

**MINUTES**

**MONTANA HOUSE OF REPRESENTATIVES  
54th LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON APPROPRIATIONS**

**Call to Order:** By **CHAIRMAN TOM ZOOK**, on March 10, 1995, at  
8:00 a.m.

**ROLL CALL**

**Members Present:**

Rep. Tom Zook, Chairman (R)  
Rep. Edward J. "Ed" Grady, Vice Chairman (Majority) (R)  
Rep. Joe Quilici, Vice Chairman (Minority) (D)  
Rep. Beverly Barnhart (D)  
Rep. Ernest Bergsagel (R)  
Rep. John Cobb (R)  
Rep. Roger Debruycker (R)  
Rep. Gary Feland (R)  
Rep. Marjorie I. Fisher (R)  
Rep. Don Holland (R)  
Rep. Royal C. Johnson (R)  
Rep. John Johnson (D)  
Rep. Mike Kadas (D)  
Rep. Betty Lou Kasten (R)  
Rep. Matt McCann (D)  
Rep. William T. "Red" Menahan (D)  
Rep. Steve Vick (R)  
Rep. William R. Wiseman (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Clayton Schenck, Legislative Fiscal Analyst  
Marjorie Peterson, Committee Secretary

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

**Committee Business Summary:**

Hearing: HB 440, HB 503, HB 540  
Executive Action: HB 6 DO PASS AS AMENDED, HB 7 DO PASS AS  
AMENDED

HEARING ON HB 440Opening Statement by Sponsor:

**REP. HARRIET HAYNE, HD 86, Dupuyer,** informed the committee that HB 440 was a very important bill this session because it dealt with repealing certain environmental laws and eliminating air quality, water quality and solid waste management rules that were harsher than federal guidelines. The intent in repealing the Clean Air Act of Montana is to return primacy of federal programs over to the U.S. Environmental Protection Agency (EPA). **REP. HAYNE** said she believes the state's environmental agencies have been unable to carry out, monitor or enforce Montana's laws. The Department of Health and Environmental Sciences (DHES) continues to grow and expand, yet is still overwhelmed with dealing with environmental laws. Montana cannot afford to continue increasing state bureaucracy and should turn these programs over to the federal government. **REP. HAYNE** further stated the savings to state government to get out of these programs would be about \$25 million. As a side note, the fiscal note assumed the bill would eliminate licensing and regulating solid waste landfills by the state; therefore, fees would no longer be paid to the state by operators. Some of the long-range effects could be increased costs to public water supply systems to pay for additional monitoring due to discontinuation of waivers granted to the state program. She further stated that our written laws might be overprotective and unenforceable. She suggested if Montana has too many unreasonable laws, we should repeal those laws. By returning primacy of these programs to the federal government, it would allow them to better understand our problems when evaluating environmental programs in our state. This could result in more reasonable, less stringent requirements in the future. **REP. HAYNE** went on to say that DHES has 14 full-time attorneys and she doesn't think the state could afford this luxury. She said this was her way of trying to reduce the size of state government, as people in her district asked her to do. She thought the federal government had sufficient guidelines and rules to do a proper job of enforcement, so she wants to let them do the work and bear the costs. She also thought local government could make its own laws and help keep the state out of it. She said we should not fear the federal government, but look upon it as our friend. **EXHIBIT 1.**

Proponents' Testimony:

**Doug Henneman, Valier,** agreed that the Water Quality Division at DHES is poorly managed and problems have remained unresolved for many years. He is currently involved in a problem caused by an animal facility in his neighborhood. He said he is convinced that the bureau is dysfunctional. With an \$8.2 million budget and 78 employees, their production record is dismal to nonexistent. He supports HB 440, and said we should put common

sense into the process and give primacy to EPA until a restructured and functional agency can be developed within a balanced and enforceable framework. **EXHIBIT 2.**

**Alec Hanson, Montana League of Cities and Towns, Helena,** said his association asked **REP. HAYNE** to introduce this bill. He said when the program first started, his group expected reasonable regulations, effective monitoring of licensing programs and expected training and assistance from the state. After four years, they concluded that the relationship between the cities and towns and the state had broken down. He also stated that state employees who recommended costly enforcement standards and regulations had no regard that the money cities and towns received was from utility rate payers and taxpayers. He also told the committee that the decision to support this bill was not unanimous. There are some cities that did not agree and are here today as opponents. If this bill does not pass, he feels it still was an excellent way to show DHES where their problems are and what needs to be improved. He also stated that they would be willing to give DHES another chance to work out their problems, reduce unnecessary staff and deal with these issues. He said the state should know that the people of Montana do not have a "blank check" when it comes to applying these laws. They do not like to take drastic steps, but felt this was an important way to show the state they need to fix these problems.

**Mark Watson, City Administrator, Billings,** said he is here today as a proponent for HB 440, but he wanted to stress that it is a policy decision for the state. He is a dissatisfied customer of the state who has requested permits and reviews from DHES that are still pending after two years. He's been waiting for waste water permits since 1993. He would prefer it if Billings were able to deal directly with EPA. He's talking about storm water regulations, landfill regulations, air quality regulations, water quality regulations, etc. Four years ago, a strong case was made for state primacy, but they have adopted the same laws as the federal government. He said Billings pays \$65,000 for water permits, \$65,000 for waste water permits and is getting no service in return. He also said Billings did not have the flexibility they thought they should when making minor repairs to water plants. Since it took so long to get the state to check it, they made repairs without any state interference. EPA came after them and they are now in federal court for \$1.3 million in fines. Now, the state has gotten involved. EPA primacy is the issue that should be considered and he supports it.

**John Fitzpatrick,** said he was here to speak about a technical error in the bill. On page 29, line 10, "the Public Health Service Act" is not an Act, but an index reference for the Federal Water Pollution Control Act. He also thinks turning primacy over to EPA would be a "mixed bag." EPA is not a particularly responsive agency and, in his experience, can be very difficult to deal with. He doesn't see any particular

advantage to this intent, but he does think the bill is very important in bringing the problem out in the open.

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### Opponents' Testimony:

**Debbie Smith, Helena Chapter, Sierra Club,** said her organization is opposed to HB 440, but she does agree with some complaints heard today. The state should be doing a better job of enforcing its policies. But, the response to those problems should not be to turn everything back to the federal government. She said the federal government sets standards at a minimal level. She does not want the state to turn everything over to them and have our clean water and clean air eradicated. She offered an important point -- Congress is looking very hard at environmental laws and if Montana gives up their authority to EPA and then Congress reduces EPA's standards, guidelines and policies, we would really be in big trouble in this state. EPA is federally-funded, so there is no cost savings because our taxes are funding them also. Montana should be able to solve our own enforcement problems.

**Ann Hedgers, Montana Environmental Information Center,** said this bill would put Montana in a difficult position and would not be a final solution to our problems. DHES has problems with retention and recruitment of staff because of enforcement problems and they need to deal with that first. This bill gives back to the federal government what this state has been working on for over 100 years, clean water and clean air. Montana citizens passed a clean air act before the federal one was written or required. If EPA is in charge, Montana's citizens would be taken out of the process and it would be difficult to deal with the EPA office in Denver, the closest one to Helena.

**George Oschenski, Trout Unlimited, Helena,** said if this bill passes, the legislature would no longer have the right to set fees and we would be dealing with a very difficult federal agency. Everything would be locked up and lost.

**Jim Leiter, Montana Solid Waste Landfill Association,** said he was here as a representative of solid waste contractors and the landfill association. The reason we are all here today to discuss this bill should be evident enough that Montana should control the state environmental programs. It would be very difficult for him to go to Washington, DC to testify on similar issues and we should appreciate the fact that we keep the programs in Montana. He said they have licenses, permits and approval from the bureaus that have been mentioned here today. He also said in the last three to four years, his association has spent about \$5 million in environmental improvements in landfill facility in Missoula. None of that money has been wasted because of problems with the state or unreasonable requirements. Everything the state required of them made good sense from an

environmental standpoint, as well as a business standpoint. He said we should definitely keep primacy in Montana and have local control over our destiny.

**Harold Mercer, Richland County Refuge District,** said state agencies have been battered this morning and it was probably necessary to make management listen. He said the landfill in his district may cost up to \$1 million. The fiscal impact to Montana could be as much as \$7 million a year if we turn it over to EPA. They could decide not to give variances that the Board has already granted. He thought the legislature should give DHES enough money to do their work properly, even if it takes more personnel. They have the expertise and knowledge, but just cannot do enough of the work in a timely manner without enough staff.

**Janet Ellis, Montana Audubon,** said if this bill passes, it will disappoint many citizens in Montana. One thing the Montana Constitution guarantees everyone is a clean, healthful environment, and that is one reason why many people stay in Montana and others move to Montana. We have clean rivers and clean air. One reason why primacy should stay in Montana is so Montanans can solve their own problems and find suitable solutions for this state.

**Sarah Barnard, Montanans Against Toxic Burning, Bozeman,** said Montana should govern itself and opposes this bill. She submitted her testimony. **EXHIBIT 3.**

**Jim Emerson, Helena,** said Montana has been known for clean water, clean air and beautiful surroundings. He noted that most problems are probably in enforcement because there doesn't seem to be enough money spent to manage the bureaus properly.

**J.V. Bennett, Montana Public Interest Research Group, Missoula,** said this bill would undermine Montana's right to impose regulations stricter than federal standards. Federal standards are usually meant to be a bare minimum required to protect a citizen's health. He said Montana deserves better than that. He submitted his testimony. **EXHIBIT 4.**

**Inaudible Name, Northern Plains Resource Council,** said we should have the right to establish standards for Montana and opposes the bill.

**Wade Sidorsky, southeastern Montana,** opposes the bill as well. He feels EPA would not regulate the state very well and there would be no one accountable for their actions. He has had some positive experiences with DHES and thinks they are trying to do a good job of reviewing applications and dealing with standards.

**Brandy Streckler,** said he was a young teenager representing himself and his family who wants clean water and clean air for Montana.

**Ellie Arguimbau, Helena**, opposes HB 440. She did not testify, but submitted her testimony. **EXHIBIT 5**.

**Gordon Kampen, Commissioner, Sheridan County**, opposes the bill.

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**Questions From Committee Members and Responses:**

**REP. EDWARD GRADY, HD 55, Canyon Creek**, said he was concerned that the Department of Natural Resources (DNRC) could have problems with the bill. He asked **Anna Miller, DNRC**, to explain what some of them were. **Ms. Miller** said one of the programs contained within this bill is the State Revolving Fund program. It is a financing program, working with communities with grant money. The state sells general obligation bonds and loans that money to communities. EPA verified that the grant money, about \$25 million, would have to be paid back if this bill passes. She submitted a letter from Dorsey & Whitney, a consulting firm, that explained the state's Wastewater Revolving Fund program, along with a summary of loans in that program. **EXHIBITS 6 and 7**.

**REP. COBB** asked if DHES had taken a position on this bill, as a proponent or an opponent. **Bob Robinson, Director, DHES**, said he had just talked to the Governor and the department is not taking a position on the bill; he feels it is a policy decision that the legislators will have to make.

**REP. KADAS** thought **Mr. Henneman** had said he endorsed having state primacy, but did not think it worked very well at this time. **Mr. Henneman** said, in his opinion, the state Water Quality Bureau is dysfunctional. He would like to see state primacy but there should be some changes first. He would like to see a functional agency first before consenting to have EPA take over.

**REP. WISEMAN** said it was interesting that two people from the solid waste area testified against the bill, yet agreed that the state standards were tougher than the federal standards. He is suspicious and wanted explanations. **Mr. Leiter** said when the federal requirements for solid waste landfills were passed, they assumed the state would want primacy and gave the state certain abilities to make exceptions that the federal government does not make. For example, a landfill at Baker sits where two groundwater systems meet; the federal requirements under EPA would have that landfill put in liners and groundwater monitors. Baker is located in a very dry area and those environmental improvements are costly and excessive for that area.

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**REP. WISEMAN** asked **Ms. Miller** about repayment of the bonds. She said they have borrowed money and the state would have to repay it. If this bill is repealed, she doesn't know where the people

in the programs would send their payments. She also didn't know who would pay the GO bonds. **REP. WISEMAN** asked for an explanation of the loans. **Ms. Miller** said EPA grants the state about \$5 million of cap grant money. Montana matches it 20% state, 80% federal with GO bonds and sell them as a series. To date, \$4.7 million in bonds have been sold. They have made loans up to \$21 million, although some of that is sitting in the accounts because some construction projects are not completed yet. They would have to pay EPA the grant money back. There is also federal money for administrative rules, and money to set up programs. If they have spent federal dollars and no program is completed, they would have to pay it all back. It would amount to about \$39 million with the GO bonds and the grant dollars.

**REP. GRADY** asked **Mr. Robinson** why the department had so many problems and why they couldn't be straightened out. He questioned if it was a funding problem. **Mr. Robinson** said **Mr. Hanson's** testimony illustrated some of the difficulties. One idea when primacy was given to the department, they would set standards and do regulatory work and provide technical assistance. The department does not have the necessary resources to do all that work. They do proactive technical work, by contracting with a company that provides technical assistance to rural areas. The department simply does not have the resources. Another issue is the fact that there are many different ideas on what their position on enforcement and compliance should be. DHES has taken the task over time to work towards compliance and not necessarily be the heavy-handed agency. Some standards have to have enforcement actions; but there are no extensive resources available. When they give notices of noncompliance, they try to work with those people and get them in compliance without having to fine them, etc. Some don't like to see them operate that way. As an example, he told about the Hutterite Colonies who have established a large agri-business with their pig facility. They had proposed to put a big sump in the ground, about 200 feet long, 12 feet deep and about 4 feet wide. This was going to hold the manure. DHES was concerned it would cause problems with the groundwater, so the department worked with the colonies. Instead of the sump, they built a \$200,000 vertical silo off the ground and now use the manure as fertilizer. As a result of the DHES compliance plan, they have the most extensive monitoring testing and metering system of any agri-business in Montana. Another point **Mr. Robinson** brought up is that there are no federal groundwater standards, so EPA would not have been involved in that particular issue. DHES approaches problems from an enforcement and compliance aspect, but if they had more resources, they would be able to accomplish more.

**REP. QUILICI** thinks the reason this type of legislation comes up is the frustration people have with DHES. In his area, they have permits from EPA, BLM, and the Forest Service to expand operations to keep facilities running because there are hundreds of people working. He mentioned it had been years and years and they still can't get a permit from DHES. The rules implemented

by DHES staff were absolutely unreasonable. He felt that was one reason why this kind of legislation is introduced -- the cities and towns are very concerned. Costs to taxpayers have increased and he thinks there must be some way to make sure the "tail isn't wagging the dog." **Mr. Robinson** said rules were adopted and there was a consensus between industry and all the environmental groups, as well as the public who all said the department was too lenient. At the same time, industry thought they were being too stringent. He thinks they've gotten to a reasonable place where people will get accustomed to meeting the requirements. Cities and towns and industry will comply with air quality, water quality, and waste dump standards, because it's much more expensive to clean up the damage afterwards. They try to balance costs against cleanup standards; there are people who are frustrated with high costs and he thinks they can work through it.

**REP. JOHN JOHNSON, HD 2, Glendive**, asked if the state could give primacy to the federal government and regain it at some future time. **Mr. Robinson** said the state could give it up, but it is very difficult to regain primacy. EPA told him the state probably would not get it back for over 10 years. One of the differences that will be very apparent is that the state does try to take a proactive approach and work through compliance with a company and EPA's approach is very different.

**REP. VICK** thought that someone from a solid waste company had testified that the state has flexibility in setting guidelines in some areas and those guidelines may not be as stringent as the federal laws. He wondered if there were other areas the state has flexibility in setting laws that could be less stringent than federal laws. **Mr. Robinson** said the federal law is the base that everyone deals with. In the case of water quality, federal law is much lower than Montana's -- our standards are higher because the past legislatures wanted them stricter. There is still some ability to give variances and compliance variances. **REP. VICK** reiterated that since the federal government has no groundwater standards, there would be absolutely none if Montana did not have primacy. We've had primacy since 1982 and our drinking water standards are also much higher than federal.

Closing by Sponsor:

**REP. HAYNE** closed by offering an amendment that would deal with DNRC's concerns. The Department of Agriculture also will have an amendment. She said there are pros and cons, but returning primacy to the federal government will help industry in Montana. They will ensure the standards that will be applied would be less stringent than the state's laws. Additionally, the process will be streamlined compared to the current problem with multiple state agencies being involved in oversight.

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HEARING ON HB 540

Opening Statement by Sponsor:

REP. BRAD MOLNAR, HD 22, Laurel, opened the hearing on HB 540 by stating that this was not an average bill, but one that deals with social reform by revising the Montana Youth Court Act. The primary objectives of this legislation is to clarify and change parent roles and responsibilities and to increase youth accountability for their behavior. REP. MOLNAR said he has read case laws and federal guidelines to come up with the suggestions and changes in this bill. The fiscal note alleges that this bill could have a major impact on county government costs relative to construction of detention facilities, as well as operating costs. Under Section 21, youth and district courts could experience increased expenses due to court-ordered testing. He is concerned about #12 on page 2 of the fiscal note, where it states that the average daily costs at Pine Hill School could be as much as \$135, for a total of about \$1 million. He disagreed with the fiscal note because adult prisoner per diem is only about \$40 a day. REP. MOLNAR explained other parts of the fiscal note, which is included as an exhibit. EXHIBIT 7a.

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REP. MOLNAR offered three amendments which are also included here as exhibits and all the information he discussed is on the amendments, HB054001.AGP, HB054001.AJM, and one with no ID number that refers to page 36, line 19. EXHIBITS 8, 9 and 10.

REP. MOLNAR also submitted a newspaper article from 1993, "Stalling repeat youth offenders," testimony from Richard Recor, a licensed psychologist, and other papers that were attached. Mr. Recor said he had 17 years experience with youth treatment and finds the current juvenile system to be seriously lacking in three areas: immediacy of response, empowerment of parents, and necessary placement in adult centers. EXHIBITS 11 and 12.

Proponents' Testimony:

REP. ELLEN BERGMAN, HD 4, Miles City, said she supported the bill. After she received a letter last January from the principal at Miles City High School, who was having problems with the Juvenile Youth Court Act, she thought of introducing a bill to deal with some changes in the Act. When she came to the session and read REP. MOLNAR's bill, she was encouraged and decided to support his bill instead of introducing a similar one. She said that the laws are too lenient for minors and should be changed. She read a quote from the letter: "The philosophy of

the Youth Court Act, as noble and humane, is to offer Montana's youth a program of supervision, care and rehabilitation and to recognize the importance of preserving the unity and welfare of the family, whenever possible, and ceases to remove the element of retribution. Montana's Supreme Court has decided to redeem remedial goals in the Act. The method ... of the Act is strictly for rehabilitation not retribution and the purpose of the Act is to provide a mechanism in which the state can act in the place of a parent of a youth when necessary." The very philosophy of this Act, which is on a hypothetical basis, simply does not work and realistically is used to address juvenile criminal offenses. One juvenile probation officer recently told her: "A youth, under the age of 18, can commit 10,000 thefts of merchandise with a value of \$399 and absolutely nothing can be done because they [the probation officers] are not authorized to punish them." The same youth can be involved in malicious property destruction but restitution for the victim will seldom be received." A recent study at a youth conference indicated 49% of those asked said the Youth Court Act was totally ineffective in controlling youth crimes and their behavior. She believes that Montana will have the youngest adult prison population in all 50 states. The mean age of 24 years is a sobering indicator that young adults are being sent to prison for offenses they've committed prior to age 18, with absolutely no punishment. She hopes the Act will be revised by this bill and the statutes changed.

**Neil Christianson, former principal at Mountain View School, Helena,** said he felt enthusiastic about the concept of today's legislation because something must be done before it gets too far out of hand. He thinks this is the best legislation he's seen because it is trying to do something for youth. He has worked at Helena High School, where he said between 200 to 300 students at that school need to be somewhere else -- and he doesn't know how to solve the problem. He has read, studied and done everything he thought possible to come up with ideas for necessary changes. He has talked to as many kids at all levels as anyone in the state of Montana; he's been a counselor and principal and he knows how the kids act. There are kids who intimidate others at school, trying to bring them into gangs, and they should be somewhere else -- not in a public high school. They definitely need to be off the streets. He also stated that in two to four years, elementary principals will be dealing with more corrupt youth than ever. Something needs to be done and these kids need to be taken care of in a safe environment that will ensure them rehabilitation. He truly believes that crime rates will go down tremendously if kids are dealt with properly when they commit crimes. He said that money is the main flaw in the bill, in that there probably will not be enough to enforce these new changes. There will be too many kids to take care of and that would be a problem. Maybe when kids see they are going to be seriously dealt with, they will think twice about committing crimes.

**Jane Petaja, self,** said she was a mother of a 16-year-old who is on probation. Her daughter was a run-away and has been in trouble many times. She did not agree that the court systems, or juvenile system, was working. She said it did not help her nor did it help her daughter. The rules need to be changed -- her daughter has been in danger many times because there is no punishment in the current system. She often wondered what would happen if her daughter ever committed a felony. She thought she would probably be dealt with then. She stated that there should be something done while her child is still young enough to change her actions, not wait until a felony is committed.

**Connie Boyer, self,** supports the bill because the system does not work. It is full of empty, idle threats that are not followed up. The kids know that and continue to commit crimes. She has experienced adults in the probation system lying to her kids and misguiding them. They threatened to give her kids drug tests on a weekly basis, but never did. She definitely thought changes must be made and soon.

#### Opponents' Testimony:

**Mary Ellerd, Executive Secretary, Montana Juvenile Probation Officers Association,** said they oppose HB 540. There is no argument about the need to revise the Youth Court Act, but this bill attempts to completely revise the Act without the benefit of input from most of the people in the agencies who would be directly affected. However, the monetary factor ensures that passage of this bill would necessitate construction of many jails and detention facilities across the state of Montana. She said there was another bill, HB 240, which calls for a comprehensive review of the juvenile justice and juvenile mental health areas, which would include a rewrite of the Youth Court Act. That bill also appropriates necessary funding and requires an end-product by December 1, 1996. She proposed the amendments in HB 540 could accomplish comprehensive review.

**Richard Meeker, Lewis and Clark County Probation Officer,** said there were certain problems with the bill as written. It has contradictions and unanswered questions. One of his concerns is the reference on page 10, line 19, where a parent can force the child to take prescribed medicine and to exercise that right would not be considered abusive parental authority. It does not mention who the medicine must be prescribed for. In fact, the medicine could be prescribed medicine for another person and the parent could use it on a child. On page 14, line 28, the detention facility is now a shelter care facility and he said only parts of definitions are included, not the full definitions in the Youth Court Act. In that respect on page 16, line 15, it says a shelter care facility is not a secure, restricted facility. He said the bill contradicts itself in many places and he explained inconsistencies in the bill. He said he had tried to contact Rep. Molnar many times before the session, but his

phone calls were not returned, and when he did get in touch with him, he did not seem at all interested in **Mr. Meeker's** suggestions.

**Jan Shaw, Executive Director, Montana Youth Homes,** said she works at a non-profit organization that operates programs for teens who need supervision and care. They are governed by a volunteer Board of Directors. She strongly urged the committee to review and study HB 540 to see if the bill truly meets the needs of the juvenile offender and other youth in need of care. She submitted her testimony. **EXHIBIT 13.**

**Howard Gipe, Flathead County Commissioner,** said one of the detention centers in the state was in Kalispell. From his standpoint, funding is one of the main problems. It is from a combination of state, federal and local funds, with 50% funds from the Board of Crime Control. In his area, Flathead County has the largest number of youth in any facility and the costs are about \$130 a day per person. If the bill passes, the county commissioners must find places to hold these juveniles. They spent about \$25,000 last year transporting juveniles to neighboring counties where there was room in the jails. There are major problems that need to be addressed and he urged the committee not to make costly mistakes.

**Jerry Criner, Libby County Commissioner,** agreed with **Mr. Gipe.** He said this bill is an unfunded mandate and there is no way for any of the counties to find the money to fund it.

**Al Horsval, Ravalli County Commissioner,** said he has served on the Montana Corrections Association, the Montana Juvenile Probation Association, the Montana Sheriff Peace Officers Association, has worked for 10 years as a county probation officer and is a member of MACO (Montana Association of Counties). He said he has been familiar with the Youth Court Act since the first day he put on a badge in 1973 and it is, by no means, a perfect document. They have recognized for many years that there needs to be changes in the Act. Some of the changes offered by Rep. Molnar are just the "tip of the iceberg." There are some good ideas in the bill, however, overall, it won't work as is and many of the changes definitely need substantial study before they should be adopted into law. He agreed with previous opponents in that the reason HB 540 is before the legislature today is because everyone agrees it doesn't work. If there is a desire to change some of the Act, it should be done so with sufficient review. He cautioned the committee that the rest of the country might look at this bill as a model to use and it should be forthright and practical to carry out. This bill would put kids in jail who have never before been recognized as "jailable" offenders in the state of Montana. He asked that be considered as the backbone of this bill. He said he has seen a lot of success stories and those shouldn't be forgotten. This bill, he thinks, is trying to put teeth in the youth they fear -- those who really need to be treated as criminals and this

legislation would do it. But, he suggested to be careful to make a distinction as to which youth are treated as criminals. As an example, **Mr. Horsval** said, as a citizen of Montana, if a probation officer tried to put his daughter in jail for running away from home, they would have him to contend with. **Mr. Horsval** suggested to turn Rep. Molnar's ideas over to an interim committee and bring the study results to the 1997 legislature with good solid changes in the Youth Court Act, rather than something those in the business don't think will work.

**Gloria Hermanson, Montana Psychological Association, Helena,** agreed the Act needs study, but the bill does not do it. This bill would try a child as an adult and could hamper their chances for education. As a mother, she has had to deal with a runaway child, who would probably not be here today if this bill had been in effect then. Her daughter is now in her twenties, is healthy and has a job. She urged the committee to demand further studies before this bill is passed.

**David Hemion, Mental Health Association of Montana, Helena,** said his objections to this bill were mainly in the area of treatment of mentally ill children. He cited sections in the bill with problems in how youth are evaluated. He submitted his testimony. **EXHIBIT 14.**

**Andrea Larosa, Montana Advocacy Program,** said the bill needs revisions and seems to have been hastily written. With regard to children with mental illnesses, her greatest concern with the bill is that it eliminates many places those children can go to receive treatment. She is also concerned they not be placed in juvenile correctional facilities. The tragedy to her, in many cases, is that the current Act does not require kids to receive proper treatment, and many are under-diagnosed. Mental illness is not always identified at the onset and she does not want the youth of Montana hanging themselves in a jail somewhere, as has happened in the past. **Ms. Larosa** referred to Section 12 which places youth with adults in prison, but using separate cells. For youth to be in that kind of environment could probably mar them for life. She went on further to say that Section 8 is "carte blanche" as to where juveniles can go and which local law enforcement facilities can be used. The bill also allows involuntary commitment to Montana State Hospital and she urged the committee to recognize that of returning to the "old days" of dealing with mental illness. The Mental Health Association is also concerned with Section 39, which changes the mental health commitment code in a way that has nothing to do with the Youth Court Act. She said that other committees that have looked at this legislation have not adopted that section as it is absolutely unacceptable. She stated there were many parts of the bill in violation and that the bill should be researched carefully before any changes are made.

**Robert Torres, Montana Association of Social Workers,** asked for the bill to be tabled and submitted his testimony. **EXHIBIT 14.**

**Hank Hudson, Director, Department of Family Services, Helena,** said he has studied the bill carefully and worked very hard to come up with the figures on the fiscal note. He still doesn't know what it would cost the department and the state and he thinks the fiscal note is very conservative. He does know there won't be enough resources to enforce the laws and it also brings unfunded mandates to local governments, such as youth being tried as adults. There would be licensing and staffing costs, costs associated with detention centers, as well as costs for operations in counties and public works programs. He noted that he couldn't even imagine how much the unfunded mandates would come to, but he could imagine the liabilities that would be involved. He said there was language in the bill that didn't carry any fiscal impact and he fears the bill will be stripped of everything that costs money and passed in another form. He said it could be left with page 11, lines 15 through 17, where it states: "The term [child abuse or neglect] does not include what appears to be an extreme reaction to extreme circumstances, such as self defense or defense of others, action taken to prevent the child from self harm, or normal physical punishment or normal physical consequences of one's actions." He does not know what normal physical punishment could possibly mean, or normal physical consequences of one's actions. He does not know how that would be measured -- one person might think a certain punishment is harsh and another might think it mild. It is impossible to enforce. Page 12, lines 1-3, refers to failure to provide shelter -- they haven't had many cases where people deny shelter to youth, although he did have some cases where the parents thought an appropriate punishment for a child was to make him/her sleep outside all night. **Mr. Hudson** also referred to page 10, lines 20-21, where the parent can force the child to take prescribed medicine. This, he felt, crossed the line in child abuse laws, especially if it caused disfigurement or injury to a person, such as harm to an organ. If you agree to force your child to take medicine that might cause them injury or bodily harm, then you need other help. If you are going to hurt your child, there is definitely something else wrong with you. **Mr. Hudson** also said the biggest missing piece is what is referred to as "predictable, sequential, meaningful consequences." Probation officers all over the state have told him there needs to be some consequences to offenders, because right now, they know nothing will happen to them. The bottom line is: how to do it creatively and effectively. **Mr. Hudson** further stated that an excellent contribution to the progress of this issue would be to design a program whereby predictable immediate consequences for youth will occur at an earlier stage of delinquent behavior. A proposal by the department is to double the capacity at Mountain View School and double the length of stay. Hopefully, this would offer the juvenile an experience that would shock them and their actions would turn around. He felt the Mountain View proposal was one that would be in tune with what people who testified were saying today: tougher sentences, longer sentences, more kids sent to facilities before they become "too bad." He also said the issue of adequately

funding MRM (Managed Resources of Montana) is very important, as there could be many more sad stories like the ones heard earlier today. One of the biggest risks to children in Montana is the absence of adequately-funded youth mental health systems.

{Tape: 2; Side: B; Approx. Counter: 0.1.}

**Mr. Hudson** said he was very nervous about the funding of the bill because he doesn't think it has been researched enough to even come up with a ballpark figure. He said it would probably be very expensive as it is written today.

**Jim Smith, Montana Peace Officers Association, Helena,** said there were many peace officers who resist the idea of placing youth offenders with adults. He has a 17-year-old boy who was having trouble graduating from high school. After a few instances, he met with the Lewis and Clark County Probation Officer, **Mr. Meeker**. He has helped his son through many problems and he will be going to MSU in the fall. **Mr. Smith** thinks the authority in Lewis and Clark County was swift and very effective. The system has worked in his case and his story is one of success. This is a serious issue and he hopes they can all move forward and eventually, it could turn into a usable bill that can work. But, as written, he opposes it today.

**Gene Kiser, Montana Board of Crime Control,** said he has been in law enforcement for over 30 years. As he studied the bill, he realized that it could be of value some day, but it will definitely take time. He said while working enforcement in Billings near a bad section of town, 24th Street, there could easily be 150 to 200 youth taken off the streets at any time. When he began in law enforcement in 1960s, they were locking kids up in the same facilities as adults, although separated, but where they could still see and hear each other. The Board of Crime Control has decided to support HB 240, but to ask that this bill be studied further. It has so many changes that aren't even apparent or obvious. He also noticed that there was only one law enforcement person in the audience and no administrative staff who should have been present at the hearing for a bill with such enormous changes. The people involved have not had sufficient time to research the outcomes this bill would generate.

**Sharon Hoff, Montana Catholic Conference,** agreed the system is not working, but this bill will not fix it. She suggested putting more funding into prevention programs that would keep kids from becoming criminals at the beginning. She said putting kids away will not solve the problems; they need something up front that will work.

**Candy Wimmer, Montana Board of Crime Control,** said her members are concerned about the bill, but think it's a good start. She said that the degree of separation is developed by policy issue and submitted a copy dated April 1989, which specifically requires that, to remain in compliance with the OJJDP Act, the

juvenile jail detention policy, youth offenders must have sight and sound separation while in jail. **EXHIBIT 16.**

**Mr. Lechner, Director, Court Services, Yellowstone County,** said he has been a juvenile probation officer for 23 years. He is opposed to one specific part of the bill where it changes juvenile services. Over the years he has watched money being taken away from prevention and an emphasis turned over to using Warm Springs. He watched a session that took money away from mental health where those who needed help were kept on the streets. He said every enforcement officer in the room would probably love to have a detention facility in his own community. In 1981, he started to help develop juvenile detention facilities in Montana and, at that time, he had to beg for funding. It cost him \$800,000 to get an eight-bed facility and \$600,000 to run the operation every year. He only asks that they not lock up mentally-ill youth or runaways who have been physically, mentally and sexually abused at home.

**Dennis Taylor, Deputy Director, Department of Justice,** agrees with the other concerns heard today. He does support the idea of taking a serious look at the Montana Youth Court Act, but the approach in HB 240 is more encouraging. He thinks it would be advisable to get parents and school administrators together with law enforcement personnel to study this bill and allow them to come up with a comprehensive reform for the Act for the next session.

**Questions From Committee Members and Responses:**

**REP. WILLIAM WISEMAN, HD 41, Great Falls,** asked **REP. MOLNAR** if anyone had talked to him about the bill before he introduced it. **REP. MOLNAR** said he talked to juvenile officers in Glendive, Billings, and others, but many other people did not want to talk about it.

[It is hard to decipher Rep. Molnar's voice on the tapes. Parts of his testimony is inaudible and, therefore, cannot be transcribed. All information is included in exhibits.]

**REP. WISEMAN** asked if they could afford the time it would take to have further studies as some opponents have suggested. He thought the Act needed fixing right now.

**REP. JOE QUILICI, HD 36, Butte,** said it was a fiscal committee, so they were looking hard at the funding side of the bill. They certainly realize the problems with the youth of today and something should be done to help them. Referring to the fiscal note, he said the general fund impact would be over \$5 million. He is concerned whether Rep. Molnar has thought of how much added costs it would be to the counties and the courts.

**REP. JOHN JOHNSON, HD 2, Glendive,** asked if there were standards for youth correction centers. **Ms. Wimmer** said that the Department of Family Services was responsible for licensing the facilities every year. The county commissioners do not have that responsibility. **REP. JOHNSON** then asked if the standard applied to every detention center built in every community that needed one. He clarified that you could not just gather in a house and call it a detention center. **Ms. Wimmer** said the standards apply to any facility that hold the youth in a secure environment. There is also a provision for non-secure environments, called holdovers, which do not require a license. **REP. JOHNSON** then asked **Mr. Horsval** if there was a detention center in Ravalli County. **Mr. Horsval** said the rules for juvenile facilities have to comply with certain correctional requirements from the federal level and that the National Institute of Corrections has rules that would apply. Ravalli County just built a new jail where two juvenile cells were proposed in the bond issue. It would not be possible for Ravalli County to pick a house anywhere and spend money to house juveniles. Kalispell is running into problems because it is so full. The entire facility is a 44-bed facility with two juvenile cells and it cost about \$3 million.

**REP. ROYAL JOHNSON, HD 10, Billings,** asked **Mr. Meeker** if he had met with **REP. MOLNAR**. **Mr. Meeker** said he was contacted in December, but did not meet with **REP. MOLNAR** for any length of time. He had called and left many messages, but **REP. MOLNAR** did not return them. He said when he testified this morning about many inconsistencies in the bill, **REP. MOLNAR** did not seem at all concerned with his suggestions. **REP. JOHNSON** said he was concerned that there are kids on the street who, according to law enforcement, are dangerous and there is no place to put them. **Mr. Meeker** said he did not find the gross numbers of offenders increasing in his district, but he did say they did have a large number of offenders who are very disturbed children. In the past, agencies have dealt with them, now juvenile justice wants to commit them and some are very mentally ill. The perception that the number of juvenile offenders in Montana is increasing is erroneous. It seems to him they since there aren't other systems available today that were used in the past, the juvenile justice system is having to deal with those kids.

**REP. JOHNSON** then asked **Mr. Kiser** what increases he saw during his tenure in Billings and how he thinks it should be handled. **Mr. Kiser** said the Mountain View facility would be sufficient but there would be transportation problems; they would need manpower to bring kids to that school from other areas of the state. It seemed to him they should decide how to handle it in local communities. He said one missing element is having communities where people care about each other and neighbors know each other and help them. They need to have smaller regional areas so they don't have to transport juveniles to a certain facility in the state. He said they must deal with this in a rational way. There seemed to be some immediacy now rather than having the time to "look down the road" and do more studies. This bill should

definitely be researched further and he thought that HB 240 would address some of these problems.

**REP. JOHNSON** then asked **Mr. Hudson** about the Aspen Program. **Mr. Hudson** said the Aspen Program was designed to expand to the highest limit possible the number of kids they can serve within the Mountain View budget.

**REP. WISEMAN** said he was disturbed by the fact that probation officers knew Rep. Molnar had been working on the bill and did not meet with him to share their concerns. It seemed to him that the whole system is "watching Rome burn" and not doing anything about it. **Mr. Meeker** answered that he tried to talk to Rep. Molnar about the bill before the session and during the session and he did not respond. **CHAIRMAN ZOOK** reminded the audience, and **Mr. Meeker**, that they did have the opportunity to introduce amendments to the bills through someone on the committee. He then asked **Mr. Meeker** if he had understood him correctly that the numbers of offenders were not increasing as rapidly as everyone thought. **Mr. Meeker** said he thought the county dealt with about 900 to 1,200 children a year. Some of them are emotionally disturbed and mentally ill and probation officers are dealing with them because they have not received appropriate treatment. He maintained that the total number of youth coming in each year is not increasing dramatically. The children who have gotten themselves in the system will not go away, and will grow up and have children just like them if something isn't done soon.

**REP. MARJORIE FISHER, HD 80, Whitefish**, said she was working on a victim's rights bill and asked **REP. MOLNAR** if he had talked to those people involved. They told her they would be happy to work with him on this bill. He said he had not. He said he had worked with the Board of Crime Control and their attorneys. **Ms. Wimmer** said the Board of Crime Control did not have any attorneys and she doesn't remember **REP. MOLNAR** calling the Board.

**REP. BEVERLY BARNHART, HD 29, Bozeman**, referred to the testimony earlier by **Mr. Christianson** where he said 200 high school students should be somewhere else than the high school. **Mr. Meeker** thought he had meant 200 from both high schools combined. He works in the same county and has not seen the numbers he was talking about.

**REP. MIKE KADAS, HD 66, Missoula**, asked **Mr. Horsval** if there were specific parts of the bill that needed to be redrafted as it seemed there were many problems with it. **Mr. Horsval** said many sections of the bill were identified by a legislative committee that was organized to conduct audits for the juvenile justice system, but there were many unanswered questions.

{Tape: 3; Side: A; Approx. Counter: 0.1.}

He said there needs to be a system to rewrite the Youth Court Act. There were over 100 organizations identified that they

intended to get input from. The magnitude of that amazed him; there would be so many different interpretations that they felt it would be better to put it on hold and have it studied thoroughly. **REP. KADAS** agreed with **Mr. Horsval** and **Mr. Meeker** that specific issues have resulted on a much broader scale. This bill has a tendency to revert many more responsibilities to the county attorneys and they have told him they have no desire to make decisions on what happens to youth who commit crimes. They want local jurisdictions and justices to make those decisions. The bill also has a tendency to become a mandatory sentencing bill, which no one likes. **REP. KADAS** said one of the central issues that has come up during questioning is the exponential growth in youth criminality and he wondered if it was really at a crisis point. **Mr. Horsval** said on a national level, Montana is lower than most 50 states. The main issue that many probation officers and law enforcement personnel are dealing with is the type of kids out there -- much more dramatic cases and more serious crimes. There is time to research and conduct all the proper studies. He suggested that parents should be held more accountable than they are currently.

**REP. RED MENAHAN, HD 57, Anaconda,** asked **REP. MOLNAR** if he had worked with any probation officers or law enforcement in his area near Billings instead of putting **Mr. Meeker** in Helena on the spot. **REP. MOLNAR** said no, he had just worked with former Rep. Fagg.

Closing by Sponsor:

[Again, it is hard to decipher and understand Rep. Molnar's voice.]

{Tape: 3; Side: A; Approx. Counter: 28.6.}

HEARING ON HB 503

Opening Statement by Sponsor:

**REP. CHASE HIBBARD, HD 54, Helena,** opened the hearing on HB 503 which revises salaries of state constitutional officials. He said he was embarrassed by the level of salaries that state officials are paid and when he asked if any of them wanted to come to testify on this bill, they all said no. They knew what the job and pay was when they were elected. This bill would raise the pay of six elected officials: the Governor, Lieutenant Governor, Attorney General, State Auditor, Superintendent of Public Instruction and the Secretary of State. In July 1997, the Department of Administration would conduct a salary survey of executive branch officials similar to Montana officials, using North Dakota, South Dakota, Wyoming and Idaho. They will then determine the average salary for a similar position. The fiscal

note shows \$26,000 from the general fund in FY 96 and \$55,000 in FY 97. **REP. HIBBARD** said that Montana's Governor receives the lowest pay of any governor in all 50 states. Amendment HB050302.AGP says that the increase in pay won't begin until the current term is up. Amendment HB050301.AGP says that the salaries will only be surveyed with those in other states who have full-time positions. He distributed an Overview of Compensation of State Elected Officials written by the Legislative Council. **EXHIBIT 17.**

**REP. HIBBARD** further told the committee that Montana's Governor is making 46% less than the surrounding states. Per capita income in Montana increased 243%, while the Governor's salary only increased 85% during the same time period. Recently, the media reported that 282 state officials made more than the Governor. **REP. HIBBARD** then distributed a spreadsheet showing the ranking and salary information for the six officials included in this bill. **EXHIBIT 18.**

#### Proponents' Testimony:

**Dennis Burr, Montana Taxpayers Association**, said we should be compensating our elected officials like the other states. He said Montana is a small state and we know how hard it is to be in public service. We also know how hard these people work. Raising the salary in the manner proposed by this legislation is the correct thing to do.

**Jim Tutwiler, Montana Chamber of Commerce**, supports HB 503 and thinks the arguments for the bill are solid. He said it is important to remember that Montana is supported locally, regionally and nationally by our elected officials and we should try to keep the best people in those positions.

**Charles Brooks, Billings Chamber of Commerce**, said it is a fair proposal and he fully supports the bill. A good retail store manager of a large discount store makes around \$75,000 to \$100,000 a year. If people look around, they could probably find many other people who make more than our Governor and elected officials. The increases are well deserved.

**Jerry Driscoll, Montana Building and Construction Trades Council**, supports the bill.

#### Opponents' Testimony:

**Nancy McCaffree, Public Service Commission**, said the Public Service Commissioner should also get increases in this bill. She asked to delete "state constitutional" from the title. **EXHIBIT 18a.**

Questions From Committee Members and Responses:

None.

Closing by Sponsor:

REP. HIBBARD said he was not proud that Montana was last on the list of salaries.

{Tape: 3; Side: A; Approx. Counter: 46.6.}

EXECUTIVE ACTION ON HB 422

Motion: REP. ROYAL JOHNSON MOVED HB 422 AMENDMENT HB042205.AAM DO PASS.

Discussion: REP. JOHNSON said the amendment was very complicated since it deposits money into different sources. When the districts receive federal money, there are certain areas where the money is reduced. When it is used for schools, there are no reductions. If you use it for other services, then you do. REP. HANSON is trying to maximize the amount of money returned to the counties. PILT (Payment In Lieu of Taxes) payments are received from the federal government for such things as forest service timber sales and grazing leases. There are limits to PILT payments based on population and amount of federal land in a county. REP. HANSON explained the amendment -- presently, law says two-thirds is allocated to county roads and one-third to schools. The result of a 1992 legislative audit found that if the percentages were changed, additional money could be received. It would mean about \$3 million per year additional for counties for taxpayer relief. Basically, the law says you have to allocate these funds to roads and schools and this amendment changes the two-thirds for roads to 5% for roads and 95% for schools. Schools are not deducted from PILT payments and some counties may get more money than others because of the amount of federal land. REP. HANSON referred to the estimated revenue to school districts, whereby counties would lose \$4 million and schools would receive \$7 million. Page 2 of this exhibit shows the reductions in mill levies. EXHIBIT 19.

Furthermore, REP. HANSON showed the proposed revenue allotments in this amendment. The money would first go to county transportation and if there is money left, it would then go to reducing county mill levies. It is basically a taxpayer relief bill that would change the way the state handles money. County commissioners are all opposed to this and disagree with it entirely. The amendment is also included as an exhibit. EXHIBITS 20 and 21.

**REP. KADAS** asked **REP. HANSON** to explain why the state would assume additional costs of \$2.8 million. **REP. HANSON** asked Curt Nichols to explain. **Curt Nichols, OBPP**, said under this amendment, right now one-third portion is distributed to the county level, the largest being about 55 mills. About \$2.7 million would affect general fund costs. Under the revised structure in bill, 55 mills is the last source to receive any money. **REP. KADAS** thought that under current law, one-third would go to schools and would be distributed based on county mill levies. **REP. WISEMAN** said some counties would really lose a lot of money. **REP. HANSON** said taxpayers would be getting a reduction in mills, from about 30 mills to 66 mills, depending on school districts. Some counties have more money in reserves than others, but he maintained none of the counties would lose money. County government is losing but the taxpayers are getting the money back. He then submitted a sheet explaining PILT payments and three letters in support of HB 422, one from the school administrators of Montana, one from the Montana Taxpayers Association and one from the Montana Chamber of Commerce. **EXHIBITS 22, 23, 24 and 25.**

**REP. VICK** asked why the total revenue to school districts was \$3 million higher than to county government. He wondered how they would end up with another \$3 million by just changing the formula. **REP. HANSON** said they would calculate the percentages differently.

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He also said other states use different calculations, so you can't compare them with Montana. The figures on the charts are based on present law. **REP. FELAND** asked Jerry Criner from Lincoln County what his opinion was about his county losing money. He stated they are almost at their I-105 cap and they don't know what they would do if this passes. He mentioned that laying off police, sheriff or other county employees would certainly not be good for their area. **Rep. Hanson** said the counties could ask the voters to approve mill levies for county roads but it depends on their I-105 cap. **REP. GRADY** asked the Lewis and Clark County Commissioner to give his opinion on the bill and amendment. He also wanted to know how much money the county held in reserve accounts. **Blake Wordell** said the county's reserve fund is about 10% of the county budget. He cited two problems with way the charts were presented: the first column relies on assumed additional PILT payments of \$3 million and the footnote says the \$3 million is already included in the figures. They have worked for years to get PILT payments to keep up with the level of inflation. During the last session, they got authorization, but appropriations have not followed. Sen. Burns' office in Washington, DC told him that this bill is against the law. Also, in the last column, money that would be transferred from roads to school districts would cut the roads department tremendously. Since he's been a county commissioner, the most complaints he's received have been about the conditions of the

county roads. He also doesn't think this would provide the taxpayer relief **REP. HANSON** was referring to today. **REP. ROYAL JOHNSON** asked **Mr. Nichols** to explain I-105 and its correlation to county roads. County road funds would see a reduction and school funds would see an increase. The net effect is total taxes could be less, since school levies are not under I-105. **REP. KASTEN** said that the state uses general fund to supplant any fund that doesn't have enough money, so if we need more money for roads, we could use general fund to maintain roads. Her county doesn't have a reserve fund, but they don't deal with large amounts of money.

**Wayne Stahl, Phillips County Commissioner**, said this bill certainly brings up a very complicated issue and there is not enough time to study it thoroughly. He has done a lot of research on PILT payments since one-half of the land in his county is federal land. He told the committee that PILT payments first started in 1976 and are received when the land is not owned privately and there are no taxes paid. They go directly to the counties and the counties can spend them as they see fit. He submitted his testimony and other information on PILT money. **EXHIBITS 26, 27 and 28.**

**REP. FISHER** asked **Mr. Stahl** if he thought this bill was an unfunded mandate. **Mr. Stahl** answered, yes, the counties must continue to provide all the services without revenue coming in. **REP. KADAS** asked if under the current formula we are inappropriately deducting the money that is going to schools. **Mr. Stahl** said he was not saying that, but he does believe it after studying federal laws. **REP. KADAS** said he was prepared to vote for the amendments earlier, but now he is concerned -- he felt most of the counties would be able to get the money back into their road budgets and it would be up to the county commissioners. But, now he is concerned that it is not clear and he doesn't think that is the case. He feels they are taking away discretion from those counties. They would have to amend the law to make sure the commissioners had control and that would mean bringing local government in. He is still uncomfortable with what he has heard today and with the future impacts on the counties. There are too many unanswered questions.

**REP. GRADY** was also concerned and thinks **REP. HANSON** agreed that counties might have to have emergency levies to make up the losses. He doesn't think that is an easy thing to do -- voters don't like that. It is going to be hard on his county and he's trying to get more road dollars now to repair roads in his county and he doesn't want to lose more money for that. **REP. BERGSAGEL** proposed to postpone action until they can find out if they can change the statutory law to do what is being presented today.

**REP. ROYAL JOHNSON** withdrew his motion. **CHAIRMAN ZOOK** said the bill would be set aside until more information is received and the issues are clarified for them.

Other letters in opposition to HB 422 were sent by fax and are included here. **EXHIBITS 29 and 30.**

{Tape: 3; Side: B; Approx. Counter: 37.6.}

**EXECUTIVE ACTION ON HB 6**

**Motion:** REP. BERGSAGEL MOVED HB 6 DO PASS.

**Discussion:** REP. BERGSAGEL said there was an ending fund balance and asked John Tubbs from DNRC to explain the amendments. **Mr. Tubbs** said action in the Long-Range Planning subcommittee left \$48,000 in an ending fund balance. The two amendments total \$60,000.

REP. QUILICI referred to amendment #1 and said that during the hearing on HB 6, he listened to the explanation of the Fort Peck water issue. He fully supports the Fort Peck Rural Water District appropriation of \$30,000, which would give them a chance to get \$7.5 million in federal money. The money would be spent for a worthwhile project. **Mr. Tubbs** said part of this money would be for lobbyists to testify in Washington, DC, in support of the \$7.5 million in federal money for Fort Peck. They would also use local money.

**Motion:** REP. QUILICI MOVED HB 6 AMENDMENT #1 DO PASS.

**Discussion:** REP. KASTEN asked if all projects reviewed were on a priority basis, so this would not affect the other projects. She also asked if either of these two projects had been presented through the normal review process in subcommittee. **Mr. Tubbs** said no, they came in later, but they meet all the criteria. They would have been eligible. REP. BERGSAGEL said the second amendment is a grant for the North Central Regional Pipeline for \$30,000. A pipeline might be constructed from Tiber Reservoir to Rocky Boy and would hook up about three to five rural water districts to have a viable source of water.

**Vote:** Motion that HB 6 Amendment #1 Do Pass carried 17 - 1, with REP. KASTEN voting no.

**Motion:** REP. DEBRUYCKER MOVED HB 6 AMENDMENT #2 DO PASS.

**Discussion:** REP. DEBRUYCKER said the amendment for the North Central Regional Pipeline for \$30,000 had just been explained. **Harry Whelan** also testified for the amendment. This project would run from Tiber Reservoir east to Rocky Boy. REP. ROYAL JOHNSON asked how much the pipeline project would cost and **Mr. Tubbs** said over \$30 million.

**Vote:** Motion that HB 6 Amendment #2 Do Pass carried 16 - 2, with REPS. BARNHART and KASTEN voting no.

**Motion:** REP. BERGSAGEL MOVED HB 6 DO PASS AS AMENDED.

**Discussion:** REP. WISEMAN wanted to clarify if they were spending the money before it gets to the general fund. He did not agree with the priority list. REP. BERGSAGEL said this was a good chance to have clean water for the rural water districts. REP. WISEMAN said he had been looking at the original bill priority list, instead of the gray bill they were supposed to use. The gray bill includes all the amendments that were approved during subcommittee.

**Vote:** Motion that HB 6 Do Pass As Amended carried 16 - 2 with REPS. WISEMAN and ROYAL JOHNSON voting no.

*{Tape: 3; Side: B; Approx. Counter: 55.3.}*

#### EXECUTIVE ACTION ON HB 7

**Motion:** REP. BERGSAGEL MOVED HB 7 DO PASS.

**Discussion:** REP. BERGSAGEL said the amendment was for a pollution prevention program for MSU in the amount of \$60,000. He specified this would be a one-time appropriation and they could not come back next session with the same program. It is a prevention program where businesses can find out what not to do and what might pollute. They work with the Environmental Quality Council (EQC) and they indicate to them how to proactively prevent pollution.

Jerry Noble, retired from EQC, said management has studied this over the last year. There was a hazardous waste study group at Montana State University and they are 100% supportive of this program. They needed a way to fund the program. This helps business people learn how to comply with federal amnesty, hazardous waste regulations and pollution. If EPA decided to close a place down because of nonconformity, they could do it in one day with no warning and fine them \$1,000 a day. This appropriation would help them for another two years and then they could find another funding source. He thinks the program is essential to the state of Montana. REP. ROYAL JOHNSON asked how the money would be used. Mr. Noble said it is for an employee to put on pollution prevention workshops and would pay for related costs. The total cost of the program is about \$120,000 and this would fund half of it. Other money comes from private sources, extension services and fees charged for the workshops.

**Motion:** REP. MENAHAN MOVED HB 7 AMENDMENT DO PASS.

{Tape: 4; Side: A; Approx. Counter: 0.1.}

REP. KASTEN was concerned that other projects that came in early had gone through the proper process by being discussed in subcommittees and then put in a certain order on a priority list. This project came in late and looks like it is getting fully funded. She wondered why people would come in and go through the legislative process if it didn't matter that much. REP.

BERGSAGEL said he's been here for two sessions and he's seen the craziest things happen to projects all over the state. He acknowledged it was a deviation of the recommendations of the subcommittee, but this committee can decide if it should be funded or not and put projects in another order.

Vote: Motion that HB 7 Amendment Do Pass carried 13 - 5, with REPS. ROYAL JOHNSON, KASTEN, HOLLAND, COBB and FISHER voting no.

Motion/Vote: REP. KADAS MOVED HB 7 DO PASS AS AMENDED. Motion carried 14 - 4, with REPS. COBB, ROYAL JOHNSON, WISEMAN and KASTEN voting no.

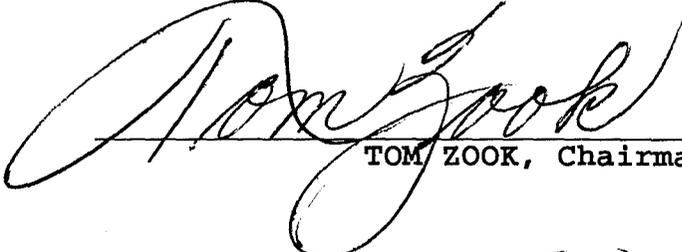
HOUSE APPROPRIATIONS COMMITTEE

March 10, 1995

Page 27 of 27

ADJOURNMENT

Adjournment: 7:30 p.m.

  
\_\_\_\_\_  
TOM ZOOK, Chairman

  
\_\_\_\_\_  
MARJORIE PETERSON, Secretary

TZ/mp

# HOUSE OF REPRESENTATIVES

## Appropriations

ROLL CALL

DATE 3-10-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Tom Zook, Chairman	✓		
Rep. Ed Grady, Vice Chairman, Majority	✓		
Rep. Joe Quilici, Vice Chairman, Minority	✓		
Rep. Beverly Barnhart	✓		
Rep. Ernest Bergsagel	✓		
Rep. John Cobb	✓		
Rep. Roger DeBruycker	✓		
Rep. Gary Feland	✓		
Rep. Marj Fisher	✓		
Rep. Don Holland	✓		
Rep. John Johnson	✓		
Rep. Royal Johnson	✓		
Rep. Mike Kadas	✓		
Rep. Betty Lou Kasten	✓		
Rep. Matt McCann	✓		
Rep. Red Menahan	✓		
Rep. Steve Vick	✓		
Rep. Bill Wiseman	✓		

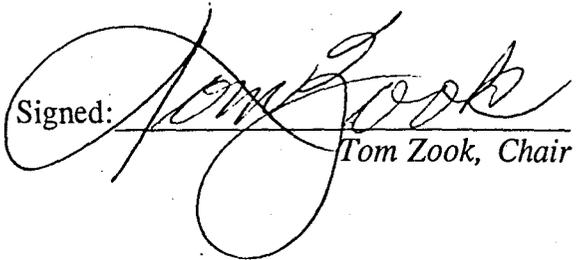


## HOUSE STANDING COMMITTEE REPORT

March 16, 1995

Page 1 of 2

Mr. Speaker: We, the committee on Appropriations report that **House Bill 6** (first reading copy -- white) do pass as amended.

Signed:   
Tom Zook, Chair

And, that such amendments read:

1. Page 2, line 8.  
Following: "County"  
Strike: "\$15,908"  
Insert: "\$31,743"
2. Page 2, line 12.  
Following: "of"  
Strike: "50,000"  
Insert: "100,000"
3. Page 2, lines 16 and 17.  
Strike: lines 16 and 17 in their entirety.
4. Page 3, lines 6 through 9.  
Strike: lines 6 through 9 in their entirety.
5. Page 3, line 10.  
Following: "Government"  
Strike: "50,000"  
Insert: "100,000"
6. Page 3, lines 14 and 15.  
Strike: lines 14 and 15 in their entirety.
7. Page 3, line 16.  
Following: "Counties\*"

Committee Vote:  
Yes 16, No 2.

610909SC.Hdh

Strike: "27,892"  
Insert: "50,000"

8. Page 3, lines 20 and 21.  
Strike: lines 20 and 21 in their entirety.

9. Page 3, lines 24 through 29.  
Strike: lines 24 through 29 in their entirety.

10. Page 4, line 2.  
Following: "of"  
Strike: "50,000"  
Insert: "100,000"

11. Page 4, line 4.  
Following: "District"  
Strike: "56,886"  
Insert: "25,000"

12. Page 4, line 8.  
Following: "District\*"  
Strike: "86,120"  
Insert: "64,740"

13. Page 4, line 10.  
Following: "District"  
Strike: "27,500"  
Insert: "25,000"

14. Page 4, line 14.  
Following: "District"  
Strike: "4,800"  
Insert: "15,000"

15. Page 4, following line 15.  
Insert: "Department of Natural Resources and Conservation  
Water Resources Division  
Fort Peck Rural Water District 30,000  
Department of Natural Resources and Conservation  
North Central Regional Pipeline 30,000"

-END-



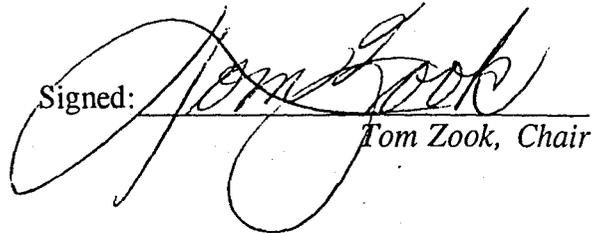
## HOUSE STANDING COMMITTEE REPORT

March 16, 1995

Page 1 of 2

Mr. Speaker: We, the committee on Appropriations report that House Bill 7 (first reading copy -- white) do pass as amended.

Signed:

  
Tom Zook, Chair

And, that such amendments read:

1. Page 2, line 15.  
Following: "Project"  
Strike: "100,000"  
Insert: "75,000"
2. Page 2, line 17.  
Following: "Reclamation"  
Strike: "150,000"  
Insert: "100,000"
3. Page 2, lines 24 and 25.  
Strike: lines 24 and 25 in their entirety.  
Insert: "MONTANA STATE UNIVERSITY EXTENSION SERVICE\*  
Pollution Prevention Program 59,625"
4. Page 2, following line 26.  
Strike: lines 27 and 28 in their entirety  
Insert: "Water Quality Demonstration and Reclamation,  
Red River Drainage 150,000"
5. Page 3, lines 3 and 4.  
Strike: lines 3 and 4 in their entirety.
6. Page 3, lines 8 through 17.  
Strike: lines 8 through 17 in their entirety.

Committee Vote:  
Yes 14, No 4.

610913SC.Hdh

March 16, 1995  
Page 2 of 2

-END-

# Top 10 Unfunded Federal Mandates

Even though the Mandate Reform bill (HR 5, S 1)—passed, 86 to 10, by the Senate on January 27 (see rollcall on page 23) and 360 to 74 by the House on February 1 (see HUMAN EVENTS rollcall next week)—will soon go to the President for his signature, state and local governments continue to live with some 192 previous federal mandates and pre-emptions of state laws, according to the National Conference of State Legislatures. Most of these mandates come with little or no federal funding.

Given the vast number and levels of government in the United States and the fact that mandates impinge on so many of their activities, getting an accurate accounting of the total costs imposed on states and localities by such mandates is all but impossible. But the magnitude of

the imposition can be seen from the fact that estimates of the nationwide cost to states and cities of complying with just *one* mandate—waste water management—exceed \$200 billion this decade.

In an effort to get some handle on the costs of unfunded federal mandates, the U.S. Conference of Mayors asked Price Waterhouse to conduct a survey of the approximately 1,000 U.S. cities with populations of over 30,000 people to determine their estimated costs of complying with just 10 major federal mandates.

The astounding results (extrapolated from the 314 cities that responded): Just 10 federal mandates cost *U.S. cities alone* over \$6.47 billion in 1993, with a projected total cost of almost \$54 billion over the five-year period 1994-98. Following are the results of Price Waterhouse's study. ■

## Costs of Federal Mandates on U.S. Cities

Mandate	Costs to Cities In 1993 <i>(Costs in Thousands)</i>	Projected Costs 1994-98
1. Clean Water Act/Wetlands	\$3,612,533	\$29,303,379
2. Solid Waste Disposal	881,575	5,475,968
3. Safe Drinking Water Act	562,332	8,644,145
4. Clean Air Act	403,820	3,651,550
5. Americans with Disabilities Act	355,681	2,195,808
6. Fair Labor Standards Act (Exempt Employee & Other Costs)	212,123	1,121,524
7. Underground Storage Tank Regulations	161,148	1,040,627
8. Asbestos (ASHERA)	129,308	746,828
9. Lead-Based Paint	118,217	1,628,228
10. Endangered Species	\$36,958	\$189,488
<b>TOTAL:</b>	<b>6,473,695</b>	<b>53,997,545</b>

# Editorial - O

## On the fast "Trax"

By Buck Traxler  
I-O Editor

This past week the Department of Health and Environmental Sciences Water Quality Bureau met at a public hearing in Dupuyer with residents of the area concerning the issuing of a permit to dispose of animal and human wastes from the construction of a hog, dairy, and poultry operation at a new Hutterite Colony, southwest of Valier.

In all, it seemed harmless enough at the outset. However, more questions than answers have been raised, in fact, no answers have been given at all at this time, and it appears the WQB may have egg in their face.

Building construction began in June of 1992, although the I-O was told it began in March of 1992. From day one, members of the new Pondera Colony have demonstrated their ignorance of Montana water quality laws, intentionally or otherwise, and continued with planned construction.

Adding insult to injury, the WQB knowingly allowed them to do so and went so far as to issue a temporary permit to operate and dispose of the animal waste, despite that fact that groundwater in the area already exceeds the Montana standard and any increase in groundwater concentration is a violation of the state's nondegradation policy! In addition, back in March, the WQB admitted they were not aware that Dupuyer Creek was the eventual system to the Conrad water supply.

Tim Byron of the WQB also disclosed in March that as soon as the Colony found out they needed to post a 30-day public comment notice of permit application, they decided to put everything on line right away, full-well knowing there would be a storm of objection over the pigs, chickens, and dairy cows.

So in July of 1992, the WQB writes the Colony, tells them they are in violation of the Water Quality Act and MCA codes, are subject to fines of \$25,000 per day of offense and flat out tells them, "Construction of the facility must be suspended immediately..." Did that do any good? Not really, the Colony continued on with the project. April 1, 1993: Again the WQB writes the Colony and tells them much the same thing and to view this as a "serious matter." Does this stop the Colony? Not really, in fact, just a couple of weeks later, the WQB comes along, does a total 180 degree turn around and issues a permit (temporary) to operate an animal waste collection, storage, and land application system on the land that is already on a contaminated aquifer site! What kind of flip-flopping Mickey Mouse operation is the WQB running any way!?

I would estimate that if the State really went after the Colony to collect the fines against them, it would be in the neighborhood of \$10 million. By golly, wouldn't that help out our local deficit problem? Think about that one Gov. Racicot and WQB.

On another note about the meeting. It was interesting to see that there was absolutely no county official representation at the hearing; no commissioners, no county attorney, no DES officer.

# HEALTH AND ENVIRONMENTAL SCIENCES, DEPARTMENT OF

**DIRECTOR'S OFFICE** ..... 444-2544  
 Room C108, Cogswell Bldg.  
 P.O. Box 200901 59620-0901  
 TDD/Voice (Telephone Device for the Deaf) ..... 444-2544  
 Director, Robert J. Robinson ..... 444-2544  
 Deputy Director, William J. Opitz ..... 444-2544  
 Administrative Officer, Curt Chisholm ..... 444-2544  
 Administrative Officer, Thomas Ellerhoff ..... 444-2544  
 Administrative Secretary, Leona Holm ..... 444-2544  
 FAX NUMBER ..... 444-1804

**Board of Health & Environmental Sciences**  
 Room B204, Cogswell Building  
 Hearings Reporter, Yolanda Fitzsimmons ..... 444-2545

**Information Unit**  
 Room C108 Cogswell Building  
 Information Officer, Cathy Siegner ..... 444-2929

**Legal Unit**  
 Room C123, Cogswell Building ..... 444-2630  
 Chief Legal Counsel, Katherine Orr ..... 444-2630  
 Legal Counsel, Tim Baker ..... 444-2630  
 Legal Counsel, Cynthia Brooks ..... 444-2630  
 Legal Counsel, William B. Kirley ..... 444-2630  
 Legal Counsel, James M. Madden ..... 444-2630  
 Legal Counsel, Claudia Massman ..... 444-2630  
 Legal Counsel, Eleanor Parker ..... 444-2630  
 Legal Counsel, David Rusoff ..... 444-2630  
 Legal Counsel, Dayna Shepherd ..... 444-2630  
 Legal Counsel, Mark Stahly ..... 444-2630  
 Legal Counsel, Robert J. Thompson ..... 444-2630  
 Administrative Assistant, Joyce Squires ..... 444-2630

**Medical Unit**  
 Room C314, Cogswell Building ..... 444-4740  
 Medical Officer, Sidney Pratt, M.D. .... 444-4740

**AIR QUALITY DIVISION** ..... 444-3454  
 836 Front Street  
 P.O. Box 200901 59620-0901  
 Acting Administrator, Jeffrey T. Chaffee ..... 444-3454  
 Air Quality Small Business Assistance Program ... 800-433-8773  
 FAX NUMBER ..... 444-5275

**Occupational & Radiological Health Bureau**  
 836 Front Street  
 P. O. Box 200901 59620-0901  
 Chief, Adrian C. Howe ..... 444-3671  
 Radon Hotline ..... 800-546-0483

**CENTRALIZED SERVICES DIVISION**  
 Room A116, Cogswell Bldg.  
 Acting Administrator, Charles F. Stohl ..... 444-2442  
 FAX NUMBER ..... 444-1804

**Chemistry Laboratory Bureau**  
 Room B216, Cogswell Bldg.  
 Chief, John Hawthorne ..... 444-3444  
 Laboratory Toll Free ..... 800-821-7284

**Contracts and Procurement Unit**  
 Room A116, Cogswell Bldg ..... 444-5339  
 Contracts Officer/Unit Manager, Forest V. Farris ..... 444-0201

**Information Services Bureau**  
 Room B102, Cogswell Building  
 Chief, Howard "Tripp" Hammer ..... 444-4486

**Personnel Unit**  
 Room A116, Cogswell Building  
 Personnel Officer, Glenna R. McClure ..... 444-4218

**Public Health Laboratory Bureau**  
 Room B132, Cogswell Building  
 Chief, Douglas O. Abbott ..... 444-3444  
 Laboratory Toll Free ..... 800-821-7284

**Support Services Bureau**  
 Room A116, Cogswell Building  
 Acting Chief, Judy L. Hanson ..... 444-2442

**ENVIRONMENTAL REMEDIATION DIVISION**  
 2209 Phoenix Ave.  
 P.O. Box 200901 59620-0901  
 Acting Administrator, John Geach ..... 444-1420

**Federal Superfund**  
 2209 Phoenix Ave.  
 Program Manager, Neil Marsh ..... 444-1420  
 FAX NUMBER ..... 444-1901

**State Superfund**  
 2209 Phoenix Ave.  
 Program Manager, Carol Fox ..... 444-1420  
 FAX NUMBER ..... 444-1901

**Leaking Underground Storage Tanks**  
 2209 Phoenix Ave.  
 Program Manager, Jeff Kuhn ..... 444-5970  
 FAX NUMBER ..... 444-1902  
 Leak Reporting Hotline ..... 800-457-0568

**HEALTH FACILITIES DIVISION**  
 Room C211, Cogswell Bldg.  
 Administrator, Denzel Davis ..... 444-2037  
 FAX NUMBER ..... 444-1742

**Certification Bureau**  
 Room C214, Cogswell Building  
 Chief, Linda Sandman ..... 444-2038  
 Home Health Hotline ..... 800-762-4618

**Licensure Bureau**  
 Room C211, Cogswell Building  
 Chief, Roy Kemp ..... 444-2868

**HEALTH SERVICES DIVISION**  
 Room C123, Cogswell Bldg.  
 Administrator, J. Dale Taliaferro ..... 444-4473

**Health Planning Program**  
 Room C123, Cogswell Building  
 Program Manager, Charles Aagenes ..... 444-4473

**Emergency Medical Services Bureau**  
 Room A104/A107, Cogswell Building  
 Chief, Drew Dawson ..... 444-3895  
 FAX NUMBER ..... 444-1814

**Family/Maternal and Child Health Bureau**  
 Room C314, Cogswell Building  
 Chief, Maxine Ferguson ..... 444-4743  
 FAX NUMBER ..... 444-2606

**Child & Adult Care Food Program**  
 Room C314, Cogswell Bldg.  
 Program Manager, Nolan Malstrom ..... 444-2674

**Children's Special Health Services**  
 Room C314, Cogswell Bldg.  
 Program Manager ..... 444-3622  
 Children's Special Health Services Hotline ... 800-762-9891

*2 MORE  
 HAVE BEEN  
 ADDED*

Testimony of Doug Henneman  
R. Route 1, Box 825  
Valier, MT 59486

EXHIBIT 2  
DATE 3-10-95  
HB 440

Subject: H B 440

An A.P. article in the Helena Independent Record dated September 24th, 1994 stated that "Montana's Water Quality Division is so poorly managed that cases can take years to resolve, and staffers have no clear direction from their supervisors. Enforcement of the states two main water-quality laws is inconsistent, and the Division may be illegally granting exclusions to the Water Quality Act." This was taken from a recent Legislative audit and I would like to highlight a specific case that will support this audit.

