

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT & TRANSPORTATION

Call to Order: By CHAIRMAN ED GRADY, on January 11, 1995, at
8:00 a.m.

ROLL CALL

Members Present:

Rep. Edward J. "Ed" Grady, Chairman (R)
Sen. Thomas A. "Tom" Beck, Vice Chairman (R)
Rep. Gary Feland (R)
Sen. Eve Franklin (D)
Rep. Joe Quilici (D)

Members Excused: None

Members Absent: None

Staff Present: Lorene Thorson, Legislative Fiscal Analyst
Terri Perrigo, Legislative Fiscal Analyst
Shirley Benson, Office of Budget & Program
Planning
Dan Gengler, Office of Budget & Program Planning
John Patrick, Office of Budget & Program Planning
Rosa Fields, Committee Secretary

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

Committee Business Summary:

Hearing: Department of Revenue
Executive Action: Commissioner of Political Practices

EXECUTIVE ACTION ON COMMISSIONER POLITICAL PRACTICES

Tape No. 1:A:42

Budget Analysis 1997 Biennium, Volume I, Page A-51

Motion: REP. JOE QUILICI moved to adopt the present law for FY96
and FY97 which will allow the committee to work on the
recommendations for each agency.

REP. QUILICI withdrew his motion so the committee could vote to
adopt the Commissioner of Political Practice base funds for FY94.

Motion: SEN. TOM BECK moved to approve the FY94 base budget.

Motion: REP. QUILICI made a substitute motion that the committee adopt the present law adjustments for FY96 and FY97.

Ms. Lorene Thorson, LFA, explained the motions. SEN. TOM BECK'S motion would approve the Commissioner of Political Practices 1994 base budget of \$126,627. REP. QUILICI'S motion will add in the FY96 and FY97 adjustments of \$25,954 and \$20,593 respectively. These totals will be added to the base for the total of the executive budget of \$152,581 for FY96, and \$147,220 in FY97. SEN. BECK informed the committee the total will be \$299,801 for the biennium.

CHAIRMAN GRADY asked Ms. Thorson if there are any new FTE in the governor's current request. Ms. Thorson informed the committee the Executive Budget does not include any new FTE at this time, but the Commissioner of Political Practices does have a new proposal for funding and FTE to implement Initiative 118. Ms. Thorson said this issue can be voted on separately after the committee deals with the present law. EXHIBIT 1

CHAIRMAN GRADY felt the photocopier pool service issue in the present law adjustments should be discussed. Ms. Thorson said the copier is built into contracted services at a level higher than the Department of Administration quoted the LFA for a photocopier similar to what the office had in the past. CHAIRMAN GRADY said the Commissioner of Political Practice only needs approximately \$1,900 per year instead of the \$4,109 that had been requested for contracted services.

The subcommittee discussed starting with the full amount of funds allowed by the Office of Budget and Program Planning (OBPP) and making motions to take the funds out from that point. Ms. Thorson suggested that the committee approve the base budget as a starting point. From there the members can vote on items 1 through 9 or reduce the amount in item 4 for contracted services by \$2,209 which is the difference between the \$4,109 requested and the \$1,900 that the LFA felt would be sufficient for photocopy pool services.

REP. JOE QUILICI withdrew his motion to include the executive budget and start with the base funds.

Motion/Vote: CHAIRMAN GRADY asked the subcommittee to vote on SEN. BECK'S motion to start with the base funds. The motion carried 4 - 1 with REP. QUILICI voting no.

CHAIRMAN GRADY said the committee will now be dealing with present law.

Ms. Thorson explained if the committee accepts the executive budget, this will add in the total executive present law adjustment table shown on page A-53. Ms. Thorson referred to the LFA issue of the photocopy pool services stating the Department of Administration stated \$1,900 per year would provide a

sufficient machine. She also explained the \$20,500 in settlement funds which the Commissioner received in fiscal 1994. The settlement agreement stated that the funds would not result in an ascertainable present or future commitment for general fund support. She informed the committee that several of the expenditures from the settlement were included as present law adjustments, thereby receiving ongoing general fund support.

Motion: **REP. QUILICI** moved the executive present law adjustment of \$25,954 in FY96 and \$20,593 in FY97. He said any omissions from this can be made by the committee.

CHAIRMAN GRADY questioned the travel. **REP. QUILICI** said all of the categories need to be addressed and suggested the committee have the Commissioner explain the \$13,359 for each fiscal year for travel.

Ed Argenbright, Commissioner of Political Practice, informed the committee of his reasons for the travel request. He has not traveled out-of-state to attend any national meetings for the Council on Governmental ethics and laws, and he feels that knowing what other states do is important to our state. The second part of the request deals with **Mr. Argenbright's** travels to attend other meetings which he has paid for, except two meetings which were reimbursed.

SEN. BECK asked **Ed Argenbright** if his proposal for four additional FTE to implement I-118 included operating costs or was it all personnel costs. **Mr. Argenbright** said the proposal includes funds for personnel, equipment, remodeling, operating, etc. **SEN. BECK** asked **Mr. Argenbright** if the operating expenses in present law would cover the costs if two FTE were approved. **Mr. Argenbright** said no. He said with I-118 there is additional reporting, mail, and telephone calls which adds to the expenses. **Mr. Argenbright** informed the committee they are dealing with the basic operation of the Commissioner's office. He said the office is trying project the cost of maintaining the level of service and quality of information the office provides. He said the expenses in I-118 were separated out and viewed as supplemental.

CHAIRMAN GRADY wanted to know why the operating costs are about double the present law base FY94. **Mr. Argenbright** said that is due to the additional staff the office needs to track the aggregate political party reports.

SEN. BECK asked **Mr. Argenbright** if the present law adjustment in operating expenses of \$21,492 would be enough to cover the operating costs if two additional FTE were approved. **Mr. Argenbright** replied that the operating costs will be more with the provisions of I-118. He said the current \$21,492 would sustain the current staffing levels in meeting the requirements for reporting.

Dulcy Hubbert, Administrative Assistant for Commissioner of Political Practices said there is currently 3.25 FTE, \$28,000 in the base, and an additional \$21,492 for projected costs. **Ms. Hubbert** said the proposal for I-118 and the operating expenses will be for an additional 4.0 FTE. The \$21,492 does not reflect anything from I-118 only what has been spent and/or overspent from the last fiscal year to cover the additional operating expenses required.

REP. QUILICI asked if the \$21,492 was attributed only to the expenses for FY95, and not FY96 and FY97. He was informed that the \$21,492 was an amount that was put together before I-118 was passed. It projects additional candidates, communications, and supplies.

Motion/Vote: The committee moved to accept the executive present law adjustments. **The motion carried 4 to 1 with REP. GARY FELAND voting no.**

The committee discussed the costs of leasing a copier rather than purchasing one. A leased copier is replaced every three years and is maintained and repaired through the lease cost.

Motion: **SEN. BECK** moved to reduce the photocopy pool services to \$1,900 per year.

SEN. EVE FRANKLIN said she supports the extra dollars to fund equipment that is required to do the job.

Vote: **The motion carried 4 to 1 with SEN. EVE FRANKLIN voting no.**

Ms. Hubbert explained the LFA issue in item #5, page A-53 of the Budget Analysis 1997 Biennium, in regard to the \$20,500 settlement and how the funds were used. The authority needed to spend these funds was the same as the budget amendment process of the Legislative Finance Committee. The agreement signed by both parties set up where the funds were to be spent and that there would not be a present nor future commitment to general fund.

Ms. Hubbert felt that some of the funds were built back in to the present law base and did commit general funds for future bienniums.

MOTION: **SEN. BECK** moved to adopt \$1,591 travel request for the biennium.

Ms. Thorson informed the committee the \$1,426 appropriated in FY94 and 95 was for each year.

SEN. BECK withdrew his motion because it would cut in half what was previously adopted in the present law adjustments.

Ms. Thorson discussed the supplemental to implement Initiative 118 and the accompanying new proposal for ongoing costs associated with Initiative 118.

CHAIRMAN GRADY asked **Mr. Argenbright** if he were given two FTE instead of four, would he need the rest of the funds. **Mr. Argenbright** said if they were limited to two FTE they will not need the money for remodeling, which is a \$17,000 reduction. He said there will be a need for computers, desks and chairs for the two FTE.

REP. GARY FELAND asked **Mr. Argenbright** if the election cycle were shortened, would it ease the burden? **Mr. Argenbright** said yes. It is one of the major workload increases his office is dealing with. Under I-118 the primary election cycle is one with separate aggregate limits amount per candidate. If there is a contested primary and there is a general election, it starts a second cycle.

Tape No. 1:B

Questions, Responses, and Discussion:

SEN. FRANKLIN asked what the specific duties of the four FTE are. **Mr. Argenbright** informed the committee that one would be responsible for maintaining contact with the political party committees and tracking the aggregate amount for parties. Two people will be involved in keeping track of the increased aggregate amount in the election cycles. The fourth person would assist the office in the outreach efforts in the reorganization structure of the office. **Mr. Argenbright** anticipates with the reorganization there will be complaints on misuse of surplus funds.

Motion: **REP. QUILICI** moved to adopt two FTE and have the LFA figure the FTE at entry level and the accompanying benefit package.

REP. QUILICI asked about printing costs and **Mr. Argenbright** said I-148 will change: 1) all of the limits by which people are allowed to contribute to campaigns, 2) the campaign cycle, and 3) political party contributions, etc. He said this will create a major printing project. All of the pamphlets and forms will have to be redone. **Mr. Argenbright** said if they could have all four FTE they would be able to do most of their work in-house.

Vote: The motion carried unanimously.

CHAIRMAN GRADY said he will allow the committee members to bring any of the issues from the Commissioners of Political Practices back to the committee in a two-day time frame.

Terri Perrigo, LFA, was asked by the subcommittee to prepare a recap after every executive action session, showing what was added in the budget in comparison to both the base budget and

executive budget. She said the committee added to the base in their meeting of January 10, 1995.

Budget Analysis 1997 Biennium, Vol. II, Page D-15

SEN. TOM BECK asked **Ms. Perrigo** about the subcommittee's decision on the water courts, particularly why their budget was now higher than the budget proposed by the executive. She replied that the present law adjustments for the water courts were negative. Because the subcommittee did not accept them, the water courts' budget is now approximately \$21,000 per year more than the Executive Budget. **EXHIBIT 2**

Ms. Perrigo informed the subcommittee that the money they saved in comparison to the executive budget through the action to increase the deflation rates in computer processing and long distance resulted in an approximate \$1.28 million savings. Approximately 40% of that is in general fund dollars which amounts to approximately \$500,000.

HEARING ON DEPARTMENT OF REVENUE

Tape No. 1:B:680

Budget Analysis 1997 Biennium, Volume 1, Page A-109

Informational Testimony:

Mike Robinson, Director, Department of Revenue, gave an overview of the department's budget. He informed the committee that a major portion of the department's 700+ FTE work and reside throughout the state of Montana. Mr. Robinson reviewed the budget for the six programs in the department. He distributed a handout showing an organizational chart of the six divisions within the department. **EXHIBIT 3**

Tape No. 2:A:270

Each bureau chief from the Department of Revenue summarized the activities and goals of their divisions.

Don Hoffman, Bureau Chief, Natural Resources and Corporation Tax Division, summarized the duties of his bureau in regard to duties in audits and collection of corporation and natural resource taxes.

REP. QUILICI asked about the executive proposal for the Corporate Tax Bureau in regard to the \$24,000 in each fiscal year for increased travel and royalty audit programs due to increased state duties, and wanted to know what those increased duties are. He was informed that \$12,500 is from the general fund and \$11,500 is federal funds. The increase in collecting, the time it takes to audit, and decisions made at the federal level that have an impact on how the department conducts its reviews. The \$12,500 general fund is an adjustment due to the increased audit cycle

for out-of-state travel, while the \$11,500 is reimbursed by the federal government through a contract with the department.

Jeff Miller, Administrator, Income & Miscellaneous Division, distributed a handout showing the distribution of individual income taxes. **EXHIBIT 4**

Tape 2:B:475

Gary Blewett, Administrator, Revenue Division, distributed a handout, and gave an overview of his division and its duties. **EXHIBIT 5**

ADJOURNMENT

Adjournment: 11:30 a.m.



REP. ED GRADY, Chairman



ROSA FIELDS, Secretary

EG/rf

Initiative 118

	1995 Subcommittee Supplemental Rec.	1996 Request	1997 Request
Personal Services			
Two grade 12 ¹		\$62,030	\$62,030
Two grade 11 ²		56,938	56,938
ISD Computer Fees		960	960
Printing	\$4,500	10,000	3,000
Communications	4,250		
Supplies		2,000	2,000
Postage		4,000	4,000
Telephones & long distance		2,000	2,000
Additional rent		3,329	3,329
Computer Training		2,500	2,500
Contracted Services			
Rulemaking	8,000		
Add'l legal fees		25,000	25,000
Remodel		17,016	0
Equipment		<u>15,300</u>	<u>0</u>
Total	\$16,750	\$201,073	\$161,757

¹\$49,624 for salaries + \$12,406 for benefits

²\$45,550 for salaries + \$11,388 for benefits

Judiciary
Subcommittee Action
1-10-95

Program	Fiscal 1994		Fiscal 1996		Fiscal 1997		LEGISLATIVE ACTION		DIFFERENCE FROM BASE		DIFFERENCE FROM EXECUTIVE BUDGET	
	Base Budget	Executive Budget	Executive Budget	Executive Budget	Fiscal 1996	Fiscal 1997	Fiscal 1996	Fiscal 1997	Fiscal 1996	Fiscal 1997	Fiscal 1996	Fiscal 1997
Supreme Court Operations	1,587,056	1,995,987	1,964,469	1,795,887	1,764,082	208,831	177,026	(200,100)	(200,387)			
Boards & Commissions	184,558	212,126	212,535	215,784	216,206	31,226	31,648	3,658	3,671			
Law Library	509,078	527,502	529,120	538,430	540,084	29,352	31,006	10,928	10,964			
District Court Operations	2,891,523	2,971,595	2,969,337	2,971,595	2,969,337	80,072	77,814	0	0			
Water Courts Supervision	541,156	509,842	514,454	531,178	535,863	(9,978)	(5,293)	21,336	21,409			
Clerk of Court	179,246	189,821	190,836	195,108	196,152	15,862	16,906	5,287	5,316			
District Court Reimbursement	0	(2,783)	(2,783)	0	0	0	0	2,783	2,783			
Total	5,892,617	6,404,090	6,377,968	6,247,982	6,221,724	355,365	329,107	(156,108)	(156,244)			

