

January 25, 1977

The meeting was called to order at 8:00 a.m., the roll call was taken, with Mular and Tower excused.

Dick Hargesheimer distributed his summary, see attachment #1.

HB 224-Rep. Kessler, sponsor--My original idea was to simplify the forms, not do away with the office. I wasn't aware of the intricacies of campaign laws. John Hanson has pointed out some sound objections. This bill applies only to legislators, so the scope is rather narrow. Hanson has told me that they are already in the process of simplifying, and this bill would tie their hands. I recommend a DO NOT PASS, and request that you come up with a committee resolution addressing this.

NATALIE CANNON, Common Cause--I support Mr. Kessler's DO NOT PASS, and the idea of a committee resolution. There was an article in the Butte Standard urging simplifying the forms rather than abolishing the office.

MAGGIE DAVIS, League of Women Voters--We concur in the DO NOT PASS. We believe that the simplifying can be done within the present law.

ERNIE POST, AFL-CIO--I agree with Mr. Kessler as to the DO NOT PASS.

HB 229-Rep. Gerke, sponsor--This is an attempt to reinstate group insurance, but I think an explanation is needed. This was introduced in connection with HB 122.

DALE HARRIS, Director, Local Government Commission--This bill is only necessary if HB 122 passes, because it preserves the status quo for health insurance. This is in Title 11, and we are repealing that title, and separating it from any other statute. 11-1024 would be repealed by HB 122, and replaced by a section relating only to local government employees; so, we felt it necessary to put this bill in. This is needed only if HB 122 is adopted, so I recommend that you hold it until 122 is dealt with - or refer it to the Local Government Committee.

AL SAMPSON, Montana State Firemens' Association--We are not in favor of passing this bill now.

TOM SCHNEIDER, Montana Public Employees' Association--I also recommend holding, because if this passes, and HB 122 dies, it would delete all references to local government employees.

DON JUDGE, AFSCME and AFL-CIO--There are 5 or 6 other bills in pertaining to health insurance for public employees, and you might want to wait.

MIKE YOUNG, Insurance & Legal Division, Dept. of Administration--SB 168, as introduced, reduced the 2/3 vote requirement of 59-1505 to a simple majority vote. 59-1505 is also amended in SB 168 to require a 2/3 vote and consent of the director of the Department of Administration to withdraw from the state-wide group health plan.

GERKE--We would like to leave it to you, but we recommend that you hold this to avoid possible conflict. This is one of the things that we are trying to address in that code (HB 122). The least we can do is try to get all of these bills together, so that all public employees can be covered.

HB 230-Rep. Gerke, sponsor--We have found that we have problems. Our intention in this bill was to transfer management of housing out of DCA and into the Department of Administration. We intended to leave in DCA all of the rest of the housing law -

surveys, handling of Section A or 23, public housing, low income housing, and the elderly. We have been informed this morning that the bill is incorrect.

BILL GROFF, Director, Department of Revenue--I would ask that you either hold this, or appoint a subcommittee to work this out.

#### NO OPPONENTS

BARDANOUE--If we remove this from DCA, will there be a division in the program?

GERKE--We are only removing the state housing. Everything else would stay. HAROLD

FRISLEE--To reiterate, our discussions have always been that Administration is in a better position to administer money than DCA. All of the other housing functions will remain in DCA. BARDANOUE--Will there be two housing offices - one in administration, and the rest in DCA? GROFF--DCA would be the only one who gets grants, aids, etc. for low income housing. The administration of the loaning, investing, and planning the money would be in Administration. Administration would borrow and lend, and DCA would be involved with grants, etc. - Administration would issue loans and work with banks, etc. - DCA would handle the housing. RYAN--This doesn't seem to solve the problem. JACK CROSSER--I believe the mortgage management function that is proposed would be very compatible with that currently done in the investment division. We currently give mortgage loans through PERS. The management of these loans would be similar and I think the state would benefit.

HB 265--Rep. Lund, sponsor--I have presented amendments (see attachment #3), because we amended the wrong section of the law with the bill. I had a fellow submit a bid to the state, and his bid was tied with another one which belonged to a member of a commission in Montana. The other guy got the bid. In the school law it says that school board members cannot submit any bids. With this, I tried to say that "to get some attention, you have to hit someone in the eye with a 2 x 4". I just feel that this is dichotomous as it is.

BARDANOUE--We messed up, but it doesn't change the intent of the law, and this bill would make what's good for the goose good for the gander.

BOB LOHN, Governor's Attorney--I wonder about the wording. One thing we lack is a conflict of interest law. There are problems with other appointments. I haven't had an opportunity to review the amendments, but I will draw your attention to a few things - if you simply bar any state employee from ever having a state contract -- (he elaborated on a particular conflict of interest case, where the employee's position was such that he could confer a benefit upon himself by the exercise of his office)

BILL GROFF--The liquor building could be included in something like this. Also, if we had a conflict of interest case where we wanted a good trial lawyer - if we go out of the department and if the private firm already has a contract with the state, that could be conflict of interest. I don't think you really want to do this whole hog.

BOB COCHRAN, Department of Revenue--If Groff isn't sure, then I'm not sure. The intent, and approach are excellent. But in addition to the liquor stores, the state also has the county assessors -- some of them have holdings in counties and cities around the state. You might also consider child support and welfare fraud - 7 districts around the state have such circumstances, and in many instances, they are

hiring from members of boards, legislators, or something like that. Groff mentioned retainers, and these people may be members of other boards. We have also had auditing where the auditor himself was on a board or commission. There are lots of cases where there could be a direct or indirect effect from this bill. Whatever, business is reviewed at least 4 times before approval is given. There are two separate parts in the criminal code which prohibit this kind of conduct. (he referred to Chapter 59 - the Nepotism laws - which would have a slightly indirect effect. So, we do already have quite a few laws on the books like this.

LUND-I have accomplished my point. I wanted the attention of people that these things do happen. The case in point to which I referred was a case where the winner was not the lowest bidder. I have no objection if they are awarded, but I want them to be the lowest bidder and include state boards and commissions. This is only right, and I want people to know about this.

TURNER-When you get into pecuniary interest, how far can you go as a minority stockholder? COCHRAN-I would say it goes pretty far.

HB 274-Rep. O'Connell, sponsor--I ask your indulgence, I will be very brief, and mention why it can't be considered today. The school boards are the one entity that people don't have the right to petition. Realizing the autonomy of school boards, two attorneys looked at this and thought the bill was excellent - but Article 11, Section 8 of the Constitution has to be dealt with. I ask that you pass this until it can be written correctly.

DON JUDGE, AFSCME and AFL-CIO--We were told by a certain school board to "do what you want with petitions."

CHADWICK SMITH, Montana School Board Association--The fact that Article 10, Section 8 in the Constitution, says that control of school boards shall be under trustees. Actually, the public has more control with schools than in any other branch. You can't tell any other department what to do. You choose your own trustees - you can't elect the Fish & Game Commission or any other executive branch. We feel you will have a minority overruling the majority. If you will refer to line 18 - if 2/3 of the district is present at the hearing, and vote in favor of the proposal, then it is adopted. All you would have to do is pack the hearing to get school bond elections, hiring of employees, teachers, etc. A small amount of people running the whole thing. If it read 50%, it might be different. We feel this runs the danger of overpowering elected representatives.

O'CONNELL-I wanted this to be constitutionally right. At no point or time was it my idea that we would have anything to do with hiring, teachers, etc. It just seems to me that more money and less public input are going into school boards. If the public had more power with them, it wouldn't be necessary to pass a law. I don't think this intends to put them on the spot, I just wanted to put all men equal under the law. Hopefully, I can bring it in in the next few days.

BRAND-What is the percentage of people who elect school board members? SMITH-That depends upon the election. People can express their opinion privately in a voting booth. This way, there's no way to limit the number of petitions. ..

#### EXECUTIVE SESSION

HB 229-Lien moved to transfer the bill to the Local Government Committee.

ROBBINS-To do justice to it, we should coordinate them.

O'Connell made a substitute motion to hold both bills. KROPP-We have no idea how long HB 122 will take, and will we have time to reconsider after that? BRAND-As long as the sponsor wants them held, we can do it. BARDANOUE-You can always pass them to the Senate and if HB 122 dies, the Senate can kill them.

O'Connell withdrew her substitute motion, and Lien's original motion to transfer HB 229 to Local Government passed, with Lien, Bardanouve, Kanduch, and Robbins voting no.

HB 230-Robbins moved to have a subcommittee appointed, motion carried with Ryan and Smith voting no. Chairman Brand appointed Kanduch Chairman, with Meyer and O'Connell.

HB 265-Bardanouve moved to have a subcommittee. LIEN-There is a problem, but do we have time this session to draft a bill that would make a good conflict of interest law that would cover what the Governor's attorney was talking about? I don't think I can go along with this. FEDA-It seems this was brought in because of one thing.

Feda made a substitute motion that HB 265 DO NOT PASS, motion carried with Bardanouve voting no.

HB 274-O'Connell moved to pass this for awhile to correct the errors. Motion carried unanimously.

HB 224-Feda made a motion of DO NOT PASS, Robbins made a substitute motion to hold the bill in committee, the substitute motion carried with Ryan voting no.

MEETING ADJOURNED - 11:30 a.m.

  
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Joe Brand, Chairman

  
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Anita C. Sierke, Secretary