

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

#### SUBCOMMITTEE ON GENERAL GOVERNMENT AND HIGHWAYS

Call to Order: By Chairman Quilici, on January 30, 1989, at 8:11 a.m.

#### ROLL CALL

Members Present: All members were present with the exception of Sen. Stimatz.

Members Excused: Sen. Stimatz.

Members Absent: None.

Staff Present: Clayton Schenck, LFA  
Pam Joehler, LFA  
Flo Smith, OBPP  
Mike Walsh, OBPP  
Mary Liedle, secretary

Announcements/Discussion: Rep. Quilici announced the committee would continue executive action on the Department of Justice and then begin the hearing on the Department of Revenue.

#### DISPOSITION OF DEPARTMENT OF JUSTICE

Tape No. 38A

#### MOTOR VEHICLE REGISTRAR

Motion: Rep. Nisbet moved to approve printing costs of \$46,199 in FY90 and \$43,738 in FY91.

Discussion: Sen. Regan asked if any consideration had been given to printing the license renewal forms on plain paper since the increase in printing is related to the new paper. The agency responded that the paper is just a plain white sheet with the State of Montana on the back with the instructions. It is a very cheap paper but they still have to go with what the bid price is so they are stuck with whatever the price of paper is out there. Rep. Swysgood asked about the fact that the forms are in triplicate and the individuals were only getting one copy and being told they had to photocopy their own second copy and the other copies were being discarded by the department. Mick Robinson said that it is mandated in the statutes that the county treasurers provide two copies to the applicant. There is one copy to be

maintained in the files by the county treasurer. Regarding the increase in cost Mick Robinson told the committee one of the reasons for the increase is the larger form which is a necessity due to the number of fees that are now included on the registration form. The price increase that took place amounted to an 84.9% increase in the cost of that form. The printing of Montana and the instructions on the back of the form are not a large part of the increase. The paper itself, the larger form and the increase in the cost of paper, constitute the large cost increase.

Amendments, Discussion, and Votes: The motion PASSED unanimously.

Discussion: There was discussion regarding the agency's request for an increase in postage. Mick Robinson said the FY88 base level was a low year. The postage meters were not filled at the end of the year because of the budget constraints for that year and so there was a carry over postage cost from FY88 into FY89. Therefore, the base level on which the FY90 and FY91 dollar amounts were based was artificially low. Sen. Regan asked what the postage allotment has been each year historically and how much is included for this year. Clayton Schenck said prior to FY87 postage had run an average of \$160,000. In FY88 they were appropriated \$166,000 and expended \$150,000. Right now there is \$174,000 in FY90 and \$168,000 in FY91 because of the allowance for the postage increase and for the increase required for the vote registration.

No Action Was Taken.

#### LAW ENFORCEMENT SERVICE ADMINISTRATION

There were no issues in this program. The committee already passed the LFA current level budget. No other action was taken.

#### COUNTY ATTORNEY PAYROLL

The committee already passed the LFA current level budget. No other action was taken.

#### LAW ENFORCEMENT ACADEMY

Motion: Sen. Regan moved to approve ammunition at a cost of \$1,161 each year of the biennium.

Discussion: Marc Racicot said the ammunition expense would be the same except that they had a large inventory of ammunition stored and they didn't make a supplement each year with the ammunition purchase, they just ran off the inventory that they had. Rep. Quilici commented that if they run out of ammunition they will not be able to properly train officers.

Amendments, Discussion, and Votes: The motion PASSED  
unanimously.

Motion: Sen. Regan moved to approve \$6,037 for coroner training.

Discussion: Sen. Regan asked if you have to be an M.D. to be a coroner. Marc Racicot said no, there are no qualifications except being a resident of the county. They do have responsibility for investigating all deaths in the county.

Amendments, Discussion, and Votes: The motion PASSED  
unanimously.

Motion: Rep. Nisbet moved to approve \$8000 each year of the biennium for a photocopier lease.

Discussion: There was brief discussion regarding the agency's testimony that their current copier is no longer working and it would be cheaper to lease a copier than buy one. Also, by leasing if they find the copier doesn't suit their needs, they can exchange.

Amendments, Discussion, and Votes: The motion PASSED  
unanimously.

Discussion: Rep. Quilici asked if the contracted services request is for an increase in food service charges at MSU. Clayton Schenck said that was correct. The Law Academy is next door to MSU and they do utilize MSU food service to feed the students. They are estimating an increased charge by MSU. Rep. Quilici asked if there has been an increase yet. Clayton Schenck said the level for LFA is based on FY89. There wasn't a firm commitment that there would be an increase.

No Action Was Taken.

#### **FIRE MARSHAL PROGRAM**

Motion: Sen. Regan moved to approve Uniform Code training to be paid for with user fees at \$7000 each year of the biennium.

Discussion: Rep. Quilici asked if this would just be authorization to use user fees. Marc Racicot said that was correct. Rep. Quilici said there are a number of fire departments that have no idea about the codes of firemen themselves and if they go in and check a building at least it trains the fire fighters to recognize what is supposed to be in the codes.

Amendments, Discussion, and Votes: The motion PASSED  
unanimously.

Discussion: The committee discussed the issue of contract fire

deputies. Rep. Swysgood commented that this would be completely general fund and it would be difficult to approve it at this time even though they do need it. Marc Racicot told the committee that they are required to inspect all public buildings including schools and the university system every twelve months. The fire marshal has to inspect all commercial public buildings every eighteen months. There are six people to do that and they are also responsible for investigating arson and for being involved in training of the department. That's the reason for this request. It would allow them to contract with local fire marshals around the state to perform these inspections of public and commercial buildings.

No Action Was Taken.

#### IDENTIFICATION BUREAU

Discussion: The agency presented two modified requests. One for an automated fingerprint I.D. system at a cost of \$466,000 for the biennium and one for an alternate light source for \$12,200 for the biennium. Sen. Tveit asked what the automated fingerprint system does. Marc Racicot said it's a computer enhanced identification system that ties the department in to 10 western states and gives them access to comparison to 16 million prints. Sen. Tveit asked what we have now. Marc Racicot said we have a system where the fingerprints that we collect are virtually useless unless they have a suspect to match them to because they can't manually search 80,000 prints and come up with a suspect. There was discussion about the fee bills that, if passed, could create revenue for these sorts of front line services. The committee suggested the department present this request to the full Appropriations Committee.

No Action Was Taken.

#### CRIMINAL INVESTIGATION PROGRAM

Motion: Sen. Regan moved to approve the addition of 1 FTE criminal investigator to investigate workers' comp fraud cases to be funded through state special revenue.

Discussion: Rep. Nisbet said he would like to add boilerplate language to read "the work of the workers' compensations fraud investigator position shall include investigations of both employee and employer fraud cases".

Amendments, Discussion, and Votes: Sen. Regan amended the motion to include the boilerplate language requested by Rep. Nisbet. The amended motion PASSED unanimously.

Motion: Sen. Tveit moved to approve 1 FTE general investigator at a cost of \$91,215 for the biennium.

Discussion: Marc Racicot explained there are three different branches of investigation sections in the office. One is in Billings investigating drugs, one is in Missoula investigating drugs and the remainder of the four investigators are spread throughout the state. Virtually every major case is investigated by the criminal investigation bureau. There is so much demand and so much overtime being engendered and they cannot even come close to keeping up with the demand on those people for their professional services. When there is a homicide like the one in Boulder with the Duffys or the mountain men or wherever it is, these people have the ability to take it from top to bottom. They are on the same level as an FBI agent as far as training is concerned and competence and their services are constantly in demand. The department cannot supply the people for every request.

Amendments, Discussion, and Votes: The motion PASSED with Rep. Swysgood voting nay.

Motion: Sen. Tveit moved to approve \$9274 each year of the biennium for increases in operating expenses.

Discussion: Clayton Schenck said this was removed from LFA current level because it will require an increase in general fund because the federal funds have been removed. Marc Racicot said that last fiscal year the department needed \$39,949 in operating costs to run the bureau and the allocation for the coming year is below that by about \$9300.

Amendments, Discussion, and Votes: The motion PASSED unanimously.

#### **SPECIAL INVESTIGATION - EAST**

Discussion: The LFA current level budget was already approved. No further action was taken in this program.

#### **SPECIAL INVESTIGATION - WEST**

Motion: Rep. Swysgood moved to approve \$17,000 each year of the biennium for investigative purchases.

Discussion: The agency was requesting an increase of \$30,000 each year for "buy money". However, they told the committee that \$13,500 could be removed from the budget each year in the area of vehicle rent. The committee chose not to remove the \$13,500 and decrease the amount of the requested increase. Marc Racicot told the committee there is \$30,000 in the budget for "buy money" each year of the biennium. However, in the first year of operation of the unit in Missoula there were 89 cases, they seized \$2.25 million in drugs, had 143 prosecutions and 1300 samples submitted to the lab and they spent that \$30,000 plus another \$30,000 received from the DEA in the first six months of operation.

So, there is some money in the budget and they expect to be able to rely upon DEA a little bit but the money goes rather quickly. They try not to let money go. They do a great deal of buy busting and retrieve the money but sometimes when you're working up it necessitates letting a few hundred dollars go when you're buying cocaine.

Amendments, Discussion, and Votes: The motion PASSED unanimously.

#### CENTRAL SERVICES DIVISION

Motion: Rep. Swysgood moved to go to state special for funding for this division.

Discussion: This would change the funding from full general fund to a proprietary fund operation. This would allocate the costs of the central services program to each of the 21 programs receiving the services. Those program allocations are paid from fund sources of each program. Since the Department of Justice is only funded 24% by general fund, a significant amount of the central services cost is shifted from general fund to state special revenue. That results in a general fund savings of over \$500,000 for the biennium.

Amendments, Discussion, and Votes: The motion PASSED unanimously.

#### DATA PROCESSING DIVISION

Motion: Rep. Swysgood moved to approve communication user fee increase for NLETS of \$2400 each year of the biennium and \$28,150 in each year for replacement of terminals and printers to be funded by state special revenue.

Discussion: Marc Racicot told the committee all of the new terminals and the replacement of old terminals and printers would be paid for by the increase of user fees. The fees would not increase by more than \$50 per month which shouldn't be too big a burden on the agencies paying the fees.

Amendments, Discussion, and Votes: The motion PASSED unanimously.

Motion: Sen. Regan moved to allow 7 new users at a cost of \$9000 in FY90 and \$12,600 in FY91 for contracted services.

Discussion: This would allow the agency to add additional law enforcement agencies they are currently negotiating with for the CJIN network. Without the funding they would not be able to add the new users. With the new users maintenance costs will also increase. Rep. Quilici said that in the event these users don't come on, the funds won't be used. This is something the local law enforcement people really

need.

Amendments, Discussion, and Votes: The motion PASSED  
unanimously.

**DE-EARMARKING OF MOTOR VEHICLE ACCOUNT**

Discussion: The committee discussed the possibility of de-earmarking the motor vehicle account as it is running in a deficit. Marc Racicot said it doesn't really relate to the areas it is funding and they should compete for general fund money. This would take a committee bill.

No Action Was Taken.

**HEARING ON DEPARTMENT OF REVENUE**

Tape No. 40A

Presentation and Opening Statement: Pam Joehler gave an overview of the department. The Department of Revenue is responsible for the collection and enforcement of approximately 31 state taxes and fees. It is also responsible for regulating the sale and distribution of alcoholic beverages in Montana. The department is organized into the Director's Office and eight operating divisions. Pam presented a handout outlining the major budget issues in each program within the department. (See exhibit 1)

Mike Walsh said there are some differences in modification recommendations from the executive office based on differences between the Schwinden budget and the Stephens budget. Those issues will be addressed program by program.

Testifying Proponents and Who They Represent:

Ken Nordtvedt, Department of Revenue  
Jack Ellery, Department of Revenue  
Jon Meredith, Department of Revenue

Proponent Testimony: (40A 8.29) Ken Nordtvedt, Department of Revenue, outlined the major goals of the department. The first goal is to create a better relationship with the taxpayer. This would involve maintaining timely refunds and responding to taxpayer inquiries regarding problems with understanding what the taxes are or figuring the taxes. He would like to get away from "taxation by litigation". He would like to create a taxpayer's ombudsman, a person who would represent the small taxpayer not represented by an attorney. This person would help to reconcile tax problems more promptly and effectively for the taxpayer. The second major goal is to undergo a major review of rules and rulemaking in the area of tax law. Thirdly, it's important

to complete the reappraisal cycle that's now underway. Mr. Nordtvedt also wants to start the design of a new reappraisal cycle that is economic to implement and is accurate. The fourth goal is to continue making the Department of Revenue operation more efficient and modern with the planned and intelligent use of computers and more automation where it's relevant and makes the operation more cost effective. Mr. Nordtvedt also addressed the need for reinstatement of the economist III position within the research bureau of the data processing division which was deleted by the full Appropriations Committee on January 10. The department will have increased future responsibilities to work with the Governor's Revenue Estimating Advisory Council. In the future the staffing for this council will be shared between the OBPP and the Revenue Department. The natural source for the department helping the council would be the research bureau and people of the type of this economist III position would fill. The department is down to two people with expertise in estates in the inheritance tax collections. Mr. Nordtvedt said it would be very dangerous to get down to only one person with expertise. There should be one senior person and one slightly junior person. If you just have one person and that person should resign and go to other duties the state would have to reassemble an inheritance bureau with no person with ongoing experience as to how the state has been operating. It's very precarious to be operating with less than two in that area. When the last legislature passed HB436 to give the department the duties of a sales assessment analysis, the funding was delayed for a year but it was important to start right away to get done on time. So, FY89 money was spent in FY88 and the department had to absorb some of the costs internally. There is a limit to the number of new responsibilities a department can take on and fund internally. They need to be fully funded for HB436 activities. Similarly, when the department took on the accommodations tax responsibilities they were not fully funded. In the child support enforcement bureau, they are under monthly pressure from the federal government to improve compliance to certain standards of performance. The administration will be thinking through moving the child support enforcement bureau to either SRS or the Attorney General's office where it might be more appropriate. This could be done by executive order. Mr. Nordtvedt does not think it's in the most appropriate place.

Testifying Opponents and Who They Represent:

None.

Questions From Subcommittee Members: (40A 23.30) Sen. Regan:

I'm a little concerned about the child support. I think it was put in the bureau with the idea that when they fell behind child support you could take it out of their income tax. Shouldn't it all be together? It's a financial



function, certainly it doesn't belong over in the AG's office.

Ken Nordtvedt said the bureau has many functions. What's becoming more important is determining paternity. The functions under federal pressure are broadening daily and monthly and they've gone way beyond simple collection of already established obligations of delinquent parents. The State Auditor is contemplating a centralized computer cross correlation of all bad debts and delinquencies before any state warrants are issued. If this transition takes place we will have a more efficient way to cross correlate, not only tax refunds but other kinds of state warrants being paid to individuals and things like delinquent child support payments. If you look at the responsibilities the child support enforcement bureau is currently taking on, it has gone way beyond the function of just trying to collect delinquent child support by correlating it with tax refunds. It's much more extensive.

#### DIRECTOR'S OFFICE

(40A 26.18) Jack Ellery, Deputy Director for Operations, presented the program's budget. The agency has no significant budget issues with the LFA recommendations.

#### CENTRALIZED SERVICES DIVISION

(40A 27.59) Jack Ellery presented the budget. The agency only has one issue in this area which is the removal of 2.5 FTE by the Cobb motion in the full Appropriations Committee. The department would not object to the elimination of 1.5 of those FTE because they have been historically used for vacancy savings. The .75 FTE is a critical position. Although it hasn't been filled it has been fully utilized over all the fiscal years. Mr. Ellery presented documentation to illustrate what the problem is. (See exhibit 2) This position is used for opening mail and numbering documents during the peak processing periods of income tax.

Questions From Subcommittee Members: (40A 34.08) Rep. Swysgood: You're indicating to us that the .75 position is essential and we've got three positions here. In the monetary end of eliminating the 1.5 and keeping the .75, how does the cost come out compared to what we're showing here for the three positions.

Jack Ellery said the other two positions are held open to meet the vacancy savings requirement. If there is no vacancy savings requirement, there is no need for those positions.

#### DATA PROCESSING DIVISION

(40A 35.06) Jack Ellery presented the budget. He discussed the budget issues between the department and the LFA recommendation. 1) The LFA's recommendation to reduce 3 FTE was originally 4.67 FTE. The agency met with Pam Joehler and she agreed to reinstate 1.67 FTE. The LFA is still recommending the elimination of 3 FTE. One of those is a mathematical statistician and two are data entry operators. Currently the division has 59 FTE. The department requested the deletion of 3 data entry operators as a result of implementing the new property system. 2) There are also 6 FTE required for HB436. These 6 FTE are not included in the LFA current level recommendation. There are several projects the department did not get done due to the required implementation of HB436. (See exhibit 3) 3) The LFA recommendation does not fully fund the computer subscription rate with ISD. The concept that has been used by the LFA is that subscriptions would not be funded for equipment that was not specifically authorized by the legislature. 4) The economist III position recommended for deletion by the Cobb motion in the full Appropriations Committee is a key position in the research division. The only reason it has been vacant is due to other key vacancies within the department. The deputy director for operations resigned last April. The research bureau chief assumed those acting duties. The economist III assumed the acting duties of the research bureau chief. In the event that the acting incumbent in the deputy director position is not retained as permanent, he would move back to the research bureau chief and the acting would go back to the existing economist position. That is the reason that the position was left vacant.

#### INVESTIGATIONS AND LEGAL DIVISION

(40A 45.58) Jack Ellery spoke on the division. There are two programs within this division. There is the investigations program and the legal administration program. The investigations program is responsible for regulatory investigations required by state and federal law. These essentially are involved with alcohol beverage patrol, video gaming, welfare fraud investigation and cigarette tax enforcement. The department has no issues with regard to the LFA recommendation for the investigations program. The department does have a video poker modification at the request of the Department of Commerce and at the recommendation of the Gaming Advisory Council. They are asking for 4 additional FTE to provide enhanced video poker and gaming enforcement. The funding for this program is 100% special revenue. There are no issues with regard to the legal administration program.

Questions From Subcommittee Members: (40A 47.59) Rep. Quilici:  
What do video poker investigations entail?

Jack Ellery said they entail more ability to cover the

waterfront; more examinations of video poker machines to make sure that they are legal.

(40B .30) Rep. Swysgood: I see the funding for this is to come out of the video poker revenues. Is that out of the current amount of money that you collect or are you anticipating asking for more administrative revenues to correspond with this increase in the modified?

Jon Meredith said as far as he understands that is tied to the gaming commission concept. The gaming commission concept as originally introduced is now with the Attorney General's office.

(40B 2.11) Rep. Swysgood: In other words this item is tied directly to whether we pass legislation that authorizes a gaming commission or not. If we don't pass that legislation then this is not necessary, is that what you're saying?

Jon Meredith responded that is the way he understands it.

#### CHILD SUPPORT ENFORCEMENT PROGRAM


(40B 3.54) Jack Ellery described the program. This is a federal program that is responsible for enforcing and collecting the support obligations owed by absent parents to their children and their spouses. It is also responsible for locating absent parents and establishing paternity. The program handles two distinct types of cases. One is for the Aid to Families with Dependent Children (AFDC). That's a program that is funded out of SRS. All monies that are collected by the child support program are used to offset the costs in SRS. The second type of family that this program helps is for children who are not receiving benefits from parents who are not participants in the AFDC program. These cases are called non-AFDC. This program generates state revenues from three sources; recovered AFDC funds originally paid by the state, federal incentive payments for operating a cost-effective system, and any fees the program may collect as a result of providing a service. The state is paid a minimum of 6% of AFDC dollars recovered as an incentive for running a cost effective program. At the present time there are some serious problems in this program. Caseloads have been skyrocketing. Federal requirements have put additional workloads on staff.

(40B 6.39) Jon Meredith discussed the caseload problem within the Child Support Enforcement Program. There are three major reasons the department requested a modest increase in the amount of operating expenses. First, is the growing caseload. Secondly, there is federal requirement for more and more service on each case and more timely service. Thirdly, and perhaps most important, is the program's inability to meet current federal audit criteria. The caseload increase is normal. Every time that the

caseload is cut back because of some kind of corrective action plan or federal agreement it has grown right back up again. The reason for that is because there are referrals from the AFDC program, there are many non-AFDC applications which grow as the publicity for the program grows and there are inter-state cases and the numbers of those are growing. The federal regulations have been more severely restrictive as far as case closure criteria. An example is, they used to be able to do one concerted effort at locating the individual. If they were unable to do that, they could close the case. Now federal requirements demand one every six months, to be done three times. Consequently, the caseload has begun to grow. Mr. Meredith provided a graph which he says is a conservative estimate of what the caseload is going to do in the next few years. (See exhibit 4). Another thing the federal government has done is require more activity in each case. When the child support amendments of 1984 were passed, they involved primarily income withholding, non-AFDC area and paternity establishment. The number of federal audit case action areas they were looking at when they came to audit for the 1984 year were 15. The audit the program just went through in 1987 had increased to 34. They have also been looking at the cases in finer detail. The department has received preliminary notification that the program has failed the 1987 audit. They are not failing the audits miserably, but they are failing. Failure to pass these audits means that they start taking away AFDC dollars. The first time it can be from one to two percent. One percent of AFDC dollars right now means about \$271,000 per year. The penalties can go up to five percent.

## ADJOURNMENT

Adjournment At: 11:57 a.m.



REP. JOE QUILICI, Chairman

JQ/ml

2522.min

# DAILY ROLL CALL

GENERAL GOVERNMENT AND HIGHWAYS

SUBCOMMITTEE

DATE 1/30/89

NAME	PRESENT	ABSENT	EXCUSED
Representative Joe Quilici, Chair	✓		
Representative Jerry Nisbet	✓		
Representative Chuck Swysgood	✓		
Senator Larry Tveit, Vice Chair	✓		
Senator Pat Regan	✓		
Senator Lawrence Stimatz		✓	

DEPARTMENT OF REVENUE  
MAJOR BUDGET ISSUES

1. CHILD SUPPORT ENFORCEMENT
2. CURRENT LEVEL FTE REDUCTIONS

Data Processing Division  
Income Tax Division

3. FTE REDUCTIONS DUE TO HOUSE APPROPRIATIONS COMMITTEE ACTION
4. HOUSE BILL 436 MODIFIEDS
5. PROPERTY ASSESSMENT DIVISION

Assessor Funding Level  
County Computer Funding Level  
New Computer System

## LEGISLATIVE ACTION

AGENCY: DEPARTMENT OF REVENUE

PROGRAM: DIRECTOR'S OFFICE

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	7.50	7.50	7.50	0.00	7.50	7.50	0.00	0.00%
Personal Services	\$256,402	\$260,779	\$255,457	\$5,322	\$261,676	\$256,335	\$5,341	-0.37%
Operating Expenses	117,111	233,046	230,512	2,534	127,671	125,169	2,502	96.83%
Equipment	5,359	0	0	0	0	0	0	-100.00%
TOTAL EXPENSES	\$378,872	\$493,825	\$485,969	\$7,856	\$389,347	\$381,504	\$7,843	28.27%
FUNDING								
General Fund	\$296,878	\$368,575	\$376,990	(\$8,415)	\$307,389	\$299,504	\$7,885	26.98%
State Special Rev	81,994	98,271	82,000	16,271	81,958	82,000	(42)	0.01%
Proprietary-Liquor Div	0	26,979	26,979	0	0	0	0	0.00%
TOTAL FUNDING	\$378,872	\$493,825	\$485,969	\$7,856	\$389,347	\$381,504	\$7,843	28.27%

## ISSUES:

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

## TOTAL ISSUES

---EXEC OVER (UNDER) LFA---	
FY 90	FY 91
\$5,322	\$5,341
\$5,322	\$5,341

## HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE	
LFA CL	
\$5,322	\$5,340
\$10,644	\$10,681



5801 01 00011

07:21 PM

29-Dec-88

## AGENCY: DEPARTMENT OF REVENUE

## LEGISLATIVE ACTION

## PROGRAM: LEGAL OFFICE

BUDGET ITEM	FY 1988 Actual	Fiscal 1990 LFA Curr Lvl	Executive LFA Curr Lvl	Difference	Fiscal 1991 LFA Curr Lvl	Executive LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	7.00	7.00	7.00	0.00	7.00	7.00	0.00	0.00%
Personal Services	\$222,138	\$238,126	\$243,087	\$4,961	\$238,313	\$243,278	\$4,965	7.20%
Operating Expenses	33,024	31,156	33,326	2,170	31,096	33,267	2,171	-5.66%
Equipment	10,887	3,000	0	(3,000)	3,000	0	(3,000)	-72.44%
TOTAL EXPENSES	\$266,049	\$272,282	\$276,413	\$4,131	\$272,409	\$276,545	\$4,136	2.34%
FUNDING								
General Fund	\$218,179	\$222,282	\$226,990	\$4,708	\$222,409	\$227,099	\$4,690	1.88%
Proprietary-Liquor Div	47,870	50,000	49,423	(577)	50,000	49,446	(554)	4.45%
TOTAL FUNDING	\$266,049	\$272,282	\$276,413	\$4,131	\$272,409	\$276,545	\$4,136	2.34%

## ISSUES:

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

## TOTAL ISSUES

## HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personnel services budget:

EXECUTIVE  
LFA CL

\$4,961	\$4,965
\$9,922	\$9,930

---EXEC OVER (UNDER) LFA---	
FY 90	FY 91
\$4,961	\$4,965

\$4,961	\$4,965
---------	---------



## AGENCY: DEPARTMENT OF REVENUE

## LEGISLATIVE ACTION

## PROGRAM: CENTRALIZED SERVICES DIVISIO

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	34.04	35.27	35.27	0.00	35.27	35.27	0.00	3.61%
Personal Services	\$693,286	\$731,417	\$715,710	\$15,707	\$733,263	\$717,498	\$15,745	3.23%
Operating Expenses	124,350	126,005	120,643	5,362	122,186	117,483	4,703	-2.98%
Equipment	37,078	0	9,000	(9,000)	0	6,000	(6,000)	-75.73%
TOTAL EXPENSES	\$854,714	\$857,422	\$845,353	\$12,069	\$855,429	\$840,981	\$14,448	-1.10%
FUNDING								
General Fund	\$848,114	\$850,820	\$838,753	\$12,067	\$848,942	\$834,381	\$14,461	-1.10%
Federal Revenue	6,600	6,602	6,600	2	6,587	6,600	(13)	0.00%
TOTAL FUNDING	\$854,714	\$857,422	\$845,353	\$12,069	\$855,429	\$840,981	\$14,448	-1.10%

## ISSUES:

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

## TOTAL ISSUES

---	EXEC OVER (UNDER) LFA---	FY 90	FY 91
		\$14,780	\$14,818
		\$14,780	\$14,818

## HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE  
LFA CL

\$14,818  
\$29,598

2. FTE DELETIONS-The House Appropriations Committee deleted the following positions in the Cobb motion of 1/10/89. The subcommittee must take positive action before any position is reinstated.

PSNR 2033 PERSONNEL SPECIALIST 0.50  
PSNR 90202 CASHIER 0.75  
PSNR 2012 AUDITOR 1.00

\$11,835  
\$9,672  
\$20,778  
\$42,294

5801 03 0000

03:35 PM 30-Dec-88

## AGENCY: DEPARTMENT OF REVENUE

## LEGISLATIVE ACTION

## PROGRAM: DATA PROCESSING DIVISION

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	54.33	56.50	45.83	10.67	56.50	45.83	10.67	-15.65%
Personal Services	\$1,219,269	\$1,395,979	\$1,158,607	\$237,372	\$1,398,364	\$1,160,612	\$237,752	-4.98%
Operating Expenses	203,284	239,635	174,905	64,730	216,847	172,200	44,647	-13.96%
Equipment	0	0	2,860	(2,860)	0	3,125	(3,125)	0.00%
TOTAL EXPENSES	\$1,422,553	\$1,635,614	\$1,336,372	\$299,242	\$1,615,211	\$1,335,937	\$279,274	-6.06%
FUNDING								
General Fund	\$914,094	\$1,141,197	\$911,372	\$229,825	\$1,127,458	\$910,937	\$216,521	-0.30%
Federal Revenue	87,755	0	0	0	0	0	0	-100.00%
Proprietary	420,704	494,417	425,000	69,417	487,753	425,000	62,753	1.02%
TOTAL FUNDING	\$1,422,553	\$1,635,614	\$1,336,372	\$299,242	\$1,615,211	\$1,335,937	\$279,274	-6.06%

## ISSUES:

---EXEC OVER (UNDER) LFA----

FY 90 FY 91

## 1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

2. PERSONAL SERVICES-House Bill 436 Supplemental-The LFA current level removed 4.67 FTE because positions were funded in fiscal 1988 with supplemental funding. The executive maintained those positions into the 1991 biennium funded with general fund.

This issue generated much discussion between the agency and legislative staff since the Budget Analysis was released. Upon request of the agency, staff reexamined the position reduction and noted that 1.67 FTE of the 4.67 FTE should not have been removed. This adds approximately \$25,800/yr to the LFA current level. The remaining 3.0 FTE are still deleted in LFA current level.

## 3. OPERATING BASE ADJUSTMENTS

a. The agency overexpended its operating base by approximately \$7,000 in fiscal 1988. The LFA reduced base operating expenses (computer charges, supplies, maintenance) by this amount before adding any adjustments. The executive did not reduce the base.

b. The LFA removed AN ADDITIONAL \$14,200 from computer charges and maintenance costs due to the implementation of the Property Assessment Division's new computer system.

## 4. COMPUTER CHARGES

a. The executive is recommending an annual \$33,620 INCREASE OVER BASE (Base=\$23,180) in ISD subscription fees and mainframe hookup fees not included in the LFA current level.

b. The executive is also recommending a \$4,292 base increase in FY 90 and a \$20,799 base DECREASE in operating support from ISD which is not included in the LFA current level.

\$22,161	\$22,149
\$80,500	\$80,500
\$7,000	\$7,000
\$14,200	\$14,200
\$33,620	\$33,620
\$4,292	(\$20,799)

5. PRINTING-The executive included funding for the division's biennial report to the Legislature. \$0 \$6,750
6. TRAVEL-The executive included travel funds for division staff to travel to counties to provide technical assistance on data processing equipment. \$16,404 \$16,404
7. MODIFIED RECOMMENDATION-HB 436-The executive recommends funding 6.0 additional FTE for House Bill 436 (annual sales assessment ratio studies) functions. General Fund. \$115,268 \$115,355

#### TOTAL ISSUES

-----  
 \$293,445 \$275,179  
 =====

#### HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:  
 EXECUTIVE \$26,022 \$26,029  
 LFA CL \$48,183 \$48,218
2. POSITION DELETION-The House Appropriations Committee deleted position 3031, a 1.0 Economist, in the Cobb motion of 1/10/89. The subcommittee is required to take positive action before any position is reinstated. \$30,602 \$30,606

## AGENCY: DEPARTMENT OF REVENUE

## LEGISLATIVE ACTION

## PROGRAM: LEGAL ADMINISTRATION

BUDGET ITEM	FY 1988 Actual	FTE	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	2.00		2.00	2.00	0.00	2.00	2.00	0.00	0.00%
Personal Services	\$84,049		\$68,595	\$67,195	\$1,400	\$68,722	\$67,319	\$1,403	-20.05%
Operating Expenses	6,063		7,242	7,242	0	7,232	7,232	0	19.45%
Equipment	1,792		0	0	0	0	0	0	-100.00%
TOTAL EXPENSES	\$91,904		\$75,837	\$74,437	\$1,400	\$75,954	\$74,551	\$1,403	-19.01%
FUNDING									
General Fund	\$31,180		\$21,595	\$21,226	\$369	\$22,209	\$21,810	\$399	-31.92%
State Special Rev	5,336		11,934	11,714	220	11,955	11,734	221	119.53%
Federal Revenue	44,161		34,103	33,443	660	33,572	32,941	631	-24.27%
Proprietary	11,227		8,205	8,054	151	8,218	8,066	152	-28.26%
TOTAL FUNDING	\$91,904		\$75,837	\$74,437	\$1,400	\$75,954	\$74,551	\$1,403	-19.01%

## ISSUES:

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

## TOTAL ISSUES

---	EXEC OVER (UNDER)	LFA	---
	FY 90	FY 91	
	\$1,400	\$1,403	
	\$1,400	\$1,403	

## HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE  
LFA CL

\$1,400	\$1,402
\$2,800	\$2,805



AGENCY: DEPARTMENT OF REVENUE

LEGISLATIVE ACTION

PROGRAM: INVESTIGATION

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	19.00	23.00	19.00	4.00	23.00	19.00	4.00	0.00%
Personal Services	\$452,573	\$607,563	\$492,122	\$115,441	\$609,179	\$492,153	\$117,026	8.74%
Operating Expenses	120,930	138,038	112,381	25,657	137,100	112,638	24,462	-7.07%
Equipment	41,867	173,211	26,987	146,224	169,605	23,402	146,203	-35.54%
Non-Operating	1,904	15,000	15,000	0	15,000	15,000	0	687.82%
TOTAL EXPENSES	\$617,274	\$933,812	\$646,490	\$287,322	\$930,884	\$643,193	\$287,691	4.73%
FINDING								
General Fund	\$28,163	\$32,608	\$31,574	\$1,034	\$32,692	\$31,410	\$1,282	12.11%
State Special Rev	\$25,174	\$93,969	\$23,651	\$260,318	\$92,844	\$232,431	\$260,413	3.76%
Federal Revenue	\$105,811	\$128,018	\$128,669	(\$651)	\$127,473	\$128,075	(\$602)	21.60%
Proprietary	\$58,126	\$279,220	\$252,596	\$26,624	\$277,875	\$251,277	\$26,598	-2.14%
TOTAL FINDING	\$617,274	\$933,815	\$646,490	\$287,325	\$930,884	\$643,193	\$287,691	4.73%

ISSUES:

---EXEC OVER (UNDER) LFA---

FY 90

FY 91

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

2. The agency overexpended its operating expense budget by approximately \$6,800 in fiscal 1988 due to excess vacancy savings. The LFA current level reduced base operating expenses \$6,745. The executive budget funded the operating expenses at the higher fiscal 1988 level before other adjustments.

3. The executive increased operating expenses approximately \$11,900 in fiscal 1990 and \$10,800 in fiscal 1991 in several operating areas which were not included by the LFA current level.

4. The executive funded a position at a higher grade level than the LFA current level.

5. MODIFIED BUDGET RECOMMENDATION-The executive is recommending a budget modification relating to video poker investigations, funded from Video Poker.

TOTAL ISSUES

HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE	\$10,315	\$10,347
LFA CL	\$20,505	\$20,506

AGENCY: DEPARTMENT OF REVENUE

LEGISLATIVE ACTION

PROGRAM: CHILD SUPPORT

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	51.00	53.00	51.00	2.00	53.00	51.00	2.00	0.00%
Personal Services	\$1,129,473	\$1,170,162	\$1,122,471	\$47,691	\$1,172,879	\$1,125,140	\$47,739	-0.62%
Operating Expenses	400,863	436,393	356,446	79,947	426,227	347,926	78,301	-11.08%
Equipment	13,175	5,076	12,301	(7,225)	1,001	0	1,001	-6.63%
Non-Operating	21,601	35,000	35,000	0	35,000	35,000	0	62.03%
TOTAL EXPENSES	\$1,565,112	\$1,646,631	\$1,526,218	\$120,413	\$1,635,107	\$1,508,066	\$127,041	-2.49%
FUNDING								
General Fund	\$488,880	\$542,815	\$507,014	\$35,801	\$538,929	\$500,842	\$38,087	3.71%
Federal Revenue	1,076,232	1,103,816	1,019,204	84,612	1,096,178	1,007,224	88,954	-5.30%
TOTAL FUNDING	\$1,565,112	\$1,646,631	\$1,526,218	\$120,413	\$1,635,107	\$1,508,066	\$127,041	-2.49%

ISSUES:

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 2.7%
2. The agency overexpended its operating base by \$26,500 due to a program transfer funded from excess vacancy savings. The LFA current level reduced the operating base by \$26,500.
3. The executive included \$56,613 in FY 90 and \$56,392 in FY 91 (before rate reductions) in operating expense adjustments due to anticipated workload increase. The LFA included base adjustments of \$11,177 in FY 90 and \$13,756 in FY 91. The net difference is:
4. The executive adjustment for computer processing which exceeded the LFA's caused higher rate reductions.
5. The LFA funded the agency's request for equipment.
6. BUDGET MODIFICATION--The executive budget includes a modification for additional staff.

TOTAL ISSUES

HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personnel services budget:

EXECUTIVE LFA CL		
	\$23,072	\$23,127
	\$31,148	\$31,221

---EXEC OVER (UNDER) LFA---

	FY 90	FY 91
	\$8,076	\$8,094
	\$26,500	\$26,500
	\$43,436	\$42,656
	(\$2,718)	(\$3,584)
	(\$8,636)	
	\$54,026	\$52,645
	\$120,684	\$126,311

5801 06 00000

01:03 PM

30-Dec-88

## AGENCY: DEPARTMENT OF REVENUE

## LEGISLATIVE ACTION

## PROGRAM: INCOME TAX

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	103.55	106.15	103.15	3.00	106.15	103.15	3.00	-0.39%
Personal Services	\$2,020,590	\$2,260,795	\$2,152,983	\$107,812	\$2,265,110	\$2,157,166	\$107,944	6.55%
Operating Expenses	1,002,118	1,094,742	1,044,653	50,089	1,057,609	1,007,148	50,461	4.24%
Equipment	21,572	0	36,800	(36,800)	0	11,681	(11,681)	70.59%
TOTAL EXPENSES	\$3,044,280	\$3,355,537	\$3,234,436	\$121,101	\$3,322,719	\$3,175,995	\$146,724	6.25%
FUNDING								
General Fund	\$2,969,278	\$3,179,266	\$3,064,989	\$114,277	\$3,148,099	\$3,015,548	\$132,551	3.22%
State Special Rev	75,002	176,271	169,447	6,824	174,620	160,447	14,173	125.92%
TOTAL FUNDING	\$3,044,280	\$3,355,537	\$3,234,436	\$121,101	\$3,322,719	\$3,175,995	\$146,724	6.25%

## ISSUES:

---EXEC OVER (UNDER) LFA---

FY 90 FY 91

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

2. FTE REDUCTION-The LFA removed 3.0 FTE, vacant all of FY 88, to accommodate the agency's request for increased computer processing costs. The executive budget did not remove the FTE, but did fund the computer processing increase.

3. The agency overexpended its operating base in fiscal 1988 by \$28,400 due to high vacancy savings (10.7%). The LFA reduced fiscal 1988 actual expenditures \$28,000 before adding any adjustments.

4. The executive funded the agency's request for postage increase of \$19,693/yr; the LFA included an annual \$5,000 increase, a difference of

5. The LFA included funding for three vehicles, a laser printer, and office equipment. The executive did not fund the agency's request.

## TOTAL ISSUES

(-\$36,800) (\$11,681)  
\$113,576 \$138,782

## HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE \$46,227  
LFA CL \$89,997



5801 06 81565

02:31 PM

30-Dec-88

## AGENCY: DEPARTMENT OF REVENUE

## LEGISLATIVE ACTION

## PROGRAM: REVENUE-ACCOMMODATIONS TAX

BUDGET ITEM	FY 1988 Actual	Executive LFA Curr Lvl	Fiscal 1990 LFA Curr Lvl	Executive LFA Curr Lvl	Fiscal 1991 LFA Curr Lvl	Executive LFA Curr Lvl	Fiscal 1991 LFA Curr Lvl	FY 88-90 % Change
FTE	0.00	2.00	2.00	2.00	2.00	2.00	2.00	0.00%
Personal Services	\$47,773	\$47,235	\$48,199	\$47,465	\$48,434	\$47,465	\$48,434	0.89%
Operating Expenses	17,280	51,297	16,928	50,227	16,407	50,227	16,407	-2.04%
TOTAL EXPENSES	\$65,053	\$98,532	\$65,127	\$97,692	\$64,841	\$97,692	\$64,841	0.11%
FUNDING								
State Special Rev	\$65,053	\$98,532	\$65,127	\$97,692	\$64,841	\$97,692	\$64,841	0.11%
TOTAL FUNDING	\$65,053	\$98,532	\$65,127	\$97,692	\$64,841	\$97,692	\$64,841	0.11%

## ISSUES:

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 0%.

2. The LFA provided current level funding for the 1991 biennium. The executive increased funding to 2% of its estimate for the accommodations tax.

## TOTAL ISSUES

## HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE  
LFA CL\$964  
\$0\$969  
\$0

---EXEC OVER (UNDER) LFA---

FY 90

(\$964)

\$34,369

\$33,820

\$33,405

\$32,851



## AGENCY: DEPARTMENT OF REVENUE

## LEGISLATIVE ACTION

## PROGRAM: NATURAL RES &amp; CORP TAX DIV

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	35.00	35.00	35.00	0.00	35.00	35.00	0.00	0.00%
Personal Services	\$949,325	\$998,647	\$978,271	\$20,376	\$1,002,619	\$982,143	\$20,476	3.05%
Operating Expenses	318,042	332,531	336,870	(4,339)	336,776	335,727	1,049	5.92%
Equipment	48,447	0	7,500	(7,500)	0	2,500	(2,500)	-84.52%
Non-Operating	8,052	0	0	0	0	0	0	-100.00%
TOTAL EXPENSES	\$1,323,866	\$1,331,178	\$1,322,641	\$8,537	\$1,339,395	\$1,320,370	\$19,025	-0.09%
FUNDING								
General Fund	\$1,178,896	\$1,142,816	\$1,122,799	\$20,017	\$1,149,871	\$1,120,528	\$29,343	-4.76%
State Special Rev	57,046	56,442	59,842	(3,400)	56,791	59,842	(3,051)	4.90%
Federal Revenue	87,924	131,920	140,000	(8,080)	132,733	140,000	(7,267)	59.23%
TOTAL FUNDING	\$1,323,866	\$1,331,178	\$1,322,641	\$8,537	\$1,339,395	\$1,320,370	\$19,025	-0.09%

## ISSUES:

---EXEC OVER (UNDER) LFA----

FY 90 FY 91

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

\$20,326 \$20,461

2. MULTISTATE TAX COMMISSION-The executive increased funding for HTC dues and audit fees; the LFA held these expenses at the 88 actual level.

\$15,214 \$20,659

3. O/S TRAVEL-The LFA increased base o/s travel expenditures related to the Federal Royalty Audit Program. This is 100% federal funds.

(\$18,000) (\$18,000)

4. EQUIP-The LFA included equipment funding for office equipment.

(\$7,500) (\$2,500)

## TOTAL ISSUES

\$10,040 \$20,620

## HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personnel services budget:

\$20,381 \$20,462  
\$40,761 \$40,923

2. The House Appropriations Committee removed position 7902, Tax Exam Clerk 1.0 FTE, in the Cobb motion of 1/10/89. According to provisions of that motion, the subcommittee must take positive action before the position is reinstated.

\$20,762 \$20,778

5801 10 00000

07:15 PM

29-Dec-88

## AGENCY: DEPARTMENT OF REVENUE

## LEGISLATIVE ACTION

## PROGRAM: MOTOR FUEL TAX

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	25.00	22.00	22.00	0.00	22.00	22.00	0.00	-12.00%
Personal Services	\$473,472	\$444,363	\$434,270	\$10,093	\$445,499	\$435,382	\$10,117	-8.28%
Operating Expenses	160,896	137,441	138,956	(1,515)	133,080	134,586	(1,506)	-13.64%
Equipment	67,108	3,375	0	3,375	1,000	0	1,000	-100.00%
TOTAL EXPENSES	\$701,476	\$585,179	\$573,226	\$11,953	\$579,579	\$569,968	\$9,611	-18.28%
FUNDING								
State Special Rev	\$701,476	\$585,179	\$573,226	\$11,953	\$579,579	\$569,968	\$9,611	-18.28%
TOTAL FUNDING	\$701,476	\$585,179	\$573,226	\$11,953	\$579,579	\$569,968	\$9,611	-18.28%

## ISSUES:

---EXEC OVER (UNDER) LFA---

FY 90	FY 91
-------	-------

1. VACANCY SAVINGS- Executive includes 2%, LFA includes 4%

\$9,026	\$9,049
---------	---------

## TOTAL ISSUES

\$9,026	\$9,049
---------	---------

## HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personnel services budget:

EXECUTIVE  
LFA CL

\$9,069	\$9,092
\$18,095	\$18,141

2. POSITION DELETED-The House Appropriations Committee deleted position 10014, 1.0 FTE Tax Exam Clerk, on 1/10/89. According to the motion, the subcommittee must take positive action before the position is reinstated.

\$17,013	\$17,026
----------	----------

## AGENCY: DEPARTMENT OF REVENUE

## PROGRAM: ELECTED &amp; DEPUTY ASSESSORS-7

## LEGISLATIVE ACTION

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	70.70	54.60	70.70	-16.10	54.60	70.70	-16.10	0.00%
Personal Services	\$1,074,002	\$1,073,023	\$1,503,742	(\$430,719)	\$1,073,865	\$1,504,868	(\$431,003)	40.01%
Operating Expenses	398,617	331,672	0	331,672	331,933	0	331,933	-100.00%
TOTAL EXPENSES	\$1,472,619	\$1,404,695	\$1,503,742	(\$99,047)	\$1,405,798	\$1,504,868	(\$99,070)	2.11%
FUNDING								
General Fund	\$1,472,619	\$1,404,695	\$1,503,742	(\$99,047)	\$1,405,798	\$1,504,868	(\$99,070)	2.11%
TOTAL FUNDING	\$1,472,619	\$1,404,695	\$1,503,742	(\$99,047)	\$1,405,798	\$1,504,868	(\$99,070)	2.11%

## ISSUES:

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 0%
2. Exec did not provide health insurance for elected county assessors

## TOTAL ISSUES

## HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE LFA CL	FY 90	FY 91
\$21,898	(\$21,898)	(\$21,916)
\$0	(\$77,280)	(\$99,196)

5801 08 00083

03:10 PM

30-Dec-88

## AGENCY: DEPARTMENT OF REVENUE

## LEGISLATIVE ACTION

## PROGRAM: APPRAISERS &amp; OTHER ASSESSOR

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	307.15	303.65	302.65	1.00	303.65	302.65	1.00	-1.47%
Personal Services	95,916,831	\$6,278,480	\$6,135,504	\$142,976	\$6,288,188	\$6,146,414	\$141,774	3.70%
Operating Expenses	1,116,851	1,213,279	895,601	317,678	1,147,623	884,401	263,222	-19.81%
Equipment	355,938	73,424	85,856	(12,432)	77,096	85,856	(8,760)	-75.88%
TOTAL EXPENSES	\$7,389,620	\$7,565,183	\$7,116,961	\$448,222	\$7,512,907	\$7,116,671	\$396,236	-3.69%
FUNDING								
General Fund	\$7,211,872	\$7,565,183	\$7,116,961	\$448,222	\$7,512,907	\$7,116,671	\$396,236	-1.32%
Federal Revenue	177,748	0	0	0	0	0	0	-100.00%
TOTAL FUNDING	\$7,389,620	\$7,565,183	\$7,116,961	\$448,222	\$7,512,907	\$7,116,671	\$396,236	-3.69%

## ISSUES:

---EXEC OVER (UNDER) LFA---

FY 90	FY 91
\$128,034	\$128,291
\$65,000	\$65,000
\$56,924	\$0
\$9,380	\$0
(\$8,894)	\$8,700
\$19,600	\$19,600
(\$12,432)	(\$8,760)

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%.
2. COUNTY COMPUTER SUPPORT-The executive funded county computer support @ \$145,000/yr or \$65,000 higher than the level authorized by the legislature for fiscal year 1989. The LFA CI funds county computer support @ \$80,000/yr which is the amount authorized for fiscal 1989 by the 1987 legislature.
3. The executive budget included funding for the old CAAS system for 4 months in FY 90 only; LFA funded this expense in control variable 85-Melara program.
4. The executive budget included funds for 4 months service in FY 90 only from Marshall Valuation Services; the LFA current level did not fund this request. The new system will be designed to accommodate commercial property.
5. The Executive budget included more county computer software development funds in FY 91 than the LFA and Vice versa.
6. The executive budget included new funds for mapping and microfilming services.
7. EQUIPMENT-The executive budget includes higher funding for vehicles than the LFA (\$16,424 in FY 90 and \$29,096 in FY 91). The LFA included funding for communications equipment for Jefferson and Lewis & Clark County offices, and \$25,000 annually for office equipment for the county offices.



8. BUDGET MODIFICATION-The executive is recommending funding annual sales assessment ratio study functions with general fund. This function was funded from education trust interest in the 1989 biennium.

TOTAL ISSUES

\$185,836 \$185,855  
\$443,448 \$398,686  
=====

HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE \$127,810  
LFA CL \$256,101

2. POSITIONS REMOVED-The House Appropriations Committee removed the following positions with the Cobb amendment on 1/10/89. According to provisions of that motion, the subcommittee must take positive action before any position is reinstated.

PSNBR 8398 Property Tax Clerk 0.50  
PSNBR 8106 Property Tax Clerk 0.25  
PSNBR 8534 Administrative Clerk 1.00  
PSNBR 90063 Property Tax Clerk 0.25  
PSNBR 8910 Not Yet Classified 1.00  
PSNBR 8261 Property Tax Clerk 0.50  
PSNBR 8522 Administrative Clerk 0.50  
PSNBR 8528 Administrative Clerk 0.34

\$8,684 \$8,690  
\$3,448 \$3,451  
\$14,560 \$14,560  
\$3,448 \$3,451  
\$26,006 \$26,026  
\$8,684 \$8,690  
\$8,208 \$8,214  
\$4,643 \$4,647

TOTAL PERSONAL SERVICES SAVINGS

\$77,681 \$77,729  
=====

5801 08 00084

03:13 PM

30-Dec-88

## AGENCY: DEPARTMENT OF REVENUE

## LEGISLATIVE ACTION

## PROGRAM: PROPERTY ASSESSMENT - ADMIN

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	10.50	10.50	10.50	0.00	10.50	10.50	0.00	0.00%
Personal Services	\$335,570	\$342,007	\$335,028	\$6,979	\$342,579	\$335,588	\$6,991	-0.16%
Operating Expenses	211,416	199,322	190,910	8,412	198,875	190,490	8,385	-9.70%
Equipment	(3,162)	0	3,800	(3,800)	0	3,800	(3,800)	-220.18%
TOTAL EXPENSES	\$543,824	\$541,329	\$529,738	\$11,591	\$541,454	\$529,878	\$11,576	-2.59%
FUNDING								
General Fund	\$543,824	\$541,329	\$529,738	\$11,591	\$541,454	\$529,878	\$11,576	-2.59%
TOTAL FUNDING	\$543,824	\$541,329	\$529,738	\$11,591	\$541,454	\$529,878	\$11,576	-2.59%

## ISSUES:

---EXEC OVER (UNDER) LFA---

FY 90

FY 91

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

\$6,979

\$6,991

2. The LFA removed the full amount of the DP consultant retained by the division in FY 88. The division noted it would not require the consultant's services in the 91 biennium. The executive budget removed about two thirds of the consultant's cost.

\$8,650

\$8,650

3. SOFTWARE-The LFA current level included funds for software upgrades for the division's microcomputers. The executive did not include funds for this purpose.

(\$3,800)

(\$3,800)

## TOTAL ISSUES

\$11,829

\$11,841

## HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE  
LFA CL

\$6,980

\$6,991

\$13,959

\$13,982

2. POSITION REMOVED-The House Appropriations Committee removed position 8905, a .5 FTE Administrative Officer by the Cobb motion on 1/10/89. According to provisions of that motion, the subcommittee must take positive action before the position is reinstated.

\$12,654

\$12,663

## AGENCY: DEPARTMENT OF REVENUE

## PROGRAM: PROPERTY ASSESSMENT - HELENA

## LEGISLATIVE ACTION

BUDGET ITEM	FY 1988 Actual	Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference	FY 88-90 % Change
FTE	20.90	21.40	21.40	0.00	21.40	21.40	0.00	2.39%
Personal Services	\$545,464	\$565,129	\$553,596	\$11,533	\$566,070	\$554,517	\$11,553	1.49%
Operating Expenses	313,219	482,583	298,864	183,719	388,941	270,494	118,447	-4.58%
Equipment	25,262	0	20,000	(20,000)	0	20,000	(20,000)	-20.83%
Non-Operating	0	170,497	155,884	14,613	170,497	155,884	14,613	0.00%
TOTAL EXPENSES	\$883,945	\$1,218,209	\$1,028,344	\$189,865	\$1,125,508	\$1,000,895	\$124,613	16.34%
FUNDING								
General Fund	\$883,945	\$1,218,209	\$1,028,344	\$189,865	\$1,125,508	\$1,000,895	\$124,613	16.34%
TOTAL FUNDING	\$883,945	\$1,218,209	\$1,028,344	\$189,865	\$1,125,508	\$1,000,895	\$124,613	16.34%

## ISSUES:

---EXEC OVER (UNDER) LFA---  
FY 90 FY 91

1. VACANCY SAVINGS- Executive includes 2%; LFA includes 4%

2. COMPUTER PROCESSING-The executive reduced base expenditures due to implementing the new system a net \$11,382 in '90 and \$12,382 in '91. The LFA CL reduced expenditures a net \$64,408 each year. The difference is:

3. PRINTING-The executive increased printing costs as requested by the agency--an additional \$114,204 in fiscal '90 and \$42,344 in fiscal '91. The LFA CL allowed a smaller increase--\$23,076 in fiscal '90 and \$14,316. The net difference is:

4. TRAVEL-The Executive funded the agency's request for expanded travel in all bureaus--an additional \$51,006 in fiscal '90 and \$35,259 in fiscal '91. The LFA CL allowed travel increases only for training purposes related to the computer systems a total of \$22,499 in fiscal '90 and \$3,200 in fiscal '91. The net difference is:

5. EQUIPMENT-LFA included funds for computer equipment for the division's training center.

6. DEBT SERVICE-LFA included fewer funds for debt service. The agency revised its estimate in late November.

## TOTAL ISSUES

-----  
\$14,613 \$14,613  
\$178,807 \$118,281  
-----



HOUSE APPROPRIATIONS COMMITTEE POLICY ISSUES

1. VACANCY SAVINGS-The committee established a 0% vacancy savings policy. Depending upon which budget the subcommittee adopts, the following amounts will be added to the personal services budget:

EXECUTIVE  
LFA CL

\$11,533	\$11,552
\$23,066	\$23,105

2. The House Appropriations Committee removed position 90028, a .5 FTE Administrative Officer, with the Cobb motion on 1/10/89. According to provisions of that motion, the subcommittee must take positive action before the position is reinstated.

\$12,654	\$12,663
----------	----------



Centralized Services  
Targeted Position: 90202

EXHIBIT 8  
DATE 1-30-86  
HB \_\_\_\_\_

FY 86

<u>CTG</u>	<u>Pos</u>	<u>L</u>	<u>Budget</u>	<u>Exp</u>	<u>Diff</u>
7.84	90020	4	19,632	25,574	-5,943
.75	90202	6	9117	0	9,117
1.18	90311	5	<u>13,427</u> 42,176	15,414	<u>-1,986</u> + 1,168 <u><u>          </u></u>

FY 87

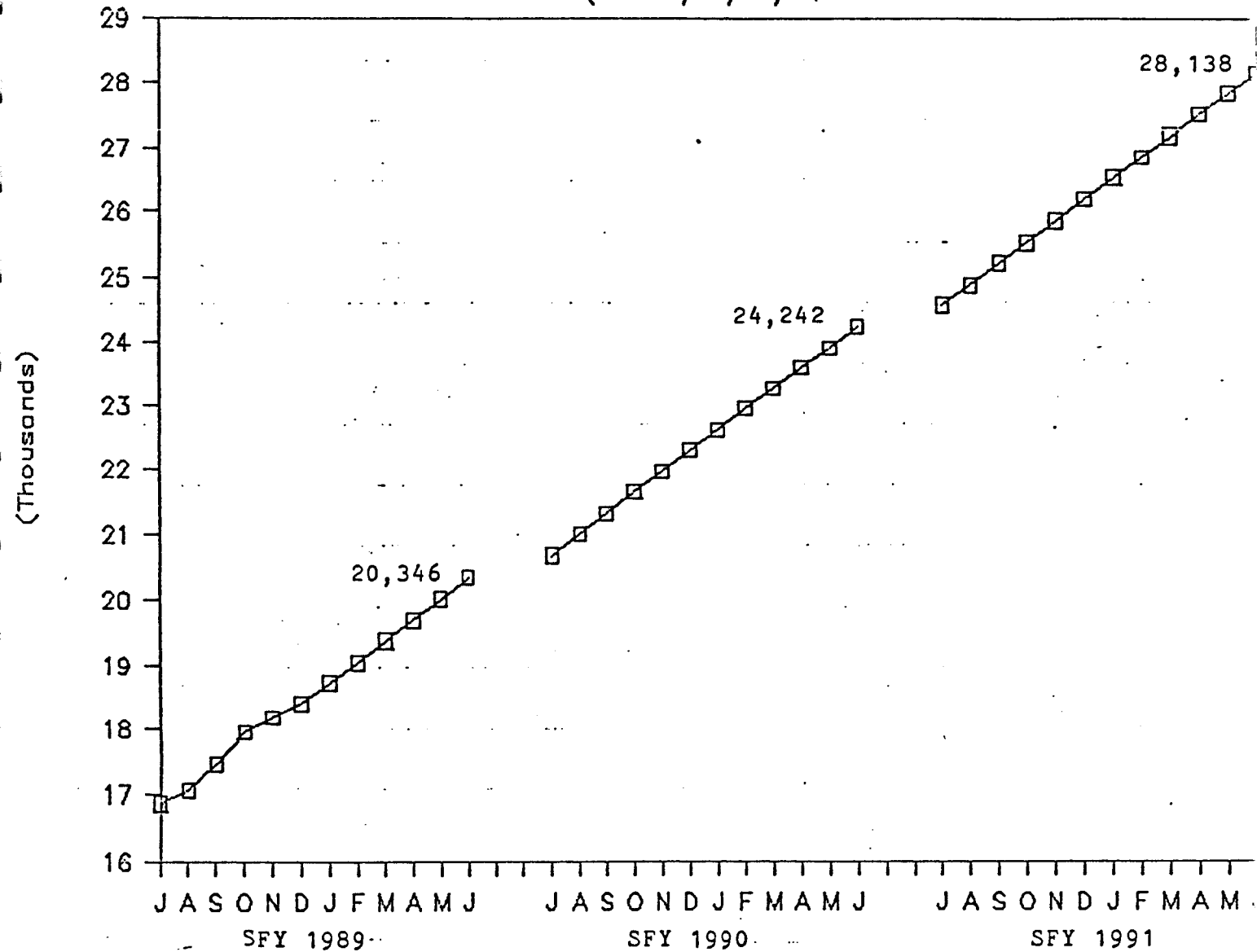
7.84	90020	4	20,123	27,623	-7,500
.75	90202	6	8913	0	8913
1.18	90311	5	<u>13,740</u> 42,776	14,653	<u>-912</u> + 501 <u><u>          </u></u>

I. Projects that did not get done because of HB 436

- 1) Business Tax Database -- Statistical sample of businesses for analysis of impact of major tax changes. The amount of each major business tax would be included to allow simulations of the impact of major business tax changes.
- 2) Refined Withholding Tables -- Withholding tables are historically reviewed during the peak in HB 436 workloads. A statistician is heavily involved in the analysis of the performance of the current tables and analysis of changes in the tables.
- 3) Analysis of Impact of Federal Tax Reform -- A statistician is required in the completion of this project. Involves matching of multi-year return information and analysis of tax changes. Project put off as statistician "caught up" with other projects delayed by HB 436.
- 4) Merge IRS data with State individual income tax data -- Our existing individual income tax database lack detail in certain areas. This detail could be added to the model by merging IRS data (e.g. derivation of net business and net farm income).
- 5) Sales Tax Database -- The Bureau has not had time to develop sales tax databases with which to address key sales tax issues (who pays how much and how changes in the tax base affect different groups of taxpayers). These data have not been prepared by anyone in state government as a result. Are forced to use Legislative Council estimates of yield without a crosscheck for accuracy.
- 6) School Finance Data -- No one has information on the composition of each school district's property tax base. Without this information it is difficult to revise the major school funding plans to include the impact of property tax changes enacted by the Legislature. Collection of this information has been delayed and is in the process of being compiled (will into session).
- 7) Railroad Tax Rate -- The calculation of the tax rate for railroads was put off until the last minute because of HB 436 work (requires separate sales ratio study).

# TOTAL CHILD SUPPORT ENFORCEMENT CASES

(as of 1/25/89)



	Fiscal 1988			Fiscal 1989		
	General Fund	State Special Revenue	Proprietary	State Special Revenue	Federal Special Revenue	Total
2. Centralized Services	880,546	6,600		886,766	4 6,600	893,366
3. Data Processing Division	1,005,278			1,007,144		1,429,524
4. Investigations and Enforcement Division		419,408				422,380
a. Administration	50,397	55,637	18,712	50,470	55,716	124,925
b. Investigations Program	31,509	230,728	250,637	25,460	129,683	643,142
c. Child Support Enforcement	499,750	1,130,102		497,519	1,140,772	1,638,291
5. Income and Miscellaneous Tax Division	3,079,363	82,884		3,156,379	87,884	3,244,263
6. Natural Resources and Corporation Tax Division	1,106,908	57,048		1,107,619	57,048	1,286,795
7. Property Assessment Division						
a. Elected Assessors	769,479			769,479		770,886
b. Appraisers and Nonlected Assessors	8,472,371			8,472,371		8,508,144
c. Property Assessment -- Helena						
i. Operations	362,527			362,527		354,058
ii. Railroad Appraisal	60,000			60,000		60,000
d. Property Assessment -- Administration	551,651			551,651		551,005
e. Property Assessment -- House Bill 436					500,789	500,789
8. Motor Fuels Tax Division	710,785			708,349		708,349
Total	17,482,614	1,177,951	1,444,152	17,511,147	1,171,994	21,378,199

Funds for resource indemnity trust projects approved by the 50th legislature in other state agencies are appropriated for transfer purposes to the extent that these funds are available.

Liquor division proprietary funds necessary to maintain adequate inventories of liquor and wine and to operate the state liquor operation are appropriated. During the 1989 biennium, the division shall attempt to return at least 10% of net sales. Net sales are gross sales less discounts and all taxes collected. The division shall limit operational expenses of the liquor merchandising system to not more than 15% of net sales. Operational expenses may not include product costs, freight charges, or expenses allocable to other divisions or licensing bureau expenses.

Item 7c11 is an appropriation to deal with legal issues arising under federal nondiscriminatory taxation acts such as the Tax Equity and Fiscal Responsibility Act, the Railroad Revitalization and Regulatory Reform Act, and any subsequent federal legislation that directs the state to take a nondiscriminatory posture in the taxation of entities doing business within the state. This appropriation may be used only for attorney fees, expert witnesses, and extraordinary expenses associated solely with resolving disputes related to such legal issues.

The source of funding in item 7e is the local impact and education trust fund account.

For the purposes of implementing Senate Bill 200, there may be no more than 36 FTE in fiscal 1988 and 34 FTE in fiscal 1989.

## VISITOR'S REGISTER

General Govt & Highway SUBCOMMITTEE

AGENCY(S) \_\_\_\_\_

DATE 1/30/89DEPARTMENT Justice/Revenue

NAME	REPRESENTING	SUP- PORT	OP- POSE
<i>Mick Robinson</i>			
<i>Marc Racicot</i>			
<i>Judy Brunning</i>			
<i>Mike Levin</i>			
<i>Bob Robinson</i>			
<i>Don Benton</i>			

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