MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON GENERAL GOVERNMENT & HIGHWAYS

Call to Order: By Chairman Quilici, on February 14, 1991, at 8:07 a.m.

ROLL CALL

Members Present:
Rep. Joe Quilici, Chairman (D)
Sen. Larry Stimatz, Vice Chairman (D)
Sen. Harry Fritz (D)
Rep. Mary Lou Peterson (R)
Sen. Larry Tveit (R)
Rep. Tom Zook (R)

Staff Present: Clayton Schenck, Senior Fiscal Analyst (LFA)
Lois Steinbeck, Associate Fiscal Analyst (LFA)
Dan Gengler, Budget Analyst (OBPP)
Arlene Carlson, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

EXECUTIVE ACTION ON STATE AUDITOR

Ms. Schenck gave an overview of the issues to date.

EXHIBITS 1, 2 and 3

Fiscal Control and Management

Motion/Vote: **REP. PETERSON** moved to accept Issue No. 5 for equipment for maintenance contracts. Motion **CARRIED** unanimously.

Motion/Vote: **SEN. TVEIT** moved to accept Issue No. 4 for warrant writing replacement equipment. Motion **CARRIED** unanimously.

Motion/Vote: **SEN. STIMATZ** moved to accept Issue No. 1 for warrant system processing costs in the amount of $10,834 for FY92 and FY93; Issue No. 2, $35,029 for FY92 and $42,180 for FY93; and Issue No. 3, $5,564 for FY92 and $6,569 for FY92. Motion **FAILED** with Rep. Peterson, Rep. Quilici and Sen. Fritz voting no.

Motion/Vote: **REP. ZOOK** moved to adopt the optional language: "Item_____ is for data processing service charges assessed to the Department of Administration." Motion **CARRIED** unanimously.

Motion/Vote: **SEN. FRITZ** moved to adopt the language in Issue No. 1 for data processing costs. Motion **CARRIED** unanimously.

Motion/Vote: **SEN. TVEIT** moved to reconsider the action by the Subcommittee for Issue No. 1 for an insurance investigator. Motion **CARRIED** with Rep. Quilici and Sen. Fritz voting no.

Mr. Schenck said the 1989 Legislature authorized the State Auditor 5 additional FTE but only funded four of the five. Through the end of December, none of them had been filled but that's because they were being classified and being brought onboard. Three had not been filled for their originally intended purpose in the first year-and-a-half of the biennium. They had temporarily filled them for special projects. One had been filled with a position that the 1989 Legislature had eliminated. By action of the committee yesterday, you have funded four of the five positions, same as that funded by the 1989 session. In essence, by action yesterday, three positions were taken away and then added two back.

Motion/Vote: **SEN. TVEIT** moved to add one additional FTE as an Insurance Investigator for a total of three. Motion **CARRIED** with Rep. Quilici and Sen. Fritz voting no.

Central Management

Motion/Vote: **SEN. TVEIT** moved to adopt the elected official exempt position salary increases Issue No. 3. Motion **FAILED** with Sen. Stimatz and Sen. Tveit voting yes.

Tape 2, Side 1

HEARING ON THE DEPARTMENT OF REVENUE

Denis Adams, Director, DOR, gave an overview of the department and highlighted specific projects. **EXHIBIT 4**

REP. ZOOK asked about staffing. **Mr. Adams** said in 1986 they had 1030 FTE and today they have 809.

Jack Ellery, Deputy Director, Operations, reviewed programs to include the **Director's Office, Centralized Services, Data Processing, Liquor Enterprise, Natural Resources and Corporation Tax and Motor Fuels. EXHIBIT 5** They have a significant budget modification regarding the Workers' Compensation Payroll Tax which has two separate components, current level and the modified.

Ms. Steinbeck, LFA, gave an overview of budget issues. **EXHIBITS 6 AND 7**

ADJOURNMENT

Adjournment: 11:15 a.m.

Joe Quilici

JOE QUILICI, Chair

JQ/amc

State Auditor

HOUSE OF REPRESENTATIVES

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

ROLL CALL DATE Feb. 14, 1991

NAME	PRESENT	ABSENT	EXCUSED
REP. JOE QUILICI, CHAIRMAN	✓		
SEN. LARRY STIMATZ, VICE-CHAIRMAN	✓		
REP. TOM ZOOK	✓		
SEN. LARRY TVEIT	✓		
REP. MARY LOU PETERSON	✓		
SEN. HARRY FRITZ	✓		

EXHIBIT /
DATE 2-14-91
Gen Govt Sub

STATE AUDITOR'S OFFICE
Supplemental Request
January 15, 1991

The State Auditor's Office has indicated to the Budget Office and to the L.F.A. in previous correspondence that the funding for mandated, fixed expenditures in the 1991 Biennium was not adequate. This issue was also noted during budget hearings during the last legislative session. During that session, cost estimates for system operating charges in the Warrant Writing and Payroll departments were not available. As a result, basic operational funding was eliminated and special appropriations were used as band aids until costs could be determined.

With a historical base of fiscal year 1990 behind us, expenditure projections appear very clear. This office is severely under-funded in at least four areas that are extremely important to State Government operations. Charges for services from the Department of Administration in the Warrant Writing System and Payroll system have exceeded all projections. Postage costs and the number of warrants processed have accelerated at a rate beyond that projected. In direct relation to increased warrant production is the increase in warrant supplies necessary.

In order to continue operations of the Warrant Writing and Payroll systems, the State Auditor's Office is requesting supplemental funding for fiscal year 1991 in the following areas:

1. <u>Department of Administration - ISD Services</u>
   <u>Warrant Writing System</u>

We project charges from the D of A, ISD Services for warrant processing will total $169,045.00 for fiscal year 1991 (see table #1). The amount appropriated to the Warrant Writing System for contracted services in fiscal year 1991 was $82,500.00 in a special appropriation. This amount was reduced by a $72,967.00 appropriation transfer to fiscal year 1990 to pay remaining D of A, ISD charges. The amount transferred was based on estimated remaining ISD costs for fiscal year 1990 as of May 1990. However, the transfer was insufficient to cover actual ISD charges, so an additional $5,337.44 of the fiscal year 1991 appropriation was used to pay the remaining 1990 expense. Thus, only $4,195.56 of the fiscal year 1991 appropriation remains. A supplemental appropriation in the amount of $164,849.44 is needed to provide sufficient budget authority for the Warrant Writing System.

Estimated D of A, ISD Services - FY91	$169,045.00
LESS: remaining FY91 appropriation	4,195.56
Supplemental requested	$164,849.44

2. Postage and Mailing Costs
Warrant Writing System

Based on four months of actual figures for fiscal year 1991, it has become apparent that the original supplemental requested for warrant postage costs was inadequate. We initially projected an annual increase in warrants processed of 5%. Over the first four months of fiscal year 1991, however, warrants processed have increased at a rate of 16% compared to fiscal year 1990 totals (see table #2). Since 89% of all warrants processed are mailed, the projected increase in postage costs for fiscal year 1991 is 14.24%. The category of warrants primarily responsible for the increase in warrants processed is Compensation Payments from the State Fund. This classification of warrants is non-reimbursed, so the postage costs are borne by the State Auditor's Office. State Fund Compensation Payment warrants have increased by 26,826 warrants in the first four months of FY91 as compared to FY90, or 200% more than the same period in FY90. Officials from the State Fund anticipate the Compensation Payments to continue at the present rate for the remainder of the fiscal year.

The Warrant Writing System was appropriated $139,370.00 for postage and mailing costs in fiscal year 1991. Of this amount, $13,000.00 was transferred to fiscal year 1990 to cover postage expenses; thus, $126,370.00 remains for fiscal year 1991 postage expenses. We estimate that FY91 postage costs will be $235,705.78 (net of approx. $36,500 reimbursement from PERD and TRS). This amount includes the Bad Debts program's estimated operational mailing costs and Fiscal Control & Management's estimated mailing costs as well. Both are funded from the same appropriation. Therefore, a supplemental appropriation in the amount of $109,335.78 is necessary as follows:

	original	revised
Warrant mailing costs (est)	$206,169.96	$226,354.00
Bad Debts program (est)	7,057.68	7,057.68
Fiscal Control & Mgmt. (est)	2,294.10	2,294.10
Total FY91 estimated postage	215,521.74	235,705.78
Less: remaining FY91 approp.	126,370.00	126,370.00
Supplemental requested	$ 89,151.74	$109,335.78

Estimated warrant mailing costs were calculated as follows:

original estimate (5% increase assumption)	$206,169.96
Revised estimate factor:	
[(16% - 5%) X 89%*] + 1	X 1.0979
revised warrant mailing costs FY91	$226,354.00

*89% of all warrants processed are mailed

The U.S. Postal Service rate increase of 18% effective February 1991 was factored into our cost estimate. The rate increase will affect the last five months of fiscal year 1991, a time period during which approximately 53% of total annual state warrants will be mailed.

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3. <u>Warrant Printing Costs</u>
<u>Warrant Writing System</u>

The Warrant Writing System was allocated $40,569.00 for supplies and materials in fiscal year 1991. We estimate total supplies and materials expense of $49,990.76.

$10,273.61 will be used to purchase basic supplies and materials (photo & reproduction, printing - P&G, forms, fine paper, office supplies) to operate at minimum levels. The remaining portion of supplies and materials expense will consist of $39,717.15 in warrant printing costs as follows:

300,000 mailer warrants (already shipped)	$12,274.15
700,000 mailer warrants (to be shipped FY91)	24,290.00*
100,000 non-mailer warrants (shipped FY91)	2,766.00*
5,000 duplicate warrants (shipped FY91)	387.00*
TOTAL WARRANT PRINTING COSTS	$39,717.15

* See attached purchase order

A supplemental appropriation of $9,421.76 will be needed to provide sufficient budget authority for warrant printing expenses in fiscal year 1991:

Supplies & Materials (non-warrant) - FY91	$10,273.61
Warrant Printing costs - FY91	39,717.15
Supplies & Materials appropriation - FY91	(40,569.00)
Supplemental Requested	**$ 9,421.76**

4. <u>Department of Administration - ISD Services</u>
<u>State Payroll</u>

State Payroll has $262,891.00 remaining for Contracted Services in fiscal year 1991. We estimate that Contracted Services will total $313,945.00 in fiscal year 1991. The original appropriation of $273,022.00 has already been reduced by $10,131.00, which was used to pay remaining D of A, ISD charges in fiscal year 1990. Therefore, a supplemental appropriation in the amount of $51,054.00 is needed to provide sufficient budget authority for Department of Administration, ISD charges in fiscal year 1991. The breakdown of non-ISD Contracted Services cost estimates for FY91 is as follows:

Consulting & Prof. Services	$ 1,080.00
Insurance & Bonds	1,528.00
Photographic Services	30.00
Printing - P&G (P/P/P manual revision)	10,000.00
Printing - Other (W-2 forms and 1099 forms)	4,300.00
TOTAL NON-ISD CONTRACTED SERVICES	$16,938.00

We estimate Department of Administration, ISD charges for fiscal year 1991 to be $297,007:00, a decrease of approximately $10,000.00 compared to fiscal year 1990. The estimate is based on historical costs and adjusted for anticipated ISD support needed for Payroll's computer system.

Remaining FY91 Approp. - Contr. Serv.	$262,891.00
LESS: non-ISD contracted services	16,938.00
Amount available for ISD charges	245,953.00
Estimated ISD charges - FY91	(297,007.00)
Shortfall / Supplemental requested	**$(51,054.00)**

In summary, the following supplemental appropriations are requested:

1)	ISD Services - Warrant Writing System	$164,849.44
2)	Postage & Mailing - Warrant Writing System	$109,335.78
3)	Warrant Printing Costs - Warrant Writing System	$ 9,421.76
4)	ISD Services - State Payroll	$ 51,054.00
	TOTAL REQUESTED	**$334,660.98**

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ESTIMATED ISD Charges - WARRANT WRITING SYSTEM
ASSUMPTION : 1,181,687 WARRANTS PROCESSED IN FY91

TABLE #1

	OBJ. EXP.	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE		
BATCH JOBS	2172	2,756	5,233	2,954	3,312	3,185	3,286	3,679	4,771	4,389	5,353	5,644	4,238	=	50800
IDMS ACTIVITY	2172	2,564	4,868	2,759	3,080	2,962	3,057	3,423	4,438	5,944	4,979	5,250	3,943	=	47267
TSO ACTIVITY	2172	625	625	625	625	625	625	625	625	625	625	625	625	=	7500
TAPE	2172	53	53	53	53	53	53	53	53	53	53	53	53	=	636
DISK	2172	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	=	29700
DATA NETWORK	2174	250	250	250	250	250	250	250	250	250	250	250	250	=	3000
IDMS OE & E	2194	41	41	41	41	41	41	41	41	41	41	41	41	=	492
SDB PERSONNEL	2176	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	=	25200
OA SUBSCRIPTION	2177	30	30	30	30	30	30	30	30	30	30	30	30	=	360
MICROFILM	2144	170	170	170	170	170	170	170	170	170	170	170	170	=	2040
TRAINING	2177														
COM	2144	300	50	50	50	50	50	50	50	50	50	50	50	=	850
RECORDS STORAGE	2197			300			300			300			300	=	1200
TOTALS		11,364	15,895	11,807	12,186	11,941	12,437	12,896	15,003	18,427	16,126	16,688	14,275	=	$169,045

TABLE #2

1. Number of warrants processed by month -- FY90 and FY91

	FY90	FY91	% incr. (de
JULY	61,039	77,244	27%
AUGUST	115,912	128,430	11%
SEPTEMBER	65,681	72,827	11%
OCTOBER	73,345	86,514	18%
4-MONTH TOTAL	315,977	365,015	16%

2. ORIGINAL SUPPLEMENTAL REQUEST (BASED ON ASSUMPTION OF 5% INCREASE IN WARRANTS)

WARRANT MAILING COSTS	$206,169.96		
BAD DEBTS PROGRAM	7,057.68		
FISCAL CONTROL & MANAGEMENT	2,294.10		
TOTAL FY91 ESTIMATED POSTAGE		$215,521.74	
LESS: REMAINING FY91 APPROPRIATION		(126,370.00)	
BUDGET SUPPLEMENT NEEDED			$89,151.74

3. REVISED SUPPLEMENTAL REQUEST (BASED ON ASSUMPTION OF 16% INCREASE IN WARRANTS)

ORIGINAL ESTIMATE OF WARRANT MAILING COSTS (5% increase assumption)	$206,169
REVISED ESTIMATE FACTOR: $[(16\% - 5\%) \times 89\%*] + 1$	x 1.0979
REVISED ESTIMATE OF WARRANT MAILING COSTS - FY91	$226,354

* 89% of all warrants processed are mailed

WARRANT MAILING COSTS	$226,354.00		
BAD DEBTS PROGRAM	7,057.68		
FISCAL CONTROL & MANAGEMENT	2,294.10		
TOTAL FY91 ESTIMATED POSTAGE		$235,705.78	
LESS: REMAINING FY91 APPROPRIATION		(126,370.00)	
BUDGET SUPPLEMENT NEEDED			$109,335.78

FORM WP-51 * HG PROFESSIONAL FORMS * OMAHA, NE 68102

Ex. 1
2-14-91
Gen. Govt Sub

STATE OF MONTANA

PUBLICATIONS & GRAPHICS BUREAU
Capitol Station
920 Front Street
Helena, Montana 59620-0132

PURCHASE ORDER

VENDOR
Moore Business Forms, Inc.
910 1st Avenue North
P. O. Box 2930
Great Falls, MT 59403-2930

VENDOR Telephone Number (406) 452-2913

BILL TO
Publications & Graphics Bureau
Dept. of Administration
Capitol Station
Helena, MT 59620

Shipping Instructions Noted Below

ATTENTION VENDOR: This Purchase Order Number must appear on your invoice and all related correspondence.

PURCHASE ORDER NUMBER	907503
PURCHASE ORDER DATE	8-2-90

ISSUED IN ACCORDANCE WITH OFFER TO SELL:

		Price Request No.	Date
INVITATION FOR BID			
OTHER	X	Sole Source	

APPLICABLE TO REQUISITION NO. 9001

DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL

Ship To: State Auditor's Office
Room 295 Mitchell Bldg.
Helena, MT 59620

AUDITOR OFFICE WARRANTS

1. MAILER

Overall size: 16"x 4-1/4"

Line hole punched in left and right margin.

Stock: 24# posting ledger - color, Lamplighter Ivory - sample of color will be provided to vendor.

Both face and backer printed - different copy on each side. Two color both sides. Background to be write-over density phantom from line drawing, this will print in second color. Back will have screened design, to assure confidentiality of the computer printing one the face. This screened design to print in second color.

MICR encoding with warrant number 01614401 to 02314400,

AUG 6 2 16 PM '90
HELENA, MONT.
RECEIVED
STATE AUDITORS OFFICE

ANY QUESTIONS REGARDING THIS PURCHASE ORDER MUST BE MADE IMMEDIATELY TO THE DEPARTMENT OF ADMINISTRATION, PUBLICATIONS & GRAPHICS BUREAU, HELENA, MONTANA 59620 UPON RECEIPT. (406) 444-3053

FURNISH INVOICES IN TRIPLICATE

CONTRACT VALIDATED BY lo

pg 1 of 4

Leona G. Olsen

LEONA G. OLSEN, Purchasing Agent

8/2/90
Date

TOTAL AMOUNT	27,443.00
Number	Total Encumbered
907503	27,443.00

STATE OF MONTANA

PUBLICATIONS & GRAPHICS BUREAU

Purchase Order Supplement

PURCHASE ORDER NUMBER	907503
DATE OF PURCHASE ORDER	8-2-90
PAGE NO.	2 OF4

DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL
routing number 0920, transit number 01046 and account number 001 on face of warrant. Pre-numbering right hand upper corner of warrant, ascending sequence from 01614401 to 02314400 in red ink. Die cut with die cut area measuring 3-1/2" x 15/16" - die cut area located lower right corner of warrant - this die cut area to be covered with a clear sheet and glued at the edges. Vendor must contact State Auditor's Office for exact position of die cut. Form to be perforated 3/4" from left and right - in addition the top and bottom of the form are to have a tear off stub 3/8" from top and bottom of form these horizontal perforations are to stop at margin perforations. Form also to be perforated down the center. Heat seal adhesive to be applied to in tear off in both lower left and upper right halves of form - heat seal adhesive must also be applied to the lower 2-1/2" of the left marginal tear off and the upper 2-1/4" of the right tear off. All forms must be guaranteed to work on Moore 4610 Speedisealer and Moore 3610 Imprinter/Detacher. Vendor must supply 5,000 "voided" forms marked for "set up" to be used on the 4610 and 3610 machines. Vendor must contact State Auditor's Office for information that will be pre-printed on the face of the warrant, artwork for phantom background design, security print and the exact position of the pre-print on the warrant. Back of Mailer: Standard message for opening mailers. Return address should read: Andrea "Andy" Bennett State Auditor P.O. Box 4009 Helena, Montana 59604-4009 Warrant numbers must be shown on outside of containers. All MICR encoding must meet ABA standards. QUANTITY: 700,000	700,000	34.70/M	24,290.00

FURNISH INVOICES IN TRIPLICATE

Gen. Govt Svc

STATE OF MONTANA PUBLICATIONS & GRAPHICS BUREAU ***Purchase Order Supplement***	PURCHASE ORDER NUMBER	907503
	DATE OF PURCHASE ORDER	8-2-90
	PAGE NO.	3 OF 4

DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL
2. NONMAILERS			
Overall size 16" x 3-1/2"			
Line hole punched in left and right margin.			
Stock - 24# posting ledger - color, Lamplighter Ivory - sample of color will be provided to vendor.			
Face printed - two color. Background to be write-over density phantom from line drawing, this will print in second color. all copy will bleed to edges of form. There will be no area wich is not printed on the face or reverse of the warrant.			
MICR encoding with warrant number 00300001 to 00400000, routing 0920, transit number 01046 and account number 002 on face of warrant.			
Pre-numbering right hand upper corner of warrant, ascending sequence from 00300001 to 00400000 in red ink.			
Form to be perforated 3/4" from left and right. Form also to be perforated down the center (8" from left and right sides).			
All forms must be guaranteed to work on Moore 3610 Imprinter/Detacher.			
Vendor must supply 3,000 "voided" forms marked for "set up".			
Vendor must contact State Auditor's Office for information that will be pre-printed on the face of the warrant and the exact position of the pre-print on the warrant.			
Warrant numbers must appear on outside of containers.			
All MICR encoding <u>must</u> meet ABA standards.			
QUANTITY: 100,000	100,000	27.66/M	2766.00
3. DUPLICATE WARRANT FORMS			
Overall size 8-1/2" x 3-1/2"			
Line hole punched in left and right margins.			

FURNISH INVOICES IN TRIPLICATE

STATE OF MONTANA

PUBLICATIONS & GRAPHICS BUREAU

Purchase Order Supplement

PURCHASE ORDER NUMBER	907503
DATE OF PURCHASE ORDER	8-0-90
PAGE NO.	4 OF 4

DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL
Stock - 24# posting ledger - color, Lamplighter Ivory - sample of color will be provided to vendor.			
Face printed - two color. Background to be write-over density phantom from line drawing, this will print in second color. All copy will bleed to edges of form. There will be no area which is not printed on the face or reverse of the warrant.			
MICR encoding with routing number 0920 and transit number 01046 on face of warrant.			
Pre-numbered left upper corner of warrant ascending sequence from 00004501 to 00009500 in black ink. In right upper corner of warrant the pre-printed abbreviation of the word number. No.			
Form to be perforated from left and right to allow for a burst form of 7-1/4" x 7", in addition, the top 3-1/2" of the form will be the warrant - the bottom 3-1/2" of the form will be the stub - the form should be perforated in the middle for detachment of the stub.			
Vendor must supply 100 "voided" forms marked for "set up".			
Vendor must contact State Auditor's Office for information that will be pre-printed on the face of the warrant and the exact position of the pre-print on the warrant.			
Warrant numbers must appear on the outside of cartons.			
All MICR encoding <u>must</u> meet ABA standards.			
QUANTITY: 5000	5000	77.40/M	387.00
Delivery: As Required			
Terms: Net			
F.O.B.: State Auditor's Office Room 295 Mitchell Bldg. Helena, MT 59620			

FURNISH INVOICES IN TRIPLICATE

EXHIBIT 2
DATE 2-1?-9?
Gen Gov Sub

ANDREA "ANDY" BENNETT
STATE AUDITOR'S OFFICE
REVENUE COLLECTIONS
FISCAL YEAR 1990

REVENUE SOURCE	Total Revenue	General Fund	Special Revenue
Forest Reserve	7,715,901		7,715,901
Insurance			
Fireman's Pension Tax	918,165		918,165
Insurance Premium Tax	23,372,366	17,296,341	6,076,025
Fire Marshall Tax	471,603	471,603	
License Fees and permits	1,678,424	1,678,424	
Fines and violations	99,069	99,069	
Securities			
Fees and Permits	2,040,484	2,040,484	
Fines and violations	7,000	7,000	
State Payroll			
State Payroll Processing fee	385,442		385,442
Total Revenue	36,688,454	21,592,921	15,095,533

Total Revenue 36,688,454 100.0%

Distribution of Revenue:

	Related Expenses	% of Total Revenue		
Office Operations	2,656,887	7.2%		
Pension and Retirment Funds	6,994,190	21.0%		
Forest Reserve	7,715,901	19.1%		
Total			(17,366,978)	47.3%
Total to General Fund			19,321,476	52.7%

EXHIBIT 3
DATE 2-...
Gen Govt Sub

'ANT WRITING SYSTEM - OFFICE OF THE STATE AUDITOR
ON FOR PARTIAL RECOVERY OF GENERAL FUND COSTS
FISCAL 1991, 1992, 1993

14-Feb-91

Interim Options:	1991 Biennium	1993 Biennium
(1) Recover Costs of New Warrants, State Comp. Fund Only	$118,117	$239,576
(2) Recover Costs of Major State Special Rev. Customers Only	$148,697 *	$297,394

Notes:
- Federal costs are being recovered through the Statewide Cost Allocation Plan
- The General Government and Highways Subcommittee inserted language in HB2 requiring agency development of a full cost recovery plan for the 1995 biennium.

* FY 91 Costs Only

COMPUTATION

	State Comp. Fund*	Dept. of Highways**	Dept. of FWP**	Total
Warrants Per Year	209054	29134	66040	
Cost Per Warrant	$0.573	$0.573	$0.573	
...al Direct Costs	$119,788	$16,694	$37,841	
Percent State Special Rev				
State Comp Fund	100.0%			
Highways		48.5%		
DFWP General License A/C			55.0%	
Direct Costs, Annual	$119,788	$8,096	$20,813	$148,697
Direct Costs, Biennial	$239,576	$16,193	$41,625	$297,394

Warrant Writing System Costs(1)	
Direct Costs, Fiscal 1992	$596,625
Direct Costs, Fiscal 1993	$587,617
Total Cost, 1993 Biennium	$1,184,242

* Based on fiscal 1991 projections (See previous page)
** Based on fiscal 1990 warrants written
(1) LFA Current Level

ALYSIS 13-Feb-91

ARRANTS WRITTEN FOR THE STATE COMPENSATION MUTUAL INSURANCE FUND

WARRANT WRITING SYSTEM - OFFICE OF THE STATE AUDITOR

	---- Number of Warrants Written ----		
	Medical/ Other	Compensation Payments(New)	Total
July	5771	2791	8562
August	7905	3754	11659
September	6507	3285	9792
October	6794	3544	10338
November	6750	4940	11690
December	5410	9261	14671
January	6295	9851	16146
February	6723	9043	15766
March	9181	10121	19302
April	8842	9472	18314
May	8249	10576	18825
June	6869	9599	16468
Total Warrants, FY 90	85296	86237	171533
Cost/Warrant	$0.573	$0.573	$0.573
Total Direct Costs FY 90	$48,875	$49,414	$98,288
July	7180	9710	16890
August	8272	11569	19841
September	6746	8698	15444
October	9009	10214	19223
November	6318	9956	16274
December	7052	9803	16855
Total, 1st 6 months	44577	59950	104527
Projected, last 6 months	44577	59950	104527
Total Warrants, FY 91	89154	119900	209054
Cost/Warrant	$0.573	$0.573	$0.573
Total Direct Costs FY 91	$51,085	$68,703	$119,788
Total Costs 91 Biennium	$99,960	$118,117	$218,076

EXHIBIT 4
DATE 2-16-
Gen. Govt Sub

Agency Overview and Highlights

Agency Mission is to:

1. To insure full and fair compliance with all state tax laws;

2. To assist taxpayers in fulfilling their obligations to the state;

3. To maximize the utilization of taxpayer funds by maintaining an efficient and timely mechanism for the collection and deposit of revenues; and

4. To implement all department responsibilities with professionalism, integrity and efficiency.

Agency Responsibility

1. The principal responsibility of the Department is to collect and enforce approximately 31 state taxes and fees and assess and equalize the value of all taxable property in the state.

2. The Department is also responsible for regulating the sale and distribution of alcoholic beverages.

Agency Organization

1. The Department is organized into eight programs (see attached organization chart):

   Director's Office provides overall direction to the nine operating divisions within the agency;

   Centralized Services provides centralized management and administrative services to all parts of the Department;

   Data Processing provides systems development, data entry, computer operations, and midrange/microcomputer support to all programs within the Department;

Liquor Enterprise and Regulation controls the sale and distribution of alcoholic beverages in the state and the licensure of wholesaler and retailers.

Income and Miscellaneous Tax administers and enforces the state personal income tax laws and 15 other miscellaneous taxes;

Natural Resource and Corporation Tax administers 17 different taxes in addition to administering the Federal Royalty Audit Programs;

Property Assessment administers the state appraisal and assessment program;

Motor Fuels enforces compliance and administers license taxes on gasoline and diesel fuels.

A more detailed discussion of these programs will be provided later in our budget presentation.

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Major Department Initiatives

1. Liquor Privatization is one of many major initiatives within the department.

   The Administration's objective are to:

   a. eliminate a nonessential state services;
   b. eliminate competition with the private sector;
   c. reduce the size of state government;
   d. return $4 million to the general fund;
   e. reduce the price retailers pay for liquor; and
   f. give retailers a choice of where they purchase liquor within the state.

   Our proposal:

   a. maintains the same number of retail outlets statewide;
   b. generates the same amount of profit and taxes to the State;
   c. honors existing lease commitments;
   d. maintains the restrictions on liquor outlets in grocery stores; and
   e. very importantly, provides for orderly employee transition to store ownership or new employment.

   Changes have already occurred in the Liquor Enterprize that will benefit the State for years to come.

   a. We recently created a Bailment Warehouse which will give the state general fund a "one-time" infusion of $4 million in FY91.

   b. The state no longer has to invest millions of dollars in idle inventory to supply the present retail operation.

c. We have worked out arrangements with suppliers to pay for our inventory only when it is shipped to retail outlets.

d. In total, our privatization proposal when coupled with the implementation of Bailment will add $8 million to the general fund.

2. The creation of the Department of Transportation is another major initiative being undertaken by the administration.

a. The department is affected to the extent that we are proposing the transfer of the Motor Fuels Division to the DOT.

b. This transfer will provide the nucleus for developing "one stop shopping" for the trucking industry which is sorely overdue in Montana.

c. (Possibly explain how it would work).

The Department Faces Many Other Challenges

1. HB703 has stirred much controversy. It is a priority of the administration to resolve the many issues left dangling by the recent Supreme Court decision.

ISSUES

a. Need to act as HB703 and HB436 changes will be reversed if no action is taken. This means a property tax decrease in the West and a significant property tax increase in the East.

b. Need to address poor base appraisals from the 1986 reappraisal cycle. This means extra work and a disruption to finishing the

EX. 4
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current cycle.

c. Need to broaden the appeal procedure to address market value on an individual basis.

d. Need to continue to monitor the sales and the reliability of the assessment levels.

e. Need to improve the assessment accuracy for the 1993 assessment values. This is underway through the new market modeling procedure.

2. Completion of Property Reappraisal in the next biennium is another major challenge.

a. We are doing everything within our available resources to insure we finish our legislative mandate by December 31, 1992.

b. Our automation efforts for reappraisal are critical to our success.

You have helped us in this area and we appreciate your support.

c. Having adequate staff and operations funding is an important ingredient in our success formula for reappraisal.

You will hear more about our needs in this area tomorrow.

3. In all areas, our workloads are constantly increasing while our staffing remains flat.

a. Identification of money owed the State by those not paying their "fair share" is at a record high.

b. Department initiatives to improve staff productivity and targeting our resources appropriately have created this favorable opportunity in state revenues.

Again, the department has proposals addressing these critical issues for your consideration.

c. We continually assume more responsibilities to help the state meet its fiscal commitments.

d. The transfer of the Workers' Compensation Payroll Tax from the State Fund to the Department of Revenue is a Prime Example.

- The impetus for this transfer was not originated by us -- but rather by those who felt the Revenue Department could do the job better -- the Legislature and its staff.

- We can do the job better -- but not without the resource we need to address a 55% increase in workload.

We'll be discussing this with you tomorrow as well.

4. A final major challenge is the retention and recruitment of qualified staff which is a nagging problem we and other State Agencies continually face.

a. Staff turnover is a costly proposition for any State Agency.

b. It is particularly true in our department because of the relatively high number of professional and technical staff we need to

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deal with complex problems and the service levels our customers have come to expect.

c. Lack of qualified staff and staff who leave us for "greener pastures" have significant budget implications.

- Training investments are lost.

- Training new staff decreases productivity which results in reduced revenues until staff are up to speed, and

- Recruitment difficulties accentuate the problem by prolonging vacancies and creating a vicious rehiring circle.

The Bottomline Is That

1. We are doing more with fewer staff than we ever have before.

   Our staffing has steadily declined since FY86 when department staffing totalled 1,030 FTE.

   Today our staffing stands at 809 FTE.

   We have more work to do -- and we are doing it smarter.

   Service to the taxpayers of Montana has never been better --- We pride ourselves on being able to provide fast, efficient and accurate service at a moments notice.

2. This is due largely to our efforts to automate appropriate functions within the department to:

   Improve productivity; and

   Improve the State's revenue picture significantly.

3. I hope that you will look favorably on our efforts to continually improve the way we do business in the department and how we better serve all Montana taxpayers.

Exhibit 5 consists of the Dept. of Revenue biennial budget request for FY92-FY93. The original is stored at the Montana Historical Society, 225 North Roberts, Helena, MT 59601. (Phone 406-444-4775)

Exhibit 6 consists of pages A-74 through A-102 of the Budget Analysis 1993 biennium Vol 1, from the Office of the Legislative Fiscal Analyst. The original is stored at the Montana Historical Society, 225 North Roberts, Helena, MT 59601. (Phone 406-444-4775)

EXHIBIT 7
DATE 2-14-91
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5801 DEPARTMENT OF REVENUE
01 DIRECTORS OFFICE
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	14.50	37.50	34.50	3.00	37.50	34.50	3.00
Personal Services	917,666	1,246,981	1,145,035	101,946	1,246,555	1,144,624	101,931
Operating Expenses	346,607	322,908	301,803	21,105	326,941	305,002	21,939
Equipment	26,279	12,759	12,690	69	12,759	12,690	69
Local Assistance	3,106	15,000	15,000	0	15,000	15,000	0
Total Expend.	$1,293,658	$1,597,648	$1,474,528	$123,120	$1,601,255	$1,477,316	$123,939
Fund Sources							
General Fund	738,815	1,038,095	840,329	197,766	1,041,689	844,408	197,281
State Revenue Fund	85,989	0	89,598	89,598-	0	89,598	89,598-
Federal Revenue Fund	108,393	173,578	173,578	0	173,585	173,585	0
Proprietary Fund	360,461	385,975	371,023	14,952	385,981	369,725	16,256
Total Funds	$1,293,658	$1,597,648	$1,474,528	$123,120	$1,601,255	$1,477,316	$123,939

5801 DEPARTMENT OF REVENUE
01 DIRECTORS OFFICE
00010 DIRECTOR'S OFFICE

DATE : 01/26/91
TIME : 09/59/38
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	.00	8.50	7.50	1.00	8.50	7.50	1.00
Personal Services	253,071	344,467	302,457	42,010	344,274	302,358	41,916
Operating Expenses	206,748	188,433	180,923	7,510	192,493	184,871	7,622
Equipment	275	0	0	0	0	0	0
Total Expend.	$460,094	$532,900	$483,380	$49,520	$536,767	$487,229	$49,538
Fund Sources							
General Fund	347,126	437,174	327,206	109,968	441,035	331,055	109,980
State Revenue Fund	85,989	0	89,598	89,598-	0	89,598	89,598-
Federal Revenue Fund	0	37,068	37,068	0	37,068	37,068	0
Proprietary Fund	26,979	58,658	29,508	29,150	58,664	29,508	29,156
Total Funds	$460,094	$532,900	$483,380	$49,520	$536,767	$487,229	$49,538

	Executive Over (Under) LFA FTE	FY92	FY93
CURRENT LEVEL ISSUES			
00010 Director's Office Administration			
1. FTE. The Executive Budget is 1.0 FTE higher than the LFA current level as it continues a grade 19 position that was vacant all fiscal 1990 and remains vacant as of February 1991.	1.0	$42,010	$41,916
2. BASE, INFLATION, AND NETWORK FEE DIFFERENCES.			
Inflation.		(408)	(296)
Network fees.		2,850	2,850
Audit.		4,787	4,786
Base.		281	282
TOTAL CURRENT LEVEL DIFFERENCES	1.0	$49,520	$49,538
FUNDING ISSUES			
1. GENERAL FUND. The Executive Budget is includes a higher amount of general fund due to the transfer of the Motor Fuels Tax Division to the proposed Department of Transportation and due to retaining the FTE not included in the LFA current level.		$109,968	$109,980
2. HIGHWAYS SPECIAL REVENUE. The LFA current level budget retains the Motor Fuels Tax Division and includes the amount of funding historically allocated to the Director's Office to offset administrative costs for the division. A portion of these funds is a direct offset to general fund.		(89,598)	(89,598)
3. LIQUOR DIVISION FUNDS. The Executive Budget includes a higher amount of liquor funds than does the LFA current level. The Executive offsets the loss of highways state special revenue by increasing equally, general fund, liquor funds, and federal funds.		29,150	29,150

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5801 DEPARTMENT OF REVENUE
01 DIRECTORS OFFICE
00011 LEGAL OFFICE

DATE : 01/26/91
TIME : 09/59/38
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	.00	11.00	10.00	1.00	11.00	10.00	1.00
Personal Services	258,718	383,650	353,896	29,754	384,409	354,510	29,899
Operating Expenses	39,335	34,877	34,131	746	35,310	34,571	739
Equipment	3,202	3,000	1,700	1,300	3,000	1,700	1,300
Total Expend.	$301,255	$421,527	$389,727	$31,800	$422,719	$390,781	$31,938
Fund Sources							
General Fund	248,096	366,705	333,534	33,171	367,897	334,588	33,309
Proprietary Fund	53,159	54,822	56,193	1,371-	54,822	56,193	1,371-
Total Funds	$301,255	$421,527	$389,727	$31,800	$422,719	$390,781	$31,938

	Executive Over (Under) LFA FTE	FY92	FY93
FTE. The Executive Budget is 1.0 FTE higher than the LFA current level as it continues a clerical position that was vacant all fiscal 1990 and through the budget analysis time period in fiscal 1991.	1.0	$20,015	$19,972
In addition, the LFA current level budgets a vacant grade 19 position at a step 2 entry level, while the Executive budgets the position at step 11, the level of the previous incumbent. The agency has filled the position at a step 2.		9,739	9,927
EQUIPMENT. The Executive Budget funds office equipment, while the LFA current level funds replacement of one computer terminal per year.		1,300	1,300
BASE, INFLATION, AND NETWORK FEE DIFFERENCES.			
Inflation.		(247)	(256)
Network fees.		2,824	2,824
Base.		(458)	(458)
TAL CURRENT LEVEL DIFFERENCES	1.0	$33,173	$33,309

NDING ISSUES

LIQUOR DIVISION FUNDS. The LFA incudes a higher amount of liquor funds than the Executive.		($1,371)	($1,371)

5801 DEPARTMENT OF REVENUE
01 DIRECTORS OFFICE
00012 INVESTIGATIONS

DATE : 01/26/91
TIME : 09/59/38
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	.00	12.00	12.00	.00	12.00	12.00	.00
Personal Services	280,696	327,308	327,308	0	326,610	326,610	0
Operating Expenses	85,943	80,988	72,725	8,263	81,204	72,119	9,085
Equipment	22,802	9,759	10,990	1,231-	9,759	10,990	1,231-
Local Assistance	0	15,000	15,000	0	15,000	15,000	0
Total Expend.	$389,441	$433,055	$426,023	$7,032	$432,573	$424,719	$7,854
Fund Sources							
General Fund	3,831	24,050	4,191	19,859	23,561	4,178	19,383
Federal Revenue Fund	105,287	136,510	136,510	0	136,517	136,517	0
Proprietary Fund	280,323	272,495	285,322	12,827-	272,495	284,024	11,529-
Total Funds	$389,441	$433,055	$426,023	$7,032	$432,573	$424,719	$7,854

	Executive Over (Under) LFA FTE	FY92	FY93
1. RENT. The Executive Budget includes additional funds for rent.		$5,894	$5,975
2. EQUIPMENT. Both the Executive and LFA current level include a replacement vehicle. The LFA also includes funds to replace one desk and one chair each year of the biennium.		(1,231)	(1,231)
3. BASE, INFLATION, AND NETWORK FEE DIFFERENCES.			
Inflation.		664	1,405
Network fees.		1,705	1,705
TOTAL CURRENT LEVEL DIFFERENCES		$7,032	$7,854

FUNDING ISSUES

		FY92	FY93
1. LIQUOR DIVISION FUNDS. The LFA incudes a higher amount of liquor funds than the Executive.		($12,827)	($11,529)

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5801 DEPARTMENT OF REVENUE
01 DIRECTORS OFFICE
00013 RESEARCH & INFORMATION

DATE : 01/26/91
TIME : 09/59/38
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	.00	6.00	5.00	1.00	6.00	5.00	1.00
Personal Services	125,181	191,556	161,374	30,182	191,262	161,146	30,116
Operating Expenses	14,581	18,610	14,024	4,586	17,934	13,441	4,493
Total Expend.	$139,762	$210,166	$175,398	$34,768	$209,196	$174,587	$34,609
Fund Sources							
General Fund	139,762	210,166	175,398	34,768	209,196	174,587	34,609
Total Funds	$139,762	$210,166	$175,398	$34,768	$209,196	$174,587	$34,609

	Executive Over (Under) LFA		
	FTE	FY92	FY93
1. FTE. The Executive Budget continues a position that was vacant all fiscal 1990 and through the first quarter of fiscal 1991. Preliminary budget documentation submitted by the department indicated that the position was no longer needed in the Corporation and Natural Resources Tax Division due to reorganization and could be removed. The LFA current level removes the position. The department transferred the vacant position to the research program.	1.0	$30,182	$30,116
2. CONTRACTED SERVICES. The Executive includes additional funds for printing.		3,335	3,335
3. BASE, INFLATION, AND NETWORK FEE DIFFERENCES.			
Inflation.		(1,150)	(1,244)
Network fees.		1,618	1,618
Base.		783	784
TOTAL CURRENT LEVEL DIFFERENCES	1.0	$4,586	$4,493

5801 DEPARTMENT OF REVENUE
02 CENTRALIZED SERVICES DIVISION
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	32.27	30.27	30.77	.50-	30.27	30.77	.50-
Personal Services	639,284	694,917	703,832	8,915-	693,664	702,561	8,897-
Operating Expenses	124,164	110,370	103,181	7,189	108,023	101,143	6,880
Equipment	4,680	6,024	3,524	2,500	6,062	3,524	2,538
Total Expend.	$768,128	$811,311	$810,537	$774	$807,749	$807,228	$521
Fund Sources							
General Fund	768,128	811,311	810,537	774	807,749	807,228	521
Total Funds	$768,128	$811,311	$810,537	$774	$807,749	$807,228	$521

CURRENT LEVEL ISSUES	Executive Over (Under) LFA FTE	FY92	FY93
1. FTE. The Executive Budget transfers a .5 clerical FTE to the proposed Department of Transportation. The LFA continues the position in this program.	(0.50)	($8,915)	($8,897)
2. EQUIPMENT. The LFA funds replacement of one computer and two wide carriage printers each year. The Executive funds that equipment and also includes two additional replacement computers in fiscal 1992 and a replacement delivery van in fiscal 1993.		2,500	2,538
3. BASE, INFLATION, AND NETWORK FEE DIFFERENCES.			
Inflation.		(5,365)	(5,680)
Network fees.		8,723	8,723
Base.		3,829	3,837
TOTAL CURRENT LEVEL DIFFERENCES		$772	$521

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5801 DEPARTMENT OF REVENUE
03 DATA PROCESSING DIVISION
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	50.50	48.60	47.30	1.30	48.60	47.30	1.30
Personal Services	1,119,314	1,349,463	1,308,708	40,755	1,349,931	1,309,265	40,666
Operating Expenses	128,761	154,901	130,226	24,675	153,322	128,093	25,229
Equipment	7,781	4,384	4,348	36	2,214	2,214	0
Total Expend.	$1,255,856	$1,508,748	$1,443,282	$65,466	$1,505,467	$1,439,572	$65,895
Fund Sources							
General Fund	801,121	1,011,385	976,101	35,284	1,007,429	971,653	35,776
State Revenue Fund	0	30,182	0	30,182	30,116	0	30,116
Proprietary Fund	454,735	467,181	467,181	0	467,922	467,919	3
Total Funds	$1,255,856	$1,508,748	$1,443,282	$65,466	$1,505,467	$1,439,572	$65,895

Revenue
Program 03: Data Processing

CURRENT LEVEL ISSUES

	Executive Over (Under) LFA FTE	FY92	FY93
1. EMPLOYER'S PAYROLL TAX ADMINISTRATION. The Executive Budget includes 1.0 FTE to administer the employer's payroll tax. The LFA does not.	1.00	$30,182	$30,116
2. FTE. The LFA current level reduces a .8 FTE that had been vacant during fiscal 1990. The Executive continues the position. The Executive transfers a .5 FTE to the proposed Department of Transportation for a net difference of .3 FTE.	0.30	10,573	10,550
3. CAMAS RELATED COSTS. The Executive includes operating cost increases in current level for the CAMAS system. The LFA does not include these operating costs for CAMAS as such costs were to be supported within current level operating budgets. The category of expenditure and amount are:			
Supplies.		4,274	4,274
Communications.		1,349	1,349
4. MAINTENANCE FOR MULITUSER COMPUTERS AND TERMINALS. The Executive includes funds for extending maintenance contracts to computers no longer under warranty.		10,055	10,055
4. EQUIPMENT. The LFA and Executive both fund three computers.		36	
5. BASE, INFLATION, AND NETWORK FEE DIFFERENCES.			
Inflation.		(4,187)	(3,708)
Network fees.		7,960	7,960
Base.		5,224	5,296
TOTAL CURRENT LEVEL DIFFERENCES	1.3	$65,466	$65,892

DATA PROCESSING CONTINUED

EXECUTIVE BUDGET MODIFICATION

1. EMPLOYER'S PAYROLL TAX ADMINISTRATION. The Executive Budget includes FTE and operating costs to administer the employer's payroll tax transferred to the department effective 7/1/91. In addition to this modification and 1.0 current level FTE in this program (Data Processing), the Executive includes 2.00 current level FTE and 6.00 modified level FTE and operating costs in the Income Tax Program.	2.33 (FY92) 2.00 (FY93)	$41,549	$35,589	state special

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5801 DEPARTMENT OF REVENUE
05 LIQUOR DIVISION
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	125.00	107.00	105.00	2.00	107.00	105.00	2.00
Personal Services	2,733,062	2,710,556	2,669,554	41,002	2,712,412	2,671,428	40,984
Operating Expenses	29,546,075	27,384,844	29,534,526	2,149,682-	27,384,790	29,536,995	2,152,205-
Equipment	15,898	0	0	0	0	0	0
Transfers	13,602,688	0	13,685,000	13,685,000-	0	13,592,000	13,592,000-
Total Expend.	$45,897,723	$30,095,400	$45,889,080	$15,793,680-	$30,097,202	$45,800,423	$15,703,221-
Fund Sources							
Proprietary Fund	45,897,723	30,095,400	45,889,080	15,793,680-	30,097,202	45,800,423	15,703,221-
Total Funds	$45,897,723	$30,095,400	$45,889,080	$15,793,680-	$30,097,202	$45,800,423	$15,703,221-

CURRENT LEVEL ISSUES	Executive FTE	Over (Under) FY92	LFA FY93
1. FOR YOUR INFORMATION. The Liquor Division has been funded through a language appropriation in the past several biennia. The current level differences for this function are presented for your information, assuming the subcommittee wishes to continue funding the division through language.			
2. PERSONAL SERVICES. Both the Executive and LFA reduce FTE by 18.0 FTE which had been vacant most or all of fiscal 1990. However, the LFA current level removes an additional 2.0 vacant FTE that are continued in the Executive.	2.0	$41,002	$40,984
3. OPERATING COSTS. The Executive includes a lower amount in the expenditure category goods for resale. The Executive estimates a lower cost for this expenditure while the LFA maintains the fiscal 1990 actual expenditure.		(2,149,682)	(2,152,205)
4. TRANSFERS. The Executive inadvertantly omitted the estimated transfers of liquor profits and taxes to the general fund. The amount included in the LFA is the estimated amount for the 1993 biennium.		(13,685,000)	(13,592,000)
TOTAL CURRENT LEVEL DIFFERENCES	2.0	($15,793,680)	($15,703,221)

GENERAL APPROPRIATION LANGUAGE

1. LIQUOR DIVISION. The subcommittee adopted the following language for the Liquor Division in the general appropriations act for the 1991 biennium.

Liquor division proprietary funds necessary to maintain adequate inventories of liquor and wine and to operate the state liquor operation are appropriated. During the 1991 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 slaes. Operational expenses may not include product costs, freight charges, expenses allocable to other divisions, or licensing bureau expenses.

6101 DEPARTMENT OF ADMINISTRATION
05 LIQUOR DIVISION
00051 LICENSING ~~BUERAU~~ Bureau

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	9.0	9.0			9.0		
Personal Services	$155,491	$197,835		$42,344	$197,745	$0	$42,254
Operating Expenses	61,684	59,821		(1,863)	59,821		(1,863)
Equipment	0	0		0	0		0
Total Expenditures	$217,175	$257,656	$0	$40,481	$257,566	$0	$40,391
Fund Sources							
Liquor Funds	$217,175	$257,656	$0	$40,481	$257,566	$0	$40,391

CURRENT LEVEL ISSUES	Executive Over (Under) LFA FTE	FY92	FY93
1. APPROPRIATION FOR LIQUOR LICENSING BUREAU. The Executive request includes an appropriation for the liquor licensing function as opposed to continuing appropriation authority for the bureau in language. The LFA current level continues funding all functions of the Liquor Division through the language appropriation approved by the subcommittee for the last several biennia. PLEASE NOTE that the differences appearing in the above table are the amount being requested by the Executive compared to fiscal 1990 actual expenditures.			
2. PERSONAL SERVICES. The Executive Budget does not change the number of FTE assigned to this program. The request includes a position paid at a grade 12 step 2 as of January 1990 that is listed as a grade 7 step 2 at the end of fiscal 1990 (June). This difference adds about $6,300 each year above the fiscal 1990 level.		$6,299	$6,297
3. OPERATING COSTS. The Executive request for this bureau is below the actual expenditure level for fiscal 1990.		(1,863)	(1,863)
TOTAL DIFFERENCES BETWEEN REQUEST AND FISCAL 1990 ACTUAL EXPENDITURES (assuming personal services was 100% expended in fiscal 1990)		$4,436	$4,434

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5801 DEPARTMENT OF REVENUE
06 INCOME TAX
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	103.15	105.15	102.65	2.50	105.15	102.65	2.50
Personal Services	2,190,690	2,493,475	2,444,973	48,502	2,491,112	2,442,701	48,411
Operating Expenses	1,208,149	1,105,862	1,187,652	81,790-	1,081,116	1,148,223	67,107-
Equipment	8,516	0	0	0	0	0	0
Total Expend.	$3,407,355	$3,599,337	$3,632,625	$33,288-	$3,572,228	$3,590,924	$18,696-
Fund Sources							
General Fund	3,254,773	3,298,985	3,469,237	170,252-	3,264,251	3,430,994	166,743-
State Revenue Fund	152,582	300,352	163,388	136,964	307,977	159,930	148,047
Total Funds	$3,407,355	$3,599,337	$3,632,625	$33,288-	$3,572,228	$3,590,924	$18,696-

CURRENT LEVEL ISSUES	Executive Over (Under) LFA FTE	FY92	FY93	
1. EMPLOYER'S PAYROLL TAX ADMINISTRATION. The Executive Budget includes FTE funded by state special revenue authority to collect the employer's payroll tax. The LFA current level does not.	2.0	$38,227	$38,147	state special
2. CLERICAL POSITION. The LFA current level does not include a clerical position vacant since February 1990 through January 1991. The Executive continues the position.	0.5	10,275	10,264	
3. EMPLOYER'S PAYROLL TAX OPERATING COSTS. The Executive includes funds to administer the employer's payroll tax, transferred to the department effective 7/1/91.		90,853	91,015	state special
4. MAINFRAME PROCESSING COSTS. The LFA continues fiscal 1990 actual costs after reducing the amount $25,000 each year to reflect the amount of personal services authority expended in operating costs in this program in violation of boiler plate language in HB100. The Executive reduced computer processing costs in current level, but has included a new modified request to add funds in above the level funded in the LFA current level. (See modified request 4.)		(167,557)	(167,557)	
5. TRAVEL. The Executive increases funds for audit-related travel. The LFA maintains fiscal 1990 actual costs.		9,990	9,990	
6. BASE, INFLATION, AND NETWORK FEE DIFFERENCES.				
Inflation.		(42,138)	(27,635)	
Network fees.		30,184	30,184	
Base.		9	9	
TOTAL CURRENT LEVEL DIFFERENCES	2.5	($30,157)	($15,583)	

EXECUTIVE BUDGET MODIFICATIONS

1.	EMPLOYER'S PAYROLL TAX ADMINISTRATION. The Executive includes a modified request in addition to the current level FTE and funding to administer the employer's payroll tax. (See also Data Processing Program 03).	6.0	$177,847	$143,312	state special
2.	REPLACEMENT EQUIPMENT. The Executive includes funds to replace 3 vehicles, 8 personal computers, and 1 high speed printer each year.		66,389	60,389	general fund
3.	ACCOUNTS RECEIVABLE. The Executive funds 3.0 FTE and operating costs to enhance collection efforts as the number and value of accounts receivable has risen.	3.0	94,484	80,688	general fund
4.	COMPUTER PROCESSING COSTS. The Executive is requesting additional funds for computer processing costs. This request would be in addition to the Executive current level, not the LFA current level. (See current level issue 4 above.) The request would add $121,462 above the LFA current level in fiscal 1992 and $99,201 in fiscal 1993. The rate reduction for processing costs is not reflected in the amount requested. Including rate reductions, the total general fund added to the Executive current level would be $242,873 in fiscal 1992 and $210,046 in fiscal 1993. Executive support for this request is contingent on passage and approval of the accounts receivable request. The Executive estimates that the accounts receivable modified will increase general fund revenue by $1 million in fiscal 1992 and $1.6 million in fiscal 1993. Neither the revenue estimate or this modified request was included in the Executive budget.		289,019	266,758	general fund

TOTAL MODIFIED REQUESTS BY FUND TYPE

1. STATE SPECIAL REVENUE	6.0	$177,847	$143,312
2. GENERAL FUND	3.0	449,892	407,835
TOTAL MODIFIED REQUESTS	9.0	$627,739	$551,147

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5801 DEPARTMENT OF REVENUE
07 CORPORATION TAX
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	35.00	33.00	33.00	.00	33.00	33.00	.00
Personal Services	842,612	981,240	981,209	31	979,405	979,373	32
Operating Expenses	337,271	389,062	339,056	50,006	388,949	342,802	46,147
Equipment	795	2,500	2,410	90	2,500	2,410	90
Total Expend.	$1,180,678	$1,372,802	$1,322,675	$50,127	$1,370,854	$1,324,585	$46,269
Fund Sources							
General Fund	992,929	1,188,639	1,124,602	64,037	1,186,691	1,126,512	60,179
State Revenue Fund	62,417	63,953	65,073	1,120-	63,953	65,073	1,120-
Federal Revenue Fund	125,332	120,210	133,000	12,790-	120,210	133,000	12,790-
Total Funds	$1,180,678	$1,372,802	$1,322,675	$50,127	$1,370,854	$1,324,585	$46,269

	Executive Over (Under) LFA		
	FTE	FY92	FY93
CURRENT LEVEL ISSUES			
1. LONGEVITY. The Executive Budget calculates a higher rate of longevity than does LFA current level.		$31	$32
2. TRAVEL. The Executive Budget includes funds above fiscal 1990 actual expenditures for travel. The department reduced travel in this program and moved funds to the Director's Office to fund remodeling and travel. Both the Executive and LFA removed a current level FTE that had been vacant all of fiscal 1990. However, the Executive "reallocated" a portion of the personal services costs associated with the vacant FTE to travel.		38,913	34,294
3. EQUIPMENT. The LFA and Executive fund a replacement computer each year. The Executive has a slightly higher cost estimate.		90	90
4. BASE, INFLATION, AND NETWORK FEE DIFFERENCES.			
Inflation.		(2,210)	(1,450)
Network fees.		13,303	13,303
TOTAL CURRENT LEVEL DIFFERENCES		$50,127	$46,269
FUNDING ISSUES			
1. STATE SPECIAL REVENUE. The LFA current level is higher in two sources:			
Oil and Gas State Special Revenue.		($441)	($441)
State Lands Resource Development Revenue. Each of these revenue sources support 1.0 FTE and associated operating costs. The LFA is higher than the Executive to fund inflationary and other operating cost increases.		(679)	(679)

FEDERAL ROYALTY AUDIT FUNDS. Federal funds support 3.0 federal auditor FTE and operating costs. The LFA has a higher level of federal funds to support increases in operating costs and inflationary adjustments.	(12,790)	(12,790)

EFFECT ON GENERAL FUND. The state special and federal funds do not offset general fund. However, given the way this program is funded, any increase in other funding sources will reduce the overall general fund commitment.

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5801 DEPARTMENT OF REVENUE
08 PROPERTY VALUATION
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	403.66	397.06	395.31	1.75	397.06	395.31	1.75
Personal Services	8,711,068	9,648,835	9,584,282	64,553	9,647,276	9,583,280	63,996
Operating Expenses	1,618,495	1,697,512	1,580,964	116,548	1,710,326	1,583,062	127,264
Equipment	104,693	109,656	91,756	17,900	109,656	76,756	32,900
Debt Service	155,883	155,884	155,883	1	155,884	155,883	1
Total Expend.	$10,590,139	$11,611,887	$11,412,885	$199,002	$11,623,142	$11,398,981	$224,161
Fund Sources							
General Fund	10,590,139	11,611,887	11,412,885	199,002	11,623,142	11,398,981	224,161
Total Funds	$10,590,139	$11,611,887	$11,412,885	$199,002	$11,623,142	$11,398,981	$224,161

5801 DEPARTMENT OF REVENUE
08 PROPERTY VALUATION
00080 ELECTED & DEPUTY ASSESSORS-70%

DATE : 01/26/91
TIME : 09/59/38
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	.00	68.60	68.60	.00	68.60	68.60	.00
Personal Services	1,542,016	1,750,784	1,749,022	1,762	1,753,046	1,751,283	1,763
Operating Expenses	28,810	0	0	0	0	0	0
Total Expend.	$1,570,826	$1,750,784	$1,749,022	$1,762	$1,753,046	$1,751,283	$1,763
Fund Sources							
General Fund	1,570,826	1,750,784	1,749,022	1,762	1,753,046	1,751,283	1,763
Total Funds	$1,570,826	$1,750,784	$1,749,022	$1,762	$1,753,046	$1,751,283	$1,763

:URRENT LEVEL ISSUES

Executive Over (Under) LFA

FTE	FY92	FY93
	$1,762	$1,763

1. PERSONAL SERVICES COSTS. The Executive Budget contains a higher amount of funds for the state share (70 percent) of elected and deputy assessors salaries.

No concern

Ex. 7
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Gen. Govt Sub

5801 DEPARTMENT OF REVENUE
08 PROPERTY VALUATION
00083 APPRAISERS & OTHER ASSESSOR ST

DATE : 01/26/91
TIME : 09/59/38
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	.00	255.06	256.06	1.00-	255.06	256.06	1.00-
Personal Services	5,411,983	6,026,473	6,049,635	23,162-	6,023,720	6,047,263	23,543-
Operating Expenses	603,899	683,998	648,046	35,952	688,559	649,258	39,301
Equipment	128	85,856	68,356	17,500	85,856	68,356	17,500
Total Expend.	$6,016,010	$6,796,327	$6,766,037	$30,290	$6,798,135	$6,764,877	$33,258
Fund Sources							
General Fund	6,016,010	6,796,327	6,766,037	30,290	6,798,135	6,764,877	33,258
Total Funds	$6,016,010	$6,796,327	$6,766,037	$30,290	$6,798,135	$6,764,877	$33,258

CURRENT LEVEL ISSUES	Executive Over (Under) LFA FTE	FY92	FY93
1. PERSONAL SERVICES COSTS. The Executive reduced 1.0 FTE. The LFA maintained current level positions.	(1.0)	($23,162)	($23,543)
2. CONTRACTED SERVICES. The Executive Budget funds two contracts not included in the LFA current level. Those contracts are:			
Appraiser fees.		17,435	17,435
System development--Non DofA.		17,091	17,091
3. EQUIPMENT. The LFA and Executive both fund replacement of up to six vehicles per year; lease/purchase of a phone system; and miscellaneous office equipment. The Executive funds additional replacement equipment.		17,500	17,500
4. BASE, INFLATION, AND NETWORK FEE DIFFERENCES.			
Inflation.		(2,723)	775
Base.		4,149	4,000
TOTAL CURRENT LEVEL DIFFERENCES	(1.0)	$30,290	$33,258

7500 for [illegible]

5801 DEPARTMENT OF REVENUE
08 PROPERTY VALUATION
00084 PROPERTY ASSESSMENT

DATE : 01/26/91
TIME : 09/59/38
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	.00	73.40	70.65	2.75	73.40	70.65	2.75
Personal Services	1,757,069	1,871,578	1,785,625	85,953	1,870,510	1,784,734	85,776
Operating Expenses	985,786	1,013,514	932,918	80,596	1,021,767	933,804	87,963
Equipment	104,565	23,800	23,400	400	23,800	8,400	15,400
Debt Service	155,883	155,884	155,883	1	155,884	155,883	1
Total Expend.	$3,003,303	$3,064,776	$2,897,826	$166,950	$3,071,961	$2,882,821	$189,140
Fund Sources							
General Fund	3,003,303	3,064,776	2,897,826	166,950	3,071,961	2,882,821	189,140
Total Funds	$3,003,303	$3,064,776	$2,897,826	$166,950	$3,071,961	$2,882,821	$189,140

URRENT LEVEL ISSUES	Executive Over (Under) LFA FTE	FY92	FY93
. FTE. The LFA current level reduced 2.75 FTE that had been vacant throughout fiscal 1990 and through the first quarter of fiscal 1991. The Executive Budget continues the positions.	2.75	$85,953	$85,776
. TRAVEL. The LFA current level maintains the fiscal 1990 travel expenditure level, while the Executive funds travel at the fiscal 1991 appropriated level.		(14,930)	(15,122)
. EQUIPMENT. The LFA current level includes replacement of one vehicle in fiscal 1992; replacement of three computers each year; and an overhead projector in fiscal 1992. The Executive funds replacement of software in fiscal 1992 and three more computers in fiscal 1993.		400	15,400
. BASE, INFLATION, AND NETWORK FEE DIFFERENCES.			
Inflation.		8,785	16,344
Network fees.		86,742	86,742
OTAL CURRENT LEVEL DIFFERENCES	2.75	$166,950	$189,140

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PROPERTY ASSESSMENT PROGRAM CONTINUED

EXECUTIVE BUDGET MODIFICATIONS

1. CYCLICAL REAPPRAISAL COSTS. The Executive Budget funds additional gasoline costs of $22,000 each year of the biennium and the following in fiscal 1993 only: printing ($109,000); postage ($108,000); instate travel ($7,000).	$22,000	$249,000	general fund
2. CAMAS COSTS. The Executive budget includes funds to hire a consultant to ensure that appraisers use the market model component of CAMAS correctly ($224,312); to fund additional maintenance contracts and computer costs ($21,280): and to continue debt services costs to to fund the computer upgrade and high speed printers purchased in fiscal 1991 with the supplemental appropriation ($112,689). The second year of the modified request reduces the consulting contract as the Governor's Budget Office has directed the department to develop inhouse system support capability for CAMAS.	358,281	301,281	general fund
TOTAL MODIFIED BUDGET REQUESTS	$380,281	$550,281	general fund

6101 DEPARTMENT OF ADMINISTRATION
10 MOTOR FUELS DIVISION

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	24.0	23.0	22.0	1.0	24.0	23.0	1.0
Personal Services	$462,514	$533,181	$508,286	$24,895	$532,783	$507,946	$24,837
Operating Expenses	140,310	140,023	146,178	(6,155)	137,175	142,590	(5,415)
Equipment	7,438	0	0	0	0	0	0
Total Expenditures	$610,262	$673,204	$654,464	$18,740	$669,958	$650,536	$19,422
Fund Sources							
State Special Revenue (Gas Tax)	$610,262	$673,204	$654,464	$18,740	$669,958	$650,536	$19,422

CURRENT LEVEL ISSUES	Executive Over (Under) LFA FTE	FY92	FY93
1. PERSONAL SERVICES. The Executive continues 2.0 auditor FTE that were vacant all of fiscal 1990 and through January 1991. These FTE are not necessary as the state joined IFTA (International Fuel Tax Agreement) which performs audits formerly done by these FTE. The Executive continues one of the vacant FTE in this program and transfers the other to a modified request to implement the Department of Transportation reorganization.	1.0	$24,895	$24,837
2. OPERATING COSTS. The LFA is higher than the Executive in computer operating costs. The division has a new system coming on line which is anticipated to cost more to operate than the old system.		(6,155)	(5,415)
3. BASE, INFLATION, AND NETWORK FEE DIFFERENCES. Inflation. Network fees. Audit. Base.			
TOTAL CURRENT LEVEL DIFFERENCES	1.0	$18,740	$19,422

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Gen. Gov't & Highways COMMITTEE BILL NO. ________

DATE 2/14/91 SPONSOR(S) State Auditor - Dept. of Rev.

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