

## **MINUTES**

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

#### **COMMITTEE ON APPROPRIATIONS**

**Call to Order:** By **CHAIRMAN TOM ZOOK**, on March 13, 1995, at  
10:00 a.m.

#### **ROLL CALL**

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

Rep. Tom Zook, Chairman (R)  
Rep. Edward J. "Ed" Grady, Vice Chairman (Majority) (R)  
Rep. Joe Quillici, 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 3, HB 192, HB 268, HB 471, HB 485,  
HB 550  
Executive Action: DO PASS AS AMENDED: HB 3, HB 8, HB 268,  
HB 279, HB 390, HB 485, HB 550;  
HB 192 DO PASS, HB 222 DO PASS,  
HB 512 DO PASS, HB 267 TABLED

HEARING ON HB 192Opening Statement by Sponsor:

REP. HAL HARPER, HD 52, Helena, opened the hearing on HB 192 which has already had two hearings and was re-referred to Appropriations. This bill authorizes state agencies to work with local watershed groups and removes the necessary approval by the Board of Natural Resources for the state water plan. The bill also creates a special license plate to fund water resources education. REP. HARPER said the license plates would provide about \$15,000 a year to help local watershed workgroups. The state water plan efforts began in Montana in 1960s and there is renewed interest in it. This bill would correct public criticism with the Board of Natural Resources by not allowing the Board to amend, extend or otherwise change the state water plan. The bill encourages local communities to make their own decisions on water issues in their areas if they so require.

Questions From Committee Members and Responses:

REP. ROYAL JOHNSON, HD 10, Billings, asked how this bill would be funded. REP. HARPER said fees from the special license plates would provide funding for this bill. There is currently no funding available for this purpose other than the plates. The Director of DNRC has agreed that it is in the best interest of the local communities to make their own decisions and to form local watershed groups. Oversight could be performed by a coordination group at DNRC. REP. JOHNSON asked how it would be coordinated. REP. HARPER said one important aspect of the bill is for all the groups to coordinate and work together. Local communities have voiced their opinions that they want a chance to work together. The department is not now designated as the lead agency.

REP. GARY FELAND, HD 88, Shelby, asked if the county treasurers had testified about the addition of another special license plate. REP. HARPER said the county treasurers did not like that part of the bill.

REP. EDWARD GRADY, HD 55, Canyon Creek, asked what would happen to the bill if the funding was removed and the license plates were taken out of the bill. REP. HARPER said the license plates were included because they couldn't find another way to fund it. He also stated that the Governor wanted to use license plates to further children's interests in statewide water programs. He has also suggested having children design the plates.

REP. MATT MCCANN, HD 92, Harlem, asked what potential problems might occur if there were no lead agency. REP. HARPER said the water policy committee studied instream flows in parts of Montana and recommended certain options to local communities. The local

people decided they would be interested in making those decisions in their respective areas. None of the state agencies have trouble with this bill. They like the idea of local communities getting together and creating a working relationship with a lead agency. **REP. HARPER** also recommended that the lead organization could even possibly be a local watershed workgroup.

Closing by Sponsor:

**REP. HARPER** submitted testimony from another proponent, **Mark Simonich, Director, DNRC. EXHIBIT 1.**

{Tape: 1; Side: A; Approx. Counter: 32.7.}

HEARING ON HB 550

Opening Statement by Sponsor:

**REP. BETTY LOU KASTEN, HD 99, Brockway,** opened the hearing on HB 550 which provides improved taxpayer services to businesses by streamlining and simplifying wage-based reporting by sending those reports to one agency instead of two. A proposal will be given to the 1997 Legislature on the feasibility of integrating employer wage reporting and related functions of the two departments, Labor and Industry (L&I) and Revenue (DOR). **REP. KASTEN** is also proposing by amendment to change the funding from the general fund to the unemployment insurance administrative tax. She said the old fund liability tax is a good place to get a few dollars. The Department of Revenue has offered testimony that they are not using a lot of the old fund liability at this time. **EXHIBIT 2.**

Questions From Committee Members and Responses:

**REP. MIKE KADAS, HD 66, Missoula,** wanted justification for the \$250,000. **REP. KASTEN** said the two systems they want to integrate are such huge data systems that there is a real fear it could be done wrong. A complete and thorough study would be finalized and reviewed before any changes are considered.

**Rod Sager, Administrator, Unemployment Insurance Division, Labor and Industry,** said the systems are fairly complex. The large mainframe is an accounting tracking system and the system at the Department of Revenue, which includes 850,000 residents, has over 50% of the \$2.8 million payments recorded in the accounting area of the database. These payments have been posted to withholding and old fund liability accounts. The study will help them decide whether to use one of the current systems or develop an entirely new system. They contacted national consulting firms for ideas on projects of this magnitude. Other states confirmed the

complexity of merging these systems and cautioned them to make sure there is enough research, analysis and evaluation completed before any changes are implemented. They also need to find out if it would be feasible to modify the DOR system or have L&I merge with a new system. **Mr. Sager** agreed with the consulting firms that the new system must be cost-effective or there would be no need to change. If the study only costs \$100,000, they would not use the rest of the funding appropriated here; it would be returned.

**REP. JOE QUILICI, HD 36, Butte**, asked what the ongoing costs of the new system would be. **Mr. Sager** said the system would have three phases and referred to Exhibit 2. They will combine audit activities and have employers only use one identification number. The cost benefit analysis and results will be considered after the study is finalized. The study results and recommendations would be introduced in the next legislative session. **REP. QUILICI** asked what the benefits would be to small employers. **Mr. Sager** said it would probably be consolidated reporting and consolidating payments of withholding and employment taxes.

*{Tape: 1; Side: B; Approx. Counter: 0.1.}*

Closing by Sponsor:

**REP. KASTEN** said this is a chance to analyze the data systems, as well as what our needs will be in the future. It is a very big job and tracking these systems is extremely complex. There is also a steady turnover of small employers in the Department of Revenue's database. If they can get the study completed, the results will give us a place to start -- whether or not to consolidate.

*{Tape: 1; Side: B; Approx. Counter: 3.4.}*

HEARING ON HB 3

Opening Statement by Sponsor:

**REP. TOM ZOOK, HD 3, Miles City**, said HB 3 is a supplemental bill appropriating money to various state agencies for the remainder of FY 1995. He said there were important amendments, one which gives \$300,000 from the general fund to the Department of Corrections to begin work right away on Warm Springs for prison overcrowding. This amount will be deleted from HB 2 and added here so they can begin to use it as soon as possible. Additional funding in the LFA amendment is for payments to: the Secretary of State's office to pay for costs from the 1994 general election; the Commissioner of Political Practices for implementation of I-118 and unanticipated legal expenses; the Department of Transportation for their part in the McCarty Farms lawsuit against Burlington Northern; the Department of State

Lands for fire costs; the Department of Justice for litigation; the Office of Public Instruction for reimbursing school districts for transportation costs; the Department of Corrections for increased security at the Swan River Boot Camp and to the university system to pay general obligation bonds connected with the energy conservation program at DNRC. **EXHIBIT 3.**

**Questions From Committee Members and Responses:**

**REP. MIKE KADAS, HD 66, Missoula,** asked about the costs at the Department of State Lands. **Bob Kuchenbrod, Administrator, Centralized Services, Department of State Lands,** said his department pays for fires through their operation plan account. They borrowed money from FY 95, so part of the appropriation transfer is to repay FY 95 funds. The SBAS costs recorded are about \$10.6 million; other bills they receive from other sources, such as Forest Service, National Guard, Bureau of Land Management are about \$11.8 million, with total costs about \$23.3 million. He referred to page 2, line 2, which deletes \$7.7 million and inserts \$10.5 million. This would cover costs they are reimbursed by the federal government for and that money will be deposited into the general fund since it is already spent up-front. **EXHIBIT 4.**

**REP. KADAS** asked about the FEMA payment. **Mr. Kuchenbrod** said FEMA is the Federal Emergency Management Agency that reimburses states for costs incurred, such as floods, earthquakes, fires, etc. They will reimburse State Lands \$3.5 million for their share of the costs. **REP. KADAS** was concerned that with increased subdivisions and structures in and near forests a significant impact could occur from damages from fires. **Tim Murphy, Fire Chief, Forestry Division, DSL,** said that fires with structures cost about eight times more than other fires. He said the costs in the 1988 fires were six times as much as the average.

**REP. EDWARD GRADY, HD 55, Canyon Creek,** asked how the conditions were at this time going into the 1995 fire season. **Mr. Murphy** said it would be a matter of time until the state greens up.

**REP. GRADY** wanted to know what could be done with helping volunteer firefighters in rural areas dealing with more and more structure fires and suppressing the costs. **Mr. Murphy** said the best way to address structure damage in rural areas is prevention. They are writing guidelines to use when developing subdivisions and building structures in rural areas and near forests. Counties are now starting to enact those guidelines in areas where development is occurring.

**REP. STEVE VICK, HD 31, Belgrade,** wondered if it could be determined how many extra costs are due to not harvesting enough timber. **Mr. Murphy** said that some of the more substantial fires are in lodgepole pine forests. One such fire was in an area that had been harvested and, if it had not been harvested, it would have had much more damage.

**REP. JOHN COBB, HD 50, Augusta,** referred to the Department of Family Services shortfall of \$1.2 million that was not included in the supplemental. **Dave Lewis, Budget Office,** said his office has been working with the departments that are included in the supplemental. They are confident they can handle the DFS shortfall in another manner. They can adjust funds at OPI and SRS and also use additional money from MRM. **REP. COBB** asked if the extra money was already sitting somewhere. **Mr. Lewis** said no, they are taking full advantage of the resources they have. **REP. COBB** was concerned that **Mr. Lewis** was being too vague. **Mr. Lewis** said he didn't have specifics yet, but the budgets for the next four years could all be changed.

**REP. ROGER DEBRUYCKER, HD 89, Floweree,** asked about the additional funding for the Swan River Boot Camp. This is for increased security, additional FTEs, contracts with the Lake County sheriff's office, and additional equipment. **Rick Day, Director, Department of Corrections, Helena,** gave the committee an up-to-date summary of the Swan River Boot Camp, including a chart of supplemental appropriations. The department proposes to transfer the boot camp to new facilities at the state prison grounds. **EXHIBITS 5 and 6.**

**REP. RED MENAHAN, HD 57, Anaconda,** said that some of the rooms in the new facility could be used for multi-purposes and would save some construction costs. The eating area could also be used as a gym when they are not at meals.

**REP. DEBRUYCKER** asked if Swan River could be used as a youth camp or an overflow for those under 18. **Mr. Day** said the facility was initially a youth camp, but security would still be a major problem.

**REP. ROYAL JOHNSON, HD 10, Billings,** said the legislature had tried to increase the per diem costs to include capital costs. He costs at the prison were \$56 a day per inmate and \$40 a day at county prisons. **Mr. Day** said the costs per day were \$59.

**REP. WISEMAN** asked if the Swan Lake land was state-owned land, he wondered what value they would get when they sell it. Since it is in a high recreational area, if that would increase the value of the land. **REP. KADAS** asked if money from the sale would go into the general fund. **Mr. Day** said he was not involved with the sale of the land, since that was State Lands area. **Mr. Kuchenbrod** said that the money might be appropriated to the beneficiary of the tract of land. **Mr. Day** said they anticipate the transition to be completed by the end of the biennium whenever the building is completed at the prison grounds.

**REP. COBB** asked **Mr. Day** what he thought of the statement made by **Mr. Lewis** that some of DFS shortfall could come from Corrections or the MRM accounts. **Mr. Day** said that Corrections does not have any money to fund the supplemental. Their part of the money from MRM is a flat contract amount. **REP. COBB** still wanted to know

how the \$1.2 million for DFS would be funded. **Mr. Lewis** assured him they were still satisfied they could cover the shortfall. There are different options and they have not made up their minds yet. **REP. COBB** wanted specifics.

**REP. KADAS** referred to the university system amendment for \$850,000. In this amendment, they used language adopted in the special session that if there is a shortfall in funding, the Commissioner of Higher Education may request a supplemental appropriation. **Mr. Lewis** was not certain of the status of the university budget at this time. **REP. KADAS** asked him if he were going to use the supplemental in light of the tuition policy. **Mr. Lewis** answered that he couldn't speak for the future, but recognizes the intentions from the special session. **EXHIBIT 7.**

**REP. JOHNSON** said the situation is not about the money, but principle and agreements. They made a deal in the last session that if they came in with a supplemental appropriation, they would stick to it. He said the Education Subcommittee worked very hard to put in trust and if this takes that trust away, it is not a good amendment. He said it is a matter of principle and their word.

#### EXECUTIVE ACTION ON HB 3

**Motion:** **REP. QUILICI** MOVED HB 3 AMENDMENT HB000301.A01, ITEMS 1, 2 AND 4 DO PASS.

**Discussion:** **REP. QUILICI** said #2 was for the Secretary of State's office and #4, the McCarty litigation, is being funded from state special funds instead of general fund.

**Vote:** Motion that HB 3 Amendment HB000301.A01, Items 1, 2 and 4 Do Pass carried unanimously.

**Motion:** **REP. ROYAL JOHNSON** MOVED HB 3 AMENDMENT, HB003, DO PASS.

**Discussion:** **REP. JOHNSON** said he was mostly concerned about trust and fairness. Budgets can be cut and people will survive; but you can't get away with not living up to your word.

{Tape: 2; Side: A; Approx. Counter: 0.1.}

**REP. GRADY** said they are talking about a lot of money. One legislature can't speak for the next. They have to address an issue as it is today. He doesn't know if they need to do this now and that the process has a long way to go. **REP. JOHNSON** again said he isn't sure the university system needs this supplemental, but if they don't approve it, their word will not be trusted anymore. **REP. KADAS** agreed. The 1993 session had a fund balance and they put in this language. If they renege on this, it would throw doubt on the way supplementals would work in

the future. They certainly can't bind another legislature, but the relationship between the system and legislature is one of trust that has been built for many years. They have complained that the Regents don't keep their words and here they may be doing the same thing. They asked the Regents to assure us the money would be in their budgets. There are only three or four months left in this fiscal year and if they intend to cut this much money, it would put the university system in a tough situation. **REP. KADAS** is also frustrated with the Budget Office that is undermining a sense of working with Regents. **REP. DEBRUYCKER** agreed with **REP. KADAS**. It is an issue of trust. He could name many instances where the legislature has backed off from keeping their word. One example is the deal with the counties payments in lieu of taxes from state-owned lands. They haven't been paying those either. We should keep our word. **CHAIRMAN ZOOK** said they probably have a bad enough reputation without helping it along by not funding this.

**Vote:** Motion that HB 3 Amendment HB003 Do Pass carried 16 - 2, with **REPS. KASTEN** and **GRADY** voting no.

Recessed until 3:00 p.m.

{Tape: 2; Side: A; Approx. Counter: 7.0.}

**EXECUTIVE ACTION ON HB 3 (cont'd.)**

**Discussion:** **REP. BOB REAM**, HD 69, Missoula, discussed the Forest Land Flat Taxation system, whereby the 1991 Legislature changed the system from a tax-based system on the standing inventory of trees to one based on productivity classes. Existing forest tax should revert to the agricultural level. He also submitted a letter from Mick Robinson, Director, Department of Revenue. **REP. REAM** introduced an amendment for \$48,977 that would pay the remaining collections from the 10¢ per-acre charge to Forestry at University of Montana for work on the forest land taxation project. **EXHIBITS 8 and 9.**

**Motion/Vote:** **REP. GRADY MOVED HB 3 REAM AMENDMENT DO PASS.**  
Motion carried unanimously.

**Motion/Vote:** **REP. KADAS MOVED HB 3 AMENDMENT HB000301.A01, #3 DO PASS.** Motion carried unanimously.

**Motion/Vote:** **REP. KADAS MOVED HB 3 AMENDMENT HB000301.A01, #7 DO PASS.** Motion carried unanimously.

**Motion/Vote:** **REP. GRADY MOVED HB 3 AMENDMENT HB000301.A01, #5 DO PASS.** Motion carried 14 - 4, with **REPS. FELAND, DEBRUYCKER, VICK** and **KASTEN** voting no.



**Motion:** REP. GRADY MOVED HB 3 AMENDMENT HB000301.A01, #6 DO PASS.

**Discussion:** REP. VICK made a substitute motion to separate the two items in #6. One is for \$300,000 for prison overflow and one is for \$103,465 for the Swan River Boot Camp.

**Vote:** Motion that HB 3 Amendment HB000301.A01, #6, \$300,000 for prison overflow Do Pass carried unanimously.

**Motion:** REP. VICK MOVED HB 3 SUBSTITUTE MOTION ON AMENDMENT HB000301.A01, #6 TO REMOVE \$63,832 FROM SWAN RIVER BOOT CAMP.

**Discussion:** REP. VICK was concerned about the Swan River funding. It would give them the ability to expand the boot camp from now until the end of June, and then the camp would be moved. He doesn't think it is appropriate to add five FTEs at this time. REP. GRADY asked if part of the FTEs was to add security guards. Mike Ferriter, Bureau Chief, Department of Corrections, agreed with REP. GRADY. The five FTEs are necessary to secure the camp. The recent incidents that occurred were partly because there wasn't sufficient staff at the camp. They want to continue their operations at this time at a safe level. REP. KADAS asked if this was essentially the way they would make their decisions about the Condon Lake property. If this committee will have a say in that, it would have to be in this bill today. They would need to make appropriate measures in HB 2. He didn't think there had been an opportunity for a thorough presentation and discussion for such significant changes. CHAIRMAN ZOOK said it might not make any difference in regards to this amendment. But, he agrees with REP. KADAS in that they haven't had any discussions on that issue. REP. MENAHAN said two years ago the idea of the boot camp was a good one, but not necessarily the location. With this type of operation and costs, this proposal is the cheapest and best way to go. It would be away from the prison but still close enough to get all the services they need from the prison. He wholeheartedly supports moving the boot camp. REP. VICK told Mr. Ferriter that he was under the impression the five FTEs would not replace the trustees, but would enable them to increase the number of inmates. Mr. Ferriter said no, he misunderstood. They simply need more staff to help them reduce incidents like the ones that had just occurred. REP. VICK asked what was included in HB 2 for additional FTEs. Mr. Ferriter said they reduced that number from nine to five.

{Tape: 2; Side: A; Approx. Counter: 29.8.}

REP. QUILICI said the original supplemental for \$103,465 is for the boot camp to sustain them until the end of this fiscal year. Mr. Ferriter agreed. They have 30 inmates at the boot camp and this would help with additional security as well as security equipment. REP. QUILICI said he would oppose the substitute motion because he thought it was certainly a viable problem at

Swan River and they needed the extra help. The residents in the area are very concerned about their safety.

**REP. KADAS** asked how many FTEs were presently at Swan Lake. **Mr. Ferriter** said there were 19.5 FTEs. **REP. KADAS** said the supplemental showed five FTEs in FY 95 with a decline of 24.5. He asked why the decline in FY 96 and 97 when they aren't moving prisoners until late FY 97 or 98. **Bill Furois** said the major reason for the decline is they will reduce the number of trustees. Their Executive Budget request had nine FTEs for expansion but that has been reduced to five in this supplemental. **REP. KADAS** said in regards to FY 96 and 97, how many beds were at Swan River. There are 40 beds in the base with a maximum of 60. If they reduce the number of trustees, could they reduce the amount of oversight and costs. **Mr. Furois** said that before the incidents and security audits, the trustees worked okay. The security audit said that was not right. **CHAIRMAN ZOOK** said the Governor's budget had zero requests. Since their problems, they are only adding five FTEs for FY 95. This was just a supplemental bill. These FTEs would not remain in their budget unless they were also in HB 2. **REP. KADAS** then asked if they were included in HB 2. **CHAIRMAN ZOOK** was not sure but reminded the committee that their questions should only be concerned with FY 95 in this bill. **REP. VICK** said they if they are just for FY 95, why would they hire them now. If the problem was with the trustees, they are gone. **REP. MENAHAN** said that in the past they were only funded for 850 inmates and their staff was reduced at MSP by 42. HB 2 replaced the 42 with only 19. They thought they could save money by using trustees and they were cheap, only \$1.10 a day. They worked on maintenance, worked in the kitchens. Now they need to hire staff to do that work. **REP. GRADY** opposes the substitute motion and agrees with **REP. MENAHAN**. He said they have an emergency situation at Swan Lake and need to address it carefully. He's visited the camp a few times and always felt they were understaffed. The situation had been ready to explode for some time.

**Vote:** Motion that HB 3 Substitute Motion Do Pass to Reduce Amendment HB000301.A01, #6, by \$63,832 failed 6 - 12, with REPS. KASTEN, VICK, COBB, BERGSAGEL, HOLLAND and FISHER voting yes.

**Discussion:** **REP. QUILICI** said that the rest of the Swan River supplemental is for mobile radios and connecting to the sheriff's office at Lake County. There is also \$5,000 for a dress policy. **Mr. Ferriter** said the security audit recommended a dress policy that would help the nearby residents recognize the staff and also give a more professional image to the staff.

**Motion:** **REP. VICK** MOVED HB 3 AMENDMENT DO PASS, AND MADE A SUBSTITUTE MOTION TO DELETE \$5,000 FOR THE DRESS POLICY AND \$4,535 FOR THE CRIMINAL NETWORK.

**Discussion:** **REP. JOHN JOHNSON** said that generally when they deal with supplementals, the expenses have already occurred. **Clayton**

**Schenck** said that the supplemental bill covers a number of extra issues, some of which have not already been incurred. It can be true on some issues on projects already completed, but supplementals can also take care of those services not yet completed. **REP. JOHN JOHNSON** said he only wanted to clarify that if the expenses had already occurred, they were wasting time making substitute motions.

**Vote:** Motion that HB 3 Amendment Do Pass with Substitute Motion to Reduce #6 by \$9,535 carried 13 - 5, with REPS. WISEMAN, GRADY, MENAHAN, JOHN JOHNSON and CHAIRMAN ZOOK voting no.

**Motion/Vote:** **REP. KADAS MOVED HB000302.A01 DO PASS.** This would strike lines 15 and 16 in their entirety. Motion carried unanimously.

*{Tape: 2; Side: B; Approx. Counter: 0.1.}*

**Motion:** **REP. COBB MOVED HB 3 AMENDMENT HB000301.A09 DO PASS.**

**Discussion:** **REP. COBB** said this amendment would give the Child Support Division at Family Services money for enforcement activities. It also deals with child care benefits which is a one-time federal grant of \$1 million for daycare. This amendment reduces ADC by \$510,000 in general fund and \$1.2 million in federal funds and reappropriates it for child support enforcement and child care benefits in FY 95. Any unexpended balance is reappropriated for FY 96. **Mr. Lewis** said he had not discussed this with the department, but that it is probably some of the money they wanted to use to cover the DFS shortfall. He doesn't know if they could use the money from now until the end of the fiscal year. He thinks **REP. COBB** intends to force a supplemental for DFS. The Budget Office is doing everything they can to avoid cutting medicaid services this fiscal year.

**REP. KASTEN** asked if they appropriated an increase in staff over the last biennium for child support. **REP. COBB** said this was to give them money now and they could start right away, without having to wait until July. There are many unpaid collections out there. **REP. KASTEN** said she opposes the amendment. She doesn't know if it can be done and save AFDC money. **REP. COBB** said he has talked to DFS and they said they could use it right away. They would be able to hire staff and start working on recovering unpaid collections. He wants to do something here before it gets cut back on the federal level.

**Vote:** Motion that HB 3 Amendment HB000301.A09 Do Pass carried 11 - 7 on a roll call vote, with REPS. GRADY, FISHER, HOLLAND, KASTEN, QUILICI, VICK and CHAIRMAN ZOOK voting no.

**Motion/Vote:** **REP. GRADY MOVED HB 3 DO PASS AS AMENDED.** Motion carried 12 - 6, with REPS. DEBRUYCKER, VICK, FELAND, KASTEN, BERGSAGEL and FISHER voting no.

{Tape: 2; Side: B; Approx. Counter: 18.0.}

HEARING ON HB 268

Opening Statement by Sponsor:

REP. CHRIS AHNER, HD 51, Helena, opened the hearing on HB 268 which establishes a guaranteed minimum and maximum annual retirement benefit adjustment for public employees. This bill has been nicknamed the "GABA" bill and was heard in the State Administration committee.

