

MINUTES

MONTANA SENATE 53rd LEGISLATURE - SPECIAL SESSION

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chair, on December 18, 1993, at 9:45 a.m., Room 108.

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. Gerry Devlin (R)
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: None.

Members Absent: None.

Staff Present: Clayton Schenck, Legislative Fiscal Analyst
Lynn Staley, Committee Secretary

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

Committee Business Summary:

Hearing: HJR 8, HB 90, HB 39, HB 71
Executive Action: HJR 8, HB 39, HB 71, HB 90

HEARING ON HJR 8

Opening Statement by Sponsor:

Representative Bob Gervais, House District 9, sponsor, said HJR 8 would reduce state administration costs by negotiating with tribes through the state tribal cooperative agreement act to assume administration of any federally funded state program eliminated through the budgeting process. Many programs being eliminated have matching state funds and he would like to see any tribe desiring to take over those state costs being able to do so through the cooperative agreement.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Christiaens said in human services there is about a 30 percent match, and he questioned if under this agreement the tribes would pick up the state's portion of the match.

Rep. Gervais said they would if they could afford to. The tribes would also get the indirect costs which might total close to that amount.

Closing by Sponsor:

Rep. Gervais closed on HJR 8.

HEARING ON HB 90

Opening Statement by Sponsor:

Rep. Bob Gervais, House District 9, said HB 90 would allow minority businesses a preference on contract bidding. The bill was amended in the House to apply only to Indians and only in the case of a tie, which made the bill pertain solely to one business that is not subsidized by the tribe.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Aklestad asked why Native Americans are getting preference in HB 90 and the Afro Americans, Hispanics and Asian Americans were excluded.

Rep. Gervais said that was amended in the House committee. He said according to federal law, it is not illegal for Indians to have preference. It is a political rather than racial issue. In Montana, there is not a definition of Indian or Native American. There is an Indian preference bill applying strictly to Indians which would be the same as the bill that previously went through the legislature.

Senator Aklestad questioned the necessity of HB 90 if there already existed an Indian preference bill.

Rep. Gervais said HB 90 applies strictly to goods and not to services, which was the intent of the other bill.

Senator Keating said minority business enterprises are given preference with regard to their incorporation in the economic development loans and interest rates charged. He questioned if they also get help in the cost of doing business, overhead charges where there are utility preferences, taxation areas, et cetera.

Rep. Gervais said not that he was aware of. He added the company that HB 90 is directed toward cannot do business in Montana.

Senator Keating wanted clarification on why they could not do business in the state.

Rep. Gervais said in the past when the tribe had the company, they had a small business with the state. There was a quality control problem which now has been alleviated, and no complaints have been received from the out of state entities that received the goods. He concluded they wanted a preference to provide these goods to the state.

Senator Hockett questioned if HB 90 was limited to reservation businesses or if it also applied to those off the reservation.

Rep. Gervais said HB 90 as amended will only apply to one company. The other Indian companies are subsidized by their tribes.

Senator Hockett questioned if there are no property taxes assessed against the business because it is on the reservation.

Rep. Gervais said if the business is located on fee patent land, they would pay taxes. Because the federal government has title

to the land of the business in question, there would not be property taxes on this particular company.

Senator Beck noted in HB 90 that the 8 percent preference originally asked for was stricken from the bill. He questioned if the current bill would only apply if the business is tied with another bidder.

Rep. Gervais said that was correct, and added that he would like to work with the administration before the next session in trying to develop a more effective bill.

Senator Tveit said he would like clarification of the businesses on the reservation that were being subsidized by the tribe.

Rep. Gervais said he was not aware of other businesses on his reservation.

Senator Keating asked if there was any non-minority business enterprise that manufactured Montana-made products identical to products being referred to by Rep. Gervais.

Rep. Gervais said there was no company in the western United States supplying pencils. When questioned by Senator Keating, Rep. Gervais said the company had no competition in Montana.

