

February 12, 1979

Chairman Brand called the meeting to order at 9:15 a.m., with all members present.

HB 522-Sponsored by Rep. Cooney -- He presented amendments, see Attachment #1. This bill limits the amount of money that can be given to state-wide ballot issues. This says that individuals can give \$500 and corporations can give \$1,000. As candidates, you realize that we have limitations placed upon us -- and corporations can even get involved. The amendments will clarify some of the problems people have with this bill. We can't prohibit anyone from spending money, but we are saying that an individual or corporation is limited in the amount they can give. We are not limiting the amount of money that can be contributed to a particular committee.

PAUL RICHARDS-Common Cause -- We favor the concept and we feel the amendments will help tremendously. Our main fear with ballot issues is that the money being spent is going past trying to educate the voters and actually trying to buy the campaign. He spoke about Initiative 80, and the amounts of money expended (\$270,000+) and the various sources. Money is power at the ballot box. We feel it is very crucial to keep Montana for Montanan's and keep it from being overshadowed by out of state powers.

MIKE DAHLUM-University of Montana -- We think it is important for people to know who is paying to influence what.

#### OPPOSITION

ALAN CAIN-Montana Society of Association Executives -- We oppose, and I haven't looked at the amendments. This is quite clearly unconstitutional. The Supreme Court has looked at this in the past year and feels expression on ballot issues are a part of the Constitution. The first amendment to the Constitution -- the Bill of Rights -- deals with freedom of speech. Congress has decided that the area of expression on ballot issues was a part of the freedom of speech and the Supreme Court has also supported corporation's right to contribute. We feel you should look askance at anything trying to inhibit this basic freedom. I would suggest that the amendments don't get around this infirmity and clearly should still receive a DO NOT PASS.

LES LOBLE II-MDU, General Telephone of the Northwest -- I am struck by the remarks of Richards. We recently had the nuclear initiative with a flood of out of state money, never the less we lost -- so money doesn't make all the difference. (He presented an article from the Kaimin of November 22, 1978 - which he claimed had relevance to the bill, but appeared to be an attempt to discredit the gentleman from the University - see Attachment #2 - Chairman Brand intervened to assert that Mr. Loble had strayed from the topic and that he would be asked to leave unless his testimony came back to the subject of the bill.) In the long view, this may well come back to haunt the people who put it in. The definition of "person" is broadly defined in the Campaign Practices Act to cover individuals and groups so this goes against that.

GENE PHILLIPS-Pacific Power and Light -- If we wanted to notify our shareholders about a ballot issue, the postage alone would come to \$19,650 -- if we wanted to

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notify our customers, the postage would be \$3,300. The amendments seem to draw a distinction between direct and committee contributions. This distinction has been raised in the Hanson case and was considered unconstitutional. We aren't talking about a district, but a statewide issue. I feel this is unconstitutional.

JOHN LAHR-Montana Power Company -- I too echo the matter brought up by Gene Phillip. I disagree with the comparison of this to your own districts. Communication costs money. Although money came from out of state (in the initiative) the voters of Montana made the final decision. We want to be able to notify our stockholders and the limitations in the bill would not allow this.

JJM HUGHES-Mountain Bell -- I agree with those who have testified before me and I would appreciate a DO NOT PASS.

COONEY-I appreciate what has been said today, but I don't think the article from the Kaimin relates to this bill and I resent that that was even brought out. Cain claimed that it was clearly unconstitutional -- I'm not trying to skirt the issue, but I don't think we can say this is unconstitutional. I have talked to many lawyers and they can't say. I don't think we should send bad legislation out but I don't think this is so. Loble referred to Initiative 80 -- this wasn't drafted for #80 -- I'm concerned about the amounts of money spent in any initiative. Loble said it would keep unions from fighting a right to work issue and that isn't true. They could contribute \$1,000 and then put their own ads out -- they would just have to put a note on the ad saying who paid for it. Phillips said they couldn't notify their shareholders -- all this says is that they can't give more than \$1,000 to a ballot issue. They could still send notifications to their customers. None of these people ever came to me to speak on these differences. No one ever came to me to see my amendments - or to propose any others. I don't want to see bad legislation or an unconstitutional law. It is the opinion of many people that one reason that corporations can contribute to ballot issues is that they can't be corrupted, whereas candidates can. I'm not for hindering anyone in the legislative process.

DONALDSON-Is there any law that states that there can be only one issue that a corporation can contribute to? COONEY-No. FEIDA-Would you say that this is a form of restricting free speech? COONEY-No, I don't interpret this bill as doing that at all. The lawyers I spoke to felt that the amendments weren't necessary. JOHNSTON-What's wrong with bringing out of state money in for a change? RICHARDS-These corporations are not people and if people believe in what is being done they can contribute on their own. There are people within them that can work within the system. Money like this doesn't help the electoral process, it only dumps on the media. McBRIDE-Do you see the limits that are placed on anyone's personal campaign as unconstitutional? CAIN-Yes, the Court drew a rather clear distinction that the limit on a personal contribution to a candidate was feasible; but when you go into spending money to enhance your views it takes money. DAHLEM-Initiative 80 was a campaign that I thought was fraudulent and slanderous to me personally, and I was angry and called them (the utilities) bastards and I apologize. This bill will not drive anyone out of the state. All this bill does is require them to say where the money is coming from. I would leave the question up to the voters. COONEY-This case that Cain sites, I believe, had a court decision of 4 - 5 which I believe shows that the court isn't completely clear on this.

