

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Jacobson, Chairman, on March 21, 1991,
at 8:00 a.m., Room 108.

ROLL CALL

Members Present:

Judy Jacobson, Chairman (D)
Greg Jergeson, Vice Chairman (D)
Gary Aklestad (R)
Thomas Beck (R)
Esther Bengtson (D)
Don Bianchi (D)
Gerry Devlin (R)
Harry Fritz (D)
H.W. Hammond (R)
Ethel Harding (R)
Bob Hockett (D)
Thomas Keating (R)
Lawrence Stimatz (D)
Larry Tveit (R)
Eleanor Vaughn (D)
Mignon Waterman (D)
Cecil Weeding (D)

Members Excused: Senators Manning and Nathe

Staff Present: Pam Joehler (LFA).

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

Announcements/Discussion: None

HEARING ON HOUSE BILL 913

Presentation and Opening Statement by Sponsor:

Representative J. Johnson, sponsor, said HB 913 would allow the Superintendent of Public Instruction to spend funds appropriated to the State equalization aid account for the costs associated with the general supervision of the school districts.

Proponents' Testimony:

Greg Groepper, Office of Superintendent of Public Instruction, stated this bill came out of the appropriation subcommittee hearings. A number of bills this session attempt to take money out of the foundation program. An example is the telecommunications bill which has the one dollar per student charge to school districts to fund the telecommunications process. Also, SB 82 increases the funding for school transportation and shifts the responsibility 50 percent to the state and 50 percent to the county. At the present time, the transportation fund is a general fund appropriation, but the language in the law makes it clear it is the state's responsibility to pay 50 percent of the on-scheduled costs of transportation. They have proposed to the appropriations committee to fund transportation out of the foundation program to make it easier to make adjustments in terms of the payments. Under existing law, Section 20-9-343 has to be amended to take care of this. He indicated HB 913 would allow the legislature to have the option of making educational expense payments from the foundation program instead of from the general fund, therefore alleviating the necessity of amending the statute.

Mr. Groepper noted that he was advised by the LFA and the legislative counsel that language on line 21, page 1 should be moved to another section of the law to make it clear that anything OSPI spends other than scheduled and guaranteed tax base would require an appropriation. He asked for the consideration of the committee in holding executive action until they have had a chance to make any necessary amendments to the language in HB 913.

Opponents' Testimony:

None

Questions From Committee Members:

Senator Hammond questioned if HB 913 attempts to make all funds state special rather than general funds. Mr. Groepper said it did not; they were simply trying to enable decisions of the Appropriations and Finance and Claims Committees if we should choose to do other sorts of programs outside of the foundation program. He added in response to Senator Hammond that the monies in the foundation program are state special funds. Senator Hammond questioned if the state special funds makes it easier to appropriate. Mr. Groepper said it probably makes it easier for the general public to understand what we are spending on education if it comes out of one place.

Senator Devlin questioned the funding of telecommunication assessment to the schools. Mr. Groepper said the way HB 30 is written now, it would appropriate \$300,000 of general fund to the Department of Administration and the telecommunications project would require an assessment of the school children and an assessment of the university students. If HB 30 passes, instead

of OSPI billing the schools, the money would come directly from the foundation program to OSPI to pay the per student assessment. Regarding where the fees received from the schools goes, Mr. Groepper said under HB 30 there would be no per student assessment, but the equivalent amount of money would come from the foundation program directly to OSPI. That money would be used for a staff person and travel expenses to train teachers in using telecommunications equipment at the school district level and to pay some of the Department of Administration expenses in setting up the program equipment.

When asked by Senator Bengtson as to putting transportation and special education into the foundation program, Mr. Groepper said right now it is taxpayer dollars. From an accounting perspective, if there is a general fund appropriation, the money has to be set out separately from the general fund versus the foundation program. Senator Bengtson asked if the language they are being asked to approve of now will be blanket language to accommodate these programs. Mr. Groepper said this language will allow us to do this in the appropriation process. When questioned by Senator Bengtson as to whether this language would allow OSPI to make transportation and special education appropriations out of the foundation program, Mr. Groepper said it would allow for this but would require action by the legislature to make that final decision. He added that each request would have to be voted on in going through HB 2.

Senator Tveit stated his concern regarding the broad language "general supervision costs". Mr. Groepper said Section 20-3-106 has a list of the Superintendent's responsibilities. They have provided the LFA's office in HB 2 their budgets and justification on spending the money, and he said that is the control that exists there.

Closing by Sponsor:

Representative Johnson closed. He concluded that the legislature, through this bill, would still retain control over the appropriations.

HEARING ON HOUSE BILL 897

Presentation and Opening Statement by Sponsor:

Representative Zook, District 25, sponsor, said HB 897 saves the state about \$300,000 of general fund money. The bill which came out of the appropriation subcommittee on general government consolidates the state's record management program and moves it from the Department of Administration into the Secretary of State's office. He noted that no jobs will be lost because of this bill.

Proponents' Testimony:

Mike Trevor, Department of Administration, stated his support of HB 897. He said in the areas of computing and telecommunications, there is plenty to worry about and records management is very much in line with much of the work done by the Secretary of State's office, and he felt it was an appropriate place to have it done.

Doug Mitchell, Chief Deputy, Office of Secretary of State, stated his support of HB 897, and added they do some amount of records management in their office for the legislative, executive branch, corporations, et cetera, and with HB 897 they will be able to continue that activity and fund it through this source, including records management.

Opponents' Testimony:

None

Questions From Committee Members:

Senator Devlin questioned the changing of a three-fourths vote to a four-fifths vote. Mr. Trevor said that should have been changed a session ago when the Secretary of State was added to the records management committee, which made the committee consist of five members rather than four.

Senator Fritz questioned if the Department of Administration would retain some computer or electronic records in their department. Mr. Trevor said COM, computer output microfilm, has been retained by their department, using one and three-quarter FTE and the equipment to perform that. Senator Fritz questioned if the kinds of records being consolidated in the Secretary of State's office are paper records, being stored or microfilmed. Mr. Mitchell said they have the actual physical filing but they are entered on a data file. In order to keep them current and provide them to the public without pulling the physical copy, they have been put on a computer tape which can automatically run microfilm. If they are determined to be archival records, they will promulgate in conjunction with the Department rules determining the archival quality of those pieces of film.

Senator Weeding questioned if there wasn't going to be a reduction in full time employees and there was a \$300,000 saving to the general fund from this, what causes the \$300,000; he asked if we finally were seeing a benefit of the new computer system. Rep. Zook said the Secretary of State had a request approved for \$360,000 to microfilm records. They are required by law to have a backup system. They determined this could be accomplished if the records management division were moved into the office of the Secretary of State because there are high and low points in their microfilm activities there, and his microfilm concerns will be spread out over a longer period of time but it can be accomplished. Senator Weeding noted there should have been some reduction in the Department of Administration. Rep. Zook said

there is a reduction in that the people have been moved out of the Department of Administration into the office of the Secretary of State.

Senator Aklestad said there actually is not a savings of \$300,000; that was an addition to the last budget that went to the Secretary of State's office. Mr. Mitchell said that was correct. It was the intent of the subcommittee that their office get this money budgeted in this biennium. The reason it is a savings is that although they will not fund it this year, they will perform the function so we will get the benefit of the activity that would have cost \$360,000; we will get some of that benefit without having to spend any money. There is no reduction in general fund money but there is an addition of a service provided without having to have the general fund pay for it.

Senator Fritz asked if the Secretary of State's office will take care of some microfilming in the Chief Clerk of the Supreme Court's office where he had requested microfilming money. Mr. Mitchell said negotiations have begun with that office. They have problems in that state government is mandated to have two copies of certain files which has never been done in the past. He said they have millions of corporate files which have only one copy, and in the event of a disaster, they would be destroyed. Therefore, they feel during this biennium they need to bring to the legislature progress in this area. He added there would be some charge to the Clerk's office but it is possible that can be worked out.

Senator Aklestad questioned the additional duties being imposed on the Department of Administration and if those duties have been budgeted for. Mr. Mitchell said rather than describing them as extra duties, they are duties they currently hold under the cohesive unit under the Department of Administration as records management. It will be clearly delineated as to what is done by records management and what will be done as information services. Senator Aklestad noted he wanted to be sure that in the new section of language in HB 897, Section 8, page 8, that all those duties required by the Department of Administration being performed now and the FTE's retained by the Department through the transfer will be able to provide the services and duties. Mr. Trevor said they absolutely could handle those duties.

Closing by Sponsor:

Representative Zook closed, saying he feels this bill is a real savings to the state.

HEARING ON HOUSE BILL 164

Presentation and Opening Statement by Sponsor:

Representative Cobb, District 42, stated HB 164 exempts the Department of Fish, Wildlife and Parks from requirements for deposits of some money with the State treasurer. He noted the Department is having a problem in that there might be 125,000 licenses come in a few days for special drawings, and it is impossible to have all the money deposited in the same day without adding additional staff. Also, the park sites can't put their money in on the same day, and this bill would allow them to have a reasonable time to deposit the money.

Proponents' Testimony:

Dave Mott, Department of Fish, Wildlife and Parks, presented to the committee testimony in support of HB 164. (See Exhibit 1)

Opponents' Testimony:

None

Questions From Committee Members:

Senator Hammond asked how the monies are handled at the present time. Mr. Mott said with the license drawings, a large temporary staff is hired, and their first priority is to get the money sent in. They work seven days a week, ten hours a day. They also have a separate post office box for the license applications. With park fees, because the high use time is weekends, and they have a problem with staff shortage on weekends, as well as banks being closed, it is difficult to comply with the law.

Senator Jacobson asked if HB 164 would cause them to handle things differently. Mr. Mott said they are very cognizant of getting their money deposited timely because they are desirous of earning interest on their money as soon as possible and have adequate internal controls. They have been informed by the State auditor that as long as they have the post office box for the license drawings and have made every effort to get the money deposited, they feel it is satisfactory.

Senator Beck asked what length of time is considered reasonable, and Rep. Cobb said three to four days or up to a week in some cases with the amount of licenses they get in. He noted if the committee desired to put a date in the bill, he would have no objection. Mr. Mott said that came up in the House Appropriations committee and Scott Seacat, Legislative Auditor, stated when they did their audits, they will look at this and judge it as to reasonable amount of time. Senator Beck questioned Mr. Seacat as to whether a time frame should be added to the bill. Mr. Seacat, Legislative Auditor, stated a specific date did not need to be inserted at this time; they will look at the agency's compliance in the interim and if a problem exists, it will be brought back to the legislature. He added that earning interest from the special revenue fund is incentive for

the Department to be as timely as possible.

Senator Bengtson questioned the adjustment for late bills with the Department of Fish, Wildlife and Park in working with their budget. Mr. Seacat said this is something to be looked at in the next audit, but he felt it was not related to this legislation.

Closing by Sponsor:

Senator Cobb closed.

HEARING ON HOUSE BILL 423

Presentation and Opening Statement by Sponsor:

Representative Kadas, District 5, sponsor, said HB 423 would statutorily appropriate fees that are supposed to go to the judges' retirement system.

Proponents' Testimony:

Jim Oppedahl, administrator of the Montana Supreme Court, stated HB 423 is an audit recommendation from the Legislative Auditor that would clean up an audit problem. He distributed to the committee an applicable portion of the audit recommendation. (See Exhibit 2) He said currently the judicial branch transfers district court filing fees directly to the Montana Judges' Retirement System at the PERS. HB 423 would record the district court fees as a revenue when they are received and as an expenditure when they are sent to PERS. He added it is recommended by the Legislative Auditor so that the revenue and expenditure gets on the state's financial record.

Opponents' Testimony:

None

Questions From Committee Members:

Senator Jacobson questioned if Exhibit 2 came out of the audit by the Legislative Auditor, which was affirmed by Mr. Seacat.

Senator Hammond questioned if there was a bill which changed this from the Department of Administration to the Supreme Court. Mr. Oppedahl said there was a bill that transferred the district court reimbursement program from the Department of Commerce to the Supreme Court.

Closing by Sponsor:

Senator Kadas closed.

EXECUTIVE ACTION ON HOUSE BILL 164

Motion:

Senator Keating moved that HOUSE BILL 164 BE CONCURRED IN.

Discussion:

None

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

Motion that HB 164 BE CONCURRED IN carried unanimously.
Senator Keating will carry HB 164 in the Senate.

EXECUTIVE ACTION ON HOUSE BILL 423

Motion:

Senator Weeding moved that HOUSE BILL 423 BE CONCURRED IN.

Discussion:

None

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

Motion that HB 423 BE CONCURRED IN carried unanimously.
Senator Jacobson will carry HB 423 in the Senate.

EXECUTIVE ACTION ON HOUSE BILL 897

Motion:

Senator Fritz moved that HOUSE BILL 897 BE CONCURRED IN.

Discussion:

None

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

Motion that HB 897 BE CONCURRED IN carried unanimously.
Senator Fritz will carry HB 897 in the Senate.

HEARING ON HOUSE BILL 798

Presentation and Opening Statement by Sponsor:

Representative Quilici, District 71, sponsor, said HB 798 allows the use of funds to establish a general victims' assistance fund and planning program.

Proponents' Testimony:

Edwin Hall, Administrator, Crime Control Division, stated his support of HB 798 which would establish a victims' assistance coordinator to coordinate victims' assistance programs. He added the proposal will be funded from the existing victims compensation state special revenue account.

Opponents' Testimony:

None

Questions From Committee Members:

Senator Aklestad asked if there is a criteria in this program regarding determination of financial need. Mr. Hall said the way the awards are made is that it is secondary to any insurance or medical coverage they may have.

Senator Keating questioned if there are any bills this session dealing with raising the fines that end up in here. Mr. Hall said HB 548 was tabled in the Appropriations Committee so there currently are none moving through.

When questioned by Senator Bengtson as to the location of the Crime Control Bureau, Mr. Hall said they are administratively attached to the Department of Justice and are located in the Scot Hart Building.

Closing by Sponsor:

Representative Quilici closed. He said there was a bill to raise the fees which was for secondary victims, but it was so broad in that it included the husband and wife, along with brothers and sisters, and it was the committee's feelings that it was expanded too broadly and missed the intent.

EXECUTIVE ACTION ON HOUSE BILL 798

Motion:

Senator Fritz moved that HOUSE BILL 798 BE CONCURRED IN.

Discussion:

None

Amendments, Discussion, and Votes:


None


Recommendation and Vote:

Motion that HOUSE BILL 798 BE CONCURRED IN carried unanimously. Senator Stimatz will carry HB 798 in the Senate.

ADJOURNMENT

Adjournment At: 9:00 a.m.


JUDY JACOBSON, Chairman


LYNN STALEY, Secretary

JJ/ljs

ROLL CALL

FINANCE & CLAIMS COMMITTEE

DATE 3/21/91

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON CHAIRMAN	P		
SENATOR JERGESON, VICE CHAIRMAN	P		
SENATOR AKLESTAD	P		
SENATOR BECK	P		
SENATOR BENGTSO	P		
SENATOR BIANCHI	P		
SENATOR DEVLIN	P		
SENATOR FRITZ	P		
SENATOR HAMMOND	P		
SENATOR HARDING	P		
SENATOR HOCKETT	P		
SENATOR KEATING	P		
SENATOR MANNING			X
SENATOR NATHE		X	
SENATOR STIMATZ	P		

Each day attach to minutes.

FINANCE & CLAIMS COMMITTEE, CONTINUED

LEGISLATIVE SESSION

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 21, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 164 (third reading copy -- blue), respectfully report that House Bill No. 164 be concurred in.

Signed: _____

Judy H. Jacobson
Judy H. Jacobson, Chairman

161 3-21-91
And. Coord.

JK 3-21 10:45
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 21, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 423 (third reading copy -- black), respectfully report that House Bill No. 423 be concurred in

Signed:

Judy H. Jacobson
Judy H. Jacobson, Chairman

1991 5-21-91
Amd. Coord:

1991 5-21-91 10:45
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 21, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 897 (third reading copy - blue), respectfully report that House Bill No. 897 be concurred in.

Signed: _____

July H. Jacobson, Chairman

MA 7-21-91
And. Coord.

Sec. of Senate

10:45

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 21, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 798 (third reading copy -- blue), respectfully report that House Bill No. 798 be concurred in.

Signed: _____

Judy H. Jacobson
Judy H. Jacobson, Chairman

1991 3-21-91
Amd. Coord.

SA 2-91 10:45
Sec. of Senate

HB 164
March 21, 1991

Testimony presented by Dave Mott, Dept. of Fish, Wildlife & Parks

The purpose of this bill is to exempt the department from daily deposit of receipts related to license drawing applications and park entrance fees.

The 1988 Legislative Audit Report noted we were having difficulty depositing some receipts on a daily basis as required by current law. In most instances, the department can deposit funds on a daily basis. However, there are two instances where daily deposit of funds is not practical or possible.

-- License Drawings. Each year we receive over 125,000 applications for hunting licenses and permits that are issued through a random drawing. There are about a dozen different license drawings held throughout the year. The most intense period is June 1 when we receive up to 90,000 envelopes containing cash receipts in a single day. The physical demands of handling that volume of mail make it impossible for the department to comply with the state's daily deposit law.

--Park Fees. The remote location of some of our parks also makes it impractical to deposit fees on a daily basis. Some areas do not have banking facilities near the park site. Diverting our limited staff away from the site to travel long distances to a banking facility would reduce the attention given to our park users.

The department will take reasonable steps to assure funds are deposited in the quickest manner possible.

In closing, the amendments in this legislation recognize the unique circumstances of the department and will bring us into compliance with state law and the 1988 Legislative Audit Report.

MONTANA JUDGES' RETIREMENT SYSTEM

The Judicial Branch receives money from certain district court fees and Supreme Court fees as defined by state law. Part of the money received is used to fund the Montana Judges' Retirement System (MJRS). Section 19-5-404, MCA, requires the Judicial Branch to contribute fees collected under section 25-1-201, MCA, in an amount equal to 31 percent of salaries paid to district judges and Supreme Court justices and one-fourth of the fees collected under section 3-2-403, MCA, to the MJRS and deposit the balance in the general fund. The Judicial Branch deposits these moneys directly in the MJRS fund at the Public Employees' Retirement Division (PERD), Department of Administration. It does not record revenue for receipt of the fees nor expenditure for the corresponding disbursement to PERD to fund the retirement plan. The Montana Judges' Retirement System was established for district court judges and Supreme Court justices. Because both judges and justices are employees of the Judicial Branch, the Judicial Branch is the logical agency to account for the fee revenue and reflect the costs associated with the MJRS.

The Judicial Branch's procedures resulted in an understatement of revenues and pension expenditures of approximately \$510,525 in fiscal year 1986-87 and \$487,322 in fiscal year 1987-88. This also results in an adverse opinion on the Judicial Branch's financial schedules shown on pages 10 through 17. To properly record the transactions, the Judicial Branch would require appropriation authority, but no additional money. The appropriation authority could be provided through a statutory appropriation. This concern was noted in our three previous audit reports. The Judicial Branch concurred with the recommendation but has not taken corrective action.

3-21-91

Finance & Claims

HB 164, HB 423, HB 798
HB 897, HB 913

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)