



GENERAL GOVERNMENT INTERIM BUDGET COMMITTEE

67th Montana Legislature

SENATE MEMBERS

Pat Flowers
Douglas (Doug) Kary
Mike Lang

HOUSE MEMBERS

Steve Gist
Vince Ricci
Sharon Stewart Peregoy
Brad Tschida

COMMITTEE STAFF

Prudence Gildroy – Secretary
Molly Delcurto, Fiscal Analyst
Katie Guenther - Fiscal Analyst
Amy Sassano - OBPP Staffer
Kris Wilkinson - Fiscal Analyst

MINUTES LOG

March 16, 2022
Room 455
Helena, Montana

Please note: This document is a Minutes Log and provides annotation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video recording of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of the meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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MEMBERS PRESENT:

Sen. Mike Lang, Chair (R)
Sen. Pat Flowers, Vice Chair (D)
Sen. Douglas (Doug) Kary (R)
Rep. Steve Gist (R)
Rep. Brad Tschida (R)

MEMBERS EXCUSED:

Rep. Vince Ricci (R)
Rep. Sharon Stewart Peregoy (D)

MEMBERS ABSENT:

STAFF PRESENT:

Prudence Gildroy, Secretary
Molly Delcurto, Fiscal Analyst
Katie Guenther, Fiscal Analyst
Kris Wilkinson, Fiscal Analyst
Amy Sassano, Governor's Deputy Budget Director
Sonia Powell, OBPP Analyst
Angie Nelson, OBPP Analyst

AGENDA ([Attachment 1](#))

VISITORS' LIST ([Attachment 2](#))

COMMITTEE ACTION

CALL TO ORDER/ROLL CALL

09:02:34 Sen. Mike Lang-R called the meeting to order at 9:02 AM. The committee secretary took roll.

Review and approval of minutes

09:03:41 It was moved and seconded to approve the minutes of the last meeting. Motion carried unanimously.

Budgetary Update/MARA/Personal Services

09:04:31 Kris Wilkinson, Legislative Fiscal Division (LFD), presented a budgetary update. [[Exhibit 1](#)]

09:08:01 Molly Delcurto, LFD, reported on MARA. [[Exhibit 2](#)]

09:15:49 In response to a question from Vice Chair Lang, Ms. Delcurto confirmed that Long Range Planning will be providing data. Sen. Lang asked if there is money set aside to run the MARA model. Ms. Wilkinson clarified that is within the scope of their budget.

09:16:56 Rep. Tschida indicated he had a question concerning MARA but would bring it up later as appropriate.

09:17:27 Sen. Lang welcomed the staff from the Office of Budget and Program Planning (OBPP).

FY 2022 Budget Status Reports, LFD Staff

Legislative Branch

09:17:57 Ms. Wilkinson, LFD presented the budget status report for the Legislative Branch. [[Exhibit 3](#)]

09:28:15 Sen. Kary asked about the plan for equipment upgrades, and Ms. Wilkinson explained that expenditures are made as they go along. It is a two-year project.

09:29:15 Vice Chair Lang asked about the process. Ms. Wilkinson indicated that vendors bid, present invoices, and are paid. He raised an issue about information on LAWS that may not be needed. Ms. Wilkinson said she would find the answer to that.

09:30:43 Sen. Flowers asked Angus Maciver, Legislative Audit Division (LAD) about hiring and Mr. Maciver indicated they expect to hire four new employees this year. He explained the recruitment process.

Governor's Office

- 09:33:52 Ms. Wilkinson addressed the budget status report for the Governor's office. [\[Exhibit 4\]](#)
- 09:40:40 Rep. Tschida asked about the remaining CARE Act dollars and Ms. Wilkinson clarified they had been expended.
- 09:41:26 Sen. Flowers asked about agency-wide spending of ARPA. Ms. Wilkinson pointed to the COVID-19 summary report and said they try to balance all that information.
- 09:42:23 Amy Sassano, OBPP, replied to an inquiry of Sen. Flowers and referred the committee to arpa@mt.gov for more information. She stated that most expenditures are done by reimbursement.
- 09:45:30 Sen. Lang commented on the data on the website. Ms. Sassano stated that she thought they have the best website in the country. Ms. Sassano introduced the new Internal Control Coordinator in the Governor's office.
- 09:48:14 Chet Maclain, Internal Control Coordinator, addressed the committee. Ms. Sassano commented on the extensive knowledge of Mr. Maclain.

Consumer Counsel

- 09:50:28 Ms. Wilkinson presented the budget status report for the Consumer Counsel. [\[Exhibit 5\]](#)
- 09:52:51 Vice Chair Lang asked about the education relief funding. Ms. Wilkinson indicated there had been no expenditures of the \$17 million. Ms. Sassano explained the GEAR funds are at the discretion of the Governor. Anything unexpended by OPI will be returned to the Governor's office and made available for grants.
- 09:58:48 Vice Chair Lang asked about the carryforward authority, and Ms. Wilkinson said that is not part of permanent funding. Ms. Sassano replied carryforward is not in the base and can't be used to make permanent pay increases. Approval must be given by the Governor's office for expenditures of carryforward funds.

Commissioner of Political Practice

- 10:01:28 Ms. Wilkinson addressed the budget status report of the Commissioner of Political Practices. [\[Exhibit 6\]](#)

State Auditor's Office

- 10:05:13 Ms. Wilkinson explained the budget status report for the State Auditor's Office. [\[Exhibit 7\]](#)
- 10:11:08 Vice Chair Lang asked if changes would lower insurance costs and that was affirmed.

Department of Commerce

- 10:11:43 Ms. Delcurto presented the budget status report for the Department of Commerce. [\[Exhibit 8\]](#)
- 10:24:58 Sen. Flowers asked Adam Shafer, Department of Commerce, about the marketing plan for the use of the rental assistance funds and Mr. Shafer described their advertising efforts. They continue to review and approve applications.

- 10:27:30 Rep. Tschida asked about expenditures in the Affordable House Production program. Cheryl Cohen, Department of Commerce, responded. Rep. Tschida asked what determinations are based on, and Ms. Cohen replied.
- 10:30:20 Ms. Sassano added the amount of money needed for emergency rental assistance was more than was needed. Legislation would be needed for re-allocation.

Break

- 10:47:46 Reconvene

FY 2022 Budget Status Reports Continued, LFD Staff

Department of Administration

- 10:48:10 Katie Gunther, LFD, reported on the budget status of the Department of Administration (DOA) and introduced Kristin Reynolds, Chief Financial Officer and Yvette Englert, Deputy Director, at DOA. [\[Exhibit 9\]](#)
- 11:05:17 Sen. Kary asked what the bank charges entail. Sonia Powell, OBPP, said by law banking services are contracted to a provider. Ms. Guenther said the Division of Banking is the entity that oversees banks and credit unions.
- 11:08:47 Rep. Tschida asked for more detailed information on what the banking services are. Ms. Wilkinson clarified the Department of Administration is the state treasurer and requires the services of a bank.
- 11:10:13 Vice Chair Lang asked about the Taylor grazing fees. Angie Nelson, OBPP, said that is a federal appropriation. Those are distributed to the different districts per a federal formula toward the end of the fiscal year.
- 11:11:37 Sen. Flowers asked the reason for an ARPA attorney. The deputy director for the Department of Administration indicated they hired an expert on broadband. Ms. Sassano stated the attorney brings a wealth of knowledge and expertise.
- 11:14:09 Ms. Guenther pointed out the document concerning reporting requirements.

Secretary of State

- 11:14:49 Ms. Wilkinson reviewed the budget status report of the Secretary of State. [\[Exhibit 10\]](#)
- 11:20:29 Rep. Tschida asked about Elect Montana funding, and Ms. Wilkinson explained the money is a separate source of federal funding.
- 11:21:30 Vice Chair Lang asked about the fees and Angela Nunn, Office of Secretary of State, responded. They are reviewing fees with the intention of reducing them.
- 11:23:40 Sen. Flowers questioned the proposal to use the fund balance in business services funds to fund litigation. Ms. Wilkinson explained they do not separate out or match services to the services provided. Sen. Flowers asked why there was no process for budget modification to spend out of that fund and Ms. Sassano provided clarification. Sen. Flowers requested a report on what is spent on legal defense on an ongoing basis.
- 11:29:51 Ms. Wilkinson referred to a copy of an email with additional information requested by the committee at the last meeting. [\[Exhibit 11\]](#)
- 11:31:21 Sen. Kary remarked that the email explained the two issues well.

- 11:32:00 Vice Chair Lang asked if all the counties are looked at. Ms. Nunn said they review the requests. HB 530 required security assessments and administrative rules are being worked on. The results will be reported to SAVA.
- 11:33:43 Dana Corson, Director of Elections, Secretary of State's office discussed a comparison of the new ElectMT system compared to the old system.

Break

- 13:03:02 Reconvene

FY 2022 Budget Status Reports Continued, LFD Staff

Department of Revenue

- 13:03:27 Ms. Delcurto presented the budget status report for the Department of Revenue. [\[Exhibit 12\]](#)
- 13:12:36 Rep. Tschida asked for more information on the tribal alcohol and cigarette sale agreements, and Ms. Delcurto responded. Ms. Wilkinson explained the state collects and distributes those funds to the tribes, and the appropriation is used for that purpose.
- 13:15:03 Sen. Lang asked for further clarification, and Ms. Wilkinson replied.
- 13:15:39 Becky Schlauch, Department of Revenue (DOR), added that the alcohol taxes are collected monthly, quarterly or annually and are remitted quarterly back to the tribes.
- 13:16:07 Sen. Flowers asked about tax collections in the cannabis program. Ms. Delcurto indicated that information would be addressed later.
- 13:17:05 Vice Chair Lang inquired about out of state debt collections. Danielle Brenimer, DOR, explained a chart showing out-of-state collections. [\[Exhibit 13\]](#)
- 13:19:45 Vice Chair Lang inquired further, and Ms. Brenimer replied.
- 13:20:49 Rep. Tschida asked about the total collected by the collections company for the year. Ms. Brenimer anticipated it would be over \$150,000 for FY 2022. Rep. Tschida asked if anything uncollected would be considered bad debt and written off. Ms. Brenimer replied in most situations it would.
- 13:23:32 Rep. Gist asked about the out-of-state debt collections and Ms. Brenimer explained the state does not have the jurisdiction to collect from taxpayers outside the state.
- 13:25:54 Sen. Flowers inquired what the uncollected debt was, and Ms. Brenimer responded.
- 13:26:33 Rep. Gist asked about filing a lien on property, and Ms. Brenimer replied yes, if the property is in state.
- 13:27:41 Rep. Tschida asked if the state can recoup the debt through a lien, and Ms. Brenimer replied yes.
- 13:28:34 Jason Lay, DOR, provided an overview on unclaimed property and stated they hire out-of-state auditors. [\[Exhibit 14\]](#)
- 13:29:46 Becky Schlauch, DOR, reported on shipping costs associated with liquor purchases and distribution. [\[Exhibit 15\]](#)
- 13:33:21 Vice Chair Lang asked if the department absorbs the cost. Ms. Schlauch clarified it is added into the sales price.
- 13:34:06 Rep. Gist asked if any fuel surcharges are built into the contracts. Ms. Schlauch said not in the current contract, but that could change in July.

- 13:34:45 Vice Chair Lang asked about the contracts. Ms. Schlauch indicated there is an RFP process.
- 13:35:07 Mr. Lay updated the committee on recreational and medical marijuana tax revenue.
- 13:37:20 Sen. Kary requested a copy of the slide for the committee.
- 13:38:08 Mr. Lay addressed the local option taxes in various localities.
- 13:39:11 Sen. Flowers said he visited with several dispensaries who reported things were going smoothly. One issue was a backlog with fingerprinting. Tracy Morano, DOR, said she would have the administrator contact him. Sen. Flowers asked about the process on tribal lands. Ms. Morana said they would get him that information.

Department of Labor and Industry

- 13:44:05 Ms. Delcurto addressed the budget status report for the Department of Labor and Industry. [\[Exhibit 16\]](#)
- 13:54:13 Vice Chair Lang asked about statistics on employers who are covering their employees with work comp insurance. The agency will supply that information. He asked about the UI tax.
- 13:55:37 Paul Martin, Department of Labor and Industry (DLI), responded to the questions of Vice Chair Lang.
- 13:57:27 Molly Delcurto explained a memo that outlined the various federal programs regarding unemployment. [\[Exhibit 17\]](#)
- 14:01:22 Jeannie Keller, fraud prevention manager, DLI, reported on unemployment insurance fraud. [\[Exhibit 18\]](#)
- 14:04:30 Vice Chair Lang asked Ms. Keller to explain fraud payments by type.
- 14:06:10 Sen. Flowers asked how the fraud compares to other states. Ms. Keller said it was generally lower, but reporting is not consistent across the country.
- 14:08:40 Vice Chair Lang inquired about the computer upgrades and the department responded.
- 14:10:02 Ms. Wagner reported on the demographics of those leaving the labor force.
- 14:18:07 Vice Chair Lang asked Ms. Wagner where she sees things going. Ms. Wagner said after 2024 there should be more workers in the workplace.

Department of Military Affairs

- 14:21:37 Ms. Delcurto presented the budget status report for the Department of Military Affairs. [\[Exhibit 18\]](#)
- 14:33:47 Vice Chair Lang asked about the wildfire fund. Ms. Wilkinson said a portion comes from agency reversions.
- 14:35:33 Cindi West, deputy director, Department of Military Affairs gave an update on the Montana Youth Challenge Academy and on the effects of the changes made to the search and rescue funds after the passage of HB 678. [\[Exhibit 19\]](#) [\[Exhibit 20\]](#) [\[Exhibit 21\]](#)

Public Comment

None

14:38:55 Ms. Wilkinson provided a further answer to Vice Chair Lang's question about the fire suppression account.

Directions to staff on items for June meeting

14:39:42 For the next meeting, Ms. Wilkinson said staff will bring information on marijuana implementation on the tribal agreements, provide information related to medical marijuana identification, and statistics on uninsured workers (work comp insurance coverage).

14:41:45 Sen. Flowers asked for ongoing reporting on legal expenses in the SOS office. Vice Chair Lang requested a DOR update on the DPHHS contracts, and information on the DOR tax policy study.

14:44:00 Staff explained there would be a joint meeting on June 15th that would include a report on the DLI UI system replacement project, a report from Governor's Office of Economic Development, and an update and from the Cannabis Control Division. Another option would be an update on the Heritage Commission.

14:46:34 Sen. Flowers requested a report on the reorganization at the Department of Commerce.

14:47:10 Vice Chair Lang requested staff email the list to the committee.

14:47:36 Ms. Wilkinson explained the committee will meet in afternoon of June 15th for reports on agencies not covered in the joint meeting.

ADJOURNMENT

Adjournment: 14:48:55