

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON APPROPRIATIONS**

**Call to Order:** By **VICE CHAIRMAN GRADY**, on February 10, 1995, at  
3:00 p.m.

#### **ROLL CALL**

##### **Members Present:**

Rep. Tom Zook, Chairman (R)  
Rep. Edward J. "Ed" Grady, Vice Chairman (Majority) (R)  
Rep. Joe Quilici, Vice Chairman (Minority) (D)  
Rep. Beverly Barnhart (D)  
Rep. Ernest Bergsagel (R)  
Rep. John Cobb (R)  
Rep. Roger Debruycker (R)  
Rep. Gary Feland (R)  
Rep. Marjorie I. Fisher (R)  
Rep. Don Holland (R)  
Rep. Royal C. Johnson (R)  
Rep. John Johnson (D)  
Rep. Mike Kadas (D)  
Rep. Betty Lou Kasten (R)  
Rep. Matt McCann (D)  
Rep. William T. "Red" Menahan (D)  
Rep. Steve Vick (R)  
Rep. William R. Wiseman (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Clayton Schenck, Legislative Fiscal Analyst  
Marjorie Peterson, Committee Secretary

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

##### **Committee Business Summary:**

Hearing: HB 4, HB 266, HB 400  
Executive Action: HB 354 DO PASS

HEARING ON HB 4

Opening Statement by Sponsor:

**CHAIRMAN TOM ZOOK, HD 3, Miles City,** opened the hearing on HB 4 which appropriates money using budget amendments to various state agencies ending June 30, 1995. He introduced two amendments -- one for additional appropriations for certain state agencies and another amendment which included private funds in HB 4 for purposes of legislative review.

Proponents' Testimony:

**Dave Lewis, Office of Budget and Program Planning,** said during the interim when new money comes into state government, it goes through a review process by the Legislative Finance Committee. This bill deals with \$5.3 million of federal money received by state agencies where spending authority is necessary. There is \$400,000 from the state special revenue account and \$770,000 of proprietary funds.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

**REP. MIKE KADAS, HD 66, Missoula,** asked if Item 7 for the Department of Livestock Predator Control was a new program. **CHAIRMAN ZOOK** said it was extremely important to the livestock industry.

**Cork Mortensen, Executive Secretary, Board of Livestock, Helena,** said that the Board requested additional funding for predator control to address the situation between now and the end of the fiscal year. They have more requests this year since there are more predators and, consequently, more losses to livestock. Ranchers are entering lambing and calving seasons and have expressed their concerns.

**REP. ERNEST BERGSAGEL, HD 95, Malta,** questioned Item 6 where the Department of Family Services has additional funds increased from \$200,000 to \$600,000. **Hank Hudson, Department of Family Services, Helena,** said this was for the Crisis Nursery Project, which is a federal grant the department received. It is an important project and includes some different services. There would be 24-hour emergency drop-in services, others would be on-going childcare providers who are trained to help children living in crisis situations. These are voluntary services or for people who are referred to the department.

**Clayton Schenck, Legislative Fiscal Analyst**, stated his staff reviewed the budget amendments and did not find any issues with most of them. A number of these have language that authorize them to continue to 1996 and could be included in HB 2.

**REP. ROYAL JOHNSON, HD 10, Billings**, asked **Rod Sunsted**, **university system**, if the \$2.4 million was in addition to the \$18 million already in the 1995 budget. **Mr. Sunsted** said the 1995 budget did include this appropriation.

**REP. JOHN COBB, HD 50, Augusta**, asked **Mr. Hudson** if the crisis nursery project would run longer than 1996. **Mr. Hudson** said it was a one-time grant from the federal government. **REP. COBB** then asked about the refugee target assistance grant. **Mr. Hudson** said they received that grant to provide additional funds to job service training or people eligible for refugee assistance. **REP. COBB** wanted to know how long the grants would last, how many people would be helped and how they would decide if it worked. **Mr. Hudson** said he would get that information to him.

**REP. COBB** then asked about page 3, line 6, Crime Control Division. **Don Merritt, Chief Financial Officer, Board of Crime Control**, said that grant had specific federal guidelines. It would be divided equally, with 25% going to law enforcement, 25% to courts and prosecutions, 25% to service providers and 25% is open to the discretion of the Board. **REP. COBB** wanted assurance that the money would be used to help people and not for administration costs. **Mr. Merritt** said the intent of the funds was to help people and the money would definitely be tracked.

