

MINUTES

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

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By **SENATOR GARY AKLESTAD**, Chairman, on March 30, 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. Thomas A. "Tom" Beck (R)
Sen. James H. "Jim" Burnett (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: None

Members Absent: None

Staff Present: Taryn Purdy, 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 490, HB 552, HB 493, HB 514, HB 528,
HB 544, HB 573
Executive Action: HB 573, HB 544, HB 552, HB 514, HB 490,
HB 3, HB 576

HEARING ON HOUSE BILL 490

Opening Statement by Sponsor:

REPRESENTATIVE CAROLYN SQUIRES, House District 68, Missoula, sponsor, indicated that HB 490 is a continuation of legislation

passed during the last session, dealing with retraining, relocation and registry for RIF'd employees. Because of reductions in state government, HB 490 was introduced to facilitate employment transition and address transition needs of RIF'd employees. She added that through January 31, 1995 the registry for employees has received 2,654 announcements; the number of job applicants referred were 1,566, and the number of applicants rehired into state government was 145.

Proponents' Testimony:

Lois Menzies, Director, Department of Administration, testifying on behalf of the Governor in support of HB 490, stated that HB 490 provides a modest package of benefits for employees who have been eliminated through employer actions. She concluded that protection should be offered for employees losing their jobs through no fault of their own and that HB 490 encourages reemployment of terminated employees by other agencies.

Mark Cress, Administrator, State Personnel Division, testified in support of HB 490 as a workable and successful program for employees laid off as well as for agencies in putting people back to work.

Phil Campbell, Montana Education Association, testified in support of HB 490 as being a good policy that he hoped would continue.

George Hagerman, Executive Director, American Federation of State, County and Municipal Employees, Montana Council 9, testifying in support of HB 490, stated he had seen the positive results of the employee protection act. Many former state employees laid off at Galen took advantage of the retraining and other benefits offered which he concluded has been administered effectively.

Phil Grossberg, supervisor of RIF registry, Helena Job Service, testified that the services provided under the RIF registry are extremely valuable and appreciated by the individuals receiving them.

Tom Schneider, Montana Public Employees Association, testified that HB 522 introduced during the last session relative to this program worked very well and added that HB 490 would also work very well.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

In questioning from **SENATOR BURNETT** as to how HB 490 would apply to employees leaving state government on their own volition,

REPRESENTATIVE SQUIRES said those employees would not be eligible for those benefits. This bill would relate to those employees terminated because of a reduction in the work force.

SENATOR KEATING questioned line 2, page 3, "or other actions by the legislature".

Brian McCullough, Department of Labor and Industry, explained that when cuts were presented in agency budgets, there was concern if the language as already stated would capture those FTE's that were going to be cut. A request was made that the language be included to ensure that those FTE's agencies already had identified as being cut would be covered.

When questioned by **SENATOR TOEWS** if the retirement issue would be affected with the passage of GABA, **SENATOR SQUIRES** said the issue will continue to be in HB 490.

Mr. McCullough reported that the language relative to the purchase of years of services is consistent with the GABA language relative to calculating the costs.

SENATOR JENKINS questioned the relationship of HB 490 with other retirement legislation.

Mr. McCullough indicated that there are a couple of retirement systems that are having the provisions of buying the years of service being added. Because of HB 324, the coordination was necessary for some employees that did not always have the provision in their systems. If HB 324 passes, then HB 490 would provide that people RIF'd in those systems would be eligible for that same option regarding years of service purchased in their behalf.

In a question from **SENATOR JENKINS** regarding the fact that most sheriffs are elected, **Mr. McCullough** explained that there are a few state employees who are in the sheriff's retirement system. He affirmed that those sheriffs elected would not be covered.

SENATOR AKLESTAD questioned the stricken language on page 1, lines 21 and 22 dealing with employees of the 53rd legislature.

REPRESENTATIVE SQUIRES said there would have to be employment of at least six continuous months.

When asked by **SENATOR AKLESTAD** if legislative staff employed during the legislative session would not be included in HB 490, **REPRESENTATIVE SQUIRES** said that was correct.

Regarding page 5, lines 7 through 11 dealing with retroactive applicability, **SENATOR AKLESTAD** questioned the date of January 1, 1995.

Mr. McCullough alleged that was included because of Mountain View School. When asked by **SENATOR AKLESTAD** for a further explanation on the Mountain View situation, **Tom Schneider** said those employees are receiving their lay off notices during that six month period of time.

Mr. McCullough said while there could be an isolated situation of someone else coming in under that, it was directed toward Mountain View employees.

REPRESENTATIVE SQUIRES indicated that there was not downsizing during the period of time of HB 522, therefore HB 490 would cover those employees in this activity.

In questioning from **SENATOR MOHL** regarding the fiscal impact of HB 490 retaining one FTE at a biennium cost of \$78,816, **Mr. McCullough** said it would continue the FTE that provided this same service the last biennium which he added was a separate FTE.

When questioned by **SENATOR MOHL** if this would be an additional FTE, **Mr. McCullough** said it is an addition to the Department but is a continuation of a modified FTE from last session when HB 522 was enacted to start the registry. He concluded that it is basically reinstating that same FTE.

Referring to a question from **SENATOR MOHL** whether the \$78,816 is currently in any budget, **Mr. McCullough** said it was not.

Closing by Sponsor:

In closing, **REPRESENTATIVE SQUIRES** reiterated the importance of the job registry as providing a specific service. With the mandate to downsize state government, she concluded that employers should be responsible to state employees who provided good service.

HEARING ON HOUSE BILL 552

Opening Statement by Sponsor:

REPRESENTATIVE JOE QUILICI, House District 36, Butte, sponsor, explained that HB 552, requested by the general government subcommittee, would change the deposit of funds collected for the State warrant system from the special revenue fund to the internal service fund. He maintained this would give agencies incentives to save money in warrant writing costs.

Proponents' Testimony:

Tom Crosser, State Auditor's Office, testifying in support of HB 552, said a portion of the current program is funded with general fund money and a portion with state special money. The appropriation established during the last regular session was

based on an estimated number of warrants and an average warrant cost of approximately 41 cents each. It did not take into account that some transaction types are less expensive to process than a regular warrant. Currently there is no incentive to save money on the warrant writing costs because they are billed for a fixed amount of transactions at a fixed cost.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

In questioning from **SENATOR KEATING** relative to total cost of warrant writing, **Mr. Crosser** said currently it is approximately \$780,000. The primary cost faced is postage which represents about 45 percent of the \$780,000 cost. Money would be saved if they could move from a mailing situation to an electronic fund transfer. While some warrants are issued for \$1 or \$2, some are issued for a penny. The cost of issuing the warrant for a penny was 56 cents. He claimed that regardless of the size of the warrant, the warrant has to be issued. An edit was put in to stop the issuance of any warrants under \$1 from being mailed. A warrant would still be generated at that point, but the agency generating the warrant would be asked if they wanted it mailed out.

When questioned by **SENATOR KEATING** if the electronic payment would go to a bank account, **Mr. Crosser** said that was correct, electronic fund transfer.

Closing by Sponsor:

In closing, **REPRESENTATIVE QUILICI** alleged while saving the state money, it also would fine-tune the warrant writing system.

HEARING ON HOUSE BILL 493

Opening Statement by Sponsor:

REPRESENTATIVE DAVID EWER, House District 53, Helena, sponsor, indicated that HB 493 would allow the state to create a new program to finance low cost loans for drinking water for Montana municipalities by authorizing the issuance of \$10 million in general obligation (GO) bonds to provide the state matching funds for the safe drinking water treatment revolving fund. It would also authorize the issuance of \$5 million in GO bonds to provide the state matching funds for the state waste water treatment revolving fund. The current wastewater revolving fund would essentially be analogous to it, provided that the federal government is involved. The federal government anticipates authorizing funding for this program in the same manner as funding was authorized for the wastewater revolving program.

REPRESENTATIVE EWER presented to the committee a copy of a report to Governor Racicot from the Water, Wastewater and Solid Waste Action Coordinating Team. **EXHIBIT 1**

Proponents' Testimony:

Ray Beck, Department of Natural Resources and Conservation (DNRC), testifying in support of HB 493, presented a document showing how wastewater funds have been used to date in the wastewater funding program, as well as copies of letters from communities supporting the program and the safe drinking water efforts. **EXHIBIT 2** He claimed that HB 493 would set up a loan program where low cost loans would be made to communities for safe drinking water and would add \$5 million in general obligation bond authority to the current state revolving fund in which the financial portion is administered by DNRC.

Mr. Beck presented a document given to him by **Gordon Morris, Montana Association of Counties (MACo)**, indicating support from the Missoula County Commissioners. **EXHIBIT 3** He notified the committee that **Gordon Morris** wanted to be shown as a proponent to this piece of legislation on behalf of MACo.

Mr. Beck introduced **Anna Miller, DNRC** and **MaeNan Ellingson, State's bond counsel**.

Barbara Neuwerth, Department of Health and Environmental Sciences (DHES), testifying as a proponent to HB 493, emphasized that the program is the only program offering low interest rates, lower than any other program in the state. After the required match is met for the federal government SEA money, the revolved funds come back in and monies can be loaned at lesser interest rates.

Dan Keil, Tiber County Water District board member, also Board of Montana Rural Water Systems, and serving Montana as representative on the Board of the National Rural Water Association, testified in support of HB 493. He stated there was legislation to create a revolving loan fund similar to the revolving loan fund in the clean water act. HB 493 is necessary because the safe drinking water act will probably pass through Congress this year and they anticipate the revolving loan fund to be a part of that. Because the Montana legislature does not meet again until 1997, the state would be losing out on the availability of funds. On the last legislation, they anticipate there will be a moratorium on the states that haven't come up with their matching money.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

SENATOR SWYSGOOD questioned why the Department of Health and Environmental Sciences (DHES) needed four people to manage the program and further what would happen if it was not funded.

REPRESENTATIVE EWER said if HB 493 passes, it would initially force the departments to deal with the programs with existing personnel and then have to come back. He said he would defer to **Bob Robinson, Director, Department of Health and Environmental Sciences**, as to why four people are needed in DHES.

Bob Robinson said they have reviewed it and are going to only ask for three people. This would add an entirely new component in the revolving fund program dealing with drinking water systems. They are able to absorb a certain degree of the program with existing staff but anticipate needing approximately three people by the end of the biennium. He maintained that if HB 493 passed, DHES could go to the HB 2 conference committee and ask that the employees be added to DHES or they could wait until the federal legislation passed and then ask the Budget Office (OBPP) to authorize an amendment to begin the program.

In questioning by **SENATOR SWYSGOOD** as to what the new people in DHES would be doing that is not currently being done under the safe drinking water act, **Mr. Robinson** said they would be doing the same functions as under the waste water act but more of it because of the significant new workload in dealing with drinking water systems.

When asked by **SENATOR SWYSGOOD** what DNRC would be doing in the program, **John Tubbs, DNRC**, said DNRC is the financial side of the program in which they issue the bonds for the state and assist in closing the loans for the communities receiving the loans. He maintained they have had new programs added over the last ten years with three positions lost in the department. With more loans for communities, they would need a loan officer. There is no loan officer for the wastewater program. The financial officer that has budget duties, state bonding duties and other duties has been doing the wastewater program.

SENATOR TOEWS referred to a letter from Kevin Dorwart, City of Glendive (included in **EXHIBIT 2**) that stated "after decades of artificially low rates there are no funds..." and asked why someone with those low rates should be funded.

REPRESENTATIVE EWER said there was some benefit to have safe drinking water throughout the state and added that the costs have gone up faster than the rate of inflation. He commented that if people in Montana feel they should be able to pay a certain uniform charge throughout the state for drinking water, there would have to be acceptance that subsidies are necessary in certain areas. Certain rural Montana areas with their low densities would not be able to afford the heavy capitalization required to provide safe drinking water. He concluded it is in

the public interest to have safe drinking water in our state and throughout America.

When questioned by **SENATOR TOEWS** why we are borrowing money through Indian tribes and why that has become a state responsibility, **Anna Miller, DNRC**, said federal legislation allows local government entities, including tribes. That was included in their enabling legislation so they could parallel what the federal tribes allow. She reported that this is a lending program, and money is borrowed that in turn is loaned to different communities and tribes. There is also a reserve set up in the program so the state is left in a very secure position. She concluded there is no impact to the general fund; the borrowers pay this back. Even the FTE are supported with administrative funds from the program.

In questioning whether we have ever borrowed money through the tribes and whether we are now in the process of doing that, **Ms. Miller** said she did not believe in our programs that we have ever borrowed money through the tribes, however they have worked with communities that have tribal housing on them.

SENATOR JENKINS asked where HB 493 stated that federal money was necessary before the program began.

REPRESENTATIVE EWER said the Board of Examiners would be the issuing body for the bonds. He proclaimed that was not actually stated in HB 493. Once money is borrowed, they have to begin paying it back. The state will not borrow money until there is a federal commitment. He concluded that there would be a tremendous dis-incentive to borrow money before the program was in place.

SENATOR JENKINS referred to Section 16, page 11, lines 26 and 27 describing state dollars only, which he felt would start up the program with \$10 million.

REPRESENTATIVE EWER said this \$10 million is not to be the seed money that has to be in first, but the state has to be able to match and leverage federal monies. He did not believe the state would start out issuing the full \$10 million. He said while he would defer to other people on this issue, once the bonds are sold, debt service has to be paid on them. It is the intention of the program that once loans have been identified that can be loaned out and there is the federal money, only then would bonds be sold. Once the bonds are sold, the money has to be lent out to begin getting payment. In a question from **SENATOR JENKINS**, **REPRESENTATIVE EWER** professed that the cheapest way to raise money is to have full faith in credit in bonds. While they have the general tax pledge of the state, they anticipate the actual users will pay as they currently are doing under the wastewater. He maintained that the general fund has not had to pick up one penny of debt service under the wastewater as it has been self-supporting.

In answer to a question from **SENATOR JENKINS** regarding the possibility of not coming in for loans and coming in for grants instead, **REPRESENTATIVE EWER** said the grant component was put in because they understood the federal government is considering a small grant component of the program so they wanted some authorization on that. He deferred that to DNRC to discuss what is further being contemplated.

Mr. Tubbs said the federal legislation has not been passed yet so there are unknowns being worked with. The way the original legislation was drafted is that it would only be under extreme hardship cases. There would be strict criteria on how the grants would be used.

SENATOR JENKINS asked **Mr. Beck** if there would be any problem tying the state money to federal money received before the state has money appropriated to this program.

Mr. Beck said the state would have the authority but anytime money is loaned, they are responsible for paying it back. They would not have the mechanism in place to do that. He alleged that all of their loan programs and bonds that they sell have to be approved by the Board of Examiners so there are safeguards there.

REPRESENTATIVE EWER said he would like to have **MaeNan Ellingson** comment on that issue.

MaeNan Ellingson, State bond counsel, said regarding Section 16, if the bill was approved by two-thirds vote it would authorize the creation of state debt. The sole purpose of the state debt would authorize providing the state's share of the drinking water program. If the drinking water program is not established by the federal government, there would be no valid purpose for incurring the state debt. Regarding Section 20, as with any of the state's GO bond programs, the Board of Examiners has to issue the bonds and in this case they will only do that on request of the DNRC for the specific purpose of providing money for the revolving loan program. Section 14 of HB 493, subsection (3) requires at the time bonds are issued that they have to be able to establish that the loan rates they can charge on potential loans are sufficient to pay the principal and interest on the bonds they are proposing to issue. The wastewater program has been established and at this time they have only issued two separate series for a total of \$5 million. At the time the bonds were issued, they need in line enough loans to know that they can make them at the appropriate rate to pay the debt service on the state's bonds when they come due. She concluded that all of those conditions work together to preclude the state from issuing the bonds until federal money is lined up to provide the match or that the state has to provide the match for, and also until they have a line of loans they know they can get and begin getting the money back in to cover the debt service on the state's bonds.

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

When questioned by **SENATOR JENKINS** if there was any reference in HB 493 to federal money, **Ms. Ellingson** said the bill implicitly states that federal money has to be there because the state only has the authority to issue the state bonds to provide the state match for the federal dollars under the program. Without the federal dollars, the state is not in a position to provide match.

SENATOR KEATING said while the state has a wastewater revolving fund and this proposal will parallel that, he questioned if there were no loans under the state water revolving fund but that they were all grants.

Ms. Miller said this is a new program, so legislation has to be established to start getting loans. There is a grant component in this legislation because the federal government in their legislation has a part of that for hardship communities.

SENATOR KEATING said he was referring to the state wastewater revolving fund that is already proceeding, and he questioned if there had been loans in that program or if they were mostly grants.

Ms. Miller referred to the first page of **EXHIBIT 2** which shows all loans made to date in the various communities. She alleged that there is not necessarily any grant component currently in this program.

In questioning by **SENATOR KEATING** if the Treasure State Endowment is a drinking water program, **Mr. Tubbs** said that endowment can provide grants for water projects, wastewater projects, bridges. He said in answer to **SENATOR KEATING** that there are drinking water projects in the endowment program.

Mr. Tubbs proclaimed that the programs would work well together. The Treasure State Endowment is focusing on affordability, and this program would provide communities with the mechanism to get a greater extent of loan funds because it will keep the interest rates down until a certain level. At that time they may apply to the state for some grant funds. If loan rates can be kept as low as possible, that would mean that every community would need less grant funds to fix their systems.

SENATOR KEATING questioned why programs currently in place could not be expanded rather than creating a new program.

Mr. Tubbs replied that this is the creation of a program to meet federal requirements to receive the grant.

In a question from **SENATOR KEATING**, **REPRESENTATIVE EWER** said if \$10 million in bonds are issued, the state will get leverage of between \$80 and \$100 million.

When asked by **SENATOR KEATING** where the federal government would get their money, **REPRESENTATIVE EWER** said from taxes.

SENATOR KEATING asked if it would be simpler if the federal government didn't tax the people in the communities so they could build their own water facility without people in between filtering the money.

REPRESENTATIVE EWER claimed that we are a nation that thinks it probably makes sense for everybody to have safe drinking water so we have some subsidization.

SENATOR KEATING remarked that the federal government would have to borrow 20 percent of what they give to our state, and he alleged that it would be cheaper if there were not so many people involved and the community could do it by themselves.

REPRESENTATIVE EWER said while it may be cheaper, without this help the communities may not have the financial capacity to pay or may not be able to set rates and charges that would be fair.

When asked by **SENATOR SWYSGOOD** if the legislature would approve these loans, **REPRESENTATIVE EWER** said they would not.

Closing by Sponsor:

REPRESENTATIVE EWER, in closing, said HB 493 requires a two-thirds vote. He added that the state would have to demonstrate that there is adequate readiness for the wastewater revolving fund. Even though there was \$10 million authorized in 1991, the first bond issue was only \$2.5 million. A 1994 issue was \$2.2 million, and he concluded that rather than being done in an aggregate, it would be piecemealed out so that current demands could be met.

HEARING ON HOUSE BILL 514

Opening Statement by Sponsor:

REPRESENTATIVE ROGER DEBRUYCKER, House District 89, sponsor, stated that HB 514 would increase the value of projects for which the Department of Administration may prepare working drawings. The bill would raise the cost of construction to \$75,000 before a working drawing would be necessary.

REPRESENTATIVE DEBRUYCKER showed photographs to the committee depicting outhouse structures that had to be designed by Architecture and Engineering.

Proponents' Testimony:

Dave Mott, Montana Department of Fish, Wildlife and Parks, presented written testimony in support of HB 514. **EXHIBIT 4**

Opponents' Testimony:

Tom McNab, representing Montana Technical Council, presented written testimony in opposition to HB 514. **EXHIBIT 5**

Carl Schweitzer, Montana Contractors Association, testified in opposition to HB 514. He maintained that it is going in the opposite direction of privatizing state government and taking work out of the private sector and giving it to more state employees. Relative to the situation with Fish, Wildlife and Parks, they could look at different ways of contracting with engineers and architects; instead of on a per project basis, they could contract on a contingency basis rather than increasing the amount to \$75,000.

Questions From Committee Members and Responses:

When questioned by **SENATOR SWYSGOOD** regarding raising the amount to \$75,000, **Dave Mott** said the money saved would be more money for additional projects such as additional boat ramps, latrines, gravel roads and those types of projects.

SENATOR KEATING asked **Mr. Mott** how much money would be saved from engineering and other fees for the services.

Mr. Mott estimated there is about \$850,000 of smaller projects done statewide. With the estimate for working drawings, design and supervision of construction, it is an approximately 30 percent fee times \$850,000 which is a little less than a quarter of a million.

In questioning by **SENATOR KEATING** if engineering had to be done on each structure, **Mr. Mott** said when they pay for it, there is engineering on each structure. He added that with their available staff, by the time they work with the contractor on the little projects, the experience gained by Fish, Wildlife and Parks would allow them to get efficient at doing the projects themselves.

When asked by **SENATOR KEATING** if Fish, Wildlife and Parks anticipated being able to save \$200,000 or \$300,000 in their department with passage of HB 514, **Mr. Mott** said that was correct.

SENATOR KEATING asked **Mr. Schweitzer** how much the state spent on contracting and engineering on all state projects.

Mr. Schweitzer said he did not have any idea; that it could be better answered by Tom O'Connell of Architecture and Engineering.

When asked by **SENATOR KEATING** if it could possibly be a \$2 million savings to the state considering all departments, **Mr. Schweitzer** stated his opinion that additional staff would be added for additional design work. He remarked that might be offset by some of the savings.

SENATOR CHRISTIAENS said he would like to have someone available from the Department of Administration to question regarding allocation of charges to various projects.

In questioning from **SENATOR JERGESON** regarding a \$140,000 project at the experiment station in Havre that had to be put out for bids under the terms of this Act to a private architecture firm after \$40,000 was raised in the area for the project, **Mr. McNab** said there are ADA considerations in all types of construction. He said travel expenses for an architect have to be taken into consideration, as well as complying with uniform building code standards, fire ratings, heating system design, slope sighting for drainage. In building construction, there is a requirement that the architect or engineer are the representative of the owner on the site.

SENATOR MOHL stated there are differences in all designs, thereby necessitating a redesign of all situations.

Mr. Mott said it would depend on the nature of the work and the site. When asked by **SENATOR MOHL** to answer yes or no to the question, **Mr. Mott** said there is some variation in site.

When questioned by **SENATOR MOHL** who would be responsible if it is not a proper structure, **Mr. Mott** said he could not answer that question.

SENATOR MOHL questioned if Department of Fish, Wildlife and Parks had qualified in-house people to obtain soil samples, do engineering and design.

Mr. Mott alleged that they have staff in place and would not require additional staff to implement HB 514.

When concern was voiced by **SENATOR MOHL** if they are licensed people, **Mr. Mott** said they were licensed.

SENATOR JENKINS said he was required to have architects review a building on his site and after the drawings were done, he was advised of a problem. He questioned **Mr. McNab** relative to this issue.

Mr. McNab said without the exact circumstances, he could not make a qualified statement; however, if the architect or engineer had

done the initial job correctly, that problem should have been recognized.

When questioned by **SENATOR JENKINS** as to the liability of the architect, **Mr. McNab** said in bringing a liability case against an architect or engineer, there has to be proof that they were practicing outside the generally accepted standards in the area.

Closing by Sponsor:

In closing, **REPRESENTATIVE DEBRUYCKER** alleged that HB 514 is not a Fish, Wildlife and Parks bill and that other departments would also benefit from this legislation. Nothing would restrict a department from having an architect and engineering drawing done on the project but would state that it would not be necessary for a project under \$75,000.

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

HEARING ON HOUSE BILL 528

Opening Statement by Sponsor:

REPRESENTATIVE LILA TAYLOR, House District 5, sponsor, explained that HB 528 would appropriate money received from Big Horn County to the Department of Transportation for the reconstruction of Montana Highway 314. A map of the area was presented by **REPRESENTATIVE TAYLOR**. **EXHIBIT 6** In alleging that the road is coal impacted, she presented an exhibit referencing a study done by Morrison-Maierle for the Big Horn County commissioners. **EXHIBIT 6a**.

REPRESENTATIVE TAYLOR also presented to the committee a copy of a letter received from the DNRC regarding the proposed reconstruction of a portion of Montana Highway 314. **EXHIBIT 7**

Proponents' Testimony:

Debra Johnson, Chairman of the Board of County Commissioner, Big Horn County, presented written testimony in support of HB 528. **EXHIBIT 8**

John Doyle, Big Horn County Commissioner, testifying in support of HB 528, asked that the funding come from the local impact fund. Without financial assistance, Big Horn County would not be able to restore the coal impacted Highway 314 to the safe condition that is necessary.

Bernard Red Cherries, Transportation Planner, Northern Cheyenne Tribe, testifying in support of HB 528, said the Northern Cheyenne Tribe would like to have the road repaired or rebuilt

because of the people travelling the road. The Tribe also would like the work done to the highest degree of workmanship allowable under state law so the road does not deteriorate. He concluded that the Tribal Council has accepted many resolutions relative to Highway 314.

Jim Mockler, Executive Director, Montana Coal Council, testified in support of HB 528 and added that he also was speaking on behalf of representatives from Spring Creek and Decker Coal companies. He said the residents are asking for basically one percent of the money they have generated to the economy and paid in taxes to assure good roads in the area. That could be accomplished by taking the earmarking of the \$4 million from the money originally allocated to the Coal Board for coal impacts and letting \$1 million for the next six or seven years so the county can bond and raise the \$10 million for building the road and ensuring safety of the people in the area.

Florence Young, Decker, Montana rancher, testifying in support of HB 528, said the road has been patched many times and continues to break up.

REPRESENTATIVE JAY STOVALL, House District 16, south of Billings, testified in support of HB 528 as a good investment for Montana as it is an area with potential development in the natural resources industry.

SENATOR REINY JABS, Senate District 3, testifying in support of HB 528, said the road in question is in his district and is in need of repair for safety reasons.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

In questioning from **SENATOR JERGESON** as to how much the mill raises, **Debra Johnson** said the mill raises \$27,000.

SENATOR JERGESON questioned if there was a GVW weigh station on Highway 314.

REPRESENTATIVE TAYLOR responded that there is not a weigh station on Highway 314, and they have repeatedly asked the Department of Transportation for portable GVW scales in the area.

Regarding raising \$27,000, **SENATOR SWYSGOOD** questioned how many miles of road had to be maintained.

Debra Johnson said they certify over 1,300 in Big Horn County.

When asked by **SENATOR SWYSGOOD** what their total road budget is, **Debra Johnson** said it is about \$1 million.

SENATOR CHRISTIAENS asked about a bill introduced by **REPRESENTATIVE FISHER** reallocating some of the coal impact funds for this particular project.

SENATOR JENKINS said just over \$5 million went into the fund. The law states unless the money is appropriated, it automatically goes to the school equalization account. House Appropriations Committee took \$1 million out, contingent on the mine being opened at Roundup.

SENATOR CHRISTIAENS suggested that legislation should be looked at and the balance going to the project being addressed that is impacted in that coal area.

In questioning from **SENATOR WATERMAN** as to the amount of funds, **REPRESENTATIVE TAYLOR** said she discussed that with **Dave Lewis, OBPP**. It is her understanding that if some money is appropriated, they could possibly get other funds. There was discussion relative to getting federal dollars for the project, but she felt that would take money away from the state's total federal dollars.

When asked by **SENATOR WATERMAN** how much money currently would be raised in HB 528, **REPRESENTATIVE TAYLOR** said HB 528 currently has no money in it.

SENATOR JENKINS said in HB 2 if they move the money, it would go to the Coal Board and they would give the grants, therefore a separate bill would be needed.

When questioned by **SENATOR KEATING** if Highway 314 is on the state highway system, **REPRESENTATIVE TAYLOR** remarked it is a state secondary road.

Regarding the state's obligation, **REPRESENTATIVE TAYLOR** said when the middle section was done by the legislature about five years ago, Highway 314 was on the priority for the county. When that section was done, the rest of the road was still decent and they took it off the priority and put it on Highway 313, the road leading to Yellowtail Dam. She said that is the current priority, and if they could obtain funds the priority would be switched back to Highway 314 because the road is in disrepair.

In answer to **SENATOR KEATING**, **REPRESENTATIVE TAYLOR** said the road is paved through Wyoming. She explained that she had asked the Department of Transportation (DOT) about putting on overlay on the road, and **Marvin Dye, DOT**, said that would be wasted money.

In questioning from **SENATOR WATERMAN** regarding the Roundup situation, **Taryn Purdy** said the House Appropriations Committee appropriated the money and specified it could only be appropriated if the Roundup mine went into effect and recognized that if the Coal Board did not want to provide grants for that purpose, they would not have to do so.

SENATOR KEATING asked REPRESENTATIVE TAYLOR to explain the amount of money they are seeking.

REPRESENTATIVE TAYLOR said it would be \$10 million to do the top 13 miles. She maintained that there does not have to be any right-of-way bought because it was done 10 years ago. Gravel would have to be hauled from Hardin to build the base. When she asked the coal mine why their road held up, she was advised that the road was built to federal standards with a CTB base.

Closing by Sponsor:

REPRESENTATIVE TAYLOR closed on HB 528.

HEARING ON HOUSE BILL 544

Opening Statement by Sponsor:

REPRESENTATIVE CARLY TUSS, House District 46, Great Falls, sponsor, said HB 544 is an act appropriating money to the Board of Regents to provide financial assistance to resident nonbeneficiary students attending tribally controlled community colleges in Montana. It would provide requirements for receipt of money and provide for a reversion of unspent funds to the general fund.

Proponents' Testimony:

REPRESENTATIVE JOHN MERCER, House District 74, testifying in support of HB 544, said while it costs over \$4,000 a year to educate students in the state university system, the cost under HB 544 would be \$1,500 a year in these tribal colleges. Most credits received are transferrable. The bill would provide fee waivers for nontribal students in the tribal colleges.

Joe McDonald, Salish Kootenai College, presented written testimony in support of HB 544. EXHIBIT 9

Andrea Brockie, Vice President, Fort Belknap College, testifying in support of HB 544, said Fort Belknap College has many non-Indian students attending college who receive a good education.

REPRESENTATIVE JAY STOVALL, House District 16, testified in support of tribal colleges on the seven reservations in Montana as being very beneficial to our state.

SENATOR REINY JABS, Senate District 3, testified in support of tribal colleges in the state, adding HB 544 would help students that are not tribal members attend colleges.

SENATOR ETHEL HARDING, District 37, testifying in support of HB 544, said this is a fairness issue, that people are being

educated in these schools. Nontribal members are being accepted and receiving a good education in these schools.

SENATOR GREG JERGESON, Senate District 46, rose in support of HB 544 as being a cooperative and mutually beneficial arrangement for students to receive their first two years of education at these schools and then be well prepared for other units of the university system.

Dick Crofts, Deputy Commissioner for Higher Education, testified in support of HB 544. He noted that a recent study on opportunities for two year education ranked Montana near the bottom in percentage of opportunities, while the state ranked near the top for available opportunities for four year education. He claimed that the Board of Regents is committed to the expansion of two year education and they are establishing enrollment limits at four year campuses in an attempt to move them into colleges of technology.

SENATOR CHRIS CHRISTIAENS, Great Falls, testifying in support of HB 544, said native Americans makes up only 7 percent of the state population while Montana State Prison has a 21 percent native American population. He maintained that while education is a way to assist people in not falling into areas of crime, not enough money is given for this purpose.

Chris Landstrom, nonbeneficiary student at Salish Kootenai College in Pablo, testified that HB 544 is a bill preserving opportunities for an exemplary education for many people in Montana. It would make education available for many nontraditional students that would otherwise be unable to attend school. He concluded that this bill is a bargain for higher education costs in Montana and would result in better employment, higher wages and other benefits associated with a degree.

(At this point students from Salish Kootenai College rose and stated their names as being proponents to HB 544: **Debbie Demrie, Barbara Martinez, Linda Eikan, Jayne Yatchak, Charlotte Jackson, Donna Bick, Tessa Rhodes, Stacey Rhodes**).

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

SENATOR KEATING asked **Mr. Crofts** if he had any data showing how many Indian children are coming out of high school who can then use the tribal colleges for improving their education.

Mr. Crofts indicated that his study did not focus on the high school student coming to the tribal college, and he therefore did not have those numbers available. He added that quantitatively in terms of number of opportunities and qualitatively in terms of

learning environment in which the Indian students will be comfortable, tribal colleges are meeting that significant need.

In questioning from **SENATOR KEATING** as to percentage of capacity being utilized throughout the seven colleges in terms of enrollment and the ability to deliver the service, **Mr. McDonald** said they have 2,800 students in the seven tribal colleges. When asked by **SENATOR KEATING** about the capacity at the schools, **Mr. McDonald** said they have an expanding, collapsing capacity. He added that at Salish Kootenai they are about stretched to capacity.

When questioned by **SENATOR KEATING** regarding average age of students, **Mr. McDonald** said originally their average age was around 30, but with their building reputation they are getting younger students.

When asked by **SENATOR KEATING** if the transition from high school to college is becoming a matter of fact, **Mr. McDonald** said that was correct.

SENATOR SWYSGOOD questioned **Ms. Brockie** as to average enrollment at the Fort Belknap College.

Ms. Brockie said their maximum enrollment was last spring at 210 students; the past quarter was 190 students.

When asked by **SENATOR JENKINS** whether the colleges are two or four year schools, **Ms. Brockie** responded that Fort Belknap is a two year program. **Mr. McDonald** said the Salish Kootenai school has two bachelors programs at their college, or a four year program.

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

Closing by Sponsor:

REPRESENTATIVE TUSS closed on HB 544, stating that the program is not a handout and Montana benefits from these college.

HEARING ON HOUSE BILL 573

Opening Statement by Sponsor:

REPRESENTATIVE JOHN COBB, House District 50, Augusta, sponsor, indicated that HB 573, at the request of the Department of Health and Environmental Sciences (DHES), would exempt from licensure tourist homes that rent or lease accommodations for 30 days or

fewer than a year. He explained that there are approximately 195 facilities licensed as tourist homes with most of them being bed and breakfasts, and less than 5 appear to be home or cabin rental.

REPRESENTATIVE COBB presented an amendment requested by DHEs regarding the establishment not serving prepared meals. **EXHIBIT 10**

Proponents' Testimony:

Bob Robinson, Director, DHEs, testifying as a proponent to HB 573, stated that the proposed amendment of **REPRESENTATIVE COBB EXHIBIT 10** would further clarify the intent of the legislation.

Stuart Doggett, Montana Innkeepers Association, rose in support of HB 573 with the proposed amendment **EXHIBIT 10**.

Opponents' Testimony:

Bobbie Uecker, co-owner of Sanders Bed and Breakfast, Helena, testified in opposing to HB 573, but indicated her support of language stating that bed and breakfasts serving prepared food would be subject to regulations. She questioned the use of the term "prepared food". Other regulations that she described as important would be fire safety regulations. She concluded that it would be difficult to enforce how many days a bed and breakfast or cabin is open a year.

Questions From Committee Members and Responses:

SENATOR CHRISTIAENS questioned if rather than laws regarding bed and breakfasts, that all regulations relating to them have been established by rule.

Mr. Robinson said all guidelines with the exception of language currently before the committee consists of all of the law regarding tourist homes that is in the statute.

When asked by **SENATOR CHRISTIAENS** how DHEs has jurisdiction of bed and breakfasts when they are not covered by law, **Mr. Robinson** said bed and breakfasts are covered under law in that they are classified as a tourist home.

SENATOR CHRISTIAENS maintained that has been by rule rather than by statute.

Mr. Robinson said bed and breakfasts meet the definition of a tourist home and are in fact licensed as tourist homes which is created under law. The regulations they operate under as far as food preparation, et cetera, are mostly established by regulation.

SENATOR CHRISTIAENS noted that Great Falls bed and breakfasts received notices from DHES that they were in violation of law even though the County health department has inspected and licensed every bed and breakfast.

Mr. Robinson explained that when the County licenses a bed and breakfast, they submit that back to DHES as a tourist home license.

SENATOR CHRISTIAENS stated his opinion that there needs to be some statute, adding that County health departments are not enforcing the rules that bed and breakfasts are supposedly in violation of because there is nothing in law.

Mr. Robinson related that the president of the Montana Bed and Breakfast Association helped draft the proposed amendment **EXHIBIT 10** and has asked DHES to work with the association to create for the 1997 legislature a specific law clarifying the role of bed and breakfasts.

Closing by Sponsor:

REPRESENTATIVE COBB closed on HB 573.

EXECUTIVE ACTION ON HOUSE BILL 573

Motion/vote: **SENATOR CHRISTIAENS** MOVED THAT HB 573 BE TABLED.
Motion **FAILED** on a voice vote.

Discussion: **SENATOR CHRISTIAENS** maintained that every landlord renting a dwelling to a legislator for over 30 days would be in violation of the law if HB 573 is passed.

SENATOR WATERMAN remarked that since the rules are going to be addressed during the next two years, it would be better to wait until the next legislative session to deal with this issue.

Motion/Vote: **SENATOR WATERMAN** MOVED THAT HB 573 BE TABLED.
Motion **CARRIED** on a roll call vote.

EXECUTIVE ACTION ON HOUSE BILL 544

Motion: **SENATOR WATERMAN** MOVED THAT HB 544 BE CONCURRED IN.

Discussion: When questioned by **SENATOR KEATING** if it is part of the university budget, **CHAIRMAN AKLESTAD** explained that it is a separate appropriation.

Vote: SENATOR WATERMAN'S motion that HB 544 BE CONCURRED IN CARRIED UNANIMOUSLY. SENATOR HARDING will carry HB 544 on the Senate floor.

EXECUTIVE ACTION ON HOUSE BILL 552

Motion: SENATOR JENKINS MOVED THAT HB 552 BE CONCURRED IN.

Discussion: Taryn Purdy pointed out that HB 552 relates to action that later will be taken on HB 576. It would go to an internal service fund if HB 576 is passed.

When questioned by SENATOR KEATING if the internal service fund is a proprietary fund, Connie Griffith, Department of Administration, said this should be a proprietary fund whether or not HB 576 passes because it meets those requirements. It currently is being handled as both special revenue and general fund which is not the most efficient way.

In questioning from SENATOR BECK if rather than an internal service fund it should be a proprietary fund, Ms. Griffith contended that internal service fund is a proprietary fund so an amendment would not be necessary.

SENATOR CHRISTIAENS explained that HB 552 as written would require an amendment.

Ms. Griffith alleged that it would be taken care of when HB 552 and HB 576 are put together.

Vote: SENATOR JENKINS' motion that HB 552 BE CONCURRED IN CARRIED UNANIMOUSLY on a voice vote. SENATOR JENKINS will carry HB 552 on the Senate floor.

EXECUTIVE ACTION ON HOUSE BILL 514

Motion/Vote: SENATOR BURNETT MOVED THAT HB 514 BE CONCURRED IN. Motion CARRIED with SENATOR LYNCH opposed. SENATOR BURNETT will carry HB 514 on the Senate floor.

EXECUTIVE ACTION ON HOUSE BILL 490

Motion: SENATOR WATERMAN MOVED THAT HB 490 BE CONCURRED IN.

Discussion: SENATOR SWYSGOOD questioned why it would be terminated in two years rather than being a permanent part of the process.

Motion: SENATOR SWYSGOOD MOVED TO AMEND HB 490, STRIKE SECTION 13.

Discussion: CHAIRMAN AKLESTAD commented that he was informed by Ms. Purdy that HB 490 would have to be reviewed with the proposed amendment to see how it would be impacted.

Withdrawal of Senator Swysgood motion: SENATOR SWYSGOOD WITHDREW HIS AMENDMENT MOTION.

Vote: SENATOR WATERMAN'S motion that HB 490 BE CONCURRED IN CARRIED with SENATORS AKLESTAD, BURNETT, TVEIT OPPOSED. SENATOR JACOBSON will carry HB 490 on the Senate floor.

EXECUTIVE ACTION ON HOUSE BILL 3

Motion: SENATOR TOEWS MOVED TO AMEND HB 3. EXHIBIT 11

Discussion: SENATOR TOEWS said the amendment EXHIBIT 11 would reduce the supplemental appropriation for school transportation by \$100,000 to reflect revised estimates that are now available.

Vote: SENATOR TOEWS' amendment motion EXHIBIT 11 CARRIED UNANIMOUSLY.

Motion: SENATOR JACOBSON MOVED TO AMEND HB 3. EXHIBIT 12

Discussion: SENATOR JACOBSON indicated that EXHIBIT 12 would make the funding for the additional FTE at Swan River contingent on them being continued in HB 2.

When questioned by SENATOR WATERMAN if the figure in the amendment EXHIBIT 12 was a typographical error, Ms. Purdy said the correct figure should be \$63,832.

Vote: SENATOR JACOBSON'S amendment motion EXHIBIT 12 CARRIED with SENATORS BURNETT, SWYSGOOD opposed.

Motion: SENATOR WATERMAN MOVED THAT HB 3 AS AMENDED BE CONCURRED IN.

Discussion: When questioned by SENATOR SWYSGOOD if training costs are included, SENATOR JACOBSON indicated they are not.

Vote: SENATOR WATERMAN'S motion that HB 3 AS AMENDED BE CONCURRED IN CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 576

Motion: SENATOR KEATING MOVED THAT HB 576 BE CONCURRED IN.

Discussion: CHAIRMAN AKLESTAD asked Ms. Purdy to explain an amendment that was drafted by the LFA. EXHIBIT 13

Ms. Purdy said language in the original bill on page 4 somehow was changed, and the proposed amendment EXHIBIT 13 puts it back to the old language dealing with the Legislative Auditor's review of agencies to determine that internal service fees are commensurate with the GAAP policies.

Motion/Vote: SENATOR CHRISTIAENS MOVED THE AMENDMENT TO HB 576. EXHIBIT 13. Motion to amend CARRIED UNANIMOUSLY.

Discussion: Ms. Purdy explained a list of programs EXHIBIT 14 that are currently proprietary funded. Under HB 576, they would no longer appear in HB 2. The legislature would not review the budget of any of these programs but would look at the fees and charges made by these programs and set those fees and charges for them to operate under. There would be certain flexibility to operate within that structure. Some of the items are double appropriated in the bill where agencies pay for those costs, and they show up again when the receiving agencies pay them. A couple of them are strictly one time appropriated, but they would come out of HB 2.

When asked by SENATOR SWYSGOOD what HB 576 was trying to accomplish, CHAIRMAN AKLESTAD remarked that it was an attempt to deal with some of the problems with double accounting between OBPP and LFA.

Ms. Purdy said there are certain funds received in taxes and then given directly back to those collecting agencies that now would be classified as fiduciary funds, and fiduciary funds do not appear in HB 2. She explained that HB 576 changes the budget amendment law to allow the approving authority to budget amend certain funds that they cannot do.

SENATOR JACOBSON said certain funds that would not be shown anywhere would be the proprietary funds. They would not be in HB 2, and the legislature would not be making decisions on them. She indicated that the budget amendment process would be loosened up.

Withdrawal of motion: Because of concern over the proprietary funding, SENATOR KEATING WITHDREW HIS MOTION THAT HB 576 BE CONCURRED IN.

Motion/vote: SENATOR WATERMAN MOVED THAT HB 576 AS AMENDED BE CONCURRED IN. Motion FAILED ON A TIE ROLL CALL VOTE.

ADJOURNMENT

Adjournment: 12:00 noon..


GARY C. AKLESTAD, Chairman


LYNN STALEY, Secretary

GCA/LS

MONTANA SENATE
1995 LEGISLATURE
FINANCE AND CLAIMS COMMITTEE

ROLL CALL

DATE

3/30/95

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	✓		

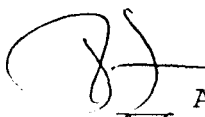
SENATE STANDING COMMITTEE REPORT

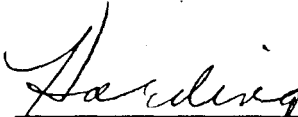
Page 1 of 1
March 30, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration HB 544 (third reading copy -- blue), respectfully report that HB 544 be concurred in.

Signed: 
Senator Gary Aklestad, Chair


Amd. Coord.
Sec. of Senate


Senator Carrying Bill

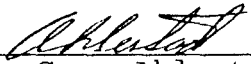
731620SC.SRF

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 30, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration HB 552 (third reading copy -- blue), respectfully report that HB 552 be concurred in.

Signed: 
Senator Gary Aklestad, Chair


GP

Amd. Coord.
Sec. of Senate


Senator Carrying Bill

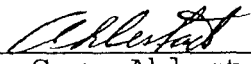
731622SC.SRF

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 30, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration HB 514 (third reading copy -- blue), respectfully report that HB 514 be concurred in.

Signed: 
Senator Gary Aklestad, Chair


518

Amd. Coord.
Sec. of Senate


Senator Carrying Bill

731624SC.SRF


SENATE STANDING COMMITTEE REPORT

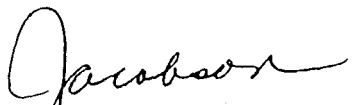
Page 1 of 1
March 30, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration HB 490 (third reading copy -- blue), respectfully report that HB 490 be concurred in.

Signed: 
Senator Gary Aklestad, Chair


Amd. Coord.
Sec. of Senate


Senator Carrying Bill

731626SC.SRF

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 30, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration HB 3 (third reading copy -- blue), respectfully report that HB 3 be amended as follows and as so amended be concurred in.

Signed: 
Senator Gary Aklestad, Chair


That such amendments read:

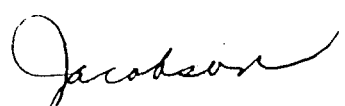
1. Page 2, line 26.
Strike: "1,720,000"
Insert: "1,620,000"

2. Page 4, line 7.
Insert: "NEW SECTION. Section 7. Coordination. The appropriation for the Swan River boot camp in [section 3] includes funding for 5 FTE correctional officers. If House Bill No. 2 does not continue funding for the FTE, the appropriation to the Swan River boot camp in [section 3] is reduced by \$63,832."

Renumber: subsequent section

-END-


Amd. Coord.
Sec. of Senate


Senator Carrying Bill

731617SC.SRF

MONTANA SENATE
1995 LEGISLATURE
FINANCE AND CLAIMS COMMITTEE
ROLL CALL VOTE

DATE 3/30/95 BILL NO. HB 573 NUMBER _____

MOTION: Senator Waterman motion to
table HB 573.
Motion Carried

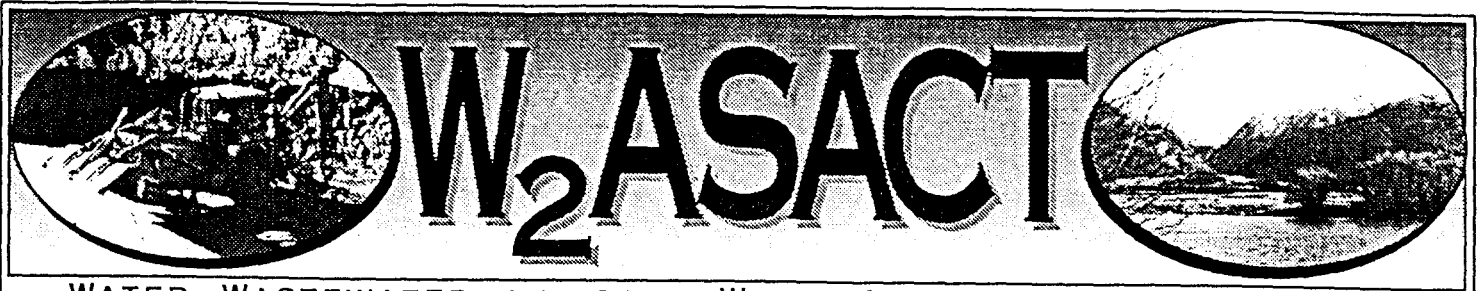
NAME	AYE	NO
SWYSGOOD, CHUCK	✓	
BURNETT, JIM		✓
MOHL, ARNIE	✓	
JERGESON, GREG	✓	
FRANKLIN, EVE	✓	
TVEIT, LARRY	✓	
JENKINS, LOREN		✓
JACOBSON, JUDY	✓	
LYNCH, J.D.	<i>Excused</i>	
HARDING, ETHEL	✓	
TOEWS, DARYL		✓
CHRISTIAENS, B.F. "CHRIS"	✓	
WATERMAN, MIGNON	✓	
KEATING, TOM - VICE CHAIRMAN		✓
BECK, TOM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

MONTANA SENATE
1995 LEGISLATURE
FINANCE AND CLAIMS COMMITTEE
ROLL CALL VOTE

DATE 3/30/95 BILL NO. HB 576 NUMBER _____

MOTION: Senator Waterman moved HB 576
As Amended Be Concurred In.
Motion Failed

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



WATER, WASTEWATER, AND SOLID WASTE ACTION COORDINATING TEAM

Report to Governor Racicot
October 27, 1994

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 1

DATE 2/30/95

BILL NO. HB 493

Water, Water, Everywhere?

Water. Water to drink, water to take our sewage, water to grow our crops. All Montanans need clean and sufficient water to survive. Yet many of our communities have old water systems or no system at all other than wells and malfunctioning drain fields. Inadequate and failing private water, wastewater, and solid waste facilities (environmental infrastructure) threaten our public health, economy and environment.

Today there is a heightened awareness of the dangers of pollution to the public health. Yet treating water is expensive. Construction costs have risen sharply and eliminating chemicals, sediment, heavy metals, and bacteria requires sophisticated systems. It is estimated that our state needs to invest at least \$500 million today to rehabilitate our existing drinking and waste water systems. Solid waste management and facility needs are also significant.

Montana citizens ultimately must pay for these public facilities, but local governments are responsible for finance and construction. Because of the tremendous expense of improving systems and the limited income of our communities, Montana and the federal government have recognized that many communities, especially rural ones, need help. Programs exist to assist and subsidize the high cost of upgrading or replacing environmental infrastructure. Collectively, these programs do not close the gap between what systems cost and what Montana citizens can reasonably afford to pay.

The Water, Wastewater and Solid Waste Action Coordination Team

In 1982, a group of professionals from state, federal, and non-profit organizations, which finance, regulate, or provide technical assistance for community water and wastewater systems, decided to coordinate and enhance their efforts.

This informal group calls itself the "Water, Wastewater and Solid waste Agencies Coordination Team" or W₂ASACT for short. Recently, the focus has broadened to include Solid Waste facilities. W₂ASACT meets several times a year to find ways to improve our state's environmental infrastructure. W₂ASACT members include:

Federal Agencies and Programs:

Bureau of Reclamation
Economic Development Administration
Environmental Protection Agency
Farmers Home Administration (Rural Development Administration)

Private Associations or Non Profit Organizations:

Midwest Assistance Program
Montana Association of County Water and Sewer Systems
Montana Association of Counties
Montana League of Cities and Towns
Montana Rural Water Systems, Inc.
Other interested groups on an ad hoc basis

State Agencies and Programs:

Community Development Block Grant Program (Department of Commerce)
Community Technical Assistance Program (Department of Commerce)
Drinking Water Subdivision Program (Department of Health and Environmental Sciences)
INTERCAP Program (Board of Investments)
Local Government Center (Montana State University)
Local Government Services Bureau (Department of Commerce)
Municipal Wastewater Assistance Program (Department of Health and Environmental Sciences)
Renewable Resources Grant and Loan Program (Department of Natural Resources and Conservation)
Solid and Hazardous Waste Bureau (Department of Health and Environmental Sciences)
State Wastewater Revolving Fund (SRF) (Department of Health and Environmental Sciences)
Treasure State Endowment Program (Department of Commerce)
Water Management Division (Department of Health and Environmental Sciences)

All of the agencies in W₂ASACT administer programs that meet unique needs and have different legislated requirements. The funding programs have common elements: money (grants or loans), environmental infrastructure, and applications. While W₂ASACT cannot change State legislative and federal requirements, it can identify duplications of effort and eliminate or reduce the problems. W₂ASACT, by reducing red tape and working together, saves communities time and money by aligning the right programs with the right projects at the right time.

W₂ASACT's Accomplishments

Without a legislative mandate, executive order, funding or staff, W₂ASACT has been meeting for a dozen years to coordinate a number of programs. W₂ASACT has accomplished much:

- Since 1983 W₂ASACT has sponsored and coordinated annual seminars, statewide, to explain the various financial programs and resources available to local governments. Civil engineers, regulators, and technical assistance providers present information to provide balanced and comprehensive information regarding environmental infrastructure projects. (See Exhibit A, Summary of State and Federal Programs for Water and Wastewater Projects in Montana.)
- W₂ASACT, through its member agencies, has streamlined the application process and coordinated the deadlines for several state grant programs.
- W₂ASACT authored "Planning and Financing Community Systems in Montana" and other publications on capital improvement's planning and financing.
- W₂ASACT maintains master project lists identifying almost every water and wastewater project that the state or federal government is, or may be, providing funding assistance. (See Exhibit B, Water Projects, and Exhibit C, Wastewater Projects.) These lists are used to help W₂ASACT members analyze and coordinate funding assistance for projects.
- W₂ASACT has taken the lead in recognizing the affordability problem and has designed financial indicators which recognize the total cost of taxes and user fees borne by a community's citizens. The indicators have been incorporated to make Montana financial assistance programs more responsive to the affordability problem. W₂ASACT's work in this area has been nationally recognized. Affordability indicators help the grant process to be more sensitive to under or over-subsidizing projects.

W₂ASACT is proud of these specific accomplishments. However, the primary task remains to bring regulators, program managers, and technical assistance providers together to achieve greater results. W₂ASACT gets community projects "unstuck". W₂ASACT leadership was crucial in breaking financial deadlocks in Stockett, Evergreen, St. Regis, Somers, Neihart and many other communities. W₂ASACT members see the barriers that frequently arise and in many cases can help overcome them.

W₂ASACT's Goals and Major Recommendations

Members have set eight goals for W₂ASACT and recommendations for state policy. Some goals can be accomplished from within W₂ASACT; some will take additional resources.

1) Aggressively promoting capital improvements and financial planning. A situation that W₂ASACT members see repeatedly is the crisis mode: A community's wastewater lagoon is leaking; the wastewater rates are ridiculously low; and Department of Health and Environmental Sciences has issued an administrative order to correct the problem. The community yells "HELP!" But what has it been doing for years? "Don't fix it if it ain't broke" may be a popular cliché but what most citizens do not realize is that their public facilities are wearing out a little each year and that planning for and funding repairs and replacements needs to be an annual process. A capital improvements planning process includes cost efficiency measures such as financial depreciation and cost/benefit analysis. Capital improvements planning allows communities to be more self-reliant and is far less costly to taxpayers, in the long run, than the crisis-driven, wait-till-it-breaks approach.

2) To become a recognized advisory body for legislative changes. W₂ASACT itself is not and never intends to be a lobbying organization. However, its members are in a position to see strengths and weaknesses in laws or programs concerning environmental infrastructure projects. W₂ASACT's individual members have offered technical advice on current legislation concerning: Special and Rural Improvement Districts, County Water and Wastewater Districts, the Federal Clean Water Act, and the Federal Safe Drinking Water Act.

3) To further simplify and coordinate procedures and forms. W₂ASACT is working on a standard set of preliminary engineering requirements for funding applications. Environmental and financial assessment procedures also need to be more consistent amongst agencies. W₂ASACT is working towards streamlining these requirements.

4) Develop a uniform policy to promote water metering state-wide. Benefits include water conservation, more equitable rate structures, and reduced overall facility costs.

5) Obtain adequate state and federal funding for preliminary engineering and construction. Decaying infrastructure and new federal and state regulations are driving the need to rehabilitate old and build new water, wastewater, and solid waste facilities. Local governments need additional financial assistance to protect health, safety, and the environment in a manner that is affordable to rate and tax payers. No amount of coordination by W₂ASACT or reorganization of government will close the "funding gap" for Montana communities.

6) To provide additional technical assistance to communities. Rural community leaders, faced with major environmental infrastructure problems, need advice on where to turn for financial assistance, organizational and technical planning. Similarly, small system operators frequently need advice regarding operational problems and changing regulations. There is a gap between technical assistance needs and the resources available to community leaders and system operators. W₂ASACT members are working together to find financing to provide additional technical assistance to community leaders and system operators.

7) Improve timely access to grant programs. Local governments need timely access to grants and low interest loans to meet construction schedules, maximize leverage of federal programs and comply with regulatory requirements. This is an issue with all programs, especially those with funding cycles. In particular, the two year funding cycle for DNRC's Renewable Resource Grant and Loan Program and for DOC's Treasure State Endowment Program makes it difficult to coordinate grant and loan funding with other funding sources and regulatory compliance orders. Changing the funding cycles for these programs, to make them more responsive, should be considered.

8) Increase W₂ASACT's impact and role by finding funds for staff or contracted services. W₂ASACT is reaching the limits of what a completely voluntary, unstaffed and unfunded group can do. W₂ASACT would like to be able to offer Montana communities a holistic approach to local infrastructure needs whereby a single staff person could advise and help coordinate assistance among the programs W₂ASACT represents. Without resources or staff, this is an unrealistic hope. One staff position, or perhaps an appropriation of \$50,000 for contracted administrative support, would help tremendously.

In this time of public outcry for better government, W₂ASACT is an excellent example of dedicated professionals having common interests and goals working together to solve community problems.

For further information about
W₂ASACT contact one of the member
organizations or the Montana
Department of Commerce
1424 9th Avenue
Helena, Montana 59620
(406) 444-3757
(Attention: Robb McCracken)

Wastewater State Revolving Fund Program

SRF LOANS COMPLETED		
Fort Benton Rev.		\$1,177,000
Park County		
#1 SID	378,000	
#2 SID	83,000	
Kalispell Rev.		3,913,000
Missoula		
Wapikiya/Bellevue Clarifier SID	2,465,000	
Wapikiya/Bellevue Clarifier Rev.	1,177,000	
Wapikiya/Bellevue Add-on SID	324,000	
NW Broadway SID	943,000	
Rattlesnake SID	364,000	
California Street SID	578,000	
Reserve Street	2,221,000	
Flathead County		
Big Fork RSID	424,000	
Evergreen #1 RSID	3,600,000	
Evergreen #2 RSID	700,000	
Missoula County		
Linda Vista #1 SID	241,000	
Linda Vista #2 SID	2,022,000	
Wolf Point Rev.		453,000
Shelby Rev.		481,000
Darby Rev.		114,000
		<u>\$21,658,000</u>

SRF PROPOSED LOANS 1995, 1996, 1997	
Red Lodge	Butte
Hamilton	Cut Bank
Townsend	Deer Lodge
Victor	Dillon
Big Sky	Reed Point
Cascade	Ronan

Legislature 1995

Updated 2-7-95

Loans completed are for wastewater projects. Loan rates are at 4% for the Wastewater State Revolving Fund Loan (SRF) program. Funding is 17% State General Obligation Bond, 83% EPA grant funds. For the State match of 3.6 million dollars 18.0 million dollars is federal moneys already.

Glendive, Montana
59330



Phone (406) 365-3311
300 South Merrill

FEB 07 1995

DNRC

February 2, 1995

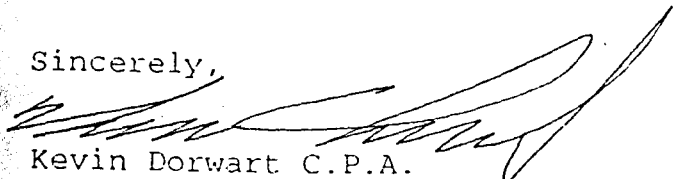
To Whom It May Concern:

It is increasingly difficult to build new or replace old infrastructure due to the costs associated with these projects. Unfunded mandates place additional burden on local governments to come into compliance with water, sewer, and garbage requirements. This in conjunction with the fact that many communities such as Glendive have numerous elderly individuals on fixed incomes and others who simply can not afford to pay for large increases on rates.

Historically, city's across Montana including Glendive have kept rates low. Unfortunately funding was generally not established to fund for the future or for the replacement of infrastructure. Councils simply did not want to increase rates as long as these services were being provided. Thus, after decades of artificially low rates there are no funds available to replace worn out infrastructure or fund the new requirements. Grants are becoming increasingly competitive and generally fund only a portion of the project. Thus when projects are undertaken, City's are forced to borrow funds, which also entails increasing rates to fund the debt service.

This being the case, Cities are continuously seeking out funding mechanisms which will fund these projects and keep user rates as low as possible. We believe that the program sponsored by Representative Ewer is a much needed program. We have worked with Mr. Ewer and the DNRC on numerous occasions and know that they are all to aware of the infrastructure problems facing Montana Cities and Towns. They are also very aware of the funding problems which plague these same entities. Without such a program user rates will be considerably higher than they have to be or needed infrastructure improvements will continue to be ignored. I urge you to support LC 762 to help municipalities fund these much needed changes.

Sincerely,



Kevin Dorwart C.P.A.
Director of Operations
City of Glendive

EXHIBIT 2

DATE 3-30-95

HB 493

RECEIVED

JAN 24 1995

City of Wolf Point

DNR C

201 4th Avenue South

WOLF POINT, MONTANA 59201

Phone 653-1852

FAX # 653-3240

January 23, 1995

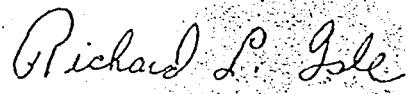
TO WHOM IT MAY CONCERN:

As a recent participant in the State Revolving Loan Program for wastewater treatment facilities, the City of Wolf Point is in support of a similar program for the drinking water systems of Montana.

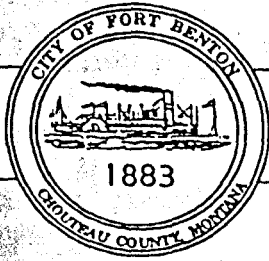
This low-cost funding source will enable several communities in Montana to make the needed repairs/upgrades to their systems.

Thank you for your consideration.

Sincerely yours,



Richard L. Isle
Mayor



City of Fort Benton

1204 Front Street • P.O. Box 8
Fort Benton, Montana 59442

(406) 622-5494
(406) 622-5495

January 23, 1995

To Whom It May Concern:

The City of Fort Benton is a participant in the Montana State Revolving Fund (SRF) Program. In 1991, the City utilized the SRF Program for replacing our Waste water Treatment facility. I would encourage your support of a similar program provided for in LC 762 for drinking water programs. I feel this is a beneficial program for entities dealing with infrastructure problems.

Thank you.

Sincerely,

Roger J. Axtman
Mayor

RJA/m

PARK COUNTY COMMISSIONERS

EXHIBIT 2
DATE 3-30-95
HB 493

414 E. Callender
Livingston, Montana 59047
406-222-6120

RECEIVED

JAN 24 1995

M R C

January 23, 1995

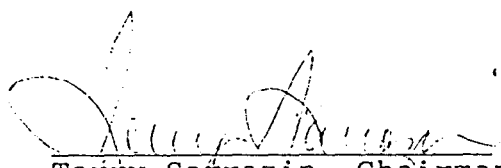
Anna Miller
Dept. of Natural Resources & Conservation
Lee Metcalf Building
Post Office Box 202301
Helena, MT 59620-2301

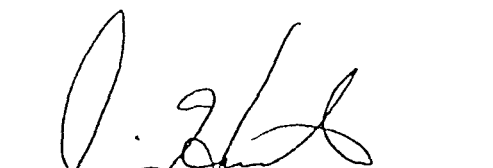
To Whom it May Concern:

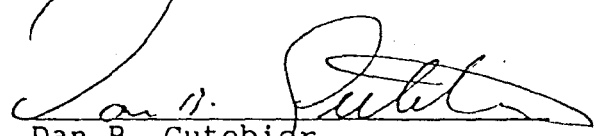
We would like to express our support for a State Revolving Fund program that focuses on drinking water systems.

We recently completed a loan for a sewer project in the Gardiner area using the State Revolving Fund. The low interest rate and aid in establishing the loan made the project possible.

Sincerely,


Terry Safrazin, Chairman


James Hunt


Dan B. Gutebier



Flathead County Water & Sewer District #1 - Evergreen

130 Nicholson Drive • Kalispell, MT 59901
Phone: (406) 257-5861 Fax: (406) 756-1588

January 23, 1995

Representative Bill Boharski, Chairman
House Local Government Committee
Capital Station
Helena, MT 59601

RE: LC 762 - Drinking Water Revolving Loan Program

Flathead County Water & Sewer District No. 1 - Evergreen supports developing a State Drinking Water Revolving Loan Program similar to the SRF program for waste water treatment facilities.

The Evergreen Water & Sewer District has a current low interest loan from the SRF program for a sewer collection system. Over \$4,000,000 has been borrowed at a low interest of 4%, thereby maintaining the lowest possible cost to the user/propertyowner.

If this SRF program had not been available the project or its size may have been adversely affected. If the project had gone ahead and commercial funding been available, the users would have been faced with an interest charge at least double the current interest charge. Doubling the interest charge, more than doubles the total interest expense.

This potential House Bill sponsored by Representative David Ewer, would provide a funding mechanism for Districts and municipalities when improving or expanding their water facilities.

The District urges you to support LC 762.

Stan Clothier, President
Board of Directors,
Flathead County Water & Sewer District No. 1 - Evergreen

xc: Representative Jack Herron, Vice Chairman, Majority
Representative David Ewer, Vice Chairman, Minority
Senator Ethel Harding, Vice Chair, Senate Local Government Committee
Senator Tom Beck, Chair Senate Local Government Committee
Senator John Harp, District 42
File - Legislation: HB762H20

City of Shelby

P.O. Box 743
Shelby, Montana 59474
(406)-434-5222

RECEIVED

JAN 30 1995

DNRC

January 27, 1995

EXHIBIT 2
DATE 3-30-95
HB 493

DNRC
Anna M. Miller
CARDD-DNRC
P.O. Box 202301
Helena, MT 59620-2301

RE: LC #762 - SRF Program for Water Systems

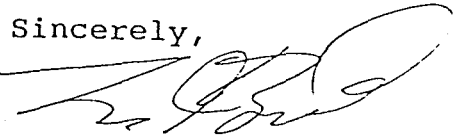
Dear Anna:

On behalf of the City of Shelby, I would like to express our support of legislation that would establish State Revolving Fund loan programs for water systems.

Our community has used SRF funding for improvements to our sewer system and we sincerely believe that a SRF program for water systems would be very beneficial for many Montana communities.

This legislation has our total support.

Sincerely,



Larry J. Bonderud
Mayor

LJB/tlw

cc: City Council

The City of Kalispell

Incorporated 1892

Telephone (406) 758-7700
 FAX (406) 758-7753
 Post Office Box 1997
 Zip 59903-1997

January 25, 1995

Representative David Ewer
 State Capitol Building
 Post Office Box 201701
 Helena, MT 59620-1701

Dear Representative Ewer:

The City of Kalispell would like to go on record in support of LC 762. The City of Kalispell previously benefitted by borrowing from the State's revolving loan program to pay a portion of the debt associated with the construction of a new sewage treatment facility.

The amendments offered in LC 762 would extend to local governments the opportunity to borrow at rates below public bond rates for water improvement projects, for which the present law does not allow.

We would ask that your committee look favorably upon this legislation, as it has the potential of saving Montana citizens thousands of dollars in public borrowing costs associated with water improvement projects.

Sincerely,



Bruce Williams
 City Manager

BW/ksk

p.c. Anna Miller

Douglas Rauthe
 Mayor

Bruce Williams
 City Manager

City Council
 Members:

Gary W. Nystul
 Ward I

Cliff Collins
 Ward I

Barbara Moses
 Ward II

Dale Haarr
 Ward II

Jim Atkinson
 Ward III

Lauren Granno
 Ward III

Pamela B. Kennedy
 Ward IV

M. Duane Larson
 Ward IV

MONTANA SAFE DRINKING WATER REVOLVING LOAN PROGRAM

FACT SHEET

ELIGIBLE PROJECTS

- Water treatment plants, distribution systems, storage, technical studies, well head protection.

ELIGIBLE BORROWERS

- Government agencies, Indian tribes, investor-owned public water systems.

TYPE OF ASSISTANCE

- Low-interest loans, grants for hardship communities.

LOAN TERMS

- Interest rates 0% to market rates with payment schedules not to exceed 20 years. Interest charge repays state debt, supports administration, secures loan.

LOAN SECURITY

- Loan must be evidenced by a bond, note, or other evidence of legally incurred indebtedness of the borrower.

SOURCE OF FUNDS

- Federal capitalization grants, state GO bond proceeds, recycled funds, investment earnings.

LOAN REQUIREMENTS

- Financial capability to repay the loan.
- Proper operation and maintenance of project.
- Maintain financial records.
- Engineering report, plans and construction oversight.
- Site title opinion.

PROGRAM ADMINISTRATION

- The Montana Department of Health and Environmental Sciences (MDHES) provides technical support for the program including compliance with federal grant requirements. The Department of Natural Resources and Conservation (DNRC) provides financial support for program and oversees issuance of state debt to provide match. Administrative costs are paid through federal grants and charges to borrowers. For information contact Scott Anderson of MDHES at 444-5325 or Anna Miller of DNRC at 444-6689.



BCC 95-130
March 20, 1995

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 3

DATE 3/30/95

BILL NO. HB 493

Representative Tom Zook, Chairman
House Appropriations Committee
Montana State Legislature
Helena, MT 59620

Dear Chairman Zook and Committee Members,

We are writing in support of HB 493 which creates the safe drinking water treatment revolving fund act.

As a County which operates four small community water systems with a combined total of approximately 700 users, this bill would help make safe drinking water a "given" for these residents. As it is now, the costs for implementing improved treatment systems for these four communities (El Mar Estates, Lolo, Clinton, and Sunset West) are prohibitive and hinder the County's ability to upgrade the systems.

We ask you to support this bill, and we thank you for your thoughtful consideration of this issue.

Sincerely,

BOARD OF COUNTY COMMISSIONERS

Barbara Evans, Chairman

Fern Hart, Commissioner

Michael Kennedy, Commissioner

BCC/SS:ss

cc: MACo

Missoula County Environmental Health Department

House Bill No. 514
March 30, 1995
Testimony presented by Dave Mott
Montana Fish, Wildlife & Parks
before the Senate Finance & Claims Committee

THB514.SP
SENATE FINANCE AND CLAIMS
EXHIBIT NO. 4
DATE 3/30/95
BILL NO. 7LB 514

The Department supports increasing the value of projects for which the Department of administration may prepare working drawings. Our capital construction program includes many projects between the existing level of \$25,000 and the proposed level of \$75,000. Most of these are simple projects that involve fencing, latrine installation, boat ramps and gravel road construction. We currently are required to utilize consulting architects to design these projects and monitor construction which adds up to 30 percent to construction costs for these basic projects.

We have reviewed our capital program for the FY97 biennium and have found that we will have between 15 and 20 projects that would be affected by this proposal. The projected costs for the projects is \$850,000 for the biennium, and if the Department of Administration had the authority to prepare the working drawings, we could save about \$250,000.

The current limit of \$25,000 was established 16 years ago. The proposed increase would adjust for inflation since 1979.

If HB 514 is passed, the department capital construction program will continue to utilize consulting architects for all of our projects that involve buildings or more complex construction.

! montana technical council

P.O. Box 20996, 1629 Ave. D, Billings, MT 59104, Phone 406/259-7300

Fax: 259-4211

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 5

DATE 3/30/95

BILL NO. HB514

TESTIMONY OPPOSING HB514

MONTANA CHAPTER AIA	AIA
AMERICAN SOCIETY OF CIVIL ENGINEERS	ASCE
BILLINGS ARCHITECTURAL ASSOCIATION	BAA
CONSULTING ENGINEERS COUNCIL OF MONTANA	CECM
GREAT FALLS SOCIETY OF ARCHITECTS	GFSA
AMERICAN SOCIETY OF LANDSCAPE ARCHITECTS	ASLA
ARCHITECTURAL SOCIETY OF HELENA	ASH
MONTANA ASSOCIATION OF REGISTERED LAND SURVEYORS	MARLS
MONTANA SOCIETY OF ENGINEERS	MSE
INSTITUTE OF ELECTRICAL AND ELECTRONIC ENGINEERS	IEEE

Mr. Chairman and members of the committee my name is Tom McNab, I represent the Montana Technical Council. The council is made up of 10 professional design societies with a total membership in Montana exceeding 2,000 professionals.

House Bill 514 allows state agencies with construction projects administered by the Department of Administration to raise the amount of construction cost from \$25,000 to \$75,000 per project that the agency can design with their own staff.

Montana Technical Council opposes raising this amount for the following reasons:

PRIVITATIZATION

This bill runs contrary to efforts to privatize the functions of government. Agencies are likely to maintain or increase design staff to handle the workload created by this bill. At the same time small private sector design firms that would do this work will be losing a segment of their market share.

OTHER AGENCIES ARE AFFECTED

The bill addresses the concerns of Fish and Wildlife Department, but affects all agencies having construction projects administered by the Department of Administration.

COST OF DESIGN SERVICES

The percentage of fees to construction cost increases as the size of the project gets smaller. Smaller projects do not have the economy of scale that larger projects do. This is due primarily from the fact that a small project costs more percentage wise to administer than a large project will.

A fishing access site is a small project requiring a small amount of design, and a large amount of supervision. The design consultant is required to design to state standards and federal standards, most notably the Americans with Disability Act. The ADA has strict requirements for site design relating to slope angles, landing areas, and clearance distances. The design consultant is required to verify that the work is done as required by the design documents. An engineer will most often survey the slopes, which requires at least two people and time to mobilize the equipment.



If the design professional does not assure the design requirements of ADA are met, the result can mean a class action law suit. ADA is a federal law, a federal mandate, and a law suit is pursued by the federal attorney general's office. The design professional can not provide this assurance without adequate time on site to examine construction work.

Project sites of this type are more often than not some distance from the design consultant's office. A consultant will bill their client for travel and per diem time spent getting to and from a remote site. Remoteness of the site will add cost to a project.

Montana Technical Council believes the Fish and Wildlife problems with design costs are related to the types of projects their agency works with and that other agencies are not experiencing the same high percentage of project fees.

Fish and Wildlife department should work with the private design professionals to identify ways to reduce the scope of work required, which would reduce the percentage of fee, or should agree that the scope of work is required and accept that the fees are based on the scope of work performed and will be "percentage-wise" higher than on a large project.

CONSTRUCTION COST INFLATION

An argument could be made to increase the cost because of the increase of construction cost over the years since the current law was enacted. This line of thought is valid, however, the cost of inflation has not been 200 percent increase since the limit was set. Montana Technical Council would suggest a more reasonable inflation increase would be 100 percent or \$50,000, which is higher than the actual inflation increase experienced. If the committee is so inclined Montana Technical Council would support an amendment of the bill to that amount.

Otherwise Montana Technical Council remains opposed to this bill for the reasons stated earlier. We urge you to table or amend this bill.

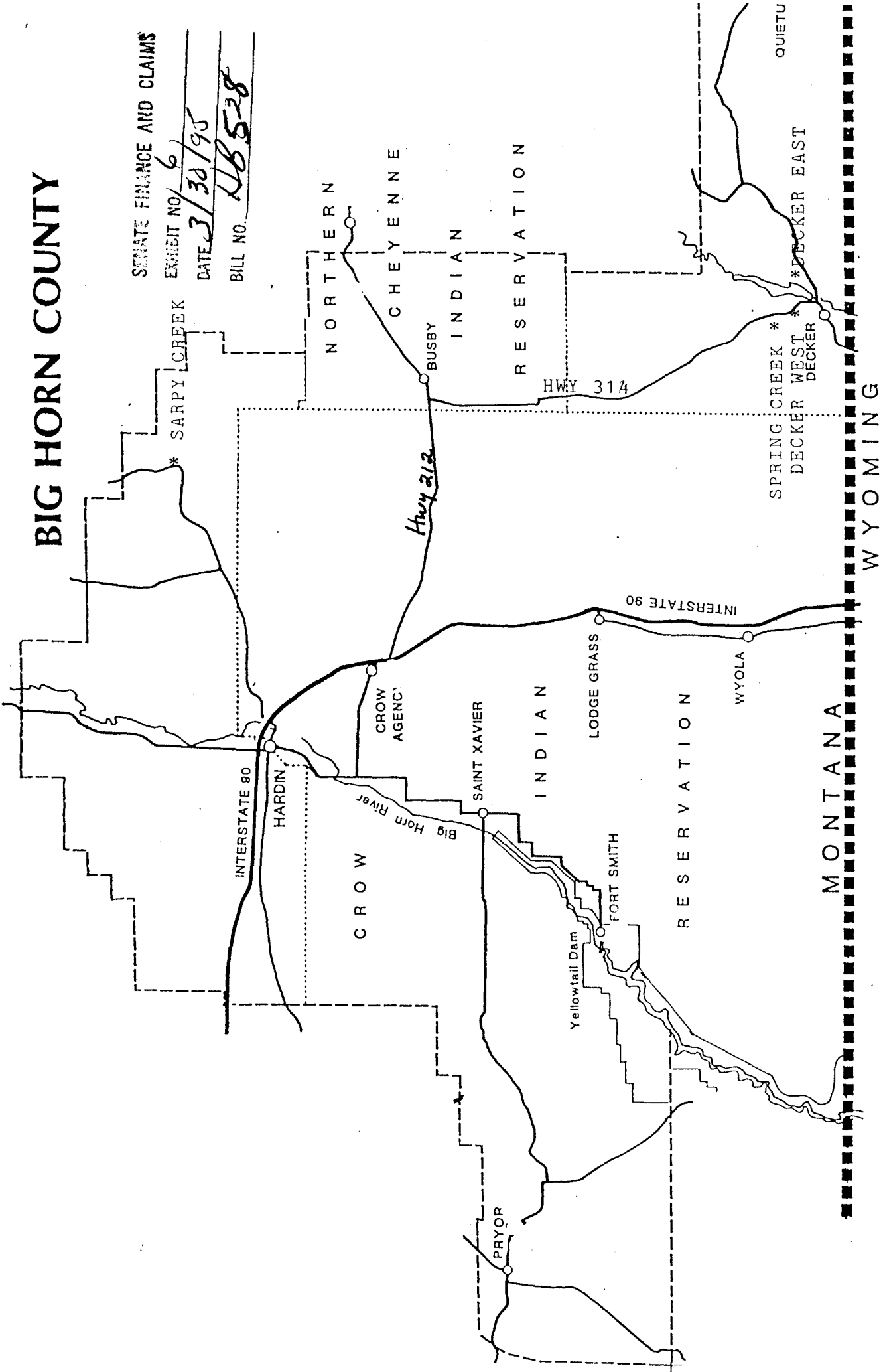
BIG HORN COUNTY

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 6

DATE 3/30/95

BILL NO. HB 528



* INDICATE OPERATING COAL MINES

Coal Gross Proceeds and Miscellaneous Mines Net Proceeds Production

<u>County</u>	<u>Mineral</u>	<u>1992 Production</u>	<u>1993 Production</u>
		<u>Tons/Carats Extracted</u>	<u>Tons/Carats Extracted</u>
Beaverhead	Silica	73,504	8,900
Big Horn	Coal	19,224,169	18,030,719
Broadwater	Limestone	527,446	425,093
Carbon	Bentonite	54,173	29,459
	Limestone	380,744	0
Carter	Bentonite	407,707	378,621
Gallatin	Limestone	531,539	535,051
Granite	Sapphire	5,125	5,000
Jefferson	Limestone	399,988	460,497
	Silica	589	0
Judith Basin	Sapphire	11,602	150
Madison	Chlorite	10,513	0
	Talc	422,646	351,451
Missoula	Other Misc.	0	200
Musselshell	Coal	0	12,180
Park	Travertine	0	841
Powell	Phosphate	128,797	82,730
Richland	Coal	243,686	282,259
Rosebud	Coal	<u>16,868,312</u>	<u>14,695,139</u>
Total		39,290,540	35,298,290

IV. NONRENEWABLE NATURAL RESOURCE TAXATION

A. STATE SEVERANCE AND LICENSE TAXES

EXHIBIT 6
 DATE 3-30-95
HB 528

Coal Severance Tax

The coal severance tax applies to the value of coal F.O.B. (free-on-board) the mine less deductions for the coal severance tax, coal gross proceeds tax, resource indemnity and groundwater assessment tax, federal black lung tax, federal reclamation fee, government and tribal royalties, and processing allowances. (MCA 15-35-102)

Producers of over 50,000 tons of coal per year pay a quarterly tax on all production in excess of 20,000 tons. Producers of less than 50,000 tons per year are exempt from the tax. Surface mined coal is taxed at 15% if rated 7,000 BTU per pound and over and taxed at 10% if rated under 7,000 BTU per pound. Coal mined underground is taxed at 4% if rated 7,000 BTU per pound and over, and is taxed at 3% if rated under 7,000 BTU per pound. (MCA 15-35-103)

Coal Severance Tax

	FY 90*	FY 91	FY 92	FY 93	FY 94*
Number of producers	7	7	7	6	6
Number of exempt producers	1	1	1	1	1
Number of tons taxed	34,663,720	34,709,025	36,348,019	35,457,327	32,966,439
Average value per ton	\$7.40	\$7.65	\$7.75	\$7.49	\$8.05
Total Tax**	\$67,870,544	\$50,457,839	\$43,434,110	\$38,439,386	\$39,624,883

* FY 90 total includes \$11 million in audit revenue; FY 94 total includes \$1.4 million in audit revenue.

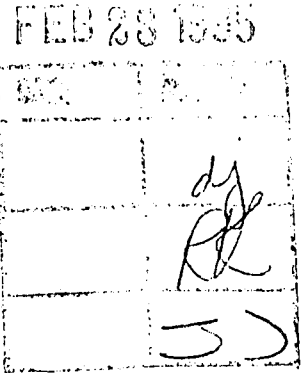
** Totals may not include all interest, penalties and accruals and, therefore, may not agree with revenues listed on page 4.

OFFICE OF THE GOVERNOR
STATE OF MONTANA

MARC RACICOT
GOVERNOR



STATE CAPITOL
HELENA, MONTANA 59620-0801



February 27, 1994

Board of Commissioners
Big Horn County
Drawer H
Hardin, Montana 59034

Dear Commissioners:

I certainly recognize the problem you have with Highway 314 and understand why you would be interested in the Coal Tax money for reconstructing that road. However, I believe there may be an alternative possibility instead of taking the money we have designated for repair and reconstruction of buildings in H.B. 19.

The appropriation sub-committee has eliminated all funding for coal board grants in the next biennium freeing up approximately \$5.1 million in coal tax revenues to be used for other purposes. We had not counted on that money for general fund or school funding in our budget since it would not become available until June 30, 1997.

You may wish to discuss this possibility with your local legislators. As I informed Commissioner Robert Koyama, I am not in a position to support reducing the money we have requested in H.B. 19, but may be able to support some compromise with the Coal Board over the use of their money and your project.

I might advise that the Musselshell County Commissioners are also seeking a means of funding transportation needs associated with the Ball Mountain Mine and may be considering this same possibility. You might wish to consult with Kelly Gebhardt (323-1104) in that regard.

Sincerely,

A handwritten signature in cursive script that reads "Marc Racicot".

MARC RACICOT
Governor

EXHIBIT 6
DATE 3-30-95
HB 528

Preferred Customer

From: Preferred Customer
To: 'fax:Big Horn County Comm.@1406665-1608'
Subject: Highway 314 & HB528
Date: Wednesday, March 29, 1995 11:05AM

My Name is John Small and my home and ranch are located 10 miles south of Busby on highway 314. It is appalling the condition Highway 314 has been allowed to degenerate to. It is broken up and has pot holes everywhere. Highway 314 has had a tremendous amount of traffic on it especially since it has been paved. Tongue River Reservoir attracts fishermen, boaters, and campers. The two mines in the Decker area generate heavy truck traffic. The employees at the mine also generate traffic. Community members utilize the road for transporting their children to school and area farmers and ranchers use it everyday to run their business operations. The base on the road appears to be inadequate and the spot repairs generally do not last longer than a few weeks. Due to the magnitude of traffic and poor condition of the road, community members are in danger of their lives every time they leave home. Some of the pot holes extend to both sides of the road and are deep enough to wreck a vehicle. Highway 314 has become a severe safety hazard for anyone traveling it. Subsequently, the resurfacing of Highway 314 needs to become a high priority. Thank you John Small

OFFICE OF THE GOVERNOR

STATE OF MONTANA



MARC RACICOT
GOVERNOR

STATE CAPITOL
HELENA, MONTANA 59620-0801

February 14, 1995

Conrad Heinen
Box N
Lodge Grass MT 59050

FEB 14 1995
dy
RK
SS

Dear Mr. Heinen:

Thank you for your letter and photographs describing areas needing repair on the Busby-Decker Road (S-314). This route is on the Montana Highway System but is maintained by Big Horn County.

The Montana Department of Transportation maintenance personnel in their semi-annual review of Secondary Roads identified these areas as needing county maintenance support. I am sure that Big Horn County is working on this and all their roads as time and weather permits. We will forward your letter of concern to the Big Horn County Commissioners.

If there are any questions, please feel free to contact Myron Wilson, Acting District Engineer for the Montana Department of Transportation in the Billings office at (406) 252-4138.

Sincerely,

Handwritten signature of Marc Racicot in cursive.

MARC RACICOT
Governor

cc: Big Horn County Commissioners
Myron Wilson, Acting District Engineer, Billings District

COPIES



- WOHEHV -
The Morning Star

NORTHERN CHEYENNE TRIBE
INCORPORATED

EXHIBIT 6



- WOHEHV -
The Morning Star

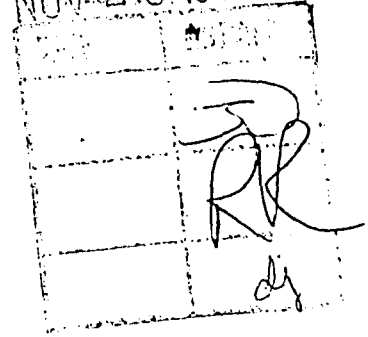
P.O. Box 128

DATE 3-30-95

LAME DEER, MONTANA 59043

HB 528

NOV 28 1994



November 23, 1994

TO: State of Montana Coal Board
FR: Llevando Fisher, Northern Cheyenne Tribal Chairman
RE: Big Horn County Commissioner's Request for
Funding on County Rd 314

Dear Board Members:

We are pleased to write this letter in support of the Bighorn County Commissioner's request to the State Coal Board for Road Improvement Funding. As you are aware approximately 12 miles lie within the Southeastern boundaries of the Northern Cheyenne Indian Reservation. The road serves not only the members of the tribe, some of who reside along this route, but the general public from Bighorn and Rosebud Counties as they travel to the Tongue River Dam recreational site. A percentage of tribal and otherwise general population travel from Birney Montana on County Road 314 at the southeast corner. This route serves as a short cut. In the past we have cooperated with other entities in joint efforts to try and address and improve the conditions of these and other roads within and adjacent to the Northern Cheyenne Indian Reservation. As we understand it through a study that was done for the tribe by Martell and associates in 1991. This road is classified as a minor arterial this being defined as roads that handle the traffic movements between the different areas of the reservation. They are also used to connect major arterials. If we could be of any further assistance, please do not hesitate to contact our Tribal Transportation Planners Office at (406)477-8050.

Llevando Fisher
Llevando Fisher,
Northern Cheyenne Tribal Chairman

cc: Big Horn County Commissioners
District Chairman, Busby, MT., Alfred Strange Owl
Cordell Ringel, Area Office Engineer
File

SCOBEEY PUBLIC SCHOOLS

● TELEPHONE 406-487-2202
● FAX NO. (406) 487-2204

SCHOOL DISTRICT NO. 1
205 2nd Ave. E.
P.O. Box 10
Scobey, Montana 59263

CLIFF HAGFELDT
Chairman, Board of Trustees

KAREN L. SCHAEFER
Board Clerk/Business Manager

DUSTIN B. HILL
Superintendent

GEORGE RIDER
High School Principal

DEANNA R. GILMORE
Elementary Principal

ELAIR T. WAHL
NIKKI GRENDA
Counselors

LARRY HENDERSON
Activities Director

IRENE NESGODA
Administrative Bkcp./Sec.

WANITA BENSON
*Attendance/Records Clerk
H.S./Elem. Secretary*

February 14, 1995

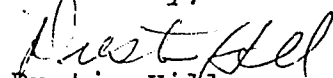
BOARD OF COMMISSIONERS
BIG HORN COUNTY
PO Drawer H
Hardin, MT 59034

Dear Commissioners:

We presently use up to 350 tons of Spring Creek mined stoker coal to heat our school plant. We agree with the Big Horn County Commissioners that Highway #314 is vital to the State of Montana.

We encourage the Montana Coal Board to allocate coal severance taxes collected under 15-31-108, M.C.A., to the state special revenue fund to the credit of the coal area highway improvement account to be used for the reconstruction of a portion of Montana Highway 314 between Decker and Busby, Montana.

Sincerely,


Dustin Hill
Superintendent



Hardin Public Schools

ELEMENTARY DISTRICT NO. 17H & HIGH SCHOOL DISTRICT NO. 1

Route 1, Box 1001
Hardin, Montana 59034-9707
☎ (406) 665-1304

Industrial Park Subdivision
Big Horn County
FAX# 406-665-2784

EXHIBIT 6
DATE 3-30-95
? HB 528

February 14, 1995

Big Horn County Commissioners
Drawer H
Hardin, MT 59034

Dear Commissioners:

School Districts 17H & 1 certainly would support any effort to see that the improvements are made on Highway 314. We presently receive our coal shipments from the Spring Creek Mine by way of Sheridan, Wyoming. By having the opportunity to purchase the coal directly from Spring Creek to Hardin would cut our shipping costs.

An additional item in regards to Highway 314 would be the economic benefit that I believe would occur, not only to our region, but to the entire Southeastern and Southcentral sections of Montana. Having the coal-fired boilers has tremendously decreased our energy cost and more importantly has stabilized our energy budget. If more districts were able to have a ready supply of coal over reasonable shipping lanes, the cost factor would be economically feasible for additional districts to stabilize their utilities budgets in much the same manner as we have.

Please contact me if there are any efforts that we can provide to further improvement of that road for ourselves and the students who come to our school districts.

Sincerely,

Rodney Svee
Superintendent

RS/rl

EXH 6A
3-30-95
HB 528

FINAL

PAVEMENT IMPROVEMENT STUDY

SECONDARY HIGHWAY 314

BIG HORN COUNTY, MONTANA

JUNE, 1994

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.

Prepared By:

MORRISON-MAIERLE/CSSA

**2020 Grand Avenue
Billings, Montana 59102**

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

LEE METCALF BUILDING
1520 EAST SIXTH AVENUE

MARC RACICOT, GOVERNOR



STATE OF MONTANA

DIRECTOR'S OFFICE (406) 444-6699
TELEFAX NUMBER (406) 444-6721

PO BOX 202301
HELENA, MONTANA 59620-2301

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 7

DATE 3/30/95

BILL NO. HB 528

March 8, 1995

TO: Representative Lila Taylor
Representative, House District 5

FROM: Mark A. Simonich, Director *Mark Simonich*

RE: Proposed Reconstruction of a Portion of Montana Highway
314

Montana Highway 314 between Decker and Busby, Montana will very likely be impacted by the Department of Natural Resources and Conservation's upcoming rehabilitation of the Tongue River Dam. Specifically, the State of Montana has signed a hiring preference agreement (per the Northern Cheyenne Indian Reserved Water Rights Settlement Act of 1992) with the Northern Cheyenne Tribe entitling the Tribe up to 75% of the jobs in the local construction workforce. The Northern Cheyenne Tribal workforce, which could number up to 30 or 40 employees during peak times, will regularly travel Highway 314 twice daily during the two years of Tongue River Dam rehabilitation. Safe and dependable road conditions and travel will ensure the availability of a large portion of the project workforce. Equally important, it is likely that Highway 314 will be used to convey some of the contractors' equipment, employees, and project materials to the job site. Road conditions will be very important to ensure the transport of the contractors' employees, equipment, and materials.

Existing Highway 314 road conditions could certainly impair the workforce and the contractors' ability to safely travel to and from the project site.

8
EXHIBIT NO. _____
DATE 3/30/95
BILL NO. HB 528

TESTIMONY BEFORE THE MONTANA SENATE COMMITTEE ON FINANCE AND CLAIMS - FUNDING OF COAL IMPACTED HIGHWAYS AND APPROPRIATING MONEY FOR THE RECONSTRUCTION OF MONTANA HIGHWAY 314.

I am Debra Johnson, Chairman of the Board of County Commissioner for Big Horn County, and I would like to go on record in support of House Bill 528.

Within Big Horn County there are four functioning coal mines located on State Secondary Highways, to-wit:

1. Westmoreland Resources - Secondary Highway 384
2. Spring Creek - Secondary Highway 314
3. Decker East - Secondary Highway 314
4. Decker West - Secondary Highway 314

The highways are a significant part of the coal mining operations. After 20 years of mining, our infrastructure has deteriorated to a point where all travel is not only difficult, but hazardous as well. The highways provide access for the coal mine employees, supply vendors i.e. equipment, coal transport trucks; logging; farming and ranching, as well as tourism and recreation.

Montana realizes a significant part of its revenue from coal severance taxes, as indicated in the Biennial Report of the Montana Department of Revenue 1992-1994. The State of Montana received \$38,439,386 in FY 1993 and \$39,624,883 in FY 1994. Fifty percent of this revenue is generated from Big Horn County, and we believe that it would be appropriate that a small portion of the State revenue received from the coal industry be returned to facilitate the industry that has so richly rewarded the State of Montana. As a result Big Horn County initially introduced a bill requesting 5.5 million dollars from the State Highway Account in the State Special Revenue Fund and 5 million from the local impact account in the State Special Revenue Fund to assist us in the reconstruction of the north end of Highway 314.

In the past, funding for these projects, was available through the Montana Coal Board. In reference to Governor Racicot's letter dated February 27, 1995, the appropriation sub-committee has eliminated all funding for Coal Board grants in the next biennium freeing up approximately 5.1 million in coal tax revenues to be used for other purposes. Said funding has not been allocated for general fund or school funding purposes. It is my understanding that the House Appropriations Committee has allocated \$1 million dollars of local impact funds to Musselshell County for their anticipated coal impact needs.

Ideally we would like to see a total reconstruction of 13 miles on Highway 314, but realistically Big Horn County would be appreciative of any amount of local impact funding to assist us in our endeavors to provide a safe and serviceable road.

Coal mining is a viable industry for many years to come and it is the State of Montana's responsibility to provide an adequate transportation system to insure continued revenue and employment for the residents of the State of Montana.

I further present letters from resident John Small, the Northern Cheyenne Tribe, Spring Creek Coal Company, Scobey Public Schools, and the Hardin Public Schools in support of this legislation.

We would appreciate your consideration of our request.

SUPPORT HB 544**“FINANCIAL ASSISTANCE
TO NON-BENEFICIARY
STUDENTS
ATTENDING
TRIBAL COLLEGES”**

Non-beneficiary students are students that are **not members** of a federally recognized Tribe and are attending one of Montana's Tribal Colleges.

The Tribal Colleges receive no Federal or State assistance for these students.

These appropriated funds will go to the Tribal Colleges on a pro-rated basis and not directly to the student.

This is legislation a fiscally prudent legislator should support.

1. It opens seven outstanding Tribal Colleges to non-Indian enrollment for a very small cost.
2. It increases the opportunity for **all** people in Montana to improve themselves by attending college.
3. It will help reduce the number of people on welfare.
4. It will help Montana to continue to be the **“Last Best Place”**.

Amendments to House Bill No. 573
Second Reading CopyPrepared by MDHES
March 23, 1995

1. Page 2, line 1
Following: "furnished"
Strike: for more than 30 days a year

2. Page 2, line 3
Following: "transient guests."
Insert: "An establishment hired or rented for thirty days or less per year which does not serve prepared meals is not a tourist home."

Amendments to House Bill No. 3
Third Reading Copy

carried

For the Senate Finance and Claims Committee

Prepared by Office of Budget and Program Planning
March 28, 1995

1. Page 2, line 26.
Strike: "1,720,000"
Insert: "1,620,000"

Description:

This amendment reduces the supplemental appropriation for school transportation by \$100,000 to reflect revised estimates which are now available.

Amendments to House Bill No. 3
Third Reading Copy

Requested by Senator Jacobson
For the Committee on Finance and Claims

carried

Prepared by Taryn Purdy
March 28, 1995

1. Page 4, line 7.

Insert: "NEW SECTION. Section 7. Coordination. The appropriation for the Swan River boot camp in [section 3] includes funding for 5 FTE correctional officers. If House Bill No. 2 does not continue funding for the FTE, the appropriation to the Swan River boot camp in [section 3] is reduced by \$63,892."

3 (should be \$ 63,832)

Renumber: subsequent section

{Office of Legislative Fiscal Analyst

444-2986}

Amendments to House Bill No. 576
Third Reading Copy

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 13
DATE 3/30/95
BILL NO. NB 576

For the Committee on Senate Finance and Claims

carried

Prepared by Shauna Ryan
March 29, 1995

1. Page 4, lines 27 through 30.
Strike: "INTERNAL" on line 27 through "FUNDS" on line 28
Insert: "state agencies"
Strike: "ON" on line 28 through "CHARGES." on line 29
Following: "type" on line 30
Insert: "internal service fund type"
Following: "charges"
Strike: "1"

{Office of Legislative Fiscal Analyst

444-2986}

Sample of Proprietary Funded Programs
 1997 Biennium
 in Millions

Currently Appropriated in House Bill 2

<u>Department of Administration</u>	
Information Services Division	\$36.62
Procurement and Printing	20.57
General Services	8.05
<u>Department of Transportation</u>	
State Motor Pool	3.76
Equipment Program	30.42
<u>Secretary of State</u>	
All Operations	3.86
<u>Montana University System</u>	
Insurance Benefits/Admin	38.23
<u>Department of Commerce</u>	
Lottery Admin (prizes are statutory)	14.14
Board of Housing Admin	2.67
Board of Investments Admin	3.75
<u>Department of Corrections</u>	
Prison Industries/Ranch	12.50
<u>Department of Justice</u>	
Agency Legal Services	<u>1.25</u>
Total of Table	<u>\$175.83</u>

Not Currently in House Bill 2

Department of Revenue	
Liquor Operations (language appropriation)	115.43
Workers' Compensation System	
All Operations (current statutory approp)*	250.00
Department of Commerce	
Lottery prizes*	34.19

*Represents amount of authority added in fiscal 1994.

DATE March 30, 1995

SENATE COMMITTEE ON Finance and Claims

BILLS BEING HEARD TODAY: HB 490 Rep. Squires HB 493 Rep. Ewe
HB 514 Rep. DeBruycker HB 528 Rep Taylor
HB 544 Rep Tussell HB 552 Rep Puilici HB 573 Rep Cobb

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
London Morris	MALCO / MSLA Co.	493	✓	
Suzanne Gatchek	SKC	544	✓	
LINDA EAKIN	SKC	544	✓	
Barbara Martiney	Salish Kootenai College	544	✓	
Neva Johnson	Big Horn City Comm	528	✓	
John Doyle	Big Horn County	528	✓	
Brunel Red Chimin	Northern Cheyenne Tribe	528	✓	
Tom Schneider	MPEA	490	✓	
Amie Miller	DNR C	493	✓	
Dave Mitt	FWP	514	✓	
Joe McDonald	Salish Kootenai College	544	✓	
Julie Walter	Salish Kootenai College	544	✓	
Charlette Jackson	Salish Kootenai College	544	✓	
Florence Young	BHC Self	528	✓	
George Wagerman	AFSOM & VISITOR REGISTER	490	✓	

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE March 30, 1995

SENATE COMMITTEE ON Finance and Claims

BILLS BEING HEARD TODAY: HB 490 HB 493

HB 514 HB 528 HB 544 HB 552 HB 573

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Donna J. BPL	Salish-Kootenai College	544	✓	
Ray Beck	DURC	493	✓	
Tom Slovacek	DHES	493	✓	
Barbara Neuwerth	DHES	493	✓	
Jim Mockler	MT. Coal Council	^{HB} 528	✓	
Dick Crafts	OCHF	544	✓	
NICK U. CLOS	MONT. RURAL WATER SYSTEM	493	✓	
B. Hecker	Self	513		✓
Tom Crossen	St. An. Order	552	—	
TOM BILODEAU	MEA	490	X	
Phil Campbell	MEFA	490	X	
Tom McNair ^{mont. technical}	HB 514	HB 514		X
Phil Imshutz	Helen Job Service DCI	490	✓	
Joe Zwick	Dist 36	HB 552		

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE March 30, 1995

SENATE COMMITTEE ON Finance & Claims

BILLS BEING HEARD TODAY: HB 490 HB 493
HB 514 HB 528 HB 544 HB 552 HB 573

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Dan Keil	Montane Rural/Water Systems	^{HB} 493	✓	
BRIAN McCullough	DLF	490	✓	
MARK CRESS	Admin	490	✓	
Lois Menzies	Admin	490	✓	
JAY DISCOLL	MFT/MFSE	490	X	
Stuart Duggell	MT Inuit Cooperatives Assoc.	573	X Amendment	
Jay Storall	mt Rep	528	X	
Jay Storall	mt Rep	544	X	
Georgie Ochenski	CONF. SALISH KOOTENAI TRIBES	544	X	
Chris Lundstrom	Salish Kootenai College	544	X	
Clint Eastwood	self	573	Y	
Carl Schweitzer	MFT Cont Ass	HB 514		X

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY