

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
57th LEGISLATURE - SPECIAL SESSION
FREE CONFERENCE COMMITTEE ON HOUSE BILL 2**

Call to Order: By **CHAIR BOB KEENAN**, on August 10, 2002 at 10:25 P.M., in Room 303 Capitol.

ROLL CALL

Members Present:

Sen. Bob Keenan, Chair (R)
Sen. Linda Nelson (D)
Sen. Tom Zook (R)
Rep. Dave Lewis, (R)
Rep. Matt McCann (D)
Rep. Bob Story (R)

Members Excused: None.

Members Absent: None.

Staff Present: Clayton Schenck, Legislative Branch
Mary Lou Schmitz, Committee Secretary

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 2
Executive Action: HB 2 Adopted As Amended

Chairman Bob Keenan brought the Free Conference Committee meeting to order.

EXECUTIVE ACTION ON HB 2 AMENDMENTS

Representative Dave Lewis moved and explained amendment HB000220.apj. Motion passed unanimously.

Chairman Keenan moved and explained amendment HB000218.apg. Motion passed unanimously.

Senator Zook moved amendment HB000220.apg. **Pat Gervais, Legislative Staffer** said this amendment includes language. When

the Senate adopted the amendment, \$2 million reduction in the Department of Public Health and Human Services, language was not included. **Representative McCann** did not oppose the amendment but asked if this amendment was on the status sheet? **Chairman Keenan** said yes.

Motion passed unanimously.

Chairman Keenan moved amendment HB000217.aty. Motion passed unanimously.

Representative Lewis moved and explained amendment HB000219.aty. Motion passed 5-1 with **Representative McCann voting no.**

Chairman Keenan moved and explained amendment HB000223.alz. Motion passed unanimously.

Representative Lewis moved and explained amendment HB000204.ajs **Jim Standaert, Legislative Staffer**, said HB 7 creates a new state special guarantee account for BASE aid. If both HB 7 and HB 4 pass, HB 4 will take timber money and puts it in that guarantee account. That money is used to pay for BASE aid appropriation in HB 2 from the general fund. It amounts to about \$51.7 million. The appropriation from the general fund to BASE aid is reduced by the \$51.7 million.

Motion passed unanimously.

Chairman Keenan moved and explained amendment HB000207.atp.

Motion passed unanimously.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 14.9}

Chairman Keenan declared a recess at this point.

Representative McCann moved an amendment to divide amendment HB000222.apj. **Representative Lewis** said the House's intentions were, if they passed HB 30, to allocate \$639,000 to offset the FY 2003 funding reductions in cost to foster care services. They allocated \$302,000 to offset the FY 2003 reductions in childcare matching funds. They allocated \$686,000 to offset FY 2003 reductions in Medicaid Outpatient Mental Health Services for children with serious emotional disturbances and adults with serious mental health illnesses. The House allocated \$250,000 to offset FY 2003 reductions for expanded children's health services program (CHIP) and \$89,000 to offset FY 2003 for CHIP waiting list. The total of these allocations was over \$1,900,000. With this amendment it will be a little less.

Senator Nelson asked **Representative McCann** if it was his intent to cut the University system out altogether and not come back with any further funding for them? **Representative McCann** said yes, that is the intent. **Senator Keenan** said what they have done in the Department of Health and Human Services is to reduce, in general fund, their spending by \$4.88 million. A big part of that would be money that the legislature has encouraged the Department of Health and Human Services to go out and get through methods of re-financing. A consultant has done a study and a report to the legislative finance committee has outlined the way that the Department or a consultant, or a combination of the two, can maximize the re-financing yield of general fund money, by collecting federal funds for activities which, at this point in time, are funded with general fund only. In essence, they are leaving federal money on the table.

Gail Gray, Director, Department of Public Health and Human Services said there are a number of ways they can maximize federal funding. The concern they have is, would it be possible to get up to \$3 million in this year. There are time lines involved. They feel it is something to do, however, especially for the long term, to improve the fiscal situation at DPHHS.

Senator Zook said he would resist the motion.

Representative Story asked if there is \$2.8 million the Department has to come up with? **Director Gray** said there are four areas of re-financing they are pursuing. Her understanding is that they can collect and keep up to \$3 million. She feels that is very doable once they have things up and going. They don't think they can collect that much this year. She has met with Budget Director **Swysgood** and told him they are confident they can raise half of it and with the assistance of the legislature they can raise more than that.

{Tape : 1; Side : A; Approx. Time Counter : 14.9 - 29.1}

Representative McCann's motion failed on a tie vote with **Senators Keenan, Nelson and Zook** voting no.

Representative McCann moved amendment HB000206.agh.

Gary Hamel, Legislative Staffer, said, in answer to a question from Chairman Keenan, there will not be duplication. He pointed out that in HB 9, Section 1, it transfers funding money from the excess RIT Trust fund into the Department of Natural Resources for a funding switch. Section 8 of HB 9 transfers \$300,000 of excess RIT Trust Fund to a state special revenue fund. There is

a conflict in HB 9. The amendment appropriates \$300,000 to the Department of Agriculture for the purpose of weed eradication. There are also some language changes there. This amendment will allow the transfer from HB 9 to be appropriated to the Department of Agriculture.

Amendment HB000206.agh passed unanimously.

Chairman Keenan moved and explained amendment HB000216.alt.

This amendment cleans up HB 2. Apparently in the House, there was an amendment to HB 2 with an appropriation of \$75,000, general fund money for the Amber Alert System in the Department of Justice. An LC was drafted for this purpose to put this as a statutory appropriation against using the transfer of \$75,000 in prison industries funds. The Bill did not proceed past the draft stage.

Representative Story said this amendment went on in the House on HB 2, because a program can't be created in HB 2. It needs statutory language to create a program. This is a new program.

Amendment HB000216.alt passed 4-2 with **Senators Nelson and Zook voting no.**

Chairman Keenan moved amendment HB000217.alt.

Lorene Thorson, Legislative Staffer, said this puts language in HB 2 that would encourage the Department to allow an early discharge of offenders admitted to the Department of Corrections to relieve the high prison populations. It is legislative intent.

Amendment HB000217.alt passed 5-1 with **Representative McCann** voting no.

Chairman Keenan moved and explained amendment HB000206.ajs.

This is a general fund transfer to the education flex fund and increases spending authority.

Amendment HB000206.ajs passed unanimously.

Chairman Keenan moved and explained amendment HB000222.apj.

Representative Lewis moved to segregate the \$2.1 million flex account. Motion failed 3-3

Ms. Purdy, legislative staffer, said it is not necessary to segregate #3.

Senator Nelson referred to amendment HB000216.alt, the Amber Alert System and removed the contingency language, and moved the amendment. Motion passed unanimously.

Senator Keenan moved amendment HB000222.apj.

{Tape : 1; Side : B; Approx. Time Counter : 0 - 29.1}

Ms. Purdy referred to the amendment, explaining Items 1 and 2 add \$550,000 to the Department of Public Health and Human Services. #3 in the amendment is not necessary. #4 adds \$2.1 million to the flex fund. #5 and #6 add \$79,326 to the state library. Items 7 and 8 add \$1,270,674 to the University System.

Chairman Keenan amended his motion for passage on HB000222.apj without #3.

Chairman Keenan referred to the chart on page 2. The Department of Public Health and Human Services has an opportunity to re-finance general fund dollars to maximize their revenue with federal funds that are available.

Amendment HB000222.apj passed unanimously.

The Free Conference Committee adopted HB 2 as amended HB000222.apj.

ADJOURNMENT

Adjournment: 12:20 A.M.

SEN. BOB KEENAN, Chair

MARY LOU SCHMITZ, Secretary

BK/MS

EXHIBIT (frh06hb0002aad)