

MINUTES

**MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By **SENATOR GARY AKLESTAD, Chairman**, on Wednesday, March 8, 1995, at 8:00 a.m., Room 108.

ROLL CALL

Members Present:

Sen. Gary C. Aklestad, Chairman (R)
Sen. Thomas F. Keating, Vice Chairman (R)
Sen. Loren Jenkins (R)
Sen. Ethel M. Harding (R)
Sen. Arnie A. Mohl (R)
Sen. Charles "Chuck" Swysgood (R)
Sen. Daryl Toews (R)
Sen. Larry J. Tveit (R)
Sen. B.F. "Chris" Christiaens (D)
Sen. Eve Franklin (D)
Sen. Judy H. Jacobson (D)
Sen. Greg Jergeson (D)
Sen. John "J.D." Lynch (D)
Sen. Mignon Waterman (D)

Members Excused: Senator Beck, Senator Burnett

Members Absent: None

Staff Present: Clayton Schenck, Legislative Fiscal Analyst
Lynn Staley, Committee Secretary

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

Committee Business Summary:

Hearing: HB 11, HB 226
Executive Action: HB 226, SB 416, HB 420, HB 354, HB 11

VICE CHAIRMAN KEATING assumed the chair while **CHAIRMAN AKLESTAD** presented a bill in another committee.

HEARING ON HOUSE BILL 11

Opening Statement by Sponsor:

REPRESENTATIVE ERNEST BERGSAGEL, House District 95, Malta, sponsor, commented that the subcommittee relied on the recommendations of the Department of Commerce for HB 11. He explained that the Treasure State Endowment Program has financial

indicators that determine who is needy, and it was clear what was going to be done with the programs. A sheet demonstrating how the grant requests relate to HB 6 and HB 8 will be made available to the committee at a later date.

Proponents' Testimony:

Robb McCracken, Department of Commerce (DOC), presented written testimony in support of HB 11. **EXHIBIT 1**

Mr. McCracken presented a brief summary of the program, together with handouts for clarification. **EXHIBITS 2, 3, and 4** He noted that the policy established by DOC, the Governor, and the Legislature in 1993 was that Treasure State Endowment Program (TSEP) grants should only be approved for projects where the applicant is unable to borrow funds or achieve affordable local water, sewer, or other rates. Where TSEP grants are not recommended for an applicant by DOC, the Governor, or Legislature, other sources of financing such as loans or bonds are available to the applicant. They have 15 applications recommended for funding that clearly respond to serious public health or safety problems, and there are 6 applications for which funding is not recommended. He concluded that there is \$7.19 million in grant requests and a projected \$4.9 million available for award.

Jane Hamman, Office of Budget Program and Planning, testifying in support of HB 11, noted that of 18 bills in the Long Range Building Committee, HB 11 is the only one that was not amended by the subcommittee. She commented on the tremendous amount of work and analytical skills by DOC in preparing the criteria and recommendations for the subcommittee.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

In questioning from **SENATOR KEATING** if a separate bureau ran the program, **Mr. McCracken** said the Department of Commerce, Local Government Assistance Division, is the formal part of the department that is in charge.

SENATOR KEATING asked how many FTE's were working on the TSEP.

Mr. McCracken said there are 3.5 FTE's, but he is managing three programs, and TSEP is one of them. He is counted as a half-time equivalent, even though he sometimes works 75 percent for TSEP.

SENATOR KEATING questioned **Mr. McCracken's** presentation statement about grants and loans and asked if TSEP afforded both.

Mr. McCracken said that was correct, the enabling statute sets out a variety of financial options that local governments can use or that the legislature can recommend, such as grants, loans for construction, loans for preliminary engineering and annual debt service subsidies, which are subsidies on a loan or bond on an annual basis.

When questioned by **SENATOR KEATING** if there was a specific amount set aside for loans and a specific amount for grants, **Mr. McCracken** said it is all available for any of the purposes. They didn't set up any for earmarking as the legislature wanted maximum flexibility in looking at the local needs.

SENATOR KEATING questioned if this was an appropriations bill and how much money they were allowed to give away in grants with this bill.

Mr. McCracken said \$4.9 million is projected in the form of grants.

SENATOR KEATING referred to page 2 of the bill and asked if the matching grant was the money coming from TSEP; for example, if Hill County was getting \$500,000 in a grant that would not have to be paid back. He asked how much the total on page 2 would be.

Mr. McCracken said the total of the 15 projects would be \$4,991,029.

SENATOR KEATING asked how much was now available for loans.

Mr. McCracken said the recommendation is that all the projects be given grants. They don't have an additional set aside for loans.

SENATOR KEATING commented that this bill is not a recommendation; it is an authorization to spend. He said if the \$4.9 million is committed to grants, would it drain the fund, and how much would be left for loans.

Mr. McCracken said there would be no additional money available for loans this biennium. He explained that the money flows in to a special sub-account in the coal severance tax. The money comes in quarterly and they can use only the interest earned from that fund. Of the interest earned, it is projected for the next biennium that \$4.9 million would be available for grants. Future bienniums could have the option to spend part for grants and part for loans, whatever the need appears to be from the local government's level.

SENATOR WATERMAN asked **REP. BERGSAGEL** if applications for this biennium are only for grants, not applications for loans.

REPRESENTATIVE BERGSAGEL said that was correct.

SENATOR JENKINS commented that the people in **EXHIBIT 2** are actually paying above normal for water and sewer and they are going to be a little higher to match these grants.

REPRESENTATIVE BERGSAGEL said everyone has high water and sewer rates and virtually everyone is under a health department recommendation that they change something.

SENATOR SWYSGOOD asked if the directives from the Department of Health to the cities and towns to upgrade their systems came about because of federal or state law.

REPRESENTATIVE BERGSAGEL said both federal and state.

SENATOR SWYSGOOD questioned why something has to be done just because someone perceives it not to be adequate. He voiced concern with the process used by the department as it related to the financial affordability section of the grants and hoped that the department would look at other things that might be worthwhile to be evaluated before coming forth with projects.

REPRESENTATIVE BERGSAGEL said a community refusing to take care of itself should not be rewarded. Also, a community doing a good job should be factored in so they are not penalized.

SENATOR SWYSGOOD remarked that there is no place in this process for loans to be made to cities and towns that can afford to get a lower interest loan and pay back the money, thereby creating a revolving fund for future lending which is where the DOC has to look. If there is money available for grants, maybe a portion should be available for loans to people that can afford to pay it back. He concluded that total grants is not the answer.

REPRESENTATIVE BERGSAGEL said most communities have an FHA loan or grant or CDBG grant or loan or put up a significant share of their own money. It possibly could be stated that a certain percent would be in grants and a certain percent in loans.

SENATOR JENKINS voiced concern on how many grants have been given to units because of change in federal or state statutes which have caused undue burden on areas such as Hill county.

When asked by **SENATOR MOHL** if there were any loans from previous years, **REPRESENTATIVE BERGSAGEL** said there were some loans from last session.

Mr. McCracken said existing loans that have been granted are all preliminary engineering loans from the 1993 session. He referred the committee to **EXHIBIT 4**, pages 9-13, for a description of existing projects approved by the 1993 legislature and the projects currently being worked.

In answer to **SENATOR MOHL'S** question regarding where the money goes when it is repaid, **Mr. McCracken** said it would go back into the Treasure State Endowment fund.

SENATOR MOHL asked how the interest rate was based.

Mr. McCracken said it is based on five percent simple interest on deferred engineering loans. There are also construction loans, but there has not been a demand for them because of other loan programs available. The cheapest loan rate in Montana is the state revolving fund at four percent straight interest for a twenty year period.

When questioned by **SENATOR KEATING** if the money flowing into the fund is a flat amount each year from 50 percent of the coal tax going into the permanent trust fund, **Jane Hamman** said it goes into the trust, and then funds flow down through commitments that have been made on the trust for grants and loans.

Mr. McCracken referred the committee to information on page 16, **EXHIBIT 4**.

SENATOR KEATING said while that showed deposits to the account, he questioned how much coal tax money annually flowed to the permanent trust.

SENATOR JENKINS said approximately \$20 million is going into the trust, and approximately \$10 million is going into the Treasure State Endowment.

Closing by Sponsor:

REPRESENTATIVE BERGSAGEL closed on HB 11, urging the committee to give the grants favorable consideration.

CHAIRMAN AKLESTAD resumed the chair.

HEARING ON HOUSE BILL 226

Opening Statement by Sponsor:

REPRESENTATIVE STEVE VICK, House District 31, Belgrade, sponsor, said HB 226 allows the Department of Corrections to benefit from the involvement of probation and parole officers in searches on the offenders they have supervision over. If some of those searches result in an arrest and conviction on a federal drug charge, under federal law their assets can be seized. When the assets are seized, the federal government determines who is eligible to benefit from that seizure. Most of the money goes to the Department of Justice. Recently because of help from probation and parole officers, approximately \$5,000 has gone to the Department of Corrections. They currently do not have the

ability to spend the money, but HB 226 would allow them to put the money into a federal account that they already have.

Proponents' Testimony:

Mike Ferriter, Chief, Community Corrections Bureau, said HB 226 would allow Montana adult probation and parole officers to benefit from their involvement in searches. He added that federal authorities have determined that Montana Probation and Parole Bureau should share the benefits of the forfeiture funds.

Mike Batista, Department of Justice, testifying in support of the bill, said probation and parole officers have been a valuable partner in drug enforcement and funds should be made available to them.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

SENATOR TOEWS questioned why this would not encourage abuse by the Corrections Department on seizing property.

Mike Ferriter said their policies and procedures relative to searches are very clear. HB 226 would simply give them the opportunity to spend funds the federal government feels they have coming to them. He maintained that as bureau chief, he would be very concerned about misuse of searches and assured the committee that he would do his best to see that there is no abuse.

In questioning from **SENATOR KEATING** whether HB 226 takes a portion of the money the Drug Task Force received as a share of the forfeiture, **Mike Ferriter** said no, that federal agencies feel they have the money coming to them. It has nothing to do with the Department of Justice funds but is money given by the federal government specifically when the probation and parole officers are involved in a search.

When asked by **SENATOR KEATING** if the federal government got the money and property after conviction or before conviction, **Mr. Ferriter** said the money in question is after conviction, adding that it is specific in law.

SENATOR SWYSGOOD commented that SB 83 was passed on de-earmarking of funds and now a statutory appropriation is being set up.

REPRESENTATIVE VICK said they amended the bill so it did not set up another account. It was his understanding that funds cannot be put into the general fund because they are federal funds. The only way the funds are available is if they are put into the account they already have.

In questioning from **SENATOR SWYSGOOD**, **Mr. Batista** said the drug and forfeiture funds were initially targeted under the de-earmarking bill, but an amendment was accepted to remove it from the earmarking.

When asked by **SENATOR SWYSGOOD** if this was the account the money would be going into, **Mr. Batista** said it will go into permanent Corrections. The de-earmarking bill was specifically for forfeiture of monies for the Department of Justice.

SENATOR SWYSGOOD asked the Department of Corrections if their money was targeted by SB 83 for de-earmarking.

John Huth said it was not; it is an account they have now that was not identified in SB 83, and they will use that existing account for these monies.

In questioning from **SENATOR LYNCH** as to the amount of money in the regular budget for training, **Mr. Ferriter** responded that there is approximately \$8,000.

When questioned by **SENATOR KEATING** if the federal special revenue fund was existing, **Mr. Huth** replied that it was, but it was not statutorily appropriated. **SENATOR KEATING** commented that since this is establishing a new statutory appropriation, it could not have been in SB 83 because it is not in the statutes.

{Tape: 1; Side: 2; Approx. Counter: ; Comments: .}

In questioning from **SENATOR JENKINS** relative to the new section 1 of HB 226, **Mr. Huth** said the \$125,000 appropriation goes to the Department of Justice. The Department of Corrections has no means to pull in the funds the federal government is currently giving them. HB 226 would enable them to put the money into an account to use for training.

SENATOR JENKINS questioned if there would be two accounts, one that would have \$125,000 in statutory appropriation and then if it goes over that, it would go into a new account.

Mr. Huth said the Department of Justice would still have the \$125,000 statutory appropriation, and no funds would be taken from that. A fund would be established in the Department of Corrections that currently doesn't exist where they could spend the money received from the federal forfeitures. The federal government would determine the amount of money allowed to the Department of Corrections. He concluded that this would be in addition to the \$125,000 statutory appropriation to the Department of Justice.

SENATOR LYNCH asked if the Department of Corrections could spend the money and then inform the legislature or if they would have to go before the finance committee.

Mr. Huth said they would spend what was appropriated. For authority to spend the excess, they would have to go before the finance committee with a budget amendment.

SENATOR AKLESTAD asked for an explanation of the current money flow.

Mr. Huth said he would make that information available. He didn't think the money has been spent because there is no means to expend it.

SENATOR AKLESTAD commented that it would have to be appropriated in the next legislative session.

When questioned by SENATOR LYNCH as to how much was in the account, Mr. Huth said there was approximately \$5,000.

In questioning from SENATOR KEATING, SENATOR AKLESTAD said section 1 deals with the Department of Corrections and section 2 with the Department of Justice. They are two separate entities, and the monies do not flow within each other.

Referring to the forfeiture money in section 1, SENATOR KEATING questioned if it flows into the same account in which the \$125,000 is coming from.

Mr. Huth said it would not. The new account would be in the Department of Corrections. The \$125,000 is with the Department of Justice, and they have the authority to expend it. Since Probation and Parole are now involved in searches, the federal government is giving them money; however, currently there is no means to expend that money.

SENATOR KEATING commented that except for the money provided for in section 1, the remainder is in the state and local law enforcement; however, there is no appropriation or spending authority in HB 226 for the money.

Mr. Huth indicated that they would come before the legislature with a budget amendment for the appropriation authority to expend the funds.

Closing by Sponsor:

REPRESENTATIVE VICK closed on HB 226.

EXECUTIVE ACTION ON HOUSE BILL 226

Motion/Vote: SENATOR LYNCH MOVED HOUSE BILL 226 BE CONCURRED IN. Motion CARRIED on a roll call vote. SENATOR LYNCH will carry HB 226.

EXECUTIVE ACTION ON SENATE BILL 416

Motion: SENATOR SWYSGOOD MOVED HIS AMENDMENT TO SB 416. EXHIBIT 5

Discussion: SENATOR SWYSGOOD explained that the amendment applies to the fees generated by the Certificate of Need applicants.

SENATOR WATERMAN questioned if adequate funding would still be available for the Certificate of Need process even though the fees would be in the general fund. SENATOR SWYSGOOD replied it would be available.

Vote: The motion on the amendment EXHIBIT 5 CARRIED.

Motion: SENATOR SWYSGOOD MOVED A SECOND AMENDMENT TO SB 416. EXHIBIT 6

Discussion: SENATOR SWYSGOOD said this proposal would amend SB 416 for the swing beds.

Vote: The motion on the second amendment EXHIBIT 6 CARRIED.

Motion: SENATOR WATERMAN MOVED A FURTHER AMENDMENT TO SB 416. EXHIBIT 7

Discussion: SENATOR WATERMAN explained that the amendment removed the contingency language.

SENATOR LYNCH spoke against the amendment, adding that the language should stay; the next legislature could either fund it or eliminate it.

SENATOR SWYSGOOD opposed the amendment. He said the language protects the fact that it has to be funded.

SENATOR AKLESTAD asked SENATOR WATERMAN for a further explanation of her amendment.

SENATOR WATERMAN explained that it removed the Certificate of Need (CON). She indicated there are some sections that apply if the Certificate of Need is there and some sections that apply if it is not.

SENATOR SWYSGOOD indicated that the amendment goes further than just removing the contingency of CON; it goes back to sections of the bill stating if the contingent repealer is removed that the CON is eliminated.

Taryn Purdy said this amendment would take out all of the passages that need to be there if CON is eliminated. It takes out sections 7 through 14, takes out the repealer of CON and

takes out the cleanup language that is necessary if CON is not there. All of the changes to the CON law remain.

SENATOR SWYSGOOD said his purpose of SB 416 was that if we were not going to fund it, we would eliminate it. This amendment **EXHIBIT 7** would not allow that to happen if it is not funded.

