

MINUTES OF THE MEETING OF THE HOUSE STATE ADMINISTRATION
COMMITTEE
February 10, 1983

The House State Administration Committee met at 8 a.m., February 10, 1983, in Room 129 of the Capitol. CHAIRMAN JOE BRAND presided. All members were present.

Chairman Brand opened discussion of bills in committee with House Bill 639, introduced by REP. STEVE WALDRON, who said it is the opinion of both the Department of Administration and the Department of Commerce that combining all functions that deal with local government in one spot provides for better and cleaner administration. It also allows local governments to go to one place to deal with all the services that are provided for them.

CHERYL HUTCHINSON from the office of the Lt. Governor spoke in support of HB 639. (Her testimony is attached.)

NANCY LEIFER of the Department of Commerce spoke in support of HB 639. (Her testimony is attached.)

DAVE ASHLEY of the Department of Administration spoke in support of HB 639. "Our interest is simply in seeing that the services provided by the department are provided in the best location in state government. The function of the Department of Administration is mostly one of service to state agencies. The Department of Commerce is in the business of helping business and other communities and working with economic growth in the state of Montana. It seems appropriate that we see that division transferred to the Department of Commerce."

GEORGE PENDERGAST, administrator of the Local Government Services Division in the Department of Administration, spoke in favor of HB 639. "The citations that you see on HB 639 essentially are comprised of statutes dealing with local government, including accounting for local government, the audit of local government, the destruction and retention of records and pledged securities. I am here to support HB 639 because we feel the Department of Commerce will offer the services that will complement local government."

GEORGE BOUSLIMAN, lobbyist for the Urban Coalition, spoke in support of HB 639.

There were no opponents to HB 639. Rep. Waldron closed by saying: "There will be some very minimal fiscal impact. The Department of Commerce will have to be reimbursed by the Department of Administration." He did not have the figures at this time.

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Rep. Phillips asked: "If we are transferring numbers, are we transferring people? Is there any increase in employees that is associated with this at all?" Rep. Waldron stated there was none. "The Local Government Services Division has 38 employees that will be transferred."

Rep. Sales asked a question of George Pendergast: "Where are you located now? Are you still in the same building?" George Pendergast: "We are located at 805 North Main."

Rep. Brand asked of Nancy Leifer: "Did you testify about audit functions to be properly used?"

Nancy Leifer: "No, what I meant to say was that the Local Government Services Division does audit local governments. In so far as a lot of funds that we are responsible for, like the assistance program, I think we could be more sure of local governments being responsible in the handling of that money if they knew they were going to be audited by George's people. When people are working in different departments, it is harder to get together than when they are in the same department."

Rep. Brand: "What about the computers that we have been transferring to the Department of Administration?"

Dave Ashley: "The Division of Local Government Services now has a micro-computer that they use for word processing and for footing their accounting reports. That is the machine that they will be using and will go with them under the Department of Commerce."

Rep. Brand: "So a computer will be moved?"

Dave Ashley: "Mr. Chairman, the Local Government Services Division is located at 805 N. Main and I believe that that lease expires in December of 1984. The Department of Commerce has indicated that they may want to further use that building by putting some additional personnel in that building. I just mention at this time that there is a piece of companion legislation, Senate Bill 181, that would have the effect of transferring three full-time employees from the Department of Administration to the Department of Commerce. That is the State Data Center. They deal with information in regard to the census and I think Commerce will be interested in putting those people in that building as well; I'm not sure."

There being no other questions, Chairman Joe Brand recessed the meeting for five minutes to give Rep. Fagg a chance to get to the meeting to report on House Bill 656.

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CHAIRMAN JOE BRAND RECONVENED THE MEETING AT 8:33 a.m. with the hearing on HB 656.

BRUCE SIMON, former member of the Governor's Council on Management spoke in favor of HB 656: "I am speaking as a private citizen not as a member of the Governor's Council on Management, as all of the members of the Council on Management have been relieved of their duties and that group no longer exists. As a member of the Governor's Council on Management, I spent three months living here in Helena looking at state government on a full-time basis and working on various recommendations that make up the report. This particular bill is a result of one of the recommendations that came out of the Council. We found numerous examples that there was a need for this type of clearinghouse action. We found agencies that had extra space that they were not using and agencies that were going out and renting space. An example is the state liquor warehouse built in 1978 that has over 100,000 square feet. That liquor warehouse was built to house 320,000 cases of liquor. At the time that we were looking at the warehouse, it was housing 105,000 cases of liquor, roughly about 1/3 its capacity. It appeared to us that it never really gets near its capacity. We saw one area of the warehouse in which wooden pallets were stacked for lack of anything else to put in the space, I guess. It didn't seem like a very efficient use of space. When we went down to the old liquor warehouse, one of the agencies down there was centralized stores. They were trying to use forklift trucks in an area that was very crowded. It seemed to us that it would be more efficient to move that operation to the new warehouse. Another agency that could use that space was Records Management. Most of what they store is just boxes of records. It would be easy to label and store those boxes there. There was no communication from one agency to another and it seemed like this type of legislation was logical so that we would utilize the space in a more efficient manner."

David Ashley of the Department of Administration spoke in support of the concept of HB 656. "This would significantly expand the role of the Department of Administration as it relates to space allocation. Currently, the law only gives us jurisdiction in Helena. A quick review of our insurance records yesterday indicated to me that there are in excess of 1,000 buildings state-wide, located in all 56 counties, in at least 400 locations. Now, it is true that the main dollar value buildings are the general office buildings, such as you find here in Helena. But the bulk of the structures

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by number tend to be structures that are related to the function for the department which is in control of those buildings; and they tend to be buildings that are only suitable for the functions for which they were designed. After I reviewed the structures, I asked myself if the Department of Administration could improve the utilization of those structures. The initial indication to myself is--no. It is true in the Helena area there are numerous general office buildings. We have control of about 1,000,000 square feet of space. We charge rent for that space and we act as a broker. For example, the Department of Labor and Industry this last summer contacted us. They were occupying some space on Last Chance Gulch. They were paying in excess of \$8.00 a square foot. They were faced with severe federal cut-backs; and we were able, through some jockeying around, to relocate three divisions of that department in other state offices. In 1982 our vacancy rate in state buildings was about 3.6%. Departments are good about turning vacant space over to us. I think it is inappropriate for the Department of Administration to get involved in space state-wide. We are talking about space in over 300 locations in 1,000 state-owned structures. I don't think we would be effective. We would not be opposed to expanding our authority in the Helena area to include other than just office space."

Rep. Fagg came into the meeting and Chairman Brand asked if he was ready to introduce the bill. Rep. Fagg apologized for being late and stated that he was asked to introduce this bill. "I guess you know the source of the bill by now. I am an architect and it seemed that our profession could add greatly to the division in use of space. It seemed logical that we bring this before the committee. As an architect, I know that one of the ways to get an office to fit into a lesser space is to show them how they can fit their building program into less space. We have some very qualified architects in the State Department of Architecture and I think they could bring a great deal of talent and assistance to the various state agencies in seeing that their space is properly distributed. If the last speaker is correct and you want to do it on a trial basis for the first two years, in the Helena area only, fine. But it would certainly be a step forward to do something, in my opinion.

There were no opponents to HB 656.

Rep. Mueller asked Dave Ashley: "Did you manage the warehouse space in the past or just the business office space?"

Dave Ashley: "In the past, the way the law reads, we only allocated office space. As a matter fact, the old liquor

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warehouse is under the control of the Department of Administration, but the new warehouse is not."

Rep. McBride: "Does the Department of Administration have a record of what is being used or what the needs are of other state agencies?"

Dave Ashley: "No, but we do have that information as it comes through our Insurance and Legal Division.

Rep. McBride: "Is that to say that you would need to set up some kind of data base, or you really do have it and you just have to set it up in some kind of form you can use?"

Dave Ashley: "No, Mr. Chairman, we would have to generate that information. All we have is values of buildings. We don't know their floor plans, their square footage, their use, or the tenants."

Rep. McBride: "If, in fact, we were to give the Department of Administration the authority for any state agency that had to lease, rent or purchase property outside of Helena, wouldn't that mean that the Department of Administration would have to go to that community to determine whether that property was appropriate for that agency?"

Dave Ashley: "Mr. Chairman, I think the answer to that question is yes."

Rep. Koehnke: "It sounds like a good idea; I agree with Rep. Fagg and Mr. Simons; but who is going to make these kinds of decisions? Is there someone who is even qualified?"

Dave Ashley: "Mr. Chairman, the Department's General Services Division is in charge of space allocation in the Helena area. Mr. Deane Blanton, the administrator of that Division, is here. We, of course, do not have that authority on a state-wide basis. We think that if this bill would pass, it would logically fall into that division."

Rep. Koehnke: "If we had a fiscal note, it sounds like what we should have would be a saving rather than more expensive--otherwise it's no good."

Dave Ashley: "Mr. Chairman, may I answer that? In the work that was done by the Council of Management, their initial cost savings were \$70,000 a year.

Rep. McCormick to Rep. Fagg: "I think this is a good idea

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but don't you think it should go to some outside department? The man just stated here that when they try to give some other department space, they felt insulted."

Rep. Fagg: "Frankly, that may be a thought. I hadn't thought about an outside person or consultant. I do know, regardless of the testimony, that you will save money. If you permit an agency carte blanche to come in and take a building, they will take all the space they might want and probably some more. You put some constraints on them and they will cut space and save you some money. I am disappointed in the Department of Administration for taking the position they are taking. Frankly, I think they should be with all of us trying to look for cost savings. I can't conceive of us having 1,000 buildings in the state of Montana that we would have to take a look at. If we do have, then we better take a good look at what we are doing with our space."

Rep. Mueller to Bruce Simon: "Was it ever the intent of the Council on Management, when they came up with this, to be dealing with the comfort stations, fishing sites and weigh stations?"

BRUCE SIMON: "Mr. Chairman, I was not involved in the actual drafting of this recommendation. I don't think the intent was to be looking at comfort stations or weigh stations, but merely to provide a clearinghouse for allocation of space--warehouse space, office space, all other types of space as used by state agencies."

Rep. Mueller: "I would assume the intent was like in the major centers, to allocate space in those and not be worrying about space in Jordan or wherever."

Bruce Simon: "Well, I think it appropriate to worry about space, wherever it be, if someone is going out to contract for new space in an area. I don't imagine there would be much need for contracting for space in the smaller areas, so it probably would come down to being mostly in the larger areas."

Rep. McBride: "First of all, I would like to explain the question that I asked State Administration. I think that there is a whole other consideration of the savings, and I just wanted to be sure we had both sides of that equation. I guess I have a question for you, though. Would you be opposed, at least as a first step, to giving the Department the opportunity to assign space, other than office space, starting here in Helena?"

Rep. Fagg: "No, obviously something is better than nothing;

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and maybe a test program is better than a carte blanche program. I think we are certainly not talking about outhouses and highway road stations, and I think it is almost an insult to the committee to think we would be thinking about something like that."

Rep. Hammond: "Do you, as an architect, have to actually see a space or can you view a plan?"

Rep. Fagg: "We work on plans almost entirely."

Rep. Hammond: "Mr. Blanton, you are currently the space administrator. Are you an architect? Do you use an architect to make your decisions?"

DEANE BLANTON, Administrator of General Services Division:
"No, I am not an architect. We do use architects when necessary."

Rep. Hammond: "What's 'when necessary'?"

Deane Blanton: "There is an architect in my division. In the process of allocating space in the buildings here in Helena, the architect is involved in that decision."

Rep. Sales: "When you get a request from somebody like Hunter, (Dave Hunter, Commissioner of Labor and Industry) is there an architect who works with him in helping set up the area or does he just come take a look at the building, say this will do, and move in?"

Dave Ashley: "Mr. Chairman, that was a good example. That was a real shoehorn move when we tried to get those three divisions under Labor and Industry into the space available in the Cogswell Building. We did use architects in the Employment Security Building. For example, at the end of the stairs in that building, there is quite an open area. We were trying on the first and second floors to put another office in there. We got the estimate of \$4,000 or \$5,000 per office to do that. We just decided against it. We do have the coordination of architects."

Rep. Brand: "Do architects generally want to build new buildings to meet the needs? I'm getting a little confused."

Rep. Fagg: "A competent architect's intention will be to do what the client directs him to do."

Rep. Brand: "Harrison, do you think you need two architects to advise, or is one enough?"

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Rep. Fagg: "One is enough."

Rep. Brand: "Dave, I have another question for you, if I may. You said that when the Department of Labor had office space uptown, it cost \$8.00 a square foot. Is that correct? If it is \$8.00 a square foot and it's similar space and they came to you and you wanted \$9.00, do you think it is proper for that agency to come to the State and pay more?"

Dave Ashley: "This year we are charging \$2.69 per square foot for general office space. No, we should take the cheapest space possible."

Rep. Pistoria: "How long was the Governor's Council on Management fooling around in your office?"

Dave Ashley: "They were here for a three-month period, and to be honest, I felt they were a real shot-in-the-arm to state government."

Rep. Brand: "The use of the records building, the liquor building and the surplus building--I understand that these were not under your management, except for the records building. Is that correct?"

Dave Ashley: "The records building is under our control and the old liquor warehouse building is under our control. That building houses Publications and Graphics, Central Mail, Surplus Property and Central Stores. The third building you mentioned is the new liquor warehouse which is under control of the Department of Revenue."

Rep. Brand: "What I was asking about was the relative areas. Are they close in proximity? If the one building can't be used by an agency and they are going to others, wouldn't the cost of gas and trucks and probably other material be offset when you are considering planning of storage in three buildings?"

Dave Ashley: "Yes, that is true, Mr. Chairman. In answer to your question, those three buildings are located in a triangle and each leg of that triangle is between one-half and two and one-half miles. So there is considerable logistical problems if you are trying to move goods between those structures."

Rep. Phillips: "How much space is being rented in Helena?"

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Dave Ashley: "Mr. Chairman, there is a survey on that but it's not totaled. I will see that the committee gets that information."

Rep. Phillips: "For instance, we are building a Workmen's Compensation building downtown now. Obviously, you would start to review where you are renting space. Shouldn't the new building free up some room for some of those?"

Dave Ashley: "Mr. Chairman, there are two major projects. The one that you alluded to, the Workmen's Compensation building, that will have the effect of moving approximately 200 employees from an old Safeway building into the new state building. The other project that you will be facing this session, and is included in the Long-Range Building Program, is the new Department of Natural Resources building. When that building is completed, that Department, which is now located in the old St. John's Hospital building, would be moved into the new building."

Rep. Brand: "Harrison, why did you leave out the University System?"

Rep. Fagg: "I don't know, I guess we would have to ask them that question. From the testimony we just heard, I don't think they have a handle on what they do have now. They don't know how many square feet is out of the Capitol Complex--how many are here. They do not have a real good accounting. I think that this is an area that needs some real work and some study. Now, as far as the University System is concerned, Bruce, do you want to answer that? Do you know?"

Bruce Simon: "I was not involved in developing the recommendation, but it is my understanding that it is a constitutional question--the administration of the University System as opposed to other parts of state government."

