

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By **CHAIRMAN ERNEST BERGSAGEL**, on February 13, 1995, at 7:00 A.M.

ROLL CALL

Members Present:

Rep. Ernest Bergsagel, Chairman (R)
Sen. Ethel M. Harding, Vice Chairman (R)
Sen. B.F. "Chris" Christiaens (D)
Rep. Matt McCann (D)
Rep. Tom Zook (R)

Members Excused: NONE

Members Absent: NONE

Staff Present: Nan LeFebvre, Office of the Legislative Fiscal Analyst
Jane Hamman, Office of Budget & Program Planning
Tracy Bartosik, Committee Secretary

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

Committee Business Summary:

Hearing: HB - 15; MONTANA STATE UNIVERSITY,
UNIVERSITY OF MONTANA, AND HB 19.
Executive Action: MONTANA STATE UNIVERSITY, UNIVERSITY OF
MONTANA, AND HB 19.

Dr. Jeff Baker, Commissioner of Higher Education, stated that one building not addressed on the priority listing was the proposed building at MSU-Billings. Although the University System is not in a position to move forward with this project even if they had funding, he mentioned he would like to raise it for consideration on the off chance that an opportunity arises for planning funds or moving forward with the overall concept. He also stated that he would very much like to see this project added to the priority listing.

In response to a question asked by **CHAIRMAN ERNEST BERGSAGEL**, **Dr. Baker** explained that the building would have multiple uses including classroom and office space. He also explained that the project is on a 2 to 4 year time frame and that the University System is not looking at exceeding much of their current capacity in the near future. They are more aimed toward looking at the next century and how they can better teach their students.

Ms. Nan LeFebvre, Office of the Legislative Fiscal Analyst, provided copies of HB 15 and its fiscal note to the committee. **EXHIBITS 1a and 1b.**

HEARINGS AND EXECUTIVE ACTION ON HB 15
MONTANA STATE UNIVERSITY

CENTRAL HEATING PLANT, PHASE II

Mr. Bob Lashaway, stated that Phase II of this project consists of replacing boiler #1 and #2, and removal of asbestos. Because of questions asked about the amounts listed in the Long-Range Building Program booklet, **Mr. Lashaway** provided a handout to the committee for clarification. **EXHIBIT 2**

Motion/Vote: **REP. TOM ZOOK** moved to approve Phase II of the Central Heating Plant Project for Montana State University-Bozeman in HB 5 and HB 15 for a total of \$5.2 million. **Motion carried unanimously.**

UNDERGROUND UTILITIES EXPANSION

Mr. Lashaway gave the committee a brief overview of this project and stated that the benefits will include increased reliability and increased accessibility. In response to a question asked by **SEN. CHRIS CHRISTIAENS,** **Mr. Lashaway** stated that the project is projected to be completed in the summer of 1996. **EXHIBIT 3.**

Motion/Vote: **SEN. CHRISTIAENS** moved to approve \$6 million in HB 15 for the Underground Utilities Expansion at Montana State University-Bozeman. **Motion carried unanimously.**

EXECUTIVE ACTION ON HB 15
UNIVERSITY OF MONTANA

Dr. George Dennison, President, University of Montana, stated that the Chemistry Building and the Life Sciences/Pharmacy Building are the University's two highest building priorities. He also stated that both projects require private donations. The Life Sciences/Pharmacy Building received spending authority of \$12 million, but the University System is asking for a change in that 1991 authorization because it only includes federal funds. He said that they have moved ahead in seeking private donation funding for this project, and are asking for bonded funding of \$2 million from the state as leverage to raise additional private donations.

Dr. Dennison mentioned that the physical therapy students will pay additional tuition fees to aid in paying for the program, and the building will serve approximately 1200 students. He also requested \$500,000 in spending authority for renovation of the Prescott House, and was wondering if that could be included with these requests.

CHEMISTRY BUILDING, MONTANA TECH

Dr. Lindsay Norman, Chancellor, gave a brief overview of the improvements needed for the Chemistry Building at Montana Tech in Butte. **EXHIBITS 4 and 5** **Dr. Norman** stated that the college has been responding to maintenance problems on a weekly basis and that the lab is second or third-rate to high school chemistry labs around the state. Over 1,000 students per day go through that facility. **Dr. Norman** also stated that to build a new building would cost approximately \$12 to \$15 million, making renovation the most inexpensive route to take. He concluded by stating that after 74 years of use, the Chemistry Building is in desperate need of repair.

Mr. Gary Pace, Student Body President at Montana Tech, spoke in support of the renovations.

In response to a question asked by **CHAIRMAN BERGSAGEL**, **Dr. Norman** stated that the funding they receive for this project will be spent only on infrastructure.

Motion/Vote: **REP. ZOOK** moved to approve the improvements in HB 5 and HB 15 for the Chemistry Building at Montana Tech for \$6,045,000. **Motion carried unanimously.**

{Tape: 1; Side: B;}

PHARMACY ADDITION/RENOVATION, UNIVERSITY OF MONTANA-MISSOULA

Mr. Dean Forbes gave an overview of the proposed addition and renovation for the Life Sciences/Pharmacy Building. **EXHIBIT 6** He stated that pre-pharmacy and physical therapy are currently very popular programs, and are spread out in three different buildings across campus. He stated that adding additional space to the existing building is much less expensive than building a new building.

SEN. CHRISTIAENS asked what the pre-nursing program consisted of. **Mr. Forbes** stated that it was general education and basic science courses that the nursing students take before they are selected into the professional part of the nursing program. He also stated that there are a significant number of pre-nursing students on the UofM campus. **SEN. CHRISTIAENS** then asked if pre-nursing is a one-year program. **Mr. Forbes** stated that it is approximately a two-and-a-half to three-year program on that campus, then the students are transferred to MSU for a semester, and from there they go to clinical vocation.

SEN. ETHEL HARDING asked if there was a time frame on establishing a diabetes and cardiovascular research center at the University. **Mr. Forbes** stated that there has been no set time frame established for this project, but it is a major research interest and focus for the faculty of the School of Pharmacy and Allied Health Sciences at the UofM. He also stated that

achieving that goal would require serious private funding and federal funding.

CHAIRMAN BERGSAGEL requested that **Dr. Norman** go through the numbers and the amounts of funding again for the committee. **Dr. Norman** stated that in 1991 the University requested spending authority of \$12 million, which was provided by the legislature, but it was restricted to federal special funds. The University wants to combine that with this particular proposal. This proposal is designed to get \$2 million worth of leverage. The total project cost is \$10.4 million, and the University would like to have \$2 million in bonding authority from the state, and they will seek \$2 million from federal sources, and the remainder will come from private donations. The "bottom line" is the University is seeking \$2 million in bonding and a total of \$10.4 million in spending authority. He also stated that they have been talking at length with one major donor, and have had conversations with another major donor who will come into the project early, and yet another who wants to enter toward the close of the project. **Dr. Norman** also stated that if the outside funding is not secured then the bonding from the State will not be used.

In response to a question asked by **CHAIRMAN BERGSAGEL**, **Dr. Norman** stated that the private source for \$2 million has not yet made a firm commitment. **Dr. Norman** said he believes the University will get a commitment from this individual who will say the donation is contingent upon some state participation. He also mentioned that they did not have this in writing.

CHAIRMAN BERGSAGEL stated that it would be his advisement to the committee that if this project were approved, it would be contingent on some kind of solid commitment on the part of the private donors and the University. **Dr. Norman** stated that ground would not be broken on this project until all of the dollars are identified.

REP. ZOOK stated that a \$2 million commitment from the State wasn't absolutely necessary, as long as there was some kind of a commitment, in order for the University to gain leverage.

REP. MATT McCANN asked for clarification on the operations and maintenance costs of the Life Sciences/Pharmacy Building. **Dr. Norman** referred to the page in the booklet entitled "Life Sciences/Pharmacy/Psychology Building Addition" which lists the projected operational and maintenance costs (see Exhibit 6). **Dr. Norman** stated that the University is assuming this building will be able to maintain the same usage as the rest of the campus. He also stated that 12% of the cost has been subtracted out because approximately that much space will be research space that will be funded by grants and private research. The indirect cost will support a portion of those operational expenses.

SEN. CHRISTIAENS asked if in the process of a professor doing research something marketable is developed, which could be patented and sold, does a portion of what that professor may receive as a result of that research go back into the college?

Dr. Norman stated that yes, it does. Each campus has an intellectual property policy, which deals with this kind of issue so that there is appropriate recognition of the contribution of the researcher and appropriate recognition of the university and the department. He also stated that it was roughly a 50/50 split.

{Tape: 1; Side: B; Approx. Counter: 770;}

Motion/Vote: **SEN. CHRISTIAENS** moved to approve \$2 million in bonding authority from the state of Montana, \$2 million in federal authority, and \$6.4 million in private funds for the University of Montana Life Sciences/Pharmacy/Psychology Building addition and renovation. This motion would also rescind the \$12 million of federal spending authority authorized in the 1991 legislative session. **Motion carried 3 to 2, with REP. ZOOK and CHAIRMAN BERGSAGEL voting no.**

{Tape: 2; Side: A;}

Dr. Dennison gave a brief background on the Prescott House, which is now on the National Register of Historic Places and property of the University of Montana. The University has spending authority of \$500,000 to renovate and to use the facility for various activities. The current proposal includes the extension of Campus Drive, which runs next to the house, some work with the parking lots, and clean up of the space along the building. This work would amount to approximately \$1.3 to \$1.5 million. The University is asking for combined spending authority of \$2 million. He stated that they currently have \$500,000 already approved, and they need spending authority for things such as roads and streets, as well as improvement for facilities. In order to do this project, the University will be dependent upon in-kind contributions and donations from a contractor who is willing to do it, and with that kind of situation, the work cannot be bid, so the University is asking for exemption from the bidding requirements for the design work as well as the contractor services.

SEN. HARDING asked if there was a contractor "lined up" who is willing to donate his time to the project. **Dr. Dennison**, stated that yes, there is.

SEN. CHRISTIAENS asked about the use of the Prescott House property. **Dr. Dennison**, said currently the University is planning to locate the Academy for Curriculum and Technology there, which is part of the Education Department. They will work out of this facility to develop curriculum that will be used in the public schools.

CHAIRMAN BERGSAGEL asked **Tom O'Connell**, Department of Administration, Architecture and Engineering Division, if he would brief the committee on his knowledge of the project. **Mr. O'Connell** stated that in the past the legislature has approved requests such as this for the University of Montana, such as for the construction of their stadium. That project, however, was done by a separate piece of legislation. The difference with the Prescott Building is the University has asked to include exemption language in HB 5. He stated that there may be mechanical problems by putting an exemption to existing statute in an appropriations bill. He stated that his recommendation would be to do a separate piece of legislation. **REP. ZOOK** suggested a separate committee bill for this purpose.

REP. ZOOK asked where the \$500,000 was last authorized. **Dr. Dennison** said that it was authorized by the Governor.

Motion/Vote: **REP. ZOOK** moved to approve a committee bill which would contain language authorizing approximately \$2 million of private funds and auxiliary funds to be used for the construction of a roadway and parking lots, and also the cleaning of the site around the Prescott House at the University of Montana. This bill would also exempt them from the design and construction bidding requirements of the State. **Motion carried unanimously.**

(At the conclusion of this meeting, the subcommittee agreed to reconsider this project. See the minutes of 2/16/95 for the executive action that took place at that evening meeting - 950216JL.HM2)

{Tape: 2; Side: A; Approx. Counter: 400;}

HEARING AND EXECUTIVE ACTION ON HB 19

Mr. Dave Lewis, Director of the Office of Budget and Program Planning (OBPP), explained that HB 19 reallocates coal tax money from the Department of Transportation to the Long-Range Building Program. **EXHIBIT 7a and 7b**

Ms. Lois Menzies, Director of the Department of Administration, provided the committee with information on the State's debt service and HB 19. **EXHIBIT 8**

{Tape: 2; Side: B; Approx. Counter: 000; Comments: n/a.}

Ms. Menzies continued explaining the State's debt service using charts and figures.

SEN. CHRISTIAENS asked if a portion of the coal tax money is going to the renovation of the Capitol Building. **Ms. Menzies** stated that a portion would be funded with coal severance tax money.

{Tape: 2; Side: B; Approx. Counter: 100}

Ms. Menzies stated that HB 19 is the vehicle which would allow needed building and rebuilding projects without impacting the general fund. Even with the additional debt, the debt service will remain below historic levels, projects will not absorb all of the funding, therefore, there would be a surplus available for other projects including deferred maintenance. Even with the additional debt, the State's debt ratios would remain considerably below the national average. For these reasons, she urged the committee to support HB 19.

SEN. CHRISTIAENS asked if the Department of Administration has looked at or considered shorter term bonding to reduce interest costs. **Ms. Menzies** stated they had not yet considered that, but it may be something they could study.

{Tape: 2; Side: B; Approx. Counter: 200; Comments: n/a.}

Ms. Menzies answered several questions from the committee regarding bonds. She cautioned the subcommittee about being too specific in statutes governing how bonds are sold. Traditionally, the legislative body has not dictated how bonds are sold; sale criteria is usually determined by the Administration. **CHAIRMAN BERGSAGEL** assured her that she would be included in any discussions regarding this issue with advice of the State's financial advisor.

SEN. CHRISTAENS asked if they reallocated this money, would there still be funds available to take care of a potential funding shortfall for the Department of Transportation due to the reallocation. **Mr. Lewis** responded that **REP. ROYAL JOHNSON** introduced a bill that would allow them to do more inter-fund borrowing simply by taking interest from the general fund, so from a cash flow perspective, the Department of Transportation is better off than they have ever been.

{Tape: 2; Side: B; Approx. Counter: 340; Comments: n/a.}

Ms. Linda Reed, Governor's Office, indicated that there would be no negative economic impacts on the State because of this bill, and in fact, there is potential for positive results.

Motion: **REP. ZOOK** moved to approve HB 19.

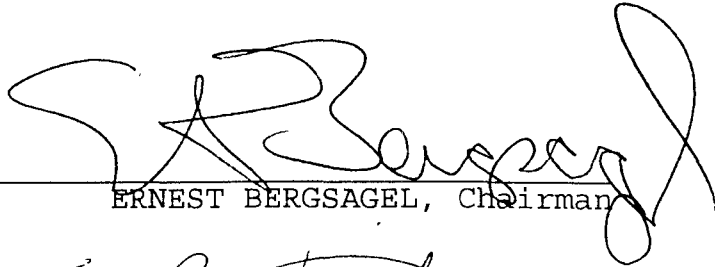
Discussion: **REP. CHRISTAENS** stated that he still had questions regarding the use of general fund monies and would vote no.

Vote: Motion carried 3 to 1, with **SEN. CHRISTIAENS** voting no and **CHAIRMAN BERGSAGEL** abstaining.

{Tape: 2; Side: B; Approx. Counter: 560; Comments: Meeting adjourned.}

ADJOURNMENT

Adjournment: 9:45 a.m.



ERNEST BERGSAGEL, Chairman



TRACY BARTOSIK, Secretary

EB/tb

LONG RANGE PLANNING

Joint Appropriations Subcommittee

ROLL CALL

DATE 2-18-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Ernest Bergsagel, Chairman	X		
Rep. Matt McCann	X		
Rep. Tom Zook	X		
Sen. Ethel Harding, Vice Chairman	X		
Sen. Chris Christiaens	X		

EXHIBIT 1a
DATE 2-13-95
~~SB~~ 15

HOUSE BILL NO. 15

INTRODUCED BY BERGSAGEL

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE CREATION OF STATE DEBT THROUGH THE ISSUANCE OF GENERAL OBLIGATION BONDS; APPROPRIATING THE PROCEEDS OF THE BONDS FOR CAPITAL PROJECTS FOR THE BIENNIUM ENDING JUNE 30, 1997; PROVIDING FOR MATTERS RELATING TO THE APPROPRIATIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Definitions. For the purposes of [sections 1 through 6], unless otherwise stated, the following definitions apply:

(1) "Capital project" means the acquisition of land or improvements or the planning, capital construction, renovation, furnishing, or major repair projects authorized in [sections 1 through 6].

(2) "CPF" means the capital projects fund.

(3) "Other funding sources" means money other than CPF money, including special revenue fund money, that accrues to an agency under the provisions of the law.

NEW SECTION. Section 2. Appropriation of bond proceeds and other funds. The following money is appropriated from the CPF and other funding sources to the department of administration for the capital projects described in this section, contingent upon the respective authorization of general obligation long-range building program bonds by the 54th legislature and the sale of the bonds by the board of examiners:

<u>Agency/Project</u>	<u>CPF</u>	<u>Other Appropriated Funds</u>
DEPARTMENT OF ADMINISTRATION		
Capitol Restoration,		
Capitol Complex	\$17,911,000	
DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES		

1 in part with appropriations contingent upon the receipt of other funding sources, the department of administration may
2 not let the projects for bid until the agency has submitted a financial plan for approval by the director of the department
3 of administration. A financial plan may not be approved by the director if:

4 (1) the level of funding provided under the financial plan deviates substantially from the funding level provided
5 in [section 2] for that project; or

6 (2) the scope of the project is substantially altered or revised from the preliminary plans presented for that
7 project in the 1996-97 long-range building program presented to the 54th legislature.
8

9 NEW SECTION. Section 6. Legislative consent. The appropriations authorized in [section 2] constitute
10 legislative consent for the capital projects contained in [section 2] within the meaning of 18-2-102.
11

12 NEW SECTION. Section 7. Requirements for approval of state debt. Because [section 3] authorizes the
13 creation of a state debt, a vote of two-thirds of the members of each house is required for enactment of [section 3].
14 If [section 3] is not approved by the required vote, [this act] is void.
15

16 NEW SECTION. Section 8. Severability. If a part of [this act] is invalid, all valid parts that are severable from
17 the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in
18 effect in all valid applications that are severable from the invalid applications.
19

20 NEW SECTION. Section 9. Effective date. [This act] is effective on passage and approval.
21

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0015, as introducedEXHIBIT 16
DATE 2-13-95
HB 15DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing the creation of state debt through the issuance of general obligation bonds, appropriating the proceeds of the bonds for capital projects for the 1997 biennium, and providing for matters relating to the appropriations.

ASSUMPTIONS:

1. The proposed bonded state building program will result in no general fund costs.
2. Bonds will be issued beginning in January 1996, consistent with the schedule assumed in information Note 1.
3. As a result of passage and approval of HB19, 12% of coal severance tax (CST) collections will be allocated to the long-range building program account effective July 1, 1995 (Fiscal Note for HB19).
4. Therefore, CST revenue will be \$.339 million in FY96 and \$5.258 million in FY97 (ROC), and about \$5.400 million beginning in FY98, based on current estimates.
5. As recommended in the Governor's Executive Budget, not all of the CST will be required to retire the debt on the recommended bonded program. There will be a surplus of approximately \$.109 million in FY96, \$3.087 million in FY97, \$1 million in FY98, and \$1.2 million in FY99 through FY17, based on current revenue estimates. The Governor's Executive Budget recommends the surplus be made available for legislative appropriation for maintenance of state-owned buildings.
6. The capitol land grant (CLG) will be used to retire approximately \$7 million of the debt on the State Capitol renovation. The remaining CLG revenue will be available for maintenance projects on the capitol complex. (Information Note 2)
7. Bonds issued for the state hospital will be retired through savings realized in the Department of Corrections and Human Services operating budgets.


FISCAL IMPACT:

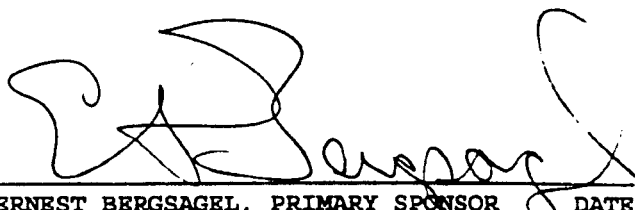
	<u>FY96</u>	<u>FY97</u>
<u>Expenditures:</u>	<u>Difference</u>	<u>Difference</u>
Debt Service	230,000	2,400,000
<u>Funding:</u>		
Coal Severance Tax	230,000	2,171,000
Capitol Land Grant	<u>0</u>	<u>229,000</u>
Total	230,000	2,400,000

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

A portion, but not all of either the coal severance tax revenue in the long-range building account or the capitol land grant revenue available for the capitol complex will be dedicated to retire the debt on the recommended building program. The balances remaining will be recommended for, and subject to, legislative appropriation for either cash or bonded building projects.

(Continued)

 1-12-95
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning


ERNEST BERGSAGEL, PRIMARY SPONSOR DATE

Fiscal Note for HB0015, as introduced

HB 15

LONG RANGE BUILDING PROGRAM CAPITAL PROJECT REQUEST

EXHIBIT 2
DATE 2-13-95
BB 15

ESTIMATED COST OF PROJECT

Source of Estimate: Facilities Planning & Management

G. ESTIMATED OPERATIONAL COST AT COMPLETION:

Completion Date: September 1, 1996

Number of Additional
Personnel Required: N/A

Additional Funds Required when
Project is in Full Operation: N/A

1. Land Acquisition:

2. Preliminary Expenses:
Site Survey:

Soil Testing:

Other:

3. Construction Cost: \$4,194,000

4. Architectural/Engineering Fees: \$480,000

5. Utilities:

6. Landscaping & Site Development:

7. Equipment:

8. Contingencies: \$440,000 443,600

9. Other: ^{OFS} MSU OPS Administration \$2,200,000 20,000
(40% of total) A/E FEE (@ 3% of Aux) 62,400

TOTAL COST \$5,200,000

Less other funds available:

Source: Auxiliary Match 2,080,000
(40% of total)

Long Range Building Fund: 3,120,000

1. FIRST BIENNIUM ()

Personnel Services:

Operating Expenses:

Maintenance Expenses:

2. SECOND BIENNIUM ()

Personnel Services:

Operating Expenses:

Maintenance Expenses:

3. THIRD BIENNIUM ()

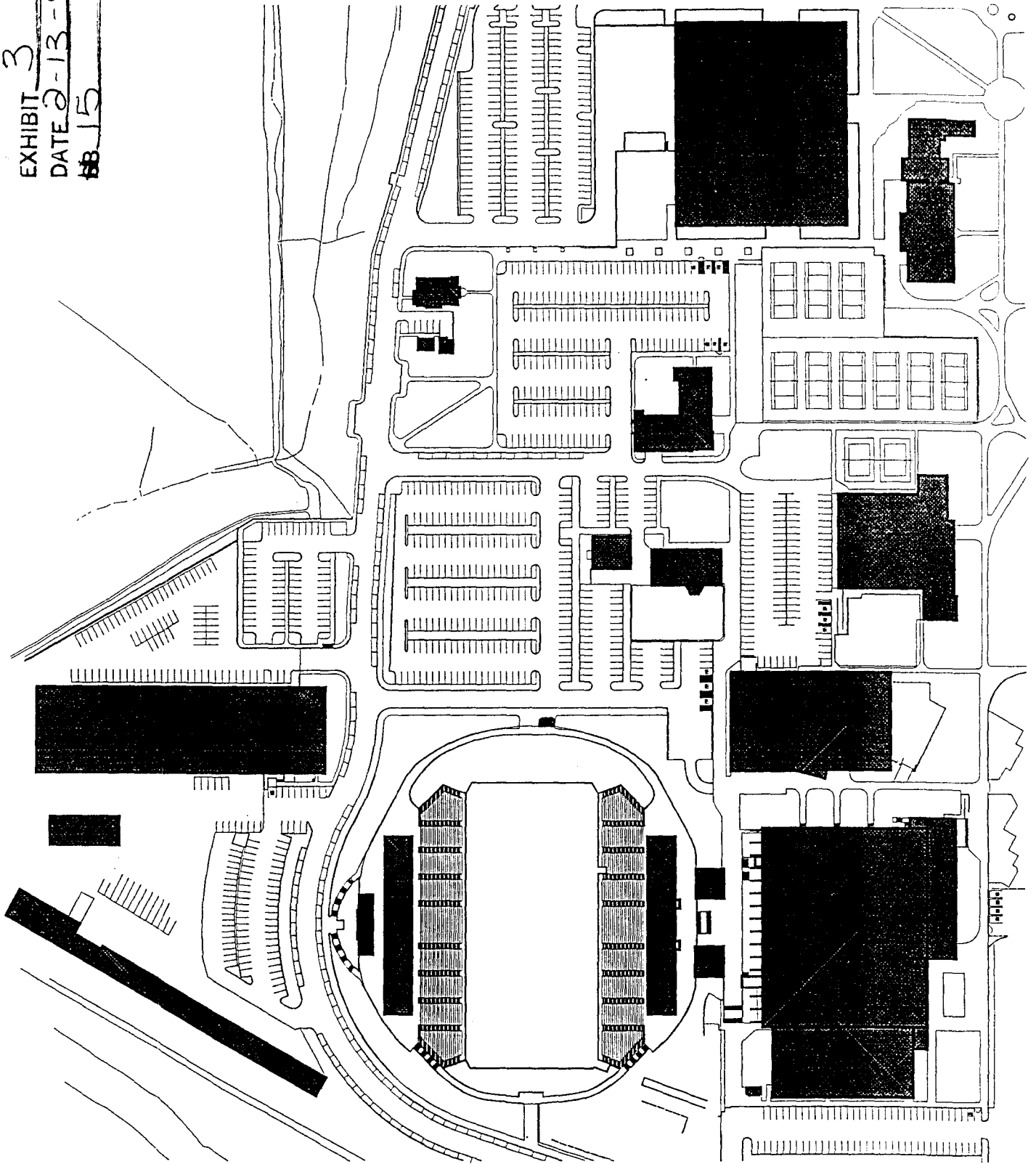
Personnel Services:

Operating Expenses:

Maintenance Expenses:

Central Heating
Plant - MSU

EXHIBIT 3
DATE 2-13-95
15



MONTANA TECH

CHEMISTRY BUILDING RENOVATION

SQUARE FOOT (estimated) AREA SCHEDULE PER SCHEMATIC DRAWINGS

AREA	BASM'NT	1ST. FLR.	2ND. FLR.	3RD. FLR.	TOTAL	PER CENT
NON - USE	4,117 Sq. Ft.	5,369 Sq. Ft.	3,598 Sq. Ft.	4,396 Sq. Ft.	17,480 Sq. Ft.	40
CLASSROOM	1,075 Sq. Ft.	5,544 Sq. Ft.	315 Sq. Ft.	366 Sq. Ft.	7,300 Sq. Ft.	16.8
LAB	6,813 Sq. Ft.	480 Sq. Ft.	- 0 -	4,334 Sq. Ft.	11,627 Sq. Ft.	26.6
OFFICE	- 0 -	- 0 -	2,747 Sq. Ft.	1,032 Sq. Ft.	3,779 Sq. Ft.	8.7
RESEARCH	- 0 -	- 0 -	3,468 Sq. Ft.	- 0 -	3,468 Sq. Ft.	7.9
TOT. / FLR.	12,005 Sq. Ft.	11,393 Sq. Ft.	10,128 Sq. Ft.	10,128 Sq. Ft.	43,654 Sq. Ft.	100

NOTE: NON-USE AREA = HALLWAYS, STAIR TOWER, MECHANICAL EQUIPMENT ROOMS, REST ROOMS, STORAGE, ETC..



EXHIBIT 5
DATE 2-13-95
GB 15

MONTANA TECH

OF THE UNIVERSITY OF MONTANA

EXHIBIT #5
FEBRUARY 13, 1995

THE ORIGINAL OF THIS PHAMPLET IS STORED AT THE HISTORICAL SOCIETY AT 225 N. ROBERTS ST., HELENA MT 59620-1201. PHONE NO: 444-2694

LRBP PROPOSAL

CHEMISTRY BUILDING

RENOVATION

54th MONTANA

LEGISLATURE

EXHIBIT 6
DATE 2-13-95
#B 15

Life Sciences/Pharmacy/ Psychology Addition

Schematic Design Submittal
February 10, 1995



EXHIBIT #6
FEBRUARY 13, 1995

THE ORIGINAL OF THIS PHAMPLET IS STORED AT THE HISTORICAL SOCIETY AT 225 N. ROBERTS,
HELENA MT 59620-1201. PHONE NO: 444-2694

Prepared by:



CTA Architects Engineers
1500 Poly Drive
Billings, MT 59102

Prepared for:

Division of Biological Sciences
and The School of Pharmacy and
Allied Health Sciences
The University of Montana

EXHIBIT 7a
DATE 2-13-95
BB 19

HOUSE BILL NO. 19

INTRODUCED BY BERGSAGEL

BY REQUEST OF THE GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING COAL TAX REVENUE TO THE LONG-RANGE BUILDING PROGRAM; ESTABLISHING A LONG-RANGE BUILDING PROGRAM ACCOUNT; TERMINATING THE ALLOCATION OF COAL TAX REVENUE TO HIGHWAY RECONSTRUCTION; TRANSFERRING FUNDS FROM THE LONG-RANGE BUILDING PROGRAM ACCOUNT TO THE GENERAL FUND UPON OCCURRENCE OF A CONTINGENCY; AMENDING SECTIONS 15-35-108 AND 16-11-119, MCA, AND SECTIONS 1 AND 4, CHAPTER 191, LAWS OF 1991; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-35-108, MCA, is amended to read:

"15-35-108. (Temporary) Disposal of severance taxes. Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501(6), be allocated as follows:

(1) ~~To Fifty percent of total coal severance tax collections are allocated to~~ the trust fund created by Article IX, section 5, of the Montana constitution, ~~50% of total coal severance tax collections.~~ The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) ~~Starting July 1, 1987, and ending June 30, 2003, 12%~~ Twelve percent of coal severance tax collections are allocated to the ~~highway reconstruction trust fund~~ long-range building program account in ~~the state special revenue fund~~ established in (section 3).

(3) Coal severance tax collections remaining after allocation ~~to the trust fund~~ under ~~subsection~~ subsections (1) and (2) are allocated in the following percentages of the remaining balance:

(a) 17½ % to the credit of the local impact account. Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to the state special revenue fund for state equalization aid to public schools of the state.

(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;

(c) 1% to the state special revenue fund to the credit of the county land planning account;

(a) 17½% to the credit of the local impact account. Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to the state special revenue fund for state equalization aid to public schools of the state.

(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;

(c) 1% to the state special revenue fund to the credit of the county land planning account;

(d) 1¼% to the credit of the renewable resource development bond fund;

(e) 3 1/3% to a nonexpendable trust fund for the purpose of parks acquisition or management. Income from this trust fund must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(f) 1% to the state special revenue fund to the credit of the state library commission for the purposes of providing basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking;

(g) 1/2 of 1% to the state special revenue fund for conservation districts;

(h) 1¼% to the debt service fund type to the credit of the renewable resource loan debt service fund;

(i) 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

(j) 1 2/3% to a nonexpendable trust fund for the purpose of protection of works of art in the state capitol and for other cultural and aesthetic projects. Income from this trust fund ~~shall~~ must be appropriated for protection of works of art in the state capitol and other cultural and aesthetic projects.

(k) all other ~~revenues~~ revenue from severance taxes collected under the provisions of this chapter to the credit of the general fund of the state. ~~{Terminates July 1, 2003 - sec. 4, Ch. 191, L. 1991.}~~

~~15-35-108. (Effective July 1, 2003) Disposal of severance taxes. Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501(6), be allocated as follows:~~

~~(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.~~

~~(2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1) are allocated in the following percentages of the remaining balance:~~

~~(a) 17½% to the credit of the local impact account. Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to the state special revenue fund for state~~

1 **NEW SECTION. Section 3. Long-range building program account.** (1) There is a long-range
2 building program account in the capital projects fund type.

3 (2) Cigarette tax revenue deposited in the account pursuant to 16-11-119 must be obligated prior
4 to obligating other funds in the account.

5 (3) Coal severance taxes allocated to the account under 15-35-108 may be appropriated for the
6 long-range building program or debt service payments on building projects. Coal severance taxes required
7 for general obligation bond debt service may be transferred to the debt service fund.

8 (4) Interest earnings, project carryover funds, administrative fees, and miscellaneous revenue must
9 be retained in the account.

10
11 **Section 4.** Section 1, Chapter 191, Laws of 1991, is amended to read:

12 "Section 1. Section 7, Chapter 541, Laws of 1983, is amended to read:

13 "Section 7. **Effective date -- termination date.** Sections 1 through 5 are effective July 1, 1983,
14 and sections 1 through 4 terminate July 1, ~~1993~~ 2003 1995."

15
16 **Section 5.** Section 4, Chapter 191, Laws of 1991, is amended to read:

17 "Section 4. **Effective date -- applicability -- termination date.** (1) [This act] is effective on passage
18 and approval.

19 (2) [Section 1] applies retroactively, within the meaning of 1-2-109, to April 16, 1983.

20 (3) [Sections 1 through 3] terminate July 1, ~~2003~~ 1995."

21
22 **NEW SECTION. Section 6. Contingent fund transfer.** If prior to June 30, 1996, there is sufficient
23 money in the account, the state treasurer shall transfer \$5,200,000 from the long-range building program
24 account to the general fund.

25
26 **NEW SECTION. Section 7. Codification instruction.** [Section 3] is intended to be codified as an
27 integral part of Title 17, chapter 7, part 2, and the provisions of Title 17, chapter 7, part 2, apply to
28 [section 3].

29
30 **NEW SECTION. Section 8. Effective date.** [This act] is effective July 1, 1995.

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0019, as introducedEXHIBIT 7b
DATE 2-13-95
HB 19DESCRIPTION OF PROPOSED LEGISLATION:

An act allocating coal tax revenue to the Long-Range Building Program, establishing a building program account, terminating the allocation of coal tax revenue to the highway reconstruction trust fund, and transferring funds from the building program account to the general fund in FY96.

ASSUMPTIONS:

1. Total coal severance tax collections are \$44,854,000 in FY96 and \$42,359,000 in FY97 (ROC).
2. Twelve (12) percent of coal severance tax collections will be allocated to the long-range building program account effective July 1, 1995, that is, \$5,382,000 in FY96 and \$5,083,000 in FY97, rather than to the highway reconstruction trust fund.
3. Interest earnings will be retained in this account. Interest earnings will be .0529% in FY96 and .0559% in FY97 (ROC).
4. All funds in this account may be appropriated for long-range building program projects or for debt service payments on building projects.
5. In June 1996, there will be a transfer of \$5,200,000 from this account to the general fund.
6. The remaining funds will be used for debt service payments on building projects or for major maintenance projects as appropriated by the Legislature.

FISCAL IMPACT:Revenues:

	FY96 <u>Difference</u>	FY97 <u>Difference</u>
LRBP Account		
CST	5,382,000	5,083,000
Transfer to General Fund	(5,200,000)	0
Interest Earnings	<u>156,710</u>	<u>175,440</u>
Total	338,710	5,258,440
Highway Trust	(5,382,000)	(5,083,000)
General Fund	5,200,000	0

Dave Lewis 1-6-95
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Ernest Bergsagel
ERNEST BERGSAGEL, PRIMARY SPONSOR DATE

Fiscal Note for HB0019, as introduced

HB 19

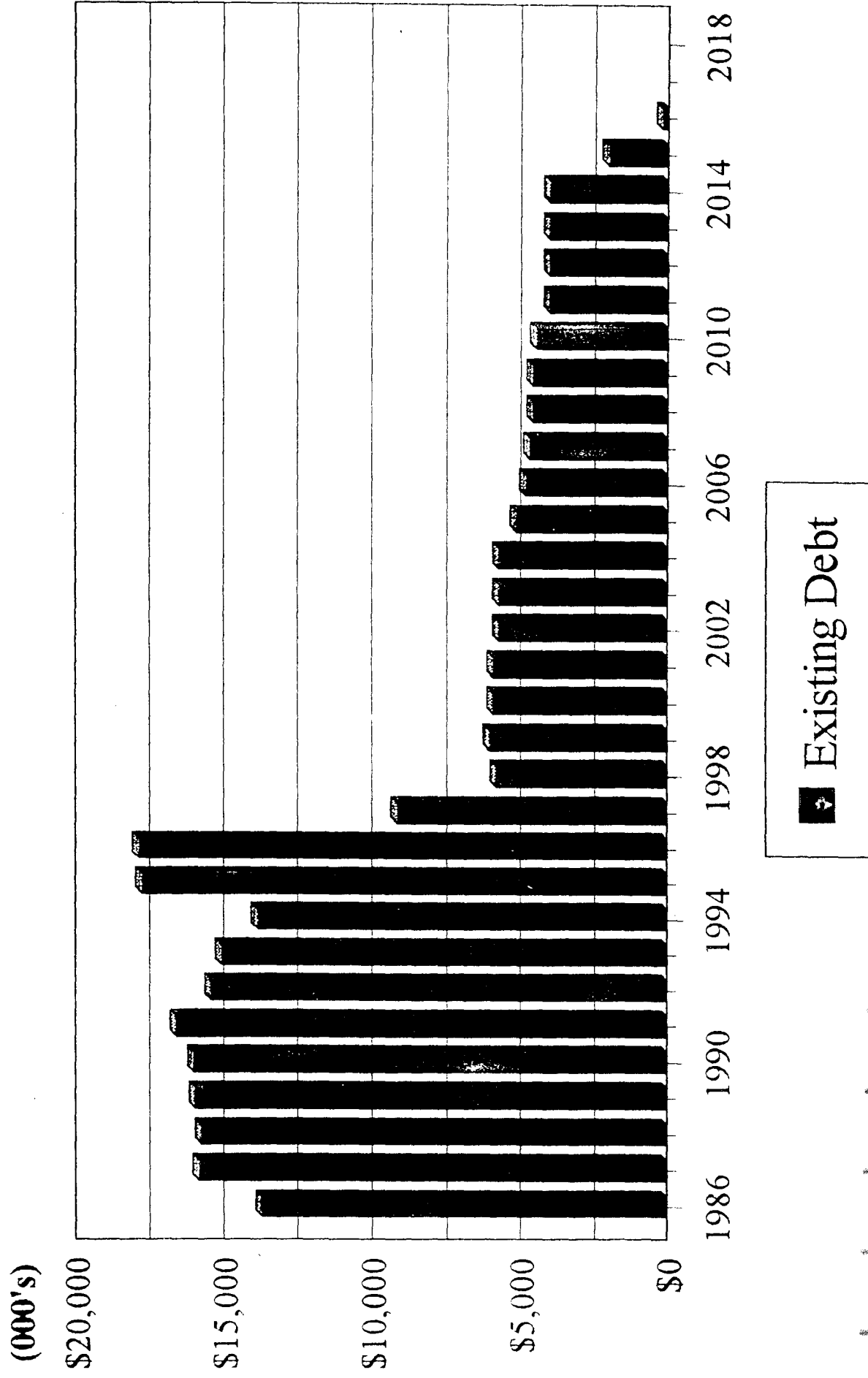
EXHIBIT 8
DATE 2-13-95
#B 19

TESTIMONY ON HB 19

Presented by Lois Menzies, Director
Department of Administration
February 13, 1995

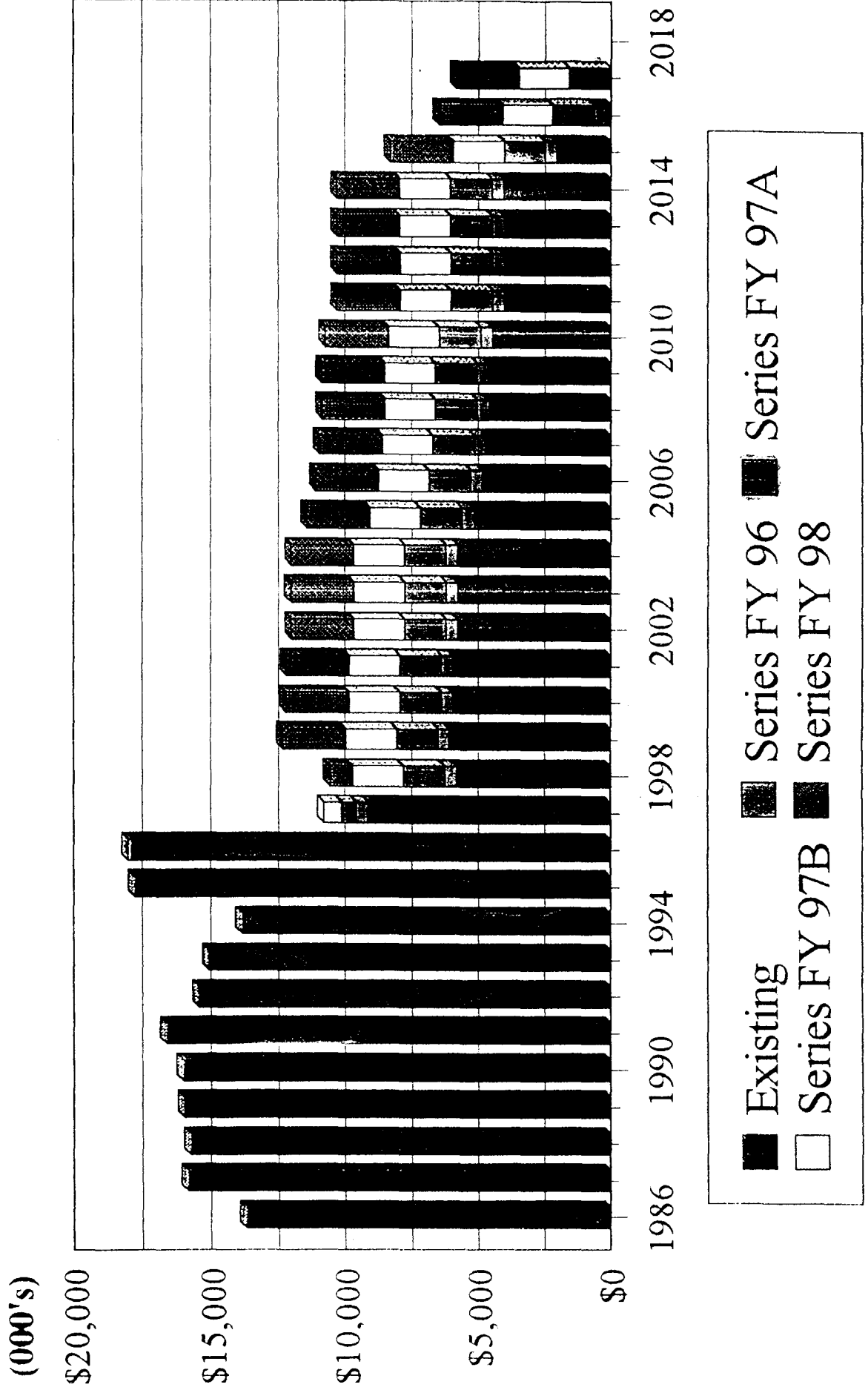
STATE OF MONTANA

General Obligation Debt Service Requirements



STATE OF MONTANA

Pro Forma General Obligation Debt Service Requirements



STATE OF MONTANA

01/27/95

**Proposed Debt Service – Source of Payment
(In 000'S)**

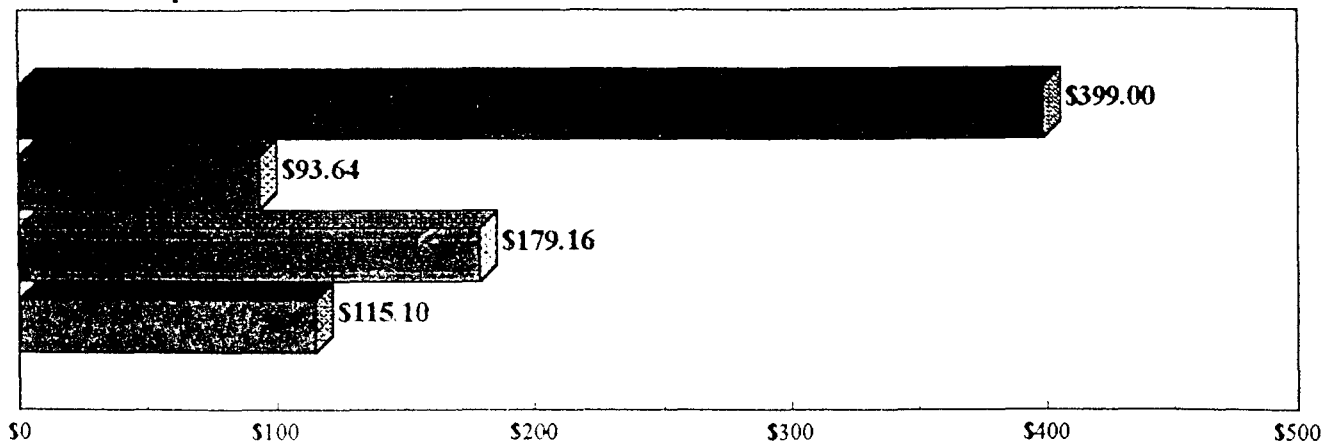
<u>Fiscal Year</u>	<u>General Obligation Debt Service (\$71.75MM)</u>	<u>Net Debt Service (\$53.75MM) (1)</u>	<u>Capital Land Grant</u>	<u>Coal Severance Tax</u>	<u>Surplus Capital Land Grant</u>	<u>Surplus Coal Severance Tax</u>
1996	\$155	\$155		\$339		\$184
1997	1,635	1,107	\$538	5,258	\$309	4,380
1998	4,735	3,165	842	5,400	423	2,654
1999	6,261	4,692	815	5,400	180	1,343
2000	6,265	4,695	814	5,400	180	1,339
2001	6,265	4,696	814	5,400	177	1,341
2002	6,267	4,695	814	5,400	182	1,337
2003	6,263	4,691	815	5,400	183	1,341
2004	6,259	4,690	814	5,400	182	1,342
2005	6,259	4,691	814	5,400	178	1,345
2006	6,262	4,693	815	5,400	180	1,342
2007	6,262	4,691	830	5,400	194	1,345
2008	6,268	4,698	830	5,400	195	1,337
2009	6,264	4,693	830	5,400	197	1,340
2010	6,265	4,692	837	5,400	202	1,343
2011	6,259	4,689	900	5,400	265	1,346
2012	6,265	4,693	900	5,400	268	1,339
2013	6,262	4,692	900	5,400	267	1,341
2014	6,263	4,696	900	5,400	264	1,340
2015	6,265	4,696	900	5,400	268	1,336
2016	6,266	4,694	900	5,400	265	1,341
2017	5,814	4,246	900	5,400	265	1,789
2018	2,347	2,347	900	5,400	265	3,688

(1) Proposed Debt (\$71,750,000) has been reduced by the Warm Springs State Hospital Project equal to \$18,000,000.

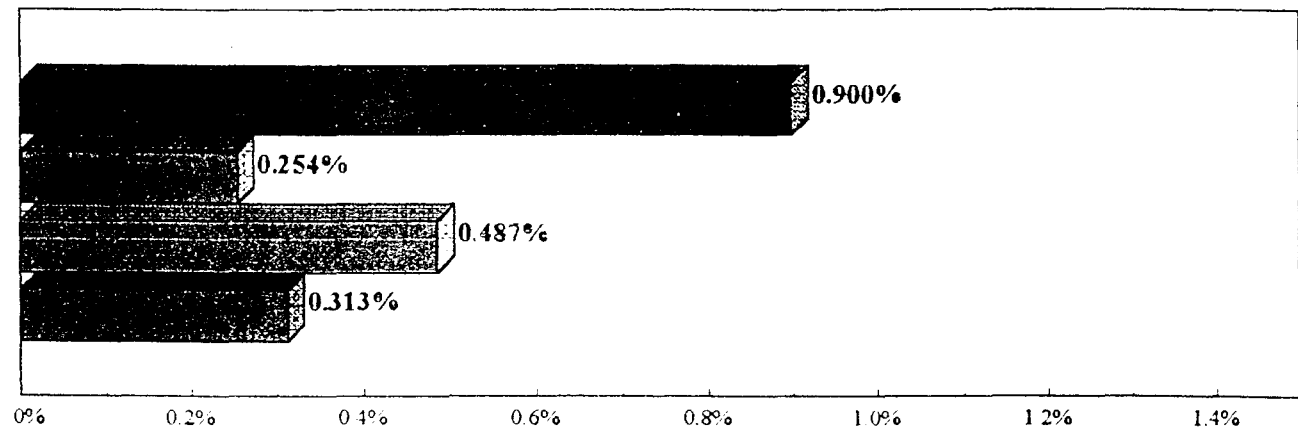
STATE OF MONTANA

Comparison of Debt Ratios to Moody's 1994 Medians

Debt Per Capita



Debt to Assessed Value



Debt to Personal Income

