

The meeting was called to order by Chairman Brand at 9:00 a.m., all members were present.

Hargesheimer submitted his summary, see attachment #1.

HB 435-Rep. Vincent, sponsor--If passed, this would require lobbyists to give full accounting of their expenses. Consider first the principle involved--should people of this state know the amount of time and money that special interest groups put into affecting legislation. The mechanics could be worked out. Quite a few other states have laws like this: Alaska, Maine, Virginia, Alabama, California, Washington; and all of those bills are very much like this one. Lobbying hasn't been affected, but the people know what's going on. The name of the game here is influence. We have to report every single cent, and this would submit them to the same procedures. The limit is \$50, because some people come up here on one trip for one thing, and this would eliminate them. The whole bill is predicated around \$1,000 a year or \$250 a quarter. This would require an activity report every three months; and when the session is happening, you have one every month. I have no set feeling on that matter. Some itemization is required on the report; but I don't think it is important to start connecting lobbyists and legislators. There's a section missing here that is included in the Senate bill that would stipulate which lobbyists are required to register. Also missing is any kind of penalty -- if you give this a DO PASS, I feel you should include an enforcement provision. There's not a single piece of legislation that passes through here that doesn't affect all of us. (see attachment #1a for more information)

NATALIE CANNON, Common Cause--She submitted written testimony, see attachment #2

MAE NAN ELLINGSON, Montana Student Lobby--What you do here is a public interest, not a private one. The people have a right to know who spends what. It seems to me to make very little sense that you are required to list publicly any campaign contributions--then, once you get here, the people have no way of knowing who puts money into getting legislation through. The Montana Student Lobby urges DO PASS.

REP. FRANCIS BARDANOUE--I am a co-sponsor, and strongly urge legislation of this type.

OPPONENTS

JIM HUGHES, Mountain Bell--I rise with mixed emotions. I do believe that there may be specific problems, but I have none with disclosure. I would suggest that if we are going to have a fair and open disclosure, it should apply to everyone. I don't think the amount of money should have that much to do with it. I have some amendments: Page 9, line 10; Strike: "others", Insert: "lobbyists". Page 9, line 11; same -- and on page 9, line 13; Strike: "and", Insert: "for lobbyists".

I feel, maybe, something like this could be done on a constructive basis.

HAROLD PITTS, Montana Independent Bankers--I like this bill better than the Senate bill. In view of the provisions, I feel this is an invasion of privacy. We supply what has been admitted as a valuable service. You have never been able to influence a legislator by the amount of money you spend - it seems you get more done just sitting and talking. I think you will all agree that your votes aren't influenced by the money. I would urge DO NOT PASS.

February 8, 1977

EDWARD COLLINS, Helena--see witness statement for his testimony.

REP. WILLIAM MENAHAN--I rise in opposition. I have never been harassed by a paid lobbyist. With ERA, I am harassed at home at all hours of the night. The paid lobbyists deal with you straight, and then leave you alone; and some of the organizations that are not paid are more vicious than those that are.

REP. CARL SMITH--I have been here for 10 sessions; and I have never had any trouble with the lobbyists - I don't think they have ever influenced me on any bill. I am opposed.

ED JOHNSTON, Montana Firefighters' Asso.--As far as us spending alot of money, we don't; so, the firemen of Montana are dead-set against this bill. We have never high pressured anyone.

REP. JIM MULAR--The amount of money they spend doesn't change my mind, I oppose.

FORREST H. BOLES, Montana Chamber of Commerce--For Mr. Boles' testimony, see attachment #3.

DON ALLEN, Montana Petroleum Association--We appreciate the efforts being made to correct the problem, but if the bill passes, it should apply to everyone equally. Also the salary - lobbying during the session is only one part of my activities. To reveal my salary, and then try to justify it seems unnecessary to me. All of us who lobby desire a high level of activity -- if I thought I could change someone's mind with a drink, then I feel he should not get re-elected.

