent in the county into which ~~the livestock are moved~~ a registered or certified letter, which letter shall contain the name of the owner of such livestock, the number thereof, the brand thereon, and the ages of the same, together with the time and place at which ~~said the~~ the livestock were

brought across the state line, and the county or counties into which the livestock are moved. ~~provided that the~~ The department of livestock shall furnish at least once each month furnish from its own records to the department of revenue or ~~its agent~~ in the county into which such livestock are moved a list of the number and kind of livestock so moved, together with the name of the owner thereof.""

Renumber: subsequent sections

6. Page 52.

Following: line 21

Strike: sections 51 and 52 in their entirety

Renumber: subsequent sections

7. Page 171, line 13 through 14.

Following: "on"

Strike: "newly discovered"

8. Page 176, lines 14 through 15.

Following: "assessor."

Strike: "In any county in which the county assessor does not become an employee of the department of revenue, the"

Insert: "The"

9. Page 176, line 16.

Following: "department"

Insert: "of revenue"

10. Page 179.

Following: line 1

Insert: "NEW SECTION. Section 170. Notwithstanding 2-16-117, the department of revenue may determine by rule the office hours for property appraisal and assessment field offices located in the various counties. This section does not apply to any other offices of the department of revenue."

Renumber: subsequent sections

11. Pages 179 and 180, lines 25 through 1.

Following: "(1) "

Strike: "[Sections 161 through 167] apply"

Insert: "[Section 131] applies"

12. Page 180, line 3.

Following: "Sections"

Strike: "1 through 160, 168, and 170"

Insert: "1 through 110, 112, 114 through 115, 117 through 130, 132 through 161, 169 through 170, and 172"

13. Page 180.

Following: line 4

Insert: "(3) [Sections 111, 113, and 116] apply to tax years after December 31, 1994."

14. Page 180, line 12.

Following: "Sections"

Strike: "1 through 160, 168, and 170"

Insert: "1 through 130, 132 through 161, 169 through 170, and 172"

15. Page 180, line 14.

Following: "Sections"

Strike: "161 through 167, 169, and 171 through 173"

Insert: "131, 162 through 168, 171, and 173 through 175"

REASON FOR AMENDMENT:

The amendments make the changes in assessing livestock as of March 1 to January 1 applicable for tax years starting after December 31, 1994.

A new section is added allowing the Department of Revenue flexibility to set the office hours in county field offices to times other than 8:00 a.m. to 5:00 p.m. Under this new section the Department could reduce the office hours from the normal 8 hours per day.

These amendments allow the Department to contract with any county for assessor assistance and not just limited to those counties in which the current assessor does not elect to become any employee. This amendment permits the Department to contract in the future with counties that have had a change in assessors from the current time.

The other changes are corrections to typographical errors.

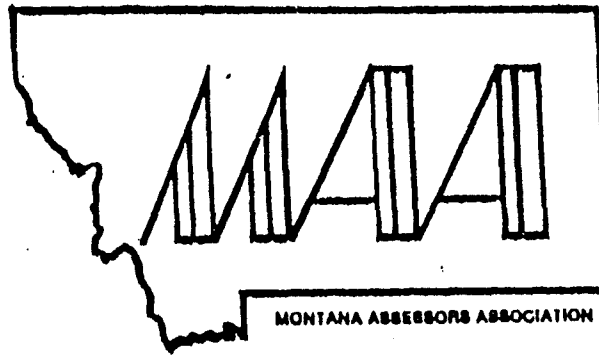


EXHIBIT 3
DATE 12/16/93
HB 50

Mr. Chairman and Members of the Committee:

My name is Cele Pohle. I am President of the Montana Assessors Association.

The Montana Assessors Association and the Department of Revenue have worked together on H.B. 50.

The Association believes that the compromises that have been reached are in the best interests of both State and County Governments.

County Government is given the option of retaining the elected assessor through a contractual agreement with Department of Revenue for the duties of the assessor.

The Deputy Assessors will become state employees and retain all their benefits.

The Department of Revenue is given flexible management of the remaining personnel so that regionalization may occur as soon as possible.

We believe that the best interests of all parties have been addressed and achieved in H.B. 50.

The Montana Assessors Association recommends a do pass on H.B. 50.

