

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

March 12, 1979

The 12th meeting of the Senate Finance & Claims Committee met on the above date in Room 104 as a combined meeting with the House Appropriations for a report from the subcommittee on the Legislative, Judicial and Administrative Departments of the State Government.

ROLL CALL: All members of the Senate committee were present with the exception of Senator Fasbender.

The meeting was called to order by Chairman Bardanoue at 8:05 a.m. for the purpose of continuing the hearing on House Bill 483.

Representative Menahan presented the subcommittee report and introduced the members of the committee, the fiscal analyst, the members of the budget office who had worked with his committee, and gave a report of the three handouts, attached. He said they did not include cost of living increases. Following his explanation of the budget proposals the combined committee asked questions about the report.

Representative South: The totals do not add up for me. If you talk about a tax relief program --yet the subcommittee is \$16 million above the executive budget. \$10 million of it is in the Highway patrolmen, where is the rest? Rep. Menahan: Property tax \$2 million \$1.5 million in advertising--that is most of it.

John Fitzpatrick: The shift of the Highway patrol were \$16 million. The Department of Justice recommends 3.2, the Executive 3.5, and I think the subcommittee is close to 19.1.

Senator Lockrem: The Executive budget recommends the highway patrol at \$3.5 million but the total operation of the three figures is \$8 million.

Rep. South: There is a step increase for the employees in one part - the Environmental Quality Council, but it is the only one - why was it done just for EQC? Rep. Menahan: Some of the agencies did it differently. We cut them down 20% and then included the increases. Rep. Bardanoue: This creates a problem in the pay plan. Rep. South: We would have to move it out and put it in the pay plan.

Rep. Moore: I understand the increase in the Legislative Council from 1.8 to 3.2 included the operation of the '81 Legislature and we will not have to have a feed bill at that time. Rep. Menahan: This is just for the Council. Not for the legislature. The reason for this is so that some of these things can be handled before we get here. Rep. Moore: We felt they would be better able to keep track of it this way.

Rep. Moore: Wouldn't this leave about \$1.4 million that we would not be able to use for other purposes by doing it this way? Rep. Menahan: To the committee it seemed 6 of one and half a dozen of the other.

Senator Lockrem: This same bill comes out of the biennium rather it be appropriated or in a supplemental.

Rep. South: It amounts to the same thing. It comes out of this year's biennium; rather we do it now or later.

Rep. Moore: If we get away from the general train we have always worked on we see a 74.7 increase. This money will not be available for other use in case we need it.

Senator Lockrem: It has to be paid now or later, and the contingency has to be set up no matter what.

Rep. Bardanouve: This is always set aside.

Rep. Moore: Where, within the legislature departments, are we increasing the spending authority so much? Rep. Bardanouve: The committee will take the question under advisement.

Rep. Ellis: How come a 6% increase in salary, cost of living increase?

Rep. Menahan: They are not on the pay plan. Rep. Ellis: This is not in the auditor's budget. Rep. South: We can take it out and plug it into the pay plan. This would make everyone treated equally.

Rep. Marks: The interim studies was reduced \$50,000 and another \$50,000 in contingency funds was eliminated. What does it mean?

Rep. Menahan: the NCSL was eliminated. Part of the money was administrative code. Rep. Marks: What is the rationale on the contingency fund? Rep. Menahan: The relation to travel, etc., was cut back.

Rep. Waldron: The cost relating to NCSL (National Conference on State Legislatures) -- No funding? How come?

Rep. Menahan: They felt that we belonged to the two agencies, the Council of State Legislatures and the NCSL: the benefits to Montana were not that great; there was a feeling by some of the members we would not like to participate.

Rep. Waldron: How much money is this? Rep. Menahan: \$40,000. Senator Lockrem: Plus \$20,000 in travel. The total request was \$93,580.

Rep. Bardanouve noted that Mr. Mackey and Mr. Kurtz were present, had come a long way for the budget presentation, and would be allowed to speak before the time was up.

ENVIRONMENTAL QUALITY COUNCIL: No comments.

CONSUMER COUNSEL: Rep. Menahan said if the committee would notice, there had been a cut-back here. There was a contingency fund of \$100,000 they wanted that we do not have in this.

Rep. Bardanouve: This can be appropriated through the normal channels rather than a separate bill.

LEGISLATIVE AUDITOR: No questions.

FISCAL ANALYST: No questions.

JUDICIARY: Rep. Yardley: I assume that the budget is set with the idea that the new Supreme Court judges will not be in there?
Rep. Menahan: We would hope that the legislature does not have them hired.

Senator Lockrem: The budget does not include the two new judges. It gives them a staff attorney to help them write opinions. At the present time Judge Hatfield is working with them. There is salary for additional (3) law clerks that was funded with federal funds in the past. We thought it better to hire three law clerks than two justices.

Rep. Yardley: Couldn't that be self sufficient? Montana reports to be sold to private attorneys? No one would realize any profit from this.

Senator Regan: Why should a private contractor make money on this? It should be self supporting. Rep. Menahan: Our recommendations are to find more economical ways to utilize it.

Mike Abley, Administrator of the Supreme Court, said the bulk of volumes are those contributed to the state agencies. The publishing companies get the ones that go to the private agencies. It could be changed to state-owned publishing.

Senator Regan: I would like to ask Mr. Abley, how long to change over? Do you have a long standing change? Do you have a long standing contract that you would have to purchase? Mr. Abley: No contract. Senator Regan: Could it be done now? Mr. Abley: It will be done.

Rep. Yardley: Isn't this a duplication of the Pacific Reporter?
Mr. Abley: The attorneys prefer the Montana report since they have to go through so much material they don't use in the Pacific Reports.

Rep. Hardley: Was this feeling a very one-sided view? Mr. Abley: Yes. Rep. Yardley: Most people would buy specific reports? Mr. Abley: Yes, most do.

Senator Regan: Can we put language in the bill that will do this? Discussion was held on this bordering a \$25,000 ransom to our own courts --

LAW LIBRARY: Rep. Menahan said there is an increase here. They needed help. They had no desk, typewriter or calculator. He had letters from lawyers saying they were getting the library updated. If we set an attorney up there that is getting \$40,000 a year, or spend it here and get something done. We said make it efficient or we will pay more in the long run. The meeting was temporarily chaired by Rep. South.

GOVERNOR'S OFFICE: Senator Smith said he would like an explanation of the increase by 49% in the maintenance of the Governor's Mansion. Rep. Menahan explained that this is the addition of two security guards that were in the Department of Administration but were put under the Governor.

Rep. Waldron: How come you cut the citizens' advocate? Senator Regan: How much of a decrease is it? Rep. Menahan: It is 1/2 FTE - about \$8,000.

Senator Lockrem: On the legal jurisdiction - this was out of the budget and funded late. \$300,000 was the appropriation of what this was at the end of the last session. \$40,000 was transferred to the Legislative Council for an interim committee to get the committee to try to work on this. We did not get the expert legal assistance we wanted for the \$300,000. We got an accumulation of documentation of past law cases, and 3 FTE in the Governor's office. Two first year law students in Missoula, 2 secretary positions and some contracted services. Basically, this is an accumulation of data relating to Indian jurisdiction. It is a continuation of what we were told was a one-time expense.

Senator Thiessen: A good deal of this money will revert back. At first he was disheartened by how the money was spent, but a lot of county attorneys are getting a lot of assistance from these documents.

Senator Himsl: Can you be more specific? What is the intent of the \$300,000 appropriation? We have the documentation with the \$250,000. What can we expect?

Senator Lockrem: It really is a continuation of what was started with the \$300,000 from last session. Two attorneys, grade 13, and a secretary. \$62,000 in the first year for contracted services. Any of the specific ones, like the fish and game, continue their own.

Senator Himsl: The thrust is changed then? It was to be spent to hire a first class Washington representative to make a study and look after the interests of the State of Montana. It was spent for the research. Was it not completed? Are we putting in this money to continue the research?

Rep. Menahan: There are a number of on-going cases such as the Wolf Point one. Rather than a decrease in cases there will probably be an increase. They could not get someone in Washington to do this. We can get it done cheaper right here than a Washington attorney.

Rep. Yardley: Why is this under the Governor's office? Senator Lockrem: We thought it should go to the Attorney General to handle, but we were told it should be here, not in the Justice Department.

Rep. Marks: What kind of people were hired? Answer: The three FTE were \$13,000 a year first and over year students of law.

Mr. Bousliman: I thought it might be well to hear from Joe Roberts. He can explain why it is necessary and will be down soon.

Senator Smith: In regard to Wolf Point. Did the committee check with Wolf Point to see how much assistance they are getting from this group? Rep. Menahan: We will further check with Roberts. Mr. Mizner testified that the cities and towns were getting some help. Senator Etchart: This was to be used in the southwest corner of the state, in particular, in the matter of water jurisdiction. I talked to Joe Roberts; no assistance from this money that was supposed to be set aside for them.

OFFICE OF COMMERCE: Rep. Marks: This was a controversial subject two years ago. Was wondering if the committee thought they had justified their existence.

Rep. Menahan: A number of the people from the northeast part of the state testified. The collapsible homes are sold to the Arabs and people there. Some of these people could come and testify. Rep. Marks: Could this have happened anyway, or did they get a lot of help from the office?

Senator Lockrem: Both their office and the office of the Economic Development formed together. It was almost a court of last resort. They would receive some money and legal assistance.

Mr. Bousliman: It is our understanding that Federal regulations require 25% general match under the program. If my recollection is correct, it was \$150,000 a year and \$50,000 a year matching general fund money.

ECONOMIC DEVELOPMENT: Senator Smith: According to what Mr. Bousliman said they could not use this unless they put in \$75,000. Mr. Bousliman: Under the economic development program if you spent \$300,000 over the budget, you will have to put in \$75,000. Under the Economic Development program all the general fund money was removed, and this might be looked at. We could stand to lose here. The recommendation of the subcommittee is that private money will be obtained to match the federal funding.

LIEUTENANT GOVERNOR: Rep. Menahan said we had cut the lieutenant governor's office two years ago. Senator Smith said his committee had set the budget for Natural Resources, when they transferred the energy office from the lieutenant governor's office and this money just went over there. It is not a decrease in cost.

CITIZEN'S ADVOCATE: No questions.

AUDITOR: Senator Thiessen asked about an investment officer. Rep. Bardanouve said we don't have one, but would like to train one and see if we could hang on to him.

Discussion was held on a security testing program to develop a test for people working in the security area. Some of the members did not feel we had adequate security at the historical society to protect the valuables there.

Senator Pegan protested the hiring of an attorney since the bill coming in would make a pool, and this was different than the policy

they had been trying to maintain.

Senator Himsel explained this had been a recommendation of the audit report, they would put on one attorney in that department and that attorney would work in investments, insurance and in the legal department.

Rep. Bardanouve: Did you get an extra attorney? Mr. Bousliman: We have one, Joe Roberts.

Senator Smith: I have a question. You put in an automatic payroll system and then add two people? Senator Thiessen: The two were upgraded 4 grades. Rep. South: There were no additional personnel then.

Rep. South: You increased the revolving funds. What is going to increase it this much?

Jan Dee, Fiscal Analyst: The state auditor charged \$1 per month for non-general fund employees. Rep. South: By why are they picking up extra employees rather than weeding them out? Rep. Bardanouve said they must take a look at this huge increase. Rep. Menahan: He runs a very good system, and we thought if he asked for it, he needed it.

Since some of the people had left, Rep. Bardanouve said that some of the departments or agencies might want to protest, and the Campaign Practices Commissioner might want to do so.

SECRETARY OF STATE: Rep. Bardanouve said the cost of paper, printing, administrative courts - this is not his doing - he merely pays the bill. The administrative codes - the 50 volumes do not pay for themselves. Additional printing would not be in demand.

Leonard Larson, Secretary of State Office, said there is another bill in to create a revolving fund. The sets are figured at cost.

Rep. Bengston: I would like to back up to the Governor's office. Has it been included in the Governor's budget, or in Public Education, for the appropriation for the special olympics? It was previously in the Governor's office. Do I talk about it now or when we discuss the Education Program? It was a request of \$50,000 for hiring a person and their travel expenses. It is not addressed in any other budget. It should be in this budget or the one on Education. Marshall Cook is here if we have time for it.

Rep. Menahan: We talked to people in the Governor's office; there should be some effort made to do something.

Senator Smith - Department of Justice - there are 19 additional patrolmen for 1981 despite the good chance that we will have less traffic on the road because of gas rationing. What is the reasoning and what is the additional cost? Rep. Menahan: This was a question we had. They feel there will be more traffic, but a different type. Small cars, and they will dispense with some of the catalytic converters, and the U.S. Department feels we will have more problems

rather than less. He said we are matriculating the patrolmen in, putting them on duty in an orderly manner as they are replaced by civilians in the driver's licensing bureau.

Rep. Marks: Are you considering phasing them in as the highway patrol on the road retire to keep them at about the same number? Rep.

Menahan: Something like that.

Senator Regan: They have overtime payments of over \$150,000 a year. What would it take to reduce this? Or is it because they are out and have to come back in? Rep. Menahan: Say they are on a 10 to 6 shift. There is a car accident at 6. He might be called out. He has to complete the job or if with a sheriff, he must finish the job.

Rep. Moore: Some of the patrolmen cover a lot of rural highway areas. If there is eight hours on a shift, then an accident, they must go out and cover them. Rep. Bardanouve said most rural counties have only one patrolman and they can be called out at night, or any time after their shift is finished, and they must go out.

Senator Himsel: You are taking 19 out of the licensing bureau and putting them in the field and replacing them with civilians?

Senator Lockrem: Actually there will be 7 fewer in the state even though there will be more on the road. Nineteen more on the road, but 7 fewer patrolmen.

Senator Regan: This is shifting the Highway Patrolmen into the general fund; you are all aware of that, I assume? Answer: The civilian examiners. They will be on general fund. \$11,000. Grants of about 8 or 9. Highway patrolmen start at grade 11 and go to grade 12 in six months. The Department of Justice wanted the civilians at grade 11. We started them at grade 10. The civilians will be in PERS retirement, not highway patrol retirement.

Senator Lockrem: In making the total comparison of the subcommittee to the executive budget, the \$10 million is a misnomer. The Governor had increased the patrolmen's salaries \$5 million over what we are spending. In the drivers examination section there is 26 uniformed patrolmen. \$450,000 a year in earmarked revenue. The drivers examination fees generate \$1.3 million in revenue and they sell about \$150,000 a year in documents to insurance companies. It is relatively self supporting. The \$450,000 in salaries for uniformed patrolmen will be a function of the general fund.

Senator Boylan: How many civilians employed in there now? Answer: 52 civilians, 26 uniformed patrolmen, 78 total.

Rep. Bardanouve: You would maintain the ratio set before, but take it out of earmarked revenue and put it in the general fund. Do you have a basic accounting list of where the patrolmen are going? Answer: To be worked out.

Senator Stimatz asked about the last sentence in the explanation on motor vehicle registration bureau and the recommendation of no more than \$640 per year in out-of-state travel be expended. Rep. Menahan

said this was mainly border and in and out of the state. Senator Stimatz asked if the computer terminals within selected counties could not have some of the cost transferred to the counties. Rep. Menahan said not very well. They had reduced the FTE on the state level; it was more expeditious to have it done on the county level and this program would cut back 7 FTE and speed up the service. The people running this program say it will pay in providing patrol service to the people.

Senator Stimatz asked if it had anything to do with the assessment of the vehicles. Rep. Menahan: No.

Dennis Burr, Department of Revenue, said that registration is not involved with this program. Senator Menahan answered a question from a representative on the law academies and the cost of moving, etc. He said they would pay rent, service and maintenance of the building. The actual cost would be \$107,000. Rep. Bardanouve asked why extra personnel? Rep. Menahan said there was one person for the law academy, one more instructor, more students and expanding the law classroom.

Rep. Manuel asked about the statement that funding is made available to continue the motor vehicle division administrator. Is he going to be discontinued? Rep. Menahan: His job was to coordinate some of the things with the Attorney General.

Senator Regan: This was in the explanation and I would like to have the fiscal analyst answer the question.

Jan Dee, Fiscal Analyst: That recommendation that it be deleted - it was felt that there was enough administration within the Department of Justice to handle the duties. They have one part-time division administrator who handles several departments and works part-time as a criminal investigator. They felt to continue another administrator within them would make the division top heavy.

Rep. Ellis asked about the alcoholic funds going to the DWI lab. Is this a new tap on the alcoholic money? Rep. Menahan: This had been handled in the Health Department. Rep. Ellis: With 5% of the drivers license fees going into this, isn't that sufficient? Rep. Menahan: That is funded by fines.

Rep. South: The language in the bill on page 4 seems to indicate a balance in the year of '78, to be transferred to the general funds. I don't understand how the motor vehicle registration bureau is going to be funded. Rep. Menahan: Their income exceeds their expenditures. Rep. South: By that much?

Senator Lockrem: There is a bill to increase the registration fees? If this is true, then why? Jan Dee: If increased, it should be over \$4 million by 1981. A fund balance of 707,454 at the end of 1979 - projected fee increase FY '80, \$2,394,736, and '81, \$4 million.

Senator Fashender: But why increase the fees then? Senator Lockrem said this had to do with the property tax and House Bill 568. Rep. Menahan said this bill is back in the Taxation Committee and the figures may be less when they adjust the cost.

Rep. South: Why no appropriation for motor vehicle registration - only travel. Rep. Menahan: We reverted the funds, there is no appropriation here for it. Figures given were \$1,426,033 FY '80, \$1,419,485 FY '81. There is \$640 per year line itemed in the bill for out-of-state travel.

In answer to a question from Rep. Waldron on the Forensic Lab and the funding, the answer was that it is not funded here. There is a bill in to do this.

Jan Dee: When they were reading off the table I have before me of the programs that are funded with motor vehicle fees, he included LETS, LEAB, Crime Labo and Forensic Science. These programs would not be funded with these fees until FY '80 and FY '81.

Rep. Moore: What about funding for the license plant factory? Rep. Menahan: \$386,000. That is in the institutions budget for this. Rep. Moore: It does not require new plates each year? Rep. Menahan: No.

Board of Crime Control had no questions.

DEPARTMENT OF HIGHWAYS: Rep. Waldron: You put a rather sufficient increase in the general fund money for travel promotion. Senator Lockrem: It was my view, and was substantiated by the committee that this be \$1.2 million for the biennium. It is a subsidy for the hotel-motel business in the state. There was a bill to put a room tax on so that they can carry their own weight. An over-all match on inter-state highways - about 4 to 1. You are looking at throwing away \$4 million of highway funds; we have to increase the gas tax now.

Rep. Waldron: Why even fund it then? \$1.2 million is a big chunk of money to come out of the general fund. Sen. Lockrem: It is being very effectively lobbied by the Chamber of Commerce.

Rep. Ellis: Do we still have a contract with the California movie industry in this contract? Answer: Think we do - can get the answer.

Senator Regan: How much was this last year? Answer: \$650,000 a year. Senator Regan: Why doesn't it come out of the highway where it belongs? Rep. Menahan: If we have such a big tourist trade and it really brings in all the money to the state that we hear about, they can certainly afford to take this out of the highway money from the tax tax. They must buy a lot of gas. Their advertising claims we get \$140 for every \$1 spent.

Senator Smith: When we checked out the movie industry promotion, a few people were taken out at \$63 a plate for a meal and that was it - just a few people taken out for dinner.

Rep. South: It shows an increase of 161 FTE. Is this all due to the accelerated highway interstate construction?

Senator Lockrem: We had two problems with the budget. They had not

filled 121 positions over the biennium since they were authorized for construction and they could hire them if they were needed. We gave the highway some authority and let them hire these people if they were needed - they are in the way of stake jumpers, etc. We tried to keep it so that they would be able to operate, but could not add them to their regular program.

Rep. Marks: Isn't most of the preliminary work done? There is \$800 a year for consultant fees here.

Senator Regan asked about the 281 FTE figure, and Rep. Menahan said if you are going to build all those roads in 4 years time you are not going to put on a lot of people who will be staying on.

Rep. Bardanouve: How many miles of highway? Senator Lockrem said there would be \$44,832,000 worth.

Rep. Moore: Normally, there is about \$208 million a year total spent on roads. The total biennium for the accelerated program will be \$200 million for construction. It is \$44 million one year and \$55 million another above normal. It is about \$100 million over when you put it all together.

Senator Aklestad: How many miles of road has been built in the past 4 years? Rep. Menahan: Just a normal amount in the past few years - this accelerated program is for 2 years, and the construction phases out in 1986.

Rep. Bardanouve: The federal government has a pool of money for construction of interstate highways. It is on a first come, first served basis. Montana does have the priority, and to use it we must do so now. As to the actual miles the answer was given - in 1977, 48 miles; '78, 72 miles; and in 1979, 61 miles of construction with 99 to be resurfaced.

Senator Aklestad: I am worried about the monetary factor. Some survey has been done. Is this more to be done over again on the same area? Mr. Fitzpatrick: The engineering needs to be done during construction process. The majority will be done on the construction project. If they go on with the accelerated program they will need the additional people.

Rep. Kvaalen: Is industry going to be able to handle the load? Senator Lockrem: Over the years the last point in time from the standpoint of construction was in '77 when there was 48 miles built. In FY '75, 132 miles were built. The industry had tooled up from that standpoint and said they could handle 3 times as much in '77, and twice as much again in '79. There has been a cut-back since '75. The industry should be able to handle this.

Rep. Marks: Is some of this money for resurfacing? The figures given were 98.8 miles of resurfacing. The accelerated program is interstates; where does this come in? Rep. Manning: On the accelerated interstates - the amount the state is going to contribute - the federal is a 9-1 match. \$4 million will contribute \$40 - 5 from the state brings in 50 from the feds.

Rep. Ellis: In the GVV program, if we would invest a few more people it could be cost effective. Rep. Menahan: They have about the same. We cut back on the clerical help.

Senator Lockrem: \$152,950 was for added contract service. There was new uniforms in this.

Rep. South: When you spend earmarked highway funds doesn't it take 3/5 of the legislature to revert these funds? Discussion held and answer seemed to be yes.

Rep. Waldron: The explanation says the funds from the auction of motor pool cars be placed in the revolving account. Why? What about highway grants, federal funds, etc.? Rep. Menahan said that is the way they will be purchased.

Rep. Marks: On the Motor Pool - Do you feel it is being underutilized? Rep. Menahan: Some of the employees would take their own cars and spend the week-end in the area of the job where they did not want to be seen using a state car on off hours. We pay 17¢ a mile for private cars and only 12¢ a mile for a state car.

Rep. Moore: On the equipment division. \$6.8 million and \$7.07 million the next year. Does this equipment include snow removal equipment throughout the state? Rep. Menahan: Yes.

Rep. Moore: Have they budgeted any of the \$750 thousand for purchase of equipment? Mr. Fitzpatrick: There was \$600,000 budgeted for snow removal during the heavy snow but it came out of the highway earmarked funds.

Senator Himsel: I am not clear on the railroad planning funds. \$178,000 and \$100,000 and federal funds and then your statement says matching funds are to be supplied from existing appropriations. What do you mean by this? Rep. Menahan: This is a soft match.

Senator Himsel: Where does it come from? Senator Thiessen: Last year the legislature turned it down. The Governor funded it and now it is being funded through the Highway Department.

Rep. Bardanoue: The United States Department of Transportation provides the federal money. This function should be in the Department of Transportation, not the Department of Agriculture

Rep. Moore: After reviewing it, there was a budget amendment that came from the Governor's office. This was phase 1. Phase 2 comes next and phase 3 last. It goes down on phase 3 and there will be no money for any continuing activity.

Senator Himsel: There is still no answer. This budget proposal was because of federal funds. There is nothing here to explain the match. Where does the soft match funds come from? Answer: \$67,000 is the match. They felt they could get it out of the existing FET's they have.

Senator Lockrem: They requested a certain amount of earmarked revenue and FTE but if they could complete it within our existing programs they could go ahead with the programs. As presented to the subcommittee the federal funding does decrease and it will be local and it will be a local effort in order to get into the construction. It will be down the road a ways.

Rep. Menahan: This area might be badly needed to get farm produce down the road in a few years.

DEPARTMENT OF ADMINISTRATION: Rep. South said that in reference to the \$600,000 recommended to be funded out of the LRB - does that mean we reduce the building program by that amount? Rep. Hurwitz: The 1% that was paid to the Department of Administration would be changed to the LRB. This is a 1% charge which has been assessed to non-general fund projects for inspection cost. Rep. South: But it would be a general fund reduction to be paid out of the building fund. Rep. Menahan: The last sentence states the charge as recommended by the committee, would be assessed at the time the contract is let with revenue deposited to the long-range building account.

Dave Lewis, Department of Administration said we asked the subcommittee if we could do it. The 1% charge of general fund money would be charged to the programs' 1% administrative charges and put it back into the LRB to fund it with. There is a back balance in the fund now. The approximate balance is around \$400,000. The Department has charged the earmarked funds (Fish & Game, etc.). They prepare the plans and charge them 1% for the administration of these projects. It goes into the revolving funds, it is charged out, and then put back.

Rep. South: In the insurance division - in regard to the money your subcommittee appropriated to the insurance division of auxiliary buildings - we appropriated the same money in the education subcommittee we can't appropriate the same money twice.

Rep. Kvaalen: What is the governor elect program? Rep. Menahan: \$30,000 if a new governor is elected. This is to help get him established in the bureaucracy.

Rep. Bardanouve asked about the major fund balances in the surplus property. What fund balances are there? Rep. Menahan: The surplus fund balance is about \$128,000 plus.

Rep. Ellis: What about the security guards for the Historical Society? We found a real discrepancy about the security program over there.

Rep. Menahan: This will be within the security division of the Department of Administration. Possibly by updating his salary they may be able to make this better.

Senator Aklestad: What is position control? Jumping from one step to another etc.

Rep. South: About the new policy of charging every state agency building and ground maintenance, janitorial service, utilities, etc. How much money does it generate for the Department of Administration?

Dave Lewis: It is really a wash. Rep. South: How much was washed

out? Lewis: Something like \$1 hundred thousand - I could get you the exact amount. Request of Jan Dee to do so.

DEPARTMENT OF MILITARY AFFAIRS: Rep. Moore: The five firemen at Great Falls now is going to be 30% federal, 20% local for the municipal airport. General Thode, do you have any problem with that? General Thode: No. We have 10 and we will continue to have 10.

Senator Smith: In the next to last paragraph it says we must now match 50% on a disaster relief program. If we have a disaster, does that mean we have to pick up 50% of the cost?

Rep. Moore: In the 1975 flood, there was \$750 offered by the federal. We repay part of it.

DEPARTMENT OF REVENUE: Rep. Waldron: The first sentence - I don't understand. Is this a decrease in property tax but not including an appropriation for liquor division? Rep. Menahan: We agreed they will operate as a business and will pay the state. They will be able to close stores, open stores, etc. We just say they cannot increase the amount of cost. You have to remember they are losing the wine income.

Rep. Ellis: This puts the liquor division on its own. We will create the \$13 million off it. Rep. Menahan: We make them operate at a profit. Rep. Bardanouve: We have given them more freedom to operate within the system. They can set up another store or close a store so that they can better merchandise their product. Before they could have expanded in some profitable area, but we stopped them.

Rep. Gerke: What is the penalty? Rep. Menahan: This is more money than we were getting before. They said they could bring in \$12 million, we said 14, we settled by splitting it at \$13 million.

Rep. Manning: How did you get the figure of \$14 million? What did you base it on? Rep. Menahan: On what has happened in the past, and taking out the wine, etc.

Rep. Bardanouve: Some additional revenue can be obtained by closing some stores and operating them on a commission basis. Some stores have more employees than sales, and some more sales with less employees.

Rep. Manning: In some of the outlying counties of Montana, there is one liquor store in 200 square miles. Senator Smith: There is one in my county and two on a commission.

Rep. Bardanouve: Do you feel a commission store gives as good service as the small store? Senator Smith: Yes. Rep. Bardanouve: They can be open longer hours; they can set their own hours.

Rep. South: In the language - funds appropriated however the funds are contingent upon them depositing the money into the accounts. Does this mean if they don't deposit the money they don't get the inventory?

Rep. Menahan: We will have to work out some of this. We borrowed the

out in the last day.

Rep. Waldron: Are we allowing the liquor department to start up new stores? Answer: Yes.

Rep. Waldron: We cannot increase the price. What if the wholesale price goes up? Rep. Menahan: The cost formula is still in effect.

Rep. Yardley: In the property tax reapportionment, under the re-evaluation, is there enough money to keep this program doing its job?

Dennis Burr, Department of Revenue: There are 9 employees here. It will take 5 years to reappraise with the present staff.

Senator Stimatz: At 20% each year, 5 years before we can put on more, how can we jibe with the courts? Rep. Moore: They are going to use a manual for a certain year. The same manual. 20% each year for use, and at the end of 5 years - in 1983 the whole thing will go in.

Rep. Moore: On the liquor division. The authority to open more stores? How does it work? Answer: If they want one, they have to make a profit.

Rep. Moore: Why couldn't they put it out for bids and operate it as an agency? Answer: They can.

