

MINUTES OF THE MEETING
GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE
49th LEGISLATURE-SPECIAL SESSION III

June 16, 1986

The meeting of the General Government and Highways Subcommittee was called to order by Chairman Quilici on June 16, 1986 at 8:30 a.m.

ROLL CALL: All members were present. Also present was Cliff Roessner, Senior Analyst from the LFA office, and Lois Steinbeck from the Governor's Office of Budget and Program Planning.

(A:1:007) Chairman Quilici acknowledged that the budget issues discussed the previous week are considered to be tentative action, and asked the subcommittee to reconsider the action taken on the department of revenue's assessor's salary issue and automation issue.

(A:1:036) Representative Connelly moved to reconsider the subcommittee's action on the county assessor's salary issue. The motion PASSED with Senator Keating voting nay.

(A:1:040) Representative Connelly moved to reconsider the subcommittee's action on the automation-software issue. The motion PASSED with Senator Keating voting nay.

(A:1:036) Representative Connelly moved to rescind the previous action of the 1985 legislature session, and moved to take \$326,100 out of the funds for the assessor's salaries. The motion PASSED with Senators Keating and Gage voting nay.

(A:1:191) Greg Groepper, Department of Revenue, gave an overview of the \$242,000 amount to fund the county assessors computer systems. This money is currently being paid to the counties for use of the county computers. The costs range from \$25,000 to \$2,000 for lease equipment. These costs are for maintainance on the terminals on the county level and for the states share of maintainance on the county mainframe. The county computers are used for generation of the assessment lists each year on personal property. After this year, the assessment lists on real property will be sent out only when the assessment value of the property changes. (See Exhibit A)

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

June 16, 1986

Page 2

(A:1:239) Representative Lory stated that the counties should be aware of the the funding issues because of the action taken on the assessor salaries in the 1985 legislative session when the legislature voted into law the 70-20 split in funding.

(A:1:244) Senator Keating asked if the department of revenue's services will still be needed to update the data on an ongoing basis. Groepper stated that the department must still create assessment lists and then mail that assessment data to the taxpayers. Regardless, the department will have the responsibility of generating the assessment lists, spreading the taxes, and turning such information over to the county treasurers.

(A:1:262) Senator Keating asked if there could be a cost savings if the procedure was accomplished in another way. Groepper stated that current procedure is an involved process. The department could generate an assessment for the real property off the state computer with relative ease, but there would be no way of getting information off the state computer for the personal property because those funds are collected on the county level. The problem for local government is the way the treasurer can get the information from the department's computer and then to transfer that data from the department's computer to the county computer for tax generating purposes. If the department did not use the county computer to do the assessment list, the county computer data would still have to be transferred to the county treasurer. The cost of doing so may be less than the \$240,000; an alternative method of the procedure that is now being executed to copy the needed information. The transfer of the data would still have to be done. Groepper stated that approximately \$100,000 personal assessment work is presently being accomplished by hand.

(A:1:304) Senator Keating stated that the reason the 1983 session approved the current procedure method was because it was designed as a cost saving method to save funds in personnel, postage and so forth. Keating stated that the department still must accomplish these service and again asked what the costs would be for an alternative plan.

(A:1:313) Groepper stated that it was not his intentions to suggest that it is not more cost effective to use the computer system or that the department does not have some idea of the costs to implement another alternative method, but the fact that 1986 has been an unusual is an understatement. Problems have arisen in matching data between

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

June 16, 1986

Page 3

the state computer and the county computers. Problems have arisen with vendors, and complaints about the assessments lists not being standard are some of the difficulties the department of revenue had to face this last year. Groepper explained that the decision making process of what the department could "do without" was accomplished by acknowledging what was in the best interest of the basic work done by the department. Travel by assessors and appraisers, postage, training are absolutely necessary to accomplish the work. The department will be cutting 15 FTEs. If the job is still going to be accomplished, the computer area cut is where the department thinks the cut can be made. Granted, the department will have to go back to a hand processing procedure in the personal property assessment area; this is being accomplished by computer at the present time.

(A:1:342) Groepper stated that fifteen (15) FTE positions will be kept vacant, and the department will curtail money into the county software and hardware maintenance expenses.

(A:1:356) Senator Keating asked whether the fifteen (15) FTEs out of the total of the twenty (20) FTEs came from the property assessment division. Groepper confirmed that property assessment division was taking a cut in fifteen (15) FTEs. Keating asked if the five (5%) percent cut was across the board, or was a greater cut being taken from the agencies that could better afford the cuts, and then no cuts taken from agencies that could not stand the cuts. LaFaver stated that five (5%) percent cuts were not taken straight across the board. The cuts were analyzed on an operation by operation basis. A number of divisions have more than a five (5%) percent cut. Attention was focused in those areas that would produce a minimal impact on the overall revenue projections.

(A:1:388) Representative Lory asked if the county contracts could be negotiated to a lesser amount, then the county would not have to take the full 100% cut, but perhaps it could take a 50% cut instead. LaFaver expressed the fact that a significant savings can not be made in the property tax area without shifting some of the costs directly to the counties. The counties must share the responsibility of cutting back.

EXECUTIVE ACTION

(A:1:413) Representative Lory made a motion that the subcommittee approve the cutback of \$121,018. Lory explained that the amount is half of the total cutback figure. This figure would be offered to the counties in lieu of the full

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

June 16, 1986

Page 4

cut. Senator Keating stated that the taxpayers are going to have to pay for one hundred (100%) percent of the services. If this is a necessary service, then cuts in the general fund does not do any good for any taxpayer. Keating stated that if this service is not necessary, then eliminate the whole program. Quilici stated that any time the general fund money is cut, all departments involved must become more efficient. The substitute motion PASSED: Senator Keating voted NAY.

(A:1:497) Senator Keating asked Groepper questions concerning the examinations that are given to the county appraisers. Groepper explained that the department of revenue's property assessment division employees must be certified to do the job. The new employees taken on-site courses for a week. The department schedules the appraisal schools in August. To save money, the school is held at Montana State University. A timber and ag appraisal course is held in the spring.

(A:1:584) Senator Gage questioned the delinquencies versus the collections in the child support area. Gage asked if the delinquencies and collections are growing at the same rate. LaFaver stated that there are a number of child support delinquencies that the department is not aware of. LaFaver stated that if a collection case is accepted, a receiveable item is entered and money may be generated. LaFaver hesitated to make a guess concerning the overall child support delinquencies, but stated that with the number of cases that the department receives, the delinquencies are going down because more collection "tools" are being used to make those collections. In 1986, the state will be in excess to the amount of \$4 to \$5 million dollars in collections of any previous year: Not because there are more delinquencies, but because the department gets more referrals. (See Exhibit B)

(A:1:638) Senator Keating asked if the program is funded primarily by federal dollars. LaFaver stated that the program is funded on a two-third (2/3) to one-third (1/3) basis: Federal to State. The program will generate money for the general fund and reimburses the federal government for AFTC. The caseload money goes directly to the mother if she is not on welfare.

EXECUTIVE ACTION

(A:2:003) Representative Lory moved that the previous week's action on the budget cut be adopted so that the motions would be entered according to legislative rules. The motion PASSED unanimously.

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

June 16, 1986

Page 5

Representative Bob Marks, House District No. 75, submitted written testimony concerning an update on the highway patrol aircraft use. (See Exhibit No. C.)

There being no further business before the subcommittee, Chairman Quilici adjourned the meeting.



CHAIRMAN JOE QUILICI

