

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By VICE CHAIRMAN MIKE FOSTER, on March 10, 1997,
at 8:00 A.M., in Room 415.

ROLL CALL

Members Present:

Sen. Gerry Devlin, Chairman (R)
Sen. Mike Foster, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Bob DePratu (R)
Sen. Dorothy Eck (D)
Sen. Wm. E. "Bill" Glaser (R)
Sen. Mike Sprague (R)
Sen. Barry "Spook" Stang (D)
Sen. Fred R. Van Valkenburg (D)

Members Excused: CHAIRMAN GERRY DEVLIN, arrived at 8:35.

Members Absent: None

Staff Present: Jeff Martin, Legislative Services Division
Renée Podell, Committee Secretary

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 210, 3/14/97
SB 373

Executive Action: None

HEARING ON SB 373

Sponsor: SEN. JOHN R. HERTEL, SD 47, Moore

Proponents: Angela Janacaro, Montana Mining Association
John Fitzpatrick, Pegasus Gold Corporation
Ray Tilman, Montana Resources
Doug Parker, ASARCO
Russ Ritter, Montana Resources
Jim Lippert, Stillwater Mining

Opponents: Adien Myhre, Montana Association of Hard Rock
Mining Counties

Glena Obie, Chairman of Jefferson County
Commission and Secretary to the Hard Rock
Mining Counties Assoc
Ted Lange, Northern Plains Resource Council

Opening Statement by Sponsor:

SEN. JOHN R. HERTEL, SD 47, Moore, introduced SB 373. This legislation is tempting to make product transportation costs a deductible expense under the Montana Metal Mines License Tax and Gross Proceeds Tax. During the 1989 Legislative Session this gross proceeds tax on metal mines was dealt with and it was decided that various parts of the process would be eliminated from taxes on city, county and state levels. The transportation issue was not eliminated but was assumed to be negotiated at a later time. That would be today. This deals with the transporting of ore from the mine or mill to the smelter, roaster or refinery. Presently, the companies who transport the materials they mine pay this tax. They are paying a tax on money they do not receive.

Section 1(5) defines "receipts received". The end of the section lists various parts of the process which would be subtracted in determining this monetary payment such as basic treatment, refinery charges, quantity deductions, price deductions, etc. Lines 27 through 29 add the costs of transporting the mineral product from the mine to the processor. On page 2, lines 4 through 7, it allows for the transportation aspect to become deductible.

How much revenue will be lost to local city, county and state governments due to this process? Some mines have transportation costs which are minimal while others are quite sizeable.

{Tape: 1; Side: a; Approx. Time Count: 8:05}

Proponents' Testimony:

Angela Janacaro, Montana Mining Association, rose in support of the bill. They represent three mines which would be most affected by this legislation. The mines are Stillwater, Montana Resources and Montana Tunnels. Another proposed mine which would be affected by this legislation is Asarco in Rock Creek. This is an issue of fairness. Should a business be taxed on income which it does not receive? The losses would be minimal. The mines contribute to the tax bases of their local governments to a great amount. Stillwater Mine contributes over half of the tax base. Montana Resources, since opening in July of 1986, has contributed over \$40 million to the tax base of Butte-Silver Bow and purchased over \$166 million dollars of goods and services in that area.

John Fitzpatrick, Pegasus Gold Corporation, spoke in support of SB 373. Prior to 1989, the mining industry and the Montana

Department of Revenue (DOR) were engaged in a running conflict over computing tax for gross proceeds and the metal mines tax. The companies were submitting their tax returns based upon the revenue they received for their product. The Department of Revenue was calculating their tax based upon the theoretical value of the product at the time it was shipped. The DOR was not granting the producer the deductions that were taken after the product left the site. There were several different deductions. There are smelting and refining fees. The smelters and refineries were also taking deductions for impurities in the metal, moisture content and transportation costs. The general process is for the smelter or refinery to pay the transportation charges. There were major differences between the DOR and the industry. In the case of concentrate producers there was up to 40% difference in terms of profit.

Last session's bill included a compromise. The legislature did not agree with the deduction for transportation costs wanting to reserve an opportunity to look at that later. Transportation was left in as a non-deductible item.

Ray Tilman, Montana Resources, commented that this bill will bring fairness to the issue. They don't want to pay taxes on money which they do not receive. They produce concentrate. In some cases, they are paid for forty percent of what they ship out. They produce a copper concentrate which runs 25 to 26 percent copper. They are shipping 75 percent material which they do not receive payment for and are not allowed to take transportation into consideration. They do not pay transportation, but must add the transportation cost in payment of their taxes. The impact from their operation would be \$233,000.

Doug Parker, ASARCO, rose in support of SB 373. This is a fairness issue. It is an important incremental cost to continued operations and opening new mines.

Russ Ritter, Montana Resources, explained a handout, **EXHIBIT 1**, which addressed the impact of SB 373 to the state and local governments.

Jim Lippert, Stillwater Mining, reiterated the fairness issue with regard to SB 373. According to their 1996 figures, the impact to local government would be approximately \$8,000 in Stillwater County. Their operation constitutes more than half of the tax base in Stillwater County.

{Tape: 1; Side: a; Approx. Time Count: 8:19}

Opponents' Testimony:

Adien Myhre, Montana Association of Hard Rock Mining Counties, rose in opposition to SB 373. The fiscal note is not that significant, but the reduction in revenue is unnecessary and

fairly significant to the counties. The economic incentives for the mining industry should be paired with economic incentives for the state, such as job creations, community vitality, etc. Senate Bill 373 encourages the mining industry to take jobs out of Montana and receive tax breaks or financial incentive to do so. It promotes the mining industry to take the raw materials out of Montana to places such as Japan, Argentina, New Zealand, etc.

Glena Obie, Chairman of Jefferson County Commission and Secretary to the Hard Rock Mining Counties Assoc., commented that the Hard Rock Mining Counties Association is a coalition of 13 counties in which hard rock mining occurs or projects are proposed at this time. They oppose this legislation. The mining companies' competition is worldwide. Besides shipping products, they are shipping jobs which could go to Montanans. Local and school governments have been strapped for funds for several years.

If the tax impact is so small, why is this issue before the committee today? There is a big potential for a larger and further reaching impact.

Ted Lange, Northern Plains Resource Council, rose in opposition to SB 373. Property taxes will have to compensate for the losses involved if this bill passes.

{Tape: 1; Side: a; Approx. Time Count: 8:29}

Questions From Committee Members and Responses:

SEN. BARRY STANG asked if the ASARCO mine at Troy were still in existence, where would they be shipping concentrate?

Mr. Parker explained this would go to Texas.

SEN. STANG asked if the Rock Creek project were approved, where would that go?

Mr. Parker answered that would also go to Texas since they do not have the option to smelt that ore in Montana.

SEN. STANG asked what it cost per ton to ship to Texas?

Mr. Parker stated he wasn't sure of the exact costs. The cost was a substantial portion of their total costs.

SEN. MACK COLE asked **Mr. Fitzpatrick** if he had any idea how many jobs would be involved if we were processing the concentrate here?

Mr. Fitzpatrick explained this would involve 25 to 50 people. There are three problems with the Montana facilities. (1) Building is a staggering capital investment. (2) In order to make these facilities economical, there needs to be a source of

supply. Montana does not produce enough product to justify a refinery operation. (3) The permitting requirements in this state for building a refinery would take a decade to get through.

SEN. COLE asked for explanation of the fiscal note in comparison to the handout.

Mr. Fitzpatrick explained that the white sheet was drafted by Montana Resources staff. The metal mines tax has two major components. Three quarters of the tax money stays with the state of Montana. It is apportioned between the General Fund, the Hard Rock Impact Board and other areas. Twenty five percent goes back to the counties. Of that 25 percent, 2/5ths is set aside in a trust fund so that the counties will have money when the facility shuts down or there are major large scale layoffs. That is controlled by the county commission at the county level. The other 3/5ths is distributed to the county and the school districts for current operations.

The second tax which is involved is the gross proceeds tax. This is a tax based upon the value of the mineral product. That is a local government tax. A small part of that tax is paid to the State of Montana.

SEN. DOROTHY ECK asked **Mr. Hoffman, Department of Revenue**, to address the question of a severance tax on hard rock mining. She also asked him to address the argument about whether they used net or gross proceeds.

Mr. Hoffman explained that the metal mines tax became a gross proceed in the mid-70s. At that time, the Anaconda Company was operating in Butte-Silver Bow and that was basically the mining operation which was in Montana at that time. He did not work for the Department of Revenue at that time, so he cannot explain that issue. Whether or not there were agreements about revenue neutrality, he does not know. It may have been revenue neutral in 1989 when the bill was adopted.

SEN. BILL GLASER asked **Mr. Lippert** about the pipeline project in his area and whether or not he considered the cost of the pipeline to be transportation.

Mr. Lippert answered that according to the language in the bill he would have to consider that a transportation cost.

SEN. GLASER commented that at Exit 462 there is a vendor who has explosives. He wanted to know who the vendor is and how much explosives are going through there.

Mr. Lippert said he would try to get the information for him.

SEN. FRED VAN VALKENBURG commented that there was testimony to the effect that the companies are being required to pay a tax on income which they do not receive. He doesn't get any income off

of his house, but pays property taxes on it. **Mr. Tilman** stated that in most cases they do not pay the transportation costs but are required to add them back in for purposes of tax calculations. He thought it odd that they were asking to deduct something they don't pay.

Mr. Tilman explained that when they sell concentrate to someone they pay approximately \$60 per ton to ship it. They pay them for the value of the copper and silver in the concentrate. When they calculate their taxes, they take the \$60 per ton and add it back into the gross receipts which they never received.

SEN. VAN VALKENBURG considered that to be a wash. Even though they didn't receive the money, they didn't pay anything either.

Mr. Tilman stated that was correct, but they did pay the tax on the transportation. They are paying a tax on money they do not receive. It's not a gross receipt.

SEN. VAN VALKENBURG stated it wasn't a cost.

Mr. Tilman answered that it is a cost in the fact that they pay the tax on it.

SEN. FOSTER, referring to **Mr. Ritter's** handout, commented that this bill obviously has to do with MRI. The comment has been made that it is a fairness issue. Sometimes when there are changes which deal with a reduction in taxes, it is whether or not the industry will be able to continue it's operation. He hadn't heard about MRI being in a bad economic condition.

Mr. Ritter stated that the reason Montana Resources is in business is because the previous owner was unable to continue in business. Over the ten years the mine has been in operation, it has paid \$40 million to Butte-Silver Bow in taxes. The State of Montana has received \$42 million in taxes as a result of the mine. The federal taxes are \$107 million. Payroll has been \$137 million. It does go back to the idea of fairness. —

Mr. Tilman stated the mine is not in jeopardy.

{Tape: 1; Side: b; Approx. Time Count: 8:49 a.m.}

SEN. MIKE SPRAGUE commented that in regard to both platinum and palatum it would be necessary to ship a huge volume for a small amount of product. The marketplace determines the price. The main issue is margin, as far as the profitability of the mine. It is a dwindling resource. Montana is in a unique position. Would they be uncompetitive in the world market if they were not allowed this tax reduction?

Mr. Tilman stated that he did not have the company economic figures at hand, but he couldn't imagine that it would. Based on

1996 figures, the affect to the county would be approximately \$8,000.

Closing by Sponsor:

SEN. HERTEL closed by saying it was important to keep the mining industry in Montana a viable industry for the economy of Montana. It supplies close to 1200 good paying jobs. There is never a good time for a reduction in revenue. The mining companies do deserve a break. This tax is on money which is never received.

SEN. GERRY DEVLIN took over chairing the committee.

HEARING ON HB 210

Sponsor: REP. HARRIET HAYNE, HD 86, Dupuyer

Proponents: Paul Spangler, Lewis and Clark County Disaster Emergency Services Coordinator, also the Montana Disaster Emergency Services Assoc.
Tony Herbert, Administrator of Information Services Division, Department of Administration
Drew Dawson, Chairman, 9-1-1 Advisory Council
Cheryl Paulino, Montana Chapter of the Association of Public Safety Telecommunicators
George Anderson, Teton County Sheriff
Ann Kindness, Billings City/County 911 Center
Susan Bomstad, Communications Supervision of 911 in Missoula County
Kurt Seward, Rosebud County Sheriff
Steve Wilkins, Treasure County Sheriff
Don Kennedy, Granite County Sheriff
Scott Waldron, Missoula County Fire Protection Assoc.
Rick Seidlitz, Sheriff Meagher County
Anita Parker, Mineral County Undersheriff
Mark Denke, Sanders County Sheriffs Office 911 Center
Brian Crandell, Gallatin County Fire Council
Mike Brown, 911 Director Gallatin County and City of Bozeman
Troy McGee, Helena Chief of Police, Montana Association of Chiefs of Police
Kathy McGowen, Montana Sheriffs and Peace Officers Association
Jim Kimbel, City of Billings
Lt. Jim Thomas, Helena Police Department - 911 Center

Opponents: None.

Opening Statement by Sponsor:

REP. HARRIET HAYNE, HD 86, Dupuyer, introduced HB 210. She handed out EXHIBIT 2. This bill is offered to improve and enhance the 911 service in the State of Montana. This is just as important to the city dwellers as it is to the rural residents. In a flash, one is able to access the sheriff, police, fire department, ambulance, and the entire emergency system. This is financed by combining funds from many sources. In addition, there is a \$.25 a month charge on every phone line. This charge is distributed back to the local organizations. House Bill 210 would add a \$.30 per month charge to each phone line to finance the installation of the new enhanced 911 service. The new service would allow that when an emergency call is made, the phone number of the caller and the location is shown on the dispatcher's screen and it stays there until the response is accomplished. Often in emergencies, people do not give good location information. A child may call and not have vital information. There are times when the caller cannot speak.

The enhanced 911 telephone system provides (1) expansion of the benefits of the basic 911 emergency telephone number, (2) faster response time which minimizes the loss of life and property, (3) automatic routing to the appropriate emergency response unit, and (4) an immediate visual display of the location and telephone number of the caller. There are five counties without basic 911 service. They are Daniels, Roosevelt, Sheridan, Valley and Meagher Counties. They are working on the final plans to join the service. This bill will finance and improve the entire state.

Proponents' Testimony:

Paul Spangler, Lewis and Clark County Disaster Emergency Services Coordinator, representing the Montana Disaster Emergency Services Assoc., spoke in strong support of HB 210. He presented his written testimony, EXHIBIT 3.

Tony Herbert, Administrator of Information Services Division, Department of Administration, spoke in support of HB 210 on behalf of the Department and Governor Marc Racicot. His office manages the statewide 911 program which began in 1985. This program has worked very effectively. In 1985 approximately 40% of our state had access to 911 in their home or business location. At that time the legislature recognized four important facts (1) 911 capabilities should be available to all homes and businesses in the state, (2) 911 systems are developing at a slower pace than they would like, (3) without a statewide program, some communities would not be able to afford the 911 service, and (4) 911 systems statewide should meet minimum standards to ensure the public safety.

Today 96% of the state's population has access to basic capabilities through 911 systems. House Bill 210 will increase

the \$.25 fee to \$.55. The 911 jurisdictions can obtain access to the money by filing with the Department to implement these capabilities within their systems. Standard criteria will need to be met. This criteria will include dedicated lines capable of what is known as automatic number identification. That brings the number from the location across the phone line into the system. Databases will be needed which are capable of handling and displaying automatic location identification.

Twenty five cents of the new thirty cent fee will be redistributed in the same manner as the current fund. That is based upon population. Counties whose population is less than one percent of the total state population will nonetheless get one percent of the new monies. That includes 36 counties. The extra five cents would be distributed to the small counties. This helps recognize the costs that small rural counties will incur with the new technology. The House placed an amendment on the bill to sunset that provision after ten years. Any fees collected by the state will be held in trust for cities and counties until such time as they file final E911 plans with the Department. At that time all accrued monies, including interest, will be distributed to the 911 jurisdiction on a quarterly basis.

Drew Dawson, Chairman, 9-1-1 Advisory Council, presented his written testimony in support of HB 210, **EXHIBIT 4.**

Cheryl Paulino, Montana Chapter of the Association of Public Safety Telecommunicators, spoke in support of HB 210. In 1990, basic 911 service was provided to the residents of Choteau County. Choteau County covers an area of 4,042 square miles and many times an emergency response can take 30 to 60 minutes. During this crucial time, it is imperative that a properly trained dispatcher is able to remain on the line with the caller to provide clear instructions and to obtain updated information which can be relayed to the responding units. In many emergency situations, the time used by a dispatcher to obtain and verify vital information may be the seconds that count in saving life or property.

This past summer the Choteau County Sheriff's Department was called to investigate a homicide, which was the county's first in 17 years. The victim died from bullet wounds in his home in a rural area of the county. Among the many questions raised in this case was the time of death. The victim was not discovered for days after the crime was committed. Investigation has revealed that the victim may have attempted a phone call prior to his death. During the time in question, there were hang up calls received at the dispatch center. If Choteau County had the information provided by the enhanced 911 features, the dispatch of an emergency unit would have been completed in just eight seconds.

George Anderson, Teton County Sheriff, spoke in support of HB 210. He commented that they received a 911 call on their rural

line. The dispatcher could not understand the mumbling on the other end of the line. They alerted the emergency services which were standing by, but they had no place to send them. Eighteen minutes later, they were not able to determine who the person was. Finally, by going through the alphabet, they were able to determine where to send the emergency services.

Ann Kindness, Billings City/County 911 Center, stated that she has worked with 911 service for a dozen years. About nine years ago, she answered a 911 call and heard a woman sobbing and screaming. She needed a location. In those days, they had to leave the line open, call US West in Helena and have them isolate the trunk, and retrieve the information. On a good night, that may take two minutes. Sometimes it could take up to 30 minutes. The woman dropped the phone and was screaming in the background. Fourteen minutes into the call, the screaming ceased. She listened to absolute silence for four minutes. When the trace information came back, they immediately dispatched an ambulance and a fire unit to the house. This should have been a two minute response which took twenty minutes. The victim lived so close to the fire station, she could see the station from her front step. She listened to her die as she awaited her help.

Responders are as dependent on the 911 service as are the citizens who call to request the assistance. Enhanced 911 will not make a huge difference in the routine call, but to the caller who has passed the hysteria threshold and cannot speak for fear, panic, pain or medical problems, or simply doesn't know the address, the cost of the enhanced 911 system is clearly justified.

Susan Bomstad, Communications Supervision of 911 in Missoula County, spoke in support of HB 210. She presented her written testimony, **EXHIBIT 5**. Selective call routing directs a 911 telephone call to the correct dispatch center within a set political jurisdiction rather than by a telephone prefix which can sometimes span two separate jurisdictions. The southern section of Missoula County and the northern section of Ravalli County are grouped within the same telephone prefix. If someone calls from the northern section of Ravalli County, the call is received by Missoula County 911 and they take the information. They then call Ravalli County 911 by phone so they can dispatch law enforcement or an ambulance. This wastes time. With selective routing, telephones in each county would be individually routed to the correct dispatch center.

Kurt Seward, Rosebud County Sheriff, rose in support of HB 210.

Steve Wilkins, Treasure County Sheriff, rose in support of HB 210. He commented that **Sheriff Seward's** department handles their dispatching out of Rosebud County. Garfield and Custer Counties have gone in together and are now receiving dispatch through Custer County. The dispatchers in communities are sometimes hundreds of miles from where these incidents might happen.

Enhanced 911 will afford these dispatchers to be able to tell responders the location.

Don Kennedy, Granite County Sheriff, rose in support of HB 210. They have had many calls where people call and hang up. There have been times when it has taken up to three hours to get a call traced back to the source which may be up to sixty miles away.

Scott Waldron, Missoula County Fire Protection Assoc., rose in support of HB 210.

Rick Seidlitz, Sheriff Meagher County, rose in support of HB 210. They had a call from an elderly lady who reported she had just moved and didn't know the address. She stated she had found bodies in her house. After contacting her son in California four hours later, they were able to find out where she was. It wasn't what she had thought.

Anita Parker, Mineral County Undersheriff, rose in support of HB 210. Their county is comprised of 87 percent federal land. They have a small tax base and could not afford 911 without this bill.

{Tape: 2; Side: a; Approx. Time Count: 9:30}

Mark Denke, Sanders County Sheriffs Office 911 Center, commented that the most important thing is this bill will save lives. It takes their dispatchers three to five minutes to get a location. They give landmarks instead of street addresses. When it takes an hour to find the place and an hour to get them to the hospital, they have a problem.

Brian Crandell, Gallatin County Fire Council, rose in support of HB 210.

Mike Brown, 911 Director Gallatin County and City of Bozeman, commented that they do not feel the bill asks for enough money. Five percent of their budget is covered from phone charge funds, the rest of the burden goes to property owners.

Troy McGee, Helena Chief of Police, Montana Association of Chiefs of Police, rose in support of the bill.

Kathy McGowen, Montana Sheriffs and Peace Officers Association, stated this is one of their top priorities.

Jim Kimbel, City of Billings, rose in support of the bill.

Lt. Jim Thomas, Helena Police Department - 911 Center, explained that their dispatcher receives calls from northern Broadwater and northern Jefferson County. They have to send that information to Townsend or Boulder.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. SPRAGUE asked if a person designated his line as private, how would that be handled?

Mr. Herbert stated that automatic number identification with an E911 goes right by that.

SEN. BOB DE PRATU asked if this would work from a phone booth along the interstate?

Mr. Herbert commented that the pay phone problem was addressed in the 1985 legislation. You can call from a pay phone and they will get the location.

SEN. DE PRATU asked if this worked from a travelling cell phone?

Mr. Herbert stated that this will not address cellular calls. Working with cell phone companies, they will get the number and understand who is on the line.

SEN. DE PRATU, regarding domestic abuse, questioned how long it would take for the connection to take place. His concern was that the abuser might be cutting off the call, or ripping the phone off the wall.

Mr. Herbert stated it was instantaneous. Once the call is made, it is in the system.

SEN. DE PRATU asked if the excess funds for low population counties would be available right away?

Mr. Herbert answered that as soon as any 911 jurisdiction files a plan with their office which is acceptable to the criteria, the funding would go to them right away.

SEN. COLE asked **Sheriff Seward** for a breakdown of the money being used.

Sheriff Seward explained that right now Rosebud County collects the fees that Treasure County generates. The two counties together have about \$20,000 a year. That money barely covers their phone costs and there is very little money left to purchase equipment to handle the 911 system. Rosebud County spent a substantial amount of taxpayer dollars to implement 911. As far as the new fees go, it will cost about \$.22 of that \$.30 to provide just the enhanced service to the counties. Approximately \$.02 will go into emergency medical dispatch training which will enable the dispatchers to give life saving advice over the phone. The other nickel will go to those other 36 counties.

CHAIRMAN DEVLIN asked what the other states charge?

Mr. Herbert answered there are a variety of ways they charge. We charge on an access phone line basis. He has seen numbers from a nickel to over a dollar. Some use a percentage of the phone bill. A key objective we have is to get statewide coverage.

CHAIRMAN DEVLIN stated that he realized there had been a glitch in the phone system in the northeast corner of this state. Sheridan and Daniels Counties have a terrible time with phones. The rest don't. Meagher and Valley County don't have problems. Why is that?

Mr. Herbert stated that one of the key features of the 1985 bill was that it would be permissive, left up to the counties, to participate in 911. This was the carrot provided by the state to make some funds available. It was very clear that the locals did not want the state to mandate 911.

CHAIRMAN DEVLIN asked how extensive was the plan they needed to provide to the state?

Mr. Herbert explained that it was extensive enough for them to know that they would provide for certain criteria. For instance they needed at least two dedicated lines to the center, 24-hour dispatch, etc. The five counties we speak to are in the midst of planning for systems.

CHAIRMAN DEVLIN wondered how long it would take for the new enhanced program to be completed?

Mr. Herbert stated since it was not a mandatory system, he couldn't say. They think that within a four or five year period it should be completed.

CHAIRMAN DEVLIN asked how long Billings had the enhanced service?

Ms. Kindness answered that it was in place since early '94.

CHAIRMAN DEVLIN asked what the source of funds was?

Ms. Kindness stated that the victim 911 monies are a great contributor to that. She has a consolidated center which is governed by an advisory board. The advisory board's direction was to use the 911 money specifically to cover the 911 charges for the services and some capital expenses. They do not pay any personnel out of these monies. The 911 enhanced features alone have a budget of \$58,000. Her total budget is about \$1.5 million. That includes her personnel expenses.

CHAIRMAN DEVLIN asked if Missoula also had this service?

Ms. Bomstad explained they only have the automatic number identifier. For their automatic location identifier, they are using subscriber records which are a little different and not as reliable. That has been on line for a few months.

CHAIRMAN DEVLIN asked what her budget was?

Ms. Bomstad said she would need to get that information for the committee.

SEN. ECK commented that most of the services would rely on property taxes. That would be very serious for smaller counties. She questioned what percent of an enhanced system would have to be covered by an increase in property taxes?

