



Revenue and Transportation Interim Committee

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57th Montana Legislature

SENATE MEMBERS

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VICKI COCCHIARELLA
BOB DePRATU
JON ELLINGSON
GLENN A. ROUSH
MIKE TAYLOR

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RON ERICKSON, CHAIRMAN
RONALD R. DEVLIN
CHRISTINE KAUFMANN
JESSE LASLOVICH
ROGER SOMERVILLE
ROBERT R. STORY JR.

COMMITTEE STAFF

LEANNE KURTZ
RESEARCH ANALYST
LEE HEIMAN
STAFF ATTORNEY
MIKO OWA
SECRETARY

February 7-8, 2002

MINUTES

Room 137, State Capitol
Helena, Montana

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division.
Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of documents.

COMMITTEE MEMBERS PRESENT

Rep. Erickson, Chair
Sen. Glaser, Vice Chair

Sen. Cocchiarella
Sen. DePratu
Sen. Ellingson
Sen. Roush
Sen. Taylor

Rep. Devlin
Rep. Kaufmann
Rep. Story

COMMITTEE MEMBERS EXCUSED

Rep. Laslovich
Rep. Sommerville

STAFF PRESENT

Leanne Kurtz, Research Analyst
Lee Heiman, Attorney
Miko Owa, Secretary

AGENDA & VISITORS

Agenda (ATTACHMENT #1)
Visitors' List (ATTACHMENT #2)

COMMITTEE ACTION

- Adopted minutes of the December 3-4, 2001 meeting.
- Appointed Sen. Cocchiarella and Sen. DePratu to meet with the Department of Revenue regarding the certification process.

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 12:38 p.m. by Rep. Erickson. Roll call was taken (ATTACHMENT #3) with all members present except for Rep. Laslovich and Rep. Sommerville who were excused. Sen. DePratu moved to adopt the minutes of the December 3-4, 2001 meeting. The motion passed unanimously.

POINTS SUBCOMMITTEE REPORT

Rep. Devlin provided an update to the Committee about the POINTS Subcommittee. He said that the Subcommittee is composed of eight members from the Audit Committee, Finance Committee, and the Revenue and Transportation Interim Committee (RTIC). He said that there have been tests done on POINTS II and the number of errors has significantly decreased. He said that the Subcommittee has not yet determined a meeting schedule but they will meet more often than the RTIC.

Leanne Kurtz, Research Analyst, Legislative Services Division stated that the draft mission statement presented to the POINTS Subcommittee is "It is the mission of the POINTS Subcommittee to coordinate the efforts of and communication among the Revenue and Transportation Interim Committee, the Legislative Audit Committee, and the Legislative Finance Committee with regard to POINTS I defect resolution and POINTS II testing and implementation." Ms. Kurtz said the Subcommittee wanted to add language regarding the Subcommittee making recommendations and their mission being legislative oversight toward resolution of the POINTS project. The Subcommittee did not take action to adopt the mission statement.

Rep. Erickson said that in the first mission statement, there was nothing referencing recommendations. He said that the Subcommittee can be of some value and perhaps the Subcommittee may come up with some recommendations. Rep. Erickson said that even though there is a Subcommittee, the RTIC will continue to examine the POINTS project.

Sen. Taylor voiced his concern over the duplication of efforts in reference to the POINTS system.

DEPARTMENT OF REVENUE

Kurt Alme, Director, Department of Revenue (DOR), introduced the Committee to **Dave Ohler, Chief Legal Counsel, DOR**.

Judy Paynter, Process Lead, Department of Revenue, provided an update to the Committee regarding automating audit information to SABHRS. Ms. Paynter stated that she did not provide an updated report because it is exactly the same as last time and will remain so until POINTS I

is finalized.

Dr. Joel Henry, Associate Professor, University of Montana, reviewed the POINTS I Stabilization Plan (EXHIBIT #1, Tab - POINTS). Dr. Henry covered the goals of the plan, solution strategy, and risk assessment. Dr. Henry recommended 6 new developers and 2 additional testers for the program. He concluded that a December 2002 stabilization date is likely. He said that the DOR is well positioned to implement the maintenance plan he presented.

Sen. Ellingson asked Dr. Henry if the project was not technically difficult how did DOR arrive in this situation. Dr. Henry responded that from a software standpoint this was not a large technical challenge. He said he believes the design and structure of the system has prohibited maintenance. He believes the DOR did not anticipate the high level of maintenance necessary. Sen. Ellingson asked if DOR would have had the appropriate resources to maintain POINTS if it had not come with the design problems indicated. Dr. Henry responded that both factors are significant indicators.

Rep. Erickson asked if the design and structure of POINTS I is so bad that the system will not work correctly when POINTS II is received. Dr. Henry responded that formerly the band-aid approach was in place, however he believes that now they are making the design and code changes that will make future maintenance easier.

Sen. Glaser asked Dr. Henry about management issues. Dr. Henry responded that there is currently a software manager in place. Sen. Glaser asked Mr. Alme if there was a critical management plan in place now. Mr. Alme responded they currently have a management team that meets regularly. He said the next management challenge is moving the two POINTS streams together. Sen. Glaser said he would like to see a time-line critical management plan. Mr. Alme stated that that information could be provided. **Dan Ellison, IT Manager, Department of Revenue** added that Dr. Henry's report contains a portion of that plan. He said that the DOR has not had time to make changes to the plan in reference to Dr. Henry's new report. Mr. Ellison commented that they will be providing the management processes to the Committee.

Sen. Cocchiarella asked about compensatory hours and Mr. Alme's philosophy of what the DOR will do regarding staffing. Mr. Alme responded that those hours may go down as they can be used throughout this year. In reference to POINTS there is an IT hiring problem and they will continue to try and staff with full-time equivalents (FTEs) where possible with additional positions filled by contractors. He said they have not yet discussed how they will incorporate Dr. Henry's staffing suggestions. Sen. Cocchiarella commented that it is part of the legislature's responsibility to make those positions competitive so that staff can be retained.

Rep. Story asked Dr. Henry about the assumption in the plan that the defect list will not grow. Dr. Henry responded that the users have made major contributions to what areas need to be cleaned up. However, major functional defects may arise and the contingency built into the plan may be used. Rep. Story commented that he is encouraged by the holistic approach to correcting the system. Rep. Story asked how the system can be maintained without a system architect. Dr. Henry said that he has recommended a system architect.

Rep. Story asked Mr. Alme about market constraints and if the system will ever work appropriately with a large amount of turnover. Mr. Alme said that they have not yet experienced

project turnover. Rep. Story asked what the legislature can do to help. Mr. Alme responded that the DOR has taken appropriate steps to ensure a situation like POINTS is not repeated by creating an IT Board.

Sen. Taylor said that members of this Committee should go to an IT Board meeting.

Sen. Roush asked Mr. Alme about the leadership commitment and who is in charge. Mr. Alme responded that he is the sole person in charge and he will remain that person.

Sen. Ellingson asked Mr. Alme about the list of estimated costs and to what extent the costs are a result of the defects in the design of the system and the possibility of partial reimbursement from Unisys. Mr. Alme responded that they are not seeking any legal remedy in reference to POINTS I. Sen. Ellingson asked where the money will come from. Mr. Alme responded that most of these positions have been funded and they may be able to utilize money from House Bill 2. He said Dr. Henry's report needs to be reviewed in more detail.

Sen. Taylor asked how close to market the state is in reference to IT positions. **Dan Ellison, IT Manager, Department of Revenue**, responded that they are significantly off the mark.

Rep. Erickson asked Mr. Alme why he is not asking for an additional 6 FTEs. Mr. Alme responded that he has not had a chance to review Dr. Henry's report and there could be alternatives not yet discussed.

