

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON INSTITUTIONS & CULTURAL EDUCATION

Call to Order: By Chairman Marjorie I. Fisher, on January 5, 1995, at 8:13 AM

ROLL CALL

Members Present:

Rep. Marjorie I. Fisher, Chairman (R)
Sen. Larry J. Tveit, Vice Chairman (R)
Rep. William T. "Red" Menahan (D)
Rep. Steve Vick (D)
Sen. Mignon Waterman (D)

Members Excused: Sen. Gary Aklestad was in another meeting.

Members Absent: None

Staff Present:

Lisa Smith, Legislative Fiscal Analyst
Mary LaFond, Office of Budget & Program Planning
Brandee Decrevel, Committee Secretary

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

Committee Business Summary:

Hearing: **MONTANA HISTORICAL SOCIETY**
Executive Action: **NONE**

DISCUSSION

CHAIRMAN FISHER asked if committee members were interested in the tour to Montana Development Center in Boulder, Warm Springs, Galen, and the Montana State Prison on Saturday, January 7, 1995. All members responded that they were interested. **SEN. LARRY TVEIT** stated that if room permitted his secretary would like to go. **CHAIRMAN FISHER** stated that there was enough room and to count her into the head count. **CHAIRMAN FISHER** feels that anyone who works with this committee should go and get a feel of what's going on. **REP. STEVE VICK** asked how long the tour would last. **CHAIRMAN FISHER** said that they would be gone most of the day. **REP. RED MENAHAN** suggested that the tour also stop by the pre-release center in Butte. The committee agreed that since they were there they might as well get as much out of the tour as possible.

HEARING ON MONTANA HISTORICAL SOCIETY

Tape No. 1:A

Proponents' Testimony:

Brian Cockhill, Director of the Montana Historical Society, has been with the Society going on 24 years. The Historical Society is the oldest of state agencies, founded in 1865. There are five programs: administration program, library/archives program, museum program, publications program and the historic sites preservation program. All these programs together produce a reasonably large amount of proprietary money. The Administration Program, of which the director's office is part, is in charge of accounting, management, fundraising, security, and public information. It is largely funded by the general fund, donations and federal monies. The Society works very hard to acquire money from private sources.

The Library is the second program and actually includes three sub-groups or sub-bureaus: the photo-archives, the library, and the archives. The main task is to acquire, preserve, and make available things like books, maps, newspapers, manuscripts, photographs, and state records for research or in some cases for exhibition. It is also largely funded by the general fund, a small amount of proprietary money, and a small amount of federal money. The Museum is the public program, it is charged by statute with acquiring artifacts and art representative of Montana and the surrounding region of the Northern Rockies. It also operates the Original Governors Mansion as a house museum in Helena. The museum also has large support from the general fund as well as money from donations and proprietary funds.

The Publications Program publishes the award winning magazine, Montana, the Magazine of Western History. It has won the award from the Cowboy Hall of Fame the last three years in a row for the most important article on western history published in a magazine in the United States. It also runs the Historical Society Press which is a specialty press that produces books on Montana and Northern Rockies history. The Publications Program is in charge of managing the museum store and the mail order business. All of these together produce a reasonably large amount of proprietary money that has grown over the years, but as the years progress the cost goes up. Proprietary funds are its largest support; it has a small amount of general fund, which subsidizes two positions in the magazine, but does not pay the entire cost of those positions. This subsidy began in 1977 with the thought that the magazine represented one of the state's major efforts at producing an image.

The State Historic Preservation Program is mandated both by federal law and state law and among other things, the office reviews activities using federal dollars. This program does such things as produce award grants for surveys in communities to provide them the ability to construct main street programs and provide them with federal tax act credits. The Society is the agency that passes on tax act credit applications to the federal government. To get federal tax act credits, people have to go through their office. That is done by any number of contractors and businesspeople who wish to use a historic structure for their business. The program is largely paid for with federal dollars. General fund money amounts to only 9% of the total budget and supports a few base positions in the program. Occasionally they will get a private grant to do an archeology survey.