REP. HELEN O'CONNELL--testified in opposition

JO ANN WOODGERD, Deputy Secretary of State--We would not support or oppose; but we have some technical amendments, and would like to work with the committee to make it possible to handle the additional paper work. We want an annual license and a \$10 fee rather than a two year license. This creates a reporting problem for us.

WARD SHANAHAN, Dreyer Brothers, Inc.--see attachment #4

VINCENT--Your chairman told me I was in trouble, enough committee members stood up in opposition to kill it. The thing that upsets me is the implication of wrong doing by lobbyists - I don't think I've ever seen any wrong doing - that's not the point of the bill. Alot of money is expended here to influence legislation; and they are here to represent the interests that employ them. But there are many people who aren't represented by special interest groups, and people should be able to know how much is spent. I'm not trying to eliminate lobbyists, we couldn't survive without them - the legislation would be even worse.

FEDA-I don't think you got your lobbying done, Mr. Vincent. TOWER--How many paid lobbyists are there? VINCENT--About 300 registered - they are either paid or on expense accounts. TURNER--How would the Governor report his lobbying? VINCENT--I believe they do, and that money is included in the appropriation to the executive department.

HB 563-Rep. Vincent, sponsor--I feel like a baseball player with one strike. Here, we are talking about financial disclosure relative to ourselves. About 30 other states have passed similar statutes. The principle here is the same -- the people's right to know. On occasion, our own economic interest might play a part in what

we do. In most cases, your creditors don't include retail credit accounts. I think it is always difficult to set stringent standards on oneself, and that is what you would do if you pass this; but we should show the people that we are capable of doing that. We are talking about filing only one statement a year. If you disagree with the concept, it doesn't matter -- if you disagree with the mechanics, that's a different story. The minimum shown on page 4 is consistent with the rest of the bill. Line 13 on page 5 could be stricken, legislators should determine this. There should be a penalty clause. I want you to consider the concept and work out your problems with the mechanics. The people have the right to know things about us that they don't know about private citizens. You choose to run or not, and I don't think this would deter anyone from running.

NATALIE CANNON, Common Cause--We feel this should apply from district offices on up. We also ask that appointed officials in the executive branch be included. Penalty provisions should be included, along with citizens' right to sue.

OPPONENTS

MAGGIE DAVIS, Helena--This is just a jumping off place. (see witness statement for Ms. Davis' specific objections)

VINCENT-I think this would promote a healthier political climate. Other states have done this and still have people running for office. Put your time and attention to the mechanics.

TURNER--So this would be readily available public information? VINCENT--Yes. TURNER--Perhaps this would disclose how poor some of us are, and this would be an invasion of privacy. VINCENT--I think your place on the economic ladder should have no place in your opinion of this bill. I don't want to imply wrong doing - but if there is a legislator who has a direct financial interest in a particular law, then some people should be made aware of it. FEDE--You exclude retail credit accounts?

VINCENT--They are excluded because we all have things like that, and I see no opportunities for conflict of interest. FEDE--Even if they don't pay them? VINCENT--No. If you want to include that you can I guess.

HB 566-Rep. Vincent, sponsor--This would establish a code of fair campaign practices. As the bill reads now, it is voluntary. I approve of the amendments submitted - see attachment #5. No one would be required to sign it. You might make it mandatory. Each candidate would receive the pledge with a place to sign it and choose to sign or not. The Commissioner would reveal publicly who signed. 20 states do this now. In the last election, my opponent sent out a flyer with direct and personal charges against me, my character, my occupation, and conflict of interest. I pursued it, and almost went to court over it. I decided not to because any statutes about campaign practices always run into the right to free speech. This bill just asks for fair play.

NATALIE CANNON, Common Cause--I ask your support.

TIM BERRY, Seventh Day Adventists--We support this, but have an amendment. (see attachment #6)

NO OPPONENTS

VINCENT-I seem to do better as I go along. I think this is a decent bill -- no candidate should have any reservations about signing it.

TOWER-Would this have given you a better route with which to get your opponent?

VINCENT-No. We have a criminal liability statute which covers defamation of character -- the problem is that it flies in the face of the First Amendment; so we have no legal redress. So, let's do it with a voluntary proposal and see if it helps.

TOWER-Why did you use a bill rather than a resolution? VINCENT-So the Commissioner

could be mandated. RYAN-Although this is voluntary, do you think anyone who won't sign it should run for office? VINCENT-No, because if they couldn't sign this, I don't think they should be a candidate. SMITH-Do you think this will make candidates more honest? VINCENT-If a man didn't sign it - it would be public knowledge. If he did sign, and then betrayed it, well, this would be a personal ethical check.

JOHN HANSON, Commissioner of Campaign Practices--The Political Criminal Libel section is being handled in one of two Senate bills. That particular section will be stricken because of the lack of constitutionality, so this will be the only thing on the books about fair campaign practices.

HB 565-Rep. Eudaily, sponsor--In '71, the Montana Teachers' Retirement law was rewritten. Those that retired prior to '71 were much less fortunate, and this bill covers them.

HELEN MCGREGOR, Retired Teachers' Association, Butte--Mrs. McGregor submitted written testimony, see attachment #7.

RALPH C. HENRY, Retired Teachers' Association--Mr. Henry also submitted written testimony, see attachment #8.

A.G.ERICKSON, Montana Retired Teachers' Association--see attachment #9 for his testimony.

EUDAILY-You will find every active teacher in the House as a co-sponsor on this bill. In case anyone might think I have a conflict of interest here - I am retired, but I don't come under this because I retired just last year.

BARDANOUE-What percentage of the teachers covered by this already receive Social Security? ERICKSON-We don't have those figures. I think SS came into Montana around 1955, and all of the districts didn't adopt it right off. The longer they have been retired - the greater the chances that they won't have Social Security. MCGREGOR-We got many replies to our inquiries from people who weren't getting Social Security; and if they were, it was very low. BRAND-What is the average pension? ERICKSON-Our figures are relative to length of service, so unless you speak of full pensions, it has no meaning. A rough average would be about \$245; but we don't keep averages because the pensions are based upon time of service. BARDANOUE-What is the average salary in Montana today? OWEN MORRIS (Administrator-Teachers' Retirement Division, Department of Administration)-The three highest consecutive years have been \$13,000. BARDANOUE-Who is the Actuary? MORRIS-Hendrickson - He is always used for all retirement plans. BRAND-Do you pay taxes on your retirement? ERICKSON-Yes. BARDANOUE-This is the long term effect shown on the fiscal note? MORRIS-Yes. BARDANOUE-Are you confident that the figures are correct and you won't have to come in later for adjustments? MORRIS-The total cost, with a 40 year amortization, is on the fiscal note. The most is shared by the teachers and the employers. This just reflects those that retired prior to 1971. It can't have any further impact than what is shown. BARDANOUE-Is the fiscal note the total cost of the program? MORRIS-On July, 1978, the amount of the benefit paid out that year will be the highest - and would continue

to decrease from there. The total over 40 years would \$6,900,000 - it is a decreasing amount each year due to attrition. BARDANOUE-You are paying out two million in the first two years - that only leaves four million for the next 20 years. MORRIS-I don't believe that there's anyone that retired prior to '71 whom we expect to live more than 20 years. The actuary took the ages of the people and how long they were expective to live - and computed his totals from that. BRAND-How does the School Board Association feel about this? ERICKSON-They will back us as well as the School Administrators' Association.

HB 562-Rep. Menahan, sponsor--This provides an annual automatic cost of living increase in teachers' retirement.

JIM GARVEY, (he failed to submit a witness statement or any sort of identification) This bill was submitted by the members of my organization. We represent very few retired teachers; however, we recognize the problem of retirees. Perhaps we are overstepping our bounds. Both Mr. Henry and Mrs. McGregor were colleagues of mine. Our department is concerned about all retirees, because we worked with them. We are looking at a \$7.00 increase and this won't set any teacher back that much; but this doesn't get at the roots of the problem. The present retirement doesn't provide much dignity for people who have provided for the common good of the state.

NO OPPONENTS

BARDANOUE-Don't you think that this sets a precedent for all of the retirement systems? MENAHAN-I can't think of anyone who deserves it more. TOWER-If there were a reduction in the cost of living, would that be covered? GARVEY-The bill should say, whatever the cost of living is. BRAND-Has any other retirement system been bailed out? BARDANOUE-No, but the Highway Patrol fund is bankrupt, and we have to help them. Fish & Game is bankrupt. This isn't bankruptcy, they still have money, but the two I mentioned before will be soon, and the judges' retirement will be on down the road.

EXECUTIVE SESSION

HB 435-Feda moved DO NOT PASS, with Ryan seconding.

BARDANOUE-I think we are treating this too lightly. All America is rebelling against what is happening over the country. I don't think lobbyists are evil people, but I am embarrassed by what is happening in the Congress where a foreign power has penetrated the committee process. BRAND-The thing that disturbs me with the various forms of lobbying is that some of them have to register and some don't. BARDANOUE-I see the dilemma that Menahan has, in being pestered by citizen lobbying - some of the baloney citizen lobbyists use is absurd - but I don't think we should take away teachers and ERA people, they have a right to be here. BRAND-Don't you think they are directed by some of the paid lobbyists? BARDANOUE-Yes, but that still doesn't make this bill bad. MENAHAN-I don't mind citizens lobbying, that's their right. It is the manner and the forcefulness that offends me; and some of the bureaucrats are perpetuating themselves as much as the corporations - I have a problem when they say it's OK for them but not for corporations. RYAN-Must we always react to some other state? The mechanics are already in the system. If a lobbyist commits a criminal act, the process is there to sue.

There was a roll call vote on Feda's DO NOT PASS motion on HB 435 - the motion carried 12 - 2, with Brand and Bardanouve voting no, and Lien not voting.

HB 563-O'Connell moved DO NOT PASS, the Chairman pointed out that various amendments had been submitted and should be considered - but Smith seconded O'Connell's motion.

BARDANOUE-I feel I am lost in the jungle today. I feel people should know these things. I have heard the most eloquent speeches on the floor, and only afterwards I found that they were one of the officers of a financial institution in the state. I am not ashamed to tell people what I owe.

O'Connell's motion carried 12 - 2, with Brand and Bardanouve voting no, and Lien not voting.

HB 566-Menahan moved that the amendments submitted for page 3 (see attachment #1a) be accepted - the motion carried, with Ryan voting no.

O'Connell moved AS AMENDED DO PASS.

FEDA-I could vote for the bill if they put in something on voting records, because they can be one of the most deleterious things about campaigns. BARDANOUE-I have a feeling that to salve your conscience, you will pass this one. TOWER-This is a manners bill, and I haven't seen anyone win a campaign with manners.

Tower made a substitute motion of DO NOT PASS on HB 566; with Kropp seconding, the motion carried 10 - 4 -- Brand, Bardanouve, Menahan and Mular voting no, and Lien not voting.

BARDANOUE-I was wrong, this committee has no conscience.

HB 562-Menahan moved DO PASS, and on a roll call vote, the motion failed 10 - 4, with Menahan, Mular, Robbins and Ryan voting no

O'Connell moved to reverse the vote and send the bill out with a DO NOT PASS recommendation. The motion carried.

HB 565-O'Connell moved DO PASS.

BARDANOUE-I would like to speak to Hendrickson before we vote on this.


Kropp moved to pass consideration on the bill until Hendrickson could come in, and the motion carried unanimously.

HB 335-BRAND-This has to be re-introduced as a committee bill.

O'Connell moved to reconsider HB 335, and have a new bill drawn up to encompass the extended intent - that being to cover all members of the legislature - the motion carried unanimously.

MEETING ADJOURNED - 11:50 a.m.

Joe Brand, Chairman


Anita C. Sierke, Secretary