Mr. Ellison responded to Dr. Henry's report. He said that there will never be a point in time where the maintenance crew is not working on some defect in the system even when the system is considered stable. In terms of management oversight, they have a management team in place and are producing results. He said the critical assumptions will have to be reviewed weekly or more often. He said that the DOR may find a Chief Architect but problems will arise if that person leaves. Mr. Ellison said that in reference to the risk area, they are encouraged by Dr. Henry's assessment.

Jeff Miller, Process Lead, Department of Revenue, reviewed the POINTS Status Report for the Committee (EXHIBIT #1, Tab - POINTS).

Mr. Alme reviewed the mediation efforts between DOR and Unisys as outlined in the POINTS Status Report (EXHIBIT #1, Tab - POINTS).

Rep. Kaufmann asked Mr. Miller about overlapping defects in POINTS I and POINTS II. Mr. Miller said there is some overlap, but the systems are so different that a correction in POINTS II will not have a significant effect on POINTS I.

Randy Wilke, Process Lead, Department of Revenue, provided an update to the Committee on Reappraisal (EXHIBIT #1, Tab - Reappraisal Status). Mr. Wilke also provided a map to the Committee of the DOR Regions (EXHIBIT #2).

Sen. Taylor asked when the last appraisal was conducted. Mr. Wilke responded 1996. Sen. Taylor then commented that the property tax rates are very low in comparison to other states and asked if that would change. Mr. Wilke responded that that is up to the legislature.

Rep. Story asked if there was any data yet that would let us know where the valuations will come out. Mr. Wilke said no.

Dolores Cooney, Process Lead, Department of Revenue, provided an update to the Committee regarding the Certification Process (EXHIBIT #1, Tab - Certification Process) as well as an update regarding HB 381 (EXHIBIT #1, Tab - HB381).

Rep. Erickson appointed Sen. Cocchiarella and Sen. DePratu to meet with Ms. Cooney regarding the certification process.

Sen. Taylor said that the working group Ms. Cooney presented has a number of agencies represented, but he questions whether there is enough local citizen participation. Mr. Alme said that the DOR was targeting groups that were most impacted. He said that taxpayers will be nominally impacted.

Rep. Devlin asked about the tax bill going to a single payer. Ms. Cooney stated that the co-tenants as a group pay the tax and they do not lose their property rights.

Rep. Story asked about the notification of taxpayers. Ms. Cooney said that there was no reason to notify taxpayers who were being assessed according to the statute.

Neil Peterson, Process Lead, Department of Revenue, provided an update on Customer Service Center restructuring (EXHIBIT #1, Tab - Customer Service Center Restructuring). The liquor licensing report was left for the Committee to review on their own (EXHIBIT #1, Tab - Liquor Licensing).

Sen. Taylor asked what the optimum goal is for the time to process a liquor license. Mr. Peterson responded 70 to 110 days. Sen. Taylor asked if they had a good working relationship with the Department of Justice. Mr. Peterson said yes.

Lee Heiman, Attorney, Legislative Services Division, provided memos to the Committee that they will review on their own regarding administrative rule activity (EXHIBIT #3 and #4).

The following items were left for Committee members to review on their own:

- Energy Rules (EXHIBIT #1, Tab - Proposed Energy Rules)
- HB 124 (EXHIBIT #1, Tab - HB 124 Entitlement Share Payments)
- Tax Credits for Planned Gifts (EXHIBIT #1, Tab - Tax Credit - Planned Gifts to Charitable Funds).

Leanne Kurtz, Research Analyst, Legislative Services Division provided a copy of the Governor's budget office Executive Planning Process form for agency requested legislation (EXHIBIT #5).

Mr. Alme asked the Committee if the Department could present their legislation in June. He continued to review tax rate comparisons with other states (EXHIBIT 1, Tab - Tax Rate Comparisons other States).

Sen. DePratu asked about capital gains and asked if it could be lowered and increase revenue to the state. Mr. Alme said that he can only speculate on the issue as he does not have empirical data. He said that in the short term he does not feel cutting capital gains taxes would offset lost revenue.

