

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

February 14, 1979

The third meeting of the Finance and Claims Committee was called to order on the above date in room 108 of the State Capitol Building, by Senator Matt Himsl, Chairman, at 7:42 p.m.

ROLL CALL: All members present with the exception of Senators Thiessen and Lockrem.

The purpose of the meeting was to hear Senate Bills 311, 317, 319 and 429.

CONSIDERATION OF SENATE BILL 317: An act to include valid written interagency or intra-agency service agreements for systems development in fiscal year-end obligations; amending section 17-7, MCA.

Senator Thomas, representing district 20, said this bill is a result of an attorney general's opinion, and concerns the Department of Administration and the fiscal analyst. He said he had some people from the Attorney General's office to explain the bill.

Dave Lewis, Department of Administration, said this bill resulted from a dispute between the Fiscal Analyst's office and the opinion of the Attorney General. He said one department was doing the data processing and another was making an accrual to pay for it, and the Fiscal Analyst questioned the legality.

Mike McCarter, Associate Attorney General, said the basic problem was rather it was a valid obligation. He said this would not be a valid contract in a court of law, but rather an agreement with a bureau. They saw the problem as one where the Department could not sue itself or one of its bureaus. He said if they had contracted outside of their department, then it would be legal under the law, but since they were doing it themselves, they suggested some sort of legislative clarification.

Judy Ripplingale, Fiscal Analyst, said their office had no trouble with the language of the bill.

There were no other proponents, no oponents, and the Chairman closed the hearing on Senate Bill 317.

Senator Himsl asked if when an interagency agreement has been made and this becomes a committment between the agency without a contract, doesn't this make the obligation extend beyond the year in which the agreement is made? Dave Lewis answered that this was true, particularly with the intra-agency agreements, but was actually true with either intra or inter-agencies.

Senator Story asked if it was something that normally you could not do anyway, and Dave Lewis answered that it has been

an on-going practice, but since the question of legality and the answer from the Attorney General, they felt it would be better to not be on such shakey ground, but to have it clarified by the legislature.

CONSIDERATION OF SENATE BILL 311: An act to revise and clarify the law relating to spending limits for Legislative appropriations.

Senator Ed Smith stated that he had introduced this bill, that he had since decided it was a bit harsh, had drafted another bill to replace it, and would recommend that Senate Bill 311 go out of this committee with a Do not Pass recommendation.

MOTION by Senator Smith that Senate Bill 311 DO NOT PASS. Voted, all members present voting yes except Senator Story who voted no. Motion passed.

CONSIDERATION OF SENATE BILL 319: An act to eliminate supplemental appropriations except in emergency situations was explained by Senator Ed Smith, sponsor of the bill.

Senator Smith explained his strong feelings that when a group of Senators and Representatives in a subcommittee and later in committee spent so many hours preparing and going over a budget, that budget should be realistic, should apply to all branches of the government, and should be adhered to. He gave the figures on supplemental budgets and said the 1961 deficiency appropriation was \$73,827, the 1979 appropriation \$9,889,738, and he understood could reach \$14 million this year, copy attached.

There were no further proponents for the bill, and the Chairman called for opponents.

Mr. John Fitzpatric, Deputy Director of the Budget and Planning office spoke in opposition to the bill. He stated that while he felt supplementals were hard to defend after preparing the budget, he knew they were often a necessity. He said most of them came from one of 3 basic reasons: 1. Some form of environmental consideration--extensive fire season, rapid escalation of institutions, etc. 2. Agency management. 3. Errors in budgeting at the legislative level. He also said he felt this bill would jeopardize the roll forward of funds between the first and second year of the biennium, and might mean calling a legislative session for a supplemental between the 2 years of the biennium.

Ted Doney, Director of the Department of Natural Resources and Conservation said he was concerned as to the particular case in his office of fire suppression. He felt they should fight the fires when they occur rather than refuse to fight them because of a technicality of ownership for example, and felt they should be able to expect a supplemental budget if this were to happen.

Dave Lewis questioned whether this would also be interpreted in Section 2 as meaning no more budget amendments.

Senator Smith reiterated his former statements of surprise at the amount of the supplemental and the need to keep them under control and said he did not feel the opponents statements were valid. He said he would urge a do pass recommendation by the committee.

Senator Himsl asked if the thrust of this bill was budget amendment or appropriation for deficits? Senator Smith answered that it was not deficits, but the over-expenditure of appropriations. Senator Himsl asked if this applied to all branches of the government and was told that it does.

Senator Himsl asked what exactly was meant by a roll forward. Mr. Fitzpatrick said the Governor advises that the agency can move money forward from one year to another, but not past the biennium.

Senator Fasbender questioned the 3/4 vote to have a supplemental introduced. He said this would make it necessary to debate a question before it was even introduced, and suggested possibly it could be changed to mean 3/4 vote for passage.

Other areas of the bill were discussed, including the meaning of the word "income" and the request was made of Senator Smith to prepare some amendments and to have them ready for the Saturday morning meeting for the committee to take action at that time.

The hearing on Senate Bill 319 was closed.

CONSIDERATION OF SENATE BILL 429: an act to require that loans from the general fund or the university unrestricted subfund to university funds bear interest and to deposit the interest in the general fund.

Senator Fasbender, district 17 and sponsor of the bill said this bill came about because of a problem after the Universities went on SBAS. He said they would charge and run on a negative balance until they were reimbursed on grants, etc. which they had coming in. He said he would propose some amendments on lines 11 and 12, page 2, and a copy is attached.

Jack Noble, Department of the Commissioner of Finances, University System, said he was in support of the bill, and of the proposed amendments. He felt it would clarify some of the problems the University System has where the federal contracts and grants run on a reimbursable basis. They run using a negative cash balance. They borrow from themselves at no interest and pay themselves back when they are reimbursed.

There were no further proponents, no opponents, and the hearing was closed.

MOTION by Senator Fasbender that the proposed amendments be adopted. Voted and passed, MOTION by Senator Fasbender that Senate Bill 429 AS AMENDED DO PASS. Voted, passed. Vote is attached.

SENATE BILL 317: MOTION by Senator Etchart that Senate Bill 317 DO PASS. Voted, Passed, Vote attached.

Senator Himsl reminded the Committee that Senator Smith would have his bill ready with amendments on Saturday, and that they would hear Senate Bills 3, 363, 414, 448 and House Bill 415.

MOTION to adjourn, and the meeting adjourned at 9:04 P.M.


SENATOR MATT HIMSL, Chairman

ROLL CALL

SENATE FINANCE AND CLAIMS COMMITTEE

46TH LEGISLATIVE SESSION 1979

Date 2/14/79

NAME	PRESENT	ABSENT	EXCUSED
SENATOR HIMSL	X		
SENATOR STORY	X		
SENATOR AKLESTAD	λ		
SENATOR LOCKREM		X	
SENATOR ETCHART	X		
SENATOR NELSON	X		
SENATOR SMITH	X		
SENATOR BOYLAN	X		
SENATOR REGAN	X		
SENATOR FASBENDER	X		
SENATOR THIESSEN		X	
SENATOR THOMAS	X		
SENATOR STIMATZ	λ		

DEFICIENCY APPROPRIATIONS

The administration proposes general fund deficiency appropriations of \$9,889,738 in fiscal 1979. A deficiency appropriation is an additional funding allocation to complete the present fiscal year. These additional appropriations would allow agencies which overspend 1979 biennium appropriations to pay bills incurred.

In some cases, unforeseen emergencies occasioned the overexpenditures (e.g. fire suppression). In others (e.g. medicaid) the overexpenditure was contemplated by agency management at the beginning of the biennium.

In addition to the fiscal inconvenience occasioned by these deficiencies, the overexpenditures have the effect of shifting state priorities to the overexpenders. Agencies that stay within appropriations are penalized, in that their share of the fiscal pie shrinks in proportion to the overspenders.

The following table shows the present deficiency request is about five times higher than 1977's previous high for deficiency appropriation requests. Ultimately \$4.6 million was appropriated in 1977 for deficiencies.

HISTORICAL TREND OF DEFICIENCY APPROPRIATIONS
RECOMMENDED IN EXECUTIVE BUDGETS

1961	\$ 73,827
1963	168,000
1965	322,500
1967	114,181
1969	911,600
1971	16,200
1973	1,000,000
1975	1,308,893
1977	1,800,000
1979	9,889,738

Amendments to Senate Bill No. 429

Amendments by Sponsors

1. Page 2, line 11
Following: "to"
Strike: "University"

2. Page 2, line 11 through 12
Following: "Funds"
Strike: "or the university auxiliary subfund."
Insert: "designated in subsections (10) (d), and (11) through (15) of
17-2-102 shall"

3. Page 2, line 23
Following: "entity"
Insert: "negative"

STANDING COMMITTEE REPORT

.....February 14..... 19 79.....

MR.President.....

We, your committee on.....Finance and Claims.....

having had under consideration.....Senate..... Bill No. 311.....

Respectfully report as follows: That.....Senate..... Bill No. 311.....

DO NOT PASS
~~DO PASS~~

SENATE COMMITTEE

FINANCE AND CLAIMS

Date 2-14-79

Sen.

Bill No. 311 Time 7:49

NAME YES NO ABSENT

NAME	YES	NO	ABSENT
SENATOR STORY			x
SENATOR AKLESTAD	x		
SENATOR LOCKREM	a.b		
SENATOR ETCHART	x		
SENATOR NELSON	x		
SENATOR SMITH	x		
SENATOR BOYLAN	x		
SENATOR REGAN	x		
SENATOR FASBENDER	x		
SENATOR THIESSEN	a.b		
SENATOR THOMAS	x		
SENATOR STIMATZ	a.b		
SENATOR HIMSL	x		

Richard J. ...
Secretary

Chairman

Motion: *A-6*

Do Not Pass

STANDING COMMITTEE REPORT

.....February 14..... 19 79.....

MR.President.....

We, your committee on..... Finance and Claims.....

having had under consideration Senate..... Bill No. 317.....

Respectfully report as follows: That..... Senate..... Bill No. 317.....

DO PASS

.....
Matt Hims1 Chairman.

A/C

SENATE COMMITTEE

FINANCE AND CLAIMS

Date 2-14

Senate

Bill No. 317 Time 9 PM

NAME	YES	NO	ABSENT
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SENATOR STORY	<i>✓</i>		
SENATOR AKLESTAD	<i>✓</i>		
SENATOR LOCKREM	<i>al</i>		
SENATOR ETCHART	<i>✓</i>		
SENATOR NELSON	<i>✓</i>		
SENATOR SMITH	<i>✓</i>		
SENATOR BOYLAN	<i>✓</i>		
SENATOR REGAN	<i>✓</i>		
SENATOR FASBENDER	<i>✓</i>		
SENATOR THIESSEN	<i>al</i>		
SENATOR THOMAS	<i>✓</i>		
SENATOR STIMATZ	<i>✓</i>		
SENATOR HIMSL	<i>✓</i>		

Secretary _____

Chairman _____

Motion: *AE*

motion *Do Pass*

STANDING COMMITTEE REPORT

February 14 19 79

MR. President

We, your committee on Finance and Claims

having had under consideration Senate Bill No. 429

Respectfully report as follows: That Senate Bill No. 429 introduced bill, be amended as follows:

1. Page 2, line 11 and line 12.

Strike: "university"

Following: "funds"

Strike: "or the university auxiliary subfund"

Insert: "designated in subsections (10) (d), and (11) through (15) of 17-2-102 shall"

2. Page 2, line 23.

Following: "entity"

Insert: "negative"

And, as so amended, DO PASS
DOXPASS

J.C.

SENATE COMMITTEE

FINANCE AND CLAIMS

Date 2-10-79 Senate Bill No. 429 Time 8:59

NAME YES NO ABSENT

NAME	YES	NO	ABSENT
SENATOR STORY	X		
SENATOR AKLESTAD	X		
SENATOR LOCKREM		<i>ab</i>	
SENATOR ETCHART	X		
SENATOR NELSON	X		
SENATOR SMITH	X		
SENATOR BOYLAN	X		
SENATOR REGAN	X		
SENATOR FASBENDER	X		
SENATOR THIESSEN		<i>ab</i>	
SENATOR THOMAS	X		
SENATOR STIMATZ	X		
SENATOR HIMSL	X		

Secretary _____

Chairman _____

Motion: As Amended

Alvin O.

As Amended - Report