

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

JOINT SUBCOMMITTEE ON GENERAL GOVERNMENT & TRANSPORTATION

Call to Order: By CHAIRMAN ED GRADY, on January 17, 1995, at
8:00 a.m.

ROLL CALL

Members Present:

Rep. Edward J. "Ed" Grady, Chairman (R)
Sen. Thomas A. "Tom" Beck, Vice Chairman (R)
Rep. Gary Feland (R)
Sen. Eve Franklin (D)
Rep. Joe Quilici (D)

Members Excused: None

Members Absent: None

Staff Present: Terri Perrigo, Legislative Fiscal Analyst
Dan Gengler, Office of Budget & Program Planning
Rosa Fields, Committee Secretary

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

Committee Business Summary:

Hearing: Department of Revenue
Executive Action: Liquor Division

Tape No. 1:A

Introductory Discussion

Terri Perrigo, LFA, distributed a chart showing an overview of each agency that the committee has worked on so far. **Ms. Perrigo** reviewed the Judiciary budget and informed the members of the action they had taken: 1.0 FTE added; \$25,000 approved for security; law clerk pay parity; took all of the personnel services reductions for Judiciary; and added funds for the law library. She said their actions are \$1,299 over the executive budget for FY96, and \$4,503 under the executive budget for FY97.

SEN. TOM BECK asked if this included any funds for court automation that the Judiciary wanted to incorporate for FY96 and FY97. **Ms. Perrigo** said that it did not.

Commissioner of Political Practices

Ms. Perrigo said the committee's actions are above the base and above the executive budget because of I-118.

. HEARING ON DEPARTMENT OF REVENUE

Ms. Perrigo said the committee is below the executive budget by 7.5 FTE, and approximately \$200,000 per year. **SEN. BECK** asked if this was without doing anything with the Liquor Division. She said that was correct.

BUDGET ANALYSIS 1997 BIENNIUM LIQUOR DIVISION**PAGE A-118****Tape 1:A:103**Discussion:

Ms. Perrigo reviewed the Liquor Division. She said most of the Liquor Division operates under a language appropriation which authorizes FTE to be hired as well as expenditures in the liquor stores and liquor merchandising operation. She said some of their FTE and expenses are budgeted in the General Appropriations Act, approximately 11.0 FTE and \$520,000 each year for the liquor licensing and administration program. The administrator program was previously funded under the language appropriation, but has been changed and brought into the general appropriation act. The Liquor Division is partially funded with general fund because of a legislative auditor concern about appropriation of liquor enterprise funds to support non-liquor operations.

The Executive Budget proposes a language appropriation similar to the liquor merchandising budget that has been in place for a number of years. The Executive Budget does not include an upper limit in the language appropriation for the 1997 biennium due to the problems it caused in FY94. **Ms. Perrigo** stated it was the LFA opinion that an upper limit was necessary and she suggested that the committee discuss the issue.

Dan Gengler, OBPP, informed the committee that he would be willing to work with the LFA to resolve the upper limit issue.

Tape 1:A:190

Gary Blewett, Administrator, Liquor Division, informed the committee that the major driving force behind the liquor budget is the legislative auditor's concern for switching the funding. He requested that if the committee places a specific dollar limit on the amount of expenditures authorized in the language appropriation, that they get enough authority to be able to meet the expenses and transfer the profits to the general fund. He addressed the reasons costs go up when sales increase.

REP. QUILICI asked Dan Gengler, OBPP, if his office has evaluated the concerns of the liquor division if there is an upper limit placed on the division. Mr. Gengler felt there is a solution that offers a compromise to the liquor division and allows them to operate through the next biennium.

Mr. Blewett informed the committee that in the last 10 years the legislature has not placed any fixed dollar upper limit on their total budget. He said the reason the Legislature put one on in the 1995 biennium is because the Code Commissioner said it was required in order for a language appropriation to be sanctioned by law as an appropriation to have a fixed dollar in their budget.

EXECUTIVE ACTION ON
Department of Revenue - Liquor Division

BUDGET ITEM: FY 94 Base Budget

Tape 1:A:650

Motion/Vote: CHAIRMAN GRADY moved to accept the FY94 base budget. Motion carried unanimously. Page A-118

Motion: SEN. BECK moved to accept the present law base adjustment for FY96 and FY97. Page A-120

Discussion:

Ms. Perrigo informed the members the only other present law action the subcommittee needed to take, in regard to the liquor division, was to approve or not approve the language for the liquor merchandising operation. Ms. Perrigo said the liquor merchandising operation is where the personal services reduction new proposal will be applied.

Tape 1:A:759

Vote: Motion carried unanimously.

Discussion:

SEN. BECK said with the talk of privatizing the liquor stores, the committee could vote out the 81 FTE included in the stores' function of the liquor merchandising operation. He also asked if the committee could remove the operating expenses with it. Ms. Perrigo said this part of the liquor division budget is not in HB 2. She said in order to operate the liquor merchandising operation, the agency needs approval of the language appropriation from the committee.

BUDGET ITEM: Make the upper limit a percentage amount higher than the table 3 budget numbers, in an effort to avert potential problems associated with the transfer of profits.

Tape 1:A:900

Motion/Vote: REP. QUILICI moved to accept item #2 of the three options on page A-119, and to adopt an upper limit that's 10% greater than the total budget numbers for each year shown on Table 3--as that's what the agency said they can endure. **Motion carried unanimously.**

BUDGET ITEM: Personal Services Reduction

Motion: SEN. BECK moved to accept the personal services FTE reduction. Page A-120

Discussion:

Ms. Perrigo informed the members that approval will not reduce HB 2 spending because the 4.5 FTE and funds to support them will be reductions to expenditures authorized under the language appropriation.

Tape 1:A:1085

Vote: Motion carried unanimously.

BUDGET ITEM: Electronic Technology language

Discussion: Ms. Perrigo referred to a handout distributed by Judy Paynter regarding technology language. It states that during the 1997 biennium the department is encouraged to research and make possible new electronic technology. She informed the members that the department is requesting this language.

Judy Paynter, Administrator, Office of Taxation Affairs, said the department needs to find ways to take advantage of any new technology and integrate it into their system.

Tape 1:A:1,415

Motion: REP. QUILICI moved to adopt the technology language.

Tape 1:B

Vote: Motion carried unanimously.

**BUDGET ANALYSIS 1997 BIENNIUM, PROPERTY VALUATION DIVISION
PAGE A-135**

Discussion:

Ms. Perrigo discussed the Motor Pool Lease New Proposal. She said the committee has reduced the Property Division equipment and gasoline budgets, and increased the budget for renting cars from the Motor Pool. Ms. Perrigo informed the committee that when they work on the Department of Transportation (DOT) budget later in the session, they will be dealing with the other half of this new proposal whereby DOT will be asking for more money to

purchase the cars to lease to the other agencies. If the committee doesn't approve the DOT request they will have to review this proposal again.

Dan Gengler, OBPP, explained the Motor Pool Lease New Proposal. There are a number of agencies that manage their own fleet of vehicles. He said these agencies are not in the fleet management business. The Motor Pool has the system and the DOT maintenance facilities throughout the state, and are better able to track vehicles if there is a problem and to sell cars before they start costing the state agency. He said it will be more cost effective if the DOT/Motor Pool manages the vehicles rather than the agencies.

Mr. Gengler said this proposal does not increase the number of vehicles, but transfers the management of the vehicles from the agencies to the Motor Pool. He said there is a longterm plan that as the agencies surplus their vehicles and buy new ones, the motor pool will continue to do this so eventually most of the vehicles throughout the state would be turned over to the motor pool.

Tape 1:B:290

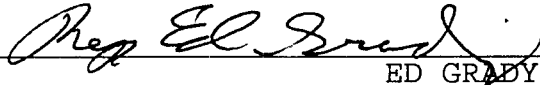
Discussion:

Ms. Perrigo discussed HB 50 from the November 1993 special session, that dealt with streamlining the property and eliminated 45.0 FTE.

She referred to Page A-135, #5, Property Improvement Fund. The new proposal includes language that would allow the department to borrow up to \$50,000 from the general fund, which would have to be paid back by the end of the 1997 biennium, from fees charged for services to persons that request the database or any other information from CAMAS.

ADJOURNMENT

Adjournment: 9:11 a.m.


ED GRADY, Chairman


Claudia Johnson, Recording Secretary

EG/cj