

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON SELECT BUDGET/REVENUE

Call to Order: By Ed Grady, on January 8, 1993, at 4:00 P.M.

#### ROLL CALL

##### Members Present:

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

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

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

##### Committee Business Summary:

**CHAIRMAN GRADY** said yesterday the Committee established a \$215 million deficit figure and asked if there were questions from the Senators attending. Hearing none, he turned the meeting over to **Teresa Cohea, Legislative Fiscal Analyst.**

**Ms. Cohea** referred to **EXHIBIT 1**, Estimated General Fund Balance. She said the Budget Office and her office, while working on the 1995 Biennium, thought the allocation of income tax revenue between the school equalization and the general fund was the same as it had been the previous biennium. The Department of Revenue, while preparing fiscal notes, pointed out to both their offices this morning that a Bill passed in the 1991 Session re-allocated that money with slightly higher percentage to the School Equalization Account (SEA) and slightly lower to the General Fund. The change does not affect the bottom line in the combined accounts. The SEA now needs a \$45.2 million Supplemental to be solvent instead of the \$67.2 million the committee looked at yesterday. The projected deficit in the combined accounts is still \$215 million.

**Ms. Cohea** referred to Page 2, **EXHIBIT 1** showing the General Fund and where the revenue comes from. The next sheet shows the Foundation Program and the revenue estimates for the General Fund and SEA as adopted by the Revenue Oversight Committee on Tuesday.

**Ms. Cohea** then referred to the green sheet, **EXHIBIT 2. REP. DRISCOLL** had expressed interest in seeing what Agencies were appropriated for the current biennium. **Ms. Cohea** referred to the blue sheet, **EXHIBIT 3** and it shows the LFA current level for those same agencies for the 94-95 biennium by fund type.

**SEN. SWYSGOOD** asked if the figures include an inflation factor. **Ms. Cohea** said yes, it includes the inflation factors that the Joint Committee adopted on Tuesday. The only difference is that Capitol Grounds fund now will be less because of the subcommittee action. That is not reflected here.

**Ms. Cohea** said the other blue sheet, **EXHIBIT 4** deals with the University System and those numbers are somewhat difficult to deal with unless you explain the base you are going from. These numbers were worked out with the Budget Office and they are in agreement on them. What is shown in Table A is the LFA current level for 94-95 for all the components of the University System. The LFA current level includes the formula-driven calculation of funding the University units, the Community colleges and the Vo-Techs. In General Fund, the **Racicot** budget is \$39.3 million below the LFA current level. The other side of **EXHIBIT 4** shows the same comparison for the General Fund. Now what they are showing are the actual expenditures in 1992 and the appropriation in 1993 after the Special Sessions. Same figures for the **Racicot** budget. Under that comparison, the **Racicot** budget is \$32.8 million General Fund below the current appropriation for the University system. The **Racicot** budget proposes a \$15.3 million increase in total funds, primarily due to increased tuition. The **Racicot** budget proposes \$13.32 million tuition spending authority above the current tuition. Table A, total funds compare the LFA current level, which again is formula funded amounts, with the **Racicot** budget and under that calculation total funds are \$22.93 million less. Again, tuition is a factor on those.

**Dave Lewis, Director, Budget Office** referred to **EXHIBIT 5** and said he was asked to prepare this information at the request of the **Speaker**. Basically, he asked what various taxes had to be increased to generate \$215 million. The Surtax Needed column reflects 32.3% surtax on income tax and would generate \$215 million; 163% surtax on corporation tax would generate \$215 million and on down the line. The **Speaker** wanted to have an array of information on various taxes to show what would have to be increased. The right hand side shows what the current tax rates are and what the new tax rate would be to generate that.

**REP. QUILICI** referred to the income tax line and for every 1% of surtax on income tax, would raise \$6.686 million. He asked **Mr. Lewis** if he had any idea what a surtax on both income tax and personal tax would be. **Mr. Lewis** said you could calculate that using what 1% on the income tax would generate, what 1% on the corporation tax would generate and could build whatever kind of matrix you wish. **Ms. Cohea** said if you had 1% of both, the percent would be 27%.

**SEN. GAGE** said from what has been circulating between the last Special Session and the beginning of this Session, 17.5% surcharge, on all taxes, is pretty close.

**CHAIRMAN GRADY** asked **Mr. Lewis** for some figures on federal deductibility, whether to eliminate or cap it, to see how much it would bring in. **REP. McCARTHY** said during the last Special Session they estimated close to \$70 million. **Mr. Lewis** said under current law if they were to eliminate the federal deductibility they would be looking at approximately \$90 million additional revenue a year. If you want to cap at some intermediate point it would be less than that.

**CHAIRMAN GRADY** asked what other revenue sources the committee thinks they should look at. **SEN. SWYSGOOD** said they could talk about sales tax. **SPEAKER MERCER** said the purpose is to put it into perspective and there would be nothing wrong in using the sales tax. That is the purpose of the data. **REP. DRISCOLL** asked if someone could tell them how much 1% sales tax would bring in on goods, not services. **Terry Johnson, LFA**, said between \$70 and \$75 million for each 1%.

**SEN. GAGE** said the figure he would like to see is, if they were to just strictly base the state income tax on federal tax. What percentage would they have to have in flat tax?

**SEN. AKLESTAD** asked if they are going to come up with the federal deductible figures. **CHAIRMAN GRADY** said the staff would come up with whatever the Committee would need. **REP. GILBERT** asked how do you assume that if you put on a flat tax it will eliminate the federal deductibility and how can you assume to even know how many people will leave the state? **SPEAKER MERCER** said on that particular issue it seems like, again, we're trying to put it in perspective because what you are doing is informational.

**SEN. GAGE** said the figures might be very interesting for the committee to see because there aren't very many of the higher bracket taxpayers. A few of those leaving the state is different than a few of the lower bracket people leaving. They would be well advised if you could give us an amount that the top 5% of the taxpayers bring into the state with the assumption each 1% of those people leave, what will it do?

