

MINUTES OF THE MEETING
NATURAL RESOURCES SUBCOMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

January 30, 1985

The meeting of Natural Resources Subcommittee was called to order by Chairman Rex Manuel on January 30, 1985 at 8:10 a.m. in Room 132 of the State Capitol.

ROLL CALL: All members were present.

DEPARTMENT OF FISH, WILDLIFE AND PARKS

Modifieds:

Mr. Flynn presented Exhibit "GG" on the number of FTE's they had when contracts were issued.

(Conservation Education)

Regulations Production; Mr. Flynn (33:B:395) said this is the layout and actual makeup of all of their hunting and fishing regulations. This is the staff person who would take the Commissions action and put it into a format for distribution to the public. This person has been on contract for the last two years. They are proposing a .50 FTE to do this work instead of contracting it. This would cost \$12,584 in FY '86 and \$12,957 in FY '87. See Exhibit "BB".

Discussion was held.

Senator Smith made a motion to approve \$12,584 in FY '86 and \$12,957 in FY '87 plus .50 FTE for this program. Senator Lane seconded. A Voice vote was taken and the motion carried unanimously.

Video Taping: Mr. Flynn said this would be a long term project funded out of State License money and other State revenue, and Federal money. They are requesting 1 FTE and approximately \$52,530 in FY '86 and \$54,233 in FY '87. Mr. Flynn said this is for the Department to get into a video taping program for conducting and providing more information on hunter safety, snowmobile safety and motorboat safety programs and for internal training in the Department for the enforcement people. See Exhibit "BB".

Discussion was held.

Mr. Flynn said the .25 FTE in the Hunter Education request is for clerical work. Discussion was held on this.

Senator Boylan made a motion we approve \$52,530 in FY '86 and \$54,233 in FY '87 for this. Representative Spaeth seconded. Discussion was held. Representative Spaeth make a substitute motion to combine the Video Taping and the Hunter Education and distribute .50 FTE between the two programs and figure the cost proportionately then report back to the Committee on how this is working. Senator Smith seconded. Representative Nathe said they should emphasize that alcohol be kept away from guns. A Voice vote was taken and the motion carried unanimously.

Montana Outdoor Promotion: Mr. Flynn said the Department would like to have the opportunity to conduct promotional activities to increase and maintain the number of subscribers of Montana Outdoors. Mr. Flynn said about 63% is being paid for by subscribers and about 37% is paid for out of License fees. They are requesting \$32,176 in FY '86 and \$33,030 in FY '87 for promotion of this magazine. See Exhibit "BB".

Discussion was held.

Senator Boylan made a motion to approve \$12,000 in FY '86 and \$12,000 in FY '87 for the promotion of this magazine. Senator Lane seconded. A Voice vote was taken. The motion carried with Representative Nathe voting no.

Administrative Aide: Mr. Flynn said this is clerical support. Mr. Flynn said over the biennium they moved hunter safety, snowmobile safety and motorboat safety out of the Enforcement Division into the Conservation Education Division. This position would be to assist in these programs and in the information function See Exhibit "BB".

Discussion was held.

Representative Spaeth made a motion to approve .25 FTE for this instead of 1 FTE and proportion the money accordingly. Senator Boylan seconded. A Voice vote was taken. The motion carried with Representative Nathe and Senator Smith voting no.

(Centralized Services)

Special License Drawings: Mr. Flynn (34:A:352) said this is a request for an additional \$66,400 in FY '86 and \$66,305 in FY '87 plus 2.58 FTE's. See Exhibit "BB".

Mr. Flynn said they processed 113,000 applications in 1979 with 29 positions and they processed 228,000 applications with 18 positions in 1984. This is due to the computer system. This request is so they can expedite the processing of applications so they can get back sooner to the sportsman as to whether they are successful in getting a special license or not.

Discussion was held.

Senator Boylan made a motion to approve 1 FTE. Representative Spaeth seconded. A Voice vote was taken and the motion carried with Senator Smith voting no.

Purchasing Coordinator: Mr. Flynn said if they realized a 1.5% savings in all the purchases they do the position would pay for itself. See Exhibit "BB".

Discussion was held.

Senator Boylan made a motion to approve 1 FTE and \$23,840 in FY '86 and \$23,430 in FY '87 for this with the stipulation Mr. Flynn report on savings achieved. Representative Swift seconded. A Voice vote was taken. The motion carried with Senator Smith, Representative Nathe and Representative Manuel voting no. Mr. Flynn will write a letter to the Chairman stating the Department will report back to this Committee next session.

Additional Word Processor: See Exhibit "BB".

Representative Spaeth made a motion to disallow 1 FTE and \$18,834 in FY '86 and \$18,841 in FY '87 for the word processor. Representative Swift seconded. A Voice vote was taken and the motion carried unanimously.

Equity Transfer: Mr. Flynn said this is to pay off loans out of the License account. See Exhibit "BB".

Discussion was held.

Senator Boylan made a motion to approve \$100,000 to pay off these loans. Discussion was held. Dave Mott, Administrator, Centralized Services, said this is a one time transfer and would take care of all loans in the Department. Senator Smith seconded. A Voice vote was taken and the motion carried unanimously.

Vehicle Revolving Account: Mr. Flynn said with the vehicle revolving account the money for use is approved in the various other Divisions then paid into this account. Mr. Flynn said this account needs to have the authority to spend this money out of the revolving account for operation of the vehicles

Mr. Flynn said the request for \$182,859 in FY '86 and \$187,928 in FY '87 is for planned vehicle expenses in the operations budget as a result of modifieds. The request for \$135,000 in FY '86 and \$136,000 in FY '87 is for expenses anticipated in the Legislative Contract Authority authorized in each division.

Senator Lane made a motion to accept this with the adjustments to \$128,308 in FY '86 and \$131,205 in FY '87 for the Committee's action on modifieds. Senator Boylan seconded. A Voice vote was taken. The motion carried with Representative Nathe voting no.

(Administration)

Payment to Federal Government: Mr. Flynn (34:B:60) said the request for \$62,000 is for payment to the Federal Government. See Exhibit "BB".

Discussion was held.

Senator Boylan made a motion to approve \$62,000 for this payment. Representative Swift seconded. A Voice vote was taken and the motion carried unanimously.

Stream Access: Mr. Flynn said they are requesting \$50,000 a year spending authority from the License account for portage around barriers. Mr. Flynn said they are requesting \$15,000 a year for the Department to hire the hearings examiner to institute the amendment put on the bill.

Discussion was held.

Representative Swift made a motion to terminate the \$15,000 if the amendment doesn't pass in the bill. Senator Boylan seconded. A Voice vote was taken and the motion carried unanimously.

Chairman Manuel thanked Mr. Flynn and his Department for all the time they put into compiling information for the Committee.

Mr. Flynn said he got reports from Illinois, Washington and Minnesota done by the Wildlife Management Institute. Mr. Flynn said he was not pleased with the reports and to cut this out of the Department's request.

DEPARTMENT OF COMMERCE

Keith Colbo, (34:B:280) Director, Department of Commerce, gave an overview of the Department. See Exhibit "HH".

(Weights and Measures)

Mr. Colbo (35:A:80) gave an overview of this program. See Exhibit "II".

Gary Delano, Bureau Chief, Weights and Measures Bureau said they have set the State up into six areas with inspectors in each area to try to cut the travel and cost in each of the operations in the Petroleum division.

Mr. Colbo said it is very difficult to respond to Vacancy Savings in this program with so few employees.

Mr. Colbo said gasoline is a major portion of this program.

Mr. Colbo said the payout for Mr. Delano's retirement will be approximately \$10,000.

Isabelle Pistelak, Administrator, Business and Professional Licensing Division, said the sick leave alone for the two people retiring in this Department is \$36,000 if HB 427 passed requiring payout at 100% rather than the current 25%.

Ms. Pistelak said it would cost \$22,712 for these two people to retire right now. The other person retiring is the Meteorologist.

Mr. Delano (35:A:229) said the Department requested a pickup in FY '87 and would like to take \$9,000 out of the budget for FY '87 for the pickup and buy it this year.

Vacancy Savings: This would be approximately \$12,000 per year. This would be 4% in both the LFA's budget and the Governor's budget.

Gasoline: This was underfunded \$6,400 each year. They are putting a large truck on the road this year that wasn't on last year.

Retirement: The Legislature chose not to fund this last session.

Mr. Colbo said there is no limit to accumulating sick leave. The payout for this at this time is 25%. There is a bill being introduced to change this to 100%.

Discussion was held.

(Milk Control Bureau)

Mr. Colbo gave an overview of this Program. See Exhibit "JJ".

Bill Ross (35:A:423), Bureau Chief, Milk Control Bureau, gave an overview of this program also. See Exhibit "KK".

Mr. Ross said the industry hires their own experts when there are request for hearings. These people testify on their behalf. They are requesting \$6,000 to be line itemed for that purpose.

Ken Kelly registered Lobbyist representing the dairy industry said they feel the \$6,000 for expert witnesses would be well spent even if it meant an increase in fees.

Vacancy Savings: This would be about \$7,500 per year.

Travel Increase: Mr. Ross (35:A:560) said they are requesting an additional \$6,500 for travel. This would be for placing a supervisor out in the field. This would be about 25% of this money. They requested to be funded at the level where they would be fully staffed and have four auditors out in the field. There was not the demand in the '84 biennium to be fully staffed.

Mr. Ross said there is approximately \$94,000 in the cash balance of the earmarked account at this time.

Mr. Ross said they have four auditor positions that are full time 100% travel positions. At the present time they are experiencing a 56% expenditure level of these four positions. They have shifted a portion of the work that had previously been done in the field into the office and they have switched from five eight hour days to four ten hour days in order to cut travel costs.

(Financial Institutions Division)

Mr. Colbo (35:B:015) gave an overview of this program. See Exhibit "LL".

Fred Napier (35:B:47), Division Administrator, Financial Institutions Division, said they supervise and examine state-chartered financial institutions which include 116 banks and trust companies, 24 credit unions, 1 savings and loan, and 26 consumer loan companies. These are required to be examined annually by their division or an appropriate Federal agency. Mr. Napier said they also supervise and license sales finance companies. There are 59 of those. A typical bank examination will require approximately 7 people for one week and 2 going back the second week. Larger institutions require about 13 people for the first and 4 people going back the second week.

Mr. Napier said they have 13 bank examiners to accommodate the required level of 116 banks and trust companies. Their assets total \$3,350,000,000. In 1976 they operated with 15 examiners for 102 institutions and those assets totaled \$1,530,000,000.

Mr. Napier said in 1984 they were unable to examine 19 banks. Their Department examined seven less than in 1983 and the Federal agencies examined 17 less than in 1983. This is due to the added workload to the staff and more financial institutions experiencing difficulties.

Mr. Napier said in the '87 biennium their Department expects to perform examination of 144 banks, 6 trust companies, 40 credit unions, 60 consumer loan companies, 2 savings and loan associations and they will be taking on examination requirements for the Montana Development Corporation and other boards.

Mr. Napier said the FDIC is decreasing their examination of State charter banks. The FDIC will be conducting examinations of better performing banks only once every three years. That will require their Department to get into the banks more often.

Mr. Napier said they anticipate sending six people to National level schools within the next biennium. This would cost about \$750 to \$1,000 per person.

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Discussion was held.

(Aeronautics Division)

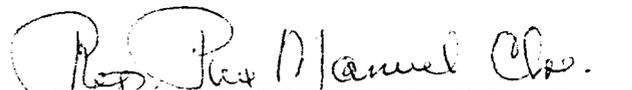
Mr. Colbo gave an overview of this program. See Exhibit "MM".

Mike Ferguson, Division Administrator, Aeronautics Division, said they are looking for a one cent gas tax increase in FY '87.

Mr. Ferguson said there will be a hearing on a bill to take the State out of Airport License Funding around February 15, 1985.

Mr. Colbo said they could take a \$37,000 reduction in FY '87 if the modified request is approved. See Exhibit "MM".

Meeting adjourned at 11:30 a.m.


Representative Rex Manuel
Chairman

LICENSE ACCOUNT ANALYSIS - WITHOUT A FEE INCREASE

All Expenditures

	FY-85	FY-86	FY-87
Unrestricted Fund Balance	\$ 6,052,000	\$ 6,959,000	\$ 4,917,583
Revenues	14,225,000	14,009,000	13,848,000
Fee Increase	<u> </u>	<u> -0- </u>	<u> -0- </u>
Total Available	<u>\$20,277,000</u>	<u>\$20,968,000</u>	<u>\$18,765,583</u>
Expenditures			
Operations	\$12,807,000	\$12,602,273	\$12,365,842
Modified Budgets	-0-	1,051,194	833,436
Capitol			
Cash	-0-	1,094,660	2,322,600
Bonding			
existing	511,000	517,690	520,286
new	-0-	468,000	468,000
Pay Plan 2 1/2%	<u> -0- </u>	<u> 316,600 </u>	<u> 642,000 </u>
Total expenditures	<u>\$13,318,000</u>	<u>\$16,050,417</u>	<u>\$17,152,164</u>
Ending Balance	<u>\$ 6,959,000</u>	<u>\$ 4,917,583</u>	<u>\$ 1,613,419</u>

Assumptions

No/Fee Increase

Base Operations Reduced 2%

Modified Budgets Reduced 2%

Capitol Program (cash) Reduced 2%

Mile City hatchery bonded over 7 years rather than 5 years.

1/28/85

LICENSE ACCOUNT ANALYSIS - AS PROPOSED

All Expenditures

	FY-85	FY-86	FY-87
Unrestricted Fund Balance	\$ 6,052,000	\$ 6,959,000	\$ 5,462,600
Revenues	14,225,000	14,009,000	13,848,000
Fee Increase	<u> </u>	<u>921,000</u>	<u>1,045,000</u>
Total Available	<u>\$20,277,000</u>	<u>\$21,889,000</u>	<u>\$20,355,600</u>
Expenditures			
Operations	\$12,807,000	\$12,859,463	\$12,618,207
Modified Budgets	-0-	1,072,647	850,445
Capitol			
Cash	-0-	1,117,000	2,370,000
Bonding			
existing	511,000	517,690	520,286
new	-0-	543,000	543,000
Pay Plan 2 1/2%	<u>-0-</u>	<u>316,600</u>	<u>642,000</u>
Total expenditures	<u>\$13,318,000</u>	<u>\$16,426,400</u>	<u>\$17,543,938</u>
Ending Balance	<u>\$ 6,959,000</u>	<u>\$ 5,462,600</u>	<u>\$ 2,811,662</u>

LICENSE ACCOUNT ANALYSIS - AS PROPOSED

Fiscal Years 1988 and 1989

Fiscal Year 1988

Beginning Balance 7/1/87 \$ 2,800,000

Revenues - Includes fee

increase plus 1% growth 15,042,000

Expenditures - 3% inflation (15,042,000)

ENDING BALANCE - 6/30/88 \$ 2,587,000

Fiscal Year 1989

Beginning Balance 7/1/88 \$ 2,587,000

Revenues - 1% growth 15,192,000

Expenditures - 3% inflation (15,712,000)

ENDING BALANCE - 6/30/89 \$ 2,067,000

LICENSE ACCOUNT ANALYSIS

All X	Partial	Priority	Project Account Transfer	FTE	1986		1987		Term 1 year
					Lic. Acct. 62,000	Fed/State Rev.	Lic. Acct.	Fed/State Rev.	
X	X	2	Warmwater Fisheries	2.0	12,366	37,098	13,841	41,525	Long-term
X	X	3	Deer/Antelope/Elk Harvest	.0	51,821	155,464	52,255	156,765	Long-term
	X	4	Grizzly/Black Bear Trends	2.25	106,475		104,179		6 years
	X	5	Landowner Co-op Mgmt.	2.10	72,895		72,915		2 years Evaluation
	X	6	Stream Access		50,000		50,000		2 years Evaluation
X		7	Hunter Preference Survey	.5	17,775	53,326	19,928	59,785	2 years Evaluation
X		8	Angler Preference Survey	.5	18,450	55,351	20,347	61,042	2 years Evaluation
X		9	Headwater to the Missouri Flow Reservation		19,500	58,500	13,000	39,000	4 years
X		11	Weed Control		20,455		20,479		Long-term
	X	11	Landowner/Sportsmen Forum		2,000		2,000		2 years Evaluation
X		12	Regulations Production	.50	12,635		13,008		Long-term
X		13	Beaverhead National Forest Fish Inventory	1.00	25,667		25,677		2 years Evaluation
	X	14	Operation Game Thief	.00	11,084		11,501		Long-term
	X	15	Lower Clark Fork	3.0	23,260	69,780	19,044	57,133	6 years
X		16	Game Damage	1.00	75,000		75,000		Long-term
X		17	Landscaping - Maintenance	1.0	7,287	28,101	7,035	26,410	Long-term
	X	18	License Drawings	2.58	66,400		65,705		Long-term

LICENSE ACCOUNT ANALYSIS

All	Partial	Priority	Project	FTE	1986		1987		Term
					Lic. Acct.	Fed/State Rev.	Lic. Acct.	Fed/State Rev.	
X	X	19	Video Taping/Editing	1.0	8,326	40,775	9,284	43,557	Long-term
X		20	Furbearers Study	.50	32,562		31,840		Long-term
X	X	21	Travel Increase	.00	54,080		54,080		Long-term
X		22	Upper Missouri Project	2.0	12,697	38,091	12,700	38,102	6 years
X		23	Computer Programmer	1.0	7,610	22,832	7,634	22,903	Long-term
X	X	24	Montana Outdoors Promotion	.0	8,044	24,132	8,258	24,772	2 years Evaluation
X		25	Purchasing/Property Mgr.	1.0	5,969	17,904	5,867	17,601	2 years Evaluation
X	X	26	Word Processing	1.00	18,834		18,841		Long-term
X	X	27	Special Enforcement	.50	48,271		48,198		Long-term
X		28	Painted Rocks		20,000		20,000		3 years
X	X	29	Hunter Education	.25 - .50	3,877	11,632	4,611	13,831	Long-term
X		30	R-3 Fishing Access	.25	3,650		3,652		Long-term
X	X	31	Administrative Aide	1.00	16,180		16,204		Long-term
X		32	Landowner Insurance		20,800		20,800		2 years Evaluation
X	X	33	CoIstrip Warden	1.00	41,020		41,086		Long-term
X		34	Federal Aid Equipment		90,200				1 year
X		35	R-6 Park Mgr.	.5	2,114	4,226	2,114	4,228	Long-term
X	X	36	Wetland Development	.27	5,755		44,349		Long-term
X	X	37	Increase Flight Insurance		24,960		24,960		Long-term
X	X	38	Equity Transfer		100,000				1 year

DEPARTMENT OF FISH, WILDLIFE AND PARKS
CONSULTING AND PROFESSIONAL CONTRACTED SERVICES

<u>FY1980</u>	<u>FY1981</u>	<u>FY1982</u>	<u>FY1983</u>
\$382,077	\$329,364	\$312,112	\$367,785
} \$711,441		} \$679,897	

FTE

520	495	444	444
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Exhibit
"HH"

PRESENTATION TO THE APPROPRIATIONS SUBCOMMITTEE

BY KEITH COLBO, DIRECTOR

DEPARTMENT OF COMMERCE

JANUARY 30, 1985

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

THE DEPARTMENT OF COMMERCE IS AN AGENCY WITH A WIDE VARIETY OF PROGRAMS AND RESPONSIBILITIES WHICH CAN GENERALLY BE GROUPED UNDER THREE BASIC CATEGORIES: REGULATORY, COMMUNITY ASSISTANCE AND ECONOMIC DEVELOPMENT. THESE RESPONSIBILITIES ARE CARRIED OUT BY TEN DIFFERENT DIVISIONS, OVER 40 STATUTORY BOARDS, AND SEVERAL ADVISORY COMMITTEES. GENERALLY STATED, THE DEPARTMENT'S MISSION IS TO PROVIDE A STIMULUS TO ECONOMIC DEVELOPMENT IN MONTANA BY CREATING A FAVORABLE BUSINESS CLIMATE, BY FOSTERING GROWTH IN SUCH A WAY THAT THE ENVIRONMENTAL QUALITY OF THE STATE IS PRESERVED, AND BY MAKING CERTAIN THAT BUSINESSES IN MONTANA FUNCTION WITHIN THE STATUTORY GUIDELINES SET FORTH BY THE LEGISLATURE. THE BUDGET WE ARE REQUESTING FOR THE NEXT BIENNIUM WILL ENABLE US TO CONTINUE TO CARRY OUT THIS MISSION.

DURING THE NEXT SEVERAL DAYS WE WILL BE DISCUSSING THE BUDGET NEEDS OF THE DEPARTMENT OF COMMERCE FOR THE 1987 BIENNIUM. TOWARD THIS END, MY STAFF AND I WILL ATTEMPT TO PROVIDE YOU NOT ONLY WITH INFORMATION ABOUT WHAT WE INTEND TO DO DURING THE NEW BIENNIUM, BUT ALSO ABOUT WHAT WE ACCOMPLISHED DURING THE CURRENT ONE. WE WILL COVER BOTH PERFORMANCE AND FINANCIAL ISSUES, BOTH ACHIEVEMENTS AND FAILURES. WE WANT THIS INFORMATION TO BE USEFUL TO YOU IN MAKING YOUR APPROPRIATIONS DECISIONS FOR THE DEPARTMENT, SO WE HOPE YOU WILL FULLY PURSUE THOSE QUESTIONS YOU HAVE REGARDING OUR PROGRAMS AND PROPOSALS.

THE APPROACH WHICH I WOULD LIKE TO SUGGEST YOU FOLLOW IN HEARING ABOUT OUR PROGRAMS WOULD BE TO DEAL WITH THE WEIGHTS AND MEASURES, MILK CONTROL, FINANCIAL INSTITUTIONS, AND AERONAUTICS PROGRAMS DURING THE REST OF THIS MORNING; TRANSPORTATION, HOUSING COMMUNITY DEVELOPMENT, AND LOCAL DEVELOPMENT SERVICES TOMORROW; ALL THE BUILD MONTANA PROGRAMS ON FRIDAY; AND INDIAN AFFAIRS, THE DIRECTOR'S OFFICE/MANAGEMENT SERVICES, LEGAL SERVICES, BUSINESS LICENSING AND REGULATION DIVISION SUPPORT, AND PROFESSIONAL AND OCCUPATIONAL LICENSING ON MONDAY. I THINK THIS WILL PROVIDE A LOGICAL SEQUENCE IN DEALING WITH OUR 20 BUDGET PROGRAMS.

THE PEOPLE WHO WILL ASSIST ME IN INTRODUCING THESE PROGRAMS AND ANSWERING YOUR QUESTIONS ARE SAM HUBBARD, OUR ACTING DEPUTY DIRECTOR, ANDY POOLE, ACTING MANAGEMENT SERVICES ADMINISTRATOR, AND STEVE HUNTINGTON, OUR BUDGET OFFICER. IN ADDITION, THE VARIOUS PROGRAM MANAGERS WILL JOIN US FOR THEIR PARTICULAR PRESENTATIONS.

BUDGET OVERVIEW

BEFORE MOVING INTO OUR FIRST PROGRAM, I WOULD LIKE TO PROVIDE YOU WITH OF AN OVERVIEW OF THE DEPARTMENT, OUR PROGRAMS, AND OUR GENERAL BUDGETARY NEEDS.

FOR THE CURRENT BIENNIUM, THE DEPARTMENT RECEIVED \$16,054,319 IN GENERAL FUND REVENUES. IN ADDITION \$56,912,933 WAS APPROPRIATED FROM THE STATE SPECIAL REVENUE FUND, \$27,931,387 FROM THE FEDERAL AND PRIVATE REVENUE FUND AND \$5,141,433 FROM THE PROPRIETARY FUND, FOR A TOTAL BIENNIAL BUDGET OF \$106,040,082. THE DEPARTMENT OPERATED WITH 232.83 FTEs.

SINCE I KNOW YOU ARE CONCERNED ABOUT UPGRADES, LET ME BRIEFLY NOTE THAT DURING FISCAL YEAR 1984, THE DEPARTMENT EXPERIENCED A TOTAL OF 35 PERSONNEL ACTIONS, ALL BUT 5 INITIATED BY THE AGENCY. THE RESULTS WERE 22

UPGRADES AND 13 DOWNGRADES, WITH A PROJECTED FISCAL IMPACT OF APPROXIMATELY \$2,900 PER YEAR. SINCE JULY 1ST, ANOTHER 10 ACTIONS HAVE OCCURRED, WITH 9 RESULTING IN UPGRADES. THE ANNUAL FISCAL IMPACT OF THE 10 ACTIONS IS EXPECTED TO BE \$21,000 PER YEAR.

FOR THE 1987 BIENNIUM, WE ARE REQUESTING 251.33 FTEs AND A TOTAL BUDGET OF \$61,242,879 IN FISCAL YEAR 1986 AND \$54,141,833 IN FISCAL YEAR 1987, FOR A GRAND TOTAL OF \$115,384,712 FOR THE BIENNIUM. OF THAT TOTAL, THE GENERAL FUND AMOUNT IS \$7,571,808 IN 1986 AND \$7,517,184 IN 1987 -- A GENERAL FUND DECREASE OF 6.0 PERCENT FOR THE BIENNIUM. FROM THE STATE SPECIAL REVENUE FUND, WE ARE REQUESTING \$26,867,844 IN 1986 AND \$24,803,700 IN 1987 -- A DECREASE OF 9.2 PERCENT. WE ARE REQUESTING \$23,132,706 IN 1986 AND \$18,112,572 IN 1987 FROM THE FEDERAL AND PRIVATE REVENUE FUND -- AN INCREASE OF 47.7 PERCENT -- AND \$3,670,511 IN 1986 AND \$3,708,377 IN 1987 IN PROPRIETARY FUNDS -- AN INCREASE OF 43.5 PERCENT OVER THE PREVIOUS BIENNIUM. FURTHERMORE, WE ARE COMPLYING WITH THE GOVERNOR'S DIRECTIVE TO REDUCE ALL STATE-FUNDED OPERATING EXPENSES BY TWO PERCENT, REDUCING OUR GENERAL FUND, STATE SPECIAL REVENUE FUND, AND PROPRIETARY FUND REQUESTS BY A TOTAL OF \$241,986 IN FISCAL YEAR 1986 AND \$242,382 IN FISCAL YEAR 1987.

WE HAVE ALREADY PROVIDED OBPP AND THE FISCAL ANALYST'S STAFF WITH A LIST OF THOSE PROPOSED REDUCTIONS.

WHILE THIS REQUEST IS BY NO MEANS A LAVISH ONE -- INDEED, IT WILL LEAVE MANY NEEDS UNMET -- WE NEVERTHELESS BELIEVE THAT IT IS ONE THAT THE DEPARTMENT CAN LIVE WITH AND STILL PERFORM THE BASIC FUNCTIONS FOR WHICH WE ARE RESPONSIBLE. WE WILL PROVIDE YOU WITH THE DETAILS OF OUR REQUEST AS WE DEAL WITH EACH PROGRAM DURING THE NEXT FEW DAYS.

ACCOMPLISHMENTS DURING THE 1985 BIENNIUM

AS WE DISCUSS EACH BUDGET PROGRAM DURING THE NEXT THREE DAYS, WE WILL PROVIDE YOU WITH A SUMMARY OF THEIR ACHIEVEMENTS AS WELL AS THEIR PLANS FOR THE NEXT BIENNIUM. BUT BEFORE WE DO, I WOULD LIKE TO BRIEFLY FOCUS YOUR ATTENTION ON THOSE ACCOMPLISHMENTS DURING THE 1985 BIENNIUM WHICH I THINK WERE PARTICULARLY SIGNIFICANT.

REGULATORY ACTIVITIES. DURING THE 1985 BIENNIUM, THE PROFESSIONAL AND OCCUPATIONAL LICENSING PROGRAM REGULATED 69 DIFFERENT PROFESSIONS AND OCCUPATIONS AND LICENSED JUST UNDER 50,000 INDIVIDUALS. THEY HAVE ALSO

PROCESSED 656 COMPLAINTS TO DATE WITH 162 OF THEM RESULTING IN DISCIPLINARY ACTIONS.

THE FINANCIAL INSTITUTIONS PROGRAM HAS EXAMINED 136 BANKS, 6 TRUST COMPANIES, 37 CREDIT UNIONS, 3 SAVINGS AND LOANS, AND 53 CONSUMER LOAN COMPANIES. IT ALSO APPROVED THE FORMATION OF 2 NEW STATE-CHARTERED BANKS.

COMMUNITY ASSISTANCE. THE DEPARTMENT'S COMMUNITY DEVELOPMENT AND LOCAL GOVERNMENT SERVICES DIVISIONS PROVIDE A VARIETY OF FINANCIAL ASSISTANCE TO LOCAL COMMUNITIES THROUGHOUT MONTANA. THE COMMUNITY DEVELOPMENT STAFF ADMINISTERED THE LOCAL GOVERNMENT BLOCK GRANT PROGRAM, ENACTED BY THE LAST SESSION OF THE LEGISLATURE. IT ALSO AWARDED \$5,898,741 IN FEDERALLY FUNDED COMMUNITY DEVELOPMENT BLOCK GRANTS TO 15 LOCAL GOVERNMENTS FOR A VARIETY OF PUBLIC WORKS AND ECONOMIC DEVELOPMENT PROJECTS.

THE LOCAL GOVERNMENT SERVICES DIVISION CONTINUED TO PROVIDE ACCOUNTING AND MANAGEMENT SYSTEM SUPPORT TO LOCAL GOVERNMENTS, BUT ON AN INCREASINGLY SELF-SUPPORTING BASIS. THE DIVISION ALSO CONTINUED TO DISCHARGE ITS LOCAL GOVERNMENT AUDITING RESPONSIBILITIES, A PROGRAM WHICH IS ALSO FUNDED IN LARGE MEASURE BY LOCAL GOVERNMENT CONTRIBUTIONS.

ECONOMIC DEVELOPMENT. IT IS IN THE ECONOMIC DEVELOPMENT AREA THAT THE LAST LEGISLATURE GAVE THE DEPARTMENT THE BULK OF ITS NEW RESPONSIBILITIES AND IT IS IN THIS AREA THAT THE GREATEST PROGRESS HAS BEEN MADE. THE BUILD MONTANA PROGRAM IS UP AND RUNNING. IT CONSISTS OF SOLID, EFFECTIVE PROGRAMS - - NOT EXPERIMENTS. THE BUSINESS ASSISTANCE, COAL TAX LOAN, AND TRAVEL PROMOTION PROGRAMS HAVE BEEN FULLY IMPLEMENTED AND ARE LOGGING CONCRETE ACCOMPLISHMENTS. IN ADDITION, THE VARIOUS ADVISORY GROUPS - - IN ECONOMIC DEVELOPMENT, SCIENCE AND TECHNOLOGY, AND TOURISM - - HAVE COMPLETED THEIR WORK AND SOON WILL BE TRANSMITTING THEIR FINDINGS AND RECOMMENDATIONS TO THE GOVERNOR AND THE LEGISLATURE. INITIATIVE 95 HAS BEEN PUT INTO EFFECT AND A SHARE OF THE COAL TAX TRUST FUND IS BEING INVESTED IN MONTANA BUSINESSES.

IN THE DEVELOPMENT FINANCE AREA, THE ECONOMIC DEVELOPMENT BOARD, THE HEALTH FACILITIES AUTHORITY, AND THE BOARD OF HOUSING HAVE ALL ISSUED BONDS DURING THE PAST 18 MONTHS IN ORDER TO MAKE LOANS TO BUSINESSES, HEALTH CARE FACILITIES AND FIRST-TIME HOMEOWNERS.

IN THE TRAVEL PROMOTION PROGRAM, NEW TOURISM RELATED JOBS AND NON-RESIDENT EXPENDITURES IN THE STATE ARE BOTH UP, WITH THE PROSPECT OF MORE TO COME.

THE ONLY MAJOR DISAPPOINTMENT -- SO FAR, AT LEAST, -- WAS OUR INABILITY TO SUCCESSFULLY LAUNCH THE MUNICIPAL BOND POOLING PROGRAM. THE REASONS ARE STILL NOT TOTALLY CLEAR, BUT FEW LOCAL GOVERNMENTS WERE ABLE TO TAKE ADVANTAGE OF THE PROGRAM AS IT IS CURRENTLY STRUCTURED. WE ARE STILL CONSIDERING WAYS IN WHICH THE CONCEPT COULD BE IMPROVED.

IN THE TRANSPORTATION AREA, THE DEPARTMENT NEGOTIATED A SETTLEMENT WITH THE BURLINGTON NORTHERN COMPANY TO PROVIDE FUNDS FOR THE OPERATION OF A SHORTLINE RAILROAD BETWEEN GERALDINE AND DENTON AND TO AGREE TO A 3-YEAR MORATORIUM ON FURTHER BRANCH LINE ABANDONMENTS. WE HOPE THIS WILL REVERSE A TREND AND PROVIDE FOR THE CONTINUATION OF BRANCH LINE OPERATIONS IN THE STATE, WHETHER BY THE BN OR BY LOCAL RAIL AUTHORITIES, AND THEREBY RESTORE THE ABILITY OF MONTANA FARMERS AND MERCHANTS TO MOVE THEIR PRODUCTS BY RAIL. IN ADDITION, A GRAIN LOADING SUBTERMINAL WAS STARTED IN BUTTE WHICH WILL OPEN UP NEW MARKETS FOR THE STATE'S GRAIN FARMERS.

WE ARE ENORMOUSLY PLEASED WITH THE EARLY RESULTS OF OUR BUILD MONTANA EFFORTS. THE PROGRAM HAS A WAYS TO GO TO BECOME FULLY MATURE AND THAT IS THE NEXT TASK WHICH WE MUST UNDERTAKE -- TO INSTITUTIONALIZE THE PROGRAMS INITIATED DURING THE PAST 18 MONTHS, TO CONTINUE TO BUILD ON THE PARTNERSHIP WE HAVE STARTED WITH THE PRIVATE SECTOR. THE BUDGET WE HAVE REQUESTED WILL ENABLE US TO DO THAT.

1987 BUDGET HIGHLIGHTS

THE BUDGET THE DEPARTMENT IS REQUESTING FOR THE 1987 BIENNIUM IS ESSENTIALLY A CURRENT LEVEL ONE. OUR PROPOSED GENERAL FUND ACTUALLY REPRESENTS A DECREASE FROM WHAT WE WILL HAVE SPENT IN THIS BIENNIUM. WHILE WE ARE ASKING FOR AN ADDITIONAL 18 FTEs, WE ARE PROPOSING TO FUND THE NEW POSITIONS WITHOUT FUNDING INCREASES. BEFORE WE DEAL WITH EACH PROGRAM IN DETAIL, I WOULD LIKE TO COMMENT ON A FEW OF THE MORE IMPORTANT CHANGES WHICH WE WILL ASK YOU TO APPROVE.

BUILDING CODES TRANSFER. WITH THE CONCURRENCE OF THE GOVERNOR AND THE DEPARTMENT OF ADMINISTRATION, THE DEPARTMENT IS PROPOSING TO TRANSFER THE BUILDING CODES DIVISION FROM DEPARTMENT OF ADMINISTRATION TO THE DEPARTMENT

OF COMMERCE. THE PRIMARY PURPOSE OF THIS PROPOSAL IS TO PROVIDE IMPROVED EFFECTIVENESS IN ADMINISTERING THE BUILDING CODES STATUTES. IF THE TRANSFER IS APPROVED, THE BUILDING CODES DIVISION WILL ABSORB OUR ELECTRICAL AND PLUMBING LICENSING AND INSPECTION FUNCTIONS. WHILE THIS MERGER WOULD NECESSITATE THE ADDITION OF 2.5 FTE'S IN OUR MANAGEMENT SERVICES DIVISION, THE NET FISCAL IMPACT WOULD BE ZERO.

FINANCIAL INSTITUTIONS. WE ARE PROPOSING TO MAKE THIS PROGRAM COMPLETELY SELF-SUFFICIENT DURING THE NEXT BIENNIUM BY REQUIRING THE FINANCIAL INSTITUTIONS REGULATED TO FULLY SUPPORT THE PROGRAM'S COST. CURRENTLY, THE DIVISION RECOVERS APPROXIMATELY 80 PERCENT OF ITS BUDGET BY BILLING BANKS FOR THE COST OF THE EXAMINATIONS. THIS MONEY IS DEPOSITED IN THE GENERAL FUND. IN THE FUTURE, THE PROGRAM WOULD OPERATE AS AN ACCOUNT IN THE STATE SPECIAL REVENUE FUND. THIS CHANGE WILL REQUIRE ACCOMPANYING LEGISLATION TO IMPLEMENT THE NECESSARY FEE INCREASES.

COMMUNITY ASSISTANCE. THERE ARE TWO MAJOR ADJUSTMENTS WHICH WE ARE REQUESTING IN THIS GENERAL AREA. IN THE COMMUNITY DEVELOPMENT DIVISION WE ARE PROPOSING TO MODIFY THE MANNER IN WHICH WE BUDGET COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS. IN THE EXECUTIVE BUDGET, A TOTAL OF \$17,377,190 IN

FISCAL YEAR 1986 AND \$20,448,740 IN FISCAL YEAR 1987 IN SPENDING AUTHORITY IS REQUESTED FOR THIS PROGRAM. SINCE THEN OUR PROGRAM STAFF HAS DEVISED WHAT WE FEEL IS A MORE PRECISE MEANS OF PROJECTING ACTUAL SPENDING REQUIREMENTS BY THE GRANTEES. AS A RESULT, WE ARE NOW ASKING FOR A GREATLY REDUCED LEVEL OF SPENDING AUTHORITY IN THIS PROGRAM, AMOUNTING TO \$7,600,000 IN FISCAL YEAR 1986 AND \$6,068,740 IN FISCAL YEAR 1987.

IN THE LOCAL GOVERNMENT BLOCK GRANT PROGRAM, THE GOVERNOR IS PROPOSING TO MODIFY THE STATUS OF FUNDS SUPPORTING THE PROGRAM. DURING THE 1985 BIENNIUM, THE PROGRAM WAS FUNDED WITH A COMBINATION OF OIL SEVERANCE TAX AND GENERAL FUND REVENUES. THE TOTAL DISBURSEMENTS FOR FISCAL YEARS 1984 AND 1985 WILL BE \$37.9 MILLION. IN THE NEXT BIENNIUM, THE PROGRAM WILL BE SUPPORTED BY A COMBINATION OF OIL SEVERANCE, MINERAL LEASING ROYALTIES AND GENERAL FUND REVENUES, WITH THE BIENNIUM TOTAL BUDGETED AT \$30 MILLION. TO FULLY FUND THE MOTOR VEHICLE REPLACEMENT PROGRAM WOULD REQUIRE APPROXIMATELY \$34.3 MILLION. THUS, WE ARE FORECASTING A SHORTFALL IN FUNDING OF \$3.3 MILLION OVER THE BIENNIUM.

WE EXPECT THAT THE AERONAUTICS PROGRAM WILL FACE A SERIOUS CASH FLOW PROBLEM BEFORE THE END OF THE NEXT BIENNIUM AT THE CURRENT RATE OF AVIATION

FUEL TAX COLLECTIONS. THE REASON FOR THIS IS THAT THE SIGNIFICANT CASH BALANCE WHICH WAS ACCUMULATED DURING THE LAST DECADE WHEN THE TWO FEDERAL AIR FORCE BASES WERE IN FULL OPERATION HAS BEEN VIRTUALLY DEPLETED. THE RESULT IS THAT EVEN AT A CURRENT LEVEL OF FUNDING THE PROGRAM WILL RUN OUT OF CASH IN 1987. WE THEREFORE ARE REQUESTING THE LEGISLATURE TO APPROVE AN EQUIVALENT ONE-CENT INCREASE IN THE AVIATION FUEL TAX BEGINNING IN FISCAL YEAR 1987. THIS WILL GENERATE AN ADDITIONAL \$321,000 PER YEAR FOR OPERATIONS AND WILL ENABLE THE PROGRAM TO CONTINUE TO PROVIDE SERVICES TO THE AVIATION COMMUNITY IN MONTANA.

ECONOMIC DEVELOPMENT. THERE ARE SEVERAL SIGNIFICANT ITEMS YOU SHOULD PAY SPECIAL ATTENTION TO IN THE ECONOMIC DEVELOPMENT AREA. IN THE BUSINESS ASSISTANCE PROGRAM, WE ARE REQUESTING A BUDGET MODIFICATION FOR THE PURPOSE OF ADDING A BUSINESS DEVELOPMENT SPECIALIST POSITION TO FOCUS ON ECONOMIC DEVELOPMENT OPPORTUNITIES FOR WOMEN. THIS REQUEST INVOLVES THE ADDITION OF 1 FTE AND \$54,442 IN 1986 AND \$53,601 IN 1987.

TWO OTHER NEW INITIATIVES WILL BE UNDERTAKEN UTILIZING CURRENT RESOURCES. THE FIRST WILL INVOLVE A MORE CONCENTRATED EFFORT TO ASSIST BASIC INDUSTRIES IN ADJUSTING TO CHANGING ECONOMIC CONDITIONS IN THE STATE.

THE SECOND WOULD PROMOTE CLOSER WORKING TIES WITH THE DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES AND CONSERVATION IN PURSUING MARKETING AND NATURAL RESOURCE DEVELOPMENT PROGRAMS.

ALONG THESE LINES, THE GOVERNOR'S ADVISORY COUCL ON SCIENCE AND TECHNOLOGY HAS PROPOSED THE CREATION OF A TECHNOLOGY TRUST PROGRAM WHICH WOULD WORK WITH THE PRIVATE SECTOR IN STIMULATING ECONOMIC DEVELOPMENT BY ASSISTING BASIC INDUSTRIES IN ADAPTING AND COMMERCIALIZING TECHNOLOGICAL DEVELOPMENTS TO MONTANA'S BASIC INDUSTRIES. THE PROPOSAL CALLS FOR AN ALLOCATION OF \$3 MILLION OVER THE BIENNIUM FROM THE ALTERNATIVE ENERGY ACCOUNT OF THE NON-TRUST SIDE OF THE COAL SEVERANCE TAX. OF THE ~~FOAL~~ \$2.6 MILLION WILL BE USED FOR "INVESTING" IN TECHNOLOGICAL IMPROVEMENTS; THIS AMOUNT WILL BE MATCHED ON A DOLLAR-FOR DOLLAR BASIS BY PRIVATE INDUSTRY IN ORDER TO FURTHER THE USE OF PARTICULAR TECHNOLOGIES IN THE STATE'S BASIC INDUSTRIES. YOU WILL BE HEARING MORE ABOUT THIS EXCITING PROGRAM AS THE SESSION PROGRESSES.

THE HEALTH FACILITIES AUTHORITY IS ASKING TO HAVE THEIR DEBT LEVEL INCREASED FROM THE CURRENT \$50 MILLION TO \$150 MILLION FOR THE NEXT BIENNIUM. THE DEMAND FOR THE LOANS PROVIDED BY THIS PROGRAM HAS BEEN

SIGNIFICANTLY HIGHER THAN EXPECTED AND THIS REQUEST IS IN RESPONSE TO THAT DEMAND. IF THE INCREASE IS APPROVED, THE PROGRAM WILL NEED ONE ADDITIONAL FTE TO ACCOMMODATE THE RESULTING WORKLOAD INCREASE. WE WOULD LIKE YOU TO CONSIDER THIS REQUEST AS A BUDGET MODIFICATION.

THE LFA HAS PROPOSED REPLACING GENERAL FUND DOLLARS IN THE TRAVEL PROMOTION PROGRAM WITH PRIVATE CONTRIBUTIONS. IN THE PAST, PRIVATE CONTRIBUTIONS IN THIS PROGRAM HAVE GONE TO SUPPORT SPECIFIC ADVERTISING AND PROMOTIONAL PROJECTS. IT IS OUR BELIEF THAT WERE THE LFA RECOMMENDATION ACCEPTED, WE WOULD NOT BE ABLE TO GENERATE ADEQUATE PRIVATE CONTRIBUTIONS TO DEFRAY GENERAL OPERATING EXPENSES. THUS THE PROGRAM WOULD BE SERIOUSLY IMPAIRED, WITH THE LIKELIHOOD BEING THAT THE GAINS MADE DURING THE PAST TWO YEARS WOULD BE WIPED OUT. WE DO EXPECT TO CONTINUE TO EXPERIENCE AN INCREASE IN PRIVATE CONTRIBUTIONS, BUT ONLY IN THE SPECIAL PROJECT CATEGORY.

THE BOARD OF HOUSING HAS ACQUIRED AN ADDITIONAL \$200 MILLION IN FEDERAL BONDING AUTHORITY AS WELL AS A COUPLE OF NEW PROGRAMS WHICH WERE AUTHORIZED BY CONGRESS IN 1984. TO ACCOMMODATE THESE INCREASES, THE BOARD IS ASKING FOR 5 ADDITIONAL FTEs AND \$347,491 IN 1986 AND \$475,055 IN 1987

TO PAY FOR THEM. THIS WILL ALLOW EXISTING STAFF TO COPE WITH THE ANTICIPATED INCREASE OF 8,000 NEW MORTGAGES WHICH SHOULD RESULT FROM THE INCREASED BONDING AUTHORITY.

THE TRANSPORTATION DIVISION IS CURRENTLY INVOLVED IN THE LITIGATION INVOLVING THE McCARTY FARMS RATE CASE. IT IS EXPECTED THAT THIS LITIGATION COULD EXTEND THROUGHOUT THE NEXT BIENNIUM AT THE PROJECTED COST OF \$100,000 PER YEAR. WE ARE THEREFORE REQUESTING THAT THOSE FUNDS BE APPROPRIATED, BUT BE DEALT WITH IN A LINE ITEM WITH THE PROVISION THAT THEY CANNOT BE EXPENDED FOR ANY OTHER PURPOSE.

DEPARTMENT MANAGEMENT FINALLY, I AM ASKING FOR YOUR APPROVAL OF A BUDGET MODIFICATION WHICH WOULD SIGNIFICANTLY IMPROVE MY ABILITY TO RESPOND TO THE ADMINISTRATIVE AND MANAGERIAL NEEDS OF THE DEPARTMENT. WHEN THE DEPARTMENT OF COMMERCE WAS ORGANIZED DURING THE 1981 SESSION AND THEN AUGMENTED DURING THE 1983 LEGISLATURE, MY PREDECESSOR PRUDENTLY DECLINED TO SEEK ANY INCREASES IN THE DEPARTMENT'S MANAGEMENT SERVICES STAFF. THE REASON FOR THIS WAS THAT IT WAS CONSIDERED THE WISER COURSE TO ABSORB THE NEW AND ADDED PROGRAMS AND ALLOW THEM TO DEVELOP BEFORE ATTEMPTING TO ASCERTAIN WHAT, IF ANY, INCREASES WERE NECESSARY IN THIS AREA.

WE HAVE NOW DETERMINED THAT AS A RESULT OF THE ADDITION OF SEVERAL PROGRAMS AND SOME 60 FTEs TO THE DEPARTMENT, AN ADDITION OF FTE'S IS NECESSARY IN THE MANAGEMENT SERVICES AREA.

ACCORDINGLY, I AM REQUESTING A NET INCREASE OF 2.5 FTEs AND \$86,924 IN 1986 AND \$85,937 IN 1987 TO ACCOMMODATE THE WORKLOAD INCREASES WHICH WE ARE HAVING TO DEAL WITH. ONE OF THESE WILL BE USED TO CREATE A DEPUTY DIRECTOR POSITION FOR THE DEPARTMENT, ONE FOR AN ADMINISTRATIVE OFFICER TO OVERSEE OUR BUDGETING EFFORTS, AND ONE-HALF TO PROVIDE MY OFFICE AND THE MANAGEMENT SERVICES DIVISION WITH ADDITIONAL CLERICAL SUPPORT.

CONCLUSION

WE WILL DISCUSS THESE AND SEVERAL PROPOSED BUDGET ADJUSTMENTS WITH YOU OVER THE COURSE OF THE NEXT SEVERAL DAYS. AGAIN, I WOULD ENCOURAGE YOU TO FEEL FREE TO ASK ANY QUESTIONS YOU MAY HAVE ABOUT THE DEPARTMENT, ITS PROGRAMS, AND ITS BUDGET NEEDS. WE WILL BE DELIGHTED TO PROVIDE YOU WITH THE ANSWERS.

DEPARTMENT OF COMMERCE

Business & Professional Licensing Division
Weights & Measures Bureau
Bureau Chief: Gary Delano

Program Description

The Bureau is responsible for licensing, testing, and calibrating all business-related measuring devices. Enforcement of laws related to quantity control ensures that prepackaged goods deliver proper amounts of product for the price charged.

Program Activities (1 fiscal year)

- . 2,206 Petroleum licenses issued
- . 3,800 Establishments with weighing devices licensed
- . 7,523 Weighing devices tested (6% rejected)
- . 7,894 Measuring devices tested (12% rejected or adjusted)
- . 7,114 Pre-packaged commodities check-weighed
- . Bureau personnel log over 142,000 miles per year
- . \$215,252 Generated for the General Fund

Fund Source

General Fund (50% of operation costs are recovered through fees and deposited to General Fund)

OBPP/LFA Funding

	<u>FY 86</u>	<u>FY 87</u>
OBPP	\$467,101	\$431,408
LFA	434,259	418,403
Difference	<u>\$ 32,842</u>	<u>\$ 13,005</u>

Major Effects of LFA Current Level

- . Vacancy Savings - Difficult to achieve for small program.
- . Gasoline - Insufficient gasoline would be available to meet full inspection responsibilities. (Underfunded \$6400 FY 86 and 87)
- . Retirement - The Bureau Chief and Meteorologist will retire in fiscal year 1986. The LFA has included no funds for this small program to help pay related costs. (Underfunded \$10,300 in FY 86 only)

REPORT EBSR106
 DATE : 01/23/85
 TIME : 08/03/17

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE
 PROGRAM : 02 WEIGHT & MEASURES BUREAU
 CONTROL : 00000

AE/OE	DESCRIPTION	FY 86				FY 87			
		OBPP	LFA	DIFF.	SUB-CMT.	OBPP	LFA	DIFF.	SUB-CMT.
		FY 86	FY 86	FY 86	FY 86	FY 87	FY 87	FY 87	FY 87
0000	FULL TIME EQUIVALENT (FTE)	12.00	12.00			12.00	12.00		
1100	SALARIES	257,939	247,439	10,500		247,652	247,652		
1400	EMPLOYEE BENEFITS	40,482	40,482			40,641	40,641		
1500	HEALTH INSURANCE	14,400	14,400			14,400	14,400		
1600	VACANCY SAVINGS	-12,093	-11,868	-225		-12,103	-11,874	-229	
	TOTAL FIRST LEVEL	300,728	290,453	10,275		290,590	290,819	-229	
2021	CONTRACTED SERVICES-INFLATION	278	288	-10		278	468	-190	
2022	SUPPLIES & MATERIALS-INFLATION	1,055	742	313		1,076	1,716	-640	
2023	COMMUNICATIONS-INFLATION	755	405	350		1,194	670	524	
2024	TRAVEL-INFLATION	109	160	-51		109	262	-153	
2025	RENT-INFLATION	280	-144	424		294	-38	332	
2026	UTILITIES-INFLATION	43	119	-76		43	202	-159	
2027	REPAIR & MAINTENANCE-INFLATION	582	1,264	-682		582	2,056	-1,474	
2028	OTHER EXPENSES-INFLATION	7	20	-13		7	33	-26	
	TOTAL SECOND LEVEL	3,109	2,854	255		3,583	5,369	-1,786	
2100	CONTRACTED SERVICES	13,334	11,551	1,783		9,660	7,877	1,783	
2200	SUPPLIES & MATERIALS	26,380	19,986	6,394		26,907	19,986	6,921	
2300	COMMUNICATIONS	6,287	6,288	-1		6,287	6,288	-1	
2400	TRAVEL	32,231	30,583	1,648		32,231	30,583	1,648	
2500	RENT	9,492	9,602	-110		9,859	9,944	-85	
2600	UTILITIES	1,092	1,092			1,092	1,092		
2700	REPAIR & MAINTENANCE	14,554	14,634	-80		14,554	14,634	-80	
2800	OTHER EXPENSES	37,894	25,216	12,678		31,347	22,811	8,536	

REPORT EBSR106
 DATE : 01/23/85
 TIME : 08/03/17

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE
 PROGRAM : 02 WEIGHT & MEASURES BUREAU
 CONTROL : 00000

AE/OE	DESCRIPTION	CURRENT LEVEL SERVICES ONLY							
		OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
	TOTAL FIRST LEVEL	144,373	121,806	22,567	---	135,520	118,584	16,936	---
3100	EQUIPMENT	22,000	22,000	---	---	5,298	9,000	-3,702	---
	TOTAL FIRST LEVEL	22,000	22,000	---	---	5,298	9,000	-3,702	---
	TOTAL PROGRAM	467,101	434,259	32,842	---	431,408	418,403	13,005	---
01100	GENERAL FUND	467,101	434,259	32,842	---	431,408	418,403	13,005	---
	TOTAL PROGRAM	467,101	434,259	32,842	---	431,408	418,403	13,005	---

DEPARTMENT OF COMMERCE

Business and Professional Licensing Division
 Milk Control Bureau
 Bureau Chief: Bill Ross

Program Description

The Bureau regulates the processing, transportation, storage, and price of milk. The public good is served through establishment of minimum prices, elimination of unfair trade practices, and guarantee of an adequate supply of wholesome milk.

Program Activities (Biennium)

- . Audit and verify transactions of 470 licensees
- . Insure minimum prices for 300 dairy farmers
- . Recover nearly \$140,000 in underpayments to dairy farmers

Fund Source

Special Revenue Fund

OBPP/LFA Funding

	<u>FY 86</u>	<u>FY 87</u>
OBPP	\$268,595	\$267,368
LFA	<u>257,177</u>	<u>255,692</u>
Difference	\$ 11,418	\$ 11,676
2% Reduction:	(5,372)	(5,347)

Effect of LFA Current Level

- . Vacancy Savings - Difficult for small program.
- . Travel - Insufficient to properly conduct audit program. (Underfunded \$6,600 in FY 86 and 87.)

REPORT EBSR106
 DATE : 01/23/85
 TIME : 08/03/17

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE
 PROGRAM : 37 MILK CONTROL BUREAU
 CONTROL : 00000

CURRENT LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
0000	FULL TIME EQUIVALENT (FTE)	8.00	8.00			8.00	8.00		
1100	SALARIES	153,350	153,350			153,650	153,650		
1300	OTHER COMPENSATION	3,350		3,350		3,350		3,350	
1400	EMPLOYEE BENEFITS	22,365	22,365			22,484	22,484		
1500	HEALTH INSURANCE	9,600	9,600			9,600	9,600		
1600	VACANCY SAVINGS	-7,413	-7,359	-54		-7,429	-7,364	-65	
1800			3,300	-3,300		3,300	3,300	-3,300	
	TOTAL FIRST LEVEL	181,252	181,256	-4		181,655	181,670	-15	
2021	CONTRACTED SERVICES-INFLATION	449	826	-377		449	1,347	-898	
2022	SUPPLIES & MATERIALS-INFLATION	94	203	-109		94	331	-237	
2023	COMMUNICATIONS-INFLATION	1,021	619	402		1,619	1,014	605	
2024	TRAVEL-INFLATION	481	801	-320		481	1,306	-825	
2025	RENT-INFLATION	20	-266	286		20	-45	65	
2027	REPAIR & MAINTENANCE-INFLATION	83	179	-96		83	292	-209	
2028	OTHER EXPENSES-INFLATION	25	55	-30		25	91	-66	
	TOTAL SECOND LEVEL	2,173	2,417	-244		2,771	4,336	-1,565	
2100	CONTRACTED SERVICES	15,019	13,390	1,629		12,695	11,059	1,636	
2200	SUPPLIES & MATERIALS	2,336	2,363	-27		2,336	2,363	-27	
2300	COMMUNICATIONS	8,516	8,516			8,516	8,516		
2400	TRAVEL	31,850	25,261	6,589		31,850	25,261	6,589	
2500	RENT	5,655	5,658	-3		5,707	5,658	49	
2700	REPAIR & MAINTENANCE	2,082	2,082			2,082	2,082		
2800	OTHER EXPENSES	19,712	16,234	3,478		19,756	14,747	5,009	

REPORT EBSR106
 DATE : 01/23/85
 TIME : 08/03/17

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE
 PROGRAM : 37 MILK CONTROL BUREAU
 CONTROL : 00000

AE/OE	DESCRIPTION	CURRENT LEVEL SERVICES ONLY							
		OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
	TOTAL FIRST LEVEL	87,343	75,921	11,422	---	85,713	74,022	11,691	---
	TOTAL PROGRAM	268,595	257,177	11,418	---	267,368	255,692	11,676	---
02817	MILK CONTROL	268,595	257,177	11,418	---	267,368	255,692	11,676	---
	TOTAL PROGRAM	268,595	257,177	11,418	---	267,368	255,692	11,676	---

The purpose of the Milk Control Bureau is to supervise, regulate and control the milk industry of this state. ^{as it pertains to pricing} ^{to accomplish this objective} The Milk Control Bureau has eight (8) FTE's which consist of four field auditors, one audit supervisor, a statistical clerk, an administrative secretary and myself the Bureau Chief.

Our function is to provide the following:

1. An on going audit program whereby the auditors travel to each of the twelve processing plants to audit plant records to insure approximately 300 dairy farmers are paid at least the Montana minimum price.

2. Examine processing plant sales records to insure compliance with resale minimum prices, *extension of credit and Fair trade rules*

3. Conduct cost surveys on processing plants, dairy farmer cost studies and cost studies on farm-to-plant hauling operation.

4. Inspect on the retailers premises ownership of equipment to insure compliance with fair trade rules.

5. Provide a statistical service to licensees and all interested persons.

We currently are fully staffed with eight FTE's. In the coming 86 and 87 bienniums, we expect to increase surveillance on compliance with our fair trade rules and minimum resale pricing. To increase our enforcement of fair trade rules means we will increase our efforts in conducting processing plant cost surveys and will find it necessary to be fully staffed to accomplish that objective.

To increase our level of activity would make it difficult to operate at present levels. Therefore, I ask you to reinstate the salary savings and adopt the O.B.P.P. travel expenditure level.

DEPARTMENT OF COMMERCE

Financial Institutions Division
Division Administrator: Fred Napier

Program Description

The Division operates to prevent loss resulting from mismanagement or insolvency of state-chartered financial organizations.

Program Activities (Biennium)

- . Conducted examinations of:
 - 136 banks
 - 53 consumer loan licensees
 - 37 credit unions
 - 6 trust companies
 - 3 savings and loan companies
- . Approved formation of 2 new banks

Fund Source

Special Revenue Fund (Pending legislation allowing switch from the General Fund - The Division currently recovers and deposits 80 percent of its bank examination costs to the General Fund.)

OBPP/LFA Funding (Current Level)

	<u>FY 86</u>	<u>FY 87</u>
OBPP	\$728,515	\$729,313
LFA	<u>707,493</u>	<u>700,297</u>
Difference	\$ 21,022	\$ 29,016
2% Reductions (calculated with modified request as part of the total budget)	(15,840)	(15,839)

Effect of LFA Current Level

- . Vacancy Savings - High level for 19 F.T.E. program
- . Travel - Insufficient for full examination schedule (Underfunded \$18,800 in FY 86 and 87)

Modified Request

	<u>FY 86</u>	<u>FY 87</u>
F.T.E.	2.0	2.0
Budget	\$ 63,506	\$ 62,620

- . 2 additional examiners
- . FDIC is decreasing its examinations
- . Total number of state banks increased by 15%, 1976-1985
- . Total state bank assets increased 112%, 1976-1985
- . Number of "problem banks" increasing

REPORT EBSR106
 DATE : 01/23/85
 TIME : 08/03/17

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE
 PROGRAM : 36 FINANCIAL DIVISION
 CONTROL : 00000

AE/OE	DESCRIPTION	FY 86				FY 87			
		OBPP	LFA	DIFF.	SUB-CMT.	OBPP	LFA	DIFF.	SUB-CMT.
		FY 86	FY 86	FY 86	FY 86	FY 87	FY 87	FY 87	FY 87
0000	FULL TIME EQUIVALENT (FTE)	19.00	19.00			19.00	19.00		
1100	SALARIES	452,319	452,319			452,698	452,698		
1300	OTHER COMPENSATION	700		700		700		700	
1400	EMPLOYEE BENEFITS	66,240	66,240			66,521	66,521		
1500	HEALTH INSURANCE	22,800	22,800			22,800	22,800		
1600	VACANCY SAVINGS	-21,682	-21,406	-276		-21,709	-21,417	-292	
1800			700	-700		700	700	-700	
	TOTAL FIRST LEVEL	520,377	520,653	-276		521,010	521,302	-292	
2021	CONTRACTED SERVICES-INFLATION	211	447	-236		211	728	-517	
2022	SUPPLIES & MATERIALS-INFLATION	80	170	-90		80	280	-200	
2023	COMMUNICATIONS-INFLATION	667	368	299		1,056	584	472	
2024	TRAVEL-INFLATION	1,065	2,107	-1,042		1,065	3,425	-2,360	
2025	RENT-INFLATION	11	-294	305		11	-80	91	
2027	REPAIR & MAINTENANCE-INFLATION	22	47	-25		22	77	-55	
2028	OTHER EXPENSES-INFLATION	78	168	-90		78	274	-196	
	TOTAL SECOND LEVEL	2,134	3,013	-879		2,523	5,288	-2,765	
2100	CONTRACTED SERVICES	14,283	14,248	35		14,301	8,722	5,579	
2200	SUPPLIES & MATERIALS	2,016	2,016			2,016	2,016		
2300	COMMUNICATIONS	5,561	5,184	377		5,561	5,184	377	
2400	TRAVEL	119,550	108,717	10,833		119,550	108,717	10,833	
2500	RENT	5,427	5,577	-150		5,479	5,577	-98	
2700	REPAIR & MAINTENANCE	553	553			553	553		
2800	OTHER EXPENSES	57,782	46,700	11,082		57,850	42,388	15,462	

REPORT EBSR106
 DATE : 01/23/85
 TIME : 08/03/17

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE
 PROGRAM : 36 FINANCIAL DIVISION
 CONTROL : 00000

AE/OE	DESCRIPTION	CURRENT LEVEL SERVICES ONLY							
		OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
	TOTAL FIRST LEVEL	207,306	186,008	21,298	---	207,833	178,445	29,388	---
3100	EQUIPMENT	832	832	---	---	550	550	---	---
	TOTAL FIRST LEVEL	832	832	---	---	550	550	---	---
	TOTAL PROGRAM	728,515	707,493	21,022	---	729,393	700,297	29,096	---
01100	GENERAL FUND	707,493	707,493	-707,493	---	700,297	700,297	-700,297	---
02980		728,515		728,515	---	729,393		729,393	---
	TOTAL PROGRAM	728,515	707,493	21,022	---	729,393	700,297	29,096	---

REPORT EBSR106
 DATE : 01/23/85
 TIME : 08/05/39

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE
 PROGRAM : 36 FINANCIAL DIVISION
 CONTROL : 36001 2 BANK EXAMINERS

AE/OE	DESCRIPTION	MODIFIED LEVEL SERVICES ONLY							
		OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
0000	FULL TIME EQUIVALENT (FTE)	2.00		2.00		2.00		2.00	
1100	SALARIES	38,120		38,120		38,120		38,120	
1400	EMPLOYEE BENEFITS	5,590		5,590		5,608		5,608	
1500	HEALTH INSURANCE	2,400		2,400		2,400		2,400	
1600	VACANCY SAVINGS	-1,844		-1,844		-1,845		-1,845	
	TOTAL FIRST LEVEL	44,266		44,266		44,283		44,283	
2024	TRAVEL-INFLATION	69		69		69		69	
2400	TRAVEL	13,534		13,534		13,534		13,534	
2800	OTHER EXPENSES	4,732		4,732		4,734		4,734	
	TOTAL FIRST LEVEL	18,335		18,335		18,337		18,337	
3100	EQUIPMENT	905		905					
	TOTAL FIRST LEVEL	905		905					
	TOTAL PROGRAM	63,506		63,506		62,620		62,620	
02980		63,506		63,506		62,620		62,620	
	TOTAL PROGRAM	63,506		63,506		62,620		62,620	

DEPARTMENT OF COMMERCE

Aeronautics Division
 Division Administrator: Mike Ferguson

Program Description

The Division provides technical and financial assistance to communities, maintains state-owned airports, enforces state laws related to pilot and aircraft registration, conducts search and rescue activities for lost aircraft, and provides aeronautics education services.

Program Activities (Biennium)

- . Disbursed airport loans worth \$1.3 million in state funds to match \$13 million in federal funds to 22 communities
- . Coordinated 6 search operations
- . Performed safety inspections of 185 airports
- . Maintained 12 state-owned airports
- . Maintained 25 radio and visual beacons
- . Issued new and renewal licenses for 3,114 pilots and 1,946 aircraft

Fund Source

- 1) Special Revenue Fund (Seeking 1¢ per gallon increase in fiscal 1987 in aviation fuel tax to maintain operations. Current 1¢ per gallon level will cause the Division to run out of operating funds by fiscal year 1987. Each 1¢ of tax raises \$321,000 in revenue.)
- 2) Proprietary Fund (For West Yellowstone Airport operations)

OBPP/LFA Funding (Current Level)

	<u>FY 86</u>	<u>FY 87</u>
OBPP	\$679,788	\$668,832
LFA	671,846	657,799
Difference	\$ 7,942	\$ 11,033
2% Reductions (Calculated with modified request as part of the total budget)	(15,365)	(15,149)

LFA Vanancy Savings

FY 86 = \$13,678

FY 87 = \$13,686

Modified Request

	<u>FY 86</u>	<u>FY 87</u>
F.T.E.	1.0	1.0
Budget	\$ 53,473	\$ 53,625

- . 1 F.T.E to conduct airport licensing as required by statute and ordered by 1984 ruling of District Court. (Legislation is pending which would remove the licensing requirement.)

REPORT ERSF106
 DATE : 01/23/85
 TIME : 08/03/17

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE
 PROGRAM : 40 DIVISION OF AERONAUTICS
 CONTROL : 00000

ALICE	DESCRIPTION	CURRENT LEVEL SERVICES ONLY							
		OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
2600	UTILITIES	16,851	16,852	-1	---	16,851	16,852	-1	---
2700	REPAIR & MAINTENANCE	22,344	22,083	261	---	22,344	22,083	261	---
2800	OTHER EXPENSES	50,197 50,257	43,047	7,150	---	50,257 45,267	40,254	10,003	---
2900	GOODS PURCHASED FOR RESALE	42,000	32,426	9,574	---	42,000	32,426	9,574	---
	TOTAL FIRST LEVEL	342,342	268,589	73,753	---	340,990	268,970	62,020	---
3100	EQUIPMENT	23,400	48,200	-24,800	---	23,200	33,200	-10,000	---
	TOTAL FIRST LEVEL	23,400	48,200	-24,800	---	23,200	33,200	-10,000	---
6100	FROM STATE SOURCES	10,940	16,500	-5,560	---	10,940	16,500	-5,560	---
	TOTAL FIRST LEVEL	10,940	16,500	-5,560	---	10,940	16,500	-5,560	---
	TOTAL PROGRAM	714,788	671,846	42,942	---	703,832	657,799	46,033	---
02827	AERONAUTICS DIVISION	580,396	584,508	4,112	---	578,415	572,339	6,076	---
06007	WEST YELLOWSTONE AIRPORT	90,382 90,407	87,338	2,069	---	90,407 425,417	85,460	4,947	---
	TOTAL PROGRAM	714,788	671,846	42,942	---	703,832	657,799	46,033	---

OFFICE OF BUDGET & PROGRAM PLANNING
 EXECUTIVE BUDGET SYSTEM
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

REPORT EBSR106
 DATE : 01/23/85
 TIME : 08/05/39

AGENCY : 6501 DEPARTMENT OF COMMERCE
 PROGRAM : 40 DIVISION OF AERONAUTICS
 CONTROL : 40001 LICENSE AIR PORTS

MODIFIED LEVEL SERVICES ONLY

AE/OE	DESCRIPTION	OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
0000	FULL TIME EQUIVALENT (FTE)	1.00		1.00		1.00		1.00	
1100	SALARIES	22,654		22,654		22,654		22,654	
1400	EMPLOYEE BENEFITS	4,347		4,347		4,358		4,358	
1500	HEALTH INSURANCE	1,200		1,200		1,200		1,200	
1600	VACANCY SAVINGS	-1,128		-1,128		-1,128		-1,128	
	TOTAL FIRST LEVEL	27,073		27,073		27,084		27,084	
2021	CONTRACTED SERVICES-INFLATION	196		196		196		196	
2023	COMMUNICATIONS-INFLATION	240		240		380		380	
2024	TRAVEL-INFLATION	395		395		395		395	
	TOTAL SECOND LEVEL	831		831		971		971	
2100	CONTRACTED SERVICES	4,900		4,900		4,900		4,900	
2300	COMMUNICATIONS	2,000		2,000		2,000		2,000	
2400	TRAVEL	15,775		15,775		15,775		15,775	
2800	OTHER EXPENSES	2,894		2,894		2,895		2,895	
	TOTAL FIRST LEVEL	26,400		26,400		26,541		26,541	
	TOTAL PROGRAM	53,473		53,473		53,625		53,625	
02827	AERONAUTICS DIVISION	53,473		53,473		53,625		53,625	
	TOTAL PROGRAM	53,473		53,473		53,625		53,625	

VISITORS' REGISTER

NATURAL RESOURCES SUB COMMITTEE

BILL NO. _____

DATE January 30, 1985

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Gary Delano	Bureau Weights & Measures	✓	
Issac Pistelski	Commerce "	✓	
Keith L. Colbo	Commerce	✓	
K.M. Kelly	Dairy Industry	✓	
Sam Hubbard	Commerce	✓	
William E. Ross	Milk Control Bureau	✓	
Andy Poole	Commerce	✓	
Steve Huntington	"	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.