

Chairman Brand called the meeting to order at 8:15 a.m., Menahan was excused, and Meyer was absent.

Hargesheimer submitted his summary, see attachment #1.

HB 801-Rep. Bardanouve, sponsor--The League of Cities and Towns and the local police have gotten together and worked out some comprehensive solutions. This will assure that when the present and future police officers of Montana retire, they won't face the possibility of a bankrupt fund. This will assure that there will be money available. It will abolish many local boards, and put the system into a sound administration of pension boards in PERS. It provides a mechanism for unfunded liabilities to be paid off - once these have been paid for, the fund should be in good shape. Larry Nachtsheim brought me some amendments (see attachment #2), and Mizner has one amendment. He reviewed this with me, and I agree with it. This bill has some major changes. (reference explanation in attachment #3) Page 28, line 24 - Following: "such city or town", Insert: "the funds deposited in the police reserve fund of such city or town shall not be invested in any securities or pension plans that do not guarantee the return of the principal or interest when terminated. Except the funds may be invested". When the money isn't there, the taxpayer has to come up with it. This amendment would enable the monies to be invested in banks, savings and loans, or anything that is guaranteed. No stock market speculation except through the state fund. So, I feel that it is a step in the right direction. The funds today are 20 million dollars in debt. The investment program has been involved with us in this. Consider this, and give the cities and towns a chance to catch up.

NACHTSHEIM--This bill was drafted by the League and us. I am pleased with our area of it. I have two amendments (see attachment #2). 11-189 is covered in the bill. Whenever the money exceeds \$5,000, the city shall remit the excess amount to the state for the Board of Investments.

DAN MIZNER, League of Cities and Towns--Not all policemen are with the reserve plan, so there are two funds. Monies in excess of 1% of what the state is paying are still out there.

JACK WILLIAMS, Police Chiefs' Association--We are in favor of funding the reserves. On page 2 - base salary - is this base minimum? Should this be the amount of wage rather than base? If you base this on the last 36 months, it should be clarified to exclude all those presently employed. Some police officers are on a 20 year retirement plan, and some are on a 30 year plan with 50 as the retirement age. I don't understand page 5, lines 12 through 16.

JOAN MAYER, Legislative Council Attorney--This means you can't be receiving money from any other state plan.

NACHTSHEIM--If a policeman retires and goes to another job, this would preclude him from getting any other retirement monies. BRAND--Could we get the PERS language in here. This may not decrease benefits a member has from a prior plan. HARGESHEIMER--The language shows that it applies to the whole act. NACHTSHEIM--Page 23, line 1 - the maximum should be 70% rather than 60%, and line 7 should be 2% rather than 1%. Even if everyone took advantage of this, it would save the retirement fund money, and if they stayed on for 10 years it would balance out any input. The does have a cost to the system and our intention was to straighten up the debit. I think the 36 month thing is a better instigation to stay on. They get to use a higher salary to compute their

benefits. This will keep a man from taking a chief's job, and retiring a month later. MAYER-Page 32, line 2 would only apply to local funds. The purpose of the bill was to reform the statewide system. BARDANOUE-The last portion of the bill is the present law.

TOM HARRISON, Montana Police Protection Asso.--We agree with the 2%. If it remains at 1%, we don't understand the cut off at 30 years. We ask that you consider this. On page 5 I feel there's an ambiguity with someone already employed. July 1, 1977 - everybody now employed would be under this plan exclusively and I would want something to show that present members retain present benefits. Page 5, line 14 - I don't think it is your intention to eliminate people who are already on another plan. I think this is one of the most responsible bills this session. It makes up for the mistakes of the past. It is one of the most serious problems cities face. In the development of this bill the state was not asked to contribute more -- this was a compromise. This bill provides legislation to fund this, and property taxes will probably go up. It is going to cost some money. We endorse the bill.

OPPONENTS

AL SAMPSON, Montana Firefighters' Asso.--We fear the legislature will put us under a similar plan. This bill cuts the benefits -- due to the difference of the last month's salary, and the last three years. Relative to inflation, this is a substantial cut. There's a clause on disability that drops you off the pension roles but an amendment is addressing this. If you are going to eliminate the possibilities of receiving other benefits, then restrict him from paying for them.

BARDANOUE-There's been good communication between the opponents and proponents. They are trying to put out a fire that may occur in the future. I thought the base salary was the salary they receive. I wasn't aware of the legal terminology here. I hesitate to go back to the last month's retirement. This will cost money someday, and the sooner you put it in the sooner it will accumulate interest - greater than the amount of money put in.

O'CONNELL-Under this the cities will be required to put in their share? BARDANOUE-Yes. RYAN-On page 5, line 3 - shouldn't "employed" be "hired"? MAYER-If you say "hired", the people presently working won't be covered. MIZNER-Small town police may elect to come under this. PERS will have this set up in two years. When you go into 11%, and these guys aren't trained policemen, they are usually night guards, etc. BRAND-They will have to be trained eventually. MIZNER-Yes, but this could be added later, when needed. BARDANOUE-I don't think the small cities would have to pay 30%.

HB 798-Rep. Dussault, sponsor--This bill expresses an idea and concept that I want you to consider seriously. It creates a 20th state agency. State government fulfills a number of functions; and those functions relate directly to the people of Montana. These functions are not always in the view of the public. Part of the intention behind this is to bring into public view those agencies, boards, etc.; and facts about them. Whenever we create an advocacy system, we create a problem. Two years ago, we created laws that set standards of care and treatment relative to commitment to institutions. The Board of Visitors -- where do you put a program like this? The board was designed to insure the rights and care and treatment of disabled persons. How do you put an advocacy board within the very department it is set up to monitor? This time it was stuck in the Governor's office. If there is a group that is to uphold labor standards, you can't put it in the Department of Labor - the department that it would be opposing.

If we take state government seriously, it is important that we create a department specifically for advocacy purposes.

JOANNE WILLIS, Volunteer for the Montana Association for Retarded Citizens--We fully endorse this concept, and this bill.

JÓYCE DE CUNSO, DD Advisory Council, Mental Health Advisory Council--We feel this will be much better than the situation that presently exists.

GUS HAMMERLY-(Secretary has no witness statement or other identification)--The bill addresses a very complicated area and we support it.

NANCY LIEN, DD Planning Council--We have \$32,000 to create an Advocacy Board. We have worked on this for two months now, and have had a problem of where to put it. A department or agency such as this would be the perfect place for something like the Board.

DUSSAULT-I didn't know half of these things existed. (She reviewed some of the boards involved in the bill): Citizen's Advocate - now, none of us are so naive as to believe that citizens can advocate against state government when the board is sitting in the Governor's office - this could be his main line of squelching any citizen objections. Some other boards should be here, but they were never created by statute, so they can't really come under this.

TURNER-What's all this about the Indians? DUSSAULT-This was taken from existing law, and transferred to this bill. This is the philosophy of the current boards. BRAND-The people of Montana had no place to go before the Citizens' Advocate. Whether it is in the Governor's office or not, we are at least trying to help people with their problems. DUSSAULT-I think it would be a stronger office if it weren't attached to the Governor's office. There is a fiscal note being prepared. TOWER-How are all of these boards formed - are they appointed? DUSSAULT-It is shown in the bill, it varies. We didn't change any duties - just changed them to this department. TOWER-We have a consumer protection agency now. Would that be under this also? DUSSAULT-It isn't designated so, I wouldn't object - but there may be some problems. TURNER-Who are you packing this for? DUSSAULT-A few of us talked about this and came up with the bill. BRAND-Most of these people will be appointed by the Governor. DUSSAULT-Most commissions and boards are appointed by the Governor, but they can hire their own staff.

DICK DISNEY, Consumer Council--The bill has merit. We have four divisions, and one board for administrative purposes. If you took my board and transferred it, you would also have to transfer Investments, Licensing, and Weights and Measures. Just transferring the Consumer Protection Board, you would take the guts out of my office.

KROPP-Do you see any duplication? DUSSAULT-There shouldn't be. This would bring out - in public view - the boards, bureaus, commissions, etc. that we have. It gives us the opportunity to examine them and see the duplication.

EXECUTIVE SESSION

HB 804-O'Connell moved DO PASS, with Meyer seconding, the motion carried unanimously.

HB 801-BRAND-I want a subcommittee for these amendments. HARGESHEIMER-I could have all of the amendments for them to look at. BRAND-OK, Kanduch (Chairman), Tower, and Ryan.

HB 798-Tower moved DO NOT PASS; with Turner seconding, the motion carried with Robbins, Brand and Bardanouve voting no.

HB 791-Tower moved to reconsider, Feda seconded, and the motion carried. Feda proposed 3 amendments on pages 5 and 7 -- (ex.)Page 5, line 6 - Following: "may"; Strike: "acquire,". The motion to amend carried.

Feda moved AS AMENDED DO PASS, which was seconded by Kropp.

RYAN-This is a people bill, not an acquisition bill. We are attempting to solve an argument between people who can't solve their own problems. I don't think this bill addresses the needs of the people in the field. There's a possibility that further examination could get rid of the problem with middle management. TURNER-HJR 15 will help this. The administration of secondary employees would not be addressed in this bill. BRAND-There is a problem of the department not having any executive power. RYAN-A simpler way to solve this would be a good Public Relations man; and bring these problems to a focus. BRAND-Yes, but this bill provides for accountability. KANDUCH-The last session, we had a resolution for a good PR man, and nothing ever happened. KROPP-The way it is now, the commission has some local input.

Feda's motion carried 11 - 1, with Ryan voting no.

HB 788-Lien moved to reconsider, which carried. Lien moved that the amendments presented by Rep. Fagg be adopted - see attachments 4 and 5 - the motion carried. Kropp moved AS AMENDED DO PASS, and the motion carried with Brand voting no.

HB 771-O'Connell moved to reconsider and hold, which carried.

HJR 58-Lien moved the proposed amendments for page 2, line 4; which carried. Turner moved AS AMENDED DO PASS, seconded by Feda; the motion carried with Brand and Ryan voting no.

MEETING ADJOURNED - 10:10 a.m.

Joe Brand, Chairman

Anita C. Sierke
Anita C. Sierke, Secretary