

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - 1st SPECIAL SESSION

SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By REP. MARY ELLEN CONNELLY, on January 7, 1992,
at 12:20 p.m., in Room 317, Capitol Building, Helena.

ROLL CALL

Members Present:

Rep. Mary Ellen Connelly, Chair (D)
Sen. Bob Hockett, Vice Chairman (D)
Rep. Francis Bardanouve (D)

Members Absent: Sen. Ethel Harding
Sen. J.D. Lynch
Rep. Bob Thoft

Staff Present: Jim Haubein, Principal Fiscal Analyst (LFA)
Jane Hamman, Senior Budget Analyst (OBPP)
Jo Lahti, Secretary

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

Announcements/Discussion: This meeting was called to consider
previous Executive Action.

REP. MARY ELLEN CONNELLY, Chair, called the meeting to order in
Room 317, Capitol Building, Helena, to reconsider previous
executive action on funding of the Window Retrofit in the Museum
at Montana Tech.

Discussion:

Since MSU had received \$500,000 for match money for planning
their building, it was thought perhaps part of that money could
be used to reduce the general fund now and could be
reappropriated in the 1993 session if MSU had raised the
necessary matching money for a federal grant.

REP. BARDANOUVE explained, some of that money had already been
taken.

SEN. HOCKETT asked what the impact of this would be on MSU.
Commissioner Hutchinson said there is a great deal of concern
because the original amount of \$500,000 has already been reduced
by \$75,000 at their request so they would comply with mandated
cuts. In addition, \$58,000 has been cut in order to secure as
much Deferred Maintenance money as possible. That money was to
equalize the situation between MSU and the University of Montana

because UM received \$1 Million in private contributions and MSU had nothing at that point. This Legislature thought 12% of the cost of building new buildings should come from other sources. In order to somewhat equalize this situation, \$500,000 was given MSU. MSU's fund raising effort is already compromised. The Nation is in a recession, some of the large corporations that had agreed to contribute money, such as Boeing, are saying they will not be able to honor their previous commitments because of their layoffs, etc. Therefore, MSU may not be able to raise the required money as quickly. To sum up the whole situation, this will do severe damage to MSU's ability to raise the 12% private support which is necessary to get the building started.

Marilyn Wessell, MSU, could only reiterate what Commissioner Hutchinson said. Since the Legislature adjourned in May they have started their fund raising program to raise their share of the private match and it is very tough sledding. This additional several hundred thousand dollars added to the amount needed to be raised, simply puts them in a compromised position. She is very reticent to suggest they will be able to achieve that extra money. She hoped no further steps would be taken to further jeopardize their position.

REP. CONNELLY said since the Legislature will be back in less than a year and MSU still has time to be working on raising the money before the 1993 Legislature, perhaps language could be inserted stating the money would be there at that time. Ms. Wessell said they would raise as much money as they possibly can before the 1993 Session. They have gone out with material to the private sector and told them this is the amount they have to raise. If they have to go back and say they really have to raise more than that, their credibility is damaged and makes it even more difficult. It creates a problem for them with a lot of the major corporations they are approaching. She hoped the Committee would not find it necessary to take that step.

Commissioner Hutchinson explained, the general fund would be reduced, but adding that to the match they have to raise from private sources, they would have to raise another \$367,000. It would be back to where it was before the \$500,000 was put in.

SEN. HOCKETT said, it is a tradeoff of which is the worst of several evils. Federal money will be lost because of the changes.

REP. BARDANOUVE didn't like to approve or disapprove a project because it might receive federal money. The project should stand on its merits whether federal money is received or not. Federal money makes projects more feasible.

Jane Hamman said MSU has the largest block of timberland of any institution. The Department of State Lands guaranteed they will receive an increase of \$1 Million in timber revenue as a result of HB 3 in this Session. Is it possible to use \$500,000 of that \$1 Million towards the match for the construction of this

building? The amount currently received for revenue bonds is locked up. The issue is with something totally new that evolved a change in the Enabling Act of Montana. Is the new \$1 Million also locked up? What is the answer to that question?

Commissioner Hutchinson explained, those moneys are pledged to payment of bond debentures. Any additional income revenue would go toward paying more off their bonds. They are going to oppose HB 3. Granted, it is possible that some of that money might be short-term money that would be available, but it would not go into the corpus. Down the road they would not have the I&I income and then their bonds would not be as secure as they currently are. In the one sense HB 3 looks like it provides sort of an instant windfall, but over the long haul it would be a dangerous policy decision in their judgment if that money was used as a building match. They want to keep that flowing in an appropriate way. They want to stay secure with the \$300,000 plus they currently have.

REP. CONNELLY advised the University System received 53% of their funds from the Capital Projects Fund, and another \$3 Million in general funds for capital projects. Maybe something could be worked out to commit further funds when the situation is so drastic. **Commissioner Hutchinson** said they are being pretty heavily assailed at this time. They are sustaining nearly a \$15 Million hit which is more than their fair share of the burden. Their position is, they need to have as much support from as many sources as possible in order to keep their operation afloat. They have over \$20 Million of severe Deferred Maintenance Projects. They have been allocated 53% as pointed out, but they have 60% of the square footage of all state buildings, so the University System should have more than half of the available money for their buildings maintenance. Maintenance should be taken care of before any more new buildings are built, but buildings are already on the docket to be built.

REP. BARDANOUVE said they cannot properly entertain a motion without a quorum, and reconsideration would be required. We have to leave it where it is without more members. It takes an official quorum to make motions.

Mr. Haubein mentioned to the House members specifically, when you see the bill, the money you have freed up in the Capital Projects Fund will be found in the Northern Montana College gymnasium funding because that is the largest general fund appropriation. They will substitute that money for the general fund so that is where it will appear in the bill. The purpose of cutting these projects was to substitute this money for the general fund projects, it is the only way to save the general fund. This is just shifting the funding, it is not changing the funding.

EXHIBIT 1.

ADJOURNMENT

Adjournment: The Committee adjourned at 12:40 p.m.

Mary Ellen Connelly

REP. MARY ELLEN CONNELLY, CHAIR

Jo Lahti

JO LAHTI, Secretary

MEC/jl

HOUSE OF REPRESENTATIVES
LONG-RANGE PLANNING SUBCOMMITTEE

ROLL CALL

DATE Jan. 7, 1992

NAME	PRESENT	ABSENT	EXCUSED
REP. FRANCIS BARDANOUVE	✓		
SEN. ETHEL HARDING			
SEN. BOB HOCKETT, VICE-CHAIRMAN	✓		
SEN. J.D. LYNCH			
REP. BOB THOFT			
REP. MARY ELLEN CONNELLY, CHAIR	✓		

HR:1991
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Jan. 7, 1992

EXHIBIT 1

DATE 1/7/92

L. RB Subcommittee

POSSIBLE SUBSTITUTIONS FOR COMMITTEE REDUCTIONS

State Lands Office - Plains	\$235,000
Roads & Parking Lots - Institutions	37,625
Hazardous Materials Abatement - Admin.	22,875
Armory Additions - Military Affairs (Originally \$150,000)	71,500
Totals	\$367,000
Balance in the MSU General Fund Match	\$367,000