

MINUTES OF THE MEETING  
FINANCE AND CLAIMS COMMITTEE  
MONTANA STATE SENATE

March 23, 1981

The twenty-fifth 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 by Senator Himsl, Chairman at 8:14 a.m. Roll call was taken and all members were present.

Senator Himsl said the purpose of the meeting was to hear House Bill 500, the presentation of the bill would be made by the subcommittee chairman, it will not be open to public hearing as such, but the agencies have been invited to request changes if developed since the bill was heard. They should be aware of the support to make us aware of things that are changed. Our business is to reasonably fund the state government, not to participate in partisan or underfunding types of agencies, rather, we should look upon ourselves as trustees of the state. You will notice that the budgets are not spelled out in great detail. The agencies are to present an operational plan for programs--unless line itemed through the Legislative post audit that it is maintained. You people on the subcommittees are aware of the needs and the rest will have to trust them for their good judgement. I would thank the subcommittees. It is a tremendous job and one well done. We will be hearing of the changes since the subcommittees met, we have the right to make changes, deletions, or additions if in our judgment, there is some problem now. I would have you notice that the general fund budget for the biennium \$535,562 plus million, earmarked, \$849,845,782 for a grand total of \$1,384,863,443 for the biennium in the process we hope to follow. We will go through the presentation and those agencies affected by it, their department heads if they wish to make an explanation of a request will make a short presentation to the committee and we will take executive action later. We may have a problem with scheduling meetings to go until noon.

Senator Himsl asked if the committee wished to go until noon, come back until session or come back at night. Discussion was held on the time table for the bill, and it was decided to have the meeting start at 7 a.m. on Tuesday.

Discussion was held on the green book and the hand outs, exhibits 1 and 2. Judy Rippingale, IFA, said the green book will take you up through the House meetings, since there was no joint hearings. This is just the changes made after the subcommittee ended. The white one is the ones that happened on the floor of the House, and compliments the green book.

Senator Himsl: I hope you have all checked the boiler plating on page 4 to understand what the operating budget is.

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Judy: The only change in the boiler plating was adding a forestry experiment station at Missoula.

Senator Himsl: We are going to address House Bill 500 which is the general appropriation bill. We are going to walk through it section by section. I believe that Representative Lory is going to take the first section which was the subcommittee on elected officials.

Representative Lory listed the members of the subcommittee and the LFA staff who had assisted and thanked them for a good job.

For the purpose of these minutes, the green book is attached, along with all amendments. Reference is made to the dialogue in the green book, supplemented by the white and was read almost verbatim. Extra testimony, questions and answers, etc. will be reflected in the minutes. The white sheets are exhibit 1.

Exhibit 2 adds the House Floor figures on the spending recommendations chart for the front of the green book, attached.

Senator Himsl asked if, since the paragraph on Legislative Council, white copy, 2, and EIC State pay raises were originally included in the bill, but were taken out meant that they are not in the blue bill now--and if any of them are in the blue bill. Representative Lory: We deleted it under the theory that we would now know what they would be until after the pay plan recommendations came in and then we would put it in. He said the pay plan was put in with an 11% increase in the green book just to show about what it would be. It is not reported in the report from the general fund.

Senator Himsl: The figures in the blue bill do not include the pay plan? Lory: Right.

Senator Dover: On page 3 (green book) of the Legislative Council. Are you telling us that that has been taken out? Representative Lory: The upgrade in salary is not in the blue bill. The consumer Council is the only one that is in. Their fiscal year runs from January to January. They are included at 12%.

Judiciary: Questions from committee to the Chairman of the subcommittee.

Senator Aklestad: The \$20,000 in 1983 for Westlaw, a computer-generated research device. What is that? Lory: That is a computer so that automatically we can get the changes in laws. It was recommended and approved by both the subcommittee and the appropriations committee.

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Senator Stimatz: In reconciling the figures with the hand-out, none of them seem to jibe. Judy Rippingale: This is an update that Dr. Lory is following. The numbers in the book are in the House appropriation. The changes on the House floor are in the report. The only changes between the green book and the white sheets are the ones made on the floor of the House.

Discussion was held on coordinating the two references and the bill, and Representative Lory went on to the next section.

Governor's Office: Representative Lory said there were several items in the green book. The airplane pool that was started up 4 years ago was not working out and was discontinued and the airplane was transferred along with \$160,000 and \$120,000. There was a \$70,000 figure for replacement of one of the engines.

Senator Johnson: Did you say a Helena based attorney will be added to the Governor's staff? Lory: A grade 17 Lawyer.

Senator Smith: You will continue to keep the attorney in Missoula? Lory: He will be placed on a contract.

Secretary of State: Lory: The Secretary of State recommended that 15 employees be exempt from the pay plan. It was approved by the subcommittee.

Senator Aklestad: Where were the other funds coming from in '83? Lory: That is the revolving fund for the Montana codes.

Senator Stimatz: I think all of you got a letter from Waltermier which says he cannot run his office on the cuts made. Lory: He has not talked to the subcommittee and he will probably bring it to this committee.

Senator Smith: On page 9, the last line. The LFA recommendation is \$699,744 and the Executive is \$4,497. I just thought it should be noted. The large decrease is the microfilm and computer processing.

Commissioner of Political Practices: Lory: There is an increase of over \$1800. We are aware there is a bill before the Legislature but did not predict what will happen and left it in the bill.

Senator Johnson: In the summary, the appropriation recommended is \$12,000 over the LFA and \$3,000 over the executive. Lory: These budgets were made up in August and initiative 85 was not passed at that time. Also \$4,000 for upgrades in the

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commissioners office. We did decrease 12 FTE and transferred it to contracted services.

State Auditor: If the auditor would come in and tell us about it, or I would like a letter of explanation in regard to the PPP system. What is it supposed to do and does it do it? Lory: It is a payroll position which includes personel and position. You can pull information from any department in here. It has been under development for 3 years. It will check things on the payroll system.

Aklestad: Everytime we go to the computer we go and add FTE also. How do we become more efficient? Dover: At first there is increased FTE. After it gets in line we are hoping it will be less.

Justice Department: The Highway Patrol now is about 1/2 general fund and earmarked funds.

Hims1: Is it different spent this way now? Lory: Look under 1983. The general fund should be changed to take in the savings as a result of jockeying. They increased it by \$2.

Senator Keating: On page 12 on the earmarked funds. 1/2 were earmarked and 1/2 were general fund. Does the earmarked come out of the Highway fund? Lory: -Yes.

Senator Regan: All of the Highway Patrol were in the Highway. You talk about 1/2 out. Lory: Yes, the Governor recommended all out in the general fund, but this would require a statute change. Regan: How do you circumvent it? Lory: We left the salaries in earmarked and put the operating funds in general.

Senator Haffey: About 50% earmarked, 50% general fund. The reasoning is a statute. It is not that O & M is more appropriation, it is that the current law says uniform salaries must be paid, etc? Lory: Yes. The Governor had recommended a change. The bill was in the House and was defeated there. The second change was the ones transferred to the motor vehicle fund. It did not increase as much as thought. The #2 on page 12 had to be moved to general fund. The motor vehicle would have some in 1983 and moved \$150,000 of it to help the law enforcement agency. That moved from the motor vehicle to the general fund.

Senator Smith: (page 13, green book). On the agencies legal service. In our subcommittee we funded a tremendous amount of money to the agencies for their own attorney. Is this more? Lory? In the last session a pool was put into the

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Attorney General's office and was put into use instead of contracted service. There are 5 lawyers and 2 support people in that.

Senator Johnson: In regard to the gasoline figures. Lory: Since the Highway will be under the jurisdiction of the Justice Dept. They are an extremely large user of gasoline. We determined to hold the usage at current levels. We took an estimate as to cost and assumed at \$1 a gallon. The total appropriation. The price would be about \$1.80 and \$2.16 in July of 1983 as the best estimates. The average price for '82 at \$1.65 and \$1.95 for FY '83. Appropriations were increased for the price per gallon.

Senator Haffey: Was the appropriation in 1980 \$1 a gallon to the Highway Patrol? Lory: Their gas is purchased all over the state and is therefore higher. Haffey: How was this determined? Lory: We talked to the Highway Patrol in the subcommittee and they used about this much.

Senator Van Valkenburg: They are using more fuel efficient cars. They can use the same amount of gas and make more miles.

Senator Himsl: On page 15, at the bottom of the page. Why is the coal tax different. The Highway Department is at the line items in the bill? Lory: The last biennium appropriated \$500,000 to the A.G. Only about \$46,000 was used. We just reappropriated it. It is not in the blue bill since it is re-appropriated and there is no new money.

Senator Haffey: On the summary on page 16 the nearly \$11 million difference between the subcommittee budget and the LFA or the Executive budget. Why the big spreads? Is it to be contributed mostly to the Highway funds? Lory: Yes, that is the reason.

Senator Aklestad: What type of arrests is the Highway patrol really qualified to make? Lory: I know they can arrest for speeding, but I do not know what else.

Senator Himsl: Senator Aklestad, I guess we will have to get that information elsewhere.

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Board of Crime Control: Lory: I do understand that the federal budget does have funds for LEAA, and this does continue.

Senator Story: Does general funding then revert? Lory: There is a statement in the boiler plating to take care of this.

Senator Keating: On the Board of Crime Control, if federal funds become available for certain things then the general funds shall revert. Should that be made specific? Lory: Those were matching funds with a 10% match.

Senator Keating: Should it be worded "specifically" so that no other funds would have to offset it?

Senator Thomas: No other general fund money goes to any other activity? Lory: Yes. \$437,000 for personel costs for the Board of Crime Control. I think. In the administration there is \$35,000 match and juvenile has some money out of the general fund.

Representative Lory gave Senator Himsel a proposal on Highway Dept. energy. Exhibit attached, on proposals for continuation of Energy service program. An inhouse person would try to make conservation of energy. An example is taking a pickup to survey the highway rather than running a dump truck-- saves on gas, saves on energy. On line 15, page 14 of the blue bill. Mr. Wicks will probably address the committee on this. We may have been too tight on this, and the time should probably be lengthened. I would suggest you hear Mr. Wicks on this.

Senator Aklestad: Jan Dee, you and the LFA office have been checking on the highway time. Have you come to any conclusions as to other states building more highway for less dollars? Jan Dee: It is our understanding the Department is contacting more states in an attempt to work out a plan for Montana. North Dakota and Montana apparently have systems that are more efficient than Montana. Obviously you will see money moved into this.

Department of Revenue: Senator Haffey: In regard to the state liquor store, can you explain the wisdom of mandating a \$13 million profit? Does it mandate a certain volume of sales or what? Lory: The last biennium thought it best to set a certain sum. It didn't look like they would make it, but in the last 6 months it looks like they will.

Senator Dover: Instead of us trying to dictate to them they have this to bring us in a certain amount. They guarantee this much.

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Senator Haffey: What happens to the \$13 million if the bottom falls out? Senator Himsl: This generates a price. It drives up the price so they do bring it in.

Senator Haffet: What if the raise in price dropped down the volume. Lory: This is all figured on average, and it should hold.

Senator Regan: If you are really going to help them, have you thought of allowing them to remain open 6 days a week and rotating staff and thereby really increase the profit? Lory: They can surely do it. Regan: I think by statute that they have to be closed on Monday. Perhaps we should be addressing this. We could have Monday open with a rotating staff. Monday is a very heavy day in the taverns. Lory: I would recommend they could do this.

Senator Smith: The Legislative Finance Committee recommended this. The reason was they cried for better control of the agencies in the department. Too many small stores. We said, we will give you the power--if a store is not making money, then make it an agency store.

Senator Johnson: \$13 million to be returned. We are setting them to operate on their own. They can choose the hours and choose the number of stores and personel and they return more than \$13 million, then what incentive is there? Lory: There is a 15% profit, that is a provision. If more than that it will go into the general fund. There is a limitation suggested by the liquor administration.

Senator Boylan: What is the discrepancy of \$949,000 higher than LFA and \$300,000 below the executive? Lory: Pay raises Property evaluation division, also removed revolving funds over for tighter control. There was really no big item, just a series of small ones.

Senator Dover: If they make more than the \$13 million they still get 15%. They do get some money.

DEPARTMENT OF ADMINISTRATION: Representative Lory said he had a request from the Department of Administration and one from the Department of Revenue.

Senator Etchart: What is the graphic arts division? Lory: They prepare printing the graphic copy. Pictures, etc, for publication.

Senator Keating: Their graphic arts and duplication were together and duplicating was making good and they were paying for the graphic arts.

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Senator Haffey: Are the services coordinated? Lory: They are ordinarily figured into the other agencies.

Senator Johnson: On the new sheet. An increase of \$20,000 for health insurance audit. The only thing I can figure relating to this is to go back to the general budget. Is this a plus? \$20,000 additional for the health program? Lory: No. It is a separate audit that goes on each year.

Military Affairs: The air national guard facility in Great Falls. Why should we be paying for that. Didn't we have some arrangement with the military and they are supposed to be taking care of the grounds? Lory: The airport does not take care of the grounds. Regan: Are we providing any watchmen for the military installations there? Lory: Just maintenance workers. No watchmen. I think there are 4 custodians, an electrician, a carpenter and a plumber.

Senator Johnson: We put an additional \$20,000 in general fund in the air guard program so that the state may continue to get matching money? Lory: We were transferring the general funds to the federal funds. We have asked that the federal funds come over to the state. Instead of sending the general fund to the federal we would keep them and have them send theirs to us. We may assume control of administering the program and control the spending. We also receive more money that way.

Senator Van Valkenburg: We have a better chance of keeping down the expenses in the future. This way we make the decisions.

Disaster and Emergency Services: Lory: We realized there was no central agency to take care of emergencies when Mount St. Helens blew up.

A break was taken of 15 minutes before the session continued.

Senator Himsl said the department heads would give a short presentation of problems that were resulting from action since the subcommittees finished, and the presentations would be saved and recorded in the executive committee.

Legislative Auditor, Jim Gillette presented proposed amendments, and said they found 2 instances that differed from their estimate and the budget. Also some audit costs left out of budgets, and he had amendments to not only put these in the proper place and amount but to make it uniform and line item each audit in each agency, this making it consistent.



Senator Himsl: What is the net effect: Gillette: It is a decrease of \$12,500 in general fund and an increase of about \$11,000 in Highway marked funds.

Senator Johnson: An increase of \$11,000 in E & M? Himsl: It does not increase the dollar amount of the bill.

Senator Stimatz: The audit on these agencies, has it proved useful? The only thing I have found is maybe they didn't dot a "T" or something. Has anything paid out for the state.

Jim Gillette: We have found many things that have been done and it has made a difference in the way they have operated. In the Department of Highways. We analyzed the highways and found about \$9 million were in arrangements and they lost all the interest on these. Senator Story: The Highway auditor was handling the books.

Senator Smith: Has there been something done to the people? Isn't that malfeasance of office? Gillette: We didn't find any auditor to fire. We have recommended changes be made to the Highway Department. If by the next audit they have not done so, then something should be done.

Senator Himsl: Isn't it true the Feds require an audit in every agency if they receive federal funds at all Gillette: The reason for the FTC request submitted by the legislative auditor was to allow us to reply to the biennium audit required by the state. In addition it is required by the bonding office. Unless an audit state-wide is done, they will lower the state bond interest next month.

Senator Johnson: Are all the audits conducted and compiled by auditors on your staff? Gillette: At times we have contracted audits.

Senator Johnson: What percentage goes out for contract audits? Gillette: It varies in years. We have a lot of vacancies on the staff. It varies a lot during the years. believe the number of audits we have had conducted are going down. Lory: \$75,000 is in the budget for the next biennium.

Legislative Fiscal Analyst: Under LFA I have one recommendation and that has been recommended by Dr. Lory. That is for \$65,908.

Legislative Council: Senator Dover will have some amendments on this. Lory: Senator Stevens wants to address you on this. I have been told he will address the committee but I have not talked to him. We deleted the membership in the National Council.

Environmental Quality Council: It says within existing appropriations, and there is no appropriation.

Judicial: Judge Haswell: I am appearing to request reinstatement of a budget item for two law clerks and one secretary which was deleted by the House. To give you some background. The Supreme Court for several years has operated on the basis of 2 law clerks for each judicial plus one secretary for the Chief. Two years ago the legislature authorized two additional justices and two law clerks apiece for them, and one additional secretary. We are talking about \$47,000 a year. The law clerks \$14,750 a year which is substantially less than an attorney. Secretaries are paid \$12,000 and the balance is in fringe benefits. I would point out that if each of these items are not reinstated it is going to disrupt our operation considerably. We simply operate as individual justices to function correctly. Secretaries can handle two. Law clerks cannot be out of a pool and that has been proven in other courts throughout the country. We have certain constitutional duties that we are obligated to perform. It would jeopardize our abilities to perform those duties. We are not talking about another state agency. We are talking about a branch of state government which is charged with certain constitutional duties, one of which is the supervision of other courts. I would point out also that in this day of criticism of time, it makes no sense to add two justices and then remove the tools with which they work. The court administrator will furnish you with a written statement of our position.

Senator Stimatz: Does this committee have anything to say at all about the Justice budget? Aren't they independent?

Senator Himsl: Not on money. Like the executive, they are free to operate within the funds given to them.

Senator Johnson: What they said is the deletion is \$47,000 from the blue bill for the three positions? Answer. Yes.

Senator Keating: Was there any particular reason why the House decided to delete them? Were there arguments for it? Haswell: The subcommittee worked on their budget and recommended inclusion. Lory: I would say, it is my feeling that it was done in the House and sometimes we operate without reason, Mr. Chairman.

Senator Smith: Did you say you need two law clerks for each?

Haswell: We need two law clerks for each justice. One secretary for each two justices, plus a secretary for the Chief.

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Senator Haffey: Without these people there are not enough to do the work. Would the two new justices each have one law clerk and no secretary or what? Haswell: Some adjustments would have to be made in our office so that doesn't come about.

Senator Dover: This legal secretary. It makes it so that the two justices are short one and at the present time there is one for every two? Haswell: One secretary for every two justices plus one for the Chief, two law clerks for each justice.

Senator Keating: That would be 4 legal secretaries? Haswell: These two law clerks and the secretary are funded by the last legislature and they are on board and working now. However, if they remain deleted we will have to do something by July 1.

Senator Haffey: The suggestion was that an additional secretary was not needed. In my opinion, it is needed. Haswell: We have 4 secretaries now for the 7 justices. We are not asking that it be increased, but simply maintained at the present level which cannot be done if the items are deleted from the budget.

Governor's Office: No one spoke on this.

Secretary of State: Mr. Waltermire said they had distributed a packet of information which outlined their concerns. He then explained (exhibit 4) the attached exhibit. He said there were three major concerns. 1. Systems Development, 2. Index on Administrative Rules, and 3. Microfilming. Senator Dover: Didn't you withdraw your request for microfilming? Waltermire: We got into a discussion as to microfilming. The issue has not been resolved.

Senator Van Valkenburg: Are you saying now you are still not willing to go along with the subcommittees recommendation in respect to microfilming? Waltermire: I underestimated. I had some severe problems with cost as well as security. No. It was not acceptable.

Senator Thomas: How many FTE could be saved if automated? Waltermire: The saving in FTE would not come in this biennium. It would be an increase to get it into place. The systems development computer would be put in. We could not save FTE over that period of time. If the work load increases the cost load may not always show up.

Senator Johnson: If the computer system was to be added would it then bring the Secretary of States office into

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the legal boundries as far as legal corporate filing of ten days is concerned, etc. Could this be handled within the 14 days? Waltermire: If not processed within 10 days they are considered approved. We would have it done within the time limit.

Senator Keating: At one time the computer and microfilming were to be done at the same time? Waltermire: It makes sense not to do the microfilming without the computer. We have to tie it into the computer system. We can put a significant number of records directly onto the computer system.

Senator Himsl: Your priorities then are 1. System development, computer development, \$240,000; 2. Administrative records indexing, \$90,000 and 3. Microfilming, \$185,000. Waltermire: I will be happy to supply the committee with proposed amendments.

No one was present from the Commissioners of Political Practices.

State Auditor: Jo Driscoll, State Auditors Department said they had requested a budget, and they do generate quite a bit of revenue. Last year, \$15 million. Our appropriation has been 2.8% in the last biennium of what we generated. When we proposed it, it was on Senate Bill 374. We did not want to ask for supplemental budget out of general fund. As proposed, it would be \$123,000 per year. That first increase we had used \$90,000, 2FTE. We also requested \$12,000 a year to give step increases to the staff. Our staff is under-paid and over worked. We have not added to the staff since '74-'75. There was also some equipment. Some has been appropriated to us. We would like to ask for reinstatement of the supplemental request. House Bill 385 added additional duties. We handle all of the non-profit health service organizations, work out and approve all forms used. The forms are about \$19,000 each year. We license the financial companies. The fees that will be generated by House Bill 385 will be approximately \$385,000 additional. It was agreed that the fee increase on nonprofit health organizations from 20¢ to 50¢ would help. We would request this be put in.

Senator Himsl: We do not have a break down on what you are talking about. If we were able to see this it might help. Driscoll: We had \$8,620 in travel expenses for consumer education expenses. We had requests for \$12,712---.

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Senator Himsl: How much increase? Driscoll: 2. One para-legal and one secretary.

Senator Van Valkenburg: You are looking at the auditors office. Miss Driscoll is talking about the insurance division of the auditors office. This is just the insurance office.

Senator Dover: I think what we really want from Miss Driscoll is the amendments to the bill. What you would amend in on the dollar amount.

Kathy Beam, Administrator of Central Payroll: I am ready to field any questions on the PPP system.

Senator Himsl: We are trying to get an explanation of it. Beam: We got \$79,000 to build the system. We will have accounting of direct bank deposits. It allows 3 departments auditors office, etc., outlines the single base to synchronize the data, etc., to provide a system that gives us data security.

No one spoke on the Justice Department.

Board of Crime Control: Bob Kuchenbrod, Justice Department, said he would refer to the blue bill, page 11, line 11, the line item for the anti-trust division. The original was approximately \$339,000 and was reduced to \$2,000 a year. Under this, \$37,632 and \$40,645 has been line itemed for continuing services. That leaves \$63,000 in one year and \$65,000 in the other year for anti-trust and 3 FTE. The Attorney General has asked the committee to delete the line item to give the anti-trust people the flexibility to do the job they have.

Senator Himsl: You would delete it out of line item? Kuchenbr We asked them for the \$100,000 for what we need. This makes it restricted to contract services.

Senator Himsl: Would this suggest no anti-trust service then? Kuchenbrod: It would provide that we could use the appropriation however we wanted to use it.

Senator Keating: This is a line itemed service for anti-trust. They are asking to delete the line item and be able to use the money where it was needed in the anti-trust division.

Senator Himsl: You would put this into the general appropriation? Senator Keating: It is not my understanding, but perhaps it could be.

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Senator Van Valkenburg: Legally they could probably do it. The operational plan is for anti-trust. We could use an alternative and line item anti-trust and not contracted services for \$100,000.

Kuchenbrod: I believe they are included in it. Jan Dee, LFA: The total is \$100,000 of which is line itemed.

Senator Regan: Couldn't you strike line 9 and leave lines 10 and 11. Answer. yes.

Senator Johnson: Could you tell me why this was line itemed specifically? Lory: These are the ones the anti-trust had used for multi-state cases. These are already being worked on and we would lose the rights for any awards if we withdraw from it and it would be no return to the state.

Senator Haffey: We budgeted \$330,000. Lory: The subcommittee deleted \$139,000. Haffey: In the amount expressed in the bill, was part of it to be contracted services and the remainder in General funds? Lory: No, the subcommittee recommendation was personnel for '82 was a given amount, operating expense \$81,000 and \$88,000, equipment, etc. The contract services were reduced. They reduced them to \$100,000, no divisions, just cuts.

Senator Dover: Back to the question. There were other interstate items the anti-trust is working on too. The subcommittee itemized it. We did not want them to expand among others and now since they are cut they want to back it out. Would you continue with the contract services these are intensified with. Kuchenbrod: This would still be them. The contract services of \$37,000 and the \$47,000. The rest of the contract services are supposed to be interstate. We would maintain working on the three multi-state cases.

Senator Keating: Some of the items here had witnesses testifying on.

Senator Haffey: The \$339,000 was money to cover personnel operating expenses and capital equipment but did not include contract services. That was a total and included everything.

Senator Dover: There is a chance in some of these cases of getting some of the money back. In fact \$100,000, I think. Kuchenbrod: Exactly what is collected from the multi-state cases could come back and will go back into the funds of whatever the cases involved.

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Senator Keating: The anti-trust was funded to the tune of \$100,000 last biennium. We are trying to keep it alive to do some of the work in state and keep these cases alive, but it is short funded now.

Senator Johnson: These contracts will continue? Kuchenbrod: The three multi-state cases, yes.

Senator Johnson: If you continue on and you look at the spending, why are you so opposed to the line item? Kuchenbrod: You have left only \$60,000. This cannot support the 3 FTE and operating expenses for 2 years. If you will strike this, part of the money will be used for that.

Representative Lory: \$16,500 was used on multi-district cases. Senator Johnson: You wanted to line item this? Lory: Our subcommittee did not recommend line item of this. The full committee reduced this and now they do not have the money left. Your committee should turn part of the \$100,000 back or release them from the contract services.

DEPARTMENT OF HIGHWAYS: Gary Wickes, Director of the Department of Highways said the terms of the appropriation the Highway has no problem with. The Department and the subcommittee had a pretty good dialogue over the differences and are fairly well satisfied.

I have three major problems I would like to talk to you about. We are seeing a sudden decrease in the purchases. According to our best and most recent projections it appears there will be a 4% decrease in '81-'82; 3% in '82-'83. We have run this through the DNR and have tried to make it accurate. Our income will be about the same. House Bill 346 will increase the amount from GVW but some to decrease it, if you look at the appropriation. Our income is \$70 million a year. Our expenditures are up. There will be a deficit in the Highway Department. By the end of 1983 we had projected a \$6 million deficit. The \$6 million will have to come out of the construction or maintenance program or someplace in our budget. The gas budget is being drawn down. Before, if we had a \$1 million project we would only set aside what we needed for the year. Some of the other states have gone through this process and have run through the problem of not being able to pay the contractor. Most say we need about 10% of the balance. The uncertainties of budget, bad weather, etc., and have a part in this. We think we need about \$10 million in the year of 1983. The bill does not have the salary increase and it looks like we will need \$15 million more after it ends up with \$10 million at the end of the biennium.

We also have some problems. At Kalispell there are enough projects that are ready and could be ready for 10 years. We have funding for less than 5 years. Highway 200 is receiving grain traffic, and no money to reconstruct. Sidney has more

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oil traffic and no funding at all. We have to get a handle on this. The Governor proposed, first fund the Highway Patrol out of the general fund. Every dollar funded for Highway Patrol is a 1-1 match. We lose a lot of money. To fund the difference, in the Governor's budget, was to use coal tax money. It looked like we could provide over \$6 million to help with some of the problems coming up down the line. We should recognize the Highways will need a substantial increase to take care of the problems. Last, what are we going to do? The best information that we have is that it will be decreased by the Highway system in the country by \$11 and \$12 billion dollars. It will count out funds for a lot of programs including the safety program in the state. If these uncertainties come to pass we will be looking at problems we don't have now. On page 15, line 10, since we designed this funding project in one area we cannot fund it in another area. We come in and say a project built and funded by 1982 then push it off for several years into the future. We need to develop a system to bring to the legislature. A system as to where the monies will be spent. On page 15, line 10. In checking, no state has a program for a system that works for everything. Idaho thinks they are coming close. Everyone thinks the systems are needed and no one knows how to deal with them. Keep in mind, you should not expect to use the system of one state for Montana. They have to be based on the individual state laws. The different conditions. The mistake of getting it done too quickly and don't make the mistake of getting it done without spending money. I think a crash program in the next 2 years would be an error. I would ask you to accept the language we propose and come back to the Finance committee every quarter on what is being done on this. At the same time we can develop a system, we can both understand and everybody can have a better idea of how we are spending the money.

Line 22, page 16. This would prohibit spending money on conservation program. The conservation program instituted by buy smaller vehicles, using less fuel etc. We need to schedule meetings on the same day and a lot of things that can result in less trips and substantial savings. We would recommend this be dropped so that we can continue the program.

Senator Van Valkenburg: How did you propose to amend the language? Wickes: I have some copies (attached). We would remove section 5 of page 15 and change a few of the words in the initial section by saying the highway shall do most of the things last year. Remove the time frame and have them meet the finance committee on the quarterly basis.



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Senator Haffey: The same kind of talk is on page 15. Do your amendments address it? Yes.

Senator Dover: I can't help but think some of this is the same song, different verse. I think some of the guidelines we have should be looked at. On page 16, lines 1, 2 and 3 the language the finance committee can back off or whatever. We felt two years behind now. Promises are great and when you come back and see nothing--we tied it up. We have a new director and this may change things. The Legislative Finance Committee has an opportunity to see that it does get done.

Senator Haffey: I read this language the first time and I had not had the benefit of hearing the information. Page 15. I thought this was quite a change that could conceivably cause the kind of rushing around just to get a mandate. My guess is this could be a wonderful mandate that would cause a lot of problems.

Senator Smith: We are attempting to get them back on track. I would suggest them driving over to North Dakota to look at some roads.

Senator Van Valkenburg: Why would the House take out the conservation education program? Lory: They just deleted it.

Department of Revenue: No one was present.

Department of Administration: Morris Brusett, Director of the Department of Administration said the boiler plating says only a budget amendment if an emergency. There are three bills that would require a budgetary impact on our department if they pass. Senate Bill 330--State treasury lending program and will take 2 FTE and we expect to generate about \$1/2 million. House Bill 674 on the fire fighters. The only other item is the Commerce Division. Tom Dundas will speak to you on that since he is sort of coordinating the change over.

Tom Dundas: The commerce position dealt with two weeks ago by a misunderstanding was omitted from the bill. The committee was involved in developing the guidelines for use by the coal board. The coal board is using that model to evaluate the requests. This would reinstate that position.

Senator Van Valkenburg: What is the funding source? Dundas: Coal Board granted the money. This would not be general funds. The amendments to take care of this would be on page 19 line 9 to strike the \$14,167,074 replace \$14,190,150 and in the second year strike \$14,407,576 and replace it with \$14,431,282. This would be \$23,076 a year for an economist.

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Brusett: All of the grants for local governments are based on the use of this model.

On Senate Bill 300 we are asking for 2 FTE. This is the loan securities. I haven't this down but we would be tracking the loans, checking on them and we would do all the records. We have to keep track of what is being loaned out so that we don't sell them prematurely and also as we need to know what the tracking is. We have \$100 million dollars of securities and we simply want to be able to first give them permission to borrow. We have to keep track and compute the amount of earned interest so that when we get a report from Hanover Trust it agrees with our records, etc.

Department of Military Affairs: Major Walsh said he would try to answer the question of why the request for \$20,000 in general fund of federal guard funds. The money Adjutant General will be handling funds differently. There is an 80-20 agreement for all operating costs in Great Falls. In many cases that 20% may be available from the state side. They can still spend it and we get charged. There is a number of employees, 17 in the National Guard program, 10 firefighters, and 6 others and we run an 80-20 operation. An additional FTE is needed to help keep up the grounds. It would be about 40 acres. There are 125 acres and the building. That would be an 80% match also and it will cost about \$3,000 to the state.

Senator Haffey: What has happened to the grounds up to now?  
Major Walsh: When we moved in there we were pretty much alone. Now a lot of businesses and they are keeping up their grounds and ours are pretty bad.

Department of Revenue: Ellen Fever apologized for not being present when her turn came up and thanked the committee for hearing her. She said, we have a statutory law to perform reappraisal. Statutorily deadlined 1983. We are hoping it will be extended in Representative Sivertsen's bill. At the present time we are not funded. There are real problems in the way it is done and we are involved in about 35 lawsuits and appeals under the tax appeal system. The appropriation for the reappraisal is in another bill. House Bill 500 does not fund this. I appreciate the way the subcommittee worked with us and wish to thank them.

Representative Lory: I should mention the Disaster fund. They have refused the periodic classification. Because of the review of periodical classification they need a general fund appropriation of \$471,000. There are I think 6 plus Colonel Gilbertson.

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Senator Smith: This is a state responsibility. They have not accomplished the dictates of the legislature in the past. Isn't that malfeasance of office?

Senator Himsl declared the hearing on this section closed and the committee would meet again at 7 a.m. in the morning. The meeting adjourned at 11:58 A.M.

  
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SENATOR HIMSL, CHAIRMAN

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 3/22/81

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 Himsl	✓		

COMMITTEE ON

DATE

3/23

BILL NO.

500

## VISITOR'S REGISTER

NAME	REPRESENTING	BILL NO	Check One	
			Support	Opp
Leo Bee,	DNRC	500		
Dane Lewis	OBPP	500		
Norman Cransteth	DEPT. OF AGRICULTURE	500		
Tom Moore	NRBV	500		
Tom Munkas	DCA	500		
Bruce McElroy	DCA	500		
Mike Halligan	Senate District 48	500		
Steven Szykula	Family Teaching Center	500	x	
Pecil Greenfield	Livestock	500		
Bob KUCHENBROD	JUSTICE	500		
Steve Weber	Administration	500		
Bob Lunn	Board of Forest	500		
Bob Thomas	Western Montana College	500		
Leonard McOmber	Dept. of Ag.	500		
Marj Evans	Dept. of Agriculture	500		
Jim Gullett	Office of the Leg. Auditor	500		
Don M. Northern	"	500		
Bob Redpath	HEALTH & ENV SCI	500		
Mike Lavin	BOARD OF CRIME CONTR. SM			
Marvin Dye	Board of Crime Control	500		
T. Coker	OBPP	500		
Jim Waltermire	Sec. of State	500		
LARRY AKEY	SEC OF STATE	"		
Carl Maymuth	Sen Dist 16	500		
Josephine Driscoll	Mont Ins Dept	500		