SENATOR WATERMAN said with her amendment, the CON that would remain in place would be streamlined. It would allow for the swing beds and for the batching. She indicated there are some problems with the CON that need to be corrected such as adequate funding.

SENATOR AKLESTAD questioned if **SENATOR SWYSGOOD'S** amendment **EXHIBIT 6** for swing beds would still be in place with **SENATOR WATERMAN'S** amendment **EXHIBIT 7**. **SENATOR WATERMAN** said it would.

Vote: The motion on **SENATOR WATERMAN'S** amendment **FAILED**.

Vote/Motion: **SENATOR SWYSGOOD** MOVED SB 416 AS AMENDED DO PASS. The motion **CARRIED** with **SENATOR WATERMAN** and **SENATOR CHRISTIAENS** opposed.

EXECUTIVE ACTION ON HOUSE BILL 420

Motion: **SENATOR WATERMAN** MOVED HOUSE BILL 420 BE CONCURRED IN.

Discussion: **SENATOR AKLESTAD** presented an amendment to HB 420 that eliminates language stipulating that earnings on local Board of Health deposits and investments be deposited to the account of the local Board of Health. **EXHIBIT 8**

Motion/Vote: **SENATOR SWYSGOOD** MOVED THE AMENDMENT TO HB 420 **EXHIBIT 8**. The motion on **SENATOR AKLESTAD'S** amendment **EXHIBIT 8** **CARRIED** on a roll call vote.

Motion/Vote: **SENATOR WATERMAN** MOVED HOUSE BILL 420 AS AMENDED BE CONCURRED IN. Motion **CARRIED**. **SENATOR WATERMAN** will carry the bill.

EXECUTIVE ACTION ON HOUSE BILL 354

Motion: **SENATOR JERGESON** MOVED HOUSE BILL 354 BE CONCURRED IN.

Discussion: **SENATOR AKLESTAD** presented an amendment to HB 354 that would retain people with expertise in the area of revolving loan funds. **EXHIBIT 9**

SENATOR LYNCH indicated he had a problem with the amendment and the present law regarding who determines if someone has expertise in administering revolving loan funds.

SENATOR AKLESTAD said that would support his amendment. Without the expertise, they will go into default on more loans.

SENATOR MOHL said there are a lot of successful business people who could serve.

SENATOR LYNCH voiced concern when specific language is put in, it is not saying a business person who is familiar with loans.

SENATOR JENKINS asked **SENATOR AKLESTAD** if he would consider removing the word "revolving" from the amendment.

SENATOR LYNCH said if someone has never administered a microbusiness loan, they wouldn't qualify. A very knowledgeable loan officer would be eliminated just because he has never dealt with microbusinesses.

SENATOR KEATING said the microbusiness development corporation representatives must have expertise in administering loan funds that primarily serve microbusiness.

SENATOR JERGESON said he had served on the legislative panel working with the advisory committee. He maintained that it is good that at least two of the thirteen development corporations in Montana are serving on the advisory committee to help the other committee members know how they operate. Expertise will be drawn from people working in the microbusiness development corporations because they are working with loan situations all the time.

SENATOR KEATING referred to line 7, page 4, which states at least three members must be owners of qualified microbusinesses. He remarked that it doesn't matter which language is put in; you can still draw from those development corporation representatives because those people must have some expertise in administering the loans that go to microbusinesses.

SENATOR AKLESTAD said they did not have to know anything.

SENATOR LYNCH said he would like to see a professional banker or loan officer, someone who knows risks involved and so on.

SENATOR AKLESTAD asked if the committee would consider language that at least two members must have administrative loan expertise.

SENATOR LYNCH stated he would be comfortable if the wording of the amendment could say someone with expertise in administering loan funds, thereby striking "revolving" from the amendment.

SENATOR AKLESTAD accepted that and said the amendment to the amendment **EXHIBIT 9** would state that at least two members must have expertise in administering loan funds.

Vote: The motion on the amended amendment **EXHIBIT 9 CARRIED.**

Motion/Vote: SENATOR JERGESON MADE A SUBSTITUTE MOTION THAT HOUSE BILL 354 AS AMENDED BE CONCURRED IN. Motion CARRIED with SENATORS MOHL and AKLESTAD opposed. SENATOR HERTEL will carry the bill.

EXECUTIVE ACTION ON HOUSE BILL 11

Motion: SENATOR JERGESON MOVED HOUSE BILL 11 BE CONCURRED IN.

Discussion: SENATOR KEATING said the Treasure State Endowment was put forth as a revolving loan fund and coal tax money is going to be used for loans for infrastructure, and then the money would come back into the fund. The interest income from the trust fund goes into the general fund which is used throughout general government for benefit of the state as a whole, but this narrows it and gets specific, meaning there are some that get left out. It should be a loan program rather than a give away, and he concluded it was an inappropriate use of tax money.

SENATOR JERGESON said none of the applicants have asked for a loan. Had they asked for a loan, he felt they would have been considered. This is one way of dealing with unfunded mandates. These communities are up against the wall and it is very expensive for them. Even with a loan, some of them would be paying twice what is considered the economic standard for water and sewer rates. He claimed they should be encouraged to come in with more loan applications in the future.

SENATOR CHRISTIAENS commented that the communities that did not get the grants had the ability to get low interest loans and pay them back. The grants authorized in HB 11 are for communities that did not have the ability to get the money or to pay them back and still have reasonable cost involvement. He felt these are vital to these particular communities.

SENATOR AKLESTAD said it was mentioned that some communities could afford to get a loan and pay some interest, and he questioned if those communities came in for a loan rather than a grant.

SENATOR HARDING said regarding the Treasure State Endowment Program, all the people that came in requested grants because they were in a position where they couldn't get loans.

SENATOR SWYSGOOD said his community had already applied for a \$661,000 SRF loan and then asked for a \$407,000 grant. He questioned if this program is going to continue to give all grants and no loans which is the decision this legislature will be making. Each year as half of the coal trust is deposited into this fund, the interest is generating what money is available for these grants. He felt the program should have some emphasis put

on loans. They could be zero interest loans, but at least they would have to pay part of the money back so it continues to grow and more money would be available to more communities. He concluded that it is sad when federal or state government can impose upon communities directives that create this havoc; it is a no win situation for local communities.

SENATOR TOEWS said he did not think HB 11 would address the issue.

SENATOR AKLESTAD said as he understands the original concept, it would allow loans to communities but they could not afford the loan, so in HB 11 it would give the communities the money they needed in grants. The Treasure State Endowment Program didn't set up that many grants but gave loans.

SENATOR KEATING said it appears this makes a \$4.9 million statutory appropriation of general fund money. If this weren't there, that interest income would flow to the general fund to be appropriated.

SENATOR LYNCH said the amount the sewer system in Silver Bow County is going to get is a fraction of what it will take. He said they have done everything, rates have gone up, they have borrowed money, etc., and another loan would not be reasonable. He has no problem with grants.

Vote: **SENATOR JERGESON'S MOTION THAT HB 11 BE CONCURRED IN CARRIED** with **SENATOR KEATING** opposed.

COMMITTEE DISCUSSION ON PROXY VOTES


CHAIRMAN AKLESTAD asked the committee for their thoughts on leaving votes or proxies with another senator when they are not able to be at the meetings.

SENATOR SWYSGOOD said he didn't have a problem with leaving his vote or proxy with **SENATOR AKLESTAD** to vote as he sees fit. **SENATOR LYNCH** agreed there would be no problem leaving a vote with another senator. **SENATOR JERGESON** said he did not see a problem leaving his vote with **SENATOR JACOBSON**.

It was the consensus of the committee that the members would be allowed to leave votes or proxies with another senator.

ADJOURNMENT

Adjournment: 10:00 a.m.



SENATOR GARY AKLESTAD, Chairman



LYNN STALEY, Secretary

GA/lis

MONTANA SENATE
1995 LEGISLATURE
FINANCE AND CLAIMS COMMITTEE

ROLL CALL

DATE 3/8/95

NAME	PRESENT	ABSENT	EXCUSED
SWYSGOOD, CHUCK	✓		
BURNETT, JIM			✓
MOHL, ARNIE	✓		
JERGESON, GREG	✓		
FRANKLIN, EVE	✓		
TVEIT, LARRY	✓		
JENKINS, LOREN	✓		
JACOBSON, JUDY	✓		
LYNCH, J.D.	✓		
HARDING, ETHEL	✓		
TOEWS, DARYL	✓		
CHRISTIAENS, B.F. "CHRIS"	✓		
WATERMAN, MIGNON	✓		
KEATING, TOM - VICE CHAIRMAN	✓		
BECK, TOM			✓
AKLESTAD, GARY - CHAIRMAN	✓		


SENATE STANDING COMMITTEE REPORT


Page 1 of 1
March 8, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration HB 226 (third reading copy -- blue), respectfully report that HB 226 be concurred in.

Signed: 
Senator Gary Aklestad, Chair


575 Amd. Coord.
Sec. of Senate


Senator Carrying Bill

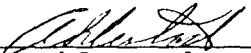
541325SC.SPV

SENATE STANDING COMMITTEE REPORT

Page 1 of 3
March 8, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration SB 416 (first reading copy -- white), respectfully report that SB 416 be amended as follows and as so amended do pass.

Signed: 
Senator Gary Aklestad, Chair

That such amendments read:

1. Title, line 11.

Strike: "AND"

Following: "50-5-306,"

Insert: "AND 50-5-310,"

2. Page 8, line 26.

Strike: "or"

3. Page 8, line 29.

Following: "~~or~~"

Insert: "the use of hospital beds in excess of five to provide services to patients or residents needing only skilled nursing care, intermediate nursing care, or intermediate developmental disability care, as those levels of care are defined in 50-5-101; or (i)"

4. Page 9, line 11.

Strike: "(1)(h)"

Insert: "(1)(i)"

5. Page 10, line 1.

Following: "would"

Insert: "not"

6. Page 10, line 15.


Strike: "and"

7. Page 10, line 21.

Following: "~~care~~"

Insert: "; and

(f) the circumstances under which a certificate of need may be approved for the use of hospital beds in excess of five to provide skilled nursing care, intermediate nursing care, or intermediate developmental disability care to patients or residents needing only that level of care"


Amd. Coord.
57 Sec. of Senate

541414SC.SPV

8. Page 10, line 27.

Following: "(4)"

Strike: "If the proposal is for new beds or major medical equipment, the"

Insert: "The"

9. Page 10, line 28.

Following: "reviewed"

Insert: "with similar proposals"

10. Page 10, line 30.

Following: "(5)"

Strike: "Any"

Insert: "On the 10th day of each month, the department shall publish in a newspaper of general circulation in the area to be served by the proposal a description of each letter of intent received by the department during the preceding calendar month. Within 30 days of the publication, any"

Following: "~~batch~~"

Insert: "described in the publication"

11. Page 13, lines 16 through 20.

Following: "request"

Strike: the remainder of subsection (1) in its entirety.

Insert: "a contested case hearing before the department under the provisions of Title 2, chapter 4, by filing a written request with the department within 30 days after receipt of the notification required in 50-5-302(13). The written request for a hearing must include:

(a) a statement describing each finding and conclusion in the department's initial decision that will be contested at the hearing and why each finding and conclusion is objectionable or in error; and

(b) a summary of the evidence that will be submitted to contest the findings and conclusion identified in subsection (1)(a).

(2) The hearing must be limited to the issues identified under subsection (1) and any other issues identified through discovery."

Renumber: subsequent subsections

12. Page 13, lines 22 through 24.

Following: "unless"

Strike: the remainder of subsection (2).

Insert: "the hearings examiner extends the time limit for good cause."

13. Page 13, lines 25 and 26.
Strike: subsection (3) in its entirety.
Renumber: subsequent subsections

14. Page 14, following line 7.
Insert: "**Section 7.** Section 50-5-310, MCA, is amended to read:
"50-5-310. Fees. (1) There is no fee for filing a letter of intent.
(2) An application for certificate of need approval must be accompanied by a fee that is at least equal to 0.3% of the capital expenditure projected in the application, except that the fee may not be ~~no~~ less than \$500.
(3) With the exception of the department and an applicant whose proposal is approved and who does not request the hearing, each affected person who is a party in a reconsideration hearing held pursuant to 50-5-306(1) shall pay the department \$500.
(4) Fees collected under this section must be deposited in a ~~state special revenue account for use by the department in conducting certificate of need reviews~~ the general fund." "

Renumber: subsequent sections.

15. Page 24, lines 17 and 19.
Strike: "6"
Insert: "7"

16. Page 24, line 18.
Strike: "personal services"

17. Page 24, line 20.
Strike: "personal services"

18. Page 24, lines 20 and 21.
Strike: "7 through 14"
Insert: "8 through 15"

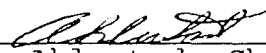
-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 8, 1995

MR. PRESIDENT:


We, your committee on Finance and Claims having had under consideration HB 420 (third reading copy -- blue), respectfully report that HB 420 be amended as follows and as so amended be concurred in.


Signed: 
Senator Gary Aklestad, Chair

That such amendments read:

1. Title, line 6.
Strike: "7-6-204,"
2. Page 1, lines 17 through 27.
Strike: Section 1 in its entirety
Renumber: subsequent sections

-END-


SP Amd. Coord.
Sec. of Senate


Waterman
Senator Carrying Bill

541339SC.SPV

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 8, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration HB 354 (third reading copy -- blue), respectfully report that HB 354 be amended as follows and as so amended be concurred in.

Signed: 
Senator Gary Aklestad, Chair

That such amendments read:

Title, lines 5 and 6.

Following: ";" on line 5.

Strike: remainder of line 5 through "COUNCIL;" on line 6

1. Page 4, lines 9 and 10.

Strike: "be microbusiness development corporation
representatives"

Insert: "have expertise in administering loan funds"

-END-


57

Amd. Coord.
Sec. of Senate


Senator Carrying Bill

541341SC.SRF


SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 8, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration HB 11 (third reading copy -- blue), respectfully report that HB 11 be concurred in.

Signed: 
Senator Gary Aklestad, Chair


Amd. Coord.
Sec. of Senate

SEN. HARDING
Senator Carrying Bill

541339SC.SRF

MONTANA SENATE
1995 LEGISLATURE
FINANCE AND CLAIMS COMMITTEE
ROLL CALL VOTE

DATE 3/8/95 BILL NO. HB 226 NUMBER _____

MOTION: Senator Lynch moved
HB 226 be concurred in
Carried

NAME	AYE	NO
SWYSGOOD, CHUCK		✓
BURNETT, JIM		
MOHL, ARNIE		✓
JERGESON, GREG	✓	
FRANKLIN, EVE	✓	
TVEIT, LARRY	✓	
JENKINS, LOREN	✓	
JACOBSON, JUDY	✓	
LYNCH, J.D.	✓	
HARDING, ETHEL	✓	
TOEWS, DARYL		✓
CHRISTIAENS, B.F. "CHRIS"		
WATERMAN, MIGNON	✓	
KEATING, TOM - VICE CHAIRMAN	✓	
BECK, TOM		
AKLESTAD, GARY - CHAIRMAN	✓	

MONTANA SENATE
1995 LEGISLATURE
FINANCE AND CLAIMS COMMITTEE
ROLL CALL VOTE

DATE 3/8/95 BILL NO. HB 420 NUMBER _____

MOTION: Senator Aklestad amendment
motion hb 042001.001 (Exhibit 8) Carried

NAME	AYE	NO
SWYSGOOD, CHUCK	✓	
BURNETT, JIM		
MOHL, ARNIE	✓	
JERGESON, GREG		✓
FRANKLIN, EVE		✓
TVEIT, LARRY	✓	
JENKINS, LOREN	✓	
JACOBSON, JUDY		✓
LYNCH, J.D.		✓
HARDING, ETHEL	✓	
TOEWS, DARYL	✓	
CHRISTIAENS, B.F. "CHRIS"		
WATERMAN, MIGNON		✓
KEATING, TOM - VICE CHAIRMAN	✓	
BECK, TOM		
AKLESTAD, GARY - CHAIRMAN	✓	

HB 11 - SENATE FINANCE COMMITTEE, 3/8/95

1. MR. CHAIRMAN, AND MEMBERS OF THE COMMITTEE: FOR THE RECORD, I AM ROBB MC CRACKEN OF THE DEPARTMENT OF COMMERCE. THE DEPARTMENT ADMINISTERS THE TSEP PROGRAM.
2. I WANT TO THANK CHAIRMAN BERGSAGEL AND THE MEMBERS OF THE JOINT LONG RANGE PLANNING SUBCOMMITTEE AND THEIR STAFF FOR THEIR HARD WORK, ON THE TREASURE STATE PROGRAM IN RESPONSE TO CRITICAL LOCAL NEEDS IN MONTANA.
3. AS YOU RECALL, THE FUNDAMENTAL PURPOSE OF THE TREASURE STATE PROGRAM IS TO MAKE CRUCIALLY NEEDED LOCAL INFRASTRUCTURE AFFORDABLE FOR THE LOCAL TAXPAYERS. THIS WAS ESTABLISHED BY THE 1992 LEGISLATURE IN THE ORIGINAL DISCUSSION ABOUT THE PROGRAM AND AFFIRMED BY THE 1993 LEGISLATURE.

THE TSEP PROGRAM FOCUSES ON GRANTS, ALTHOUGH LOANS AND ANNUAL DEBT SERVICE SUBSIDIES ARE ALSO AVAILABLE. AT THE MANY PUBLIC HEARINGS WE HELD, LOCAL GOVERNMENT OFFICIALS AND PUBLIC WORKS STAFF SAID THEY NEEDED GRANTS. YOU SEE, THERE IS A SURPLUS OF LOAN MONEY AVAILABLE STATEWIDE FROM FARMERS HOME, DNRC, STATE REVOLVING FUND, THE PRIVATE BOND MARKET, ETC. RESEARCH SHOWS GRANTS ARE THE KEY TO MAKE MANY PROJECTS AFFORDABLE. GRANTS CAN REDUCE WHAT THE LOCAL TAXPAYER MUST PAY TO AN AFFORDABLE LEVEL.

TYPICALLY, A TSEP APPLICANT WILL GET A LOAN FROM ANOTHER AGENCY, AND APPLY FOR A TSEP GRANT TO MAKE THE USER RATES AFFORDABLE. TSEP FILLS A UNIQUE NICHE IN MAKING LOANS AFFORDABLE.

4. THE 1995 TSEP APPLICATIONS HAVE BEEN CAREFULLY REVIEWED AND PUBLIC HEARINGS WERE HELD BY THE JOINT LONG RANGE PLANNING COMMITTEE. LOCAL GOVERNMENT APPLICANTS ATTENDED THESE HEARINGS.

5. A TOTAL OF 21 APPLICATIONS WERE RECEIVED REQUESTING A TOTAL OF \$7.19 MILLION DOLLARS. ABOUT \$4.9 MILLION DOLLARS IN TSEP FUNDS IS CURRENTLY PROJECTED TO BE AVAILABLE FOR LOCAL FUNDING AWARDS. TYPICALLY, THERE ARE MORE REQUESTS THAN DOLLARS AVAILABLE.
6. THE TSEP GUIDELINES REQUIRE EVERY APPLICANT TO PROVIDE AT LEAST 50% OF THE FUNDS TO FINANCE THE PROJECT FROM LOCAL MATCHING SOURCES. THIS IS IN RESPONSE TO LEGISLATIVE GUIDANCE AND SUGGESTIONS FROM LOCAL OFFICIALS THAT TREASURE STATE APPLICANTS SHOULD MAKE THE MAXIMUM LOCAL FINANCIAL EFFORT BEFORE STATE GRANT FUNDS WOULD BE RECOMMENDED. THE HANDOUT SHOWS HOW THE \$4.9 MILLION IN RECOMMENDED TSEP AWARDS WILL LEVERAGE ABOUT ABOUT \$23 MILLION DOLLARS IN OTHER MATCHING FUNDS.
7. AS DIRECTED BY STATUTE AND BY PREVIOUS LEGISLATIVE POLICY, THE TSEP APPLICATIONS WERE EVALUATED IN TERMS OF A TWO STAGE PROCESS:
 - (1) IN THE FIRST STAGE, THE APPLICATIONS WERE EVALUATED BASED ON TEN STATUTORY PRIORITIES -- WHICH DEAL WITH THE APPLICATION'S RELATIONSHIPS TO PUBLIC HEALTH AND SAFETY, COMPLIANCE WITH STATE AND FEDERAL STANDARDS, COST EFFECTIVE ENGINEERING DESIGN OF THE PROJECT, AND 7 OTHER CRITERIA.
 - (2) IN STAGE TWO, THE APPLICATIONS WERE EVALUATED ON THE FORM AND AMOUNT OF TSEP FUNDING NEEDED - IF ANY - IN ORDER TO MAKE THE PROJECTS AFFORDABLE FOR LOCAL CITIZENS. THE ISSUE WAS WHETHER A GRANT, WAS NECESSARY TO MAKE THE PROJECT FEASIBLE AND AFFORDABLE FOR THE LOCAL TAXPAYERS.

AN APPLICATION NEEDS TO DO WELL ON BOTH THE 10 PRIORITIES AND THE FINANCIAL AFFORDABILITY ANALYSIS TO RECEIVE A RECOMMENDATION FOR A TSEP GRANT.
8. FINANCIAL ANALYSIS, STAGE TWO OF THE EVALUATION PROCESS,

IS IMPORTANT BECAUSE IN A TIME OF SCARCE GRANT RESOURCES AND CLOSE PUBLIC SCRUTINY OF STATE SPENDING, IT WOULD BE INAPPROPRIATE FOR THE STATE TO PROVIDE GRANT FUNDS TO APPLICANTS WHO COULD, INSTEAD, BORROW OTHER FUNDS AND STILL HAVE AFFORDABLE LOCAL WATER, SEWER, OR OTHE RATES. IN ADDITION, IF SCARCE GRANT FUNDS WERE AWARDED TO THESE LESS NEEDY APPLICANTS, OTHER NEEDY APPLICANTS THAT REQUIRED GRANTS TO MAKE THEIR PROJECTS AFFORDABLE WOULD NOT RECEIVE GRANTS.

DURING THE 10 HEARINGS HELD ACROSS MONTANA IN 1992, LOCAL OFFICIALS STRONGLY AGREED THAT COMMUNITIES APPLYING FOR TSEP FUNDS SHOULD CONTRIBUTE TO THESE PROJECTS ACCORDING TO THEIR FINANCIAL CAPACITY. IT IS IMPORTANT TO BE ABLE TO DETERMINE WHICH APPLICANTS TRULY COULD NOT PROCEED WITHOUT A GRANT AND WHICH APPLICANTS HAVE ADEQUATE BORROWING CAPACITY AND DO NOT NEED A GRANT TO PROCEED.

AFTER HOLDING PUBLIC HEARINGS AND PUBLISHING DRAFT APPLICATION GUIDELINES IN 1992 AND AGAIN IN 1994, DOC DEVELOPED A SET OF UNIFORM FINANCIAL INDICATORS TO ASSIST US IN ANALYZING THE FINANCIAL CONDITION OF APPLICANTS SO WE CAN MAKE SOUND, PRUDENT FINANCIAL RECOMMENDATIONS ON WHETHER APPLICANTS NEED GRANTS OR WHETHER APPLICANTS COULD REASONABLY FINANCE THE PROJECT WITHOUT A GRANT. NONE OF THE INDICATORS VIEWED INDIVIDUALLY MAY GIVE A CLEAR AND COMPLETE PICTURE OF AN APPLICANT'S NEED FOR A TSEP GRANT. HOWEVER, WHEN THE INDICATORS ARE CONSIDERED COLLECTIVELY FOR A SINGLE APPLICANT AND THE RESULTS ARE USED TO EVALUATE ALL APPLICANTS SIDE-BY-SIDE, A MORE COMPLETE AND OBJECTIVE PICTURE OF EACH APPLICANT'S RELATIVE FINANCIAL CAPACITY EMERGES.

THIS FINANCIAL ANALYSIS ALLOWS DOC, THE GOVERNOR, AND THE LEGISLATURE TO ASSURE GREATER FAIRNESS AND UNIFORMITY IN THE RATIONING OF LIMITED GRANT DOLLARS AMONG MANY WORTHY PROJECTS.

IT IS IMPORTANT TO NOTE THAT THE POLICY ESTABLISHED BY DOC, THE GOVERNOR, AND THE LEGISLATURE IN 1993 WAS THAT TSEP GRANTS

SHOULD ONLY BE APPROVED FOR PROJECTS WHERE THE APPLICANT IS UNABLE TO BORROW FUNDS OR UNABLE TO ACHIEVE AFFORDABLE LOCAL WATER, SEWER, OR OTHER RATES. IN OTHER WORDS, TSEP IS A "GAP FINANCING PROGRAM DESIGNED TO MAKE LOCAL PROJECTS AFFORDABLE". THIS STATE POLICY WAS ENDORSED BY THE GOVERNOR AND THE JOINT LONG RANGE PLANNING COMMITTEE IN 1993 AND IN 1995.

WHERE TSEP GRANTS ARE NOT RECOMMENDED FOR AN APPLICANT BY DOC, THE GOVERNOR, OR LEGISLATURE, OTHER SOURCES OF FINANCING (SUCH AS LOANS OR BONDS) ARE AVAILABLE TO THE APPLICANT.

*** FINANCIAL AFFORDABILITY ANALYSIS IS NOT NEW - IT HAS BEEN DONE FOR MANY YEARS BY THE U.S. FARMERS HOME ADMIN., THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM, ENVIRONMENTAL PROTECTION AGENCY, AND OTHER AGENCIES.**

*** THE FUNDAMENTAL CONCEPT IS TO COMPARE EACH COMMUNITY'S FINANCIAL SITUATION FAIRLY AND OBJECTIVELY TO DETERMINE WHICH COMMUNITIES MOST NEED STATE ASSISTANCE.**

*** A FAIR PLAYING FIELD IS ESTABLISHED BY USING UNIFORM FINANCIAL INDICATORS SO YOU CAN COMPARE APPLES TO APPLES.**

*** FOR WATER AND SEWER PROJECTS, THE TSEP FINANCIAL AFFORDABILITY ANALYSIS COMPARES EACH APPLICANT'S COMBINED WATER AND SEWER RATE TO A SO-CALLED "TARGET AFFORDABLE RATE" BASED ON THE APPLICANT'S MEDIAN HOUSEHOLD INCOME. THIS ANALYZES THE HOUSEHOLD'S ABILITY TO PAY THE BILL FOR NEW PROPOSED COMBINED WATER AND SEWER RATES IN EACH COMMUNITY.**

*** WE ALSO ANALYZE WHETHER THE APPLICANT CAN BORROW ADDITIONAL MONEY INSTEAD OF RECEIVING A TSEP GRANT. WE FACTORED IN A CONSERVATIVE "SAFETY MARGIN" TO INSURE THAT THE APPLICANT WILL STILL HAVE A RESERVE FOR FUTURE PROJECTS. THIS ANALYSIS IS DERIVED FROM ANALYSIS USED BY BOND UNDERWRITERS.**

*** WE ALSO LOOK AT WHETHER THE PROPOSED TSEP GRANT IS THE**

FINANCIAL LINCHPIN, WITHOUT WHICH THE PROJECT WOULD NOT BE FINANCIALLY FEASIBLE.

9. THERE ARE 15 APPLICATIONS WHICH ARE RECOMMENDED FOR FUNDING. THESE APPLICATIONS SCORED WELL ON BOTH THE 10 PRIORITIES AND THE FINANCIAL AFFORDABILITY ANALYSIS. THE 15 APPLICANTS EITHER COULD NOT BORROW MORE FUNDS, OR THEIR RATES WOULD BE OVER THE TARGET AFFORDABLE RATE, OR THEY HAD BOTH CHARACTERISTICS. IN OTHER WORDS, "BUT FOR" THE TSEP GRANT THE RECOMMENDED PROJECTS COULD NOT PROCEED.

ALL 15 APPLICATIONS CLEARLY RESPOND TO SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS. ALL 15 PROJECTS ARE FINANCIALLY SOUND.

10. THERE ARE ALSO 6 APPLICATIONS FOR WHICH FUNDING IS NOT RECOMMENDED. SOMETIMES THERE ARE QUESTIONS ABOUT THESE PROJECTS. BRIEFLY, THESE 6 ARE:

(A) **KALISPELL'S WATER PROJECT**

- (1) IN KALISPELL'S CASE, THE APPLICATION SCORED MID-RANGE ON THE 10 PRIORITIES.
- (2) HOWEVER, THE PROJECT DID NOT SCORE WELL ON THE FINANCIAL AFFORDABILITY ANALYSIS. A TSEP GRANT IS NOT CRUCIAL TO MAKE THE PROJECT AFFORDABLE FOR THE CITIZENS.
- (3) INSTEAD OF RECEIVING A GRANT, KALISPELL COULD BORROW ADDITIONAL FUNDS AND STILL HAVE COMBINED WATER AND SEWER RATES THAT WOULD BE AFFORDABLE FOR THE CITIZENS. EVEN GIVEN A 3 MILLION DOLLAR SAFETY MARGIN OR CUSHION FOR BORROWING CAPACITY, KALISPELL WOULD STILL HAVE AN ESTIMATED 1.6 MILLION DOLLARS IN BORROWING CAPACITY TO PAY FOR THE \$270,000 TSEP REQUEST.

- (4) **SECONDLY, THE ESTIMATED COMBINED WATER AND SEWER RATES DO NOT INDICATE A GRANT IS NECESSARY TO MAKE THE PROJECT AFFORDABLE. IF KALISPELL HAD TO FUND THE ENTIRE PROJECT ITSELF, WITHOUT THE GRANT, THE COMBINED WATER AND SEWER RATE WOULD ONLY BE 79% OF THE TARGET AFFORDABLE RATE (THIS IS \$26.11/HOUSEHOLD/MONTH FOR COMBINED RATES)**

KALISPELL'S EXISTING CURRENT RATES:

WATER:	6.32/MO.
SEWER:	<u>19.36/MO.</u>
COMBINED:	\$25.68/MO.

(B) DILLON'S SEWAGE PROJECT

- (1) IN DILLON'S CASE, THE APPLICATION SCORED MID-RANGE ON THE 10 PRIORITIES.
- (2) HOWEVER, THE PROJECT DID NOT SCORE WELL ON THE FINANCIAL AFFORDABILITY ANALYSIS.
- (3) INSTEAD OF RECEIVING A GRANT, DILLON COULD BORROW ADDITIONAL FUNDS AND STILL HAVE COMBINED WATER AND SEWER RATES THAT WOULD BE AFFORDABLE FOR THE CITIZENS. EVEN GIVEN A \$1 MILLION DOLLAR SAFETY MARGIN OR CUSHION FOR BORROWING CAPACITY TO HELP DILLON PAY FOR FUTURE PROJECTS, DILLON WOULD STILL HAVE AN ADDITIONAL ESTIMATED 2.1 MILLION DOLLARS IN BORROWING CAPACITY TO PAY FOR THE \$407,500 TSEP REQUEST.
- (4) **SECONDLY, THE ESTIMATED COMBINED RATES DO NOT INDICATE A GRANT IS NECESSARY TO MAKE THE PROJECT AFFORDABLE. WITHOUT THE TSEP GRANT THE COMBINED WATER AND SEWER RATE WOULD ONLY BE 54% OF THE TARGET AFFORDABLE RATE (OR \$17.88/HOUSEHOLD/MONTH FOR**

COMBINED RATES). THIS IS A LITTLE MORE THAN 1/2 OF WHAT THE CITIZENS COULD REASONABLY AFFORD TO PAY, COMPARED TO OTHER COMMUNITIES.

(IN COMPARISON - THE #1 PROJECT IN TERMS OF FINANCIAL NEED IS HILL COUNTY AND THEIR RATES WITHOUT THE GRANT WOULD BE 199% OF THE TARGET RATE (OR \$75.39/HOUSEHOLD/MONTH FOR COMBINED RATES) - TWICE THE SUGGESTED LIMIT THAT CITIZENS CAN AFFORD TO PAY.)