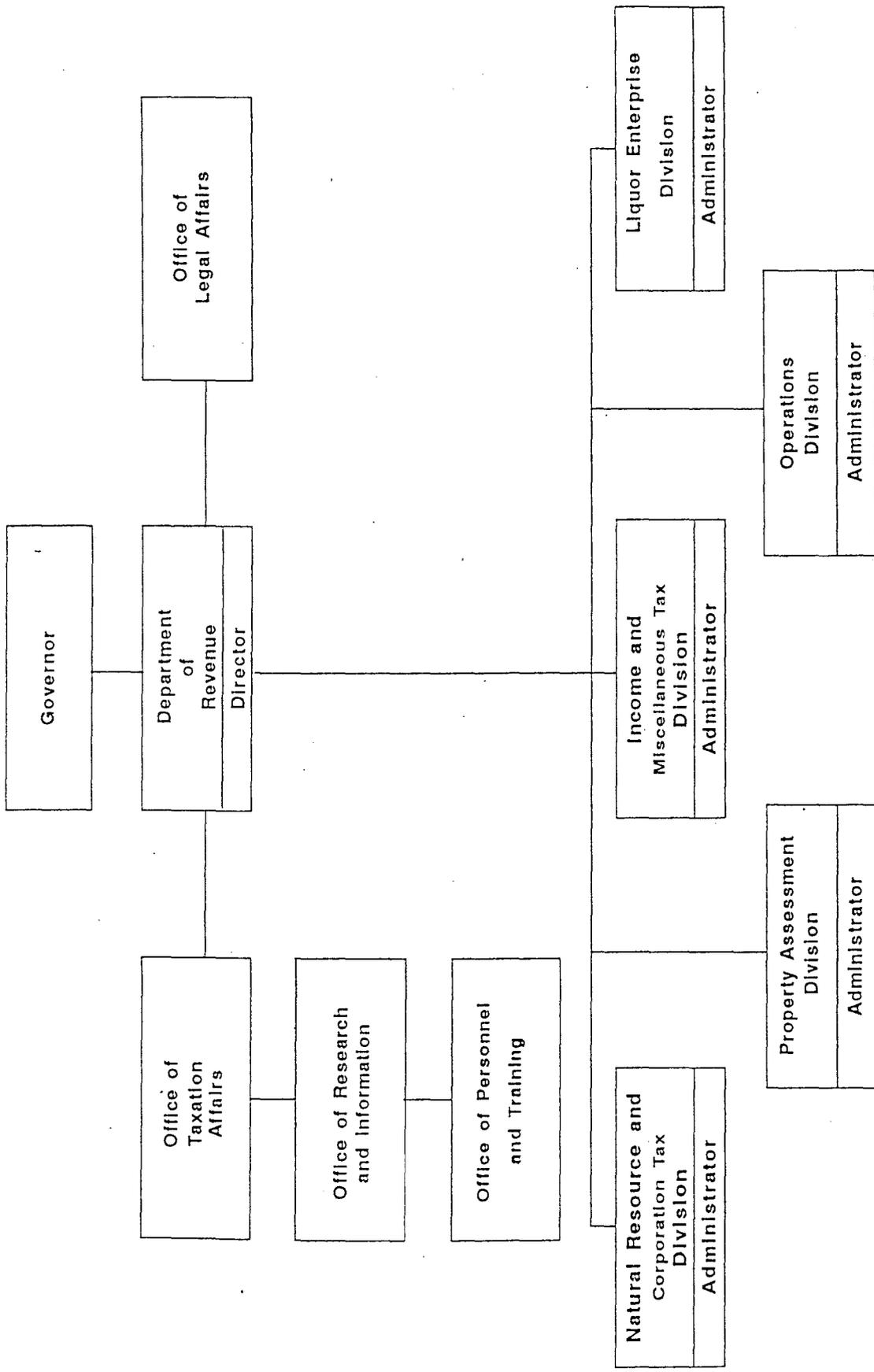
Rep Brady wants Judiciary

added to this sheet

EXHIBIT 2
DATE 1/11/95
HB _____

10-Jan-95
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Organizational Chart
 Department of Revenue
 September 1993
Mark S. [Signature]
 Director of Revenue
 Approved _____ Governor

