

MINUTES OF THE MEETING  
APPROPRIATIONS COMMITTEE  
50TH LEGISLATIVE SESSION

The meeting of the Appropriations Committee was called to order by Chairman Rep. Gene Donaldson on January 13, 1987, at 1:30 p.m. in Room 104 of the State Capitol.

ROLL CALL: All members were present at the meeting except Rep. Winslow who was excused and Reps. Iverson and Menahan who were absent.

Chairman Donaldson assigned HB 20 which would create a legislative committee on Indian affairs, to the General Government Subcommittee.

SUPPLEMENTALS:

Mr. Tom Crosser from the Office of Budget and Program Planning presented a brief summary of the supplementals requested by agencies within the General Government Subcommittee and Natural Resources and Conservation Subcommittee (Exhibit 1).(6:A:039)

Secretary of State. \$108,117 of State Special Revenue would provide for systems development and conversion costs to meet the requirements of section 1324 of the federal food security act of 1985.

State Auditor. \$20,162 State Special Revenue - for the Central Payroll Program to provide wages for a payroll technician position lost during the budget reductions.

\$35,000 State Special Revenue for central payroll to account for Medicare Tax Report and comp time modifications to the payroll system required by the federal government.

\$11,400 General Fund for the Audit Division to compensate for a 6% increase in postage for the number of warrants being mailed.

\$6,000 State Special Revenue for expansion of long distance telephone expenditures for Insurance Division.

Department of Justice. \$57,200 General Fund for county attorney payroll costs that had to be paid in fiscal year 1986.

\$56,520 State Special Revenue for funding for the Forensic Science lab's rent payment.

Department of State Lands. \$11,800 General Fund to maintain minimal caretaking services at the Childrens' Center at Twin Bridges.

Department of Revenue. \$70,870 General Fund to continue the railroad litigation.

\$3,864 General Fund to contest an appeal made on the Beneficial Use Tax for powerlines used by Coal Strip consortium.

Department of Administration. \$402,541 General Fund to replace money transferred to the State Tax Appeals Board to cover the substantial increase in workload stemming from property tax appeals because of the completion of reappraisal.

\$33,750 General Fund for the State Tax Appeals Board for the 34% manual disparity.

GENERAL GOVERNMENT SUBCOMMITTEE REPORT. (6:A:16:36)

Rep. Dennis Rehberg, chairman of the General Government Subcommittee presented the various supplemental requests that were heard in his committee with the committee recommendations.

Secretary of State. Regarding the farm bill of 1985 and the additional responsibilities as a result of that, the fee revenues from users of the central notice system will pay for the service. The Subcommittee accepted the supplemental.

QUESTIONS

Rep. Nathe asked if this amount of money would be used so that the computer here in Helena could tie into the computer at the ASCS offices in each one of the counties in the state so we don't look at that tremendous time delay that we looked at last year? Mr. Ackey stated that the ASCS problem will not be handled by this supplemental but it is handled already by ASCS appropriations and there should not be a repeat of the ASCS problem.

Rep. Bardanouve asked if they were going to increase the fees. Mr. Akey stated no it would not increase the fees.

2. Rep. Rehberg stated that there was another request for \$2,500 to pay Peg Krivic's termination pay but funds had been found within the agency and the request was withdrawn by Delores Colberg.

State Auditor's Office.(6:A:20.00)

1. \$11,400 for increased postage costs due to an increase of state warrants, the subcommittee felt the number of state warrants has increased substantially over the years to justify an increase in postage costs. The subcommittee approved the supplemental.

2. \$6,000 for long distance telephone charges due to the increased calls attributable to the insurance crisis in the state. The funds come from the Insurance Special Revenue Account, the balance of which reverts to the general fund so there is a general fund impact but the subcommittee felt the need was there and the subcommittee approved the request.

Rep. Peck asked if Rep. Rehberg was satisfied the supplemental should be approved when we are talking about decreasing employees in the past year and yet we are increasing mailing 6%, is there some good explanation for that. Rep. Rehberg stated that the warrants have been increasing over the past several years. Mr. Terry Lazure, Director of Centralized Services, State Auditor's Office, stated that the warrant study showed an increase of approximately 30,000 warrants over the past 10 years. Between 1984 and 1985 there was a 4% increase and between 1985 and 1986 there was a 6% increase, which is 57,000 warrants times the 20¢.

(6:A:25.40)Rep. Quilici asked Mr. Lazure how many warrants were presented for payment in 1986. Mr. Lazure stated there were 950,191.

Rep. Bardanouve asked Mr. Lazure why the refunds that the Auditor's Office returned for special licence applications for Fish, Wildlife and Parks were not billed to Fish, Wildlife and Parks. Mr. Lazure stated that they could not bill agencies for general fund items. Rep. Bardanouve stated this was not a general fund item.

Rep. Thoft suggested that the legislature maybe transfer the cost back to the Department of Fish, Wildlife and Parks in the appropriation bill.

2. \$20,162 to fund a payroll technician. Rep. Rehberg stated that the subcommittee had some questions regarding this but that they recommended approval.

Rep. Bardanouve stated that he could not accept this request. It is clearing going around the cuts that were made by the Governor by transferring general fund cuts to some other funds. It violates the concept for reducing the budget. An agency that has other funds can get around a

cut. The agencies that work on general fund have to take the cut and live with it while the others can move funds around to keep the employees.

Rep. Spaeth asked where these special revenue account funds come from. Mr. Lazure stated that the state central payroll system charges non general fund agencies a cost of processing their payroll and the agencies in turn pass that cost on to the federal government, so part of the central payroll funding comes from the federal government.

3. The \$35,000 of state special revenue was approved by the subcommittee in order to help the state auditor make federal reports which are required.

Department of Justice.

1. The \$57,200 of general fund for the increase in county attorney payroll costs was approved by the subcommittee.

(6:B:5.50)Rep. Peck asked if the Justice of the Peace and the counties were charging fees on their court activity. Mr. Bob Kuchenbrod from the Department of Justice stated there are collections up there now but they do not reflect on this money. The collections are kept by the counties.

2. Forensic Science Lab, \$56,520 additional rental fees. Rep. Bardanouve stated that the state did not authorize them to move into the new facility and the situation is not proper. Rep. Rehberg stated that the lease costs really are higher, but they were paying for space that they couldn't even use in the old hospital. Rep. Spaeth commented that the total amount of the rent increase would be that much higher from now on and this would have to be added to the appropriation. Rep. Quilici said they are already moved into the building and that there were some problems, safety problems, with the old building. He also mentioned that a letter had been written on August 12, 1985 and sent to the Appropriations Chairman Rep. Bardanouve, the leadership of both houses and they had received no answer to their letter (Exhibit 2). Rep. Quilici stated that A & E had condemned the building. If the committee disallows the request they will have to take it out of their budget some way and he doesn't see how they could possibly do that.

(6:B:8.00)Tom O'Connell, Administrator of the Architecture and Engineering Division, Department of Administration stated he could give some details on the condition of the facility that the Forensic Unit was in. He stated that in 1985 he was requested by the attorney general to review the

existing facility. They prepared a structural report on the facility. He stated they informed the Attorney General if they have a lab in Missoula that is dealing with gases, chemicals, serology labs, highly volatile type substances and they are housed in the building, the building was unsafe from a building code, and fire and life safety standpoint. The problem with the structure they were in was block building with an addition added on. The addition, because of questionable construction techniques had settled and pulled away from the original building. The floor supports, the pre-cast concrete flooring was no longer resting on the concrete foundation walls. The owner had to go back in and put in steel supports. By do that there is no footings, no way to carry any loads anymore. The wall had broken, the roof structure was in a very dangerous situation. His recommendation was that the building was unsafe and they should consider vacating it. The inspection was made in the summer of 1985. Rep. Rehberg pointed out that the subcommittee asked how long had the building been in that condition, and the architect said it was a long process for this to have deteriorated as far as it had. They moved into that 5 or 6 years ago, so it was already in that state. The subcommittee asked the architect if they inspected it before they originally moved in and the answer was no. The subcommittee asked them if they inspected the new facility prior to them moving into it; the answer was no.

Rep. Nathe asked Rep. Rehberg what was acquired in the lab, a lot of storage space. Rep. Rehberg stated there are very specific requirements for storage facilities and security. That was part of the fear of the older building.

Rep. Donaldson stated there was a question about contacting the finance committee, not that they can give final approval but they could inform the legislature what is happening. Rep. Rehberg stated that they found no evidence that the agency had formally written the finance committee. They did send Rep. Bardanouve a letter to his home in Harlem on August 5 and it said if you have any questions or would like to discuss the decision with me please call by August 12 (Exhibit 2).

(6:B:140)Rep. Thoft asked if they had a temporary morg in the old building and if there is one in the new building. Rep. Rehberg said they do have a temporary morg at the new facility and the city has contributed \$19,000 to cover some costs as they use this facility.

3. Law Enforcement Academy, \$10,500 state special revenue to include an emergency vehicle operations and a first respondent component classes in the basic four curriculums. The funding is special additional tuitions charged the user agencies to offset the expenses. The

subcommittee did approve this supplemental. There were no questions on this supplemental.

Department of Administration.

1. Reappraisal for \$402,541 general fund for the county Tax Appeal Board expenses which are higher because of the reappraisal cycle. During the subcommittee hearing it was reported that their initial estimate was only an estimate. This was approved by the subcommittee.

2. \$22,641 for State Tax Appeal Board to meet unanticipated expenses due to reappraisal and retirement of the board chairman on March 1987. The subcommittee approved this also.

Department of Revenue.

1. \$70,870 for the Department of Revenue to pursue the Burlington Northern Lawsuit. Rep. Rehberg stated the subcommittee did not approve this request as the department had used part of the original appropriation to offset the 2% cut and they had found evidence that there were transfers made in other areas of the department, therefore, the subcommittee felt the department should absorb any expense in their existing budget. They also stated that there had not been a 2 percent cut after the department found out that the lawsuit again existed.

(6:B:23.0)Rep. Spaeth asked Mr. LaFaver if he planned to take out the money necessary anywhere else in the department to take care of the 2% cut and fight the litigation or was he going to forget about this litigation.

Mr. LaFaver stated that at the time they used the funds, understood the lawsuit had been resolved and after that, the lawsuit again came back into the picture. When they were making the 2% roll backs, that was the situation, and they did not realize the lawsuit would come back in. As far as moving the money to keep some income tax assessment and audit staff, it is the audit staff that brings in \$1 million a month. You can always reduce staff in some areas and reduce services which also reduces revenues.

Rep. Peck agreed with the subcommittee decision.

2. \$3,864 was for the Beneficial Use Tax appeal for powerlines used by Coal Strip. The subcommittee recommended approval of the supplemental. There were no questions.

NATURAL RESOURCES SUBCOMMITTEE REPORT:(6:B:25.00)

Rep. Swift, Chairman, Natural Resources and Conservation Subcommittee presented the subcommittee report.

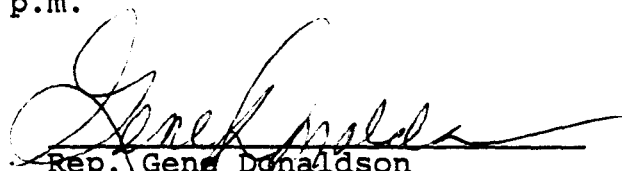
State Lands.

1. \$11,800 general fund for the caretaking of the Twin Bridges Childrens' Center. The prior owners defaulted and the department had to take it over. The subcommittee discuss it in depth and it was decided that the department would try to dispose of the property.

Rep. Bardanouve asked how much we have to pay out for utilities etc, in comparison to what we take in. He was told that there were three years of payments at \$63,000 per year and a \$45,000 down payment. Rep. Swift said there were charges resulting from the foreclosure and the upkeep has not equalled the payment. Rep. Swift also stated that the land was valuable but some of the buildings were in poor condition. The subcommittee approved the supplemental.

2. \$557,462. Rep. Swift stated this is for payment of fire suppression and it was a cost to the general fund, for wildland fires. It was mentioned this was a lot cheaper than prior years. The subcommittee approved the supplemental.

There being no further matters before the committee the committee adjourned at 2:45 p.m.

  
Rep. Gene Donaldson  
Chairman

DAILY ROLL CALL

APPROPRIATIONS COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date Jan 13, 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	✓		



5 August 1985

Representative Francis Bardanouve  
Rural Route 1, Box 24  
Harlem MT 59526

Dear Representative Bardanouve:

I have recently been advised that the rented facility used by the Division of Forensic Science in Missoula is structurally unsound. At my request the Architecture and Engineering Division of the Department of Administration verified that it would be ill-advised, if not dangerous, for the lease to be renewed for the present facility since it appears that the problem is not correctable. Mr. Hester's letter is attached.

The current lease expires in mid-September with a renewal notice required 30 days earlier. It will therefore be necessary to make a decision to relocate the Forensic Science Division operations immediately.

We have completed a search and evaluation of facilities in Missoula with the assistance of the state architects. Fortunately there appear to be two adequate choices to serve our needs, one at Community Hospital and the other at St. Patrick's Hospital.

I am advising the members of the committee in this fashion since I am forced to make an unanticipated commitment of rent and moving expenses which are not currently budgeted, and which must be covered by other funds. A summary of the estimated costs is also attached. This emergency will likely result in a request for a supplemental appropriation at the next session of the Legislature.

We are fortunate that both hospitals are competing for the lease and will probably agree to absorb a portion of the necessary remodeling costs. Those costs are addressed in Mr. Whaley's letter which is also attached.

Representative Francis Bardanouve

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5 August 1985

If you have any questions or would like to discuss the problem with me prior to my decision please call me before Monday, August 12, 1985.

Very truly yours,

MIKE GREELY  
Attorney General

Enclosure

SUPLEM89.Nar

The following narrative explains briefly the supplementals being requested by state agencies for fiscal year 1987. The narrative is presented in the same order as the supplemental bill.

SECRETARY OF STATE

\$108,117 State Special Revenue - This supplemental provides for systems development and conversion costs to meet the requirements of section 1324 of the federal food security act of 1985. Fee revenues from users of the central notice system will pay for this service. The system is used by lending institutions to verify ag lien information. These lenders provide the funding for the system.

STATE AUDITOR

\$20,162 State Special Revenue - This supplemental for the Central Payroll Program provides funds to fill a payroll technician position lost during the budget reductions. This position was previously funded through the general fund. This request asks for funding from the payroll special revenue account. Most of the funds come from federally funded programs.

\$35,000 State Special Revenue - This increase provides central payroll with funds to account for Medicare Tax Report and Comp Time modifications to the payroll system. These two system mods are required by federal regs. A budget amendment was requested by the auditor, but was rejected due to not meeting the emergency provision of the budget amendment law.

\$11,400 General Fund - The communications budget for the Audit Division is augmented to compensate for a 6% increase in the number of warrants being mailed. This increase pays for the cost of postage.

\$6,000 State Special Revenue - This increase provides for expansion in the long distance telephone expenditures for the Insurance Division. This division has experienced increases in the number of questions and complaints being registered due to the current uncertainties in the insurance industry.

DEPARTMENT OF JUSTICE

\$57,200 General Fund - This increase provides funds for the county attorney payroll costs that had to be paid in fiscal year 1986. The anticipated cost was lowered due to the passage of HB11 during the June Special Session. This bill allows a freeze of certain salaries at the county level. Because some salaries were frozen, less is needed in the supplemental request.

\$56,520 State Special Revenue - This request provides funding for the Forensic Science lab's rent payment. Due to ruling is expected at anytime.

#### DEPARTMENT OF STATE LANDS

\$11,800 General Fund - State Lands requests funding to maintain minimal caretaking services at the Childrens' Center at Twin Bridges. The department had to repossess the property in August of 86. Funding is needed for a contract for caretaking and utilities.

\$557,462 General Fund - This request is for fire suppression costs in the Forestry Division. Because of the difficulty in estimating what kind of fire season we will have, the legislature has adopted the policy of paying for past fire costs by supplemental funding. This request covers the 1986 fire season and one carryover bill from the 1985 season.

#### DEPARTMENT OF REVENUE

\$70,870 General Fund - The department requests funding to continue railroad litigation. Railroads have filed both valuation and classification/equalization appeals at the federal district court level. Approximately \$12 million in property tax is at dispute in 1986.

\$3,864 General Fund - These funds will be used to contest an appeal made on the Beneficial Use Tax for powerlines used by the Coal Strip consortium for tax years 1984-85. There is approximately \$3 million in protested taxes.

#### DEPARTMENT OF ADMINISTRATION

\$402,541 General Fund - This supplemental provides funding to replace money transferred to the State Tax Appeals Board to cover the substantial increase in workload stemming from property tax appeals because of the completion of reappraisal. County appeal costs account for \$378,900 of the increased cost.

\$33,750 General Fund - This supplemental is also for the State Tax Appeals Board. After the reappraisal of 1978 an issue known as manual disparity or the "34%" issue arose. Nearly 2,000 appeals to STAB are affected by the potential ruling. The ruling is expected at anytime.

VISITOR'S REGISTER

Appropriations COMMITTEE

BILL(S) Supplementals

DATE 1-13-87

SPONSOR(S) \_\_\_\_\_

NAME	REPRESENTING	BILL NO.	SUP-PORT	OP-POSE
<i>Suzanne Linnhart</i>	<i>4-H</i>			
<i>Mary Heckhardt</i>	<i>4-H</i>			

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR VISITOR'S STATEMENT  
IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY.