

Chairman Brand called the meeting to order at 9:05 a.m., roll call was taken with all members miraculously present.

HB 49-Sponsored by Rep. Waldron -- The Washington and California laws are quite restrictive -- more so than I thought we needed. I think you will find that this is a rather moderate approach. I have some amendments that I want you to look at. Lobbying is a heavy influence on legislators. I think they are a very necessary part of the process and because of that the public should know who and what are being influenced or influencing. I don't have my amendments typed up yet, but I will explain them -- 1) a number of state agencies do lobbying and I thought they should be included; 2) the bill doesn't include the salaries and I felt we should know that; 3) for an expenditure of \$25 or more, then you have to itemize and I thought that was maybe too high, so you might strike \$25 and insert \$10. The Speaker and the Majority Whip would like to speak.

HAROLD GEIGE--Speaker of the House -- I appear before you as Chairman of the Legislative Audit Committee and would like to call your attention to subsection 2, section 6, relative to keeping the records for 6 years -- that's the part I object to. The Legislative Auditor doesn't normally do business outside the state and I think this is outside. We are an investigative organization and I wish you would amend that out.

JOHN VINCENT-Majority Whip -- I have sponsored this bill for two previous sessions and I have another bill pertaining to this. I worked with Waldron on this. 36 other states have disclosure, some have been ballot initiatives, and I think Montana is in the mood for disclosure. Jerry Calvert took a poll and found that 92% favor disclosure. Last time the vote was 2/3 against it. I think the question really is relative to the concept and how we are going to get it. I think if the legislature doesn't do it, it will be done by initiative and we won't have the clarification that is available in the session; and I think we should take care of this ourselves. I also think it dangerous or unwise to continue to vote against disclosure when a preponderance of the people in Montana want it. I think if we don't do it this time it will be on the ballot next time and we won't have anything to say. I also agree with the basic concept. It is always said that there's nothing wrong with lobbying -- I have never met a dishonest lobbyist - they are an integral part of this, but they are here to influence legislation. I think the people that get us here ought to have the right to know. This is a valid approach and a good approach and if we decide not to do it I think the voters will.

BILL BRONSON-Associated Students of the University of Montana -- he submitted written testimony, see Attachment #1.

PAUL RICHARDS-Common Cause State Director -- We contacted Dr. Calvert as someone who has studied such issues, and we have a survey he did after the 1977 session. (see Attachment #3). (Attachment #3) is a breakdown on question 18 on the first handout -- "Would you favor or oppose legislation which would require lobbyists to report the amount of money they spend trying to influence legislation?". Of the 2066 voters surveyed, 92% favored such legislation. Calvert said that this was the highest degree of assent on any survey. Also that on most question there was an average of 15% with no opinion. Of the people who responded, the Republicans had 96.4% in favor and the Democrats had 97.6% in favor. This is some indication

(Richards continued) of the support that a venture like this will have in the state. We have some information on the 45 other states that have disclosure bills, and we are pretty proud of our legislation in many fields but lobbyist disclosure is probably the one thing most lacking. We are not questioning the validity of the lobbyists or their information. We are not impuning their honor, they are a vital part of the whole process. In no way is the legislation discriminatory, and we think it is a very sound, decent step. I have some amendments that you might consider. I think the bill might consider lobbying at other times besides when you are in session. We also think the minimum expenditure should be down to \$10. There are strong points -- it has been argued that the grass roots people can't come up and get involved -- there's a threshold amount that they have to reach. What it will effect are the ones who are spending the money. I urge your support for this and I will get the amendments I mentioned to you this week.

JOY BRUCK-League of Women Voters -- Ms. Bruck submitted written testimony, see Attachment #4.

OPPONENTS

ALAN F. CAIN-Montana Society of Association Executives -- Mr. Cain submitted written testimony, see Attachment #5.

HAROLD PITTS-Montana Bankers' Association -- I am a registered lobbyist, and I am opposed to this bill. I contacted Waldron about his amendments but he has been reluctant to give them to me until now. They do change the bill a lot. The amount of bookwork is absurd. Lowering the fee from \$25 to \$10 is going beyond the attempts to control this. True, there will eventually be a lobbyist disclosure bill. The federal legislation has been on the books since the '40's, and it has been found that the bill actually brought about more dishonesty than existed before. When I am entertaining a legislator, I don't discuss legislation and I would never use money to influence legislation. I have an expense account with no limit on it and I think I spend as little as I can. This thing comes up regularly and it seems the legislators feel that lobbyists in Montana don't need a bill like this. I think the \$10 and \$1 limits are absurd.

JOE CROSSWHITE-Operating Engineers of Montana -- We are opposed to this. The proponents stated that 90% of the people want this, and I think if you asked them if they wanted a legislative session they would say no. They don't understand what it's all about. As far as sister states, that doesn't mean we have to have it. Only 2 other states don't have a sales tax so should we get one? A lot of lobbying groups wouldn't have to adhere to this because of the amount of money they spend. The Highway Patrol is up here every day and where does the money come from for that? Montana has no big deal Mafia and in that sense I oppose.

KENNETH D. CLARKE-Railroad Brotherhoods -- It seems that the lobbyists aren't the ones in question, but the integrity of the elected representatives. The disclosure would only bring out that legislators are the dishonest ones and we therefore oppose.

P.L. HOLLINGSWORTH-Labor -- I do work in other states that have similar laws. It is impractical and not working. I have met with the Secretaries of State in other states that have this and they tell me that it is a waste of \$10,000 a year. They say that the printing of the pamphlets and the mailings are a pain. When a bill

(Hollingsworth continued) like this first hit the Rocky Mountains the lobbyists had to get secretaries. The cost of it is overwhelming for the state. I oppose.

ALICE FRYSLER-Montana Cattlemen's Association -- We would ask that if lobbyists are required to report and they are considered such an integral part then you legislators should be held accountable for your receipts. If the people knew the cost of this I don't think they would be urging so heavily when the move is to cut government costs. If you decide that you want this, I would ask that you amend it to show the source of their money.

WALDRON-I think I owe an apology to Mr. Pitts -- I didn't get these done until late last night. I've just been incredibly busy. Several people talked to me when I introduced this that everyone would say that you were calling lobbyists and legislators dishonest. When we opened, we tried to make it clear that that was not the case, so you can take that over to the Livestock Building because it's a bunch of bull. This is a referendum, and will go to the people for a final decision. I had hoped to avoid emphasizing that eventually we will have disclosure. The type will be determined by whether we make the decision or the people make it. If we put it on the ballot there's no way we can control it. In California, millions of dollars were spent on the ballot issue because it is so restrictive but it still passed. One of the opponents said that soliciting others is not a traditional lobbying function -- I've lobbied myself and I disagree -- that is a traditional type of lobbying. Every newsletter won't have to be included, only when you solicit people to communicate. The amount of accounting -- I think that's another issue for the Livestock Building. You only have to file four times a year. If someone comes up, gets a hotel room and spends some money on being here, he wouldn't be included, we are trying to get paid lobbyists. The move toward comprehensive lobbyist laws has been endorsed by the American Association of Secretaries of State who unanimously passed a recommendation for comprehensive lobbying laws. We have heard allusions that buying dinner is buying a vote -- I don't think that's true, but it does gain access to that legislator and I think the people of Montana should know. Right now they only pay a fee. AFL-CIO called at the beginning of the meeting and they back the bill. This is a very modest proposal and once again I say that if we don't pass this now, the people will and right now we can have a handle on this.

LINDA GRAHAM-Secretary of State's Office -- (appearing as neither a proponent nor opponent) I have some amendments (see Attachment #6) to make it workable from our standpoint relative to the definition of "participant" and "registrant".

KROPP-Most of the lobbying I get is from home over the phone -- they might have lobbyists here too, but I get more from home than here and how does that enter into this? WALDRON-Pages 3 and 4 -- people from home don't have to file unless they spend more than \$250 in 3 months. The bill doesn't intend to cover that type of activity. AZZARA-There's a fiscal note attached -- could you explain it? WALDRON-That would be the cost to the state for paperwork. I assure you that fiscal notes are a guess -- I think some agencies that don't like a bill jack the costs and if they do like it, they put it down. It won't be that great an amount of paperwork or cost. MAGONE-Gerke requested the exclusion of the audits so who would enforce this? WALDRON-We didn't have a chance to talk this over. The first thing that comes to mind.....perhaps the Secretary of State could or the Commissioner of Campaign Finances.....if there's concern then we could find someone else to do it.

MAGONE-Do you consider yourself a lobbyist, Mr. Richards? RICHARDS-Yes, I'm the state Director of Common Cause -- we have 800 members who pay \$5.00 a year for membership and that's our entire budget for the year. SALES-It was suggested that legislators also keep such records -- would your object to such a thing? WALDRON-If you are trying to kill the bill that's an improper way. I keep similar records. SALES-Don't you think that who is receiving the money is more important than who is spending it? WALDRON-I tried to make this thing as moderate as I could. PISTORIA-Common Cause receives federal aid doesn't it? RICHARDS-Untue, we are entirely supported by membership contributions. In an organization such as mine they try to retain their independence. KROPP-This fiscal note disturbs me - do you think this is a realistic cost? WALDRON-I don't know about realistic, but I don't think the cost will be so astronomical as people have said. O'CONNELL-The one thing I resent here is that when I am elected it is on principle and I have nothing to hide but to be told that if I don't endorse a certain piece of legislation that it will be brought on the ballot, I resent it. BRAND-Would you object to someone having to say where they receive their money as well as how they spend it? I want to know how much money comes in from other states. WALDRON-Realize that you are making it more restrictive. BRAND-Don't you think the people would be interested in where the money comes from? Why do you want the records to be kept for so long? WALDRON-They will have to be kept in the Secretary of State's office. The 6 years is a period of time that covers 3 sessions. You could go lesser or greater so that you could get a general idea of trends in lobbying -- whether some groups are spending more money. BRAND-Do you have room in the Secretary of State's office for this? GRAHAM-We don't have much room for anything right now, but we could find room.

HB 300-Sponsored by Rep. Quilici -- This will only affect consolidated cities, therefore - Butte-Silverbow, Anaconda and Deer Lodge. When they consolidated, they had two systems: 1 under PERS and 1 under police retirement, and this caused a problem. If a deputy had 15 years under the existing program, and then they went under the municipal police law, that man would have to serve another 15 years before he had his benefits back. This bill combines both so that you get to keep your accumulated time.

LARRY NACHTSHEIM-Administrator, PERS -- (In addition to the following testimony, Mr. Nachtsheim submitted written explanations, see Attachment #7) This would take a lot of people out of limbo. You should be aware that the police system gives them 2 1/2% and the sheriffs system gives them 2% of their highest salary of the year. So they are trying to deal with 2 different formulas. It does not affect the funding of either system. The money will come out of 2 different pools. They won't get any windfalls from this. Neither does it impose any mandate on the city, they have the choice. We aren't making the decision for anyone.

LARRY McGINLEY-Budget Administrator for Butte-Silverbow -- We urge passage of this bill. (Mr. McGinley also submitted written testimony, see Attachment #8)

MORRIS MULCAHY-AFSCME -- The two cities involved both belong to our union. We did have a problem in Butte, and this goes toward solving those problems. Some of the problems were settled in court but this couldn't be so here we are.

JIM SUNSBIDER-MPEA -- Even though it is Butte and Anaconda, don't kill it because there is the possibility that it will involve other cities. They really have a

(Schneider continued) bad situation and this bill will clarify that for any future problems.

NO OPPONENTS

SALES-On page 2 - based on the highest salary earned while a member of either system? NACHTSHEIM-If a member is in one system for 10 years and then changes systems right now his benefit is calculated on the first system and therefore really low -- so this lets it be at his highest salary. The money has been there collecting interest so it won't hurt the system. BARDANOUVE-I heard a reference to 15 years of service in the sheriff's system. The system hasn't been operating that long, and isn't that a retroactive section? NACHTSHEIM-The enabling legislation for the sheriff's enabled anyone with PERS time to transfer that time. McBRIDE-Why couldn't this have been done by local charter? McGINLEY-We are prohibited in the charter from affecting anyone's pension funds before three years and a voting procedure. AZZARA-Within three years of what? McGINLEY-There's a base period where a charter cannot be amended. I'm not sure if it is from enactment or adoption. BRAND-Why is the date back to January 1? NACHTSHEIM-Since May 2, 1977, we have had a great number of these guys not eligible to retire - if we wait till July, there may be some people able to retire but couldn't. The people were moved May 2, 1977 and if they weren't eligible then, they aren't eligible yet. BRAND-Under one plan you have 55% of salary with 25 years of service - don't they have criteria before they can get the pension? NACHTSHEIM-Page 1, line 24 -- there's a little difference in the formulas. The sheriffs pay 7% and the police pay 6%, and the big difference comes in the cities payment. BRAND-If they went from sheriffs to police there would be greater expenditure for the city and state? NACHTSHEIM-Yes, that's why we left it permissive.

EXECUTIVE SESSION

HB 208-BRAND-The amendments we had were poor grammar and unclear, so we need a motion to accept these amendments (see Attachment #9). JOHNSTON moved to accept the amendments, the motion carried unanimously.

JOHNSTON moved HB 208 AS AMENDED DO PASS.

PISTORIA-I don't like that \$25,000 -- I'm not against the government selling milk, but I'm afraid of this. BRAND-You can do what you want on the floor. BARDANOUVE-I have concern in another area but I will support the bill. I may offer an amendment on the floor. BRAND-The department wanted this in, so anything you do isn't against me. BARDANOUVE-I fear it might open the spending power of the warden, and maybe there should be a limitation of some sort. BRAND-I agree. DONALDSON-Is your concern with the revolving fund? BARDANOUVE-Whoever has control of it has unlimited control, so I might want to limit it.

The motion of AS AMENDED DO PASS carried unanimously.

HB 49-BRAND-I promised Waldron I would hold this until Monday and we have allowed that for everybody.

HB 300-JOHNSTON moved DO PASS, the motion carried unanimously.

HB 187-McBRIDE-The subcommittee on HB 187 will meet tomorrow on adjournment of State Administration.

BRAND-Kanduch, has your committee met yet on HJR 9?

KANDUCH-We found that the law isn't in the federal statutes to require a peep-hole; but between March and May, it will be proposed. Montana does not intend to adopt that unless this bill mandates it. We came up with the decision that this isn't necessary and recommend DO NOT PASS.

On a roll call vote, which can be seen in the original minutes, the motion carried 10 - 9.

Adjourn: 11:00 a.m.



Joe Brand
Joe Brand, Chairman



Nita Sierks
Nita Sierks, Secretary

Waldron's amendments to HB 49 may be seen in Attachment #10.