MINUTES OF THE MEETING OF
HOUSE APPROPRIATIONS SUBCOMMITTEE ON ELECTED OFFICIALS
MONTANA HOUSE OF REPRESENTATIVES

February 8, 1977
8:10 a.m.
Room 428A
State Capitol Building

The meeting was called to order by Vice-Chairman Regan, with Chairman Lynch excused, all other members present. The subject for the hearings: Department of Revenue: Investigation Division, Audit and Accounting Division, Motor Fuels Division.

Investigation: The primary difference in the budgets is the type of funding used; the division is requesting more liquor earmarked funds while the LFA recommends more general funding. Mr. Laury Lewis, Deputy Director of the Department, indicated that either the LFA or the Executive recommended budgets are very close to the one requested by the division, and they have no arguments with either one. Mr. Lewis and Mr. Eaton both felt the use of the liquor funds would reflect a true picture of the costs of running the department. Mr. Eaton said that if the department is supposed to be self supporting, let them use their funds.

Audit and Accounting: Mr. Gosnell said that this division acts as the financial center service for the department. The LFA budget is a little under the Executive in 1978 and a little over in 1979, mostly because he put more equipment in to the budget than did the Executive. They are not far apart on the FTEs. Don Bentson, Administrator for the division, indicated that the LFA gave them the modified and took some out of the current level services while the Executive gave them the current level and took some out of the modified.

On the current level services, there was $17,000 cut. Mr. Bentson said they would accept the $11,000 cut in travel per year, but need the $6,000 reinstated. The traveling was connected to the liquor store audits, which they felt would not be necessary next year at that level.

On the budget modification requests, Mr. Bentson said the funding is required for workload increases, internal control, and more effective and efficient operations. There was a difference between the budgets of 1.5 FTEs; the division wants the FTE for bad debt collections.

Among the modifications requested that they would like, but would be able to operate without, are the contracted services consultant for the electronic cash registers in the liquor system, if the position of the management analyst is approved; liquor store auditors; and the automation of the data input for the department payables.

Mr. Bentson explained that the acquisition of the electronic cash registers for use in the larger stores (20 of the 126 stores) would provide more current sales information and inventory information and at the same time allow them to identify funds earlier and transfer for investment sooner. The machines would cost between $3,000 and $5,000 each, a total of about $80,000 is requested for the purchase. The Japanese Cash Machines that are currently being used are not effective for the larger stores as they were intended to be and would be transferred into the smaller liquor stores for continued use. Mr. Gosnell did not allow for the consultant for the machines since the vender should be available to do a systems study; the division agreed with this.

Mr. Groff said they now have 21 stores tentatively set up. They closed all negative stores in the last few years, by contracting with local businesses for these services. They are planning on closing all with less than a 15% net in the near future.

Motor Fuels: Mr. Gosnell said the LFA recommendation is substantially under; both he and the Budget Office funded at the level requested but the difference is in the current level and the approach taken.

Mr. Lewis indicated this is a tremendous and continual growth area and the funding is greatly needed. He presented the committee with charts, attached, indicating the growth and operating expenses for 1977, 1978 and 1979. Because of their growth rate, they cannot operate at the level they did in 1976. The problem in this budget is only with the operating expenses as there is very little difference in personnel and no difference in the equipment. Both the LFA and the Executive recommendations include funding the auditor requested.

They had excess funds in 1976 because pro rata charges came in late and they had excess travel money. Operating expenses drop in 1979 because the data processing expenses are non-recurring expenses for 1978.

The committee adjourned at 8:50 a.m.

J.D. Lynch

J.D. Lynch, Chairman

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