

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN DON HARGROVE**, on March 4, 1997, at 10:00 a.m., in Room 331.

ROLL CALL

Members Present:

Sen. Don Hargrove, Chairman (R)
Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)
Sen. Vivian M. Brooke (D)
Sen. Delwyn Gage (R)
Sen. Fred Thomas (R)

Members Excused: Sen. Bill Wilson (D)

Members Absent: None

Staff Present: David Niss, Legislative Services Division
Mary Morris, Committee Secretary

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: SR 10, 2/24/97; SR 11, 2/24/97
Executive Action: None

HEARING ON SR 10

Sponsor: CHAIRMAN DON HARGROVE

Proponents: None

Opponents: None

Opening Statement by Sponsor:

CHAIRMAN DON HARGROVE welcomed **Marvin Dye**, Director, Department of Transportation, and stated that this is an important part of the democratic process whereby the voters, the general public can participate, through their elected representatives, in the confirmation of those individuals who have an impact on their lives. He pointed out that, whenever a Governor is elected or re-elected, his appointments are subject to confirmation by the Senate. He explained the confirmation process, indicating that a regular hearing format will be followed as closely as possible, that **Mr. Dye** will be given the opportunity to make a statement,

followed by testimony from the general public, after which the Committee members will ask questions. He added that **Mr. Dye** will be given the opportunity to make closing remarks, if he chooses to, and that the hearing should take no more than an hour.

Marvin Dye, Director, Department of Transportation, reported that he has been in this position for the past four years, preceded by a number of years in the justice system. He gave a brief background, indicating that he was born and raised in Montana, worked in the grocery business throughout high school and, later, in Cut Bank, Whitefish and Kalispell, and that he then owned and operated a service station for about five years. He said he sold the business, attended Montana State University, graduating in 1973 with a Bachelor of Science Degree in Business with an Accounting option and, moved to Helena, where he worked for the Legislative Auditor for about a year. He reported that he worked for the Board of Crime Control as an auditor, eventually moving into the area of financial administration, and later became the bureau chief. He indicated that they were involved in program development, and were implemental in starting the state crime lab and the law enforcement academy.

Mr. Dye reported that in 1989, he was named acting administrator of the Crime Control Division but that, in June of 1989, he assumed the position of administrator of the State Crime Lab in Missoula. He referred to an incident at that time regarding evidence in a crucial case that was lost, and reported that, with the help of the legislature and support of the Attorney General, they were able to turn that operation around and it has become a very customer-focused operation.

He indicated that, in 1993, he was asked to consider the position of Director of the Department of Transportation, that he gave up a job he loved for one which was, at the time, more challenging. He remarked that, in the past, people wanted them around, that they wanted highways built, but times have changed and there is not the same trust in government that there used to be. He reported that they have tried, in the department, to instill in employees to do everything from a customer-focused standpoint, and to accomplish that, they have removed levels of management. He noted there are no longer any deputy directors in the department, that the districts report directly to the director's office, and the idea is that the people providing the services are directly responsible to the director. He indicated that their public involvement process has undergone extreme change, that there is a handbook and written rules about how to involve the public in everything they do, and their commission meetings are advertised, noting that everything they do is much more open than it used to be. He reported that their website is ranked the highest of state DOT's because of the amount of information they provide, and there is also information on the bulletin board. He indicated that they do customer surveys, the most important of which was the maintenance survey conducted this year through Montana State University-Billings, noting that their customers

believe winter maintenance is the most important thing they do. He remarked that they were surprised to learn that road reports were considered the second most important function of the department, adding that the surveys revealed some things the people think they are doing well, and other things people think they are not doing so well.

Mr. Dye indicated that he suggested, and the commission agreed that they should hold more meetings out in the communities. He reported that they will attempt to have two meetings a year in each of the five financial districts, and invite citizens, legislators and local government officials. He added that they also want to be pro-active, that they currently react to the public's reaction to what the department does. He cited examples of the public's misinterpretation of two different training exercises, and explained that they should have let the public know what they were doing.

He indicated that another area they are focusing on is process improvement. He reported they asked the audit committee to approve certain audits of certain functions, and the first was the utilities audit, that they called in the industry, people from the department, and legislators, and came to an agreement on a new way to do business. He added that they then looked at consultant contract administration and decided how these processes would be changed, noting that people within the department have indicated they were never comfortable with the previous methods. He stated that they instituted an internal process to involve the people actually doing the work, along with a person experienced in re-engineering to lead them, adding that combining their internal audits and external audits through the Legislative Audit Division, and their re-engineering efforts, will have a positive effect on the processes.

He added that they have also focused on technology and, referring to a "messy" bidding process conducted a couple of years ago, reported that it resulted in the department and the commission revamping all of their bid specifications. He indicated they took a hard look at the way they were doing business, and it resulted in a process called "electronic bidding", that all jobs for a given letting are on a computer disc, and the contractors enter their bid prices. He explained that all of the extensions and totals are done by the computer and there is very little paperwork, with the exception of the signature sheets. He remarked it is a very foolproof process, that it is in place and working, and they avoid the problems that occurred in the past.

Mr. Dye mentioned that the department receives comments about people out in the field surveying, which is another area the public does not understand, but they now have technology which is advanced to the point where it eliminates a lot of survey work, explaining that aerial photographs are taken of a stretch of highway with certain markings, the photographs are then digitized, and can be analyzed by the survey points. He then

mentioned global positioning, and indicated that all of their signs and survey points are located by the use of satellites.

He referred to the Strategic Highway Research Program (SHRPS), which is a new, innovative method to design pavement mixes, and indicated that Montana is probably one of the toughest states to design a high-quality pavement mix for, because of the tremendous extremes in temperatures. He indicated that this program has equipment which allows them to establish a pavement mixture, and subject it to the same extremes and conditions the pavement would experience over a period of time, out on the road, but it can be tested over a short period of time. He then reported that, along with a visual record of the terrain, the department maintains a photographic inventory of signs, roads, bridges, and other items, mostly for reference purposes, and they have a system called Digital Road Log. He explained that a van, equipped with a digital camera, drives down the highway taking a digital image about every ten meters, which is then fed in a computer. He added that the designers can use this visual record of the terrain, along with the image of what is actually there, when doing design work. He described a survey being conducted jointly by all government agencies, including the federal government, in which every piece of property will be identified on a map, noting he does not believe that, without extensive work, the Department of Transportation could identify every piece of property they own but, if they could, they would put a lot of it on the market to get it back onto the tax rolls.

Mr. Dye indicated they are focusing heavily on federally mandated management systems, that the pavement management system is very useful as it lets them know what the conditions are, and what the fix should be, in addition to predicting what will happen in the future if the repairs are not completed as recommended. He explained that the safety management system is a joint effort of the Department of Transportation and the Department of Justice, and the congestion management system, although not a high priority in Montana, is pretty well developed. He added that there is a bridge management system, and a maintenance management system, and that he thinks these systems will enable them to spend money more wisely in the future.

He said they are also concentrating on planning, indicating that, two years ago, they completed the State Transportation Plan, in which there was a lot of public input. He explained that it was not project-specific, but a plan which tells them, overall, what they should be doing in transportation. He pointed out that the bottom line is that the highest priority should be preserving what we have. He added they also have a project planning system, which is a report submitted to the legislature of all the projects the department is planning. He indicated that, in the past, they have not done a good job of delivering those plans, that they always obligated all of the federal funds, and always built projects, but the plan was not very solid. He noted that some of the reasons was that the plan was based on more federal

dollars than they received, so projects outlined in the plan were not accomplished, as well as projects being under-scoped, that they may have been nominated as a minor reconstruct and became a major reconstruct, which added dollars, noting that was poor planning, and they now put together a more realistic plan. He added that, in the past, the plans also did not incorporate inflation, and their new system incorporates all those things.

{Tape: 1; Side: A; Approx. Time: 10:36 a.m.; Comments: End of Opening Statement.}

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. KEN MESAROS referred to Mr. Dye's testimony regarding the department's focus on what affects the customer, and asked if he is referring to those who use the infrastructure.

Mr. Dye responded that their focus is the taxpayers, the people who use their systems. He indicated that there are also customers within the organization, for example, people in the districts building projects are customers of the design section in Helena, but that the customer focus he is referring to is that which affects the people who are paying the bills.

SEN. MESAROS referred to a construction project in his district, and reported that he worked hard to obtain a V-ditch waiver, which trimmed \$2 million off of a five-mile stretch of high-hazard road. He asked Mr. Dye if they do a cost benefit analysis regarding certain situations when standard design is not necessary and, for the dollars involved, the focus of the project could be trimmed, and extend the project for its beneficial use.

Mr. Dye noted that SEN. MESAROS is referring to a secondary project in Cascade County, which is a federal aid project. He explained that the American Association of Highway and Transportation Officials (ASHTO), which he and his counterparts in all 50 states belong to, promote the standards, which are then adopted by the federal government. He indicated that there is flexibility but, once the standards are adopted, they have to work with the federal government for that flexibility. He stated that the issue of V-ditches has turned into a safety issue versus cost savings, noting that he was not sure of the status, but had heard there was an attempt to compromise on the V-ditches. He pointed out that there are individuals in the federal highway system, and his department, who are concerned with the safety problem that will impose, adding that they find themselves, many times, in that conflict. He indicated that the issue of speed limits is an example, that speed limits do not slow people down and, if a speed zone is imposed where conditions do not warrant one, a speed trap is created. He noted that, when customers want

a speed zone where it is not really best for users of the system, they find themselves in that conflict, which is not good.

SEN. MESAROS reported that, in the case he was referring to, he met with department personnel, but that all of their concerns hinged on safety issues and future liability, that present liability was not taken into account. He indicated it was a high-hazard, dangerous situation, and he can not understand why current liability was not taken into account.

Mr. Dye said he thinks they all recognize that, if there is a dangerous route, they have to fix it, within the resources available. He pointed out that they have systems which dictate where their safety money should be spent, but that the needs are greater than the available funds. He indicated that the problem is compounded if they spend money and do not eliminate the safety issues. He noted that he is not sure he can give a good answer, and asked if **SEN. MESAROS** knows the status of that project, and if they have moved forward with the V-ditch concept.

{Tape: 1; Side: A; Approx. Time: 10:45 a.m.; Comments: End of Tape 1, Side A.}

SEN. MESAROS replied they have, to a limited degree, that they deleted the upper two-mile stretch, which is probably the most hazardous and environmentally sensitive, and the most highly traveled with recreational vehicles. He said that, in the future, it will probably be very, very difficult to get it down.

SEN. DELWYN GAGE asked **Mr. Dye** to what degree he has looked into privatization, and if any is feasible.

Mr. Dye reported that they try not to miss an opportunity to privatize any part of their operation when they can prove it would be cost-effective, which he thinks is evidenced by the fact that, of their total construction budget, there is probably less than twenty percent which could be privatized, that the majority is going towards materials or out to contracts. He added that, in their maintenance budget, there is just a little more than thirty percent which could be privatized, that the remainder is already going to the private sector. He pointed out that a major portion of the maintenance work related to pavement preservation goes to the private sector, noting that they work joint projects, in some cases. He added that they privatize most of the rest areas, and have increased their consultant budget considerably. He said they take every opportunity, although they have not always done a good job through privatization, that rest area maintenance is one area that has gone downhill.

SEN. FRED THOMAS remarked that Montana has some of the most heinous rest areas and that, compared to other states, they are disgusting. He commented that other states are doing a nice job with facilities and cleanliness.

CHAIRMAN HARGROVE noted that the Department of Transportation has an extremely large budget, and asked **Mr. Dye** if he has a self-evaluation process to determine priorities, what is needed, what to cut and what to eliminate, both in the long-term and the short-term.

Mr. Dye responded that they do that. He explained that, when they prepare their biennial budget, all of their administrators put together a "wish list" of new budget items, and that they go through a process of setting priorities. He noted that they keep an eye toward the Highway Special Revenue Fund, of which fifty-nine percent is dedicated to Department of Transportation needs, and their needs have to fit within revenue projections. He explained that, last session, they presented a long-term plan which included paying off the \$150 million in bonds issued in the late 80's, by the year 2006, that the legislature did not approve the plan, and criticized the department for their \$80 million Highway Special Revenue Fund balance. He indicated that they then paid \$40 million toward that debt, and are now looking at paying off the bonds in the year 2003. .

He reported that they will end the biennium they are currently budgeting for with around a \$5 million ending balance, which is too low, that the gap between revenue and expenditures in the next biennium will be about \$16 million. He indicated that they will have to bridge that gap, noting that, if it were not for the bond payment, revenues would just about equal expenditures, and that they go through the process of setting priorities within their revenue strength.

CHAIRMAN HARGROVE noted that **Mr. Dye** did not mention rail or air transportation, and asked what his responsibilities are, if any, in those areas.

Mr. Dye responded that they, basically, have no responsibilities in those areas, with the exception of minor responsibility in administering a small federal rail program, but they have no regulatory responsibilities, nor any other impact on the rail program.

CHAIRMAN HARGROVE pointed out that the Transportation Commission includes all forms of transportation. **Mr. Dye** concurred, and explained that their authority was expanded, last session, beyond highways into the transit area. He added that they do have the Aeronautics Division, but all they get involved in is closing down weather stations, or the issue of essential air service to Montana, but they have no regulatory responsibilities. He said one other area they deal with regarding rail transportation is some ability to deal with rail crossing issues, and fund improvements to rail crossings.

CHAIRMAN HARGROVE indicated he could envision a practical need for a transportation plan that would put them all together, and

asked if there is such a plan which would include all of the modes of transportation, and how things move around the state.

Mr. Dye responded that there is, that it is part of the Trans Plan 21, and some of those issues are dealt with. He added he would be happy to provide a summary copy to the Committee.

CHAIRMAN HARGROVE asked that he provide that summary.

SEN. MESAROS referred to gas tax revenues which are diverted to the Department of Justice and the Department of Fish, Wildlife and Parks, and asked **Mr. Dye** how much could the Department of Transportation do with those diverted funds, if they were available for road construction in the state.

Mr. Dye noted that he does not like to use the term "diverted", because that implies it might be improper, but that these funds are diverted within the provisions of the Constitution to the Highway Patrol and Fish, Wildlife and Parks, for example, noting that they all fit. He reported that approximately forty percent, around \$16 million, goes to the Highway Patrol, and about \$1.3 million goes to Fish, Wildlife and Parks for paving roads into some of the parks. He added that, under statute, off-road use, motorboats and snowmobiles receive some of those funds, as well as tribal distributions, whereby they enter into agreements with the tribes to avoid double taxation on reservations.

He indicated that those dollars could be used elsewhere, but that it is a balancing issue. He pointed out that part of their 2006 plan was to get the Highway Patrol back on the General Fund. He offered to share with the Committee the information from their payment management system which dictates what their needs are. He reported that their expected state and federal dollars, through the year 2001, approximately \$474 million, are already programmed and that, on just the NHS, primaries and interstate system, there are about \$381 million in needs, above that. He indicated that he thinks they will, very quickly, see the need to put more money into the infrastructure and, if they can not find ways to spend what they have more efficiently, they will have to look at additional revenue sources, noting that it would be preferable to do that within the existing tax structure, rather than asking for another fuel tax.

SEN. VIVIAN BROOKE referred to the Burial Protection Act, which deals with construction sites where sacred or archeological items are found, and the process for protection of those items or sites. She asked if that process is working, and if there have been any problems with or controversy surrounding that process.

Mr. Dye replied that he is not aware of any problems, noting that they have a large environmental unit which is staffed with historians, archaeologists and biologists who do all of the front-end work on projects, and are called out to mitigate anything they run into during construction.

SEN. THOMAS referred to the Medicine Tree in Conner, and asked if it was ever determined if the tree now called "The Medicine Tree", was actually, in fact, The Medicine Tree, and if it was ever documented to be the tree, noting that the locals who have been there a long time say it is not.

Mr. Dye said that he does not believe anyone can provide proof-positive that it is the tree, and he thinks the issue is that it is a cultural site for that area and that, in the minds of the people, the tree has a lot of significance. He indicated that he believes the solution is not to displace those people and build that very expensive project across the river. He reported that they have about \$100,000 in federal funds which can be used to address that issue, and he has been given approval by the federal government to buy the property that the tree sits on. He added that they would like to buy the property with the tree on it, erect a protective wall and cantilever the road out, saving several million dollars, and not displace those people across the river. He noted that they might get some flak, that they had to move across the river because of the tree and the people not wanting them close to it, but he thinks it is worth trying. He added that he thinks the preferable solution to that problem would be to buy that property out, and pointed out that there is access, that people would not need to stop along the road, they could come in through the back.

Closing by Sponsor:

CHAIRMAN HARGROVE offered **Mr. Dye** the opportunity to make a closing statement, and **Mr. Dye** declined.

{Tape: 1; Side: B; Approx. Time Count: 11:05 a.m.; Comments: The Committee recessed for 5 minutes.}

HEARING ON SR 11

Sponsor: CHAIRMAN DON HARGROVE

Proponents: None

Opponents: None

Opening Statement by Sponsor:

CHAIRMAN DON HARGROVE welcomed **Mary Bryson, Director, Department of Revenue**, and stated that this is considered to be an important part of the democratic process whereby the general public can participate, through their elected representatives, in the confirmation of those individuals who have an impact on their lives. He explained the confirmation process, indicating that a regular hearing format will be followed, as closely as possible, that **Ms. Bryson** will be given an opportunity to make a statement, followed by testimony from the general public, after which the Committee members will ask questions. He added that **Ms. Bryson**

will be given the opportunity to make closing remarks, if she chooses to.

Ms. Bryson gave a brief summary of her background, relating that she was born in Billings, raised in Helena, and received an undergraduate degree in business administration from Montana State University in Bozeman. She reported that she received her CPA in 1979, and earned a Masters in Public Administration through the University of Montana extended program in Helena. She added that she has worked for state government since 1977, and part of that time was with the Office of the Legislative Auditor. She indicated that she moved through that organization learning about the financial side of the state, as an auditor, and was involved in audits of most of the state agencies, with the exception of the University System. She reported that, in 1987, she accepted a position which was created to administer the organization, as a whole, and was responsible for budgeting, accounting, payroll, clerical support functions, as well as data processing support for the Legislative Auditor, and auditing computer applications in state government. She indicated that, for the past nine years, she has been involved very significantly in information technology for state government, as well as the legislative branch. She reported that the Department of Revenue is embarking upon some major computer information technology initiatives in the next four years, and she believes her background in technology will be very beneficial to the department, as well as beneficial to the state as a whole.

Ms. Bryson indicated that she is aware of the public side of administration, including personnel issues, budgeting, appropriations, and that she brings with her a great deal of experience in state government and, although she does not have a great deal of experience in taxation, she is a quick learner and, in the past two months, has learned a great deal about tax policy and taxation.

She indicated that she is familiar with the operation of the Department of Revenue, having previously audited it, that she believes taxation is a very significant area, and is excited to be taking on some new challenges in that regard.

She reported that one issue the department has brought before the legislature is an integrated tax package, in HB 188, and with that, they hope to take a step forward by consolidating and integrating a lot of their existing tax systems. She indicated that the department manages over thirty different tax types, from miscellaneous taxes to property, income, and withholding taxes and, with the consolidated tax package, they hope to consolidate a lot of their efforts. She noted that she believes taxpayers in the state view the Department of Revenue and the State of Montana as an entity, that they do not view them as separate, and unique organizations, and her goal would be to allow the taxpayer to deal with just one entity, and that representation would be the Department of Revenue in order to be consistent in dealings with

the taxpayer. She added they would like to make conducting business with them as simple and pleasant as possible, that paying taxes is not always a pleasant thing however, it is something most people do on a voluntary basis fairly consistently, and they would like to continue to encourage voluntary compliance. She noted they also want to have fair and consistent treatment of all of the taxpayers, and she is not convinced at this point that this is the case in all of their dealings with the taxpayers.

Ms. Bryson discussed some of the other initiatives before the legislature, indicating that one has to do with consolidation efforts that are ongoing, and another is the unemployment insurance employer wage reporting consolidation bill, which has been introduced in the House and will be on second reading this week. She explained that measure would allow the department to consolidate wage reporting so employers can file one form to cover both unemployment insurance, as well as withholding responsibilities. She noted that some of the integrated tax system issues will be dealing with that specific consolidation.

She indicated that they are looking at another initiative along the same lines in dealing with state government for unemployment insurance and making withholding simple, which has to do with federal initiatives to simplify employer wage reporting. She added that, not only are they looking to consolidate unemployment insurance and state withholding information, they are also looking to consolidate on one form, for employer purposes, federal unemployment insurance reporting, as well. She said that, if it comes about, it will take federal legislation and initiatives, but that it is moving forward at the federal level, and the Department of Revenue is an eager participant in that.

Ms. Bryson concluded by reporting that a proposed Revenue Information Processing Center would allow all collections received by the state to be processed at one facility. She explained that, currently, collections are received at a minimum of thirteen different facilities, and their proposal is to consolidate those collection functions, allowing the taxpayer, and anyone who does business with the state, to send their check to one place, which would, again, simplify their contact with the state.

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. THOMAS asked **Ms. Bryson**, with regard to a single collection facility, how they would address communicating back to the various agencies that the revenue has been received.

Ms. Bryson answered that this project is tied in very closely with the MtPRIME project, which is the state's accounting system, and they envision this will be only the collection function, itself, the processing of the money. She explained that they will gather the information, and any information associated with that payment, and electronically submit that back to the various departments, that they have the technology and equipment to scan that information in. She indicated that, currently, forms submitted to employers for employer wage reporting include a series of coupons to be returned with their payment. She added that these coupons contain the employer's individualized information, and are read through scanning technology so their deposit goes directly to their account, and is credited as being received. She indicated that other information submitted by employers is processed separately, so each department will continue to process program-type information, but that the collections would be done centrally.

{Tape: 1; Side: B; Approx. Time: 11:23 a.m.; Comments: End of Tape 1, Side B.}

SEN. THOMAS asked if, for instance, he sent Fish, Wildlife and Parks receipts from sale of licenses, and enclosed the documentation along with the money, where would it go, under their proposal.

Ms. Bryson replied that the whole packet may go to the processing center, but they are still in the design phases and trying to determine how best to handle that. She added that they have had some feedback from taxpayers who have been involved in the coupon process, and their question is why do they have to mail this to three different places. She indicated they have to deal with that question, to make it easier for individuals submitting forms to get their check processed efficiently, as well as get the information where it needs to go efficiently. She noted that they have not solved that particular question yet but, at this point, they anticipate that the two will separate.

SEN. GAGE reported that some time ago, a requirement for bonding of special fuel users was eliminated because it was no longer necessary, except for those people who became delinquent. He asked **Ms. Bryson** if there are any areas where bonding is currently required, which may not be serving that purpose and could be eliminated, or are there areas where they may need bonding for those who are delinquent.

Ms. Bryson responded that she is familiar with this issue, but does not know that she can answer that question. She said that she does not know of any areas, in the taxes they administer, where there is a specific bonding program, but they have the ability to charge penalty and interest on delinquent accounts, and to establish that, as well.

SEN. GAGE asked if, within the Department of Revenue, there are a lot of different rates for interest and penalties, and if they would be well-served to standardize those in Montana.

Ms. Bryson replied that there are different rates, and different interest and penalty charges for the various tax types, and this is one of the issues specifically addressed in the UI-DOR consolidation, as far as making interest and penalty assessments the same for both of those different tax types. She added that she does not know that they have, as yet, harmonized all of the other tax types into a single penalty and interest phase, but that is something she does intend to look in to, and thinks that would be appropriate.

CHAIRMAN HARGROVE asked **Ms. Bryson** how many people she supervises.

Ms. Bryson reported there are approximately 640 FTE allocated to the Department of Revenue, and that, directly, she has a leadership team of approximately eight people.

CHAIRMAN HARGROVE asked how that is going, noting that, from her resume (**EXHIBIT 1**), this is the first time she has really had the ultimate responsibility for a large organization and that, often, that is a difficult transition.

Ms. Bryson indicated that this is one thing she did consider in this process, in that she came from a very small organization, but said she has always viewed it as what you have under your span of control, and to make sure you surround yourself with people who are very competent and capable. She added that she has found, in the two months she has been in this position, the leadership team at the Department of Revenue is very competent and capable, they do their jobs very well, and they are establishing a very good working relationship. She noted that they are going through a transition period, because she is not Mick Robinson, that there is a difference in their personalities and their approach to managing, but she thinks they are transitioning very well, and it is a very challenging experience.

CHAIRMAN HARGROVE asked if she has a systematic plan to become familiar with what all of those 600 people do, or to meet them and become involved in their lives.

Ms. Bryson noted that a former director she spoke with set a goal to meet every employee in the Department of Revenue, and indicated that would mean she would have to travel to all 56 counties in the state. She said she would like to make that visit, although she does not think she can do that in a short time frame, and she does not know she would have the opportunity to meet every employee in the department. She added that she does intend to familiar herself with what it is the Department of Revenue does, what their workload is, and what kind of issues they deal with on a day-to-day basis. She stated that, if they

are to be successful in making the changes they are seeking in this legislative session, it would be very important for her to have that understanding, because she will be asking people to do more than what they currently do, or do it differently.

CHAIRMAN HARGROVE noted that he is not necessarily suggesting that is important, or even a good idea, that it comes down to a matter of management philosophy and the time available. He reported that he has had at least three opportunities to work, on behalf of a constituent, directly with one of those 600 people, and they have been very responsive, but found it hard to believe they had that level of authority, and that maybe they didn't, but his assumption was that they either had that authority, or talked to someone who gave them approval to handle it. He said he was very pleased with that, and asked **Ms. Bryson** if she has given any thought to how much freedom she wants these people to have, how freely they can communicate with legislators, and what kind of relationship she would like those "detached" people to have with the public and legislators, or how tight of control would she want on them.

Ms. Bryson reported she had this same conversation with her leadership team, that this is one of the questions they asked her. She stated that she believes it is important to delegate responsibility, as well as the authority. She indicated that, if responsibility is delegated to an individual, they should have the authority to make some decisions associated with that responsibility. She added that she likes to be informed as to what is going on within the department, that she does not believe it is necessary for her to make every decision but, in a general sense, she has asked her leadership team to provide her with information about what their process is, what kind of decisions they make on a daily basis, and what kind of decisions they believe it is important to delegate to people further down the line. She indicated that her goal is to get as much as possible of that decision-making process and authority down the line, where it needs to be, because it is a real hindrance, to a taxpayer in particular, when they can not get a decision right away, and she will try to establish the parameters by which those decisions can be made, and define very clearly which decisions need to be made at the director level, leaving the rest to the discretion of her leadership team to delegate.

CHAIRMAN HARGROVE asked **Ms. Bryson**, in terms of budgeting, how she will do her self-evaluation, setting priorities and deciding how much and on what she is going to spend money, as well as determining what is no longer important.

Ms. Bryson noted that she is actually handling the budget in this legislative session because of commitments of their budget staff. She reported that she did the budgeting at the Legislative Auditor's office, and their primary concern was making sure their personnel and staffing were taken care of in the budget process. She said that is very important to her, at the Department of

Revenue but, having gone from a \$2 million budget to a \$25 million annual budget, she does not yet have an understanding of the specifics of their budget, and what jobs have to be done. She stated that, in answer to the question, she does not really know how she will establish those priorities, but that she believes, with her audit background, she will be very critical to make sure they are spending their money wisely.

CHAIRMAN HARGROVE asked what the leadership team is.

Ms. Bryson replied that there are five divisions in the Department of Revenue. She indicated that one of those divisions does not have a division administrator, therefore those two bureau chiefs, along with the four division administrators, the deputy director and the chief legal counsel constitute the leadership team.

SEN. GAGE asked **Ms. Bryson** if she looks upon the Department of Revenue as a group which should be putting together a property tax proposal, as far as a revision of the tax structure in the state, or if she just sees the department as resource people for the legislature, or someone else doing that.


Ms. Bryson clarified the question as should the Department of Revenue be involved in establishing or proposing tax policy, and answered that she believes that is not their role in state government. She indicated that she views their role as being the experts, to provide feedback and information, and be a resource to any group who wishes to pursue tax policy changes. She added that she thinks there is a separation that has to occur, that they will support the administration, and she will personally support the administration in pursuing answers to tax policy questions, and perhaps making suggestions along those lines on an individual basis, but she does not think the department has the responsibility, nor should it have the responsibility to dictate tax policy to anyone else. She reiterated that she believes their responsibility is to interpret and implement tax policy as decided by the legislative body.

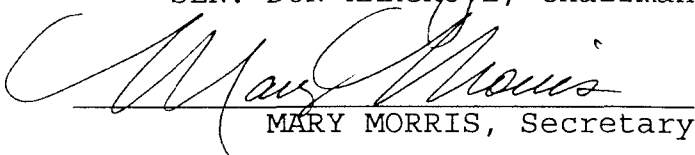
Closing by Sponsor:

Ms. Bryson thanked the Committee for the opportunity to appear before them. **CHAIRMAN HARGROVE** thanked **Ms. Bryson** for her willingness to serve the people of Montana in this difficult and challenging position.

ADJOURNMENT

Adjournment: 11:41 a.m.


SEN. DON HARGROVE, Chairman


MARY MORRIS, Secretary

DH/MM