

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

#### SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By Chairman Gary Spaeth, on January 26, 1989,  
1989, at 9:00 a.m.

#### ROLL CALL

Members Present: All were present with the exception of Senator  
Devlin.

Members Excused: Senator Devlin was excused but entered the  
meeting later.

Members Absent: None

Staff Present: Evan McKinney, LFA  
Jane Hamman, OBPP  
Donna Grace, Committee Secretary  
Peter Blouke, LFA

#### HEARING ON DEPARTMENT OF COMMERCE

List of Proponents and Group they Represent 35:A (001)

Brent Markle, Department of Commerce  
Andy Poole, Department of Commerce  
Carolyn Doering, Department of Commerce  
Tom Clinch, Department of Commerce  
Sandy Courtnage, Department of Commerce  
Gary Koepplin, Board of Horse Racing  
John Willems, Video Gaming Control Bureau  
Diana Dowling, Montana Lottery  
Jerry LaChere, Montana Lottery

Mr. Poole stated that there were some unresolved issues to be  
considered first thing this morning in relation to the  
Department of Commerce.

#### Management Services

Issue No. 2. Subscription Costs. Brent Markle, Department of  
Commerce attorney, stated that he had investigated the cost  
of a legal data base and had determined the cost of the  
Lexis system to be approximately \$2,000 per year.

MOTION: Senator Jergeson made a motion to approve \$4,000 for the  
biennium to pay for the legal data base.

VOTE: MOTION PASSED. All present voted in favor of the motion.

County Printing Board (119)

Mr. Poole stated that this was an issue that had not been brought before the committee before and was not outlined on the LFA analysis. He said they would like to include \$1,000 in general fund money for each year of the biennium for the purpose of running the County Printing Board. He stated that they had proposed legislation through the executive branch to eliminate this board because they haven't met in a number of years. Statutorily they are required to meet once a year but they haven't done that. The bill to eliminate this Board was killed in committee so it will be necessary to continue to fund this board in the event they do meet.

MOTION: Senator Jergeson made a motion to appropriate \$1,000 per year for the County Printing Board. They funds are to be reverted to the general fund if not used.

VOTE: MOTION PASSED. All present voted yes.

Office of Research and Information (207)

Mr. Poole stated that the committee had asked for more information relative to this division before they took any action on its budget. Sandy Courtnage, Administrator, advised the committee that they had applied for a grant of federal funds and had received word that morning that the request had been turned down. This would mean they would have to eliminate one FTE and associated costs from their budget. Ms. Courtnage did present the committee with more information as requested in a prior meeting. A copy of the information furnished is attached as Exhibit 1.

Because of the loss of federal funds, Chairman Spaeth asked the LFA and OBPP to meet with the department to develop a new budget as well as an issue sheet which would reflect the cuts. This matter will appear on the agenda first thing Friday morning.

De-earmarking of Special Revenue Accounts (505)

Mr. McKinney stated that the Legislative Finance Committee had identified a list of fund balances that could possibly be de-earmarked and put back into the general fund. Two of the accounts were in the Department of Commerce. The Fireworks Wholesalers account has a fund balance of \$68. Mrs. Doering stated that there was no problem de-earmarking this money however she did question the administrative costs associated with the transfer. Mrs. Doering stated that there would be a problem with the Professional and Occupational Administrative Services fund because this is what they refer to as a "contingency pool of authority" for the professional and occupational licensing boards. There is no money in the fund, it is simply a pool of authority to be used for

extraordinary legal purposes.

Ms. Hamman explained that the authority has to exist in a state special revenue account. When they need to make a legal expenditure there is the capability for the Board to transfer the money. If the fund were de-earmarked, it would do away with the authority.

MOTION: Representative Kimberley made the motion to maintain both special revenue accounts at their current status without de-earmarking.

VOTE: MOTION PASSED. All present voted yes.

Board of Housing, Section VIII

Ms. Hamman directed the committee's attention to the last paragraph, page 305, of the proposed executive budget relative to the Section VIII Housing Bureau. Exhibit 2. She stated that the executive had reviewed a proposal to do a comprehensive statewide housing survey, mainly focusing on housing for low income residents during the 1991 biennium. She said there was a need for this type of information particularly in relation to applications for federal grants. She requested language to authorize the bureau to submit an operations plan change that includes an additional FTE research specialist and operating expenses for the 1991 biennium.

MOTION: Senator Jergeson made a motion that the recommended language be adopted.

VOTE: MOTION PASSED. All present voted yes.

Bank Examiner Position 35:B (001)

Mr. McKinney explained that one FTE had been eliminated from the budget because it had been vacant for some time. Mr. Poole explained that they planned to move this position from the Financial Division to Montana Promotion so that a position would be available for an employee on leave without pay due to a medical condition. The proposal presented by the Department is outlined in Exhibit 3.