INCOME & MISCELLANEOUS TAX DIVISION

Taxes administered by the Income & Miscellaneous
Division

Individual Income Taxes

Estimated Tax

Miscellaneous Taxes

Accommodation Tax -

Cigarette Tax -

Cigarette Wholesaler & Retailer Tax

Consumer Council Fee

Contractors Gross Receipts Fee

Dangerous Drug Tax

Emergency Telephone Fee

Escheated Estates

Inheritance Tax

Minimum Cigarette Prices

Payments in Lieu of Taxes

Nursing Facilities Bed Fee

Old Fund Liability Tax

Public Service Commission Fee

Recreational Vehicle Fee

Rural Electric & Telephone Cooperative License Fee

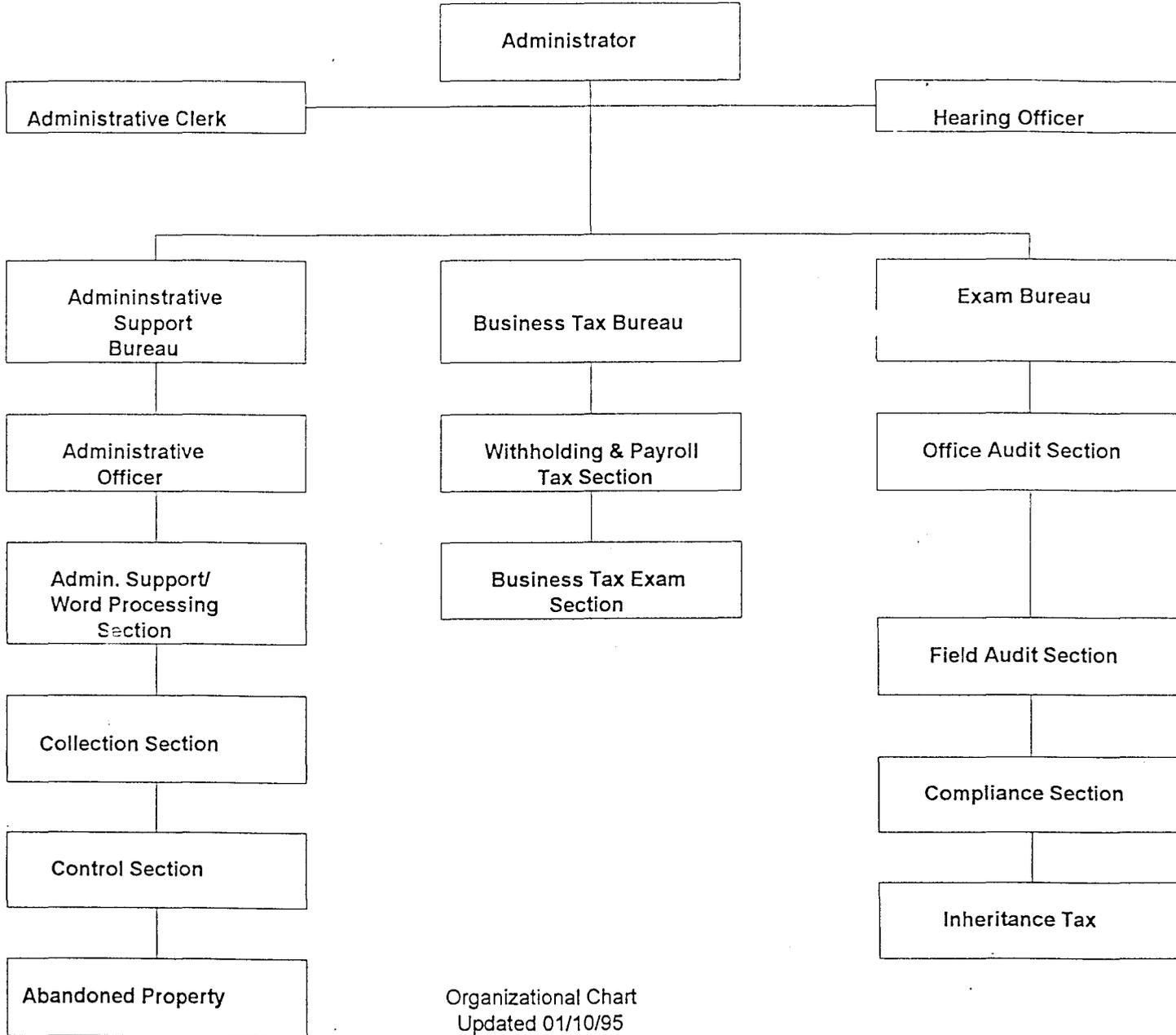
Telephone Company License Tax -

Tobacco Products Tax

Unclaimed Property

Withholding Tax -

Income & Miscellaneous Tax Division



Organizational Chart
Updated 01/10/95

AVR INVENTORY - DECEMBER 1994

Tax Type	Accts Assigned	Dollars Assigned
AT & Misc Taxes	147	\$704,309
Income Tax	15371	\$20,849,904
WC/Payroll Tax	2072	\$356,589
Withholding Tax	3313	\$3,119,485
TOTAL	20903	\$25,030,287