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**REP. MARJORIE FISHER, HD 80, Whitefish**, asked about page 4, line 11, the firefighter settlement in the Department of Military Affairs. **Will Hutchison, Legal Services, Department of Justice**, said they were retained by the Department of Military Affairs to defend the fire cases. In 1988, there was a settlement for overtime that occurred in the fire seasons of 1984 and 1985. Some firefighters had not been fully compensated for wages and the settlement amount was \$485,000. The judge has appealed to the Supreme Court and they are waiting for a decision.

**REP. BEVERLY BARNHART, HD 29, Bozeman**, asked what plans or guidelines would be used to spend the Violence Against Women grants for the Board of Crime Control. **Mr. Merritt** said they coordinate through the Department of Family Services and other state agencies to make sure services aren't duplicated. He reiterated that the allocations are divided equally, with 25% going to four places.

**REP. MATT McCANN, HD 92, Harlem**, asked about the Montana Arts Council, C&A of \$65,000. He thought they had a \$27,000 deficit and this shows \$65,000 in authority. **Karlene Lane, Montana Arts**

**Council**, said this was money reverted from the 1993 legislative session where they appropriated funds for matching federal money. The \$27,000 deficit is included in the figures.

**REP. COBB** asked about the Department of Family Services additional funding appropriation. **Dave Lewis, Budget Office**, said they were trying to keep it out of the budget base in HB 2.

**Closing by Sponsor:**

**CHAIRMAN ZOOK** said that when HB 7 passed during the special session, they probably didn't want federal money in the base, but that conflicted with statutory codes. He hoped the budget amendment process would be changed someday. In the interim, the budget amendments go to the Legislative Finance Committee after being approved by the approving authority. The committee can deny them, but 90 days later, the authority can be put in place anyway. He said the process wasted a lot of time and hoped it would be changed.

**HEARING ON HB 400**

**Opening Statement by Sponsor:**

**REP. WILLIAM RYAN, HD 44, Great Falls**, opened the hearing on HB 400 which establishes a new construction program for the Department of Transportation. This bill would fund construction of large-scale projects statewide. A gas tax of 3¢ per gallon would be put in the special revenue account. The department would have the flexibility to designate which improvements would be made. Funds in the account would be carried over from one year to the next to use on large new construction projects with maximum federal matching funds. **REP. RYAN** thinks about \$14.5 million a year would be deposited and that would secure about \$97 million in federal money. **EXHIBIT 1**.

**Proponents' Testimony:**

**REP. DIANA WYATT, HD 43, Great Falls**, said Montana is very limited with federal matching money as the shape of Congress changes and she felt Montana needed this vehicle to improve the roads. Montana has routes people use that span from Canada to the southern California border and into Mexico. We should set aside the state share and have the matching federal funds. She is certain that the department will be successful in their creativity in allocating the necessary money statewide.

**Opponents' Testimony:**

Tom Barnard, Administrator, Engineering Bureau, Department of Transportation, is not sure he is a proponent or an opponent. His department thought the money in this bill would only be used as the state share to match federal funds. Based on 13% state, 87% federal match, it means that it would take all of their construction federal aid funds to match this state fund. That, in turn, would eliminate the federal aid urban program, the secondary program and their ability to do overlay work. Conversely, if the intent of the bill was to set up a new state budget program to perform major reconstruction projects, the department is in full agreement.

**Questions From Committee Members and Responses:**

REP. BETTY LOU KASTEN, HD 99, Brockway, asked REP. RYAN to define large-scale projects. REP. RYAN said large-scale projects would probably include highway interchanges and interstates, but the department would have the flexibility to make those decisions. REP. KASTEN asked if the projects would be over \$100 million and if they would exclude any roads in eastern Montana. She said they don't need that much money, but they do need roads. Mr. Barnard said the department's opinion of a large-scale project is over \$10 million because there are fewer contractors who can bid those higher jobs.

REP. JOHN JOHNSON, HD 2, Glendive, referred to Exhibit 1, and asked why there weren't any large-scale projects shown on the map. He referred to subsection (3) on page 1 where it says the department shall administer a program to initiate, plan, design and carry out new construction projects to benefit large numbers of vehicles as opposed to local economic development. REP. RYAN said the intent was economic importance to the state of Montana, whereby they would build roads that would be used to haul grain or for trade traffic. REP. JOHNSON said the north/south trade corridor from Mexico to Canada is the road through Great Falls and Shelby. Eastern Montana sits directly in a trade corridor from Regina to Denver and then to Mexico, and they only need about a 50-mile stretch of road fixed. They have tried to get that development but it seems to be low priority project. He asked REP. RYAN if he thought this bill would include trade corridors and he agreed. He felt the economic significance was very important.

REP. MARJORIE FISHER, HD 80, Whitefish, asked where the 3¢ gas tax was used before. Mr. Barnard said there were two parts to the highway reconstruction program: (1) federal aid program, which fluctuates from year to year. This year, the federal aid obligation authority is \$158 million. The state match requires some of that money at about 13%. (2) \$20 million a year is for the state-funded program, which is a carryover from the reconstruction trust fund approved by the 1983 Legislature. It

is referred to as the RTF program but, in reality, is just a state-funded construction program. Currently, \$5 million goes to preservation on routes that the department maintains and the other \$15 million goes to the secondary program. He then said he wasn't sure where the 3¢ gas tax was used in the past.

**CHAIRMAN ZOOK** said during the last session, the Great Falls to Billings road was studied and he wondered what the conclusion was. **Mr. Barnard** said he didn't have it with him, but generally, that highway is in good condition, with some small sections needing repairs. **REP. GRADY** thought that study had been for a four-lane road or an interstate.

**REP. WYATT** said the plans are in place for five years on what should be done with the secondaries. This bill is a vision of the future to plan the state funds to match federal funds.

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**CHAIRMAN ZOOK** asked if anyone knew the results of the study as to how much the Great Falls-Billings road would cost. **REP. WISEMAN** said he thought it was \$525 million for an interstate, but a four-lane would cost less.

**Closing by Sponsor:**

**REP. RYAN** said there were roads that the state will need to rebuild sometime in the future. They need to "take the bull by the horn" and plan for it themselves. It is for the good of Montanans.

**DISCUSSION ON COMMITTEE BILL**

**Clayton Schenck, Legislative Fiscal Analyst**, explained the committee bill on double appropriations, also known as the 'truth in reporting' bill. **SPEAKER MERCER** asked **Mr. Schenck** to report on the process. **SPEAKER MERCER** had met with staff from the Budget office, Legislative Fiscal Analyst office, Legislative Auditor, and the accounting division from the Department of Administration. They wrote a draft to redefine the statute that defines an appropriation and eliminates references to enterprise fund types or internal service fund types from the definition of appropriation. In other words, they would not need an appropriation from these types of funds. Concern was raised about maintaining legislative oversight of those funds, so it was determined that language would be placed in the bill to address the need for a review of those accounts. It would also address the fact that the fees charged by these funds would be reviewed and approved by the legislature; those are fixed costs that go into the agencies' budgets. It would include provisions and

review by the Legislative Auditor and the Governor could include an analysis of these accounts even though they wouldn't be appropriated. There would also be a provision to require any new funds be approved by the accounting division in the interim. Any increase in operating expenses would have to be approved by the approving authority or budget office. **Mr. Schenck** explained that this is only a means of control the legislature required. They also discussed fund transfers within funds and would check HB 2 to see where some could be eliminated. Another important aspect of the bill would be for the people of Montana to see what the total expenditures are after double appropriations are removed. The draft would be reviewed by the committee before it is introduced.

**REP. JOE QUILICI, HD 36, Butte**, said that local governments look at proprietary accounts and if there are no more proprietary accounts, he wondered how the legislature would keep track of the fixed costs, such as network fees, rent fees, etc. He was also concerned about the process they would use to track fees. **Mr. Schenck** said that General Government subcommittee does the majority of proprietary funds since they deal with the Department of Administration. There would no longer be appropriations for divisions such as General Services, ISD, or any divisions that do internal services, but that the committee would still look at the fees and have to approve them. A fee rate would be established for audits, rent, etc., that would provide a measure of control. **REP. QUILICI** still questioned how they would be able to control internal service funds. **Mr. Schenck** said they would have fee rates to follow and the legislature would be able to track the rates.

#### HEARING ON HB 266

##### Opening Statement by Sponsor:

**REP. RED MENAHAN, HD 57, Anaconda**, opened the hearing on HB 266 which appropriates \$10 million to the state prison to construct housing units for inmates. They also intend to use inmate labor for construction since the unions are in agreement with that process. With the "two strikes and you're in" belief, they will be needing more space for inmates. This proposal, plus the proposal in Great Falls, would give the state 500 more cells with double bunks.

##### Proponents' Testimony:

None.

**Opponents' Testimony:**

None.

**Questions From Committee Members and Responses:**

REP. ROYAL JOHNSON, HD 10, Billings, asked how the \$10 million would be used. REP. MENAHAN said the A&E Division at Department of Administration would draw up the plans.

**Closing by Sponsor:**

REP. MENAHAN said with inmate labor and good planning, they intend to build this housing unit for the least possible cost to Montana taxpayers. CHAIRMAN ZOOK asked when the amounts would be available. REP. MENAHAN said A&E staff indicated they would get them to him as soon as possible.

**EXECUTIVE ACTION ON HB 354**

**Motion:** REP. KADAS MOVED HB 354 DO PASS.

**Discussion:** REP. KADAS said this was the microbusiness bill that increases amounts for a microbusiness loan. REP. VICK asked who oversees the loans to make sure people don't default. It was also unclear to him who would approve the loans. REP. KADAS said the Missoula area had more loans than other areas because they seem to support small businesses. Lynn Robson said the 1991 Legislature authorized \$250,000 for loans to microbusinesses. This bill would appropriate \$3.2 million to the Department of Commerce from the coal severance tax for the program. This would also require a three-fourths vote to pass since it uses coal severance tax money.

REP. JOE QUILICI, HD 36, Butte, remarked that the bill is being amended to organize a committee that would represent all of the people. They have added two people with expertise in the microbusiness field, one would be a minority and one low income person. Ms. Robson said that 10% of the borrowers are from low income and 5% are Native Americans.

REP. KASTEN asked how much more money they would need in addition to this bill. Ms. Robson said this would let them break even. REP. KASTEN wanted to know what percentage would be used for administration costs. Each microbusiness pays the Department of Commerce 3¼% with an umbrella of 10%. REP. KASTEN then asked what interest was paid on the loans. The Department of Commerce loans money at 3¼% to the community and then the Microbusiness



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February 10, 1995

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Development Council makes loans to borrowers above the market interest rate. They did not want to compete with banks so kept it between 1-3% over market rate.

REP. KADAS said he carried the bill in 1991 and was satisfied with the development of the program. The program has paid for itself in terms of economic development. REP. KASTEN was not sure the state should be involved in this type of program. She thought it should stay in the private sector.

REP. ROYAL JOHNSON, HD 10, Billings, asked if the program is intended to return any money back to the coal tax trust. The bill did not require the money to be paid back at any certain time. Ms. Robson stated she was sure none would be paid back before 10 years. REP. JOHNSON was concerned that the program taps the coal tax with no return for 10 years or more. He thought that was a risk for the coal tax.

Vote: Motion that HB 354 Do Pass carried 12 - 6 on a roll call vote, with REPS. BERGSAGEL, COBB, FELAND, ROYAL JOHNSON, KASTEN and VICK voting no.

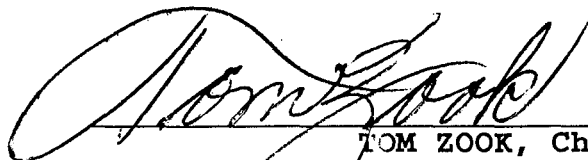
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ADJOURNMENT

Adjournment: 5:40 p.m.



TOM ZOOK, Chairman



MARJORIE PETERSON, Secretary

TZ/mp

# HOUSE OF REPRESENTATIVES

## Appropriations

ROLL CALL

DATE 2-10-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Tom Zook, Chairman	✓		
Rep. Ed Grady, Vice Chairman, Majority	✓		
Rep. Joe Quilici, Vice Chairman, Minority	✓		
Rep. Beverly Barnhart	✓		
Rep. Ernest Bergsagel	✓		
Rep. John Cobb	✓		
Rep. Roger DeBruycker	✓		
Rep. Gary Feland	✓		
Rep. Marj Fisher	✓		
Rep. Don Holland	✓		
Rep. John Johnson	✓		
Rep. Royal Johnson	✓		
Rep. Mike Kadas	✓		
Rep. Betty Lou Kasten	✓		
Rep. Matt McCann	✓		
Rep. Red Menahan	✓		
Rep. Steve Vick	✓		
Rep. Bill Wiseman	✓		



## HOUSE STANDING COMMITTEE REPORT

February 13, 1995

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Mr. Speaker: We, the committee on Appropriations report that **House Bill 354** (first reading copy -- white) do pass.

Signed: \_\_\_\_\_

*Tom Zook*  
Tom Zook, Chair

213

Committee Vote:  
Yes 12, No 6.

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**HOUSE OF REPRESENTATIVES  
54TH LEGISLATIVE SESSION - 1995**

**ROLL CALL VOTE**

**APPROPRIATIONS COMMITTEE**

DATE 2-10-95 BILL NO. HB 354

MOTION Rep. Kadas moved HB 354 Do Pass.  
motion carried 12-6.

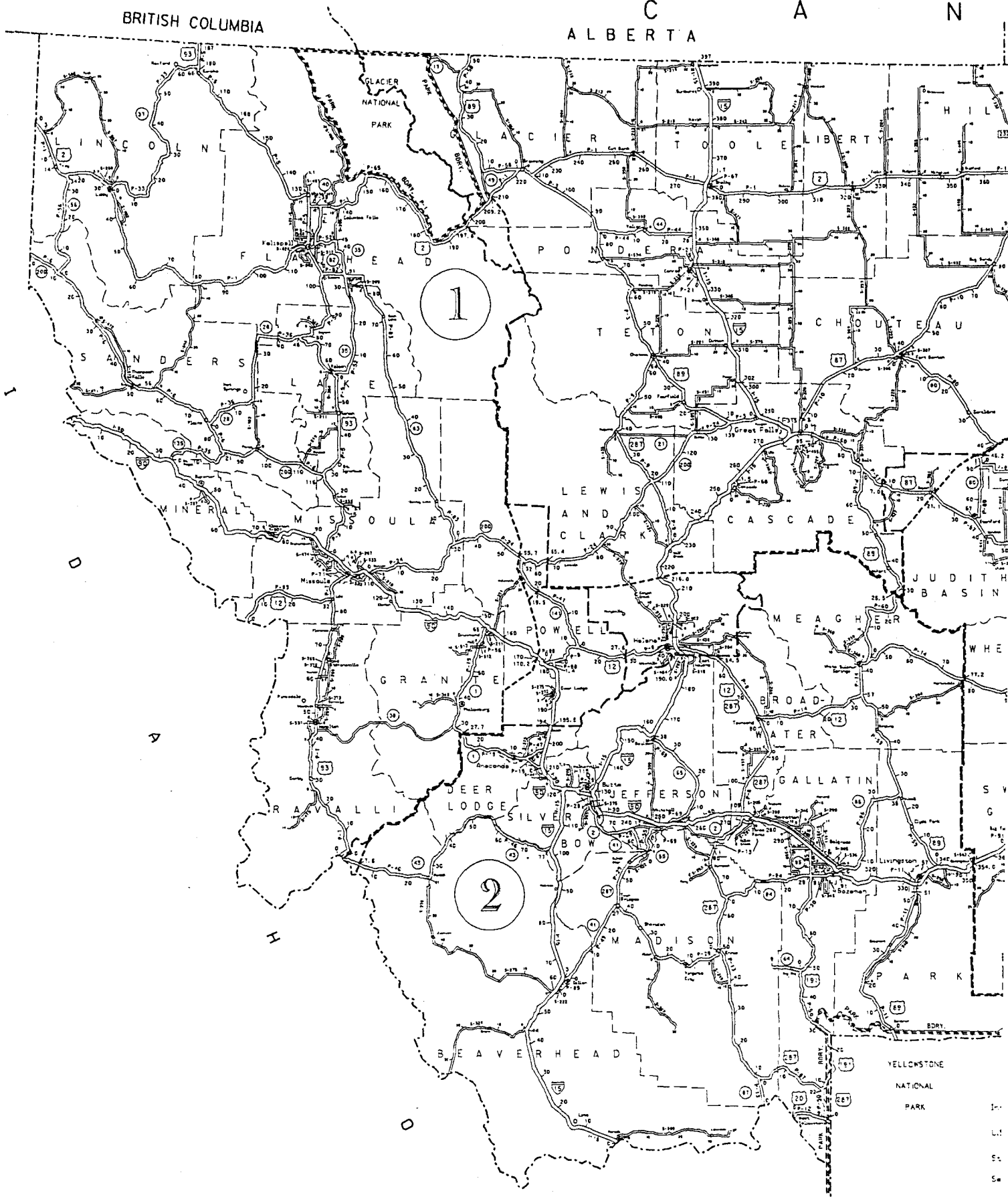
NAME	AYE	NO
Rep. Ed Grady, VICE CHAIRMAN, MAJORITY	✓	
Rep. Beverly Barnhart	✓	
Rep. Ernest Bergsagel	✓	
Rep. John Cobb	✓	
Rep. Roger DeBruycker		✓
Rep. Gary Feland		✓
Rep. Marjorie Fisher	✓	
Rep. Don Holland		✓
Rep. John Johnson	✓	
Rep. Royal Johnson		✓
Rep. Mike Kadas	✓	
Rep. Betty Lou Kasten		✓
Rep. Matt McCann	✓	
Rep. Red Menahan	✓	
Rep. Joe Quilici, VICE CHAIRMAN, MINORITY	✓	
Rep. Steve Vick		✓
Rep. Bill Wiseman	✓	
Rep. Tom Zook, CHAIRMAN	✓	

BRITISH COLUMBIA

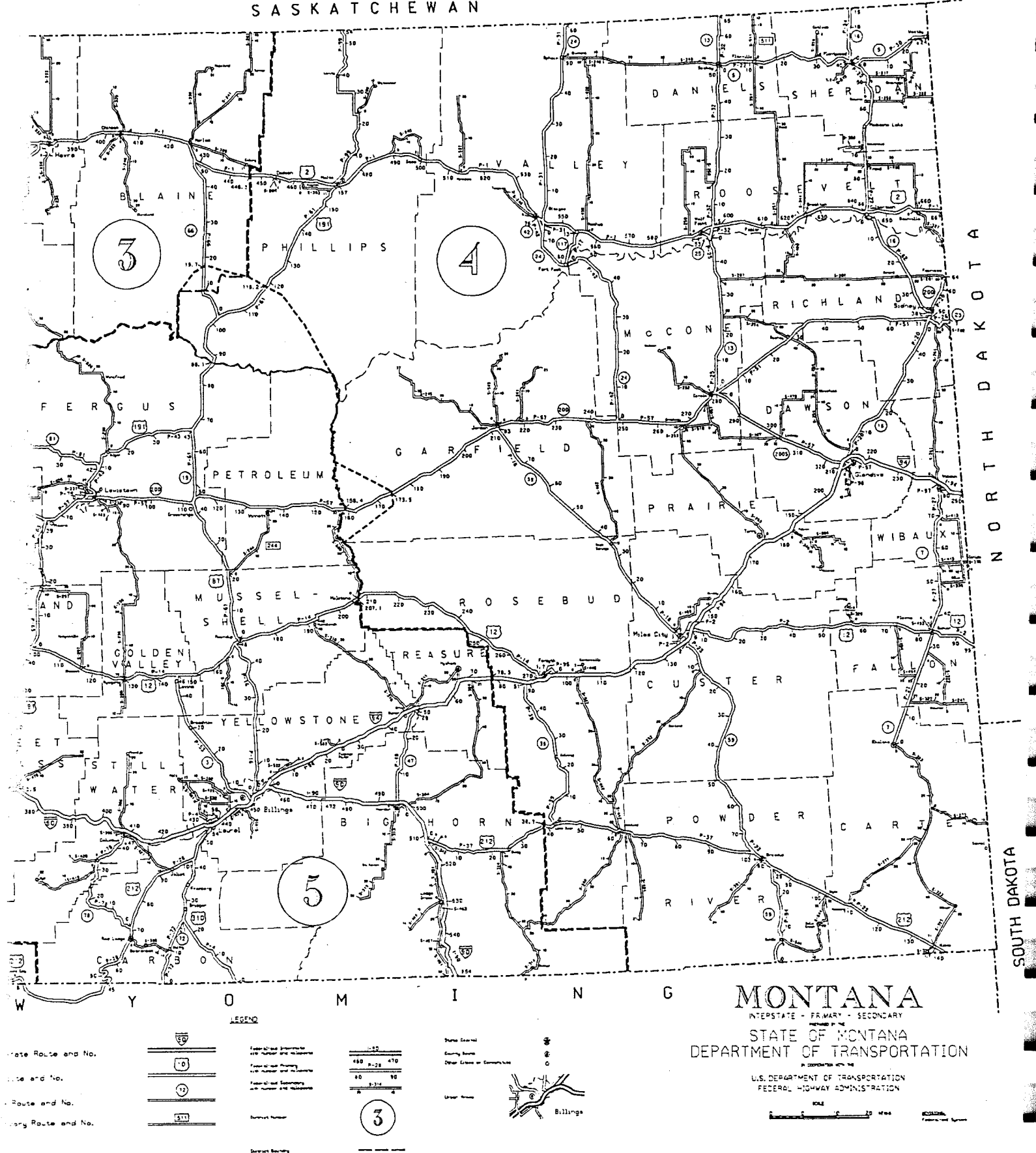
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SOUTH DAKOTA

## VISITOR'S REGISTER

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