Rep. Brand: "Are you saying they can do anything they want as far as the Constitution?"

Bruce Simon: "That part of state government is pretty much on their own. They have their own buildings."

Rep. Driscoll: "They are the 4th branch of government. You can't do anything to them."

Chairman Brand asked what the committee would like to do with this bill.

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Rep. Hand: "I guess the first thing you would do is pull the University System back out and put revenue back in."

Rep. McBride: "Are we going to take any action on the Treasury Bills?"

Rep. Brand: "We are going to deal with them today."

THE STATE ADMINISTRATION COMMITTEE IN EXECUTIVE SESSION.

Chairman Brand asked what action the committee wished to take on HB 639.

REP. MUELLER MOVED and REPRESENTATIVE O'CONNELL SECONDED THAT HB 639 DO PASS.

Rep. Hand: "Do you have any problem believing that this empire will crumble that quickly?"

Rep. Brand: "What's happening, I think, is that the time before they said they needed less departments. Now what we are doing is building it over again."

Rep. McBride: "I guess I will only offer a comment. As Chairman of Local Government Committee, working more with the local people who deal with the state and state people who are provided as liaison, I think the reality is that it makes more sense to have them all under the same department."

Rep. Brand: "I am not going to argue the point, but I think that we are pawns between the government agencies to be shifting the burden wherever they so desire."

Question was called for - HB 639 PASSED UNANIMOUSLY.

Chairman Brand asked what action the committee wished to take on HB 493.

Rep. Koehnke asked Lois Menzies to explain the amendments.

LOIS MENZIES, Legislative Council: "You're taken by surprise, Rep. Koehnke, by the length of these amendments. We added two new sections, one on page 2 (Amendment 20) and then the other new section, which is on the last page (Amendment 34). When we added those two sections, it threw off all the internal references in the bill. Amendment 20 on the second page is addressing Rep. Bardanouve's concerns that there be some sort of legislative consultation before a contract is

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entered into that is longer than three years and exceeds \$25,000. Rep. McBride had concerns about including local governments into this act at their option. That amendment is on the last page." (Amendments attached.)

REP. KOEHNKE MOVED and REP. SMITH SECONDED TO ACCEPT THE AMENDMENTS.

VICE-CHAIRMAN O'CONNELL, in the absence of the Chairman, asked if there was any more discussion on the amendments.

Rep. Mueller: "On Amendment 20, what was the amount of money before?"

Rep. Koehnke: "It was originally \$500,000 and Francis (Bardanouve) said he didn't mean that."

Rep. Driscoll: "I thought there was going to be an amendment that gives preference to local contractors."

Lois Menzies: "It is not addressed in the amendments; I am not certain that it is addressed in the bill."

MORRIS BRUSSET, Director of the Department of Administration: "We have in the procurement bill that there is a preference for local contractors for printing."

Rep. Driscoll: "Is there anything in this bill or in the law for enforcement of that?"

Morris Brusset: "We are responsible for enforcement of the in-state preference."

Question was called for. The AMENDMENTS TO HB 493 WERE PASSED UNANIMOUSLY.

REP. SMITH MOVED and REP. HAMMOND SECONDED THAT THE BILL BE PASSED INCLUDING A STATEMENT OF INTENT AS AMENDED. HB 493 PASSED UNANIMOUSLY.

Vice-chairman O'Connell opened the hearing for the amendments to House Bills 489, 505, 530, 531, 532, 533 (Rep. Bardanouve's bills).

Morris Brussett was asked to explain the amendments: "Basically, the key is on the amendments on page 2 and the rest is to make everything consistent with this. In essence, instead of having one special revenue fund, we have a state special revenue fund that consists of monies from state sources that

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are deposited with the state treasury, which are earmarked for the purpose of defraying different costs, and a federal special revenue fund for the federal monies, and another special revenue fund for others, three categories as opposed to one fund. All the other changes are to make the other bills consistent with this change."

Rep. Solberg: "Do these satisfy the Fiscal Analyst?"

Rep. Hammond: "Francis was pretty insistent that these satisfy the Fiscal Analyst; and these do satisfy the Fiscal Analyst."

Rep. Brand mentioned that Rep. Kathleen McBride does not like any of the amendments.

Rep. Driscoll: "I thought that these bills came out because of last session."

Lois Menzies: "Last session there was a bill that instructed the Department of Administration to prepare some bills to address the changes in the treasury fund structure."

Morris Brussett: "Last session there was legislation passed that said this will be the new fund structure, effective July 1, 1983. There were instructions that during this interim we would go through all the laws and come up with a bill to make all the laws consistent with that."

Rep. Driscoll: "Was the Fiscal Analyst in on writing these?"

Morris Brussett: "Yes, they were a member of the task force."

Rep. Driscoll: "Did they propose all of these changes in that task force?"

Morris Brusset: "Kathy Fabiano from our office was the Chairman. It is my understanding that, with reluctance, they agreed and they have since changed their mind. You may want to talk to the Fiscal Analyst."

KATHY FABIANO: "The task force decided where the state activity would be placed in the fund structure. The Department of Administration drafted the bills and then copies of the bills were sent to each member of the task force."

Rep. Driscoll: "Then, at that time did the Fiscal Analyst object to the first draft?"

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Kathy Fabiano: "No, the Office of the Legislative Auditor objected to the first draft and that is when we changed it to the form as it was originally proposed to the legislature."

Rep. Brand: "How much time element did they have to look over those drafts?"

Kathy Fabiano: "I think we had them done in about March or April."

Rep. Brand: "How many drafts did you have all together?"

Kathy Fabiano: "Just one draft of each bill."

Morris Brussett: "I think we had an original draft and when the Legislative Auditor objected to it, we came up with a revised draft."

Rep. Brand: "Judy Rippingale, were you in favor of the first draft that was put before you of all these bills?"

JUDY RIPPINGALE, Fiscal Analyst: "Yes, we were in favor of the first draft as it came out of the task force and as it was presented by the Department of Administration. The first draft had been discussed and agreed to by three out of four members of the task force at that time. It was late November, early December when the Legislative Auditor did not agree with the first draft. I still think the first draft as agreed to by the task force was the best."

Rep. Brand introduced John Northy of the Legislative Auditor's Office and asked him to explain his version of the disagreement.

JOHN NORTHY: "I am not a technician in accounting, but I do know a little bit of the factual background, and as far as our office is concerned we were of the impression that there was agreement that the Fiscal Analyst had reluctantly agreed to the bills as originally introduced. The first we knew of the objection was at the original hearing on the bill. It took us completely by surprise."

There was much discussion over the disagreement over the wording of the amendments.

Rep. Mueller: "I guess, just the bottom line, these amendments are agreeable to you?"

Judy Rippingale: "Yes, they are agreeable to me."

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John Northy introduced Mary Brison from the Auditor's Office to explain the difficulty they had experienced with the amendments.

MARY BRISON: "One of the concerns that we had was the consistency application in the special revenue fund and the ability of our office to give an opinion. We are concerned with general accounting principles in that they require a special revenue fund. In the future, if the Legislature wished to change that law, we would have to issue a qualified opinion. As it is now, you would have an inconsistency between what the law states and what the financial statements become because the funds, as they are proposed in the amendments, would be rolled into a special revenue fund. The law would be inconsistent with the final statements as they are presented. And, if we issued a qualified opinion, it could have an impact on the bond rating for the state of Montana."

REP. BLISS MOVED and REP. MUELLER SECONDED THE MOTION THAT THE AMENDMENTS BE ACCEPTED FOR ALL SIX BILLS. THE AMENDMENTS FOR HB 489, HB 505, HB 530, HB 531, HB 532 AND HB 533 PASSED UNANIMOUSLY.

REP. HAMMOND MOVED and REP. SMITH SECONDED THE MOTION THAT ALL SIX BILLS BE PASSED AS AMENDED. HB 489, HB 505, HB 530, HB 531, HB 532 and HB 533 AS AMENDED PASSED UNANIMOUSLY.

Rep. Hammond moved to adjourn at 9:57 a.m.



REP. JOE BRAND, Chairman

FEBRUARY 10,

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19.....

SPEAKER

MR.

STATE ADMINISTRATION

We, your committee on

HOUSE

493

having had under consideration Bill No.

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"AN ACT TO GENERALLY REVISE THE LAWS GOVERNING PROCUREMENT OF SUPPLIES AND SERVICES FOR STATE AGENCIES; GRANTING RULEMAKING AUTHORITY TO THE DEPARTMENT OF ADMINISTRATION; AMENDING SECTIONS 18-4-104, 18-7-104, 18-7-105, AND 87-1-209, MCA; AND REPEALING SECTIONS 18-4-101, 18-4-102, 18-4-201 THROUGH 18-4-203, 18-4-211, THROUGH 18-4-214, 18-7-102, 18-7-103, AND 18-7-111 THROUGH 18-7-113, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

HOUSE

493

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

be amended as follows:

1. Title, lines 12 and 13.
Strike: "A" on line 12 through "DATE" on line 13
Insert: "EFFECTIVE DATES"
2. Page 1, line 17.
Strike: "46"
Insert: "48"
3. Page 1, line 19.
Strike: "46"
Insert: "48"
4. Page 2, line 13.
Strike: "46"
Insert: "48"

DO PASS

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5. Page 5, line 11.

Strike: "46"

Insert: "48"

6. Page 6, line 3.

Strike: "46"

Insert: "48"

7. Page 6, line 7.

Strike: "46"

Insert: "48"

8. Page 6, line 11.

Strike: "46"

Insert: "48"

9. Page 6, line 14.

Strike: "46"

Insert: "48"

10. Page 6, line 15.

Strike: "46"

Insert: "48"

11. Page 7, line 1.

Strike: "46"

Insert: "48"

12. Page 7, line 7.

Strike: "46"

Insert: "48"

13. Page 7, line 8.

Strike: "46"

Insert: "48"

14. Page 7, line 12.

Strike: "46"

Insert: "48"

15. Page 7, line 14.

Strike: "46"

Insert: "48"

16. Page 12, line 4.

Strike: "29"

Insert: "30"

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17. Page 12, line 8.

Strike: "46"

Insert: "48"

18. Page 14, line 18.

Strike: "46"

Insert: "48"

19. Page 21, line 21.

Strike: "46"

Insert: "48"

20. Page 22.

Following: line 21

Insert: "NEW SECTION. Section 25. Consultation with the legislature. Before entering into a contract, lease, or rental agreement for supplies or services for a period longer than 3 years and involving expenditures exceeding \$25,000, the department or its designee shall inform and consult with the legislature if the legislature is in session or the legislative finance committee if the legislature is not in session."

Renumber: subsequent sections

21. Page 24, line 2.

Strike: "30"

Insert: "31"

Strike: "33"

Insert: "34"

22. Page 26, line 5.

Strike: "35"

Insert: "36"

23. Page 27, line 7.

Strike: "36"

Insert: "37"

Strike: "38"

Insert: "39"

24. Page 28, line 5.

Strike: "39"

Insert: "40"

Strike: "45"

Insert: "46"

FEBRUARY 10,

19 83

25. Page 29, line 11.

Strike: "29"

Insert: "30"

Strike: "36"

Insert: "37"

Strike: "38"

Insert: "39"

26. Page 29, line 14.

Strike: "29"

Insert: "30"

27. Page 29, line 15.

Strike: "36"

Insert: "37"

Strike: "38"

Insert: "39"

28. Page 31, line 20.

Strike: "46"

Insert: "48"

29. Page 31, line 24.

Strike: "46"

Insert: "48"

30. Page 32, line 3.

Strike: "46"

Insert: "48"

31. Page 32, line 6.

Strike: "45"

Insert: "46"

Strike: "46"

Insert: "48"

Strike: "39"

Insert: "40"

32. Page 32, line 8.

Strike: "46"

Insert: "48"

33. Page 32, line 12.

Strike: "46"

Insert: "48"

FEBRUARY 10, 1983

34. Page 32.

Following: line 13

Insert: "NEW SECTION. Section 48. Local government adoption of procurement provisions. A political subdivision or school district may adopt any or all parts of [sections 1 through 48] and the accompanying rules promulgated by the department."

RENUMBER: subsequent sections

35. Page 33, line 23.

Strike: "46"

Insert: "48"

36. Page 34, line 12.

Strike: "46"

Insert: "48"

37. Page 35, line 17.

Strike: "46"

Insert: "48"

Strike: "47"

Insert: "49"

38. Page 35, line 20.

Strike: "46"

Insert: "48"

39. Page 35, line 21.

Strike: "47"

Insert: "49"

40. Page 35, line 23.

Strike: "46"

Insert: "48"

Strike: "47"

Insert: "49"

41. Page 36, line 7.

Strike: "46"

Insert: "48"

Strike: "47"

Insert: "49"

42. Page 39, line 4.

Strike: "46"

Insert: "48"

FEBRUARY 10, 1983

43. Page 39, line 6.

Strike: "46"

Insert: "48"

Strike: "47"

Insert: "49"

44. Page 39, line 8.

Strike: "47"

Insert: "49"

45. Page 39, line 19.

Strike: "This"

Insert: "(1) Except for sections 24 and 47, this"

46. Page 39.

Following: line 20

Insert: "(2) Sections 24 and 47 are effective on passage and approval."

AND AS AMENDED

DO PASS

STATEMENT OF INTENT
House Bill.No. 493

A statement of intent is required for this bill because it grants rulemaking authority to the Department of Administration for the purpose of implementing the procurement procedures established by the bill. The bill is based upon the American Bar Association Model Procurement Code for State and Local Governments. The Model Code was drafted on the concept that it should be a short statute providing the fundamentals of sound procurement that should be implemented by rules consistent with the statutory framework.

It is intended that the Department look to the Recommended Regulations for the Model Procurement Code for State and Local Governments adopted by the American Bar Association for guidance in adopting rules implementing the provisions of this bill.

FEBRUARY 10, 1933

MR. **SPEAKER****STATE ADMINISTRATION**

We, your committee on

HOUSE**489**

having had under consideration Bill No.

first reading copy (white)
color

"AN ACT TO GENERALLY REVISE LANGUAGE IN EXISTING CODE SECTIONS TO CONFORM
~~HERE~~ TO THE TREASURY FUND STRUCTURE TERMINOLOGY AS ESTABLISHED BY
 CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5,
 LAWS OF 1981; INSTRUCTING THE CODE COMMISSIONER TO MAKE THE CHANGES;
 AND PROVIDING AN EFFECTIVE DATE."

HOUSE**489**

Respectfully report as follows: That Bill No.

be amended as follows:

1. Page 1, line 15.
 Following: "a"
 Insert: "state"

2. Page 3, line 1.
 Following: "to"
 Insert: "state"

3. Page 3, line 4.
 Following: "" following line 3
 Insert: "the"
 Following: "revenue"
 Insert: "fund"
 Following: "to"
 Strike: "a"
 Insert: "the other"

DO PASS

FEBRUARY 10,

19 63

4. Page 3, line 5.

Following: "revenue"

Insert: "funds"

Following: "17-3-1003,"

Strike: "39-51-406, 53-24-104."

5. Page 3.

Following: line 9

Insert: "(3) Whenever in 39-51-406 the term 'federal and private revenue' appears, it is changed to 'federal special revenue'.

(4) Whenever in 53-24-104 the term 'the federal and private revenue fund' appears, it is changed to 'the federal special revenue fund or the other special revenue funds'."

6. Page 3, line 12.

Following: "a"

Insert: "state"

STANDING COMMITTEE REPORT

FEBRUARY 10,

83

19

MR. **SPEAKER**

We, your committee on **STATE ADMINISTRATION**

having had under consideration **HOUSE** Bill No. **505**

first reading copy (**white**)
color

"AN ACT TO GENERALLY REVISE LANGUAGE IN CODE SECTIONS DEALING WITH THE BOARD OF HOUSING IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURES CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS 90-6-104, 90-6-107, AND 90-6-119, MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE NECESSARY CHANGES; AND PROVIDING AN EFFECTIVE DATE."

Respectfully report as follows: That **STATE ADMINISTRATION** Bill No. **505**

fixed in Clerk's office 2/10

DO PASS

FEBRUARY 10,

83

19.....

SPEAKER

MR.

STATE ADMINISTRATION

We, your committee on

HOUSE**530**

having had under consideration Bill No.

firstreading copy (**white**)
color

"AN ACT TO GENERALLY REVISE LANGUAGE IN VARIOUS CODE PROVISIONS IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS 2-17-105, 2-18-402, 15-35-108, 15-38-106, 15-38-201, 15-38-202, 16-11-119, 16-11-206, 17-2-102, 17-2-105, 17-6-201, 17-6-203, 17-8-101, 17-8-105, 18-2-103, 20-9-601, 20-10-201, 20-10-203, 20-25-225, 20-26-1105, 39-51-401, 39-51-402, 39-51-404, 39-51-406, 39-51-407, 53-1-302, 53-9-109, 60-11-1207, 67-11-304, 70-9-399, 72-14-210, 72-14-403, 76-4-105, 76-13-114, 76-13-503, 77-1-602, 77-6-203, 80-2-103, 80-2-222, 80-2-228, 80-2-232, 80-6-1109, 80-11-207, 81-1-104, 87-1-601, 87-1-602, AND 90-6-202, MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE THE NECESSARY CHANGES; AND PROVIDING AN EFFECTIVE DATE."

HOUSE**530**

Respectfully report as follows: That Bill No.

be amended as follows:

1. Page 2, line 3.

Following: "a"

Insert: "state"

2. Page 4, line 14.

Following: "a"

Insert: "state"

3. Page 4, line 18.

Following: "a"

Insert: "state"

4. Page 4, line 21.

Following: "a"

Insert: "state"

DO PASS

FEBRUARY 10, 1983

19.....

5. Page 4, line 23.

Following: "a"

Insert: "state"

6. Page 4, line 25.

Following: "a"

Insert: "state"

7. Page 5, line 15.

Following: "a"

Insert: "state"

8. Page 5, line 20.

Following: "a"

Insert: "state"

9. Page 8, line 4.

Following: "earmarked"

Insert: "state"

10. Page 9, line 12.

Strike: ";

Insert: " The financial activities of the special revenue fund type shall be subdivided for operational purposes into the following funds to serve the purpose indicated:

(A) The state special revenue fund consists of money from state sources deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an agency, program, or function of state government.

(B) The federal special revenue fund consists of money deposited in the treasury from federal sources, including trust income, that is used for the operation of state government.

(C) The other special revenue funds consist of money deposited in the state treasury from private sources, including trust income, that is used for the operation of state government and money used to defray reimbursable expenditures."

11. Page 23, line 7.

Following: "a"

Insert: "state"

12. Page 26, line 20.

Following: "revelving"

Insert: "state"

FEBRUARY 10,

33

19.....

13. Page 28, line 3.
Following: "teen"
Strike: "a"
Insert: "the federal"

14. Page 33, line 19.
Following: "private"
Strike: "a"
Insert: "the federal"

15. Page 35, line 25.
Following: "private"
Strike: "a"
Insert: "the federal"

16. Page 37, line 17.
Following: "a"
Insert: "state"

17. Page 38, line 3.
Following: "a"
Insert: "state"

18. Page 41, line 20.
Following: "a"
Insert: "state"

19. Page 44, line 5.
Following: "a"
Insert: "state"

20. Page 52, line 1.
Following: "revolving"
Strike: "a"
Insert: "the other"
Following: "revenue"
Strike: "fund"
Insert: "funds"

21. Page 52, line 18.
Following: "earmarked"
Insert: "state"

22. Page 52, line 21.
Following: "earmarked"
Insert: "state"

FEBRUARY 10,

1923

23. Page 52, line 24.
Following: "earmarked"
Insert: "state"

24. Page 53, line 9.
Following: "a"
Insert: "state"

25. Page 53, line 11.
Following: "private"
Strike: "a"
Insert: "the federal"

26. Page 53, line 20.
Following: "a"
Insert: "state"

27. Page 53, line 21.
Following: "fund"
Insert: "and the federal special revenue fund"

28. Page 54, line 1.
Following: "a"
Insert: "state"

29. Page 55, line 4.
Following: "private"
Insert: "the federal"

30. Page 55, line 5.
Following: "fund,"
Insert: "a state special revenue fund,"

31. Page 55, line 9.
Following: "a"
Insert: "state"

32. Page 55, line 13.
Following: "a"
Insert: "state"

AND AS AMENDED

DO PASS

STANDING COMMITTEE REPORT

FEBRUARY 10,

19 **83**

MR. **SPEAKER**

STATE ADMINISTRATION

We, your committee on

HOUSE

531

having had under consideration

Bill No.

first

reading copy (**white**)
color

"AN ACT TO GENERALLY REVISE LANGUAGE IN CODE SECTIONS DEALING WITH THE RETIREMENT SYSTEMS IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS 19-1-202, 19-3-104, 19-4-501, 19-5-101, 19-5-202, 19-6-101, 19-6-203, 19-6-401, 19-7-101, 19-7-202, 19-8-101, 19-8-203, 19-8-401, 19-8-403, 19-9-104, 19-9-203, 19-9-501, 19-9-706, 19-12-102, 19-12-407, 19-13-104, 19-13-204, AND 19-13-501, MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE THE NECESSARY CHANGES; AND PROVIDING AN EFFECTIVE DATE."

HOUSE

531

Respectfully report as follows: That

Bill No.

DO PASS

STANDING COMMITTEE REPORT

FEBRUARY 10,

~~XXXXXXXXXX~~

19 83

MR. **SPEAKER**

We, your committee on **STATE ADMINISTRATION**

having had under consideration **HOUSE** Bill No. **532**

first reading copy (white)
color

A BILL FOR AN ACT ENTITLED: " AN ACT TO GENERALLY REVISE LANGUAGE IN CODE SECTIONS DEALING WITH THE WORKERS' COMPENSTION DIVISION IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONEORM TO CHAPTER 28, LA LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5. LAWS OF 1981; AMENDING SECTIONS 39-71-206, 39-71-1004, 39-71-2303, 39-71-2304, AND 39-71-2321, THROUGH 39-71-2327, MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE THE NECESSARY CHANGES; AND PROVIDING AN EFFECTIVE DATE."

Respectfully report as follows: That **HOUSE** Bill No. **532**

be amended as follows:

1. Page 2, line 6.
Following: "a"
Insert: "state"

2. Page 3, line 1.
Following: "agency"
Insert: "state"

AND AS AMENDED

DO PASS

DO PASS

FEBRUARY 19, 19 83

SPEAKER

MR.

STATE ADMINISTRATION

We, your committee on

HOUSE

533

having had under consideration Bill No.

first

reading copy (white)
color

"AN ACT TO GENERALLY REVISE LANGUAGE IN CODE SECTIONS DEALING WITH THE ISSUANCE OF BONDS IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS 17-5-401, 17-5-403 THROUGH 17-5-408, 17-5-411, 17-5-412, 17-5-421, 17-5-422, 17-5-503, 17-5-506, 17-5-507, 17-5-608, 17-5-618, 17-5-702, THROUGH 17-5-705, 17-5-708, THROUGH 17-5-710, 20-25-434, 20-25-434, 60-3-201, 60-11-1107, 76-15-507, 85-1-102, 85-1-304, 85-1-307, 85-1-321, THROUGH 85-1-323, 85-1-603, THROUGH 85-1-606, 85-1-613, 85-1-615, 85-1-617, 85-1-619, 85-1-620, 85-1-623, 90-2-102, 90-2-112, AND 90-2-121 THROUGH 90-2-127, MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE NECESSARY CHANGES; AND PROVIDING AN EFFECTIVE DATE."

HOUSE

533

Respectfully report as follows: That Bill No.

be amended as follows:

1. Page 16, line 24.
Following: "a"
Insert: "state"
2. Page 18, line 21.
Following: "carmarked"
Insert: "state"
3. Page 23, line 14.
Following: "a"
Insert: "state"
4. Page 26, line 5.
Following: "a"
Insert: "state"

DO PASS

FEBRUARY 10,

19 83

5. Page 27, line 3.
Following: "a"
Insert: "state"
6. Page 28, line 1.
Following: "a"
Insert: "state"
7. Page 31, line 7.
Following: "a"
Insert: "state"
8. Page 32, line 1.
Following: "earmarked"
Insert: "state"
9. Page 32, line 3.
Following: "a"
Insert: "state"
10. Page 40, line 8.
Following: "earmarked"
Insert: "state"
11. Page 40, line 11.
Following: "earmarked"
Insert: "state"
12. Page 40, line 12.
Following: "a"
Insert: "state"
13. Page 40, line 14.
Following: "earmarked"
Insert: "state"
14. Page 40, line 25.
Following: "earmarked"
Insert: "state"
15. Page 42, line 23.
Following: "earmarked"
Insert: "state"
16. Page 43, line 25.
Following: "earmarked"
Insert: "state"

FEBRUARY 10, 19 83

17. Page 44, line 14.
Following: "earmarked"
Insert: "state"

18. Page 44, line 17.
Following: "earmarked"
Insert: "state"

19. Page 45, line 6.
Following: "earmarked"
Insert: "state"

20. Page 45, line 9.
Following: "earmarked"
Insert: "state"

21. Page 45, line 15.
Following: "earmarked"
Insert: "state"

22. Page 48, line 10.
Following: "a"
Insert: "state"

23. Page 50, line 11.
Following: "earmarked"
Insert: "state"

24. Page 53, line 11.
Following: "a"
Insert: "state"

25. Page 60, line 19.
Following: "a"
Insert: "state"

AND AS AMENDED

x DO PASS

VISITOR'S REGISTER

HOUSE

COMMITTEE

BILL HB 639

DATE _____

SPONSOR Waldron

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

Name Cheryl S. Hutchinson Date 10 Feb 83
Address Helena Support ? X
Representing Lieutenant Governor Oppose ?
Which Bill ? HB 634 Amend ?

Comments:

statement attached

Please leave prepared statement with the committee secretary.

HB 639
House State Administration Committee
10 February 1983
8 a.m., Room 129

Mr. Chairman, members of the Committee: I am Cheryl Hutchinson, representing the Office of the Lieutenant Governor. Lieutenant Governor Turman, who serves as the Administration's coordinator of state-local relations, supports House Bill 639. Our office was involved in the decision to propose the transfer of functions and staff referred to in HB 639. In doing so, we conferred with representatives of Montana's key local government associations and with the two departments before deciding that the transfer was a logical one to propose. While the Administration does not suggest there are immediate economies associated with the proposed shift, we do believe that delivery of services can be made more effective by integrating functions serving similar clients within the same department. We view the cooperation that exists between the two departments as good, but we are convinced that local governments can benefit from the coordination that can be achieved by having stronger organizational links. Staff members from the Department of Commerce and the Department of Administration will testify next to explain some of their past and projected activities. I hope, after you get a flavor for the kinds of responsibilities each unit is charged to carry out, you will agree that their objectives ~~are~~ ^{that you} ~~are~~ are of a kindred nature and will give favorable consideration to HB 639. Thank you.

WITNESS STATEMENT

Name N. Leifer Date Feb. 10, 1983
Address HB. 639 Support ? x
Representing MT. Dist. of Commerce Oppose ? _____
Which Bill ? HB 639 Amend ? _____
Comments:

Please leave prepared statement with the committee secretary.

Testimony of Montana Department of Commerce
In Support of H.B. 639

The Department of Commerce supports the transfer of the Local Government Services Division from the Department of Administration to the Department of Commerce. There are five points listed briefly below which explain the advantages of this move:

1. The Department of Commerce was formed 1½ years ago through a reorganization of three executive departments. At that time, state programs of assistance to local governments were more limited and less of a priority than they are now. Over the last 1½ years, the Department of Commerce has expanded its role with local governments and community development by assuming administration of the federally-funded "Small Cities" Community Development Block Grant program of approximately \$6.1 million per year for competitive grant awards. There is legislation before this legislative session to have the Department administer a state block grant program for local governments of approximately \$22 million per year. These programs reflect increasing recognition of two important facts:

- a. Local governments have suffered increasingly significant losses in revenue over the past few years and therefore need some source of additional revenue;
- b. Well-managed local governments that supply cost-effective quality services to their local communities are an essential part of local economic stability and growth.

Integration of Local Government Services (with its roles of financial auditing and technical assistance) into the Community Assistance efforts of Commerce makes good sense as the state proceeds to deal with these two facts.

2. Specifically, continued assistance to local governments in financial management will be especially helpful in rebuilding our local community facilities such as roads, jailhouses, water and sewer systems, many of which are either too small for existing needs or no longer adequate for modern standards.
3. The Department currently has four programs with the potential to pass grant funds to local communities. They are: Coal Board, Hard Rock Board, "Small Cities" Community Development Block Grant, Coal Severance Tax Land-Use Planning Grants. Having the Local Government audit function in the same department will enhance the Department's ability to monitor the use of these various grants.
4. Legislation pending before the legislature proposes to assist counties more effectively with district court costs (a program administered by Local Government Services) and to assist local governments in general with a block grant (to be administered by the Department of Commerce). It makes sense to locate these two programs in the same place.
5. Consolidation of these local government programs will create a focal point in a line agency for local government assistance and concerns.

VISITOR'S REGISTER

HOUSE

COMMITTEE

BILL

HB 656

DATE _____

SPONSOR

Fagg

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

NAME Douglas Simon BILL No. HB656
ADDRESS Billings DATE 2/10/83
WHOM DO YOU REPRESENT SELF
SUPPORT L OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

AS A MEMBER OF THE
GOVERNORS COUNCIL ON MANAGEMENT
I FOUND SEVERAL EXAMPLES WHICH
ILLUSTRATED THE NEED FOR THIS
CHANGE IN THE LAW

Proposed Amendments to HB 493

1. Title, lines 12 and 13.
Strike: "A" on line 12 through "DATE" on line 13
Insert: "EFFECTIVE DATES"
2. Page 1, line 17
Strike: "46"
Insert: "48"
3. Page 1, line 19.
Strike: "46"
Insert: "48"
4. Page 2, line 13.
Strike: "46"
Insert: "48"
5. Page 5, line 11.
Strike: "46"
Insert: "48"
6. Page 6, line 3.
Strike: "46"
Insert: "48"
7. Page 6, line 7.
Strike: "46"
Insert: "48"
8. Page 6, line 11.
Strike: "46"
Insert: "48"
9. Page 6, line 14.
Strike: "46"
Insert: "48"
10. Page 6, line 15.
Strike: "46"
Insert: "48"
11. Page 7, line 1.
Strike: "46"
Insert: "48"
12. Page 7, line 7.
Strike: "46"
Insert: "48"
13. Page 7, line 8.
Strike: "46"
Insert: "48"

14. Page 7, line 12.

Strike: "46"

Insert: "48"

15. Page 7, line 14.

Strike: "46"

Insert: "48"

16. Page 12, line 4.

Strike: "29"

Insert: "30"

17. Page 12, line 8.

Strike: "46"

Insert: "48"

18. Page 14, line 18.

Strike: "46"

Insert: "48"

19. Page 21, line 21.

Strike: "46"

Insert: "48"

20. Page 22.

Following: line 21

Insert: "NEW SECTION. Section 25. Consultation with the legislature. Before entering into a contract, lease, or rental agreement for supplies or services for a period longer than 3 years and involving expenditures exceeding \$25,000, the department or its designee shall inform and consult with the legislature if the legislature is in session or the legislative finance committee if the legislature is not in session."

Renumber: subsequent sections

21. Page 24, line 2.

Strike: "30"

Insert: "31"

Strike: "33"

Insert: "34"

22. Page 26, line 5.

Strike: "35"

Insert: "36"

23. Page 27, line 7.

Strike: "36"

Insert: "37"

Strike: "38"

Insert: "39"

24. Page 28, line 5.

Strike: "39"

Insert: "40"

Strike: "45"

Insert: "46"

25. Page 29, line 11.

Strike: "29"

Insert: "30"

Strike: "36"

Insert: "37"

Strike: "38"

Insert: "39"

26. Page 29, line 14.

Strike: "29"

Insert: "30"

27. Page 29, line 15.

Strike: "36"

Insert: "37"

Strike: "38"

Insert: "39"

28. Page 31, line 20.

Strike: "46"

Insert: "48"

29. Page 31, line 24.

Strike: "46"

Insert: "48"

30. Page 32, line 3.

Strike: "46"

Insert: "48"

31. Page 32, line 6.

Strike: "45"

Insert: "46"

Strike: "46"

Insert: "48"

32. Page 32, line 8.

Strike: "46"

Insert: "48"

33. Page 32, line 12.

Strike: "46"

Insert: "48"

34. Page 32.

Following: line 13

Insert: "NEW SECTION. Section 48. Local government adoption of procurement provisions. A political subdivision or school district may adopt any or all parts of [sections 1 through 48] and the accompanying rules promulgated by the department."

35. Page 33, line 23.

Strike: "46"

Insert: "48"

36. Page 34, line 12.

Strike: "46"

Insert: "48"

37. Page 35, line 17.

Strike: "46"

Insert: "48"

Strike: "47"

Insert: "49"

38. Page 35, line 20.

Strike: "46"

Insert: "48"

39. Page 35, line 21.

Strike: "47"

Insert: "49"

40. Page 35, line 23.

Strike: "46"

Insert: "48"

Strike: "47"

Insert: "49"

42. Page 39, line 4.

Strike: "46"

Insert: "48"

43. Page 39, line 6.

Strike: "46"

Insert: "48"

Strike: "47"

Insert: "49"

44. Page 39, line 8.

Strike: "47"

Insert: "49"

45. Page 39, line 19.

Strike: "This"

Insert: "(1) Except for sections 24 and 47, this"

46. Page 39.

Following: line 20

Insert: "(2) Sections 24 and 47 are effective on passage and approval."

41. Page 36, line 7.

Strike: "46"

Insert: "48"

Strike: "47"

Insert: "49"

HB 489
505
530
531
532
533
MITCHELL BUILDING

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE



TED SCHWINDEN, GOVERNOR

STATE OF MONTANA

NOV 14 2032

HELENA MONTANA 59620

TO: Representative Joe Hammond, Chairman
Representative Francis Bardonoue
Representative Clyde Smith
House State Administration Committee's Subcommittee on Treasury Fund Bills

FROM: Morris L. Brusett, Director *MAO*
Department of Administration

DATE: February 7, 1983

RE: TREASURY FUND BILLS

Enclosed are the 66 amendments required to segregate the proposed special revenue fund into 3 subfunds consisting of: 1) the state special revenue fund; 2) the federal special revenue fund; and 3) other special revenue funds.

As I indicated at the committee hearing, we believe these amendments are unnecessary for the reasons set forth in the attached memo that was prepared by Ms. Kathy Fabiano, Accounting Division, who headed up the interim Treasury Fund Structure Task Force.

It is my understanding that two of the other three members of the task force still concur with the task force's recommendation to include only one special revenue fund type in the statutes. The two members are the Office of Budget and Program Planning and the Office of the Legislative Auditor. The third member, the Office of the Legislative Fiscal Analyst, now opposes the original bill for the reasons set forth at the committee hearing.

Please let me know if you want to meet with the task force to consider this further.

cc Representative Joe Brand ✓
Representative Kathleen McBride
Judy Rippingale, Legislative Fiscal Analyst
Dave Lewis, Budget Director
Bob Ringwood, Legislative Auditor
Kathy Fabiano, Accounting Division
Lois Menzies, Committee Researcher

The following is intended to set forth the Department of Administration's reasons for drafting House Bills 489, 505 and 530-533 as they were introduced, rather than including the proposed amendments. These bills revise language in code sections that refer to the treasury fund structure.

Under the new fund structure effective July 1, 1983, Montana will have "special revenue funds" to account for the "proceeds of specific revenue sources that are restricted to expenditure for specified purposes". The majority of moneys accounted for in the special revenue funds consist of the current "earmarked" monies and all federal monies that are used for State operations. There is also a small amount of private money and money used to defray reimbursable expenditures (currently revolving funds) in the new special revenue funds.

The Department of Administration recognizes that, because fiscal concerns differ depending on the kind of money being considered, a distinction between the three kinds of special revenue money--earmarked, federal and other, has to be maintained. In fact, throughout the process to implement the new fund structure the Department maintained this separation for all accounting, budgeting, and reporting purposes.

- The accounting system will continue to track the three kinds of money. We will use the exact same method as had been used in the past to distinguish between the current "Earmarked Revenue Fund" and "Federal and Private Revenue Fund" moneys. This is accomplished primarily through the use of accounting entities and revenue classification codes, each assigned unique identifying numbers.
- The Executive budget for the 1984-1985 biennium continues to distinguish earmarked from federal and other moneys by referring to the "Earmarked Special Fund" and the "Federal and Private Special Fund". Because the accounting system will identify the three kinds of special revenue money, budgets prepared in the future can also continue to disclose the separate funding sources.
- It is necessary to distinguish between revenue sources to properly apply budget amendment criteria. This is accomplished in the General Appropriations Act introduced this session by OBPP by first defining "State special revenue entities" and "other special revenue entities" in reference to the accounting system's unique identifying numbers, then in Section 3 of the Act

saying "no budget amendment may be approved to spend money from a State Special Revenue Fund accounting entity unless an emergency exists." House Bill 548, introduced this session by request of the Legislative Finance Committee, entitled "An Act to Generally Revise, Expand, and Clarify the Law Pertaining to Budget Amendments" uses the same means as the General Appropriations Act to define "State" special revenue entities.

- The Montana Annual Financial Report will include financial statements with all special revenue funds combined, as required by generally accepted accounting principles. The report will also include separate financial statements showing the special revenue funds individually and will define the type of activity recorded in each.

Thus, for accounting, budgeting and reporting purposes Montana will continue to distinguish between State (earmarked), federal and other special revenue funds. However the MCA's, if House Bills 489, 505, and 530-533 pass as introduced, will remain non-specific and refer only to "a special revenue fund".

Although the proposed legislation can be amended to refer to "a State" special revenue fund, "a federal" special revenue fund, and "other" special revenue funds, the Department of Administration feels the numerous amendments are not necessary for the following reasons.

1. As discussed previously, special revenue fund moneys can be adequately segregated to meet all accounting, budgeting and reporting needs without the additional statutory language.
2. Even if amended, in almost all cases the statutes cannot be used as a reference to determine if a given dollar is federal, since very little federal money received by Montana is referred to in the statutes.
3. The Department polled three other states, each considered a leader in financial accounting and reporting, and found that all three avoided reference of any kind to the treasury funds in their statutes. Rather, in each state the placement of moneys in the correct fund was always handled administratively according to generally accepted accounting principles. If other states can achieve accountability for their

revenues without any statutory reference to funds, Montana can do the same with general, rather than specific, statutory fund requirements.

4. Statutory requirements for "a special revenue fund", as the bills were introduced, adequately ensures that the moneys referred to will never be placed in the General Fund, or any other type fund, without legislative approval.

PROPOSED AMENDMENTS TO HOUSE BILL 489-INTRODUCED BILL

1. Page 1, line 15
Following: "a"
Insert: "state"
2. page 3, line 1
Following: " to"
Insert: "state"
3. Page 3, line 3
Following: "in"
Strike: "the following code sections"
Insert: "code section 39-51-406"
4. Page 3, line 4
Following: " to"
Strike: "a"
Insert: "the federal"
5. Page 3, line 5
Following: " revenue"
Strike: lines 5 through 7
Insert: "."
6. Page 3
Following: line 7
Insert:

(2) Wherever in the following code sections the term "federal and private revenue" appears, it is changed to "an other special revenue": 17-3-1003, 76-13-209, 80-11-203, 80-11-210, 80-11-223 80-11-310, 81-8-610, 81-8-805.

(3) Wherever in code section 53-24-104 the term "federal and private revenue" appears, it is changed to "the federal special revenue or an other special revenue".

Renumber: all subsequent sections

7. Page 3, line 12
Following: "a"
Insert: "state"

PROPOSED AMENDMENTS TO HOUSE BILL 530-INTRODUCED BILL

1. Page 2, line 3
Following: "a"
Insert: "state"
2. Page 4, line 14
Following: "a"
Insert: "state"
3. Page 4, line 18
Following: "a"
Insert: "state"
4. Page 4, line 21
Following: "a"
Insert: "state"
5. Page 4, line 23
Following: "a"
Insert: "state"
6. Page 4, line 25
Following: "a"
Insert: "state"
7. Page 5, line 15
Following: "a"
Insert: "state"
8. Page 5, line 20
Following: "a"
Insert: "state"
9. Page 8, line 4
Following: "earmarked"
Insert: "state"
10. Page 9.
Following: line 12
Insert: "The financial activities of the special revenue fund type shall be subdivided, for operation purposes, into the following funds to serve the purpose indicated:
(A) The State special revenue fund consists of monies from state sources deposited in the state treasury which are earmarked for the purposes of defraying particular costs of an agency, program, or function of state government;
(B) The federal special revenue fund consists of monies deposited in the treasury from federal sources, including trust income, which are used for the operation of state government;
(C) The other special revenue fund consist of monies deposited in the state treasury from private sources, including trust income, which are used for the operation of state government, and monies used to defray reimbursable expenditures."

the operation of state government, and monies used to defray reimbursable expenditures."

11. Page 23, line 7
Following: "a"
Insert: "state"
12. Page 26, line 20
Following: "~~revolving~~"
Insert: "state"
13. Page 28, line 3
Following: "~~loan~~"
Strike: "a"
Insert: "the federal"
14. Page 33, line 19
Following: "~~private~~"
Strike: "a"
Insert: "the federal"
15. Page 35, line 25
Following: "~~private~~"
Strike: "a"
Insert: "the federal"
16. Page 37, line 17
Following: "a"
Insert: "state"
17. Page 38, line 3
Following: "a"
Insert: "state"
18. Page 41, line 20
Following: "a"
Insert: "state"
19. Page 44, line 5
Following: "a"
Insert: "state"
20. Page 52, line 1
Following: "revolving"
Strike: "a"
Insert: "an other"
21. Page 52, line 18
Following: "~~earmarked~~"
Insert: "state"

22. Page 52, line 21
Following: "earmarked"
Insert: "state"
23. Page 52, line 24
Following: "earmarked"
Insert: "state"
24. Page 53, line 9
Following: "a"
Insert: "state"
25. Page 53, line 11
Following: "~~private~~"
Strike: "a"
Insert: "the federal"
26. Page 53, line 20
Following: "a"
Insert: "state"
27. Page 53, line 21
Following: "~~fund.~~"
Insert: "and the federal special revenue fund."
28. Page 54, line 1
Following: "a"
Insert: "state"
29. Page 55, line 4
Following: "~~private~~"
Insert: "the federal"
30. Page 55, line 5
Following: "~~fund,~~"
Insert: "a state special revenue fund,"
31. Page 55, line 9
Following: "earmarked a"
Insert: "state"
32. Page 55, line 13
Following: "a"
Insert: "state"

PROPOSED AMENDMENTS TO HOUSE BILL 532-INTRODUCED BILL

1. Page 2, line 6
Following: "a"
Insert: "state"
2. Page 3, line 1
Following: "agency"
Insert: "state"

PROPOSED AMENDMENTS TO HOUSE BILL 533-INTRODUCED BILL

1. Page 16, line 24
Following: "a"
Insert: "state"
2. Page 18, line 21
Following: "earmarked"
Insert: "state"
3. Page 23, line 14
Following: "a"
Insert: "state"
4. Page 26, line 5
Following: "a"
Insert: "state"
5. page 27, line 3
Following: "a"
Insert: "state"
6. Page 28, line 1
Following: "a"
Insert: "state"
7. Page 31, line 7
Following: "a"
Insert: "state"
8. Page 32, line 1
Following: "earmarked"
Insert: "state"
9. Page 32, line 3
Following: "a"
Insert: "state"
10. Page 40, line 8
Following: "earmarked"
Insert: "state"
11. Page 40, line 11
Following: "earmarked"
Insert: "state"
12. Page 40, line 12
Following: "a"
Insert "state"
13. Page 40, line 14
Following: "earmarked"
Insert: "state"

14. Page 40, line 25
Following: "earmarked"
Insert: "state"
15. Page 42, line 23
Following: "earmarked"
Insert: "state"
16. Page 43, line 25
Following: "earmarked"
Insert: "state"
17. Page 44, line 14
Following: "earmarked"
Insert: "state"
18. Page 44, line 17
Following: "earmarked"
Insert: "state"
19. Page 45, line 6
Following: "earmarked"
Insert: "state"
20. Page 45, line 9
Following: "earmarked"
Insert: "state"
21. Page 45, line 15
Following: "earmarked"
Insert: "state"
22. Page 48, line 10
Following: "a"
Insert: "state"
23. Page 50, line 11
Following: "earmarked"
Insert: "state"
24. Page 53, line 11
Following: "a"
Insert: "state"
25. Page 60, line 19
Following: "a"
Insert: "state"