DILLON'S EXISTING CURRENT RATES:

WATER \$ 6.91/MO
SEWER 4.28/MO
COMBINED:\$ 11.19/MO

IT IS IMPORTANT TO NOTE THAT LOW RATES DO NOT MEAN THE COMMUNITY HAS MANAGED ITS SYSTEM WELL, NOR DO HIGH RATES MEAN THE COMMUNITY HAS BEEN NEGLIGENT. LOW RATES SOMETIMES REFLECT A LACK OF GRADUAL STEP-BY-STEP IMPROVEMENTS TO MEET FACILITY NEEDS OVER A PERIOD OF YEARS.

ACCORDING TO THE MONTANA DEPARTMENT OF HEALTH, IN 1982 DILLON RECEIVED A \$673,000 FEDERAL GRANT FROM EPA FOR THE SEWER SYSTEM. THIS IS ANOTHER REASON WHY DILLON'S RATES ARE RELATIVELY LOW.

- (5) THE STATE REVOLVING FUND LOAN MONEY IS AVAILABLE TO DILLON. ALSO, FARMERS HOME GRANTS AND LOANS COULD BE AVAILABLE TO THE CITY. THE CITY DID NOT APPLY TO FARMERS HOME FOR THE SEWER PROJECT.**

(C) HAVRE'S WATER PROJECT

IN HAVRE'S CASE, THE APPLICATION DID NOT RANK WELL ON THE 10 PRIORITIES. THE APPLICATION DID NOT DOCUMENT A CLEAR PUBLIC HEALTH PROBLEM WITH THE WATER SYSTEM, NOR THAT THE PROJECT WAS NECESSARY TO MEET A STATE OR FEDERAL MANDATE. WE DOUBLE CHECKED ON THESE POINTS WITH THE STATE HEALTH DEPARTMENT.

(D) CHESTER'S SEWER PROJECT

IN CHESTER'S CASE, THE APPLICATION DID NOT RANK WELL ON THE 10 PRIORITIES. THE APPLICATION DID NOT DOCUMENT A CLEAR PUBLIC HEALTH PROBLEM OR MANDATE WHICH REQUIRED THE INSTALLATION OF A CENTRAL SEWER. ALSO, THE PROJECT WOULD ONLY BENEFIT 6 USERS AT A VERY HIGH COST PER USER.

(E) DAWSON COUNTY'S BRIDGE REPAINTING PROJECT

IN DAWSON COUNTY'S CASE, THE APPLICATION DID NOT SCORE WELL ON THE 10 PRIORITIES. THE REPAINTING OF THE BRIDGE IS NOT NECESSARY TO MEET A PUBLIC HEALTH THREAT OR A MANDATE. NO STRUCTURAL REPAIRS -- RESPONDING TO A THREAT TO PUBLIC SAFETY -- WERE INCLUDED IN THE TSEP REQUEST.

ALSO, THE APPLICATION DID NOT MEET THE TSEP REQUIREMENT THAT 50% LOCAL MATCHING FUNDS MUST BE PROVIDED. IN ADDITION, THE DNRC GRANT THAT DAWSON COUNTY WAS GOING TO USE AS MATCH HAS NOT BEEN RECOMMENDED BY THE LONG RANGE PLANNING COMMITTEE.

(F) **RICHLAND COUNTY'S PRIVATE DAM**

IN RICHLAND COUNTY'S CASE, THE PROJECT PROPOSED WAS REPAIRING A PRIVATELY OWNED DAM. UNDER THE TSEP STATUTE DAMS ARE INELIGIBLE. ALSO, PRIVATELY OWNED FACILITIES ARE INELIGIBLE.

12. I'VE DISCUSSED BRIEFLY THE PROJECTS THAT ARE NOT RECOMMENDED FOR FUNDING.
13. PLEASE REMEMBER THERE ARE 15 RECOMMENDED PROJECTS. I KNOW YOU DO NOT WANT ME TO SUMMARIZE EACH ONE. THESE 15 PROJECTS ARE GOOD, SOUND PROJECTS. THEY ADDRESS SERIOUS PUBLIC HEALTH OR SAFETY PROBLEMS. THE PROJECTS WOULD BE UNLIKELY TO GET DONE WITHOUT HELP FROM TSEP. THERE ARE \$7.19 MILLION IN GRANT REQUESTS AND A PROJECTED \$4.9 AVAILABLE FOR AWARD.
14. DOC IS HERE TO PROVIDE INFORMATION TO YOU -- AT YOUR REQUEST -- AS YOU CONSIDER THESE RECOMMEDATIONS.
15. THANK YOU FOR YOUR TIME.

L:\TSEP\LEGIS\
HRGPRES.

TSEP GRANT AWARD SUMMARY CHART
 1997 BIENNIUM PROJECT RECOMMENDATIONS

Ranked	Applicant	Project Type	Grant Request	Grant Recommended	Cumulative Grant Totals For Program
1.	Hill County Water Dist.	Water	\$500,000	\$500,000	\$ 500,000
2.	East Glacier Wtr. & Sewer Dist.	Water	306,555	306,555	806,555
3.	City of Lewistown	Water	500,000	500,000	1,306,555
4.	City of Troy*	Sewer	500,000	500,000	1,806,555
5.	City of Conrad*	Water	180,000	180,000	1,986,555
6.	City of Whitehall*	Water	500,000	500,000	2,486,555
7.	Seeley Lake Water Dist.	Water	464,364	464,364	2,950,919
8.	City of Hamilton	Sewer	137,632	137,632	3,088,551
9.	Gardiner Water Dist.	Water	300,000	300,000	3,388,551
10.	City of Kalispell	Water	270,000	0 ^A	0
11.	City of Dillon	Sewer	407,500	0 ^A	0
12.	City of Thompson Falls	Sewer	400,644	400,644	3,789,195
13.	Butte Silver Bow Govt.	Sewer	500,000	500,000 ^B	4,289,195
14.	Beaverhead County	Bridge	23,000	23,000 ^B	4,312,195
15.	Powell County	Bridge	51,334	51,334 ^B	4,363,529
16.	Town of Fairview	Water	500,000	500,000 ^B	4,863,529
17.	Town of Hysham	Sewer	127,500	127,500 ^B	4,991,029
18.	City of Havre	Water	500,000	0 ^C	----
19.	Town of Chester	Sewer	95,350	0 ^C	----
20.	Dawson County	Bridge	500,000	0 ^C	----
21.	Richland County (Ineligible project under statute)	Dam	500,000	0 ^D	----
TOTALS			\$7,190,680	\$4,991,029	\$4,991,029

* These projects are "tied". Their order (4,5,6) is not significant because conservative projections indicate all projects would be funded.

(A) These projects are not recommended for grants because, based on the Department's financial assessment, these applicants can apparently borrow at affordable rates.

(B) Based on the Department's projection of \$3,804,646 for TSEP grants available (most precise estimate as of 10/29/94) Butte would actually receive \$15,451 and there would be insufficient TSEP revenues to provide any funds for Beaverhead County, Powell County, Town of Fairview, and Town of Hysham. However, TSEP revenues are subject to change.

(C) These projects are not recommended for grants at this time due to feasibility or technical issues.

(D) This project is ineligible under the TSEP enabling statute.

**1995 TREASURE STATE ENDOWMENT PROGRAM
FUNDING RECOMMENDATIONS
(FY 96/FY 97 Biennium, Alphabetical Order)**

APPLICANT (TYPE OF PROJECT)	TSEP GRANT	NON-TSEP FUNDS MATCH \$ (%)	TOTAL PROJECT \$
BEAVERHEAD COUNTY (BRIDGE)	\$ 23,000	\$ 23,000 50%	\$ 46,000
BUTTE-SILVER BOW (SEWER)	500,000	4,946,000 91%	5,446,000
CONRAD (WATER)	180,000	180,000 50%	360,000
EAST GLACIER WTR. DIST. (WATER)	306,555	440,905 59%	747,460
FAIRVIEW (WATER)	500,000	1,095,000 69%	1,595,000
GARDINER/PARK COUNTY (WATER)	300,000	593,300 66%	893,300
HAMILTON (SEWER)	137,632	525,000 79%	662,632
HILL COUNTY WATER DIST. (WATER)	500,000	545,000 52%	1,045,000
HYSHAM (SEWER)	127,500	127,500 50%	255,000
LEWISTOWN (WATER)	500,000	8,546,000 94%	9,046,000
POWELL COUNTY (BRIDGE)	51,334	72,600 59%	123,934
SEELEY LAKE (WATER)	464,364	532,677 53%	977,041
THOMPSON FALLS (SEWER)	400,644	489,677 55%	890,321
TROY (SEWER)	500,000	4,197,200 89%	4,697,200
WHITEHALL (WATER)	500,000	800,000 62%	1,300,000
TOTALS	\$4,991,029	\$23,113,859 82%	\$28,084,888

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 4

DATE 3/8/95

BILL NO. HB 11

TREASURE STATE ENDOWMENT PROGRAM

**Policy Issues, Project Evaluations and
Recommendations
for the
1996-97 Biennium**

**Montana Department of Commerce
Jon Noel , Director**

January, 1995

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

Amendments to Senate Bill No. 416
First Reading Copy

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 5

DATE 3/8/95

Requested by Senator Swysgood
For the Committee on Finance and Claims

BILL NO. SB416

Prepared by Mark Lee
March 7, 1995

carried

1. Title, line 11.
Following: "50-5-304,"
Strike: "AND"
Following: "50-5-306,"
Insert: "AND 50-5-310,"

2. Page 14, following line 7.

Insert: "**Section 7.** Section 50-5-310, MCA, is amended to read:
"**50-5-310. Fees.** (1) There is no fee for filing a letter of intent.

(2) An application for certificate of need approval must be accompanied by a fee that is at least equal to 0.3% of the capital expenditure projected in the application, except that the fee may be no less than \$500.

(3) With the exception of the department and an applicant whose proposal is approved and who does not request the hearing, each affected person who is a party in a reconsideration hearing held pursuant to 50-5-306(1) shall pay the department \$500.

(4) Fees collected under this section must be deposited in a state special revenue account for use by the department in conducting certificate of need reviews the general fund. " "

Renumber: subsequent sections.

3. Page 24, lines 17 and 19.
Strike: "6"
Insert: "7"

4. Page 24, line 20.
Strike: "7 through 14"
Insert: "8 through 15"

5. Page 24, line 21.
Strike: "7 through 14"
Insert: "8 through 15"

This amendment would designate that all certificate of need fees be deposited in the general fund rather than a state special revenue account.

{Office of Legislative Fiscal Analyst

444-2986}

Amendments to Senate Bill No. 416
First Reading Copy

Requested by Senator Swysgood
For the Committee on Finance and Claims

Carried

Prepared by Taryn Purdy
March 1, 1995

1. Page 8, line 26.

Strike: "or"

2. Page 8, line 29.

Following: "~~or~~"

Insert: "the use of hospital beds in excess of five to provide services to patients or residents needing only skilled nursing care, intermediate nursing care, or intermediate developmental disability care, as those levels of care are defined in 50-5-101; or (i)"

Renumber: subsequent subsection

3. Page 9, line 11.

Strike: "(1)(h)"

Insert: "(1)(i)"

4. Page 10, line 1.

Following: "would"

Insert: "not"

5. Page 10, line 15.

Strike: "and"

6. Page 10, line 21.

Following: "~~care~~"

Insert: "; and"

(f) the circumstances under which a certificate of need may be approved for the use of hospital beds in excess of five to provide skilled nursing care, intermediate nursing care, or intermediate developmental disability care to patients or residents needing only that level of care"

7. Page 10, line 27.

Following: "(4)"

Strike: "If the proposal is for new beds or major medical equipment, the"

Insert: "The"

8. Page 10, line 28.

Following: "reviewed"

Insert: "with similar proposals"

9. Page 10, line 30.

Following: "(5)"

Strike: "Any"

Insert: "On the 10th day of each month, the department shall publish in a newspaper of general circulation in the area to be served by the proposal"

a description of each letter of intent received by the department during the preceding calendar month. Within 30 days of the publication, any"

Following: "batch"

Insert: "described in the publication"

10. Page 13, lines 16 through 20.

Following: "request"

Strike: the remainder of subsection (1) in its entirety.

Insert: "a contested case hearing before the department under the provisions of Title 2, chapter 4, by filing a written request with the department within 30 days after receipt of the notification required in 50-5-302(13). The written request for a hearing must include:

(a) a statement describing each finding and conclusion in the department's initial decision that will be contested at the hearing and why each finding and conclusion is objectionable or in error; and

(b) a summary of the evidence that will be submitted to contest the findings and conclusion identified in subsection (1)(a).

(2) The hearing must be limited to the issues identified under subsection (1) and any other issues identified through discovery."

Renumber: subsequent subsections

11. Page 13, lines 22 through 24.

Following: "unless"

Strike: the remainder of subsection (2).

Insert: "the hearings examiner extends the time limit for good cause."

12. Page 13, lines 25 and 26.

Strike: subsection (3) in its entirety.

13. Page 24, line 18.

Strike: "personal services"

14. Page 24, line 20.

Strike: "personal services"

Amendments to Senate Bill No. 416
First Reading Copy

Requested by Senator Waterman
For the Committee on Finance and Claims

Failed

Prepared by Taryn Purdy
March 2, 1995

1. Title, line 9.

Following: "PROCEDURES;"

Strike: "CONTINGENTLY REPEALING THE CERTIFICATE OF NEED PROGRAM;"

2. Title, line 10.

Following: "SECTIONS"

Strike: "20-7-436, 33-31-111, 33-31-203, 33-31-221,"

3. Title, lines 11 and 12.

Following: "MCA;"

Strike: the remainder of line 11 through "MCA;" on line 12.

4. Title, line 13.

Following: "PROVIDING"

Insert: "AN IMMEDIATE"

Following: "EFFECTIVE"

Strike: "DATES"

Insert: "DATE"

5. Page 14, line 9 through page 24, line 14.

Strike: sections 7 through 14 in their entirety.

Renumber: subsequent section

6. Page 24, line 16 and 17.

Following: "15."

Strike: the remainder of line 16 through "are" on line 17.

Insert: "Effective date. [This act] is"

7. Page 24, lines 18 through 22.

Strike: subsection (2) in its entirety.

This amendment eliminates the contingent language that eliminates certificate of need (CON) requirements if a minimum funding level for the operation of the certificate of need program is not appropriated. The amendment also eliminates those sections that were contingent upon elimination of CON.

Amendments to House Bill No. 420
Third Reading Copy

Requested by Senator Aklestad
For the Committee on Finance and Claims

Prepared by Taryn Purdy
March 2, 1995

1. Title, line 6.
Strike: "7-6-204,"

2. Page 1, lines 17 through 27.
Strike: Section 1 in its entirety

Renumber: subsequent sections

This amendment eliminates language stipulating that earnings on local board of health deposits and investments be deposited to the account of the local board of health.

{Office of Legislative Fiscal Analyst

444-2986}

Amendments to House Bill No. 354
Third Reading Copy

Requested by Senator Aklestad
For the Committee on Senate Finance and Claims

Prepared by Roger Lloyd
March 7, 1995

1. Title, lines 5 and 6.

Following: "," on line 5.

Strike: remainder of line 5 through "COUNCIL;" on line 6

2. Page 4, lines 9 and 10.

Strike: "be microbusiness development corporation representatives"

Insert: "have expertise in administering revolving loan funds that primarily serve
microbusinesses"

{Office of Legislative Fiscal Analyst

444-2986}

DATE March 8, 1995

SENATE COMMITTEE ON Finance and Claims

BILLS BEING HEARD TODAY: HB 11 Rep. Bergsagel
HB 226 Rep. Vick

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Rolly McCracken	Commerce	HB 11	✓	
Gavin Anderson	Commerce	HB 11	✓	
Jim Edgcomb	Commerce	HB 11	✓	
Mike Ferriter	Corrections	HB 226	✓	
John Huth	Corrections	HB 226	✓	
Mike Batista	Justice	HB 226	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY