

**MINUTES**

**MONTANA SENATE  
59th LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON FINANCE AND CLAIMS**

**Call to Order:** By **CHAIRMAN MIKE COONEY**, on April 13, 2005 at 12 P.M., in Room 317 Capitol.

**ROLL CALL**

**Members Present:**

Sen. Mike Cooney, Chairman (D)  
Sen. Keith Bales (R)  
Sen. Gregory D. Barkus (R)  
Sen. John Brueggeman (R)  
Sen. John Cobb (R)  
Sen. John Esp (R)  
Sen. Ken (Kim) Hansen (D)  
Sen. Bob Hawks (D)  
Sen. Bob Keenan (R)  
Sen. Rick Laible (R)  
Sen. Greg Lind (D)  
Sen. Trudi Schmidt (D)  
Sen. Corey Stapleton (R)  
Sen. Jon Tester (D)  
Sen. Dan Weinberg (D)  
Sen. Carol Williams (D)

**Members Excused:** Sen. Steven Gallus (D)  
Sen. Don Ryan (D)

**Members Absent:** None.

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

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

**Committee Business Summary:**

Hearing & Date Posted:  
Executive Action: HB 531

**CHAIRMAN MIKE COONEY** wanted to see if the committee might want to amend HB 531, to fund the McLaughlin Research Institute expansion, and see if there is any interest in sending it out. The amendment would amend the amount downwards from \$750,000 to \$375,000. **SEN. JON TESTER** indicated he had not talked to **SEN. STAPLETON**, **SEN. KEENAN**, or **SEN. ELLINGSON**, but it was thought if the bill was read across the rostrum today it would be on second reading. If it passed second reading then there would a vote to suspend the rules to read it on third reading tomorrow. Then the House would not have to suspend the rules, and the bill would meet transmittal deadline.

**EXECUTIVE ACTION ON HB 531**

*{Tape: 1; Side: A; Approx. Time Counter: 2.6}*

**Motion:** **SEN. SCHMIDT** moved that HB 531 BE CONCURRED IN.

**Discussion:**

**SEN. SCHMIDT** said the testimony was that \$750,000 had to do with getting a good match from two particular foundations.

**SEN. BOB HAWKS** referred to the brochure and financial statement for the McLaughlin Institute and noted they seem to have considerable net assets. He wondered if they need outside money to achieve the match. **SEN. SCHMIDT** advised they need the state support to get the match, and that is why they are coming to the Legislature at this time.

**SEN. JOHN ESP** said at the end of last year they had \$8 million in unrestricted assets. He did not think this had the same threshold of need as some other programs that they have yet to fund. He thought they could raise the money or spend their own money.

**SEN. CAROL WILLIAMS** said the \$2 million given to the institute in the past by the state returned \$35 million to Montana's economy. She was surprised by the connection throughout Montana to other research institutes. She had quite a bit of mail from Missoula on the importance of this program, because the Heart Institute at the hospital in Missoula has actually been using McLaughlin for some of their research. She thought it was a program worthy of funding, but did not know if the full amount is the right idea.

**Motion:** **SEN. COONEY** moved TO STRIKE "\$750,000" AND INSERT "375,000 ON PAGE 2, LINE 3.

**CHAIRMAN COONEY** said he agreed with **SEN. WILLIAMS** that this is an organization that has done great things and has truly contributed to Montana's economy and has the potential to continue to do that. He expressed concern about other groups coming forward to demonstrate that they contribute to the state's economy as well. There is a track record, and the precedent was set when the state originally granted some dollars to McLaughlin who then lived up to their end of the bargain. He did not think they were in a position at this point to offer them the whole \$750,000. If this motion carries and this bill passes this could be viewed as a strong statement that the state appreciates what McLaughlin does and continues to want to be a partner with them in their mission. He thought in the long run this could have a potential impact on the economy of Great Falls and the economy and the high tech industry in Montana.

**SEN. KEITH BALES** said \$375,000 would be better than \$750,000, but he questioned the wisdom of even that amount. The original amount was for seed money to get an enterprise going. It is going now and is supposedly successful. If the institute is given another \$375,000 at this point in time, he wondered if other industries that were given grants will come back when they want to expand. He thought they should be able to generate enough money to expand. He thought this was a dangerous road to go down.

**SEN. GREG BARKUS** spoke against the amendment because it would be a quarter of what they originally asked for. He was concerned that agencies and institutions might start pumping up what they ask for in anticipation of getting cut back. He thought if it was a worthy project they ought to fund it the way it was originally intended and not encourage institutions to ask for \$5 million when they only want \$1 million.

**SEN. TESTER** commented it was interesting the methods they use debating bills and how they change. He thought research agencies were different than government agencies. He had been lobbied on this issue, and some of the same issues people strongly feel should be funded in this session are taken up by the McLaughlin Institute. Anyone in agriculture knows what kind of impact BSE could have if it is ever found in the United States. The institute is working on this, and he hoped it could be solved before there is a problem. He noted research dollars are hard to come by these days. He spoke to Sen. Max Baucus' office, and they felt this could be easily matched with some federal dollars. He agreed people might come in with an inflated figure next time, but that same argument can be used for state agencies and global cuts. The Institute is going to try to determine if a cow has BSE when it is still alive. He thought there were a lot of

positives for industry in Montana from this proposal. He was hesitant to fund this because there were a lot of good projects that were not funded. In this case, where critical issues affect both humanity and business, he thought it was probably a wise thing to do.

**Vote: Motion on the amendment carried 14-5 by roll call vote with SEN. BALES, SEN. BARKUS, SEN. ESP, SEN. KEENAN, and SEN. STAPLETON voting no.**

**Motion: SEN. SCHMIDT moved that HB 531 BE CONCURRED IN AS AMENDED.**

**Discussion:**

**SEN. LAIBLE** spoke against the bill. He recalled the work they did on HB 2 when they tried to get amendments on the floor for the agriculture community. They tried to get the funding on the floor for the Universities and College of Technology. Tuition will rise eight percent each year over the next two years. He thought this was a worthwhile endeavor, but was not sure they needed to be a partner in it. The brochure reported the institute received a new grant from the National Institute of Health to fund research at McLaughlin. When they solve the problem of Alzheimers, the state will not be a partner, only a contributor. He did not think this is what taxpayers want them to do.

**SEN. GREG LIND** asked for a brief overview of when this has happened before. He wondered if this was common practice to make grants to private non-profits. **CHAIRMAN COONEY** did not think this is a common practice. It was done in 1989 when the state gave McLaughlin \$2 million. There are grant programs through economic development, etc.

**SEN. TESTER** noted that Yellow Bay was affiliated with the University of Montana, but it was his understanding they are a private. **SEN. BOB KEENAN** advised it is part of the University, and they are all faculty members. The University owns the property.

**CHAIRMAN COONEY** observed the state offers tax breaks, and indicated that ASiMI received some sort of tax break. There are other ways to make these efforts to improve the economy. An outright appropriation is not a common practice.

**SEN. JOHN COBB** said they give money to agencies, and they give it to non-profits. The Universities are given money, and they give

it to non-profits or profits to make money. He said some incentives are left on forever, such as those for oil and gas.

**SEN. BALES** agreed with **SEN. TESTER** that the work McLaughlin is doing is important and crucial. If there is BSE in this country the harm is already done, and the blood test will find that a little sooner. He agreed with **SEN. COBB** that the state contracts with a lot of different organizations for services that are rendered in human services and corrections. When they built Community Corrections the state signed a contract with them. He did not support the bill.

**SEN. SCHMIDT** advised there are different ways of giving money and getting money back. She recalled tax cuts, tax breaks, and tax incentives that were given and did not think that was much different. She thought they needed to look at the whole picture of what they do here.

**SEN. ESP** responded that the whole idea of the finance committee was to figure out priorities and what programs are more important to fund than others. He did not think this should be the priority of this committee. There are other things that are still unfunded that they need to look at before they look at something like this, including the hole in the retirement systems. He said they need to look at whether this will do more good in this program or in the Livestock Specialist at Miles City or the Grain Specialist. That is what they have to weigh in the end, and he thought there were still other things that were off the table that would do more good than this. He urged them to resist the motion.

**Vote:** Motion carried 12-7 by roll call vote with **SEN. BALES, SEN. ESP, SEN. KEENAN, SEN. LAIBLE, SEN. LARSON, SEN. LIND, and SEN. WEINBERG** voting no.

**ADJOURNMENT**

Adjournment: 12:35 P.M.

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SEN. MIKE COONEY, Chairman

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PRUDENCE GILDROY, Secretary

MC/pg

Additional Exhibits:

**EXHIBIT ([fcs79aad0.PDF](#))**