- Mid June of 1992 visible construction of a large animal facility began upgradient and within 200' of my property line.
- Late June and July of 1992 concerned citizens called the WQB to advise of ongoing construction and possible impact to down-gradient water users including Conrad, Montana's potable water.
- Complaint Investigation Report dated July 15, 1992 identified a viable potential threat to state waters and recommended a ground water permit.
- A certified letter was sent to this animal facility stating that construction must be suspended immediately and a complete permit application must be delivered to the WQB. A violation subject to civil penalties of \$25,000/ day could be imposed.
- A Field Investigation Report was performed on August 4, 1992 and it was stated that "No wastes could be generated at the site until a functional monitoring system was in place through the stipulations of a permit."
- On August 9, 1992 animals were placed in the facility in violation of the WQB directives and the facility began operations.
- Mid March of 1993, concerned citizens met to discuss the animal facility with DHES officials who were unaware the facility was operating. Assurance was given that the facility would be shut down and animals removed.
- WQB officials sampled numerous locations and found the shallow aquifer underlying the facility and disposal area had nitrate/nitrite levels far in excess of EPA standards of 10 mg/l. Highest recorded level was 24.1 mg/l.

- An enforcement action was requested on April 1, 1993 seeking (1.) a temporary injunction to cease use or construction of the facilities. (2.) Submittal of a corrective action plan and schedule. (3.) Assessment of civil penalties as provided by law and specified in agency guidance. (4.) Recovery of agency enforcement and investigation costs.
- The animal facility had violated 75-5-605 MCA, 75-6-112 MCA and ARM 16.20, 1013 (3). Five violations were identified.
- This enforcement action was not processed. An Environment Assessment was initiated recommending a permit be issued.
- The EA stated, "This program does not eliminate the possibility of nutrient leaching losses to shallow aquifers. The timing and amount of precipitation are uncontrollable factors that could contribute to net downward movement of water soluble nutrients in gravelly soils."
- A permit was issued on the 28th of October, 1993 after the animal facility was potentially liable for over 11 million dollars in civil fines. The permit stated that there "shall be no degradation of states waters resulting from animal waste collecting storage or land application." This is a direct contradiction to the Environmental Assessment and does not pass the common sense test. The EA stated that "This program does not eliminate the possibility of nutrient leaching" while the permit stated "there shall be no degradation."

This real-life interaction with the WQB, along with numerous newspaper articles and audit reports, have convinced me that the bureau is dysfunctional. Their budget is now \$8.2 million per year with 78 employees, yet their production record is dismal to non-existent. Their performance has been criticized repeatedly by the environmental community, the natural resource community and the league of cities and towns. Is the problem the process, the personnel or a combination of both? If it is the process, then we should support H B 440, step back, put common sense into the process and give primacy to the EPA until a restructured and functional agency can be developed within a balanced and enforceable framework.

EXHIBIT 3  
DATE 3-10-95  
HB 440

Testimony of Sarah Barnard before the House Appropriations Committee,  
March 10, 1995, regarding HB 440

For the record my name is Sarah Barnard; I live in Bozeman and represent Montanans Against Toxic Burning. Today I'm also representing Montanans for a Healthy Future, another non-profit citizens organization, based in Montanan City.

This legislature seems to be all for states rights. Montana should govern itself its own way. Why then should Montana rely on the federal government to keep our air and water clean and protect our health?

You may recall that last legislative session siting for hazardous waste incinerators was debated. One of the most commonly articulated arguments against siting was that these hazardous waste facilities will have to meet all federal and state requirements, and these more-rigorous-than-federal state standards will protect communities and the environment near burning facilities. The cement companies involved have always publicly declared their willingness to undergo the state permitting process, and their eagerness to meet the requirements that Montana has set for them.

In '93 many legislators and the governor himself told Montana citizens to trust the process, the Department's standards will ensure safety. This session we've seen a replay of these arguments in the Senate as Senator Foster's siting bill was considered. **The legislature has said that it's fine to burn hazardous wastes near school kids because the state standards we have will protect public health.**

**It's hypocritical to tell the people of this state to rely on certain health and environmental standards to keep them safe while you're attempting to revoke those standards.**

We oppose this bill, and respectfully urge you to do so. Thank you.

# MontPIRG

EXHIBIT 4  
DATE 3-10-95  
HB 440

## Montana Public Interest Research Group

360 Corbin Hall - Missoula, MT - (406) 243-2908

Testimony Against House Bill 440, March 10, 1995

Chairman Zook and members of the House Appropriations Committee:

For the record, my name is J.V. Bennett, for the Montana Public Interest Research Group, or MontPIRG.

MontPIRG is a non-profit, non-partisan research and advocacy organization working for good government, consumer rights and sound environmental protection. MontPIRG represents over 4000 members in Montana, with 2200 student members, and is funded with membership donations.

As an advocacy organization advocating good government and sound environmental protection, MontPIRG rises in opposition to House Bill 521.

House Bill 440 is of great concern because it would undermine Montana's right to impose regulations that are more stringent than federal standards. The people of Montana have decided over the past two decades that the quality of our water, air and land were important enough to enact standards more stringent than those promulgated by the federal government. To disregard the will of Montanans, simply because it has resulted in more stringent regulations, and force us to accept federal regulations undermines our sovereignty as a State.

The federal standards this bill would require us to operate under are meant to be the bare minimum required protect health for a highly polluted state like New Jersey. Montana was a cleaner state when these laws were enacted and continues to be because our pollution laws work. Montana's status as the "Last Best Place" has a real economic value as well as contributing to our high quality of life. For Montana to degrade its environment to the level of more polluted states makes little sense.

Moreover, there is an issue of state's rights. MontPIRG believes that Montana has the right to decide, and has decided to establish environmental laws more stringent than the federal standards. Giving up our sovereignty to the federal government in this area would not serve the best interests of Montana citizens or business.

For these reasons MontPIRG urges this committee to table HB 440.

EXHIBIT 5  
DATE 3-10-95  
HB 440

17 Division Street  
Helena MT 59601  
March 9, 1995

To the House Appropriations Committee:

I would have liked to appear in person, but my job prevents me attending the hearing. Please make this part of the record.

I am opposed to HB 440 as introduced by Rep. Harriet Hayne. This is one of the most outrageous bills I have seen in a long time. It seeks to undo what Montanans have been building for decades. Our environmental laws have been a source of great pride to most Montanans. Our blue-ribbon trout streams, our clean air, our beautiful forests, our vast rolling prairies---these are how we identify ourselves. To seek, in a brief 90 days to undo all of the protections which we have given to these treasures is criminal (to say nothing of un-Constitutional).

Many Montanans are talking about reducing the imposition of Federal Law and regulation on the state. What this bill would do is replace all of Montana's carefully crafted water, air, and environmental quality laws with Federal laws. Federal laws were written with states like New Jersey in mind, where water and air have been so degraded that any standards make an improvement. To judge Montana's blue-ribbon trout streams and clean air by these standards is unthinkable. Montanans want to be able to make our own decisions on what we value in our state. I hope that we value something in addition to the "bottom line." Yes, if we pass these laws we may get more jobs. But what we will also get is more future Superfund sites, more environmentally-caused cancer, fewer fishable trout streams, fewer forests to hunt and hike in, and air quality to match Denver's where you can rarely see the mountains.

Please return this bill with a clear "DO NOT PASS."

Ellie Arguimbau



EXHIBIT 6  
DATE 3-10-95  
HB 440

# DORSEY & WHITNEY

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATION

MINNEAPOLIS  
ROCHESTER, MN  
BILLINGS  
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DES MOINES  
DENVER

127 EAST FRONT STREET  
SUITE 310  
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FAX (406) 543-0863

MAE NAN ELLINGSON

NEW YORK  
WASHINGTON, D. C.  
ORANGE COUNTY, CA  
FARGO  
LONDON  
BRUSSELS

February 13, 1995

Mr. Robert J. Robinson, Director  
Department of Health and Environmental  
Sciences  
P.O. Box 200901  
Helena, MT 59620-0901

Mr. Mark Simonich, Director  
Department of Natural Resources and  
Conservation  
P.O. Box 202301  
Helena, MT 59620-2301

Re: HB 440

Dear Messrs. Robinson and Simonich:

HB 440 would, among other things, repeal the State's Wastewater Revolving Fund Program (the Program) (Sections 75-5-11-1 through 75-5-1122). In addition, Section 9 of HB 440 would remove from the provisions of the statutory appropriations, Section 75-5-1108, which provides that the money in the State Revolving Fund is statutorily appropriated to make loans to local governments.

As you know, the State has issued two series of General Obligation Bonds in the amount of \$4,795,000 (the Bonds) to provide the match for the federal grants coming to the State for the Program under the terms of Capitalization Grant Operating Agreement the State entered into with the Environmental Protection Agency on September of 1990. The Wastewater Treatment Revolving Fund Act (the Act), approved by the Legislature in 1989, authorized the Department of Health and Environmental Services to enter into that agreement on behalf of the State and to work with the Department of Natural Resources and Conservation to establish the Program in accordance with the Act.

## DORSEY &amp; WHITNEY

Mr. Robert J. Robinson  
Mr. Mark Simonich  
February 13, 1995  
Page 2

As you probably also know, the Bonds were issued as general obligation bonds so as to obtain the lowest possible rate of interest in the interest of the state and local government power, but the Program was established to be self-supporting in that the loan repayments from local government would be sufficient to pay principal and interest on the Bonds. It was not anticipated that the State would be called on to use non-Program funds to pay debt service on the Bonds.

The Bonds have provided a match for \$23,969,000 of federal funds, roughly an 83-17 match. To date, the State has applied for and received total capitalization grants of \$50,177,500. The additional match would be satisfied by the issuance of additional general obligation bonds, which are currently authorized to be issued. To date, the State has applied for and received total capitalization grants of \$50,177,500. The additional match would be satisfied by the issuance of additional general obligation bonds, which are currently authorized to be issued. The federal funds were made available to the State for purposes of creating and maintaining the Program under which the loan repayments, to the extent not required to pay off the States' Bonds, would be reloaned to the local governments in perpetuity for eligible wastewater projects. The Federal Government created this program to replace its direct grants to local governments program, thus giving the State more control over the projects that are funded from federal dollars. The amount of loans that have been committed to date is approximately \$23,031,391. The State is in the process of committing to make loans to other Montana local governments for the 1995 construction season.

If HB 440 passes in its current form, several issues will arise. If the State terminates the Program, obviously, it would not receive the additional cap grants that it has awarded. Further, it is most likely that the State would be required to return the federal funds that the State has received for the Program. Although the Operating Agreement does not specifically contemplate a state changing its mind and terminating its revolving fund program, it seems arguable that since the money was granted for the sole purpose of establishing the Program, if the State no longer desires to have the program, the federal funds would be required to be returned. Since roughly 80% of the amount that has been loaned to local governments is federal funds, it is not clear whether the State could return those funds that have been used to make loans as the loan repayments come in or whether the State would have to return them upon termination of the Program. If the later is required, there clearly would not be enough money in the Program at this time to do that. Further, it is not possible under the State's loan documents with the local

DORSEY & WHITNEY

Mr. Robert J. Robinson  
Mr. Mark Simonich  
February 13, 1995  
Page 3

governments, to require the local governments to prepay their loans in order for the State to have a source of money to repay the federal government. Thus, even if the Program were repealed by this legislation, and since the State cannot require the local governments to prepay their loans, those loans would have to remain outstanding.

Further, given the removal of Section 75-5-1108 from the statutory appropriations section of the Montana Code, the State would not be able to reloan the excess loan repayments or the remaining unexpended bond proceeds and federal grant so this money would have to stay in the Program until the Bonds could be paid as due or called. Since it is not possible to call Bonds from unexpended bond proceeds until 2004, as mentioned before, the State would have to cover the bond payments from the general fund to the extent investment earnings on unexpended bond proceeds were inadequate. Because the loan prepayments include repayment of both the state and federally funded portions of the loan, it is unclear how much of the loan repayment the State would be entitled to keep for bond repayment if it terminated the Program.

Obviously, a more thorough review of this issue would need to be undertaken to fully document the State's potential loss here. We are willing to provide whatever assistance we can in that regard, but at this point it would seem more cost effective to try to ascertain whether the elimination of this Program is clearly desired by the sponsor of the legislation.

Very truly yours,



Mae Nan Ellingson  
Dorsey & Whitney P.L.L.P.

MNE:lmc

Dorsey & Whitney P.L.L.P. is a  
Professional Limited Liability Partnership



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION VIII

999 18th STREET - SUITE 500  
DENVER, COLORADO 80202-2466

RECEIVED

MAR 03 1995

DNRC

FEB 28 1995

FEB 28 1995

Ref: 8WM-MF

Ms. Anna M. Miller, Financial Advisor  
Conservation and Resource Development Division  
Department of Natural Resources and Conservation  
1520 East Sixth Avenue  
Helena, Montana 59620-2301

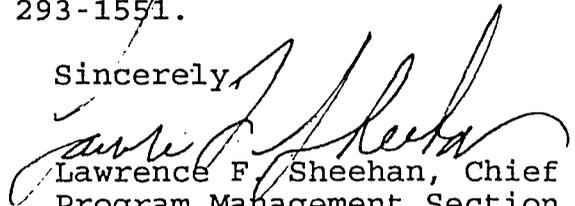
Re: Montana House Bill 440

Dear Ms. Miller:

Thank you for sending us a copy of proposed legislation known as Montana House Bill 440. You have also requested our comments. We understand that the bill repeals the Montana State Revolving Fund enabling legislation in its entirety. If this bill is passed in the form we reviewed, it will abrogate the Operating Agreement between Region VIII, U.S. Environmental Protection Agency and the State of Montana. Thus, we would be in the position of asking for the return of all funds awarded to the Montana State Revolving Fund under Title VI of the Clean Water Act. This will likely devastate the bond issues by which the State raised match and effectively end Montana's and its municipalities' participation in the State Revolving Fund program.

If you have any questions, please contact Mr. Jack A. Rychecky of my staff at (303) 293-1551.

Sincerely,

  
Lawrence F. Sheehan, Chief  
Program Management Section  
Municipal Facilities Branch



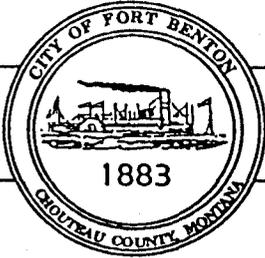
**Wastewater  
 State Revolving Fund Program**

SRF LOANS COMPLETED		
Fort Benton Rev.		\$1,177,000
Park County		
#1 SID		378,000
#2 SID		83,000
Kalispell Rev.		3,913,000
Missoula		
Wapikiya/Bellevue Clarifier SID		2,465,000
Wapikiya/Bellevue Clarifier Rev.		1,177,000
Wapikiya/Bellevue Add-on SID		324,000
NW Broadway SID		943,000
Rattlesnake SID		364,000
California Street SID		578,000
Reserve Street		2,221,000
Flathead County		
Big Fork RSID		424,000
Evergreen #1 RSID		3,600,000
Evergreen #2 RSID		700,000
Missoula County		
Linda Vista #1 SID		241,000
Linda Vista #2 SID		2,022,000
Wolf Point Rev.		453,000
Shelby Rev.		481,000
Darby Rev.		114,000
		<u>\$21,658,000</u>

SRF PROPOSED LOANS 1995, 1996, 1997	
Red Lodge	Butte
Hamilton	Cut Bank
Townsend	Deer Lodge
Victor	Dillon
Big Sky	Reed Point
Cascade	Ronan

Legislature 1995  
 Updated 2-7-95

Loans completed are for wastewater projects. Loan rates are at 4% for the Wastewater State Revolving Fund Loan (SRF) program. Funding is 17% State General Obligation Bond, 83% EPA grant funds. For the State match of 3.6 million dollars 18.0 million dollars is federal moneys already.



# City of Fort Benton

1204 Front Street • P.O. Box 8  
Fort Benton, Montana 59442

(406) 622-5494  
(406) 622-5495

January 23, 1995

To Whom It May Concern:

The City of Fort Benton is a participant in the Montana State Revolving Fund (SRF) Program. In 1991, the City utilized the SRF Program for replacing our Waste water Treatment facility. I would encourage your support of a similar program provided for in LC 762 for drinking water programs. I feel this is a beneficial program for entities dealing with infrastructure problems.

Thank you.

Sincerely,

Roger J. Axtman  
Mayor

RJA/m

**LARK COUNTY COMMISSIONERS**

414 E. Callender  
Livingston, Montana 59047  
406-222-6120

RECEIVED

JAN 24 1995

DNRC

January 23, 1995

Anna Miller  
Dept. of Natural Resources & Conservation  
Lee Metcalf Building  
Post Office Box 202301  
Helena, MT 59620-2301

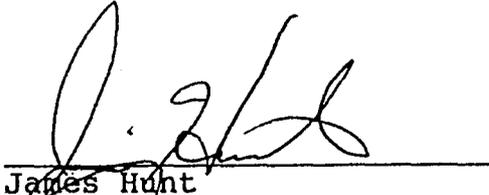
To Whom it May Concern:

We would like to express our support for a State Revolving Fund program that focuses on drinking water systems.

We recently completed a loan for a sewer project in the Gardiner area using the State Revolving Fund. The low interest rate and aid in establishing the loan made the project possible.

Sincerely,

  
Terry Saffrazin, Chairman

  
James Hunt

  
Dan B. Gutebier

# The City of Kalispell

Incorporated 1892

Telephone (406) 758-7700  
 FAX (406) 758-7758  
 Post Office Box 1997  
 Zip 59903-1997

Douglas Rauthe  
 Mayor

Bruce Williams  
 City Manager

City Council  
 Members:

Gary W. Nystul  
 Ward I

Cliff Collins  
 Ward I

Barbara Moses  
 Ward II

Dale Haarr  
 Ward II

Jim Atkinson  
 Ward III

Lauren Granno  
 Ward III

Pamela B. Kennedy  
 Ward IV

M. Duane Larson  
 Ward IV

January 25, 1995

Representative David Ewer  
 State Capitol Building  
 Post Office Box 201701  
 Helena, MT 59620-1701

Dear Representative Ewer:

The City of Kalispell would like to go on record in support of LC 762. The City of Kalispell previously benefitted by borrowing from the State's revolving loan program to pay a portion of the debt associated with the construction of a new sewage treatment facility.

The amendments offered in LC 762 would extend to local governments the opportunity to borrow at rates below public bond rates for water improvement projects, for which the present law does not allow.

We would ask that your committee look favorably upon this legislation, as it has the potential of saving Montana citizens thousands of dollars in public borrowing costs associated with water improvement projects.

Sincerely,



Bruce Williams  
 City Manager

BW/ksk

p.c. Anna Miller



# Flathead County Water & Sewer District #1 - Evergreen



130 Nicholson Drive • Kalispell, MT 59901  
Phone: (406) 257-5861 Fax: (406) 756-1588

January 23, 1995

Representative Bill Boharski, Chairman  
House Local Government Committee  
Capital Station  
Helena, MT 59601

RE: LC 762 - Drinking Water Revolving Loan Program

Flathead County Water & Sewer District No. 1 - Evergreen supports developing a State Drinking Water Revolving Loan Program similar to the SRF program for waste water treatment facilities.

The Evergreen Water & Sewer District has a current low interest loan from the SRF program for a sewer collection system. Over \$4,000,000 has been borrowed at a low interest of 4%, thereby maintaining the lowest possible cost to the user/propertyowner.

If this SRF program had not been available the project or its size may have been adversely affected. If the project had gone ahead and commercial funding been available, the users would have been faced with an interest charge at least double the current interest charge. Doubling the interest charge, more than doubles the total interest expense.

This potential House Bill sponsored by Representative David Ewer, would provide a funding mechanism for Districts and municipalities when improving or expanding their water facilities.

The District urges you to support LC 762.

Stan Clothier, President  
Board of Directors,  
Flathead County Water & Sewer District No. 1 - Evergreen

xc: Representative Jack Herron, Vice Chairman, Majority  
Representative David Ewer, Vice Chairman, Minority  
Senator Ethel Harding, Vice Chair, Senate Local Government Committee  
Senator Tom Beck, Chair Senate Local Government Committee  
Senator John Harp, District 42  
File - Legislation: HB762H20

# City of Wolf Point

RECEIVED

JAN 24 1995

D N R C

201 4th Avenue South

WOLF POINT, MONTANA 59201

Phone 653-1852

FAX # 653-3240

January 23, 1995

TO WHOM IT MAY CONCERN:

As a recent participant in the State Revolving Loan Program for wastewater treatment facilities, the City of Wolf Point is in support of a similar program for the drinking water systems of Montana.

This low-cost funding source will enable several communities in Montana to make the needed repairs/upgrades to their systems.

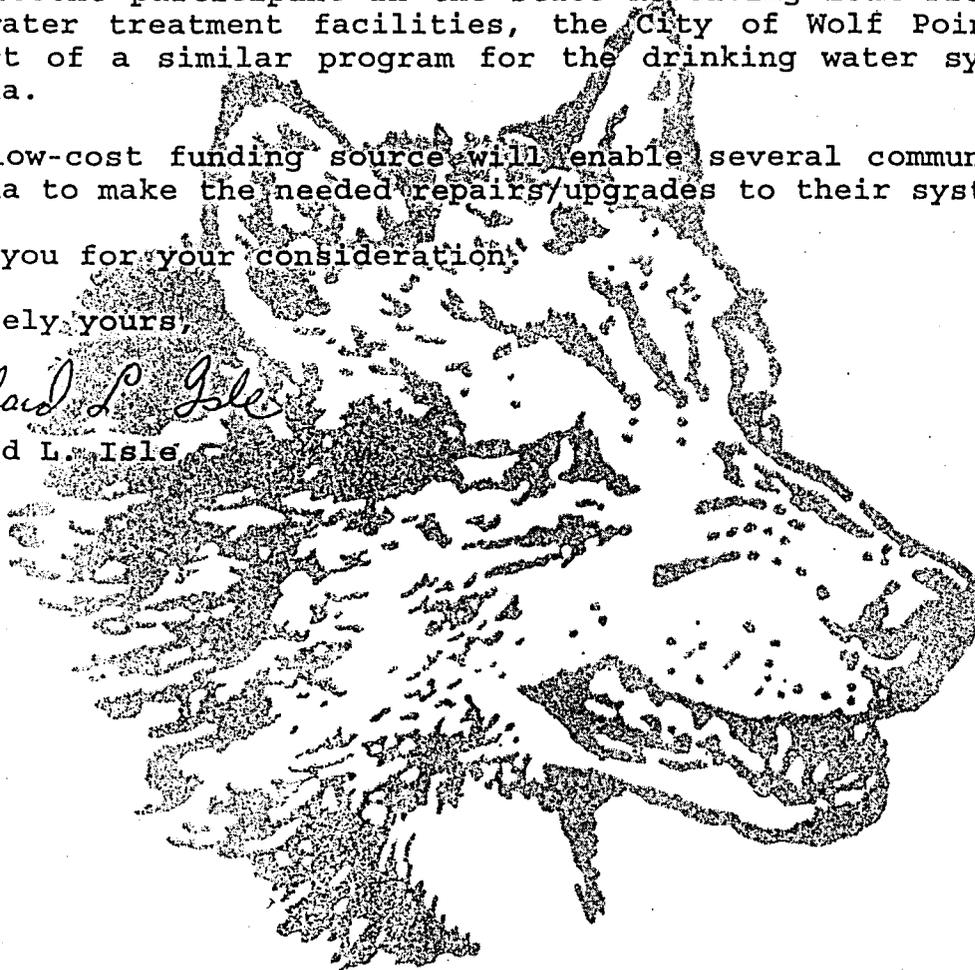
Thank you for your consideration.

Sincerely yours,



*Richard L. Isle*

Richard L. Isle  
Mayor



# City of Shelby

P.O. Box 743  
Shelby, Montana 59474  
(406)-434-5222

RECEIVED

JAN 30 1995

DNRC

January 27, 1995

DNRC  
Anna M. Miller  
CARDD-DNRC  
P.O. Box 202301  
Helena, MT 59620-2301

RE: LC #762 - SRF Program for Water Systems

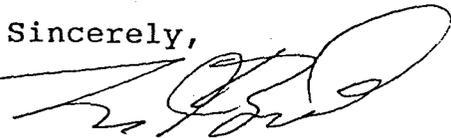
Dear Anna:

On behalf of the City of Shelby, I would like to express our support of legislation that would establish State Revolving Fund loan programs for water systems.

Our community has used SRF funding for improvements to our sewer system and we sincerely believe that a SRF program for water systems would be very beneficial for many Montana communities.

This legislation has our total support.

Sincerely,



Larry J. Bonderud  
Mayor

LJB/tlw

cc: City Council

Glendive, Montana  
59330



Phone (406) 365-3318

300 South Merrill  
RECEIVED

FEB 07 1995

DNRC

February 2, 1995

To Whom It May Concern:

It is increasingly difficult to build new or replace old infrastructure due to the costs associated with these projects. Unfunded mandates place additional burden on local governments to come into compliance with water, sewer, and garbage requirements. This in conjunction with the fact that many communities such as Glendive have numerous elderly individuals on fixed incomes and others who simply can not afford to pay for large increases on rates.

Historically, city's across Montana including Glendive have kept rates low. Unfortunately funding was generally not established to fund for the future or for the replacement of infrastructure. Councils simply did not want to increase rates as long as these services were being provided. Thus, after decades of artificially low rates there are no funds available to replace worn out infrastructure or fund the new requirements. Grants are becoming increasingly competitive and generally fund only a portion of the project. Thus when projects are undertaken, City's are forced to borrow funds, which also entails increasing rates to fund the debt service.

This being the case, Cities are continuously seeking out funding mechanisms which will fund these projects and keep user rates as low as possible. We believe that the program sponsored by Representative Ewer is a much needed program. We have worked with Mr. Ewer and the DNRC on numerous occasions and know that they are all to aware of the infrastructure problems facing Montana Cities and Towns. They are also very aware of the funding problems which plague these same entities. Without such a program user rates will be considerably higher than they have to be or needed infrastructure improvements will continue to be ignored. I urge you to support LC 762 to help municipalities fund these much needed changes.

Sincerely,

Kevin Dorwart C.P.A.  
Director of Operations  
City of Glendive

Fiscal Note for HB0540, third reading

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising the Montana Youth Court Act.

ASSUMPTIONS:

1. The Executive Budget present law base serves as the starting point from which to calculate any fiscal impact due to this proposed legislation.
2. The primary objectives of the proposed legislation are to clarify parenting roles and responsibilities and to increase youth accountability for actions along an entire continuum of behaviors. The bill will be effective October 1, 1995.

Montana Board of Crime Control:

3. Montana Board of Crime Control statistics reveal that about 500 youth in 1994 were charged with crimes that would qualify for up to three points. Complete statistics are available only for 1993 when there were 1869 status offenses, such as truancy and false liquor identification; 8185 other offenses, such as misdemeanor theft, city ordinance violations, possession of an intoxicating substance; and 660 more serious transfer offenses.
4. Repealing 41-5-106, 41-5-310, 41-5-311 and 41-5-809, MCA, would legalize holding juveniles accused of status offenses or adjudicated as status offenders in adult facilities.
5. This legislation would allow juveniles to be held in adult facilities longer than 24 hours. It is proposed that youth would be physically separated from adults, which would be inconsistent with federal mandates 42 U.S.C. 5633 Sec. 223 State Plans, issued by the Office of Juvenile Justice Delinquency Prevention Act (OJJDP), parts (12A), (13) and (14). The "sight and sound" requirements of state law are deleted by this bill [page 21, line 12].
6. Montana would not maintain compliance with the OJJDP Act and would lose grant funds of \$612,500 per year, most of which are used to help local governments provide youth services.

Department of Family Services (DFS):

7. DFS plans to serve each year of the 1997 biennium approximately 109 youth in the Youth Alternatives Program and 120 boys in the Pine Hills School (PHS). The capacity at PHS is 80 boys and the average stay is anticipated to be about seven months, resulting in annual service to about 120 boys. During FY94 PHS served 191 males.
8. The bill provides a point system, much like a driver's license point system, wherein a misdemeanor will count as one point and a felony will count as three points. Upon accumulating six points, a youth must be placed in a secure detention facility for five days and upon accumulating nine points, a youth must be placed in a secure detention facility for ten days.
9. After accumulating ten points, a youth would be placed at PHS for no less than 90 days and, if a youth is designated a "predatory youth," placement could be for up to 180 days. This placement is less than the present law base budget of 210 days per youth.

(Continued)

Dave Lewis 3-7-95  
DAVE LEWIS, BUDGET DIRECTOR      DATE  
Office of Budget and Program Planning

Brad Molnar  
BRAD MOLNAR, PRIMARY SPONSOR      DATE

Fiscal Note for HB0540, third reading

HB 540-#2

(continued)

FISCAL IMPACT:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
<b>Department of Corrections &amp; Human Services</b>		
<u>Expenditures:</u>		
FTE	10.44	17.40
Personal Services	309,830	516,384
Operating Expenses	<u>50,000</u>	<u>90,000</u>
Total	359,830	606,384
<u>Funding:</u>		
General Fund (01)	359,830	606,384
<b>Montana Board of Crime Control</b>		
<u>Revenue:</u>		
OJJDP Block Grant (03)	(320,625)	(427,500)
Title V Grant (03)	(75,000)	(100,000)
Challenge Grant (03)	<u>(85,000)</u>	<u>(85,000)</u>
Total	(480,625)	(612,500)
<b>Department of Family Services</b>		
<u>Expenditures</u>		
Operating Costs	492,750	2,452,800
Construction Costs	<u>1,200,000</u>	<u>0</u>
Total	1,692,750	2,452,800
<u>Funding:</u>		
General Fund (01)	1,692,750	2,452,800
<u>Total Net Impact on General Fund Balance:</u>		
General Fund (Cost) (01)	(2,052,580)	(3,059,184)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. This bill as written will have a major impact on county government costs relative to construction of detention/shelter care beds and associated operating costs for those youth who receive six or nine points.
2. Youth and/or District courts could experience increased expenses due to court-ordered testing under Section 21.

TECHNICAL NOTES:

1. Although Section 24, subsection 17 (Page 36) states that "Health, education, welfare, and other agencies involved with the youth shall ensure that funding for the youth follows the youth to the location in which the youth is placed and that the funding is assigned to the appropriate agency or entity" it is the youth probation officers of the youth courts who use a financial resources checkoff. The District Court or Youth Court judge must order financial resources and these order do not affect and cannot revise AFDC, SSI, child support, school ANB or most other known resources. Treatment funding follows only if the youth is Medicaid eligible and in an approved treatment facility.
2. Section 24, subsection 7 (Page 34, lines 9 and 10) appears to be in conflict with Section 40 (Page 47, lines 18-20).
3. Because some of the terms and provisions in the bill are new and not completely defined, the DFS would require a statement of intent in the bill to enable development of rules for implementation.
4. Page 42, lines 15 and 16, striking the minimum 10 year term will create problems for bond counsel and local governments issuing bonds. This provision needs to be maintained.

(Continued)

Amendments to House Bill No. 540  
Third Reading Copy

Requested by Representative Molnar  
For the Committee on Appropriations

Prepared by Greg Petesch  
March 6, 1995

1. Title, line 5.  
Following: line 4

Insert: "REQUIRING THE DEPARTMENT OF FAMILY SERVICES TO DEVELOP A REQUEST FOR PROPOSALS TO SOLICIT PROPOSALS FROM MONTANA LOCAL GOVERNMENTAL UNITS FOR THE SITING OF A YOUTH CORRECTIONAL FACILITY; REQUIRING THE DEPARTMENT TO SOLICIT PROPOSALS ACCORDING TO THE REQUEST; SPECIFYING CERTAIN CRITERIA FOR THE SITE OF THE FACILITY; CREATING A COMMITTEE TO EVALUATE THE PROPOSALS; PROVIDING FOR THE EVALUATION OF THE PROPOSALS AND SELECTION OF A FACILITY SITE; APPROPRIATING MONEY FOR THE PURPOSES OF THE SITE SELECTION COMMITTEE;"

2. Title, line 9.  
Following: "MCA;"  
Strike: "AND"

3. Title, line 10.  
Following: "MCA"  
Insert: "; AND PROVIDING EFFECTIVE DATES"

4. Page 47, line 21.  
Insert: "NEW SECTION. Section 41. Legislative findings. The legislature finds that the incarceration and management of youthful offenders is a matter of state responsibility and that the location and design of a youth correctional facility providing for these services determines the proper management of those offenders and further finds that it is necessary to provide proper guidelines for the location and construction of the youth correctional facility.

