

**MINUTES**

**MONTANA HOUSE OF REPRESENTATIVES  
52nd LEGISLATURE - 1st SPECIAL SESSION**

**COMMITTEE ON APPROPRIATIONS**

**Call to Order:** By REP. FRANCIS BARDANOUE, on January 10, 1992,  
at 8:00 A.M.

**ROLL CALL**

**Members Present:**

Francis Bardanoue, Chairman (D)  
Ray Peck, Vice-Chairman (D)  
Dorothy Bradley (D)  
John Cobb (R)  
Dorothy Cody (D)  
Mary Ellen Connelly (D)  
Ed Grady (R)  
Larry Grinde (R)  
John Johnson (D)  
Mike Kadas (D)  
Berv Kimberley (D)  
Wm. "Red" Menahan (D)  
Jerry Nisbet (D)  
Mary Lou Peterson (R)  
Joe Quilici (D)  
Chuck Swysgood (R)  
Bob Thoft (R)  
Tom Zook (R)

**Members Excused:** REPRESENTATIVES BRADLEY, CODY, GRINDE AND  
SWYSGOOD

**Staff Present:** Terry Cohea, Legislative Fiscal Analyst  
Sylvia Kinsey, Committee Secretary

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

**HEARING ON HB 17**

**Transfer statutorily appropriated gambling funds to General Fund**

**Presentation and Opening Statement by Sponsor:** REP. DAVE BROWN,  
HD 72, Butte-Silver Bow said this is \$190,000 in response to the  
audit made at the legislators' request. The Department of  
Justice projected there would be an excess in the fee account.

**Opponents' Testimony:** Mark Racicot, Attorney General spoke in  
opposition to House Bill 17. He said transferring \$190,000 in  
June is unwise since to date they have only collected \$150,000

and do not know what the expenses might be. He said this charge is in lieu of taxes and the license money is used for federal match. He urged the committee to vote against HB 17.

Bob Robinson, Administrator, Gambling Control Division presented testimony from EXHIBIT 1. He said the projection, based on the trend in the past, is not occurring and he does not think they will end up with \$190,000. It is not a bad idea to transfer all the funds to the General Fund at the end of the biennium. The proposal to take an expenditure out of the \$197,000 in six months does not seem reasonable when they do not know what will happen with revenues the second year of the biennium. If the committee does decide to pass the Bill he would make a recommendation they transfer a fund balance at the end of the fiscal year.

Questions From Committee Members: REP. MENAHAN asked Mr. Robinson what would prevent the department from spending the money if they do not set a dollar amount. Mr. Robinson said they do not have authority to just spend money, only that money appropriated to them.

REP. GRINDE said the money is placed there with no spending authority so what was it used for previously? Mr. Robinson said if this money was not transferred to the General Fund it would not be spent because if it exceeded their appropriation, which is what the fund estimate anticipates, at the end of the biennium it would be there and available for appropriation by the legislature for whatever purpose, probably the department's operation in FY 1994.

REP. THOFT said there will be a general session of the legislature before the end of the biennium and at that point they would know more about the fund balance and what would be transferable. Mr. Robinson said at that time they would have another 12 months and would know exactly how many machines were licensed in FY 1992 and would have an additional 6 months' data. REP. THOFT said somewhere along the way he would adopt an amendment that the next legislature would transfer these funds instead of at this point.

REP. KADAS asked REP. BROWN if the \$190,000 is just for FY 1992 and if it is shouldn't there be about the same for FY 1993 as well? REP. BROWN said his understanding is that both years would subtract it out. REP. KADAS said it might make more sense to do two transfers, one at the end of FY 1992 and the other at the end of FY 1993. REP. BROWN said he has no problem with taking the balance at the end of each fiscal year, if it works.

REP. JOHNSON asked Mr. Robinson if this reduces the amount of money that goes to the counties and municipalities? Mr. Robinson said this Bill would not reduce them.

REP. BARDANOUE said he has a feeling there is an overall attempt to emasculate the Attorney General's office from a portion of the

gambling laws. There seems to be a pattern. REP. BROWN said this legislation has nothing to do with enforcement of gambling laws in the Department. All this attempts to do is help this committee and the legislature find any available money to help balance the budget.

REP. QUILICI said to look at the Bill and accept the amendments that might be offered. The ending fund balance will not cripple this division.

REP. COBB said the surplus is the money not spent and that is what they are going after. What is wrong with saying any fund balance above the appropriated amount at the end of each fiscal year reverts to the General Fund? Mr. Robinson said at the end of this fiscal year they will have \$600,000 in that particular account. The revenues that come in available to the Gambling Control Division are estimated at \$1.3 million dollars. Their appropriation, not just gambling but all the gambling money that has been put in the legal services, is over \$1.7 million dollars. So the fund balance, \$600,000, is actually being spent down to \$190,000 at the end of the biennium. They do not know what the revenues are going to be in FY 1993. It is an estimate only and the trend is not going to be increasing as it has been. It appears to be leveling off. The revenue estimate was based on an historic trend of increases. REP. COBB asked if the transfer could be made at the end of the biennium. Mr. Robinson said yes, if the funds are available.

Mr. Racicot reminded the Committee they have now transferred, with the transfer yesterday, \$808,000 out of this account that underwrites the cost of legal services in the state of Montana. Almost 2/3 or 3/4 of their legal services division where all the lawyers are is now underwritten with gambling control division revenues. REP. MENAHAN asked why the funds don't go to the General Fund instead of supporting two divisions with gambling money? Mr. Racicot said those funds underwrite the cost of their legal services division. When the Department took over gaming operations' control in 1989 there was existing at that time almost \$1,000,000 in a special gambling revenue account that had been created when electronic machines were first authorized. That sum had built up over a number of years and had never been appropriated. When they took over operations in 1989 the fees that were authorized by the Legislature underwrote entirely the cost of gaming control division operations. When they came back in 1991 with the request to make more of those resources available to them, the \$1,000,000 balance remaining in the gaming special revenue account, was appropriated to fund a significant portion of their legal services division. Almost half of it, \$525,000, was appropriated over the biennium. That consumed that portion of money and the remainder of that was allocated to employ an additional auditor, licensing technician, two investigators and a support person in the examining control division. Those five employees have been referred to as temporary. There is no account balance at this time but REP.

BROWN moved yesterday on the floor to eliminate those five employees and take those funds, \$808,000, for funding the legal services division.

REP. MENAHAN referred to Mr. Racicot's statement concerning money and said it appeared the machines are remaining static or less. Mr. Racicot agreed. REP. MENAHAN said if the people were licensed before and now the Department needs five more people why do they need an increase? Mr. Racicot said he is not asking for an increase now, however, they have the same amount of work. They cannot provide the level of service in terms of returning monies to local government, auditing and tax returns or completing background investigations in the time people find acceptable.