Sen. Taylor asked about Colorado's tax system and if the Department has done any research. Mr. Alme said no.

Rep. Story asked about how Minnesota arrived at a .81 effective rate on property tax. **Brad Simshaw, Department of Revenue**, said that in addition to the homestead exception, what must be considered is the true market value to assessed market value ratio. Rep. Story said that the assessed values are probably below market value to begin with. Mr. Simshaw said that that is correct. Rep. Story said that fees are not included. Mr. Simshaw said that that is correct.

Sen. Roush asked about the proposal to reduce the top marginal income rate of 11%. Mr. Alme responded that they are trying to make sure the data is correct. We are still trying to determine if we have the problems listed correctly. Sen. Roush commented that he doubts we want to drop taxes rapidly because there are a lot of services that are supported by the tax dollars.

Rep. Story asked about multiple owners of property and the tax bill only going to one person and if there will be a problem showing they paid their property tax. Mr. Alme said there should not be a problem.

HB 124 FROM OPI PERSPECTIVE

Kathy Fabiano, Office of Public Instruction, provided an update to the Committee regarding HB 124 and the distribution of a block grant to school districts. She said that school districts have lost five revenue sources under HB 124 and that this year's block grant to schools is based on the amount received in 2001 with a .07% increase. Ms. Fabiano said that at this time, they expect to revert \$6 million to \$7 million dollars.

Rep. Story asked if they went back to look at the reasonableness of the numbers. Ms. Fabiano responded that they have run reports to review the numbers and are reconciling the discrepancies.

Sen. Taylor asked how administration of HB 124 has been. Ms. Fabiano said the administration has not been a problem except for the few reconciliations.

SJR 21 - AGRICULTURAL LAND TAXATION

Sen. Grosfield, Sponsor of SJR 21, spoke to the Committee about the political volatility of agricultural land taxation. He continued to provide a brief history of agricultural land taxation in Montana. He said that part of the solution would be for a new classification to be created and that would be the first step in developing a new formula for the future. He said that given the political volatility, there is no reason to fix the entire issue at once.

Rep. Story said that he has asked the DOR if it would be possible to go back and identify how parcels were previously classified. He also said that in reference to a different class, in

California you have to apply for the agricultural taxation class. Sen. Grosfield said that that is the situation for 0-20 acres and 20-160 acres.

Sen. Taylor said that in reference to valuation, there is currently a drought and for those who have irrigated land, they are paying a higher tax rate for land that cannot be irrigated. Sen. Grosfield said that that is a different issue but it should be included.

Rep. Erickson asked Sen. Grosfield if there could be local control over tax rates so that there could be some equity between urban and rural communities. Sen. Grosfield said that the system went from appraisals by county commissioners to state appraisals. He said that he does not know if there is good reason to go back. Sen. Grosfield said that he worries that if the whole issue is addressed at once, the legislature may create something completely different.

Ms. Kurtz reviewed for the Committee Michigan (EXHIBIT #6) and Maryland's (EXHIBIT #7) reduced tax rate on agricultural land. Ms. Kurtz then reviewed Oregon's exclusive farm use zones and said that she would be receiving more information and would provide that at a later date.

Sen. Glaser commented that the Subcommittee would have to make some decision within the next two meetings. The Subcommittee determined they would meet prior to the next meeting.

Rep. Devlin is not certain when the POINTS Subcommittee will meet, but if there is a conflict, he would urge Rep. Erickson to reappoint someone else to the Subcommittee.

Rep. Story commented that the programs presented have the potential to make the problem worse. He said that unless there is a true definition of what agricultural use is then there will continue to be problems.

Sen. Taylor commented that there are a few programs in the state to preserve open space such as the Nature Conservancy. Rep. Erickson said that he has a conservation easement, but it has no effect on the property tax. Sen. Taylor said that the personal tax is reduced. Rep. Erickson said that did happen for a few years.

Rep. Erickson was worried that Sen. Grosfield's bill might raise property taxes for those people who have conservation easements. Rep. Kaufmann concurred with Rep. Erickson.

Sen. Grosefield commented that if you look at rural areas, it is not fair to have the difference made up by the neighbors. He said that land use should not be approached with tax policy but it should be approached with growth, zoning, and other issues.

Sen. DePratu said that the real problem is the geographic difference. What is important in Western Montana is to have the open space, in Eastern Montana, open space is not an issue. He thinks the problem lies in trying to develop what's fair for both sides.

Sen. Glaser said that this is going to be a significant issue in the next legislature and if we do nothing else but to learn about what the problem is, then each individual can bring the information forward in legislation.

Sen. Cocchiarella asked if as Montanans we can all see the value in not developing a piece of property. She said that we need to look at what we want to preserve and that our policies should reflect those Montana values.

Sen. Glaser said that our state is so diverse that a positive effect in one area can have a negative effect in another. He said the solution lies in developing a solution that will not significantly impact the eastern and western parts of the state.

PUBLIC COMMENT

Jerry Driscoll said that the legislature needs to define agriculture and quantify it to arrive at productive value.

RECESS

The meeting recessed at 5:45 p.m. until Friday, February 8, 2002.

CALL TO ORDER & ROLL CALL

The meeting was called to order at 8:33 a.m by Sen. Glaser. Roll call was noted (ATTACHMENT #4) with all members present except for Rep. Sommerville, Rep. Laslovich, and Sen. Taylor who were excused.

STATE REVENUE TRENDS

Terry Johnson, Principal Fiscal Analyst, Legislative Fiscal Division, reviewed for the Committee the general fund ending balance and revenue trends (EXHIBIT #8 & 9). In addition, he reviewed individual income tax collections (EXHIBIT #10). Specifically Mr. Johnson said that HB 124 has impacted beer tax, wine tax, liquor excise tax, video gambling tax, property tax, vehicle tax, and motor vehicle fees. He said that the economic assumptions adopted by the 57th Legislature show signs of progressive weakening. As a result of this, the general fund revenue collections continue to see a decreased growth rate which has the potential to result in a \$29.1 million shortfall in fiscal year 2002.

Sen. DePratu asked about the disparity in the motor vehicle tax. Mr. Johnson responded that his office has relied heavily on information from the Department of Justice and they are suspect of that information. In addition, there have been many changes in law, and the Department of Justice fee system is not designed for a flat fee system. He said that there has not been adequate information to develop an estimate.

Rep. Story commented that budgets are based upon revenue projections and the presentation is based on actuals. Mr. Johnson responded that he has compared the current numbers to the estimate. Rep. Story asked about the HB 124 changes and the mills. Mr. Johnson responded that they guess the discrepancy is due to non-levy calculations and oil and coal revenues. However, they are still reviewing that situation. Rep. Story asked about the standard ninety-five mills and local government and school mills being stabilized. Mr. Johnson said that the amount of non-levy revenue to be distributed is significantly smaller. Rep. Story asked if the drop in interest income was going to be that dramatic as far as what individuals deal with. Mr. Johnson

replied that he doesn't think so. From a state perspective, the estimate was based on 6.6% however the data now indicates it has dropped to 4.7%.

Rep. Ellingson said that when revenue estimates were made he assumed that a state tax revenue that has now been changed by federal legislation was included. Mr. Johnson said that only the state changes were implemented. He said the DOR did an analysis on the federal tax reform legislation and there were a number of components leading to a net revenue increase of over \$13 million. **Jim Standaert, Fiscal Analyst, Legislative Fiscal Division**, said they reported a net increase of all the federal changes being approximately \$13 million. Rep. Ellingson said he was confused by the categories on the income tax collection sheet and why they weren't broken down by month. Mr. Johnson said the DOR supplied the information in memo form. He said the significance of this is that during the year, at any given month, those revenues that were being collected as audit revenue were being put in some other area. Sen. Ellingson asked if we are underestimating the 2002 total in January. Mr. Johnson said no.

Rep. Erickson asked if there was an explanation regarding the January estimated tax. Mr. Johnson said that in looking at the numbers he was equally surprised because the non wage components should show a weakness in estimated collections. He said he is nervous about the allocation and breaking the revenue out by category. Mr. Johnson said that something has changed in the way that that is reported. Rep. Erickson said that one other possibility could be a change in capital gains. Mr. Johnson said that he would speak to the DOR.

DEPARTMENT OF TRANSPORTATION

Mr. Heiman reported that the Department of Transportation has had no new administrative rule notices and have adopted only one rule. The rule adoption lowered the cost for highway signs and they adopted the rule without comments.

David Galt, Director, Montana Department of Transportation (MDT), reviewed for the Committee the Program Delivery and Revenue Aligned Budget Authority (RABA) (EXHIBIT #11, Tab - 1).

Sen. DePratu asked Mr. Galt about using local attorneys. Mr. Galt responded that in terms of cost and effectiveness, the best benefit comes from having both internal and external attorneys. Mr. Galt said that with respect to right-of-ways, the process needs to begin earlier.

Sen. Ellingson asked about the job losses for 2003-2005. Mr. Galt commented that the information he provided shows a cumulative projected job loss due to the \$9 million reduction in federal funds.

Rep. Erickson asked about the RABA effects on unfulfilled contracts. Mr. Galt responded that they will not be in that predicament.

Sen. Cocchiarella asked how the MDT determines which projects will be completed. Mr. Galt said that decisions would be based on need.

Mr. Galt then reviewed for the Committee the Highway Special Revenue Account (EXHIBIT #11, Tab - 2) as well as economic development in the state transportation plan (EXHIBIT #11, Tab -

3).

Rep. Story asked if the projections were based on current federal funding. Mr. Galt said yes.

Mr. Galt then reviewed for the Committee the Highway 2 Reconfiguration Study (EXHIBIT #11, Tab - 4) and the consultant selection process (EXHIBIT #11, Tab - 5). Mr. Galt said that the first step is a feasibility study or an environmental need report. He said that it is clear that a feasibility study is not desired and that an Environmental Impact Statement (EIS) is desired. He said that if an EIS is done, approximately five other projects in the same area will stop.

Rep. Erickson asked if he thought he would have to do an Environmental Impact Statement (EIS). Mr. Galt said yes.

PUBLIC COMMENT

Gordon Larson, American Council of Engineering Companies of Montana, presented a statement from **Rose Hughes, Executive Director, American Council of Engineering Companies of Montana** commenting on procedures for selecting consultants for the MDT (EXHIBIT #12). He said that the goal is for the system to be fair, reasonable, and defensible if challenged. Currently, they have no real concerns.

Dan Huestis, Great Falls, commented about design consultant selection. He said that he is opposed to preferences of any kind. He would like to see a quarterly report published that would disclose who contracts have been given to and the scope of the project. He continued to comment on licensing and his concern that there is work done for the MDT that is not done by a licensed engineer.

Sen. Cocchiarella asked for an example of a problem from no disclosure. Mr. Huestis said that there is no report after the fact of how \$57 million dollars is spent and if the system is producing the very best transportation projects.

Tony Kolnick, Gallatin County, said that the Four Corners area is faced with an 18,000 - 20,000 vehicle per day increase. He said that he has been able to educate the community regarding the Bozeman transportation plan.

Ms. Hughes, American Council of Engineering said that Mr. Larson has presented her comments.

Sen. Roush asked Mr. Galt about the 2001 consultant payments and how many dollars are leaving Montana. Mr. Galt responded that the selection criteria is based partially upon past performance and he feels the process is fair. He said that there are plenty of opportunities for feedback to the consultant community. He said that consultants are liable for their plans and that they ensure there are registered engineers in their office.

Tom Martin, Consultant Design Engineer, MDT, said one of the biggest factors for consultants getting work is their past performance. He invited Committee members to sit in to one of the consultant board meetings.

Sen. Roush asked about the selection process and the notification of firms. Mr. Martin said that if they have numerous projects or projects that are not complex they use a roster and do not notify other companies on the roster if they are not used. If proposals are requested, every consultant receives a letter stating that they did or did not get the project. Mr. Martin stated that if a consultant requests the reason why they are not selected, they will be told why.

Rep. Erickson asked Mr. Galt if he is in the process of looking at how other states weigh various criteria for hiring consulting engineers. Mr. Galt said that he would look into that. Rep. Erickson asked about the 30% weight for past performance, wondering how a brand new firm could have a chance at being hired. Mr. Martin responded that when we receive proposals from firms that we have no history with, we confirm their work with reference checks. Rep. Erickson asked about new firms being competitive. Mr. Martin responded that they have not kept statistics on that particular issue.

Rep. Story asked about the cost of consultants. Mr. Galt said the cost is negotiated after the selection is made.

Sen. Glaser asked about the expanding number of consultants and if that has contributed to increased in-state offices. Mr. Galt said that probably has had some impact.

Tony Kolnick, Gallatin County, commented that he would like to address the public safety issue at Four Corners and U.S. Highway 191 because that is the direct route to Yellowstone Park and Big Sky. He said the Greater Yellowstone Coalition has sent a letter to congressional leaders and he will be meeting with Congressman Rehberg's staff.

Cary Hegreberg, Montana Contractors Association, spoke to the Committee about the difficulty in retaining qualified engineers, expedited ways of securing right of ways, and ethanol production incentives.

Mr. Huestis said that in reference to ethanol incentives they need to change the way ethanol is promoted and pass a renewable fuel standard.

Rep. Erickson asked Mr. Galt about the construction time line. He said that the MDT is a couple of months off, but not further than that.

Rep. Story asked Mr. Kolnick what his solution to the Four Corners issue may be. Mr. Kolnick commented that he would like to see a reduced speed limit and more of an urban style, pedestrian friendly plan. He said in reference to the Gallatin Road he would like to see the traffic issue addressed more thoroughly when subdivisions are planned.

Rep. Story asked Mr. Galt about the Four Corners issue. Mr. Galt responded that the Four Corners North project is not scheduled until 2006. He said the truck scale topic cannot be solved by moving the scale north because the problem is not being addressed. He said that they will continue to review the topic.

TRANSPORTATION PARTNERSHIPS

Marlene Disburg, Department of Public Health and Human Services, provided a packet to

the Committee (EXHIBIT # 13). She then introduced **June Hermanson, Project Coordinator, Montana Center on Disabilities** and **Mike Mayer, Summit Independent Living Center**. Ms. Disburg then discussed the history of the Montana Transportation Partnership as well as the options to fulfill a long range plan. Ms. Hermanson provided testimony to the Committee regarding a day in the life of a transportation dependent individual. Mr. Mayer spoke to the Committee about transportation coordination. Specifically the long term plans include:

- Implement two transportation models/links by 2003 to demonstrate coordinated delivery systems that can be replicated statewide.
- Organize and collaborate with consumers on a statewide level to develop grassroots initiatives for policy change and legislative actions.
- Establish Montana Transportation Partnerships as a recognized advocate for coordinated transportation.

Rep. Story asked if there has been a study or analysis done as to how much current equipment is used. Ms. Disburg stated that she could not answer that.

Sen. Cocchiarella asked Mr. Mayer about private entities in Missoula and if any hotel/motel vans were involved. Mr. Mayer said no.

Sen. Cocchiarella asked Mr. Galt if he has had any previous experience with this topic. Mr. Galt said no, but there is a transit section within the MDT that would address the topic.

Sen. Roush asked about long distance transportation. Ms. Hermanson responded that it would be more of a coordination issue.

Rep. Kaufmann said that there seems to be other transportation needs in the state for other populations and she hopes that there will be an increase in public transit benefits for others as well.

Rep. Story asked if there is a private sector solution to this. Mr. Mayer responded that the private sector has a role, but one of the problems is how can we partner with private entities so they have a service that meets the needs of people. In addition, cost will always be a hindrance.

TRANSPORTATION OF HAZARDOUS MATERIALS

Rep. Kaufmann provided a report regarding the Homeland Security meeting in January. She said that no decisions were made, but the theme of the meeting was to look at precautions for all disasters, not specifically terrorist threats.

Ms. Kurtz responded that Sen. Hargrove appeared before the Legislative Council and said that each committee would focus on their area of interest.

Ms. Kurtz then provided a report regarding other states that assess fees for the transportation of radioactive material (EXHIBIT #14). Ms. Kurtz also reported to the Committee how the U.S. Department of Energy transports hazardous material (EXHIBIT #15).

Sen. DePratu asked Ms. Kurtz how many containers are shipped through Montana. Ms. Kurtz

said she did not know. Mr. Galt responded that he has not heard of any high level waste traveling through Montana since the 1980's.

Sen. Ellingson asked Ms. Kurtz if a fee was charged would it be commensurate with the funding of emergency service programs that respond to spills and accidents. Ms. Kurtz said that that is what other states have done. Sen. Ellingson asked if there are states that charge for hazardous waste as well as nuclear waste. Ms. Kurtz responded that she is sure that they do, but she limited her research to radioactive waste.

Rep. Story commented that technology is moving to a reverse 911 system.

Roger Chalmers, Missoula, said that the communication problem is the biggest issue and he urged the Committee to support charging fees to help pay for emergency service systems.

Rep. Sylvia Bookout-Reinicke commented about federal sources of funding to local governments to enhance local emergency response systems. She said that Mineral county has received no funds and Missoula county has only received \$1000.

Mr. Galt said that in reference to safety, a fee system does not address that topic. He said that if a permit program was implemented MDT is more than happy to offer any assistance necessary.

Russ Ritter, Washington Corporation, said that in reference to nuclear waste moving through Montana, any information would have to be obtained through the FBI. Mr. Ritter said that they are very willing to cooperate in any way possible.

Rep. Story asked Mr. Ritter about how a state would be able to put in a permit system. Mr. Ritter responded that he did not know. He said that as far as rail transportation, it would have to comply with the 4R act.

Rep. Bookout-Reinicke commented that Yucca Mountain in Nevada is due to open in 2003. She continued to comment that we need a fund like Indiana has. She also said that Ms. Kurtz has a map showing states that require fees for nuclear waste (EXHIBIT #16).

Sen. Glaser said that the federal government has contacted local first responders and acquired an inventory list of equipment and materials. He said that money will be coming into the state of Montana.

Rep. Kaufmann asked Mr. Galt about the relationship between a fee and public safety. Mr. Galt commented that he did not believe that having a permit would make accidents less likely.

OTHER COMMITTEE BUSINESS

Sen. Glaser directed a discussion with the Committee regarding a letter from Sen. O'Neil (EXHIBIT #17).

Sen. DePratu commented that the matter is referring to logging on private property and removing the trees with a personal not commercial vehicle. He said that Mr. Galt has indicated that he will not pursue enforcement of the issue unless the legislature approves it.

After much discussion, Sen. Ellingson commented that Sen. Glaser and Ms. Kurtz may be able to speak directly with Sen. O'Neil on the issue.

Sen. Roush commented about right of ways with the MDT and asked Mr. Galt for possible legislation changes. Mr. Galt commented that he will put together some recommendations and ideas. Sen. Roush asked the Committee to review what other states are doing in respect to selecting consulting firms and engineers. Sen. Glaser said that that could be added to the agenda.

Sen. Roush asked about the coordination of services for people with disabilities. After much discussion, it was determined that the RTIC did not have any oversight over the issue. Ms. Kurtz commented that the topic will also be presented to the Children and Families Interim Committee.

The Committee discussed future meeting dates and approved changing the September 2002 meeting to September 5-6, 2002.

ADJOURNMENT

The meeting adjourned at 3:00 p.m. The next meeting is scheduled for April 11-12, 2002.

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