

## MINUTES

### MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

#### CONFERENCE COMMITTEE ON SENATE BILL 207

Call to Order: By CHAIRMAN THOMAS BECK, on April 16, 1997, at 9:00 a.m., in Room 402.

#### ROLL CALL

**Members Present:**

Sen. Thomas A. "Tom" Beck (R)  
Sen. Reiny Jabs (R)  
Sen. John "J.D." Lynch (D)  
Rep. Peggy Arnott (R)  
Rep. Paul Bankhead (R)  
Rep. Antoinette R. Hagener (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Eddye McClure, Legislative Services Division  
Val Palmer, Committee Secretary

#### CONFERENCE COMMITTEE HEARING ON SB 207

#### Opening Statement by Sponsor:

SEN. REINY JABS The House put the amendment on page 2, line 9, "THE PROPOSITION MUST BE APPROVED AT A SPECIAL OR REGULAR ELECTION IN ACCORDANCE WITH ALL OF THE REQUIREMENTS OF 20-9-428," and that's half of the 40% bond issue. They added "EXCEPT THAT THE PROPOSITION IS CONSIDERED TO HAVE PASSED IF A MAJORITY OF THE QUALIFIED ELECTORS VOTING APPROVE THE PROPOSITION." After talking to quite a few people, they thought that wasn't a very good idea that I have a vote of 40%. I'm happy if you just put a period after 20-9-428 and have it as a regular bond issue of 40% turnout or a majority. Present law is a vote of 60%.

SEN. JOHN LYNCH I don't understand the difference. When you have an election and you have your 40%, you still need a majority. What's the difference?

SEN. JABS Most people will go and vote and the majority of them can pass it. But, you have to have a certain turnout. The way it is now "EXCEPT THAT THE PROPOSITION IS CONSIDERED TO HAVE PASSED IF A MAJORITY OF THE QUALIFIED ELECTORS VOTED." Originally, just the trustees alone could borrow money to remodel and to buy equipment. I thought a majority would be enough but I

had quite the opposition from a couple of people in my district. I can see their point.

**CHAIRMAN BECK** What you would like to do then is to leave the "PROPOSITION MUST BE APPROVED AT A SPECIAL OR REGULAR ELECTION IN ACCORDANCE WITH ALL OF THE REQUIREMENTS OF 20-9-428" and strike the rest of it? **SEN. JABS** That's correct.

**SEN. LYNCH** The motion then would be that the House recede from that part of the amendment which starts with EXCEPT and finishes with PROPOSITION.

**SEN. BECK** Yes, and that's the way this **AMENDMENT SB020705 (EXHIBIT #1)** is written.

**Informational Testimony:**

**Lance Melton, Montana School Board Association (MSBA)** We liked the bill the way it was originally introduced and we testified in support of it. I fear that if you subject this kind of a process to the turnout requirements that are reserved for bonding elections, that this may never be used. You might as well just bale this bill. This bill is specifically designed, from my recollection, to provide districts with the ability to get these obligations for smaller projects. For instance, you might find that a district might want to use this for a \$20,000 project. There is no way possible that you're going to be able to get the turnout. Ordinarily you have to fight to even get them out there for a bonding election to approve the distribution of an existing part of a district's general fund and to repay amounts that they get under this system. That's why we support the bill as it was originally introduced and we certainly respect the sponsor's concerns on this, but we also supported the bill when we first brought it forward and we thought the amendments in the House served to clarify. I don't know that they were ever necessary. It did say proposition and I think everyone understood that to mean that they had to put that before the electors at a regularly or specially called election. We think that by putting on the bonding requirements, there's no incentive for anybody to do these projects of a smaller nature that were identified as the basis of bringing this bill forward.

**SEN. JABS** That's true, but this was brought forward prior by a school with a federal impact where there's lots of non-taxable land owner issues. They thought that this would let a few people could go that aren't even taxpayers and get the trustees to do this. But the other side of this is, if they want something built on, they could easily get 60%, 40%, or even 30% to do this.

**Motion:** **REP. PEGGY ARNOTT MOVES TO ADOPT AMENDMENT #SB020705.AEM.**

**Questions From Committee Members and Responses:** **CHAIRMAN BECK**  
If I understand correctly the way the elections are right now,

and you can correct me, it does require votes. You had a vote required originally in the bill but it was a majority. But if there's less than 30% turnout, then you have to have a plurality, or 60% of the people to approve it. That's the only difference?

**REP. PAUL BANKHEAD** Below 30% I understand it to be void. **REP. ARNOTT** They have to have a certain turnout. **CHAIRMAN BECK** They have to have at least 30%, and then over 40%, then it goes to 50%.

**REP. ARNOTT** The discussion in the House was that it might be for a \$20,000 project but also at 20% in a school building for Billings. It's a huge addition and that's a huge increase in the size of a school. It isn't much when you get to Ryegate, but in your AA schools, that's a huge addition. They thought it was important that it meet the bonding requirements for a vote.

**SEN. JABS** If the maximum the Board of Investments can loan is just \$500,000, that's the most they can loan. While you were there in our Senate hearings, DA Davidson & Company came in. They thought this \$5 million project at Great Falls would be little and it had to be approved by the Board of Investments in the beginning. Originally, the trustee could remodel or buy equipment and just add on a bathroom, etc. So that's the reason I sided with the majority.

**REP. ARNOTT** I think a \$500,000 increase merits a vote.

**REP. PAUL BANKHEAD** I think for the bonding provision, I would just like us to remain consistent. This amendment does make it consistent and I agree with that.

**SEN. LYNCH** I liked the bill the way it was originally stated and I'll certainly vote for it. What we should have probably done was to limit it to smaller districts and eliminate the possibility of the taxable debts. The hindsight may be that next session you should look at it because this isn't going to do anything. I don't think you'll have one addition built because of this bill.

**CHAIRMAN BECK** Let's put this amendment in and if there is no activity on it, I think we'll have to take a look at it again next session. On the same token, if a school really wants to do something, maybe they will get the 40% turnout. But that's a whole different ball game than bonding. Bonding, you're usually talking big **big** bucks; long term payoffs. The way I understood your bill when it first came in was **MORE** for maintenance, **MORE** for additions, **MORE** for small things.

**Vote:** THE MOTION TO ADOPT AMENDMENT #SB020705.AEM PASSED 4-2 ON ROLL CALL VOTE.

**Motion/VOTE:** SEN. LYNCH MOVED TO ADOPT THE COMMITTEE REPORT. MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT

Adjournment: 9:10 a.m.

  
SEN. THOMAS BECK, Chairman

  
VALERIE PALMER, Secretary

TB/VP