MOTION: Representative Swift made a motion to accept the department's recommendation to move the position with language included that would indicate that the situation should be reviewed at the end of two years.

VOTE: MOTION PASSED. All present voted in favor.

The LFA and OBPP were directed to reconcile the costs for this position and provide the appropriate language.

Horse Racing (141)

Mr. Gary Koepplin, Executive Secretary to the Board of Horse Racing, appeared before the committee to present the proposed budget for this Board. He stated that there are 8 race tracks in the state and they regulate 4,500 licensees. The Board consists of 5 members from different geographic areas who are appointed by the Governor.

**Executive Action:**

LFA Analysis - Exhibit 4.

Issue No. 1. The executive budget includes \$7,425 more for employee benefits than is included in the LFA budget. This item is primarily for payment of Workers Compensation costs for seasonal employees.

**MOTION:** Representative Swift made a motion to accept the executive recommendation.

**VOTE:** MOTION PASSED. All present voted in favor.

Issue No. 2. The LFA includes \$15,232 more for contracted services than is included in the executive budget. Mr. Koepplin stated that contracted services for temporary employees relates directly to the number of race days and they have had applications to add more race days.

**MOTION:** Representative Iverson made a motion to accept the LFA.

**VOTE:** MOTION PASSED. All present voted yes.

Issue No. 3. The executive budget includes \$4,362 more for travel than is included in the LFA budget. Mr. McKinney indicated the LFA was low because his figures were based on 1988 travel. During that year the position of executive secretary was vacant for part of the year.

**MOTION:** Representative Swift moved the executive recommendation be adopted.

**VOTE:** MOTION PASSED. All present voted yes.

Issue No. 4. Proposed Modification - Training for Officials. Mr. McKinney stated that this modification would fund a training course for new race officials.

**MOTION:** Representative Kimberley made a motion to accept the modification with the recommendation that the program be reviewed in two years.

**VOTE:** MOTION PASSED. All present voted in favor.

Issue No. 5. Executive Issue - Regulation on Indian Reservations. Exhibit 5. Ms. Hamman stated that due to the

possibility of the regulation of horseracing on Indian reservations as a result of pending federal legislation, she recommended that the general appropriations act include the following language "The Board of Horse Racing may request a budget amendment to implement the mandated federal requirements of regulation on Indian reservations. Such request shall be considered to meet the emergency provisions of 17-7-403, MCA."

MOTION: Representative Iverson moved that the recommended language be adopted.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 6. This item did not appear on the list of issues to be considered, however, the executive budget office recommends that language be incorporated in the general appropriations act: "The Board of Horse Racing may request a budget amendment for the cost of implementing harness racing in Montana. Such request shall be considered to meet the emergency provisions of 17-7-403, MCA."

MOTION: Representative Swift made a motion to adopt the recommended language.

VOTE: MOTION PASSED. All present voted in favor.

Video Gaming 36:A (014)

John Willems, Bureau Chief, described the activities of the Video Gaming Control Bureau. He stated that the Bureau is responsible for the control and regulation of electronic video gambling machines. Exhibit 6. This represents approximately 7,500 machines in over 2,000 locations. In addition to licensing the machines the bureau operates a testing facility for inspection and approval of the games. The bureau collects and distributes to the state general fund and nearly 200 local government entities a 15% tax on net machine income. The bureau is also responsible for the investigations and enforcement of laws and rules pertaining to these devices and also licenses manufacturers and distributors of video gambling machines.

Mr. Willems also specifically addressed the video gaming regulations on Indian reservations. He stated that this is a federally mandated situation and there is a deadline which requires that all negotiations with the reservations be completed by October 1989.

Executive Action:

LFA Analysis - Exhibit 7.

Issue No. 1. Peter Blouke, LFA, stated that the executive budget includes one FTE that was excluded from the LFA budget

because the position was transferred to the bureau during fiscal 1988.

MOTION: Representative Swift moved the executive recommendation be adopted.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 2. The LFA equipment budget is \$13,684 higher than the executive. This occurred because the LFA budget included more funding for computers and terminals, office equipment and lab equipment.

MOTION: Senator Devlin moved the executive recommendation be adopted.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 3. Proposed Modification - Clerical Support. This modification would add two FTE for clerical support position. The need is due to increased workload.

MOTION: Representative Kimberley moved the adoption of the modification.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 4. Proposed Modification - Department of Revenue Workload. This modification would provide spending authority to expand the investigation and enforcement activities and, again, is tied directly to the increased workload. Mr. Blouke stated that they maintained a contract for services with the Department of Revenue Investigation Bureau. Ms. Hamman stated that she had worked with the bureau in putting together the budget figures and they could be justified.

MOTION: Representative Swift made a motion to adopt the modification.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 5. Proposed Modification - Legal Counsel. This modification would add one FTE attorney to the bureau staff. Mr. Blouke stated that there was a need for an attorney for a variety of circumstances as gambling was a reasonably complex area and they need someone who has the ability to specialize and deal with the private entities that they are involved with.

MOTION: Senator Devlin made a motion to accept this modification.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 6. Executive Issue - Regulation of Indian Reservations. This issue is outlined in Exhibit 6. The bureau anticipates that fees for the services provided will furnish the necessary revenue to cover these costs. The fees will be paid by the reservation receiving the service.

MOTION: Senator Jergeson made a motion to include the appropriate language in the general appropriations bill to provide for this program.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 7. The executive budget recommends that language be included in the general appropriations act that the Video Gaming Control Bureau may request a budget amendment to incur expenses pursuant to agreements with other states to provide gaming machine testing and training services should such requests materialize.

MOTION: Senator Devlin moved the adoption of the recommended language which should include language stating that the Bureau would be reimbursed for any costs incurred in this operation.

VOTE: MOTION PASSED. All present voted in favor.

#### Creation of Gaming Commission

Mr. Poole stated that as a result of the Gaming Advisory Council recommendations, this modification would provide the spending authority for a new Gaming Commission. The recommendation would add 3 FTE at the Department of Revenue, 3 FTE at the Video Gaming Control Bureau, 5 Gaming Commission members and 9 Gaming Advisory Council members. The total cost would be \$264,573 in 1990 and \$252,220 in 1991. The particular bill that this modification relates to was put in by the former administration. Mr. Poole said he understood the bill would be coming from the Attorney General's office in a different form.

Chairman Spaeth stated that the committee would take this matter under advisement to be reconsidered at a later date. He stated that perhaps it was an issue that would have to be considered by the full appropriations committee or on the floor of the House.

#### Montana State Lottery (515)

Ms. Diana Dowling stated that the Montana Lottery is now 20 months old. It is a revenue-generating business operated by the state. There are three divisions in this department which are security, operations and marketing. Exhibit 8. Mrs. Dowling explained the responsibilities of each division. She said that the \$1.5 million startup loan had been repaid in a matter of weeks and that \$8.4 million in

profit had been turned over to the Office of Public Instruction for distribution as equalization aid to the school districts' retirement funds.

The available revenue is now down significantly. Mr. Blouke stated that the administration proposed and the department will submit legislation to repeal the statutory appropriation for lottery administrative expenses. The proposed legislation will also include language authorizing the program administrator to submit a revised operation plan for review. The bill will be heard in the State Administration Committee and would drastically effect the lottery. The bill recommends eliminating the statutory appropriation for operations and they would operate in the future with a budget submitted to the legislature similar to that of all other state agencies.

Chairman Spaeth asked Mr. Blouke to address the revenue issues for the Lottery. He stated that the estimate of revenue at the time the budget was put together was approximately \$19.7 for the biennium; however, the state accounting report through December 30 showed revenue of \$6 million. The revenue on which this budget was developed is down very significantly and there simply is not enough revenue to support the budget as developed unless the bill being presented should pass.

Chairman Spaeth stated that, since there are revenue projection problems, and there is also a bill that could affect the budgeting for this operation, that Mr. Blouke meet with Mrs. Dowling regarding new revenue projections and come up with a budget reflecting the revenue estimates assuming the bill does not pass. Mrs. Dowling stated that the Lottery could not survive on the 15% authorized for operations and the choice would be to close it down. The matter will be reconsidered tomorrow.

Announcements/Discussion: None.

ADJOURNMENT

Adjournment At: 11:30 a.m.

  
REP. GARY SPAETH, Chairman

GS/dg

2226.mina



January 26, 1989

MONTANA DEPARTMENT OF COMMERCE  
OFFICE OF RESEARCH AND INFORMATION SERVICES  
Census & Economic Information Center

The functions of the Montana Department of Commerce are articulated in the Montana Codes, 90-1-101 through 90-1-109--Planning, Research and Development.

Together, the Office of Research and Information Services (ORIS) and the Census and Economic Information Center (CEIC) collect and disseminate information regarding the spectrum of topics that comprise the "web" of planning and development of the economy of Montana.

Particular attention should be called to MCA 90-1-109:

"State Census and Economic Information Center. The department of commerce shall, in cooperation with other state, federal, and local agencies, establish and maintain a central depository of information, including computer-retrievable files, concerning the significant characteristics of the state, its people, economy, land, and physical characteristics. The department shall analyze and disseminate such information to state, federal and local agencies and to the general public."

The ORIS/CEIC is an information gateway for a variety of both public and private individuals and agencies seeking comprehensive economic and demographic information. The division maintains a collection of documents addressing the economy of the state (historical as well as current) including special papers, annual, quarterly, and monthly statistical reports from other Montana governmental agencies.

The division's connections in the "greater statistical community" are with the U.S. Department of Commerce, especially its Bureau of the Census and Bureau of Economic Analysis. Membership in the State Data Center program and the Business and Industry Data Center program, both operated by the Census Bureau, provides the CEIC with sources of federal data (print and non-print), information and professional expertise central to economic development and policy concerns. As the lead agency in the Montana State Data Center program, CEIC will be central to the receipt, reproduction, and distribution of the data and maps collected in the 1990 Census.

The various state agencies participating in the network of information production, analysis, distribution, indeed share information. Generally, it is viewed that these various agencies complement one another--cooperation, rather than competition, being desirable in a state where scarce resources must be allocated wisely.

Many agencies have specialty uses or a single research focus, thus the specific data. The Office of Research & Information Services nearly provides a one-stop economic information resource as possible, thus making the planning of doing business in the state as easy and accessible as possible.

## Partial List of Data Received by ORIS

1. Demographic information on Montana from the U.S. Census Bureau
  - Agriculture Census
  - Manufacturers Census
  - Mineral Industries Census
  - Wholesale/Retail Trade Census
  - Transportation Census
  - Service Industries Census
  - 8-part Government Finances Census
2. We also have the same information as #1 for the adjacent states and for the U.S.
3. Bureau of Economic Analysis: Annual and Quarterly Data Series
  - Income
  - Employment
  - Farm Income
  - Transfer Payments
4. Survey of Current Business, monthly from the U.S. Commerce Department
5. Labor Review, monthly, from Bureau of Labor Statistics
  - send CPI to numerous state government and private sector users on a regular basis.
6. Housing statistics on a monthly basis
7. Construction Review, statistics on a monthly basis
8. County Business Patterns, annual
  - number of establishments by SIC code by county
  - payroll
  - employees
9. Numerous journals and periodicals
  - Association of Public Data Users newsletter
  - Data Informer
  - American Marketplace
  - Census and You
  - American Demographics
  - State Policy Reports
  - Business Week, Inc.
  - Venture
  - Business America
  - Sales and Marketing Management
10. Limited International Data

EXHIBIT 1  
DATE 1-26-89  
IB 100

## USERS OF SERVICE

### DOC

#### Director's Office:

- economic conditions analysis - public policy decisions

#### Business Assistance Division:

- demographics used for relocation/recruitment efforts
- information on economy in general, regions of interest
- products, services, niches

#### Local Government Organizations/Chambers:

- analysis for micro community
- ORIS an information source for communities preparing economic profiles in order to satisfy the Business Assistance Division's Certified Community program requirements

#### BEA data (income, employment, farm income, transfer payments) frequent users:

- Department of Agriculture
- Legislative Fiscal Analyst's Office
- Department of Natural Resources & Conservation
- Department of Revenue
  
- mining companies/natural resource-based companies
- communication companies
- consultants
- service industry companies

[For example, all EIS work requires detailed economic activity information over time]

#### Montana Legislature:

Tax proposals  
Fiscal Notes, usually assist those preparing

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Data Received by Others that ORIS Gathers and Distributes:

1. Department of Health & Environmental Sciences
  - Vital Statistics
2. Department of Labor & Industry--various reports
  - quarterly & annual Montana Employment & Wages
  - monthly Labor & Market Statistics
3. Department of SRS
  - welfare case loads
  - AFDC by county
  - other "economic assistance" data
4. Department of Revenue
  - biennial and annual taxation information
5. Department of Justice
  - monthly, quarterly, annual vehicle registration statistics
6. Office of Public Instruction
  - enrollment, etc.
7. Commission of Higher Education
  - university enrollment data
  - classes
  - degrees awarded
8. Bureau of Business & Economic Research (UM)
  - Montana Business Quarterly
  - forecasts
9. Montana Agricultural Statistics Reporter
  - bimonthly newsletter and annual report
  - they combine own ag. stats received from the federal government with BEA data that we provide to them
10. Association newsletters
  - Chambers of Commerce
  - MACo
  - Montana Taxpayers Association, etc.

Summary:

ORIS/CEIC = ease of access to information combined with service analysis and interpretative assistance as necessary

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DEPARTMENT OF COMMERCE

EXHIBIT 2  
 DATE 1-26-89  
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HOUSING ASSISTANCE BUREAU Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	7.00	7.00	7.00	7.00
Personal Services	179,471.09	183,206	181,043	181,297
Operating Expenses	108,292.55	104,530	109,889	108,474
Equipment	8,655.00	696	11,330	10
Grants	9,288,999.99	9,744,360	12,382,880	12,395,005
<b>Total Program Costs</b>	<b>\$9,585,418.63</b>	<b>\$10,032,792</b>	<b>\$12,685,142</b>	<b>\$12,685,142</b>
Federal & Other Spec Rev Fund	9,585,418.63	10,032,792	12,685,142	12,685,142
<b>Total Funding Costs</b>	<b>\$9,585,418.63</b>	<b>\$10,032,792</b>	<b>\$12,685,142</b>	<b>\$12,685,142</b>
Current Level Services	9,585,418.63	10,032,792	12,685,142	12,685,142
<b>Total Service Costs</b>	<b>\$9,585,418.63</b>	<b>\$10,032,792</b>	<b>\$12,685,142</b>	<b>\$12,685,142</b>

**Program Description**

The Housing Assistance Bureau's function is to provide decent, safe, and sanitary housing to eligible low-income families and individuals (including elderly, disabled, and handicapped families) through federally-funded rental assistance and rental unit rehabilitation programs.

Grants for housing assistance program activities increased 33% from FY88 to FY90, with the most significant increase occurring in Section 8 voucher payments to local landlords which increase by \$423 thousand.

Revenue is 100% federal U. S. Department of Housing and Urban Development funds.

**Budget Issues**

There are no FTE or compensation changes from the 1989 to the 1991 biennium. Vacancy savings is 2%.

Operating expenses are budgeted at current level with inflation. Equipment for FY90 is a printer, file cabinet, work table and computer upgrade. Equipment for FY91 is a file cabinet.

The Section 8 Housing Bureau is proposing to do a comprehensive, statewide housing survey, mainly focusing on housing for low income residents, during the 1991 biennium. An in-depth housing profile is needed for short- and long-term planning related to the increasing federal grant levels. In order to accomplish this task, it is recommended that the general appropriations act include language authorizing the bureau to submit an operations plan change that includes an additional 1.00 FTE research specialist and operating expenses for the 1991 biennium.

COMMUNITY DEVELOPMENT BUREAU Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	13.00	13.00	11.50	11.50
Personal Services	390,311.88	391,632	349,160	349,671
Operating Expenses	249,454.47	258,620	244,456	244,489
Equipment	1,906.67	0	100	10
Grants	6,031,570.00	5,262,673	5,183,674	5,183,000
Transfers	0.00	1,211,934	0	0
<b>Total Program Costs</b>	<b>\$6,673,243.02</b>	<b>\$7,124,859</b>	<b>\$5,777,390</b>	<b>\$5,777,329</b>
General Fund	214,620.26	213,995	579,193	584,100
State Special Revenue Fund	1,730,094.89	1,464,349	107,769	107,680
Federal & Other Spec Rev Fund	4,728,527.87	5,446,515	5,090,428	5,085,548
<b>Total Funding Costs</b>	<b>\$6,673,243.02</b>	<b>\$7,124,859</b>	<b>\$5,777,390</b>	<b>\$5,777,329</b>
Current Level Services	6,673,243.02	7,124,859	5,777,390	5,777,329
<b>Total Service Costs</b>	<b>\$6,673,243.02</b>	<b>\$7,124,859</b>	<b>\$5,777,390</b>	<b>\$5,777,329</b>

**Program Description**

The Community Development Bureau exists to provide assistance to local governments, private developers, and citizens in the areas of: public works planning and financing,

land use and development regulation, capital improvement planning, local government issues research and development, and economic development. The program includes the following boards and programs:

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DATE 1-26-89  
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POSITION 36014 - FINANCIAL DIVISION

Department Request:

Move the position to the Montana Promotion Division.

The position was deleted from the Financial Division and added to the Montana Promotion Division on the documents submitted to OBPP.

LFA Budget:

Did not move the position out of the Financial Division.

Position was targeted for removal by the Appropriations Committee because of the vacancy status.

Executive Budget:

Moved the position out of the Financial Division. The position showed up on the position register in the Montana Promotion Division but did not include the FTE level or funding??

Proposal by the Department of Commerce:

The department proposes to delete position 36014 from the Financial Division and add it to the Montana Promotion Division for the following reason:

In November of 1987, a 26 year old employee with a degree in film and TV production, working for the Montana Promotion Division, suffered a debilitating stroke. The employee was airlifted to Seattle and remained hospitalized and at home until February. At that time the employee came back to work part-time and as his recovery progressed he went to full time employment.

Because in this kind of medical situation the rehabilitation process takes time, the department has provided as much time as possible for the employee to progress to a satisfactory work level. This has not happened and the Montana Promotion Division can no longer keep the employee in his current position of responsibility.

In November of 1988 the department approached Vocational Rehabilitation Services for advice on an avenue for employment and/or rehabilitation for the employee. An evaluation was done by a neuropsychologist to determine the level of competency and the prognosis for future employment.

The results of the evaluation suggested that the employee be admitted to a rehabilitation center in Seattle for intense rehabilitation for 3 to 6 months

BUDGET ITEM	Executive	Fiscal 1990 LFA	Difference	Executive	Fiscal 1991 LFA	Difference
FTE	4.78	4.78	0.00	4.78	4.78	0.00
Personal Services	\$125,315	\$119,301	\$6,014	\$125,390	\$119,301	\$6,089
Operating Expenses	109,227	111,901	(2,674)	109,071	111,743	(2,672)
Equipment	2,000	2,000	0	2,000	2,000	0
TOTAL EXPENSES	\$236,542	\$233,202	\$3,340	\$236,461	\$233,044	\$3,417
FUNDING						
State Special Rev	\$236,542	\$233,202	\$3,340	\$236,461	\$233,044	\$3,417
TOTAL FUNDING	\$236,542	\$233,202	\$3,340	\$236,461	\$233,044	\$3,417

- Issue 1. The executive budget includes \$7,245 more for employee benefits than is included in the LFA budget.
- Issue 2. The LFA budget includes \$15,232 more for contracted services than is included in the executive budget.
- Issue 3. The executive budget includes \$4,362 more for travel than is included in the LFA budget.
- Issue 4. Proposed Modification (92016) - Training for Officials  
This modification would fund a training course for new officials.
- Issue 5. Executive Issue - Regulation on Indian Reservations

FTE	Gen Fund	Total Funds
0.00	0	7,245
0.00	0	15,232
0.00	0	4,362
0.00	0	11,600

EXHIBIT 4  
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and, after that time, the doctor felt the prognosis for employment would be more favorable. The evaluation showed that the employee does have the potential for employment but not necessarily at the level he performed before the stroke.

The department has made the commitment to provide employment for the employee, preferably in the Montana Promotion Division, upon completion of the rehabilitation. If, after treatment has been completed, the employee is not rehabilitated to a level that will provide productive work for both the department and the employee -- we have, at that point, done all we can to help the individual.

The department will extend a leave without pay from employment for the period of rehabilitation. The employee will be reinstated pending successful rehabilitation. If rehabilitation is not successful, we will seek to help him find employment outside the department.

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DATE 1-26-89  
HB 100

Video Gaming Control Bureau

Budget Presentation. (Supplement)  
Regulation on Indian Reservations

I HISTORY

The Bureau has taken to a large degree what may be called a "hands off" approach to machine gambling on reservation lands when conducted by a reservation member. The exception to this was non Indian involvement with machines. This policy became formal in 1988, when the department issued a written policy affirming these positions. In October, 1988, the federal government passed Senate Bill 555, which changed this whole relationship, and specifically to Class III gambling. (Class III gambling includes machine gambling.) The new federal law provides for state jurisdiction and requires the negotiation of what are called Tribal-State compacts. These compacts or agreements will result in varying levels of state involvement within the seven (7) Indian reservations in Montana. The department (Commerce) is currently in the process of beginning the negotiations for these agreements. There are several points to consider in this matter, which will have an impact on the Bureau's budget. They are:

- 1) This is a federally mandated situation. Further there is a time deadline which requires all negotiations to be completed by October, 1989.
- 2) It is reasonable to say the adding of seven (7) new jurisdictions will increase the Bureau's work-load and;
- 3) there will be a corresponding impact on the Bureau's contract for field enforcement and service with the Department of Revenue.

II BUDGET IMPACT

A) FTE'S: The Bureau estimates there will be an impact on staffing levels. Preliminary negotiations with the tribes indicate a real interest in the area of machine testing, training, and some investigation. The Bureau believes the work-load increase will require two additional FTE's. They are:

- 1) Machine Tester at Grade 14;
- 2) Clerical Support at Grade 9. Salaries and benefits for these positions are \$44,865, annually. The estimated operating expenses for these two positions are estimated to \$8,973.00, annually. In addition the Bureau estimates an added equipment expense as follows:

FY90;

- |  |            |
|--|------------|
| a) Computer emulation POD =                      | \$6,000.00 |
| b) Two desks at \$450/ea., chairs at \$250/ea. = | 1,400.00   |
| c) Telephone sets                                | 500.00     |

Total	\$7,900.00
FY91;	
a) Computer emulation FOD	\$6,000.00

Total anticipated impact to Bureau;  
FY/90 = \$61,738.00  
FY/91 = \$59,838.00.

The Bureau also anticipates an additional impact on services required of the Department of Revenue. The Bureau has estimated this to be at a 10% increase. This would result in an amount of \$32,000.00.

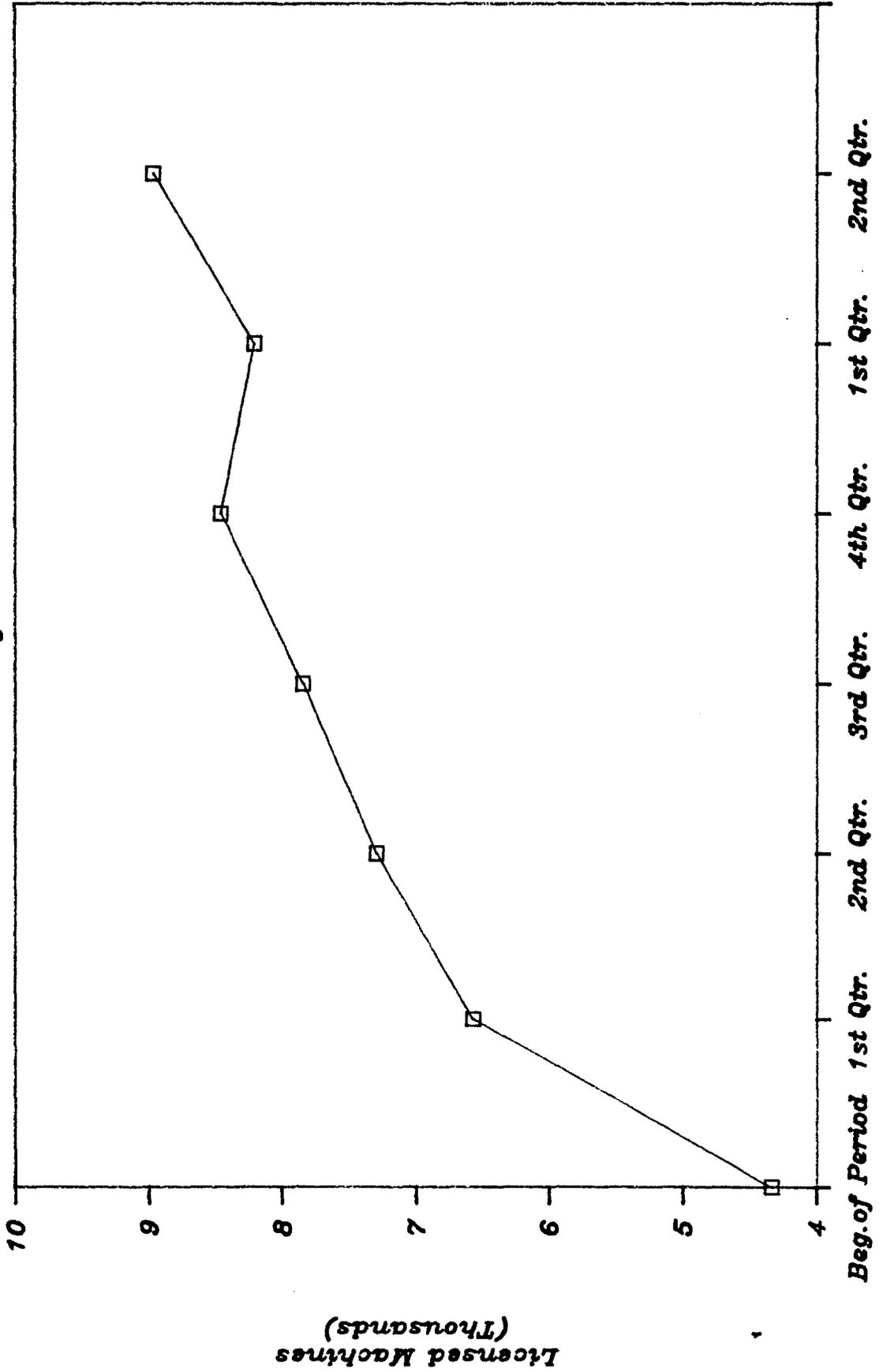
### III FUNDING

Since the Bureau receives no money from the General Fund, the Bureau anticipates that fees for the services provided will provide the necessary revenue to cover these costs. These fees will be paid by the reservation receiving the service.

EXHIBIT 5  
DATE 1-26-89  
HB 100

# Video Gaming Control Bureau

## Licensing Trend



FYE 88 & FYE 89 Quarters

AGENCY: DEPARTMENT OF COMMERCE

LEGISLATIVE ACTION

PROGRAM: VIDEO GAMING

BUDGET ITEM	Executive	Fiscal 1990 LFA	Difference	Executive	Fiscal 1991 LFA	Difference
FTE	10.00	9.00	1.00	10.00	9.00	1.00
Personal Services	\$239,950	\$206,188	\$33,762	\$240,414	\$206,633	\$33,781
Operating Expenses	378,309	376,270	2,039	376,886	375,397	1,489
Equipment	25,450	34,914	(9,464)	13,895	18,079	(4,184)
<b>TOTAL EXPENSES</b>	<b>\$643,709</b>	<b>\$617,372</b>	<b>\$26,337</b>	<b>\$631,195</b>	<b>\$600,109</b>	<b>\$31,086</b>
=====						
State Special Rev	\$643,709	\$617,372	\$26,337	\$631,195	\$600,109	\$31,086
<b>TOTAL FUNDING</b>	<b>\$643,709</b>	<b>\$617,372</b>	<b>\$26,337</b>	<b>\$631,195</b>	<b>\$600,109</b>	<b>\$31,086</b>
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FUNDING

Issue	FTE	Gen Fund	Total Funds
Issue 1. The executive budget includes 1.00 FTE that was exclded from the LFA budget because the position was transferred to the bureau during fiscal 1988.	1.00	0	57,743
Issue 2. The LFA equipment budget is \$13,684 higher than the executive. This occurs because the LFA budget includes more funding for computers and terminals, office equipment and lab equipment.	0.00	0	13,684
Issue 3. Proposed Modification (92008) - Clerical Support This modification would add 2.00 FTE clerical support positions.	2.00	0	85,300
Issue 4. Proposed Modification (92009) - Department of Revenue Workload This modification would provide spending authority to expand the investigation and enforcement activities.	0.00	0	156,000
Issue 5. Proposed Modification (92010) - Legal Counsel This modification would add a 1.00 FTE attorney to the bureau staff.	1.00	0	76,400
Issue 6. Executive Issue - Regulation of Indian Reservations			

Issue 7. The executive budget recommends that language be included in the general appropriations act that the Video Gaming Control Bureau may request a budget amendment to incur expenses pursuant to agreements with other states to provide gaming machine testing and training services should such requests materialize.

EXHIBIT 1  
DATE 1-26  
HB 100

# MONTANA LOTTERY

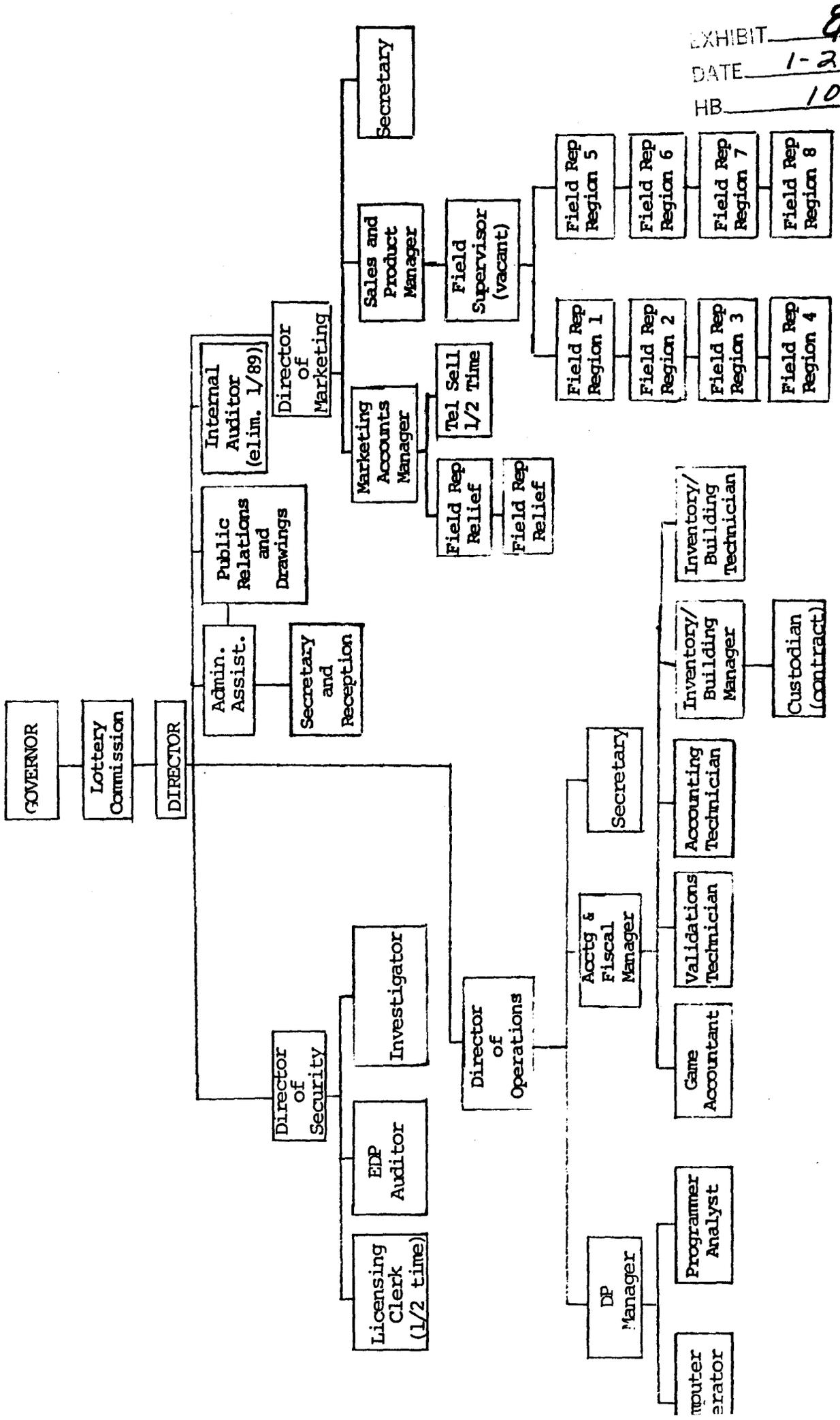


EXHIBIT 8  
 DATE 1-26-87  
 HB 100

