

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON SELECT BUDGET/REVENUE

Call to Order: By Ed Grady, on January 14, 1993, at 4:00 p.m.

ROLL CALL

Members Present:

Rep. Ed Grady, Chair (R)
Rep. Jerry Driscoll, Vice Chair (D)
Rep. Mike Foster (R)
Rep. Bob Gilbert (R)
Rep. John Johnson (D)
Rep. Bea McCarthy (D)
Rep. Mary Lou Peterson (R)
Rep. Joe Quilici (D)

Staff Present: Teresa Cohea, Legislative Fiscal Analyst
Mary Lou Schmitz, Committee Secretary

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

Committee Business Summary:

CHAIRMAN ED GRADY opened the meeting by asking what figure to enter, whether \$116 million additional revenue or \$99 million. He asked **Dave Lewis, Director, Budget Office** to address the Committee. **Mr. Lewis** said going with \$99 million is simply acknowledging the fact that we will end up with a \$15 million negative cash balance given the revenue and spending estimates we have. As far as he is concerned was willing to accept that in the budget they proposed. He felt the progress from where they were last year to where they would end up was satisfactory and could, in fact, play out a scenario where they could handle that cash deficit with inter-fund borrowing. He said the committee has made dramatic progress as far as reducing the amount of the cash deficit.

REP. QUILICI had a question concerning the Resolution, specifically the expenditure for the general fund and school equalization. He said we know the numbers we are going to build in but what kind of coordination will the subcommittees have? For instance, the Human Service Committee and how much will be taken out of there. **CHAIRMAN GRADY** said he was not sure the committee came to that point yet. The idea is to take this to the floor of the House and then it will be put in Appropriations. The Appropriations Committee will take it from there. The staff has been directed to start putting together some figures of where

this can be taken and what affect it would have on certain areas. This is an area **REP. QUILICI** will be part of because he is on Appropriations. **REP. QUILICI** said there will be cuts and he will probably vote for a large percentage of those cuts. His only problem with the Resolution is that he can't see the program cuts. **Mr. Lewis** said each of the subcommittees has a Racicot budget in front of them so look at that from an executive budget prospective. The difference between what the current level is in the budget that's in front of those subcommittees, provided last week, is to reach the current level and will require dramatic cuts in Human Services below what's recommended in the Racicot budget. It will, in fact, add money back into the Education Committee. The issue is going to be the trade-off between committees.

REP. DRISCOLL said he has been working the numbers because of the information he has received the last couple of days about the one-time monies contemplated being put into the budget and the Resolution states they will not be used for balancing but only for an ending fund balance. So if there are real taxes of \$99 million there would be a fund position of plus \$30 million and then would have one-time monies that are going to be in the budget anyhow. **Terry Cohea** said the \$30 million **REP. DRISCOLL** is discussing is composed of \$13 million one-time money from HB 44. That has already been taken into account on **EXHIBIT 1** to get to the \$16,316 million. The difference between the \$13 million and the \$30 million is the funding switches proposed in the Racicot budget. That is not reflected on this sheet, **EXHIBIT 1**, which reflects the LFA current level. **REP. DRISCOLL** said if you had the funding switches, in addition to \$99 million you would be in a positive cash position. **Ms. Cohea** said the funding switches proposed in the Racicot budget are \$16.8 million. Yes, if you cut \$99 million and in addition to that did the \$16.8 million in funding switches you would have a positive cash position and a positive funding position.

Motion/Vote: **REP. DRISCOLL** moved that additional revenue necessary to fund the expenditure target for the ensuing biennium is \$99 million. **REP. GILBERT** seconded the motion.

MOTION CARRIED UNANIMOUSLY

Motion/Vote: **REP. DRISCOLL** moved the Resolution. **REP. GILBERT** seconded the motion. Roll call vote showed six yes and two no.

MOTION CARRIED WITH REPS. MC CARTHY AND QUILICI VOTING NO.

ADJOURNMENT

Adjournment: 5:00 P.M.



REP. ED GRADY, Chair



MARY LOU SCHMITZ, Secretary

EG/mls

HOUSE OF REPRESENTATIVES

Select Budget/Revenue COMMITTEE
ROLL CALL VOTE

DATE 1/14/93 BILL NO. HR 2 NUMBER

MOTION: Rep. Driscoll moved that additional revenue necessary to fund the expenditure target for the ensuing biennium is \$99 million.

Rep. Gilbert seconded the motion.

Motion carried unanimously.

NAME	AYE	NO
Rep. Ed Grady, Chair	x	
Rep. Jerry Driscoll, Vice Chair	x	
Rep. Mike Foster	x	
Rep. Bob Gilbert	x	
Rep. John Johnson	x	
Rep. Bea McCarthy	x	
Rep. Mary Lou Peterson	x	
Rep. Joe Quilici	x	
	8	0

HR:1993
wp:rlclvote.man
CS-11

HOUSE OF REPRESENTATIVES

Select Budget/Revenue COMMITTEE

ROLL CALL VOTE

DATE 1/14/93 BILL NO. HR 2 NUMBER

MOTION: Rep. Driscoll moved the Resolution. Rep. Gilbert
seconded the motion.

Motion carried 6 - 2

NAME	AYE	NO
Rep. Ed Grady, Chair	x	
Rep. Jerry Driscoll, Vice Chair	x	
Rep. Mike Foster	x	
Rep. Bob Gilbert	x	
Rep. John Johnson	x	
Rep. Bea McCarthy		x
Rep. Mary Lou Peterson	x	
Rep. Joe Quilici		x
	6	2

HR:1993
wp:rlclvote.man
CS-11

Draft Copy

Printed 10:25 am on January 14, 1993

*** House Resolution No. ***

Introduced By *****

By Request of *****

LC0000

EXHIBIT 1

DATE 1-14-93

HB HR2

A Resolution of the House of Representatives of the state of Montana .

WHEREAS, the State of Montana is facing an unprecedented fiscal crisis; and

WHEREAS, the time in which the Legislature must determine the magnitude of the fiscal crisis and develop the methods for solving the crisis in order to adopt a balanced budget is very limited; and

WHEREAS, the House of Representatives is responsible for preliminary work on the appropriations for the next biennium; and

WHEREAS, the methods for solving the fiscal crisis can be more clearly addressed once expenditure targets and revenue targets are established; and

WHEREAS, the House of Representatives finds the adoption of the following expenditure and revenue targets necessary in order to perform its budgetary responsibilities in a timely manner.

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the expenditure target for the general fund and school equalization aid for the ensuing biennium is \$1,837,900,000.

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Printed 10:25 am on January 14, 1993

HB

1-14-93
HR 2

That additional revenue necessary to fund the expenditure target for the ensuing biennium is \$ 99.0 million

BE IT FURTHER RESOLVED, that:

(1) the appropriation committee is directed to submit a budget for the general fund and school equalization aid account to the House, including budget modifications and miscellaneous appropriations, that does not exceed the expenditure target;

(2) the taxation committee is directed to submit a revenue package that will fund the expenditure target;

(3) one-time revenue may not be used for any purpose other than creating an ending fund balance;

(4) expenditures currently budgeted in the general fund may not be funded with increased fee revenue in order to meet the expenditure target; and

(5) temporary solutions to the state's chronic fiscal woes may not be used.

- END -

{ Gregory J. Petesch
Director, Legal Division
Montana Legislative Council
(406) 444-3064 }

1/14

Office of Legislative Fiscal Analyst
General Fund & School Equalization
Figures In Millions

ENRIT 1
DATE 1-14-92
HB 1482

	95 Biennium Current Level	Proposed Target	Fund Position	Cash Position
Projected Deficit (6/30/95 by SCBR)			(\$168.869)	(\$215.640)
Revenues	1,738.373	1,838.373	100.000	100.000
Disbursements	1,937.265	1,837.941	(99.324)	(99.324)
Projected Deficit (6/30/95 after Targets)			\$30.455	(\$16.316)

1 HOUSE RESOLUTION NO. 2

2 INTRODUCED BY GILBERT, DRISCOLL

3 BY REQUEST OF THE HOUSE SELECT

4 COMMITTEE ON BUDGET AND REVENUE

5
6 A RESOLUTION OF THE HOUSE OF REPRESENTATIVES OF THE STATE OF
7 MONTANA ESTABLISHING EXPENDITURE AND REVENUE TARGETS.

8
9 WHEREAS, the State of Montana is facing an unprecedented
10 fiscal crisis; and

11 WHEREAS, the time in which the Legislature must
12 determine the magnitude of the fiscal crisis and develop the
13 methods for solving the crisis in order to adopt a balanced
14 budget is very limited; and

15 WHEREAS, the House of Representatives is responsible for
16 preliminary work on the appropriations for the next
17 biennium; and

18 WHEREAS, the methods for solving the fiscal crisis can
19 be more clearly addressed once expenditure targets and
20 revenue targets are established; and

21 WHEREAS, the House of Representatives finds the adoption
22 of the following expenditure and revenue targets necessary
23 in order to perform its budgetary responsibilities in a
24 timely manner.

25

1 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF
2 REPRESENTATIVES OF THE STATE OF MONTANA:

3 That the expenditure target for the general fund and
4 school equalization aid for the ensuing biennium be
5 \$1,837,900,000.

6 That additional revenue necessary to fund the
7 expenditure target for the ensuing biennium be \$99,000,000.

8 BE IT FURTHER RESOLVED:

9 (1) That the Appropriations Committee be directed to
10 submit to the House a budget for the general fund and school
11 equalization aid account, including budget modifications and
12 miscellaneous appropriations, that does not exceed the
13 expenditure target;

14 (2) That the Taxation Committee be directed to submit a
15 revenue package that will fund the expenditure target;

16 (3) THAT ELIMINATION OR REDUCTION OF SPECIFIC PROGRAMS,
17 AND NOT ACROSS-THE-BOARD CUTS, BE USED TO ACHIEVE BUDGET
18 REDUCTIONS;

19 (4) THAT STATE COSTS NOT BE SHIFTED TO LOCAL
20 GOVERNMENTS OR LOCAL PROPERTY TAXPAYERS;

21 (5) That one-time revenue not be used for any
22 purpose other than creating an ending fund balance;

23 (6) That expenditures currently budgeted in the
24 general fund not be funded with increased fee revenue in
25 order to meet the expenditure target; and

*Selected Committee
Budget - Revenue
312-2A*

HR 0002/02

- 1 (5)(7) That temporary solutions to the state's chronic
- 2 fiscal woes not be used.

-End-