REP. QUILICI said Mr. Racicot mentioned an amendment that REP. THOFT suggested and asked to have the amendment explained. Mr. Racicot said the way he reads the Bill, it calls for a predetermined amount to be deposited at the end of this fiscal year which is six months away. He has no idea of knowing what will be a precise amount. REP. THOFT'S suggestion is to have the next legislature transfer these funds instead of at this point. REP. QUILICI asked REP. BROWN how the projections came about. REP. BROWN said they came from an audit committee's request to look at any fund balance there might be in this statutory account. He was interested in an attempt to find any money that could be available to help solve the deficit in the state.

Closing by Sponsor: REP. BROWN said this was an attempt not to impede the operations in the Justice Department but only to use any available funds that were available and might be useful in trying to solve the budget problems. He said the Committee could pass the Bill the way it is or change it in some manner.

#### HEARING ON HB 15

#### Transfer statutorily appropriated petroleum tank funds to general fund

Presentation and Opening Statement by Sponsor: REP. BEN COHEN, HD 3, Whitefish said there was a fund balance of \$8,925,000 in the petroleum tank release clean-up fund. He checked with REP. RANEY, who was the sponsor of the Bill to get more information. REP. RANEY said they passed a one cent a gallon tax on gasoline to build this fund up and that tax was set to be taken off as soon as the fund reached \$8,000,000. Then when that fund was drawn against and went down to \$4,000,000 the tax would go back in place. The money in that fund accumulated more rapidly than expected and as a result, during regular session, reduced that tax to 3/4 of a cent and, in fact, that tax went off in June because the fund had reached its \$8,000,000 cap. The Department of Revenue cannot turn off a tax exactly at the spot so by the time the tax came off the gasoline, there was an excess beyond the \$8,000,000 in the account, plus the account has earned some

interest. In the last year there was less than \$500,000 drawn against that account. There was never any mechanism from the Legislature, in the eventuality that account would get above its cap, to transfer those excess funds to the General Fund. In this present budgetary crisis, when there is money close to \$1,000,000 in an account beyond what the account's cap was supposed to be, that money is fair game for the appropriation process. So HB 15 was prepared to take the better part of that \$925,700 remaining in that account as of December 31, 1991, and it transfers that money into the General Fund.

Opponents' Testimony: Jean Riley, Executive Director, Petroleum Tank Release Compensation Board which administers this fund made some corrections concerning REP. COHEN'S opening statements. The fee does kick off on a quarterly basis and it did exceed \$8,000,000 on August 1. The fee then kicks off October 1. The way the fees are collected, for example, June fees are collected at the distributor, transferred into the Department of Transportation the end of July, and they receive them the first part of August so there is a lag time. There was an excess as of December, however. On January 6, 1992, the Board paid out in excess of \$313,000 on 34 different claims. An example of the trend they are experiencing, in 1990 they received 95 claims, the first half of 1991 they received 93 claims and the second half of 1991 they received 215 claims. It does take a process to review these claims, approximately 60 days, so there is a backlog. To date they have paid out in excess of \$1.9 million on all claims. As of December, 1991 they have approximately \$1.5 million pending. So far this year they have received 12 claims. The Board's concern is if they do take the money out of the fund at this point that fee will kick on earlier. This money is going to pay for cleanups.

In the last legislative session the fund balance was not increased and they picked up all the small farm and residential tanks and are now seeing those claims coming in. They have not paid much out on those because it's the lag time going into that. She said EPA could also have a concern on this as it is an approved fund for an assurance mechanism for financial responsibility for tank owners. Would those balances be there for cleanups if they start to delete the fund? She said she cannot predict how many claims will come in. In November, 1991 the Department of Health received an excess of 40 different new leak (contamination) sites. If the trend continues it would take about 8 months to tap the rest of the \$4,000,000 and then the fee would have to be re-instated.

The Petroleum Marketers have also expressed a concern because this is an assurance mechanism for them.

Ray Hoffman, Administrator, Centralized Services Division, Department of Health and Environmental Sciences said the Department of Health opposes this legislation for the same reasons this committee refused HB 8. This is directly associated

with environmental cleanup and is for the service station owner within your community who has experienced some problems with those underground storage tanks. The reason that fund balance is there is because you wanted it there as a legislator.

The program was instituted with 1 cent per gallon. It then said 3/4 cents a gallon would kick in after another point in time, but a fund balance was wanted to pay for the cleanup.

Questions from Committee Members:

REP. GRADY asked how many underground tanks are left or are in the process of being removed. Mr. Hoffman said last session the legislature increased the amount of staff and funding for the underground storage tank program. They also required individuals to report their underground storage tanks. Those tank testings are still ongoing. Ms. Riley said at the last count they estimated they covered approximately 80,000 tanks. About 90% of the tanks that come out of the ground have some contamination. There are over 800 leak sites in the state of Montana. She cannot predict the impact as one city well in some areas could cost in excess of \$400,000 to replace. One very small tank can contaminate a city well.

REP. GRADY said this is one of the major environmental concerns. If they take these funds, there will be an increase in the price of gas to replace the funds. He asked REP. COHEN if this could happen. REP. COHEN said he is concerned with the environment and was involved as a co-sponsor of this Bill when it was originally passed and also involved in the expansion of the program to include such people as farmers, as well as service stations and believes this is a necessary program for the state of Montana. He said there are \$925,000 beyond the \$8,000,000 that got into that account and feels that money should be available for General Fund purposes and should not be left in that account. He feels it is fair as long as they do not draw more from that account than the excess. REP. GRADY said there are \$1.5 million in pending claims so it will draw from that account and if that is an indication it will draw the account down fast. REP. COHEN said they have been slow getting the program going so maybe that's why the account has not been drawn down faster.

There are just so many old tanks out there so the cleanup will not go on indefinitely.

He recommended the legislature create a mechanism, while this section of the Code is open, so that any time that account goes above \$8,000,000, whether from tax payments or accumulated interest, the excess should automatically come into the General Fund.

REP. PECK said not every person that takes a tank out of the ground will get state assistance. Is there a certain threshold they have to spend before getting into the fund. Ms. Riley said

no. The way the fund is set up for the bigger commercial tanks is a reimbursement amount for 1/2 of the first \$35,000. If someone spends \$10,000 to clean up the tank they can only request \$5,000.