Linda King, Administrator, Public Employees' Retirement Division (PERD), Helena, gave a brief overview of this bill. The 1993 Legislature required PERD to review the sufficiency of benefits paid to retirees and to recommend to the next legislature any changes that may be necessary to maintain a stable standard of living. The Governor supports this bill. Previous GABA proposals were found to be too expensive, i.e., 2% meant a \$16 million impact in the general fund. This proposal was reworked at 1½% and reduced the proposed employer and employee contribution increases. The other change was in the Teachers' Retirement System where earned compensation is now defined to mean base salary only. There are no expected mill increases for the school districts as the average increase would only be \$350 for FY 98 and \$450 for FY 99. EXHIBITS 10 and 11.

Questions From Committee Members and Responses:

REP. BETTY LOU KASTEN, HD 99, Brockway, asked with the 1½% what the total fiscal impact would be. Ms. King said the general fund impact is over \$5 million and the non-general fund impact is about \$2 million. The next biennium projections are \$11 million, with non-general fund impact about \$3.6 million. REP. KASTEN asked why the general fund impact hadn't gone down. Ms. King remarked that they are now including local government as well.

REP. EDWARD GRADY, HD 55, Canyon Creek, asked Ms. King to explain the amendment she introduced since it has so many items. Amendment HB026804.ASH, Items 6, 7, 8, 9, 10, 11, 12, 15 and 16 correct numbers that occurred from a calculation error. EXHIBIT 12.

Dave Senn, Administrator, Teachers' Retirement Division, referred to Exhibit 12, said the rest of the items on the amendment are technical changes and clarify definitions for Teachers' Retirement.

REP. STEVE VICK, HD 31, Belgrade, asked what the average retirement benefits were. Ms. King said there were eight different retirement systems involved in this bill. The benefits

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are based on formulas. The PERS group can retire at 60 years of age with only five years of service and receive 5/56 of their average monthly salary. The highest benefits are generally in the judge's retirement system where current retirees get increases at the same rate as active members -- 5½% to 6% a year. They are trading 1½% for new judges. People who work full careers usually retire at their final salary. That formula is 28 years. Hazardous duty system is only 20 years and teachers are at 30 years for one-half their pay. So, the benefits fall within a very wide range.

**REP. MIKE KADAS, HD 66, Missoula,** asked if teachers could count summer employment in their total years of service. **Mr. Senn** said that before they could, but after this fiscal year they would not be able to count summer employment. If they don't contribute, they don't get compensation for those months.

**REP. ROYAL JOHNSON, HD 10, Billings,** asked for some other examples. **Ms. King** said that police officers receive 1/2 pay after 20 years of service. They don't get social security, only police retirement benefits. She said that teachers have social security as well as retirement. There are many different systems, with some the highest consecutive is 36 months. **REP. JOHNSON** asked if a policeman retired after 20 years and gets another job, if they are still covered under PERS. They could go to work in another state and be covered under another retirement system. **REP. JOHNSON** asked if they deduct anything from their current salary, or lose benefits if they get another full time job. **Ms. King** said with some systems you can't get a benefit adjustment or an increase while you're working in another state job, and others have no restrictions at all. **REP. JOHNSON** said that was unlike social security where there are policies that you can't make over a certain amount and still receive your social security payments. In the GABA bill, if someone is working in the public sector and paying into a retirement system, they would not receive any increases in that year, only if they aren't working for state or local government.

Closing by Sponsor:

**REP. AHNER** said that this bill has been considered favorably in State Administration and she hoped the committee would support it.

{Tape: 2; Side: B; Approx. Counter: 44.8.}

HEARING ON HB 471Opening Statement by Sponsor:

REP. DICK SIMPKINS, HD 49, Great Falls, opened the hearing on HB 471 which extends the termination date for the committee on public employee retirement systems and authorizes the committee to provide a specific date by which retirement proposals can be submitted. Last session, there were 40 retirement bills that were heard in State Administration. They were given many of the proposed bills that were drafted prior to the session. This committee played a very important part in the GABA bill. Their work involves defined contribution plans and could possibly cut down the number of retirement bills that come before the legislature every year. They will come up with a system that will be the best for the state. If staff at the Legislative Council can't support the extra work the committee may have, they could contract employment. If so, that could cost about \$7,000 from the general fund and \$6,000 from the retirement system contribution.

Proponents' Testimony:

Linda King, Administrator, PERD, Helena, urges support to extend the sunset on the PERS committee. They have time to spend on some of the archaic issues that are still on the books, and can identify problems to the legislature and come up with solutions. It would give them time to work on issues in the interim and not have to waste time during the busy legislative session.

Dave Senn, Director, Teachers' Retirement System, Helena, supports this bill because it gives them an opportunity to look at issues in depth and make recommendations to the legislature.

Tom Snyder, Montana Public Employee Association, said he was involved with retirement legislation for about 38 years and there were problems with the last law that was drafted. There was not enough time as the last meeting of the committee was only two days before New Year's Eve. This bill allows the PERS committee to set its own schedule.

Tom Bilodeau, Montana Education Association, said his group also supports this legislation. There is work being done by many different groups and it is an important aspect for the system for all retirees, faculty and employees. This committee is a vehicle by which active and retired employees can deal with the legislature on an ongoing basis, reviewing important changes in the structure of the benefit systems outside of the hustle and bustle of the legislation session. There are still important issues that need to be addressed in the interim.

HOUSE APPROPRIATIONS COMMITTEE

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Vern Erickson, Montana State Fireman's Association, also supports this bill.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. BEVERLY BARNHART, HD 29, Bozeman, offered a suggestion for those who want to be on the committee. They could send in their request along with their qualifications to the leadership who sits on the committee. REP. SIMPKINS said there are two people from each party so it is bipartisan. There are only legislators on the committee.

Closing by Sponsor:

REP. SIMPKINS said one of the main reasons is to cut down the number of retirement bills that comes before the legislature and to make sure that the recommendations from the committee have been well thought out and researched.

{Tape: 2; Side: B; Approx. Counter: 57.2.}

HEARING ON HB 485

Opening Statement by Sponsor:

REP. ERNEST BERGSAGEL, HD 95, Malta, opened the hearing on HB 485 which deals with preserving heritage property, expanding membership on the preservation review board and appointment procedures for the historic preservation officer. He introduced the amendment. EXHIBIT 13.

Proponents' Testimony:

Brian Cockhill, Director, Montana Historical Society, Helena, supports the bill and has helped work on it for over a year.

John Fitzpatrick, Pegasus Gold, also supports the bill.

Wayne Stahl, Phillips County Commissioner, also supports the bill.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. MIKE KADAS, HD 66, Missoula, asked if the fiscal impact was that the Montana Historical Society would lose federal funds because they are rearranging the board. Mr. Cockhill agreed.

EXECUTIVE ACTION ON HB 485

Motion/Vote: REP. BERGSAGEL MOVED HB 485 AMENDMENT DO PASS.  
Motion carried unanimously.

Motion/Vote: REP. BERGSAGEL MOVED HB 485 DO PASS AS AMENDED.  
Motion carried 14 - 4, with REPS. DEBRUYCKER, McCANN, KASTEN AND KADAS voting no.

EXECUTIVE ACTION ON HB 268

Motion/Vote: REP. GRADY MOVED HB 268 AMENDMENTS DO PASS. Motion carried unanimously.

Motion/Vote: REP. GRADY MOVED HB 268 DO PASS AS AMENDED. Motion carried 12 - 6, with REPS. VICK, KASTEN, BERGSAGEL, DEBRUYCKER, MENAHAN and FELAND voting no.

{Tape: 3; Side: A; Approx. Counter: 0.1.}

EXECUTIVE ACTION ON HB 550

Motion/Vote: REP. KASTEN MOVED HB 550 AMENDMENT HB055001.A15 DO PASS. Section 4 is a new section. She also stated there were several people in the hearings who felt they could have a better system. This bill clears up misunderstandings about the concept of streamlining the wage reporting system. Motion carried unanimously.

Motion: REP. KASTEN MOVED HB 550 AMENDMENT HB055002.A15 DO PASS.

Discussion: REP. KASTEN said this was the funding for the bill. It strikes the amendment which was put on during House floor debate and goes back to the original language, except for instead of getting \$68,000 from general fund it will be from the UI tax fund. Part of the money to go into the tax fund. REP. KADAS asked why the distribution was from three different funds -- the



UI, workers compensation and the general fund. In Phase I, they reviewed streamlining and both Labor and Revenue put in staff and money. To carry out Phase II, analyzing the data and having one workable place, the same funding should apply. Since the employers will benefit from this, allocated costs would be from funds within the department that were used for this type of enterprise. **REP. KADAS** asked why they couldn't change the amendment to read \$65,000 from each of the three funding sources, thereby cutting total appropriation to \$195,000 and splitting it equally among the funding sources. **REP. KASTEN** said they would have considered that but when they checked with professional consultants and the range of data they are talking about, the study costs were proposed to be about \$218,000 to \$250,000. She also said this could include about 1,000 to 1,500 billable hours at \$125 to \$225 an hour for this type of work. She would rather see they have the money to do the study properly and revert the money that they don't use. **REP. KADAS** said if \$250,000 is authorized, it will all be spent.

**Motion/Vote:** **REP. KADAS** MOVED SUBSTITUTE MOTION TO APPROPRIATE \$210,000 WITH \$70,000 FROM EACH FUNDING SOURCE. Motion failed 6 - 12, with REPS. **DEBRUYCKER**, **MENAHAN**, **WISEMAN**, **KADAS**, **BARNHART** and **JOHN JOHNSON** voting yes.

**Vote:** Motion that HB 550 Amendment HB055002.A15 Do Pass carried 11 - 7, with REPS. **DEBRUYCKER**, **BARNHART**, **KADAS**, **JOHN JOHNSON**, **COBB**, **FELAND** and **McCANN** voting no.

**Motion/Vote:** **REP. KASTEN** MOVED HB 550 DO PASS AS AMENDED. Motion carried 12 - 5 on a roll call vote, with REPS. **BARNHART**, **DEBRUYCKER**, **FELAND**, **McCANN**, AND **VICK** voting no.

#### EXECUTIVE ACTION ON HB 192

**Motion:** **REP. KADAS** MOVED HB 192 DO PASS.

**Discussion:** **REP. KADAS** said if they delete the special license plates from the bill there would be no funding. There are already many special license plates and one more shouldn't matter that much. **REP. BARNHART** said she had visited the Lewis and Clark County treasurer's office to see exactly how much room all the special license plates took and there were only a few boxes at the end of a room. She doesn't think the problem is as widespread as some have made it seem.

**Vote:** Motion that HB 192 Do Pass carried 12 - 6, with REPS. **FELAND**, **DEBRUYCKER**, **KASTEN**, **HOLLAND**, **WISEMAN** and **FISHER** voting no.

{Tape: 3; Side: A; Approx. Counter: 16.2.}

EXECUTIVE ACTION ON HB 8

Motion/Vote: REP. McCANN MOVED HB 8 DO PASS AS AMENDED. Motion carried 15 - 3, with REPS. DEBRUYCKER, KASTEN and FELAND voting no.

EXECUTIVE ACTION ON HB 279

Motion: REP. ROYAL JOHNSON MOVED HB 279 AMENDMENT DO PASS.

Discussion: REP. JOHNSON said they discussed this amendment at the hearing. His concern is that DNRC will keep asking future legislatures for money for this issue. John Tubbs, DNRC, said this amendment constrains the department to issue no more than \$10 million of bonds outstanding at any one time.

Vote: Motion that HB 279 Amendment Do Pass carried 17 - 1, with REP. DEBRUYCKER voting no.

Motion/Vote: REP. BERGSAGEL MOVED HB 279 DO PASS AS AMENDED. Motion carried 14 - 4, with REPS. DEBRUYCKER, KASTEN, COBB and FELAND voting no.

{Tape: 3; Side: A; Approx. Counter: 22.7.}

EXECUTIVE ACTION ON HB 222

Motion: REP. BARNHART MOVED HB 222 BE TAKEN OFF THE TABLE.

Discussion: REP. BARNHART said this was Rep. Wyatt's bill that used special license plates for child health care and protection and the money would go to the MIAMI project. They had just passed another bill where the funding was from adding another special license plate. She thought it would be fair to reconsider this bill.

Vote: Motion that HB 222 be Taken off the Table carried 12 - 6, with REPS. KASTEN, VICK, HOLLAND, ROYAL JOHNSON, BERGSAGEL and CHAIRMAN ZOOK voting no.

Motion/Vote: REP. BARNHART MOVED HB 222 DO PASS. Motion carried 10 - 8 on a roll call vote, with REPS. GRADY, BERGSAGEL, HOLLAND, ROYAL JOHNSON, KASTEN, VICK, WISEMAN and CHAIRMAN ZOOK voting no.

EXECUTIVE ACTION ON HB 390

Motion: REP. KADAS MOVED HB 390 AMENDMENT DO PASS.

Discussion: REP. KADAS said he would reduce the 5% to 2% to give \$600,000 each year for the state support of the work study program at the university system. He wants resources put into financial aid.

Vote: Motion that HB 390 Amendment Do Pass carried 17 - 1, with REP. FISHER voting no.

Motion/Vote: REP. KADAS MOVED HB 390 DO PASS AS AMENDED. Motion carried 11 - 7, with REPS. DEBRUYCKER, FISHER, HOLLAND, VICK, KASTEN, GRADY and CHAIRMAN ZOOK voting no.

EXECUTIVE ACTION ON HB 267

Motion: REP. KADAS MOVED THAT HB 267 BE TABLED. Motion carried 16 - 2, with REPS. MENAHAN and KASTEN voting no.

EXECUTIVE ACTION ON HB 512

Motion/Vote: REP. MENAHAN MOVED HB 512 DO PASS. Motion carried 14 - 4, with REPS. FISHER, VICK, KASTEN and FELAND voting no.

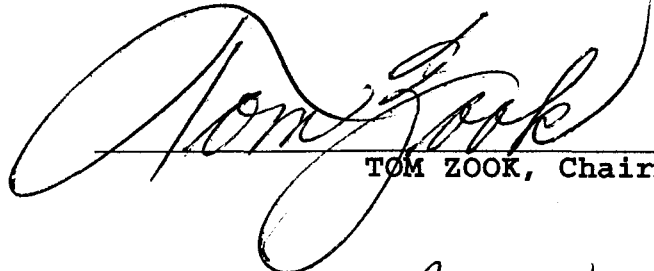
HOUSE APPROPRIATIONS COMMITTEE

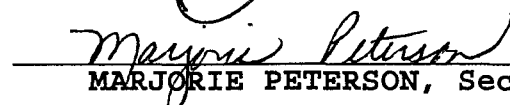
March 13, 1995

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ADJOURNMENT

Adjournment: 7:30 p.m.

  
\_\_\_\_\_  
TOM ZOOK, Chairman

  
\_\_\_\_\_  
MARJORIE PETERSON, Secretary

TZ/mp

# HOUSE OF REPRESENTATIVES

## Appropriations

ROLL CALL

DATE 3-13-95

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

March 17, 1995

Page 1 of 4

Mr. Speaker: We, the committee on Appropriations report that **House Bill 3** (first reading copy -- white) do pass as amended.

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

*Tom Zook*  
Tom Zook, Chair

And, that such amendments read:

1. Title, line 6.

Following: " ; "

Insert: "AMENDING SECTION 1, CHAPTER 30, SPECIAL LAWS OF NOVEMBER 1993, SECTION 18, CHAPTER 624, LAWS OF 1993, AND SECTION 6, CHAPTER 774, LAWS OF 1991;"

2. Page 1, lines 10, 13, and 18.

Strike: "4"

Insert: "3"

3. Page 1, lines 15 and 16.

Strike: section 2 in its entirety

Renumber: subsequent sections

4. Page 1, line 22.

Strike: "through 3"

Insert: "and 2"

5. Page 1, line 25.

Strike: "\$92,000"

Insert: "\$88,000"

6. Page 1, line 27.

Committee Vote:

Yes 18, No 0.

621538SC.Hdh

March 17, 1995

Page 2 of 4

Strike: "98,329"

Insert: "16,750"

7. Page 1, lines 29 and 30.

Strike: lines 29 and 30 in their entirety

8. Page 2, line 2.

Strike: "7,700,000"

Insert: "10,497,849"

9. Page 2, following line 5.

Insert: "DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Child Support Enforcement	1995	66,000
General Fund		
	1995	128,117
Funds		Federal

The appropriation for child support enforcement may not be used for any purpose other than child support enforcement activities. The funds may not be used for another purpose or transferred to another program or another agency. Any unexpended balance from the child support enforcement appropriation is reappropriated for fiscal year 1996.

Child Care	Benefits	1995	450,000
General Fund			
		1995	1,094,799
Funds			Federal

The appropriation for child care benefits may not be used for any purpose other than child care benefits. The funds may not be used for another purpose or transferred to another program or another agency. Any unexpended balance from the child care benefits appropriation is reappropriated for fiscal year 1996."

10. Page 2, following line 7.

Insert: "DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES

Swan River Boot Camp	1995	93,930
General Fund		

MSH Reception Overflow	1995	300,000	General
Fund			

COMMISSIONER OF HIGHER EDUCATION		
Distribution Program	1995	849,978

621538SC.Hdh

General Fund				
Vo-Tech Millage	1995	126,433		State
Special				

FORESTRY AND CONSERVATION EXPERIMENT STATION				
Research	1995	48,977		General
Fund"				

11. Page 2, line 10.  
Strike: "\$10,522,704"  
Insert: "\$13,945,484"

12. Page 2, line 11.  
Strike: "436,000"  
Insert: "562,433"

13. Page 2, line 13.  
Strike: "92,000"  
Insert: "88,000"

14. Page 2, line 14.  
Strike: "\$11,001,275"  
Insert: "\$14,595,917"

15. Page 2, following line 14.  
Insert: "Section 4. Section 1, Chapter 30, Special Laws of  
November 1993, the appropriations for AFDC and Emergency  
AFDC benefits, on page 210, booklet of Special Laws of  
November 1993, is amended to read:

*"b. AFDC and Emergency AFDC Benefits"*  
Strike: "14,188,582" "36,383,977"  
Insert: "13,672,582" "35,161,061" "

Section 5. Section 1, Chapter 30, Special Laws of November 1993,  
the narrative to appropriations to the university of Montana, on  
page 258, booklet of Special Laws of November 1993, is amended to  
read:

"Item 1 contains ~~\$68,255~~ \$44,000 in fiscal 1994 and ~~\$260,865~~  
\$67,700 in fiscal 1995 that must be transferred to the energy  
conservation program account and used to retire the general  
obligation bonds sold to fund energy improvements through the  
state building energy conservation program."

Section 6. Section 1, Chapter 30, Special Laws of November 1993,  
the narrative to appropriations to eastern Montana college, on  
page 259, booklet of Special Laws of November 1993, is amended to



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Page 4 of 4

read:

"Item 1 contains \$3,628 in fiscal 1994 and ~~\$17,989 in fiscal 1995~~ that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state building energy conservation program."

Renumber: subsequent section

{

-END-

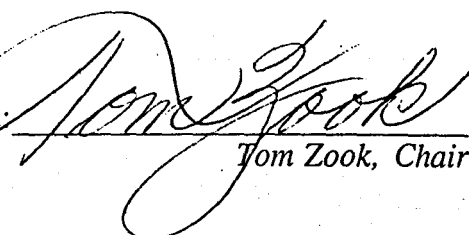


## HOUSE STANDING COMMITTEE REPORT

March 16, 1995

Page 1 of 3

Mr. Speaker: We, the committee on Appropriations report that House Bill 8 (first reading copy -- white) do pass as amended.

Signed:   
Tom Zook, Chair

And, that such amendments read:

1. Page 1, lines 27 and 28.  
Strike: lines 27 and 28 in their entirety.
2. Page 1, line 30.  
Strike: "50,000"  
Insert: "\$50,000"
3. Page 2, lines 1 and 2.  
Strike: lines 1 and 2 in their entirety.
4. Page 2, lines 9 through 18.  
Strike: lines 9 through 18 in their entirety.
5. Page 2, line 20.  
Following: "Improvements"  
Strike: "50,000"  
Insert: "200,000"
6. Page 2, lines 21 and 22.  
Strike: lines 21 and 22 in their entirety.
7. Page 2, lines 25 and 26.  
Strike: lines 25 and 26 in their entirety.
8. Page 2, line 28.

Committee Vote:  
Yes 15, No 3.

610920SC.Hdh

March 16, 1995

Page 2 of 3

Following: "System"  
Strike: "50,000"  
Insert: "250,000"

9. Page 3, line 13.  
Following: "System"  
Strike: "\$295,000"  
Insert: "\$400,000"

10. Page 3.  
Following: line 13.  
Insert: "(4) GROUP D: Notwithstanding the provisions of [section 5], the interest rate for the project in this group is 4.5% or the rate at which the state bonds are sold, whichever is lower, for up to 20 years.

Loan Amount

MONTANA DEPARTMENT OF NATURAL RESOURCES  
AND CONSERVATION

Petrolia Dam Rehabilitation

\$358,000"

11. Page 5, line 14.  
Following: "Dam"  
Strike: "\$1,393,467"  
Insert: "\$1,035,467"

12. Page 5, line 28.  
Following: "exceed"  
Strike: "\$24,956,778"  
Insert: "\$24,710,852"

13. Page 5, line 28.  
Following: "which"  
Strike: "\$20,554,322"  
Insert: "\$20,513,207"

14. Page 5, line 29.  
Following: "2], "  
Strike: "\$2,133,658"  
Insert: "\$1,951,204"

15. Page 5, line 30.  
Following: "up to"  
Strike: "\$2,268,798"  
Insert: "\$2,246,441"

March 16, 1995  
Page 3 of 3

-END-



## HOUSE STANDING COMMITTEE REPORT

March 14, 1995

Page 1 of 3

Mr. Speaker: We, the committee on Appropriations report that House Bill 268 (first reading copy -- white) do pass as amended.

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

*Tom Zook*  
Tom Zook, Chair

And, that such amendments read:

1. Page 6, line 29.

Strike: "OR"

Insert: "and"

2. Page 7, line 1.

Strike: "REPORTED"

Following: "COMPENSATION"

Insert: "reported for fiscal years 1993, 1994, and 1995"

3. Page 7, line 2.

Strike: "3 YEARS OF"

4. Page 7, lines 9 through 11.

Strike: "AND" on line 9 through "(1)(B)" on line 10

Following: line 10

Strike: "TWO THIRDS OF THE AMOUNT AVAILABLE UNDER SUBSECTION (1)" on line 11

Insert: "in the member's calculation of benefits two-thirds of the actuarial value of the summer compensation available under the provisions of subsection (1) or may elect to include in the member's average final compensation two-thirds of the summer compensation available under the provisions of subsection (1)"

5. Page 7, lines 12 through 14.

Strike: "AND" on line 12 through "SUBSECTION (1)" on line 14

Committee Vote:

Yes 12, No 6.

591326SC.Hbk

Insert: "18.3%"

16. Page 34, line 24.

Strike: "17.9%"

Insert: "18.15%"

-END-



## HOUSE STANDING COMMITTEE REPORT

March 14, 1995

Page 1 of 2

Mr. Speaker: We, the committee on Appropriations report that **House Bill 279** (first reading copy -- white) do pass as amended.

Signed:

  
Tom Zook, Chair

**And, that such amendments read:**

1. Title, line 6.

Following: "OBLIGATION"

Insert: "RENEWABLE RESOURCE"

Following: "BONDS;"

Insert: "REPEALING SECTION 85-1-623, MCA;"

2. Page 1, line 11.

Following: "bonds"

Strike: "in an amount not exceeding \$5 million"

3. Page 1, lines 12 and 13.

Following: "part 6,"

Strike: "over and above the \$10 million in renewable resource bonds currently authorized to be issued"

4. Page 1, line 14.

Following: "85-1-617"

Insert: "from time to time and in amounts that, taking into consideration the principal amount of any renewable resource bonds then outstanding, will not cause the total aggregate principal amount of renewable resource bonds outstanding at any time to exceed \$10 million"

5. Page 1.

Following: line 19

Insert: "NEW SECTION. Section 3. Repealer. Section 85-1-623,

  
Committee Vote:

Yes 14, No 4.

591324SC.Hbk

MCA, is repealed."

Renumber: subsequent sections.

-END-





## HOUSE STANDING COMMITTEE REPORT

March 16, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that **House Bill 390** (first reading copy -- white) do pass as amended.

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

*Tom Zook*  
Tom Zook, Chair

And, that such amendments read:

1. Title, line 5.

Strike: "5"

Insert: "2"

2. Page 1, line 14.

Strike: "5%"

Insert: "2%"

-END-

Committee Vote:  
Yes 11, No 7.

611356SC.Hdh



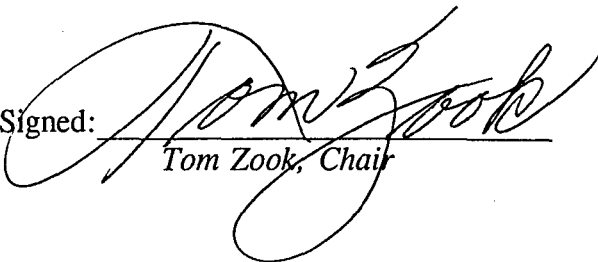
## HOUSE STANDING COMMITTEE REPORT

March 14, 1995

Page 1 of 3

Mr. Speaker: We, the committee on Appropriations report that House Bill 485 (first reading copy -- white) do pass as amended.

Signed:

  
Tom Zook, Chair

And, that such amendments read:

1. Title, line 5.

Strike: "EXPANDING"

Insert: "CHANGING"

2. Title, lines 6 and 7.

Following: "OFFICER;" on line 6

Strike: remainder of line 6 through "OFFICER;" on line 7

3. Title, lines 9 and 10.

Following: "FOR" on line 9

Strike: remainder of line 9 through "PLACES" on line 10

Insert: "INVENTORYING, DOCUMENTING, AND EVALUATING HERITAGE  
PROPERTIES"

4. Page 1, line 24.

Strike: "13"

Insert: "nine"

5. Page 1, line 26.

Following: "history,"

Insert: "paleontology, historic property administration,  
curation, planning, landscape architecture, conservation,  
folklore, cultural anthropology, traditional cultural  
property expertise,"

6. Page 1, line 28.

Following: "fields,"

Strike: ";

Insert: "; and"

  
Committee Vote:

Yes 14, No 4.

591327SC.Hbk

March 14, 1995

Page 2 of 3

7. Page 1, lines 29 and 30.

Strike: subsections (ii) and (iii) in their entirety

Renummer: subsequent subsection

8. Page 2, line 1.

Strike: "six"

Insert: "four"

9. Page 2, line 10.

Following: "SOCIETY"

Insert: ", who have demonstrated an interest in historic preservation,"

10. Page 2, line 29.

Following: line 28

Insert: "(1) "Affected property owner" means a person or entity whose real property will be physically affected by the activity of an applicant or whose real property is proposed for incorporation into a historic district proposed as eligible for listing in the National Register of Historic Places."

Renummer: subsequent subsections

11. Page 4, line 27.

Following: "consultation"

Insert: "-- public notice"

Strike: "finding to district court"

Insert: "findings"

12. Page 4, line 27 through page 5, line 7.

Strike: subsections (1) and (2) in their entirety

Insert: "(1) A federal or state entity that acts upon a proposed federal or state action or an application for a federal, state, or local permit, license, lease, or funding may request the views of the historic preservation officer concerning:

(a) the recommended eligibility for a register listing of any heritage property or paleontological remains;

(b) the effects of a proposed action, activity, or undertaking on heritage property or remains that are found to be eligible for register listing; and

(c) the appropriateness of a proposed plan for the avoidance or mitigation of effects.

(2) A request for comment pursuant to 16 U.S.C. 470(f) may be made simultaneously with a request pursuant to subsection (1). The historic preservation officer shall respond in writing to a request within 30 calendar days of receiving the request and shall address each property in the request and each topic of the request. In the event that an agency requests simultaneous

591327SC.Hbk

consultation for two or more criteria under this section, the agency and historic preservation officer may extend the 30-day review period by mutual agreement. If the historic preservation officer fails to comment within that time, that failure is construed as concurrence with the agency's recommendation. In the event of failure to comment on a specific undertaking, the historic preservation officer may not change a finding for a heritage property at a later date."

13. Page 5, lines 16 through 22.

Strike: subsections (4) and (5) in their entirety

Insert: "(4) At the time that the state or federal agency requests the views of the historic preservation officer as provided in subsection (1), the agency shall provide notice to the applicant, affected property owners, and other interested persons of the request for consultation and shall identify locations where the submitted materials may be reviewed.

(5) The applicant and any affected property owners have 20 days in which to appeal the historic preservation officer's finding to the director. The appeal notice must include a written statement of reasons for the appeal and any additional supporting information.

(6) The director of the historical society shall issue a final finding within 30 days of the expiration of the 20-day appeal period provided for under subsection (5). The issuance of this finding does not limit the rights of any applicant or affected property owner to challenge a finding under an existing federal law, regulation, or regulatory or administrative process."

Renumber: subsequent subsection

14. Page 6, line 8.

Strike: "applicant"

Insert: "agency, in consultation with the applicant,"

15. Page 6, line 10.

Strike: "The"

Insert: "If requested by the agency, the"

16. Page 6, line 12.

Following: "SECTION 5"

Strike: "(3)"

-END-



## HOUSE STANDING COMMITTEE REPORT

March 14, 1995

Page 1 of 2

Mr. Speaker: We, the committee on Appropriations report that House Bill 550 (first reading copy -- white) do pass as amended.

Signed:

*Tom Zook*  
Tom Zook, Chair

And, that such amendments read:

1. Page 8, line 8.

Following: "30, part 2,"

Strike: "is conclusive and binding upon the taxpayer and the department. The determination"

Insert: "which may be subject to judicial review, as provided in 39-51-2404, at the discretion of the taxpayer,"

2. Page 8, line 9.

Following: "in any proceeding"

Insert: "before or with the department of revenue"

3. Page 18, line 1.

Following: "~~(1)~~(a)"

Insert: "(1)(a)"

Strike: "\$250,000"

Insert: "\$68,750"

4. Page 18, line 2.

Strike: "general fund"

Insert: "unemployment insurance administrative tax funds"

5. Page 18, line 14.

Insert: "(b) The appropriation contained in subsection (1)(a) is funded by reducing the amount deposited in the state general fund from the payment of penalties and interest collected by the department of revenue pursuant to 15-30-321 by the

Committee Vote:

Yes 12, No 5.

591329SC.Hbk

amount of the appropriation contained in subsection (1)(a).

(2) There is appropriated \$56,250 from the workers' compensation tax account to the department of revenue for the biennium ending June 30, 1997, for a cost-benefit analysis to determine the feasibility of integrating employer wage reporting and related functions.

(3) There is appropriated \$125,000 from the unemployment insurance penalty and interest account established by 39-51-1301 to the department of labor and industry for the biennium ending June 30, 1997, for a cost-benefit analysis to determine the feasibility of integrating employer wage reporting and related functions."

-END-



## HOUSE STANDING COMMITTEE REPORT

March 16, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that House Bill 192 (first reading copy -- white) do pass.

Signed:

A handwritten signature in cursive script, reading "Tom Zook", is written over a horizontal line.

Tom Zook, Chair

Committee Vote:  
Yes 12, No 6.

611347SC.Hdh



## HOUSE STANDING COMMITTEE REPORT

March 17, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that **House Bill 222** (first reading copy -- white) **do pass**.

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

*Tom Zook*  
Tom Zook, Chair

Committee Vote;  
Yes 10, No 8.

621738SC.Hdh



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

**ROLL CALL VOTE**

**APPROPRIATIONS COMMITTEE**

DATE 3-13-95 BILL NO. HB 222

MOTION Rep. Barnhart moved HB 222 Do  
Pass. Motion carried 10-8.

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		✓

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

**ROLL CALL VOTE**

**APPROPRIATIONS COMMITTEE**

DATE 3-13-95 BILL NO. HB 550

MOTION Rep. Kasten moved HB550 Do Pass  
As Amended. Motion carried 12-5.

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	✓	

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

**ROLL CALL VOTE**

**APPROPRIATIONS COMMITTEE**

DATE 3-13-95 BILL NO. HB 3

MOTION Rep. Cobb moved HB 3 Amendment  
HB 000301. A09. motion carried 11-7.

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		✓

EXHIBIT 1  
DATE 3-13-95  
HB 192

TESTIMONY OF THE  
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION  
ON HOUSE BILL 192

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

March 13, 1995

A bill for an act entitled: "AN ACT AUTHORIZING STATE AGENCIES TO COOPERATE WITH, AND TO ASSIST LOCAL WATERSHED WORK GROUPS; ENCOURAGING LOCAL CITIZENS, ORGANIZATIONS, AND GOVERNMENTS TO FORM WATERSHED WORK GROUPS; REMOVING BOARD APPROVAL FROM THE STATE WATER PLAN; CREATING A SPECIAL LICENSE PLATE AND SPECIAL STATE REVENUE ACCOUNT TO FUND STATEWIDE AND LOCAL WATER RESOURCE EDUCATION AND ACTIVITIES OF LOCAL WATERSHED WORK GROUPS; AMENDING SECTION 85-1-203, MCA; AND PROVIDING AN EFFECTIVE DATE."

My name is Mark Simonich. I am the Director of the Department of Natural Resources and Conservation.

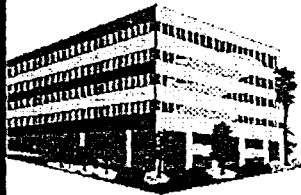
The Department strongly supports HB 192. This bill does three things all to accomplish a single goal. The goal is to make water planning a locally focussed process rather than the top-down process it has been. First, and most importantly, HB 192 encourages local residents, organizations, and government to form local watershed work groups for solving local water issues. Second, the bill changes the role of the Board of Natural Resources and Conservation from approval to advisory in the state water planning process. Third, the bill authorizes creation of a special license plate with the revenues used to support activities of local watershed work groups and water education.

This bill greatly increases local control over watershed management decisions by encouraging local citizens, organizations, and governments to form local watershed work groups. Many of you are familiar with the Upper Clark Fork River Basin Steering Committee, created by the 1991 Legislature, which is a successful example of this approach to water planning and management. HB 192 recognizes and encourages the formation of watershed work groups without the need for special legislation. The bill requests state agencies and conservation districts to work with these work groups before pursuing an action affecting a basin. Also, the bill authorizes state agencies and conservation districts to provide technical and financial assistance, but only upon request by a local watershed work group. The intent of this legislation is to increase the success and opportunity for basin residents to resolve their own watershed issues.

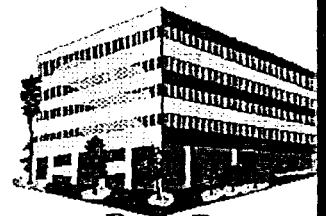
# REGISTRATION (Now)



Phone Contact by Employer



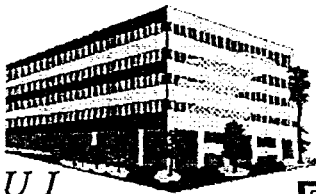
UI



DOR



Forms Completed and  
Returned to the Agencies



UI



DOR

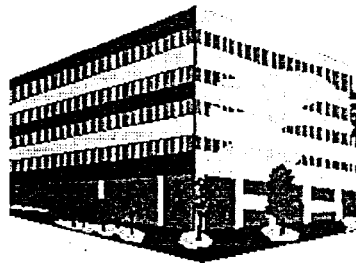
Account Information to Employer



# REGISTRATION

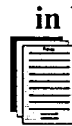
## *Phase I*

Employer Contact for Questions and Forms

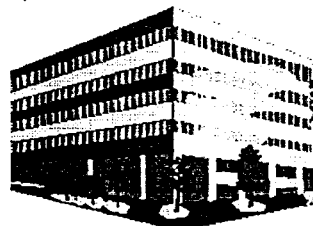


Centralized Registration UI/DOR

Combined Registration  
Form & Information  
Including WC Information



Employer Completes Form and  
Returns it to the Agency



Central Registration



Account Information  
to Employer



Decisions & Information  
Input into U I Computer

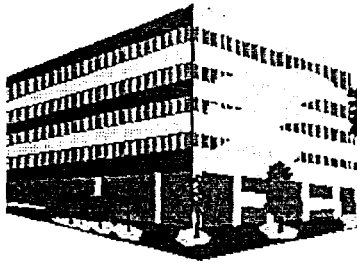
Information Transfers  
to D O R Computer



# REGISTRATION

## *Phase III*

Employer Contact for Questions and Forms



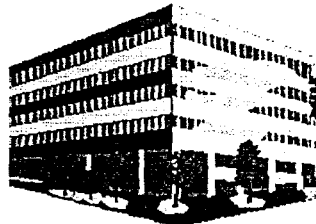
Centralized Registration UI/DOR

in U I

Combined Registration  
Form & Information  
Including WC Information



Employer Completes Form and  
Returns it to the Agency



Central Registration  
Decisions & Information  
Input into 1 Computer - 1 State ID Number

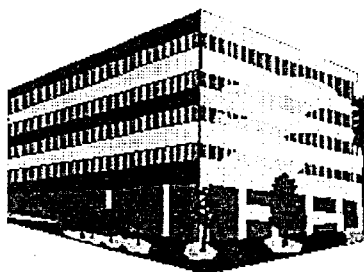


Account Information



# **Payroll Tax Functions Now No or Limited Interaction**

**Department of Labor  
and Industry  
Unemployment  
Insurance**



**Registration**



**Wage Reporting**



**Collection**

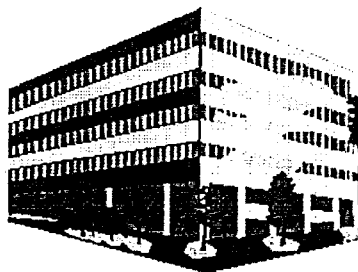


**Audit**



**Independent Contractor  
Decisions and Appeals**

**Department of Labor  
and Industry Workers  
Compensation Insurance  
Compliance Section**



**Wage Reporting**



**Collection**

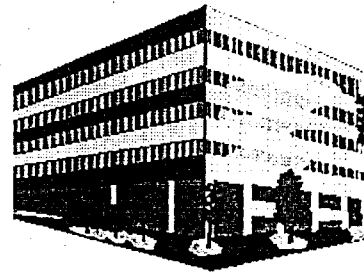


**Audit**



**Independent Contractor  
Decisions and Appeals**

**Department of Revenue**



**Registration**



**Wage Reporting**



**Collection**



**Audit**



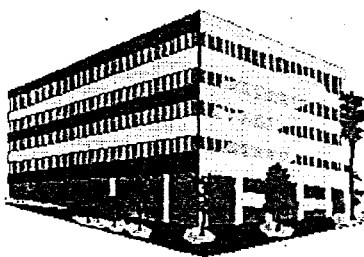
**Independent Contractor  
Decisions and Appeals**



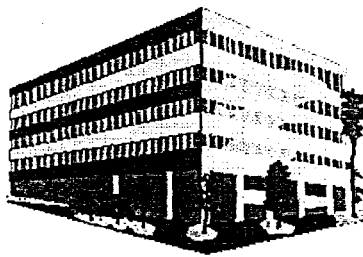
# Payroll Tax Functions

## Phase I

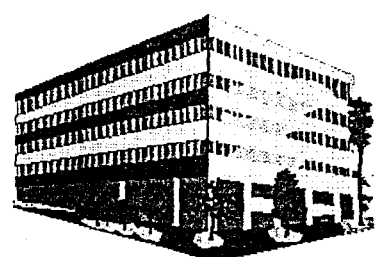
*Workers Compensation  
Insurance Compliance Section*



*Unemployment  
Insurance*



*Department of  
Revenue*



*Registration*

*Wage Reporting*

*Collections*

*Wage Reporting*

*Collections*

*Uniform Collection Laws and Procedures  
Joint Collections*

*Audit*

*Audit*





*Audit*

*Standardized Forms - Co-Location - Some Joint Audits*

*Central Appeals Unit  
Independent Contractor Decisions*

# **Payroll Tax Functions**

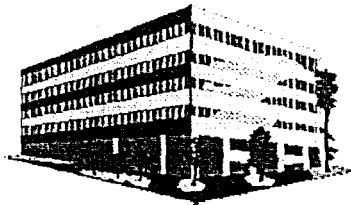
## ***Phase II***

-  ***Report Cost Benefit Analysis Findings & Recommendations***
  
-  ***Solicit additional input from stake holders***
  
-  ***Develop implementation plan***
  
-  ***Seek Legislative approval in 1997 to fully integrate functions***
  - ☒ ***Uniform laws***
  
  - ☒ ***Funding***

# **Payroll Tax Functions**

## *Phase III*

### *Integrated Functions*



↓  
**Registration**

↓  
**Wage Reporting**

↓  
**Collection**

↓  
**Audit**

↓  
**Compliance**

↓  
**Decisions & Appeals**

# Independent Contractors

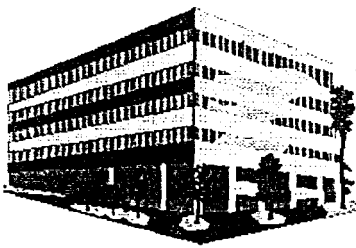
## Decisions & Appeals - (Now)



*Independent Contractor Issue Surfaces*

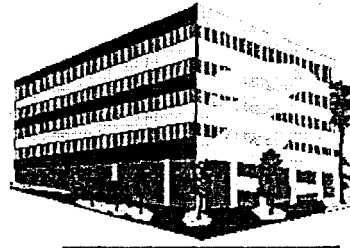
*Programs Potentially Affected*

*(Appeals & Hearings are not unified between the agencies)*



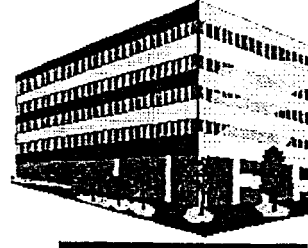
Workers Compensation  
Insurance Compliance Section

*Decision*  
↓  
*Appealed*  
↓  
*DLI Hearings*  
↓  
*BOLA*  
↓  
*District Court*  
↓  
*Supreme Court*



Unemployment  
Insurance

*Decision*  
↓  
*Appealed*  
↓  
*DLI Hearings*  
↓  
*BOLA*  
↓  
*District Court*  
↓  
*Supreme Court*



Department of  
Revenue

*Decision*  
↓  
*Appealed*  
↓  
*DOR Hearings*  
↓  
*Director*  
↓  
*STAB*  
↓  
*District Court*  
↓  
*Supreme Court*

*Each decision must be appealed in order to move to the next level*

# Independent Contractor

## *Employer Experience (Now)*

Employer Contracts Work



4-1-92

U E F - Independent Contractor  
Exemption Granted →



Becomes  
Unemployed

4-1-93

Applies to DLI  
for UI Benefits

UI Tax Investigation  
(No wage credits)

Employer/Employee  
Relationship Exists

UI Benefits  
Paid



12-13-94

D O R Cross Match

Bill to  
Employer

D O R Appeal

(Attempts to Appeal  
UI Decision)

Hearings Officer Decision  
Employer/Employee  
Relationship Exists

Director

STAB

District Court

# **Independent Contractors**

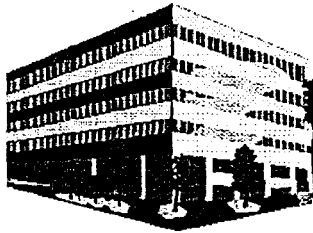
## *Decisions & Appeals - Phase I*



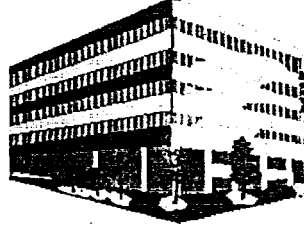
*Independent Contractor Issue Surfaces*

*Programs Potentially Affected*

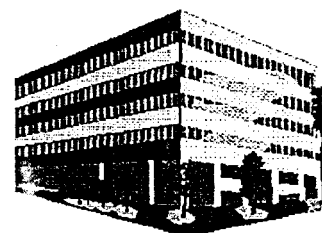
*(Appeals & Hearings are unified)*



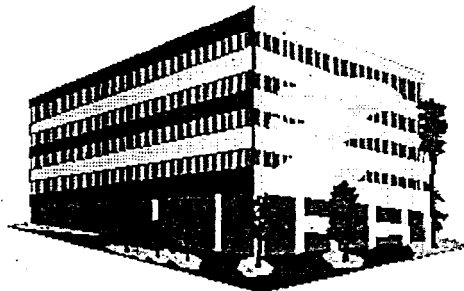
**Workers Compensation  
Insurance Compliance**



**Unemployment  
Insurance**



**Department of  
Revenue**



*Decision*

*Appealed*

*DLI Hearings*

*BOLA*

*District Court*

*Supreme court*

## Narrative to Accompany HB 3 Supplemental Appropriations

Prepared by: LFA Staff  
March 13, 1995

### SECRETARY OF STATE

The executive is recommending a proprietary fund supplemental appropriation of \$88,000 for the Secretary of State for costs incurred preparing and publishing for the 1994 general election. This amount is in addition to approximately \$25,000 of election expenses charged to the fiscal 1995 appropriation, including printing of the VIP and motor voter forms.

The original supplemental request of \$92,000 is being amended to reflect a \$4,000 reduction due to lower than anticipated communications costs associated with preparation for the election (amendment 2).

### COMMISSIONER OF POLITICAL PRACTICES

The executive includes two supplemental budget requests for the Commissioner of Political Practices for fiscal 1995. One supplemental, unanticipated legal expenses, was added subsequent to the publication of the Executive Budget.

1) Implementation of I-118 - In the November 1994 election, voters passed Initiative 118. This initiative amends Montana's campaign finance laws to limit contributions to candidates for public office, forbid carryover of surplus campaign funds, restrict contributions to elected officials' leadership political committees, and include in-kind contributions within aggregate limits for contributions by political committees to state legislative candidates.

The executive originally recommended \$98,328 for this purpose. The General Government and Transportation subcommittee has recommended the addition of \$16,750 for various start-up expenses. This reduction is incorporated in an amendment to the bill (amendment 3).

2) Unanticipated Legal Expenses - The second amount requested of \$18,000 is for unanticipated legal expenses. Legal expenses exceeded the budgeted amount due to: a) an increase in complaints requiring investigation; and b) defense of a suit in district court.

to pay an estimated \$10.1 million for fiscal 1995 wildfire suppression. (These figures are the amended levels included in amendment 5). Not included in the supplemental request is \$9.0 million general fund spent by the Department of State Lands and the Department of Military Affairs from emergency appropriations authorized by the Governor under section 10-3-312(a) and (b), MCA. The executive request does not include an estimate of costs for fire suppression this spring.

During the subcommittee hearing on the fire supplemental request, the Department of State Lands presented testimony on updated figures as of January 3, 1995. It was stated at that time that because the state's cost of the Little Wolf fire was less than anticipated, the state may have to reimburse a part of the \$3.5 million already received from the Federal Emergency Management Administration. The executive request does not address the possibility of this additional cost.

Table 1  
General Fund Supplementals for  
Wildfire Suppression Costs

Biennium	Millions
1985	\$2.9
1987	3.7
1989	12.6
1991	3.0
1993	7.9
1995*	15.5

\* Executive Budget request in HB 14 and HB 3. Does not include \$9.0 million of emergency appropriations authorized by the Governor and spent for wildfire suppression.

State and federal agencies assist each other in their wildfire suppression efforts and then bill each other for the costs. Any reimbursements from federal agencies and private/corporate entities (responsible for starting a fire) are deposited in the general fund. The executive estimates that \$3.9 million of general fund spent by the state to assist federal agencies will be reimbursed to the general fund. Since fiscal 1989, the legislature has appropriated some of these reimbursements to the department to fund additional administrative assistance when administrative personnel are doing work associated with fire suppression. An issue with this practice is raised in the Forestry Division "Executive Present Law" narrative in the Department of State Lands in the LFA Budget Analysis, Volume II.

The amount of wildfire suppression supplemental budget authority approved by the legislature has varied widely, as Table 1 shows. If the fiscal 1995 supplemental requests are approved, the total fire suppression costs for the 1995 biennium (including emergency appropriation expenditures) will be \$24.5 million, the highest ever.



## DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES - Amendment 6

Swan River Boot Camp - The department requests \$103,465 of additional general fund appropriation authority in fiscal 1995 to increase security at Swan River Correctional Training Center (SRCTC). This request includes: 1) \$63,832 for 5.0 FTE correctional officers and related operating expenses and equipment; 2) \$7,398 for a contract with Lake County Sheriff's Office to have an officer based at SRCTC; 3) \$11,700 for overtime, benefits, and travel for MSP staff that are currently working at SRCTC in the place of trustees that have been removed from the facility; and 4) \$4,000 for jail costs for the removed trustees. This request includes \$7,000 for the following equipment: 1) key control; 2) a base station radio unit; and 3) 4 mobile radios. The department also requests \$4,535 to connect to the criminal justice information network (CJIN) and \$5,000 to implement a dress policy.

Personal services and operating expenses are pro-rated for the remainder of fiscal 1995 - March through June. Funding for the contract with the Lake County Sheriff's Office is included as of the beginning of February, 1995.

The department requests this funding to increase security at SRCTC in response to recent events at the facility. The legislature should note however, that three of the requested items: 1) mobile radios (for existing staff); 2) CJIN connection; and 3) dress policy, are not directly related to the change in staffing, and could have been requested during the regular budget process and appropriately evaluated during subcommittee.

The department submitted a new proposal to the Institutions and Public Safety subcommittee to fund ongoing costs and equipment replacement for the items requested in this supplemental proposal. The department requested \$234,284 in fiscal 1996 and \$235,098 in fiscal 1997. The subcommittee did not approve this new proposal.

MSH Reception Overflow - The legislature authorized in HB 2 an executive proposal to provide 31.0 FTE and funding to convert the old forensic building at the Montana State Hospital (MSH) campus into an 80 bed prison facility. The proposal originally requested \$1,024,576 in each year of the 1997 biennium.

Due to current overcrowding at MSP, the department requests that they be given authority to begin conversion of the building and recruitment of staff immediately, so that occupancy can occur as soon as possible. To accommodate the immediate start date, the executive reduced the amount requested in HB 2 for the 1997 biennium by \$300,000 and requested this amount in the supplemental bill.

The legislature authorized \$724,576 in fiscal 1996 and \$1,024,576 in fiscal 1997 in HB 2 to staff and operate the 80 bed facility on the MSH campus.

EXHIBIT 4  
DATE 3-13-95  
HB 3  
FY94 DSL

FIRE COSTS AS OF 3/1/95

Appropriation Transfer (FY94)		\$ 373,874
SBAS Costs		10,614,964
Billed:		
US Forest Service	\$10,731,603	
MT National Guard	144,877	
Bureau of Land Management	612,022	
Fish, Wildlife, Parks	15,500	
MT State Prison	39,929	
Department of Justice	108,203	
DSL Aircraft Repairs	<u>159,912</u>	11,812,046
Estimated:		
US Forest Service	540,537	
(retardant, transportation, and regular army crews)		
Miscellaneous Vendors	<u>10,000</u>	<u>550,537</u>
Total Costs		\$23,351,421
Less:		
Emergency Fund	<7,416,000>	
HB14 Fire Supplemental	<5,000,000>	
Budgeted Salaries	<u>&lt; 437,572&gt;</u>	<u>&lt;12,853,572&gt;</u>
		<u>\$10,497,849</u>
Amount Required in HB3		
Current Amount		\$ 7,700,000
Plus Adjusted Costs		<u>2,797,849</u>
		<u>\$10,497,849</u>
Federal Reimbursement Estimate		\$3,922,360
* * * * *		
Cost to the General Fund		
Emergency Fund		\$ 7,416,000
HB14		5,000,000
HB3		10,497,849
Budgeted Salaries		437,572
Less:		
Federal Reimbursement		<3,922,360>
FEMA Payment		<u>&lt;3,500,000&gt;</u>
Total		<u>\$15,929,061</u>

Testimony - Rick Day  
House Appropriations  
HB 3 Supplemental  
March 13, 1995

The Swan River Correctional Training Center (SRCTC) is more commonly referred to as the Boot Camp. The 1993 legislative session agreed to convert the Swan River Forest Camp to a correctional boot camp. The Department, through extraordinary efforts of staff, began operating a correctional boot camp at the Swan location in July of 1993. The program included a trainee (30) and trusty program (10). The trainees were those inmates directly participating in the Boot Camp and eligible for sentence reduction, and the trusties (MSP inmates) were to provide support to operate the Camp.

The statistical success of the camp is still being debated, as although of the 78 graduated and only 4 have returned; on the other hand, about half of those initially admitted fail to complete the program. In addition, the cost per day at the Boot Camp (\$80) is about twice the cost per day at the men's prison. However, the average stay of those completing the Boot Camp is 90-120 days where the average release length of stay at MSP is 44 months.

In spite of the questions, there is one thing to which most seem to agree. Those participating in the program are clearly impacted. There has been dramatic evidence of this success through two inmates' acknowledgment to other serious crimes and the apparent continuing success of program graduates. But the numbers--although very significant--are small.

Then the tragic incident occurred at the camp which was already struggling with staffing difficulties and the start-up of two new correctional programs.

This brings us before the Committee today. At this point, the Governor and the Department are recommending a transition of the Boot Camp program to new facilities on MSP property. Some of the justifications for this move include:

1. Transportation costs (\$11,250)
2. Condition of the infrastructure at Swan (boiler replacement)

3. Staff retention, recruitment and housing shortage
4. A new facility designed for Boot Camp needs
5. Location at or near Conley Lake would still offer a "forest" atmosphere separated from the main prison
6. Food service could be addressed through the main prison
7. Laundry can be addressed through the main prison
8. Medical and psychological services are available through the main prison
9. Direct access to reception inmates allowing improved processing of Boot Camp intakes
10. Expanded career and training opportunities for Boot Camp and prison staff
11. Cooperation and support of prison maintenance staff.

The Department is requesting a supplemental of \$103,465 to improve staffing and security and offset emergency expenses in FY95. The Department further proposes to transition the Boot Camp program to the main prison complex and construct a facility to support this program at a location near Conley Lake Lodge complex. During the next biennium, the Department would discontinue the Swan trusty program, increase the trainee program to 60, and hire temporary or contract support for needed activities like food service and maintenance.

By comparison, the MSP Conley Lake option compares favorably to the original executive budget, and the expanded request which incorporated additional security. (Refer to Boot Camp options table.)

The Department proposes the complex at Swan be sold for a use more appropriate to the nature of the surrounding area. The Department intends to use bonding authority provided in HB 5 in the '93 Session for prison improvements to complete the needed construction. The Department presently estimates this construction will cost approximately \$2 million which is the authority available. This method of financing allows us to proceed immediately and does not effect this biennium's bonding program. Under this program, it is reasonable to project completion of the new Boot Camp in the '96-'97 biennium.

I hope this information brings the Committee up to date regarding the Boot Camp. I appreciate your patience as we worked through the difficult circumstances, and we hope the Committee can support the supplemental request and transition plan.

EXHIBIT 6  
 DATE 3-13-95  
 HB 3

**Corrections Division Boot Camp Options:**

	FY95 Supplemental	FY96 Total	FY97 Total	Total
<b>Executive Budget Request:</b>				
FTE	0.00	28.50	28.50	28.50
General Fund Cost	0	1,628,063	1,588,264	3,216,327
<b>Executive Budget with Security Enhancements:</b>				
FTE	6.00	34.50	34.50	34.50
General Fund Cost	173,545	1,862,347	1,823,362	3,685,709
<b>Moving SRCTC to MSP Campus:</b>				
FTE	5.00	24.50	24.50	24.50
General Fund Cost	103,465	1,546,403	1,531,528	3,077,931

**Amendment to HB003**

1. Page 2, line 8.  
Following: line 7  
Insert:

**"COMMISSIONER OF HIGHER EDUCATION**

Distribution Program	1995	849,978	General Fund
Vo-Tech Millage	1995	126,433	State Special"

Explanation

The 1993 Special Legislative Session appropriated all anticipated additional statewide six (6) mill levy revenue along with the fund balance in the millage account and reduced general fund on a dollar for dollar basis. In addition, the following language was added to HB002.

"Revenue received by the university system under the provisions of 20-25-423 that exceeds \$16,956,000 in fiscal 1994 and \$13,899,000 in fiscal 1995 is appropriated to the office of the commissioner of higher education and must cause a reversion of a like amount of general fund. **If revenue received under the provisions of 20-25-423 is less than \$16,956,000 in fiscal 1994 and \$13,899,000 in fiscal 1995, the office of the commissioner of higher education may request a supplemental appropriation** under the procedures contained in 17-7-301 for distribution to the university system."

This language was added to prevent the university system from benefiting if unanticipated additional millage revenue was collected and to protect the university system if millage collections fell short of the anticipated collections.

Fiscal 1994 and 1995 six mill levy collections have fallen short of the anticipated amounts by \$976,411. The one and one-half mill vo-tech levy is estimated to have a FY95 ending fund balance of \$126,433. This amendment requests a supplemental appropriation in the amount of the shortfall as provided in the HB002 language above.

## Forest Land Taxation Project History

- > 1989 Session - HJR 24 Mandates study of forest land taxation in Montana.
- > 1989-91 Interim - Revenue Oversight Committee conducted hearings on forest land taxation and heard testimony from industry, University researchers, and others. Committee develops a committee bill changing system from a tax based on standing inventory of trees to one based on productivity classes. Without this change, existing forest tax would sunset and revert to the agricultural level, resulting in a 10 fold increase in tax to forest land owners. Committee bill submitted just before 1991 session.
- > 1991 Session - Bill to change tax system passes Natural Resources Committee and sent to Appropriations Committee for funding of the productivity class determination and implementation. Appropriations had no room in budget to fund this and I proposed, and forest industry supported, a 10 cents per acre fee for 3 years to fund this project. It passed with this funding mechanism and with a quick and dirty estimate by Forestry School researchers on productivity mapping of \$614,000, which became the appropriation.
- > Summer 1991 - Forestry School negotiated with DOR on a contract to do the required job. Only then did we learn that DOR would require mylar maps that could overlay county plat book maps (2900 maps at 4"/mile) instead of a paper map for each county. DOR also needed all roads, waterways, and public land ownership on the maps as well as the public land survey system. Revised estimate of costs was \$789,000. Negotiations continued for some time and compromises were made, but only \$614,000 was appropriated. Late in 1991 we proceeded with the project, because DOR needed the maps and the School was the only place in the country capable of doing it. All parties agreed to try for a supplemental.
- > Fall 1991 through 1994 - Project completed with close cooperation the last 2 years between School and DOR. Both were plowing new ground as nothing like this had ever been done. Two major unforeseen difficulties arose that were not accounted for: There was no public land survey system available as a digital data base for Montana, and the School had to construct one. It is now done and available to many agencies, like the Highway Department. The School also had to go back and check out manually, on air photos, all the forest/non-forest boundaries. DOR implements the new system for all forested lands in Montana.

# State of Montana

Marc Racicot, Governor

EXHIBIT 9

DATE 3-13-95

HB 3



## Department of Revenue

Mick Robinson, Director

P.O. Box 202701

Helena, Montana 59620-2701

January 11, 1995

To: Representative Bob Ream

From: Mick Robinson, Director  
Department of Revenue

*Mick*

Re: Forest Land Flat Tax

As you requested, following is information on the fees collected from the imposition of the flat forest tax. This information is contained in the Department of Revenue Biennial Report, under "taxes levied for state purposes." The figures are as follows:

1991	\$ 354,677
1992	355,692
1993	<u>361,990</u>
TOTAL	\$1,072,359

The 1991 Legislature authorized the Department to spend \$980,838 on the project. The difference between fees collected and funds spent was \$91,521.



Dave Lewis, Director  
Office of Budget and Program Planning  
Room 237, State Capitol  
Helena, MT 59620

Dear Dave,

We are nearing completion of the changeover to a forest land taxation system based on forest productivity. I am proud of the role that our Forestry School played in this process and that the process has worked. This was a pioneering effort and I think one that demonstrates how higher education and state government should work together. I say this despite the problems and pitfalls that both DOR and we experienced in working together on this project. My role in this was first as a sponsor of the bill (with Bob Brown carrying it in the senate), and second as a facilitator while I was Acting Dean of the Forestry School last year.

We were all breaking new ground when we launched into this process four years ago, and as you may recall, the whole thing almost crashed when we couldn't get a commitment for funding during the 1991 session. Then I suggested the 10 cents/acre fee for two years for all forest landowners to get it up and running. The Forestry faculty involved, did a quick and dirty estimate of what it would cost to produce forest productivity maps for each county and it came out to \$614,000, and that became the appropriation. After the session ended and we sat down to work with DOR on drawing up a contract, we found that our basis for estimation and DOR's expectations did not match. DOR felt they needed mylar maps for each township at a scale of 4"/mile, and they needed all roads, waterways, and land ownership on the maps. In order to meet DOR's quality objectives, we had to construct the public land survey system, which required many extra months of work. Dr. Kelsey Milner revised the cost estimate for the School and the new bare bones budget was \$738,000. Another unforeseen difficulty was identification of forest/non-forest boundaries, which could not be accomplished using satellite imagery alone, but had to be supplemented with air photo interpretation and manual digitizing of boundaries.

Dr. Milner assembled a top notch team of computer people to do the work, we bought the necessary equipment, and they launched into the work late in 1991. Mick Robinson recognized the magnitude of the task, the difficulties created by adding responsibilities to the contract, and the need for catching up on timelines

that had passed. We really appreciated his understanding. We all worked hard to see this to completion. However, we have run \$100,000 over the original contract amount of \$614,000. Together with DOR we explored funding possibilities with other agencies, but those proved to be unsuccessful or at most nickels and dimes. The Forestry School must get out from under this debt and I trust that you will make every effort to help us. We have no way of covering a deficit of this magnitude and ask for your help in making it up through a supplemental budget request.

The databases generated from this project are already in demand by other agencies and we have made them available through NRIS at the State Library. For example, the public land survey system for Montana had never been done in a uniform manner for the entire state. There are bound to be other spinoffs from this work. Other states have been looking over our shoulders with great interest. This approach to forest land taxation should save the state millions in the long run. Again, I think DOR and the Forestry School can be proud of the final product. Thanks for your consideration of this matter.

Sincerely yours,

Bob Ream

cc: Mick Robinson, DOR,  
Senator Bob Brown  
Dr. Kelsey Milner and Dean Perry Brown, Forestry School

TESTIMONY IN SUPPORT OF  
HB 268  
1.5% GUARANTEED ANNUAL BENEFIT ADJUSTMENT  
PROPOSAL  
on behalf of the  
PUBLIC EMPLOYEES' RETIREMENT BOARD

EXHIBIT 10  
DATE 3-13-95  
HB 268

Presented by  
Linda King, Administrator  
Public Employees' Retirement Division

During the 1993 session, the Legislature enacted SB 192 which required the Public Employees' Retirement Board to:

"review the sufficiency of benefits paid by the system and recommend to the legislature those changes in benefits that may be necessary for retired members and their beneficiaries to maintain a stable standard of living." (19-2-404(9), MCA)

The GABA proposal submitted for your consideration by the Governor is the Board's recommendation required by that law. The Board fully supports and recommends enactment of this particular proposal because it will guarantee those changes in benefits necessary to maintain a stable standard of living, in a manner which will maintain the actuarial soundness of all the systems and in the most cost-effective manner possible. If the Governor had not proposed this legislation to you, the Board would have.

Previous "GABA" proposals were found to be too expensive by previous Legislatures. For example, a 1993 2% GABA proposal covering only PERS and TRS would have resulted in a \$16 Million state general fund impact in the coming biennium. This GABA proposal is different because it utilizes still another funding source to help fund the guaranteed benefit adjustments -- for all 8 systems at only a fraction of the cost of the previous proposal.

This "new" funding source is called "SAVINGS." By savings, we mean:

- **Funding Swaps.** There are currently particular benefits provided in most of the systems which are not found in the other systems and which cost a portion of the current funding of the system to provide. Such particular benefits can be "swapped" for a portion of the GABA, thus reducing the additional funding required for the GABA.
- **Excess System Funding.** By July 1, 1995, two of the retirement systems will actually be collecting contributions in excess of the amounts actuarially required to fund their current benefits. The excess amounts currently collected reduce the additional contributions required to fund GABA for those systems.
- **Extending Amortization Periods.** A portion of the contribution increases required to fund GABA can be reduced in certain systems which are well-funded and have amortization periods well within accepted actuarial funding standards. This will have the effect of extending the

AMMENDMENTS ADOPTED BY HOUSE STATE ADMINISTRATION COMMITTEE 268  
HB

## ► Amendments:

- Reduce GABA to a 1.5% annual increase, thus reducing employer and employee contribution increases.
  - Define "earned compensation" in the Teachers' Retirement System to mean base salary only and provide a mechanism for TRS members to retain credit for summer compensation in previous years.
  - State General Fund savings are used to pay the employer contribution rate increases for local governments and school districts.
- The state general fund will pay 100% of the cost of the GABA for school district and local government employees at a slightly lower level of total State General Fund commitment than in the original proposal. By the end of the 1999 biennium, the General Fund will pay 97% of school district costs and 86% of local government costs.
- Even if total TRS payrolls continue to increase at their historic high rate of 5.75% per year, the average increase per school district in FY 98 would only be \$350/year and in FY 99 and beyond will be less than \$450 per year. Because the cost/district is so minimal, it should be covered by retirement fund reserves or cash flows without increased mill levies.
- At historic inflation rates, (5.75% for TRS) total costs shared by over 800 local governments and school districts are projected to be:

<u>Fiscal Year</u>	<u>School Districts</u>	<u>Local Gov'ts</u>
1996	\$ -0-	\$ -0-
1997	\$ -0-	\$ -0-
1998	\$165,976	\$124,169
1999	\$211,102	\$128,147

- Projected annual costs in future years result from increases in payrolls due to additional employees and salary increases, not because of GABA. If payroll increases averaged no more than 2%, this proposal would have \$0 impact to local governments and school districts in the future.
- Assuming historic inflation rates for local government payrolls, the average annual cost per employee in FY 99 is projected to be only:

General Government	\$11/year
Police Officers	\$15/year
Sheriffs/deputies	\$15/year
Firefighters	\$24/year

These annual inflationary costs in FY 99 and beyond can be absorbed without increases in mill levies.

- The amendments have been reviewed and endorsed by PEPSCo -- the Public Employee Pension Security Coalition composed of a broad range of active and retired public employee organizations across the state.

Amendments to House Bill No. 268  
Second Reading Copy

Requested by Rep. Chris Ahner  
For the Committee on House Appropriations

Prepared by Sheri S. Heffelfinger  
March 13, 1995

EXHIBIT 12  
DATE 3-13-95  
HB 268

1. Page 6, line 29.

Strike: "OR"

Insert: "and"

2. Page 7, line 1.

Strike: "REPORTED"

Following: "COMPENSATION"

Insert: "reported for fiscal years 1993, 1994, and 1995"

3. Page 7, line 2.

Strike: "3 YEARS OF"

4. Page 7, lines 9 through 11.

Strike: "AND" on line 9 through "(1)(B)" on line 10

Following: line 10

Strike: "TWO THIRDS OF THE AMOUNT AVAILABLE UNDER SUBSECTION (1)"  
on line 11

Insert: "in the member's calculation of benefits two-thirds of the  
actuarial value of the summer compensation available under the  
provisions of subsection (1) or may elect to include in the  
member's average final compensation two-thirds of the summer  
compensation available under the provisions of subsection (1)"

5. Page 7, lines 12 through 14.

Strike: "AND" on line 12 through "SUBSECTION (1)" on line 14

Insert: "may elect to include in the member's calculation of  
benefits one-third of the actuarial value of the summer  
compensation available under the provisions of subsection (1)  
or may elect to include in the member's average final  
compensation one-third of the summer compensation available  
under the provisions of subsection (1)"

6. Page 17, line 24.

Strike: "15.86%"

Insert: "16.21%"

7. Page 17, line 25.

Strike: "15.81%"

Insert: "16.06%"

8. Page 18, line 2.

Strike: "14.41%"

Insert: "14.51%"

Amendments to House Bill No. 485  
3rd Reading Copy

EXHIBIT 13  
DATE 3-13-95  
HB 485

Requested by Representative Bergsagel  
For the House Appropriations Committee

Prepared by Andrea Merrill  
March 9, 1995

1. Title, line 5.  
Strike: "EXPANDING"  
Insert: "CHANGING"

2. Title, lines 6 and 7.  
Following: "OFFICER;" on line 6  
Strike: remainder of line 6 through "OFFICER;" on line 7

3. Title, lines 9 and 10.  
Following: "FOR" on line 9  
Strike: remainder of line 9 through "PLACES" on line 10  
Insert: "INVENTORYING, DOCUMENTING, AND EVALUATING HERITAGE  
PROPERTIES"

4. Page 1, line 24.  
Strike: "13"  
Insert: "nine"

5. Page 1, line 26.  
Following: "history,"  
Insert: "paleontology, historic property administration,  
curation, planning; landscape architecture, conservation,  
folklore, cultural anthropology, traditional cultural  
property expertise,"

6. Page 1, line 28.  
Following: "fields,"  
Strike: "."  
Insert: "; and"

7. Page 1, lines 29 and 30.  
Strike: subsections (ii) and (iii) in their entirety  
Renumber: subsequent subsection

8. Page 2, line 1.  
Strike: "six"  
Insert: "four"

9. Page 2, line 10.  
Following: "SOCIETY"  
Insert: ", who have demonstrated an interest in historic  
preservation,"

10. Page 2, line 29.  
Following: line 28  
Insert: "(1) "Affected property owner" means a person or entity

whose real property will be physically affected by the activity of an applicant or whose real property is proposed for incorporation into a historic district proposed as eligible for listing in the National Register of Historic Places."

Renumber: subsequent subsections

11. Page 4, line 27.

Following: "consultation"

Insert: "-- public notice"

Strike: "finding to district court"

Insert: "findings"

12. Page 4, line 27 through page 5, line 7.

Strike: subsections (1) and (2) in their entirety

Insert: "(1) A federal or state entity that acts upon a proposed federal or state action or an application for a federal, state, or local permit, license, lease, or funding may request the views of the historic preservation officer concerning:

(a) the recommended eligibility for a register listing of any heritage property or paleontological remains;

(b) the effects of a proposed action, activity, or undertaking on heritage property or remains that are found to be eligible for register listing; and

(c) the appropriateness of a proposed plan for the avoidance or mitigation of effects.

(2) A request for comment pursuant to 16 U.S.C. 470(f) may be made simultaneously with a request pursuant to subsection (1). The historic preservation officer shall respond in writing to a request within 30 calendar days of receiving the request and shall address each property in the request and each topic of the request. In the event that an agency requests simultaneous consultation for two or more criteria under this section, the agency and historic preservation officer may extend the 30-day review period by mutual agreement. If the historic preservation officer fails to comment within that time, that failure is construed as concurrence with the agency's recommendation. In the event of failure to comment on a specific undertaking, the historic preservation officer may not change a finding for a heritage property at a later date."

13. Page 5, lines 16 through 22.

Strike: subsections (4) and (5) in their entirety

Insert: "(4) At the time that the state or federal agency requests the views of the historic preservation officer as provided in subsection (1), the agency shall provide notice to the applicant, affected property owners, and other interested persons of the request for consultation and shall identify locations where the submitted materials may be reviewed.

(5) The applicant and any affected property owners have 20 days in which to appeal the historic preservation officer's finding to the director. The appeal notice must include a written statement of reasons for the appeal and any additional supporting

## HOUSE OF REPRESENTATIVES

## VISITOR'S REGISTER

Appropriations COMMITTEE BILL NO. HB 3  
 DATE 3-13-95 SPONSOR(S) 192  
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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
MARK Simonich	DARC	HB 192		X
ROD SAGER	LABOR + INDUSTRIES	HB 550		X
Bob Ketchum	DSL	HB 3		✓
Jahn Decker	AMRPE + PESCO	HB 268		✓
Bob Bird	AMRPE	268		✓
Alve Thomas	RTA	268		X
maudee Sharp	MHS	HB 485		
TOM BILODEAU	MEA	HB 485 268		X
John Fitzgerald	Pegasus 601	485		X
Terry Minow	MFT	HB 485 268		X
Billy Molec	"	485 268		X
At Whitney	Assoc. of Retirees Pub. Empl.	HB 268		X
Keith Seaburg		HB 268		X

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## HOUSE OF REPRESENTATIVES

## VISITOR'S REGISTER

Appropriations COMMITTEE BILL NO. \_\_\_\_\_  
DATE 3-13-95 SPONSOR(S) \_\_\_\_\_

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Vern Erickson	MT State Fireman's Assn	HB 268 471		✓
Pat Clinch	MT State Council Prof. Fire Fighters	HB 265 471		✓
WAYNE STAHL	PHILLIPS County	HB 485		✓
John T. Jakes	DWORO	8,27A		✓

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