

Chairman Brand called the meeting to order at 9:00 a.m., with all members present.

Dick Hargesheimer submitted his summary, see attachment #1.

HB 683-Rep. Vincent, sponsor--This bill presents the question of whether we should have automatic pay raises or whether we should be required to approve such raises by voting for them. Our pay is currently Grade 8 in the State Pay Plan; thus, we automatically get raises every one or two years. So, I want you to decide whether this should be or whether we should have to vote. 32 states have to push the button. In 13 of the remaining 18 states, legislative recommendations are only advisory. There are some odd ones - Maryland and West Virginia--the legislature may OK the present pay, or decrease it, but they may not increase it. Arizona has a salary commission that makes recommendations every 4 years. Oklahoma is the only state which sets legislative pay with no question. Because we are attached to the pay plan, we are virtually assured of a raise - please consider whether this is the right way to do it - whether it should be automatic or whether we should have to vote. When you put it in the pay plan, you depoliticize it; but, because we hold public trust, we should be directly responsible. Then, it becomes a political question, and can be used against us in campaigns. I wanted to present the philosophical question I have on it, and let you decide.

NO OPPONENTS

VINCENT-I think the point is clear, and should be based on your philosophy.

TURNER-How does Montana compare with Idaho, Washington, etc. as far as salary?

VINCENT-I don't know right off. We have biennial sessions - so a comparison is difficult. Washington is much higher than we are. O'CONNELL-They are in session longer, they are off on Saturday and Sunday, their per diem was in the \$40's or \$50's, plus they get \$300 a month when not in session for phone calls, etc. They wondered how we could get people to run on our salary. VINCENT-When you put yourself in the pay plan, the raise will only be cost-of-living. If we needed an extra added bonus, we would have to amend this extensively. I don't know the percentages, but it would only be a slight increase. BRAND-How many elected officials in the state come under the pay plan? VINCENT-I think we are the only ones attached. How this happened, the House voted to increase their pay from \$20 - \$25 and \$33 - \$37 -- then the bill came back at the last minute with Senate amendments that put us in the pay plan. It was a day when we had 60 - 70 bills, and I feel most people were counting on the Senate amendments.

HB 711-Rep. Menahan, sponsor--As you recall, Burnett brought in a bill similar to this, but we felt it was picking on the Senate -- so, I had this drawn up, and it includes everybody. Section 1, subsection (1) reads "no elected official" - which would include local government and everybody. Nobody told me beforehand that it might be unconstitutional.

LIEN-Would this include precinct committeemen and women? MENAHAN-No, I don't believe. They are appointed. KROPP-Aren't they on the ballot too? MENAHAN-Yes, but they aren't considered elected officials. BRAND-Why don't you take this - get a definition of elected official in there, and check on the constitutionality, I won't appoint a subcommittee, I'll just let you take care of it and let us know what's going on.

EXECUTIVE SESSION

HB 683-O'Connell moved DO NOT PASS.

BRAND-Dick has given me the Salary Commission Study, and I would like to go over it before we decide this.

HB 683 went out DO NOT PASS, with Bardanouve and Menahan voting no.

HB 63-BARDANOUE-This has been held for another bill the policemen are bringing in, we wanted to check for conflicts - there are no substantive changes in this.

Menahan moved DO PASS.

RYAN-On one of the earlier recod bills, we forgot something and had to go back - I think we should have a hearing. BARDANOUE-I don't want to push anything through this committee. DICK HARGESHEIMER-Joan Meyer drafted this. I refer you to the green sheet attached to the bill, which explains the changes. RYAN-I still feel we should notify people. BRAND-Why don't we wait until the firemens' bill comes up, and hear them both. BARDANOUE-I check with all of the people my bills affect, and no one has objected. BRAND-I will schedule it for hearing on Monday, February 14.

HB 133-HARGESHEIMER-There were technical problems with this (see attachment #2) - it should be back from Alter anytime.

HB 224-BRAND-I want to continue to hold this until we get a resolution drawn up about the forms from Hanson's office.

HB 229-BRAND-This bill is only necessary if HB 122 passes. BARDANOUE-By the time we get 122 over to the Senate, it may be too late to pass this over.

Feda moved DO PASS on HB 229. BARDANOUE-If we don't need it, the Senate can kill it. Motion carried unanimously.

HB 274-O'CONNELL-I had this redrafted by a School Board attorney because it was illegal in it's original form. But, I find that if you mention school boards here, it is like a sacred cow

HB 249 & HB 302-LIEN-I missed the last subcommittee meeting - but, as far as I remember, 249 only needs one thing. One of the amendments we discussed dealt with land acquisition, and South's bill already has this in it. O'CONNELL-It was decided to bring 302 out, and leave 249 in committee.

HB 335-O'Connell moved to have a committee bill drawn up relative to HB 335, which would be more inclusive. Meyer seconded, and the motion carried unanimously.

HB 465-BRAND-This bill seems to be low priority among the National Guard people.

Feda moved DO NOT PASS.

LIEN-I beg to differ. All of their tax bills are in Taxation, and will probably be killed. They seem to want this more than anything. This is the one that puts the most money in their pockets, and will help their enlistment the most. In Taxation, the other bills are sitting to wait on this one. BRAND-Do they know about the PERS

bill? LIEN-Possibly not. MENAHAN-Some of these people are well paid, and that's the reason they are in the Guard. The National Guard is a supplementary income. When I went in, you got \$40 a month - I don't want to pay this. LIEN-This says a first enlistment bonus only. TURNER-On line 12, if we drop out "each year", it would work better. KROPP-How behind is enlistment in the Guard? LIEN-It is for each year of the first enlistment; so, if it is a 6 year enlistment - he gets \$900. He doesn't get it again if he re-enlists. RYAN-There are different types of enlistments; and they can be expanded, so this could go on and on.

Feda moved HB 465 DO NOT PASS, and the motion carried with Turner, Robbins, and Lien voting no.

SB 13-Bardanouve moved that the bill BE CONCURRED IN, and the motion carried unanimously. Menahan will carry it on the floor.

HB 565-BRAND-I wanted Alton Hendrickson, the PERS Actuary, to come in and give us a report on this bill.

ALTON HENDRICKSON-The Teachers' Retirement System requested our evaluation on this. I had the opportunity to review the fiscal note. The expected pay-out was shown on the fiscal note as \$6,922,630; and that figure was the lump sum needed if you made no further contributions to it. The interest would carry it further. You must consider that life expectancy decreases, and on the average the payments will be made for 9 years. The additional cost in salary would be 1/8 of one percent. Right now, the total collected is 12 3/8%. So, this would increase to .1/8%.

BARDANOUE-You say it will be a 9 year pay-out per person? This will be permanent legislation, and I don't want to do anything spurious. HENDRICKSON-This applies only to people who retired prior to 1971. So it won't affect everyone. BARDANOUE-This two million every biennium will keep coming in to the fund down the road? HENDRICKSON-By putting this type of bill through, you get an unfunded liability. Realize that this will be a limited period. The .1/8% is an amortization. It simply says that we will pay it out, and collect it over the next 40 years. BARDANOUE-How much income is generated by the .1/8%? HENDRICKSON-I think the payroll of the state teachers is \$170 million dollars, so you take .1/8% of that -- I'm not certain, but I believe it would be about \$210 thousand a year. BRAND-You say that \$9,410,670 is the total amount that will be paid out to retirees? HENDRICKSON-Yes. If you pay it all out now, you can earn interest. If you pay it out year by year, your interest will be higher. BRAND-Is the bill in effect for 40 years? HENDRICKSON-That is the customary thing with retirement bills. The 40 is the maximum that any actuary will recommend. If you want to come up with 7 million now, the retirement fund would be earning interest rather than the state. After the first two years, it will drop off very rapidly. A great deal of funding for retirement systems is gotten through turn over in employment. If you quit, the money the state put in will stay in the fund.

HB 565-O'Connell moved DO PASS, Meyer seconded.

HENDRICKSON-I would like the fiscal note corrected by striking: "over the 40 year amortization, the estimated total cost paid out would be \$9,410,670". I will give the secretary the correct wording and figures.

Kropp moved such amendment, the motion carried unanimously. O'Connell moved AS AMENDED, DO PASS, and the motion carried unanimously.

HB 605-O'Connell moved DO PASS.

O'CONNELL-The legislative intent is still shown; only the two statements are taken off.

The DO PASS motion failed 7 - 7, Kanduch moved to reconsider, and Menahan seconded. The reconsideration motion passed with Kropp, Smith, Bardanouve and Ryan voting no.

FEDA-The reason we asked for reconsideration was so that Helen wouldn't have to overturn the adverse report, so I move DO PASS. BARDANOUE-The next time anyone kills one of my bills, I want the committee to reverse themselves and give me do pass. BRAND-You can always vote to reconsider. We have had things that we reconsidered; but the person who moved to reconsider stated that they were doing so in order to circumvent the process.

The second DO PASS motion carried 9 - 5.

RYAN-I move that Helen explain what just happened to Francis.

HB 623-Brand read the amendments. O'Connell moved to accept the amendments, and the motion carried. O'Connell moved DO PASS, seconded by Meyer, and the motion carried unanimously.

HB 625-Bardanouve moved DO PASS. The motion failed 11 - 2. Feda moved to reverse the vote on a DO NOT PASS recommendation, and the motion carried.

HB 643-Smith moved DO NOT PASS.

BARDANOUE-O'Keefe said that this was introduced for one man, and he (O'Keefe) doesn't have much personal feeling about the bill.

The DO NOT PASS motion carried unanimously. (Proposed amendments attached - see #3)

HB 645-O'Connell moved DO PASS, Meyer seconded, and the motion carried unanimously.

MEETING ADJOURNED - 11:30 a.m.

Joe Brand, Chairman


Anita C. Sierke, Secretary