

MINUTES

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

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN TOM ZOOK**, on January 3, 1995, at
2:00 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 14, HB 20, HB 35
Executive Action: HB 14 DO PASS

HEARING ON HB 20Opening Statement by Sponsor:

REP. BOB PAVLOVICH, HD 37, Butte, introduced HB 20, entitled "An Act Increasing the Allowance for the Shipping and Raising of the Headstones Provided by Congress for Veterans; Appropriating Money to the Department of Administration for This Cost; Amending Section 10-2-501, MCA; and Providing an Effective Date." **REP. PAVLOVICH** stated that the current allowance of \$30 per headstone does not cover the cost of shipping and raising the headstones at the grave sites. Due to inflation and raising costs, the current charge is \$70, making a difference of \$40 per headstone that is paid by the veterans' families.

Proponents' Testimony:

Jim Jacobson, Administrator with the Montana Veteran Affairs Division, noted there are 100,000 veterans in the state of Montana. The counties offset funeral expenses by reimbursing the families with \$250. When a veteran passes away, the federal Veterans Administration procures the stone, engraves it as the family desires and ships it to the proper county. It is then moved from the funeral home to the grave site and properly placed on the grave. There are already a multitude of fees charged by the counties and deposited in various accounts to the state treasurer. He proposed the county treasurer deduct the \$40 from their check to the state treasurer to eliminate administrative burden and unnecessary paperwork. There will be about 1,200 veterans' headstones needed each year, which would equal \$48,000 from the general fund each year. At the present time, the veterans' families are paying the \$40 difference.

Joe Brand, State Chair for the Veterans of Foreign Wars, recommends endorsement of this bill as the cost of living has increased so greatly the county has had to share responsibility for the costs.

Dick Baumberger, Disabled Veterans of Montana, supports HB 20. This bill gives the veterans' families a chance for a decent burial no matter what their economic status is.

Hal Mansen, American Legion, stated he was associated with the Veterans Affairs legislative committee in the interim. This bill helps families of veterans take care of their costs and he urges passage of this bill.

Dave Brown, United Veterans Council, Butte, was also associated with the legislative committee and supports this bill.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. ROGER DEBRUYCKER, HD 89, Floweree, asked REP. PAVLOVICH to clarify the costs to the county and state. REP. PAVLOVICH stated that the county would pay \$30 and the state would pay \$40 per headstone to equal the \$70.

REP. JOHN COBB, HD 50, Augusta, stated that he couldn't understand why the counties didn't just pay the costs -- why the state had to make up the difference. Before the session is over, he suggested the legislature may give the counties some money back from state mandates. The counties could then pay the total \$70.

REP. PAVLOVICH stated he had no problem with that if the counties had the funds.

REP. MIKE KADAS, HD 66, Missoula, asked who was paying the difference now and if the mortuaries were losing money. REP. PAVLOVICH stated that families were paying the extra charges at this time.

Closing by Sponsor:

REP. PAVLOVICH closed saying that the bill is a small bill, only \$96,000 for two years and if REP. COBB finds the lump sum for the counties, that would be agreeable, also.

VICE CHAIRMAN JOE QUILICI, HD 36, Butte, assumed the Chair so Chairman Zook could present HB 14.

HEARING ON HB 14Opening Statement by Sponsor

CHAIRMAN ZOOK opened the Hearing on HB 14, entitled "An Act Appropriating Money to the Department of State Lands for Fiscal Year Ending June 30, 1995; and providing an immediate effective date." He believed that everyone was aware of the fire season this last summer and what it had done to the state's funds. HB 14 is a supplemental bill, the Department of State Lands (DSL) is out of cash and needs to meet the payroll in two weeks. "The bottom line is we need to pass this bill." He hopes the subcommittee will deal with their budget. REP. ZOOK stated that he knew of instances that deal more with the federal government

than with state government as far as expenditures. In one fire district in eastern Montana, they just bought a new bus for \$200,000 and get \$300/day to be on a stand-by basis for firefighters. That will probably be dealt with at another time. Aside from that, this is a necessary bill.

Proponents' Testimony:

Bob Kuchenbrod, Administrator of Central Management Division, Department of State Lands, Helena, stated the department has spent a lot of money on fires this summer and the Division Administrator from Forestry Division is also here to help answer any questions. The reason **Mr. Kuchenbrod** is here is to inform the committee that **REP. ZOOK** is right, they are out of money in Department of State Lands. Their operations money had been spent for personal services and equipment to fight the fires. They have expended \$6.5 million of their budget for that purpose, and they have deleted the money in the general fund in the Forestry Division almost to zero. In order to be operational they need to have this bill passed quickly and appreciate the committee addressing this issue as quickly as they have. They have also used the Governor's emergency fund of \$7.4 million to help pay for the fires. It adds up fast and the department is concerned with where the money comes from. Their approach on this is HB 14 for \$5 million and HB 3 for \$7.7 million. This one (HB 14) would pick up their costs that were incurred through operations and the second one, probably be the end of March or early April, would cover those costs incurred from the Forest Service, Bureau of Land Management, Bureau of Indian Affairs, etc. Their audits of the fire season wouldn't be available until probably the end of March.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. KADAS wanted to clarify the situation stating that DSL is out of cash and wouldn't have the audits of the costs of the fire season finished until the end of March. That is why this supplemental bill is being heard now and the other bill will be heard when the audits are finished. **REP. KADAS** asked if this is just a supplemental by itself or if there would be another supplemental in March.

REP. ZOOK indicated that he was not aware of that. This is the only bill he is involved in for the fire season. **REP. KADAS** then asked if there are any other supplemental bills besides the fire costs. **REP. ZOOK** answered that it was, but he didn't know the number of the bill at this time. HB 3 is a supplemental bill for

\$7.7 million for forest fires. He will visit with them before that bill is scheduled for a hearing.

REP. KADAS wanted to know if there were three different bills. **REP. ZOOK** emphasized that the supplementals amount to about \$18 million, with HB 3 for \$11 million and HB 14 for \$5 million; so there is a possibility that the remaining \$3 million will be in another bill.

REP. QUILICI stated it was his understanding that some of these bills will be coming into some of the joint appropriations subcommittees and that not all pertain to the fire season.

Closing by Sponsor:

REP. ZOOK closed the hearing on HB 14.

HEARING ON HB 35

Opening Statement by Sponsor:

REP. JOHN COBB, HD 50, Augusta, introduced HB 35, entitled "An Act Authorizing the Approving Authority to Allow an Agency to Transfer Appropriations from the First Fiscal Year of a Biennium to the Second Fiscal Year of a Biennium; amending section 17-7-304, MCA and providing an effective date." He stated that the existing law states that the money left at the end of a fiscal year must revert to the accounts from which it came. State agencies have in the past spent \$27 million accruing funds for equipment, personal services, etc. at the end of a fiscal year. This law will allow agencies to transfer funds from the first fiscal year of a biennium to the second, giving flexibility to good managers. When the fiscal year ends, the money left is being used on personal services, equipment, etc. There are three ways to use money left in an agency's budget: (1) revert back to the accounts from which it came; (2) spend it on personal services, equipment, etc., and (3) accruals (spend the money now, but don't get equipment until the next fiscal year. One session in which the legislature did not allow the agencies to accrue this money, \$10 million showed up in the budget. **REP. COBB** wants to allow agencies to transfer to the second fiscal year in the biennium which would, in essence, create a biennial budget. An agency would contact the budget office and tell them what amount they would like to transfer. But, if an agency doesn't want to move money back and forth from one fiscal year to the next, they need to specifically tell the budget office. The universities usually don't revert money so they aren't concerned with them at this point.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. MIKE KADAS wanted to know if the agencies would be using actual expenditures would the base would be for the second fiscal year.

Clayton Schenck, Legislative Fiscal Analyst, stated it would have to be determined and should be a part of the bill if it is a direction the legislature wants to provide or be determined by the Budget Office and the Legislative Fiscal Analyst Office. The most reasonable method would be to use the base before the money gets added to it from another fiscal year.

REP. KADAS then asked what happens in the opposite case when an agency transfers from the second fiscal year to the first fiscal year -- what would happen to their base for the next budget calculations.

Clayton Schenck responded by stating that generally if it's moved back it can be built into the base. He cited an example of the postage costs that just went up 3 cents on January 1. For agencies with high postage costs, they weren't budgeted for that; but it would probably be included from then on as an ongoing expense. If it is a supplemental for one time only, then it is not included in the base.

REP. JOHN JOHNSON, HD 2, Glendive, stated that at times the community colleges are considered part of the university system and other times they are not. He wanted to know where this bill places them.

REP. COBB stated that the university system funds revert to an account held by the Board of Regents. If a community college is included in the university system then they would also revert funds to the Board of Regents. **REP. COBB** will check on this and introduce an amendment if needed.

REP. ROYAL JOHNSON, HD 10, Billings, said he understood that when you move money from one biennium to another, it could create problems. We're in a situation right now with the university system that has made substantial moves from FY 94 to FY 95, and we have to be careful with an open invitation to all departments. The university system is on a unit basis and there is a lot of opportunity for problems we don't foresee. If the legislature tells the department to cut their budgets, could they come in with supplementals for the next year, and how would we handle this situation -- would we refuse the supplementals? This is an opportunity to open up a lot of avenues we aren't sure we can handle.

REP. COBB stated that since the legislature only meets every two years, why not have biennial budgets. We are just allowing agencies the flexibility to move the money without having to accrue the money at the end of the fiscal year.

Clayton Schenck made a point of clarification. He mentioned that we now have an annual appropriation system, and if you want to make a biennial appropriation, that would be an exception and should be so designated in HB 2. HB 2 might need an amendment written to include this. Also, if you didn't want a biennial appropriation, you would have to make an exception for it in the bill. There are some times when you would want an exception. The appropriations act does not have the effect of statutory law and there might be a problem with trying to make that restriction in HB 2; while this bill would give agencies the authority to move the funds back and forth, there might be a need for an amendment to clarify that you can make that restriction in HB 2.

Closing by Sponsor:

REP. COBB closed by saying that if there is interest in this bill I will have two amendments written to clarify this: (1) what is the base at the end of the first fiscal year, and (2) to provide language that the legislature may restrict a fiscal year if they want to in HB 2.

EXECUTIVE ACTION ON HB 14

Motion: **REP. MENAHAN** moved that HB 20 DO PASS. **CHAIRMAN ZOOK** noted that **REP. PAVLOVICH** wanted to clarify the way the county's would pay the state. **REP. MENAHAN** withdrew his motion.


Motion: **REP. WILLIAM WISEMAN** MOVED HB 14 DO PASS.

Discussion: None.

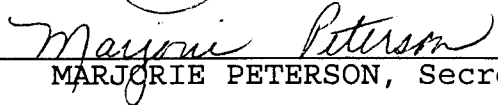
Vote: Motion that **HB 14** Do Pass carried unanimously.

ADJOURNMENT

Adjournment: 3:00 p.m.



TOM ZOOK, Chairman



MARJORIE PETERSON, Secretary

TZ/mp

HOUSE OF REPRESENTATIVES

Appropriations

ROLL CALL

DATE 1-3-95

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

January 4, 1995

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Mr. Speaker: We, the committee on Appropriations report that House Bill 14 (first reading copy -- white) do pass.

Signed:

A large, stylized handwritten signature in black ink, appearing to read "Tom Zoak".

Tom Zoak, Chair

Mr

Committee Vote:
Yes 18, No —.

031123SC.HBK

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Appropriations COMMITTEE BILL NO. HB 14, 20, 35
 DATE 1-3-95 SPONSOR(S) HB-14, Rep. Fook
HB-20, Rep. Prolonil
HB-35, Rep. C.H.

PLEASE PRINT

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Joe Brand	V.F.W	HB 20		X
Q. Lee Mauer	Amer. Legion	"		✓
Dick Baumberger	DAV	"		✓
Jim Jacobs	Montana Veterans Affili (U.S.)	HB 20		X
DAVE BROWN	United Veterans Council	HB 20		✓
BOB LUTHERBROD	DSL	HB 14		✓
ROGER HAGAN	OFFICER + ENLISTED N.G. Assoc.	HB 20		X

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