

2001 HOUSE APPROPRIATIONS

HB 1005

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1005

House Appropriations Committee

Conference Committee

Hearing Date January 10, 2001

Tape Number	Side A	Side B	Meter #
01-10-01 tape 1		0 - 522	
Committee Clerk Signature <i>Michael Hall</i>			

Minutes:

The committee was called to order.

This is the time scheduled for the hearing on HB #1005, regarding the State Treasurer's office.

Joan Becker appeared on behalf of the Treasurer.

Joan Becker: I am the financial manager in the Treasurer's office. Treasurer Gilmore did not prepare any written testimony, because our budget is small and very straightforward, and I have none. We did have an enhanced budget and are asking for about \$10,000 more, basically for some technology updates that is very badly needed by our office. Treasurer Gilmore is not available at this time to testify.

Chairman Byerly: The department is asking for an additional \$10,000 over the Governor's requests. Are we going to get some kind of report or writing of what this money will be spent on? I would hope that we would have some detail to back this up. I am kind of disappointed that the Treasurer did not show up. Is she in town?

Response: Yes, but she had a commitment this morning, so she could not be here.

Chairman Byerly: There is already in the governor's recommended budget a line item increase of \$10,957 for equipment for information technology projects. Does this not include the additional \$10,000?

Response: I am not familiar, I did not work on the budget, so I am unable to tell you. I just found out that I was to testify this morning.

Chairman Byerly: Can OMB help up?

OMB: I believe that the \$10,000 that she is talking about is in the governor's budget book.

Chairman Byerly: I am very disappointed that the Treasurer did not show up. She did not even make an attempt to appear or request a change of hearing time. We have gone out of our way to change a hearing date for any agency that has requested us to do so, different days and even weeks, if we had to. At a minimum a person who worked on the budget should have been here. Even during the interim she did not show up when requested. Her not showing up creates some problems.

I would ask that you give the message to Treasurer Gilmore to contact me so we can reschedule the hearing at a time she can be available. State agencies are supposed to come to us and state what their functions are, what they have done in the past and what they anticipate doing in the future.

The hearing is in recess until the rescheduled date, at a time that the Treasurer can come, and the appropriate persons who prepared the budget can be here. Hopefully next week.

Recessed hearing.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1005

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date January 18, 2001

Tape Number	Side A	Side B	Meter #
01-18-01 tape #1	0 - 2072		
Committee Clerk Signature <i>Kathie Hall</i>			

Minutes:

The committee was called to order, and opened the hearing on HB 1005, the State Treasurer's budget.

Chairman Byerly: The Treasurer must be held up somewhere because she does not appear to be here. We will stand in recess until she gets here.

Committee recessed for a few minutes.

Chairman Byerly: For the record we have HB 1005, budget for the Office of the State Treasurer.

Kathi Gilmore: State Treasurer, provided written testimony. She apologizes for not being at the hearing last week. She had her chief accountant appear last week. She states that the people of North Dakota have confirmed their belief that the State Treasurer's office is an office that they support, and did so in the last election, and expect that the office be funded appropriately. The North Dakota State Treasurer's office is the central elected authority for financial and fiscal management of the state's general and special funds. The agency provides

accounting, reconciliation, and administrative services for various funds, distributes tax moneys to state and political subdivisions, and administers the wholesale alcohol beverage laws and regulations. The agency acts as custodian of certain agency accounts and trust funds. The office also provides a daily investment management service for over 30 state agencies and trust funds, which amounts to over 40 individual investment accounts. The office prepares 25,000 receipts biannually for more than 100 agencies while depositing over \$2 billion into the state accounting system. The agency also daily manages an average of \$150 million of state and general funds. The office is responsible for signing and distribution of over 1 million accounting, human services and payroll checks biannually. The agency collects over \$10 million biannually in wholesale alcohol beverage taxes. The department also direct deposit - electronic funds transfers for tax distributions to about 500 political subdivision, making the money available to the subdivisions in a timely manner, and increases efficiency at both the state and local level. Because of the direct deposit program, nearly 12,000 checks per year will not be written. A check reconciliation program exists to correct discrepancies in check posting and balancing of daily registers. The unclaimed property program transfers unclaimed warrants out of the Treasurer's office to the Unclaimed Property Division.

The Treasurer's office has begun to align its technology as required with the IT plan. This is being done because the government should be customer focused, which includes direct deposits. The Treasurer's office also has a web site that is available with forms and information. The future plans would include having the monthly alcohol beverage reports and highway distribution tax information available by e-mail. The government should be efficient, and the agency is accepting information and providing reports to consumers in monthly reports. The government should be well managed, and technology training for employees in Access will be

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provided to replace dbase. A cash management program with the Bank of North Dakota has been implemented to monitor and manage deposit account balances and collection and disbursement of funds. AS government should provide leadership , and includes shared infrastructure with SAMIS, CAFR, Unclaimed Property Program with the State Land Department and Check Reconciliation Program with the State Bank of North Dakota.

The written testimony on page 3 notes goals and objectives and an IT Training Plan. On page 4 of the written testimony the Treasurer notes major accomplishments of the department, including an integrated computer office system to enhance workflow between the agency and political subdivisions, and to connect with the state Intranet, and the Internet. The State Treasurer notes that the office needs to advance information technology. The \$11,000 request in the budget is only a start. Any changes in current distributions or new distributions mandated by the legislature would need to have additional funding. The agency also needs to become current with the check signing process, which would be an increase in lease equipment. The child support checks issued have added an increased burden there, and the alcohol brand tax fees have increased their need for IT. The Treasurer stated, as is written in the presented testimony on pages 4 and 5, the agency objectives and the services provided and program statistical data.

The Treasurer explained the program costs, that salary and wages support 7 FTE's. Data processing costs are related to tax revenue distribution to political subdivisions, on-line and credit card deposits, batch printing of check lists, bank reports, disk storage and record management fees. They have 8 phone lines, postage needs for mailings of alcohol beverage information, payroll to agencies, correspondence, and distributions to political subdivisions. The copy machine is leased. Dues and professional costs are self explanatory. Operating fees cover service agreements on the vault and copy machine. Professional service fees are used to cover

contractual expense for individuals to perform statutory duties, in accordance to the recommendation of the State Auditor for segregation of duties. The minimal equipment item in the budget is to replace one computer.

Rep. Skarphol: Under future critical issues you say that the Treasurer's office is mandated by the Constitution and the State Auditor's office to segregate several office duties. Can you explain?

Response: Those who bring in or accept the money across the counter from our agencies cannot count the money. In an office of 7 people, if someone who is ill, I have to cross train others to be able to perform these duties.

Rep. Carlisle: You state that your office needs to be current with the check signing process. Can you explain.

Response: We sign a lot of checks daily, and we do have a check signing machine now, but it is old. There is a new machine that is out that is much quicker and allows for a better process. Hopefully we can get this.

Rep. Huetter: Was it last session that we directed the child support checks to come to your office, or had this been done prior to that.

Response: That was a federal mandate that came down about 2 years ago, and has grown in volume. We are about at our peak.

Rep. Carlisle: Would you need a new check signing machine, or do you lease those, and do you have a cost to acquire? Would that free up your time to do other things.

Response: Our proposal would be to lease, the machines are very expensive and with the lease program they would have the responsibility to repair. We have a signature plate that remains in the vault in the office at all times, and she does not sign the checks personally, but it

is her responsibility to see that the check plate is always taken care of. The staff signs checks with the name plate in the morning, and it takes about 1 1/2 hours.

Rep. Skarphol: To follow up on Rep. Huetter's question in regard to the child support checks, do you receive the incoming payments from the non custodial parent and then distribute the checks to the custodial parent. Is that your responsibility as well.

Response: We receive the checks from the child support office, they collect the checks and bring them over, and we have no connection with the custodial and non custodial parents. It is our duty to process the checks.

Rep. Koppelman: During the interim I was educated on the alcohol duties your office performs. How much staff and resources are tied up in that responsibility.

Response: I would tell you this, that the position of the alcohol beverage clerk is intricate to the entire office. Because, the intense time for alcohol reports is about mid-month on and we are always about one month behind. Because my staff is so small I have had to train that person to do many tasks.

Rep. Koppelman: Do you use temporary employees?

Response: We have one half-time position that is not provided by the state, not hired on a contractual basis. I have only been able to afford that position half time in the mornings. Her help is not really sufficient, and she is not cross trained for much of that.

Rep. Skarphol: You also state that you provide audit information for cities, schools, and counties. What audit work do you provide?

Response: That is financial information about the distributions that go back to them. If they need or want confirmation we provide that.

Rep. Skarphol: Do you also serve on the State Investment Board?

Response: Yes, I do.

Chairman Byerly: In the Century Code you have duties related to collection of oil money. Can you elaborate since you did not discuss that today?

Response: They are just financial acceptance, where the money flows in and we distribute them back to the counties that they belong to.

Chairman Byerly: You also talked about brand registration on liquor. You said that a recommendation would probably be sometime in the spring. Do you have any current authority in statute to impose those through administrative rules or anything, or would you have to come to the legislature.

Response: I would need to explore this. I have checked with other states so far, and less than 1/2 of them do. I would need to check to see what the financial ramifications are and we are a small state and whether it would be beneficial or not.

Chairman Byerly: Can you give us an idea what brand registration is. What sort of fees do other states charge for that registration.

Response: That would be per product. If you go into the wine or beer sector, you know how many kinds there are. Each brand would have to be registered. Not the distributor, but the individual products would be registered.

(Some examples of wines and beers were discussed for ideas as to what would be registered).

Rep. Skarphol: Would your office record the volume of items sold.

Response: Yes it would. The office has thick files of new brands registered over the years, and the label changes.

Rep. Carlisle: Last session on the Internet sales of wine, what type of volume has been seen.

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Response: She was sorry to see this past last session. We have no proof of products sold over the Internet, and not through her office.

The chairman closed the hearing on this bill.

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House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date January 18, 2001

Tape Number	Side A	Side B	Meter #
01-18-01 tape #2	-	3340-5000	
Committee Clerk Signature <i>Archie Hall</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1005.

Chairman Byerly: The only thing on the Treasurer's budget that comes into play is the item for some equipment, and a lot depends on this budget on what the Senate does on the bill that removes the functions from her office. There is also another bill in the House as to removing the oil tax from the department. We do not need to wait to see what happens, and we should process this budget as though those bills do not exist. If those bills should pass, we will solve any problem in the conference committee on this budget. There really isn't much in this budget, other than a request for an IT project, the salary and wage increases. The line interpretations are somewhat confusing. The budget went from \$695,000, and it goes to \$759,000, which is net increase of \$63,913, but if you look at the detail on the pink sheets it's different. The pink sheets list only the major increases.

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(The committee had some general discussion as to how the process of splitting up into small groups, and then a general explanation of Rep. Byerly's personal thoughts and concerns of this budget, that he does not want to drag the subcommittee into. He will have some amendments to propose in the full committee, but not the subcommittee. He explained his reasons for his request for amendments. He gave a brief explanation of his personal issues to the committee.)

The chairman closed the committee work on this bill.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1005

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date January 25, 2001

Tape Number	Side A	Side B	Meter #
01-25-01 tape #1	4580 - 6230	0 - 315	
Committee Clerk Signature <i>Kathleen Hall</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1005, the budget of the State Treasurer.

Chairman Byerly: I have amendments prepared for this bill. There are no monetary adjustments to this bill. We do have an amendment that will deal with the electronic signature of checks from this office. This will solve the problem with the old check writing machine and the requested check writing machine.

Roxanne, LC staff: made it know to the committee that an amendment will be necessary to this bill for the salary increases for elected and appointed officials. This bill does not have all the changes it needs in this area.

Chairman Byerly: We will need to further amend to reflect these true numbers.

Rep. Koppelman: When you went over the budget, did you discover what the line item for IT is?

Is that new hardware or what?