Rep. Bardanouve: There is a point that the agency commission account is more profitable. If the charges run above a certain point it would be more profitable to have another store.

Rep. Moore: They would be operated at 10% of the gross profit.

Mr. Groff: If you take, for example, the 10% agencies - every man in the outfit would love to have that store. 4 1/2 to 5% based on the 10% commission, \$150,000 that will never come to Helena. Compared to Buttreys and Safeway - their expense was less for bottles sold. You are actually talking about doing away with a controlled state. We make more money on this. The basic point of the liquor law was to see that every community was getting the service. In some areas we can do it better - in some areas the commission will work. If this law passes, the stores that are still marginal should probably be closed and turned into agency stores. Oregon changed the small ones that were unprofitable and kept the larger ones that were making the profit.

Rep. Marks: Comparing the agency store and the commission store - if you were going to start it up, and if you were able to adjust your profit, would you consider this in your committee? Answer: Now you have a law that operates to say what hours you can be open.

Rep. Marks: Can the 10% margin stay open any hours they want? Mr. Groff: Not legally.

Senator Himel: On the last page, it has been suggested there is no provision for the state providing office space for appraisers.

Senator Lockrem: The county commissioners will ask you this. We will have more information on it. Lewis and Clark County billed the state \$20,000 for county assessors and reapportionment people; the total budget under the Department of Revenue is \$6 million which is in the property tax division. This rests with the state. We have given the \$6 million in general fund relief. Revenue derived goes to the local governments. They are charging office space at the present time, this language would preclude that. Therefore, no money in this bill.

Mr. Groff: If it is the will of the committee, we have checked it out. If this is the intent of the group, you should bring out the bill stating exactly what you mean. We are going to court. We have said don't pay it. Lewis and Clark County says get out, or else.

Senator Lockrem: It just plain states there is no money in the appropriation bill for this.

Rep. Bardanouve: If you set a precedent, the counties will have it.

Mr. Lewis: The state does, in a few instances, where the space did not have reasonable facilities. We paid rent for space. We have not paid rent for any assessors. We are not funded for this type of expenditure. We are highly confident that if this is paid to this county, we fully expect 55 counties to come in and ask for this money too. It would take \$4-\$500,000 to pay for the rental space if this should happen.

Senator Smith: In moving the Motor Vehicle division within the Judiciary the committee thinking that we move this division out of the counties or what? Senator Lockrem: With a uniform fee you don't have to assess every vehicle every year. This would be removed from the assessors office.

Senator Etchart: The uniform fee is controversial. The local school districts hold that to raise their level - they could not do so.

Senator Lockrem: This is just fees. If it does not go through we will have to go back into the budget.

Rep. Yardley: In comparing with last year - when you take \$29 million in property tax relief, costs of running the liquor operation, etc. This is still \$2 million difference between this budget and two years ago. What else? Where are the other changes?

Rep. Menahan: There is a one-time figure of \$1.2 million for re-appraisal, a supplemental for \$200,000, \$350,000 on universities, \$1.8 million to upgrade appraisals, and \$750,000 SBAS, Highway Department.

Rep. Bardanouve: We have not had time to prepare everything with what was done before.

Rep. Gerke: There are some funds that I think need to be looked at. About 5 different areas. Operations division funds totaled \$12,500; \$15,000 in another, the mailing department. They are not able to compare their mail as quickly as they should. This would have quite

an impact. This was a recommendation from the audit department - it recommended we put the \$12,000 and the \$13,000 along with \$500 for communication and travel and \$514 for equipment. They have some on loan down there, but don't own it.

Rep. Menahan: Wasn't funded, I don't think.

Rep. Gerke: It is self sustaining.

Rep. Bardanouve: We will review the whole bill in the House Committee.

Rep. Manning: Mr. Gerke has a copy of those figures here for you too.

Rep. Bardanouve: We will continue on this until noon today on hearing this report, then we will hear more this evening.

Rep. Yardley mentioned that there were some people here from the MCSL, Carl Kurtz and Mr. Mackey. It was agreed to hear them, and to continue the hearing Tuesday evening since there were wrap-up sessions by the subcommittees already set for this evening.

Mr. Mackey distributed a letter, enclosed as an exhibit, and said he was representing the National Conference of State Legislatures, and that all 50 legislatures participate in them now. He said members of the Montana Legislature had been very active on the executive committee. He said they do research for the legislature and have received over 30 requests from Montana asking what other states are doing on an issue. He said he felt they filled a need that could not otherwise be met, they did the lobby work in Washington, D.C. on a level that could not be done by individual states, and got the information from the states to Washington, and vice versa.

Rep. Bardanouve: You mentioned a move on the part of Congress away from the states. Don't you think part of that is because the states don't want the federal money? We demand they pare the budget and we also say don't cut the states. At the same time we say don't cut the military.

Mr. Mackey: There seems to be a real effort to take away the grant program assistance. Medicaid would shut down most of the nursing homes. Congress is resenting the states telling them how and what they will do.

Senator Smith: There should be a limit to overspending the budget on the national level also.

Rep. Bardanouve: A lot of people have been living on federal dollars.

