

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

February 9, 1977  
8:10 a.m.  
Room 428A  
State Capitol Building

The meeting was called to order by Chairman Lynch with all members present, except Senator Lockrem who was excused.

The minutes of February 7, 1977, are amended on page 2, paragraph 2, first sentence, which should read as follows: "Mr. Groff stated that the case load of the division has increased significantly."

The subject of the hearing for this date: Department of Revenue: Corporation Tax Division and Income Tax Division.

There was a very brief discussion of the budget request for the Corporation Tax Division. The LFA recommends a 10.9 percent increase in total funding, as requested by the division; the executive budget recommendation is \$5,000 less than the division request for each year.

The Income Tax Division, Mr. Groff, Director of the Department of Revenue, described, is the revenue producing area for the department. He feels it is very important that the \$48,000 and \$47,000 for 1978 and 1979, respectively, be reinstated for the current level services. There was some confusion when the budget was being worked on about the needs for the division and the Audit and Accounting Division; but Mr. Laury Lewis explained the Income Tax Division does require the \$33,800 for 1978 and \$36,474 for 1979 for the accounts receivable system, and he then gave a brief explanation of this system.

They also requested a budget modification to include the expenses for the toll free telephone service; this would be \$6,600 each year. Mr. Gosnell pointed out that he erred in not including this expense. Chairman Lynch stated, without objection, that the committee would add this expense in since it was an error and should have been included in the original budget.

Mr. Lewis explained that in June of 1976 the division received some forms that were spoiled and then received a credit for those forms in the next fiscal year. This was a savings for them for the 1977 fiscal year; but this was a non-recurring savings.

Chairman Lynch suggested that they, once again, request the property tax division to hold down their expenses; they did it two years ago and made some savings and should be able to do this again. It was felt by Mr. Lewis that this could be done, but it would mean a cut back in services and work accomplished. He said they can work at whatever level the division is funded for, but the question is the kind of job the legislature wants the division to perform.

ELECTED OFFICIALS SUBCOMMITTEE

February 9, 1977

Page 2

Mr. Groff said that the Income Tax Division is the revenue producing area and cuts made in this area will result in a loss of revenue. He indicated that he does not believe in supplemental budgets, and Senator Thiessen, Chairman of the Finance and Claims Committee, also does not believe in supplemental budgets, he related. While it is difficult to write a budget for a two-year period, they will work with whatever funding they are afforded. Senator Regan retorted that the funding they receive does not necessarily have to be equated with the kind of job an agency does; it is a factor, but not the only factor.

Concerning data processing expenses, Mr. Gosnell asked if the division will still need \$172,000 for 1978 and \$188,000 for 1979 since there will be rate reductions in the next year and their final expenses last year for data processing were considerably lower. Yes, Mr. Lewis stated, they will need the money because they are increasing their workload continually.

Chairman Lynch felt there were no problems with the modification requests for this budget and with the current level funding, adding that for every dollar that goes in we get three or four dollars back. But Senator Regan expressed feelings that she had some problems with the requests but will discuss them in executive session.

In closing Mr. Lewis brought up the issue of vacancy savings, stating that about \$17,000 were cuts in vacancy savings but they need the funds.

The hearing was concluded but the committee members met in executive session. The hearing regarding the liquor division will not deal with the pay increases or contracts.

On February 21, the committee will hear further testimony relating to the Civil Defense and Military Affairs budgets. Mr. Gosnell distributed to each committee member a memorandum regarding the Air Guard budget request.

A memorandum and revised budget sheets were also submitted to the committee for the Judiciary Branch. Mr. Gosnell explained this new packet of information; it does not include the judges' pay raises. Under the Supreme Court Operations there are a number of new and changed positions. Both Mr. Gosnell and Mr. David Lewis, of the Budget Office, felt there was no need for a systems analyst as the agency has requested. There was discussion on the salary raises for the employees in this division. Senator Nelson felt it was terrible to pay attorneys \$13,800 for their education with no experience. Senator Regan stated they are currently paid \$12,000 and she agrees with Senator Nelson to a certain extent. They are furthering their education while working with the Supreme Court and are able to get a better job after termination with the court, but they are graduated attorneys and should be paid the minimum wage for attorneys in the state and nothing higher. Chairman Lynch indicated he is in complete agreement that they should be paid about \$13,000. After discussing other expenses and increases in expenses and

February 9, 1977

Page 3

salaries within this division of the Judiciary, Chairman Lynch asked the Legislative Fiscal Analyst to figure out what these employees would be paid under the same rules and guidelines that all other state employees are under. Senator Regan reminded the committee that they not only should look at the funding and salaries, but the positions and FTE requests.

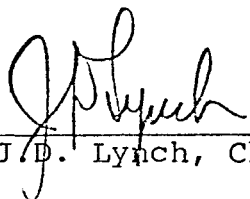
Under the Boards and Commissions Program of the Judiciary, it was pointed out that there is a massive increase from 1976 budget to the 1978 budget. Their increased FTE from 5 in 1977 to 6 in 1978 was attributed to adding several part-time employees adding up to one full time. Mr. Gosnell said they are meeting more often and had been taking the costs out of their budget rather than putting in for an increase; these are legitimate costs for the state. Senator Regan suggested that they cut the number of meetings they have; she suggested that it be decided how many meetings they will have during the year and fund for that level only. While there was some criticism of the court administrator, Mr. Gosnell said he is doing a good job of accounting for all costs and expenditures for the department.

Regarding the Law Library funding, reference was made to a letter from Attorney General Mike Greely supporting the funding requested. Mr. Gosnell indicated the committee may expect a similar letter of support from the office of the Legislative Counsel. Senator Regan expressed less problems with the law library request than with the other requests; however, she is not sure they should have such large increases in funding so rapidly.

The District Court Operations Program is the biggest problem within the department, Mr. Gosnell reported. Funding is mandatory for salaries and travel but not for ancillary costs. The division has requested funding for the ancillary expenses as the counties are not able to pay for them; they are also short of funding. Chairman Lynch said the committee should look over the bill by Representative Dussault regarding taking over the costs of the district courts. Mr. D. Lewis reported that expenses for this could be absorbed in the budget in the next biennium. Mr. Gosnell reported that Governor Judge also said this could be deferred. There was a brief discussion on Senate Bill 71, which is not an appropriations bill; if it passes, an appropriations bill will be necessary.

For the budget of the Office of the Governor, Mr. Gosnell indicated there is a request for a systems management type position and a data base manager; he suggested the committee have someone come in and make the request and explain their needs. There was a brief discussion, with Mr. Dave Lewis explaining that neither he nor Mr. Mike Billings are certain that this will resolve the problems but something must be done. They need someone in the Governor's office to make the priority decisions to set the priorities; it would have to be someone with a good systems background and who has worked in management.

Meeting was adjourned at 9:00 a.m.

  
J.D. Lynch, Chairman