

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
58th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN DAVE LEWIS**, on January 15, 2003 at 3:30 P.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Dave Lewis, Chairman (R)
Rep. Rosalie (Rosie) Buzzas, Vice Chairman (D)
Rep. Edith Clark, Vice Chairman (R)
Rep. John Brueggeman (R)
Rep. Tim Callahan (D)
Rep. Stanley (Stan) Fisher (R)
Rep. Eve Franklin (D)
Rep. Dick Haines (R)
Rep. Donald L. Hedges (R)
Rep. Joey Jayne (D)
Rep. Carol C. Juneau (D)
Rep. Dave Kasten (R)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. John Musgrove (D)
Rep. Jeff Pattison (R)
Rep. Rick Ripley (R)
Rep. John Sinrud (R)
Rep. John Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Jon Moe, Legislative Branch
Mary Lou Schmitz, Committee Secretary

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

Committee Business Summar+:

Hearing & Date Posted: HB 177, HB 217, HB 219, 1/13/2003
Executive Action: HB 64, Tabled; HB 136, Do Pass; HB
1, DPAA; HB 158, Do Pass Failed

HEARING ON HB 177**Sponsor: REP. JOE BALYEAT, HD 32, BELGRADE****Opening Statement by Sponsor:**

REP. BALYEAT said that HB 177 is an administration proposal but he volunteered to sponsor it because he believes in the six criteria, Exhibit 1. The bill generates \$17 million for the general fund balancing act. This bill does not permanently eliminate any allocations. The proposed re-allocations are estimates only. The numbers are derived from percentages of estimated revenue from these various taxes.

(1) The coal tax will be switched from the Shared Account for \$1.2 million in FY 2004 and in FY 2005 roughly \$1 million will be switched.

(2) From the Long Range Building Account there will be switched roughly 2/3 of a million in FY 2004 and \$600,000 in FY 2005.

(3) From the Parks' Trust; \$420,000 in FY 2004, \$380,000 in FY 2005.

(4) The Metal Mines' Tax; from the Reclamation and Development Account \$360,000 in FY 2004 and 1/3 of a million in FY 2005.

(5) The Oil and Gas Production Taxes; from the Reclamation and Development Account \$900,000 in FY 2004 and \$850,000 in FY 2005.

(6) From the Orphans' Share Account; \$900,000 in FY 2004 and \$855,000 in FY 2005.

A subtotal of all the revenue effects of this bill by switching the revenue into the General Fund; FY 2004, \$4,425,000 and FY 2005, \$4,091,000. There are also expenditure reductions. Expenditure reductions for the Growth Through Ag Program is \$625,000 in each fiscal year. The Research and Commercialization expenditures are reduced \$3,650,000 for the first fiscal year of the biennium and, again, the same amount in 2005.

The Future Fisheries has a \$100,000 reduction each year.

The subtotal of expenditure effects is \$4,375,000 in each fiscal year. The grand total, without the Fisheries, is \$8,700,000 in additional net positive to the General Fund in FY 2004 and \$8,366,000 in FY 2005. The reason for this is because of a major problem. State government is too big and now we need to find \$250 million in places and programs to cut. We had an 18%

increase in the budget in just the last biennium alone. We have to cut back. It's unfair to the average Montana wage earner and taxpayer to saddle them with this big load and it is stifling our economy and wages to have a state government this big, relative to our private sector economy. **REP. BALYEAT** addressed the six guidelines on Exhibit 1.

EXHIBIT (aph08a01)

He referred the committee to Exhibit 2, an editorial from the Missoulian.

EXHIBIT (aph08a02)

REP. BALYEAT said the cuts in this bill are only temporary cuts but they will still offend people across the political spectrum.

CHAIRMAN LEWIS referred the committee to page 5 of the fiscal note which gives a good summary.

Proponents' Testimony:

Mark Simonich, Director, Department of Commerce, said this bill is a component of the Governor's proposed budget and was delivered to the Legislature earlier this fall. He explained amendments in

EXHIBIT (aph08a03)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 17.5}

Curt Nichols, Office of Budget and Program Planning, said that on the fiscal note there is a \$600,000 reduction in FY 2003. That is an error and they hope to correct it with amendments.

Opponents' Testimony:

Lois Fitzpatrick, Montana Library Association, said Libraries know that the State is in a serious problem and Libraries want to help with the solution but these cuts are going to cut too harshly and this does impact every community in the State.

{Tape: 1; Side: A; Approx. Time Counter: 17.5 - 20.2}

Al Randall, Director, Lincoln County Libraries read, his written statement.

EXHIBIT (aph08a04)

Mary Doggett, White Sulphur Springs, Meagher County State Library Board.

Susan Watne, Library Coordinator for the Helena Public Schools,
appearing for Colet Bartow.

EXHIBIT (aph08a05)

Bonnie Williamson, Director, Hill County Library and Federation
Coordinator for the Pathfinder Federation.

EXHIBIT (aph08a06)

{Tape: 1; Side: A; Approx. Time Counter: 20.2 - 29.4}

Betty Lou Kasten, speaking for Garfield and McCone Counties
Conservation Districts.

EXHIBIT (aph08a07)

EXHIBIT (aph08a08)

Sarah Carlson, Montana Association of Conservation Districts.

EXHIBIT (aph08a09)

Buzz Mattelin, Farmer in the vicinity of the Missouri-Fort Peck
Dam and part of the Roosevelt County Conservation District.

Jeff Wivholm, Sheridan County Conservation District.

Ramsey Offerdal, Conrad, Conservation Supervisor for Pondera
County and serves on the Montana Salinity Control Advisory Board.

Paul Kronebusch, Conrad, Supervisor of the local Conservation
District.

John Pretty On Top, Hardin, Big Horn County Commissioner.

Chad Fenner, Big Horn County Commissioner and a member of the
Montana Association of Oil, Gas and Coal Board.

John Bolstad, Sheridan County Conservation District.

John Doyle, Big Horn County Commissioner and serves on the Big
Horn County Library Board.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 15.8}

Bill Crain, Chair, Montana Board of Research and
Commercialization Technology.

EXHIBIT (aph08a10)

SEN. KELLY GEBHARDT, SD 4, Roundup

Steve Granzow, Supervisor, Lewis and Clark County Conservation District and the Legislative Chairman for the Montana Association of Conservation Districts.

EXHIBIT (aph08a11)

George Dennison, President, University of Montana, Missoula.

EXHIBIT (aph08a12)

Barbara Broberg, Women Involved in Farm Economics, (WIFE).

Dave Dooley, Provost, Montana State University, Bozeman.

{Tape: 1; Side: B; Approx. Time Counter: 15.8 - 29.3}

John Youngberg, Montana Farm Bureau, Montana Stock Growers and the Montana Grain Growers.

Jane Holzer, Conrad, Program Director for Montana Salinity Control Association.

Ralph Hutcheson, President of Scientific Materials Corporation of Bozeman.

EXHIBIT (aph08a13)

Gerald Mueller, Missoula, Upper Clark Fork River Steering Committee.

EXHIBIT (aph08a14)

Lloyd Chestnut, Vice President, Research and Development, University of Montana.

Evan Barrett, representing the Butte Local Development Corporation.

Joan Stahl, Commissioner, Rosebud County.

Gary Amestoy, Richland County Economic Development.

Billie Lee, Ronan, Executive Director, Lake County Community Development Corporation.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 29.5}

William Duffield, Assistant Executive Director of the Montana Association of Oil, Gas and Coal Counties.

EXHIBIT (aph08a15)

Ed Diemert, Liberty County Commissioner and a member of the Oil and Gas Counties' Association.

Dick King, President, Missoula Area Economic Development Corporation.

REP. VERONICA SMALL-EASTMAN, HD 6, Big Horn County and a portion of Yellowstone County.

REP. FRANK SMITH, HD 98, Poplar

The following exhibits given to Secretary after the above testimony:

EXHIBIT (aph08a16)

EXHIBIT (aph08a17)

EXHIBIT (aph08a18)

Informational Testimony: None

Questions from Committee Members and Responses:

REP. FRANKLIN referred a question to **Ms. Fitzpatrick** concerning Research and Commercialization Development Boards and the good work that this money does for the Conservation Districts. "Do you or your colleagues get requests for information from these people?" **Ms. Fitzpatrick** said neither she nor her colleagues ask who is asking the information. But yes, they do and give information on Conservation Districts, Economic Development, etc. with the databases that they have.

REP. FISHER referred a question to **Mr. Dooley** concerning the water extracted from the coal methane wells. "Have you done any work on it or familiar with it?" **Mr. Dooley** said he personally does not do any work in that area. The scientists who are doing that work are from his campus, Montana State University, and are cooperating with scientists from other Universities as well as the private sector. The aims of that project are to find ways to remediate the salinity of the water and make it useful for agricultural purposes, including irrigation.

REP. KAUFMANN asked **Doug Monger, Fish, Wildlife and Parks Division**, what will be the practical effect on management of Parks across the State with the cuts proposed in this bill. **Mr. Monger** said the long term effect would be a loss of \$86,000 a year.

REP. JAYNE referred a question to **REP. BALLYEAT** concerning one of his amendments, Exhibit 3, reduces \$25,000 for Certified

Communities. "Will the \$25,000 carry over to the Regional Development Corporation?" **REP. BALYEAT** referred the question to **Mr. Simonich** who said HB 76 is a Department of Commerce bill. They have put that together with this specific cut in mind. HB 76 is currently drafted so that it does not change the current dollar amounts in the statute. His goal there was to restructure a program. This bill will change the funding that is available so the combination of the two allows them to restructure into Regional development and the amendment to this bill reduces the funding. They are anticipating only \$400,000 a year for that program, regardless of whatever it ends up being called.

REP. KAUFMANN referred to **REP. BALYEAT's** statement that these were only temporary cuts. "Does he anticipate having more money?" **REP. BALYEAT** said we are facing \$250 million in temporary cuts. He said there are also some minor permanent cuts.

REP. LINDEEN referred a question to **Newell Anderson, Department of Commerce**, concerning the 1998 or 2000 Interim Study done on the Coal Board and the Coal Board Grant Program. **Mr. Anderson** passed out Exhibit 19 and described the Coal Board activities. **EXHIBIT (aph08a19)**

{Tape: 2; Side: B; Approx. Time Counter: 0 - 28.7}

REP. BUZZAS referred to **Mr. Simonich's** testimony in which he said he supported the Governor's proposal which is this particular proposal for cuts in his Department. "What kind of criteria did he use to make his decisions?" **Mr. Simonich** said he met with the Budget Director of the Office of Budget and Program Planning for their ideas and he worked with them to see how they could make their Department work with cuts.

Closing by Sponsor: **REP. BALYEAT** closed the Hearing on HB 177. **EXHIBIT (aph08a20)**

{Tape: 3; Side: A; Approx. Time Counter: 0 - 22}

HEARING ON HB 217

Sponsor: **REP. JOHN BRUEGGEMAN, HD 74, Polson**

Opening Statement by Sponsor:

REP. BRUEGGEMAN said HB 217 eliminates the transfer of General Fund money to the Department of Transportation. The fiscal note

is basically about \$6 million for the biennium and this will offset the budget deficit.

Proponents' Testimony:

Chuck Swysgood, Director, Office of Budget and Program Planning, said this bill transfers the General Fund money that's in the Department of Transportation that comes from HB 124. An extension of that was done in the Special Session for this biennium and this continues it on.

Dave Galt, Director, Department of Transportation, said he is anticipating a \$4.2 million ending fund balance at the end of FY 2005 so they are in good shape and can afford to make this transfer.

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses: None

Closing by Sponsor: REP. BRUEGGEMAN closed the Hearing on HB 217.

{Tape: 3; Side: A; Approx. Time Counter: 22 - 27.1}

HEARING ON HB 219

Sponsor: REP. JOHN BRUEGGEMAN, HD 74, Polson

Opening Statement by Sponsor:

REP. BRUEGGEMAN said this bill would limit the rent that counties may charge the Department of Revenue for office space to the rate in effect on January 1, 2003.

Proponents' Testimony:

Lynn Chenoweth, Department of Revenue, said this is one way to limit their budget and not have to request any assistance for the next biennium.

Opponents' Testimony:

Greg Chilcott, Commissioner, Ravalli County, said they have some issues at the County level and one of them is budget-shortfall

similar to what the State is experiencing. Ravalli County is currently looking for space for the Youth Probation System. They lost their funding recently and are now trying to find office space. They can't find any space for them at a rate given close to the rate as provided for in this bill.

{Tape: 3; Side: A; Approx. Time Counter: 27.1 - 29.1}

Mr. Chilcott said **Harold Blattie, MACo**, could not attend this meeting and asked him to speak for him in opposition to this bill.

Informational Testimony: None

Questions from Committee Members and Responses:

REP. BUZZAS asked if State Government has a right to set prices for other governmental entities and questioned the constitutionality of this bill. **CHAIRMAN LEWIS** said he would check with the Legislative Services Division attorneys before they do executive action.

Kurt Alme, Director, Department of Revenue, said he did not know if this has been researched, however, prior to FY 2000, the Department did not pay anything to counties, it was just part of a service the counties provided the State.

Closing by Sponsor: **REP. BRUEGGEMAN** closed the Hearing on HB 219.

EXECUTIVE ACTION ON HB 64

Motion: **REP. FISHER** moved that **HB 64 DO PASS.**

Discussion: **REP. JUNEAU** passed out letters from Tribes to stop executive action as they are in opposition to this bill.

EXHIBIT (aph08a21)

EXHIBIT (aph08a22)

EXHIBIT (aph08a23)

REP. KAUFMANN said that **REP. VERONICA SMALL-EASTMAN** asked her to convey that the Crow Tribe should also be added to the list as she heard from them via telephone.

REP. KASTEN said he felt the Blackfeet Tribe would like to see it amended some way rather than opposing the bill.

REP. BUZZAS said she read it as strong support to continue but to recognize that as a directive for grant writing. She did not see this as an amendment to the bill.

REP. LINDEEN said all the Tribes do have grant writing departments that are quite successful, however, they would rather have the Economic Development Commission re-organize and re-direct their efforts to more effective objectives.

Substitute Motion/Vote: **REP. FRANKLIN** made a substitute motion that **HB 64 BE TABLED. Substitute motion carried 18-1 with REP. PATTISON voting no, on a roll call vote.**

EXECUTIVE ACTION ON HB 158

Motion: **REP. HAINES** moved that **HB 64 DO PASS.**

Discussion: In answer to a question from **REP. JAYNE** concerning the reason for the bill, **REP. HAINES** said it allows the Public Health and Human Services to budget. At this point they don't know.

REP. JAYNE asked **Hank Hudson, Human and Community Services Division, Department of Public Health and Human Services**, what is this bill doing that is different and what has happened in this biennium. **Mr. Hudson** said that if this bill didn't pass and the Tribes developed their own plan, we would have to transfer money whether there was an appropriation or not, which means we would have to cut or reduce some other program to make that transfer. If this bill passes and there is an appropriation, they would transfer money.

In answer to a question from **REP. BUZZAS**, **Mr. Hudson** said if this bill didn't pass and a Tribe came in with a plan, they would have to give them \$100,000 whether they had it or not.

Toni Plummer, Tribal member, said when she testified in support of this bill it was under the assumption there would be a monetary attachment to it. In order for this bill to be successful there would have to be an attachment of the \$100,000, which is currently not there. If this bill does not have the monetary attachment to it then she would withdraw that support and say it is not going to benefit the Tribes.

Motion: **REP. BUZZAS** moved that **HB 158 BE AMENDED to put the \$200,000 in noting that it is contingent upon them coming in with**

a plan. If it is not, then the money would go back to the general fund.

Discussion: REP. SINRUD said if only the Rocky Boy Tribe has a program for TANF and no other Tribes have that in, the \$100,000 would be appropriated for them but if there are other Tribes who desire the TANF program started on their reservations, then there would be another appropriation for their TANF funds as well.

CHAIRMAN LEWIS said that money is a HB 2 issue. All this bill says is, if he doesn't have the money, he doesn't pay. When we do HB 2, we will debate the issue of whether or not we appropriate money. **REP. BUZZAS** said she doesn't trust that process. Tying it to the legislation is much more appropriate.

REP. HEDGES referred a question to **REP. BUZZAS** saying, if we appropriate \$100,000 in this bill through some mechanism and a Tribal Government comes forward with a TANF program, does the State get to make any kind of a decision as to whether it benefits either the Tribe or the State or both before the \$100,000 is appropriated. **REP. BUZZAS** deferred the question to **Mr. Hudson**.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 29}

Mr. Hudson said the State is not in a position to approve any part of the Tribal affairs.

REPS. SINRUD, MUSGROVE, JAYNE, BUZZAS for further clarification and comments.

Vote: REP. BUZZAS amendment failed 9-10 with REPS. LEWIS, CLARK, BRUEGGEMAN, FISHER, HEDGES, KASTEN, PATTISON, RIPLEY, SINRUD and WITT voting no on a roll call vote.

Substitute Motion/Vote: REP. HAINES made a substitute motion that HB 158 BE TABLED. Motion failed 9-10 with REPS. LEWIS, CLARK, BRUEGGEMAN, FISHER, HEDGES, KASTEN, PATTISON, RIPLEY, SINRUD AND WITT voting no on a roll call vote.

Original Motion/Vote: REP. HAINES moved that HB 158 DO PASS. Motion failed 9-10 with REPS. BUZZAS, CALLAHAN, FRANKLIN, JAYNE, JUNEAU, KAUFMANN, LINDEEN, MUSGROVE, PATTISON and WITT voting no on a roll call vote.

EXECUTIVE ACTION ON HB 136

Motion/Vote: REP. FISHER moved that HB 136 DO PASS. Motion carried unanimously on a voice vote.

EXECUTIVE ACTION ON HB 1

Motion/Vote: REP. CLARK moved to reconsider actions on HB 1. Motion carried 18-1 with REP. FISHER voting no on a voice vote.

Motion/Vote: REP. KASTEN moved that HB 1 BE AMENDED. Motion carried 18-1 with REP. JAYNE voting no on a voice vote.

EXHIBIT (aph08a24)

Discussion:

Lois Menzies asked to clarify one point. There will be close to \$792,000 potentially reverted from the Feed Bill last Session. However, we have committed, as part of the Legislative Branch, contributions to the agency reductions that were approved in August, 2002, about \$520,000.

Motion/Vote: REP. KASTEN moved that HB 1 DO PASS AS AMENDED. Motion carried 12-7 with REPS. BUZZAS, CALLAHAN, FRANKLIN, JAYNE, JUNEAU, KAUFMANN and MUSGROVE voting no on a roll call vote.

CHAIRMAN LEWIS adjourned the meeting.

{Tape: 4; Side: A; Approx. Time Counter: 0 - 26.5}

ADJOURNMENT

Adjournment: 7:00 P.M.

REP. DAVE LEWIS, Chairman

MARY LOU SCHMITZ, Secretary

DL/MS

EXHIBIT (aph08aad)