

SENATE WAYS AND MEANS COMMITTEE

Minutes of the Meeting February 17, 1965

The meeting was called to order at 9:00 a.m., February 17, 1965, by Chairman Sanborn. All members of the Committee were present.

Mr. Wagstaff, Attorney, and Messrs. Brookover and Graham, members of the Board, appeared before the Committee with reference to the budget requests of the BOARD OF TAX APPEALS. Following comments were made by Mr. Wagstaff.

1. It is the Board's position the budget requests submitted to the Governor were fair; however, the Governor made a reduction of \$3,874.
2. In the area of legal costs, it is felt that additional funds will be needed as at the present time 17 cases are on file in which the Board has been named party defendant. During the past year about 2,000 hearings were held by the Board, 1,189 appeals were heard, all of which necessitated additional personnel and equipment.
3. The Board will soon issue an order to certain counties to show cause why they have not complied with the provisions of the new 30% equalization law.
4. Mr. Brookover stated that if funds are allocated for an inspector of tax exempt property, the Board would be able to utilize one; however, it is a legislative determination and the agency does not expressly request it.

Mr. Hugh Bryan, of the SCHOOL RETIREMENT BOARD, appeared before the Committee with reference to the agency's budget requests. He made the following comments:

1. An urgent plea is made for the restoration of \$1,116 in salaries and wages due to the retirement of one machine operator. A higher beginning salary for the position is needed to buy the required experience.
2. Senator Sanborn asked what group of people would be helped by the Governor's recommended \$500,000 grant. Mr. Bryan stated that it will benefit about 310 teachers with less than 10 years service. The fiscal 1965 grant covers a 10-month allocation; fiscal year 1966 allowance would be about \$544,000. After than an increase of about \$30,000 a year could be expected under this recommended program. A total program of about \$1,100,100 by 1988. The new recommendation is in addition to the regular annuity withholdings made by the teachers and in addition to the present State's participation in the retirement program.
3. The teachers are in favor of expanding their own program by participating at a greater level and the State increasing its participation.

4. The restoration of \$5,200 for printing is specifically requested. The Governor recommended \$2,200. The additional amount is necessary because of the heavy workload of making law reprints in corresponding with participants of the plan.

Senate Bill No. 125 referred back to the Committee, was again discussed. Senator Ward moved that the bill be tabled until a full committee was present. (Several members had already left the meeting for other meetings). Senator Warren seconded the motion. Motion carried.

Messrs. Wayne McCoy, James Pritchard, Ray Dahlquist, Barkley, and Welch, appeared before the Committee with reference to the budget requests of the DEPARTMENT OF REVENUE. (See attached memorandums with respect to the comments made.)

1. The agency collects over \$200 million at a cost of \$1.60 per \$100.
2. In addition to the Governor's recommendations for fiscal year 1966, a deficiency appropriation for fiscal year 1965 of \$21,520 is requested.
3. 538 positions are authorized for fiscal year 1966 compared to 540 for fiscal year 1965. Specific requests are made for restoration of 21.5 positions over the Governor's 1966 recommendations.
4. Basically the problems in key punch are twofold: operators and machines. Because of the workload and the number of of personnel and equipment, the 1963 tax returns were not complete until October. Normally they are done in August. The critical problem is the need for additional operators and machines to keep the work current.
5. ~~Basically, the specific request is for a supplemental fiscal year 1965 allocation of \$15,240 for 15 key punch operators, 6 key punch machines, 4 verifying machines, and purchase of 10 chairs, to be used from March 1, 1965 to June 30, 1965.~~
6. During calendar year 1964 the agency had 45 key punch operators and supervisors, averaging 137 cards an hour.
7. A new system of processing the Form 1099 information returns has been initiated wherein the larger companies with data processing equipment will supply the Department with machine tapes to report earnings. It is a voluntary procedure.
8. A State withholding tax plan would require the Department to establish a new section and hire additional employees to administer. No estimates were given. The agency favors a withholding system.
9. Out of state audits of contractors is presently supported by State funds. A change in the law could provide for private firms to reimburse the State for the costs involved in conducting these audits. Mr. McCoy was asked to present his suggestions to the Committee to provide for this reimbursement.

There being no further business to come before the meeting, it was adjourned at 11:30 a.m.