

1 SENATE BILL NO. 2

2 INTRODUCED BY NOBLE

3  
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

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

1 bargaining contract;

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:

7 (i) knowledge and skill;

8 (ii) attitude toward authority;

9 (iii) physical effort;

10 (iv) responsibility for equipment and materials;

11 (v) regard for safety of others.

12 (b) The maximum rate of pay shall be determined by the

13 appropriation established for each program.

14 (3) Except as provided in subsection (4), furniture

15 made in the prison may be purchased by state agencies in

16 accordance with the procurement provisions under Title 18,

17 chapter 4. All other prison-made furniture may be sold only

18 through licensed wholesale or retail furniture outlets or

19 through export firms for sale to international markets.

20 (4) Any state institution, facility, or program

21 operated by the department may purchase prison-made

22 furniture without complying with the procurement provisions

23 under Title 18, 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."

2 NEW SECTION. Section 2. Authorization of inmate labor

3 for designated construction projects -- exemptions. (1) The

4 department of institutions may use inmate labor for purposes

5 of constructing the low security housing unit at Montana

6 state prison authorized in section 6 of House Bill No. 777,

7 Laws of 1989; constructing the ranch housing units and the

8 irrigation system at Montana state prison authorized in

9 section 7 of House Bill No. 777, Laws of 1989; and

10 inspecting, studying, and renovating dams at Montana state

11 prison authorized in section 10(2) of House Bill No. 777,

12 Laws of 1989.

13 (2) The department of administration may exempt the

14 projects authorized in subsection (1) from the provisions of

15 any applicable Montana law relating to public bidding,

16 bonding, workers' compensation coverage, or labor and wage

17 requirements.

18 NEW SECTION. Section 3. Severability. If a part of

19 [this act] is invalid, all valid parts that are severable

20 from the invalid part remain in effect. If a part of [this

21 act] is invalid in one or more of its applications, the part

22 remains in effect in all valid applications that are

23 severable from the invalid applications.

24 NEW SECTION. Section 4. Retroactive applicability.

25 [This act] applies retroactively, within the meaning of

SB 0002/01

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 SB002, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION: 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.

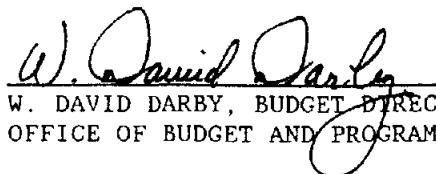
ASSUMPTIONS:

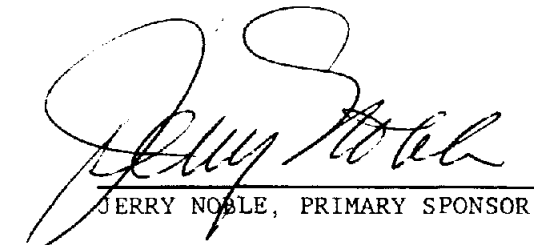
1. Cost of inmate labor is included in the FY90 and FY91 appropriations for the construction projects.

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.

 DATE 5/21/90  
W. DAVID DARBY, BUDGET DIRECTOR  
OFFICE OF BUDGET AND PROGRAM PLANNING

 DATE 5-22-90  
JERRY NOBLE, PRIMARY SPONSOR  
Fiscal Note for SB002, as introduced  
SB 2

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0001, as amended.

DESCRIPTION OF PROPOSED LEGISLATION:

An act establishing a base year for the distribution of local government severance taxes; distributing local government severance taxes to eligible taxing units; providing for a percentage distribution mechanism for local government severance taxes under certain conditions; clarifying the application of the local government severance tax to natural gas stripper wells; clarifying that local production taxes on oil, natural gas, and coal are included in the guaranteed tax base calculation; clarifying the definition of the guaranteed tax base; amending sections 15-36-112, 15-36-121, and 20-9-366, MCA; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. For purposes of comparing fund information, the total taxable value of all property will be \$1,491,091,000 in fiscal year 1991. (Office of Budget and Program Planning).
2. Current law Local Government Severance Tax revenue on 1989 production to be received in fiscal year 1991 is estimated to be \$27,662,000.
3. The proposed legislation is estimated to produce \$33,144,000 based on 1989 production for fiscal year 1991.
4. The average mill levy for 1988 (FY90) oil and gas net proceeds is 188.85 mills. The average mill levy for local schools and county government is 137.85 mills.
5. The proposed legislation adjusts the method of guaranteed tax base (GTB) calculation to comply with current administrative rule promulgated by the Office of Public Instruction, except new and interim production revenues are not included in the rules. The inclusion of new and interim production taxes may affect the amount of GTB aid paid to the various districts, but the impact on total GTB payments should be minimal.

FISCAL IMPACT:

The proposal would have decreased revenues on 1987 production by approximately \$2.116 million. The net proceeds system produced revenues of \$40.385 million on 1987 oil and gas production. The proposal would have generated \$38.269 million on that production.

W. David Darby DATE 5/22/90  
W. DAVID DARBY, BUDGET DIRECTOR  
OFFICE OF BUDGET AND PROGRAM PLANNING

Delwyn Gage DATE 5-22-90  
DELWYN GAGE, PRIMARY SPONSOR  
Fiscal Note for SB0001, as amended.  
SB 1 - Amended

Fiscal Note Request SB0001, as amended

Form BD-15

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Revenue Impact:

	<u>FY90</u>			<u>FY91</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Local Gov. Sev. Tax	\$ 0	\$ 0	\$ 0	\$ 27,662,000	\$ 29,705,000	\$ 2,043,000

Fund Information:

	<u>FY90</u>			<u>FY91</u>		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
University Levy	0	0	0	879,000	944,000	65,000
School Equalization	0	0	0	6,592,000	7,079,000	487,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The proposal will increase revenues to the counties and local school districts by \$1,491,000 in FY 91.

*SB1-Amended*

**1989 PRODUCTION-ESTIMATED LGST COUNTY IMPACT  
NO 30 MCF EXEMPTION**

HBS-1  
MAY 21, 1990

	<b>OIL RATE</b>	<b>GAS RATES</b>
	*****	*****
REGULAR NON-ROYALTY	8.40%	15.25%
STRIPPER NON-ROYALTY	4.20%	7.63%
REGULAR ROYALTY	8.40%	15.25%
STRIPPER ROYALTY	4.20%	7.63%

COUNTY	1989 BARRELS	GAS MCF	PROPOSED LGST TOTAL DISTRIBUTION	TOTAL FINAL DISTRIBUTION	PROPOSED LGST MINUS CURRENT LAW
*****	*****	*****	*****	*****	*****
BIG HORN	60,732	0	\$29,568	\$29,568	\$0
BLAINE	159,324	6,985,406	\$1,860,686	\$1,880,158	(\$19,473)
CARBON	581,151	903,376	\$1,200,387	\$1,200,669	(\$282)
CARTER	5,946	0	\$0	\$0	\$0
CHOUTEAU	0	963,658	\$172,013	\$158,278	\$13,735
CUSTER	0	68,765	\$47,195	\$26,384	\$20,811
DANIELS	2,756	0	\$0	\$0	\$0
DAWSON	242,300	17,944	\$465,370	\$465,660	(\$290)
FALLON	4,489,599	1,010,626	\$6,297,902	\$6,100,626	\$197,276
FERGUS	0	39,730	\$9,376	\$10,644	(\$1,267)
GARFIELD	40,650	0	\$53,019	\$53,019	\$0
GLACIER	947,925	2,878,041	\$2,172,358	\$1,908,307	\$264,051
GOLDEN VALLEY	3,704	47,500	\$9,440	\$9,359	\$80
HILL	1,241	4,234,994	\$1,579,392	\$1,582,344	(\$2,951)
LIBERTY	183,249	1,755,061	\$569,631	\$467,218	\$102,413
MCCONE	44,011	0	\$90,214	\$90,214	\$0
MUSSELSHELL	600,253	0	\$877,669	\$877,669	\$0
PETROLEUM	61,593	0	\$93,706	\$93,706	\$0
PHILLIPS	0	5,371,046	\$1,424,558	\$410,600	\$1,013,958
PONDERA	251,557	361,064	\$480,210	\$448,451	\$31,759
POWDER RIVER	661,445	0	\$1,030,012	\$1,030,012	\$0
PRAIRIE	53,540	190	\$46,903	\$46,857	\$46
RICHLAND	2,694,375	1,151,357	\$3,250,073	\$3,254,948	(\$4,875)
ROOSEVELT	1,419,430	383,856	\$2,179,053	\$2,184,629	(\$5,576)
ROSEBUD	533,156	0	\$315,391	\$315,391	\$0
SHERIDAN	1,984,285	669,273	\$2,656,563	\$2,662,781	(\$6,218)
STILLWATER	0	295,575	\$88,943	\$45,827	\$43,116
TETON	111,675	55,408	\$122,016	\$123,325	(\$1,309)
TOOLE	584,052	5,022,346	\$1,271,190	\$1,010,020	\$261,170
VALLEY	294,874	366,388	\$271,089	\$141,273	\$129,816
WIBAUX	899,469	42,061	\$977,006	\$969,989	\$7,017
YELLOWSTONE	42,081	0	\$64,564	\$64,564	\$0
*****	*****	*****	*****	*****	*****
	16,954,373	32,623,665	\$29,705,495	\$27,662,491	\$2,043,005

*SBI-Amended*