## HOUSE BILL NO. 1

### INTRODUCED BY THOFT

### IN THE HOUSE

MAY 21, 1990

INTRODUCED AND REFERRED TO COMMITTEE ON LABOR & EMPLOYMENT RELATIONS.

FIRST READING.

MAY 22, 1990

COMMITTER RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.

PRINTING REPORT.

ON MOTION, RULES SUSPENDED AND BILL PLACED ON SECOND READING THIS DAY.

SECOND READING, DO PASS.

ENGROSSING REPORT.

ON MOTION, RULES SUSPENDED AND BILL PLACED ON THIRD READING THIS DAY.

THIRD READING, PASSED. AYES, 76; NOES, 23.

TRANSMITTED TO SENATE.

## IN THE SENATE

MAY 23, 1990

INTRODUCED AND REFERRED TO COMMITTEE ON LABOR & EMPLOYMENT RELATIONS.

FIRST READING.

COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.

SECOND READING, CONCURRED IN.

THIRD READING, CONCURRED IN. AYES, 40; NOES, 10.

RETURNED TO HOUSE.

# IN THE HOUSE

MAY 24, 1990

RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

2	INTRODUCED BY THOFT
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4	A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE USE OF
5	INMATE LABOR FOR CONSTRUCTION PROJECTS AUTHORIZED BY THE
6	LEGISLATURE; SPECIFICALLY AUTHORIZING THE USE OF INMATE
7	LABOR FOR CERTAIN PROJECTS; AMENDING SECTION 53-1-301, MCA;
8	AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, A RETROACTIVE
9	APPLICABILITY DATE, AND A TERMINATION DATE."
10	
11	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12	Section 1. Section 53-1-301, MCA, is amended to read:
13	"53-1-301. Permitted institutional industries, powers
14	of department, and incentive pay to inmates. (1) Except as
15	provided in subsection (3), the department may:
16	(a) establish industries in institutions which will
17	result in the production or manufacture of such products and
18	the rendering of such services as may be needed by any
19	department or agency of the state or any political
20	subdivision thereof, by any agency of the federal
21	government, by any other states or their political
22	subdivisions, or by nonprofit organizations and that will
23	assist in the rehabilitation of residents in institutions;
24	(b) contract with private industry for the sale of
25	goods or components manufactured or produced in shops under

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1	its jurisdiction;
2	(c) print catalogs describing goods manufactured or
3	produced by institutions and distribute the catalogs;
4	(d) fix the sale price for goods produced or
5	manufactured at institutions. Prices shall not exceed prices
6	existing in the open market for goods of comparable quality.
7	(e) require institutions to purchase needed goods from
8	other institutions;
9	(f) provide for the repair and maintenance of property
10	and equipment of institutions by residents of institutions;
11	(g) provide for construction projects up to the
12	aggregate sum of \$25,000 per project, by residents of
13	institutions; provided, however, said construction work is
14	not covered by a collective bargaining agreement;
15	(h) provide for the repair and maintenance at an
16	institution of furniture and equipment of any state agency;
17	(i) provide for the manufacture at an institution of
18	motor vehicle license plates and other related articles;
19	(j) with the approval of the department, sell
20	manufactured or agricultural products and livestock on the
21	open market;
22	(k) provide for the manufacture at an institution of
23	highway, road, and street marking signs for the use of the
24	state or any of its political subdivisions, except when the
25	manufacture of the signs is in violation of a collective

bargaining contract;

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- 2 (1) pay an inmate or resident of an institution from 3 receipts from the sale of products produced or manufactured 4 or services rendered in a program in which he is working.
- 5 (2) (a) Payment for the performance of work may be 6 based on the following criteria:
  - (i) knowledge and skill;
- (ii) attitude toward authority;
  - (iii) physical effort;
- 10 (iv) responsibility for equipment and materials;
- (v) regard for safety of others.
- 12 (b) The maximum rate of pay shall be determined by the
  13 appropriation established for each program.
  - (3) Except as provided in subsection (4), furniture made in the prison may be purchased by state agencies in accordance with the procurement provisions under Title 18, chapter 4. All other prison-made furniture may be sold only through licensed wholesale or retail furniture outlets or through export firms for sale to international markets.
  - (4) Any state institution, facility, or program operated by the department may purchase prison-made furniture without complying with the procurement provisions under Title 1B, chapter 4.
- 24 (5) The department may provide for construction of 25 projects authorized in [section 2] by inmates at the Montana

1 state prison."

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- NEW SECTION. Section 2. Authorization of inmate labor 2 for designated construction projects -- exemptions. (1) The 3 department of institutions may use inmate labor for purposes 4 of constructing the low security housing unit at Montana state prison authorized in section 6 of House Bill No. 777, Laws of 1989; constructing the ranch housing units and the 7 irrigation system at Montana state prison authorized in section 7 of House Bill No. 777, Laws of 1989; and 9 inspecting, studying, and renovating dams at Montana state 10 prison authorized in section 10(2) of House Bill No. 777, 11 Laws of 1989. 12
  - (2) The department of administration may exempt the projects authorized in subsection (1) from the provisions of any applicable Montana law relating to public bidding, bonding, workers' compensation coverage, or labor and wage requirements.
  - NEW SECTION. Section 3. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.
- NEW SECTION. Section 4. Retroactive applicability.

  [This act] applies retroactively, within the meaning of

### HB 0001/01

1 1-2-109, to May 16, 1989.

2 NEW SECTION. Section 5. Effective date -- termination.

3 (1) [This act] is effective on passage and approval.

4 (2) [Section 1] terminates July 1, 1991.

5 -End-

#### STATE OF MONTANA - FISCAL NOTE Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB001, as introduced.

<u>DESCRIPTION OF PROPOSED LEGISLATION</u>: An act allowing the use of inmate labor for construction projects authorized by the legislature; specifically authorizing the use of inmate labor for certain projects; amending section 53-1-301, MCA; and providing an immediate effective date, a retroactive applicability date, and a termination date.

### ASSUMPTIONS:

1. Cost of inmate labor is included in the FY90 and FY91 appropriations for the construction projects.

### FISCAL IMPACT:

The passage of this bill will have no fiscal impact. However, if the bill is not passed and the state were to be prevented from using inmate labor to complete the projects, the impact of a delay in the completion of the projects could be substantial. If inmate work were to be stopped and construction bid to a private contractor, the estimated cost to complete the project would be an additional \$1,036,000.

In addition, if the prison population continued to rise and the department were to contract for detention services, detention costs could increase by almost \$26 per inmate per day. Contract costs could run up to \$60 per day per inmate. Current per day costs at the state prison are \$34.08 per inmate.

W. DAVID DARBY, BUDGET DIRECTOR

OFFICE OF BUDGET AND PROGRAM PLANNING

DATE 5/21

BOB THOFT, PRIMARY SPONSOR

Fiscal Note for <u>HB001</u>, as introduced

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7 8 9 its jurisdiction:

APPROVED BY COMMITTEE ON LABOR & EMPLOYMENT RELATIONS AS AMENDED

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2	INTRODUCED BY THOFT
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4	A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE USE OF
5	INMATE LABOR FOR CONSTRUCTION PROJECTS-AUTHORITED-BY-THE
6	begisbature;-specificabbyauthorisingtheuseofinmate
7	BABOR-FOR-CERTAIN-PROJECTS OF A LOW SECURITY HOUSING UNIT AT
8	MONTANA STATE PRISON AS AUTHORIZED IN SECTION 6, HOUSE BILL
9	NO. 777, LAWS OF 1989; AMENDING SECTION 53-1-301, MCA AND
LO	SECTION 22, HOUSE BILL NO. 777, LAWS OF 1989; AND PROVIDING
11	AN IMMEDIATE EFFECTIVE DATE, A RETROACTIVE APPLICABILITY
12	DATE, AND A TERMINATION DATE."
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19	(a) establish industries in institutions which will
20	result in the production or manufacture of such products and
21	the rendering of such services as may be needed by any
22	department or agency of the state or any political
23	subdivision thereof, by any agency of the federal
24	government, by any other states or their political
25	subdivisions, or by nonprofit organizations and that will

HOUSE BILL NO. 1

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(c)	print	catalogs	describing	goods ma	anufactured	01
produced	by ins	titutions	and distribu	ite the cat	talogs;	
(d)	fix t	he sale	price for	goods	produced	O1
manufact	ured at	instituti	ions. Prices	shall not	exceed pric	ces

assist in the rehabilitation of residents in institutions:

goods or components manufactured or produced in shops under

(b) contract with private industry for the sale of

10 (e) require institutions to purchase needed goods from
11 other institutions;

existing in the open market for goods of comparable quality.

- 12 (f) provide for the repair and maintenance of property
  13 and equipment of institutions by residents of institutions;
- (g) provide for construction projects up to the aggregate sum of \$25,000 per project, by residents of institutions; provided, however, said construction work is not covered by a collective bargaining agreement;
- 18 (h) provide for the repair and maintenance at an 19 institution of furniture and equipment of any state agency;
- 20 (i) provide for the manufacture at an institution of 21 motor vehicle license plates and other related articles;
- 22 (j) with the approval of the department, sell 23 manufactured or agricultural products and livestock on the 24 open market;
- 25 (k) provide for the manufacture at an institution of

#### HB 0001/02

highway, road, and street marking signs for the use of	the
state or any of its political subdivisions, except when	the
manufacture of the signs is in violation of a collect	ive
bargaining contract;	

- (1) pay an inmate or resident of an institution from receipts from the sale of products produced or manufactured or services rendered in a program in which he is working.
- (2) (a) Payment for the performance of work may be based on the following criteria:
- (i) knowledge and skill;
  - (ii) attitude toward authority;
- 12 (iii) physical effort;

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- (iv) responsibility for equipment and materials;
- 14 (v) regard for safety of others.
- 15 (b) The maximum rate of pay shall be determined by the 16 appropriation established for each program.
  - (3) Except as provided in subsection (4), furniture made in the prison may be purchased by state agencies in accordance with the procurement provisions under Title 18, chapter 4. All other prison-made furniture may be sold only through licensed wholesale or retail furniture outlets or through export firms for sale to international markets.
- 23 (4) Any state institution, facility, or program
  24 operated by the department may purchase prison-made
  25 furniture without complying with the procurement provisions

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under Title 18, chapter 4.

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(5) The department may provide for construction of projects THE PROJECT authorized in [section 2] by inmates at the Montana state prison."

NEW SECTION. Section 2. Authorization of inmate labor 5 for designated-construction-projects PRISON CONSTRUCTION -exemptions. (1) The department of institutions may use 7 inmate labor for purposes of constructing the low security housing unit at Montana state prison authorized in section 6 of House Bill No. 777, Laws of 1989; -constructing-the--ranch 10 housing--units--and--the--irrigation-system-at-Montana-state 11 prison-authorized-in-section-7-of-House-Bill-No---777,--baws 12 of--1989;--and--inspecting;-studying;-and-renovating-dams-at 13 Montana-state-prison-authorized-in-section--10(2)--of--House 14 B++1-Nor-7777-bays-of-1989. 15

(2) The department of administration may exempt the projects PROJECT authorized in subsection (1) from the provisions of any applicable Montana law relating to public bidding, bonding, workers' compensation coverage, or labor and wage requirements.

21 SECTION 3. SECTION 22, HOUSE BILL NO. 777, LAWS OF 22 1989, IS AMENDED TO READ:

Section 22. Authorizing inmate labor for construction of--prison-projects prison construction. For-the-purposes-of constructing-a-96-man-housing-unit--authorized--in--fsection

-4-

- 1 6); -- the -- ranch -- housing -- units - and - the -irrigation - system - at 2 Montana-state-prison-authorized--in--fsection--7};--and--the 3 inspection,--study,--and-renovation-of-dams-at-Montana-state prison-authorized-in-fsection-10(2)17-the The department of 5 institutions may use inmate labor to-construct-the-projects for purposes of constructing the low security housing unit 7 authorized in [section 6] and is exempt, for the purposes of 8 completing these-projects such project, from the provisions 9 of 53-1-301(1)(9). The department of administration may 10 exempt these-projects the project authorized in {section 6} 11 from any provisions of Montana law relating to public 12 bidding, bonding, workers' compensation coverage, or labor 13 and wage requirements."
- NEW SECTION. Section 4. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.
- NEW SECTION. Section 5. Retroactive applicability.

  [This act] applies retroactively, within the meaning of 1-2-109, to May 16, 1989.
- NEW SECTION. Section 6. Effective date -- termination.
- 24 (1) [This act] is effective on passage and approval.
- 25 (2) [Section 1] terminates July 1, 1991. -End-

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open market;

-	HOOSE DIDE NO. 1
2	INTRODUCED BY THOFT
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7	LABOR-POR-CERTAIN-PROJECTS OF A LOW SECURITY HOUSING UNIT AT
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NAMES OF THE NAME OF

1	assist in the rehabilitation of residents in institutions;
2	(b) contract with private industry for the sale of
3	goods or components manufactured or produced in shops under
4	its inriediction.

- (c) print catalogs describing goods manufactured or produced by institutions and distribute the catalogs;
- 7 (d) fix the sale price for goods produced 8 manufactured at institutions. Prices shall not exceed prices existing in the open market for goods of comparable quality. 9
- 10 (e) require institutions to purchase needed goods from 11 other institutions;
- (f) provide for the repair and maintenance of property 12 and equipment of institutions by residents of institutions: 13
  - (q) provide for construction projects up to the aggregate sum of \$25,000 per project, by residents of institutions; provided, however, said construction work is not covered by a collective bargaining agreement;
- 18 (h) provide for the repair and maintenance at an institution of furniture and equipment of any state agency; 19
- 20 (i) provide for the manufacture at an institution of motor vehicle license plates and other related articles; 21
- 22 (j) with the approval of the department, manufactured or agricultural products and livestock on the 23
- 25 (k) provide for the manufacture at an institution of

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HB 0001/02

- 1 highway, road, and street marking signs for the use of the state or any of its political subdivisions, except when the manufacture of the signs is in violation of a collective bargaining contract;
  - (1) pay an inmate or resident of an institution from receipts from the sale of products produced or manufactured or services rendered in a program in which he is working.
  - (2) (a) Payment for the performance of work may be based on the following criteria:
    - (i) knowledge and skill;
- 11 (ii) attitude toward authority;
- 12 (iii) physical effort;

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- 13 (iv) responsibility for equipment and materials;
- 14 (v) regard for safety of others.
  - (b) The maximum rate of pay shall be determined by the appropriation established for each program.
  - (3) Except as provided in subsection (4), furniture made in the prison may be purchased by state agencies in accordance with the procurement provisions under Title 18, chapter 4. All other prison-made furniture may be sold only through licensed wholesale or retail furniture outlets or through export firms for sale to international markets.
  - (4) Any state institution, facility, or program operated by the department may purchase prison-made furniture without complying with the procurement provisions

- 1 under Title 18, chapter 4.
- (5) The department may provide for construction of
- projects THE PROJECT authorized in [section 2] by inmates at
- the Montana state prison."
- NEW SECTION. Section 2. Authorization of inmate labor
- 6 for designated-construction-projects PRISON CONSTRUCTION --
- 7 exemptions. (1) The department of institutions may use
- 8 inmate labor for purposes of constructing the low security
- 9 housing unit at Montana state prison authorized in section 6
- 10 of House Bill No. 777, Laws of 1989; -constructing-the--ranch
- 11 housing--units--and--the--irrigation-system-at-Montana-state
- 12 prison-authorized-in-section-7-of-House-Bill-No---7777--baws
- 13 of--1989;--and--inspecting;-studying;-and-renovating-dams-at
- 14 Montana-state-prison-authorized-in-section--10(2)--of--House
- 15 Bill-No--7777-baws-of-1989.
- 16 (2) The department of administration may exempt the
- 17 projects PROJECT authorized in subsection (1) from the
- 18 provisions of any applicable Montana law relating to public
- 19 bidding, bonding, workers' compensation coverage, or labor
- 20 and wage requirements.
- 21 SECTION 3. SECTION 22, HOUSE BILL NO. 777, LAWS OF
- 1989, IS AMENDED TO READ: 22
- 23 Section 22. Authorizing inmate labor for construction
- 24 of--prison-projects prison construction. For-the-purposes-of
- 25 constructing-a-96-man-housing-unit--authorized--in--fsection

- 1 6); -- the -- ranch -- housing -- units - and - the -irrigation - system - at 2 Montana-state-prison-authorized--in--{section--7};--and--the 3 inspection, -- study, -- and -renovation - of -dams - at -Montana - state 4 prison-authorized-in-{section-10(2)};-the The department of 5 institutions may use inmate labor to-construct-the-projects 6 for purposes of constructing the low security housing unit 7 authorized in [section 6] and is exempt, for the purposes of 8 completing these-projects such project, from the provisions 9 of 53-k-301(1)(g). The department of administration may 10 exempt these-projects the project authorized in [section 6] 11 from any provisions of Montana law relating to public 12 bidding, bonding, workers' compensation coverage, or labor 13 and wage requirements."
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- NEW SECTION. Section 5. Retroactive applicability.

  [This act] applies retroactively, within the meaning of 1-2-109, to May 16, 1989.
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- 24 (1) [This act] is effective on passage and approval.
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- NEW SECTION. Section 2. Authorization of inmate labor 5 for designated-construction-projects PRISON CONSTRUCTION --6 exemptions. (1) The department of institutions may use 7 inmate labor for purposes of constructing the low security 8 housing unit at Montana state prison authorized in section 6 9 of House Bill No. 777, Laws of 1989; -constructing-the--ranch 10 housing--units--and--the--irrigation-system-at-Montana-state 11 prison-authorized-in-section-7-of-House-Bill-No---777,--baws 12 of--1989;--and--inspecting;-studying;-and-renovating-dams-at 13 Montana-state-prison-authorized-in-section--10(2)--of--House 14 Bill-No--7777-baws-of-1989. 15
  - (2) The department of administration may exempt the projects PROJECT authorized in subsection (1) from the provisions of any applicable Montana law relating to public bidding, bonding, workers' compensation coverage, or labor and wage requirements.
- SECTION 3. SECTION 22, HOUSE BILL NO. 777, LAWS OF 21 22 1989. IS AMENDED TO READ:
- Section 22. Authorizing inmate labor for construction 23 of--prison-projects prison construction. Por-the-purposes-of 24 constructing-a-96-man-housing-unit--authorized--in--{section

- 1 6};--the--ranch--housing--units-and-the-irrigation-system-at 2 Montana-state-prison-authorized--in--fsection--7};--and--the 3 inspection, -- study, -- and -renovation - of -dams - at -Montana - state prison-authorized-in-fsection-10(2));-the The department of 5 institutions may use inmate labor to-construct-the-projects for purposes of constructing the low security housing unit 7 authorized in [section 6] and is exempt, for the purposes of 8 completing these-projects such project, from the provisions of 53-1-301(1)(g). The department of administration may 10 exempt these-projects the project authorized in [section 6] 11 from any provisions of Montana law relating to public 12 bidding, bonding, workers' compensation coverage, or labor
  - NEW SECTION. Section 4. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.
- 20 <u>NEW SECTION.</u> Section 5. Retroactive applicability.
  21 [This act] applies retroactively, within the meaning of
  22 1-2-109, to May 16, 1989.
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