

MINUTES OF THE MEETING
APPROPRIATIONS COMMITTEE
50TH LEGISLATIVE SESSION

The meeting of the Appropriations Committee was called to order by Chairman Gene Donaldson on January 6, 1987, at 1:30 p.m. in Room 104 of the State Capitol.

ROLL CALL: All members were present with the exception of Rep. Menahan who was absent. Also present was Judy Rippingale, Legislative Fiscal Analyst (LFA).

INTRODUCTIONS: The chairman introduced the secretary and analyst to the committee and pointed out the new members to the committee.

Representative Donaldson turned the meeting over to Vice Chairman Thoft.

HB 1: (1:A:036)

Rep. Donaldson presented HB 1, the Feed Bill, to the committee for consideration. He referred to the 1985-87 Comparison sheet which he had received from the Legislative Council staff (Exhibit 1). Rep. Donaldson reviewed, with the committee, the items in the budget and stated the differences from the previous budget. Rep. Donaldson told the committee that during the last special session, HB 3 was passed which froze a legislator's salary during the current legislative session. Therefore, their salary will not increase and they will be paid at the equivalent of a Grade 8 step 2 plus \$50 per diem for expenses per day.

Personal Services Rep. Donaldson explained that the personal services included the salaries, benefits, per diem, and include a retirement provision.

Contracted Services deals with things such as printing that are used in the development of materials for the legislative session. He pointed out that there was an increase in the travel category due to pre-session travel since the previous budget was short in this category.

Capital Expense Rep. Donaldson stated that there was a difference in the equipment but that he believed there would be a request to remove the majority of the money from the 1987 requested budget amount.

Rep. Marks (140) stated that he originally asked that the additional \$95,000 be included in the budget because the

second and third reading boards that are on either side of the rostrum have been there for a number of years and are requiring constant maintenance. It is not serious maintenance, just trouble shooting things. He pointed out that the cost of this maintenance is approximately \$3,000 per session. He felt that it was financially more feasible to retain the current equipment and pay for the maintenance rather than spend the additional amount to replace it, especially with the budget crunch this session and asked the committee to remove the \$95,000 by amendment.

DISCUSSION (170)

Rep. Peck expressed concern with the amount of dollars increased overall in the Senate budget, particularly in the area of employee salaries. He questioned why the amount of increase was so high when the amount of personnel remained the same.

Bob Person, Director of the Research Division, Legislative Council, stated that the attaches, number of base hours, and overtime, plus post session and pre session activities relate to the differences in the budget. It was also pointed out in the Senate, the employee salaries were figured differently than in the House. The actual factors were not available.

Rep. Rehberg was concerned about the proposed \$18,000 for consulting services which Rep. Williams and Rep. Ramirez were requesting be included, and also why the rent in the Senate budget was higher than in the House. Mr. Person explained that the House owns it's role call machine where the Senate has to rent it. That cost this session will be \$19,000.

Rep. Bardanouve asked why the travel costs were so high. Rep. Donaldson explained that the major reason for that was because some things were included in that budget that had not been added previously, primarily the pre session costs.

Rep. Winslow also expressed concern with the rental expense for the Senate. Mr. Person explained that the previous budget had a deficit balance of \$3,500 and the current contract on the role call machine was \$19,000.

Rep. Marks explained how the House budget was developed. He stated that it was really a zero based budget. They did not go by what was expended last time, or what was appropriated last time. They took the staff on board which is somewhat smaller than previously, legislator salaries are known, figured the overtime on the staff at the same percentage of

overtime hours which occurred in previous sessions. By doing that we were able to reduce it quite a bit.

CONSULTING SERVICES

Rep. Mel Williams, House District #85, Chairman of the Revenue Oversight Committee, recommended the amendment to the budget for \$18,000 to further research on the effects of the Federal Tax Reform law on Montana's income tax (Exhibit 2). During the special session in June of 1986 the Legislature appropriated \$25,000 for the Revenue Oversight Committee to do a limited study on Montana's tax structure. The committee asked the Research and Economics Division of the U of M to do a basic study on the effects of a sales tax in the state, and then they contracted with the Policy Economics Group of Washington D.C. to do some research on the effect of the Federal Tax Reform Act on Montana's income tax laws. He felt that the work done by the Policy Economics Group was very good but because of limited funds the study was also limited. Therefore, Rep. Williams was requesting the additional \$18,000 to allow the Policy Economics Group to prepare a more detailed study to present to the Legislature. He stated that there were 19 items that the committee had outlined which they felt were necessary to review. He asked for the committee's consideration.

Rep. Rameriz also spoke in favor of the proposal stating there were two major problems the legislature is faced with. One was to quantify the amount of the state windfall tax increase that results from Federal Tax Reform. We need to make sure we have a good handle on how much the windfall really is. Second, we need to know who the winners and losers are and the impact on different income brackets.

Sen. Norman entered the meeting and Rep. Winslow addressed his concern regarding the increased amount for employee salaries in the Senate and also the increased rental costs. Sen. Norman stated he could not answer that question but he would get the answer for the committee.

Rep. Thoft asked Rep. Williams whether this would be line-itemed to the Revenue Oversight Committee. Rep. Rameriz stated that would be best. Rep. Thoft asked that when the legislature gets this information would it be of any use to this session of the legislature. Rep. Williams stated that the consultant could provide the necessary information in two weeks.

Rep. Rehberg asked Rep. Williams whether he had asked for the services of the congressional people. Rep. Williams stated no they did not. The consultant they hired are the people Congress used when they wrote the bill. Mr. Dave

Bohyer, Legislative Researcher for the Legislative Council answered Rep. Rehberg by saying he had been in contact with the people in Washington and they have a great deal of information on how Federal Tax Reform will effect federal tax revenues, but no information on how it will effect revenues on a state by state basis especially on the taxpayers or income brackets. In talking with the Joint Tax Committee, they indicated that the Policy Economics group probably had the best data base in the U.S. for doing this kind of work and they highly recommended the group.

Rep. Miller asked Mr. Bohyer if they had contacted other states with a similar situation. Mr. Bohyer said not specifically but that he was in contact with some of them at a meeting in Denver who spoke in favor of the research for the \$18,000 figure, saying that it was very reasonable and if we could get the information in that short of time, it would be a real benefit.

Rep. Bardanouve stated that there is no way of knowing who is wrong anyway. Maybe the consultant's projections would be incorrect. Who knows who is wrong. Rep. Rameriz pointed out that the legislature has been using the Department of Revenue's projections in the last three sessions and maybe it was time for a change.

Rep. Peck expressed concern as to the quality of the report with it being done in such a short length of time. Rep. Williams reassured him that a lot of information has already been developed and only needed to be compared at this point. Rep. Ramirez pointed out that a data base has already been developed and a methodology.

Rep. Quilici stated that he felt we are currently using the LFA, OBPP, and Revenue Department now, another consultant may be detrimental.

Rep. Donaldson stated that he would like to continue the discussion on Wednesday at 1:00 p.m. to give the Senate an opportunity to have explanation for the questions regarding them.

Rep. Bardanouve moved to adjourn and the meeting adjourned at 2:30 p.m.


Rep. Gene Donaldson
Chairman

DAILY ROLL CALL

APPROPRIATIONS COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date Jan 6, 1987

NAME	PRESENT	ABSENT	EXCUSED
DONALDSON, GENE (Chairman)	✓		
THOFT, BOB (Vice Chairman)	✓		
WINSLOW, CAL (Vice Chairman)	✓		
BARDANOUE, FRANCIS	✓		
BRADLEY, DOROTHY	✓		
CONNELY, MARY ELLEN	✓		
DEVLIN, GERRY	✓		
IVERSON, DENNIS	✓		
MANUEL, REX	✓		
MENAHAN, WILLIAM "RED"		✓	
MENKE, LARRY	✓		
MILLER, RON	✓		
NATHE, DENNIS	✓		
PECK, RAY	✓		
POULSEN, HAROLD	✓		
QUILICI, JOE	✓		
REHBERG, DENNIS	✓		
SPAETH, GARY	✓		
SWIFT, BERNIE	✓		
SWITZER, DEAN	✓		

HB BILL NO. *L*
Legislative Mail Service

1 Legislative Mail Service \$ 3,143
2 Section 2. Effective date. This act is effective on
3 passage and approval.

-End-

4 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY FOR
5 THE OPERATION OF THE 50TH LEGISLATURE; AND PROVIDING AN
6 IMMEDIATE EFFECTIVE DATE."
7

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Appropriation. The following amounts are
10 appropriated from the general fund for fiscal years 1987,
11 1988, and 1989 for the operation of the 50th legislature and
12 costs of preparing for the 51st legislature:

13	House of Representatives	
14	50th Legislature	\$2,152,512
15	Preparations for 51st Legislature	\$ 93,961
16	Senate	
17	50th Legislature	\$1,395,949
18	Preparations for 51st Legislature	\$ 76,869
19	Legislative Council	
20	Legislative Printing, Information, 21 and Business Offices	\$ 431,388
22	Legislative Telephone Service	\$ 152,836
23	Legislative Publications (Session 24 Laws & Journals)	\$ 105,876
25	Department of Administration	



