

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

February 12, 1981

The tenth meeting of the Senate Finance and Claims Committee met in room 108 of the State Capitol Building on the above date. The meeting was called to order and roll call was taken and is attached. Senator Hims1, Chairman said the purpose of the meeting was to hear Senate Bills 377 and 257 and he would ask the sponsor of Senate Bill 257, Steve Brown to explain the bill.

CONSIDERATION OF SENATE BILL 257: Senator Steve Brown said this bill had been heard in State Administration Committee and had passed but since it did have a fiscal impact he had consented to having it heard in the finance committee. He said this bill applies to travel and per diem and applied to state employees including the legislators. He said the prices have gone up so much on meals and hotels or motels and that he did not think it fair to have employees who had to pay out of pocket expenses be asked to travel. He felt that it was impossible to buy a breakfast for \$2, a lunch for \$3.50 and an evening meal for \$6.50. He said the \$12 allowed for all three meals in Montana was low. Idaho allowed \$15, North Dakota \$17, etc. Exhibit 1 attached, gives figures for meals and lodgings. He also said that these states were attempting to raise the figures since they felt they were too low

Glen Drake, representing the MPEA said he did not have much to add. He quoted the prices he had paid recently and what he had gotten.

Jerry Foster, Administrator for the Corporate Tax Division of the Department of Revenue said they have a very active field of auditors who brought in \$12 million out of a total of \$46 million to the state. He said the lodging is hard to get in New York, Washington D. C. and Chicago for less than \$60 per day and in some instances in New York is \$75 per day. He said employees were having to pay out-of-pocket expenses to travel to these places, and many of the others were over the amount allotted.

Senator Smith seemed to feel this was an exaggeration of costs since both he and his wife had been able to get into good motels for \$26 and \$30 both in Montana and in Dakota.

In answering a question from Senator Aklestad in regard to a bill last session to take care of this problem with the Department of Revenue Mr. Foster said there were some that had been addressed, and they were going to have to go to the Department of Administration and have other areas investigated.

Questions were asked as to the amount of pay these people received who did the traveling and Mr. Drake said some did receive a good salary, but many nurses, etc. also had to

travel, and they were very low paid in a lot of cases. Also public health people.

Senator Brown closed by saying he would hope we were not going to get into a value judgment as to how much people make. This was based on actual required expenses.

The hearing was closed and Senator Himsl said they would take up Senate Bill 377.

CONSIDERATION OF SENATE BILL 377: Senator Berg said he was the chief sponsor of this bill but was carrying it at the request of the Executive branch of the Government, the Governors office, and there were people at the meeting who could better explain the bill than he could.

Tom Crosser, Governor's Office, Office of Budget and Program Planning, gave testimony in favor of the bill, a copy of which is attached.

Mr. Bob Stockton, Office of Public Instruction said this bill came about because of the request of the interim finance committee. He said at the present time the office cannot transfer funds from one account to another, it can happen that there is a surplus in one account while there is a deficiency in another and as happened recently, a deficiency levy had to be put on the taxpayers while there was a surplus in another account. He said at the end of the year sometimes they had to borrow from one account to another and this was a difficult task to track on SIBIS. This bill would allow 4 or 5 accounts to be handled with transfers and avoid this problem.

Senator Stimatz asked if this were done if it would make it hard to control so we did not know what was going on, and would it make it possible for them to manipulate the funds.

Mr. Crosser: I don't believe it will. The levies under the current structure will still be calculated the same way. They will be segregated in the accounting methods. It will all be on SIBIS and he felt if it could avoid one special levy it would prove its value. Senator Stimatz asked if it was possible for anyone to play tricks with the funds, and Mr. Crosser and Mr. Stockton both said, no.

Senator Aklestad asked if Mr. Nichols could address this. Curt Nichols said he felt the purpose was to solve the problem of having a surplus at the same time they had a deficiency, but he had not had time to go through the bill thoroughly.

Senator Himsl asked about Senate Bill 98 and if this would not eliminate the need for a state deficiency levy. He was answered yes, they would have to come in for a supplemental, but it did not solve the transfer to various accounts, and they needed both bills.

Senator Berg in closing said he had a suggested amendment which is attached as exhibit 4, which would do the house-keeping necessary to avoid a clean up bill next year. He said in checking it yesterday he had found it addressed a previous section of the code and that section was not mentioned in the bill nor in the title.

Senators Himsl and Stimatz having problems with the amendments asked for an explanation and Mr. Crosser said the bill did everything they were asking for, but the amendments would just clean it up. Discussion was held on the pro's and the con's of adding a new section of the codes to the bill.

Senator Himsl asked Mr. Crosser if he shared the opinion that the bill does what he wants and that we really do not have to put this in. Crosser: Yes, I share it. Senator Himsl then asked Senator Berg if he were comfortable leaving it out and he said yes, the thrust of 377 does what we want to do.

Senator Himsl declared the hearing closed.

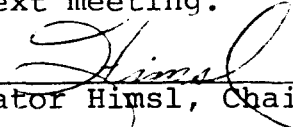
DISPOSITION OF SENATE BILL 257: Senator Smith said he felt the bill had to large an increase in it, and he would make a MOTION to amend the bill, page 1, line 24 from \$21 to \$24.

Discussion included questions on the last time this was changed, and was answered probably 2 years ago, and Senator Himsl said we really were not going to control travel by this bill and the amount allowed. it would be by the total allowed in the sub-committee. He said they would probably pay more and travel less as a result. Discussion on an amount versus a percentage increase was discussed, and also the feeling that whatever the raise would be would then become the base at the motels and hotels.

A vote was taken on the amendment to reduce the amount to \$24 and is attached as roll call vote, 11 yes, 1 no, 4 absent. MOTION by Senator Dover that Senate Bill 257 AS AMENDED, DO PASS, voted, unanimous vote of those present, Senators Story, Johnson, Regan and Haffey were absent.

Discussion was held on SENATE BILL 377, and a motion to add section 4 was made by Senator Dover, and then withdrawn later. Senator Stimatz felt some of the legal aspects of the bill with or without the amendments should be checked, and the bill was left for later discussion.

The meeting was adjourned at 12:05 with a request that Curt Nichols look at the bill before the next meeting.



Senator Himsl, Chairman

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date

2/12/81

NAME	PRESENT	ABSENT	EXCUSED
Senator Etchart	✓		
Senator Story			
Senator Aklestad	✓		
Senator Nelson	✓		
Senator Smith	✓		
Senator Dover	✓		
Senator Johnson			
Senator Keating	✓		
Senator Boylan	✓		
Senator Regan	✓		
Senator Thomas	✓		
Senator Stimatz	✓		
Senator Van Valkenburg	✓		
Senator Haffey			
Senator Jacobson	✓		
Senator Hims1	✓		

SENATE COMMITTEE

FINANCE AND CLAIMS

Date

2-12-8

Bill No.

257

Time

11:55

NAME	YES	NO	ABSENT	EXCUSED
Senator Etchart	✓			
Senator Story			✓	
Senator Aklestad	✓			
Senator Nelson	✓			
Senator Smith	✓			
Senator Dover	✓			
Senator Johnson			✓	
Senator Keating	✓			
Senator Boylan	✓			
Senator Regan			✓	
Senator Thomas	✓			
Senator Stimatz		✓		
Senator Van Valkenburg	✓			
Senator Haffey	✓		✓	
Senator Jacobson	✓			
Senator Himsl	✓			

(11)

(1)

(4)

Sylvia Kinsey
Secretary

Senator Himsl
Chairman

Motion:

S. C. 27/ 124/

pk (3)

Mr. Chairman :

For the record, my name is Tom Crosser. I represent the Governor's Office of Budget and Program Planning. I am here today in support of SB 377. Before I begin my testimony I would like to distribute two sheets depicting the current and proposed financial structure of the Foundation and Permissive Accounts.

The primary objective of this bill is the consolidation of various accounts presently used by the state in the area of school finance. The bill does not effect the County portion of the Foundation Program; the District portion of the Permissive amount or the District Voted Series. It does consolidate the state equalization account, the state permissive account and the state deficiency accounts into one Earmarked Revenue Account. This account is referred to throughout SB 377. The amendment proposed this morning simply ties these references back to the section creating this state equalization account.

The benefits from this consolidation can be segregated into several areas: These areas include administration, budgeting and flexibility.

1) Administration

Currently, the Office of Public Instruction is responsible for the administration of the public school financial structure. OPI, under the existing law, must make numerous transfers between the various accounts. SB377 would minimize these transactions. Mr. Robert Stockton from the OPI is here to testify on the bill and could more fully explain the current administrative process and how SB377 would simplify this process.

2) Budgeting

The second area of benefit relates to budgeting. Currently, it is difficult to determine exact account balances for future budgetary requirements. This difficulty arises because of the number of accounts and the transfers between these accounts. There is currently the potential for double counting available balances.

3) Flexibility

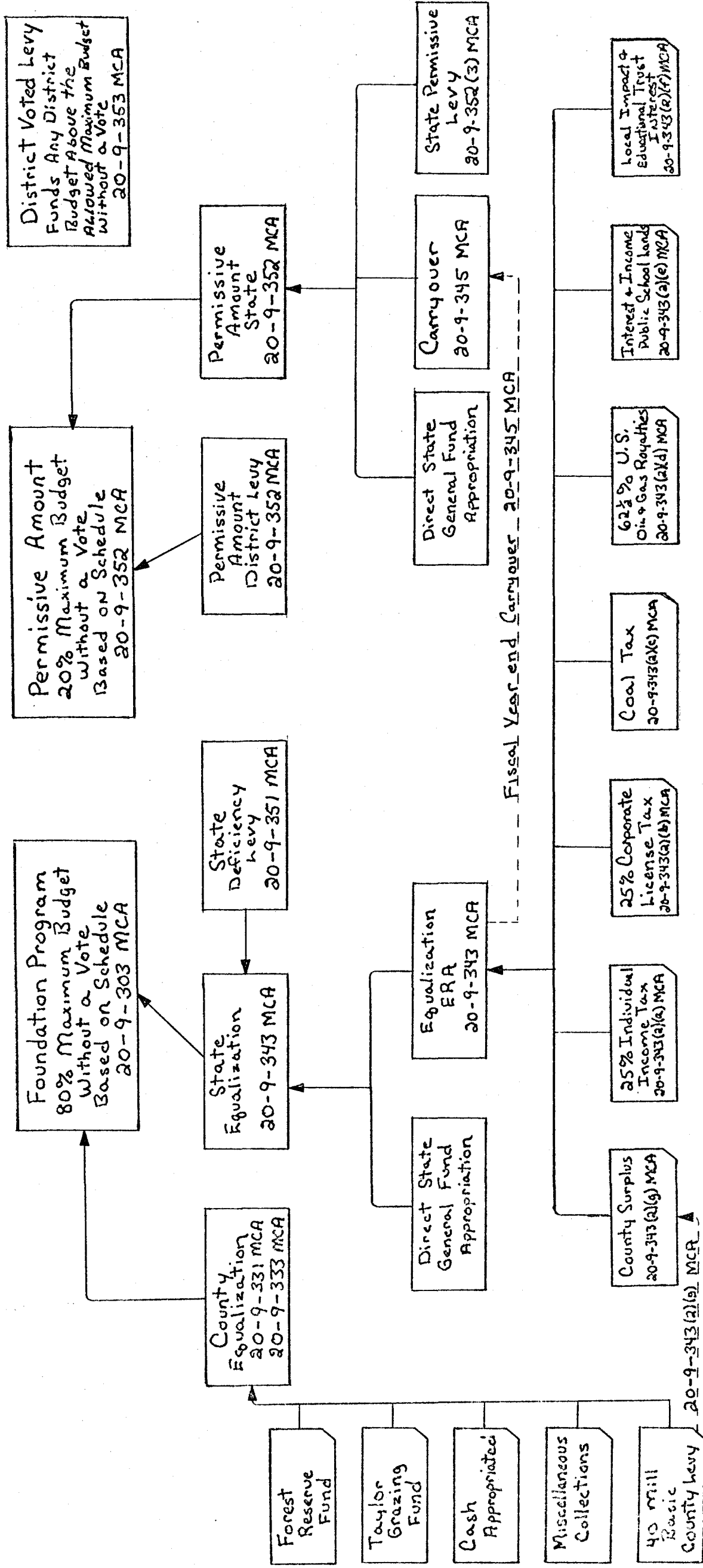
The final area of benefit relates to flexibility. The current financial and legal structure requires certain actions, which cannot be reversed once done. The most critical area in this regard stems from the current provisions in Section 90-9-345

which requires year end account balance transfer from the Equalization ERA to the State Permissive Account for reduction of any state permissive levy requirements. Under the present structure, once the mandatory transfer is made, no mechanism exists to transfer it back to the Equalization ERA even if the need exists there. Because of this, it is currently possible to have transferred funds to the permissive account where they may not be needed and then determine that the Equalization ERA is ~~and~~ inadequate for foundation support which results in a deficiency levy for financing the foundation portion of public school budgets.

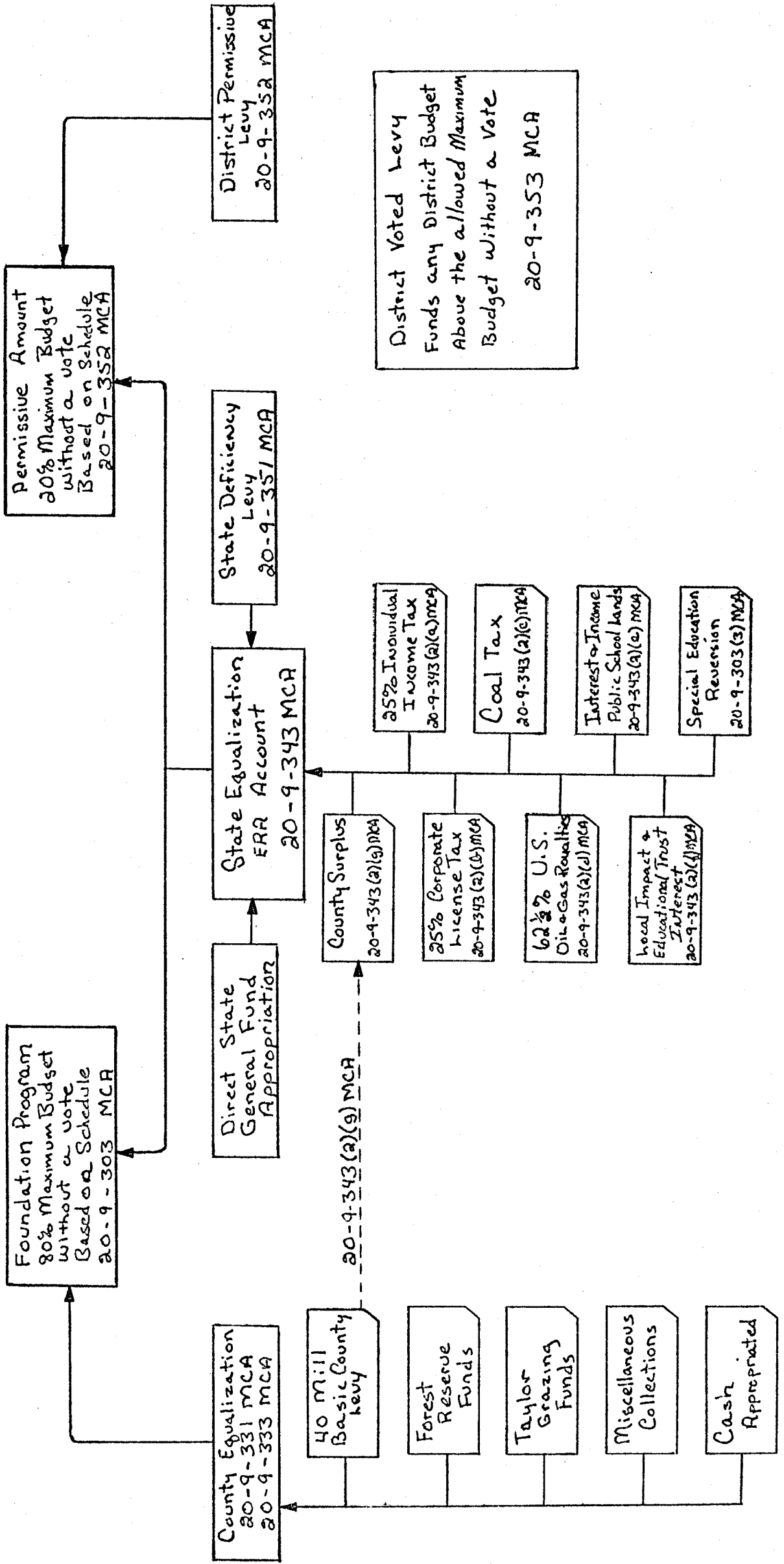
I realize that several other Legislative bills amend these same sections of law. I hope that whatever revisions are made to these particular sections address those concerns which prompted this bill.

Mr. Chairman, this concludes my testimony. I would be happy to address questions concerning my testimony or the handouts provided. Thank You.

Existing Public School Finance Structure 1981



Proposed Public School Finance Structure SB377



Senate Bill 257 Raises per diem and lodging for state employees, appointed members of boards, commissions, councils and elected officials including legislative interim travel.

The bill amends in state per diem as follows:

morning meal from \$ 2.00 to \$ 3.00

midday meal from \$ 3.50 to \$ 4.50

evening meal from \$ 6.50 to \$ 8.00

lodging - actual lodging by receipt from \$ 21.00 to \$ 27.00

Out of state as follows:

morning meal from \$ 3.00 to \$ 4.00

midday meal from \$ 5.00 to \$ 6.50

evening meal from \$ 8.50 to \$ 12.00

lodging - actual lodging by receipt from \$ 40.00 to \$ 50.00

Surrounding States

Idaho	\$ 15.00 meals	\$ 20.00 Lodging
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Wyoming	\$ 45.00 combined
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North Dakota	\$ 17.00 meals	\$ 28.00 Lodging
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Colorado	\$ 16.00 meals	\$ 27.00 Lodging
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Utah	\$ 12.50 meals	\$ 22.50 Lodging
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	\$ 25.00 Lodging - Salt Lake City
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All of these states currently have legislation to raise these figures because of the effects of inflation.

While the fiscal note shows a definite cost factor it must be noted that if it actually cost the amount ask for to travel then the employees will be subsidizing the state for the cost of travel if the figures are not raised.

With the present inflation rates the new figures must compensate for the next two years.

Amendment

Section 20-9-343 MCA.

This amendment concerns the statute that establishes the Equalization Earmarked Revenue Account. It references those changes made in Section 20-9-345, 351 and 352.

SB 377

Section 20-9-345 MCA.

The change made to this section eliminates the transfer provision currently required between the Equalization ERA and the Permissive Account.

Section 20-9-351 MCA.

The Major change proposed in this section is the consolidation of both statewide levies for Foundation or Permissive deficiencies.

Section 20-9-352 MCA.

This section is amended to allow state permissive collections to be deposited to the Equalization Account provided for in 20-9-343. The proposed change also expands on the modified deficiency provisions contained in the preceeding section, 20-9-351.

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Amendment - SB 377

Section 4. Section 20-9-343, MCA, is amended to read:

20-9-343. Definition of and revenue for state equalization aid.

(1) As used in this title, the term "state equalization aid" means those moneys deposited in the earmarked revenue fund as required in this section plus any legislative appropriation of moneys from other sources for distribution to the public schools for the purpose of equalization of the foundation program and permissive amounts.

(2) The following shall be paid into the earmarked revenue fund for state equalization aid to public schools of the state:

(a) 25% of all moneys received from the collection of income taxes under chapter 30 of Title 15;

(b) 25% of all moneys, except as provided in 15-31-702, received from the collection of corporation license taxes under chapter 31 of Title 15, as provided by 15-1-501;

(c) 10% of the moneys received from the collection of the severance tax on coal under chapter 35 of Title 15;

(d) 62 1/2% of the moneys received from the treasurer of the United States as the state's shares of oil, gas, and other mineral royalties under the federal Mineral Lands Leasing Act, as amended;

(e) interest and income moneys described in 20-9-341 and 20-9-343;

(f) income from the local impact and education trust fund account;

(g) funds generated by deficiency levies as provided for in Section 20-9-351(1) and Section 20-9-352; and

(h) in addition to these revenues, the surplus revenues collected by the counties for foundation program support according to 20-9-331 and 20-9-333 shall be paid into the same earmarked revenue fund.

End