

MINUTES OF THE MEETING
LEGISLATIVE, JUDICIAL AND ADMINISTRATIVE SUBCOMMITTEE

January 24, 1979
8:30 a.m.
Room 132
State Capitol Building
Tape Data: 3:2-4:451-end
3:1-3:0-344
Subject: Dept. of Admin.

The meeting was called to order at 8:30 a.m. by Chairman Menahan. All members were present. Fiscal Analyst JanDee May was also present.

The hearings for the day were Department of Administration: Records Management, State Tax Appeals Board, Passenger Tramway and Transportation of Prisoners.

DEPARTMENT OF ADMINISTRATION
Passenger Tramway

Mike Young, Administrator of the Legal and Insurance Division explained to the committee the state's position for liability in the inspection of ski lifts. Mr. Young stated that practically speaking liability could result for the tramway if there was a failure which could have been foreseen in the inspection. He commented there have been no claims in 6 years.

In the case of an accident, the first in line for liability would be the manufacturer of the tramway, the second would be the seller, the third would be the area operator and his insurance carrier and lastly, the state would be liable.

Mr. Young stated that the risk is comparable to other state activities such as the building codes and highways which are bigger risks than tramways.

The committee discussed the insurance for the state liability. Mr. Young stated there was no commercial insurance and the self-insurance would have to carry the cost of a suit. Mr. Young stated that large ski operations could possibly have their own self-insurance.

The committee discussed the only way to not be liable would be to immunize the state through sovereign immunity in the area of the passenger tramways.

Jerry Gamroth, Discovery Basin, commented that areas not on federal land are not required to be insured. He stated the insurance has increased 300% in the last 3 years. Most ski areas carry \$1 million to \$2.5 million in insurance. Any area on forest service land is self-insured.

Some of the committee members felt that the state was picking up the tab for liability for the voluntary recreation.

Pat Melby, N.S.A.D.A., Mr. Gamroth, Discovery Basin, David Malasky, Montana Snow Bowl, Roy Hickman, Western Montana Section Chief for the National Ski Patrol and Velma Green, Manager of Marshall Ski Area and member of the Tram Safety Council gave testimony in support of the state inspecting the passenger tramways.

Phil Hauck, Department of Administration, commented on the budget for the Passenger Tramway as being very inconsequential in relation to other budgets. They are requesting \$10,000 a year. This would allow for inspections of the 61 lifts in 18 areas twice a year during the operation season. They hire the inspectors through contracted services.

Records Management

Rod Sager, Administrator, stated that basically since 1975, the Records Management has been a records management service, micro-film service and record storage service.

They operate on a combination of general fund and revolving fund. Mr. Sager stated they are requesting a minimum of general fund for 1980-81.

The FA has recommended removing all general fund assistance.

Mr. Sager stated the general fund request has decreased to 23% of the total operating budget. Of their request, \$36,000 is general fund per year which will be used for personal services.

Mr. Sager commented on the Fiscal Analyst report for the 1978-79 biennium which stated that general fund is to be reduced to \$30,000 per year or another 50% from the 1979 biennium. Mr. Sager stated they were basically in line with this recommendation but the current recommendation of the FA is contradictory to the previous recommendation.

The program had a fund balance of \$81,000 and \$84,000 in the last biennium. Mr. Sager stated that the budget request for the program will draw down the surplus to \$24,000 in 1980 and under \$12,000 in 1981.

In staffing, they are requesting to maintain current level of 11.17 FTE for the next biennium which includes 2.67 FTE which are funded through the CETA program.

Mr. Sager stated over the next 3 years, they anticipate an annual increase of 17% in microfilming and record storage revenue.

Mr. Sager reviewed the functions of the Records Management Program

He pointed out that because of funding through CETA not being available next year they are requesting authority to fund the

CETA positions from their revolving account. Mr. Sager stated if the two positions are reduced according to the FA recommendation, it will be impossible to meet the demands of the agencies for microfilming. The FA recommends 9 FTE.

The FA responded that the Executive recommended total revolving funding.

In relation to the FTE, the Legislature appropriated to the program 7 FTE in 1978 and 8 FTE in 1979. The FA used the appropriated level as current level. She stated that current level is not what the total was after adding the CETA positions.

Mr. Sager stated they were not asking for general fund to support these positions. He said the positions were not indicated at current level but as the modified level. Mr. Sager commented they could not provide the service to the agencies if production employees had to work with the backlog of microfilming.

In the area of building rent, Mr. Sager stated they have accepted the FA recommendation.

Mr. Sager commented on a point of spending revolving fund balances before spending general fund. He stated the general fund was appropriated last biennium for general records management services and microfilm equipment seed money and it was spent for this and nothing else. Mr. Sager stated the reason for the fund balance in the revolving was money not spent from a budget amendment in May or June of last year for additional revolving authority for supplies. Mr. Sager also pointed out that approximately \$3,000 was reverted to the general fund.

Mr. Sager explained COM (computer output on microfilm) which is the conversion of electronic data processing output when it is in magnetic tape form into miniaturized microfilm form. No paper is required.

The FA was in favor of the COM recommendation. The Budget Office did not except the recommendation for COM. Mr. Sager stated they have requested the authority to acquire this equipment for an in-house COM project. He commented that COM is used by state agencies at the present but they obtain the service through a private service bureau located in Spokane, Washington.

Mr. Sager stated an in-house COM could produce annual savings to the state in addition to providing informations security and a faster turn around.

Mike Meldahl commented on the reason for the Budget Office not recommending the COM project. They felt the \$57,000 for supplies at this time was not justified.

Ed Eaton from the Budget Office commented that the program has been able to meet it's growth without an increase in general fund and created a surplus in the revolving fund. Mr. Eaton

stated he would like to see one more biennium of this continued operating before they go into COM.

State Tax Appeals Board

Helen Peterson, Chairman, stated since the time of the preparation of the budget, 1,390 appeals have come in for tax year 1978. Mrs. Peterson commented that she feels next year will be just as heavy as this year and that they cannot handle the amount of appeals on their present budget. The increase in appeals was due to the reappraisal program.

Mrs. Peterson stated there are 613 late appeals hanging because of a case in district court. She said they will probably not know if these appeals will have to be heard until the end of 1980 or beginning of 1981.

Mrs. Peterson stated the biggest problem is the county boards. If the county board appeals go up the county board expenses will increase.

In the amended budget, Mrs. Peterson commented on the Board receiving no pay increases in 4 years. She felt that in the future finding qualified people for the Board with the amount in salaries would not be possible. Mrs. Peterson stated a projected figure for pay raises which would bring their salaries up to the level of the Public Service Commission was included in the budget request. She stated this portion of the budget could be ignored because of a bill which has been introduced before the Legislature which provides for the Governor to set the salaries of the Board and not the Legislature.

In order for the Board members to hear separate appeals, a transcript had to be made and read by the other members before making a decision. Mrs. Peterson commented it was not possible to have transcripts made of each appeal. She stated the most important part of the legislation is the change from transcriptive testimony to the record of the hearing which will permit members to go out alone.

No funds are included in the amended budget for a hearings officer. There will be a fiscal note on this point.

Mrs. Peterson stated they have one court reporter on staff who will go with one board member. They will need someone to go with the other members.

Mrs. Peterson stated she is only estimating what the county boards and their secretaries will need and can do no more than estimate.

At this time, they have hired one person on contracted services half time. Mrs. Peterson stated they had 3 FTE up to the last biennium when they disbursed a secretary position.

She said of 647 direct appeals from the county boards they have

heard all but 34. They have not heard any of the 5 liquor hearings. Three income tax cases have been heard.

Mrs. Peterson stated they very much need a photo copy machine which costs \$5,000. The Budget Office did not recommend this equipment.

The FA felt it important for the committee members to realize that for Fiscal 1980 there would be only 6 months of the year from July to December, which would feel the impact of additional appeals. After December, the operating should be back to normal and for 1981 it should be back to normal. The FA commented that even if additional FTE were warranted, it would be for the 6 months and not the full year. The same for equipment and the FA commented that this could be rented.

In the area of rent, the FA commented that the State Tax Appeals Board was strongly urged to move into cheaper rental space by the last Legislature. She commented that they did recover \$1,100 by renting out a portion of their space. The square footage rate for this space was between \$5.00 and \$6.00. They had a lease agreement which lasted until this last December. The FA recommendation includes the State Tax Appeals Board moving into state owned space which would initiate a savings of \$4,000. They have moved again into private space commenting that state space available is not adequate.

The committee discussed the space available.

Mrs. Peterson stated with their new move they have saved \$350 a year and have a more efficient operation with a 3-year lease. She stated their square foot rate is \$5.33.

Mr. Lewis commented on the space available through the state that most of the buildings will be demolished within the next 2 to 3 years.

Transportation of Prisoners

Mr. Lewis commented on the bill in legislation which would transfer the function of the Transportation of Prisoners to the Attorney General's Office.

Steve Weber from the Department of Administration, pays the claims from the counties. The cost of the program is reimbursing the counties for transporting prisoners to the prison in Deer Lodge.

Mr. Lewis stated they did have to have a supplemental for the cost of this year.

There is a \$10,000 difference in the overall budget between the FA and the agency request.

Doyle Saxby commented that they assumed the uniform rules were

published and they were not. He stated they will have them published.

Mr. Weber stated they turndown 1/4 of the claims received. He commented that they pay actual expenses and expenses that are necessary.

The meeting was adjourned at 11:00 a.m.

Respectfully submitted.

William Menahan
William Menahan, Chairman

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