Rep. Moore: What does the outlook seem to be for Congress and Brock Adams getting off our back on the 55 mile per hour speed limit?

Mr. Mackey: They are pretty well set in Washington - Mr. O'Leary said: "Leave the 55 MPH alone. We need energy savings." We are not very hopeful that we can do anything to get it changed.

Rep. Scully: Said he was sorry Senators Thiessen and Lockrem had left since they could bear him out in regard to the benefits that were received from participating in NCSL. He felt if we could not send as many people, send less, but send one. He felt it necessary to belong to both the organizations since they worked together, complimented each other, and both worked with and for the state legislatures.

Senator Himsl: A couple years ago wasn't there a courting going on between the two organizations? Rep. Bardanouve: Isn't there still some overlap? Mr. Mackey: We did sit down with them and worked out the area of jurisdiction of what is done and by who and avoid duplication.

Senator Himsl: Is there no prospect of marriage? Mr. Mackey: Not now.

Rep. Scully: There was no clear balance for each organization. We are going to need to engage in this again. The western states are reluctant to enlarge because they feel they are out numbered.

Mr. Lewis, Department of Administration: The 6.8% increase is really not enough, but I have been around here long enough to know when you get all you're going to get. At this point I will live with what I have got.

Rep. Bardanouve: Isn't there a transfer of money that will make your budget better than it looks? Mr. Lewis: The revolving fund, yes. The amount in the reserve of the insurance fund. No history to know whether it is excessive, or enough, or what.

Diana Dowling, Legislative Council: The report I heard said it would include for the '81 legislature. That is not entirely true. It would include the people for it year around. Legislative Service Division. It would not put the print shop, public information, and mail room in. The people we hire just for the session are not included. If they decide only the Senate and House can be in the feed bill, then there would not be enough in it. There was about \$1.7 in the House feed bill last year, but over \$3 million available in other bills. I would like to see you put it all in one so that you know and we know what the budget is. In this budget I assume the subcommittee would not approve reclassification of attorneys. We have some attorneys with three years experience. We need to do this to keep attorneys. We have 4 attorneys on that have been here for 3 years. If reclassified at \$40,000 we could keep them. We have the Director of Legal Services who has given his resignation and will be leaving May 1 or May 15. We will have about \$5,000 to pay off for him on vacation time and sick time.

Senator Himsl: What is this practice that any time anyone leaves the government services, is there no limit they can accumulate?

Diana Dowling: The people that have been here for many years have accumulated quite a lot of time. Dave Cogley has been here for 5 years.

Rep. Menahan: They are not forced to take comp time, and sometimes they can't get off work to do it. For instance, during the legislature they work 56 hours and get paid for 40 and you don't want to pay them. Sometimes they will pick up their sick time or vacation time instead of comp time, and in the end when they change jobs or leave, then you

pick up the tab.

Bill Groff: In 2 year's time you can accumulate this and have 60 or 70 days for anyone who has been there for only 2 years. If 3, 4 or 5 years it can really accumulate.

Rep. Manning: You are only paying them 1/4 of the pay leave. When I retired in Great Falls, I got paid for 1/4 of the time I had coming. You are not giving them a lot. The person who does not use his sick time is showing you he does his job.

Mr. Groff left a sheet with the committee, copy attached, that showed mail handled in the mail room and what the return to the state should be for handling the money on time. I would like to get together with the subcommittee - there is no sense in setting figures we cannot meet in regard to the liquor board - we need to get together and agree on what we can do.

We are worried about the amount you have set in the bill. We are going to court. We have 3 sets of opinions and two of them are negative for the counties getting the money for the assessor rent. If we don't go to court, or should lose, we could wind up paying out a lot of money.

Rep. Manning: In regard to the program on investigations division in regard to child support. Under this division, what kind of revenue could come back to the state? Mr. Groff: About \$175,000. I had figured close to \$190,000.

Mr. Bousliman: I would like to comment. We are mostly pleased with the budget, but there are some areas that do need adjusting. (1) Lieutenant Governor's office. This proposes a staff loss. It should be restored. (2) John Hanson. I would urge restoration of that office of about \$12-\$15,000 a year for a field audit. This is the big dollars. I am concerned about the drain on the general fund by fully funding the highway patrol and the travel promotion. I think 1/2 should be funded by the highway earmarked fund and if at all possible, all of it. I also share the concerns of Bill Groff.

Mike Abley: Generally the court has no complaints with the subcommittee recommendations. There was one area that was cut that I would like the committee to reconsider. The deletion of money for collection of district court data and under the supplemental the clerk of the Supreme Court office. I have strong feelings about picking up with general funds what I have done with federal funds, but if you are going to take a look at redistricting courts this would mean an overhaul of the Supreme Court. If there was \$20,000 cut in the archives we could use this as seed money for district court data. That would be my only comment.

Rep. Bardonouwe announced that there would be a meeting Tuesday evening to hear more of the departments and agencies, from both today and tomorrow hearings.

The meeting adjourned at 11:59 a.m.