CHAIRMAN FISHER asked that the society and any agency heard by this committee identify any programs or functions that they may have to curtail. **Mr. Cockhill** said that the Society is at a bare bones level and statutorily, the things that they are now doing are things that they could not pass up. The cuts that have taken place in the past 10 years, he feels have taken their fair share. **Mr. Cockhill** believes that the Society cannot suffer any more cuts without damaging the services that are quite vital to the state at this point. **Mr. Cockhill** believes that the Society is a typical state agency. The budget that has been submitted is as conservative as can be. In terms of the general fund, comparing the current biennium to the coming bienniums, it is \$16,000 less. Other proprietary funding is increasing. **Mr. Cockhill** believes this can be justified very easily. In order to do this they need to be given proprietary increases where needed in order to buy things like inventory and staff. The Society also would like to increase the number of books they publish and this cannot be done with the current staff. They are asking for an FTE paid with proprietary funds. The long-range impact of that is they would have more revenue, which leads to more services to Montana with no cost to the state. The Society is also asking for some increase in federal funds, but it is a minor increase and would only cover a few needs as well as providing more money to the preservation program.

This proposal effects both the Capitol Tours Program and the tour program at the Original Governors Mansion. The Society is asking for an additional \$29,000 or \$30,000 from accommodations tax funds (AKA: bed tax). The current amount of money they are receiving isn't enough to pay for the tours nor does the society have statutory authority to pay for them according to the language in the statute. The initial charge from the budget office was to seek a bill that would increase the percentage of accommodations tax allocated to the Society.

They are currently receiving 1% and under the bill proposed 1.75%, which translates to about \$75,000 a year.

This would also change the language to allow them to spend the money for tours. The Society proposes that the Department of Commerce give them the money through a grant and then specify that it is to support tours. The difference between the \$30,000 and the \$75,000 would be spent on the rehabilitation of the Original Governors Mansion.

Questions From Subcommittee Members and Responses:

CHAIRMAN FISHER asked "How much is the Publications [Program] subsidized?"

Mr. Cockhill responded that the Society is probably looking at generating between \$500,000 and \$600,000 a year in proprietary money and of the total operations about \$50,000.00 general fund per year. The only thing that is subsidized is the magazine.

CHAIRMAN FISHER asked **Mr. Cockhill** what the Society is reviewing and why are they reviewing without authority on the Forest Service Programs. In response to the question **Mr. Cockhill** said that it is a fairly odd process. The federal Historic Preservation Act, passed in 1966, sets up a preservation office in each state funded with federal dollars. The idea was that there would be a review at the local level on any activity by the federal government that may harm historic and cultural resources whether it be an old cabin or an archeology site. The final authority for the decision to go forward with the project still lies with the federal agency and with the National Park Service, it does not lie at the local level.

CHAIRMAN FISHER asked how the "bed tax people" feel about it and why can't the Society receive a grant from the Department of Commerce to do this? **Mr. Cockhill** answered that there are two reasons. First, the inn keepers would oppose this legislation because they did not want the statute opened again. They are perfectly happy with this compromise. Commerce can make this a grant.

CHAIRMAN FISHER then wanted to know if they made it a grant then why would the Society have to bother getting the money appropriated. **Mr. Cockhill** stated that the authority to spend that money on the tours program needs to come from the subcommittee. They need our committee to say "run the tours and use this money to do it with."

SENATOR WATERMAN asked if the budget authority allows expenditure of that money with the recognition that it would be funded through a grant from commerce. **Mr. Cockhill** said that he cannot give the particulars but it is only part of the puzzle.

The Department of Commerce, Travel Program, knows that they are being criticized for the way they have spent the money in the past.

Regardless of whether Commerce is ready to grant money to the Society they still need the authority to spend it. In other words, the legislature has to give the Society the authority to spend the grant money that Commerce gives them.

Lisa Smith, LFA, asked if there is anything for this proposal in the Department of Commerce budget.

Mr. Cockhill believes that they are considering these matters in their budget.

Ms. Smith asked if there would be language in the bill that says \$75,000 will go to the Historical Society for the tour programs. Right now in the bed tax statute touring is not an allowable expenditure. If the bed tax goes through Commerce and then to the Society through a grant would that allow them to by-pass the statute?

Mr. Cockhill stated that is how the audit problem began in 1991. The Society was spending bed tax funds on touring at the request of the budget office and this was not statutorily appropriate. The Society's portion of the statute will not change. They will continue to spend their 1% in the statute as it requires.

SENATOR WATERMAN stated that the way to accomplish this is to include language statutorily into the allocation of the bed tax fund that one of their responsibilities is to fund the Capitol tours and the Old Governors Mansion tour program.

SENATOR WATERMAN feels that this has been an off-again, on-again program; people who come to visit do not know whether these tours are available and people in the community who are promoting tourism don't know if it's functioning or not.