When noted by Senator Keating that HB 90 was unnecessary because the business already had a preference, Rep. Gervais said the object was to work the bill over to see if a better bill could be produced in the next regular session.

Senator Jergeson asked if HB 90 would apply to any other companies being formed that provide goods and services and are not subsidized.

Rep. Gervais said that was correct, but at this point it is only a tie breaker.

Closing by Sponsor:

Rep. Gervais, closing on HB 90, noted that the object of the bill is to give business to a Montana company as well as getting a few people off the welfare rolls.

HEARING ON HB 39

Opening Statement by Sponsor:

Rep. Scott Orr, House District 2, Libby, sponsor, said the bill is the State motor pool privatization act, a proposal to put a small part of the state fleet out for bid to see if a private concern could provide the vehicles. It would only deal with the State motor pool of approximately 190 vehicles, about three

percent of the state's fleet of passenger vehicles and only be accepted if it showed that the bids would be cheaper than the current way. A proposal from a nationwide leasing company showed the potential for savings was anywhere from one to four cents per mile, which could amount to approximately \$34,000 of savings yearly to the state. He added if the request for the proposal prepared by the Department of Administration didn't show that it could be done cheaper, the bid would not be awarded. The departments picked for the survey because they do the best job of running their fleets were Fish, Wildlife and Parks and the State Motor Pool. HB 39 would affect approximately five employees. Too many vehicles in an agency generates excessive costs, and an audit showed that department management has been reluctant to reduce fleet size. By reducing fleet size to 170, there still would have been enough vehicles to meet demand 94.4 percent of the time. In the 5.6 percent of the time that a vehicle was not available, they would have the option of going to a different agency and obtaining a vehicle, using a rental car or being reimbursed for mileage using a personal vehicle. He said the State self-insures for liability, but for comprehensive and collision where there is an accident in which a state driver was at fault, the agency's budget is charged for that which is a general fund expense. If the vehicles were contracted out, the contracting agency would pay the insurance.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Christiaens questioned the contracting agency paying the insurance.

Rep. Orr said the State motor pool leases vehicles to individuals. Of the 190 vehicles, a good portion of them are not in the motor pool but are leased full time to individuals, and the State does all the insuring now. It is his understanding that the leasing company would provide the insurance; the state would not be providing insurance on those vehicles.

When questioned by Senator Christiaens regarding the state leasing, Rep. Orr said they are state employees that have control over the vehicles 24 hours a day, but they call them leased vehicles and they come under the state insurance plan.

Senator Weeding questioned if it had been determined that insurance costs would be less under a leasing program.

Rep. Orr said the bill addresses those agencies that have paid

into the fund in advance. If a leasing company is successful in getting the bid and the vehicles are sold, part of the funds would be used to reimburse agencies that paid into the insurance program. It would be the responsibility of the Department of Administration to determine all factors relative to this, such as insurance and whether it is cheaper for the state or the leasing company to do it. There would not be a conflict of interest in having the Department of Administration do this because they handle contracts and have the expertise.

Senator Vaughn questioned if this could be looked at in the future without HB 39.

Rep. Orr said the Governor currently has the authority to do this and he is looking for legislative direction to proceed.

Closing by Sponsor:

Rep. Orr closed. He noted it is only three percent of the fleet, and it would satisfy both those favoring privatization and those with reservations about it.

HEARING ON HB 71

Opening Statement by Sponsor:

Representative Bill Tash, House District 73, Beaverhead County, sponsor, stated HB 71 is a lump sum funding bill that would provide a pilot program for lump sum funding for departments and agencies to prove performance. The departments and agencies would set their own goals and objectives in a cost effective way which would then be brought to the appropriation committee for approval. They would be able to prove their cost effective administrative abilities and then subject to their performance audit, determine their own subsequent budget levels rather than the present level funding to qualify their next budget requirements.

Proponents' Testimony:

Jane Hamman, Office of Budget and Program Planning, testified in support of HB 71 on behalf of the administration, as a step taken in the last several bienniums to encourage agencies to generate cost savings and reduce expenditures. HB 71 addresses language currently being used to prepare for the next legislative session which is recognizing that developing performance and outcome measures will be a time consuming task for agencies. The bill recognizes those agencies that bring their budgets in with performance standards. It is designed for agencies, meaning one unit of a university system at a time rather than the entire system. She added that the budget office does not see that as eliminating restrictive appropriations for modifications, one time items, benefits.

Representative Duane Grimes, representing House District 39, testifying in support of HB 71, said in discussing this with another state, he was informed that the prioritization of agency missions or goals and objectives to obtain those missions has allowed the legislature to have an additional focus into the agencies. It would give the legislature an opportunity to look at what is being derived from every dollar spent.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Swysgood questioned priority being given to agencies, referring to page 9, lines 10 through 13 of the bill.

Rep. Tash said the purpose and intent for that is to consider agencies that don't typically have a lot of fees incorporated into their budgeting process, which likely would be the Departments of Transportation, Revenue and Military Affairs.

When questioned by Senator Forrester regarding the fees, Rep. Tash said the language does not mean the priority would go to these departments, and he added it might be somewhat misleading to mention these departments. He noted they are suggesting pilot program agencies. The intent is to encourage agencies to submit their projected budgets for a projected budget based type operation. Regarding fees, he apologized that it is misleading that an agency such as the Department of Administration should not be eligible for this program because of a large percentage of fees involved. As stated in HB 71, projected revenues will be part of what is submitted for the budgeting process, including fees or other projected revenues.

Senator Jacobson asked Ms. Hamman if this could be brought before the next legislature without HB 71.

Ms. Hamman said agencies can be asked to submit performance measures as part of their budget requests. The incentive part of doing this is the legislature going on record and stating that under certain conditions there is the potential that a partial payoff for that extra work might be a lump sum appropriation.

Senator Jacobson said that can be done with or without HB 71.

Ms. Hamman said they can but she did not know what kind of response they would get.

Senator Jacobson questioned if this had been discussed with the fiscal analyst's office that has to analyze these budgets.

Ms. Hamman said they do not see any difference in the budgeting systems, degree, amount or level of information that would be

submitted under HB 71.

Senator Jacobson said if they were given a lump sum budget, it would just have an amount.

Ms. Hamman said they would be presenting the amount by information, by the same level of detail, by controlled variable. Their recommendation would only be with regard to writing the introduced version of the general appropriations act. All backup detail and narrative in the executive budget would still be by program and would give all information.

Senator Jacobson questioned the lateness in receiving HB 71.

Rep. Tash said the lateness was because of amendments put on during the House appropriations hearing which were intended to narrow the bill somewhat to valid concerns regarding the university system.

When questioned by Senator Franklin regarding interest from the Department of Family Services (DFS), Rep. Tash said they did express an interest in it. There was discussion with DFS and they said they could be interested in submitting a projected budget, however it was not specifically narrowed to that department.

Senator Franklin questioned if there was a mechanism in choosing the pilot agency.

Rep. Tash said it will be through the appropriations department and the budget office that will consider the agencies that submit an interest in a projected budget.

Senator Waterman said it was her understanding that DFS was already doing performance objectives and focusing on their mission and goals.

Rep. Tash said all departments have the potential to incorporate this into their budgeting procedure now. It would eliminate micro-managing and give them more flexibility to exercise these type operations without quite so much oversight or appropriations involvement on a continuing basis.

Senator Waterman questioned if that couldn't currently be done.

Rep. Tash said it was his understanding that they can, but not currently provided is that ending fund balance is still part of that system.

When asked by Senator Waterman if they could keep their reversions, Rep. Tash said they would not. There would be less interest in ending fund balances because their future funding would be subject to performance audits. He added there is sometimes a question whether some of the expenditures at the end

of a budget period are as cost effective as they should be.

Closing by Sponsor:

Rep. Tash closed, stating HB 71 is one step toward reinventing government in encouraging agencies to conduct business in a more business like, less complicated manner.

EXECUTIVE ACTION ON HOUSE JOINT RESOLUTION 8

Motion/Vote: Senator Lynch moved that HOUSE JOINT RESOLUTION 8 BE CONCURRED IN. Motion CARRIED on a roll call vote.

EXECUTIVE ACTION ON HOUSE BILL 39

Motion/Vote: Senator Aklestad moved that HB 39 BE CONCURRED IN. Motion FAILED on a roll call vote.

Motion/Vote: Senator Lynch moved that HB 39 BE TABLED. Motion CARRIED on a roll call vote.

EXECUTIVE ACTION ON HOUSE BILL 71

Motion: Senator Keating moved that HB 71 BE CONCURRED IN.

Motion/Vote: Senator Lynch made a substitute motion that HB 71 BE TABLED. Substitute motion that HB 71 BE TABLED FAILED on a roll call vote.

Vote: Senator Keating's motion that HB 71 BE CONCURRED IN CARRIED on a roll call vote.

EXECUTIVE ACTION ON HOUSE BILL 90

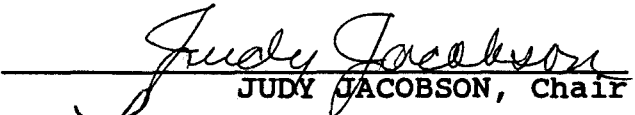
Motion: Senator Keating moved that HB 90 BE TABLED.

Motion: Senator Franklin made a substitute motion that HB 90 BE CONCURRED IN.


Motion/vote: Senator Aklestad made a motion for all motions pending that HB 90 BE TABLED. Motion CARRIED on a roll call vote.

ADJOURNMENT

Adjournment: 10:50 a.m.



JUDY JACOBSON, Chair



LYNN STALEY, Secretary

JJ/LS

ROLL CALL

SENATE COMMITTEE FINANCE & CLAIMS

DATE 12/18/93

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 SWYSGOOD	✓		
SENATOR TOEWS	✓		
SENATOR TVEIT	✓		
SENATOR VAUGHN	✓		
SENATOR WATERMAN	✓		
SENATOR WEEDING	✓		

Attach to each day's minutes

TABLED BILL REPORT

SENATE COMMITTEE James C. Davis

TABLED BILL(S) HB 39 HB 50

DATE 12/18/93

J. Davis
COMMITTEE SECRETARY

4885
PHONE

303
ROOM

HJR 8
carried

ROLL CALL VOTE ①

SENATE COMMITTEE FINANCE AND CLAIMS

BILL NO. HJR 8

DATE 12/18/93

TIME _____ A.M. P.M.

NAME

YES NO

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

Lynn Sealey
SECRETARY

CHAIR

MOTION: Senator Lynch moved
HJR 8 be concurred in.

Motion carried

ROLL CALL VOTE ⁽²⁾

SENATE COMMITTEE FINANCE AND CLAIMS

BILL NO. HB 39

DATE 12/18/93 TIME _____ A.M. P.M.

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON		✓
SENATOR AKLESTAD	✓	
SENATOR BECK		✓
SENATOR BIANCHI		✓
SENATOR CHRISTIAENS		✓
SENATOR DEVLIN	✓	
SENATOR FORRESTER		✓
SENATOR FRANKLIN		✓
SENATOR FRITZ		✓
SENATOR HARDING	✓	
SENATOR HOCKETT		✓
SENATOR KEATING	✓	
SENATOR LYNCH		✓
SENATOR TOEWS		✓
SENATOR SWYSGOOD	✓	
SENATOR TVEIT	✓	
SENATOR VAUGHN		✓
SENATOR WATERMAN	✓	
SENATOR WEEDING		✓

Lynn Staley
SECRETARY

CHAIR

MOTION: Senator Aklestad moved that
HB 39 Be Concurred In.
Motion Failed

ROLL CALL VOTE ³

SENATE COMMITTEE FINANCE AND CLAIMS

BILL NO. HB 39

DATE

12/18/93

TIME

A.M. P.M.