Cele Pohle
President
Montana Assessors Association

EXHIBIT 4
DATE 12/6/93
HB 50

Rosebud Co. *From Kennedy*

*Forsyth MT
356 7166*

Commissioners:
Donald Bailey
Mark Pinkerton
Duane C. Mariens

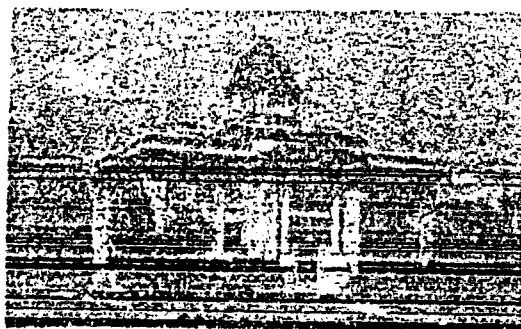
Clerk & Recorder:
Geraldine Nile

Treasurer:
Sharon Lincoln

Clerk of District Court:
Marilyn Hollister

Assessor:
Donna Kennedy

Forsyth, Montana 59327



Attorney:
John Forsythe

Superintendent of
Schools:
Sharyn Thomas

Justice of the Peace:
David J. Pelley - Forsyth
Ann Wagner - Colstrip

Sheriff:
Kurt Seward

December 6, 1993

Chairman,

Members of the Committee,

I am Donna Kennedy, Rosebud County Assessor.

As some of you are aware, there has been over the past few years a concern as to where the elected Assessor should be placed in the structure of the Property Assessment Division.

At the present time within the 56 Counties this position is at a number of points on the spectrum. Some counties have had an elected assessor consolidated with another elected office for a number of years. This then leaves the county with a state employee (the assessor supervisor) who is funded fully by the State.

There are other counties that are in the various stages of becoming consolidated which this Bill will facilitate.

Some counties are in favor of a 50/50 partnership with the State, this is also an option that H.B. 50 will accommodate.

Both to these options give each individual county and the Department of Revenue an opportunity to create the best scenario for the tax payers of that county.

I also see this legislation allowing the assessment process within each county to remain uniform throughout the state.

I would also like to take the opportunity to put before you the feeling I hold as to the importance of keeping in place the elected assessor. This elected status only strengthens the connection between the taxpayer/voter, the commissioners of each county, the Department of Revenue and as I hope you yourselves realize, the legislature.

We the elected Assessors, hold a responsibility to all of the above and in the same vein do exhibit a check and balance that has proven more than once to be a valuable asset to all of these entities.

I than would encourage a do pass on HB 50.

EXHIBIT 5
DATE 12/14/93
41

Opinion, comment

The

Official news

FRIDAY DEC - 3 - 1993

Is it raining, yet?

As state fiscal problems grow, attention turns to coal money

We tend to agree with Rep. Bob Pavlovich — if today isn't a rainy day, we've never seen one.

Back when the constitutional coal tax trust fund was established, supporters said the fund was necessary in order to accumulate a large sum of money to help the state get through "rainy days" in the future. The definition of "rainy day" was never spelled out, but many state residents and legislators define it as a time of severe state fiscal problems. Like right now.

Since 1979, half the revenue from Montana's coal severance tax has been dedicated to the trust fund, which now holds about \$500 million.

Pavlovich wants the Legislature to send a constitutional amendment to the people that would cut the amount of severance tax revenue going into the fund from 50 percent to 25 percent. Under Pavlovich's plan, the other 25 percent, about \$10 million a year, would be spent on public schools, the university system and maintenance of state buildings.

Two-thirds of the 150-member Legislature must approve the measure before it can appear on the 1994 ballot. Which gives veto power to a minority, as some folks might point out.

Sen. Tom Towe, chief architect of the trust fund concept, opposes

the Pavlovich plan. Towe points out that interest from the fund generates about \$50 million a year for state spending.

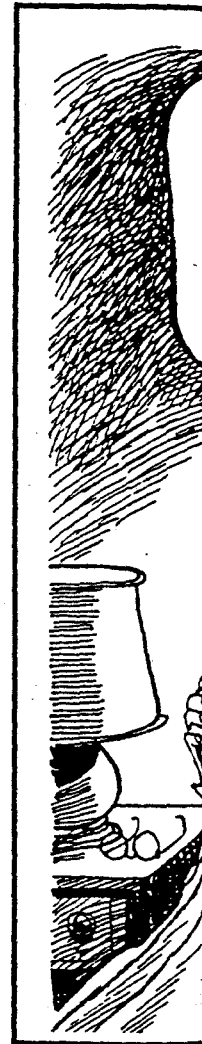
(Some trust fund critics, however, actually see that as a disadvantage. Most of the earnings of the trust can be, and are, regularly appropriated and spent. Critics say, therefore, that the fund loses the benefits of compounded growth, which otherwise would have built it into a much larger sum by now.)

The Legislature could spend part of the fund's principal if it wished. The only problem is that the constitution requires a three-fourths vote of both houses of the Legislature to do that. That gives veto power to a very small minority, as some folks might point out.

We have no real objections to spending half the money that now goes into the fund. We're not sure it ought to go to education spending, since education consumes the bulk of the state budget now, and is one of the reasons the state has the fiscal problems it does. But under the Pavlovich plan, that decision would be up to the voters.

And as Pavlovich knows, legislative disapproval of the plan wouldn't necessarily be the last word. As a Montana resident, Pavlovich is just as entitled to launch a citizens' drive to change the law or the constitution as is, say, Rob Natelson.

JEFF GIBSON



The

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weary ones. They

Our readers speak

AMENDMENT TO HB 21, INTRODUCED COPY
PREPARED BY THE DEPARTMENT OF ADMINISTRATION

1. Page 7, Line 16

Following: "of each biennium"

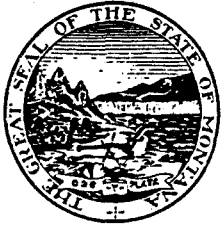
Insert: "subject to Section 3(b)"

Explanation:

1. This is a technical amendment to insert the reference to Section 3, the development and preparation of the state indirect cost recovery plan, in determining the unappropriated balance to be reverted to the general fund at the end of any biennium. Section 3(b) already includes a reference to the account's fund balance in development of the plan.

Peterson Amend

over for
Nelson amend



The Big Sky Country

EXHIBIT 7
DATE 12/6/93
HB 30

MONTANA HOUSE OF REPRESENTATIVES

REPRESENTATIVE DON LARSON

HOUSE DISTRICT 65

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COMMITTEES:
BUSINESS AND INDUSTRY
HIGHWAYS AND TRANSPORTATION
AGRICULTURE, LIVESTOCK AND IRRIGATION

MEMO

TO: MEMBERS, HOUSE APPROPRIATIONS COMMITTEE
FROM: REP. DON LARSON
RE: HOUSE BILL 30
DATE: DECEMBER 2, 1992

ATTACHED IS A MEMO FROM LEGISLATIVE COUNCIL EXPLAINING MORE FULLY THE IMPACT OF HOUSE BILL 30 ON THE BUDGET OFFICE, AND SOME OPTIONS YOU MAY WISH TO CONSIDER IN DECIDING THE FATE OF THIS LEGISLATION.

MERRY CHRISTMAS. BE GENEROUS

Senate Members
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TOM GOMEZ
SHERI S. HEFFELFINGER
JEFF MARTIN
ANDREA MERRILL

December 2, 1993

TO: Representative Don Larson

FROM: Sheri S. Heffelfinger, Researcher *SA*

RE: Request for a summary of impact of HB 30 on budget office

Bill Summary: HB 30

As currently drafted, HB 30 requires the budget director to include in the state financial plan and the executive budget a reference for each program that identifies the following information about the program:

- (1) whether the program is mandated or optional
- (2) whether the state or the federal government mandates the program
- (3) the citation to the law or rule that requires the program
- (4) if it is a federally mandated program, the penalty if the state doesn't implement the program
- (5) what percent of the program funding must come from the state (i.e. the amount of state matching funds required)
- (6) the funding source being used by the state to fund the program

Clarification

House Bill 30 does not address county budgets and programs and how state mandated programs may affect the counties. Rather, HB 30 focuses on the state budget process and how federal programs affect spending.

Impact of this requirement

The state financial plan is compiled from information provided to the budget office from each state agency. Agency program managers will have the primary responsibility of collecting the information (which they most likely do already) and of providing the budget office with the information on a form such as the attached sample form.

The budget office will then have to compile, publish, and distribute this information in its financial plan and executive budget.

Concerns

After speaking with Ms. Jane Hammond of the Governor's Budget Office, who testified against HB 30, it seems her primary concerns were as follows:

- (1) The budget office already provides the citations identifying the law or rule authorizing or mandating each program. This has been published in the state agency budget summaries during the last two bienniums.
- (2) Whether a program is mandated or not and what the sanction may be for non-compliance with a mandated program is often a hotly debated topic because different people interpret laws and rules differently.
- (3) The time and expense of publishing this information in the financial plan and executive budget.

I did not get a feeling Ms. Hammond would modify her testimony, although she seemed less opposed to at least keeping the information on file and not requiring it all to be published.

Options

- (1) Keep the bill as it is and try to clarify the bill simply requires summarizing information that is already available. The primary research burden is on agency program managers. The state budget office must compile and publish budget information anyway.
- (2) Delete the requirement on page 4, lines 4 through 6 to identify sanctions for non-compliance. Although this information is not difficult to obtain for programs that have been in place for a while and would certainly impact decisionmaking about whether to comply with mandates, it may make researching tasks easier.
- (3) Provide that this information be kept on file and available but do not require that it be published in the executive budget.

I hope this information is helpful to you. Also, if you have any questions, please don't hesitate to contact me. Lois Steinbeck is the Legislative Fiscal Analyst who responded to your original request for information and who prepared the original draft from which I worked. Furthermore, she sketched the sample matrix that I have attached. Lois has extensive experience in budget matters and is most familiar with your bill. I'm sure she too, would be happy to answer additional questions.

SAMPLE MATRIX

<u>Program</u>	<u>Mandated</u>	<u>State/Fed</u>	<u>Citation</u>	<u>Matching</u>	<u>Fund Type</u>
Nursing home care	Yes	Federal and State	CFR XXX.XXX MCA XX-X-XXX	28.98%	GF and Special (SSR)
Water quality	Yes	State	MCA X-X-XXXX	N/A	SSR

MONTANA Policy Review

EX
12
H

RELECTIONS ON LOCAL GOVERNANCE

"Whereas, the number of unfunded federal mandates on counties and cities have significantly increased during the last decade; and

Whereas, such mandates stem from federal laws and regulations that require counties and cities to provide services and programs, and perform certain responsibilities without providing federal funding for such services", etc.etc..

These propositions set forth in a recent and formal resolution of the National Association of Counties (see "MACO News", October-November, 1993 for the complete text) are widely supported by Montana's municipal and county officials. At this year's annual conference of the League of Cities and Towns as well as at a recent workshop for MACO leadership the most frequently heard buzz words were "unfunded mandates". And the phrase was usually accompanied by a slight curling of the lower lip and a certain narrowing of the eyelids. We could substitute the phrase "germ warfare" and probably elicit a comparable reaction from most of Montana's county commissioners and municipal mayors.

Unfunded federal mandates dealing with water and air quality standards, landfills, facility access, employee benefits etc. are imposed by a well intentioned but broke federal government. The effect is to shift the enormous cost of compliance and implementation to grass roots governments and to their narrow property tax bases. A recent national survey of city and county governments reported in the *Nation's Cities Weekly* (Nov. 1993) predicts that these mandated projects, programs and standards will cost local taxpayers in

excess of \$87 billion (yes, billion) between 1994 and 1998. It should come as no surprise that local officials from Lincoln County, Montana to Lincoln County, Maine (by the way, the county seat is Wiscasset) are hopping mad.

Apparently the feds got the message. Last week President Clinton signed an executive order barring the imposition of any new federal regulations on local governments unless accompanied by sufficient funds to cover the imposed costs. Parallel action is now pending in both houses of the Congress. We hope the same message will not be lost on state policy makers as yet another special session of the Montana State Legislature convenes this month to deal with the state's budget problems.

It seems appropriate to recognize the fact that Montana's local governments, already up to their ears in budget busting federal mandates, cannot now reasonably be expected to absorb cost shifting solutions to the state's revenue problems. Downloading responsibilities from the state to local government as a budget balancing strategy was wisely forsworn at the outset of the 1993 Legislative Session. A similar joint resolution early in the special session reaffirming legislative commitment to the principles of the "Drake Amendment" (1-2-212 MCA) would be much appreciated by those who govern at the grass roots. It might also be an appropriate foundation for the difficult property tax deliberations that will surely vex state local relations during what promises to be a difficult special legislative session.


Kenneth L. Weaver, Director
Local Government Center

Amendments to House Bill No. 5
Introduced Copy

Requested by Representative Fisher
For the Committee on Appropriations



Prepared by Sandy Whitney
December 1, 1993

1. Title, lines 6 and 7.
Following: "LANDS;" on line 6
Strike: the remainder of line 6 through "PROGRAM;" on line 7
Insert: "REQUIRING THAT BIDS BE SOLICITED FOR ALL SEEDLINGS FOR AGRICULTURAL SHELTER BELTS AND FOR ORNAMENTAL PURPOSES; PROVIDING FOR THE SALE OF THE STATE LANDS USED FOR THE FORESTRY DIVISION NURSERY;"
2. Page 1, lines 14 and 15.
Strike: "service provider"
3. Page 1, lines 19 and 20.
Following: "bids" on line 19
Insert: "-- sale of property"
Strike: "Operation" on line 19 through "program" on line 20
Insert: "(1) Purchase of seedlings for agricultural shelter belts and for ornamental purposes"
4. Page 1, line 21.
Strike: "service provider"
5. Page 1, line 22.
Strike: "operation"
Insert: "purchase"
6. Page 1.
Following: line 24
Insert: "(2) The board of land commissioners shall sell the property now used by the nursery program as provided in Title 77."
7. Page 2.
Following: line 5
Insert: "(3) The directive to the board of land commissioners to sell the property used by the state nursery and grounds program is effective on the first day of the month following the effective date in subsection (2)."

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Appropriations COMMITTEE BILL NO. HB 50
 DATE Dec. 6, 1993 SPONSOR(S) E. Swanson

PLEASE PRINT

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Cele Pohle	Assessors	50		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.