Mr. Herbert explained that there were existing budgets in place as far as sheriff's departments, fire departments, etc. Using the 911 system allowed for consolidation. Of all expenditures going on statewide, the current 911 program is supporting approximately 13 or 14 percent. Most of the expenditures come from local funding. That will continue under E911.

SEN. ECK felt that each site would need to make substantial capital investments in order to handle the E911 system.

Mr. Herbert explained that Gallatin County was interested in the state overall participating more in the complete compliment of 911 support. They felt the \$.30 fee would be quite substantial in moving E911 progressively for our state.

SEN. ECK, referring to the counties who have been slow in developing their 911 system, commented that this was due to the fact that they did not have enough people for the property taxes to cover the expense.

Mr. Herbert stated that the 911 Advisory Council that worked on this has had representation from the cities and the counties and they all agree that this is the right amount of funding that ought to go forward and that this will be very helpful. The four counties which are joining together to implement a 911 system are planning to go with the E911 system.

CHAIRMAN DEVLIN asked **Sheriff Seward** where he would get the money needed for their system?

Sheriff Seward stated that Rosebud County has a 9 mill levy which will be up again this spring unless SB 319 makes it through the House. We don't expect to have any additional costs that the E911 money won't cover.

SEN. SPRAGUE asked if the Highway Patrol participated in this process? Since time certain seems to be a problem, do you anticipate that this whole system can be up and running in five years? If not, would it help to put a time certain in the bill that stated that the participation would cease in five years?

Mr. Herbert stated the Highway Patrol was involved. When they get a 911 plan in, they ask that every participant in that community signs a document. He likes target dates for projects.

The communities like the funding carrot and it has been successful. Because of the work which was needed to happen before wasn't technical, it was turf, they feel the five year plan is a good estimate.

SEN. GLASER stated that on the Floor tomorrow they would have **SEN. BECK's** universal service plan. They have the E911 plan and somewhere there is a 311 service, non-emergency. Many states have tried universal service plans. Why did we come back to the \$.30 instrument charge rather than going into the universal service plan?

Mr. Herbert wondered if he was referring to universal access piece?

SEN. GLASER stated he was referring to universal service.

Mr. Herbert was unaware of it having a specific number attached to it. There was discussion in the Governor's Blue Ribbon Task Force as they discussed SB 89, **SEN. BECK's** bill, about a universal service plan that addresses many things. There were discussions regarding creating a state universal service fund, but the question was, could it fund 911? States are looking into that. The 911 community in our state said, not now. It probably doesn't make sense for our state today. After the dust settles in Washington and in Helena regarding universal service issues and telephone costs, we should take a look at it. It could be an opportunity if we could improve and streamline the process.

SEN. GLASER stated that in the rural areas the independent telephone companies and US West have not turned on A&I and they have been shipping it out to the law enforcement people. Either they don't own the software or they haven't turned it on. How much of this \$1.9 million would be going to turn on and support software in these telephone companies rather than supporting people, software and machines in the centers?

Mr. Herbert explained there will be a small amount of money that will have to go to the telephone companies to improve some of their capabilities. Because of the basic 911 that has happened in the past decade, much of the software is available. We receive A&I today where we need it on dedicated lines. Some 911 centers are not able to afford dedicated lines.

CHAIRMAN DEVLIN asked if he had a breakdown on the costs?

Mr. Herbert thought they might be looking at under \$50,000 to get them started. Most of it is already there.

Closing by Sponsor:

REP. HAYNE explained she had a printout of the counties that are progressing in their 911 capabilities. She just received some

technical amendments from **Greg Petesch**, which she has not had a chance to study.

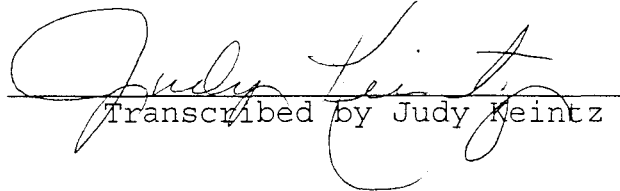
ADJOURNMENT

Adjournment: The meeting adjourned at 10:09 a.m.


SEN. GERRY DEVLIN, Chairman


RENEE PODELL, Secretary

GD/RP


Transcribed by Judy Keintz