NAME

YES NO

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

Lynn Staley
SECRETARY

CHAIR

MOTION: Sen. Lynch moved that
HB 39 Be Tabled.

Motion carried

ROLL CALL VOTE

SENATE COMMITTEE FINANCE AND CLAIMS

BILL NO. HB 71

DATE 12/18/93

TIME _____ A.M. P.M.

NAME	YES	NO
SENATOR JACOBSON	✓	
SENATOR JERGESON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK		✓
SENATOR BIANCHI	✓	
SENATOR CHRISTIAENS	✓	
SENATOR DEVLIN		✓
SENATOR FORRESTER	✓	
SENATOR FRANKLIN		✓
SENATOR FRITZ		✓
SENATOR HARDING		✓
SENATOR HOCKETT		✓
SENATOR KEATING		✓
SENATOR LYNCH	✓	
SENATOR TOEWS		✓
SENATOR SWYSGOOD		✓
SENATOR TVEIT		✓
SENATOR VAUGHN	✓	
SENATOR WATERMAN		✓
SENATOR WEEDING		✓

Lynn Sealey
SECRETARY

CHAIR

MOTION: Senator Lynch substitute motion
that HB 71 Be Passed.

Failed

ROLL CALL VOTE

5

SENATE COMMITTEE FINANCE AND CLAIMS

BILL NO. HB 71

DATE 12/18/93

TIME _____

A.M. P.M.

NAME

YES

NO

SENATOR JACOBSON		✓
SENATOR JERGSON		✓
SENATOR AKLESTAD	✓	
SENATOR BECK	✓	
SENATOR BIANCHI		✓
SENATOR CHRISTIAENS		✓
SENATOR DEVLIN	✓	
SENATOR FORRESTER		✓
SENATOR FRANKLIN	✓	
SENATOR FRITZ	✓	
SENATOR HARDING	✓	
SENATOR HOCKETT	✓	
SENATOR KEATING	✓	
SENATOR LYNCH		✓
SENATOR TOEWS	✓	
SENATOR SWYSGOOD	✓	
SENATOR TVEIT	✓	✓
SENATOR VAUGHN		
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Lynn Staley
SECRETARY

CHAIR

MOTION: Senator Keating moved HB 71
Be Concurred In. Motion Carried.

HB 90
table

ROLL CALL VOTE⁽⁶⁾

SENATE COMMITTEE FINANCE AND CLAIMS

BILL NO. HB 90

DATE 12/18/93 TIME _____ A.M. P.M.

NAME	YES	NO
SENATOR JACOBSON		✓
SENATOR JERGESON		✓
SENATOR AKLESTAD	✓	
SENATOR BECK	✓	
SENATOR BIANCHI		✓
SENATOR CHRISTIAENS		✓
SENATOR DEVLIN	✓	
SENATOR FORRESTER		✓
SENATOR FRANKLIN		✓
SENATOR FRITZ	✓	
SENATOR HARDING	✓	
SENATOR HOCKETT	✓	
SENATOR KEATING	✓	
SENATOR LYNCH		✓
SENATOR TOEWS	✓	
SENATOR SWYSGOOD	✓	
SENATOR TVEIT	✓	
SENATOR VAUGHN		✓
SENATOR WATERMAN	✓	
SENATOR WEEDING		✓

Lynn Staley
SECRETARY

CHAIR

MOTION: Senator Aklestad moved for all
motions pending that HB 90 be tabled.
Motion Carried

DATE 12/18/93

SENATE COMMITTEE ON Finance & Claims

BILLS BEING HEARD TODAY: HJR 8

LB 90 LB 39 LB 71

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PLEASE PRINT

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VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY