

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON GENERAL GOVERNMENT & HIGHWAYS

Call to Order: By Chairman Quilici, on February 20, 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)
John Patrick, Budget Analyst (OBPP)
Arlene Carlson, Secretary

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

EXECUTIVE ACTION ON LEGISLATIVE COUNCIL

Clayton Schenck gave a brief overview of the issues. He distributed a handout on legislative interim studies and conferences. **EXHIBIT 1**

Motion/Vote: SEN. TVEIT moved to accept the LFA's current level budget for Legislative Council operations. Motion **CARRIED** unanimously.

Motion/Vote: REP. PETERSON moved to accept the LFA current level budget Issue No. 1. Motion **CARRIED** unanimously.

Motion/Vote: SEN. TVEIT moved to accept the budget modifications # 1 for LC operations. Motion **CARRIED** unanimously.

The tape quit recording during the discussion on budget modification #3, Two additional FTEs. It picks up the conversation later.

Motion/Vote: SEN. STIMATZ moved to accept \$43,000 for the redistricting and appropriation process. Motion **CARRIED** with Sen. Tveit voting no.

Motion/Vote: SEN. TVEIT moved to accept option 3 on the modification, the \$34,000 and \$34,000 for the years 1992 and 1992

(total of \$107,470) for permanent statutory and interim committee. Motion **CARRIED** with Rep. Peterson voting no.

Motion/Vote: REP. ZOOK moved to accept modification No. 2 for \$65,978 for 1992 and 1993 for dues and travel to the National Council of State Governments and the Conference of State Legislatures. Motion **CARRIED** unanimously.

Motion/Vote: SEN. FRITZ moved to accept Issue No. 1 for biennial apportionment. Motion **CARRIED** unanimously.

Motion/Vote: REP. ZOOK moved to adopt the following language: "Items _____ through _____ are biennial appropriations. The Legislative Council may approve transfers of funds between items _____ through _____. Such transfers may not exceed 15% of the amount of each item." SEN. TVEIT made a substitute motion to adopt the language and to have Clayton Schenck complete the language by filling in the blanks. Motion **CARRIED** unanimously.

Motion/Vote: SEN. STIMATZ moved to accept current level budget for interstate cooperation. Motion **CARRIED** unanimously.

Motion/Vote: SEN. TVEIT moved to accept the LFA's current level budget for reimbursable activities. Motion **CARRIED** unanimously.

Motion/Vote: REP. ZOOK moved to accept current level Issue No. 1 for increased processing costs. Motion **CARRIED** unanimously.

Motion/Vote: SEN. TVEIT moved to accept current level issues No. 1, budget modifications for 1991 base pay adjustments. Motion **CARRIED** unanimously.

Motion/Vote: REP. ZOOK moved to accept Issue No. 1 for program analyst. Motion **CARRIED** with Rep. Peterson voting no.

Motion/Vote: REP. PETERSON moved to adopt Issue No. 4 for reapportionment technical support. Motion **CARRIED** unanimously.

Motion/Vote: REP. ZOOK moved to adopt HB 51 "AN ACT APPROPRIATING MONEY TO SUPPORT LEGISLATIVE BRANCH COMPUTER NETWORK CENTRALIZATION" and to line-item the appropriation and the language to read as following: "Expenditure 'for Item # _____' of funds is contingent on approval by the joint legislative administration committee." Motion **CARRIED** unanimously.

Mr. Schenck clarified the legislative intent regarding interim studies and regional conferences that will be one appropriation not individual appropriations for those three. There was no specific motion for specific language. He will include that.

EXECUTIVE ACTION ON STATE AUDITOR

Mr. Schenck discussed the warrant writing system funding. Does the committee want to substitute State Compensation Mutual Insurance Proprietary Fund for general fund, using a direct appropriation to the Fiscal Control and Management Program. The cost of the system has risen significantly. **EXHIBIT 2**

Motion/Vote: **REP. ZOOK** moved to adopt option (2) to recover costs of Major State Special Revenue Customers only. Motion **CARRIED** unanimously.

DEPARTMENT OF JUSTICE

Mr. Schenck distributed a letter from the Attorney General regarding three agency programs. **EXHIBIT 3**

CHAIRMAN QUILICI explained the issues.

Motion/Vote: **SEN. TVEIT** moved to accept equipment maintenance contracts and debt service for copier. Motion **CARRIED** unanimously.

EXECUTIVE ACTION -- DEPARTMENT OF HIGHWAYS

Mr. Schenck explained what had been done previously. Action on language was deferred. He explained the handout which lists the different language option. **EXHIBIT 4** **Mr. Mandeville** gave an explanation of the OBPP's position with the five-year plan.

Construction Work Plan

Motion/Vote: **SEN. TVEIT** moved to adopt Option 1 "The department is direct submit to the 1993 legislature a construction plan for the 1995 that is detailed by year and project. This work plan must specify, by road system or project area, proposed projects on which \$1 million or more would be spent during the 1995 biennium and an aggregate cost for projects with anticipated expenditures of less than \$1 million. Costs must be detailed by year and project." Motion **CARRIED** unanimously.

Funding/Fiscal Year Transfer Authority

Motion/Vote: **REP. ZOOK** moved to adopt the following language:
(1) "The department may adjust appropriations and FTE in the construction, interfund transfers, and maintenance programs between fiscal years to reflect actual expenditures related to the construction work plan and maintenance activities."

(2) "The department may adjust appropriations in the construction program between fund types provided that the adjustment does not exceed 10 percent of the total appropriation established by the legislature for the construction program."

(3) 2(c) "All transfers between fund types must be fully explained and justified on budget documents submitted to the Office of the Budget and Program Planning, and all fund transfers of over \$1 million in any thirty day period must be communicated to the Legislative Finance Committee in a written report."

Motion **CARRIED** unanimously.

There was no action taken on the remaining three issues.

GOVERNOR'S OFFICE

Clark Fork Basin NRDA for ARCO litigation - No action taken.

EXECUTIVE ACTION -- DOA/SECRETARY OF STATE

Records Management from DOA to Secretary of State

Ms. Steinbeck said these are proprietary funds and would remain so after the transfer. She discussed the staffing. **CHAIRMAN QUILICI** was explicit in the understanding that no one would lose their job.

Motion/Vote: **SEN. TVEIT** moved to accept the additional amount of \$430. Motion **CARRIED** unanimously.

There are 8.25 budgeted slots for 9.25 FTE. The two departments addressed the issue (Mike Trevor and Doug Mitchell).

Motion/Vote: **SEN. STIMATZ** moved to accept the 9.25 FTEs and the amount of \$19,801 for FY92 and 93. Motion **CARRIED** unanimously.

Ms. Steinbeck explained the committee may be interested in asking the Secretary of State to give up the extra slot when and if another position becomes available and they are able to absorb this in current level.

Motion/Vote: **REP. ZOOK** moved to accept the \$25,000 general fund for FY92 and 93 for microfilming and reduction of the amount of money to proprietary authority in the other fund. Motion **CARRIED** unanimously.

Motion/Vote: **SEN. TVEIT** moved to accept the suggested language so that the appropriation for records management would be in the wrong budget if HB 897 didn't pass. Motion **CARRIED** unanimously.

Motion/Vote: **SEN. TVEIT** moved to accept the reduction of the FTE and approve modification and increase the proprietary funds. Motion **CARRIED** unanimously.

EXECUTIVE ACTION -- DEPARTMENT OF ADMINISTRATION

Motion/Vote: **SEN. TVEIT** moved to accept the reduction of computer services. Motion **CARRIED** unanimously.

HOUSE GENERAL GOVERNMENT & HIGHWAYS SUBCOMMITTEE

February 20, 1991

Page 5 of 5

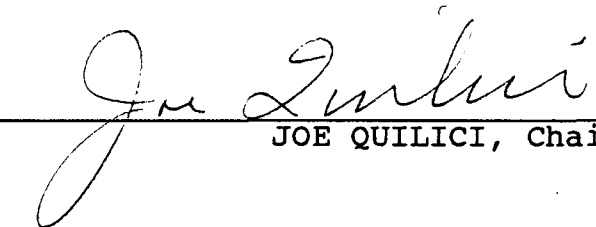
Motion/Vote: REP. ZOOK moved to adopt Issue IIB for general fund each year to support costs of a contract with ISD for systems analyst support of SBAS and other automated systems. Motion **CARRIED** unanimously.

Motion/Vote: SEN. TVEIT moved to review line-item the marginal increase in utility in the amount of \$95,000. Motion **CARRIED** unanimously.

Motion/Vote: REP. ZOOK moved to adopt the language for "D" Tort Claims review of premium rating and allocation to agencies. Motion **CARRIED** unanimously.

ADJOURNMENT

Adjournment: 12:24 p.m.



JOE QUILICI, Chair

JQ/ac

*Legislative Agency
Clean-up*

HOUSE OF REPRESENTATIVES

GENERAL GOVERNMENT AND HIGHWAYS SUBCOMMITTEE

ROLL CALL

DATE February 20, 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 1 Handbook No. 1 -
DATE 2-20-91
Gen. Mott Sec

LEGISLATIVE COUNCIL
INTERIM STUDIES AND CONFERENCES

Language - Option to "Other Issue" # 2, blue "Difference" sheet, regarding individual studies and conferences.

"Item ___ is a biennial appropriation. Individual activities are budgeted as follows:

Joint Interim Committees	\$ _____
Statewide Issues	_____
Districting and Apportionment Comm.	_____
Revenue Oversight Committee	_____
Coal Tax Oversight Committee	_____
Administrative Code Committee	_____
Select Committee on Indian Affairs	_____
National Conference of State Legislatures	_____
Council of State Governments	_____
Five-State Biennial Conference	_____
MT-Western Canadian Boundary Committee	_____
Forestry Task Force	_____
Regional Conferences	_____

(Final activities and amounts would be based on subcommittee executive action.)

EXHIBIT 2DATE 2-20-91
Gen. Govt Sec16-Feb-91
-Revised-WARRANT WRITING SYSTEM - OFFICE OF THE STATE AUDITOR
OPTION FOR PARTIAL RECOVERY OF GENERAL FUND COSTS
ISCAL 1991, 1992, 1993

INTERIM OPTIONS

	1991 Biennium	1993 Biennium
(1) Recover Costs of New Warrants, State Comp. Fund Only	\$118,117	\$137,406
(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	
Total 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

ATTORNEY GENERAL
STATE OF MONTANA

EXHIBIT 3
DATE 2-20-91

Marc Racicot
Attorney General



Justice Building
Helena, Montana 59620

February 6, 1991

Rep. Joe Quilici, Chair
General Government and Highways Subcommittee
State Capitol
Helena MT 59620

Dear Representative Quilici:

Based on a review of the current level program requests that were presented during our subcommittee hearing, I feel it necessary to communicate to you the critical nature of the following current level requests. They were not funded during subcommittee action.

With my executive staff, I have reviewed all of our previous requests and the items presented below are those requests that are essential for the proper operation of the various programs. These costs cannot be absorbed within our approved budgets.

I am presenting this to you in hopes that your subcommittee would be willing to take one more look at the possibility of funding these critical operating needs.

CURRENT LEVEL ISSUES:	FY92	FY93
Legal Services Division		
- Computer Legal Research	5,600	5,600
- CPS - Contract Paralegal Support	8,000	8,000
Law Enforcement Academy		
- Board and Room Inflation	3,887	5,442
- Food Service Inflation	5,568	7,795
- Debt Service - Copier lease/purchase	8,056	8,056
Forensic Science Division		
- Laboratory Supplies	2,090	5,476
- Equipment Maintenance Contracts	17,000	17,000

I would be happy to appear before your subcommittee to answer any questions that you might have concerning the Department of Justice.

CY

Rep. Joe Quilici
Page 2
February 6, 1991

Sincerely,

MARC RACICOT
Attorney General

cc: Rep. Peterson
Rep. Zook
Sen. Stimatz
Sen. Fritz
Sen. Tveit

ATTORNEY GENERAL
STATE OF MONTANA

EXHIBIT 3
DATE 2-20-91
A

Marc Racicot
Attorney General



Justice Building
Helena, Montana 59620

February 6, 1991

Rep. Joe Quilici, Chair
General Government and Highways Subcommittee
State Capitol
Helena, Montana 59620

Dear Representative Quilici:

I would like to request the following as an amendment to HB003 FY91 Supplemental Appropriations.

Law Enforcement Services--Computer Replacement \$9,500 Gen. Fund

The Department of Justice is requesting a supplemental for the replacement of a computer in the Fire Marshal Bureau of the Law Enforcement Services Division. The computer is presently inoperable as a result of the failure of the hard disk. This computer is critical to the operation of the bureau. It is used to maintain all the historical information regarding fire activity within the State of Montana. The Department of Justice does not have any available spending authority to cover such an expenditure. This item was a current level request during our subcommittee hearings.

Thank you for your consideration of this request. If I can provide any additional information, please do not hesitate to call.

Sincerely,

MARC RACICOT
Attorney General

cc: Rep. Peterson
Rep. Zook
Sen. Stimatz
Sen. Fritz
Sen. Tveit

LEGISLATIVE ACTION
DEPARTMENT OF HIGHWAYS

EXHIBIT ✓

DATE 2-20-91

1. Highway Dept. Sub

LANGUAGE OPTIONS:

1. CONSTRUCTION WORK PLAN

Option 1 - 1991 biennium general appropriations act language:

"The department is directed to submit to the 1993 legislature a construction work plan for the 1995 biennium that is detailed by year and project. This work plan must specify, by road system or project area, proposed projects on which \$1 million or more would be spent during the 1995 biennium and an aggregate cost for projects with anticipated expenditures of less than \$1 million. Costs must be detailed by year and project."

Option 2 - Executive recommendation:

"The department is directed to submit to the 1993 legislature a construction work plan for the years 1993 through 1997 that is detailed by year and project. This work plan must specify, by road system or project area, proposed projects with greater than \$1 million of...."

The most significant change in the Executive recommendation is the requirement for a 5 year construction work plan, including the year preceding the biennium being budgeted and the biennium following the budget biennium.

Discussion. The construction work plan language provides for a project specific construction plan that is presented each biennium in the department's Report to the Legislature. In addition to providing a work plan for budgeting purposes, it provides a means of review in the succeeding legislative session of performance by the department in completing the construction plan.

2. FUNDING/FISCAL YEAR TRANSFER AUTHORITY

Option 1 - 1991 biennium general appropriations act language:

"The department may adjust appropriations and FTE in the construction, preconstruction, interfund transfers, and maintenance programs between fiscal years and funding sources to reflect actual expenditures related to the construction work plan and maintenance activities."

Option 2 - Executive recommendation: Revise the language to split the authorizations for fiscal year adjustments and fund transfer authority into separate language authorizations, and limit fund transfer authority to the Construction Program. The recommendation also adds FTE transfer authority between fiscal years. The Executive Recommendation is as follows:

"The department may adjust appropriations and FTE in the construction, interfund transfers, and maintenance programs between fiscal years to reflect actual expenditures related to the construction work plan and maintenance activities."

"The department may adjust appropriations in the construction program between fund types provided that the adjustment does not exceed 10 percent of the total appropriation established by the legislature for the construction program."

Option 2(a) - Approve Executive recommendation for fiscal year transfers only.

Option 2(b) - Approve the Executive Recommendation for appropriation adjustments between fund types, but change the percentage limitation to ____ percent (Each percent equals approximately \$4 million of transfer authority).

Option 2(c) - Add the following sentence to either Option 1 or 2:

"All transfers between fund types must be fully explained and justified on budget documents submitted to the Office of the Budget and Program Planning, and all fund transfers of over \$1 million in any thirty day period must be communicated to the Legislative Finance Committee in a written report."

Option 3 - No language. Require the department to use the statutorily established procedure for unanticipated appropriation issues (the supplemental and budget amendment process).

Discussion. The transfer authority language presented above is unique in state government to the Department of Highways, recognizing the difficulty of estimating the timing of contract payments and final funding mix of highway construction projects. The language was intended to allow the department flexibility to move appropriation authority between fund sources and fiscal years to adjust for reasonable variations in the approved construction work plan as required by weather conditions and varying federal match ratios. Without the language, the department would be required to submit budget amendment and supplemental requests to transfer the funds as needed. The language has been in the appropriations bill for the past two biennia.

The department used the transfer authority language in the 1991 biennium to expand the 100% state funded RTF program from \$66 million as approved by the 1989 legislature to over \$90 million, exceeding the original state special revenue appropriation and construction plan by \$24 million. The language enabled the department to do this without legislative review as would have been required in the normal budget amendment or supplemental process. The increase in state special revenue was done by reducing federal revenue authority. This procedure resulted in a shortfall of federal expenditure authority for scheduled projects in the 1991 biennium, requiring both budget amendment and supplemental requests from the department to restore federal authority and provide additional state special revenue authority to complete scheduled projects in fiscal 1991. The expansion of the RTF program also accelerated the "spend-down" of the state highway account. The legislature may wish to consider whether it is legislative intent to allow such a significant variation in the approved construction plan without legislative review.

Ex. 4
2-20-91
Hon. Montano

In addition to transferring federal authority to fund RTF projects, the department transferred \$20 million of appropriation authority from federal to state revenue to resolve an accounting problem resulting from a lag in federal reimbursement to the state. The department plans to reverse this transfer before the end of fiscal 1991. However, the use of appropriation authority to resolve technical accounting problems was not the original intent of the language authority. The legislature may wish to examine this procedure to explore other means of handling accounting adjustments.

The Executive language recommendation for fund transfer authority would place a 10 percent transfer limitation on total construction program authority. However, even with a 10 percent limitation, the department would have authority to transfer over \$40 million between federal and state funds without legislative review.

3. INSURANCE PROCEEDS ADDITIONAL APPROPRIATION AUTHORITY

Option 1 - 1991 biennium general appropriations act language:

"Item ____ includes an appropriation of \$475,000 in each fiscal year for damage repairs from insurance proceeds. In the event the insurance proceeds received exceed the amounts appropriated to the department of highways for fiscal 1992 and fiscal 1993, the additional funds are appropriated."

Option 2 - Executive recommendation:

"In the event that insurance proceeds received to repair damages exceed the amounts appropriated to the department, the additional funds are appropriated."

Option 3 - No language. Require the department to use the statutorily established procedure for unanticipated appropriation issues (the supplemental and budget amendment process).

Discussion. The insurance proceeds authority provides the department appropriation flexibility if insurance claims exceed the estimated amount for the biennium. If the language were not included, the agency would have to submit a supplemental request for additional spending authority.

The Executive recommendation excludes specifying the base appropriation for insurance proceeds. Without specifying the base appropriation, there is no available source of the amount that must be expended within the original appropriation before appropriation may be increased.

4. MAINTENANCE OF HIGHWAY 223 - The 1991 biennium general appropriations act included the following language:

"Contingent upon passage of HB 774, there is appropriated \$150,000 a year for the 1990-91 biennium from the highway special revenue fund to the maintenance program."

Discussion. The above language provided a separate appropriation for maintenance of Highway 223 between Fort Benton and Chester. House Bill

774 required the department to assume maintenance of the highway as of July 1, 1989 and provided for an appropriation for the 1991 biennium.

Both the Executive and LFA current level budgets include \$150,000 per year for maintenance of Highway 223.

Option 1 - Line-item appropriation:

Approve a line-item appropriation of \$150,000 per year for Highway 223, and include the following language:

"Item ___ is for maintenance of Highway 223 between Fort Benton and Chester."

Option 2 - House Bill 2 Narrative:

Direct the LFA to include in House Bill 2 narrative that it is legislative intent that \$150,000 per year be expended for maintenance of Highway 223.

Option 3 - Take no action:

Make no separate mention of the requirement for Highway 223 maintenance.

5. BUDGET AMENDMENT AUTHORITY (new language)

Option 1 - Executive recommendation:

"In the event the department receives additional federal revenue which was unanticipated and unforeseen during the 1991 legislative session, the appropriation of state special revenue to match the federal funds shall constitute an emergency for purposes of a budget amendment in accordance with 17-7-403, MCA."

Option 2 - House Bill 2 Narrative:

Direct the LFA to include in House Bill 2 narrative that "in the event the department receives additional federal revenue which was unanticipated and unforeseen during the 1991 legislative session, the department may request additional federal authority as well as state matching authority through the budget amendment or supplemental process."

Option 3 - Take no action. Appropriations bill language cannot supersede or amend existing statute.

Discussion. The Executive recommendation states that receipt of unanticipated federal funds during the 1993 biennium shall constitute an emergency, allowing approval of a budget amendment for the required state match. "Emergency" is defined in Section 17-7-401, MCA. Language in the appropriations bill cannot supersede or amend existing statutes. Therefore, the proposed language would not be legally enforceable in revising the statutory definition of an emergency for budget amendment purposes. This type of language was common in past general appropriations bills, but was virtually eliminated in the 1991 biennium general appropriations act.

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Gen. Gov't Highways COMMITTEE BILL NO. HB-2

DATE 2/20/91 SPONSOR(S) Leg. Offices, Clean up -

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Bill Salisbury	Dept of Highway	✓	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.