

MINUTES

**MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION
COMMITTEE ON STATE ADMINISTRATION**

Call to Order: By CHAIRMAN ETHEL HARDING, on January 27, 1995,
at 10:05 AM

ROLL CALL

Members Present:

Sen. Ethel M. Harding, Chairman (R)
Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Mike Foster (R)
Sen. Don Hargrove (R)
Sen. Vivian M. Brooke (D)
Sen. Bob Pipinich (D)
Sen. Jeff Weldon (D)

Members Excused: N/A

Members Absent: N/A

Staff Present: David Niss, Legislative Council
Gail Moser, Committee Secretary

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

Committee Business Summary:

Hearing: HB140 HB139
Executive Action: HB140 BE CONCURRED IN
HB139 BE CONCURRED IN

{Tape: 1; Side: A; Approx. Counter: 34.9}

HEARING ON HB140

Opening Statement by Sponsor:

REP. MIKE KADAS, House District 66, Missoula, stated the
Legislative Council has made the Montana Codes Annotated
available on CDROM. Currently, legislators can receive a bound
copy of the Codes for \$10, but he believes the reduced price
option to purchase a CDROM version of the Codes should be allowed
as well.

Proponents' Testimony:

Tom Harwood, citizen, stated he is in favor of HB140, but pointed out a small inconsistency. He stated that if he did not have or buy the bound version of the 1993 MCA, a CDROM would be priced at \$146. However, a friend of his did have a bound copy and purchased the CDROM for him at a cost of \$107. Mr. Harwood stated if he is paying the \$80 or \$90 difference as a donation to the state, he would like it labeled as such. Mr. Harwood stated he would prefer the price to the public be set at \$20 or \$30 which is what most CDROM's cost.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. HARGROVE asked Representative Kadas to clarify the cost for the bound version of the MCA or the CDROM version of the MCA.

REP. KADAS stated the CDROM is \$10 and the bound copy is \$10.

SEN. HARGROVE commented that the fiscal note states the CDROM of the MCA costs about \$2. REP. KADAS stated that is the marginal cost to the Council after a set-up fee of about \$1,400. After the initial set-up, the CDROM's are produced in lots of 100 and that is the \$2 cost.

SEN. HARGROVE asked Representative Kadas to clarify what a citizen would pay for a CDROM of the MCA. REP. KADAS said there are other issues involved such as a subscription fee, etc., and Bob Person could answer those questions if the Committee wanted to deal with that issue now. REP. KADAS stated, however, that HB140 is not actually the vehicle to deal with public pricing issues.

EXECUTIVE ACTION ON HB140

Motion: SEN. PIPINICH moved that HB140 BE CONCURRED IN.

Discussion: SEN. WELDON agreed with REP. KADAS that the cost to the public should be addressed but HB140 cannot address that issue.

Vote: The MOTION CARRIED UNANIMOUSLY on oral vote.
Senator Brooke will carry the bill on the Senate floor.

HEARING ON HB139Opening Statement by Sponsor:

REP. ROYAL JOHNSON, House District 10, Billings, stated HB139 would allow a Port Authority to be established in any city, county, or other municipality that wants to establish one.

REP. JOHNSON stated the primary purpose of a Port Authority is to help with economic development and consolidate the economic development function of the city, county, chamber of commerce, etc. There are currently three Port Authorities operating in Montana -- Shelby, Butte, and Billings. REP. JOHNSON described a situation involving the Port Authority in Billings and the help they provided to the Deering Clinic. REP. JOHNSON also stated that discussions involving members of all three Port Authorities and legal counsel resulted in the new language on page 3, line 20. REP. JOHNSON said the language "with the approval of the governing body" ensures community involvement by involving the elected members of the community. REP. JOHNSON also referred to page 4, line 7 that ensures bonds cannot be made a general obligation of the city or county, they are general obligations of the Tradeport and are paid with revenues from their projects.

Proponents' Testimony:

Jerry Thomas, Executive Director of The Montana Tradeport Authority passed out written testimony that he paraphrased slightly but, essentially, he covered each topic (EXHIBIT 1).

Terry Keating, Montana Tradeport Commissioner, Billings, and past Chair of the Tradeport - January 1993 until June 1994, stated he had three reasons for asking the Committee to support HB139:

- It gives the Tradeport Authority an opportunity to move from public funding to private funding of projects.
- It allows the projects more scrutiny in terms of private investment.
- It places the right of acceptance or rejection in the hands of duly appointed officials in an Authority.

Mr. Keating expanded briefly on each of these three comments.

Bill Leary, representing the Montana Bankers Association, and specifically the banks in Butte, Shelby, and Billings where the three Port Authorities are currently located in Montana.

Mr. Leary stated that banks do not generally finance a project unless they have the opportunity to take a deed or mortgage vehicle, and that is the reason his Association supports HB139.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. FOSTER asked Representative Johnson if HB139 is such a great idea now, why wasn't it a great idea when the Port Authorities were first established in the statutes HB139 proposes to amend.

REP. JOHNSON stated he believed at that time, the Port Authorities didn't know how expensive their operation might be. Small communities, whose mills aren't nearly the size as counties such as Yellowstone's, have a disadvantage in this whole situation. Larger areas whose mills produce substantial amounts of money help those Port Authorities generate economic development. REP. JOHNSON also commented that the bill was originally patterned after the Airport Authority bill which did not deal with many of the same issues.

Closing by Sponsor:

REP. JOHNSON named some of the other supporters of HB139 who testified in the House Hearing on HB139.

CHAIRMAN HARDING closed the Hearing on HB139.

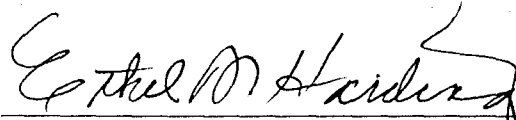
EXECUTIVE ACTION ON HB139

Motion: SEN. WELDON moved that HB139 BE CONCURRED IN.

Vote: The MOTION CARRIED UNANIMOUSLY on oral vote.
Senator Forrester will carry the bill on the Senate floor.

ADJOURNMENT

Adjournment: 10:40 AM



ETHEL M. HARDING, Chairman



GAIL MOSER, Secretary

EMH/gem

FRIDAY
01-27-95

DATE _____

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SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 27, 1995

MR. PRESIDENT:

We, your committee on State Administration having had under consideration HB 139 (third reading copy -- blue), respectfully report that HB 139 be concurred in.

Signed:

Ethel M. Harding
Senator Ethel M. Harding, Chair

PV
SA

Amd. Coord.
Sec. of Senate

FORRESTER

Senator Carrying Bill

231250SC.SPV

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 27, 1995

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PV
SA Amd. Coord.
Sec. of Senate

Brooke
Senator Carrying Bill

231253SC.SPV



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January 23, 1995

SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 01-27-95

BILL NO. HB 139

Senator Ethel Harding, Chair
Members of the State Administration Committee
1995 Legislature
Capital Station
Helena, Montana 59601

Re: Support for H.B. 139, Permitting Port Authorities to Pledge and Mortgage Property to Secure Bonds.

Dear Senator Harding:

The Montana Tradeport Authority would like to go on record as strongly endorsing the proposed amendments to Sections 7-14-1104, 7-14-1126, and 7-14-1133, MCA relating to Port Authorities. The intent of this legislative change is to allow port authorities to pledge or mortgage property as security for bonds they intend to issue. These are important changes that will significantly upgrade the quality of bonds issued, thereby bringing down the cost to finance some of our economic development efforts. We need your support to continue the mission of creating jobs, enhancing the economic climate, supporting and maintaining a healthy business climate, and supporting community improvements.

The Montana Tradeport Authority was created by the Yellowstone County Commissioners as the result of public opinion suggesting that local government, in partnership with private business, should pursue economic development projects that create jobs, improve taxable valuation, and enhance the overall economy. Port Authority legislation is the one vehicle that allows local government to actively participate with the business community to bring about significant economic development.

The Montana Tradeport Authority has been involved in some projects that have helped stimulate the Billings area economy such as: Expansion of the Deering Health Clinic, a \$3,000,000 project to serve city/county health needs, a family practice residency program designed to supply eastern Montana with family physicians, a pharmacy, and a dental shop. It is estimated that this project will create several new high paying jobs. Truck driver training school allowing Montanan's an opportunity to be trained, tuition free with room and board provided, and have a job waiting for them when their training is complete. Improvements to support corporate air service needs at the Laurel Airport. Other projects that are currently in development are, expansion of the Yellowstone Art Center, development of a Motor Sports Park, Development of a Montana Manufacturing Center, Development of a Rural Manufacturing Incubator, Development of a Transportation Hub, and Development of a Senior Support Center to name a few.

Senator Ethel Harding
Members of the State Administration Committee
January 23, 1995
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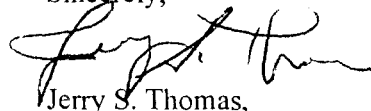
In many of our efforts to coordinate, participate, develop, or just encouraging others to act, we have run into roadblocks. Even though we have the ability to bond our facility, infrastructure, or land acquisition projects, present legislation limits our bonding capacity to the revenues that can be generated by the development. On one occasion we were asked to pledge our taxing authority as additional security to the project. Even though the project would easily stand on its own merit the financial institutions that purchased the bonds felt they needed the additional security. This is not a practice we want to continue. We will continue to look at business and community development projects that will stand on their own merits, but if additional security is needed to assist in the financing of a project or reduce the cost to finance a project, then the ability to mortgage the assets we develop will serve that need, not our property taxes.

In addition, we feel that our successful investment in business and community development will eventually generate a revenue stream for reinvestment that can replace our current reliance on property taxes. In this case the cost of government involvement will go down as the income from these investments go up.

Port Authority legislation does give local government an opportunity to encourage public/private participation for economic development. The public participation will still maintain public scrutiny in that the local government that creates the port authority must approve the project that requires a security interest in any of its assets. In our case the project must be approved by the Yellowstone County Commissioners prior to allowing a security interest in the planned development or any other assets of the Montana Tradeport Authority.

I hope the information I have supplied will help you reach a conclusion that this is legislation you could support. We feel this change will give us a valuable tool in improving the Billings area economy as well as the entire state. If you have any further questions about this legislation or about the Montana Tradeport Authority in general, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry S. Thomas", written in a cursive style.

Jerry S. Thomas,
Executive Director and
The Montana Tradeport Authority
Board of Directors

DATE 1-27-95

SENATE COMMITTEE ON Administration

BILLS BEING HEARD TODAY: HB-139 - H.B. 140

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PLEASE PRINT

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Check One

Name	Representing	Bill No.	Support	Oppose
Bill LEARY	Mt. Brankers Assn	HB139	✓	
Tom HARWOOD	SELF	HB140	✓	
JERRY THOMAS	MTT TRADEPORT Auto	HB139	✓	
TERRY KEATING	MT Tradeport Auto	HB139	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY