

MINUTES OF THE MEETING
NATURAL RESOURCES SUBCOMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

The meeting of the Natural Resources Subcommittee was called to order by Chairman Swift on January 19, 1987 at 8:00 a.m. in Room 317 of the State Capitol.

ROLL CALL: All members were present. Also present were Carl Schweitzer, Senior Fiscal Analyst, from the Office of the Legislative Fiscal Analyst (LFA) and Sib Clack and Carolyn Doering, Budget Analysts, from the Office of Budget & Program Planning (OBPP).

Tape 23A:000

DEPARTMENT OF COMMERCE:

As requested by the subcommittee, the department submitted information titled "Funding Source - By Program" (EXHIBIT 1).

Financial Division:

Carl gave an overview of budgeting differences between the Executive budget and the LFA budget (EXHIBIT 2). (Ref. Pg. C-140, LFA budget book.)

EXECUTIVE ACTION:

Rep. Manuel made a motion to accept the Executive budget for the Financial Division, and disregard vacancy savings.

Discussion:

Rep. Manuel said the reason for his motion is because the department is behind in making bank examinations, so his motion disregards vacancy savings.

In response to a question from Sen. Smith, Mr. Colbo, Director, said banks are billed whether or not they are audited, so fees will not be raised.

Carolyn (303) said there is between \$180,000 and \$200,000 accrued fees in the account; therefore, the department is only asking for spending authority to increase auditing activity.

Carl asked, if the assessment to banks is based on the appropriation and the appropriation increases, wouldn't fee assessments increase also. Mr. Colbo said he assumes they could.

In response to a question from Rep. Devlin, Mr. Chris Olson, Supervisor of Auditors, Financial Division, said the operating fund level of between \$180,000 to \$200,000 seems to be constant over the last two years.

Sen. Smith asked if there is this much surplus in the operating fund, should the department consider lowering fees. Mr. Colbo said he plans to consider this next spring when fees are set. He said the budget reductions which have been brought forward since the last fees were set have contributed to the size of that balance.

Sen. Boylan (440) asked what would happen if the legislature "does away" with state bank examinations. Mr. Olson said all Montana banks are insured by the Federal Deposit Insurance Corporation (FDIC); and FDIC has authority to examine about 73 and examined 30 last year. The Federal Reserve Bank examines the rest of the state-chartered banks; and there are 43 of these; and they examined 25 last year. The department did 65 examinations.

Rep. Manuel said credit unions demand examinations or they won't issue insurance.

Mr. Colbo (530) said FDIC audits as many as they can; and they audit from an insurance standpoint. The state audits from the standpoint of what the deposit is of the state of Montana. So state interests are totally different from FDIC. He said to protect the Montana banking community, state examinations are important.

In response to a question from Rep. Devlin, Mr. Olson said if a bank has problems, the state will try to examine as often as necessary. Mr. Colbo said if the department finds a bank in trouble, the state notifies the federal and visa versa.

Tape 24A:000

In response to a question from Sen. Smith, Mr. Olson said the department never tells a bank to foreclose on any loan; the department never makes specific recommendations on anyone; however, the department may say, in the case of a high volume of bad loans, the bank should consider reviewing its loan policy.

Rep. Manuel withdrew his motion.

Tape 24A:000

EXECUTIVE ACTION:

Rep. Devlin made a motion to accept the Executive budget on Item 1 (Indirect costs). (Ref. Exhibit 2.) A voice vote was taken and the motion PASSED, with Rep. Manuel and Sen. Smith voting no.

Sib said Rep. Devlin's successful motion makes Item 2 (Miscellaneous) a "wash". (Ref. Exhibit 2.)

Aeronautics Division: (130)

Carl gave the overview of budgeting differences between the Executive budget and the LFA budget. (Ref. Exhibit 2; and Pg. C-147, LFA budget.)

Discussion:

Sen. Boylan (180) asked how many aircraft the Aeronautics Commission owns. The department answer was two single-engine airplanes, one of which was surplus property through Civil Defense.

There was a brief committee discussion of a general nature on airplanes, airports, maintenance, etc.

Sib distributed a "List of Modification Recommendations, Executive Budget - 1989 Biennium" (EXHIBIT 3).

(State Air Plan): In response to a committee question, Mr. Michael Ferguson, Administrator, said the state share for the State Air Plan is \$8,500. (Ref. Exhibit 2, Pg. 3; and Exhibit 3.)

Rep. Spaeth (221) asked why teacher award grants are increased. Mr. Ferguson said this is not for teachers, but for airport preliminary engineering grants. A \$1,000 engineering grant is for providing to local communities "kick-off" monies for a federally funded project; so, it might be considered as seed money to begin a program for their airports which will be 90 percent federally funded. Chairman Swift said there will have to be match-funding.

Sen. Smith asked if the state will be beginning a program which will later have to be funded by the state. Mr. Ferguson said no, he doesn't see this happening. He said there is over 8 billion dollars surplus in the Federal Trust Fund; however, there is a move in Congress to reduce user

fees until the balance is used up.

Carl (296) asked, of the \$21,000 for grants, how much is for the teacher workshop and how much for other uses. Mr. Ferguson said \$10,000 is for preliminary engineering grants for airports; \$11,000 for teacher workshops, and \$2,000 for scholarships. There are no private airports participating in this program eventhough the public might use the private airports; so, only municipally-owned airports participate in the program.

EXECUTIVE ACTION:

Rep. Spaeth made a motion to accept the Executive budget on Items 1 through 8. (Ref. Exhibit 2.) A voice vote was taken and the motion PASSED, with Sen. Story voting no.

Transportation Division: (365)

Carl gave the overview of budgeting differences between the Executive budget and the LFA budget. (Ref. Exhibit 2, Pg. 3; and Pg. C-149, LFA budget.)

Sib (537) said in FY86 this Division lost some general fund. The Executive decided they could not recommend that general fund pick up the \$100,000 in anticipated lost revenue, so 3FTE current-level positions were removed from the base. After this decision was made, Mr. William Fogarty, Administrator, asked if there was any way to keep the aggregate 3FTE. After the Executive decision, the department was told it would not lose \$100,000, but would receive \$50,000 in FY88. The department does not know what will happen in FY89. Mr. Fogarty asked if as many positions as could be funded with federal funds could be added back in the budget by the budget amendment process. The Executive said yes.

EXECUTIVE ACTION:

Sen. Smith made a motion to accept the Executive budget on Items 1 through 5. (Ref. Exhibit 2, Pg. 4; and Pg. C-149, LFA budget.)

Sen. Story made a substitute motion that all funding for urban transportation be removed from the Executive budget.

Tape 25A:000

Discussion:

In response to a question from Rep. Spaeth, Mr. Fogarty said if Sen. Story's motion is successful, it would remove \$20,000 general fund for the biennium; and the loss of federal funds would be \$855,000. There must be some type of match to federal funds.

Tape 26A:000

Sen. Story said these programs provide services to about 1 percent of the population in Montana - an extremely expensive way to move a very small percentage of people.

Sen. Smith said busses in McCone County are saving money; and he wants to keep them as long as federal funds are available. He said when federal funds are no longer available, he will be the first to vote to eliminate state participation.

Mr. Fogarty (057) said in 1986 federal revenue provided \$426,000 to assist local communities purchase transportation - either public transportation or transportation for the elderly and handicapped. The local match was \$106,000. Also, in 1986, \$576,651 in federal funds was made available in Montana for administration, and operation and maintenance of these local transit systems. The communities came up with a like amount to match federal monies. For transportation planning, federal funds of \$116,241 was made available; and the local match was a little over \$29,000. The number of applications received by the department for this kind of assistance far exceeds available money, he said.

A roll call vote was taken and the motion FAILED, with Reps. Manuel and Spaeth; and Sens. Smith and Boylan voting no.

(Legal Costs): Sen. Smith (099) asked if there is any way to share legal costs with any other state agency. Mr. Fogarty said the request is for 860 hours in 1988, and he thinks a little over 900 hours in 1989 - approximately 1/2 of the year. In the past, there was a full-time attorney and they were not using his services, so 1/2 year is a conservative estimate of need.

Sen. Smith asked what was the cost for attorneys in each of the two preceding years. Mr. Fogarty said the Grade 17

attorney was around \$35,000 or \$36,000, not including benefits. Including benefits, say around \$40,000.

EXECUTIVE ACTION:

Rep. Spaeth (124) made a motion to accept the Executive budget, but make an additional 5 percent per year cut in general fund in the Division of Transportation.

Discussion:

Sen. Smith said he would like to hear from the department what the effect of Rep. Spaeth's motion would be on the department and asked if they could report back to the committee.

Sib said she would like to clarify the dollar effect of Rep. Spaeth's motion. It would reduce general fund by \$29,107 in FY88 and \$28,942 in FY89.

A voice vote was taken and the motion PASSED, with Sen. Smith and Rep. Manuel voting no.

(3FTE): Chairman Swift said the committee must decide the issue of an additional 3FTE, should the department receive \$50,000 federal funding. Carolyn said the 3FTE are on the staff now, on a temporary basis.

EXECUTIVE ACTION:

Rep. Manuel made a motion the subcommittee recommend to the Appropriations Committee that language be inserted in the General Appropriations Act allowing the addition of up to 3FTE, providing federal funds become available. A voice vote was taken and the motion PASSED unanimously.

Montana State Lottery: (281)

Carl gave the overview of the differences between the Executive budget and the LFA budget. (Ref. Exhibit 2, Pg. 5; and C-135, LFA budget book.)

Mr. Colbo said there are no administration levels between lottery, video poker and horse racing - all programs report directly to the Director.

After a brief committee discussion, Mr. Poole said there is pending legislation affecting the lottery budget.

EXECUTIVE ACTION:

Rep. Spaeth made a motion to delay action on the lottery portion of the budget until proposed legislation is acted on. A voice vote was taken and the motion PASSED unanimously.

Video Poker:

Mr. Poole said there is proposed legislation to move the program from the Department of Revenue to the Department of Commerce; and in FY88 and FY89 the administrative expense is scheduled to go from 5 percent of the license fees to 3 percent. The license fee is \$1,500. The department has amended the proposed legislation to keep the administrative expense at 5 percent. The department budget is predicated on passage of the legislation.

EXECUTIVE ACTION:

Rep. Devlin made a motion to defer action on the video poker budget pending the outcome of proposed legislation. A voice vote was taken and the motion PASSED unanimously.

Board of Horse Racing:

Carl (108) said it doesn't appear on the sheet (Ref. Exhibit 2, Pg. 5), but 4.7 FTE have been shifted from the Business Regulation Division to the Lottery Division. The department said a \$12,800 reduction could be made in both fiscal years for administrative costs.

EXECUTIVE ACTION:

Rep. Spaeth made a motion to accept the Executive budget on FTE. A voice vote was taken and the motion PASSED unanimously.

(Harness Racing): (147)

EXECUTIVE ACTION:

Rep. Spaeth made a motion that the subcommittee recommend to the Appropriations Committee that language be inserted in the General Appropriations Act allowing a budget amendment should harness racing begin in Montana. A voice vote was taken and the motion PASSED unanimously.

Business Regulation Division: (167)

(Business License & Support):

Carl gave an overview on the differences between the Executive budget and the LFA budget. (Ref. Exhibit 2, Pg. 6; and C-138, LFA budget book.)

Sib (204) said the modification for Item 4 (Legal Pool), is not general fund and will not increase budget authority. It is a program transfer authority which may be used only if programs have legal costs in excess of what is budgeted; but the revenues are high enough to pay for increased legal costs. The pool is for all business regulation activities. Carolyn said this is not "revenue", it is "authority" only. This is state special revenue only - no general funds are in the pool.

In response to a question from Rep. Spaeth, Mr. Kembel said Item 2 (Tramway Safety Consultant) is for investigating accidents. If there are no accidents, the money will not be spent.

In response to a question from Rep. Spaeth, Mr. Kembel said Item 1 (Administrator's Travel) is to travel to various bureaus around the state when there is a problem. The costs are projected costs.

In response to a question from Rep. Spaeth, Mr. Kembel said Item 3 (Registration for Conference) is for sending a representative to the annual Tramway Conference.

EXECUTIVE ACTION:

Rep. Spaeth made a motion to accept the Executive budget, except on:

Item 1 (Administrative Travel)... Reduce by \$594 each FY
Item 2 (Tramway Safety Consult.). Accept \$3,060 each FY
Item 3 (Registration for Conf.).. Reduce by \$246 each FY
Item 4 (MOD - Legal Pool)..... Accept \$75,000 each FY

A voice vote was taken and the motion PASSED unanimously.

Weights & Measures Bureau: (365)

Carl explained the differences between the Executive budget and the LFA budget. He said the program is financed entirely with general fund; however, the bureau generates approximately 50 to 60 percent by fee charges. (Ref. Exhibit 2, Pg. 7; and Pg. C-140, LFA budget book.)

Discussion:

In response to a question from Sen. Smith, Mr. Kembel said because of budget cuts experienced in FY86 and FY87, the program is currently down 2 FTE for field investigators to inspect gas pumps, scales, packaging, etc. He said their first priority is to inspect scales and gas pumps, so packaging and quality control of ranch fuel pumps will not get much inspection.

EXECUTIVE ACTION:

Rep. Spaeth made a motion to accept the Executive budget on Item 1 (2 FTE); and Item 2 (Executive cuts to continue, fiscal 1987 5 percent reduction). A voice vote was taken and the motion PASSED unanimously.

Milk Control Bureau: (570)

Carl gave an overview of differences between the Executive budget and the LFA budget. (Ref. Exhibit 2, Pg. 8; and Pg. C-143, LFA budget book.)

For Item 1 (Per Diem for Milk Board), Carl said the LFA and the Executive figures were both wrong. Expenditures for FY86 should be \$3,550, so perhaps the \$3,550 should be used for FY88 and FY89 - a little more than the LFA and a little less than the Executive.

For Item 4 (MOD - Milk Pooling), Mr. Kembel said the law provides for milk pooling, providing a petition is received from those affected. The department is asking for spending authority, should a request be made by petition for pooling. This is not general fund, but state special revenue.

In response to a question from Rep. Devlin, Mr. Kembel said there is a projected reserve in the state special revenue account, at the end of FY89, of \$150,000. At the end of FY86, there was \$116,000.

Tape 27A:000

There was a brief committee discussion on milk pooling petitions. Committee action was delayed to allow Carl and Sib to determine whether or not there has been a petition for milk pooling.

For Item 2 (Reserve for Economic Consultant), Carolyn said, in response to a question from Rep. Spaeth, the balance in

the account is being carried forward. She gave the following information:

Current level projected revenue, FY88.....	\$289,000
Current level projected expenditures, FY88....	283,000
Current level projected revenue, FY89.....	\$296,000
Current level projected expenditures, FY89....	281,000

EXECUTIVE ACTION:

Rep. Spaeth made a motion to accept the Executive budget for Items 1, 2 and 3; and delay action on Item 4; and use \$3,550 each fiscal year for Item 1. A voice vote was taken and the motion PASSED unanimously.

Professional & Occupational Licensing (POL): (060)
(Ref. Exhibit 2, Pg. 9; and Pg. C-145, LFA budget book.)

In response to a question from Rep. Spaeth on Item 1 (Realty Transfer), Mr. Kembel said the Real Estate Recovery Account is addressed in Section 3751(501) through 3751(512), RCM. It is a state special revenue fund designed for payment of claims based on unsatisfied judgments against the realty licensee. It replaces a bond requirement. The Board is required to maintain a \$100,000 balance. Persons licensed in or after 1986 are assessed a \$35 one-time fee. Should the balance drop below \$100,000, every licensee can be assessed to raise the balance back to \$100,000. A maximum settlement that can be paid from this fund is \$25,000 per licensee. So, this is basically a "bonding thing", he said.

Carl said Item 3 (Board Per Diem) did not increase. It, somehow, got left out of the LFA budget; but should be put back in.

In response to a question from Rep. Spaeth about Item 7 (MOD - Accountants), Mr. Kembel said there is on-going monitoring of work performed by licensees; and much of the monitoring will be done through contracted services.

In response to a question from Rep. Spaeth on administrative costs, Sib said the increase in the budget over the base year is because of a change in the way POL administration is charging the Boards for support services. In the past, there were complaints from the Boards because the cost of support services was just taken out of the funds. Now, at the request of the department, their budget has a specific charge to cover indirect cost.

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Mr. Colbo said he is comfortable with the budget of each Board because the Boards have a better knowledge of what their budgets are; and the Boards have signed-off on their budgets showing they know what they are.

EXECUTIVE ACTION:

Rep. Spaeth made a motion to accept the Executive budget on Items 1 through 7. A voice vote was taken and the motion PASSED unanimously.

Business Regulation: (185)

Carl gave an overview of differences between the Executive budget and the LFA budget. (Ref. Exhibit 2, Pg. 10; and Pg. C-138, LFA budget book.)

Item 2 (MOD - Direct Billing) is a pass-through. Persons taking electrical tests have, in the past, paid directly to the national, but it was difficult to determine who had paid and who had not. Now, fees will be collected from individuals so there will be a better control in identifying those who have paid to take license tests.

Discussion:

Sen. Smith said there are problems in his district regarding the lack of common sense on the part of some inspectors. Mr. Colbo said he knows there have been problems in this area, but progress is being made. He said if this program continues the next two years, the department can only respond to those problems of which they are aware. When they have been made aware, he thinks the department has responded without fail in each instance. He hopes the problems become less.

EXECUTIVE ACTION:

Sen. Story made a motion to accept the Executive budget for Items 1, 2 and 3. A voice vote was taken and the motion PASSED, with Sen. Boylan absent.

ADJOURNMENT: There being no further business, the meeting adjourned at 12:00 noon.


BERNIE SWIFT, Chairman

DEPARTMENT OF COMMERCE

FUNDING SOURCE - BY PROGRAM

FINANCIAL DIVISION

State Special Revenue - 100% funded by the financial industry through various fees and assessments.

AERONAUTICS DIVISION

State Special Revenue - *1 cent per gallon of aviation fuel tax.
*1/25 of 1% gas tax
*licenses, permits, hangar rental, loan interest, misc. fees
Proprietary Fund - Funds West Yellowstone Airport. 100% self-supporting. Revenues generated from landing fees, car rental, tax income, misc. fees.

TRANSPORTATION DIVISION

General Fund - Program support, matching funds
State Special Revenue - gas tax - funds pass-thru grants to counties for transit assistance.
Federal Funds - *Federal Railroad Administration
*Urban Mass Transit Administration

BUSINESS REGULATION SUPPORT

Proprietary Fund - Internal Service - charges to the programs within the division for administration.

WEIGHTS AND MEASURES BUREAU

General Fund - Program support (fees go to the general fund) (1/2 supported by fees)

MILK CONTROL BUREAU

State Special Revenue - Assessment of 9 cents per hundredweight on milk.

BUILDING CODES BUREAU

State Special Revenue - Licensing and inspection fees paid by the construction industry.

PROFESSIONAL & OCCUPATIONAL LICENSING BUREAU

State Special Revenue - Fees paid by 29 individual licensing boards. Revenues remain segregated by board.

Proprietary Fund - Charges to each licensing board for services provided by a pool of personnel and other overhead such as computer services, legal, etc.

BUSINESS ASSISTANCE DIVISION

General Fund - Program support

Private Funds - Cooperative efforts accomplished with funding from the private sector.

MONTANA PROMOTION DIVISION

State Special Revenue - 4% accommodations tax on hotels, motels, and campgrounds.

Private Revenue - Cooperative efforts accomplished with funding from the private sector.

HOUSING BUREAU (SECTION 8 HOUSING)

Federal Funds - 100% Federal Housing and Urban
Development funding.

COMMUNITY DEVELOPMENT BUREAU

General Fund - Program support, matching funds

State Special Revenue - Coal Board (coal tax)
Hard Rock Mining Board (metal mines tax)

Federal Funds - Federal Housing and Urban Development
Funds for the Community Development
Block Grant Program.

OFFICE OF ECONOMIC ANALYSIS

General Fund - Program support

Federal Funds - Federal Economic Development
Administration Grant.

LOCAL GOVERNMENT AUDIT BUREAU

General Fund - Program support (unbillable hours)

Proprietary Fund - Charges to local entities for services
performed - auditing of local govt.

LOCAL GOVERNMENT SYSTEMS BUREAU

General Fund - Program support (unbillable hours)
District Court Reimbursement Program
(Motor Vehicle Fees deposited to the
general fund)

State Special Revenue - *Local Government Block Grant
(Motor Vehicle fees)
(1/3 oil severance tax)
*County Land Planning Grants
(1% of 50% remaining - coal tax)

Proprietary Fund - Charges to local entities for services performed - maintenance of local govt. accounting systems.

LOCAL GOVERNMENT ADMINISTRATOR

Proprietary Fund - Internal Service - charges to programs within the division for administration and legal service.

INDIAN AFFAIRS COORDINATOR

General Fund - Program support

HEALTH FACILITY AUTHORITY

Proprietary Fund - Revenues generated from bond and loan program. (Self-supporting)

MONTANA ECONOMIC DEVELOPMENT BOARD

General Fund - Coal Tax Loan Program, Montana Capital Companies Program. (proceeds go to the general fund)

Proprietary Fund - Revenues from the Industrial Revenue Bond and Municipal Bond Programs. (Self-supporting)

SCIENCE AND TECHNOLOGY ALLIANCE

State Special Revenue - Coal Tax, Alternative Energy Account

BOARD OF HOUSING

Proprietary Fund - Revenues from bonding program. (Self-Supporting)

DIRECTOR/MANAGEMENT SERVICES DIVISION

General Fund

- *Consumer Protection
- *Public Contractor Licensing (fees go to the general fund)
- *County Printing Board

Proprietary Fund

- Indirect rate charged to all programs within the Department of Commerce for the services provided by the Director and the Management Services Division.

Subcommittee Action

Agency: Commerce

Program: Financial Division

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	21.00	21.00	0.00	21.00	21.00	0.00
Personal Serv.	\$577,839	\$577,232	\$ 607	\$577,829	\$577,247	\$ 582
Operating Exp.	221,606	216,695	4,911	216,247	211,319	4,928
Equipment	-0-	900	(900)	-0-	1,647	(1,647)
Total Exp.	\$799,445 =====	\$794,827 =====	\$4,618 =====	\$794,076 =====	\$790,213 =====	\$ 3,863 =====

Funding

State Spec. Rev.	\$799,445 =====	\$794,827 =====	\$4,618 =====	\$794,076 =====	\$790,213 =====	\$ 3,863 =====
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<u>Differences</u>	Add to (Subtract From) LFA Current Level		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Indirect Charges	\$4,290	\$4,205	_____	_____
2. Miscellaneous	328	(342)	_____	_____

Subcommittee Action

Agency: Commerce

Program: Aeronautics

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	11.99	12.84	(0.85)	11.99	12.84	(0.85)
Personal Serv.	\$342,868	\$358,684	\$(15,816)	\$344,136	\$360,116	\$(15,980)
Operating Exp.	353,394	247,442	105,952	277,715	247,594	30,121
Equipment	22,857	23,857	(1,000)	22,892	22,892	-0-
Non-Operating	<u>33,000</u>	<u>20,745</u>	<u>12,255</u>	<u>33,000</u>	<u>20,745</u>	<u>12,255</u>
Total Exp.	\$752,119 =====	\$650,728 =====	\$101,391 =====	\$677,743 =====	\$651,347 =====	\$ 26,396 =====
Funding						
State Spec. Rev.	\$615,036	\$559,238	\$ 55,798	\$615,660	\$559,068	\$ 56,592
Federal	75,000	-0-	75,000	-0-	-0-	-0-
Proprietary	<u>62,083</u>	<u>91,490</u>	<u>(29,407)</u>	<u>62,083</u>	<u>92,279</u>	<u>(30,196)</u>
Total Funding	\$752,119 =====	\$650,728 =====	\$101,391 =====	\$677,743 =====	\$651,347 =====	\$ 26,396 =====

<u>Differences</u>	Add to (Subtract From)		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. The Executive budget has eliminated 0.95 FTE which continues the fiscal 1987, 5 percent reduction, and has also created 0.1 FTE for a janitorial position.				
	\$ (15,816)	\$ (15,980)	_____	_____
2. Aircraft Insurance	14,695	14,695	_____	_____
3. Increases in Aircraft Fuel	6,004	6,004	_____	_____
4. Payroll Costs	1,415	1,380	_____	_____
5. Mod - State Air Plan	83,500	-0-	_____	_____
6. Aircraft Engine Replacement	-0-	10,000	_____	_____
7. Additional Teacher award grants to attend the Aerospace Teacher workshop (\$9,365 to \$21,000)	11,635	11,635	_____	_____
8. Scholarships for flight training and aircraft mechanics (\$1,300 to \$2,000)	620	620	_____	_____

\$8,500 is state share

Subcommittee Action

Agency: Commerce

Program: Transportation

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	12.00	12.00	0.00	12.00	12.00	0.00
Personal Serv.	\$ 386,748	\$ 386,858	\$ (110)	\$ 387,274	\$ 387,381	\$ (107)
Operating Exp.	310,136	271,424	38,712	307,565	267,903	39,662
Equipment	1,250	1,000	250	-0-	-0-	-0-
Non-Operating	<u>3,211,085</u>	<u>2,709,180</u>	<u>501,905</u>	<u>1,771,250</u>	<u>1,771,250</u>	<u>-0-</u>
Total Exp.	<u>\$3,909,219</u>	<u>\$3,368,462</u>	<u>\$540,757</u>	<u>\$2,466,089</u>	<u>\$2,426,534</u>	<u>\$39,555</u>
Funding						
General Fund	\$ 582,134	\$ 543,282	\$ 38,852	\$ 578,839	\$ 539,284	\$39,555
State Spec. Rev.	71,250	71,250	-0-	71,250	71,250	-0-
Federal	<u>3,255,835</u>	<u>2,753,930</u>	<u>501,905</u>	<u>1,816,000</u>	<u>1,816,000</u>	<u>-0-</u>
Total Funding	<u>\$3,909,219</u>	<u>\$3,368,462</u>	<u>\$540,757</u>	<u>\$2,466,089</u>	<u>\$2,426,534</u>	<u>\$39,555</u>

<u>Differences</u>	Add to (Subtract From) LFA Current Level		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Legal Cost	\$31,406	\$33,727	_____	_____
2. Out-of-State Travel	1,209	1,446	_____	_____
3. Indirect	3,628	3,579	-----	_____
4. MOD - Federal Local Rail Assistance Funds	501,905		_____	_____
5. Rail Plan Printing	1,919		_____	_____

Agency: Commerce

Subcommittee Action

Program: Lottery

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	43.78	4.00	39.78	43.78	4.00	39.78
Personal Serv.	\$1,075,327	\$103,144	\$ 972,183	\$1,081,419	\$103,257	\$ 978,162
Operating Exp.	4,054,695	24,340	4,030,355	4,023,124	24,369	3,998,755
Equipment	57,264	-0-	57,264	42,781	-0-	42,781
Non-Operating	<u>22,986,896</u>	<u>-0-</u>	<u>22,986,896</u>	<u>23,139,542</u>	<u>-0-</u>	<u>23,139,542</u>
Total Exp.	<u>\$28,174,182</u>	<u>\$127,484</u>	<u>\$28,046,698</u>	<u>\$28,286,866</u>	<u>\$127,626</u>	<u>\$28,159,240</u>
Funding						
State Spec. Rev.	\$ 3,164,182	\$127,484	\$ 3,036,698	\$ 3,186,866	\$127,626	\$ 3,059,240
Federal	<u>20,010,000</u>	<u>-0-</u>	<u>25,010,000</u>	<u>25,100,000</u>	<u>-0-</u>	<u>25,100,000</u>
Total Funding	<u>\$28,174,182</u>	<u>\$127,484</u>	<u>\$28,046,698</u>	<u>\$28,286,866</u>	<u>\$127,626</u>	<u>\$28,159,240</u>

<u>Differences</u>	Add to (Subtract From)			
	LFA Current Level		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Lottery Bureau	\$25,010,000	\$25,100,000	_____	_____
2. Video Poker				
a. Indirect & Recharge	10,175	10,184	_____	_____
b. Local Assistance	2,696,605	2,724,042	_____	_____

Subcommittee Action

Agency: Commerce

Program: Bus. License & Support

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	1.00	1.00	0.00	1.00	1.00	0.00
Personal Serv.	\$ 51,187	\$51,219	\$ (32)	\$ 51,522	\$51,569	\$ (47)
Operating Exp.	<u>103,157</u>	<u>21,982</u>	<u>81,175</u>	<u>102,994</u>	<u>21,792</u>	<u>81,202</u>
Total Exp.	<u>\$154,344</u> *****	<u>\$73,201</u> *****	<u>\$81,143</u> *****	<u>\$154,516</u> *****	<u>\$73,361</u> *****	<u>\$81,155</u> *****
Funding						
State Spec. Rev.	<u>\$154,344</u> *****	<u>\$73,201</u> *****	<u>\$81,143</u> *****	<u>\$154,516</u> *****	<u>\$73,361</u> *****	<u>\$81,155</u> *****

<u>Differences</u>	Add to (Subtract From)		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Administrator's Travel	\$2,094	\$2,094	_____	_____
2. Tramway Safety Consultant	3,060	3,060	_____	_____
3. Registration for Conference	492	492	_____	_____
4. MOD - Legal Pool	75,000	75,000	_____	_____

Subcommittee Action

Agency: Commerce

Program: Weights & Measures

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	12.00	11.00	1.00	12.00	11.00	1.00
Personal Serv.	\$302,061	\$281,690	\$ 20,371	\$302,951	\$282,563	\$ 20,388
Operating Exp.	127,577	121,959	5,618	125,131	119,792	5,339
Equipment	<u>12,700</u>	<u>17,240</u>	<u>(4,540)</u>	<u>12,700</u>	<u>26,000</u>	<u>(13,300)</u>
Total Exp.	<u>\$442,338</u>	<u>\$420,889</u>	<u>\$ 21,449</u>	<u>\$440,782</u>	<u>\$428,355</u>	<u>\$ 12,427</u>

Funding

General Fund	<u>\$442,338</u>	<u>\$420,889</u>	<u>\$ 21,449</u>	<u>\$440,782</u>	<u>\$428,355</u>	<u>\$ 12,427</u>
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Add to (Subtract From)

LFA Current Level

Subcommittee Action

<u>Differences</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Vacant Equipment Maintenance Position 6 (2 FTE)	\$20,731	\$20,388	_____	_____
a. Personal Service				
b. Travel	3,186	3,186	_____	_____
2. Executive cuts to continue, fiscal 1987 5 percent reduction				
a. Contracted Service	(2,124)	(2,124)	_____	_____
b. Equipment	(4,540)	(13,300)	_____	_____

Subcommittee Action

Agency: Commerce

Program: Milk Control

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	9.00	8.00	1.00	9.00	8.00	1.00
Personal Serv.	\$201,553	\$195,212	\$ 6,341	\$201,356	\$195,036	\$ 6,320
Operating Exp.	<u>98,174</u>	<u>88,243</u>	<u>9,931</u>	<u>96,288</u>	<u>86,381</u>	<u>9,907</u>
Total Exp.	<u>\$299,727</u>	<u>\$283,455</u>	<u>\$16,272</u>	<u>\$297,644</u>	<u>\$281,417</u>	<u>\$16,227</u>

Funding

State Spec. Rev.	<u>\$299,727</u>	<u>\$283,455</u>	<u>\$16,272</u>	<u>\$297,644</u>	<u>\$281,417</u>	<u>\$16,227</u>
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Add to (Subtract From)

LFA Current Level

Subcommittee Action

<u>Differences</u>	LFA Current Level		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Milk Board (Per Diem)	\$(3,550)	\$(3,550)	_____	_____
2. Reserve for economic consultant	5,998	5,998	_____	_____
3. Executive Reductions	(4,401)	(4,571)	_____	_____
4. MOD - Milk Pooling	15,949	15,929	_____	_____

Subcommittee Action

Agency: Commerce

Program: POL Bureau

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	30.43	35.21	(4.78)	30.43	35.21	(4.78)
Personal Serv.	\$ 832,290	\$ 858,486	\$(26,196)	\$ 833,978	\$ 857,949	\$(23,971)
Operating Exp.	1,504,293	1,442,676	61,617	1,497,582	1,443,902	53,680
Equipment	802	4,906	(4,104)	-0-	3,630	(3,630)
Non-Operating	<u>100,000</u>	<u>-0-</u>	<u>100,000</u>	<u>100,000</u>	<u>-0-</u>	<u>100,000</u>
Total Exp.	<u>\$2,437,385</u> =====	<u>\$2,306,068</u> =====	<u>\$131,317</u> =====	<u>\$2,431,560</u> =====	<u>\$2,305,481</u> =====	<u>\$126,079</u> =====
Funding						
State Spec. Rev.	\$1,722,907	\$1,631,068	\$ 91,839	\$1,725,406	\$1,630,481	\$ 94,925
Federal	<u>714,478</u>	<u>675,000</u>	<u>39,478</u>	<u>706,154</u>	<u>675,000</u>	<u>31,154</u>
Total Funding	<u>\$2,437,385</u> =====	<u>\$2,506,068</u> =====	<u>\$131,317</u> =====	<u>\$2,431,560</u> =====	<u>\$2,305,481</u> =====	<u>\$126,079</u> =====

<u>Differences</u>	Add to (Subtract From)		Subcommittee Action	
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
1. Reality Transfer	\$100,000	\$100,000	_____	_____
2. Transfer of 4.78 FTE to Lottery for Horse Racing	(113,987)	(113,782)	_____	_____
3. Board Per Diem	72,250	74,250	_____	_____
4. MOD - Chiropractors	2,000	2,000	_____	_____
5. MOD - Mortician	5,071	5,170	_____	_____
6. MOD - Corp/Partnership Survey	2,000	2,000	_____	_____
7. MOD - Accountants	26,000	26,000	_____	_____

Agency: Commerce

Subcommittee Action

Program: Building Codes

	----- Fiscal 1988 -----			----- Fiscal 1989 -----		
	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>	<u>Executive</u>	<u>Current Level</u>	<u>Difference</u>
FTE	29.00	29.00	0.00	29.00	29.00	0.00
Personal Serv.	\$ 807,349	\$ 807,635	\$ (286)	\$ 809,473	\$ 809,817	\$ (344)
Operating Exp.	372,732	350,264	22,468	367,178	345,983	21,195
Equipment	<u>1,400</u>	<u>1,400</u>	<u>-0-</u>	<u>147,580</u>	<u>147,580</u>	<u>-0-</u>
Total Exp.	<u>\$1,181,481</u>	<u>\$1,159,299</u>	<u>\$22,182</u>	<u>\$1,324,231</u>	<u>\$1,303,380</u>	<u>\$20,851</u>
Funding						
State Spec. Rev.	<u>\$1,181,481</u>	<u>\$1,159,299</u>	<u>\$22,182</u>	<u>\$1,324,231</u>	<u>\$1,303,380</u>	<u>\$20,851</u>
Total Funding						

<u>Differences</u>	Add to (Subtract From)		Subcommittee Action	
	LFA Current Level		<u>Fiscal 1988</u>	<u>Fiscal 1989</u>
	<u>Fiscal 1988</u>	<u>Fiscal 1989</u>		
1. Indirect & Recharge	\$13,028	\$12,991	_____	_____
2. MOD - Direct Billing	7,350	9,450	_____	_____
3. Miscellaneous	1,804	(1,590)	_____	_____

EXHIBIT 3
 DATE 1/19/86
 RE Commerce
Dept.

• DEPARTMENT OF COMMERCE •

LIST OF MODIFICATION RECOMMENDATIONS
 EXECUTIVE BUDGET - 1989 BIENNIUM

<u>Program No./Name</u>	<u>Modification</u>	<u>FY88</u>	<u>FY89</u>	<u>Fund</u>
01 - Bus Lic & Reg	Legal Costs Pool	\$ 75,000	\$ 75,000	SSR
37 - Milk Control	State Pool	15,949	15,929	SSR
39 - P.O.L.	Chiro. Workload	2,000	2,000	SSR
	Morticians Bd	5,071	5,870	SSR
	Engrg Corp Survey	2,000	0	SSR
	Acctant Bd	26,000	26,000	SSR
40 - Aeronautics	State Air Plan	8,500	0	SSR
		<u>75,000</u>	0	FPR
		83,500		
50 - Transportation	L.R.S.A. Interest	501,905	biennial	FPR
51 - Bus. Assist.	Pacific Rim Trade Office	30,114	59,257	SSR
		<u>60,226</u>	<u>118,513</u>	FPR
		90,340	177,770	
	Small Business Developmt Ctrs	221,000	221,000	FPR
65 - Bldg Codes	Direct Billing - Nat'l Elect. Exam	7,350	9,450	SSR
73 - Sci. & Tech	Workload FTE (1)	17,421	17,388	SSR
	Seed Capital FTE (2) (Contingent on bill)	72,549	105,060	Prop.
81 - Director/Mngmt Serv.	Lemon Law	15,483	10,483	GF
	Workload FTE (1)	20,151	18,618	Prop.

		<u>FY88</u>	<u>FY89</u>	<u>Biennium</u>
Totals by Fund Type:	GF	\$ 15,483	\$ 10,483	\$ 25,966
	SSR	189,405	210,894	400,299
	FPR	858,131	339,513	1,197,644
	Prop.	<u>92,700</u>	<u>123,678</u>	<u>216,378</u>
	TOTAL	\$1,155,719	\$ 684,568	\$1,840,287

