

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - 1st SPECIAL SESSION

#### COMMITTEE ON APPROPRIATIONS

Call to Order: By FRANCIS BARDANOUVE, on January 14, 1992, at  
12:34 P.M.

#### ROLL CALL

**Members Present:**

Francis Bardanouve, Chairman (D)  
Ray Peck, Vice-Chairman (D)  
Dorothy Bradley (D)  
John Cobb (R)  
Dorothy Cody (D)  
Mary Ellen Connelly (D)  
Ed Grady (R)  
Larry Grinde (R)  
John Johnson (D)  
Mike Kadas (D)  
Berv Kimberley (D)  
Wm. "Red" Menahan (D)  
Jerry Nisbet (D)  
Mary Lou Peterson (R)  
Joe Quilici (D)  
Chuck Swysgood (R)  
Bob Thoft (R)  
Tom Zook (R)

**Members Excused:** Rep. Tom Zook

**Members Absent:** None

**Staff Present:** Terry Cohea, Legislative Fiscal Analyst  
Sylvia Kinsey, Committee Secretary

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

**Announcements:** CHAIRMAN BARDANOUVE noted an error in HJR 2, Line  
15, "\$5 million" should be corrected to read \$5 billion.

VICE CHAIRMAN PECK conducted the meeting at this time.

#### HEARING ON HJR 2

#### DIRECT ANALYSIS OF FUNDS OF BOARDS ATTACHED TO COMMERCE

**Presentation and Opening Statement by Sponsor:** REP. BARDANOUVE  
said this Bill is looking to the future to find support for the

1993 budget. There are considerable sums of money in the Department of Commerce and this Bill would direct the Director to review the funds and fund balances of the Boards attached to the Department and to report the findings to the Revenue Oversight Committee and the Legislative Finance Committee.

Proponents' Testimony: Keith Colbo said he was the original drafter of HJR 2. The concept is his and he has discussed it with the Director of Department of Commerce and with Dave Lewis, Executive Director, State Board of Investments. This Joint Resolution is not intended to challenge the licensing fees or the Boards attached to the Department of Commerce. At the same time, he contends, they should be subject to review continually by the Department and by themselves regarding the balances. The reason for introducing HJR 2 in the form that appears before the committee is to direct the Department to conduct a review of the funds of boards attached to Commerce in today's market setting. This should not be considered a tax reform in any way. It does have a potential advantage for adding to the ending fund balance. It is a one-time solution if, in fact, the General Fund balance can be assisted.

Chuck Brooke, Director, Department of Commerce said he and Mr. Colbo have discussed this issue and having served under two different governors, have shared the same frustrations in terms of management of this Department and responsibility for all of its member Boards. This is an advance planning preparation study they need to do prior to the 1993 Session.

Dave Lewis, Executive Director, State Board of Investments said he is pleased to participate in this study as it is appropriate for the Department and the people involved in the various programs to accomplish this project. It is a wise move to start talking now about what the real resources of the state are, what can be done with those resources and what are the various options.

Questions From Committee Members: REP. THOFT asked if excess funds belong to Boards that are attached to this Department or to the state? James Kembel, Administrator, Public Safety Division said it is earmarked for each individual Board. REP. THOFT said then it is not available for reversion to the state. Mr. Kembel said it could be with statute change.

REP. KADAS said the balances belong to the state with the extent the state can still change the statutes and can appropriate those funds. Mr. Kembel said the funds also draw interest when given back to the General Fund.

REP. CODY said she thought REP. BARDANOUVE had succeeded in putting the balances in the General Fund and had he carried a piece of legislation? REP. BARDANOUVE said that was repeal of statutory appropriations but did not get all the Boards.

REP. SWYSGOOD asked if these fees are generated by fees charged to members of the particular Boards would they not, if the Legislature had some designs on the money, lower their fees so they could draw down these balances? REP. BARDANOUE said they are not looking at the occupational license. Mr. Kembel said currently a number of Boards are in the process of drawing down the balances. They have a continued discussion with Boards about cash flow balances in their cash reserves.

CHAIRMAN PECK asked Mr. Kembel if there is a rule of thumb what the reserve should be vis-a-vis the annual budget they are talking about. Mr. Kembel said normally what they have been holding the Boards to in conjunction with the legislative auditors is a year's budget. That rule of thumb goes astray if you have a Board with a large budget. Smaller Boards that have \$10,000 or \$20,000 budgets are considered as reasonable amounts.

REP. CODY said they create a lot of new Boards and by doing this are they creating new resources or losing resources? Could this be a part of the study? Mr. Brooke said in view of the fact the last Legislature gave him four new Boards, can empathize with what REP. CODY is saying. The issue of Board consolidation has been sponsored by a number of groups, both within the government and without and it would be a good idea to study this.

Terry Cohea, Legislative Fiscal Analyst said currently the law exists requiring the Legislative Audit Committee to do a review before a new Board is created, so there is some mechanism.

Closing by Sponsor: REP. BARDANOUE said the committee has seen a very unique situation today. The Department Administrators have asked the Legislators to review their funds as money might be available. These Administrators know more about operational government than most others do.

#### EXECUTIVE ACTION ON HJR2

Motion/Vote: REP. MENAHAN MOVED DO PASS TO AMEND THE BILL BY CHANGING THE WORD "MILLION" TO "BILLION", LINE 15. MOTION PASSED UNANIMOUSLY.

Motion/Vote: REP. MENAHAN MOVED DO PASS HJR2 AS AMENDED. MOTION PASSED UNANIMOUSLY.

ADJOURNMENT

Adjournment: 1:04 P.M.

  
REPRESENTATIVE BARDANOUE, Chair

  
Sylvia Kinsey, Secretary

FB/sk

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL

DATE

1-14-92

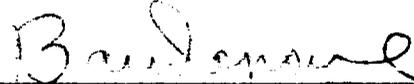
NAME	PRESENT	ABSENT	EXCUSED
REP. FRANCIS BARDANOUVE, CHAIRMAN	✓		
REP. RAY PECK, VICE-CHAIRMAN	✓		
REP. DOROTHY BRADLEY	✓		
REP. JOHN COBB	✓		
REP. DOROTHY CODY	✓		
REP. MARY ELLEN CONNELLY	✓		
REP. ED GRADY	✓		
REP. LARRY GRINDE	✓		
REP. JOHN JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BERV KIMBERLEY	✓		
REP. WM. "RED" MENAHAN	✓		
REP. JERRY NISBET	✓		
REP. MARY LOU PETERSON	✓		
REP. JOE QUILICI	✓		
REP. CHUCK SWYSGOOD	✓		
REP. BOB THOFT	✓		
REP. TOM ZOOK			

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Mr. Speaker: We, the committee on Appropriations report that HJR 2 (first reading copy -- white) do pass as amended .

Signed:   
Francis Bardanouve, Chairman

And, that such amendments read:

1. Page 1, line 15.  
Following: "\$5"  
Strike: "million"  
Insert: "billion"