REP. BARDANOUVE asked why there are so many payments under one name? Ms. Riley said the fund is set up to make partial payments. People can submit bills as they come in because cleanups are not always done at one time. REP. BARDANOUVE asked if the Fish and Game Department qualifies for this program. Ms. Riley said the only tanks that are not qualified are federally owned tanks, because they refuse to pay the fees, tanks owned by railroads, tanks owned by refineries or terminals of refineries, oil and gas production tanks and mobile storage tanks, such as tanker trucks. All state of Montana tanks are covered.

REP. CODY asked why the cap was set at \$8,000,000? Ms. Riley said the \$8,000,000 was determined when the commercial tanks came in and felt they could reach that cap in about two years of fee collection. Mr. Hoffman said the statute says once the unobligated balance reaches \$8,000,000 the fee will come off.

Closing by Sponsor: REP. COHEN said the policy questions asked by the committee are interesting and were discussed at length in the House Natural Resources committee when they extended those people covered by the tax. The money has exceeded the cap and is available. The program is set up in such a way that if the fund is drawn down the tax will go back in place, the fund will come back up in a reasonably short period of time. There are a finite number of tanks so the program can't go on forever.

#### HEARING ON HB 16

#### Transfer statutorily appropriated funds from telecommunications account

Presentation and Opening Statement by Sponsor: REP. BEN COHEN, HD 3, Whitefish said this is an act transferring to the General Fund money from the 911 emergency telecommunication account. Every subscriber pays 25 cents per month on the telephone bill and money goes into this fund. The monies are then paid back to the local companies that administer the 911 fund. The fund balance seems to be growing on an annual basis and, according to the Auditor, expenditures are less than the fund brought in. With the funds continuing to grow he felt they should have a mechanism to transfer some of the money. On the fiscal note the ending fund balance December 31, 1991 was \$1.3 million. He asked for \$300,000 to be left in the account.

Opponents' Testimony: Mike Trevor, Administrator, Information Services Division said his department is responsible for administering the 911 program. The 25 cent fee brings in a little over \$1,000,000 a year in revenue and then distribute it to the local entities based on formulas that are in statute based

on population. There was concern about the small counties so they are guaranteed 1% of what is collected. This collection has been taking place since 1987 and as larger cities or towns within the counties have presented them with an approved 911 plan, the department approves the payment of their share directly to the cities and towns and they have an ongoing amount that comes to them each year, on a quarterly basis. But for those counties or local areas that do not have an approved 911 plan, money is put into this account which showed a balance at the end of calendar year 1991 as \$1,349,400. The statute says the interest earned on that distributes back to these entities. If these monies are taken it will devastate, from the individual county point of view, the ability for those areas in Montana who do not yet have 911 to implement the program.

**REP. BARDANOUE** asked if the Triangle Telephone payments are credited to Blaine County? **Mr. Trevor** said Blaine County received a quarterly installment of \$2665 so the county is receiving the funding.

Informational Testimony: **REP. ED MC CAFFREE, HD 27** said he knows some rural counties that have implemented the 911 system with a lease-purchase agreement based on these funds coming in at a later date.

Questions From Committee Members: **REP. ZOOK** asked **Mr. Trevor** if a final plan from one of these counties could be implemented momentarily? **Mr. Trevor** said yes. Approximately 26 counties do not have this implemented yet.

**REP. BARDANOUE** asked **Mr. Trevor** what is so difficult about implementing this program? **Mr. Trevor** said there are a number of difficulties; #1) is turf. In order to have an effective 911 emergency number, counties, cities and all the public safety entities have to work together so there is one central answering center and dispatch. #2) is a technical problem. Coordination with the local telephone companies to tie the prefixes together, sometimes over large areas, meant these companies had to put equipment in to make this work. The law required that 911 could be dialed on pay phones without inserting quarters.

**REP. BARDANOUE** asked if an approved system is implemented does money still have to be spent on it or is it a one-time expenditure? **Mr. Trevor** said the 25 cents is placed in an ongoing fund but once you have an approved plan you immediately get that disbursement. The account the committee is looking at today is for those who do not have the approved plan and their money has been put in a savings account until the plan is approved. Any operational costs to provide 911 are legitimate expenditures to be reimbursed by this account. Close to 80% of the population is covered by approved 911.

Closing by Sponsor: **REP. COHEN** said he is a supporter of the 911 program and if, in fact, the ending balance is a savings account

that is being held in ready for those counties and other areas in the state that have not yet implemented the fund then it should not be touched. However, it should be looked at very carefully and only take the appropriate amount.

HEARING ON HB 18

Transfer science and technology development account funds to General Fund

Presentation and Opening Statement by Sponsor: REP. DAVE

WANZENRIED, HD 7, Evergreen said the Bill proposes to cap the science and technology development account at \$50,000. This proposal by itself leaves the impression they are looking at only \$19,000 net gain to the General Fund. However, it also proposes the potential of over \$400,000 because negotiations are under way with loans and investments.

Proponents' Testimony: Carl Russell, Executive Director, Science and Technology Alliance said there is approximately \$65,000 to \$69,000 in the account now. That money came in on a one-time payback. There was a Supreme Court decision and they re-oriented the entire program. There was one seed capital deal done at the time of the court case which was refinanced with new money and part of that was a payback. The rest of the payback agreements they have existing will be very small over a long period of time.

Questions From Committee Members: REP. BARDANOUE asked if he was concerned about the language? Mr. Russell said the second section was the question of the language and it has been corrected to their satisfaction.

Closing by Sponsor: REP. WANZENRIED closed.

EXECUTIVE ACTION ON HB 18

Motion/Vote: REP. MENAHAN MOVED HB 18 DO PASS. MOTION PASSED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 15

Motion: REP. COBB MOVED HB 15 DO PASS.

Discussion: Jim Haubein, Legislative Fiscal Analyst said on Page 2, Paragraph 5 "On or before June 30, 1992, the department of transportation" and he said this account is in the department of health.

Motion/Vote: REP. KADAS MOVED TO STRIKE DEPARTMENT OF TRANSPORTATION AND INSERT DEPARTMENT OF HEALTH, ON PAGE 2, PARAGRAPH 5. MOTION ON AMENDMENT CARRIED.

Motion/Vote: REP. COBB MOVED HB 15 DO PASS AS AMENDED. MOTION PASSED WITH 10 VOTING AYE AND 8 VOTING NO ON ROLL CALL VOTE.

**Discussion:** REP. GRADY spoke against the motion as he feels his questions brought up some very good points and that this is one of the major environmental concerns in the state.

REP. KADAS responded to REP. GRADY and said he is right in saying this will cause the gas tax to kick in sooner and thinks this is the fundamental issue here. He does not think the Bill has anything to do with how the fund is being handled and whether they have been paying out fast enough or whether they will be able to pay out fast enough. The real question the committee must decide is whether they want the tax to kick in sooner.

