

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 Bardanouve 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. Bardanouve: 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 \$83,580.

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 Regan 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 Himsl: 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, \$2,394,786, and '81, \$4 million.

Senator Fasbender: 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 \$68 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. Bardanoue: 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. Bardanoue: 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 GVW 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 Himsl: 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 Himsl: 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 Himsl: 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. Bardonoue 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?

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 80% 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 cream 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 hammered this

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 Himsl: 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 Judicial, is 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; \$13,000 in another, the mailing department. They are not able to process their mail as rapidly 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. Bardanoue: 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. Bardanoue: 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 NCSL, 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. Bardanoue: 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. Bardanoue: 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 80 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. Bardanoue 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.

ROLL CALL

SENATE FINANCE AND CLAIMS COMMITTEE

46TH LEGISLATIVE SESSION 1979

Date 3-12-79

Jaunt

NAME	PRESENT	ABSENT	EXCUSED
SENATOR HIMSL	✓		
SENATOR STORY	✓		
SENATOR AKLESTAD	✓		
SENATOR LOCKREM	✓		
SENATOR ETCHART	✓		
SENATOR NELSON	✓		
SENATOR SMITH	✓		
SENATOR BOYLAN			
SENATOR REGAN	✓		<i>Excused</i>
SENATOR FASBENDER		✓	
SENATOR THIESSEN	✓		
SENATOR THOMAS	✓		
SENATOR STIMATZ	✓		

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	<u>1980</u>	<u>1981</u>
Research	45,679	40,732
Inheritance Tax	10,380	8,953
Investigations	2,750	2,750
Audit & Accounting	17,858	17,242
Operations	14,845	15,615
Property Tax	<u>200,000</u>	<u>200,000</u>
Total	<u>291,512</u>	<u>285,292</u>

DEPARTMENT OF REVENUE

<u>Department of Revenue</u>	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
General Fund	\$50,800,122	\$20,222,892	(60.2)
Other Funds	<u>13,760,179</u>	<u>3,622,460</u>	<u>(73.7)</u>
Total	\$64,560,301	\$23,845,352	(63.1)
FTE	1,102.76	721.92	

The major decrease in general fund and other funds is directly related to property tax relief granted in the 1979 biennium (\$29 million in general fund) and not including an appropriation for the liquor division which spent \$9.7 million during the biennium. The committee recommends that the liquor division be given a blanket spending authorization to purchase adequate inventories as well as all other operating expenses. However, the division must deposit to the general fund no less than \$13 million during the 1981 biennium and no less than \$7.4 million in 1979. Pricing formulas in effect January 1, 1979 must remain unchanged. It is legislative intent that non-profitable stores be closed or converted in an orderly manner.

The audit and accounting program receives a bad debt collector. A clerk position transferred from the liquor division is not funded.

The legal division lost a lawyer and a secretary. Both positions were vacant all of fiscal 1978.

The executive recommendation was accepted for the income tax division. A request for 2 additional field auditors and 5 clerical positions was denied. Three current level positions were lost in the hiring freeze. The committee recommends that only 2 field offices be maintained.

A part-time clerk transferred from the inheritance tax division in 1978 and is funded within the operations program. Within this appropriation is \$100,000 per year revolving fund authority for central supply. The committee was concerned about a growing fund balance within this program. Funds are included to purchase a mailing machine, letter opener, and miscellaneous office supplies.

Additional travel costs are added to the corporation tax division. A good portion of the audits are conducted in large high cost cities. We recommend that actual per diem be paid to the audit staff when conducting audits in cities designated by the department of administration as high cost areas.

The executive request for funding of the property valuation program was decreased 12.4 percent. Twenty four FTE and salaries were removed from the request as these individuals had been transferred from the tax relief program. There was a reduction in the mass appraisal staff and

other expenditure areas in an attempt to return this program to a normal operating level following the major reappraisal effort. The committee has recommended that the counties provide office space for the assessors and appraisers. A further reduction within this program could occur if motor vehicle registration is removed from the assessors office to motor vehicle registration within justice.

Staff is increased by eleven within the investigation division. These three investigators and 8 administrative aides will work primarily in the area of child support. The state is reimbursed 75 percent for child support related investigations. Appropriated is \$100,000 a year for legal counsel.

The research program has been merged with data processing to form the research and information division. One administrative position was removed due to the merger. Also reduced were 5 FTE transferred from the tax relief program. The committee is concerned about the growing fund balance within the revolving account. It is recommended that a balance no greater than \$40,000 be maintained.

LEGISLATIVE, JUDICIAL, AND ADMINISTRATIVE AGENCIES

	Fiscal 1980		Fiscal 1981	
	General <u>Fund</u>	Other <u>Appropriated Funds</u>	General <u>Fund</u>	Other <u>Appropriated Funds</u>
LEGISLATIVE AUDITOR	1,315,058		1,355,481	

State agencies partially or totally funded by federal money shall, based upon a percentage of completion of an audit contracted or conducted by the legislative auditor transfer an amount to the legislative auditor as reimbursement for the costs of audit associated with the federal funds. The costs of audit and amount to be transferred shall be determined by the legislative auditor, based upon actual costs incurred and available funds. The money transferred shall be deposited by the legislative auditor into the general fund as reimbursement to the general fund for costs of audits of such federally funded programs, unless such a transfer is specifically prohibited by federal law.

Based upon a percentage of completion of each audit of the respective programs and at the request of the legislative auditor, non-general fund and non-federal fund revenue received by the following agencies shall be transferred to the legislative auditor. The amount to be transferred shall be determined by the legislative auditor and, upon transfer, deposited in the general fund as reimbursement for audit costs. Such transfers during the biennium shall not exceed:

Public Employees' Retirement System	10,600
Teachers' Retirement System	8,500
Department of Administration, Computer Services Division	12,000
Investment Division (2 audits)	42,000
Department of Highways	75,000
Workers' Compensation Division	30,500
Department of Fish and Game	26,000
Department of Revenue, Liquor Division	25,000
Total	229,600
LEGISLATIVE FISCAL ANALYST	289,875
	282,779

LEGISLATIVE COUNCIL

1. Administration	1,623,822	25,000	1,457,836	25,000
2. Interim Studies	150,000			
Total Legislative Council	1,773,822	25,000	1,457,836	25,000

Appropriated for the biennium is \$150,000 for interim studies and conferences.

This appropriation includes all expenses of the council incident to the 1981 legislature. Also included is \$426,151 in 1980 for the printing, postage and extra titles cost of the Montana Codes Annotated (MCA). A revolving account is established for collections received from the sale of the MCA.

	Fiscal 1980		Fiscal 1981	
	General Fund	Other Appropriated Funds	General Fund	Other Appropriated Funds
ENVIRONMENTAL QUALITY COUNCIL	130,260		136,000	
CONSUMER COUNSEL		310,270		320,090
JUDICIARY				
1. Supreme Court Operations	633,875		637,704	
2. Microfilming	50,000		50,000	
3. Boards and Commissions	100,000		100,000	
4. Law Library	165,913		178,516	
5. District Court	<u>1,302,600</u>		<u>1,305,938</u>	
Total Judiciary	2,252,388		2,272,158	

The appropriation for supreme court operations includes \$30,000 a year for the assembling and publishing of the Montana Reports in hard cover. If feasible, it is recommended these costs be reduced whether through in-house printing, computer generated reports, or microfilming. Any savings should be returned to the general fund.

GOVERNOR'S OFFICE

1. Executive Office	655,023		651,329	
2. Mansion Maintenance	77,851		79,291	
3. Office of Budget and Program Planning	633,102		645,258	
4. Office of Commerce	39,000	270,000	39,000	270,000
5. Economic Development		150,000		150,000
6. Citizens Advocate	55,067		56,424	
7. Lieutenant Governor	133,505	109,000	134,820	
8. Legal Jurisdiction	<u>112,804</u>		<u>115,554</u>	
Total Governor's Office	1,706,352	529,000	1,721,676	420,000

The office of commerce is appropriated \$39,000 per year in general fund for matching purposes. Even if additional federal funding becomes available, general fund will not be increased.

This appropriation allows \$150,000 a year in federal funds for economic development grants. No general fund is available for matching. Private funds will have to be obtained. All grants or loans must be submitted to the legislative finance committee for review and no grants or loans may be made without prior review by the council of economic advisors.

The 1980 appropriation includes \$109,000 of federal funds for the northern powder river EIS project and the old west beef export study. This funding is for the first three months of the fiscal year at which time these projects will be terminated.

It is the intent of the legislature that funds obtained for federal projects during the interim be placed within the appropriate functional department.

The office of budget and program planning is directed to study the individual need of state agencies for microfilming equipment in an attempt to further centralize this function within the department of administration.

	Fiscal 1980		Fiscal 1981	
	General Fund	Other Appropriated Funds	General Fund	Other Appropriated Funds
SECRETARY OF STATE				
1. Records Management	425,319		480,145	
2. Administrative Code	<u>132,811</u>		<u>100,412</u>	
Total Secretary of State	558,130		580,557	
COMMISSIONER OF CAMPAIGN PRACTICES	80,931		81,563	

The above appropriation contains \$5,000 for the biennium which may be spent on consultant fees.

STATE AUDITOR

1. Administration	1,068,959	110,810	1,232,215	80,000
2. Payroll System	<u>255,000</u>			
Total State Auditor	1,323,959	110,810	1,232,215	80,000

The appropriation in item 2 is for the biennium and contains sufficient funds to complete an upgraded payroll system.

In addition to the funds appropriated above, the local assistance distribution of funds provided for in 19-10-305(1), 19-11-512, 19-11-606, and 19-12-301 is appropriated.

Revenues generated under provisions of 50-3-109 shall be deposited in the general fund.

DEPARTMENT OF JUSTICE

1. General Operations	8,955,084	1,691,521	9,664,759	1,683,885
2. Coal Tax Defense	500,000			
3. County Attorney Payroll	450,220		450,220	
4. Motor Vehicle Registration				
Out-of-State Travel		<u>640</u>		<u>640</u>
Total Department of Justice	9,905,304	1,692,161	10,114,979	1,684,525

By the start of fiscal 1981, the driver licensing program is to be staffed totally by civilians. Any new hires, retirements or terminations within field services must be filled by patrolmen from the driver licensing program until all 26 positions have been transferred. Funding is provided to maintain high mileage patrol cars to be used only by those examiners traveling between counties.

The \$500,000 for coal tax defense is for the 1981 biennium.

A fund balance of \$756,931 which occurred in the motor vehicle earmarked account at the end of fiscal 1978 is to be transferred to the general fund notwithstanding other provisions of law. No more than \$640 per year may be expended on out-of-state travel within the motor vehicle registration program.

The sale of attorney general opinions and other non-budgeted revenue is to be deposited to the general fund and not used to abate expenditures.

	Fiscal 1980		Fiscal 1981	
	General <u>Fund</u>	Other Appropriated <u>Funds</u>	General <u>Fund</u>	Other Appropriated <u>Funds</u>
BOARD OF CRIME CONTROL	186,144	3,612,822	187,572	3,785,499

Appropriation to the crime control division, for funds to be matched by funds from the Federal and Private Grant Clearance Account, is made for the life of the grant to which it may be matched. All funds matched to funds in the Federal and Private Grant Clearance Account as of June 30, 1979 are hereby reappropriated for the matching period.

Should general fund buy-ins not be required due to passage of new federal legislation these buy-ins are to be reverted to the general fund.

DEPARTMENT OF HIGHWAYS

1. General Operations		6,450,141		6,607,839
2. Travel Promotion	599,891		599,899	
3. Construction		101,772,693		106,229,865
4. Preconstruction		9,987,419		9,993,040
5. Maintenance		27,661,137		28,495,408
6. Motor Pool		610,708		653,634
7. Equipment		6,844,883		7,070,973
8. Interstate Acceleration:				
a. Construction		44,832,392		55,755,550
b. Preconstruction		3,039,516		3,755,591
9. Railroad Planning		178,167		100,000
Total Department of Highways	599,891	201,377,056	599,889	218,661,900

Pursuant to 2-17-423 (2) (b), executive agencies using privately owned vehicles on state business must attach a written authorization from the motor pool division to the transfer warrant claim before reimbursement for travel can be made.

The appropriation in item 7 contains \$900,000 of highway earmarked funds per year for equipment purchases. Revolving funds are to be expended on equipment when possible in order to keep the fund balance within the revolving account at a minimum.

The appropriation in item 8 may not be spent for any other purpose.

	Fiscal 1980		Fiscal 1981	
	General Fund	Other Appropriated Funds	General Fund	Other Appropriated Funds
DEPARTMENT OF REVENUE				
1. General Operations	10,010,533	1,824,214	9,962,359	1,798,246
2. Legal Counsel (Director's Office)	25,000		25,000	
3. Legal Counsel (Investigation)	100,000		100,000	
Total Department of Revenue	10,135,533	1,824,214	10,087,359	1,798,246

In addition to those amounts appropriated above, there is appropriated to the department funds necessary to maintain adequate inventories of liquor and wine and to operate the state liquor monopoly. This additional appropriation is contingent on the department depositing not less than \$7.4 million in fiscal 1979 and \$13 million or more of liquor profits to the general fund during the 1981 biennium. Profits do not include proceeds from the liquor excise tax. The department has full authority to determine store operating hours and numbers and locations of liquor store employees and stores, provided that the pricing formulas in effect on January 1, 1979, remain unchanged and provided not less than \$7.4 million in fiscal 1979 and \$13 million or more for the 1981 biennium of liquor profits is deposited to the general fund.

It is legislative intent that nonprofitable state stores be closed or converted to agency stores in an orderly manner. A nonprofitable store is one that shows a net loss or is less profitable than if run at agency store status after reducing gross revenues by all state excise and license taxes and by deducting therefrom all normal operating expenses, which includes pro-rata share, based on gross sales, of central administrative office expenses.

The appropriation in item one includes funds for two field offices within the income tax division.

Other appropriated funds in item 1 includes \$100,000 per year of revolving fund authority for central supply. This amount is not to be exceeded.

Fund balances within the various revolving funds are to be kept at a minimum operating level.

The appropriation in item one includes additional per diem expenses for the corporation tax division. Notwithstanding 2-18-501 and 2-18-502 actual per diem costs are to be paid to the audit staff when performing auditing duties in those cities designated by the department of administration as being high cost areas.

The county commissioners of the various counties and the governing bodies of local government units shall provide office space in county courthouses or government office buildings to the department of revenue of the state for its use at no cost to the state. The department shall not be liable for any expenses in connection with the use of such space including but not limited to rent, utilities, or janitorial services. The department shall use such space as offices for its agents the county assessor, appraiser and their respective staffs.

Any monies remaining in the "Property Tax Administration Account" (02802) are hereby appropriated from that account to the general fund of the state of Montana, and any further collections of delinquent taxes for that account are to be deposited directly to the general fund.

	Fiscal 1980		Fiscal 1981	
	<u>General Fund</u>	<u>Other Appropriated Funds</u>	<u>General Fund</u>	<u>Other Appropriated Funds</u>
DEPARTMENT OF ADMINISTRATION				
1. Department of Administration	3,495,977	11,105,232	3,498,389	11,313,053
2. Data Processing Costs (Accounting Division)		614,607		582,061
3. Governor Elect			30,000	
4. Communication Costs		2,514,596		2,766,761
5. Position Control	58,000			
6. Board of Housing		153,932		161,853
7. Workmans Compensation Judge		155,942		156,732
8. Public Employees Retirement	2,000	500,142	2,000	508,651
9. Teachers Retirement		243,422		236,693
10. State Tax Appeals	<u>222,872</u>		<u>158,647</u>	
Total Department of Administration	3,778,849	15,287,873	3,689,036	15,725,804

Funds appropriated in item 2 are not to be spent for system enhancements but only for data processing expenses.

Funds appropriated in item 3 may only be spent in the event the present governor is not re-elected.

The architecture and engineering program is funded solely from the long-range building account. Any fund balance at the end of a fiscal year shall be reverted to the long-range building account. This program is to assess a one percent charge on all non-general fund buildings at the time a contract is let with this revenue deposited to the long-range building account.

A separate revolving account shall be established for the information system division.

DEPARTMENT OF MILITARY AFFAIRS

1. Adjutant General	602,796	343,323	621,740	351,670
2. Disaster and Emergency Services	<u>133,928</u>	<u>231,412</u>	<u>132,528</u>	<u>229,623</u>
Total Department of Military Affairs	736,724	574,735	754,268	581,293

LEGISLATIVE, JUDICIAL AND ADMINISTRATIVE SUBCOMMITTEE

1981 Biennium

	<u>FTE</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Executive Budget	4,607.82	\$65,613,316 ¹	\$538,633,158 ²	\$604,246,474
LFA Recommendation	4,196.53	53,947,953	326,776,438	380,724,391
House Bill 384	4,428.25	69,321,738	468,480,298	537,802,036

1. The executive budget included \$12,000,000 of tax relief funds not included within the LFA budget recommendation.
2. The executive budget includes \$139,734,119 of local assistance funds, goods purchases for resale, and transfers which are appropriated by authority within the LFA recommendation.

LEGISLATIVE BRANCH

	<u>1979 Biennium</u>	<u>1981 Biennium</u>	<u>% Increase</u>
<u>Legislative Auditor</u>			
General Fund	\$2,316,704	\$2,670,539	15.3
FTE	50.0	50.0	
<u>Legislative Fiscal Analyst</u>			
General Fund	\$504,164	\$572,654	13.6
FTE	9.0	9.0	
<u>Legislative Council</u>			
General Fund	\$1,850,134 ₁	\$3,231,708	74.7
Other Funds	<u>75,000</u>	<u>50,000</u>	<u>(33.3)</u>
Total	\$1,925,134 ²	\$3,281,708	70.5
FTE	33.08	61.83	
<u>Environmental Quality Council</u>			
General Fund	\$299,435 ₃	\$266,260	(11.1)
Other Funds	<u>25,000</u>	<u>-0-</u>	<u>(100.0)</u>
Total	\$324,435	\$266,260	(17.9)
FTE	6.0	4.0	
<u>Consumer Counsel</u>			
Other Funds	\$510,217 ⁴	\$540,360	5.9
FTE	4.0	4.0	

1. Of this amount, \$60,000 was transferred from the department of natural resources and the governor's office for the water rights study and the Indian jurisdiction interim committee.
2. Does not include a \$250,000 supplemental request or \$843,433 included in the feed bill.
3. Federal funds were continued from 1977 to develop a science and technology assessment capability plan within the legislative branch.
4. Included in this amount is \$203,738 of budget amended funds for 1978. H.B. 354 would increase the fiscal 1979 amount by \$150,000.

LEGISLATIVE AUDITOR

The appropriation for the legislative auditor is as requested. Building rental costs are added as all agencies within the capitol will be charged on a square footage basis. This appropriation will continue current level operation.

The recommendation includes promotions but does not include cost of living increases.

LEGISLATIVE FISCAL ANALYST

The appropriation is as requested with building rental added. This amount allows for current level operation only. Operational costs decrease in 1981 as fewer committee meetings are held during a session year. Salary increases are not included.

LEGISLATIVE COUNCIL

The appropriation for the legislative council includes expenses incident to the 1981 legislature. This will allow immediate payment for services related to legislative preparation rather than waiting for the feed bill. Also included is \$426,151 of general fund for the printing, postage and extra titles cost of the Montana Codes Annotated (MCA). Funds received from the sale of the MCA will be placed within a revolving account as start-up funds to enable the program to be self-supporting.

The 45th legislature appropriated 35.08 FTE for 1979. The requested FTE level for 1980 is 53.33 and 62.58 in 1981. The added staff includes researchers (2), clerks (3), proofreaders and terminal operators (8) editing aides (3), and temporary session people for 1981 (9.5).

The legislative council request is reduced in several areas. Interim studies are reduced \$50,000 plus an additional \$50,000 in contingency funds. Also deleted are costs related to the National Conference of State Legislatures. Costs for the administrative code committee are reduced \$12,000 per year. This cost was associated with an additional lawyer. These services will be supplied by the current legal staff.

Montana will host the 5-state legislative conference in 1980. The \$6,000 request for hosting costs is reduced by \$2,000.

Building rental costs are added to the budget.

A six percent annual salary increase is included.

ENVIRONMENTAL QUALITY COUNCIL

Funding recommended is 20 percent less than requested. This results in an approximate \$32,000 per year reduction. These reductions are to be absorbed within personal services and operating expenses. It is at the discretion of the environmental quality council where specific cut-backs are to be made.

Salaries include step increases based on the present pay matrix. Additional cost of living increases are not included.

JUDICIARY

	<u>1979 Biennium</u>	<u>1981 Biennium</u>	<u>% Increase</u>
<u>Supreme Court Operations</u>			
General Fund	\$1,227,685 ¹	\$1,371,579	11.7
Other Funds	<u>80,036²</u>	<u>-0-</u>	<u>(100.0)</u>
Total	\$1,307,721 ³	\$1,371,579	4.9
FTE	23.0	26.0	
<u>Boards and Commissions</u>			
General Fund	\$166,097 ⁴	\$200,000	20.4
Other Funds	<u>105,632⁵</u>	<u>-0-</u>	<u>(100.0)</u>
Total	\$271,729	\$200,000	(26.4)
FTE	6.5	3.0	
<u>Law Library</u>			
General Fund	\$257,197 ⁵	\$344,429	33.9
Other Funds	<u>25,175</u>	<u>-0-</u>	<u>(100.0)</u>
Total	\$282,372	\$344,429	22.0
FTE	3.0	4.0	

1. This amount includes \$48,100 which was transferred from boards and commissions in 1978.
2. Budget amendments of \$60,436 were added in 1978 and 1979.
3. Does not include \$122,338 of supplemental funds for the three new district judges added by the 1977 legislature.
4. Federal funds were received in 1978 for a traffic court school and judicial planning.
5. Federal funds were budget amended to implement COM/computer output of microforms.

	1979 <u>Biennium</u>	1981 <u>Biennium</u>	% <u>Increase</u>
<u>District Court</u>			
General Fund	\$2,356,832 ⁶	\$2,608,538	10.7
Other Funds	<u>107,059</u>	<u>-0-</u>	<u>(100.0)</u>
Total	\$2,463,941	\$2,608,538	5.9
FTE	28.5	31.0	
 <u>Total Judiciary</u>			
General Fund	\$4,007,861	\$4,524,546	12.9
Other Funds	<u>317,902</u>	<u>-0-</u>	<u>(100.0)</u>
Total	\$4,325,763	\$4,524,546	4.6
FTE	61.0	64.0	

6. Federal funds were added for training and development of an information reporting system.

SUPREME COURT OPERATIONS

The general fund appropriation increases 11.7 percent over the 1979 biennium. Included is \$30,000 per year for the compiling and printing of the Montana Reports. It is recommended that a more economical way of producing the Montana Reports be investigated and utilized. Any savings should be reverted to the general fund.

The appropriation also includes \$50,000 a year to microfilm records and funds for an assistant chief justice to handle routine judicial business. Salary for three law clerks is recommended. These positions were added through budget amendment in 1978 and 1979. Building rental costs are added.

Not recommended for funding are an information analyst, management analyst, and operating costs for a district court reporting system and a state judicial information system. These personnel and programs were funded by federal funds in 1978 and 1979. It is recommended that general fund not pick up these costs.

BOARDS AND COMMISSIONS

The appropriation is for \$100,000 a year. This funding level will accommodate three FTE, expenses relating to the various boards and commissions plus allow for moderate training of the lower courts.

LAW LIBRARY

Funds are appropriated to allow continued growth and maintenance of the library. One cataloguer position is added with funds for miscellaneous office equipment.

DISTRICT COURT

Funds for district court operations allow for current level operation. Requested funds were not included for law interns.

GOVERNOR'S OFFICE

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
<u>Executive Office</u>			
General Fund	\$1,245,411	\$1,306,352	4.9
Other Funds	<u>29,077*</u>	<u>-0-</u>	<u>(100.0)</u>
Total	\$1,274,488	\$1,306,352	2.5
FTE	16.5	16.5	
 <u>Mansion Maintenance</u>			
General Fund	\$105,395 ₁	\$157,142	49.1
Other Funds	<u>49,100</u>	<u>-0-</u>	<u>(100.0)</u>
Total	\$154,495	\$157,142	1.7
FTE	3.5	4.25	
 <u>Office of Budget and Program Planning</u>			
General Fund	\$1,310,447 ₂	\$1,278,360	(2.5)
Other Funds	<u>50,268</u>	<u>-0-</u>	<u>(100.0)</u>
Total	\$1,360,715	\$1,278,360	6.1
FTE	28.25	28.25	
 <u>Legal Jurisdiction</u>			
General Fund	\$260,000 ³	\$228,358	(12.2)
FTE	4.0	3.0	

* Budget amended funds.

1. Funds for two security guards were added in both 1978 and 1979.
2. The majority of these funds were for the deinstitutionalization study.
3. The original appropriation was for \$300,000. A yearly transfer of \$20,000 was made to the legislative council for an interim committee.

	1979 <u>Biennium</u>	1981 <u>Biennium</u>	% <u>Increase</u>
<u>Office of Commerce</u>			
General Fund	\$132,500	\$ 78,000	(41.1)
Other Funds	<u>555,750⁴</u>	<u>540,000</u>	<u>(2.8)</u>
Total	\$688,250	\$618,000	(10.2)
FTE	6.0	6.0	
<u>Economic Development</u>			
General Fund	\$126,750	-0-	(100.0)
Other Funds	<u>379,250</u>	<u>\$300,000</u>	<u>(20.9)</u>
Total	\$506,000	\$300,000	(40.7)
FTE	-0-	-0-	
<u>Lieutenant Governor</u>			
General Fund	\$ 501,841	\$268,325	(46.5)
Other Funds	<u>1,486,733⁵</u>	<u>109,000</u>	<u>(92.7)</u>
Total	\$1,988,574	\$377,325	(81.0)
FTE	7.0	5.0	
<u>Citizens Advocate</u>			
General Fund	\$118,671	\$111,491	(6.1)
FTE	2.5	2.0	
<u>Total Governor's Office</u>			
General Fund	\$3,801,015	\$3,428,028	(9.8)
Other Funds	<u>2,550,178</u>	<u>949,000</u>	<u>(62.8)</u>
Total	\$6,351,193	\$4,377,028	(31.1)
FTE	69.25	65.0	

4. Includes funds added for the Old West Regional Commission.

5. The Lieutenant Governor's office was the administering agency for several large federal grants.

The executive office is funded at current level. Added funding for building rental and an increase for old west regional dues is within the recommendation. Funds are not included for an assistant press secretary.

Funds for mansion maintenance are increased for two security guards. These positions had previously been funded from general services within the department of administration.

It was the committee recommendation to continue funding for the legal jurisdiction program at a slightly reduced level from the 1979 biennium. Two half-time researchers are not continued in the 1981 biennium.

The office of commerce received an appropriation which increased FTE by one. This individual will help administer the old west program. Funds for the old west regional commission which were transferred from the department of community affairs during the 1979 biennium, are within the appropriation (\$100,000 per year). Not recommended is a business licensing coordinator.

The economic development program is funded with federal funds only. All general fund was removed. Private money will have to be obtained to match the federal funds.

A decrease in expenditures is recommended for the citizens advocate office. A part-time secretary, minimally used, is deleted.

One FTE is deleted from the lieutenant governor's budget request. Operating expenses are reduced as well in order to return this program to a "normal" level of operation with the transfer of the energy office to the department of natural resources and conservation. Included in the 1980 appropriation is \$109,000 of federal money to fund the final three months of the northern powder river E.I.S. project and the old west beef export study. These projects will be terminated September 30, 1979.

The committee is concerned that federal projects have not been placed within the proper state department. Though the assistance of the lieutenant governor is needed in obtaining these funds, it is recommended that projects and corresponding funds be established in those departments which have the needed expertise.

Current level operation is continued for the office of budget and program planning. It is recommended that a deputy director slot vacated in 1979 be filled by a staff lawyer. The office of budget and program planning is directed to study the microfilming needs of state agencies in order to curb the purchase of microfilming equipment and attempt to further centralize this function within the department of administration.

STATE AUDITOR

<u>State Auditor</u>	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
General Fund	\$2,098,038	\$2,555,274	21.8
Revolving Fund	<u>150,000</u>	<u>190,810</u>	<u>27.2</u>
Total	\$2,248,038	\$2,746,084	22.2
FTE	49.0	52.0	

The major increase to this program is a \$255,000 biennial appropriation for an upgraded payroll system. Two FTE are added in 1981 to support this system at a cost of \$27,238 per year. These funds will be expended within the central payroll program.

The management and control program receives \$13,750 to purchase a detacher/imprinter, ticometer and miscellaneous office equipment.

An investment attorney is added to the investment program plus travel funds. Two investment examiners were upgraded by the personnel division. Funds for these pay raises are included (\$8,108 per year). Funds are not recommended for a securities testing program.

All other programs are funded at current level. Building rental has been included within the appropriation.

COMMISSIONER OF CAMPAIGN PRACTICES

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
<u>Commissioner of Campaign Practices</u>			
General Fund	\$172,085	\$162,494	(5.6)
FTE	4.0	4.0	

The appropriation allows for current level operation. Consultant costs are recommended at \$5,000 for the biennium rather than the \$20,000 requested. An accountant is not recommended with the staffing level remaining constant.

SECRETARY OF STATE

<u>Secretary of State</u>	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
General Fund	\$981,109 ¹	\$1,138,687	16.1
FTE	28.17	28.17	

1. Does not include \$105,065 of recommended supplemental funds to cover increased printing costs.

This appropriation allows continued operation at current level. The 16.1 percent increase in funds is directly related to significant increases of printing contracts. Both the records management and administrative code programs have major printing responsibilities.

The administrative code program is allowed \$31,789 in 1980 to print 50 additional volumes of the administrative rules manual. Presently the supply is exhausted and requests cannot be filled.

Files and miscellaneous office equipment are recommended for the records management program. Building rental is included within this program. Also recommended is a new telephone systems to better meet the needs of the secretary of state.

Concerns of the committee

The committee is concerned about the filing and record keeping system. It is recommended that more efficient and cost effective methods of record keeping be looked into.

DEPARTMENT OF JUSTICE

<u>Department of Justice</u>	<u>1979 Biennium</u>	<u>1981 Biennium</u>	<u>% Increase</u>
General Fund	\$10,526,038 ¹	\$20,020,283	90.2
Other Funds	<u>12,252,074²</u>	<u>3,376,686</u>	<u>(72.4)</u>
Total	\$22,778,112	\$23,396,969	2.7
FTE	489.11	501.43	

1. Of this amount \$269,356 was balance transferred from the 1977 biennium for completion of the workman's compensation prosecution.
2. Budget amendments totaled \$875,876 for the 1979 biennium.

The major increase in general fund and subsequent reduction in other funds results from the recommendation to fund the highway patrol 100 percent from the general fund. Previously, salaries and benefits of uniformed officers were paid from highway earmarked funds.

There are three programs within the highway patrol. Patrol operations, which performs the administrative duties, was funded at current level. Funds are included to operate seven patrol cars which are personally assigned to the administration. An eighth vehicle, previously used by the motor vehicle division administrator is not funded. Funds are not recommended for new patrol cars for the administrators.

The field services receives nineteen additional patrolmen, ten in 1980 and nine more in 1981. These positions will be filled by uniformed patrolmen presently within the drivers licensing bureau. Overtime payments of \$150,000 per year are included within the appropriation. Patrol cars for the 19 new patrolmen plus 84 additional cars per year are fully funded. Collections from the auction of old patrol cars shall be deposited to the general fund.

The driver licensing bureau is to be staffed with civilian examiners. Funding allows for an orderly transition of uniformed officers to the field services program. Presently there are 26 uniformed patrolmen. All 26 are to be phased into field services by the start of fiscal 1981. High mileage patrol cars will be used only by those individuals traveling between counties.

Two assistants to the attorney general are transferred from the central services bureau to the legal services bureau. Bureaus within the department are not to be charged for their services as was done in the 1979 biennium. A lawyer position, vacant in 1978, is recommended to work half time on escheated estates. Previously consultants were hired for this function.

The county prosecutor services program was to sunset at the end of this biennium. Our recommendation continues its funding. The department has divided this program into three functional areas: county prosecutor services, criminal investigators, and law enforcement services division administrator. The county prosecutors services is to collect \$21,967 in 1980 and \$22,100 in 1981 from the counties for assistance rendered. Salary increases for the chief and assistant chief are not included within our appropriation recommendation.

A biennial appropriation of \$500,000 is included for the defense of the coal severance tax.

Current level operating expenses are appropriated to the motor vehicle registration bureau. We have allowed no more than \$640 per year in out-of-state travel to be expended. At the end of fiscal 1978 there was a fund balance of \$756,931 within the motor vehicle earmarked account. We recommend this amount be transferred to the general fund. Funds are included for the installation of computer terminals within selected counties for direct entry and printing of registration reports.

Alcohol funds of \$84,379 in 1980 and \$70,936 in 1981 are appropriated to fund the DWI lab in Missoula. The crime lab is kept at current level, allowing for the purchase of various lab equipment.

The law enforcement teletype bureau receives current operating expenses plus \$10,225 per year for employee reclassifications. Funds are also provided for the installation of two terminals a year in selected counties.

We recommend an appropriation for the law enforcement academy sufficient to meet the increased costs of moving into new offices, housing and classroom quarters. An additional instructor is funded for the 1981 biennium.

The fire marshall and I.D. bureau are allowed normal inflationary increases. Funds are provided to reclassify a present position within the fire marshall bureau into a deputy fire marshall. This individual will be stationed in eastern Montana.

Aside from the transfer of two FTE to the legal services bureau, central services is kept at current level. We recommend \$5,600 a year be used for central air conditioning of the Scott Hart building. The department recently moved into these quarters.

Our recommendation does not include funds for several programs. Funding is not recommended for the newly proposed antitrust bureau or the forensic science division. No recommendation was made and subsequently no funding is made available for a legal assistance pool. This also is a proposed program. Funding is not made available to continue the motor vehicle division administrator.

If H.B. 693 passes, the transportation of prisoners program, presently within the department of administration, will be transferred to this department.

Concerns of the Committee

During the 1979 biennium collections from the sale of attorney general opinions and travel expenses charged to counties were abated. We believe these moneys should be deposited to the general fund.

BOARD OF CRIME CONTROL

<u>Board of Crime Control</u>	<u>1979 Biennium</u>	<u>1981 Biennium</u>	<u>% Increase</u>
General Fund	\$ 327,080	\$ 373,716	14.3
Other Funds	<u>7,239,655</u>	<u>7,398,321</u>	<u>2.2</u>
Total	\$7,566,735	\$7,772,037	2.7
FTE	43.3	32.0	

The executive recommendation is accepted for the board of crime control. The 14.3 percent increase in general fund provides continued matching requirement for planning, evaluation and various programs administered by this program.

General fund of \$94,000 for the biennium is included for "buy-in" purposes. These funds allow Montana to obtain federal funding. There is a possibility of new federal legislation which would not require these buy-ins. If this legislation passes, appropriated buy-ins are to be reverted to the general fund.

DEPARTMENT OF HIGHWAYS

	<u>1979</u> <u>Biennium</u>	<u>1981</u> <u>Biennium</u>	<u>%</u> <u>Increase</u>
<u>Department of Highways</u>			
General Fund	-0-	\$ 1,199,780	+
Other Funds	\$286,219,645 ¹	420,018,956	46.8
Total	\$286,219,645	\$421,218,736	\$47.2
FTE	2,198.29	2,359.83	

1. Includes \$20,186,059 added through budget amendments in 1978.

This appropriation shows major funding increases for the department during the 1981 biennium. The committee recommends that the travel promotion unit, previously funded with highway earmarked funds, be funded through the general fund. This is the only highway department program which contains general fund and accounts for the 100 percent increase.

Other funds increase 46.8 percent. Due to the availability of more federal funds, the highway department will attempt to complete Montana's interstate within the next 4 to 6 years. We recommend an additional \$107,383,049 for this accelerated interstate program. This amount includes a 10 percent highway earmarked fund match.

A 2.4 percent increase is recommended for the general operations program to continue current level operation. FTE are reduced by 19. The acquisition of three system 6 typewriters allowed a decrease of 5 clerical positions. The remaining positions, data entry, program analysts, and clerks had been vacant during fiscal 1978. Mini computers for direct data entry are recommended to be placed in the eleven division offices and will allow 9½ clerical positions to be deleted by January 1, 1980. It is possible that further FTE reductions within the field offices could occur during the 1981 biennium due to these computers. We have included \$60,395 per year for GVW upgrades.

A 10 percent increase is recommended for the construction program. These funds are to continue normal operation and are separate from the accelerated interstate program. The majority of construction funds are for contractor payments. Included in this appropriation is \$3,450,000 per year of coal tax improvement funds. This \$3.4 million per year will not be used to match current federal funds.

The preconstruction division receives \$4.2 million per year for right-of-way purchases, relocation costs and damages.

A 16.8 percent increase is recommended for the maintenance division. Aside from current level operations, the following biennial amounts are appropriated: 27 temporary employees (\$873,685), traffic sign replacement (\$800,000), and additional sand, gravel, oil and salt (\$3,500,000). Also included is \$220,000 per year for the state to take over maintenance of traffic signals on numbered highways. This amount is contingent on passage of H.B. 380.

Funds for motor pool operation are continued at current level. It is recommended that funds obtained from the auction of motor pool cars be deposited within the revolving account. Concern was voiced by the committee about state agencies using personal cars for state business rather than the motor pool. We recommend that agencies using a privately owned vehicle on state business must receive written authorization from the motor pool division. This authorization must be attached to the transfer warrant claim before reimbursement can be made.

The equipment division operates from a revolving fund. However, \$900,000 per year was appropriated to aid in the purchase of \$1.5 million per year in equipment. Fund balances have been present within this revolving account for the past several years. It is the recommendation of this committee that revolving funds be utilized for equipment purchases whenever possible. This will keep the fund balance at a minimum and possibly allow for a reversion of earmarked funds.

Federal funds only are appropriated for a railroad planning project. Matching funds are to be supplied from the existing appropriation.

DEPARTMENT OF ADMINISTRATION

	1979 <u>Biennium</u>	1981 <u>Biennium</u>	% <u>Increase</u>
<u>Department of Administration</u>			
General Fund	\$ 8,479,552 ₁	\$ 7,463,885	(12.0)
Other Funds	<u>27,568,251</u>	<u>31,017,677</u>	<u>12.5</u>
Total	\$36,047,803	\$38,481,562	6.8
FTE	431.69	419.65	

1. Contains \$1,647,270 added through budget amendments.

The 12 percent decrease in general fund occurs mainly for two reasons. First, architecture and engineering is recommended to be funded from the long-range building account. The biennial appropriation is for \$600,782. Any balance remaining at the end of a fiscal year is to be reverted to the long-range building account. A one percent charge has been assessed to non-general fund projects for inspection cost. No designated time has been established for this assessment. The committee recommends the charge be assessed at the time the contract is let with revenue deposited to the long-range building account.

The second reason for the general fund reduction is a decrease in general fund appropriation to the legal and insurance division. In 1978 \$259,374 of general fund was used to increase the self-insurance reserve fund. In 1979 approximately \$400,000 will be used for the same purpose. The committee feels collections from agencies is the proper way to build the reserve.

Additional funds for data processing are included for the accounting division. The increased usage of SBAS from the inclusion with the university system have increased these costs. These additional funds are not to be used to pay for further enhancements of the system.

The appropriation includes \$30,000 in 1981 to be used only if a new governor is elected.

The information system division was reduced in staff by eight following the completion of the SBAS upgrade. Operating costs as well are reduced. A separate revolving account is to be established for this program. Previously it shared a revolving account with computer services and was subsidized by income from computer services. A merger of information systems and management systems is recommended. It is felt these two programs could more efficiently function as one.

Computer services receives an 11.7 percent increase. Increased revolving fund authority allows for an upgrade of the computer system, maintenance of the uninterruptable power supply, management of the tele-processing network, and increased usage by user agencies. Data processing rates will not increase during the 1981 biennium.

Funding for general services allows for a per square foot charge of \$2.13 in 1980 and \$2.25 in 1981. This charge for state owned buildings within the capitol complex pays for utility and janitorial costs, building and grounds maintenance and various services. Due to unsatisfactory janitorial contracts, the department of administration may hire janitorial staff, providing the cost does not exceed those amounts appropriated. A yearly appropriation of \$50,000 in capital improvement funds is established. Additional revolving fund authority is recommended for further centralization of mail service within the state capitol complex. A security guard is transferred from the historical society for supervisory reasons. The cost is to be paid from the general fund. The individual will continue to be assigned to the historical society.

Two specification writers are funded within the purchasing division. A request for an automated purchasing system is denied.

Three warehouse workers are added to the surplus property division. The committee recommends that more intensive efforts be made to make state agencies aware of surplus property which is sold at a reduced rate. It is also recommended that property charges be readjusted as major fund balances have been occurring within the revolving account.

Building standards is funded at current level. Senate Bill 247 requires localities to contract for inspections. If the bill passes, this program could be reduced. If it fails, the state will have to conduct these inspections which will require an increase in staff and operating expenses.

An accountant position is added to the treasury division. It is recommended that the teller window be closed and the individual reassigned to duties within the office.

The board of housing's appropriation is for current level. The passage of H.B. 82 would increase bonding authority \$300 million. Should the bill pass, additional spending authority will need to be considered.

The communication division which pays all communication bills for the capitol complex receives a 45 percent increase in revolving authority. A major rate increase for Mountain Bill went into effect early this year and accounts for the appropriation increase.

During fiscal 1978 the merit system was merged with the personnel division. The appropriation allows for automation of applicant flow data and test scoring for the merit system; transfers the position control report and funding from OBPP; and allows \$58,000 for the upgrade of this report.

Funding of \$15,885 for the biennium is included for the passenger tramway.

Three microfilming clerks are added to records management. These FTE were previously funded through CETA. In 1981 \$52,884 of revolving fund authority is added for computer output microfilm (COM). COM generates microfilm from computer generated tapes and greatly saves on paper. Presently this service is contracted out of state.

Transportation of prisoners is funded \$85,000 per year. This program will be transferred to the department of justice if H.B. 693 passes.

The workmans compensation judge is funded at a slightly reduced level. The committee is concerned about unnecessary travel expenses. It is recommended that plane travel be minimized, motor pool cars be used, and that trips only be made when there are cases to be heard.

The public employees and teachers retirement systems are funded at current level. A major upgrade of the PERS system is underway. Upon completion it is to save approximately \$22,000 per year in data processing costs. Our recommendation allows data processing costs of \$57,000 and \$60,000 during the 1981 biennium.

The state tax appeals board (STAB) received a major increase for 1980 to accommodate a major increase in appeals as a result of reappraisal. Funding allows for current level operation in 1981.

DEPARTMENT OF MILITARY AFFAIRS

	<u>1979 Biennium</u>	<u>1981 Biennium</u>	<u>% Increase</u>
<u>Adjutant General</u>			
General Fund	\$1,172,744 ₁	\$1,224,536	4.4
Other Funds	<u>880,571</u>	<u>694,993</u>	<u>(21.1)</u>
Total	\$2,053,315	\$1,919,529	(6.5)
FTE	40.42	33.42	
<u>Disaster and Emergency</u>			
General Fund	\$219,229	\$266,456	21.5
Other Funds	<u>678,994</u>	<u>461,035</u>	<u>(32.0)</u>
Total	\$898,223	\$727,491	(19.0)
FTE	21.0	18.0	

1. Includes \$27,550 of budget amended funds.

The adjutant general is funded at current level as recommended by the legislative fiscal analyst. Additional utility costs are added for armories throughout the state. The drop in federal funds results from eliminating spending authority for five firemen at the Great Falls airport. These salaries will be paid from local funds (20%) with an 80 % federal match. The FTE reduction results from the five firemen plus one administrative aid and one maintenance position vacant in 1978 which are deleted.

General fund for disaster and emergency services increases 21.5 percent. The natural disaster and response program, 100 percent federally funded, must now be matched 50 percent with general fund. This program has been merged with the coordination program. The 32 percent decrease in federal funds results from the termination of the training and education program and the 50 percent general fund match requirement for natural disaster and response.

All other programs are funded at current level.

DEPARTMENT OF REVENUE

<u>Department of Revenue</u>	<u>1979 Biennium</u>	<u>1981 Biennium</u>	<u>% Increase</u>
General Fund	\$50,800,122	\$20,222,892	(60.2)
Other Funds	<u>13,760,179</u>	<u>3,622,460</u>	<u>(73.7)</u>
Total	\$64,560,301	\$23,845,352	(63.1)
FTE	1,102.76	721.92	

The major decrease in general fund and other funds is directly related to property tax relief granted in the 1979 biennium (\$29 million in general fund) and not including an appropriation for the liquor division which spent \$9.7 million during the biennium. The committee recommends that the liquor division be given a blanket spending authorization to purchase adequate inventories as well as all other operating expenses. However, the division must deposit to the general fund no less than \$13 million during the 1981 biennium and no less than \$7.4 million in 1979. Pricing formulas in effect January 1, 1979 must remain unchanged. It is legislative intent that non-profitable stores be closed or converted in an orderly manner.

The audit and accounting program receives a bad debt collector. A clerk position transferred from the liquor division is not funded.

The legal division lost a lawyer and a secretary. Both positions were vacant all of fiscal 1978.

The executive recommendation was accepted for the income tax division. A request for 2 additional field auditors and 5 clerical positions was denied. Three current level positions were lost in the hiring freeze. The committee recommends that only 2 field offices be maintained.

A part-time clerk transferred from the inheritance tax division in 1978 and is funded within the operations program. Within this appropriation is \$100,000 per year revolving fund authority for central supply. The committee was concerned about a growing fund balance within this program. Funds are included to purchase a mailing machine, letter opener, and miscellaneous office supplies.

Additional travel costs are added to the corporation tax division. A good portion of the audits are conducted in large high cost cities. We recommend that actual per diem be paid to the audit staff when conducting audits in cities designated by the department of administration as high cost areas.

The executive request for funding of the property valuation program was decreased 12.4 percent. Twenty four FTE and salaries were removed from the request as these individuals had been transferred from the tax relief program. There was a reduction in the mass appraisal staff and

other expenditure areas in an attempt to return this program to a normal operating level following the major reappraisal effort. The committee has recommended that the counties provide office space for the assessors and appraisers. A further reduction within this program could occur if motor vehicle registration is removed from the assessors office to motor vehicle registration within justice.

Staff is increased by eleven within the investigation division. These three investigators and 8 administrative aides will work primarily in the area of child support. The state is reimbursed 75 percent for child support related investigations. Appropriated is \$100,000 a year for legal counsel.

The research program has been merged with data processing to form the research and information division. One administrative position was removed due to the merger. Also reduced were 5 FTE transferred from the tax relief program. The committee is concerned about the growing fund balance within the revolving account. It is recommended that a balance no greater than \$40,000 be maintained.



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March 9, 1979

The Honorable Francis Bardanoue
Chairman, House Appropriations Committee
State Capitol
Helena, MT 59601

Dear Chairman Bardanoue:

It is my understanding that the Montana House Appropriations Committee will be considering NCSL's request for dues for FY 1980 and 1981 at its meeting on March 12. While I regret that I will be unable to be there on that occasion, I would like to provide you with some information concerning NCSL activities that are of direct benefit to the state of Montana.

I will begin by itemizing a few recent success stories in our efforts to influence federal government policy, then indicate some of the most important issues in federal-state relations, and finally point out some services we provide outside the federal-state area.

One of NCSL's most critical roles is to represent the interests of the states before the federal government. In order to do this we maintain an active and effective lobbying staff in Washington. Many of our most recent activities there have had a direct payoff for Montana:

- 1) Revision of Rural Health Planning Guidelines. P.L. 93-641 required that health planning regulations be issued for the construction of new health facilities. The initial regulations were released on January 20, 1978. As issued they would have forced the closing of many rural health facilities, especially obstetrical hospitals, in Montana. NCSL, along with several states, objected strenuously to these regulations, with the result that they were reissued in March as advisory guidelines only.
- 2) State-Local Tax Deductions. President Carter last year proposed the repeal of taxpayer deductions for state and local sales, personal property and gasoline taxes. NCSL objected to all three deductions. The gasoline tax deduction was eliminated, but the state sales and personal property tax deductions were not. In Montana in 1975, \$2.3 million was taken in sales and personal property tax deductions. This would have been disallowed if President Carter's tax reform proposals had passed.

- 3) Title XX Social Services Program. NCSL succeeded in lobbying Congress to raise the Title XX Social Services "cap" to \$2.9 billion last year. That change has helped provide more money for block grant social services programs which are developed according to state and local, not federal, priorities. Montana currently appropriates \$8.75 million for this program and is helped by the federal funding increase since it is at the ceiling in state payments.
- 4) General Revenue Sharing. Two weeks ago the Senate Finance Committee considered legislation by Senator Bentsen which would have eliminated the states from the general revenue sharing program beginning with FY 1980. NCSL vigorously opposed this proposal and was able to defeat it on a vote of 8-2. The renewal of general revenue sharing will be a continuing battle during the 96th Congress, however. In FY 1979 Montana state and local governments are receiving nearly \$26 million in general revenue sharing, of which the state's share is \$8.7 million.

Perhaps the best way to highlight some of the major current federal-state relations issues is to list a few of the meetings which NCSL has scheduled for key state legislators at the recent sessions of the State-Federal Assembly (SFA). The SFA, which meets approximately quarterly, consists of over 800 members appointed from all 50 states and is the chief lobbying arm of NCSL. Recent meetings designed to drive home the viewpoint of the legislatures have included:

- President Carter and Vice President Mondale--countercyclical revenue sharing
- House Minority Leader John Rhodes--congressional priorities
- OMB Director James McIntyre--FY 1980 budget
- Senator Edward Kennedy--Washington, D.C. representation
- FTC Chairman Michael Pertschuk--federal regulations
- DOT Secretary Brock Adams--highway funds
- Senate Minority Leader Howard Baker--revenue sharing and regulation reform

- Senate Budget Committee Chairman Edmund Muskie--FY 1980 budget
- House Ways and Means Committee Chairman Al Ullman--legislator's tax home

There are many other services that NCSL provides that are of direct benefit to Montana legislators. For example:

- During the last three months NCSL staff have answered more than 30 requests for information from Montana legislators. Most of these are requests that come to us through your legislative staff who have received inquiries from legislators. These requests have ranged from topics like incentives for alternative energy source development, funding of alcoholism programs, and the size of legislative bodies.
- In the Fall of 1977 NCSL organized a team of legislators and legislative staff to come to Helena to discuss legislative time management procedures that have worked in other states with one of your interim committees.
- Montana legislators and legislative staff have participated actively in recent seminars or workshops on tax and expenditure limitations, the 55 m.p.h. speed limit (in cooperation with the Western Conference of the Council of State Governments), state-local financial management, and health cost containment.

A final point I would like to mention is that Montana has much to offer other states through NCSL. For example, Speaker Harold Gerke has been able to provide valuable advice and assistance to other states on state-local reorganization. Representative John Scully has had a substantial impact on federal policy as chairman of NCSL's Natural Resources Committee and has served as NCSL's representative on President Carter's Intergovernmental Task Force on Water Policy. Senator Carroll Graham has been one of the most active and important members of our Indian Affairs Task Force. Representative Robert Marks participates in the governance of NCSL as one of the western regional representatives on our Executive Committee. Morris Brussett has been a valuable resource person on the implementation of sunset legislation in our technical assistance programs for a number of states.

During the past year we have had the participation of all 50 state legislatures in NCSL. This unity has made us a much more effective voice on behalf of the states. I very much hope that Montana will continue to participate actively in the future.

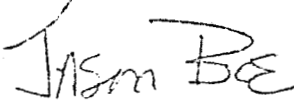
The Honorable Francis Bardanouve

March 9, 1979

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I have asked Earl Mackey, our Executive Director, and Karl Kurtz, NCSL Director of Operations, to be present at the Appropriations Committee meeting on March 12 when you consider the NCSL request. I am sure they will be glad to answer any questions you may have. I would be glad to come to Helena at some time in the future as well if you so desire.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jason Boe". The signature is fluid and cursive, with the first name "Jason" and the last name "Boe" clearly distinguishable.

Jason Boe
President, NCSL
President, Oregon Senate

JB/sal

cc: Members of the House Appropriations Committee
Sen. Carroll Graham
Sen. Matt Himsel
Rep. Robert Marks
Speaker Harold Gerke
Sen. Pres. William Mathers
Mr. John LaFaver

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*Jan E. W.
Fiscal Analyst*