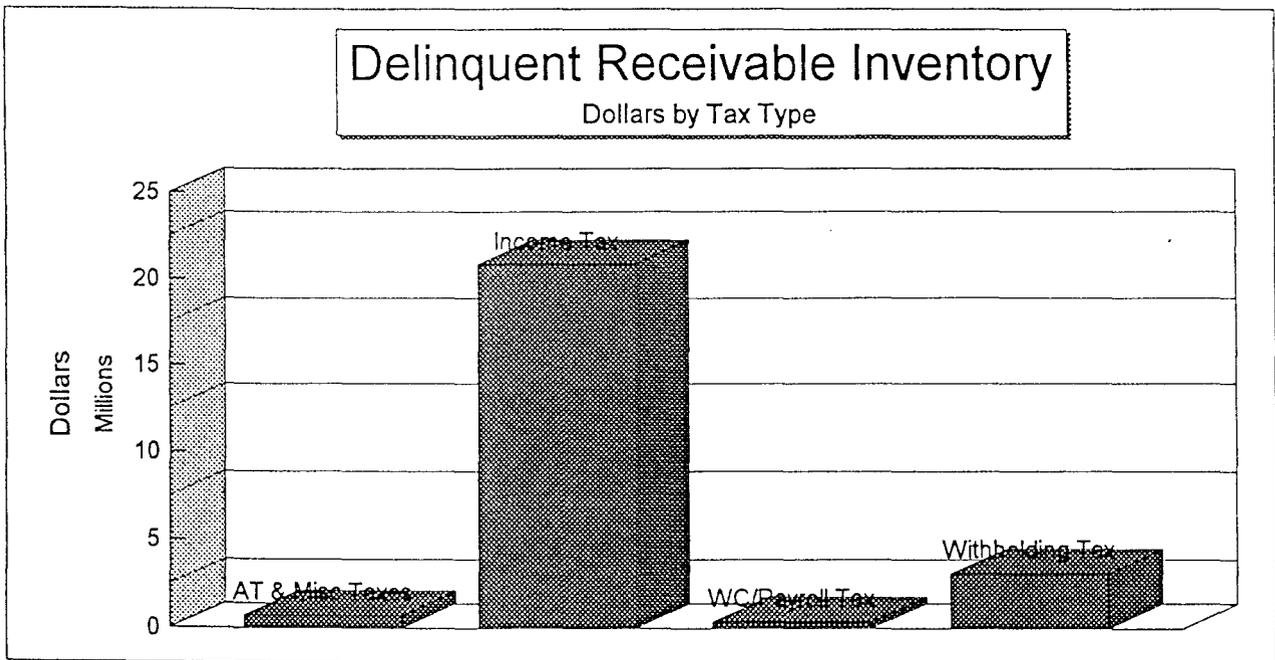
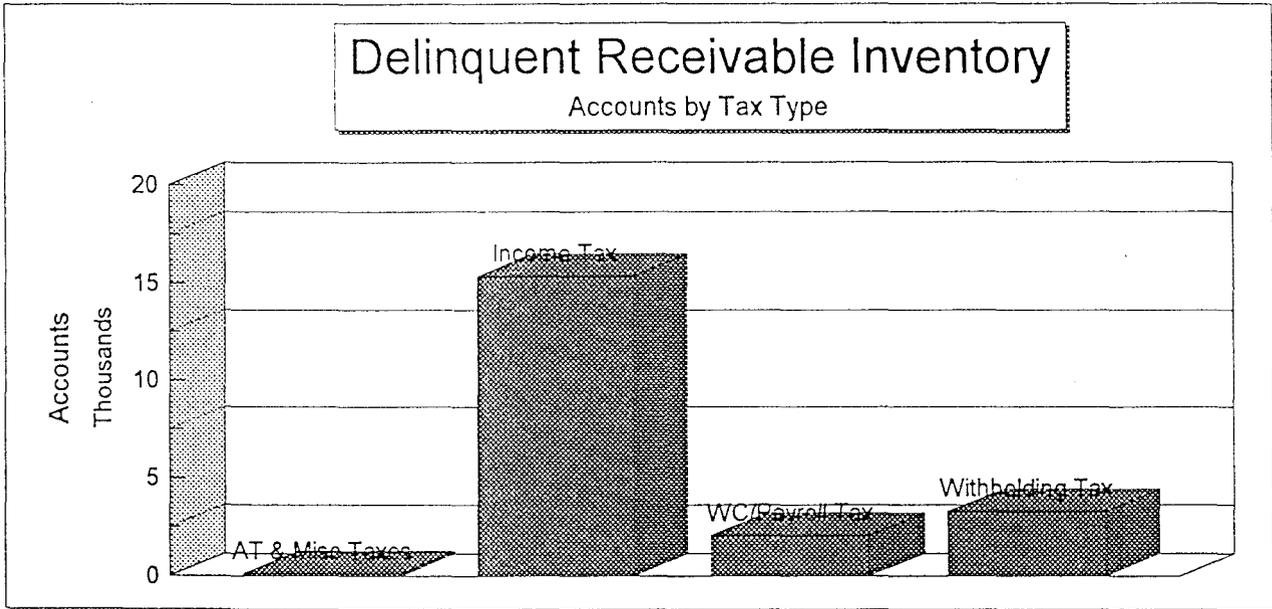


EXHIBIT 5
DATE 1/11/95
HB Revenue

**1994-1993 ANNUAL
FINANCIAL REPORT
of the
Liquor Enterprise Fund**

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

(report)

MONTANA DEPARTMENT OF REVENUE

Sam W. Mitchell Bldg.
Helena, Montana



H-11-95