**EXECUTIVE ACTION ON HB 17**

**Motion:** REP. THOFT OFFERED AN AMENDMENT AS FOLLOWS: THE 1993 LEGISLATURE WILL REVIEW THE REVENUE AND EXPENDITURES PROJECTED IN THE FUND AND DETERMINE THE AMOUNT TO BE TRANSFERRED TO THE GENERAL FUND AT THE END OF THE 1992-1993 BIENNIUM.

**Discussion:** REP. BARDANOUE asked how will they know what figure to use in this revenue calculation? REP. THOFT said they won't.

REP. KADAS said if the committee adopts REP. THOFT'S motion you might as well kill the Bill. It doesn't make any difference as we will be here next session and if there is money in there we will know about it and can take it.

**Motion/Vote:** REP. KADAS MOVED A SUBSTITUTE MOTION FOR AN AMENDMENT THAT ON JUNE 30, 1993, THE BALANCE OF THE FUND BE TRANSFERRED TO THE GENERAL FUND. MOTION CARRIED UNANIMOUSLY.

**Discussion:** REP. THOFT asked if the operating expenses come out of this fund and are they projected for the next year of the biennium? Mr. Robinson said yes because their operating budget will be using the fund balance of 1992 and their operating budget, totally within the Department of Justice now, is greater than the revenues that will be coming in.

REP. KADAS said the difference between REP. THOFT'S amendment and his amendment is his (REP. KADAS') says we will take the money in the law so can count \$190,000. If we do REP. THOFT'S amendment it does not say we can take the money, but says the next legislature will review it. After we review it, we won't be able to count any money until the next legislature.

REP. BARDANOUE said what happened yesterday will be a bigger drawdown on this account. Mr. Robinson said it will not increase the drawdown on this account but transfers the drawdown from the gambling control division to the legal services division. The amendment yesterday decreased the amount in gambling control and increased the amount in legal services.

REP. SWYSGOOD said REP. KADAS' substitute motion defers this transfer to the end of FY 1993. He asked if this creates any

problems with the agency as it relates to the fund? Mr. Robinson said no as whatever the balance is at that point can be transferred and where the impact would be is FY 1994 and FY 1995. It won't be available then as it will be in the General Fund.

REP. QUILICI said if it affects FY 1994 it can be addressed by the next legislature.

Motion/Vote: REP. KADAS MOVED HB 17 DO PASS AS AMENDED. MOTION PASSED WITH REPS. CODY, BRADLEY AND PETERSON VOTING NO.

EXECUTIVE ACTION ON HB 16

Motion: REP. ZOOK MOVED DO NOT PASS.

Motion/Vote: REP. KADAS MOVED A SUBSTITUTE MOTION TO TABLE HB 16. MOTION PASSED UNANIMOUSLY.

CHANGES - HB 11

REP. KADAS referred to handout LC4, EXHIBITS A & B, and said there were several people involved in this: REP. ZOOK, REP. BROWN, REP. KADAS, numerous people from the Budget Office, the Fiscal Analyst, the University system and Clay Smith, who represented the state in a suit that created this whole thing, Rick Bartos and other attorneys. They are at the point where they are not entirely satisfied but understand this Bill is important and have to move it through the process.

He started with Section 1 and said they have changed the concept slightly. The old law reduced appropriations and that caused a constitutional conflict because it is the legislature that sets appropriations and it would take an act of the legislature to reduce appropriations. What they are doing in this is, rather than reducing appropriations, are allowing the executive to reduce spending.

REP. KADAS chose to walk the committee through the procedure rather than the Bill. First of all the executive would detect there were shortfalls in revenue and at that point the Budget Office would acknowledge there is a projected shortfall in revenue. Tell the executive and legislative oversight committee and the revenue oversight committee that they would have 20 days to provide the budget director with any concerns about revenue projections the budget office was listing. After that the budget office does not have to take revenue oversight's advice but has to listen to it. Then the budget office could ask the agencies for reductions in spending. Those reductions could be no more than 10% by program and "program" would be defined in the General Appropriations Act. The agencies would then analyze their budgets and send back to the budget office and to the fiscal analyst their recommendations for where reductions could take place. The budget office then makes an overall plan using the recommendations of the agencies. When the budget office gets

done with this plan it submits the plan to the governor and to the fiscal analyst. The fiscal analyst has 20 days in which to analyze the budget reduction plan proposed by the executive. The fiscal analyst also has to do an analysis of the budget office's overall plan. The fiscal analyst has to release its analysis back to the budget office after 15 days. At 20 days the legislative finance committee has to meet and analyze the budget office plan and the fiscal analyst's analysis of the budget office plan. The budget office has to take that information into account and what the finance committee recommends as to how they are dealing with this budget shortfall. It is the same situation as the committee had with revenue oversight. They don't have to do what the finance committee tells them to but they have to listen. At that point the budget office can implement the reductions.

REP. BARDANOUE said a lot of time frames had been put in and asked if that caused too much delay? REP. KADAS said the places they have added the 20 days are places to allow the legislative agencies to get the information and have time to analyze it. Those are the only places where they have explicitly put in time frames. All the other points are at the discretion of the budget office. They can essentially, act as fast or as slowly as they want.

REP. SWYSGOOD asked about reducing the program by 10% but does not see it in the Bill. REP. KADAS said the existing law is 15%. REP. BARDANOUE's introduced Bill was 15%. The Sub-Committee initially started out at 5%. REP. BARDANOUE said it was too low and needed to be changed so REP. KADAS talked with REP. BROWN and they agreed to go to 10%. Everyone else agreed 10% was acceptable so if they do this, REP. KADAS will make a motion to change 5% to 10%. REP. SWYSGOOD asked if it defines the 5% that will become 10% and if it pertains to any one year of the fiscal year of the biennium or a combined total for the biennium? REP. KADAS said it is a biennium total. REP. SWYSGOOD asked if, as it is written, can it be interpreted that way or interpreted differently? REP. KADAS said the intention is biennium and referred the Committee to Page 4, third line down, EXHIBIT A. He said the other major concept they changed was they were using the concept of a "revenue shortfall" and they changed that to a "projected budget deficit", which is a significant change. There may be a shortfall for reasons other than revenue.

REP. BARDANOUE asked for a clarification of the 2%. REP. KADAS said when you use revenue you have built in an ending fund balance but if you use a budget deficit that means you are not using an ending fund balance. What they had to do was provide a mechanism so that if it did go below 0 the executive would have the ability to bring the balance up above 0. After the executive goes through these budget reductions there has to be some kind of an ending fund balance. That is why the 2% is in there. The executive can cut to allow up to a 2% ending fund balance.

REP. KADAS said if the shortfall is greater than the 10% allowed in the cuts the governor has to call a special session. They want to make clear that if the budget deficit is less than the 10% the governor may still call a special session. This does not limit the governor in any way.

REP. CODY said when the committee heard the Bill there were several parts of the original Bill she had questions on. She referred to page 2, Section B and asked REP. KADAS for an explanation of what determines if the program is mandatory or permissive. REP. KADAS said the agency would decide whether it's mandatory or permissive using the statutes. They put that in because the Sherlock decision wants them to have more criteria about how the priorities are set. He said this is one of the issues they need to work on. They are limiting this to the General Fund but in doing that are also allowing School Equalization Account Supplementals to be included.

ADJOURNMENT

Adjournment: 10:00 A.M.

  
REPRESENTATIVE BARDANOUE, Chair

  
Sylvia Kinsey, Secretary

FB/sk

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL

DATE

1-10-92

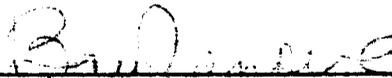
NAME	PRESENT	ABSENT	EXCUSED
REP. FRANCIS BARDANOUVE, CHAIRMAN	✓		
REP. RAY PECK, VICE-CHAIRMAN	✓		
REP. DOROTHY BRADLEY			
REP. JOHN COBB	✓		
REP. DOROTHY CODY			
REP. MARY ELLEN CONNELLY	✓		
REP. ED GRADY	✓		
REP. LARRY GRINDE			
REP. JOHN JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BERV KIMBERLEY	✓		
REP. WM. "RED" MENAHAN	✓		
REP. JERRY NISBET	✓		
REP. MARY LOU PETERSON	✓		
REP. JOE QUILICI	✓		
REP. CHUCK SWYSGOOD			
REP. BOB THOFT	✓		
REP. TOM ZOOK	✓		

HOUSE STANDING COMMITTEE REPORT

January 10, 1992

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that HB 17 (first reading copy -- white) do pass as amended .

Signed:   
Francis Bardanouve, Chairman

And, that such amendments read:

1. Title, line 5.  
Strike: "\$190,000"  
Insert: "THE REMAINING CASH BALANCE"
2. Page 2, line 19.  
Following: "ON"  
Strike: "or Before June 30, 1992"  
Insert: "June 30, 1993"
3. Page 2, line 20.  
Following: "transfer"  
Strike: "\$190,000"  
Following: "fund"  
Insert: "the remaining cash balance"

HOUSE STANDING COMMITTEE REPORT

January 10, 1992

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that HB 15 (first reading copy -- white) do pass as amended .

Signed:   
Francis Bardanouve, Chairman

And, that such amendments read:

1. Page 2, lines 20 and 21.  
Strike: "of transportation"

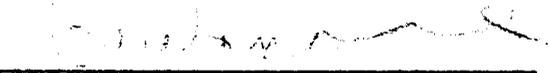
HOUSE STANDING COMMITTEE REPORT

January 10, 1992

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that HB 18 (first reading copy -- white) do pass .

Signed.

  
Francis Bardanouve, Chairman

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 17  
 1-10-

**MONTANA GAMBLING STATISTICS**  
**PREPARED BY THE MONTANA DEPARTMENT OF JUSTICE**  
**AS OF DECEMBER 31, 1991**

**FISCAL YEAR 1992 VIDEO GAMBLING MACHINE PERMITS ISSUED**

FY 92 MONTH	POKER	KENO	TOTAL
July	6,281	4,938	11,219
August	137	137	274
September	158	98	256
October	191	165	356
November	135	122	257
December	85	72	157
January			
February			
March			
April			
May			
June			
<b>TOTALS</b>	<b>6,786</b>	<b>5,348</b>	<b>12,134</b>

**FISCAL YEAR 1991 VIDEO GAMBLING MACHINE PERMITS ISSUED**

FY 91 MONTH	POKER	KENO	TOTAL
July	5,787	3,779	9,566
August	245	215	460
September	182	172	354
October	177	173	350
November	155	147	302
December	144	138	282
January	145	127	272
February	132	162	294
March	176	157	333
April	150	126	276
May	85	101	186
June	33	20	53
<b>TOTALS</b>	<b>7,411</b>	<b>5,317</b>	<b>12,728</b>

**FISCAL YEAR 1990 VIDEO GAMBLING MACHINE PERMITS ISSUED**

FY 90 MONTH	POKER	KENO	BINGO	TOTAL
September(\$200)	4,529	3,452	18	7,999
October	650	390	0	1,040
November	221	194	2	417
December	136	111	0	247
January	120	125	0	245
February	118	91	2	211
March	124	131	0	255
April	149	156	0	305
May	155	144	0	299
June	21	9	0	30
<b>TOTALS</b>	<b>6,223</b>	<b>4,803</b>	<b>22</b>	<b>11,048</b>

**PRIOR YEAR VIDEO GAMBLING MACHINE PERMITS ISSUED**

FISCAL YEAR	POKER	KENO	BINGO	TOTAL
FY 86	2,210	0	0	2,210
FY 87	3,600	0	0	3,600
FY 88	4,564	3,786	112	8,462
FY 89	5,107	4,502	60	9,669
FY 90 (3 month)	4,942	3,981	20	8,943
FY 90 (9 month)	6,223	4,803	22	11,048

**MANUFACTURER / DISTRIBUTOR LICENSES ISSUED**

Fiscal Year 1992 = 125

Fiscal Year 1991 = 132

Fiscal Year 1990 = 125

**OPERATOR LICENSE STATISTICS**

FY 92 OPERATOR LICENSES ISSUED = 1,773

Finals = 1,459      Transfers = 39  
 Provisionals = 268      Denials = 1  
 Conditionals = 0      Lapsed = 6

FY 91 OPERATOR LICENSES ISSUED = 1,831

Finals = 1,486      Transfers = 17  
 Provisionals = 318      Denials = 1  
 Conditionals = 1      Lapsed = 8

FY 90 OPERATOR LICENSES ISSUED = 1,800

Final Licenses = 1,490  
 Provisional Licenses = 310

**LIVE GAME PERMITS ISSUED**

FY 92

Poker = 208 (1 table)    48 (additional tables)  
 (Permit Fee = \$250 on 1st table; \$500 on each additional table)

Keno/Bingo = 183  
 (Permit Fee = \$250)  
 5 permits sold for both Keno/Bingo  
 42 permits sold for Keno only  
 47 permits sold for Bingo only

86 permits issued for Bingo only (no fee / exempt organizations)  
 1 permit issued for Keno only (no fee / exempt organization)  
 2 permits issued for both Keno/Bingo (no fee / exempt organizations)

FY 91

Poker = 238 (1 table)    49 (additional tables)  
 (Permit Fee = \$250 on 1st table; \$500 on each additional table)

Keno/Bingo = 120  
 (Permit Fee = \$500)  
 12 permits sold for both Keno/Bingo  
 49 permits sold for Keno only  
 59 permits sold for Bingo only

64 permits issued for Bingo only (no fee / exempt organizations)  
 2 permits issued for Keno only (no fee / exempt organizations)  
 1 permit issued for both Keno/Bingo (no fee / exempt organization)

31T- 1/10/92  
 = 17  
 FY 90

Poker = 234 (1 table) 59 (additional tables)  
 (Permit Fee = \$500)

Keno/Bingo = 117  
 (Permit Fee = \$500)

11 permits sold for both Keno/Bingo  
 52 permits sold for Keno only  
 54 permits sold for Bingo only

60 permits issued for Bingo only (no fee / exempt organizations)  
 3 permits issued for Keno only (no fee / exempt organizations)

**CARD DEALER LICENSES ISSUED**

Final Licenses = 796                      Renewed Licenses = 279  
 Provisional Licenses = 58                Withdrawn Licenses = 21  
 Conditional Licenses = 21                Denied Licenses = 20  
 Replacement Licenses = 15              Refunds = 34

**VIDEO GAMBLING MACHINE TAX COLLECTIONS & DISTRIBUTION**

Fiscal Year	Revenue	Local Gov't (2/3)	General Fund (1/3)
FY 88	\$10.5 mill	\$7.0 mill	\$3.5 mill
FY 89	\$13.3 mill	\$8.9 mill	\$4.4 mill
FY 90	\$17.0 mill	\$11.3 mill	\$5.7 mill
FY 91	\$20.5 mill	\$13.7 mill	\$6.8 mill
FY 92			

**VIDEO GAMBLING MACHINE TAX COLLECTIONS BY QUARTER**

FY	Q1	Q2	Q3	Q4	Total
1988	\$2,360,145	\$2,548,998	\$2,656,831	\$2,938,063	\$10,504,037
1989	3,136,329	3,309,638	3,401,053	3,644,534	13,491,554
1990	3,949,782	4,024,386	4,317,195	4,713,132	17,004,495
1991	4,919,102	4,959,603	5,082,883	5,595,073	20,556,661
1992	5,866,027				

**LIVE BINGO/KENO TAX COLLECTIONS  
 (100% TO LOCAL GOVERNMENTS)**

FY 90 \$34, 489  
 FY 91 \$43, 650

**SPORTS TAB TAX COLLECTIONS BY QUARTER  
 (RETAINED BY GAMBLING CONTROL DIVISION)**

FY	Q1	Q2	Q3	Q4	Total
1992	\$5,472				

**MACHINE PERMIT FEE COLLECTION & DISTRIBUTION**

FY/Quarter	Permit Revenue	Local Government	Gambling Control Division	# Of Permits Issued
'90 / 1st	\$1,880,600	\$ 940,300	\$ 940,300	9,403
'90 / 2nd	44,800	22,400	22,400	224 --
'90 / 3rd	141,800	70,900	70,900	709
'90 / 4th	126,600	63,000	63,000	633
<b>TOTALS</b>	<b>\$2,193,800</b>	<b>\$1,096,600</b>	<b>\$1,096,600</b>	<b>10,969</b>
'91 / 1st	\$2,060,800	\$1,030,400	\$1,030,400	10,379
'91 / 2nd	186,800	93,400	93,400	934
'91 / 3rd	179,800	89,900	89,900	920
'91 / 4th	103,000	51,500	51,500	524
<b>TOTALS</b>	<b>\$2,530,400</b>	<b>\$1,254,200</b>	<b>\$1,265,200</b>	<b>12,757</b>
'92 / 1st				
'92 / 2nd				
'92 / 3rd				
'92 / 4th				
<b>TOTALS</b>				

Distribution is figured:

Of \$200 = \$100 to Local Gov't and \$100 to Gambling Control Division

**LIVE CARD GAME PERMIT FEE COLLECTION & DISTRIBUTION**

FY/Quarter	Permit Revenue	Local Government	Gambling Control Division	# Of Permits	
				@ \$250	@ \$500
'90 / 1st	\$ 73,000	\$ 48,900	\$ 24,100	190	51
'90 / 2nd	5,000	3,100	1,900	18	01
'90 / 3rd	7,500	5,100	2,400	18	06
'90 / 4th	2,500	1,600	900	08	01
<b>TOTALS</b>	<b>\$ 88,000</b>	<b>\$ 58,700</b>	<b>\$ 29,300</b>	<b>234</b>	<b>59</b>
'91 / 1st	\$ 67,500	\$ 44,500	\$ 23,000	190	40
'91 / 2nd	8,000	5,000	3,000	28	02
'91 / 3rd	4,750	3,150	1,600	13	03
'91 / 4th	3,250	2,150	1,100	9	02
<b>TOTALS</b>	<b>\$ 83,500</b>	<b>\$ 54,800</b>	<b>\$ 28,700</b>	<b>240</b>	<b>47</b>
'92 / 1st					
'92 / 2nd					
'92 / 3rd					
'92 / 4th					
<b>TOTALS</b>					

Distribution is figured:

Of \$500 = \$400 to Local Government and Of \$250 = \$150 to Local Government  
Gambling Control Division retains \$100 of the permit fee.

Ex. 2  
1/10/92  
HB15

Amendments to House Bill No. 15  
First Reading Copy

Requested by Rep. Bardanouve  
For the Committee on Appropriations

Prepared by Clayton Schenck  
January 10, 1992

1. Page 2, lines 20 and 21.  
Strike: "of transportation"

HOUSE OF REPRESENTATIVES

APPROPRIATIONS

ROLL CALL VOTE

TIME

9:28

DATE \_\_\_\_\_

BILL NO. 15

NUMBER \_\_\_\_\_

MOTION: \_\_\_\_\_

HB 15  
26 9 01

NAME	AYE	NO	ABSENT
REP. RAY PECK, VICE-CHAIRMAN	✓		
REP. DOROTHY BRADLEY		✓	
REP. JOHN COBB	✓		
REP. DOROTHY CODY		✓	
REP. MARY ELLEN CONNELLY	✓		
REP. ED GRADY		✓	
REP. LARRY GRINDE		✓	
REP. JOHN JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BERV KIMBERLEY	✓		
REP. WM. "RED" MENAHAN	✓		
REP. JERRY NISBET	✓		
REP. MARY LOU PETERSON		✓	
REP. JOE QUILICI		✓	
REP. CHUCK SWYSGOOD		✓	
REP. BOB THOFT	✓		
REP. TOM ZOOK		✓	
REP. FRANCIS BARDANOUVE, CHAIRMAN	✓		
TOTAL	10	8	

Ex. 3  
1/10/92  
HB 17

Amendments to House Bill No. 17  
First Reading Copy

Requested by Representative Kadas  
For the Committee on Appropriations

Prepared by Clayton Schenck  
January 10, 1992

1. Title, line 5.  
Strike: "\$190,000"  
Insert: "THE REMAINING CASH BALANCE"
  
2. Page 2, line 19.  
Following: "ON"  
Strike: "or before June 30, 1992"  
Insert: "June 30, 1993"
  
3. Page 2, line 20.  
Following: "transfer"  
Strike: "\$190,000"  
Following: "fund"  
Insert: "the remaining cash balance"

1/10/92

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0018, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act transferring to the general fund amounts in excess of \$50,000 in the science and technology development account; clarifying the revenue to be deposited in the science and technology development account; and providing an immediate effective date and a termination date.

FISCAL IMPACT:

The proposal, at any time during the biennium, transfers the balance of the science and technology development account in excess of \$50,000 to the general fund. As of December 31, 1991, the account held approximately \$69,000 in both the regular balance and cash report. The bill is effective on passage and approval, so assuming passage in January, 1992, approximately \$19,000 would be transferred from the science and technology development account to the general fund. At any time during the biennium any balance in excess of \$50,000 would also be transferred to the general fund.

NOT FOR  
DISBURSMENT

*Steve Yeakel* 1/10/92

STEVE YEAKEL, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

DAVID E. WANZENRIED, PRIMARY SPONSOR DATE

Fiscal Note for HB0018, as introduced

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

1/10/92

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0016, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act transferring to the general fund \$1,143,464 from the 9-1-1 emergency telecommunications account; and providing an immediate effective date and a termination date.

FISCAL IMPACT:

The proposal transfers \$1,143,464 in FY92 to the general fund from the 9-1-1 emergency telecommunications account. As of December 31, 1991 the account held \$1,343,464, which would leave \$200,000 in the account after the transfer.

LOCAL GOVERNMENT IMPACT:

Per the provisions of 10-4-302(3), the department holds fees collected in various 9-1-1 jurisdictions in trust for local governments within those jurisdictions until that local government has an approved emergency dispatch plan. The current fund balance in the emergency telecommunications account indicates the existence of several communities with 9-1-1 dialing capability that do not have approved plans. The proposed legislation would transfer these funds, which have been held in trust for these communities for many years, to the general fund.

NOT FOR  
DISTRIBUTION

*Steve Yearke* 1/10/92

STEVE YEARKE, BUDGET DIRECTOR  
Office of Budget and Program Planning

BEN COHEN, PRIMARY SPONSOR

DATE

Fiscal Note for HB0016, as introduced

efh  
HB 11

EXHIBIT A  
DATE 1-10-91  
HB 11 LC4

\*\*\*\* Bill No. \*\*\*\*

Introduced By \*\*\*\*\*

By Request of \*\*\*\*\*

A Bill for an Act entitled: "An Act clarifying that the governor has the authority to direct ~~executive branch~~ agencies to reduce spending in the event of a ~~shortfall in revenue~~ PROJECTED GENERAL FUND BUDGET DEFICIT; providing guidelines for directing agencies to reduce spending; PROVIDING PROCEDURES TO BE USED IN DETERMINING WHEN A PROJECTED GENERAL FUND BUDGET DEFICIT EXISTS AND IN ESTABLISHING REDUCTIONS IN GENERAL FUND SPENDING; CLARIFYING THAT REVERSIONS FROM ALL GENERAL FUND APPROPRIATIONS THAT RESULT FROM REDUCTIONS IN SPENDING MUST REVERT TO THE GENERAL FUND; defining the term "~~shortfall in revenue~~ PROJECTED GENERAL FUND BUDGET DEFICIT"; amending ~~section~~ SECTIONS 17-7-140 AND 17-7-304, MCA; and providing an immediate effective date AND A TERMINATION DATE."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 17-7-140, MCA, is amended to read:

"17-7-140. ~~Reduction of appropriation~~ in spending. (1) (a) As the chief budget officer of the state, the governor shall ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in subsection (2), in the event of a ~~shortfall in revenue~~ PROJECTED GENERAL FUND BUDGET DEFICIT, the

office.

(3) (A) As used in this section, "~~shortfall in revenue~~"  
"PROJECTED GENERAL FUND BUDGET DEFICIT" means an amount OF  
PROJECTED ENDING GENERAL FUND BALANCE DURING THE BIENNIUM OF LESS  
THAN 2% OF ALL GENERAL FUND APPROPRIATIONS DURING THE BIENNIUM OR  
2% OF THE GENERAL FUND APPROPRIATIONS DURING THE SECOND FISCAL  
YEAR OF THE BIENNIUM CERTIFIED BY THE BUDGET DIRECTOR TO THE  
GOVERNOR, TAKING INTO ACCOUNT REVENUE, ESTABLISHED LEVELS OF  
APPROPRIATION, ANTICIPATED SUPPLEMENTAL APPROPRIATIONS FOR SCHOOL  
EQUALIZATION AID, AND ANTICIPATED REVERSIONS.

(B) IF THE BUDGET DIRECTOR DETERMINES THAT AN AMOUNT OF ACTUAL OR PROJECTED RECEIPTS WILL RESULT IN AN AMOUNT less than the amount projected to be received ~~in a revenue category as determined in the revenue estimate established pursuant to 5-18-107,~~ THE BUDGET DIRECTOR SHALL NOTIFY THE REVENUE OVERSIGHT COMMITTEE OF THE ESTIMATED AMOUNT. WITHIN 30 DAYS, THE REVENUE OVERSIGHT COMMITTEE SHALL PROVIDE THE BUDGET DIRECTOR WITH ANY RECOMMENDATIONS CONCERNING THE AMOUNT. THE BUDGET DIRECTOR SHALL CONSIDER ANY RECOMMENDATIONS OF THE REVENUE OVERSIGHT COMMITTEE PRIOR TO CERTIFYING A PROJECTED GENERAL FUND BUDGET DEFICIT TO THE GOVERNOR.

(4) THIS SECTION DOES NOT LIMIT THE AUTHORITY OF THE GOVERNOR OR THE LEGISLATURE TO CALL A SPECIAL SESSION OF THE LEGISLATURE."

{ Internal References to 17-7-140: None. }

Section 2. Section 17-7-304, MCA, is amended to read:

"17-7-304. Disposal of unexpended appropriations. (1) All moneys money appropriated for any specific purpose except those appropriated for the university system units listed in subsection (2) shall, after the expiration of the time for which so appropriated, revert to the several funds and accounts from which originally appropriated. However, any unexpended balance in any specific appropriation may be used for the years for which the appropriation was made.

(2) Except as provided in 17-2-108 and subsection (3) of this section, all money appropriated for the university of Montana at Missoula, Montana state university at Bozeman, Montana college of mineral science and technology at Butte, eastern Montana college at Billings, northern Montana college at Havre, western Montana college of the university of Montana at Dillon, the agricultural experiment station with central offices at Bozeman, the forest and conservation experiment station with central offices at Missoula, the cooperative extension service with central offices at Bozeman, the bureau of mines and geology with central offices in Butte, and the vocational-technical centers at Billings, Butte, Great Falls, Helena, and Missoula must, after the expiration of the time for which appropriated, revert to an account held by the board of regents. The board of regents is authorized to maintain a fund balance. There is a statutory appropriation, as provided in 17-7-502, to use the funds held in this account in accordance with a long-term plan for major and deferred maintenance expenditures and equipment or fixed assets purchases prepared by the affected university system

units and approved by the board of regents. The affected university system units may, with the approval of the board of regents, modify the long-term plan at any time to address changing needs and priorities. The board of regents shall communicate the plan to each legislature, to the finance committee when requested by the committee, and to the office of budget and program planning.

(3) Subsection (2) does not apply to reversions that are the result of a reduction in spending directed by the governor pursuant to 17-7-140. Any amount that is the result of a reduction in spending directed by the governor must revert to the funds or account from which it was originally appropriated.

(Subsection (2) terminates June 30, 1996--sec. 23, Ch. 787, L. 1991.""

NEW SECTION. Section 2. Effective date -- TERMINATION.

[This act] is effective on passage and approval, AND [SECTION 2] TERMINATES JUNE 30, 1996.

Draft Copy

Printed 8:43 am on January 10, 1992

EXHIBIT B  
DATE 1-10-92  
HB 11

*exp #11*

governor, TAKING INTO ACCOUNT THE CRITERIA PROVIDED IN SUBSECTION (1) (B), may shall direct executive branch agencies to reduce appropriations spending in an amount equal to NOT TO EXCEED THE PROJECTED GENERAL FUND BUDGET DEFICIT. An appropriation agency may not be reduced required to reduce GENERAL FUND spending for any appropriation item PROGRAM, AS DEFINED IN EACH GENERAL APPROPRIATIONS ACT, by more than ±5% 5%. THE LEGISLATURE MAY EXEMPT FROM A REDUCTION AN APPROPRIATION ITEM WITHIN A PROGRAM OR MAY DIRECT THAT THE APPROPRIATION ITEM MAY NOT BE REDUCED BY MORE THAN 5%.

(b) The governor shall direct agencies to manage their budgets in order to reduce GENERAL FUND expenditures from the fund in the state treasury that is experiencing the shortfall in revenue. Prior to directing agencies to reduce spending in an amount equal to the shortfall in revenue NOT TO EXCEED THE PROJECTED GENERAL FUND BUDGET DEFICIT, the governor shall direct each agency to analyze the nature of each program funded by an itemized THAT RECEIVES A GENERAL FUND appropriation to determine if the program is mandatory or permissive and to analyze the impact of the proposed reduction in spending on the purpose of the program. AN AGENCY SHALL SUBMIT ITS ANALYSIS TO THE OFFICE OF BUDGET AND PROGRAM PLANNING AND SHALL AT THE SAME TIME PROVIDE A COPY OF THE ANALYSIS TO THE LEGISLATIVE FISCAL ANALYST. THE OFFICE OF BUDGET AND PROGRAM PLANNING SHALL REVIEW EACH AGENCY'S ANALYSIS, AND THE BUDGET DIRECTOR SHALL SUBMIT TO THE GOVERNOR A COPY OF THE OFFICE OF BUDGET AND PROGRAM PLANNING'S RECOMMENDATIONS FOR REDUCTIONS IN SPENDING. THE BUDGET DIRECTOR

SHALL PROVIDE A COPY OF THE RECOMMENDATIONS TO THE LEGISLATIVE FISCAL ANALYST AT THE TIME THE RECOMMENDATIONS ARE SUBMITTED TO THE GOVERNOR AND SHALL PROVIDE THE LEGISLATIVE FISCAL ANALYST WITH ANY PROPOSED CHANGES TO THE RECOMMENDATIONS. THE LEGISLATIVE FINANCE COMMITTEE SHALL MEET WITHIN 20 DAYS OF THE DATE THAT THE PROPOSED CHANGES TO THE RECOMMENDATIONS FOR REDUCTIONS IN SPENDING ARE PROVIDED TO THE LEGISLATIVE FISCAL ANALYST. THE LEGISLATIVE FISCAL ANALYST SHALL PROVIDE A COPY OF THE LEGISLATIVE FISCAL ANALYST'S REVIEW OF THE PROPOSED REDUCTIONS IN SPENDING TO THE BUDGET DIRECTOR AT LEAST 5 DAYS BEFORE THE MEETING OF THE LEGISLATIVE FINANCE COMMITTEE. THE COMMITTEE MAY MAKE RECOMMENDATIONS CONCERNING THE PROPOSED REDUCTIONS IN SPENDING. The governor shall ~~use~~ CONSIDER each agency's analysis AND THE RECOMMENDATIONS OF THE OFFICE OF BUDGET AND PROGRAM PLANNING AND THE LEGISLATIVE FINANCE COMMITTEE in determining the agency's reduction in spending. REDUCTIONS IN SPENDING MUST BE DESIGNED TO HAVE THE LEAST ADVERSE IMPACT ON THE PROVISION OF SERVICES DETERMINED TO BE MOST INTEGRAL TO THE DISCHARGE OF THE AGENCY'S STATUTORY RESPONSIBILITIES.

(2) ~~The appropriations~~ Reductions in spending for the following may not be ~~reduced~~ directed by the governor:

- (a) payment of interest and principal on state debt;
- (b) the legislative branch;
- (c) the judicial branch;
- (d) the school foundation program, including special education; and
- (e) salaries of elected officials during their terms of

**House Appropriations met twice on January 10th, once in the morning and again in the afternoon. The minutes for each meeting were recorded separately.**