

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION

Call to Order: By **CHAIRMAN JOHN SINRUD**, on January 18, 2005 at 8 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. John Sinrud, Chairman (R)
Sen. Lane L. Larson, Vice Chairman (D)
Sen. Mike Cooney (D)
Sen. Rick Laible (R)
Rep. Jon C. Sesso (D)
Sen. Corey Stapleton (R)
Rep. Janna Taylor (R)

Members Excused: Rep. Rosalie (Rosie) Buzzas (D)

Members Absent: None.

Staff Present: Greg DeWitt, Legislative Branch
Linda Keim, Committee Secretary

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

Committee Business Summary:

Hearing & Date Posted:	Risk Management, State Tax Appeal Board
Executive Action:	DOA Budget, AFSD, Highway Patrol Pension Fund, Workers Comp Old Fund Refund, Legal Services Unit, Facilities Management Bureau, Print and Mail Services, Central Stores, Statewide Fueling Network, State Procurement Card, ITSD, Banking and Financial Division, Montana State Lottery, State Personnel, State Tax Appeal Board

HEARING - RISK MANAGEMENT

CHAIRMAN SINRUD introduced the Hearing on Risk Management.

PROPRIETARY RATE EXPLANATION
RISK MANAGEMENT and TORT DEFENSE Page A-255, Figure 24A

Brett Dahl, Administrator, Department of Administration, discussed fees being commensurate with costs and requested rate approval. He said the Legislative Audit Division (LAD) had identified a fund deficit of about \$21.2 million because the reserves on all outstanding claims and lawsuits are not currently being funded. With the rates requested, 60% of the reserves for estimated outstanding claims and lawsuits will be funded at the end of FY 2007.

Questions from Committee Members and Responses:

SEN. COONEY asked why reserves are not fully funded. **Mr. Dahl** explained that historically the program was funded on a cash basis and was undercapitalized to address large claims. This is an attempt to address the LAD findings and fund 60% of the deficit.

SEN. COONEY asked whether this strategy would satisfy LAD. **Mr. Dahl** said initial discussion was to change legislation to exempt the division from establishing fees commensurate with costs or to gradually address this deficit.

SEN. STAPLETON noted that statutory changes may need to be made and noted that you do not have to set your fees with a potential of 100% claim payout. A more accurate description would be what was historically paid out. **Mr. Dahl** said they will begin to address this over the next two to four years. Estimates are determined by the state's consulting actuary.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 8.3}

Mr. Dahl answered questions pertaining to the amount of money currently in reserves and the reduction in general liability. He explained that the deficit is determined by looking at the cash balance on June 30. The cash balance is a percentage of the total reserves on outstanding claims payable. The projected fund balance at the end of 2005 will be \$8.7 million. Estimated claims payable at that time will be \$25,557,823. The difference between the two is the deficit and is the cash balance that would fund 60% of the deficit. It is budgeted to pay \$5.5 million a year in claims until at least 2007. The decision was made to

fully fund the auto and property deficit and then begin to work towards the tort.

CHAIRMAN SINRUD asked why the insurance premiums are going down. **Mr. Dahl** said that current premium levels are necessary, so that the division could repay general fund loans from 2003 that were needed to pay costs of operations requiring defense of lawsuits. Loan repayment was built into current biennium rates. The proposal is that the money historically used for past years to pay off general fund loans will be used to address the deficit. They will retire the deficit with the difference, rather than lowering premiums to an unstable level.

REP. TAYLOR asked about investment earnings. **Mr. Dahl** said that investment earnings have historically been low, because the cash balance was depleted and additional money was going to cover expenses. They budgeted for an increase in investment for the prospective biennium.

{Tape: 1; Side: A; Approx. Time Counter: 8.3 - 17}

SEN. STAPLETON noted that this is an Insurance Fund biennium change to a self-funded insurance plan, and asked about the lack of legislative authority. **Mr. Dahl** referred to Statute 2-97-101 through 305, Montana Code Annotated (MCA). This Statute allows a deductible reserve fund and can be interpreted in different ways, but the authorization is there. No further legislation would be required.

{Tape: 1; Side: A; Approx. Time Counter: 17 - 20}

HEARING - STATE TAX APPEAL BOARD

STATE TAX APPEAL BOARD (Dept of Administration), Page A-258

Jere Ann Nelson, State Tax Appeal Board, stated that DP 2310, Statewide FTE Reduction, is for a reduction of .5 FTE for the aggregate position that funds county tax appeal board secretaries due to under-utilization. DP 2310 results in a \$32,000 reduction in the general fund for the biennium. She noted that 2.5 FTE are adequate to serve the 56 county tax appeal boards.

Questions from Committee Members and Responses:

CHAIRMAN SINRUD noted that this is the only permanent board. He asked if commissioners are working full time, and why dwindling numbers of tax appeals from the re-evaluation year did not allow for less time. **Ms. Nelson** said that previous appeal decisions were not in-depth decisions and were made hastily because of the

volume. This has changed, and there is an increasing number of more complicated direct appeals.

{Tape: 1; Side: A; Approx. Time Counter: 20 - 28}

EXECUTIVE ACTION ON DEPARTMENT OF ADMINISTRATION (DOA)
2007 BIENNIUM BUDGET SUMMARY
AGENCY LEVEL

Mr. DeWitt introduced and distributed "Department of Administration 2007 Biennium Budget Summary."

EXHIBIT(jgh13a01)

Mr. DeWitt handed out "Supply Contract Management Projected Expenditures" for Central Stores, and said that the costs are for the privatization proposal discussed in the Legislative Fiscal Division (LFD). The suggested language clarifies the restrictions, but is not required. The language for Central Stores Non-appropriations is necessary to satisfy the non-appropriation clause in the Central Stores warehouse proposal.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 4.2}

Base and Statewide Present Law Adjustments
Administrative Financial Services Division Page A-178

CHAIRMAN SINRUD asked for a global motion regarding Base and Statewide Present Law Adjustments for the entire department.

MOTION: SEN. COONEY moved **APPROVAL OF THE BASE AND STATEWIDE PRESENT LAW ADJUSTMENTS FOR ALL PROGRAMS OF THE DEPARTMENT OF ADMINISTRATION.**

Discussion:

SEN. STAPLETON asked what is included in approving the base. **Mr. DeWitt** explained that this approval is based on the direction of Finance and Claims and the House Appropriations Committee. The committee is approving the FY 2004 base and the statewide present law adjustments, which would set the starting point at the first half of the present law table. Statewide Present Law Adjustments fully fund all the statewide positions that were there in FY 2004. The new pay plan is in a separate bill and the \$.25/hour will be factored into this adjustment as well as any health insurance increases, vacancy savings reduction, fixed costs, and inflation and deflation adjustments approved by the last Legislature. That is the statewide uniform starting point. If changes are desired, they will be done in a separate DP.

SEN. STAPLETON asked what the percentage increase of the base present law adjustments over the last biennium is. **Mr. DeWitt** answered that statewide present law adjustments are 3.7% above the base.

{Tape: 1; Side: B; Approx. Time Counter: 4.2 - 12.8}

Vote: Motion carried unanimously, 8-0 by voice vote. **REP. BUZZAS** voted yes by proxy.

LANGUAGE

LANGUAGE FOR HIGHWAY PATROL PENSION FUND TRANSFER Page A-178

CHAIRMAN SINRUD directed the committee to the Language regarding Highway Patrol Pension Fund Transfers and LFD Comment on Page A-178.

Discussion:

CHAIRMAN SINRUD asked Mr. DeWitt to explain the reason for the language. **Mr. DeWitt** noted that the reason for this, is that in the past it was done with a non-budgeted transfer. **Paul Christofferson, Accounting Bureau Chief, DOA**, said that it was an accounting change, not an audit finding. It was made because of the way the transfer was handled.

Motion/Vote: **SEN. LARSON** moved that **LANGUAGE FOR THE HIGHWAY PENSION FUND TRANSFER AS STATED ON PAGE A-178 BE ADOPTED**. Motion passed unanimously 8-0 by voice vote. **REP. BUZZAS** voted yes by proxy.

{Tape: 1; Side: B; Approx. Time Counter: 12.8 - 16.7}

WORKERS COMPENSATION OLD FUND REFUND Page A-178

CHAIRMAN SINRUD directed the committee to the language regarding the Worker's Compensation Old Fund Refund and the LFD Comment on Page A-178. He recommended approving the language with the contingency that if the federal government does not require that we transfer this money to them, that it stays where it is. He said that auditors advised that the \$22 million taken out of old fund liability last session had new funds going into that to bolster that fund, but the federal government looked at the transfer and said we weren't supposed to be paying that, and want a portion of the money back. He explained that the committee has no say in the matter, but a contingency should be placed on it.

Motion/Vote: REP. SESSO moved that LANGUAGE FOR WORKERS COMPENSATION OLD FUND REFUND AS STATED ON PAGE A-178 BE ADOPTED, WITH THE CONTINGENCY OF VALIDATION OF APPROPRIATENESS BASED ON THE OUTCOME OF NEGOTIATIONS WITH FEDERAL GOVERNMENT. Motion carried unanimously 8-0 by voice vote. REP. BUZZAS voted yes by proxy.

{Tape: 1; Side: B; Approx. Time Counter: 16.7 - 19.5}

ADMINISTRATIVE FINANCIAL SERVICES DIVISION
Present Law Adjustments

CHAIRMAN SINRUD stated that discussion on DP 0301 will be held off until decisions on rate changes have taken place.

Proprietary Rates
LEGAL SERVICES UNIT

CHAIRMAN SINRUD introduced a discussion on Page A-184. Mr. DeWitt referred to Figure 3A, "Requested Rates for the Legal Services Unit." He indicated that this is an allocation of costs to the user of the service.

Motion/Vote: SEN. COONEY moved that REQUESTED RATES FOR LEGAL SERVICES UNIT AS STATED IN FIGURE 3A ON PAGE A-184 BE ADOPTED. Motion passed unanimously 8-0 by voice vote. REP. BUZZAS voted yes by proxy.

{Tape: 1; Side: B; Approx. Time Counter: 19.5 - 23.4}

Rates for Warrant Writer Page A-186, Figure 3B

Motion/Vote: SEN. COONEY moved that REQUESTED RATES FOR WARRANT WRITER AS STATED IN FIGURE 3B ON PAGE A-186 BE ADOPTED, WITH THE CORRECTION NOTED THAT THE AMOUNT SHOULD READ 0.17917 FOR NON-MAILER, FY 07. Motion carried unanimously 8-0 by voice vote, with REP. BUZZAS voting yes by proxy.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 1.6}

RATES FOR MANAGEMENT SERVICES UNIT Page A-188, Figure 3C

Discussion:

Mr. DeWitt stated that the accountant for this program identified that the table on Page A-187 includes a reduction for vacancy savings under Personal Services. He said that they are not likely to have a 4% vacancy rate because of the small number of the FTE in the program, so they would be spending \$46,000 a year more than the table indicates. That impacts the bottom line in

the Budgeted FY 2007 column, and it is higher than the 60-day working capital. Therefore, their rates would not be too high. He handed out the following information, and said that the committee may want to reconsider the rate recommendation based on this new information; "Supplement to Figure 3C on Page A-188," and Rates Requested for Management Services Unit."

[EXHIBIT\(jgh13a02\)](#)

[EXHIBIT\(jgh13a03\)](#)

Christi Moyer, Office of Budget and Program Planning (OBPP), noted that this would bring them down to a 51-day working capital.

SEN. LAIBLE asked for an explanation. **Mr. DeWitt** said that they have already taken out the \$46,000. FY 2006 in the chart on Page A-187 reads \$560,000 for Personal Services. If you add \$46,000, it would be \$606,000.

{Tape: 2; Side: B; Approx. Time Counter: 1.6 - 6.2}

SEN. LAIBLE asked if there is an automatic loan from the general fund if the working capital goes to zero and stays there for six days. **Mr. DeWitt** said that it is not an automatic general fund loan, that it comes from whatever fund is appropriate. In Transportation, a loan would come from the Highway Special Revenue Account.

SEN. LAIBLE asked if the "Supplement to Figure 3C on Page A-188" (Exhibit 2) was based on erroneous information. **Mr. DeWitt** indicated that there were accounting irregularities; that 15 days of not using the rates; i.e., collecting revenues, could translate into a rate reduction. In concept, they would be using their working capital cash balance to fund their operation. Then they would go back to charging rates for the rest of the year. The impact on the rates they would need to change to make up the difference is shown in the 60 and 45 day column in this supplement. He noted that the rates do not apply to every state employee; this function only provides services to the department, and small entities that are administratively attached to the Governor's Office, like the Consensus Council, Appellate Defenders, and Teachers Retirement. The DOA represents administratively attached entities at the table in the DOA, and this agency provides human resources, accounting services and budgeting, instead of them having their own.

{Tape: 2; Side: B; Approx. Time Counter: 6.2 - 12.5}

REP. SESSO gave an explanation of how the supplement was written, and asked for clarification from Mr. DeWitt. FY 2004 on Page A-188 shows a total of \$507,139. The supplement shows the

variations in each unit for 30, 45 and 60 days. The total would go to \$474,451 to achieve 30-day rates, to \$494,816 for 45-day rates, and to \$515,181 for 60-day rates. The per-person rate on the lower part of the page would be \$332 for FY 2004, with different rates for 30, 45, and 60 days. The 30-day rate would be \$419. **Mr. DeWitt** agreed that was correct.

REP. SESSO asked why they are looking at FTE rates of \$476 for FY 2006 and \$475 for FY 2007, as they are above the 60-day rate.

Mr. DeWitt said that Management Services requested rates for only the director and accounting type people as an allocation of their costs. The bottom half of the supplement is the Human Resources function. He gave a detailed explanation, ending by saying that for ten people in teachers retirement they would charge \$476 in FY 2006 for each of the ten, and noted that the numbers under Human Resources showing an allocation of costs are for information only. He explained that the approval being requested on Figure 3C, Page A-188 is for the non-Human Resources function allocations. Approval is being requested on the FTE rates for Human Resource functions.

SEN. LAIBLE questioned that the majority of the money is going back to fund the same department, except for less than 20%. If it were reduced to 45-days working capital (WC), it means that the rates are lower to the rest of the department. He said, "We are taking it from one side and giving it to the other." He suggested taking it to 45-days working capital, which is actually around 30-days, based on the error. He noted that if it is left at 60-days it would not matter, as it is all in the same agency.

REP. SESSO was in favor of managing the money as effectively as possible and is not convinced to use working capital as a means to manage the funds. He supported using 30-days WC for all, and agreed with **SEN. LAIBLE**. He advocated keeping the rates as low as possible. He said that if they are cash negative, they could get a loan and fix it the next time.

Motion: **REP. SESSO** moved **APPROVAL OF RATES BASED ON A 30-DAY WORKING CAPITAL LEVEL AS SHOWN IN "SUPPLEMENT TO FIGURE 3C on PAGE A-188" FOR MANAGEMENT SERVICES UNIT AS OUTLINED IN FIGURE 3C, PAGE A-188.**

SEN. COONEY asked Christi Moyer, OBPP, to comment. **Ms. Moyer** said that they support a 60-day working capital, since the 30-day working capital is basically like a 21-day working capital. The department is concerned about the high cost of pay-outs for vacancies and retirements.

SEN. COONEY said that there currently is a bill on the floor encouraging early retirement, and asked if that would put the agency at a disadvantage. **Mr. DeWitt** said that federal standards allow a 60-day working capital and it should be left at a level appropriate to the business cycle. It is a factor when developing rates. It may be necessary to have a 1% increase in rates to build the balance up, but only for a short time.

CHAIRMAN SINRUD asked about setting a 30-day rate, and whether early employee retirements, etc. would affect a department. **Mr. DeWitt** said that unexpected expenses would impact them.

SEN. COONEY asked whether going from a 60-day working capital to a 30-day working capital would limit the ability to address those types of issues. **Mr. DeWitt** noted that with the early retirement of someone who had accumulated a lot of vacation time, the money will first come from their available cash reserves. If that is not enough, a loan will be necessary, and the next time they will be asking for a higher rate.

{Tape: 2; Side: B; Approx. Time Counter: 12.5 - 24.5}

SEN. LAIBLE said that this is wrong; it is shown as 30-days, but in actuality it could be 21-days WC. He asked if the committee would be more comfortable with 45-days WC, since this is all within one department.

SEN. SESSO prefers to go with 30-days working capital, but is okay with 45-days in spite of the nine day swing. For the average business, having three weeks of money in the bank to cover expenditures is not a bad situation. The bail out is available if it becomes cash negative, and demonstrates they are doing their best to manage costs and work near the margin.

Vote: Motion carried 5-3 with **SEN. COONEY**, **SEN. LARSON** and **REP. BUZZAS** voting no by voice vote. **REP. BUZZAS** voted no by proxy.
{Tape: 2; Side: B; Approx. Time Counter: 24.5 - 30}

DP 301, Indirect/Administrative Costs, Page A-181

CHAIRMAN SINRUD asked for a motion on DP 301. **Mr. DeWitt** noted that this would not approve the DP as requested since the last decision impacts that. It simply gives approval to Mr. DeWitt to work with them to reflect the new rate.

Motion: **SEN. LAIBLE** moved that DP 301, INDIRECT ADMINISTRATIVE COSTS FOR ALL PROGRAMS OF THE DEPARTMENT ADJUSTED BY MR. DEWITT

TO REFLECT THE APPROVED RATES BASED ON A 30-DAY WORKING CAPITAL LEVEL BE ADOPTED.

Discussion:

SEN. COONEY asked to have Ms. Moyer comment.

MS. MOYER said that they support the 60-day working capital rate. The pay plan is not incorporated into this, and the increase is not included, so that adds another factor that has to be funded.

REP. TAYLOR clarified that approval would be done uniformly, still going through each one individually.

CHAIRMAN SINRUD explained that this rate is different from all the other rates. It only affects the Management Services Unit, and what they are being charged to help provide services for all other departments.

Vote: Motion carried 7-1 by voice vote, with **REP. COONEY** voting no. **REP. BUZZAS** voted yes by proxy.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 3.7}

DP 0604, Increase FTE in State Procurement Bureau Page A-195

Motion/Vote: **SEN. LARSON** moved that DP 0604, APPROVE STATE PROCUREMENT BUREAU INCREASE OF \$110,505 GENERAL FUND FOR THE BIENNIUM TO FUND ADDITION OF 1.00 FTE AND OPERATING COSTS, BE ADOPTED. Motion carried unanimously, 8-0 by voice vote. **REP. BUZZAS** voted yes by proxy.

{Tape: 2; Side: B; Approx. Time Counter: 3.7 - 6.6}

DP 608, Fund Switch Page A-196

Motion/Vote: **SEN. LAIBLE** moved that DP 0608, APPROVE REDUCTION OF \$9,509 GENERAL FUND FOR THE BIENNIUM TO MOVE 0.10 FTE PURCHASING AGENT FROM FUNDING IN HB 2 TO PROPRIETARY FUNDING IN STATE PROCUREMENT CARD PROGRAM, BE ADOPTED. Motion carried unanimously, 8-0 by voice vote. **REP. BUZZAS** voted yes by proxy.

{Tape: 2; Side: B; Approx. Time Counter: 6.6 - 8}

Proprietary Rates

Rates for Facilities Management Bureau Page A-197, Figure 6A

REP. TAYLOR noted that this has a 45-day WC level. **CHAIRMAN SINRUD** agreed.

Motion/Vote: SEN. COONEY moved APPROVAL OF RENTAL RATES FOR FACILITIES MANAGEMENT BUREAU SHOWN ON FIGURE 6A OF PAGE A-197. Motion carried 5-3 with REP. TAYLOR, REP. SINRUD, and SEN. STAPLETON voting no by voice vote. REP. BUZZAS voted yes by proxy.
{Tape: 2; Side: B; Approx. Time Counter: 8 - 11}

Rates for Print and Mail Services Page A-201

CHAIRMAN SINRUD introduced the request for Print and Mail Service rates with a 60-day working capital.

SEN. LAIBLE asked for an explanation of why the rates for yearly Inter-agency mail allocated costs of \$165,458 are outside the 60-day WC rate. **Mr. DeWitt** noted that if Inter-Agency Mail operations are separated out, the rest of the Department would have a 60-day WC level approved, as long as operation costs stay below 60-days WC. This does not approve any specific rates.

Motion: SEN. COONEY moved APPROVAL OF 60-DAY WC LEVEL FOR THE RATE AS REQUESTED AND REMOVE INTERAGENCY MAIL ALLOCATION COSTS OF \$165,458 PER YEAR OUTSIDE OF WORKING CAPITAL RATE.

Substitute Motion: SEN. LAIBLE moved APPROVAL OF 30-DAY WORKING CAPITAL LEVEL AND REMOVE INTERAGENCY MAIL ALLOCATION COSTS OF \$165,458 PER YEAR OUTSIDE OF WORKING CAPITAL AS RATE.

SEN. COONEY said that Figure 6C on Page A-203 actually reflects a 39-day WC level, and suggested giving the agency the tools they need to do their job.

Discussion ensued, and **Chairman Sinrud** clarified that the request is for 60-day WC level approval.

Vote: Motion failed on a TIED voice vote, with SEN. COONEY, SEN. LARSON, REP. SESSO and REP. BUZZAS voting no. REP. BUZZAS voted no by proxy.

Substitute Motion/Vote: REP. SESSO moved APPROVAL OF 45-DAY WORKING CAPITAL RATE WITH INTERAGENCY MAIL ALLOCATION COSTS OF \$165,458 PER YEAR OUTSIDE OF THE WORKING CAPITAL RATE. Motion carried 7-1 with SEN. COONEY voting no by voice vote. REP. BUZZAS voted yes by proxy.
{Tape: 2; Side: B; Approx. Time Counter: 11 - 22.7}

Rates for Central Stores

Mr. DeWitt said that they are considering privatizing this by using an on-line vendor to provide all delivery functions, so the package is not relevant. "Supply Contract Management Projected Expenditures for Central Stores" is the agency's estimate of costs. They asked for a 45-day working capital rate in their Hearing. Other states are using a 2% mark-up on retail cost to fund this program, and this would an alternative means.

EXHIBIT(jgh13a04)

Motion: SEN. LAIBLE moved ADOPTION OF 2% MARK-UP RATE ON RETAIL STORES WITH LANGUAGE AS STATED TO RESTRICT EXPENDITURE OF REVENUES ONLY FOR RENT OF STATE-OWNED FACILITIES.

SEN. LAIBLE said that he applauded the department for looking at what is best fiscally for the state. He said that 2% mark-up is very reasonable, and hopes other departments will consider following suit.

MS. MOYER said that they recommend the 45-day WC to allow flexibility for the department.

Vote: Motion carried 6-2 with SEN. COONEY and LARSON voting no by voice vote. REP. BUZZAS voted yes by proxy.
{Tape: 2; Side: B; Approx. Time Counter: 22.7 - 29}

Rates for Statewide Fueling Network Page A-210

CHAIRMAN SINRUD asked Mr. DeWitt to explain the statement about .5 percent of gross fuel purchases based on agency input. **Mr. DeWitt** said that the Executive Budget Book includes a table provided by each agency that lists their historical rates at the end of each fiscal year; i.e., the mark-up on their purchases. Numbers are based on a budgeted amount of .5 percent in FY 2006-FY 2007, the rate that the agency anticipated charging. He suggested using that as the rate.

CHAIRMAN SINRUD clarified the request for 45-day WC and said that history reflects .5 percent of gross fuel purchases.

Motion/Vote: SEN. LAIBLE moved APPROVAL OF RATE OF .5 PERCENT OF GROSS FUEL PURCHASES. Vote carried unanimously 8-0 by voice vote. REP. BUZZAS voted yes by proxy.
{Tape: 3; Side: A; Approx. Time Counter: 0 - 2.6}

Rates for State Procurement Card Program Page A-211

CHAIRMAN SINRUD introduced the request. The agency is looking for approval of 45-day WC with \$1 program fee charge per card per month based on agency input.

Motion: SEN. LAIBLE moved \$1 PER CARD PER MONTH WITH A 30-DAY WORKING CAPITAL.

Mr. DeWitt explained that each person with a credit card would be charged a maximum of \$1 per month for the use of the card. They would have to stay within the 60-day WC because of Federal OMB Circular A-87. The \$1-a-card fee has no direct relationship to any WC level.

Revised Motion: SEN. LAIBLE moved TO CHARGE THE CARD OUT BASED ON 30-DAY WORKING CAPITAL WITH A FEE NOT TO EXCEED \$1 PER MONTH PER CARD.

SEN. COONEY asked for realistic figures; he wanted to know what the effect will be.

CHAIRMAN SINRUD asked Mr. DeWitt to explain. **Mr. DeWitt** referred to the historical amounts mentioned previously. Referring to Page A-212, he said they are down to zero net assets and a very small WC, and said this should not be tied to both the flat fee and the WC.

Amended Motion: SEN. LAIBLE moved TO CHARGE THE CARD OUT BASED ON 30-DAY WORKING CAPITAL RATE.

REP. TAYLOR asked for clarification from Mr. DeWitt that the fee could be either raised or lowered based on a 30-Day WC rate.

Mr. DeWitt confirmed that the statement was correct.

Vote: Motion failed on a TIED voice vote, with SEN. COONEY, SEN. STAPLETON, SEN. LARSON and REP. BUZZAS voting NO. REP. BUZZAS voted no by proxy.

{Tape: 3; Side: A; Approx. Time Counter: 2.6 - 11.7}

Motion/Vote: SEN. COONEY moved APPROVAL OF \$1 PER CARD FEE PER MONTH. Motion carried unanimously 8-0. REP. BUZZAS voted yes by proxy.

**Information Technology Services Division (ITSD)
New Proposals**

**DP 0718 - Montana Spatial Data Infrastructure (MSDI), Federal Request
Page A-216**

CHAIRMAN SINRUD introduced the request. He stated that Base and Statewide Present Law Adjustments and DP 0301, Indirect Administrative Costs, were previously approved in a global motion. He referred to DP 0718, MSDI request of approximately \$1.4 million federal special revenue for the biennium.

Motion/Vote: **SEN. LARSON** moved **APPROVING MSDI FEDERAL REQUEST OF INCREASE OF JUST OVER \$1.4 MILLION FEDERAL SPECIAL REVENUE FOR THE BIENNIUM TO FUND CONTINUING DEVELOPMENT OF MSDI WITH ONE TIME ONLY (OTO) REQUIREMENT. Motion carried unanimously 8-0. REP. BUZZAS** voted yes by proxy.

Mr. DeWitt suggested taking a position now on any budget requests that the committee doesn't take action on, due to related legislation. In this way, when it does come up at a later point, it can be discussed and the committee's position will be clear.

DP 0719 - Montana Land Information Act (MLIA), Page A-217

Chairman SINRUD asked Mr. DeWitt to comment on DP 0719. **Mr. DeWitt** said that this upcoming bill would institute a \$1 increase on filings within the County Clerk and Recorder Offices. He would suggest committee language to show support for the intent to appropriate those dollars. He said that the committee is not voting on DP 0719, just on its support of adding these funds if the laws were as they would be if the MLIA passes.

SEN. LARSON explained that this increase is needed to maintain services in the Geographical Information System, an automated mapping system that allows collection of 12 data layers such as land records and hydrography, outlined in detail on Page A-216. It will store and provide a clearing house of state-wide data for all counties to access and will require on-going maintenance.

REP. SINRUD asked the committee to vote on the member's support for approving DP 0719, if the laws were as they would be if the MLIA passes. The vote reflecting committee support was tied. **SEN. LARSON, SEN. STAPLETON, SEN. LAIBLE, and REP. SINRUD** voted no by voice vote. **SEN. STAPLETON** voted no by proxy, and **REP. BUZZAS** voted yes by proxy.

{Tape: 3; Side: A; Approx. Time Counter: 11.7 - 20.4}

DP 0721 - Public Safety Communications Program (PSCP) -
General Fund (GF) Page A-217

Mr. DeWitt said that DP 0721 is the preliminary portion of a coordinated effort to show support for upgrading the Public Safety Communications Program, so that emergency operations can communicate with each other on one radio.

Motion: SEN. LARSON moved APPROVAL OF DP 0721 - PSCP - GF, INCREASE of \$600,000 GF AND REDUCTION of \$416,914 FEDERAL SPECIAL REVENUE TO SHIFT FUNDING FOR PSCP AS STATED. Motion carried unanimously 8-0 by voice vote. SEN. STAPLETON and REP. BUZZAS voted yes by proxy.

DP 0722 - Emergency Telecommunications Infrastructure -
One Time Only (OTO) Page A-218

Motion: SEN. COONEY moved DP 0722, EMERGENCY TELECOMMUNICATIONS INFRASTRUCTURE (ETI) ONE TIME ONLY INCREASE OF \$4.1 MILLION GENERAL FUND FOR THE BIENNIUM TO FUND NORTHERN TIER INTEROPERABILITY PROJECT (NTIP) AS STATED.

Mr. DeWitt noted that this amount will not be in the base. It is OTO, biennial, and restricted.

SEN. LAIBLE expressed concern about this OTO expense, as this is a project that will cost the state about \$150 million. **Mr. DeWitt** explained that this estimate would cover all types of funding of all interoperability projects across the state. **SEN. LAIBLE** said that we could be committing state, local, and state-wide resources of \$150 million, including whatever the federal contribution is. He said that he is hesitant to spend \$4 million OTO.

{Tape: 3; Side: A; Approx. Time Counter: 20.4 - 29.1}

SEN. LAIBLE suggested more research on the viability of this program. He said that money was not available previously to update the 30-year-old equipment. When these systems were put into place before, we have had money for maintenance, repairs, and replacement. The \$4 million only takes care of the border counties and four tribes. He said that he was concerned that more money would be needed.

SEN. LARSON said that to be on the cutting edge of what is going on, the estimate of \$150 million is necessary. This is a starting point; as technology increases, the dollar amount will go down.

Ms. MOYER said that this estimate is for \$150 million for the entire state. The \$4.1 million general fund is the last piece needed to get this project going.

REP. SESSO noted that this is an important improvement for our state. "We have border issues. We are a partner with Homeland Security and the military on this; there has always been a goal to improve our border security. With DP 0722, we are deciding to move forward with a desirable project," he stated.

SEN. LAIBLE said that the planning portion of DP 0722 is done. He wants to keep the program going, but doesn't want to rush into this.

SEN. COONEY said that he is supporting this on behalf of law enforcement.

CHAIRMAN SINRUD suggested requiring an ongoing report from ITSD to the Legislative Finance Committee to keep updated.

SEN. LAIBLE expressed support and asked that the requested report be made part of the motion.

Amended Motion/Vote: **SEN. COONEY** moved DP 0722, **EMERGENCY TELECOMMUNICATIONS INFRASTRUCTURE (ETI), ONE TIME ONLY, RESTRICTED, AND BIENNIAL, INCREASE OF \$4.1 MILLION GENERAL FUND FOR THE BIENNIUM TO FUND NORTHERN TIER INTEROPERABILITY PROJECT (NTIP) AS STATED, AND REQUEST AN ONGOING REPORT TO THE LEGISLATIVE FINANCE COMMITTEE ON THIS PROJECT.** Motion carried unanimously 8-0 by voice vote. **SEN. STAPLETON** and **REP. BUZZAS** voted yes by proxy.

REP. TAYLOR stated, "I hope that the new computer system analysts in the PSCP would coordinate with all local jurisdictions (the sheriff's department, fire department, fish and wildlife, the reservations) to make sure that as any of these people are replacing their radios, with whatever funds they are using, they do so with the thought that down the road those radios will work with this program."

{Tape: 3; Side: B; Approx. Time Counter: 0 - 9.4}

Language

Language for POINTS Replacement to Expend Loan Proceeds
Page A-219

Mr. DeWitt asked for approval of the suggested language shown at the bottom of Page A-219 in the LFD Issue. The remaining amount of unspent proceeds from the loan received for POINTS replacement is being appropriated: it is basically the same language recommended by the executive. This appropriation allows continuance of the parts that are payable after June 30 if the project can't be completed by June 30.

Motion/Vote: SEN. COONEY moved SUGGESTED LFD LANGUAGE SHOWN IN THE LFD ISSUE AT THE BOTTOM OF PAGE A-219. Motion carried unanimously 8-0 by voice vote. SEN. STAPLETON and REP. BUZZAS voted yes by proxy.

Proprietary Rates
Rates for Information Technology Services Division (ITSD)
Page A-222

The Committee received a handout, "ITSD Working Capital Analysis."

[EXHIBIT\(jgh13a05\)](#)

CHAIRMAN SINRUD asked for the following: "Approval of Rates for ITSD with ability to continue charging various rates to maintain a 45-day working capital (WC), except that the desktop services rate may not exceed \$72.60 per connection per month. This is as the executive requested, except a separate allocation for SABHRS (the state accounting program) of \$6,335,169 for each year of FY 2006 and FY 2007, or the amount that was budgeted in an agency budget, whichever is more."

Motion: SEN. LAIBLE moved 30-DAY WORKING CAPITAL, KEEPING THE \$72.60 RATE AND THE SABHRS RATE.

SEN. COONEY asked Ms. Moyer to respond. **Ms. Moyer** said the administration supports the 45-Day WC because of the following:

- 1) It provides the ability to meet cash flow and service program requirements over time,
- 2) It provides the ability to react to unforeseen changes in demand and cost,
- 3) It is consistent with Federal Circular A-87 which provides for 60-Day WC limit,

- 4) It allows agencies to manage changes in accounts receivable cycles and programs can operate more as a business within government,
- 5) Control is provided through the fact that the agency is budgeted at the projected rate,
- 6) Programs historically have not provided increases unless absolutely necessary,
- 7) Programs have historically not exceeded their WC limit and when this happened, Programs have lowered rates, and
- 8) The Legislative Finance Committee heard this issue and chose not to act on this matter.

Mr. DeWitt explained "ITSD Working Capital Analysis," provided by the ITSD. Financial information for this fund gives the impression they are running over a 60-Day WC, because net assets are higher than 60 days. Net assets includes equipment, and this Table more accurately reflects what the cash dollars are doing. They are currently running with only an 8 day WC. Based on projected costs and revenues, they would have a 21-day WC in FY 2005, 22-day WC in FY 2006, and a 17-day WC in FY 2007. He noted that approving \$72.60 per connection, per month, caps the desktop services rate.

{Tape: 3; Side: B; Approx. Time Counter: 9.4 - 18.5}

SEN. LAIBLE asked if giving a 30-day WC rate allows the ability to raise the rate. **Mr. DeWitt** said that would be possible, but they have not wanted to in the past.

REP. SESSO asked if the revenue is based on a rate selected that was supposed to result in 60-days of WC. **Mr. DeWitt** deferred to Jeff Brandt, ITSD.

REP. SESSO asked if the rate is being established based on an objective to keep 60-days of WC in the account, but hasn't worked out in terms of the WC in the bank. **Jeff Brandt, Acting CIO and Division Administrator, ITSD**, cited federal regulations and what the market will bear being among factors affecting rates. Those factors have held the WC down. A balance of eight days is running on the edge. Their goal is to get the WC balance up so they have a viable financial position. The amount of work they could get done and the rates that were capped held them down. The rates they propose will not allow them to end the biennium with more than a low balance of 17-days of WC.

CHAIRMAN SINRUD asked if the \$72.60 desktop services rate should be increased. **Mr. Brandt** said that issue will be dealt with in the Session; their position is \$72.60 for the next biennium. He said all their rates are based on surveys, but in some situations

they are left holding the bag and that has contributed to a lower profit and very low WC.

SEN. LAIBLE noted that 30-Days WC is not enough.
{Tape: 3; Side: B; Approx. Time Counter: 18.5 - 26.9}

REP. SESSO asked if a vote for 30-Days of WC would compel the agency to raise or lower their rates to achieve that goal.
CHAIRMAN SINRUD said, "No."

SEN. COONEY spoke favorably of the agency holding the line on rates. He noted that he did not like changing WC.
{Tape: 3; Side: B; Approx. Time Counter: 26.9 - 29}

SEN. LAIBLE asked for clarification from Mr. DeWitt. **Mr. DeWitt** said that based on current operations, it would not matter whether it was a 30-Day WC or a 45-Day WC rate.

Motion/Vote: **SEN. LAIBLE** moved **APPROVAL** of **ITSD RATES WITH A 30-DAY WC, DESKTOP SERVICES RATE NOT TO EXCEED \$72.60 PER CONNECTION PER MONTH, SAME AS EXECUTIVE, EXCEPT A SEPARATE ALLOCATION FOR SABHRS OF \$6,335,169 FOR FY 2006 and FY 2007, OR THE AMOUNT BUDGETED IN THAT AGENCY BUDGET, WHICHEVER IS MORE.** Motion carried 5-3 by voice vote, with **SEN. COONEY, SEN. LARSON** and **REP. BUZZAS** voting no. **REP. BUZZAS** voted no by proxy.
{Tape: 4; Side: A; Approx. Time Counter: 0 - 2.1}

(Note: **SEN. STAPLETON** left the room and **REP. BUZZAS** returned.)

**Banking and Financial Division
Present Law Adjustments**

DP 1401, Request 3.25 FTE Bank Examiners Page A-227

CHAIRMAN SINRUD introduced the request for an increase of \$448,861 state special revenue for the biennium to fund the additional 3.25 FTE and costs for associated office equipment and travel expenditures, and asked for a motion.

Motion/Vote: **SEN. LAIBLE** moved **APPROVAL OF DP 1401, REQUEST FOR INCREASE OF \$448,861 STATE SPECIAL REVENUE FOR THE BIENNIUM TO FUND THE ADDITIONAL 3.25 FTE AND COSTS FOR ASSOCIATED OFFICE EQUIPMENT AND TRAVEL EXPENDITURES, AS STATED.** Motion carried unanimously 8-0 by voice vote. **SEN. STAPLETON** voted yes by proxy.

**DP 1402 Replace desktop computers
and network printer Page A-228**

Motion: SEN. COONEY moved DP 1402, REQUEST FOR AN INCREASE OF \$11,150 STATE SPECIAL REVENUE FOR FY 2006 TO REPLACE COMPUTERS.

Mr. DeWitt explained DP 1402, a request for money to replace computers. The base includes funding for computers. The LFD position is that base funding exists and this is not necessary.

MOTION WITHDRAWN by SEN. COONEY without objection.

{Tape: 4; Side: A; Approx. Time Counter: 2.1 - 5.3}

**DP 1403 - Fund Ongoing Conference of State Bank Supervisors
(CSBS) Accreditation Program Page A-228**

CHAIRMAN SINRUD introduced DP 1403, a request for an increase of \$10,000 state special revenue for the biennium to maintain division accreditation through CSBS. The adjustment includes funding to pay a \$5,000 annual dues assessment comprised of a \$3,000 annual fee plus 20 percent of the \$10,000 estimated cost, to fund a re-accreditation assessment in FY 2010.

Motion/Vote: SEN. COONEY moved DP 1403, AS STATED. Motion carried unanimously 8-0 by voice vote. SEN. STAPLETON voted yes by proxy.

DP 1404 - Compensatory Based Pay Plan

CHAIRMAN SINRUD stated that DP 1404, which is new, will be discussed on January 19, 2005. Mr. DeWitt handed out "Financial Institutions/Examiner Profile and "DP 1404 - Compensatory Based Pay Plan."

[EXHIBIT\(jgh13a06\)](#)

[EXHIBIT\(jgh13a07\)](#)

**Montana State Lottery
Present Law Adjustments**

DP 1501 - Administrative Server - One Time Only (OTO) Page A-235

Motion/Vote: SEN. COONEY moved DP 1501, ONE TIME ONLY INCREASE OF \$7,000 LOTTERY PROPRIETARY FUND FOR FY 2006 TO REPLACE ADMINISTRATIVE SERVER CONTROLLING LOTTERY LOCAL AREA NETWORK. Motion carried unanimously 8-0 by voice vote, with SEN. STAPLETON voting yes by proxy.

DP 1502 - Commission Per Diem

Motion/Vote: SEN. LARSON moved DP 1502, INCREASE OF \$2,500 LOTTERY PROPRIETARY FUND FOR THE BIENNIUM TO FUND PER DIEM FOR FIVE LOTTERY COMMISSION MEETINGS PER YEAR. Motion carried 7-1 by voice vote, with REP. TAYLOR voting no. SEN. STAPLETON voted yes by proxy.

{Tape: 4; Side: A; Approx. Time Counter: 5.3 - 10.6}

DP 1503 - Operating System

CHAIRMAN SINRUD introduced DP 1503, request for Lottery Proprietary Fund Operating System increase of \$600,000. He noted an LFD Issue, and suggested designating the adjustment as one-time-only, so that future funding can be evaluated on the merit of a systematic maintenance plan, when it is developed.

Motion/Vote: SEN. LAIBLE moved DP 1503, INCREASE OF \$600,000 LOTTERY PROPRIETARY FUND, ONE TIME ONLY, RESTRICTED WITH LANGUAGE TO EXPENSES TO REPLACE, REFURBISH, OR PURCHASE NEW EQUIPMENT AND SOFTWARE FOR THE LOTTERY ON-LINE GAMING SYSTEM, AND BIENNIAL. Motion carried 7-1 by voice vote, with REP. SINRUD voting no. SEN. STAPLETON voted yes by proxy.

DP 1506 - Rent Page A-236

CHAIRMAN SINRUD introduced DP 1506, request for increase of \$6,632 lottery proprietary fund for the biennium to fund increased rent costs for lottery office and warehouse space based on actual rental contract terms and projected costs expected when lease contract expires and is renegotiated after March 2007.

Motion/Vote: SEN. COONEY moved DP 1506, INCREASE OF \$6,632 LOTTERY PROPRIETARY FUND FOR THE BIENNIUM TO FUND INCREASED RENT COSTS FOR LOTTERY OFFICE. Motion carried unanimously 8-0 by voice vote. SEN. STAPLETON voted yes by proxy.

DP 1507 - Vendor Fees Page A-236

CHAIRMAN SINRUD introduced DP 1507, request for increase of \$400,000 lottery proprietary fund for the biennium to fund payments to the vendor that operates and maintains the lottery operating systems. He said that LFD suggests restricting the appropriation for this adjustment to only allow expenditures to be made as indicated.

Motion/Vote: SEN. COONEY moved DP 1507, INCREASE OF \$400,000 LOTTERY PROPRIETARY FUND FOR THE BIENNIUM, RESTRICTED WITH LANGUAGE TO PAYMENT FEES TO THE LOTTERY ON-LINE GAMING SYSTEM VENDOR UNDER VALID CONTRACT OBLIGATIONS. Motion carried unanimously 8-0 by voice vote. SEN. STAPLETON voted yes by proxy. {Tape: 4; Side: A; Approx. Time Counter: 10.6 - 13.3}

DP 1550 - Reduce debt service Page A-236

CHAIRMAN SINRUD introduced DP 1550, request for reduction of almost \$2.3 million lottery proprietary fund for the biennium to eliminate base funding for debt service.

Motion/Vote: SEN. LAIBLE moved DP 1550, DECREASE OF ALMOST \$2.3 MILLION LOTTERY PROPRIETARY FUND FOR THE BIENNIUM TO ELIMINATE BASE FUNDING FOR DEBT SERVICE. Motion carried unanimously 8-0 by voice vote. SEN. STAPLETON voted yes by proxy.

New Proposals

DP 1504 - Permanent Signage Page A-237

CHAIRMAN SINRUD introduced DP 1504, request for one-time-only biennial increase of \$120,000 lottery proprietary fund for FY 2006, restricted to purchasing window signage identifying retailers as a lottery sales location.

Motion/Vote: REP. SESSO moved DP 1504, ONE TIME ONLY, BIENNIAL INCREASE OF \$120,000 LOTTERY PROPRIETARY FUND FOR FY 2006, RESTRICTED WITH LANGUAGE TO PURCHASES OF WINDOW SIGNS TO IDENTIFY RETAILERS AS A LOTTERY SALES LOCATION. Motion carried 7-1 by voice vote with REP. SINRUD voting no. SEN. STAPLETON voted yes by proxy.

**State Personnel Division
Present Law Adjustments**

DP 3 - State Daycare Lease Rate Increase Page A-239

CHAIRMAN SINRUD introduced DP 3, a request for an increase of \$5,430 state special revenue for the biennium, to fund increased rent for the state sponsored daycare in Helena.

Motion: SEN. COONEY moved DP 3, INCREASE of \$5,430 STATE SPECIAL REVENUE FOR THE BIENNIUM TO FUND INCREASED RENT FOR THE STATE SPONSORED DAYCARE IN HELENA.

SEN. LAIBLE commented that special consideration is being given to those individuals who work in Helena, and those in other parts of the state don't get the same benefit. He said that he was against DP 3, and he felt that benefits for state employees should be consistent.

REP. BUZZAS said that a lot of private companies offer this package. Workers don't take as much sick leave when they have good daycare. The state is setting a good example.

SEN. COONEY would like to offer this benefit to all State employees, but the majority of employees work in Helena. He noted that daycare has proven useful to employers. He has not heard complaints from those outside of Helena, that said this is unfair.

SEN. LAIBLE said that the State is still paying the rent for this facility, the issue is the increase. He noted that the average age of the state worker is around 44-48, and they probably don't have children in daycare. He felt that only a small portion of state workers are accessing this.

SEN. COONEY commented that a lot of grandparents are raising their grandchildren, and they are taking advantage of this.

REP. TAYLOR suggested charging the Helena FTE extra and not adding to the state costs. She agreed with **SEN. LAIBLE**.

REP. BUZZAS noted that this is a small amount of money, but it means a lot to those who have to pay monthly childcare. She doesn't want to discourage the younger work force because of child care issues.

REP. SESSO suggested that if the issue is equity to all state employees, we could consider adding language that we will consider the cost to expand this program. Then it would be a fiscal issue to address in subsequent discussions.

{Tape: 4; Side: A; Approx. Time Counter: 13.3 - 21.8}

Motion/Vote: **SEN. COONEY** moved DP 3, INCREASE of \$5,430 STATE SPECIAL REVENUE FOR THE BIENNIUM TO FUND INCREASED RENT FOR THE STATE SPONSORED DAYCARE IN HELENA. Motion failed on a TIED voice vote, with **REP. SINRUD**, **REP. TAYLOR**, **SEN. STAPLETON**, and **SEN. LAIBLE** voting no. **SEN. STAPLETON** voted no by proxy.

DP 4 - Governor's Advisory Council on Disability Page A-240

CHAIRMAN SINRUD introduced DP 4, a request for an increase of \$5,872 general fund for the biennium to fund the Governor's Advisory Council on Disability for two-day meetings each quarter.

Motion: REP. BUZZAS moved DP 4, INCREASE of \$5,872 GENERAL FUND FOR THE BIENNIUM TO FUND THE GOVERNOR'S ADVISORY COUNCIL ON DISABILITY FOR TWO-DAY MEETINGS EACH QUARTER.

(Note: SEN. COONEY gave his signed Proxy to the Vice Chair and temporarily left the meeting.)

SEN. LAIBLE noted an 80% attendance now, and said that they don't know if the additional money will confirm 100% attendance.

REP. BUZZAS said that people with disabilities are usually on a fixed income and it is difficult for them to travel. Anything we can do to help them get to meetings is important.

REP. TAYLOR suggested having more video conferencing, rather than moving people around the state. It should be done with all commissions and meetings, statewide, all of the time. Using video conferencing with the lottery would have eliminated the second day of their meeting.

REP. BUZZAS agreed that was a good long-term goal, and noted that at this time not everyone has access to video conferencing facilities, which are very limited to people with disabilities.

SEN. LARSON said that from past experience, it is easier to look into a camera and say "no" than it is look into someone's eyes and say "no." Using video conferences in some situations, on an educational basis, is a good idea but it is not for the disabled.

REP. SESSO noted that the staff had done their homework in trying to increase the participation of the advisory council. The feedback that they got was the difficulty of members coming for one night and having to make a long trip home. He felt that this accommodation was reasonable, and supported the motion.

{Tape: 4; Side: A; Approx. Time Counter: 21.8 - 30}

Motion/Vote: REP. BUZZAS moved DP 4, INCREASE of \$5,872 GENERAL FUND FOR THE BIENNIUM TO FUND THE GOVERNOR'S ADVISORY COUNCIL ON DISABILITY FOR TWO-DAY MEETINGS EACH QUARTER. Motion carried unanimously 8-0 by voice vote. SEN. STAPLETON and SEN. COONEY voted yes by proxy.

DP 2310 - Statewide FTE Reduction

CHAIRMAN SINRUD introduced DP 2310, a request for reduction of \$85,970 general fund for the biennium to reduce funding for 1.00 FTE human resources specialist.

Motion/Vote: SEN. LAIBLE moved DP 2310, REDUCTION OF \$85,970 GENERAL FUND FOR THE BIENNIUM TO REDUCE FUNDING FOR 1.00 FTE HUMAN RESOURCES SPECIALIST. Motion carried unanimously 8-0 by voice vote. SEN. STAPLETON and SEN. COONEY voted yes by proxy. {Tape: 4; Side: B; Approx. Time Counter: 0 - 3}

Proprietary Rates

Rates for Intergovernmental Training Page A-243, Figure 23B

CHAIRMAN SINRUD referred to Figure 23B, Professional Development Center Rates, Page A-243 and asked Mr. DeWitt for an explanation. **Mr. DeWitt** explained the request. He said that the Professional Development Center is trying to increase their working capital, so that one-half of the 45-day working capital is factored into their rate change. The \$127.86 rate is used to develop their operating environment. The request is for approval of the rate with a 45-day working capital.

Motion: REP. BUZZAS moved APPROVAL OF THE \$127.86 RATE, WITH A 45-DAY WORKING CAPITAL AS OUTLINED in FIGURE 23B PAGE A-243.

REP. TAYLOR asked what the impact would be if this were changed to a 30-day working capital rate. **Mr. DeWitt** re-calculated the figures and said they are working at about a 22-day working capital rate in their table. **SEN. LAIBLE** suggested that a substitute motion might be in order, but it was determined not to be necessary, and REP. BUZZAS was asked to restate her Motion to adopt the rates in Figure 23B without a working capital.

Motion/Vote: REP. BUZZAS moved ADOPTION OF THE RATES AS STATED IN FIGURE 23B, PAGE A-243. Motion carried unanimously 8-0 by voice vote. SEN. STAPLETON and SEN. COONEY voted yes by proxy.

Rates for State Payroll/Benefits Operations Bureau
Figure 23E, Page A-246

CHAIRMAN SINRUD introduced a rate request from the Payroll and Benefits Operations Bureau.

(Note: REP. TAYLOR gave her signed Proxy to the Vice Chair and temporarily left the meeting prior to the vote.)

Motion/Vote: REP. TAYLOR moved ADOPTION OF THE RATES FOR THE PAYROLL AND BENEFITS OPERATIONS BUREAU, AS STATED IN FIGURE 23E, PAGE A-246. Motion carried unanimously 8-0 by Voice Vote. SEN. STAPLETON, REP. TAYLOR, and SEN. COONEY voted yes by proxy.

Risk Management and Tort Defense Figure 24A, Page A-255

CHAIRMAN SINRUD introduced a rate request from Risk Management and Tort Defense.

Motion/Vote: SEN. LARSON moved ADOPTION OF THE RISK MANAGEMENT AND TORT DEFENSE RATES AS STATED IN FIGURE 24A, PAGE A-255. Motion carried unanimously 8-0 by voice vote. SEN. STAPLETON, REP. TAYLOR, and SEN. COONEY voted yes by proxy.

**State Tax Appeal Board
Present Law Adjustments**

DP 2310, Statewide FTE Reduction Page A-258

CHAIRMAN SINRUD introduced DP 2310, request for reduction of \$31,564 general fund for the biennium to reduce funding by 0.50 FTE for an aggregate position that funds county tax appeal board secretaries.

Motion/Vote: SEN. LAIBLE moved DP 2310, APPROVAL OF REQUEST FOR REDUCTION OF \$31,564 GENERAL FUND FOR THE BIENNIUM. Motion carried unanimously 8-0 by voice vote. SEN. STAPLETON, REP. TAYLOR, and SEN. COONEY voted yes by proxy.

CHAIRMAN SINRUD concluded the day by noting that tomorrow's business will be in the following order: Banking, Consumer Counsel, Appellate Defender Commission, and Consensus Counsel.
{Tape: 4; Side: B; Approx. Time Counter: 3 - 14}

ADJOURNMENT

Adjournment: 11:50 A.M.

REP. JOHN SINRUD, Chairman

LINDA KEIM, Secretary

JS/lk

Additional Exhibits:

EXHIBIT ([jgh13aad0.PDF](#))