

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By CHAIRMAN CHUCK SWYSGOOD, on April 8, 1997, at 7:05 a.m., in Room 108.

ROLL CALL

Members Present:

Sen. Charles "Chuck" Swysgood, Chairman (R)
Sen. Thomas F. Keating, Vice Chairman (R)
Sen. Larry Baer (R)
Sen. Thomas A. "Tom" Beck (R)
Sen. James H. "Jim" Burnett (R)
Sen. B.F. "Chris" Christiaens (D)
Sen. Eve Franklin (D)
Sen. Loren Jenkins (R)
Sen. Greg Jergeson (D)
Sen. John "J.D." Lynch (D)
Sen. Dale Mahlum (R)
Sen. Ken Miller (R)
Sen. Arnie A. Mohl (R)
Sen. Linda J. Nelson (D)
Sen. Mike Taylor (R)
Sen. Daryl Toews (R)
Sen. Mignon Waterman (D)

Members Excused: None

Members Absent: None

Staff Present: Taryn Purdy, Legislative Fiscal Division
Sharon Cummings, Committee Secretary

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 13, 4/2/97; HJR 24, 4/2/97;
HB 584, 4/2/97; HB 594,
4/2/97; HB 610, 4/2/97
Executive Action: HB 13, BCCAA; HJR 24, BCC; HB
594, BCC; HB 610, BCCAA; HB
171, BCC; HB 47, BCC; HB 580,
BCCAA; HB 188, BCCAA

HEARING ON HJR 24

Sponsor: REP. LOREN SOFT, HD 12, BILLINGS

Proponents: Lowell Bartles

Gale Everson, Montana Developmental Center Chaplain
Betty Waddell, Montana Association of Churches
Steve Yeakel

Opponents: None

Opening Statement by Sponsor:

REP. LOREN SOFT, HD 12, BILLINGS This resolution contains 3 projects that will be constructed by private contributions: a chapel at the Women's Correctional Center (WCC); a church at the Montana Developmental Center (MDC); and moving a small chapel from Galen to Warm Springs. Groups across the state are interested in helping with this and fund raising efforts are underway. They are working with Architecture and Engineering (A&E) in Helena as they put these together. (EXHIBIT #1) handed out and explained. The legislature needs to provide permission for private groups to raise the money to construct these facilities.

{Tape: 1; Side: A; Approx. Time Count: 7:10; Comments: None.}

Proponents' Testimony:

Lowell Bartles We began the chapel at MDC over 30 years ago when we moved a chaplain there and paid for his salary and benefits. The chapel has been moved from room to room over these 30 years. There is now room for a church in the community. The money for this is donated by people around the country. **Mr. Bartles** shared drawings of the proposed church at MDC. This church would be handicapped accessible and is large enough for clients to have friends join them for services. The chaplain and church will also be serving the needs of the children in the wilderness program. The people at Warm Springs have never had a church and requested we move the one at Galen to Warm Springs. The cost of moving this church is \$50,000, so we decided to try to raise the money to move that church also.

Gale Everson, Montana Developmental Center Chaplain Clients at MDC are very excited at the thought of having their own church. **Mr. Everson** shared plans drawn by MDC residents. A church would help prepare clients for the community, it is a place for them to integrate and begin to mainstream into the social life of a community. MDC has done a tremendous job in helping people develop mentally and physically and we're striving to help them with their spiritual development.

Betty Waddell, Montana Association of Churches We support HJR 24 and are very supportive of these projects. Anything we can do to

help bring the presence of God to people in institutions is of major interest to us. Our Board of Directors has approved the WCC project and is working with them to supply chaplains. People who find God in prison are apt to stay out of prison later. We urge your support of this resolution.

Steve Yeakel Sometimes we think chapels are superfluous but they are important in places like this. In the corrections system we are having problems with impacting lives to change the whole person. This resolution creates another opportunity to do that. For this reason this simple, little bill might be the most important piece of legislation to pass this session.

Opponents' Testimony: None

Questions From Committee Members and Responses: None

Closing by Sponsor:

REP. SOFT I've been working with kids for the past 40 years and spiritual growth and development is very important. If you begin to change the heart, mind and character of children you have a much greater chance of success. HJR 24 requests permission from the 55th legislature to have a coalition of volunteers from all over Montana raise private dollars for construction and endowment of these facilities. I ask your concurrence on this bill.

{Tape: 1; Side: A; Approx. Time Count: 7:24; Comments: None.}

HEARING ON HB 584

Sponsor: REP. DICK KNOX, HD 93, WINIFRED

Proponents: Denise Mills, Department of Environment Quality
Paige Dringman
Anne Hedges, Montana Environmental Information
Center
Peter Nielsen, Missoula City-County Health-
Department

Opponents: None

Opening Statement by Sponsor:

REP. DICK KNOX, HD 93, WINIFRED This bill is the funding mechanism for SB 377 which creates an orphan share account that can be used under certain prescribed situations. SB 377 was the result of long arduous negotiations between the industry and environmental people. HB 584 funding comes from taxes that are paid by our resource industries. This money will go into this special account for mitigation of some of the state superfund sites. HB 584 explained.

{Tape: 1; Side: A; Approx. Time Count: 7:28; Comments: None.}

Proponents' Testimony:**Denise Mills, Department of Environmental Quality (DEQ)**

Testimony handed out. (EXHIBIT #2)

Paige Dringman I participated in the study on behalf of the business and industry caucus. We tried to create a process where liability could be allocated on the basis of a number of factors. This would be done by an independent allocator and would be binding, with parties signing an agreement. Cleanup has to be done before financial reimbursement. There is no liability on the state if there is insufficient funding. The parties will submit a claim for reimbursement when the site cleanup is completed, if there is no money in the fund they will not be reimbursed. Estimates have ranged from \$30-48 million to cleanup the orphan share portion of the sites on the CECRA list. This offers incentives for parties to cleanup the sites and, hopefully, sites will be cleaned up more quickly. SB 377 and HB 584 is funded by metal mines and RIT money. I urge your support.

Anne Hedges, Montana Environmental Information Center I represented the public and environmental interest caucus throughout this process. We support both of these pieces of legislation because public and environmental interests are safeguarded. DEQ has standards that are within our programs. This is a trial program that will sunset in 2005. There isn't enough money in this bill to cleanup all of the sites, this is money for getting started. Our caucus worked to make sure the fund guarantees the money will be used for on the ground remediation, we don't want this money going to attorney's fees, interests, etc. Previous costs incurred by the PLP before the date of this act is effective are not eligible for reimbursement. If an insufficient amount is in the fund, then reimbursement does not have to occur until money is in the fund. Interest cannot accrue on outstanding claims. Only actual documented remedial action costs may be reimbursed. **Peter Nielsen, Missoula City-County Health Department** represented the local government caucus and is in support of HB 584.

Opponents' Testimony: None

{Tape: 1; Side: A; Approx. Time Count: 7:39; Comments: None.}

Questions From Committee Members and Responses:**SEN. TOM KEATING** Please explain revenue sources for this bill.

REP. KNOX Metal mines tax is \$475,000 for FY98 with an increase to \$540,000 in FY99. RIT interest income is \$100,000 in FY99. Ground water assessment tax is \$200,000 per year for FY98 & 99, this tax is paid by oil and gas mining companies. 8.5% of the metal mines tax is going into this account.

SEN. KEATING What cleanup didn't get done under SB 382? **Ms. Dringman** SB 382 was a pilot funding program which diverted

metalliferous mines money for voluntary cleanup. Some of these sites are the Joslin Street tailing site, Corbin Flats and others high on the list. This program has been extended to FY99.

SEN. KEATING If HB 584 is passed, how with the metalliferous mines tax be divided? **Ms. Dringman** No metal mines money would go to RIT, it would be diverted with 8.5% going to this program, 58% to the General Fund, 1.5% to the hard rock mining impact trust account, 2.2% to ground water assessment account, 4.8% to the reclamation and development grants program.

SEN. LOREN JENKINS None of the metal mines tax goes to the RIT currently, does it? **Ms. Dringman** No, it did prior to 1995.

SEN. KEATING Some of the metal mines money was going to the reclamation and development account, wasn't it? **John Tubbs, Department of Natural Resources and Conservation (DNRC)** 4.8% is going to the reclamation account.

CHAIRMAN SWYSGOOD The fiscal note we got with this bill is not correct. This bill becomes effective July 1, 1999, is that right? **Ms. Dringman** Both HB 584 and SB 377 become effective immediately with metal mines money. RIT interest money does not become effective until FY99.

CHAIRMAN SWYSGOOD The fiscal impact will be \$675,000 in FY98 and \$1.25 million in FY99, is that correct? **REP. KNOX** That is correct.

Closing by Sponsor:

REP. KNOX It is unusual to get groups such as these together and even more unusual to arrive at the kind of agreement they did with SB 377 and HB 584. There is no General Fund impact on this. Under our current system, joint and severed liability inevitably results in a huge amount of litigation. This process will reduce litigation making more money available for cleanup. I ask for your approval of this.

{Tape: 1; Side: A; Approx. Time Count: 7:49; Comments: None.}

HEARING ON HB 594

Sponsor: REP. ROGER DEBRUYCKER, HD 89, FLOWEREE

Proponents: Pat Melby, Montana Ski Areas Association
Kevin Taylor, Great Divide Ski Area
George Willett, Showdown Ski Area
Peter Pitcher, Discovery Ski Area

Opponents: John Drake, U.S. Forest Service

Opening Statement by Sponsor:

REP. ROGER DEBRUYCKER, HD 89, FLOWEREE HB 594 eliminates the Tramway Board. There are people here that know a lot more about it than me and will speak to you on this bill.

Proponents' Testimony:

Pat Melby, Montana Ski Areas Association We are in favor of HB 594. This bill will eliminate the regulatory functions of the tramway board which currently has the responsibility of insuring that ski lifts meet ANSI B77 standards. The board has neither the money nor the technical expertise to inspect lifts and insure they meet the standards that are applicable. The board relies on inspections by the insurance companies who require the ski lifts meet these same standards. A number of states do not have tramway inspection programs. **(EXHIBIT #3)** handed out. Thirty-nine incidents happened on the tramway safety board watch and the existence of the board did not prevent them. To our knowledge, none of those incidents were investigated by the board. There is some concern that having the tramway safety board protects private parties and the federal government agencies on whose land a ski area is located from liability. I don't think any amount of regulation protects anyone from liability. The U.S. Forest Service is opposed to this bill and will be proposing an amendment to have the Department of Commerce inspect lifts and insure they met ANSI B77 standards. Insurance companies require us to meet these standards anyway. We think the bill in its present form is very good. Here are letters from 2 insurance companies stating eliminating the tramway board will not affect their ability to provide insurance or the cost. **(EXHIBIT #4 & #5)** I urge the committee to pass HB 594.

Kevin Taylor, Great Divide Ski Area I've been involved in the construction and operation of ski lifts in Montana since 1980. I was appointed to the tramway board in 1990 and served as its chairman from 1994-1996. During my recent tenure as chairman it became increasingly evident to me that the functions performed by the board were redundant and unnecessary and maintained a level of regulation and taxation that provided no benefit to the citizens of Montana or the ski area industry. The board was created more than 20 years ago by ski areas to assist in interpretation and adherence to a standard performance for design, construction, maintenance and operation of ski lifts. The ski area industry adheres strictly to the ANSI-B77 standards. The primary players in the development, evaluation and compliance with this standards are the insurance companies and ski areas. The insurance companies hire the very best inspectors in the country and these inspectors make regular visits to their Montana clients to insure compliance with the standards. The tramway board considered this bill last month and could not find reason enough to continue its own existence and voted in the majority to support this bill. All states surrounding Montana have active ski industries and none have tramway boards or regulations and

their safety records are no different from ours. The tramway board is no longer necessary. I ask your support of this bill.

George Willett, Showdown Ski Area The industry has worked hard at developing a professional approach to running the ski business. We all use ANSI-B77, we all buy lifts from manufacturers who design lifts based on ANSI-B77, we all buy insurance from companies that demand we use ANSI-B77. The tramway board has done nothing but follow the directions of the lift manufacturers and the insurance companies. Our business dictates that we operate a business that is perceived by the public to be free of as much danger as possible. Skiing, by its nature, is a dangerous sport. If we have incidents where a number of people get hurt on tramways we'll be out of business. It is in our best interest to insure that our lifts meet the ANSI-B77 code and it is in the insurance companies best interest that they insist that we maintain and inspect our lifts according to ANSI-B77. Our record in this state is good and has been achieved because of the operators, insurance companies and lift manufacturers, not because of the tramway board. I encourage you to support this legislation.

Peter Pitcher, Discovery Ski Area I would like you to support this bill for the reasons everyone else has expressed but also because the tramway board is a part of government that doesn't work. The best people in the country work for the insurance companies, those are the people we have to depend upon. I urge your support of this bill.

{Tape: 1; Side: B; Approx. Time Count: 8:04; Comments: None.}

Opponents' Testimony:

John Drake, U.S. Forest Service Testimony handed out. (EXHIBIT #6) Incident list handed out. (EXHIBIT #7)

{Tape: 1; Side: B; Approx. Time Count: 8:13; Comments: None.}

Questions From Committee Members and Responses:

SEN. TOM BECK Does the forest service issue a permit for ski resorts on federal lands and how many years is it renewable for?

Mr. Drake We issue a permit that is usually for a 20-30 year period.

SEN. BECK I have cattle permits and the forest service checks to see how many cattle I have, where I have them, what I'm doing with it and what fences have to be fixed. Why aren't you doing the same with the trams and inspecting them? If the trams aren't to your satisfaction, would you deny the permit? **Mr. Drake** We no longer have the skills to do these inspections. We view this as a partnership with the insurance and ski area industry. This is a requirement of the permit.

SEN. BECK Are you reviewing the tramway board's inspections? Do you have the expertise to say whether they are good or bad? **Mr. Drake** Yes, we review the tramway board's inspections. They are clear enough for us to monitor and have been very useful to us. We are not able to tell from insurance inspections what is occurring and it may not be to their advantage to point some of these things out.

SEN. KEATING Do you indemnify the U.S. from liability when entering into agreements with ski areas? **Mr. Drake** We are a co-insurer along with the ski industry. The government would probably stand alone in any liability. **Mr. Melby** The permit, which is renewed annually, requires that the ski area maintain liability insurance with the forest service being named as a co-insurer.

SEN. KEATING Then both the state and the forest service are held harmless by the insurance so the liability for incidents are between the insurance company and the ski operator, right? **Mr. Melby** That is our position. If the U.S. government is requiring ski areas to meet these national standards, their liability is minimal because they haven't done anything negligent that would result in a judgement against them. They have also protected themselves by requiring the ski area to maintain liability insurance. We don't know of any insurance company that doesn't require meeting ANSI-B77 standards and inspections. Most of the inspections **Mr. Drake** is reviewing have been conducted by insurance companies and sent to the board of tramways.

SEN. JENKINS What do you do with the states that don't have tramway boards? **Mr. Drake** We rely on what we can get from the insurance industry and may have a third-party inspection. It is a more difficult arrangement when we do not have a tramway board to deal with.

SEN. JENKINS Would the forest service be willing to pay for a tramway board in Montana? **Mr. Drake** We will accept the responsibility of maintaining permits.

SEN. CHRIS CHRISTIAENS What extra costs are there with the special use permits you propose? **Mr. Drake** We have provisions in the permits which we would rely on when going to a third-party for inspections. They will probably be more costly than what is occurring right now.

SEN. CHRISTIAENS Have you discussed this with ski area operators and tried to come to a compromise? **Mr. Drake** We have not had an opportunity to work with them since the bill surfaced. We would welcome the opportunity to work with the ski industry and the state to make this cost effective.

SEN. DALE MAHLUM Will the forest service require inspections from the insurance company and an outside inspection? **Mr. Drake** We may be able to utilize the insurance company inspection, in

many cases we are not able to use them. If we cannot use those we will require a third-party assessment. We have contractors that are well qualified to provide that assessment.

SEN. BECK The assessment fee will be passed on to the ski area owner, if they don't jump all the hoops, will you deny the permit? **Mr. Drake** If we are not satisfied that the public is protected we will deny the permit.

CHAIRMAN SWYSGOOD You've heard the testimony of the forest service, is the industry willing to bear the cost of an outside inspector? **Mr. Willett** I believe the industry is willing to bear this. The forest service has a no tramway relationship with ski areas in all the states around us and it has not become an onerous problem for those ski areas. I think the operator should pay the bill if there is a problem area. We all paid the bill for a problem area through the tramway board. We want the same treatment they give other areas in other states that don't have tramway boards. They're not bad guys, I've had a good relationship with the forest service for 25 years.

CHAIRMAN SWYSGOOD Currently, insurance companies do these inspections, what does the board do. Does their engineer inspect your facility and turn a report into the forest service? **Mr. Willett** The tramway board has never had qualified engineers to do the inspections, they monitor the insurance company inspections. We submit the insurance company inspection to the forest service and the tramway board.

Closing by Sponsor:

REP. DEBRUYCKER The tramway board engineer never went to these ski areas, all they did was funnel the paperwork and that is why this bill is here. Of the 39 incidents there were 3 injuries. Every time the chair lift shuts down is an incident, sometimes this is when the power goes down.

{Tape: 1; Side: B; Approx. Time Count: 8:32; Comments: None.}

HEARING ON HB 610

Sponsor: REP. ED GRADY, HD 55, CANYON CREEK

Proponents: Marv Dye, Department of Transportation
Ronna Alexander, Petroleum Marketers Association
Ken Hoovestol, Montana Snowmobile Association
Doug Abelin, Four Wheelers and Motor Bike Off-Road
Users

Opponents: None

Opening Statement by Sponsor:

REP. ED GRADY, HD 55, CANYON CREEK HB 610 sets up an interim committee to address the problems facing us with the gas tax. There is a problem with money being diverted from this account. \$70 million is being diverted and not being used on road construction or maintenance and we need to look at this.

{Tape: 2; Side: A; Approx. Time Count: 8:35; Comments: None.}

Proponents' Testimony:

Marv Dye, Department of Transportation (DOT) We support this interim study commission. I hope we can look at state infrastructure needs and get the counties and cities involved in this. We need to know the overall needs on a statewide basis. We hope to have a new highway bill at the federal level by early 1998. We have new management systems that have been approved by the legislature to help the state predict needs with a great deal of reliability. I believe this is a good time for the legislature to be involved.

Ronna Alexander, Petroleum Marketers Association Of our total membership of 125, two-thirds are licensed distributors responsible for collecting and remitting the state motor fuel tax to DOT. We support HB 610 and think this is a good plan.

Ken Hoovestol, Montana Snowmobile Association We think the study is a good idea and support this bill.

Doug Abelin, Four Wheelers and Motor Bike Off-Road Users We feel the grants program that the funds provide in the off-road gas tax will stand on its own merit and we support looking into it.

Opponents' Testimony: None

{Tape: 2; Side: A; Approx. Time Count: 8:38; Comments: None.}

Questions From Committee Members and Responses:

SEN. J.D. LYNCH One of the biggest problems the Legislative Council has is people coming in with these bills and appropriating money for studies instead of going through the normal study process. Why didn't we go through the normal process for prioritizing a study? **REP. GRADY** We aren't trying to make an end run on any other studies, we felt the money should come out of the gas tax.

SEN. LYNCH We only have so much Legislative Council staff and you'll need staff to do this. The \$15,000 will only pay for committee member travel, why aren't we going through the normal process to allocate staff adequately instead of these laws, on the book, demanding staff? **REP. GRADY** That is a decision you'll have to make here.

SEN. MIKE TAYLOR Please give me the vision of this committee, as you see it? **Mr. Dye** This would be a bipartisan committee of 8 members. I see a group of people who will be able to objectively look at the needs and issues, to look at how the resources are being used now and come up with some basic philosophies. There are a ton of issues that need to be addressed. We should have a good picture by the time this committee finishes their work.

SEN. TAYLOR Do you envision this committee will study the condition of the roads and determine which ones need to be fixed?

Mr. Dye No, that is the responsibility of the Highway Commission. There is a bigger policy issue, the needs and how they will be addressed. Long term financing needs to be looked into, we don't build highways 2 years at a time, many reconstruction projects take 5-6 years.

Closing by Sponsor:

REP. GRADY There is money in the bill to compensate the Legislative Fiscal Division if that is a concern. I think this is needed, none of us want to be faced with a gas tax increase in the near future.

{Tape: 2; Side: A; Approx. Time Count: 8:44; Comments: None.}

HEARING ON HB 13

Sponsor: **REP. BILL WISEMAN, HD 41, GREAT FALLS**

Proponents: **Lois Menzies, Department of Administration**
Mark Cress, Department of Administration
Tom Schneider, Montana Public Employees Association
Terry Minow, Montana Federation of State Employees

Opponents: None

Opening Statement by Sponsor:

REP. BILL WISEMAN, HD 41, GREAT FALLS HB 13 is the pay bill. We have 12,500 state employees who work for us and look for us to adjust their pay every 2 years to help them offset the effects of inflation.

Proponents' Testimony:

Lois Menzies, Department of Administration (DOA) I'm here on behalf of the Governor to support HB 13. Testimony handed out. (EXHIBIT #8) (EXHIBIT #9) describes the components of HB 13 and the competency based pay proposal.

Mark Cress, Department of Administration HB 13 explained. This bill directs DOA to develop an alternative classification system but does not provide for its implementation until the legislature

reviews it in 1999. Appropriations in the bill do not fund that study, they are for pay and benefit increases. The development of the alternative pay plan will be handled with existing staff and budgets. The provisions of this bill are the product of constructive work by our labor relations staff, union representatives, managers and employees. I urge your support of HB 13. Amendment #hb001301.arp handed out and explained.
(EXHIBIT #10)

Tom Schneider, Montana Public Employees Association (MPEA) It took approximately 1 year of negotiations to consider the general pay matrix in this bill. It was ratified by MPEA members on February 8, 1997. Long time employees will only receive a 1% salary increase each year because they are at market. The health insurance figures were established by the employee benefits committee based on work with the state health insurance consultants and are necessary to insure that the health insurance is solvent for another 2 years. There was an attempt to take section 1 out of the bill in the House. We support section 1, we were not involved with this section in negotiations but met with DOA following negotiations and added language on page 2, line 2 which cleared up our problems with this section. SB 269 deals with highway patrol pay, we need section 1 to do that study. We ask that section 1 remain in the bill. We urge your support of HB 13.

Terry Minow, Montana Federation of State Employees We support HB 13. This is an important piece of legislation which includes an increase for state employees that is a result of good faith negotiations. It is not 100% perfect from our standpoint but it is an agreement reached between the parties through the process provided by law. As a whole the membership of our state federation supports this agreement and we urge you to give HB 13 a do concur recommendation. The Montana Education Association also supports HB 13, particularly the section dealing with teachers working for the state.

Opponents' Testimony: None

{Tape: 2; Side: A; Approx. Time Count: 9:02; Comments: None.}

Questions From Committee Members and Responses:

SEN. ARNIE MOHL Section 1 states, "each agency when possible shall," what do you mean by that? **Mr. Cress** This is an amendment the House added to the bill. I think the intent is that an effort be made to encourage a flatter organizational structure. There is some argument that our current system motivates more levels.

SEN. MOHL Who determines when that is possible? **Mr. Cress** I believe that would have to be management directors at each agency.

SEN. LYNCH Please explain what is happening with the Commissioner of Campaign Practices salary? **REP. WISEMAN** This position's salary has never been in the law, this bill inserts it in section 15. He requested this position be a grade 19, the House Appropriations Committee lowered it to a grade 17.

SEN. LYNCH This position serves one 6 year term, so it will never reach market value. **REP. WISEMAN** House Appropriations tried to fit his present salary into the pay scale. They felt grade 19 was too much higher than his current salary. **Mr. Cress** The language in section 15 places the Commissioner of Political Practices at market value which is \$39,900.

SEN. MIGNON WATERMAN I would like information on the number of staff per grade. **Mr. Cress** I'll get that for you.

SEN. DARYL TOEWS Please explain the bottom of (EXHIBIT #9) that refers to paid annual leave. **Mr. Cress** The green sheet shows the results of the salary survey and indicates that we provide more paid days off than private employers in Montana on an average. State salaries are less than private employers. This is a situation that resulted over a number of years because pay increases have not kept pace with the market.

SEN. TAYLOR What would an employee who has been with the state for 6 years have in paid days off? **Mr. Cress** Annual leave increases are 3 days at 10 years and at five year intervals after that. Those leave days are not changed by this bill.

{Tape: 2; Side: A; Approx. Time Count: 9:10; Comments: None.}

Closing by Sponsor:

REP. WISEMAN I challenge each one of you to look at the number of supervisors in your subcommittee next session. I think the State of Montana has about 1 supervisor for every 5-6 employees. One of the most effective ways to cut state government is to flatten this structure. I wish I could tell you this is the last time we'll have to raise state employees salaries but those of us in this room have voted for the last 30 years for people in congress and in the White House who have spend \$4.5 trillion more than they have taken in. The only way they will ever pay off that national debt is to inflate their way out of it. This is our opportunity to take care of our state employees.

{Tape: 2; Side: A; Approx. Time Count: 9:53; Comments: None.}

EXECUTIVE ACTION ON HB 594

Motion/Vote: **SEN. LYNCH MOVES HB 594 BE CONCURRED IN. THE MOTION CARRIED UNANIMOUSLY. SEN. KEATING will carry HB 594.**

EXECUTIVE ACTION ON HJR 24

Motion/Vote: SEN. EVE FRANKLIN MOVES HJR 24 BE CONCURRED IN. THE MOTION CARRIED WITH SEN. LYNCH VOTING NO. SEN. TAYLOR will carry HJR 24.

EXECUTIVE ACTION ON HB 610

Motion: SEN. LYNCH MOVES TO AMEND HB 610 BY STRIKING THE FUNDING AMOUNT AND PUTTING THIS ON THE LIST TO BE PRIORITIZED BY THE LEGISLATURE.

Discussion: SEN. FRANKLIN I was on that committee and I agree with SEN. LYNCH'S amendment.

CHAIRMAN SWYSGOOD Where will the money come for this study, if it is approved? SEN. LYNCH It will come out of Legislative Services, we appropriated money for 5 studies at \$25,000 each.

Vote: THE MOTION TO AMEND HB 610 CARRIED 9-7 ON ROLL CALL VOTE.

Motion/Vote: SEN. LYNCH MOVES HB 610 BE CONCURRED IN AS AMENDED. THE MOTION CARRIED 10-6 ON ROLL CALL VOTE. SEN. FRANKLIN will carry HB 610.

{Tape: 2; Side: B; Approx. Time Count: 10:02; Comments: None.}

EXECUTIVE ACTION ON HB 171

Discussion: CHAIRMAN SWYSGOOD We need to look at HB 171 before it hits a deadline.

Taryn Purdy, Legislative Fiscal Division (LFD) This bill came out of the finance committee as a result of the interim subcommittee that was formed to look at RIT. This was an attempt to get a better cash flow in the hazardous waste CERCLA account with the Department of Environmental Quality (DEQ). Certain grants and other biennial appropriations are made upfront for the entire biennium during the first year of the biennium. To help the cash flow this bill would split the appropriation between the 2 years. It also cleans up some inconsistencies in the law. I don't believe this bill requires any coordination with any others bills at this point.

SEN. LYNCH I oppose this bill, we already have the one that automatically goes to the oil and gas board and now this one will automatically go to water with no oversight by the Long Range Building Committee. Ms. Purdy No, this takes the \$5.5 million biennial allocation and splits it. The Long Range Planning Committee will still be prioritizing the grants.

SEN. CHRISTIAENS When long range building looks at them now the ones at the bottom drop off if the money isn't there.

Motion: SEN. KEATING MOVES HB 171 BE CONCURRED IN.

Discussion: SEN. KEATING It allows DEQ to stretch the funding requests over 2 years and helps the department with their disbursements. It doesn't change the funding in any way.

SEN. LYNCH We do that now in long range building, I'm not sure what this accomplishes.

Ms. Purdy This is a cash flow issue. The money is taken out of the income for the first year of the biennium which causes a cash flow problem for the accounts that get money during both years of the biennium.

SEN. KEATING The interest income comes in on an annual basis and the funds will be allocated on an annual basis also.

CHAIRMAN SWYSGOOD The agency desired this bill if the other ones failed which they did.

Vote: THE MOTION THAT HB 171 BE CONCURRED IN CARRIED 15-2 ON ROLL CALL VOTE. SEN. KEATING will carry HB 171.

{Tape: 2; Side: B; Approx. Time Count: 10:10; Comments: None.}

EXECUTIVE ACTION ON HB 580

Discussion: CHAIRMAN SWYSGOOD (EXHIBIT #11) handed out. This bill has each agency identify 15% of their program for possible budget reductions.

Motion: SEN. WATERMAN MOVES HB 580 BE CONCURRED IN.

Motion: SEN. LYNCH MOVES TO AMEND HB 580 BY STRIKING "15%" AND INSERTING "100%".

Discussion: CHAIRMAN SWYSGOOD Normally I wouldn't have a problem with this motion but putting it to zero will create a tremendous amount of work for staff and agencies. I believe this would be almost impossible to accomplish. I oppose the motion.

SEN. LYNCH Zero based budgeting would require the agencies to justify everything they are doing which is very practical. I feel we didn't give this enough time to work when we tried it before.

SEN. TOEWS I concur with SEN. LYNCH but I haven't seen any effort by state government to reduce spending. Until they have the will to reduce spending significantly why go through the exercise?

SEN. LYNCH With 15% the agencies will show their most popular programs as the ones to eliminate so we won't eliminate them. Zero based budget makes them show all the programs and why they are necessary.

SEN. TAYLOR I concur on this amendment. Zero based budgeting is the way to run a government if you're going to justify the programs. It is extra work for staff but this is what we need to get back to if we need to cut programs.

SEN. MOHL I have a problem having the agencies figure out the 15%, why can't we have LFD make the recommendations? **CHAIRMAN SWYSGOOD** I don't think we need to get our staff involved in the running of government. They are here for our information. I would like staff to explain the ramifications of **SEN. LYNCH'S** motion.

Ms. Purdy I agree that zero based budgeting is the preferable way to go when you are examining programs and prioritizing them. One of the ramifications is how the legislature would wish to examine the budgets once you got them and how that prioritization would be made. Staff will do whatever you need done. The danger of agencies putting forth their most popular programs is very real. Other states have found that the agencies tried to do that in the beginning and the legislature called their bluff by making reductions in the popular programs. Therefore the agencies got a lot more serious about prioritizing.

SEN. LYNCH With term limits and the institutional memory that will be eliminated, I think the legislature should look at the whole program. This way new legislators get to look at everything.

Vote: THE MOTION TO AMEND HB 580 CARRIED 10-7 ON ROLL CALL VOTE.

Motion/Vote: SEN. WATERMAN MOVES HB 580 BE CONCURRED IN AS AMENDED. THE MOTION CARRIED 10-7 ON ROLL CALL VOTE. SEN. LYNCH will carry HB 580.

{Tape: 2; Side: B; Approx. Time Count: 10:18; Comments: None.}

EXECUTIVE ACTION ON HB 47

Motion: SEN. BECK MOVES HB 47 BE CONCURRED IN.

Amendment: Amendment #hb004708.aem. (EXHIBIT #12)

Motion: SEN. WATERMAN MOVES TO AMEND HB 47 WITH AMENDMENT #HB004708.AEM.

Discussion: **SEN. WATERMAN** This amendment takes the \$12.5 million that the House put in technology and moves it to the base. It would increase the base aid to 2% in FY98 and 2.4% in FY99. To give tax relief and flexibility you need to put money into the base. I'm concerned that the \$12.5 million is a one-time appropriation and moves it out of the base. It does not require a vote of the people to increase spending and insures that districts have to increase spending to utilize this money. I believe some districts may want to lower taxes and if you put

the money into the base that would allow voters to decide if they wanted to increase spending and how they'd like to utilize the funds. Local control has always been a foundation of our education funding system in this state and this moves us away from that.

SEN. TOEWS Local districts do have control of their budgets. The amount of money we are talking about is so small and they spend that amount every year anyway.

SEN. BECK I've been talking with some of the school teachers in my district. The teachers don't have supplies and materials currently, if we put this in the base it will probably go into salaries. These funds should go into the school districts and I believe that was the purpose of this \$12.5 million to start with. I've had no problem with my school districts saying they'll match and use the money for materials. I think we should leave this bill alone.

SEN. MOHL I agree with **SEN. BECK**. My school districts are also happy.

SEN. FRANKLIN A number of my districts would like the money in the base.

SEN. WATERMAN It is true, districts will be able to find the match but this is money that will go on top of it. If you roll it into the base budget they will have to vote to increase those budgets.

Vote: THE MOTION TO AMEND HB 47 WITH AMENDMENT #HB004708.AEM
FAILED 6-11 ON ROLL CALL VOTE.

Vote: THE MOTION THAT HB 47 BE CONCURRED IN CARRIED 14-3 ON ROLL
CALL VOTE. **SEN. TOEWS** will carry HB 47.

{Tape: 2; Side: B; Approx. Time Count: 10:25; Comments: None.}

EXECUTIVE ACTION ON HB 13

Motion: **SEN. WATERMAN** MOVES HB 13 BE CONCURRED IN.

Amendment: Amendment #hb001301.arp. (EXHIBIT #10)

Motion: **SEN. CHRISTIAENS** MOVES TO AMEND HB 13 WITH AMENDMENT
#HB001301.ARP.

Discussion: **CHAIRMAN SWYSGOOD** This is an amendment mentioned by **REP. WISEMAN**. Please explain what this amendment does. **Mr. Cress** The legislative staff has always been exempt from personnel and pay plan sections of the law. They were included in that section last time to give them separate authority to set up their own compensations systems. This amendment puts them back on the exempt list so they can implement the recommendations

of that study. **CHAIRMAN SWYSGOOD** Their pay system will be separate for the rest of state government.

SEN. CHRISTIAENS This fits in the coordination of HB 172 which has passed.

SEN. LYNCH These are necessary exemptions.

Vote: THE MOTION TO AMEND HB 13 WITH AMENDMENT #HB001301.ARP CARRIED UNANIMOUSLY.

Amendment: Amendment #hb001302.a35. (EXHIBIT #13)

Motion: SEN. MOHL MOVES TO AMEND HB 13 WITH AMENDMENT #HB001302.A35.

Discussion: **CHAIRMAN SWYSGOOD** Can you explain how this will change what will be done? **Mr. Cress** As I understand the House amendment gives general direction as we develop this plan. I don't understand what this language does. **CHAIRMAN SWYSGOOD** What if we strike all that language and go back to how the bill was introduced. **Mr. Cress** I don't have any problem with the language because I think the kind of pay plan we are proposing will result in a flatter organizational structure. Either way is okay with me.

Motion: SEN. MOHL MAKES A SUBSTITUTE MOTION TO AMEND HB 13 BY STRIKING THE LANGUAGE ON PAGE 1, LINES 28-29.

Discussion: **SEN. BECK** There is an amendment on the second page, what is this? **CHAIRMAN SWYSGOOD** That has nothing to do with this. The unions are saying that they have the right to negotiate if an alternative plan is arrived at.

SEN. JENKINS We've seen this develop into a structure of 1-5 or 1-7 employees over the years and that wouldn't happen in the real world. I like the first amendment but not the second one.

SEN. TAYLOR I think the first amendment started in the direction intended.

SEN. KEATING Some agencies have reorganized reducing management and there are smaller agencies that are already limited to one manager, that is why "when possible" is in there. I think the language should be left alone in the bill.

SEN. FRANKLIN I concur with **SEN. KEATING**, the effective date wouldn't make sense with this amendment.

Vote: THE SUBSTITUTE MOTION TO AMEND HB 13 FAILED 8-9 ON ROLL CALL VOTE.

Motion: SEN. MOHL MOVES TO AMEND HB 13 WITH AMENDMENT #HB001302.A35.

Discussion: SEN. LYNCH This won't work on smaller agencies like the Historical Society.

SEN. FRANKLIN I advocate leaving in "when possible" as it makes a policy statement about direction.

Vote: THE MOTION TO AMEND HB 13 WITH AMENDMENT #HB001302.A35
FAILED 4-13 ON ROLL CALL VOTE.

{Tape: 3; Side: A; Approx. Time Count: 10:39; Comments: None.}

Amendment: Amendment #hb001301.a35. (EXHIBIT #14)

Motion: SEN. MAHLUM MOVES TO AMEND HB 13 WITH AMENDMENT
#HB001301.A35.

Discussion: SEN. MAHLUM The Commissioner of Political Practices serves one 6 year term and it is difficult to find a qualified person to come in at a grade 17. This raises the salary for this position to a grade 18.

SEN. WATERMAN I don't remember having any difficulty getting people to apply for this job, there were quite a few applicants when Commissioner Argenbright was selected. The staff for this office consists of 5 people which includes the Commissioner. I think this pay increase is out of line.

SEN. LYNCH I'm in favor of the motion, the responsibilities this individual has justifies the higher salary. The size of his staff shouldn't dictate salary.

SEN. LARRY BAER I support the amendment, I worked very hard with Mr. Argenbright on the ethics bill during the last legislative session. We put about 100 hours of work in that and he was there for every step. We gave him extra personnel and he did not hesitate to reduce staff and save the state money. I think he is a very committed individual and that is the kind of individual we need to attract for this job.

SEN. MOHL I support this motion, I can't imagine anyone moving to Helena for 6 years for this kind of wage.

CHAIRMAN SWYSGOOD This will add \$8,000 to the budget, correct?
Ms. Purdy There is no appropriation in this, it would probably come out of the money from the eliminated position.

Vote: THE MOTION TO AMEND HB 13 WITH AMENDMENT #HB001301.A35
CARRIED 10-7 ON ROLL CALL VOTE.

Motion/Vote: SEN. WATERMAN MOVES HB 13 BE CONCURRED IN AS
AMENDED. THE MOTION CARRIED 15-2 ON ROLL CALL VOTE. SEN. FOSTER
will carry HB 13.

{Tape: 3; Side: A; Approx. Time Count: 10:45; Comments: None.}

EXECUTIVE ACTION ON HB 188

Motion: SEN. LYNCH MOVES HB 188 BE CONCURRED IN. (EXHIBIT #15 & 16) handed out.

Amendments: Amendment #hb018803.a12. (EXHIBIT #17)

Motion: SEN. LYNCH MOVES TO AMEND HB 188 WITH AMENDMENT #HB018803.A12.

Discussion: SEN. LYNCH This amendment was taken out in long range planning. We know the year 2000 problem is going to hit everyone, including the university system but we've decided not to address that. This adds half of what they need to address the year 2000 problem.

SEN. TAYLOR I'd like someone from the university system to speak on this. **Richard Crofts, Commissioner of Higher Education** The situation we are facing is similar to the one **Lois Menzies** described yesterday. This money would be used to upgrade the entire system including the solutions to the year 2000 problem.

SEN. TAYLOR What is the cost of the year 2000 fix? **Dr. Crofts** The cost for MSU is estimated to be \$1.6 million, UM is about \$600,000.

SEN. WATERMAN Will this \$3.2 million allow you to access the additional \$3.2 million from other funds? **CHAIRMAN SWYSGOOD** I don't believe that is the intent of this, they are funding half of the \$7 million with their money and the other half with General Fund money.

Nan LeFebvre, LFD \$1.6 million of the total amount would be funded with General Fund, this will be about \$204,000 per year for 10 years in debt service payments. This is within the reduction target.

SEN. BECK You don't need the full \$3.2 million to address the year 2000 problem, do you? Where is the extra money going? **Dr. Crofts** If you simply take existing administrative systems and solve the year 2000 problem, you have existing systems that are not very good and that is all you achieve. Spending this amount of money in upgrading the entire system and solving the year 2000 problem is the same basis as the MT PRRIME project. You can fix the year 2000 problem for less dollars but you would still have old systems that aren't providing the total information you need.

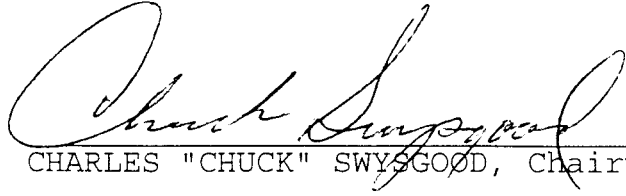
SEN. BECK I have some concern with using a 10 year bond for computer equipment. Won't the computers be worn out by that time? **Dr. Crofts** This money is not for the purchase of computers, this is for the administrative information systems.

Vote: THE MOTION TO AMEND HB 188 WITH AMENDMENT #HB018803.A12 CARRIED 16-1 ON ROLL CALL VOTE.

Motion/Vote: SEN. LYNCH MOVES HB 188 BE CONCURRED IN AS
AMENDED. THE MOTION CARRIED WITH SEN. BURNETT AND MOHL VOTING
NO. SEN. COLE will carry HB 188.

ADJOURNMENT

Adjournment: 10:57 a.m.

A large, stylized handwritten signature in cursive script, appearing to read "Chuck Swysgood".

SEN. CHARLES "CHUCK" SWYSGOOD, Chairman

A handwritten signature in cursive script, appearing to read "Sharon Cummings".

SHARON CUMMINGS, Secretary

CS/SC