Mr. Cockhill stated that the tour programs have both proven to be very successful, and believes the Capitol is one of the most beautiful buildings in the state and needs to be exposed.

Tape 1 Side B

CHAIRMAN FISHER asked if the Society has to specify the money or would they take the money and then decide what projects to fund.

Mr. Cockhill responded that he anticipated doing things such as continuing capitol tours and restoring buildings that are important. These are the kinds of things the state is not doing now. Down the road after the Governors Mansion is taken care of the Society would like to see an investment in a Main Street program for small towns in Montana.

REP. RED MENAHAN stated that everyone who travels in Montana pays the bed tax and he would like to see this money stay in Montana.

When they buy out of the country the money leaves Montana. The average Montanan spends between \$35 or \$40 a year on this tax. "Let's get some of it back to Montana to maintain our capitol tours."

SENATOR LARRY TVEIT asked if the 2.5 FTE increase would be funded with the grant. And included in the \$75,000 figure. **Mr. Cockhill** stated that they are not new FTEs. The new FTE include an associate editor for the Press; this is a 1.0 FTE paid for by proprietary money. A quarter-time press editor was funded by a budget amendment and they would like to continue, but it needs to be funded through proprietary funds.

REP. STEVE VICK asked if the Society has the authority to spend the money if revenue does not come in.

Mr. Cockhill replied that the Society gets so much from the legislature and they can only spend what the legislature allows.

REP. VICK wanted to know if magazine subscriptions are up and if they are making more money (ie. from \$11,000 to \$50,000). He asked if the Society has the authority to spend the money that goes over.

Mr. Cockhill answered only by budget amendment. If the Society had an unexpected revenue increase they would prepare a budget amendment, give it to the budget office for their approval. If approved, then the Society could spend the money. They have no authority to spend any money without some sort of legislative authority.

CHAIRMAN FISHER asked **Mr. Cockhill** to clarify the audit the Society was involved in. **Mr. Cockhill** responded that in 1987 the Society received its first bed tax money. But at the same time funds were cut for Capitol tours.

Dave Hunter told the Society to spend the new bed tax on capitol touring. Then down the road the auditor "nailed" the Society because the statute said that 1% had to be spent on historic sites. The consequence was the audit. The Society then backed off and did exactly what they were told to do. Then more general fund came into the budget to run capitol tours. Now the Society is trying to avoid the audit and avoid spending general fund dollars, and still provide Capitol tours.

Ms. Smith asked if the Society has talked to the auditors to see if this is agreeable with them.

SEN. WATERMAN brought up the fact that she did not feel the committee should give the money to them unless used appropriately.

Mr. Cockhill explained the two general fund proposals one is for \$5,000 to buy microfilm which would enable them to prolong the life of historic documents and take up less space in the storage facility; the second is for \$2,000 to bind books and magazines so they are not destroyed and money wasted.

CHAIRMAN FISHER would like to know if the Society is going to contract these jobs out.

Mr. Cockhill said that microfilming can partly be done by the state and some would be contracted out. The binding would have to be contracted out. The only bindery in Montana is in Missoula and they may use them. It depends on where the state binding contract goes.

Mary LaFond did some research on the binding with the prison system and found that four states currently have prison industries doing book binding for libraries in their state. To have the equipment to do this would cost about \$97,000. There is no place in the United States that makes the machinery, it would have to be purchased in a foreign country. The meeting was adjourned at 9:30 am by **CHAIRMAN MARGE FISHER**.

ADJOURNMENT

Adjournment: 9:30 AM



Marjorie I. Fisher, Chairman



Brandee J. Decrevel, Secretary

MIF/BJD

INSTITUTIONS

Montana Historical Society
Joint Appropriations Subcommittee

ROLL CALL

DATE Jan 5, 95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Marj Fisher, Chairman	✓		
Rep. Red Menahan	✓		
Rep. Steve Vick	✓		
Sen. Larry Tveit, Vice Chairman	✓		
Sen. Gary Aklestad			✓
Sen. Mignon Waterman	✓		

HOUSE OF REPRESENTATIVES
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SUB-COMMITTEE

DATE Jan 5 1995

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
Brian Cochran	MHS		
Lan Wall			
Sharon Miller	MHS		
Celia Payne	Mt. ...		
Gloria Thompson	MT Cultural Agency		
Ann Driscoll	MCA		

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

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