NEW SECTION. Section 42. Definitions. As used in [sections 41 through 47], unless the context clearly indicates otherwise, the following definitions apply:

(1) "Department" means the department of family services provided for in 2-15-2401.

(2) "Facility" means a youth correctional center with a capacity of approximately 50 beds that provides minimum, medium, and maximum security for male youth.

(3) "Local governmental unit" means a county, city, town, or consolidated local government.

(4) "Proposal" means a proposal for the location of the facility, submitted by a local governmental unit to the department in response to the request for proposals required by [section 43].

NEW SECTION. Section 43. Request for proposals. (1) The

department shall request that proposals be submitted to the department from local governmental units for the siting, operation, and community support of a new youth correctional facility. The request must:

- (a) be made in the form of a request for proposals;
- (b) specify January 31, 1996, as the date on which all proposals are to be received by the department; and
- (c) contain the information required under subsection (2) and other information determined necessary by the department.

(2) The request for proposals must require that information in the following categories be submitted by a local governmental unit as part of any proposal:

- (a) construction site information, including:
  - (i) the acreage of the site;
  - (ii) the name and address of the owner or owners and the form of the legal interest in which the site is held;
  - (iii) how the site may be acquired by the state;
  - (iv) the configuration and topography of the site;
  - (v) access to paved public streets and reliable utilities, such as water supply, sewage system, natural gas, electricity, telephone, and refuse disposal;
  - (vi) compatibility with current local zoning ordinances, as well as any ordinance modifications necessary and the procedure for making those modifications;
  - (vii) flood hazard information;
  - (viii) subsurface soils analyses and water table location;
  - (ix) climate; and
  - (x) location plan drawings, areawide master plan drawings, and site plan drawings.
- (b) service availability information, including:
  - (i) proximity, stated in the shortest roadway miles on all-weather roads, to 24-hour emergency medical services;
  - (ii) proximity, stated in the shortest roadway miles on all-weather roads, to 24-hour fire protection services;
  - (iii) proximity, stated in the shortest roadway miles on all-weather roads, to a certified local law enforcement agency and the level of the agency's capability to respond to emergencies;
  - (iv) proximity to, stated in the shortest roadway miles on all-weather roads, and availability of interstate transportation services;
  - (v) proximity to counties committing youth;
  - (vi) the adequacy of the court system and legal services;
  - (vii) availability of motel or hotel accommodations;
  - (viii) an adequate number of vendors of food, motor fuel, and other supplies;
  - (ix) an adequate skilled workforce for employment in the facility;
  - (x) availability of affordable housing for the facility staff;
  - (xi) established organizations whose primary missions are specific to the needs of youth; and
  - (xii) established organizations that emphasize and are concerned with Native American issues;
- (c) program information, including:

(i) proximity to medical services at a referral hospital with 24-hour emergency room service, including the presence of an attending physician;

(ii) proximity to a hospital offering medical specialties needed by youthful inmates;

(iii) proximity to dental services;

(iv) proximity to chemical dependency treatment;

(v) proximity to mental health services, including psychiatric care, clinical services, inpatient and outpatient treatment, and programs appropriate to youth's needs; and

(vi) proximity to vocational education or its programmatic equivalent and a public or private postsecondary educational institution; and

(d) additional criteria, including:

(i) the strength of community volunteer resources;

(ii) the ability of the community's postsecondary educational programs to provide appropriate interns for the facility; and

(iii) the ethnic and cultural diversity of the community.

(3) The department may accept in full or partial compliance with the requirements of subsection (2) information provided to the department pursuant to any similar request for proposals process if that information otherwise satisfies the requirements of subsection (2) and was received by the department no later than January 31, 1996. If the criteria included in the department's original request for proposals for which responses were submitted by January 31, 1996, do not include all the criteria required in subsection (2), the department shall request the additional information from the respondents.

**NEW SECTION. Section 44. Site selection committee. (1)**

Proposals submitted in response to the request for proposals required by [section 43] must be evaluated by a site selection committee. The committee consists of the following persons, whose selection must provide for gender balance on the committee:

(a) one representative of the architecture and engineering division of the department of administration, appointed by the director of the department of administration, to serve in an advisory capacity only;

(b) three representatives of the public, appointed by the governor, none of whom may be a resident of a local governmental unit submitting a proposal;

(c) the youth corrections division administrator of the department;

(d) two members of the house of representatives, neither of whom may be a resident of a local governmental unit submitting a proposal, appointed by the speaker of the house;

(e) two members of the senate, neither of whom may be a resident of a local governmental unit submitting a proposal, appointed by the president of the senate;

(f) one representative of established and recognized organizations whose primary mission is specific to youth's needs, appointed by the governor; and

(g) one representative of the criminal justice and corrections advisory council, appointed by the governor.

(2) Except as otherwise provided by [sections 41 through 47], the site selection committee must be compensated, reimbursed, and otherwise governed by the provisions of 2-15-122 regarding advisory councils.

(3) The committee shall meet as often as necessary to perform the duties assigned by [sections 41 through 47]. The committee shall consider, evaluate, and select the location for the youth correctional facility according to the procedure and criteria in [section 45].

(4) The committee is attached for administrative purposes only to the department, which shall provide such staff, budgetary, administrative, and clerical services to the committee as the committee or its presiding officer requests.

(5) The committee terminates on the date of the recommendation of a site selection to the 55th legislature.

**NEW SECTION.** Section 45. Site selection procedure and criteria: (1) The site selection committee may not consider a proposal unless the proposal:

(a) is submitted within the time required by the request for proposals; and

(b) contains the construction site information, service availability information, program information, and additional criteria required by [section 43(2)].

(2) The committee shall determine a maximum numeric value for each of the criteria required in [section 43]. Criteria that the committee determines to be of more relative importance must be awarded a greater maximum value. The committee shall rate each proposal by using a weighted scale process that assigns a numeric score for each criteria and then totals the score for each proposal. The score for each criteria and proposal must be determined by the extent to which each criteria is satisfied, based upon a documented demonstration of:

(a) the proximity, availability, and number of resources satisfying the criteria;

(b) the strength and quality of the resources satisfying the criteria; and

(c) the strength of the community's willingness and ability to provide resources satisfying the criteria.

**NEW SECTION.** Section 46. Site visitation and hearings required. The site selection committee shall determine the four proposals with the highest numeric scores. The committee shall eliminate the other proposals from further consideration. As soon as possible after elimination of the other sites, the committee shall conduct onsite reviews of the four remaining candidate sites by conducting both an onsite tour of each of the four candidate sites and holding a public hearing on the subject of the facility in the community where each proposed site is located. The purpose of the tour and hearing is to receive information concerning the extent to which each candidate site satisfies the criteria in [section 43] and [section 47(2)]. The hearings must be conducted under procedures determined by the committee, and the committee shall give notice of each hearing by advertisement in a newspaper of general circulation in the county

of each candidate site.

NEW SECTION. Section 47. Site selection. (1) After completing the onsite reviews required by [section 46], the committee shall again score each of the four candidate sites by applying the criteria and scoring method provided in [section 45].

(2) If two or more proposals receive the same total score, the committee shall determine the leading proposal by assigning maximum point values for and scoring those proposals on the following criteria for the community in which the facility would be located:

- (a) strength of community volunteer resources;
- (b) ability of the community's postsecondary educational programs to provide appropriate interns for the facility; and
- (c) the ethnic and cultural diversity of the community.

(3) The facility must be recommended for location at the site proposed by the local governmental unit whose proposal receives the highest numeric score using the procedure provided in this section. Upon selection of the best proposal by the committee, the committee shall inform the director of the department of its selection. The director shall review the selection process to ensure that the committee has not made an error in process or in fact. If the director determines that an error has been made, the director shall remand the recommendation to the committee for further evaluation. The director shall make a public announcement of the committee's selection upon determining that no errors have been made. The director shall prepare the committee's selection for recommendation to the 55th legislature.

NEW SECTION. Section 48. Appropriation. There is appropriated from the general fund \$8,000 to the department of family services for the purposes of the site selection committee created by [section 44]."

Renumber: subsequent section

5. Page 47, line 24.

Insert: "NEW SECTION. Section 50. Effective dates. (1)

[Sections 1 through 40 and 49] are effective October 1, 1995.

(2) [Sections 41 through 48 and this section] are effective July 1, 1995."

Amendments to House Bill No. 540  
Third Reading (blue) Copy

Requested by Rep. Molnar  
For the Committee on Appropriations

Prepared by John MacMaster  
March 8, 1995

1. Title, line 4.

Following: " ; "

Insert: "PROVIDING APPROPRIATIONS; "

2. Title, line 9.

Following: "52-5-129, "

Insert: "AND"

Strike: "AND 53-21-506, "

3. Page 36, line 3.

Strike: first "must"

Insert: "may"

Strike: "designated"

Insert: "adjudicated"

Strike: second "must"

4. Page 36, line 4.

Strike: "be"

Strike: "a state youth correctional facility for no less than 90 days"

Insert: "the custody of the department"

5. Page 39, line 27.

Strike: first "not"

Strike: "and"

Insert: "but"

6. Page 47, lines 17 through 20.

Strike: section 40 its entirety

Renumber: subsequent section

7. Page 47, line 24.

Insert: "NEW SECTION. Section 41. Appropriations. (1) There is appropriated from the general fund \$1 million to the board of crime control for distribution by the board to counties on a pro rata basis based on each county's percentage of the total number of persons adjudicated as delinquent or in need of supervision in the state, to be used by the counties to implement [this act].

(2) There is appropriated from the general fund \$1 million to the department of family services to be used to implement [this act]."

EXHIBIT 10  
DATE 3-10-95  
HB 540

Amendments to HB 540  
Third Reading Copy (Blue)

1. Page 36, line 19.

Following: "entity."

Insert: "The youth court shall order the agencies to comply with this provision, after determining the sources and amounts of such funding. Upon receipt of a completed application for services, the assignment to and collection of funding to the appropriate agency or entity shall be enforced by the Department of Social and Rehabilitation Services through any remedy available to the department for the collection of child support."

\*\*\*\*\*

EXHIBIT 11  
DATE 3-10-95  
HB 540

City & State, April 26, 1993

# Stalling repeat youth offenders

## Program aids city agencies cooperate

By GARY ENOS  
Staff Writer

Ask several agencies dealing with a city's troubled juveniles to identify their most violence-prone youths, and chances are the same names will appear on every list.

That's the basic but often-ignored theory Robert Heck of the U.S. Department of Justice used to create a program that has helped communities stem violence by targeting their worst juvenile offenders.

Created in 1982, the Serious Habitual Offender Comprehensive Action

"Our assistant police chief at the time got us started," recalled David Keith, crime analysis manager in the Oxnard Police Department. "He used to say that before this happened, he didn't even know the name of the juvenile court judge in Ventura County."

Some cities' agencies were under the mistaken impression that federal statutes on the confidentiality of youth records barred departments from comparing notes. "The perception far outran the actual legal constraints," Mr. Heck said.

Mr. Heck's belief that an "elite" cadre of offenders accounted for most of a city's violent youth crime proved correct.

In most cities, about 25 youths per 100,000 overall population were found to be committing the majority of the violent offenses. Mr. Heck believes those numbers would be as

**'I sincerely felt there were very few seriously involved juveniles who were responsible for a great deal of the juvenile**

## Juveniles

*Continued from Page 9*

offenders once they were identified.

"We were just saying it was important for people to have all the available information before them when dealing with these youths," Mr. Heck insisted. "Nothing in the program said you should lock up people for life or hang them by their thumbnails."

The program's test cities heard the same arguments Mr. Heck did, so many reformed other elements of their juvenile-justice system.

In Colorado Springs, which has received a total of \$452,000 in SIO-CAP money since 1983, officials called for an end to housing violent youth offenders and runaways in the same facilities, said Emily Kline, crime analysis supervisor in the Colorado Springs Police Department.

Brad Mohar - Soft Question: you said that this is a common problem  
EXHIBIT 102  
DATE 3-10-95  
HB 510

2XS  
12  
16 yo boy & 3 felonies walks off from Youth Services Center smirking that he beat the system again Mother doesn't know what she is doing

YOUTH COURT REVISION  
Richard D. Recor, Ph.D.  
Licensed Psychologist

2) Step for arrest because of domestic abuse  
3) 36 yr old repeat offender since early adolescence

This testimony is presented in support of suggested revisions to the Youth Court Act. As a clinical psychologist licensed to practice in Oklahoma, Virginia, California and Montana, with over 17 years of experience with youth in a wide variety of treatment settings, I have found the current juvenile system to be seriously lacking in three distinct areas.

Nothing really happened him as a teenager

\* Immediacy of response is essential. With the decreased utilization of psychiatric hospital beds and an increase utilization of existing youth detention beds, parents and community members are having to take immediate action to protect themselves from aggressive and out of control children and adolescents. The children currently being admitted to psychiatric hospitals are not only more serious, but require a high degree of external control provided by the physical environment and by large numbers of staff. Hospital stays are decreasing and children are returned back to the home environment in a very short period of time. Either immediate response by community agents and/or available temporary placement facilities are needed. The current centers are many times busy and cannot be responsive to these demands.

\* Empowerment of parents is necessary. Extreme situations requiring restraints and/or action designed to protect self and/or others should not be considered as child abuse. Parents should be allowed to administer medical procedures as deemed medically necessary by a physician and/or court approved designee. This is especially true in children who have impulse disorders such as Bipolar Disorder and Attention Deficit Disorders. Most significant are those children who have a dual emotional and conduct disorder. Having been a Montana psychiatric hospital administrator in the past, I have had the opportunity to see many of these youthful offenders who have a severe emotional disturbance but do not quite belong in either institution. Since many of these individuals are returned back to the home setting in a very rapid fashion the parents again are having to deal with the responsibility of managing extreme situations with very little authority to manage them.

\* Placement in adult centers is needed. the facilities for temporarily holding juveniles are extremely limited. Keeping in line with the intent of the law, juveniles should be kept physically separate, yet should be able to use existing facilities that house adults. As long as these facilities are immediately available and no adults are within the physical area where the juvenile is kept, then they should be allowed to be temporarily housed, rather than placing the juvenile in an unsafe environment.

The essence of my testimony is that juveniles must be given immediate and consistent consequences for their behavior, both positive and negative, by social agents. Parents should be considered as primary behavioral change agents empowered to take reasonable action to provide the structure that is necessary to create a feeling of safety for children and other family members. Please put some teeth into the law so that juveniles will know that there are consequences to their behavior.



# Garberson Clinic

2200 Box Eder  
Miles City, Montana 59301

406-232-0790  
Fax 406-232-0799

A member of the Presentation Health System  
Sponsored by the Presentation Sisters

TO: The House Appropriations Committee  
ATTENTION: Representative Brad Molnar

FROM: F. Tom Peterson, Ed.D., Licensed Psychologist

REGARDING: House Bill 540

I am truly sorry that I am unable to attend your committee hearing on the above referenced proposed legislation scheduled for this coming Thursday.

Please be advised that I am in support of HB 540 both as a provider of psychological services and as a parent of six children.

Since 1962 I have worked with children. I spent 13 years as an educator before securing my doctorate in psychology in 1971. Since that time I have instructed those training to be service providers while providing direct services as both a school psychologist and a clinical psychologist. Over the past 18 years I have provided therapeutic intervention to youth of all ages. I have experienced working with youth and families in crisis in about every situation imaginable. It is my personal and professional opinion that logical consequences consistent with aberrant and inappropriate behavior is in the best interest of youth, families and society.

Thank you for your attention to my position.

Sincerely,

F. Tom Peterson Ed.D.

Licensed Psychologist/Certified School Psychologist

Family Practice

Edwin L. Stickney, M.D., A.B.M.H.  
Glean M. Shtolani, M.D., A.B.F.P.  
John C. Robinson, M.D., A.B.F.P.

Internal Medicine

Stephen J. Nalewaja, M.D., ABIM  
A. Lewis Vadheim, M.D., F.A.C.S.M.  
Malcolm D. Winter, M.D.

Audiology and Speech

Lynn Harris, M.A., CCC SP/A

Clinical Psychology

F. Tom Peterson, Ed. D.

General Surgery

Thomas F. Beason, M.D., F.A.C.S.  
J. Robert Grierson, M.D., F.A.C.S.

Orthopedics

Daniel C. Brooks, M.D.  
James E. Linderman, PA-C

Radiology Consultants

Arthur E. Fitz, M.D., Radiologist  
Mark N. Irion, M.D., Radiologist

Physician Assistants - Certified

Scott W. Barry, PA-C  
Wayne C. Cure, PA-C  
Maria F. Malley, PA-C  
Larry D. Walker, PA-C

Sports Medicine

A. Lewis Vadheim, M.D., F.A.C.S.M.

Otolaryngology

Norman R. Manor, M.D., F.A.C.S.

Ophthalmology

Marta H. King, M.D., F.A.A.O.  
Garberson Eye Clinic  
2000 Clark St. • P.O. Box 1764

# *PARI LE COURE*

*1119 Lincolnwood  
Missoula, MT. 59802  
406-3649*

**ATTENTION:  
To all Republicans;**

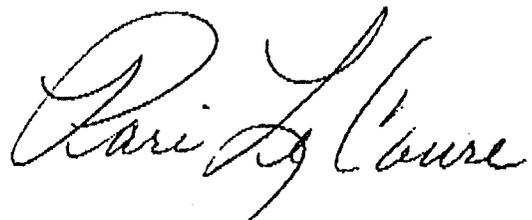
I am writing in support of HB 340, sponsored by Brad Molnar. It has been brought to my attention that various mental health groups and other social services are opposed to a bill because it is too drastic. I would like to state as a victim of crime, as a mother to adults who were teenagers and grade school children who will be teenagers, that the passing of this bill is important.

Most of our incarcerated did not grow up and then decide to break the law, the crimes began when they were young for various reasons. My own daughter who was drinking during her teens was picked up and released several times for "partying", it was said she committed no crime?! I have a school friend who was caught drinking and driving many times and was repeatedly released until he at the age of 21, hit yet another car and killed one of the passengers. He spent his "time" taking college courses and by having it as he said "pretty easy", while the family of the victim is still suffering the loss of thier Mother and Wife. Statistically, criminals are youth offenders first. It just makes sense, that if we have such broken down family values, that our courts need to make our youth accountable for thier actions at a young age, to off set the continuing lack of respect and responsibility our problem youth seem to pride themselves in.

Let's go one step further, the vagueness of which we now define mental illness would suggest that just about everyone of us comes from a dysfunctional family. I have a very dysfunctional family, filled with alcohol abuse and the results of that abuse. Yet, I know that killing or assulting someone is wrong, and would expect to be held accountable for it. If our youth had always been held accountable, I would probably still have my nephew who was murdered in 1989 and my dearest brother whom I raised and loved only to have him murdered in 1992. This is the hard truth of the lacking in our system relating to "accountability and responsibility" for our youth and our adult offenders. We're are not just looking at kids experimenting anymore, youth crime has increased 50% in the last decade and violent crimes from our youth are in growing numbers every year. Can we afford not to address youth offenders before the age of 18? Will our prisons be large enough, just in case these youth offenders don't grow out of "experimenting" with criminal actions.

I have enclosed a well written editorial from the Missoulian Staff, please help in redefining youth responsibility. Putting together a new effective Youth Court System, and probationary staff to streamline the rising percentages in youth crime.

*Pari Le Coure..1119 Lincolnwood, Missoula, MT. 59802 543-3649*



BOB AND ARLEE RILEY  
100 TROUTBECK ROAD  
P.O. BOX 218  
LAKESIDE, MT 59922

2/21/95

Rep. Brad Molnar  
Legislature  
State Capitol  
Helena, Mt. 59620

Dear Mr. Molnar:

I am fully in accord with  
your HB 540, but think it  
didn't go far enough.

Please require the publication  
of all juvenile offender's names,  
their offense, and the  
names of their parents.

This might influence ~~of~~ a  
little more ~~responsibility~~  
responsibility on the part of  
parents.

Sincerely yours,

Bob Riley

Rep. Molnar

Keep on Keeping On!

It's an outrage, that the monies put out by govt. can't be used for the child at the the place of need.

We need to oust every one of these Demorcrates and get something that works

this book could be very helpful to this Cause

Pauline Adamson  
P.O. Box 121  
Red Lodge, MT  
59068

FAX 1-900-225-1600

Rep Brad Molnar

Re: HB540

Dear Mr Molnar

As a concerned resident of Montana I am in complete agreement with your HB540. As you outline in your bill we must make our young people accountable for their actions.

Our state has laws affecting all of its citizens and are penalized when they break our laws, but not our youth! They have no fear of discipline or accountability.

I am of the opinion that our youth are on the verge of being totally out of control unless we take steps now! No more study's, no more chances, no more bleeding heart's, it's time to stop the nonsense, and the defiance of these young people.

Please let me know how I can assist you in your endeavors with HB540.

HM PH - 406-656-1871

OFF PH - 406-248-7771

HM FAX - 406-656-1871

Stanton Robinson

4408 Pine Cone Rd

Billings, Mont 59106

Self - Self

#15 540

anno Manno

5th Ave

Lawrence

Dear Brad - from Ann  
Ganna - Change the law  
of protecting all under 18 years  
of age of being so protected -  
Their names along w/ parents  
names should be publicized  
like everyone else's name if  
they vandalize, burglarize,  
Criminalize, or any other "ise"  
it should be made public along  
w/ names of their parents - stop  
protecting the guilty!!! they are  
parents, are responsible for  
proper action of their kids - as  
of today - Feb 11 - #1995

Vandals have broken into my  
building on my land at 530 8th  
Ave - Laurel, Md - Right now of  
10:15 a.m. - Feb 11th in my building  
are the following articles - Don't  
know who they belong too - 2 electric  
heaters, 2 sleeping bags, a TV, several  
cords & adapters, a trouble lite  
w/ bulb, an orange outside extension  
cord (30-50ft long) which is plugged  
into my neighbors garage out  
let - giving the culprits power for  
heaters as well as lites. also  
Area Carpet, foam rubber  
mattress, a turn table, a  
junction box ???!!! they  
broke into to get into building - other

times too - Vandals (probably all same ones) have broken into this building - Last fall they tried entering my "dug out" basement - tore out windows broke glass - broke spikes off house - tore off <sup>partially</sup> heavy screen off garage window - Broke into above mentioned building 2 X's before - Cops hands are tied becuz of present law - protecting under age kids!!! they continue confiscate the loot in my building - Change that law!!! stop protecting the under age criminals - for they are free to do damage still be protected while doing so - make them pay & be responsible for all their actions - to - like you & me I want action - please please you can change that law - repeal it - now this legislature!! says

Ann Hanna

I'm tired of living in fear - I'm a widow & want I need security - I pay taxes for protection too - Help me - Help my & others - Cries - for there are many in agreement w/ me - Hope they have written you by now

February 24, 1995

Representative Brad Molnar  
State Capitol  
Capitol Station  
Helena, Mt. 59620

Mr. Molnar,

After reading, in the Missoulian, the on going debate over the handling of criminal juveniles in the state, I felt I had to comment to Rep. Elliott, Rep. Wyatt, and Rep. Shea about their views.

I want to thank you for sponsoring bill concerning the treatment of juvenile criminals as adults. It should have been done along time ago, especially in some cases. Some of these Pine Hills alumni are nothing more than hard core hoods, who just happen to be the ages up to 18. These juveniles are also 6 foot 2 inches, and 220 pounds, with the very capable knowledge of the legal system. They are afraid of very little, and are never really held responsible for the damage they do to property or person. They don't care. I can't help but feel that, faced with real punishment, this might deter some of the juveniles from starting in the first place.

I was also glad to see the editorial in the Missoulian, February 22, 1995. It stated the juvenile criminal problem simply, and to the point. Alot of taxpayers are fed up, and want something done to protect the public, and the victims.

Thank you.

Sincerely,  
Linda Airhart  
Box 178  
Plains, Mt. 59859



EXHIBIT 13  
DATE 3-10-95  
HB 540

MONTANA YOUTH HOMES, INC.

P.O. Box 153 • Helena, MT 59624  
(406) 449-3038

Margaret Stuart Shelter

Last Chance Youth Home

Achievement Pla

TO: House Appropriation Committee  
FROM: Jan Shaw, Executive Director  
Montana Youth Homes  
RE: HB 540

Montana Youth Homes is a non profit organization which operates programs for teens who are in need of supervision or in need of care. We are a private agency governed by a volunteer Board of Directors. One of our programs is a Shelter Home which is licensed for twelve youth and provides care, supervision, along with room and board in a homelike environment. The Margaret Stuart Shelter is one of six shelter homes throughout the State of Montana. These shelters are non secure facilities and for children who do not constitute a danger to themselves or to the community.

Our Board of Directors is very concerned regarding a change of definition of shelter homes as presented in HB 540 "(10) "Detention means a shelter care facility or a physically restricting facility designed to prevent a youth from departing at will and approved by the Board of County Commissioners of the county in which the facility is located."

If passed, this bill would eliminate shelter services to over 100 kids in our shelter alone. Is the legislature willing to build new facilities for abused and neglected teens? The bill states that it would be illegal to mix juvenile offenders with youth in need of care. The truth of the matter is that many of the youthful offenders have also been abused and neglected, and are in need of the same services offered to youth in care.

The shelters take kids from across the state. Would each shelter need to be approved by board of county commissioners in every county across the state? Would licensing and contracts currently issued by the state then become the responsibility of each county?

The Board of Directors of the Montana Youth Homes strongly urge the committee to review and study HB540 further in order to address all of the ramifications, and whether this bill truly meets the needs of both the juvenile offender and youth in need of care.



# Mental Health Association of Montana

*An Affiliate of the National Mental Health Association*

State Headquarters • 555 Fuller Avenue • Helena, Montana 59601  
(406) 442-4276 • Toll-Free 1-800-823-MHAM • Fax (406) 442-4276

EXHIBIT 14  
DATE 3-10-95  
HB 540

Testimony of David Hemion  
House Appropriations Committee - HB 540  
March 10, 1995

On behalf of the 1,200 members of the Mental Health Association of Montana, we ask that HB 540 be disapproved. There are many problems with this bill, among them several adversely affecting the treatment of mentally ill children. We are opposed to HB 540 for these reasons:

1. Sec. 24 (page 32) revises the disposition, placement and evaluation of youth. Under current law, a court cannot commit children who have mental illnesses to a state correctional facility. Consequently, those facilities are not prepared to provide psychiatric treatment to children with mental illnesses. HB 540 would allow children with mental illnesses to be placed in correctional facilities. They would be moved to a treatment facility for their mental illness only if the youth has "a mental disease or defect that renders the youth unable to appreciate the criminality of the youth's behavior or unable to conform the youth's behavior to the requirements of law".

We assume by the test put forward by this revision that children with mental illnesses who are able to appreciate the criminality of an act would be sent to a correctional facility. What happens, then, to treat these children for their illnesses? How will the state provide this treatment in a correctional setting? Please remember that many of these children are victims of terrible physical, sexual or emotional abuse. They may well know that they have broken the law, but that in no way begins to address their needs for treatment.

2. Sec. 24 (page 29) would allow children to be evaluated at Montana State Hospital and Sec. 40 (page 47) would allow commitments to MSH of children charged with offenses. The hospital has not accepted children for many years. This will require segregation of children from other forensic patients to prevent harm to these children and specialized medical treatment. Also remember that this week you authorized the use of facilities on this same campus for incarceration of adult felons.

3. Sec. 24 (page 36) would prohibit children placed in correctional facilities from being moved to a residential facility for treatment of their mental illnesses until they are "willing to accept treatment" and have served half of their "imposed detention". Montana doesn't treat its adult prison population this way. Why would we needlessly withhold treatment to our children with mental illnesses?

4. Sec. 39 (pages 45-46) has nothing whatsoever to do with revising the Youth Court Act. It removes basic rights of patients in mental health facilities and the authority of the Department of Corrections and Human Services to provide guardianships for patients. It is complete contradiction of HB 41, which establishes a careful procedure for involuntarily medicating patients.

5. The presumption of HB 540 is that Montana's Youth Court Act requires revising. HB 240 addresses this need and provides a well thought out process for this purpose. The House has approved this measure and we encourage its enactment.



*A Non-Profit Education & Advocacy Organization*  
**Working for Montana's Mental Health and Victory over Mental Illness**

*A National Voluntary Health Agency*



EXHIBIT 15  
DATE 3-10-95  
HB 540  
MONTANA STATE CHAPTER

National Association of Social Workers

555 Fuller Avenue

Helena, MT 59601

(406) 449-6208

3/10/95

Members of the House Appropriations Committee,

On behalf of the Montana chapter of the National Association of Social Workers, I rise in opposition to HB 540. As with other Mental Health professions, social work has evolved over the past few decades in both the scope and depth of practice. In concept, it appears that some of the general provisions of HB 540 reflect what in fact is recognized as part of appropriate treatment plans for troubled youth. Restitution for harm done and experiencing the consequences of one's behavior are certainly necessary in most cases to achieve successful outcomes in treatment of some behavioral disorders. "Tough love" has its definite and necessary application in treatment.

However, HB 540 has provisions that are so broadly defined, it is difficult to determine what the new boundaries are and the responsibilities that parents and youth must have, can have, and sadly but realistically, can and will abuse. Of immediate concern are three key issues.

1) In section 3 of the bill, on page 7 lines 1 through 3. This wording is disturbing, since much of the provisions are already covered in statute (self defense, protecting the child from self harm) but they appear to be justifying broad new provisions. What does extreme reactions include? What are the *extreme circumstances* referred to and how did they arise? What does *normal* physical consequences of one's actions mean? Who are to make these judgments; mandated reporters, child abuse investigators, law enforcement? How would this clause affect efforts in the prevention of child abuse and neglect?

Our concern is that we already have very limited and *decreasing* resources dedicated to the prevention of child abuse. This clause may actually increase the burden of investigations to determine what is abuse and what is appropriate under vaguely defined statute.

2) Spending funds to incarcerate youth while at the same time reducing funds to treat youth is regressive. We certainly need both. But there are less resources dedicated to preventing our children from entering the youth justice system this session. Why are we investing at the more expensive end of the spectrum of youth care? It may seem to be a useful application of appropriate consequences to encourage youth to accept treatment by incarcerating them. But what happens to these youth, after they agree to receive treatment, when we have inadequate resources to treat them?

3) Why was a bill of this importance, and radical affect on the youth court system, left to be deliberated upon so late in the session? (LC 1158 !) Who was included in the development of this bill? Were law enforcement officials, school officials, county attorneys, county commissioners, or parents groups included? Social workers would have appreciated the opportunity to have been included in the development of such a major piece of legislation. Yet we were not.

HB 240 which proposes to study wholesale changes like this bill attempts to do was LC number 254. We support the principals in that bill. HB 380 was LC number 996. It made some necessary changes to the youth court act along the lines of some of the concepts in HB 540.

Please table HB 540, it is an unnecessary risk to take when other bills are already addressing the issues contained there more deliberately and conservatively. Thank you for allowing this testimony, I am

Respectfully yours,

*Robert L. Torres*

Robert L. Torres, Lobbyist, Montana Chapter NASW

EXHIBIT 16  
DATE 3-10-95  
HB 540

Policy Number: 89-1401  
Date: April 1989  
Issue: Jail removal exceptions  
Policy: There are three (3) exceptions to the scope of Section 223(a)(14) as follows:

Exception 1:

OJJDP regulations implement a statutory exception allowing the temporary detention in adult jails/lockups of juveniles accused of nonstatus offenses who are awaiting an initial court appearance. An accused criminal-type offender can be detained for up to 24 hours in an adult jail or lockup if:

- a. the geographical area is certified by OJJDP as non-MSA; and
- b. the state has an enforceable 24-hour initial court appearance requirement for detained juveniles (for a detention or probable cause determination). Either the juvenile or his legal representative must personally appear (ex parte orders do not satisfy the requirement); and
- c. a determination is made that there is no existing acceptable alternative placement available; and
- d. the facility provides sight and sound separation.

As currently stated in the JJDP Act, this exception expires in 1989.

Exception 2:

If criminal felony charges have been filed against the juvenile in a court exercising criminal jurisdiction, then the juvenile can be detained in an adult jail or lockup.

Exception 3:

For the purpose of monitoring compliance with Section 223(a)(14), OJJDP has adopted a "6-hour" grace period which would permit the secure detention in an adult jail or lockup of those juveniles accused of committing criminal-type offenses (i.e., offenses which would be a crime if committed by an adult). This six hours is limited to temporary holding for the purposes of identification, processing, release to parent(s) or guardian(s), or transfer to juvenile court officials or juvenile shelter or detention facilities. Any such holding of juveniles should be limited to the absolute minimum time necessary to complete this action, not to exceed six hours, but in no case overnight. Section 223(a)(13) would prohibit such accused juvenile criminal-type offenders from having regular contact with adult offenders during this brief holding period. A status offender or nonoffender cannot be securely detained, even temporarily, in an adult jail or lockup.

(cont.)

Policy Number: 89-1401 (cont.)

Adjudicated delinquents may not be held for any length of time in adult jails or lockups, e.g., as a disposition, or while awaiting transfer to a juvenile correctional facility.

References: Section 223(a)(14), JJDP Act.

Section 31.303, Formula Grants Regulation, Federal Register, June 1985.

Proposed Criteria for Defining Adult Lockups, Federal Register, January 1988.

Legal Opinion Letter to Idaho, August 30, 1979.

Legal Opinion, May 23, 1983.

Legal Memorandum, June 25, 1985.

Legal Memorandum, September 19, 1985.

OJJDP Letter to Florida, February 10, 1986.

Policy Number: 89-1301  
Date: April 1989  
Issue: Separation  
Policy:

OJJDP discourages the placement of any youth in a facility which can be used for the detention and confinement of adult criminal offenders. However, minimal and acceptable separation for monitoring purposes of Section 223(a)(13) means that juvenile offenders and adult criminal offenders cannot see each other and no conversation is possible. This is commonly referred to as "sight and sound" separation and must be accomplished in the areas which include, but are not limited to admissions, sleeping, toilet and shower, dining, recreational, educational, vocational, transportation, health care and other areas as appropriate. This separation may be established through architectural design or time phasing the use of an area to prohibit simultaneous use by juveniles and adults.

Separation from adult offenders includes trustees.

A juvenile who has been transferred or waived or is otherwise under the jurisdiction of a criminal court does not have to be separated from adult criminal offenders pursuant to the requirements of Section 223(a)(13). Such juveniles may also, however, be incarcerated with other juveniles who are under the jurisdiction of a juvenile court?

This is because Section 223(a)(13) prohibits regular contact in institutions between two specific groups or categories of persons. The first is juveniles alleged to be or found to be delinquent, status offenders, and nonoffenders. The second is adult persons incarcerated because they have been convicted of a crime or are waiting trial on criminal charges.

Juveniles waived or transferred to criminal court are members of neither group or category subject to the Section 223(a)(13) prohibition. Therefore, such juveniles may be detained or confined in institutions where they have regular contact with either group or category covered by the prohibition. They are a "swing group" of individuals who can be placed with whomever the legislature or courts deem appropriate.

For purposes of monitoring compliance with Section 223(a)(13), separation is not required in nonsecure, community-based programs or facilities.

References: Section 223(a)(13), JJDP Act.

Section 31.303, Formula Grants Regulation, Federal Register, June 1985.

Legal Opinion No. 77-9, December 1, 1976.

EXHIBIT 17  
DATE 3-10-95  
HB 503

# MONTANA'S STATE-LEVEL ELECTED OFFICIALS

## A BRIEF OVERVIEW OF COMPENSATION

February 6, 1995

Published by



**Montana Legislative Council**

Montana Legislative Council  
State Capitol, Room 138  
Helena, Montana 59620-1706  
PHONE: (406) 444-3064  
FAX: (406) 444-3036

# MONTANA'S STATE-LEVEL ELECTED OFFICIALS A BRIEF OVERVIEW OF COMPENSATION

Prepared by David D. Bohyer, Research Director  
Montana Legislative Council

February 6, 1995

\* \* \* \* \*

## INTRODUCTION

In requesting LC 1338, Representative Chase Hibbard introduced into the 54th Legislature the topic of compensation for state-level elected officials in Montana. Generally a contentious issue, talk of the compensation paid to "public officials" usually sparks lively conversation.

In an effort to raise the level of discussion and debate, this brief report examines the effects of inflation on the salaries of Montana's state-level elected officials over the past 20 years, more or less. It also compares the growth of the officials' salaries to the growth in certain measures of Montana's income. The bulk of the information discussed in this narrative is derived from the tables included in the Appendix.

## IN OBJECTIVE TERMS, HOW DO STATE-LEVEL ELECTED OFFICIALS IN MONTANA FARE?

In a recent article in *State Government News*<sup>1</sup>, Carla Blanton conducted a survey of compensation for 51 officials among the 50 states. Perhaps somewhat surprisingly to many Montanans, the survey showed the salaries of Montana's officials dead last in the nation, fiftieth out of fifty. In addition to ranking number 50, the gap between Montana's officials and her next closest rival, West Virginia, was a yearly difference of \$4,604 (9.5%), the single largest difference between any two consecutively ranked states in the nation. And if Montana were to be compared to the national median, the nation's top officials would average \$68,709, or \$20,385 (42%) additional compensation above Montana -- every year. Over the 4-year term of a state-wide elected official, that would total \$81,540.

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<sup>1</sup> Carla Blanton, "The best and the worst state paychecks", *State Government News*, The Council of State Governments, Lexington, KY, Nov/Dec 1994, pp. 6-8. The article examines the paychecks of 51 "select administrative officials" among the 50 states. Included in the list of officials are the governor, lieutenant governor, secretary of state, and attorney general, as well as 47 typically non-elected officials.

## ARE WE KEEPING UP WITH THE JONESES?

Blanton's research provided a snapshot of how Montana currently fares among the other states, but history provides additional perspective to the subject. For example, in 1975, Montana's governor, Tom Judge, was paid \$30,000 annually. That compared somewhat favorably with Montana's neighboring governors: Idaho, \$33,000; Wyoming, \$37,000; South Dakota, \$27,500, and North Dakota, \$18,000. Our four neighbors' governors averaged \$28,875 in salary, about 96% of Governor Judge's salary<sup>2</sup> (about 4% less than Governor Judge).

By 1995, Governor Marc Racicot received a salary of \$55,502 annually. That compared not so favorably with Montana's neighboring governors: Idaho, \$75,000; Wyoming, \$70,000; South Dakota, \$72,475, and North Dakota, \$68,280. Our four neighbors' governors averaged \$71,438 in salary, about 128% of Governor Racicot's salary<sup>3</sup> (about 46% more than Governor Racicot).

## WHICH JONESES, IF ANY, SHOULD WE BE CONCERNED WITH?

Among people who buy groceries, pay a mortgage, help their children with college expenses, or write a monthly check for heat, power, and telephone service is a fundamental understanding of inflation -- things cost more than they used to. One of the most commonly referenced measures of inflation is the "Consumer Price Index" or "CPI". The CPI periodically prices a market basket of "goods and services" and compares the current price with the market basket price of years past.

Tables 1 through 11 in the Appendix provide a retrospective, dating back to 1971, on the salaries of Montana's state-level elected officials. The tables also provide some analysis on the effects of inflation, measured by the CPI, on those salaries.

A review of the tables is somewhat startling. For example, the salary of the governor was \$23,250 in 1971, compared to \$55,502 in 1995, indicating an increase of 139% in the past 24 years. Comparatively, the CPI increased by 279% over the same period. Had the governor's salary kept pace with inflation over the 1971-1995 period, the comparison would be \$23,250 to \$88,006, starkly different

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<sup>2</sup> *The Book of the States*, Council of State Governments, Lexington, KY, 1974-75, pp. 116-117.

<sup>3</sup> *The Book of the States*, Council of State Governments, Lexington, KY, 1994-95, Table 2.3.

that what the true comparison is. Viewed from another perspective, Governor Racicot's salary of \$55,502 in 1995 has the purchasing power of \$14,663 in 1971 dollars. Either way, the governor's salary has lost about 59% to inflation over the period.<sup>4</sup>

**WELL, IF NOT THE JONESES, HOW ABOUT THE SMITHS?**

Looking around at the public sector neighbors up and down the street, the news for state-level elected officials is not much better. A wide variety and significant numbers of public administrators in Montana command salaries that exceed the state's top elected officials. From school districts to the university system to city government, the salaries of state officers just don't compare favorably. Just how disparate the salaries are is illustrated in Figure 1.

<b>FIGURE 1</b>			
<b>SALARY COMPARISON OF MONTANA PUBLIC ADMINISTRATORS</b>			
<b>Position</b>	<b>Salary</b>	<b>Difference <i>vis</i> Governor</b>	
		<b>Dollar Difference</b>	<b>Percentage Difference</b>
GOVERNOR	\$55,502	NA	NA
GF School Supt.	74,820	19,318	135%
GF School Asst. Supts.	67,138	11,636	121%
Chief Fin.: GF Schools	67,138	11,636	121%
GF HS Asst. Principals	55,331	29	100%
Billings School Supt.	85,000	29,498	153%
Bozeman School Supt.	70,880	23,378	128%
Missoula School Supt.	77,403	21,901	139%
Billing City Mgr.	71,000	15,498	128%

<sup>4</sup> This example with the governor's salary is illustrative of the effects of inflation on the governor's salary. For Montana's other state-level elected officials, Tables 2 through 11 provide similar, though not quite so dramatic, patterns.

**FIGURE 1 -- CONTINUED**  
**SALARY COMPARISON OF MONTANA PUBLIC ADMINISTRATORS**

Position	Salary	Difference vis Governor	
		Dollar Difference	Percentage Difference
Great Fall City Mgr.	\$65,000	9,498	117%
Butte/Silver Bow Mgr.	53,083	(2,419)	96%
Helena City Mgr.	77,000	21,498	138%
Livingston City Mgr.	50,000	(5,502)	90%
Commissioner: Higher Ed	98,500	42,998	177%
President: U of M	98,149	42,647	177%
President: MSU	98,149	42,647	177%
UM Law School Dean	86,275	30,773	155%
Academic VP: MSU	86,275	30,773	155%
Academic VP: U of M	88,813	33,311	160%
Chief Financial Ofcr.: MSU	85,000	29,498	153%
Chief Financial Ofcr.: U of M	83,738	28,236	151%

Sources: for the Governor, 2-16-405, MCA (1995); for school administrators, *GF Tribune*, (5/1 and 5/3/94); for city managers of Billings and Great Falls, the Local Government Center at MSU Bozeman (1993); for the city manager of Butte/Silver Bow, 1992 Salary Survey, Montana League of Cities and Towns (1992); for the Helena city manager, Helena City Personnel Director (1995); for Montana University System positions, Office of the Commissioner of Higher Education (1995).

Of course the argument can and probably will be made that the officials listed in Figure 1 are "overpaid". However, by examining some objective measures, such as the wages or salaries paid to persons in similar positions in neighboring states, in the region, or nationally, the "overpaid" argument cannot be sustained.

Neither can the argument that state employees have consumed all of the available money over the years. State employees didn't fare much better than the state-level elected officials during the 1971-1995 period, as purchasing power of state salaries at any grade and step also declined by about 50% (possibly excepting university system positions).

Unlike public sector salaries, private sector salaries are not readily available for comparison. However, compensation for the top executive and administrative personnel for Montana's most visible private enterprises most likely exceeds the salaries of state-level elected officials. For example, consider: the CEOs of the Montana Power Company and of Blue Cross/Blue Shield of Montana; top Montana executives for Montana Rail Link, Burlington Northern, and US West; the presidents of the Norwest, FirstBank, and First Interstate banks in Montana's major cities; the corporate officers of D.A. Davidson and Co. or of Piper, Jaffray, and Co.; or the executive directors of major Montana associations, e.g., the Montana Bankers' Association, the Montana Taxpayers' Association, the Montana Motor Carriers Association, and the Montana Education Association, to name a few. And of course there are Montana's relatively successful and most successful farmers, ranchers, business people, and entrepreneurs.

OK, BUT OTHER MONTANANS HAVE BEEN AFFECTED BY INFLATION TOO, HAVEN'T THEY?

Inflation isn't too selective in its impacts, so everyone is affected by it; remember the grocery bill. Over the 1971-1995 period, the CPI showed inflation of 279%. Over that same period, total personal income in Montana grew from \$2.610 billion to over \$16.391 billion, an increase of 658%. Wage and salary income grew from \$1.471 billion in 1971 to \$7.799 billion in 1995, an increase of about 430%.<sup>5</sup>

While the increases in total personal income and in wage and salary income are certainly notable, they overstate true gains in affluence for Montanans because the increases also include the effects of an expanding population and workforce. To account for that fact, a more illustrative and perhaps more relevant statistic than total personal income is per capita personal income.

In 1973, annual per capita personal income in Montana was \$4,876; in 1995, that figure is estimated to grow to \$19,239, an increase of 294%. Over the same period, annual per capita wage and salary income has grown from \$2,532 to an estimated \$9,154; an increase of 261%.<sup>6</sup>

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<sup>5</sup> See Table 14, Appendix.

<sup>6</sup> See Table 16, Appendix.

Returning for a moment to the increase in the governor's salary over the 1973-1995 period -- 122% -- it becomes fairly clear that the salary has not kept pace with increases in income experienced by the people of Montana or with general inflation.

Perhaps among the most illustrative examples of how the value of state-level elected officials salaries have fallen behind the bulk of other Montanans can be shown, as in Figure 2, by a comparison of the ratio of the salaries of the elected officials to per capita income over time.

<b>FIGURE 2</b>			
<b>RATIO OF INCOME: GOVERNOR'S SALARY TO PER CAPITA INCOME</b>			
<b>(1975-1995)</b>			
<b>Fiscal Year</b>	<b>Governor's Salary</b>	<b>Per Capita Income</b>	<b>Ratio</b>
1975	\$30,000	\$ 5,614	5.34
1980	37,500	8,749	4.29
1985	48,923	11,225	4.36
1990	51,713	14,756	3.50
1991	53,006	15,803	3.35
1992	54,254	16,386	3.31
1993	55,502	17,422	3.19
1994	55,502	18,393	3.02
<u>1995</u>	<u>55,502</u>	<u>19,239</u>	<u>2.88</u>
<b>CHANGE</b>	<b>+85%</b>	<b>+243%</b>	<b>-46%</b>

Source: See Table 13, Appendix.

## SUMMARY AND CONCLUSION

Wages, salary, income, compensation, worth: these words engender some of the liveliest discussions and some of the most personal emotions. Taking some editorial license, it seems that in recent years, any person suggesting an increase in pay for an elected official has more often than not been subjected to hostility and resentment. Any politician suggesting a raise for his or her own office certainly risks defeat for the transgression.

If engaging in the salary debate, one is likely to hear the old saw, "He knew how much the job paid when he took it!" Setting aside the relevance of such statements, it is truly unfortunate that the substance of the issue is too often lost in the rhetoric of the debate.

With the introduction of LC 1338 will come the opportunity to engage in open and informed discussion of the wages paid to Montana's state-level elected officials. The information, including the appended tables, provided in this report suggests that the salaries at issue simply haven't kept pace with the economic realities of the past 20 or so years. The salaries of state-level elected officials have not kept pace with national trends, with regional trends, or with trends derived from examining facets of Montana's internal economy.

However, decisions focused on compensation paid to public officials rarely revolve around "just the facts". The decisions are also affected by public sentiment, politics, the state of the fisc, and -- at least one would hope -- some basic sense of fundamental equity.

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attachments

Tables 1-11: 123\GOV-2

Table 12: 123\GOV-11

Table 13: 123\GOV-12

Table 14: 123\ECONO1

Table 15: 123\ECONO2&6

Table 16: 123\ECONO11

Table 17: 123\ECONO12

Table 18: 123\CHASE-1

## APPENDIX

### CONTENTS OF APPENDIX

Tables 1 through 16 provide a variety of information relevant to the topic of salaries paid to state-level elected officials in Montana. In addition to the index of the tables, provided below, is brief discussion of the tables and a description of the information contained in the tables.

Table 1:	Analysis of Inflationary Effects on Governor's Salary
Table 2:	Analysis of Inflationary Effects on Lt. Governor's Salary
Table 3:	Analysis of Inflationary Effects on Chief Justice's Salary
Table 4:	Analysis of Inflationary Effects on Sup. Court Justice's Salary
Table 5:	Analysis of Inflationary Effects on Attorney General's Salary
Table 6:	Analysis of Inflationary Effects on State Auditor's Salary
Table 7:	Analysis of Inflationary Effects on Superintendent of OPI Salary
Table 8:	Analysis of Inflationary Effects on PSC Commissioner's Salary
Table 9:	Analysis of Inflationary Effects on Secretary of State's Salary
Table 10:	Analysis of Inflationary Effects on Supreme Court Clerk's Salary
Table 11:	Analysis of Inflationary Effects on Salary
Table 12:	History of Selected Montana Elected Officials Salaries and of Per Capita Personal Income
Table 13:	History of Salary Changes for Selected Montana Elected Officials and of Changes in Per Capita Personal Income
Table 14:	Economic Overview: State Gains in Income Measures - 1971 to 1997
Table 15:	Economic Overview: Changes in State Population and Labor - 1974 to 1997
Table 16:	Economic Overview: Measures of Changes in Income and Wages - 1974 to 1997
Table 17:	Economic Overview: Selected Wage and Price Statistics - 1971 to 1995

### DESCRIPTION OF INFORMATION

#### Tables 1 through 11

Tables 1 through 11 examine the effects of inflation on 11 state-level elected officials in Montana for the period beginning in fiscal year 1971 and projected through fiscal year 1997. The measure of inflation used in the examination is the Consumer Price Index (CPI).

Tables 1 through 11 are composed of eight separate columns. The first column is merely the fiscal year being examined. The second column denotes the CPI for the fiscal year.

As an index of inflation, the CPI must be arithmetically manipulated to obtain the inflation rate in percentage terms. The information in column 3 shows the results of the manipulation, i.e., the percentage CPI inflation rate for each fiscal year. The arithmetic employed to generate the percentages is simple: to calculate the percentage increase between any two years, the prior year's index is subtracted from the latter year's index and the remainder is divided by the prior year's index. This method can be used to determine the percentage inflation between any two years in the table.

The fourth column lists the elected official's salary for each fiscal year and is the basis for the figures in column five, "Nominal Increase". The nominal increase in salary is determined in the same fashion as the percentage increase in the CPI; i.e., the prior year's salary is subtracted from the latter year's salary and the remainder is divided by the prior year's salary. This method can be used to determine the percentage increase between any two years' salaries in the table.

The sixth column provides information intended to show the combined effects of the CPI inflation and nominal adjustments to the salary of any elected official. The arithmetic used to calculate the percentages listed in the sixth column is also simple: the percentage listed under column 3, "Increase" (in CPI) is subtracted from the percentage listed in column 5, "Nominal Increase", for the same year.

In the seventh column, "Equal Buying Power", the figures attempt to show what the official's salary would have to be in any given year to have the same purchasing power as the official's salary had in 1971 (except for the Lt. Gov., for which the comparison year is 1973). For any year, the dollar figure is calculated by multiplying the 1971 salary by the sum of 1 plus the overall inflation for the period between 1971 and the specific year. (The CPI calculation methodology described above for column 3 applies here as well.)

The figures in the eighth column also attempt to show the effects of inflation, but rather than "inflating" the 1971 salary by the CPI inflation, the official's salary for any given year is "deflated" to reflect the effects of CPI inflation. The arithmetic used for the calculations in column 8 is this: for any year, divide the official's salary for that year by the sum of 1 plus the CPI inflation that occurred between 1971 and the year in question. The product that results from the calculation shows, in 1971 dollars, what the public official earned in the year in question.

### **Table 12**

The information in Table 12 is a summary compilation of the information contained in Tables 1 through 11 and allows the reader, at a glance, to compare salary growth between elected officials. The table also compares growth in the salaries of the elected officials to inflation and to growth in per capita personal income.

### **Table 13**

Table 13 provides an illustration of how the salaries of elected officials compare to per capita personal income. The reader can get a sense from the ratio associated with each officer of how changes in that officer's salary compare to changes in per capita personal income over time.

### **Tables 14 and 15**

Table 14 provides basic historical economic data about Montana. The information was compiled by the staff of the Office of the Legislative Fiscal Analyst and was published in *Budget Analysis 1997 Biennium* on page Revenue 3. (LFA, Helena, MT) Table 15 also provides basic historical data about Montana, but the information here is demographic data.

### **Table 16**

Table 16 shows the results of arithmetically manipulating the data contained in Tables 14 and 15. The information in all but the last two columns, "Annual Per Cap. Wage & Sal Income" and "Change Per Cap. Wage & Sal Income" is fairly straightforward and reliable. The last two columns present somewhat contrived statistics. Unfortunately, the number of persons whose earnings represent "Wage & Salary Income" is not published anywhere. Consequently, the dollar figures in the sixth column merely represent total wage and salary income divided by total Montana population. Column 7 simply shows the year-to-year percentage change in the contrived per capita figures in column 6.

### **Table 17**

Table 17 provides a few statistics that show changes in the prices of several selected items and the changes in a few income measures. The information in Table 17 may not be particularly relevant to the incomes of Montana's state-level elected officials, but it does provide some comparative changes in other factors of the economy, thereby providing some perspective.

**TABLE 1**  
**ANALYSIS OF INFLATIONARY EFFECTS ON GOVERNOR'S SALARY**  
 (Using the Consumer Price Index as "Inflation")

FY	CPI***	GOVERNOR'S INCREASE	SALARY*	NOMINAL INCREASE	NOMINAL INCREASE VS. CPI**	EQUAL BUYING POWER	BUYING POWER VS. 1971
1971	40.50	NA	\$23,250	NA	0.00%	NA	NA
1972	41.80	3.21%	25,000	7.53%	4.32%	\$23,996	24,222
1973	44.40	6.22%	25,000	0.00%	-6.22%	25,489	22,804
1974	49.30	11.04%	25,000	0.00%	-11.04%	28,302	20,538
1975	53.80	9.13%	30,000	20.00%	10.87%	30,885	22,584
1976	56.90	5.76%	30,000	0.00%	-5.76%	32,665	21,353
1977	60.60	6.50%	35,000	16.67%	10.16%	34,789	23,391
1978	65.20	7.59%	35,000	0.00%	-7.59%	37,430	21,741
1979	72.60	11.35%	35,000	0.00%	-11.35%	41,678	19,525
1980	82.40	13.50%	37,500	7.14%	-6.36%	47,304	18,431
1981	90.90	10.32%	40,000	6.67%	-3.65%	52,183	17,822
1982	96.50	6.16%	43,360	8.40%	2.24%	55,398	18,198
1983	99.60	3.21%	47,023	8.45%	5.24%	57,178	19,121
1984	103.90	4.32%	47,963	2.00%	-2.32%	59,646	18,696
1985	107.60	3.56%	48,923	2.00%	-1.56%	61,770	18,414
1986	109.60	1.86%	50,452	3.13%	1.27%	62,919	18,643
1987	113.60	3.65%	50,452	0.00%	-3.65%	65,215	17,987
1988	118.30	4.14%	50,452	0.00%	-4.14%	67,913	17,272
1989	124.00	4.82%	50,452	0.00%	-4.82%	71,185	16,478
1990	130.70	5.40%	51,713	2.50%	-2.90%	75,031	16,024
1991	136.30	4.28%	53,006	2.50%	-1.78%	78,246	15,750
1992	140.40	3.01%	54,254	2.35%	-0.65%	80,600	15,650
1993	144.60	2.99%	55,502	2.30%	-0.69%	83,011	15,545
1994	148.40	2.63%	55,502	0.00%	-2.63%	85,193	15,147
1995	153.30	3.30%	55,502	0.00%	-3.30%	88,006	14,663
1996	158.70	3.52%	55,502	0.00%	-3.52%	91,106	14,164
1997	164.30	3.53%	55,502	0.00%	-3.53%	94,320	13,681
<b>TOTAL</b>	<b>306%</b>	<b>306%</b>	<b>139%</b>	<b>139%</b>	<b>-167%</b>	<b>170%</b>	<b>-41%</b>

\* From Laws of Montana, 1969-1993, various chapters. \*\* Estimated, Montana Legislative Council

\*\*\* From Budget Analysis 1997 Biennium, LFA, p. Revenue 3, 7, 12

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**TABLE 2**  
**ANALYSIS OF INFLATIONARY EFFECTS ON LT. GOVERNOR'S SALARY**  
**(Using the Consumer Price Index as "Inflation")**

FY	CPI***	INCREASE	LIEUTENANT GOVERNOR'S SALARY*	NOMINAL INCREASE	NOMINAL INCREASE VS. CPI**	EQUAL BUYING POWER	BUYING POWER VS. 1973
1971	40.50	NA	NA	NA	NA	NA	NA
1972	41.80	3.21%	NA	NA	NA	NA	NA
1973	44.40	6.22%	\$18,500	NA	NA	NA	\$18,500
1974	49.30	11.04%	20,500	10.81%	-0.23%	\$20,542	18,462
1975	53.80	9.13%	25,000	21.95%	12.82%	22,417	20,632
1976	56.90	5.76%	25,000	0.00%	-5.76%	23,708	19,508
1977	60.60	6.50%	25,000	0.00%	-6.50%	25,250	18,317
1978	65.20	7.59%	25,000	0.00%	-7.59%	27,167	17,025
1979	72.60	11.35%	25,000	0.00%	-11.35%	30,250	15,289
1980	82.40	13.50%	26,800	7.20%	-6.30%	34,333	14,441
1981	90.90	10.32%	28,700	7.09%	-3.23%	37,875	14,018
1982	96.50	6.16%	31,077	8.28%	2.12%	40,208	14,299
1983	99.60	3.21%	33,671	8.35%	5.13%	41,500	15,010
1984	103.90	4.32%	34,344	2.00%	-2.32%	43,292	14,676
1985	107.60	3.56%	35,031	2.00%	-1.56%	44,833	14,455
1986	109.60	1.86%	36,141	3.17%	1.31%	45,667	14,641
1987	113.60	3.65%	36,141	0.00%	-3.65%	47,333	14,126
1988	118.30	4.14%	36,141	0.00%	-4.14%	49,292	13,564
1989	124.00	4.82%	36,141	0.00%	-4.82%	51,667	12,941
1990	130.70	5.40%	37,044	2.50%	-2.90%	54,458	12,584
1991	136.30	4.28%	37,970	2.50%	-1.78%	56,792	12,369
1992	140.40	3.01%	39,218	3.29%	0.28%	58,500	12,402
1993	144.60	2.99%	40,466	3.18%	0.19%	60,250	12,425
1994	148.40	2.63%	40,466	0.00%	-2.63%	61,833	12,107
1995	153.30	3.30%	40,466	0.00%	-3.30%	63,875	11,720
1996	158.70	3.52%	40,466	0.00%	-3.52%	66,125	11,321
1997	164.30	3.53%	40,466	0.00%	-3.53%	68,458	10,931
<b>TOTAL</b>	<b>306%</b>	<b>306%</b>	<b>119%</b>	<b>119%</b>	<b>-187%</b>	<b>169%</b>	<b>-41%</b>

\* From Laws of Montana, 1969-1993, various chapters. \*\* Estimated, Montana Legislative Council

\*\*\* From Budget Analysis 1997 Biennium, LFA, p. Revenue 3, 7, 12

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**TABLE 3**  
**ANALYSIS OF INFLATIONARY EFFECTS ON CHIEF JUSTICE'S SALARY**  
**(Using the Consumer Price Index as "Inflation")**

FY	CPI ****	INCREASE	CHIEF JUSTICE SALARY*	NOMINAL INCREASE	NOMINAL INCREASE VS. CPI**	EQUAL BUYING POWER	BUYING POWER VS. 1971
1971	40.50	NA	\$22,500	NA	NA	NA	NA
1972	41.80	3.21%	24,000	6.67%	3.46%	\$23,222	\$23,254
1973	44.40	6.22%	24,000	0.00%	-6.22%	24,667	21,892
1974	49.30	11.04%	24,000	0.00%	-11.04%	27,389	19,716
1975	53.80	9.13%	28,000	16.67%	7.54%	29,889	21,078
1976	56.90	5.76%	28,000	0.00%	-5.76%	31,611	19,930
1977	60.60	6.50%	28,000	0.00%	-6.50%	33,667	18,713
1978	65.20	7.59%	37,000	32.14%	24.55%	36,222	22,983
1979	72.60	11.35%	37,000	0.00%	-11.35%	40,333	20,640
1980	82.40	13.50%	39,000	5.41%	-8.09%	45,778	19,169
1981	90.90	10.32%	41,000	5.13%	-5.19%	50,500	18,267
1982	96.50	6.16%	44,447	8.41%	2.25%	53,611	18,654
1983	99.60	3.21%	48,204	8.45%	5.24%	55,333	19,601
1984	103.90	4.32%	49,168	2.00%	-2.32%	57,722	19,166
1985	107.60	3.56%	50,151	2.00%	-1.56%	59,778	18,877
1986	109.60	1.86%	51,722	3.13%	1.27%	60,889	19,113
1987	113.60	3.65%	51,722	0.00%	-3.65%	63,111	18,440
1988	118.30	4.14%	51,722	0.00%	-4.14%	65,722	17,707
1989	124.00	4.82%	51,722	0.00%	-4.82%	68,889	16,893
1990	130.70	5.40%	54,722	5.80%	0.40%	72,611	16,957
1991	136.30	4.28%	57,722	5.48%	1.20%	75,722	17,151
1992	140.40	3.01%	60,722 ***	5.20%	2.19%	78,000	17,516
1993	144.60	2.99%	64,722 ***	6.59%	3.60%	80,333	18,128
1994	148.40	2.63%	65,722	1.55%	-1.08%	82,444	17,936
1995	153.30	3.30%	65,722	0.00%	-3.30%	85,167	17,363
1996	158.70	3.52%	65,722	0.00%	-3.52%	88,167	16,772
1997	164.30	3.53%	65,722	0.00%	-3.53%	91,278	16,200
<b>TOTAL</b>	<b>306%</b>	<b>306%</b>	<b>192%</b>	<b>192%</b>	<b>-114%</b>	<b>139%</b>	<b>-28%</b>

\* From Laws of Montana, 1969-1993, various chapters. \*\* Estimated, Montana Legislative Council

\*\*\* AVG.: Supreme Court Justices received \$2,000 increases on 6/1/91, 1/1/92, 6/1/92, and 1/1/93.

\*\*\*\* From Budget Analysis 1997, LFA, p. Revenue 3, 7, 12

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**TABLE 4**  
**ANALYSIS OF INFLATIONARY EFFECTS ON SUP. CT. JUSTICE'S SALARY**  
 (Using the Consumer Price Index as "Inflation")

FY	CPI ****	INCREASE	SUP. CT. JUSTICE SALARY*	NOMINAL INCREASE	NOMINAL INCREASE VS. CPI**	EQUAL BUYING POWER	BUYING POWER VS. 1971
1971	40.50	NA	\$21,000	NA	NA	NA	NA
1972	41.80	3.21%	22,500	7.14%	3.93%	\$21,674	\$21,800
1973	44.40	6.22%	22,500	0.00%	-6.22%	23,022	20,524
1974	49.30	11.04%	22,500	0.00%	-11.04%	25,563	18,484
1975	53.80	9.13%	27,000	20.00%	10.87%	27,896	20,325
1976	56.90	5.76%	27,000	0.00%	-5.76%	29,504	19,218
1977	60.60	6.50%	27,000	0.00%	-6.50%	31,422	18,045
1978	65.20	7.59%	36,000	33.33%	25.74%	33,807	22,362
1979	72.60	11.35%	36,000	0.00%	-11.35%	37,644	20,083
1980	82.40	13.50%	38,000	5.56%	-7.94%	42,726	18,677
1981	90.90	10.32%	40,000	5.26%	-5.05%	47,133	17,822
1982	96.50	6.16%	43,360	8.40%	2.24%	50,037	18,198
1983	99.60	3.21%	47,023	8.45%	5.24%	51,644	19,121
1984	103.90	4.32%	47,963	2.00%	-2.32%	53,874	18,696
1985	107.60	3.56%	48,923	2.00%	-1.56%	55,793	18,414
1986	109.60	1.86%	50,452	3.13%	1.27%	56,830	18,645
1987	113.60	3.65%	50,452	0.00%	-3.65%	58,904	17,985
1988	118.30	4.14%	50,452	0.00%	-4.14%	61,341	17,272
1989	124.00	4.82%	50,452	0.00%	-4.82%	64,296	16,478
1990	130.70	5.40%	53,542	6.12%	0.72%	67,770	16,591
1991	136.30	4.28%	56,452	5.43%	1.15%	70,674	16,774
1992	140.40	3.01%	59,452 ***	5.31%	2.31%	72,800	17,150
1993	144.60	2.99%	63,452 ***	6.73%	3.74%	74,978	17,771
1994	148.40	2.63%	64,452	1.58%	-1.05%	76,948	17,591
1995	153.30	3.30%	64,452	0.00%	-3.30%	79,489	17,027
1996	158.70	3.52%	64,452	0.00%	-3.52%	82,289	16,449
1997	164.30	3.53%	64,452	0.00%	-3.53%	85,193	15,881
<b>TOTAL</b>	<b>306%</b>	<b>306%</b>	<b>207%</b>	<b>207%</b>	<b>-99%</b>	<b>132%</b>	<b>-24%</b>

\* From Laws of Montana, 1969-1993, various chapters. \*\* Estimated, Montana Legislative Council

\*\*\* AVG.: Supreme Court Justices received \$2,000 increases on 6/1/91, 1/1/92, 6/1/92, and 1/1/93.

\*\*\*\* From Budget Analysis 1997, LFA, p. Revenue 3, 7, 12

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**TABLE 5**  
**ANALYSIS OF INFLATIONARY EFFECTS ON ATTORNEY GENERAL SALARY**  
**(Using the Consumer Price Index as "Inflation")**

FY	CPI***	INCREASE	ATTY. GENERAL SALARY*	NOMINAL INCREASE	NOMINAL INCREASE VS. CPI**	EQUAL BUYING POWER	BUYING POWER VS. 1971
1971	40.50	NA	\$15,500	NA	NA	NA	NA
1972	41.80	3.21%	19,000	22.58%	19.37%	\$15,998	\$18,409
1973	44.40	6.22%	19,000	0.00%	-6.22%	16,993	17,331
1974	49.30	11.04%	19,000	0.00%	-11.04%	18,868	15,609
1975	53.80	9.13%	25,000	31.58%	22.45%	20,590	18,820
1976	56.90	5.76%	25,000	0.00%	-5.76%	21,777	17,794
1977	60.60	6.50%	25,000	0.00%	-6.50%	23,193	16,708
1978	65.20	7.59%	32,500	30.00%	22.41%	24,953	20,188
1979	72.60	11.35%	32,500	0.00%	-11.35%	27,785	18,130
1980	82.40	13.50%	34,500	6.15%	-7.34%	31,536	16,957
1981	90.90	10.32%	36,500	5.80%	-4.52%	34,789	16,262
1982	96.50	6.16%	39,555	8.37%	2.21%	36,932	16,601
1983	99.60	3.21%	42,887	8.42%	5.21%	38,119	17,439
1984	103.90	4.32%	43,745	2.00%	-2.32%	39,764	17,052
1985	107.60	3.56%	44,620	2.00%	-1.56%	41,180	16,795
1986	109.60	1.86%	46,016	3.13%	1.27%	41,946	17,004
1987	113.60	3.65%	46,016	0.00%	-3.65%	43,477	16,405
1988	118.30	4.14%	46,016	0.00%	-4.14%	45,275	15,754
1989	124.00	4.82%	46,016	0.00%	-4.82%	47,457	15,029
1990	130.70	5.40%	47,166	2.50%	-2.90%	50,021	14,615
1991	136.30	4.28%	48,345	2.50%	-1.78%	52,164	14,365
1992	140.40	3.01%	49,593	2.58%	-0.43%	53,733	14,306
1993	144.60	2.99%	50,841	2.52%	-0.47%	55,341	14,240
1994	148.40	2.63%	50,841	0.00%	-2.63%	56,795	13,875
1995	153.30	3.30%	50,841	0.00%	-3.30%	58,670	13,432
1996	158.70	3.52%	50,841	0.00%	-3.52%	60,737	12,975
1997	164.30	3.53%	50,841	0.00%	-3.53%	62,880	12,532
<b>TOTAL</b>	<b>306%</b>	<b>306%</b>	<b>228%</b>	<b>228%</b>	<b>-78%</b>	<b>124%</b>	<b>-19%</b>

\* From Laws of Montana, 1969-1993, various chapters. \*\* Estimated, Montana Legislative Council  
 \*\*\* From Budget Analysis 1997 Biennium, LFA, p. Revenue 3, 7, 12

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**TABLE 6**  
**ANALYSIS OF INFLATIONARY EFFECTS ON STATE AUDITOR'S SALARY**  
 (Using the Consumer Price Index as "Inflation")

FY	CPI***	INCREASE	STATE AUDITOR SALARY*	NOMINAL INCREASE	NOMINAL INCREASE VS. CPI**	EQUAL BUYING POWER	BUYING POWER VS. 1971
1971	40.50	NA	\$10,500	NA	NA	NA	NA
1972	41.80	3.21%	15,000	42.86%	39.65%	\$10,837	\$14,533
1973	44.40	6.22%	15,000	0.00%	-6.22%	11,511	13,682
1974	49.30	11.04%	15,000	0.00%	-11.04%	12,781	12,323
1975	53.80	9.13%	18,000	20.00%	10.87%	13,948	13,550
1976	56.90	5.76%	18,000	0.00%	-5.76%	14,752	12,812
1977	60.60	6.50%	18,000	0.00%	-6.50%	15,711	12,030
1978	65.20	7.59%	22,500	25.00%	17.41%	16,904	13,976
1979	72.60	11.35%	22,500	0.00%	-11.35%	18,822	12,552
1980	82.40	13.50%	24,500	8.89%	-4.61%	21,363	12,042
1981	90.90	10.32%	26,500	8.16%	-2.15%	23,567	11,807
1982	96.50	6.16%	28,685	8.25%	2.08%	25,019	12,039
1983	99.60	3.21%	31,071	8.32%	5.11%	25,822	12,634
1984	103.90	4.32%	31,692	2.00%	-2.32%	26,937	12,353
1985	107.60	3.56%	32,326	2.00%	-1.56%	27,896	12,167
1986	109.60	1.86%	33,342	3.14%	1.28%	28,415	12,321
1987	113.60	3.65%	33,342	0.00%	-3.65%	29,452	11,887
1988	118.30	4.14%	33,342	0.00%	-4.14%	30,670	11,415
1989	124.00	4.82%	33,342	0.00%	-4.82%	32,148	10,890
1990	130.70	5.40%	34,176	2.50%	-2.90%	33,885	10,590
1991	136.30	4.28%	35,030	2.50%	-1.79%	35,337	10,409
1992	140.40	3.01%	36,278	3.56%	0.55%	36,400	10,465
1993	144.60	2.99%	37,526	3.44%	0.45%	37,489	10,510
1994	148.40	2.63%	37,526	0.00%	-2.63%	38,474	10,241
1995	153.30	3.30%	37,526	0.00%	-3.30%	39,744	9,914
1996	158.70	3.52%	37,526	0.00%	-3.52%	41,144	9,577
1997	164.30	3.53%	37,526	0.00%	-3.53%	42,596	9,250
<b>TOTAL</b>	<b>306%</b>	<b>306%</b>	<b>257%</b>	<b>257%</b>	<b>-48%</b>	<b>114%</b>	<b>-12%</b>

\* From Laws of Montana, 1969-1993, various chapters. \*\* Estimated, Montana Legislative Council

\*\*\* From Budget Analysis 1997 Biennium, LFA, p. Revenue 3, 7, 12

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**TABLE 7**  
**ANALYSIS OF INFLATIONARY EFFECTS ON SUP'T OF OPI SALARY**  
 (Using the Consumer Price Index as "Inflation")

FY	CPI***	INCREASE	SUP'T OF OPI SALARY*	NOMINAL INCREASE	NOMINAL INCREASE VS. CPI**	EQUAL BUYING POWER	BUYING POWER VS. 1971
1971	40.50	NA	\$13,750	NA	NA	NA	NA
1972	41.80	3.21%	17,500	27.27%	24.06%	\$14,191	\$16,956
1973	44.40	6.22%	17,500	0.00%	-6.22%	15,074	15,963
1974	49.30	11.04%	17,500	0.00%	-11.04%	16,738	14,376
1975	53.80	9.13%	20,000	14.29%	5.16%	18,265	15,056
1976	56.90	5.76%	20,000	0.00%	-5.76%	19,318	14,236
1977	60.60	6.50%	20,000	0.00%	-6.50%	20,574	13,366
1978	65.20	7.59%	27,500	37.50%	29.91%	22,136	17,082
1979	72.60	11.35%	27,500	0.00%	-11.35%	24,648	15,341
1980	82.40	13.50%	29,400	6.91%	-6.59%	27,975	14,450
1981	90.90	10.32%	31,500	7.14%	-3.17%	30,861	14,035
1982	96.50	6.16%	34,120	8.32%	2.16%	32,762	14,320
1983	99.60	3.21%	36,979	8.38%	5.17%	33,815	15,037
1984	103.90	4.32%	37,719	2.00%	-2.32%	35,275	14,703
1985	107.60	3.56%	38,473	2.00%	-1.56%	36,531	14,481
1986	109.60	1.86%	39,672	3.12%	1.26%	37,210	14,660
1987	113.60	3.65%	39,672	0.00%	-3.65%	38,568	14,144
1988	118.30	4.14%	39,672	0.00%	-4.14%	40,164	13,582
1989	124.00	4.82%	39,672	0.00%	-4.82%	42,099	12,957
1990	130.70	5.40%	40,664	2.50%	-2.90%	44,373	12,601
1991	136.30	4.28%	41,681	2.50%	-1.78%	46,275	12,385
1992	140.40	3.01%	42,929	2.99%	-0.01%	47,667	12,383
1993	144.60	2.99%	44,177	2.91%	-0.08%	49,093	12,373
1994	148.40	2.63%	44,177	0.00%	-2.63%	50,383	12,056
1995	153.30	3.30%	44,177	0.00%	-3.30%	52,046	11,671
1996	158.70	3.52%	44,177	0.00%	-3.52%	53,880	11,274
1997	164.30	3.53%	44,177	0.00%	-3.53%	55,781	10,890
<b>TOTAL</b>	<b>306%</b>	<b>306%</b>	<b>221%</b>	<b>221%</b>	<b>-84%</b>	<b>126%</b>	<b>-21%</b>

\* From Laws of Montana, 1969-1993, various chapters. \*\* Estimated, Montana Legislative Council

\*\*\* From Budget Analysis 1997 Biennium, LFA, p. Revenue 3, 7, 12

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**TABLE 8**  
**ANALYSIS OF INFLATIONARY EFFECTS ON PSC COMMISSIONER SALARY**  
 (Using the Consumer Price Index as "Inflation")

FY	CPI***	INCREASE	PSC COMM. SALARY*	NOMINAL INCREASE	NOMINAL INCREASE VS. CPI**	EQUAL BUYING POWER	BUYING POWER VS. 1971
1971	40.50	NA	\$11,550	NA	NA	NA	NA
1972	41.80	3.21%	14,000	21.21%	18.00%	\$11,921	\$13,565
1973	44.40	6.22%	14,000	0.00%	-6.22%	12,662	12,770
1974	49.30	11.04%	18,000	28.57%	17.54%	14,060	14,787
1975	53.80	9.13%	18,000	0.00%	-9.13%	15,343	13,550
1976	56.90	5.76%	18,000	0.00%	-5.76%	16,227	12,812
1977	60.60	6.50%	18,000	0.00%	-6.50%	17,282	12,030
1978	65.20	7.59%	25,000	38.89%	31.30%	18,594	15,529
1979	72.60	11.35%	25,000	0.00%	-11.35%	20,704	13,946
1980	82.40	13.50%	26,800	7.20%	-6.30%	23,499	13,172
1981	90.90	10.32%	28,700	7.09%	-3.23%	25,923	12,787
1982	96.50	6.16%	31,077	8.28%	2.12%	27,520	13,043
1983	99.60	3.21%	33,671	8.35%	5.13%	28,404	13,692
1984	103.90	4.32%	34,344	2.00%	-2.32%	29,631	13,387
1985	107.60	3.56%	35,031	2.00%	-1.56%	30,686	13,185
1986	109.60	1.86%	36,141	3.17%	1.31%	31,256	13,355
1987	113.60	3.65%	36,141	0.00%	-3.65%	32,397	12,885
1988	118.30	4.14%	36,141	0.00%	-4.14%	33,737	12,373
1989	124.00	4.82%	36,141	0.00%	-4.82%	35,363	11,804
1990	130.70	5.40%	37,044	2.50%	-2.90%	37,274	11,479
1991	136.30	4.28%	37,970	2.50%	-1.78%	38,871	11,282
1992	140.40	3.01%	39,218	3.29%	0.28%	40,040	11,313
1993	144.60	2.99%	40,466	3.18%	0.19%	41,238	11,334
1994	148.40	2.63%	40,466	0.00%	-2.63%	42,321	11,044
1995	153.30	3.30%	40,466	0.00%	-3.30%	43,719	10,691
1996	158.70	3.52%	40,466	0.00%	-3.52%	45,259	10,327
1997	164.30	3.53%	40,466	0.00%	-3.53%	46,856	9,975
<b>TOTAL</b>	<b>306%</b>	<b>306%</b>	<b>250%</b>	<b>250%</b>	<b>-55%</b>	<b>116%</b>	<b>-14%</b>

\* From Laws of Montana, 1969-1993, various chapters. \*\* Estimated, Montana Legislative Council

\*\*\* From Budget Analysis 1997 Biennium, LFA, p. Revenue 3, 7, 12

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**TABLE 10**  
**ANALYSIS OF INFLATIONARY EFFECTS ON SECRETARY OF STATE SALARY**  
 (Using the Consumer Price Index as "Inflation")

FY	CPI***	INCREASE	SUP. CT. CLERK SALARY*	NOMINAL INCREASE	NOMINAL INCREASE VS. CPI**	EQUAL BUYING POWER	BUYING POWER VS. 1971
1971	40.50	NA	\$10,500	NA	NA	NA	NA
1972	41.80	3.21%	15,000	42.86%	39.65%	\$10,837	\$14,533
1973	44.40	6.22%	15,000	0.00%	-6.22%	11,511	13,682
1974	49.30	11.04%	15,000	0.00%	-11.04%	12,781	12,323
1975	53.80	9.13%	18,000	20.00%	10.87%	13,948	13,550
1976	56.90	5.76%	18,000	0.00%	-5.76%	14,752	12,812
1977	60.60	6.50%	18,000	0.00%	-6.50%	15,711	12,030
1978	65.20	7.59%	22,500	25.00%	17.41%	16,904	13,976
1979	72.60	11.35%	22,500	0.00%	-11.35%	18,822	12,552
1980	82.40	13.50%	24,500	8.89%	-4.61%	21,363	12,042
1981	90.90	10.32%	26,500	8.16%	-2.15%	23,567	11,807
1982	96.50	6.16%	28,685	8.25%	2.08%	25,019	12,039
1983	99.60	3.21%	31,071	8.32%	5.11%	25,822	12,634
1984	103.90	4.32%	31,692	2.00%	-2.32%	26,937	12,353
1985	107.60	3.56%	32,326	2.00%	-1.56%	27,896	12,167
1986	109.60	1.86%	33,342	3.14%	1.28%	28,415	12,321
1987	113.60	3.65%	33,342	0.00%	-3.65%	29,452	11,887
1988	118.30	4.14%	33,342	0.00%	-4.14%	30,670	11,415
1989	124.00	4.82%	33,342	0.00%	-4.82%	32,148	10,890
1990	130.70	5.40%	34,176	2.50%	-2.90%	33,885	10,590
1991	136.30	4.28%	35,030	2.50%	-1.79%	35,337	10,409
1992	140.40	3.01%	36,278	3.56%	0.55%	36,400	10,465
1993	144.60	2.99%	37,526	3.44%	0.45%	37,489	10,510
1994	148.40	2.63%	37,526	0.00%	-2.63%	38,474	10,241
1995	153.30	3.30%	37,526	0.00%	-3.30%	39,744	9,914
1996	158.70	3.52%	37,526	0.00%	-3.52%	41,144	9,577
1997	164.30	3.53%	37,526	0.00%	-3.53%	42,596	9,250
<b>TOTAL</b>	<b>306%</b>	<b>306%</b>	<b>257%</b>	<b>257%</b>	<b>-48%</b>	<b>114%</b>	<b>-12%</b>

\* From Laws of Montana, 1969-1993, various chapters. \*\* Estimated, Montana Legislative Council

\*\*\* From Budget Analysis 1997 Biennium, LFA, p. Revenue 3, 7, 12

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**TABLE 11**  
**ANALYSIS OF INFLATIONARY EFFECTS ON SUP. CT. CLERK SALARY**  
 (Using the Consumer Price Index as "Inflation")

FY	CPI***	INCREASE	SEC. OF STATE SALARY*	NOMINAL INCREASE	NOMINAL INCREASE VS. CPI**	EQUAL BUYING POWER	BUYING POWER VS. 1971
1971	40.50	NA	\$11,500	NA	NA	NA	NA
1972	41.80	3.21%	11,500	0.00%	-3.21%	\$11,869	\$11,142
1973	44.40	6.22%	11,500	0.00%	-6.22%	12,607	10,490
1974	49.30	11.04%	11,500	0.00%	-11.04%	13,999	9,447
1975	53.80	9.13%	14,000	21.74%	12.61%	15,277	10,539
1976	56.90	5.76%	14,000	0.00%	-5.76%	16,157	9,965
1977	60.60	6.50%	14,000	0.00%	-6.50%	17,207	9,356
1978	65.20	7.59%	20,000	42.86%	35.27%	18,514	12,423
1979	72.60	11.35%	20,000	0.00%	-11.35%	20,615	11,157
1980	82.40	13.50%	23,875	19.38%	5.88%	23,398	11,735
1981	90.90	10.32%	25,750	7.85%	-2.46%	25,811	11,473
1982	96.50	6.16%	27,870	8.23%	2.07%	27,401	11,697
1983	99.60	3.21%	30,185	8.31%	5.09%	28,281	12,274
1984	103.90	4.32%	30,789	2.00%	-2.32%	29,502	12,001
1985	107.60	3.56%	31,404	2.00%	-1.56%	30,553	11,820
1986	109.60	1.86%	32,401	3.17%	1.32%	31,121	11,973
1987	113.60	3.65%	32,401	0.00%	-3.65%	32,257	11,551
1988	118.30	4.14%	32,401	0.00%	-4.14%	33,591	11,092
1989	124.00	4.82%	32,401	0.00%	-4.82%	35,210	10,583
1990	130.70	5.40%	33,211	2.50%	-2.90%	37,112	10,291
1991	136.30	4.28%	34,041	2.50%	-1.79%	38,702	10,115
1992	140.40	3.01%	35,289	3.67%	0.66%	39,867	10,180
1993	144.60	2.99%	36,537	3.54%	0.55%	41,059	10,233
1994	148.40	2.63%	36,537	0.00%	-2.63%	42,138	9,971
1995	153.30	3.30%	36,537	0.00%	-3.30%	43,530	9,653
1996	158.70	3.52%	36,537	0.00%	-3.52%	45,063	9,324
1997	164.30	3.53%	36,537	0.00%	-3.53%	46,653	9,006
<b>TOTAL</b>	<b>306%</b>	<b>306%</b>	<b>218%</b>	<b>218%</b>	<b>-88%</b>	<b>128%</b>	<b>-22%</b>

\* From Laws of Montana, 1969-1993, various chapters. \*\* Estimated, Montana Legislative Council  
 \*\*\* From Budget Analysis 1997 Biennium, LFA, p. Revenue 3, 7, 12

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GOV-2.WK1

**TABLE 12**  
**HISTORY OF SELECTED MONTANA ELECTED OFFICIALS SALARIES\* AND OF PER CAPITA PERSONAL INCOME**  
**1971 TO 1997**

FY	CHANGE IN		PER CAPITA INCOME	PER INCOME **	PER CAP. INCOME CHANGE		GOV.	% INCREASE	LT. GOV.	% INCREASE	CHIEF JUSTICE		% INCREASE	SUP. CT.	% INCREASE
	CPI**	CPI**			GOV.	% INCREASE					SUP. CT.	% INCREASE			
1971	40.50	NA	NA	NA	NA	NA	\$23,250	NA	NA	NA	\$22,500	NA	NA	\$21,000	NA
1972	41.80	3.21%	NA	NA	NA	NA	25,000	7.53%	NA	NA	24,000	6.67%	NA	22,500	7.14%
1973	44.40	6.22%	\$4,876	NA	NA	NA	25,000	0.00%	\$18,500	NA	24,000	0.00%	NA	22,500	0.00%
1974	49.30	11.04%	5,224	7.14%	7.14%	7.14%	25,000	0.00%	20,500	10.81%	24,000	0.00%	NA	22,500	0.00%
1975	53.80	9.13%	5,614	7.46%	7.46%	7.46%	30,000	20.00%	25,000	21.95%	28,000	16.67%	NA	27,000	20.00%
1976	56.90	5.76%	5,974	6.41%	6.41%	6.41%	30,000	0.00%	25,000	0.00%	28,000	0.00%	NA	27,000	0.00%
1977	60.60	6.50%	6,383	6.85%	6.85%	6.85%	35,000	16.67%	25,000	0.00%	28,000	0.00%	NA	27,000	0.00%
1978	65.20	7.59%	7,453	16.77%	16.77%	16.77%	35,000	0.00%	25,000	0.00%	37,000	32.14%	NA	36,000	33.33%
1979	72.60	11.35%	7,995	7.27%	7.27%	7.27%	35,000	0.00%	25,000	0.00%	37,000	0.00%	NA	36,000	0.00%
1980	82.40	13.50%	8,749	9.43%	9.43%	9.43%	37,500	7.14%	26,800	7.20%	39,000	5.41%	NA	38,000	5.56%
1981	90.90	10.32%	9,774	11.72%	11.72%	11.72%	40,000	6.67%	28,700	7.09%	41,000	5.13%	NA	40,000	5.26%
1982	96.50	6.16%	10,155	3.89%	3.89%	3.89%	43,360	8.40%	31,077	8.28%	44,447	8.41%	NA	43,360	8.40%
1983	99.60	3.21%	10,600	4.38%	4.38%	4.38%	47,023	8.45%	33,671	8.35%	48,204	8.45%	NA	47,023	8.45%
1984	103.90	4.32%	11,025	4.01%	4.01%	4.01%	47,963	2.00%	34,344	2.00%	49,168	2.00%	NA	47,963	2.00%
1985	107.60	3.56%	11,225	1.81%	1.81%	1.81%	48,923	2.00%	35,031	2.00%	50,151	2.00%	NA	48,923	2.00%
1986	109.60	1.86%	11,965	6.59%	6.59%	6.59%	50,452	3.13%	36,141	3.17%	51,722	3.13%	NA	50,452	3.13%
1987	113.60	3.65%	12,426	3.86%	3.86%	3.86%	50,452	0.00%	36,141	0.00%	51,722	0.00%	NA	50,452	0.00%
1988	118.30	4.14%	12,757	2.66%	2.66%	2.66%	50,452	0.00%	36,141	0.00%	51,722	0.00%	NA	50,452	0.00%
1989	124.00	4.82%	14,040	10.06%	10.06%	10.06%	50,452	0.00%	36,141	0.00%	51,722	0.00%	NA	50,452	0.00%
1990	130.70	5.40%	14,756	5.09%	5.09%	5.09%	51,713	2.50%	37,044	2.50%	54,722	5.80%	NA	53,542	6.12%
1991	136.30	4.28%	15,803	7.10%	7.10%	7.10%	53,006	2.50%	37,970	2.50%	57,722	5.48%	NA	56,452	5.43%
1992	140.40	3.01%	16,386	3.69%	3.69%	3.69%	54,254	2.35%	39,218	3.29%	60,722	5.20%	NA	59,452	5.31%
1993	144.60	2.99%	17,422	6.32%	6.32%	6.32%	55,502	2.30%	40,466	3.18%	64,722	6.59%	NA	63,452	6.73%
1994	148.40	2.63%	18,393	5.57%	5.57%	5.57%	55,502	0.00%	40,466	0.00%	65,722	1.55%	NA	64,452	1.58%
1995	153.30	3.30%	19,239	4.60%	4.60%	4.60%	55,502	0.00%	40,466	0.00%	65,722	0.00%	NA	64,452	0.00%
1996	158.70	3.52%	20,018	4.05%	4.05%	4.05%	55,502	0.00%	40,466	0.00%	65,722	0.00%	NA	64,452	0.00%
1997	164.30	3.53%	20,878	4.29%	4.29%	4.29%	55,502	0.00%	40,466	0.00%	65,722	0.00%	NA	64,452	0.00%
<b>TOTAL</b>	<b>306%</b>	<b>306%</b>	<b>328%</b>	<b>328%</b>	<b>328%</b>	<b>328%</b>	<b>139%</b>	<b>139%</b>	<b>119%</b>	<b>119%</b>	<b>192%</b>	<b>192%</b>	<b>192%</b>	<b>207%</b>	<b>207%</b>

\* From Laws of Montana, 1969-1993, various chapters.

\*\* From Budget Analysis 1997 Biennium, LFA, pp. Revenue 3, 7, 12.

TABLE 12 -- continued  
 HISTORY OF SELECTED MONTANA ELECTED OFFICIALS SALARIES\* AND OF PER CAPITA PERSONAL INCOME  
 1971 TO 1997

FY	CHANGE IN		PER CAPITA INCOME**	PER CAP. INCOME CHANGE	ATTY GEN.	% INCREASE	STATE AUDITOR	% INCREASE	SUP'T OF OPI	% INCREASE	PSC COMM.	% INCREASE	SEC. OF STATE	% INCREASE	SUP. CT. CLERK	% INCREASE
	CPI	CPI**														
371	40.50	NA	NA	NA	\$15,500	NA	\$10,500	NA	\$13,750	NA	\$11,550	NA	\$10,500	NA	\$11,500	NA
372	41.80	3.21%	NA	NA	19,000	22.58%	15,000	42.86%	17,500	27.27%	14,000	21.21%	15,000	42.86%	11,500	0.00%
373	44.40	6.22%	\$4,876	NA	19,000	0.00%	15,000	0.00%	17,500	0.00%	14,000	0.00%	15,000	-0.00%	11,500	0.00%
374	49.30	11.04%	5,224	7.14%	19,000	0.00%	15,000	0.00%	17,500	0.00%	18,000	28.57%	15,000	0.00%	11,500	0.00%
375	53.80	9.13%	5,614	7.46%	25,000	31.58%	18,000	20.00%	20,000	14.29%	18,000	0.00%	18,000	20.00%	14,000	21.74%
376	56.90	5.76%	5,974	6.41%	25,000	0.00%	18,000	0.00%	20,000	0.00%	18,000	0.00%	18,000	0.00%	14,000	0.00%
377	60.60	6.50%	6,383	6.85%	25,000	0.00%	18,000	0.00%	20,000	0.00%	18,000	0.00%	18,000	0.00%	14,000	0.00%
378	65.20	7.59%	7,453	16.77%	32,500	30.00%	22,500	25.00%	27,500	37.50%	25,000	38.89%	22,500	25.00%	20,000	42.86%
379	72.60	11.35%	7,995	7.27%	32,500	0.00%	22,500	0.00%	27,500	0.00%	25,000	0.00%	22,500	0.00%	20,000	0.00%
380	82.40	13.50%	8,749	9.43%	34,500	6.15%	24,500	8.89%	29,400	6.91%	26,800	7.20%	24,500	8.89%	23,875	19.38%
381	90.90	10.32%	9,774	11.72%	36,500	5.80%	26,500	8.16%	31,500	7.14%	28,700	7.09%	26,500	8.16%	25,750	7.85%
382	96.50	6.16%	10,155	3.89%	39,555	8.37%	28,685	8.25%	34,120	8.32%	31,077	8.28%	28,685	8.25%	27,870	8.23%
383	99.60	3.21%	10,600	4.38%	42,887	8.42%	31,071	8.32%	36,979	8.38%	33,671	8.35%	31,071	8.32%	30,185	8.31%
384	103.90	4.32%	11,025	4.01%	43,745	2.00%	31,692	2.00%	37,719	2.00%	34,344	2.00%	31,692	2.00%	30,789	2.00%
385	107.60	3.56%	11,225	1.81%	44,620	2.00%	32,326	2.00%	38,473	2.00%	35,031	2.00%	32,326	2.00%	31,404	2.00%
386	109.60	1.86%	11,965	6.59%	46,016	3.13%	33,342	3.14%	39,672	3.12%	36,141	3.17%	33,342	3.14%	32,401	3.17%
387	113.60	3.65%	12,426	3.86%	46,016	0.00%	33,342	0.00%	39,672	0.00%	36,141	0.00%	33,342	0.00%	32,401	0.00%
388	118.30	4.14%	12,757	2.66%	46,016	0.00%	33,342	0.00%	39,672	0.00%	36,141	0.00%	33,342	0.00%	32,401	0.00%
389	124.00	4.82%	14,040	10.06%	46,016	0.00%	33,342	0.00%	39,672	0.00%	36,141	0.00%	33,342	0.00%	32,401	0.00%
390	130.70	5.40%	14,756	5.09%	47,166	2.50%	34,176	2.50%	40,664	2.50%	37,044	2.50%	34,176	2.50%	33,211	2.50%
391	136.30	4.28%	15,803	7.10%	48,345	2.50%	35,030	2.50%	41,681	2.50%	37,970	2.50%	35,030	2.50%	34,041	2.50%
392	140.40	3.01%	16,386	3.69%	49,593	2.58%	36,278	3.56%	42,929	2.99%	39,218	3.29%	36,278	3.56%	35,289	3.67%
393	144.60	2.99%	17,422	6.32%	50,841	2.52%	37,526	3.44%	44,177	2.91%	40,466	3.18%	37,526	3.44%	36,537	3.54%
394	148.40	2.63%	18,393	5.57%	50,841	0.00%	37,526	0.00%	44,177	0.00%	40,466	0.00%	37,526	0.00%	36,537	0.00%
395	153.30	3.30%	19,239	4.60%	50,841	0.00%	37,526	0.00%	44,177	0.00%	40,466	0.00%	37,526	0.00%	36,537	0.00%
396	158.70	3.52%	20,018	4.05%	50,841	0.00%	37,526	0.00%	44,177	0.00%	40,466	0.00%	37,526	0.00%	36,537	0.00%
397	164.30	3.53%	20,878	4.29%	50,841	0.00%	37,526	0.00%	44,177	0.00%	40,466	0.00%	37,526	0.00%	36,537	0.00%
TOTAL	306%	306%	328%	32.8%	228%	228%	257%	257%	221%	221%	250%	250%	257%	257%	218%	218%

\*From Laws of Montana, 1969-1993, various chapters.  
 \*\*From Budget Analysis 1997 Blainham, LFA, pp. Revenue 3, 7, 12.  
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**TABLE 13**  
**HISTORY OF SALARY CHANGES FOR SELECTED MONTANA ELECTED OFFICIALS\***  
**AND OF CHANGES IN PER CAPITA PERSONAL INCOME**  
**1975 TO 1995**

FY	PER CAPITA INCOME**		LT. GOV.		CHIEF JUSTICE		SUP. CT. JUSTICE		ATTNY GEN.	
	GOV.	RATIO	GOV.	RATIO	SUP. CT.	RATIO	SUP. CT.	RATIO	GEN.	RATIO
1975	\$30,000	5.34	\$25,000	4.45	\$28,000	4.99	\$27,000	4.81	\$25,000	4.45
1980	37,500	4.29	26,800	3.06	39,000	4.46	38,000	4.34	34,500	3.94
1985	11,225	4.36	35,031	3.12	50,151	4.47	48,923	4.36	44,620	3.98
1990	14,756	3.50	37,044	2.51	54,722	3.71	53,542	3.63	47,166	3.20
1991	15,803	3.35	37,970	2.40	57,722	3.65	56,452	3.57	48,345	3.06
1992	16,386	3.31	39,218	2.39	60,722	3.71	59,452	3.63	49,593	3.03
1993	17,422	3.19	40,466	2.32	64,722	3.71	63,452	3.64	50,841	2.92
1994	18,393	3.02	40,466	2.20	65,722	3.57	64,452	3.50	50,841	2.76
1995	19,239	2.88	40,466	2.10	65,722	3.42	64,452	3.35	50,841	2.64
<b>CHANGE</b>	<b>243%</b>	<b>85%</b>	<b>-46%</b>	<b>-53%</b>	<b>135%</b>	<b>-32%</b>	<b>139%</b>	<b>-30%</b>	<b>103%</b>	<b>-41%</b>

FY	PER CAPITA INCOME**		STATE AUDITOR		SUP'T OF OPI		PSC COMM.		SEC. OF STATE		SUP. CT. CLERK	
	GOV.	RATIO	AUDITOR	RATIO	OF OPI	RATIO	COMM.	RATIO	STATE	RATIO	CLERK	RATIO
1975	\$18,000	3.21	\$20,000	3.56	\$18,000	3.21	\$18,000	3.21	\$18,000	3.21	\$14,000	2.49
1980	8,749	2.80	29,400	3.36	26,800	3.06	24,500	2.80	23,875	2.73	23,875	2.73
1985	11,225	2.88	38,473	3.43	35,031	3.12	32,326	2.88	31,404	2.80	31,404	2.80
1990	14,756	2.32	40,664	2.76	37,044	2.51	34,176	2.32	33,211	2.25	33,211	2.25
1991	15,803	2.22	41,681	2.64	37,970	2.40	35,030	2.22	34,041	2.15	34,041	2.15
1992	16,386	2.21	42,929	2.62	39,218	2.39	36,278	2.21	35,289	2.15	35,289	2.15
1993	17,422	2.15	44,177	2.54	40,466	2.32	37,526	2.15	36,537	2.10	36,537	2.10
1994	18,393	2.04	44,177	2.40	40,466	2.20	37,526	2.04	36,537	1.99	36,537	1.99
1995	19,239	1.95	44,177	2.30	40,466	2.10	37,526	1.95	36,537	1.90	36,537	1.90
<b>CHANGE</b>	<b>243%</b>	<b>108%</b>	<b>-39%</b>	<b>-36%</b>	<b>125%</b>	<b>-34%</b>	<b>108%</b>	<b>-39%</b>	<b>161%</b>	<b>-24%</b>		

\* Salaries are from Laws of Montana, 1989-1993, various chapters.  
 \*\* From Budget Analysis 1997 Biennium, LFA, pp. Revenue 3, 7, 12; calculations by Legislative Council

**Table 14**  
**Economic Overview**  
 State Gains in Income Measures - 1971 to 1997

Year	CPI	Annual % Increase		Montana Personal Income	Annual % Increase In TPI	Montana Disposable Income	Annual % Inc.		Montana Wage & Sal Income	Annual % Inc. Wage & Sal Income
		In CPI	In TPI				Disposable Income	Wage & Sal Income		
A 1971	40.50	NA	NA	\$2,610,330	NA	\$2,328,553	NA	NA	\$1,471,340	NA
A 1972	41.80	3.21%	16.43%	3,039,199	16.43%	2,677,528	14.99%	14.99%	1,640,168	11.47%
A 1973	44.40	6.22%	16.48%	3,539,918	16.48%	3,110,027	16.15%	16.15%	1,837,878	12.05%
A 1974	49.30	11.04%	8.47%	3,839,674	8.47%	3,360,985	8.07%	8.07%	2,065,305	12.37%
A 1975	53.80	9.13%	9.21%	4,193,426	9.21%	3,703,816	10.20%	10.20%	2,266,340	9.73%
A 1976	56.90	5.76%	7.70%	4,516,117	7.70%	3,950,628	6.66%	6.66%	2,519,252	11.16%
A 1977	60.60	6.50%	8.55%	4,902,070	8.55%	4,258,119	7.78%	7.78%	2,806,663	11.41%
A 1978	65.20	7.59%	18.59%	5,813,371	18.59%	5,099,059	19.75%	19.75%	3,213,384	14.49%
A 1979	72.60	11.35%	8.10%	6,284,054	8.10%	5,428,873	6.47%	6.47%	3,591,919	11.78%
A 1980	82.40	13.50%	9.57%	6,885,292	9.57%	5,967,758	9.93%	9.93%	3,871,498	7.78%
A 1981	90.90	10.32%	13.00%	7,780,270	13.00%	6,762,316	13.31%	13.31%	4,236,416	9.43%
A 1982	96.50	6.16%	5.07%	8,174,406	5.07%	7,176,297	6.12%	6.12%	4,361,784	2.96%
A 1983	99.60	3.21%	5.81%	8,649,297	5.81%	7,495,915	4.45%	4.45%	4,540,759	4.10%
A 1984	103.90	4.32%	4.91%	9,073,588	4.91%	7,966,614	6.28%	6.28%	4,730,201	4.17%
A 1985	107.60	3.56%	2.06%	9,260,551	2.06%	8,233,850	3.35%	3.35%	4,782,345	1.10%
A 1986	109.60	1.86%	5.56%	9,775,171	5.56%	8,741,641	6.17%	6.17%	4,719,019	-1.32%
A 1987	113.60	3.65%	2.84%	10,052,646	2.84%	8,831,093	1.02%	1.02%	4,832,388	2.40%
A 1988	118.30	4.14%	2.16%	10,269,469	2.16%	9,125,624	3.34%	3.34%	5,114,548	5.84%
A 1989	124.00	4.82%	10.20%	11,316,576	10.20%	9,858,379	8.03%	8.03%	5,369,720	4.99%
A 1990	130.70	5.40%	4.18%	11,789,751	4.18%	10,263,206	4.11%	4.11%	5,722,813	6.58%
A 1991	136.30	4.28%	8.17%	12,753,092	8.17%	11,197,806	9.11%	9.11%	6,110,557	6.78%
A 1992	140.40	3.01%	5.62%	13,469,485	5.62%	11,804,305	5.42%	5.42%	6,580,089	7.68%
A 1993	144.60	2.99%	8.52%	14,616,978	8.52%	12,783,837	8.30%	8.30%	6,997,368	6.34%
F 1994	148.40	2.63%	6.45%	15,560,485	6.45%	13,638,308	6.68%	6.68%	7,391,453	5.63%
F 1995	153.30	3.30%	5.34%	16,391,222	5.34%	14,366,141	5.34%	5.34%	7,799,040	5.51%
F 1996	158.70	3.52%	4.79%	17,175,693	4.79%	15,053,426	4.78%	4.78%	8,244,573	5.71%
F 1997	164.30	3.53%	5.02%	18,038,229	5.02%	15,809,091	5.02%	5.02%	8,694,209	5.45%
<b>TOTAL</b>	<b>306%</b>	<b>306%</b>	<b>591%</b>	<b>\$15,427,899</b>	<b>591%</b>	<b>\$13,480,538</b>	<b>579%</b>	<b>579%</b>	<b>\$7,222,869</b>	<b>491%</b>

Source: Budget Analysis 1997 Biennium, LFA, p. Revenue 3.

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**Table 15**  
**Economic Overview**  
**Changes in State Population and Labor – 1974 to 1997**

CAL. YEAR	MONTANA POPULATION	ANNUAL % CHANGE	TOTAL NON-FARM JOBS	ANNUAL % CHANGE
1973	726,000	NA	224,500	NA
1974	735,000	1.24%	234,000	4.23%
1975	747,000	1.63%	238,200	1.79%
1976	756,000	1.20%	251,000	5.37%
1977	768,000	1.59%	265,000	5.58%
1978	780,000	1.56%	280,400	5.81%
1979	786,000	0.77%	283,900	1.25%
1980	787,000	0.13%	280,400	-1.23%
1981	796,000	1.14%	281,800	0.50%
1982	805,000	1.13%	273,900	-2.80%
1983	816,000	1.37%	276,000	0.77%
1984	823,000	0.86%	281,200	1.88%
1985	825,000	0.24%	279,200	-0.71%
1986	817,000	-0.97%	275,500	-1.33%
1987	809,000	-0.98%	275,900	0.15%
1988	805,000	-0.49%	283,000	2.57%
1989	806,000	0.12%	291,100	2.86%
1990	799,000	-0.87%	297,300	2.13%
1991	807,000	1.00%	303,900	2.22%
1992	822,000	1.86%	316,600	4.18%
1993	839,000	2.07%	326,400	3.10%
1994	846,000	0.83%	333,400	2.14%
1995	852,000	0.71%	340,400	2.10%
1996	858,000	0.70%	347,600	2.12%
1997	864,000	0.70%	354,300	1.93%
<b>TOTAL</b>	<b>19.01%</b>	<b>NA</b>	<b>57.82%</b>	<b>NA</b>

Source: Budget Analysis 1997 Biennium, LFA, p. Revenue 5 & 6

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**Table 16**  
**Economic Overview**  
**Measures of Changes in Income & Wages – 1971 to 1997**

Cal. Year	Annual Per Cap. Personal Income	Change Per Cap. Personal Income	Annual Per Cap. Disposable Income	Change Per Cap. Disposable Income	Annual Per Cap. Wage&Sal Income	Change Per Cap. Wage&Sal Income
1971	NA	NA	NA	NA	NA	NA
1972	NA	NA	NA	NA	NA	NA
1973	\$4,876	NA	\$4,284	NA	\$2,532	NA
1974	5,224	7.14%	4,573	6.75%	2,810	11.00%
1975	5,614	7.46%	4,958	8.43%	3,034	7.97%
1976	5,974	6.41%	5,226	5.39%	3,332	9.84%
1977	6,383	6.85%	5,544	6.10%	3,655	9.67%
1978	7,453	16.77%	6,537	17.91%	4,120	12.73%
1979	7,995	7.27%	6,907	5.66%	4,570	10.93%
1980	8,749	9.43%	7,583	9.79%	4,919	7.65%
1981	9,774	11.72%	8,495	12.03%	5,322	8.19%
1982	10,155	3.89%	8,915	4.94%	5,418	1.81%
1983	10,600	4.38%	9,186	3.05%	5,565	2.70%
1984	11,025	4.01%	9,680	5.38%	5,748	3.29%
1985	11,225	1.81%	9,980	3.10%	5,797	0.86%
1986	11,965	6.59%	10,700	7.21%	5,776	-0.36%
1987	12,426	3.86%	10,916	2.02%	5,973	3.42%
1988	12,757	2.66%	11,336	3.85%	6,353	6.36%
1989	14,040	10.06%	12,231	7.90%	6,662	4.86%
1990	14,756	5.09%	12,845	5.02%	7,162	7.51%
1991	15,803	7.10%	13,876	8.02%	7,572	5.72%
1992	16,386	3.69%	14,360	3.49%	8,005	5.72%
1993	17,422	6.32%	15,237	6.10%	8,340	4.19%
1994	18,393	5.57%	16,121	5.80%	8,737	4.76%
1995	19,239	4.60%	16,862	4.59%	9,154	4.77%
1996	20,018	4.05%	17,545	4.05%	9,609	4.97%
1997	20,878	4.29%	18,298	4.29%	10,063	4.72%
<b>CHANGE</b>	<b>328%</b>	<b>328%</b>	<b>327%</b>	<b>327%</b>	<b>297%</b>	<b>297%</b>

Source: Budget Analysis 1997 Biennium, LFA, p. Revenue 3, 7, 12.

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TABLE 17  
ECONOMIC OVERVIEW  
SELECTED WAGE AND PRICE STATISTICS  
1971 TO 1995

YEAR	NATIONALLY										MONTANA		
	CHANGE IN FED. MINIMUM WAGE		AVERAGE PRICE		AVERAGE PRICE		DAILY SALARY OF MONTANA		SALARY MONTANA		% CHANGE	% CHANGE	
	%	\$	%	\$	%	\$	%	\$	%	\$			
1971	\$0.10	NA	NA	\$64,671	NA	\$41,401	NA	\$20.00	NA	\$6,633	NA	NA	
1972	\$0.10	0.00%	0.00%	67,351	4.14%	43,769	5.72%	20.00	0.00%	6,846	3.21%	3.21%	
1973	\$0.10	0.00%	0.00%	70,142	4.14%	46,272	5.72%	20.00	0.00%	7,272	6.22%	6.22%	
1974	\$0.10	0.00%	18.75%	73,048	4.14%	48,919	5.72%	20.00	0.00%	8,074	11.04%	11.04%	
1975	\$0.13	30.00%	5.26%	76,075	4.14%	51,717	5.72%	20.00	0.00%	8,811	9.13%	9.13%	
1976	\$0.13	0.00%	10.00%	79,228	4.14%	54,675	5.72%	20.00	0.00%	9,319	5.76%	5.76%	
1977	\$0.13	0.00%	4.55%	82,511	4.14%	57,803	5.72%	20.00	0.00%	9,925	6.50%	6.50%	
1978	\$0.15	15.38%	15.22%	85,931	4.14%	61,109	5.72%	33.22	66.12%	10,678	7.59%	7.59%	
1979	\$0.15	0.00%	9.43%	89,491	4.14%	64,605	5.72%	34.98	5.30%	11,147	4.39%	4.39%	
1980	\$0.15	0.00%	6.90%	93,200	4.14%	68,300	5.72%	35.50	1.46%	11,729	5.22%	5.22%	
1981	\$0.20	33.33%	8.06%	95,560	2.53%	73,180	7.14%	38.64	8.85%	12,211	4.11%	4.11%	
1982	\$0.20	0.00%	0.00%	97,920	2.47%	78,060	6.67%	43.74	13.21%	13,707	12.25%	12.25%	
1983	\$0.20	0.00%	0.00%	100,280	2.41%	82,940	6.25%	48.42	10.69%	14,718	7.38%	7.38%	
1984	\$0.20	0.00%	0.00%	102,640	2.35%	87,820	5.88%	49.21	1.63%	14,953	1.60%	1.60%	
1985	\$0.22	10.00%	0.00%	105,000	2.30%	92,700	5.56%	50.02	1.64%	15,194	1.61%	1.61%	
1986	\$0.22	0.00%	0.00%	114,820	9.35%	102,220	10.27%	51.17	2.31%	15,433	1.57%	1.57%	
1987	\$0.22	0.00%	0.00%	124,640	8.55%	111,740	9.31%	52.13	1.88%	15,623	1.23%	1.23%	
1988	\$0.25	13.64%	0.00%	134,460	7.88%	121,260	8.52%	52.13	0.00%	15,623	0.00%	0.00%	
1989	\$0.25	0.00%	0.00%	144,280	7.30%	130,780	7.85%	52.13	0.00%	15,623	0.00%	0.00%	
1990	\$0.25	0.00%	13.43%	154,100	6.81%	140,300	7.28%	54.28	4.13%	16,363	4.74%	4.74%	
1991	\$0.29	16.00%	11.84%	155,200	0.71%	145,800	3.92%	56.44	3.97%	16,743	2.32%	2.32%	
1992	\$0.29	0.00%	0.00%	158,300	2.00%	144,100	-1.17%	55.40	-1.84%	16,916	1.03%	1.03%	
1993	\$0.29	0.00%	0.00%	163,700	3.41%	139,600	-3.12%	57.06	3.00%	17,424	3.00%	3.00%	
1994	\$0.29	0.00%	0.00%	167,040	2.04%	142,012	1.73%	57.06	0.00%	17,424	0.00%	0.00%	
1995	\$0.32	10.34%	0.00%	170,450	2.04%	144,465	1.73%	57.06	0.00%	17,424	0.00%	0.00%	
CHNG	\$0.22	220%	166%	\$105,779	164%	\$103,065	249%	\$37.06	185%	\$10,791	163%	163%	

\* Estimated by Montana Legislative Council  
Sources: Statistical Abstract of the United States, 1994; Montana Code Annotated 1978-1993; Laws of Montana 1973-1977

**TABLE 18**  
**EFFECTS OF LC 1338**  
**1995 TO 1998**

OFFICE	FY 1995 SALARY	FY 1996 SALARY	FY 1997 SALARY	FY 1998 ESTIMATED SALARY*	CHANGE FY 1997 TO 1998
GOVERNOR ,	\$55,502	\$61,052	\$67,158	\$71,438	6.37%
LT. GOVERNOR	40,466	44,513	48,964	43,704 **	-10.74%
ATTORNEY GENERAL	50,841	55,925	61,518	64,692	5.16%
SEC. OF STATE	37,526	41,279	45,406	54,622	20.30%
SUPT OF OPI	44,177	48,595	53,454	58,690	9.80%
STATE AUDITOR	37,526	41,279	45,406	56,603 ***	24.66%

\* Source: Book of the States 1994-95, Council of State Governments, 1994-95, pp. 77-82. CHASE-1.WK1  
Shows the 4-state average of ID, ND, SD, and WY for 1994.  
\*\* 3-State average: ID, ND, WY 08-Feb-95  
\*\*\* 3-State average: Insurance commissioner: ID, ND, WY 10:27 AM





# Montana Public Service Commission

EXHIBIT 18a  
DATE 3-10-95  
~~180~~ 503

Nancy McCaffree, Chair  
Dave Fisher, Vice Chair  
Bob Anderson  
Danny Oberg  
Bob Rowe

1701 Prospect Avenue  
PO Box 202601  
Helena, MT 59620-2601  
Telephone: (406) 444-6199  
FAX #: (406) 444-7618

10 March 1995

Testimony of: Nancy McCaffree  
Public Service Comm.  
RE: HB503

Mr. Chairman, Members of the Committee.

For the record, I am Nancy McCaffree, Chair of the Public Service Commission.

I stand here to make two requests. The first is to respectfully request your consideration of a change in the title of House Bill 503 to read the same as the present statute title. The change would delete "State Constitutional" from the title. With that done, I request the Public Service Commission be included in the bill.

Each of us on the Commission knew what the salary was when we ran for office, so we have no problem there. We do, however, feel that as a matter of fairness we should, as elected officials, be included in any salary bill considered.

Public Service Commission salaries for neighboring states:

1995

Wyoming: between \$44,220 & \$75,000 (actual \$58,000)  
(Chair +.05%)

Idaho : \$70,000

N. D. : \$51,000

S. D. : \$63,000

Present Montana salary: \$40,466  
(Chair - \$41,750)

EFFECT OF HB 422 ALLOCATION OF FEDERAL REVENUE SHARING DOLLARS TO SCHOOLS FROM COUNTY ROAD FUNDS.  
 ESTIMATED BASED ON FY 1992 STATEMENT OF FEDERAL LAND PAYMENTS  
 SOURCE: OBPP (UNAUDITED)

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COUNTY	REVISED EST SEC 6902 PAYMENT TO CNTY#	TOTAL REVISED CNTY REV	ESTIMATED TOTAL 1994 REALIZED COUNTY REVENUE *	DIFFERENCE TO COUNTY GOVERNMENT	ADDITIONAL REVENUE TO SCHOOL DISTRICT	EXHIBIT DATE HB
ANACONDA-DEERLODGE	135,975	137,360	137,360	0	17,218	19
BEAVERHEAD	335,792	342,000	342,000	0	101,692	3-10-95
BIG HORN	31,357	31,357	31,357	0	1,915	422
BLAINE	302,656	308,000	308,000	0	104,811	
BROADWATER	172,488	176,000	176,000	0	44,557	
BUTTE-SILVER BOW	174,085	176,166	176,166	0	25,963	
CARBON	326,042	328,000	328,000	0	25,834	
CARTER	73,899	74,450	77,531	(3,081)	17,352	
CASCADE	159,769	161,663	161,663	0	24,204	
CHOUTEAU	118,064	118,390	118,390	0	9,633	
CUSTER	253,807	254,305	254,305	0	15,506	
DEWELLS	150	150	150	0	10	
DUNSMUIR	49,995	49,995	49,995	0	1,308	
ELLISON	88,724	89,429	89,429	0	14,007	
FERGUS	367,605	369,181	369,181	0	27,829	
FLATHEAD	932,387	1,000,516	1,146,775	(146,259)	833,889	
GALLATIN	506,657	509,744	509,744	0	38,590	
GARFIELD	71,400	71,595	85,908	(14,313)	14,313	
GALICIER	300,843	301,149	301,149	0	3,906	
GOLDEN VALLEY	23,489	23,741	23,741	0	3,140	
GRANITE	111,886	126,550	267,607	(141,057)	182,206	
HILL	35,848	35,849	35,849	0	317	
JEFFERSON	321,531	328,000	328,000	0	80,646	
JUDITH BASIN	109,397	112,550	112,550	0	39,349	
LAKE	111,941	117,303	117,303	0	66,129	
LEWIS AND CLARK	785,354	802,915	802,915	0	218,789	

ALLOCATION OF FEDERAL REVENUE SHARING DOLLARS  
 SCHOOL DISTRICT & COUNTYWIDE LEVIES  
 JOHNSON COUNTY GENERAL ROAD FUNDS  
 INCLUDING IMPACT ON TOTAL DISTRICT MILL LEVIES  
 FUND TYPE: OBPP (UNAUDITED)

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COUNTY	DISTRICT GENERAL FUNDS	RETIREMENT FUNDS	TRANSP. FUNDS	BUILDING FUNDS	OTHER FUNDS	RANGE OF NET MILL REDUCTIONS*
BEAVERHEAD	\$107,756	\$8,926	\$12,005	\$7,815	\$1,407	1.82 - 4.14
BIG HORN	2,752	236	218	34	94	0.01 - 0.15
BLAINE	58,688	24,788	13,032	7,579	2,531	1.72 - 4.38
BROADWATER	40,138	9,022	2,118	8,091	0	3.67
CARBON	25,290	2,704	3,587	3,325	272	0.30 - 1.41
CARTER	18,910	1,194	2,000	2,220	2,663	0.66 - 2.21
CASCADE	24,126	2,296	3,242	2,567	411	0.05 - 0.13
CHATEAU	10,777	787	1,562	818	16	0.03 - 0.47
COSTER	11,536	2,317	1,192	3,320	223	0.15 - 0.48
DANIELS	13	(0)	1	0	0	0.00
DANFORTH	1,769	38	84	54	30	0.02 - 0.07
DEER LODGE	19,499	1,736	1,456	210	196	0.43 - 0.55
FALLON	13,833	0	700	0	28	0.00 - 1.30
FERGUS	22,310	2,668	4,559	4,606	136	0.14 - 1.12
FLETCHER	713,068	93,446	94,292	204,472	4,010	1.63 - 3.78
GALLATIN	30,560	4,382	3,184	7,255	187	0.09 - 0.37
GARFIELD	9,056	3,043	2,490	0	40	0.52 - 2.09
GLACIER	15,487	(2,840)	941	607	115	(0.11) - 0.27
GOLDEN VALLEY	2,978	458	325	445	0	0.38 - 0.69
GRANITE	198,427	29,495	16,626	0	952	7.29 - 21.53
HILL	352	12	34	62	3	0.00 - 0.01
JEFFERSON	72,243	8,614	4,732	24,085	384	0.72 - 2.16
JUDITH BASIN	40,865	5,330	5,861	0	19	1.59 - 4.55
LAKE	48,909	11,137	12,259	14,158	155	0.49 - 0.90
LEWIS & CLARK	218,274	11,181	13,474	43,363	5,337	0.50 - 1.32
	1,000	31	144	46	2	0.01 - 0.08

EXHIBIT 20  
 DATE 3-10-95  
 HB 422

FILED  
 09-Mar-95  
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MATED TRICT	AVAILABLE FED'L REV.	DISTRICT SHARE \$ AFTER TRANS IN DIST.	REDUCTION TRANS MILL LEVY	ESTIMATED DISTRICT BASE LEVY REVENUE	ESTIMATED DISTRICT OVER-BASE LEVY REVENUE	ESTIMATED MILL LEVY REDUCTIONS	ESTIMATED TOTAL GTB SAVINGS
\$93,004	\$0	0	0	\$1,392,841	\$499,659	9.12	\$8,756
43,562	0	0	0	966,602	246,625	0.14	\$0
168,480	0	0	0	648,834	305,477	4.89	\$37,692
0	0	0	0	763,065	0	6.37	\$0
113,446	0	0	0	1,317,408	425,703	2.08	\$0
11,961	0	0	0	266,568	185,919	4.58	\$0
1,038,979	0	0	0	8,634,785	1,698,004	0.37	\$0
99,937	0	0	0	1,060,207	1,159,356	0.70	\$0
52,180	0	0	0	1,072,807	178,928	1.36	\$0
43,346	0	0	0	241,893	617,986	0.00	\$0
64,007	0	0	0	1,089,797	898,365	0.15	\$0
71,779	0	0	0	477,700	653,803	2.74	\$0
22,065	0	2.02	0	26,071	841,079	1.94	\$0
122,962	0	0	0	1,576,030	720,265	1.69	\$0
1,204,992	0	0	0	10,739,452	966,703	8.30	\$199,319
519,367	0	0	0	7,147,081	2,123,716	0.52	\$0
27,970	0	0	0	292,377	18,757	2.81	\$0
0	0	0	0	1,462,240	928,895	1.25	\$0
22,456	0	0	0	306,397	123,602	0.94	\$0
31,298	0	0.16 - 0.66	0	534,724	211,915	30.94	\$0
128,751	0	0	0	2,008,663	842,918	0.02	\$0
74,542	0	0	0	1,797,132	307,165	4.66	\$0
13,633	0	0	0	663,061	177,241	6.77	\$0
159,449	0	0	0	2,462,360	0	2.81	\$0
513,824	0	0	0	5,990,996	3,829,478	4.32	\$8,533
83,334	0	0	0	443,418	547,824	0.16	\$0
188,187	3,903,163	0.00 - 8.58	0	2,273,887	246,248	41.57 - 84.25 **	\$2,873,425
106,092	0	0	0	1,302,124	457,968	4.37	\$0
31,800	0	0	0	484,897	223,363	0.73	\$0
14,333	0	0	0	489,940	235,468	8.20	\$0
90,062	0	0	0	752,827	356,349	32.95 - 33.86	\$58,353
2,096,955	0	0	0	11,538,134	6,499,792	3.74	\$9,527
148,703	0	0	0	462,373	0	21.89	\$56,685
104,910	0	0	0	2,077,389	595,131	2.89	\$0
0	0	0	0	82,365	135,517	15.23	\$0
98,657	0	0	0	816,756	700,273	7.77	\$0
54,082	0	0	0	990,328	356,645	1.42	\$0
1,274	0	0	0	321,037	484,197	7.96	\$0
29,530	0	0	0	824,853	440,736	24.18	\$32,192

DISTRICT	AVAILABLE		ESTIMATED		ESTIMATED		ESTIMATED	TOTAL
	FED'L REV.	SHARE \$ AFTER	DISTRICT	OVER-BASE	DISTRICT	LEVY		
NSPN	DISTRICT TRANS	REDUCTION	TRANS	IN DIST. TRANS	REVENUE	REVENUE	REDUCTIONS	GTB SAVINGS
REVENUE	LEVY NEEDS MET	MILL LEVY	MILL LEVY					
0	0	0	0	0.00 - 13.39	257,064	152,013	11.34	\$0
625,503	0	0	0	3,092,661	25,863	3.60	\$0	
70,390	0	0	0	1,053,702	1,219,563	0.48	\$0	
195,548	0	0	0	1,462,822	489,496	0.03	\$0	
74,367	0	0	0	2,004,747	2,636,742	0.16	\$0	
281,122	0	0	0	1,804,620	142,921	43.99	\$25,346	
30,716	0	0	0	313,549	798,514	0.00	\$0	
561,894	0	0	0	3,708,076	3,964,726	0.78	\$0	
101,942	0	0	0	1,448,356	171,894	1.07	\$0	
19,925	0	0	0	595,956	156,872	3.86	\$0	
117,489	0	0	0	1,051,231	383,833	3.15	\$0	
35,529	0	0	0	677,572	723,422	0.23	\$0	
35,052	0	0	0	347,203	150,594	0.34	\$0	
87,140	0	0	0	1,425,738	1,706,631	1.96	\$0	
59,040	0	0	0	450,104	251,187	1.57	\$0	
5,262	0	0	0	0	147,969	1.26	\$0	
1,424,770	0	0	0	16,761,609	3,957,657	0.04	\$0	
=====				\$3,903,163 @	\$112,104,428	\$46,320,967	=====	\$3,309,608

EXHIBIT 21  
DATE 3-10-95  
# 422

Amendments to House Bill No. 422  
1st Reading Copy

Requested by Representative Hanson  
For the House Appropriations Committee

Prepared by Andrea Merrill  
March 10, 1995

1. Title, line 12.

Following: "PAYMENTS;"

Insert: "REVISING THE ALLOCATION OF CERTAIN FEDERAL LAND PAYMENTS  
BETWEEN COUNTY ROAD FUNDS AND SCHOOL FUNDS; PRIORITIZING THE  
ALLOCATION TO SCHOOL FUNDS;"

2. Title, line 14.

Following: "17-3-212,"

Insert: "17-3-213,"

Following: "17-3-214,"

Insert: "17-3-222, 17-3-305,

3. Page 12, line 29.

Following: line 28

Insert: "Section 13. Section 17-3-213, MCA, is amended to read:

"17-3-213. Allocation to general road fund and countywide  
school levies. (1) The forest reserve funds ~~so~~ apportioned ~~to~~  
~~each county as provided in 17-3-212~~ must be apportioned by the  
county treasurer in each county as follows: <sup>31.5%</sup>

(a) to the general road fund, ~~66-2/3%~~ <sup>31.5%</sup> of the total  
amount received;

(b) to the following countywide school levies, ~~33-1/3%~~ <sup>62.5%</sup>  
of the total ~~sum~~ amount received, to be distributed in the  
following order:

(i) ~~county equalization for elementary schools provided for  
in 20-9-331; and~~

(ii) ~~county equalization for high schools provided for in  
20-9-333;~~

(iii) ~~the county transportation fund levy provided for in  
20-10-146; and~~

(iv) ~~(i)(i)~~ the elementary and high school district retirement  
fund obligations levy provided for in 20-9-501;

(iii) the school district transportation fund levy for each  
school district within the county;

(iv) the BASE budget levy of each school district within  
the county, to be distributed on a prorated basis among the  
school districts according to the amount of revenue in district  
mills and guaranteed tax base aid, excluding all nonlevy revenue,  
that is required to provide funding up to the BASE budget of each  
school district; and

(v) as a final distribution, the basic county equalization  
levy for elementary and high school districts as provided in 20-  
9-331.

(2) The apportionment of money to the funds provided for  
under subsection (1)(b), except for subsection (1)(b)(iv), must  
be made by the county superintendent treasurer by allocating  
money to each of the funds in the order provided so that the levy

requirements of each fund are eliminated prior to the allocation to the next fund that is listed. Allocations among school districts must be based on the proportion that the mill levy of each specified fund bears to the total number of mills for all the funds of that type within the county. Whenever the total amount of money available for apportionment under this section is greater than the total requirements of a levy, the excess money and any interest income must be retained in a separate reserve fund, to be reapportioned in the ensuing school fiscal year to the levies designated in subsection (1)(b).

(3) In counties in which special road districts have been created according to law, the board of county commissioners shall distribute a proportionate share of the ~~66-2/3%~~ 5% of the total amount received for the general road fund to the special road districts within the county based upon the percentage that the total area of the road district bears to the total area of the entire county."

{Internal References to 17-3-213:

A 20-9-331            r 20-9-333            a 20-10-146}

Renumber: subsequent sections

4. Page 13, line 6.

Following: line 5

Insert: "Section 15. Section 17-3-222, MCA, is amended to read:

"17-3-222. Apportionment of moneys to counties money. It shall be the duty of the The state treasurer to shall properly apportion and allocate these moneys federal Taylor Grazing Act money to the county treasurers, who will allocate and pay all such moneys as follows: 50% to the county general fund and 50% to the common school fund of the basic county equalization levy for elementary and high school districts as provided in 20-9-331."

{Internal References to 17-3-222:

a 20-9-331}

Section 16. Section 17-3-305, MCA, is amended to read:

"17-3-305. Disposal of moneys money. (1) All Except as provided in Title 17, chapter 3, part 3, for payments received by school districts or counties, payments of sums in lieu of taxes received by this state shall must be deposited in funds according to the state levies.

(2) A county receiving money pursuant to 7 U.S.C. 1012 or 16 U.S.C. 715s shall allocate the money as follows:

(a) to the county road fund, 5% of the total amount received;

(b) to the following school levies, 95% of the total amount received, to be distributed in the following order:

(i) the county transportation fund levy provided for in 20-10-146;

(ii) the elementary and high school retirement fund levy provided for in 20-9-501; and

(iii) the school district transportation fund levy of each school district within the county;

(iv) the BASE budget levy of each school district within the county, to be distributed on a prorated basis among the school districts according to the amount of revenue in district

mills and guaranteed tax base aid, excluding all nonlevy revenue, that is required to provide funding up to the BASE budget of each school district; and

(v) as a final distribution, the basic county equalization levy for elementary and high school districts as provided in 20-9-331.

(3) The apportionment of money to the funds provided for under subsection (2)(b), except for subsection (2)(b)(iv), must be made by the county treasurer by allocating money to each of the funds in the order provided so that the levy requirements of each fund are eliminated prior to the allocation to the next fund that is listed. Allocations among school districts must be based on the proportion that the mill levy of each specified fund bears to the total number of mills for all the funds of that type within the county."

*{Internal References to 17-3-305: None.}*

Renumber: subsequent sections

5. Page 42, line 23.

Following: "17-3-213"

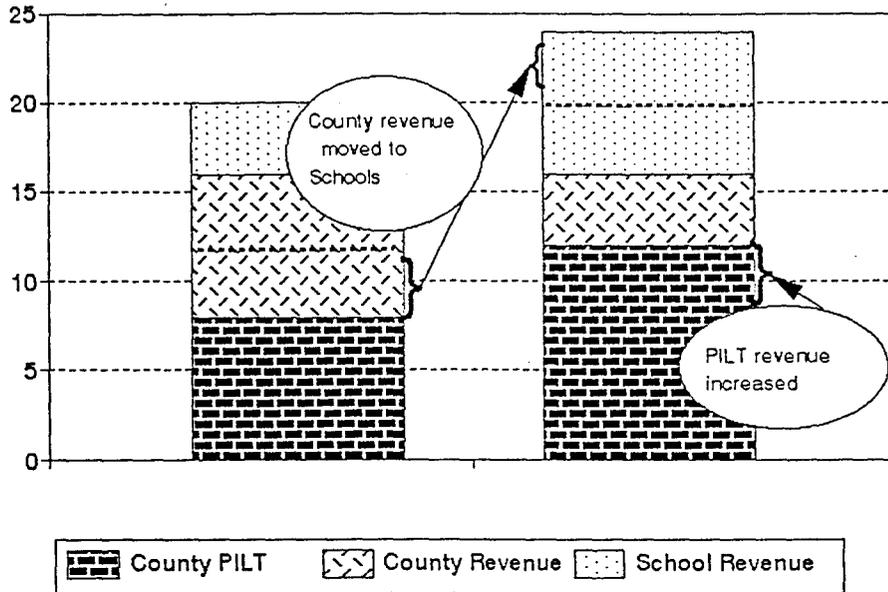
Insert: "and money received as provided in 17-3-305"

6. Page 62, lines 16 and 17.

Strike: "68" in both places

Insert: "71" in both places

REALLOCATING FEDERAL LAND REVENUES  
 General Description



The State has an opportunity to increase total revenues to counties and schools by changing the allocation of federal shared revenues. These revenues are USFS timber sales, taylor grazing, refuge revenue sharing and Bankhead Jones.

Federal PILT (payment in lieu of taxes) payments are reduced by any federal shared revenues paid to the county but not reduced by those paid to the schools. Therefore if federal revenues are allocated to schools PILT payments to counties increase proportionately because they are no longer offset by the shared revenues given to the counties.

However there are limits to federal PILT payments based on the population of the county such that in certain counties with very high levels of federal revenues the PILT limit will be reached before all reallocated revenues are replaced. Because of this the shift of revenues from counties to schools is not offset by increased PILT payments in 12 of the 56 counties.

# MONTANA TAXPAYERS *Association*

506 NORTH LAMBORN - HELENA, MONTANA 59601

EXHIBIT 23  
DATE 3-10-95  
422  
HB



CHASE T. HIBBARD, *Chairman*  
DENNIS M. BURR, *President*

P. O. BOX 4909, HELENA MT 59604

(406) 442-2130

FAX (406) 442-1230

March 10, 1995

Representative Tom Zook  
Chairman, House Appropriations Committee  
State Capitol  
Helena, MT 59601

Dear Representative Zook:

I am writing to you to express my support for the amendment to House Bill 422, requested by Representative Sonny Hanson. I understand the concerns expressed by the Association of Counties, but I believe the redistribution of federal land payments and P.I.L.T payments contained in this amendment is in the best interest of the property owners of Montana. I have discussed these changes with government officials whom I believe are knowledgeable and I have become convinced that this procedure will work for Montana.

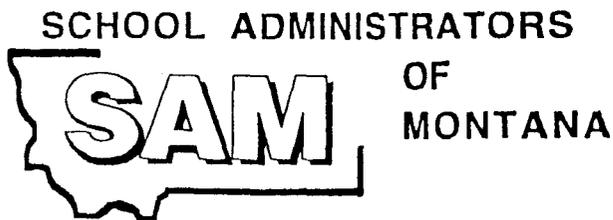
There is a legitimate question as to the reliability of future revenue sharing payments from the federal government. No one can predict the future. But it seems to me that this unpredictability is not a valid reason to reject this amendment. Future legislatures will deal with future problems and adjustments to this legislation can be made as necessary.

Thank you for the opportunity to endorse Representative Hanson's amendment.

Very truly yours,

Dennis M. Burr

DMB/ph



One South Montana Avenue  
Helena, Montana 59601  
(406) 442-2510  
(406) 442-2518 Fax

EXHIBIT 24  
DATE 3-10-95  
HB 422

Mr. Gordon Morris, Executive Director  
MACO  
2711 Airport Road  
Helena, MT 59601

Dear Gordon;

This is a request for a retraction that would delete the School Administrators of Montana from your March 2, 1995 FAX to counties. In your FAX you have implicated the School Administrators of Montana as joining forces with MACO to kill HB 422. This is not true.

The request is for the following reasons-

- SAM was not consulted nor was permission given to use the association's name in alliance with MACO.
- SAM's position has been to monitor HB 422. Any change in this position would have to come from the SAM Legislative Committee.
- If HB 422 is amended as per the request of a concerned taxpayer from Missoula and it becomes a property taxpayers relief bill, the School Administrators would be hard pressed to oppose the bill.

Again, Gordon we would appreciate a retraction.

Sincerely,

Loran Frazier  
Executive Director

Copies: SAM Executive Committee  
Representative Sonny Hanson

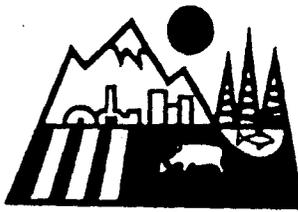


EXHIBIT 25  
DATE 3-10-95  
HB 422

## MONTANA CHAMBER OF COMMERCE

P. O. BOX 1730

• HELENA, MONTANA 59624

• PHONE 442-2405

March 10, 1995

Representative Tom Zook  
Chairman, House Appropriations Committee  
State Capitol  
Helena, MT 59601

Dear Representative Zook,

On behalf of the Montana Chamber of Commerce and its membership businesses across Montana we urge the Appropriations Committee to support the Hanson amendment to House Bill 422.

We recognize this bill and amendment poses a challenge to Legislators in terms of finding the best course of action regarding the redistribution of federal land payments and P.I.L.T. payments. From our review and perspective the proposed amendment by Representative Hanson offers the best return for property owners in Montana and merits the Committee's support.

Thank you for the opportunity to comment on this important issue.

Sincerely,

  
David Owen

President

Montana Chamber of Commerce

EXHIBIT 26  
DATE 3-10-95  
HBA # HB422

Wayne

I hope to inform you about PILT payments from the federal government and the sharing of revenues from federal lands with the counties in which certain federal are located. The types of revenue sharing payments, listed BELOW ~~below~~, were intended by Congress to help reduce county mill levies that fund services for lands that are taxed and federal lands that are not taxed. Our federal government's foresight and generosity, as far back as the early 1900's, to provide counties with financial help in providing services for nontaxable lands has become a mainstay in county budgets. These revenues have always been used by counties to lighten the property tax burden for taxpayers as intended by Congress. If these revenues are shifted away from local control to centralized governmental control counties will be forced to mill the maximum allowable levies under I-105, an option not available to most counties. Substantial cuts in services and layoffs of employees in already economically distressed areas are not what Congress had envisioned when it created revenue sharing for counties.

1. TAYLOR GRAZING ACT (copy of act enclosed)
2. MINERAL LEASING ACT (copy of act enclosed)
3. BANKHEAD-JONES (copy of act enclosed)

Unlike the above revenue sharing payments Bankhead-Jones Act provides for payments directly from the U.S. government to counties. State control of the distribution of these funds was intentionally omitted by Congress because the lands were purchased by the federal government from individuals and counties. Counties locally control the appropriation and distribution of these funds to either roads or schools.

4. ACQUIRED MINERAL LEASING ACT (copy of act enclosed)

Because the shared revenues are produced from lands the federal government purchased, the counties share is sent to them as part of their Banked-Jones receipts.

5. FOREST RECEIPTS

## 6. PILT FORMULA

It may be perceived that for schools to benefit from revenue sharing receipts would have to be deposited into a school funding account. This perception is far from the truth. Every county has some sort of road maintenance plan. In those plans, one of the higher priorities, if not the highest priority is to maintain school bus routes and plow snow from those routes. Schools directly benefit from revenue sharing dollars if they are appropriated to county road funds. It is clear that Congress's intent for revenue sharing payments was to benefit the counties that provide necessary services for the nontaxable federal lands within its boundaries. Counties do not, in any way, benefit from revenue sharing receipts deposited into state fund.

Representative Hanson's attempt to bankrupt many counties is not only ill founded, it is not within the spirit of this legislative session. I would like to remind you that actions like this truly are the "UNFUNDING" of unfunded mandates. This is a local control versus centralized government issue and is one of the most volatile and harmful actions against counties this legislature is considering. Counties have always used revenue sharing funds wisely and conservatively. Most county's mill levies are considerably reduced because of these dollars. Under the constraints of 105 we have no means to replace these funds if they are taken away. Please kill all of HB 422, or at least Representative Hanson's amendment to HB 422.

CHAPTER 69, 31 UNITED STATES CODE  
PAYMENTS IN LIEU OF TAXES ACT  
31 U.S.C. 6901-6907

This paper briefly discusses the Payments in Lieu of Taxes Act of 1976, as amended. It describes eligibility for "in-lieu" payments, gives examples of how the payments are computed, and summarizes "entitlement" acres.

The Act authorizes the Secretary of the Interior to make two types of annual payments to eligible units of local government. The Secretary has delegated the responsibility for administering the Act to the Bureau of Land Management.

In October of 1976, Congress passed Public Law 94-565, commonly referred to as the "Payments in Lieu of Taxes Act". This Act provides for payments to local units of government containing certain federally-owned lands. These payments are designed to supplement other Federal land receipt sharing payments local governments may be receiving. Payments received under the Act may be used by the recipients for any governmental purpose. The Act was repealed in September, 1982 and recodified at Chapter 69, 31 U.S.C.

On July 30, 1983, the PILT Act (31 U.S.C.) was amended by P.L. 98-63 which refined the definition of "unit of general local government" and added a new section (31 U.S.C 6907) that authorized State governments to enact legislation to reallocate PILT payments in whole or in part to other smaller units of general purpose government. The amendment further provides that where States Enact such legislation, the PILT funds would be paid to State governments for redistribution to the appropriate unit of general local government. The State of Wisconsin is presently the only State to enact legislation (Wisconsin Act 470) under section 6907.

I. Section 6902 "Entitlement Land" Payments

Section 6902 authorizes payments to local units of government (generally counties, or the equivalent) under one of two alternatives, based on the number of acres of "entitlement lands" within the county. "Entitlement lands" consist of lands in the National Forest System and the National Park System, lands administered by the Bureau of Land Management, and lands dedicated to the use of Federal water resource development projects. Also included are dredge disposal areas under the jurisdiction of the Army Corps of Engineers, National Wildlife Reserve Areas withdrawn from the public domain, inactive and semi-active Army installations used for non-industrial purposes, and certain lands donated to the United States Government by State and local governments. The Act specifically prohibits payments for tax exempt lands (but not donated lands) acquired from State or local governments.

Entitlement Land Payment Formula

The amount be paid to each unit of general local government is the higher of:

A. Seventy-five cents for each acre of "entitlement land" within the boundaries of the unit of government, reduced by the amount of certain Federal land payments (See Table 1) that were received by the unit of government in the preceding fiscal year. 1/

-OR-

B. Ten cents for each acre of "entitlement land" within the unit of government. Here, no deductions are made for the Federal land payments received by the unit of government in the preceding fiscal year.

Entitlement land payments to each unit of general local government are subject to population payment limitations or ceilings. Payment ceilings are based on a sliding scale, starting at \$50 per capita (for population under 5,000) and rising to a maximum of \$1,000,000 (Table 2). Under Alternative A, if the total calculated payment (75 cents x entitlement acres) exceeds the ceiling, deductions for other Federal land payments received are made from the ceiling, not from the 75 cents per acre figure.

The following examples show how the section 1 payment is computed.

Example 1 - Payment Alternative A Greater than B:

Population limitation (19,000 x \$28)	<u>\$532,000</u>
A. 88,442 acres x 75 cents per acre	66,332
Deduction for prior year payments	<u>-36,435</u>
Payment to county - Alternative A	<u>\$29,897</u>
B. 88,442 acres x 10 cents per acre	<u>\$8,844</u>
No deduction under this alternative	<u>- 0</u>
Payment to county - Alternative B	<u>\$8,844</u>

In this case, \$29,897 would be the payment to the county. If the population limitation had been \$50,000, the payment calculated under Alternative A would be \$13,565 (\$50,000 - \$36,435).

\*\*\*\*\*

1/ Only the amount of Federal land payments actually received by units of government in the prior fiscal year are deducted. If a unit of government receives a Federal land payment, but is required by State law to pass all or part of this payment to financially and politically independent school districts, or other single or special purpose district, such redistributed payments are considered to have not been received by the unit of local government and are not deducted from the section 1 in-lieu payment. The amounts to be deducted are reported to the Bureau of Land Management each year by the Governor of each State or his delegate.

Example 2 - Payment Alternative B greater than A:

Population limitation (12,000 x \$33)	<u>\$396,000</u>
A. 81, 391 acres x 75 cents per acre	61,043
Deduction for prior year payments	<u>-62,792</u>
Payment to county - Alternative A	<u>\$ 0</u>
B. 81,391 acres x 10 cents per acre	\$8,139
No deduction under this alternative	<u>0</u>
Payment to county - Alternative B	<u>\$8,139</u>

In this case, \$8,139 would be the payment to the county.

Example 3 - ceiling in effect - payment limited to population ceiling:

Population limitation (3,000 x \$50)	<u>\$150,000</u>
A. 1,700,000 acres x 75 cents per acre	<u>\$1,275,000</u>
Population ceiling limit	150,000
Deduction for prior year payments	<u>-750,000</u>
Payment to county - Alternative A	<u>\$ 0</u>
B. 1,700,000 acres x 10 cents per acre	<u>\$170,000</u>
No deduction under this alternative	<u>0</u>
Payment to county - Alternative B	<u>\$170,000</u>
Payment to county - allowed by ceiling	<u>\$150,000</u>

In the case of this county with high Federal land ownership and a small population, the ceiling is applied to both alternatives with that ceiling amount being paid to the county under Alternative B.

II. Section 6904 Payments

Section 6904 of the Act authorizes payments for any lands or interest therein which were acquired after December 31, 1970, as additions to the National Park System or National Forest Wilderness Areas. These lands must have been subject to local real property taxes within the five year period preceding the acquisition by the Federal government. Payments under this section are made in addition to payments under section 1. They are based on 1% of the fair

market value of the lands at the time of acquisition, but may not exceed the amount of real property taxes assessed and levied on the property during the last full fiscal year before the fiscal year in which acquired. Section 6904 payments for each acquisition are to be made annually for five years following each acquisition.

Federal payments of \$100 or more made under section 6904 must be distributed by the recipient unit of local government to those units of local government and affected school districts which have incurred losses of real property taxes due to the acquisition of these lands or interests therein. Distribution shall be in proportion to the tax revenues assessed and levied by the affected units of local governments and school districts in the year prior to the acquisition of these lands by the Federal government.

### III. Section 6905 Payments

Section 6905 of the Act authorizes payments for any lands or interest in land owned by the Government in the Redwood National Park or acquired in the Lake Tahoe Basin under the Act December 23, 1980 (P.L. 96-586, 94 Stat. 3383). Section 6905 payments will continue beyond the five year limitation. These payments will continue until the total amount paid equals 5% of the fair market value of the lands at the time of acquisition. However, the payment for each year cannot exceed the actual property taxes assessed and levied on the property during the last full fiscal year before the fiscal year in which the property was acquired by the Federal government.

**§ 355. Disposition of receipts (L.U. LANDS - Non Public Domain) - RECEIPTS IN BANKHEAD JONES CHECKS -**  
All receipts derived from leases issued under the authority of this Act shall be paid into the same funds or accounts in the Treasury and shall be distributed in the same manner as prescribed for other receipts from the lands affected by the lease, the intention of this provision being that this Act shall not affect the distribution of receipts pursuant to legislation applicable to such lands: Provided, however, That receipts from leases or permits for minerals in lands set apart for Indian use, including lands the jurisdiction of which has been transferred to the Department of the Interior by the Executive order for Indian use, shall be deposited in a special fund in the Treasury until final disposition thereof by the Congress. (Aug. 7, 1947, ch 513, § 6, 61 Stat. 915.)

**HISTORY; ANCILLARY LAWS AND DIRECTIVES**

**References in text:**

"This Act", referred to in this section, is Act Aug. 7, 1947, ch 513, 61 Stat. 913, popularly known as the Mineral Leasing Act for Acquired Lands, and appears as 30 USCS §§ 351 et seq.

**Other provisions:**

**Outer Continental Shelf; revenues from leases.** For the disposition of revenues from leases on submerged lands of the outer Continental Shelf, see 43 USCS §§ 1337(g) and 1338.

## CROSS REFERENCES

**Taylor Grazing  
Act**

This section is referred to in 43 USCS §§ 315i, 315m-3.

## RESEARCH GUIDE

## Forms:

14 Federal Procedural Forms L Ed, Public Lands and Property  
§§ 55:2, 55:22, 55:26.

**§ 315i. Disposition of moneys received; availability for improvements**

Except as provided in sections 9 and 11 hereof [43 USCS §§ 315h, 315j], all moneys received under the authority of this Act shall be deposited in the Treasury of the United States as miscellaneous receipts, but the following proportions of the moneys so received shall be distributed as follows: (a) 12½ per centum of the moneys collected as grazing fees under section 3 of this Act [43 USCS § 315b] during any fiscal year shall be paid at the end thereof by the Secretary of the Treasury to the State in which the grazing districts producing such moneys are situated, to be expended as the State legislature of such State may prescribe for the benefit of the county or counties in which the grazing districts producing such moneys are situated; Provided, That if any grazing district is in more than one State or county, the distributive share to each from the proceeds of said district shall be proportional to its area in said district; (b) and 50 per centum of all moneys collected under section 15 of this Act [43 USCS § 315m] during any fiscal year shall be paid at the end thereof by the Secretary of the Treasury to the State in which the lands producing such moneys are located, to be expended as the State legislature of such State may prescribe for the benefit of the county or counties in which the lands producing such moneys are located; Provided, That if any leased tract is in more than one State or county, the distributive share to each from the proceeds of said leased tract shall be proportional to its area in said leased tract.

(June 28, 1934, ch 865, § 10, 48 Stat. 1273; June 26, 1936, ch 842, Title I, § 4, 49 Stat. 1978; Aug. 6, 1947, ch 507, § 2, 61 Stat. 790; Oct. 21, 1976, P. L. 94-579, Title IV, § 401(b)(2), 90 Stat. 2773.)

## HISTORY; ANCILLARY LAWS AND DIRECTIVES

## References in text:

"This Act", referred to in this section, is Act June 28, 1934, ch 865, 48 Stat. 1269, popularly known as the Taylor Grazing Act. It appears generally as 43 USCS §§ 315 et seq. For full classification of this Act, consult USCS Tables volumes.

## Amendments:

1936. Act June 26, 1936, substituted new section for one which read: "Except as provided in sections 9 and 11 hereof, all moneys received

**§ 191. Disposition of moneys received**

All money received from sales, bonuses, royalties, and rentals of the public lands under the provisions of this Act and the Geothermal Steam Act of 1970 [30 USCS §§ 1001 et seq.], notwithstanding the provisions of section 20 thereof [30 USCS § 1019], shall be paid into the Treasury of the United States; 50 per centum thereof shall be paid by the Secretary of the Treasury as soon as practicable after March 31 and September 30 of each year to the State other than Alaska within the boundaries of which the leased lands or deposits are or were located; said moneys paid to any of such States on or after January 1, 1976, to be used by such State and its

389

**30 USCS § 191**

**MINERAL LANDS AND MINING**

subdivisions, as the legislature of the State may direct giving priority to those subdivisions of the State socially or economically impacted by development of minerals leased under this Act, for (i) planning, (ii) construction and maintenance of public facilities, and (iii) provision of public service; and excepting those from Alaska, 40 per centum thereof shall be paid into, reserved, appropriated, as part of the reclamation fund created by the Act of Congress known as the Reclamation Act, approved June 17, 1902, and of those from Alaska as soon as practicable after March 31 and September 30 of each year, 90 per centum thereof shall be paid to the State of Alaska for disposition by the legislature thereof: *Provided*, That all moneys which may accrue to the United States under the provisions of this Act and the Geothermal Steam Act of 1970 [30 USCS §§ 1001 et seq.] from lands within the naval petroleum reserves shall be deposited in the Treasury as "miscellaneous receipts", as provided by the Act of June 4, 1920 (41 Stat. 813), as amended June 30, 1938 (52 Stat. 1252). All moneys received under the provisions of this Act and the Geotherman Steam Act of 1970 [30 USCS §§ 1001 et seq.] not otherwise disposed of by this section shall be credited to miscellaneous receipts.

(Feb. 25, 1920, ch 85, § 35, 41 Stat. 450; May 27, 1947, ch 83, 61 Stat. 119; Aug. 3, 1950, ch 527, 64 Stat. 402; July 10, 1957, P. L. 85-88, § 2, 71 Stat. 282; July 7, 1958, P. L. 85-508, §§ 6(k), 28(b), 72 Stat. 343, 351; Apr. 21, 1976, P. L. 94-273, § 6(2), 90 Stat 377; Aug 4, 1976, P. L. 94-377, § 9, 90 Stat. 1089; Sept 28, 1976, P. L. 94-422, Title III, § 301, 90 Stat. 1323; Oct. 21, 1976, P. L. 94-579, § 317(a), 90 Stat. 2770.)

**HISTORY; ANCILLARY LAWS AND DIRECTIVES**

**References in text:**

DECISION of the COMPTROLLER  
literal approach would carry out the intent of Congress that only those funds actually received by and available to local governments to carry out their own responsibilities be deducted from section 2 payments to these general government entities.

DATE 3-10-95

The concern that local governments were not receiving sufficient funds under existing legislation to meet their legitimate, varied needs was included in the list of shortcomings of section 4 funding contained in the Senate report on H.R. 9719, the bill that was enacted as the Payments in Lieu of Taxes Act:

(4) The percentages of revenues and fees shared under the various provisions of law are not based on any rational criteria. As a result they vary from 5 to 90 percent, depending on the program and agency involved.

(5) Even in the few instances when a local government's share of the various revenues and fees is sufficient to meet service demands arising from the Federal lands and to approximate the loss of ad valorem tax revenues which would otherwise be generated by those lands, too many of the revenue sharing provisions restrict the use of funds to only a few governmental services—most often the construction and maintenance of roads and schools. Yet, local governments are called upon to provide many other services to the Federal lands or as a direct or indirect result of activities on the Federal lands. These services include law enforcement; search, rescue and emergency; public health; sewage disposal; library; hospital; recreation; and other general local government services. It is only the most fortunate of local governments which is able to juggle its budget to make use of those earmarked funds in a manner which will accurately correspond to its community's service and facility needs.

(6) Many of the revenue sharing provisions permit the States to make the decisions on how the funds will be distributed. In far too many States, the result has been that the funds are either kept at the State level and not distributed to local governments at all or are parcelled out in a manner which provides shares to local governments other than those in which the Federal lands are situated and where the impacts of the revenue and fee generating activities are felt. S. Rep. No. 94-1262, at 8.

From this language it is obvious that the Congress was concerned that section 2(a) (1) funds should be distributed to the local governments, who then were to make the necessary decisions on how to distribute them to meet their internal needs. We can find no support in the Act, the Committee reports, or the floor debates to lend credence to BLM's view that payments "received by such units of local government" means something less than "actually received by" such units and available to them for obligation and expenditure to carry out their own responsibilities, thereby reducing the financial burden caused by inadequate tax revenues due to the tax-exempt status of Federal lands in their geographical area. For this reason, we do not believe that Congress intended payments to local governments under the Act to be reduced by amounts that, by virtue of State law, merely pass through these governments on their way to politically and financially independent school districts which alone are responsible for providing the services in question.

On the other hand, where a local government serving as a "conduit for section 4 revenues is, by State law, responsible for providing school

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DECISION  
B-176553

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BILLING'S FIELD

Rep. Mike Ladd

services and collects taxes from local residents for that purpose, we believe Congress intended that the local government's section 2 payments should be reduced by the amount of section 4 revenues passed through to the schools, since in the absence of the in-lieu payments, the total costs of providing these services would be borne by the local unit's tax revenues. Other single purpose districts would normally be treated in the same manner.

The questions submitted are answered accordingly.

[ B-191861 ]

**Compensation—Periodic Step-Increases—Eligibility**

Pursuant to Public Law 94-484, health professionals are appointed in the National Health Service Corps for short-term employment in designated health manpower shortage areas. Such employees are given excepted appointments of not more than 4 years under civil service regulations. They are eligible for within-grade salary increases under 5 U.S.C. 5335 on same basis as term employees. See B-164031(4).50, October 20, 1972.

**In the matter of National Health Service Corps Civilian Employees—Within-Grade Salary Increases, October 20, 1978:**

The Department of Health, Education and Welfare (HEW) through its Acting Assistant Secretary for Personnel Administration, has requested our opinion as to whether certain employees appointed to the National Health Service Corps are eligible for within-grade salary increases under 5 U.S.C. 5335 (1976).

The Health Professions Educational Assistance Act of 1976, Public Law 94-484, 90 Stat. 2243, 42 U.S. Code 201 note, established, within the Public Health Service, the National Health Service Corps consisting of certain regular and reserve officers of the Public Health Service, and other civilian personnel appointed by the Secretary of HEW. These civilian employees, which include nurses, medical social workers, speech and hearing specialists, and physicians, are given Schedule A excepted service appointments for periods not to exceed 4 years pursuant to 5 C.F.R. 213.3116(b)(10) (1978). The length of their appointment is based on the needs of the Public Health Service, the length of Government-supported training, and the matched interest of the individual and the host community.

Under 5 U.S.C. 5335 (1976) an employee paid on an annual basis and occupying a permanent position within the General Schedule is entitled to within-grade salary increases in pay. A "permanent position" is defined by 5 C.F.R. 531.402(d) (1978) as "one filled on a permanent basis, that is an appointment not designated as temporary by law and not having a definite time limitation." Since positions in the National Health Service Corps are limited to no more than 4 years

**3102. Payments to Counties**

**LANDS - NOVEMBER 1964 - BANK HEAD JONES**

As soon as practicable after the end of each calendar year, the Secretary shall pay to the county in which any land is held by the Secretary under this title, 25 per centum of the net revenues received by the Secretary from the use of the land during such year. In case the land is situated in more than one county, the amount to be paid shall be divided equitably among the respective counties. Payments to counties under this section shall be made on the condition that they are used for school or road purposes, or both. This section shall not be construed to apply to amounts received from the sale of land.

(July 22, 1937, ch 517, Title III, § 33, 50 Stat. 526; Oct. 21, 1976, P. L. 94-579, Title VII, § 706(a), 90 Stat. 2793.)

**HISTORY; ANCILLARY LAWS AND DIRECTIVES**

**References in text:**

“This title”, referred to in this section, is Title III of the Bankhead-Jones Farm Tenant Act, and appears generally as 7 USCS §§ 1010 et seq. For full classification of this title, consult USCS Tables volumes.

**Other provisions:**

**Repeal of section insofar as relating to issuance of rights-of-way over National Forest System.** Effective on and after Oct. 21, 1976, this section was repealed by Act Oct. 21, 1976, P. L. 94-579, Title VII, § 706(a), 90 Stat. 2793, insofar as it applies to the issuance of rights-of-way over, upon, under, and through the public lands and lands in the

EXHIBIT 28  
DATE 3-10-95  
HB 422

WMAE STAFF



(406) 721-5700

EXHIBIT 29  
DATE 3-10-95  
~~HB~~ 422

TO: TOM ZOOK, CHAIRMAN, APPROPRIATIONS COMMITTEE  
FROM: HORACE S. BROWN *[Signature]* COUNTY SURVEYOR, MISSOULA COUNTY  
DATE: MARCH 9, 1995  
RE: HOUSE BILL #422 - AMENDMENT CHANGING THE PERCENTAGE  
TO 5% FOR ROAD AND 95% FOR SCHOOLS

As I stated previously the Road Department cannot function without the Forest Reserve Funds that we now get. The Forest Service contracts to logging companies. These logging companies use large logging trucks to haul heavy loads of logs over County roads. They literally beat our gravel roads into a road of nothing but potholes. Our pavement also requires patching, but we can set weight limits on them. The gravel roads cannot have weight limits unless a bridge structure is present which cannot stand heavy loads.

I have a gravel program in the County to replace the gravel lost to dust and heavy traffic. It costs approximately \$20,000 per mile to crush and apply the necessary materials. We have over 350 miles of gravel roads that need resurfacing. We cannot do this without the Forest Reserve Funds.

The school buses also use our County roads. I get complaints about the roads in Petty Creek and Potomac all of the time. The bus contractors say our roads are costing them money because of their condition. We have graveled 8 miles on Petty Creek. We still have 10 miles left to upgrade.

The County cannot maintain these roads and upgrade them without funds. I-105 has kept us at the point of just being able to maintain what we have. Without the full funding package the roads will only get worse. The dust will get thicker and the complaints will increase.

**We need your help on this. Do not amend House Bill #422. Leave it as it is. If it is amended than please table it.**

If the schools need more money than they can get it outside of I-105; the County Road Department cannot. The Federal statutes state that the money that goes to the roads must be used to maintain the roads and that is what they are being used for.



EXHIBIT 30 (406) 721-5700

DATE 3-10-95 *Magnum Peterson*

HB 422 *Peterson FESHER*

BCC-95-91

**MEMORANDUM**

**Date:** March 7, 1995  
**To:** Tom Zook, Chairman, House Appropriations Committee  
**From:** Board of County Commissioners  
**Subject:** House Bill #422 -- Forest Reserve Funds

Missoula County has been following House Bill #422 with some serious concern. We have had our finance officer analyze the proposed funding changes with regards to the PILT money and forest reserve monies. The assumption that the State will benefit by getting additional federal dollars as a result of this proposed reallocation cannot be substantiated and we find it difficult if not impossible to believe.

Given the political climate in Washington today, we do not believe additional federal revenues will be forthcoming to supplement the potential loss to counties by this reallocation. If indeed it could be proven beyond any doubt and could be shown in federal documents that this were the case and that therefore counties would not suffer ANY loss, then we have no problem with the reapportionment.

When you consider that Missoula County receives roughly 22% of the tax dollars and the schools get roughly 76%, we cannot support anything that transfers county dollars to the school system if there is any chance that it diminishes our revenue.

We therefore ask that this bill be tabled.

Sincerely,

BOARD OF COUNTY COMMISSIONERS

*Barbara Evans*  
Barbara Evans, Chairman

Not Available for Signature  
Fern Hart, Commissioner

*Michael Kennedy*  
Michael Kennedy, Commissioner

BCC/gm

cc: Missoula County Legislative Delegation  
MACo

TO: HOUSE APPROPRIATIONS COMMITTEE  
TOM ZOOK, CHAIRMAN  
FAX #1-900-225-1600

FROM: HORACE S. BROWN  
MISSOULA COUNTY SURVEYOR  
MISSOULA COUNTY  
200 W. BROADWAY ST.  
MISSOULA, MT 59802  
FAX #1-406-721-4043

DATE: MARCH 2, 1995

RE: HOUSE BILL #422 - IN REGARD TO FOREST SERVICE  
25% RESERVE FUNDS

The amendments to House Bill #422 in regard to the changing of the funding percentages between the School and Road funds makes this bill very undesirable. I strongly oppose these amendments for the following reasons:

- 1) Forest Service funds are used by the Missoula County Road Department, under my jurisdiction to maintain County roads. These roads are used by the Forest Service loggers and truckers to harvest and manage the timber. We do not get any other taxes in our department from the Forest Service for the use of these roads. If these funds were reduced then the maintenance would also be reduced. The PELT money that comes to the County for other than the 25% fund goes into the General fund. This money is not available for roads.
- 2) When we have Forest Service funds we can use other monies to fund capital and projects. Without these funds we cannot construct roads or buy equipment because it takes all of the funds in the Road and Bridge funds to maintain what we have. Therefore, if we need to upgrade roads we cannot do so without our entire funding package.
- 3) Funds paid to the school system will go to the State. The money probably will not benefit the County in which it came from as the State will give it back to the Counties according to number of students.

These comments are provided to you by a County Surveyor whom has the charge of roads and bridges. I am also a member of M.A.C.O. who also opposes this amendment.

State of Montana

County of Gallatin

Bozeman



FAX MEMORANDUM

TO: HOUSE APPROPRIATIONS COMMITTEE  
TOM ZOOK, Chairman

FAX NUMBER: 1-900-225-1600

FROM: SAM GIANFRANCISCO  
Road & Bridge Superintendent  
Gallatin County, Montana  
201 W. Tamarack  
Bozeman, MT 59715

FAX NUMBER: 406-582-3255

SUBJECT: HOUSE BILL #422 - Forest Reserve Funds

DATE: March 2, 1995

\*\*\*\*\*

With respect to the proposed amendments to House Bill #422, we are strongly opposed to the same. Our reasoning for this opposition is:

1. Road Departments statewide have very limited resources for the collection of funding.
2. Taking this resource away from us would be very detrimental to road departments.
3. School systems have numerous resources for funding. We feel they should not be able to tap into existing programs providing for the funding of our county road systems.

I provide these comments to you both as a Road & Bridge Superintendent for Gallatin County, and as a representative for the Montana Association of County Road Supervisors.

Sincerely,

GALLATIN COUNTY, MONTANA

*Sam Gianfrancisco*  
Sam Gianfrancisco  
Superintendent

sg/amm

RECEIVED

BOARD OF COUNTY COMMISSIONERS

To: Board of County Commissioners

From: Jane Ellis, CFO *JE*

Date: March 2, 1995

Re: PILT/Forest Reserve

The following is briefing information for your use in discussions concerning HB 422.

Background:

PILT: There are two possible formulas for PILT, both of which are based on the number of federal acres in Missoula County

Formula A: 705,522 acres @ \$.75 per acre less forest reserve.  
(705,522 x .75 = \$529,141; less forest reserve)

Formula B: 705,522 acres @ \$.10 per acre.  
(705,522 x .10 = \$70,552)

The County receives the greater of these two amounts.

(For discussion purposes I will round these two amounts to \$530,000 and \$70,500.)

Forest Reserve: 16 USCS 500 provides for 25% of all revenues from sale of timber on national forest lands be paid via the state to the county in which the forest is located. 17-3-213, MCA provides that that revenue will be divided 1/3 to schools and 2/3 to the county road fund.

Interpretative notes and decisions related to 16 USCS 500 show that "It is competent for state legislature to authorize county commissioners to expend moneys for public schools and public roads, and equal division annually between two purposes is not required or contemplated." King County v. Seattle School Dist. (1923) Two cases, US v County of Fresno (1975, 5th Dist) and Bartlett v Collector of Revenue (1973, La App 3d Cir), say that payments made by the US under 16 USCS 500 are not in lieu of taxes.

In years when Forest Reserve is less than \$459,500, the total the County can receive between the two revenue sources is \$530,000. This has been the case for all of the 1980's and 1990's up until last year. Last year the County received \$558,853 in Forest Reserve. That meant that we will receive PILT under formula B, or \$70,500. Total for the year - \$629,405. This year we received

\$730,000 in Forest Reserve, we will receive \$70,500 in PILT. Total for the year - \$800,552.

Under the proposed new language of HB 422, the County's revenue is capped at \$530,000. For last year that would have meant \$100,624 less to the County. This year it would have meant \$271,412 less to the County. Given the economic forecasts we heard this year at the Economic Outlook seminar, it is not unreasonable to think that for the next 3-5 years that Forest Reserve will continue to exceed PILT so the County would continue to receive less revenue under the new formula than under the old one.

Forest Reserve money is used to fund major maintenance and upgrade projects in the Road fund. While it doesn't receive the publicity that jail related issues do, I believe funding of road projects will be the greatest single challenge to the County over the next 10 years.

Another HB 422 issue which isn't directly our problem relates to how the Forest Reserve money flows to school districts. Once the County receives the money, the school portion is distributed among the five county-wide school funds. The amounts allocated to the County-wide Elementary and High School General funds are remitted back to the state where they become part of the funding for the school foundation program.

The amounts which our school districts receive from the foundation program are not a function of how much is available, but rather, they are a function of a formula based on the number of students in the school. Increasing the amount remitted to the state may make it easier for the state to fund the foundation formula, but it will not result in a reduction of local mill levies unless the state changes the statutorily mandated levies for Elementary and High School General. As far as I know, there is no move to make that change.

The argument that this change in formula will increase the total amount of federal money that comes into Montana is appealing. However, that should be verified with appropriate federal officials.

cc: Rachell Vielleux  
Horace Brown

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Appropriations COMMITTEE BILL NO. HB 2  
 DATE 3-3-95 SPONSOR(S) \_\_\_\_\_

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Kelly Gubhardt 506 Main Roundup	Musselshell County	HB2		
Bobbie Popony	MTA/DOC	HB2		
Pete Joseph	MFT			
Bruce Holden	City of Roundup MT	HB2		
BARRY THOMAS	City of Roundup	H.B.2		
Don Artley	DSL	HB2		
Gary Amstoy	DSL	HB2		
MARK Simcich	DNRC			

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Appropriations COMMITTEE BILL NO. HB 2  
 DATE 3-6-95 SPONSOR(S) \_\_\_\_\_  
3-7-95  
3-8-95

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Ed Argenbright	Comm. Pol Practices			
Pete Joseph	MFT			
MARV DYE	MDT			
Ed Smith	MDT Highway Comm.			
Cornie Roope	Career Training			
Bill Opitz	DAES			
Sheela Stearns	Western Mt College	HB 2		
Steve Snezek	ASMSU	HB 2		
Mike GREEN	ASMSU	HB 2		

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Appropriations COMMITTEE BILL NO. HB 440  
 DATE 3/10/95 SPONSOR(S) \_\_\_\_\_ 540

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
COUNLE BOUYER	Parents	540		X
Andrie Larosa	Montana Advocacy Program	540	X	
Rick J. Meeker	Juv. Prob.	540	X	<del>X</del>
Candy Wommier	MBCC	540	✓	
Larry Tesbender	Cascade Cty	540	✓	
Nancy McAffee	PSC	HB 523		
GENE KISON	MBCC	540	✓	
Shirley Juhl	Missoula Co Board of Realtors	HB 422		✓
Genard Bove	Missoula TAA Dyer	HB 422		✓
DENNIS BURR	MONTANA TAXPAYERS ASSOC	HB 503		✓
Leanne Young	Msia. self/licensed real counselor	<del>540</del>	X	
Charles R Brooks	B. Hinge Chamber	HB 503		✓
Jim Tutwiler	MT CHAMBER	HB 503		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

Jerry Driscoll

mt State Buddy Tucker



HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

COMMITTEE \_\_\_\_\_

BILL NO. \_\_\_\_\_

DATE \_\_\_\_\_

SPONSOR(S) \_\_\_\_\_

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Deborah Smith	Sierra Club	440	✓	
Donna Thompson			✓	11/6
Jim Leiter	Montana Solid Waste Containers Assn	440	✓	
Janie Petaja	self	540		✓
Janet Ellis	MT Audubon	440	✓	
J.V. Bennett	Mont PTRG	440	✓	
David Gatz	Youth Pubert <sup>Gillett</sup>	540	✓	
WAYNE STAHL	PHILLIPS County	540	✓	
JACK HAYNE	SELF			✓
Paul HENNEMAN	SELF	440		✓
SHARON HOFF	MT CATHOLIC CONF	540	✓	
Pete Joseph	MT			

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

COMMITTEE \_\_\_\_\_

BILL NO. \_\_\_\_\_

DATE \_\_\_\_\_

SPONSOR(S) \_\_\_\_\_

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
JARAH BARNARD	N MONTANANS AGAINST TOXIC SUBS	440	✓	
Melissa Case	Montanans for a Healthy Future	440	✓	
Ellie Arquimbeu	self	440	✓	
Roger Thorvilson	MT DNES, WMD	440		
Jim Wilbur, Helena	Self	440	✓	
Wade Silvers	Self	440	✓	
Jon Dilliland	MT DNES WMD	440		
Craig Anderson	Reg. Dist. Dist. V. H. Ct.	540	✓	
Brian Ledhill	MHS	485		✓
Mark Brunner	Mont. Hyt. Society	485		✓
Tracy Sheff	MT Heat Sault	485		✓
Alia Greenman	MT Psych Care	540	✓	
Blake Wordal	Lewis & Clark Co.	540	✓	

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HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Appropriations COMMITTEE BILL NO. AB440  
 DATE 3-10-95 SPONSOR(S) \_\_\_\_\_ AB540  
 8:00 am

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Mary ELLERD	MT JFOA	540	✓	
HAROLD L MERCER	RICHMOND Co REFUSE DISTRICT	440	✓	
Howard W Gipe	Fleherd County	540	✓	
Terrey Criver	Lincoln county	540	✓	
Jan Shaw	Montana South Home	540	✓	
Allen C. Bonfatti Jr	Ravalli Co. Commissioner	540	✓	
Harvey Kalen	Mont. Rural water	440	✓	
Bill Rappold	Douglas Co.	440	✓	
James Emerson	Helena	440	✓	
Mark Watson	City of Billings	440		✓
Anne Hedgys	MELC	440	✓	
GEORGE OCHENSKI	WASTE MNGMNT MT.	440	✓	
David Henning	MT ASSOC OF CHURCHES MENTAL HEALTH ASSOC.	540	✓	

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