

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE  
HOUSE OF REPRESENTATIVES

February 9, 1985

The twenty-second meeting of the Taxation Committee was called to order by Chairman Gerry Devlin in room 312-1 of the capitol building on February 9, 1985 at 1:30 p.m.

ROLL CALL: All members were present as were Dave Bohyer, Researcher for the Legislative Council and Alice Omang, Secretary.

CONSIDERATION OF COMMITTEE BILLS: Representative Harp passed out a copy of a bill, which he would like the committee to consider as introducing as a committee bill. See Exhibit 1. He explained that they found that there was a difference in what the governor's budget projected and what the L.F.A's budget projected of about \$4.5 million and this has caused a lot of grief and a lot of time. He indicated that this would put into practice the use of the generally accepted accounting principles for all state departments and agencies. He moved that the committee follow the subcommittee's recommendation and introduce this as a committee bill.

Representative Raney noted that the Legislative Council really preferred SBAS and he asked about that.

Representative Harp responded that that was wrong, after they negotiated some understandings, they preferred to go with GAAP over SBAS.

The motion carried unanimously.

Representative Harp passed out a copy of a proposed resolution that would require that a permanent subcommittee be established of the whole taxation committee that would project revenue from this point on. He explained that it is really the policy of the taxation committee to understand where revenue comes from in this state and the way this would work is that six members from the committee would meet on the fifth day to sit down with the Office of Budget and Planning and the Legislative Fiscal Analyst to track revenue.

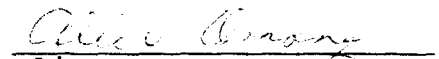
Taxation Committee  
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He indicated that he hoped this committee would become experts on how they generate revenue and the effect it would have when they allow tax credits and tax cuts, etc. He informed the committee that there would be three members of this subcommittee who were Democrats and three who were Republican and by the 40th day they would have to give their recommendations to the full taxation committee. He moved that the committee adopt this as a committee bill. See Exhibit 2.

The motion carried unanimously.

ADJOURNMENT: There being no further official business, the meeting adjourned at 1:37 p.m.

  
GERRY DEVLIN, Chairman

  
Alice Omang, Secretary

# DAILY ROLL CALL

HOUSE TAXATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date Feb. 9, 1985

| NAME                    | PRESENT | ABSENT | EXCUSED |
|-------------------------|---------|--------|---------|
| DEVLIN, GERRY, Chrm.    | ✓       |        |         |
| WILLIAMS, MEL, V. Chrm. | ✓       |        |         |
| ABRAMS, HUGH            | ✓       |        |         |
| ASAY, TOM               | ✓       |        |         |
| COHEN, BEN              | ✓       |        |         |
| ELLISON, ORVAL          | ✓       |        |         |
| GILBERT, BOB            | ✓       |        |         |
| HANSON, MARIAN          | ✓       |        |         |
| HARRINGTON, DAN         | ✓       |        |         |
| HARP, JOHN              | ✓       |        |         |
| IVERSON, DENNIS         | ✓       |        |         |
| KEENAN, NANCY           | ✓       |        |         |
| KOEHNKE, FRANCIS        | ✓       |        |         |
| PATTERSON, JOHN         | ✓       |        |         |
| RANEY, BOB              | ✓       |        |         |
| REAM, BOB               | ✓       |        |         |
| SANDS, JACK             | ✓       |        |         |
| SCHYE, TED              | ✓       |        |         |
| SWITZER, DEAN           | ✓       |        |         |
| ZABROCKI, CARL          | ✓       |        |         |
|                         |         |        |         |
|                         |         |        |         |
|                         |         |        |         |

Exhibit 1  
2/9/85  
Comm. Bill  
Rep. Harp

1 HOUSE BILL NO. \_\_\_\_\_

2 INTRODUCED BY: HOUSE TAXATION COMMITTEE

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THAT THE STATE'S  
5 ACCOUNTING SYSTEM BE ESTABLISHED AND STATE AGENCY FINANCIAL RECORDS  
6 AND REPORTS BE PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED  
7 ACCOUNTING PRINCIPLES; AND AMENDING SECTIONS 17-1-102 AND 17-2-110,  
8 MCA."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11  
12 Section 1. Section 17-1-102, MCA, is amended to read:

13 "17-1-102. Uniform accounting system and expenditure control.

14 (1) The department shall establish a system of financial control so  
15 that the functioning of the various agencies of the state may be  
16 improved, duplications of work by different state agencies and  
17 employees eliminated, public service improved, and the cost of  
18 government reduced.

19 (2) The department shall prescribe and install uniform account-  
20 ing and reporting for all state agencies and institutions, showing  
21 the receipt, use, and disposition of all public money and property  
22 in accordance with generally accepted accounting principles, and  
23 shall develop plans for improvements and economies in the organiza-  
24 tion and operation thereof, which shall be submitted to the respec-  
25 tive heads of agencies and institutions. Copies of all such plans  
26 shall be delivered to the governor, and additional copies shall be  
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retained in the office of the department for inspection by the members of the legislature.

(3) The department shall examine all financial affairs of every state agency and institution for the purpose of developing plans for improvement and economies in organization and operation thereof and for the purpose of enabling the department to properly perform any of the duties imposed upon the department by this part.

(4) All state agencies, including units of the university system and the vocational-technical centers, shall input all necessary transactions to the accounting system prescribed in (2) before the accounts are closed at the end of the fiscal year in order to present the receipt use and disposition of all money and property for which the agency is accountable in accordance with generally accepted accounting principles; except, for budgetary control purposes, encumbrances, which are required by generally accepted accounting principles to be reported as a reservation of fund balance, shall be recorded as expenditures and liabilities on the accounting records.

Section 2. Section 17-2-110, MCA, is amended to read:

"17-2-110. Fiscal year and financial reports. (1) The fiscal year for state purposes commences on July 1 of each year and ends on June 30 of each year.,

(2) At the close of each fiscal year the fiscal records of each state office, department, bureau, commission, institution, university unit, and agency (hereinafter collectively referred to as "state agency") shall be closed as of the end of the fiscal year. Each state agency shall prepare such financial statements

1 and reconciliations for the fiscal year as the department of  
2 administration may prescribe. These financial reports are to be  
3 completed and distributed not more than 31 days following the close  
4 of each fiscal year. The department of administration may extend  
5 this time limit if a state agency can show necessity therefor.

6 (3) The reports are to be distributed to the department of  
7 administration and the legislative auditor and any other state  
8 agency the department of administration may prescribe. It is the  
9 intent of this provision that these reports accurately and compre-  
10 hensively present the financial activities of the reporting state  
11 agency in accordance with generally accepted accounting principles  
12 so that the reports can be effectively utilized by the executive  
13 and legislative branches of state government.

14 (4) Upon consolidation of the reports, the annual financial  
15 reports by the department of administration will be available for  
16 other individuals and organizations interested in the financial  
17 affairs of the state of Montana."  
18

19 - END -  
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Exhibit 2  
2/9/85  
Comm. Bill  
Rep Harp

## HOUSE RESOLUTION NO. \_\_\_\_\_

INTRODUCED BY: HOUSE TAXATION COMMITTEE

A RESOLUTION OF THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA TO AMEND THE HOUSE RULES FOLLOWING H3-4 BY ADDING HOUSE RULE H3-5 TO PROVIDE FOR A REVENUE SUBCOMMITTEE OF THE HOUSE TAXATION COMMITTEE.

WHEREAS, Article VIII, Section 9 of the Montana Constitution requires a balanced budget with appropriations not exceeding anticipated revenue; and

WHEREAS, during the 48th Legislative Assembly the Taxation Committee of the House of Representatives has created a revenue subcommittee to advise the House of Representatives as to anticipated revenue for the next biennium; and

WHEREAS, the revenue subcommittee of the House Taxation Committee has held extensive hearings on estimated revenue to the State of Montana for the next biennium; and

WHEREAS, the revenue estimates prepared by the revenue subcommittee provide a basis upon which a balanced budgeted may be prepared; and

WHEREAS, such revenue estimates are a valuable aid to the Legislature as a whole and the House of Representatives in particular, and

WHEREAS, the establishment of a permanent revenue subcommittee of the House Taxation Committee to prepare revenue estimates for

1 the State of Montana would be of continuing benefit to the Legisla-  
2 ture.

3  
4 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES  
5 OF THE STATE OF MONTANA:

6 That the House Rules are amended following H3-4 by adding H3-5  
7 which provides:

8 "H3-5. By the fifth legislative day there shall be appointed  
9 a revenue subcommittee of the Taxation Committee made up of members  
10 of the Taxation Committee. The subcommittee shall be appointed in  
11 the same manner as members of standing committees as provided in  
12 H3-2. The first named member of the subcommittee is the chairman  
13 and in his absence the next named member, and so on. The revenue  
14 subcommittee shall review state revenue and recommend estimated  
15 revenue levels for the next biennium to the Taxation Committee by  
16 the 40th legislative day."