**REP. McCARTHY** served on a taxation committee several years ago when a particular Bill was discussed and said most of the individuals in this tax bracket are able to take so many write-offs, they would not be affected by it. **SEN. GAGE** said he is talking about the people who are paid that top percentage, not the income they get, but the tax they pay.

**REP. QUILICI** said, as he understands this committee, rather than get into the intricacies, they should be deciding what kind of revenue they should generate and how to pick up this \$215 million deficit.

**REP. MCCARTHY** asked if it would be beneficial to the group to go through the list **Mr. Lewis** provided and cross off the ones that are unreasonable? **CHAIRMAN GRADY** said what they have to do is come up with some revenue that will have an impact to solve the problem. Today they should really stick with identifying more revenue issues.

**REP. GILBERT** said their duty is to identify options. Everyone of these is an option even if some of them are ridiculous. That decision as to what taxes will be imposed will be made by the Taxation Committee, as will the cuts be decided by the Appropriations Committee.

**SEN. GAGE** said these are all state revenues. Nobody wants to raise property taxes but that is another source. **CHAIRMAN GRADY** asked if the Committee wants to put some figures together on how much property taxes would have to be raised. **REP. GILBERT** said although the idea is a bit distasteful he thinks that is a good option. What would it raise if they add a state-imposed 6 mills? They could do that right off the University millage cost. How many dollars would that raise? How many mills would it take as a mill levy increase on state-wide property tax and then it doesn't hurt to find out how many per cents retail sales tax at 4% would take to raise \$215 million, solely aimed at reducing the debt.

**SEN. SWYSGOOD** mentioned as an option, either capping the coal trust or taking money from it. **SPEAKER MERCER** said he hopes the Committee does not propose any one-time solution, (like taking money from the coal trust) to the Legislators.

To answer a question from **REP. DRISCOLL** concerning **EXHIBIT 3, Comparison of Budgeted Funds**, **Ms. Cohea** said the pay plan contained in current level for 94-95 takes into account that state employees at the end of 93 are paid more than they were in 92. So to that extent it has the 93 pay plan carried to 94-95. But beyond that there is no pay plan included. The sort of things that are causing increases in the 1995 biennium are about 15% per year increase in medical costs in the Medicaid program. In addition because Montana's personal income grew relative to other states in 1990, we are now receiving less federal Medicaid match than we previously did. Caseload is increasing, utilization is increasing etc. She referred to Section B of the Budget Analysis, a Table showing the benefits that SRS paid in 92 and what the Budget Office and the LFA office estimates of current level costs for 94-95. It shows total funds and other funds and referred to Pages B-50 and B-51.

**REP. DRISCOLL** said unless someone carries a Bill in the Appropriations Committee to change some laws they will have to spend \$260 million. **Ms. Cohea** said there are some areas within the discretion of the Department. In the **Racicot** budget there are about \$5 million cuts that they propose that do not require legislation. In the **Stephens** budget there are an additional \$4 million for which, she understands, Bills will be presented. She

said **REP. COBB's** subcommittee, Human Services, are looking at options in Medicaid this week.

**Ms. Cohea** emphasized current level isn't all they are looking at. The **Racicot** budget and the **Stephens** budget include other factors for the 95 biennium such as the increasing prison population.

**CHAIRMAN GRADY** mentioned **REP. DRISCOLL's** concern about the possibility of changing some statutes to save money. **SPEAKER MERCER** said the Committee's not being asked to present budgets. That is very complicated and that's what the Legislature has to handle. What you're trying to do is get a grip on reality as to expenditure cuts and taxing. The purpose of doing this now is to get a grip on it while there is still time for the Legislature to make these statutory changes.

**SEN. AKLESTAD** said he believes SRS was to come up with additional figures in areas not mandated by federal law. **Ms. Cohea** said that this information is requested in **SEN. GROSFIELD's** amendment. The information requested doesn't have dollar figures attached but it tells you very clearly which programs are state required and which are federal required. **SEN. GROSFIELD** said the responses of different departments vary. It turns out at SRS there is no statutes list at all. Some of the departments list those objectives the way the Budget Office asked. The next list is the actual specific statutory authorization for those functions and describe those objectives and some of the agencies actually prioritized those objectives.

**SEN. GROSFIELD** said they have been talking about \$215 million in revenue. One of the ways the energy companies buy more energy is to buy conservation and felt that is what **REP. DRISCOLL** is talking about. We are getting more revenue by buying cuts.

**CHAIRMAN GRADY** said the committee should start concentrating on the deficit and whether they can reduce it and the method to use.

**SEN. GAGE** asked if there are figures on the proposal to increase out-of-state tuition to cover costs. Are those reflected anywhere as part of the increased budget as far as the University System is concerned? **Ms. Cohea** said yes, that was part of the **Stephens** proposal so there is an analysis of that in the Budget Analysis Books, Section E under the University unit so you can see what the projections under the **Stephens** budget were. **SEN. GAGE** asked if there is anything on in-state students. **Ms. Cohea** said this is an issue of concern and referred to a chart, E-77.

**SEN. SWYSGOOD** said he thinks the committee is supposed to identify how much is the deficit. The next thing to do is decide how much they can realistically remove from that deficit through budget reductions and then go to work. Then the subcommittees will have a place to start.

**REP. QUILICI** asked the staff to provide a list of cuts for

various agencies, then look at them without going through every budget. The committee can then evaluate what effect those cuts will have on those agencies.

**SEN. SWYSGOOD** suggested cutting the deficit in half and use \$110 million as a target for cuts and take that back to the subcommittees.

**REP. MCCARTHY** said one problem she would have with that is in the Human Services area where costs are going up and the legislature has little control.

**REP. PETERSON** quoted **Mr. Lewis** as saying there were certain budget cuts that had a realistic expectation and then there were others that could be made but not quite so realistic. She asked for a list of what he thought might have been done and maybe that would show what could or could not be done because of statute or federal mandate. **Mr. Lewis** said the budget cuts they thought were reasonable, or might be able to accomplish, are the ones that are listed in the Governor-elect budget, the \$80 million. For instance, if you look at the University System, Table B, **EXHIBIT 4**, \$25 million was taken out of the expenditure base and with the tuition proposals that the Regents have considered you still end up with an increase in actual expenditures of \$15 million last biennium. They know that is tight but it is still an increase over the last biennium. They could propose another \$25 million cut to the University system on top of the first one and would be talking about \$10 million reduction from last biennium.

**REP. DRISCOLL** asked what would be the implications of not using the appropriation figures, lump sum every one of the agencies to 92 actual.

**Mr. Lewis** referred to **EXHIBIT 1**, Estimated General Fund Balance, the actual disbursements for the general fund in 92 were \$523 million. If you double that for the biennium, \$1,046 billion, which is roughly \$100 million less than the estimated current level expenditures for fiscal 94-95 biennium. You would come out \$100 million less than estimated for 94-95. **Mr. Lewis** said some earlier discussion of using \$100 million for cuts and \$100 million for revenue increases actually has some rationale because you would be saying you want to build a budget that is based on actual 92 expenditures. Again, it seems it will help you in moving toward your initial projections.

**ADJOURNMENT**

**Adjournment:** 5:40 P.M.

HOUSE SELECT BUDGET/REVENUE COMMITTEE

January 8, 1993

Page 7 of 7

*Rep. Grady*  
REP. ED GRADY, Chair

*Mary Lou Schmitz*  
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MARY LOU SCHMITZ, Secretary

EG/mls

# Estimated General Fund Balance Figures In Millions

EXHIBIT 1  
DATE 8-9-93  
HB 1-8-93 HR 2

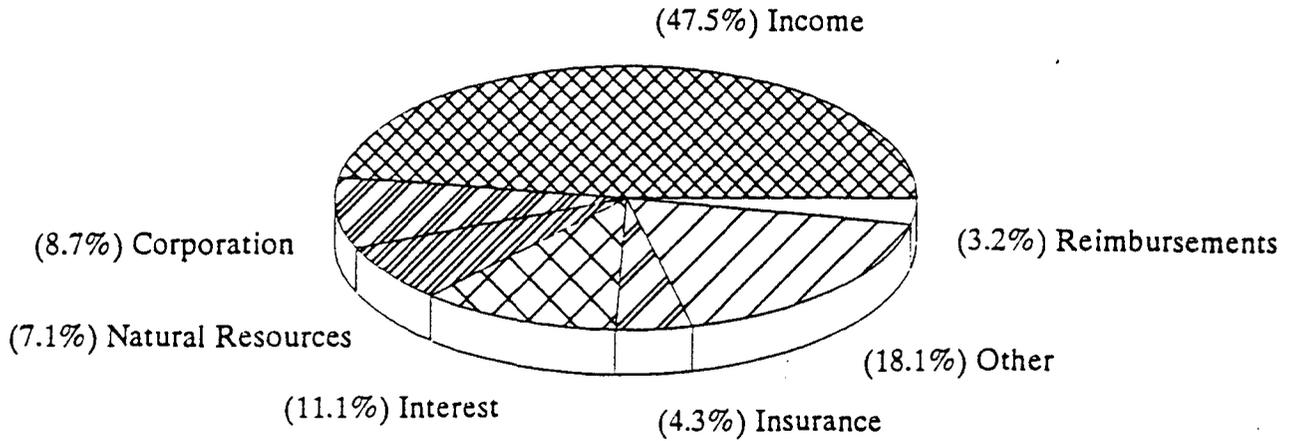
	Actual Fiscal 1992	Estimated Fiscal 1993	Estimated Fiscal 1994	Estimated Fiscal 1995	Estimated FY 92-93	Estimated FY 94-95
Beginning Fund Balance	\$58.700	\$24.486	\$27.849	(\$69.568)	\$58.700	\$27.849
Receipts						
Estimated Receipts	487.036	523.400	465.293	480.745	1,010.436	946.038
Total Available	\$545.736	\$547.886	\$493.142	\$411.177	\$1,069.136	\$973.887
Disbursements						
General Appropriations	523.072	429.143	508.437	518.022	952.215	1,026.459
Appropriation Transfers		(1.849)			(1.849)	
Governor Elect Appropriation		0.050			0.050	
Pay Plan Appropriations		20.914			20.914	
Statutory Appropriations						
Property Tax Reimbursement		19.339	19.726	20.120	19.339	39.846
Debt Service		12.534	10.531	15.197	12.534	25.728
TRANS Interest		3.924			3.924	
Retirement Benefits		3.506	3.769	4.045	3.506	7.814
Miscellaneous Appropriations		2.879			2.879	
Continuing Appropriations		9.863			9.863	
Supplementals						
All Other Agencies		22.330			22.330	
School Equalization Account			23.889	21.325		45.214
Feed Bill		5.425		5.000	5.425	5.000
Reversions		(3.412)	(3.642)	(3.663)	(3.412)	(7.305)
Anticipated Disbursements	\$523.072	\$524.646	\$562.710	\$580.046	\$1,047.718	\$1,142.756
Adjustments	(2.058)	(0.855)			(2.913)	
Foundation Program Reversion						
Residual Equity Transfer	3.880	5.464			9.344	
Ending Fund Balance	<u>\$24.486</u>	<u>\$27.849</u>	<u>(\$69.568)</u>	<u>(\$168.869)</u>	<u>\$27.849</u>	<u>(\$168.869)</u>
Ending Cash Balance	<u>(\$22.285)</u>	<u>(\$18.922)</u>	<u>(\$116.339)</u>	<u>(\$215.640)</u>	<u>(\$18.922)</u>	<u>(\$215.640)</u>

## Estimated School Equalization Fund Balance Figures In Millions

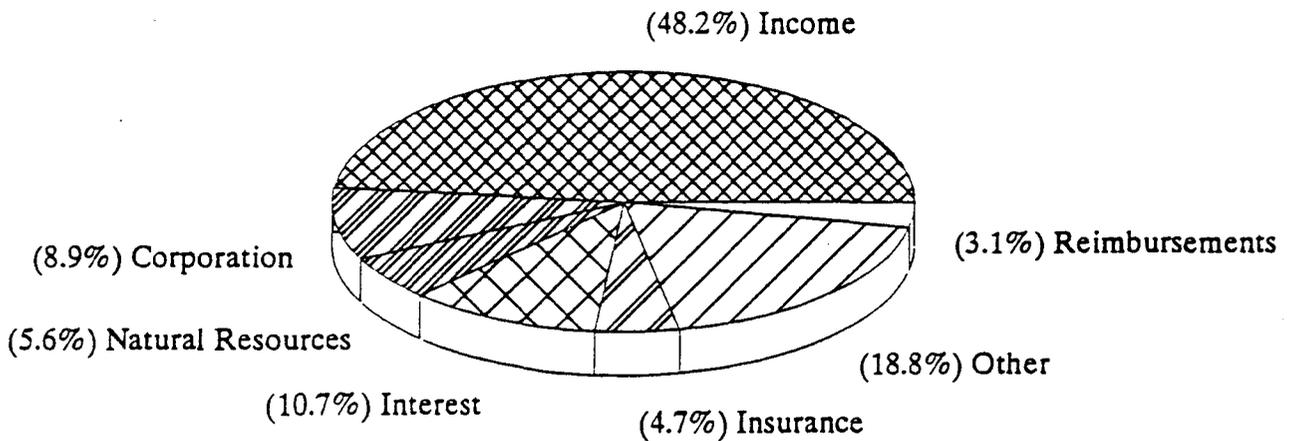
	Actual Fiscal 1992	Estimated Fiscal 1993	Estimated Fiscal 1994	Estimated Fiscal 1995	Estimated FY 92-93	Estimated FY 94-95
Beginning Fund Balance	\$8.474	\$2.552	\$2.174	\$0.000	\$8.474	\$2.174
Receipts						
Estimated Receipts	387.675	400.684	391.637	400.698	788.359	792.335
Total Available	\$396.149	\$403.236	\$393.811	\$400.698	\$796.833	\$794.509
Disbursements						
Current Level Schedules	347.866	353.198	363.899	367.226	701.064	731.125
Guaranteed Tax Base	46.138	47.001	49.887	50.883	93.139	100.770
Transportation Costs	3.908	3.914	3.914	3.914	7.822	7.828
Telecommunications Network	0.147	0.151			0.298	
Anticipated Disbursements	\$398.059	\$404.264	\$417.700	\$422.023	\$802.323	\$839.723
Adjustments	(7.638)				-7.638	
Residual Equity Transfer		3.202			3.202	
General Fund Transfer	12.100		23.889	21.325	12.100	45.214
Ending Fund Balance	<u>\$2.552</u>	<u>\$2.174</u>	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$2.174</u>	<u>\$0.000</u>
Ending Cash Balance	<u>\$3.026</u>	<u>\$2.648</u>	<u>\$0.000</u>	<u>\$0.000</u>	<u>\$2.648</u>	<u>\$0.000</u>
Outstanding Loan Balance	<u>\$26.935</u>	<u>\$24.287</u>	<u>\$24.287</u>	<u>\$24.287</u>	<u>\$24.287</u>	<u>\$24.287</u>

General Fund Revenue Analysis  
Contribution By Major Component FY 92-93

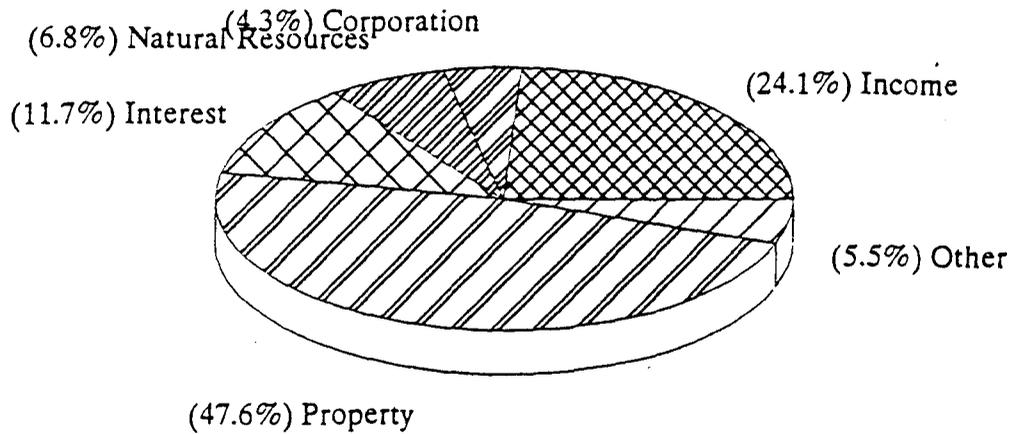
EXHIBIT 1  
DATE 1-8-93  
HB HR 2



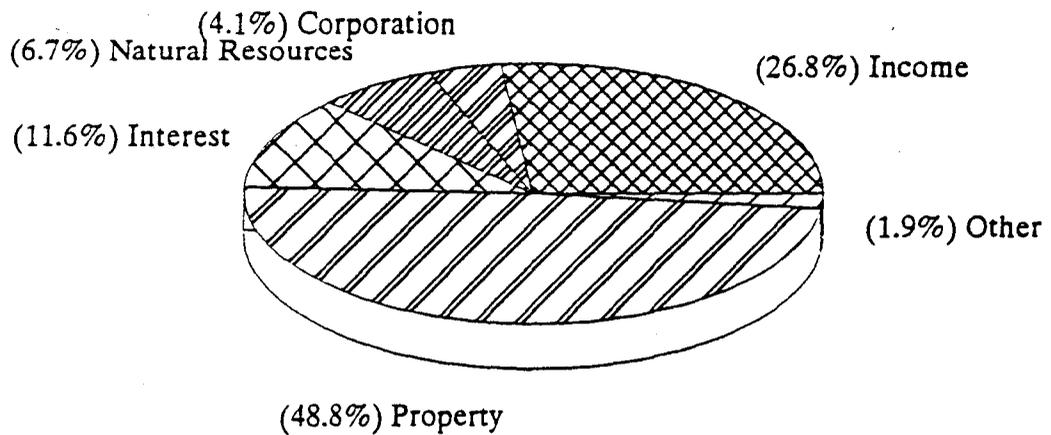
General Fund Revenue Analysis  
Contribution By Major Component FY 94-95



Foundation Program Revenue Analysis  
*Contribution By Major Component FY 92-93*



Foundation Program Revenue Analysis  
*Contribution By Major Component FY 94-95*



# General Fund Revenue Estimates

Figures In Millions

*1-8-93  
HR 2*

Source of Revenue	Actual FY 1992	Estimated FY 1993	Estimated FY 1994	Estimated FY 1995	Estimated FY 92-93	Estimated FY 94-95
Individual Income Tax	200.684	221.018	195.721	202.119	421.702	397.840
Corporation License Tax	32.052	42.897	36.180	36.235	74.949	72.415
Coal Severance Tax	9.609	14.260	6.217	6.200	23.869	12.417
Oil Severance Tax	20.427	16.815	15.160	15.328	37.242	30.488
Interest on Investments	16.494	16.475	9.804	10.011	32.969	19.815
Long-Range Bond Excess	42.734	48.121	44.223	45.589	90.855	89.812
Coal Trust Interest Income	40.010	39.608	40.317	41.393	79.618	81.710
Insurance Premiums Tax	20.387	22.648	20.526	23.505	43.035	44.031
Public Institutions Reimbursement	16.329	15.893	14.291	14.839	32.222	29.130
Liquor Profits	5.363	4.190	4.340	4.620	9.553	8.960
Liquor Excise Tax	6.122	6.720	6.533	6.823	12.842	13.356
Inheritance Tax	11.338	10.484	10.405	10.679	21.822	21.084
Metal Mines Tax	3.966	4.172	3.526	3.692	8.138	7.218
Electrical Energy Tax	4.938	4.255	3.994	4.021	9.193	8.015
Drivers' License Tax	1.776	1.722	1.800	1.805	3.498	3.605
Telephone License Tax	4.984	4.222	4.003	4.091	9.206	8.094
Beer License Tax	1.453	1.621	1.422	1.459	3.074	2.881
Natural Gas Severance Tax	1.396	1.283	1.249	1.264	2.679	2.513
Freight Line Tax	1.272	0.000	0.000	0.000	1.272	0.000
Wine Tax	0.853	0.897	0.798	0.804	1.750	1.602
Video Gaming Income Tax	9.875	11.019	10.035	10.804	20.894	20.839
Motor Vehicle Account	10.152	9.653	9.911	10.175	19.805	20.086
Vehicle Fees	3.227	3.114	3.248	3.397	6.341	6.645
Public Contractor's Tax	1.270	1.230	1.242	1.252	2.500	2.494
Other Revenue Sources	<u>20.324</u>	<u>21.083</u>	<u>20.348</u>	<u>20.640</u>	<u>41.407</u>	<u>40.988</u>
Grand Total	\$487.035	\$523.400	\$465.293	\$480.745	\$1,010.435	\$946.038

# School Equalization Account Revenue Estimates

Figures In Millions

Source of Revenue	Actual FY 1992	Estimated FY 1993	Estimated FY 1994	Estimated FY 1995	Estimated FY 92-93	Estimated FY 94-95
<b>State Revenue</b>						
Individual Income Tax	92.880	100.303	104.604	108.023	193.183	212.627
Corporation License Tax	14.975	19.320	15.902	16.929	34.295	32.831
Coal Severance Tax	6.169	4.713	4.605	4.593	10.882	9.198
Interest & Income	39.616	39.847	37.756	39.288	79.463	77.044
US Oil & Gas Royalties	21.150	22.040	21.779	22.088	43.190	43.867
Education Trust Interest	0.108	0.138	0.139	0.143	0.246	0.282
SEA Interest	0.000	0.000	0.000	0.000	0.000	0.000
Coal Tax Trust Interest	7.060	6.990	7.115	7.305	14.050	14.420
Lottery	5.494	5.314	5.612	5.938	10.808	11.550
Statewide 40 Mills	76.612	72.612	74.006	75.379	149.224	149.385
Miscellaneous	12.100	0.000	0.000	0.000	12.100	0.000
County Levy Surplus	<u>9.874</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>9.874</u>	<u>0.000</u>
<b>Total State</b>	<b>\$286.038</b>	<b>\$271.277</b>	<b>\$271.518</b>	<b>\$279.686</b>	<b>\$557.315</b>	<b>\$551.204</b>
<b>Statewide Taxable Valuation</b>	<b>\$1,559.407</b>	<b>\$1,612.780</b>	<b>\$1,640.208</b>	<b>\$1,666.001</b>	<b>NA</b>	<b>NA</b>
<b>County Revenue</b>						
Statewide 55 Mills	75.893	88.703	90.211	91.630	164.596	181.841
Elementary Transportation	0.000	0.000	0.000	0.000	0.000	0.000
Cash Reappropriated	6.718	10.842	0.000	0.000	17.560	0.000
Forest Funds	2.306	2.997	2.599	3.017	5.303	5.616
Taylor Grazing	0.150	0.150	0.150	0.150	0.300	0.300
Miscellaneous	29.661	27.844	28.288	27.344	57.505	55.632
High School Tuition	<u>(0.993)</u>	<u>(1.129)</u>	<u>(1.129)</u>	<u>(1.129)</u>	<u>(2.122)</u>	<u>(2.258)</u>
<b>Total County</b>	<b>\$113.735</b>	<b>\$129.407</b>	<b>\$120.119</b>	<b>\$121.012</b>	<b>\$243.142</b>	<b>\$241.131</b>
<b>Total State &amp; County</b>	<b>\$399.773</b>	<b>\$400.684</b>	<b>\$391.637</b>	<b>\$400.698</b>	<b>\$800.457</b>	<b>\$792.335</b>
<b>Total GF &amp; SEA</b>	<b>\$886.808</b>	<b>\$924.084</b>	<b>\$856.930</b>	<b>\$881.443</b>	<b>\$1,810.892</b>	<b>\$1,738.373</b>

Office of Legislative Fiscal Analyst  
 Comparison of Budgeted Funds  
 LFA Current Level 1992-93 Biennium

DATE 1-5-93  
 HB 842

Agcy Code	Agency Name	Current Level Fiscal 1992-93		Current Level Fiscal 1992-93		Current Level Fiscal 1992-93		Current Level Fiscal 1992-93		Current Level Total
		General	Special	Federal	Proprietary	Other	Current	Fiscal 1992-93	Fiscal 1992-93	
1101	Legislative Auditor	2,405,934	2,691,051							5,096,985
1102	Legislative Fiscal Analyst	1,640,161								1,640,161
1104	Legislative Council	3,531,458	1,569,680							5,101,138
1111	Environmental Quality Council	557,134	10,921							568,055
1112	Consumer Counsel		1,568,696							1,568,696
2110	Judiciary	16,409,133	990,759							17,399,892
3101	Governors Office	4,716,106	127,407	946,610	687,401					5,790,123
3201	Secretary Of States Office	1,862,677	361,844							2,911,922
3202	Commissioner Of Political Prac	254,823								254,823
3401	State Auditors Office	4,140,769	1,068,934		303,852					5,513,555
3501	Office Of Public Instruction	100,880,459	8,606,276	12,164,128	1,916,414					123,567,277
3511	Billings Vo Tech	0	0						3,891,444	3,891,444
3512	Butte Vo Tech	0	0						3,662,475	3,662,475
3513	Great Falls Vo Tech	0	0						4,539,700	4,539,700
3514	Helena Vo Tech	0	0						5,156,999	5,156,999
3515	Missoula Vo Tech	0	0						5,472,634	5,472,634
4107	Crime Control Division	929,671	1,107,493	6,810,089						8,847,253
4108	Highway Traffic Safety	366,160	153,453	1,807,469						2,327,082
4110	Department Of Justice	21,849,203	29,190,601	1,945,588	1,170,896					54,156,288
4201	Public Service Regulation	4,100,213		51,780	38,759					4,190,752
5101	Board Of Public Education	208,748	166,785							375,533
5102	Commissioner Of Higher Ed	128,803,261		14,655,855	29,273,585					172,732,701
5103	University Of Montana	0	0						93,510,666	93,510,666
5104	Montana State University	0	0						107,707,551	107,707,551
5105	Mont College Of Min Sc & Tech	0	0						23,313,473	23,313,473
5106	Eastern Montana College	0	0						32,875,743	32,875,743
5107	Northern Montana College	0	0						17,708,886	17,708,886
5108	Western Montana College	0	0						10,222,640	10,222,640
5109	Agricultural Exper Station	0	0						20,213,816	20,213,816
5110	Cooperative Extension Service	0	0						9,801,188	9,801,188
5111	Forestry & Cons Exper Station	0	0						1,404,691	1,404,691
5113	School For The Deaf & Blind	5,418,939	380,000	329,034						6,127,973
5114	Montana Arts Council	149,869	344,982	686,994						1,181,845
5115	Library Commission	2,070,961	785,128	1,040,093						3,896,182
5116	Montana Council On Vocational			322,484						322,484
5117	Historical Society	2,509,240	186,523	1,069,185	1,084,253					4,849,201
5119	Fire Services Training School	0							477,346	477,346
5201	Dept Of Fish, Wildlife & Parks	778,023	42,686,447	17,181,432	4,651,389					65,297,291
5301	Dept Health & Environ Sciences	6,472,799	11,799,739	63,117,288	3,148,179					84,538,005
5401	Department Of Transportation	611,243	207,14,228	286,830,331	28,221,640					288,805,242

Office of Legislative Fiscal Analyst  
 Comparison of Budgeted Funds  
 LFA Current Level 1992-93 Biennium

Agency Code	Agency Name	Current Level Fiscal 1992-93		Current Level Fiscal 1992-93		Current Level Fiscal 1992-93		Current Level Fiscal 1992-93		Current Level Fiscal 1992-93	
		General	Special	Federal	Proprietary	Other	Current	Total	Current	Total	
5501	Department Of State Lands	17,561,922	9,490,265	13,966,606	373,772						41,392,565
5603	Department Of Livestock	1,227,616	8,123,153	578,403							9,929,172
5706	Dept Nat Resource/Conservation	8,657,844	12,430,436	2,567,002			0				23,655,282
5801	Department Of Revenue	38,784,319	1,077,115	609,244	3,144,865						43,615,543
6101	Department Of Administration	6,433,468	1,535,545		74,321,189			1,554,445			83,844,647
6103	State Comp. Mutual Ins. Fund										
6104	Public Employees Retirement Bd										
6105	Teachers Retirement Board				257,797,916						257,797,916
6201	Department Of Agriculture	2,124,606	9,351,067	862,777	17,109						1,962,987
6401	Dept. Corrections & Human Ser	146,938,264	9,650,082	8,732,956	6,240,132						1,246,953
6501	Department Of Commerce	5,119,155	25,303,962	40,943,528	26,502,032						12,946,825
6602	Labor & Industry	1,453,872	5,984,953	70,115,747	6,744,060						171,561,434
6701	Adjutant General	4,084,257	52,719	7,592,398							97,868,677
6901	Dept Social & Rehab Services	199,296,681	29,840,903	574,206,498							84,298,632
6911	Department Of Family Services	61,137,485	6,006,717	32,076,174							11,729,374
<b>Totals</b>		<b>803,486,572</b>	<b>530,057,874</b>	<b>1,161,208,693</b>	<b>445,650,452</b>			<b>5,355,651</b>		<b>339,959,252</b>	<b>3,285,718,494</b>



### Comparison of Budgeted Funds

LFA Current Level 1994-95 Biennium

Agy Code	Agency Name	LFA		LFA		LFA		LFA		LFA		LFA		
		Current Level Fiscal 94-95	General	Current Level Fiscal 94-95	Special	Current Level Fiscal 94-95	Federal	Current Level Fiscal 94-95	Proprietary	Current Level Fiscal 94-95	Other	Current Level Fiscal 94-95	Current	Current Level Fiscal 94-95
5501	Department Of State Lands	18,700,093		9,792,265		8,511,422		751,046						37,754,826
5603	Department Of Livestock	1,148,509		8,476,233		631,197								10,255,939
5706	Dept Nat Resource/Conservation	10,375,645		13,434,369		2,289,394		400,000						26,499,408
5801	Department Of Revenue	43,420,054		1,120,439		660,760		2,616,548						47,817,801
6101	Department Of Administration	7,020,738		1,493,984				75,502,828						85,629,136
6104	Public Employees Retirement Bd							2,193,550						2,193,550
6105	Teachers Retirement Board							1,319,031						1,319,031
6103	State Comp. Mutual Ins. Fund	1,942,467		10,084,250		751,400		344,899,000						344,899,000
6201	Department Of Agriculture	164,701,766		9,235,982		9,617,736		16,047						13,371,994
6401	Dept. Corrections & Human Ser	5,441,618		30,111,385		50,640,810		7,650,388						191,205,872
6501	Department Of Commerce	1,396,969		19,651,903		54,097,496		26,616,465						112,810,278
6602	Labor & Industry	4,321,645		44,678		7,770,511		7,510,567						82,656,935
6701	Adjutant General	260,595,985		33,113,952		717,167,344								12,136,834
6901	Dept Social & Rehab Services	75,439,238		6,080,016		35,231,613								1,010,877,281
6911	Department Of Family Services													116,750,867

Totals

\$1,026,458,983	\$577,168,646	\$1,347,441,220	\$547,601,760	\$6,101,997	\$112,459,550	\$3,617,232,156
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TABLE A  
 Comparison of General Fund and Total Funds  
 Racicot Executive Budget to LFA Current Level  
 Montana University System  
 1995 Biennium

EXHIBIT 4  
 DATE 1-8-93  
 HB NR2

Agency	LFA Current Level Fiscal 1994	LFA Current Level Fiscal 1995	Racicot Executive Budget Fiscal 1994	Racicot Executive Budget Fiscal 1995	LFA Current Level 1995 Biennium	Racicot Exec Budg 1995 Biennium	Biennial Racicot Over (Under) LFA
----- GENERAL FUND -----							
CHE**							
Current Level	7.11	7.05	7.38	7.30	14.16	14.68	0.52
Other Budget Mods					0.00	0.00	0.00
Total	7.11	7.05	7.38	7.30	14.16	14.68	0.52
University Units							
Current Level	93.29	93.36	83.44	83.65	186.65	167.09	(19.56)
Enrollment Add			2.11	2.11	0.00	4.22	4.22
Total	93.29	93.36	85.55	85.76	186.65	171.31	(15.34)
Vocational Technical Centers							
Current Level	7.63	7.51	8.35	8.19	15.14	16.54	1.40
Community Colleges							
Current Level	4.42	4.38	3.82	3.78	8.80	7.60	(1.20)
AES	7.92	7.95	7.94	7.97	15.87	15.91	0.04
CES	2.78	2.78	2.81	2.81	5.56	5.62	0.06
FCES	0.70	0.70	0.75	0.75	1.40	1.50	0.10
Bureau of Mines	1.36	1.35	1.41	1.39	2.71	2.80	0.09
FSTS	0.26	0.24	0.26	0.27	0.50	0.53	0.03
Policy Initiative***			(10.16)	(14.84)	0.00	(25.00)	(25.00)
Total Higher Education	125.47	125.32	108.11	103.38	250.79	211.49	(39.30)
----- TOTAL FUNDS -----							
CHE**							
Current Level	32.96	34.77	33.25	35.04	67.73	68.29	0.56
Budget Mods			1.71	1.82	0.00	3.53	3.53
Total	32.96	34.77	34.96	36.86	67.73	71.82	4.09
University Units							
Current Level	154.24	154.35	144.20	144.41	308.59	288.61	(19.98)
Enrollment Add			2.11	2.11	0.00	4.22	4.22
Total	154.24	154.35	146.31	146.52	308.59	292.83	(15.76)
Vocational Technical Centers							
Current Level	11.20	11.09	11.96	11.81	22.29	23.77	1.48
Community Colleges							
Current Level	4.42	4.38	3.82	3.78	8.80	7.60	(1.20)
AES	10.65	10.68	10.61	10.66	21.33	21.27	(0.06)
CES	4.94	4.94	4.97	4.97	9.88	9.94	0.06
FCES	0.70	0.70	0.75	0.75	1.40	1.50	0.10
Bureau of Mines	1.40	1.39	1.41	1.39	2.79	2.80	0.01
FSTS	0.25	0.24	0.26	0.27	0.50	0.53	0.03
Policy Initiative***			(10.16)	(14.84)	0.00	(25.00)	(25.00)
Additional Tuition Revenue****			4.32	9.00	0.00	13.32	13.32
Total Higher Education	220.77	222.54	209.21	211.17	443.31	420.38	(22.93)

\*\*Excluding the Community Colleges.

\*\*\*Total \$25 million reduction over the biennium.

\*\*\*\*Revenue estimated by the executive from tuition levels proposed by the Board of Regents in December 1992 in conjunction with the Regents' tuition indexing proposal, net of fee waivers proportioned to the executive budget.

TABLE B  
 Comparison of General Fund and Total Funds  
 1995 Biennium Racicot Executive Budget  
 to 1993 Biennium

Agency	Actual Fiscal 1992	Appropriated Fiscal 1993*	Racicot Executive Budget Fiscal 1994	Racicot Executive Budget Fiscal 1995	1993 Biennium	1995 Biennium	Biennial Difference
----- GENERAL FUND -----							
CHE**							
Current Level	6.82	6.78	7.38	7.30	13.60	14.68	1.08
Other Budget Mods					0.00	0.00	0.00
Total	6.82	6.78	7.38	7.30	13.60	14.68	1.08
University Units							
Current Level	93.86	87.00	83.44	83.65	180.86	167.09	(13.77)
Enrollment Add			2.11	2.11	0.00	4.22	4.22
Total	93.86	87.00	85.55	85.76	180.86	171.31	(9.55)
Vocational Technical Centers							
Current Level	8.69	7.98	8.35	8.19	16.67	16.54	(0.13)
Community Colleges							
Current Level	3.66	3.90	3.82	3.78	7.56	7.60	0.04
AES	7.66	7.55	7.94	7.97	15.21	15.91	0.70
CES	2.94	2.91	2.81	2.81	5.85	5.62	(0.23)
FCES	0.72	0.69	0.75	0.75	1.41	1.50	0.09
Bureau of Mines	1.32	1.30	1.41	1.39	2.62	2.80	0.18
FSTS	0.25	0.23	0.26	0.27	0.48	0.53	0.05
Higher Education Policy Initiative***			(10.16)	(14.84)	0.00	(25.00)	(25.00)
Total Higher Education	125.92	118.34	108.11	103.38	244.26	211.49	(32.77)
----- TOTAL FUNDS -----							
CHE**							
Current Level	26.87	40.38	33.25	35.04	67.25	68.29	1.04
Budget Mods			1.71	1.82	0.00	3.53	3.53
Total	26.87	40.38	34.96	36.86	67.25	71.82	4.57
University Units							
Current Level	139.53	133.66	144.20	144.41	273.19	288.61	15.42
Enrollment Add			2.11	2.11	0.00	4.22	4.22
Total	139.53	133.66	146.31	146.52	273.19	292.83	19.64
Vocational Technical Centers							
Current Level	11.58	10.87	11.96	11.81	22.45	23.77	1.32
Community Colleges							
Current Level	3.66	3.90	3.82	3.78	7.56	7.60	0.04
AES	10.17	10.05	10.61	10.66	20.22	21.27	1.05
CES	4.91	4.90	4.97	4.97	9.81	9.94	0.13
FCES	0.72	0.69	0.75	0.75	1.41	1.50	0.09
Bureau of Mines	1.36	1.34	1.41	1.39	2.70	2.80	0.10
FSTS	0.25	0.23	0.26	0.27	0.48	0.53	0.05
Higher Education Policy Initiative***			(10.16)	(14.84)	0.00	(25.00)	(25.00)
Additional Tuition Revenue****			4.32	9.00	0.00	13.32	13.32
Total Higher Education	199.05	206.02	209.21	211.17	405.07	420.38	15.31

\*Includes all special session reductions.

\*\*Excluding the Community Colleges.

\*\*\*Total \$25 million reduction over the biennium.

\*\*\*\*Revenue estimated by the executive from tuition levels proposed by the Board of Regents in December 1992 in conjunction with the Regents' tuition indexing proposal, net of fee waivers proportioned to the executive budget.

Examples of Revenue Increases Necessary to Erase Deficit  
 Combined LFA Current Level Cash Deficit for GF & SEA (215.640) Million

Revenue Source	Current Law Revenue (\$ Million)	Revenue From 1% Surtax (\$ Million)	Surtax Needed (%)	Total * Generated	Current Tax Rate	New Tax Rate
Income Tax	668.639	6.686	32.3	215.970	11.00 %	14.55 % Max
Corporation Tax	131.654	1.317	163.7	215.518	6.75 %	17.80 %
Coal Severance Tax (Net of Trust)	41.1635	0.412	523.4	215.450	15.00 %	93.50 %
Oil Severance Tax	30.488	0.305	707.0	215.550	5.00 %	40.40 %
Insurance Premium Tax	61.069	0.611	352.9	215.513	2.75 %	12.50 %
Metal Mines Tax	12.444	0.124	1,739.0	216.401	1.60 %	29.40 %
Electrical Energy Tax	8.015	0.080	2,695.5	216.044	\$0.0002 /kwh	\$0.0056 /kwh
Driver's License Fees	6.145	0.061	3,535.1	217.232	\$4.00	\$145.40
Beer Tax	6.883	0.069	3,125.2	215.108	\$4.30 /bbl	\$138.70 /bbl
Natural Gas Severance Tax	2.513	0.025	8,625.6	216.761	2.65 %	231.20 %
Wine Tax	2.703	0.027	7,986.7	215.881	\$0.27 /liter	\$21.80 /liter
Video Gaming	62.517	0.625	345.0	215.684	15.00 %	66.80 %
Gas & Diesel Taxes (3/5 Vote)	218.048	2.180	98.9	215.649	\$0.20 /gal	\$0.40 /gal
<b>Total of Selected Sources</b>		<b>12.522</b>	<b>17.2</b>			

\* Total generated may differ from target of \$215.640 million due to rounding.

Assumptions:

- 1) Revenue from the surtaxes would be allocated to the general fund.
- 2) Surtaxes would be effective for the entire fiscal year.
- 3) Revenue Oversight Committee revenue estimates are used.
- 4) Increases applied to each tax in isolation.