

MINUTES OF THE MEETING
GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

The meeting of the General Government and Highways Subcommittee was called to order by Chairman Rehberg on February 19, 1987 at 9:00 a.m. in Room 132 of the State Capitol.

ROLL CALL: All committee members were present except Sen. Gage who was attending another committee meeting. Also present were Flo Smith, Budget Analyst from the Office of Budget & Program Planning (OBPP) and Clayton Schenck, Senior Fiscal Analyst from the Office of the Legislative Fiscal Analyst. (LFA)

94A:1.00

DEPARTMENT OF JUSTICE

Attorney General Mike Greely reviewed the proposal for the ten percent cuts as requested by the committee. (Exhibit No. 1) He said to be asked to come back in to make additional ten percent cuts is difficult, but they are willing to cooperate with the committee in any way they can. He stated everything done in the Department of Justice affects local governments. Anything eliminated from the budget goes back to local governments to pick up the tab. He has always felt the state had responsibility, especially in the criminal justice area, to provide certain services at the state level free of charge to local governments to allow them to use their money in law enforcement for equipment purchases, etc. He also said everything the department does affects the general public directly. The department is also very involved with certain businesses in the state, primarily the car dealers, truckers, Montana Power and Mountain Bell, in providing background checks and criminal history information on their employees. When these services are eliminated, there will be a direct impact on these businesses.

Attorney General Greely said the department had made an effort to comply with the committee's request for additional cuts in the general fund budget. There are alternatives presented in the department's proposal. The department does not mind the ten percent cuts as long as they are equally applied. He felt across-the-board cuts would be inefficient and, at this time, could not be done. The only way to make significant cuts would be to eliminate programs. He suggested the possibility of raising motor vehicle fees and this would

be justified. Attorney General Greely is confident the general public, even though the fee raises could amount from 100 percent to 200 percent, would be happier paying an extra \$1.00 or \$2.00 on top of the \$2.00 already charged, versus paying an extra 100 percent to 200 percent on a sales tax or income tax.

The Motor Vehicle Account supports the law enforcement programs and are all related, in one way or another, to the highway use of motor vehicles. He expressed his disappointment that the bill allowing \$.50 fee for noxious weeds is going through the legislative process. He hoped the bill would be killed because he does not feel \$.50 in the Motor Vehicle Account for the Noxious Weed Program is an appropriate use of this account and there must be another way to pay for that program. He does, however, believe it is appropriate to fund the Driver's Services Program, the Crime Lab and the law enforcement training from the Motor Vehicle Account.

(7.50)

Chairman Rehberg thanked the Attorney General for the proposal and assured him the Department of Justice was not singled out to make these additional cuts. The committee will be looking at every agency as fairly as possible and there were significant cuts made in the budgets for the legislative agencies. He pointed out some essential services, such as welfare, are siphoning money away from the funding of law enforcement and other essential areas. Until the Legislature can get a grip on some of the things going on in general assistance and other areas that are constitutionally mandated, they will continue to siphon every extra dime away from the programs in the Department of Justice and education and, until the public realizes this, the votes are not there to make the necessary changes. He said everyone feels law enforcement is one of the basic essential government services and people are willing to pay extra for these services. But, when the money is not there, it is hard to support fee increases to pay more until there is no excess in the budgets. He said perhaps the Forensic Lab is one area in which the services can be paid for by the users and this will free up some money for use in other areas. He told Attorney General Greely the proposal seemed to have a lot of transfers, but the committee will see if there could be a savings realized somewhere.

Clayton Schenck, LFA, gave the committee a summary of the cash flow for the Motor Vehicle Account. (Exhibit No. 2) He explained this and briefly summarized the proposal of the Attorney General in terms of reductions and funds transfers. The total reduction the agency was requested to achieve was \$1,200,000. The figures proposed add up to approximately \$2,300,000 in reductions. Actual reductions in expenditures are Proposals No. 1, No. 3 and No. 4, totaling \$415,321 in

FY 88 and \$417,321 in FY 89. Clayton considered the remaining proposals as funding shifts or transfers. Exhibit No. 3, Subcommittee Recommendation, lists the funding in priority order as established by the committee. The ending balance in FY 89 reveals the Motor Vehicle Account would be insufficient to fund all of the accounts funded in the 87 biennium and the shortfall would be in the Forensic Science Division. The amount of \$1,147,897 for the 89 biennium would have to be replaced by general fund. Clayton pointed out the Driver's Services Bureau, \$300,000 per year, has a large amount of general fund in the total. The reason is the \$1,800,000 per year general fund is the approximate amount the Driver's Services Bureau generates in general fund revenues each year. That was, therefore, considered to be somewhat of an offset of the general fund and the Motor Vehicle Account balance amount was simply to make up the difference. The first exhibit takes the proposed adjustments of the Attorney General and shows the impact on the Motor Vehicle Account and what types of increases would be required to implement the plan. The shifts to Motor Vehicle Account would bring a negative balance with the current revenue estimates of \$1,063,167. To get back to the approved \$125,000 balance, it would take \$1,188,167 to make up this shortfall right now and it would take new legislation to accomplish this.

Sen. Keating said the cost of state government must be reduced as expressed by the voters in the last election. This committee tried to express it was necessary to cut budgets and hoped the officials and administrators of the various departments would help the committee in actually reducing government expenditures. People cannot afford the taxes and government must be reduced. He stated the proposal set forth represented shifts in spending. (i.e., Transportation of Prisoners. The expense is put back in the county.) He said cutting the cost of government meant cutting salaries or staff or expenses. In the past taxes have been raised and this is happening again in the motor vehicle fees. The plan for sharing the wealth did not work and the motor vehicle fees are being put back where they were supposed to be, with the user. The committee asked the departments for help in actually cutting expenses and that is not happening.

Chairman Rehberg asked what would be happening today if I-27 had passed. Attorney General Greely said if that had happened, local governments would be in a worse situation than they now are, perhaps resulting in city and county bankruptcies, a decrease in all services, and the greatest impact would be on the school system. He said if the public was aware of some of the programs to be cut or have been cut in the past, they might be willing to pay a little more in taxes. He said if the

committee does not approve the funding as requested, he can only tell the committee what he will not be able to do and can only make recommendations. He also said he felt the public was becoming aware judging from the critical responses received by the department when the registration notices were cancelled.

(26.40)

The Attorney General suggested various programs that could be eliminated and the affects of the elimination of these programs. Rather than cut these programs an additional ten percent and not be able to adequately do the job, it would be better to eliminate them entirely.

Chairman Rehberg said the Legislature is not expert in these areas and they need the assistance and cooperation of the agencies and the administrators. There have to be major changes.

Sen. Gage told the Attorney General about eight months ago he wrote to the Governor requesting he contact all departments and have them make an assessment of their programs and prioritize the programs so when the Legislature reached this point, the information would be available for consideration. Sen. Gage did not receive a reply.

Attorney General Greely said he would have provided Sen. Gage with this information if he had heard from him directly. He further stated he considered some of the responsibilities in the Department of Justice to be life saving. He also recognized his responsibility to respond to the Legislature as much as possible. He said for him to cut out programs, at this point in time, would be cutting out vital services demanded by the public. Attorney General Greely said he did not want to make the decision as to what programs to cut as he considered them all to be necessary, but he would furnish the facts and figures to the committee for their consideration.

Chairman Rehberg said without guidelines from the departments, there would be a ten percent across-the-board cut, which is unfair, and some programs would be severely crippled.

The Attorney General told the committee the budget as it stands provides the essential and necessary services the public demands and any further cuts would be a meat-ax approach as programs would have to go. He said the public

should be made aware that if the ten percent cuts are implemented, they will have to drive 300 miles to get a driver's license or, if the state no longer funds the County Prosecutor Services, there will no longer be expert prosecutor assistance available to those small counties without the funds for a special prosecutor or to do certain types of felony investigations. He said the department has presented eight percent cuts in the general fund for each fiscal year and indicated how there could be a savings of sixteen percent and twenty-two percent, respectively, in the general fund. He felt the increase in the motor vehicle fee, the first in twenty years, would be better than cutting out programs in the long run. He also stated he was aware the public was fed up with taxes, particularly property taxes.

Rep. Quilici said he was certain the people in the state want the government cut and there be absolutely no fat in the budgets. He said this has to be done without destroying all services and revenue has to be generated.

(12.04)

Sen. Keating said even when he was supporting I-27 as a means of drawing attention to the public there was an imbalance in taxation, revenues, service, etc., the very first thing he would point out was the first obligation of government was law and order. He said the ten percent cut motion was not made lightheartedly, but to seek some sort of guidance because the public needs to know every effort is being made to be prudent and, if fees need to be charged, they will be charged. He told the Attorney General the committee was not trying to balance the budget on the back of the Department of Justice.

Sen. Stimatz was excused to introduce a bill.

Sen. Keating told the Attorney General after executive action on several budgets had been taken, the committee found out there was an additional \$30,000,000 shortfall and had to go back to the drawing board.

Rep. Poulsen said, as a Representative of House District 39, he believed in law enforcement, as do the people in his district, and he believed in all the programs presented in the budget. But, on the other hand, the people in his district instructed him to see what efficiencies in government were available and to implement them wherever possible.

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Rep. Quilici said the committee would have to take another look at the recommendations set forth by the Attorney General and give them careful consideration.

Chairman Rehberg said the committee had time to carefully consider the recommendations and, as it now stood, a ten percent cut across-the-board was imposed until such time as the issue is addressed. It will be incumbent upon the committee before the process ends to identify them.

ADJOURNMENT: The meeting was adjourned at 9:20 a.m.


Dennis R. Rehberg, Chairman

DAILY ROLL CALL

GENERAL GOVERNMENT & HIGHWAYS

SUBCOMMITTEE

DATE Feb. 19, 1987

NAME	PRESENT	ABSENT	EXCUSED
REPRESENTATIVE DENNIS REHBERG	✓		
SENATOR LARRY STIMATZ	✓		
SENATOR DEL GAGE			
SENATOR THOMAS KEATING	✓		
REPRESENTATIVE HAROLD POULSEN	✓		
REPRESENTATIVE JOE OUILICI	✓		

STATE
OF
MONTANA
**ATTORNEY GENERAL
MIKE GREELY**

JUSTICE BUILDING, 215 N. SANDERS, HELENA, MONTANA 59620
TELEPHONE (406) 444-2028

EXHIBIT 1
DATE 2-19-87
HR _____

17 February 1987

Representative Dennis Rehberg
State Capitol
Helena MT 59601

Dear Chairman Rehberg:

Pursuant to your request of February 11, 1987, the Department of Justice submits the following items for consideration by the General Government Appropriation Subcommittee as possible reductions to general fund appropriations for the Department of Justice.

The Department of Justice opposes these cuts since nearly all of the functions of the Department must be performed by some agency in the justice system. The result of many of these reductions if adopted would be to transfer those costs to the local governments. As you know local governments are already overburdened and underfunded.

(1) Transportation of Prisoners. Eliminate the extradition and transportation of prisoners program. The program reviews and processes claims to reimburse sheriffs for expenses of extraditing criminals to Montana and transporting prisoners to the state prison. Elimination of this program would require county governments to assume these transportation costs. The following statutes would have to be repealed: §§ 7-32-2144, 7-32-2145. Section 46-30-411 should be amended.

Savings to GF: FY88 - \$147,321
FY89 - \$147,321.

(2) Forensic Science Division. Reduce general fund spending authority by \$50,000 in each fiscal year and establish a proprietary account with spending authority for the same amount. The Division would charge for certain scientific services and promulgate rules to implement such charges. Section 44-3-302 must be amended to allow the division to charge state, county,

city or municipal law enforcement agencies for certain services rendered.

Savings to GF: FY88 - \$50,000
FY89 - \$50,000

(3) Driver Services. Reduce the driver services budget to provide only basic driver license services at regional locations and amend the statutes to reduce the number of people requiring driver license services by 5-10% and result in service reductions and permanent closures of driver exam stations previously identified for the subcommittee and additional cutbacks at stations on the highline and in the eastern part of the State. The proposed reductions are:

<u>Personal Services:</u>	FY88	FY89
7 FTEs - 2 examiners, 4 clerks 1 management position	\$138,000	\$138,000
Operating Expenses Decreases in printing, photo processing, and mail	10,000	17,000
Equipment Eliminate 3 vehicles per year and word processor in FY88	32,000	27,000
	<u>\$180,000</u>	<u>\$182,000</u>

This proposal would eliminate the motorcycle endorsement for drivers' licenses, eliminate all duties relating to insurance and financial responsibility for drivers, increase the time period a person may reside in the State before obtaining a Montana driver's license, and repealing the Anatomical Gift Act, eliminate driver's licenses for driver ed graduates who are not 16 years of age. Enactment of these proposals will result in a revenue reduction of \$128,000 per year.

Savings to GF: FY88 - \$180,000
FY89 - \$182,000

(4) Registrar's Bureau. Eliminate motor vehicle mail renewal notices and use savings in motor vehicle recording account to offset general fund expenditures

for another program authorized to be funded off motor vehicle account.

Savings to GF: FY88 - \$88,000
FY89 - \$88,000

(5) Data Processing Division. Transfer 50% of the data processing general fund budget to the motor vehicle account. The division administrator estimates that at least one-half of work performed by the general funded data processing staff is dedicated to supporting the motor vehicle registration system.

Savings to GF: FY88 - \$158,230
FY89 - \$158,040

Increase to MV: FY88 - \$158,230
FY89 - \$158,040

(6) Forensic Science Division. Transfer general fund appropriation for fiscal years 88 and 89 to motor vehicle account. These figures assume adoption of proposal (2) reducing general fund by \$50,000.

Savings to GF: FY88 - \$325,297
FY89 - \$752,600

Increase to MV: FY88 - \$325,297
FY89 - \$752,600

Approval of Data Processing and Forensic Science transfers will require an increase in revenue for the motor vehicle account. If enacted in some form House Bill 492, an act to increase the fee for issuance of a title, duplicate title, lien, and for registration of motor vehicles, which is being carried by Representative Miles at the Department's request, would provide increased revenue to the motor vehicle account. This proposal raises all fees to \$5.00 and will raise \$6.7 million for the biennium. The current fees are:

Title	\$3.00	(County keeps \$1.00)
Duplicate	\$2.00	
Lien	\$3.00	
Registration	\$2.00	

The House Local Government Committee is scheduled to take executive action on this proposal on February 18. The Department is suggesting that the Local Government Committee consider raising the title, duplicate title, and lien fees to \$5.00 and the registration fee to \$3.00

effective January 1, 1988. The title, duplicate title, and lien fees have not been raised since 1965 and the registration fee was last raised in 1979. Increased revenue from enacting this proposal would be:

	FY88	FY89
Title, Duplicate, & Lien	\$375,000	\$757,000
Registration Fee	<u>519,000</u>	<u>865,000</u>
	\$894,000	\$1,622,000

Passage of HB 492 in this form would allow for the transfer of half the Data Processing Division general fund budget to the motor vehicle account. It would also provide sufficient funds to match the federal anti-drug enforcement grant money, fund the entire Forensic Science program out of the motor vehicle account, and continue to fund the vehicle registration mail renewal notices.

Enactment of proposals one through four would result in a savings to the general fund of \$465,321 for FY88 and \$465,321 for FY89. Transferring 50% of Data Processing general fund budget to the motor vehicle account and fully funding the Forensic Science Division out of the motor vehicle account would save an additional \$484,527 in FY88 and \$910,640 in FY89.

Total Savings in GF if proposals 1 through 6 are accepted:

FY88 - \$948,848	16% savings
FY89 - \$1,375,961	22% savings

Very truly yours,


MIKE GREELY
Attorney General

MOTOR VEHICLE ACCOUNT CASH FLOW SUMMARY

2
2-19-87

ATTORNEY GENERAL 10 PERCENT REDUCTION PLAN

	Actual		-----Projected-----	
	Fiscal 1986	Fiscal 1987	Fiscal 1988	Fiscal 1989
Beginning Balance*	\$1,795,516	\$1,093,405	\$700,004	(\$261,687)
Revenues	\$3,401,138	\$3,464,000	\$3,566,000	\$3,666,000
Total Funds Available	\$5,196,654	\$4,557,405	\$4,266,004	\$3,404,313
Expenditures				
Vehicle Registration	\$1,929,716	\$1,858,062	\$1,905,923	\$1,893,572
Prison	\$330,652	\$335,000	\$484,399	\$495,919
Driver Services Bureau**	\$298,960	\$284,668	\$304,341	\$300,986
Law Enforcement Network	\$419,129	\$444,861	\$545,621	\$542,483
Central Services	\$4,462	\$0	\$5,205	\$0
Law Enforcement Academy	\$517,837	\$500,862	\$516,403	\$511,920
Forensic Science Division***	\$603,570	\$536,446	\$765,799	\$722,600
Adjustments	(\$1,077)	(\$102,498)	\$0	\$0
Total Expenditures	\$4,103,249	\$3,857,401	\$4,527,691	\$4,467,480
Ending Balance	\$1,093,405	\$700,004	(\$261,687)	(\$1,063,167)***

Total addition to Motor Vehicle fund = \$1,188,167

*Does not include inventory at the prison, assumed to remain constant

MOTOR VEHICLE ACCOUNT CASH FLOW SUMMARY

2-19-87³

	SUBCOMMITTEE RECOMMENDATION			
	Actual Fiscal 1986	Fiscal 1987	-----Projected----- Fiscal Fiscal 1988 1989	
Beginning Balance*	\$1,795,516	\$1,093,405	\$700,004	\$133,840
Revenues	\$3,401,138	\$3,464,000	\$3,566,000	\$3,666,000
Total Funds Available	\$5,196,654	\$4,557,405	\$4,266,004	\$3,799,840
Expenditures				
Vehicle Registration	\$1,929,716	\$1,858,062	\$1,993,923	\$1,981,572
Prison	\$330,652	\$335,000	\$484,399	\$495,919
Driver Services Bureau**	\$298,960	\$284,668	\$304,341	\$300,986
Law Enforcement Network	\$419,129	\$444,861	\$387,391	\$384,443
Central Services	\$4,462	\$0	\$5,205	\$0
Law Enforcement Academy	\$517,837	\$500,862	\$516,403	\$511,920
Forensic Science Division***	\$603,570	\$536,446	\$440,502	\$0
Adjustments	(\$1,077)	(\$102,498)	\$0	\$0
Total Expenditures	\$4,103,249	\$3,857,401	\$4,132,164	\$3,674,840
Ending Balance	\$1,093,405	\$700,004	\$133,840	\$125,000 ***

*Does not include inventory at the prison, assumed to remain constant

**Driver Services is funded by approximately \$1.8 million general fund per year, which represents an amount roughly equal to the anticipated general fund revenues generated by the Bureau. The balance after other funding sources is funded by the M.V. account

***The motor vehicle account has insufficient funds to fund the entire Forensic Science Division. The amount of the shortfall, which must be replaced by general fund, is \$1,147,897 (\$375,297 in fiscal 1988, \$772,600 in fiscal 1989)

Account Shortfall, at LFA current level	\$888,094
Subcommittee Adjustments:	
Eliminate Alcohol Rehab funds, For Science Div	\$287,067
Other adjustments to LFA current level	(\$27,264)
Account shortfall after subcommittee action (to be picked up by general fund)	\$1,147,897

