

MINUTES

**MONTANA SENATE
58th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN TOM ZOOK**, on March 21, 2003 at 8:00 A.M., in Room 317 Capitol.

ROLL CALL

Members Present:

Sen. Tom Zook, Chairman (R)
Sen. Bill Tash, Vice Chairman (R)
Sen. Keith Bales (R)
Sen. Gregory D. Barkus (R)
Sen. Edward Butcher (R)
Sen. John Cobb (R)
Sen. Mike Cooney (D)
Sen. John Esp (R)
Sen. Royal Johnson (R)
Sen. Bob Keenan (R)
Sen. Rick Laible (R)
Sen. Bea McCarthy (D)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Corey Stapleton (R)
Sen. Emily Stonington (D)
Sen. Jon Tester (D)
Sen. Joseph (Joe) Tropila (D)

Members Excused: Sen. Trudi Schmidt (D)

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Taryn Purdy, Legislative Branch

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

Committee Business Summary:

Hearing & Date Posted:

Executive Action: HB 564; HB 481; HB 554; HB 520; SB
448

EXECUTIVE ACTION ON HB 564

Dave Gibson, Governor's Office, explained amendments to the bill: HB056401.atp **EXHIBIT(fcs60a01)**, HB056402.atp **EXHIBIT(fcs60a02)**, HB056403.atp **EXHIBIT(fcs60a03)**, and HB056404.atp **EXHIBIT(fcs60a04)**. The first amendment changes the effective date and moves the program from the **Department of Labor** to the **Department of Commerce**. The second amendment clarifies jobs that are eligible. The third amendment clarifies the accounting regarding the grants. The fourth amendment changes the make-up of the board, and includes the community and tribal colleges. It is still the intent of the legislation to fill a void. Montana is still the only state not to provide workforce training.

Motion: SEN. EMILY STONINGTON moved that HB 564 BE CONCURRED IN.

Motion: SEN. STONINGTON moved HB056401.ATP.

SEN. STONINGTON advised the amendment will make the bill effective on passage on approval.

Discussion:

SEN. ROYAL JOHNSON noted item two changes the administration from **Commerce** to **Labor**, which is a fairly large change.

Mr. Gibson explained the amendment only affects the eligible training provider list. It includes community colleges, tribal colleges, the University System, etc. Administration will remain in his office.

Vote: Motion carried unanimously.

Motion: SEN. STONINGTON moved HB056402.ATP.

SEN. STONINGTON advised the amendment addresses the concerns of SEN. COREY STAPLETON regarding eligibility of companies who merely changed their business name.

Vote: Motion carried unanimously.

Motion: SEN. STONINGTON moved HB0560403.ATP.

SEN. STONINGTON advised the amendment clarifies the track on which loans will be repaid.

Vote: Motion carried unanimously.

Motion: SEN. STONINGTON moved HB056404.ATP.

SEN. STONINGTON explained the House expanded the committee to seven members including two members from the public. It is a loan review board that does a financial review. She felt it should be a small, efficient committee.

Discussion:

SEN. JOHNSON asked if the other two members would be members of the legislature.

SEN. GREG BARKUS indicated two members would be from the private sector and two from the business community, with one selected by the Speaker of the House, and one by the President of the Senate.

CHAIRMAN TOM ZOOK asked if legislators would be excluded.

SEN. JOHNSON said that would take a seven member, not a five-member committee. It seemed to him, there ought to be members of the legislature.

SEN. STONINGTON said initially, she didn't see why the committee was needed, because the bill is written that if you qualify for a loan, you get it. The emphasis of the committee is to look at your financials to see if you qualify for the loan. She thought that could be done by administrative rule. If there is to be a committee, it should be efficient.

SEN. JOHNSON asked if it would be even more efficient to turn it over to the **Board of Investments**.

SEN. STONINGTON agreed it would. She asked **Mr. Gibson** about that and he has some resistance to that idea.

Mr. Gibson said the money will ultimately come from the **Board of Investments**. The administration needs to not be there. The **Board of Investments** will make those loans to the administrative agency, who will then pass it out as grants to be paid for by tax increment financing.

SEN. JOHNSON said he didn't see a sunset on the bill, and asked if it just goes on forever.

Mr. Gibson said that is correct, there is no sunset.

SEN. JOHNSON asked what review the legislature will have.

Mr. Gibson presumed every two years, the legislature could come in and change the program any way they saw fit. There is a sunset in effect on individual loans. If they can't show they can pay the loan in ten years, they don't get the grant.

CHAIRMAN ZOOK asked if **SEN. JOHNSON** would like something in the bill where they report to the **Legislative Finance Committee**.

SEN. JOHNSON said that is the very least he'd like to have in there. He'd like to have two members of the legislature on the board so they understand what's going on.

CHAIRMAN ZOOK advised if the amendment fails that would be the situation, but it doesn't have to be.

SEN. MIKE COONEY pointed out this would be audited at least once every two years by the legislative auditor like any state government program. He noted in the House they said a couple of the board members would be appointed by the Governor and that is being struck. He was curious about the reasoning behind that.

Taryn Purdy, Legislative Fiscal Division, advised the way the amendment is written, four of the members were all appointed by the Governor and the amendment would restore that.

SEN. BARKUS asked why there would be no members from the public sector. They board would be loaded with five government employees.

SEN. STONINGTON said she felt the loan criteria are very clear. It is not a value judgment of whether this is a business that is appropriate for the state, etc. It is not a policy decision, it is really a financial overview decision. When a bank does a loan, they don't have a big committee, they just look at the financials. Expanding the committee to include public members brings in a whole different viewpoint.

SEN. ED BUTCHER concurred with **SEN. STONINGTON**. He favored a sunset to allow legislative review.

{Tape: 1; Side: B}

Vote: Motion failed 8-10 with **BUTCHER, COBB, COONEY, NELSON, SHEA, STONINGTON, TESTER, and TROPILA** voting aye.

CHAIRMAN ZOOK advised there is a technical amendment, and **Ms. Purdy** explained HB056405.agp and said it had **REP. JIM KEANE'S** name on it.

Motion: SEN. SHEA moved HB056405.agp. **EXHIBIT**(fcs60a05)

SEN. SHEA explained there is one State Workforce Investment Board and two Local Workforce Investment Boards in Montana. There is already representation from the Governor's office and the **Department of Labor and Industry**, but no representation on the local level. The amendment would replace the state board with a local one. These people do a great deal of grant distribution throughout the state and should be a part of this board. Her understanding was this should have been part of the bill all along, and it was left out in error.

CHAIRMAN ZOOK commented it really doesn't qualify as a technical amendment.

SEN. JOHNSON asked where the two local workforce investment boards are in the state.

SEN. SHEA said they are throughout the state in the Balance of State and the Concentrated Employment Program. There are ten counties under CEP, and the rest, including Billings, are part of the BOS. The CEP is 10 counties concentrated in her area of the state, and the BOS is the rest of the state.

CHAIRMAN ZOOK asked **Mr. Gibson** if he's comfortable with this.

Mr. Gibson indicated he would deal with anything. This program is way more important than this is important. It probably would not affect the program that much.

SEN. STAPLETON asked if **REP. KEANE** had attempted to put this amendment on in the House and it failed.

Mr. Gibson couldn't remember the exact discussion.

SEN. JOHNSON asked **SEN. STONINGTON** if this type of division was contrary to her thought process.

SEN. STONINGTON said yes.

SEN. SHEA asked **SEN. STONINGTON** to elaborate.

SEN. STONINGTON said she didn't have any problem with it and would vote for the amendment. This is the kind of nitpicking she was trying to get away from.

SEN. SHEA advised she served on the CEP board for years. The CEP and the BOS are a nice blend of what is happening around the

state in terms of workforce investment and participation. This would include folks who are really in the trenches.

CHAIRMAN ZOOK commented the Governor could strike that and send up an amendment from the Governor's office if they're uncomfortable with that concept.

Vote: Motion carried 14-4 with BUTCHER, JOHNSON, KEENAN, and ZOOK voting no.

CHAIRMAN ZOOK asked if somebody wanted to make a conceptual amendment concerning a sunset on the bill.

Motion/Vote: SEN. STAPLETON moved TO SUNSET THE BILL ON JUNE 30, 2007. Motion carried.

Motion: SEN. STONINGTON moved that HB 565 BE CONCURRED IN AS AMENDED.

CHAIRMAN ZOOK asked **SEN. JOHNSON** if he wanted an amendment about legislators.

SEN. JOHNSON thought the appointment should be by the Speaker, etc.

SEN. BARKUS said it's already in the bill.

SEN. STAPLETON said it would change it from "may" to "shall".

SEN. STONINGTON said the bill reads the Speaker and the President make the appointments, but it does not require the appointments be legislators.

SEN. JOHN COBB asked if the board has power to give the money out, or does it just advise.

CHAIRMAN ZOOK said they just decide if a company is eligible.

SEN. COBB said the reason to appoint legislators to the board is to advise, but legislators can't be on boards to actually give things out in the Executive Branch.

SEN. JOHNSON advised he would forget his amendment.

Vote: Motion carried unanimously.

EXECUTIVE ACTION ON HB 481

Motion: SEN. COBB moved that HB 481 BE CONCURRED IN.

Motion: SEN. COBB moved HB048106.asp.

SEN. COBB said the amendment revises the amount.

Ms. Purdy advised on page 6 and 7 of the bill, the amendment would only appropriate state special revenue out of the state special revenue account and there is a separate federal funds appropriation. It is strictly a technical amendment.

Vote: Motion carried unanimously.

Motion/Vote: SEN. COBB moved that HB 481 BE CONCURRED IN AS AMENDED. Motion carried unanimously.

SEN. TROPILA advised he talked to REP. DAVE LEWIS about the whereas's and whether taking them off would affect the bill. He favored a clean-up amendment.

Motion/Vote: SEN. TROPILA moved RECONSIDER ACTION ON HB 481. Motion carried unanimously.

Motion/Vote: SEN. TROPILA moved to STRIKE LINES 11-25 ON PAGE 1 IN ITS ENTIRETY. Motion carried unanimously. EXHIBIT (fcs60a06)

Motion/Vote: SEN. COBB moved that HB 481 BE CONCURRED IN AS AMENDED. Motion carried unanimously.

EXECUTIVE ACTION ON HB 659

Motion: SEN. STONINGTON moved that HB 659 BE CONCURRED IN.

SEN. BUTCHER said because of some of the concerns expressed on the committee about collusion between social workers and clients, he wanted to offer a conceptual amendment. On the first offense, the social worker would be notified and counseled by a supervisor, second offense would be a formal review, and third offense probation and then termination.

CHAIRMAN ZOOK said this would be in case there was a benevolent social worker.

SEN. SHEA said it really wasn't clear whether the errors were the department's fault or on the part of the caseworker.

CHAIRMAN ZOOK clarified it said "department errors" in the title.

SEN. BUTCHER said he also wanted to put a sunset on the bill.

CHAIRMAN ZOOK advised the amendment is directed towards the social worker and not the client.

SEN. BUTCHER replied they want to protect the client. He agreed with the essence of the bill. There could be some positive benefits in the department.

Ms. Purdy asked if he wished to use the word "error" or "offense", and **SEN. BUTCHER** said "error".

SEN. MCCARTHY thought the issue **SEN. BUTCHER** was talking about is covered in a personnel manual. She asked if there is a personnel procedure that would terminate a caseworker without putting it in a statute.

Mr. Purdy said she is not familiar with the specific personnel policies for a caseworker, but it is correct that in many instances there is a procedure to follow.

SEN. MCCARTHY didn't dispute what **SEN. BUTCHER** was doing, nor the procedure of it. She thought the employee is probably covered under a union contract which would give them a grievance procedure. She thought what he was asking was already in place, she just didn't think it has been followed.

SEN. BUTCHER said that is why something needs to be in statute. Supervisors tend to overlook these things, because they don't want a labor dispute. This is a friendly amendment, because the bill is not going to get out of the committee.

SEN. ESP asked for clarification on the amendment.

Ms. Purdy advised the amendment would lay out courses of action in the event of an error by a caseworker that resulted in an overpayment to a recipient. First, the caseworker would be notified and counseled by the supervisor, the second would be a formal review of the caseworker's work, and third would be probation and fourth would be termination. The bill would sunset at the end of the coming biennium in 2005.

SEN. ESP moved to segregate the fifth amendment from the rest of the amendment.

SEN. MCCARTHY asked if they could get the amendment in writing.

{Tape: 2; Side: A}

SEN. SHEA advised the major part of the responsibility falls with the supervisors or with the department.

SEN. BUTCHER said the amendment could say the individual involved instead of caseworker.

SEN. STONINGTON pointed out the fiscal note says the department doesn't segregate the types of overpayments. She wondered how easy it would be to track exactly who was responsible for making the error.

SEN. RICK LAIBLE said he is uncomfortable with the bill. There is a system set up with union employees in the employment contract. He understood what **SEN. BUTCHER** was trying to accomplish. He thought the department should verify the benefit calculations and then report on the impact.

CHAIRMAN ZOOK advised setting the bill aside.

SEN. TROPILA advised he asked how much time and money was spent pursuing these types of errors, and **Hank Hudson, DPHHS**, said about \$22,000.

SEN. STONINGTON withdrew her motion.

EXECUTIVE ACTION ON HB 554

Motion: **SEN. MCCARTHY** moved that HB 554 BE CONCURRED IN.

Discussion:

CHAIRMAN ZOOK advised this is one-time, and the Oil and Gas Commission agreed to this. It reduces what the Oil and Gas Commission had to spend on their reclamation.

SEN. BALES advised he was not sure the Oil and Gas Board was comfortable with this.

CHAIRMAN ZOOK said they were in committee.

SEN. BALES thought they were concerned about doing some of the reclamation or capping work they had to do.

CHAIRMAN ZOOK said the money goes into **HB 7** and has mostly been for the orphaned and abandoned oil wells up on the High Line. A lot of money is spent up there every year.

SEN. TROPILA said there is nothing wrong with the bill. It reduces the abandoned mines on a one-time only basis.

Vote: Motion carried unanimously.

EXECUTIVE ACTION ON SB 424

Motion: **SEN. NELSON** moved that SB 424 BE INDEFINITELY POSTPONED.

SEN. NELSON explained it was better to wait for two years as the bill needs work. The **Department of Administration** had problems with it.

Vote: Motion carried unanimously.

EXECUTIVE ACTION ON SB 426

Motion/Vote: **SEN. SHEA** moved that SB 426 BE INDEFINITELY POSTPONED. Motion carried unanimously.

EXECUTIVE ACTION ON HB 520

Motion: **SEN. BUTCHER** moved that HB 520 BE INDEFINITELY POSTPONED.

SEN. BUTCHER didn't think a commission of affordable housing would gain anything. It is a tendency of the legislature to appoint interim committees, etc., to make everybody feel good. It doesn't gain anything or add to the ability of legislators. They all know there's a problem, but there is no money.

Vote: Motion carried 10-9 with **COBB, COONEY, MCCARTHY, NELSON, SCHMIDT, SHEA, STONINGTON, TESTER,** and **TROPILA** voting no.

EXECUTIVE ACTION ON SB 424

Motion/Vote: **SEN. NELSON** moved to RECONSIDER ACTION ON SB 424. Motion carried unanimously.

SEN. NELSON advised she meant to indefinitely postpone **SB 448**.

EXECUTIVE ACTION ON SB 448

Motion/Vote: **SEN. NELSON** moved that SB 448 BE INDEFINITELY POSTPONED. Motion carried unanimously.

Motion: **SEN. TASH** moved TO REQUEST 10 BILL DRAFT REQUESTS TO CHANGE MONTANA STATUTES.

SEN. TASH explained this would be to have some bill draft requests in the event they are needed to change statutory appropriations in HB 2.

CHAIRMAN ZOOK advised it is a request that came from leadership.

Vote: Motion carried unanimously.

ADJOURNMENT

Adjournment: 9:40 A.M.

SEN. TOM ZOOK, Chairman

PRUDENCE GILDROY, Secretary

TZ/PG

EXHIBIT (fcs60aad)