HB 482-Sponsored by Rep. Meyer -- This bill requires competitive bidding for all leasing agreements entered into by the state. I am submitting some amendments, (see Attachment #2A).

TERRY HARRIS-Capitol Office Equipment and Design -- I'm in favor of the bill as amended. In our industry, we are getting more sophisticated and more expensive. The state buys alot of typewriters, and these are not let out to state vendors. None of these go out for bid. The state spends \$240,000 alone in typewriters that don't go out for bids: The Highway Department purchases calculators all the time, and they never go out to bid. There are other pieces leased and rented -- several items in this building rent on the average of \$800 a month that have never gone out to bid.

PAUL PISTORIA-Representative from Great Falls -- On December 28, 1978, I was called upon to see some businessmen who own business machines companies in Great Falls and they enumerated to me some of the things the state is buying without bids. They buy them one at a time when they know how many they are going to need in a year. I have to support this bill for the sake of the other guys. It's about time we put some of these departments in their place.

NO OPPONENTS

MEYER-Leasing has become very popular in the last 10 years and it is a new way to purchase equipment. I think this is something that is needed and no matter how you acquire this equipment it should be put up for bids.

KROPP-These typewriters, were they obtained from one organization or different ones? HARRIS-188 came from IBM, 11 from Olivette, 10 from Olympia, 9 from Remington, 5 from Royal, 4 from Smith Corona, and 3 from Adler. IBM is the most expensive typewriter on the market. BARDANOUE-Would this apply to computer systems also? MEYER-Yes. BARDANOUE-If you went into competitive bids wouldn't you have trouble with compatibility of the equipment? HARRIS-We are involved in selling small computers and you are correct -- if the job can be done with a low end computer, OK; if not, then the specs should be written to the job. BARDANOUE-If the agencies wanted to avoid this law, couldn't they write the specs to ignore you? HARRIS-Yes. STAIGMILLER-Don't they have the right to refuse all bids? MEYER-Yes.

HB 531-Sponsored by Rep. Sales -- This controls the deposit of public funds. We are talking about alot of money to be deposited, and alot of the lending agencies are competing for this money. In the section we now have 9 types of securities to back up the deposits. Up to \$40,000 if covered by federal insurance, so this law covers anything over \$40,000. The 9 things that are listed work out well for banks but not for savings & loans. We are asking that mortgages and trust deeds be added to the list and that the section referring to this be amended. This would allow savings & loans to be in competition for these funds.

DAVE LEWIS-Department of Administration -- He submitted proposed amendments, see Attachment #3. This requires the depository to report to the state treasurer on some regular basis to certify that they have the right amount of security on deposit. This amendment would eliminate the administrative problems we had with the bill.

STEVE GROSS-President, Home Federal Savings & Loan -- He submitted written testimony, see Attachment #4.

ED SHEEHY-Montana Savings & Loan Association -- We would request that the reports be quarterly rather than monthly. We agree with the amendments submitted. When we drafted this, we felt that mortgages would include trust indentures but the Supreme Court recently had a decision making a difference between those. We would request a DO PASS on this bill.

#### NO OPPONENTS

SALES-I forgot that there was a hundred thousand dollar insurance limit on public funds; and Mr. Lewis says that quarterly reports would be no problem -- I am amenable to that.

AZZARA-I understand the Prudent Man Rule governs the State Board of Investments. Was there some reason other than what is shown here for not including mortgage investments? SHEEHY-I don't think that was the reason. It was the result of a compromise between banks and savings & loans. BARDANOUE-Do you find any problem with this bill? JAMES R. HOWETH(State Investment Officer)-The reporting responsibility was the only problem but as long as there's a section allowing the Board of Investments to have more on deposit than such funds as they have -- so that if a savings & loan has \$500,000 in deposits, we require them to have \$1,000,000 in insurance. PORTER-These investments -- must they be made in state? SALES-No. PORTER-I was involved in a situation of this kind where large tracts of land high overvalued were put up as collateral -- now is there anything we can do to cut off this sort of thing? HOWETH-We only do that in Montana and we make no mortgage loans out of Montana, but this doesn't preclude the savings & loans from making a mortgage in Georgia. BARDANOUE-Aren't most of these mortgages insured by FIA? HOWETH-The conventional mortgages aren't insured.

#### EXECUTIVE SESSION

HB 49-JOHNSTON-The subcommittee voted 2 to 1 that the bill be killed. BRAND-The recommendation is that the bill go out AS AMENDED DO NOT PASS, JOHNSTON so moved.

BARDANOUE made a substitute motion of AS AMENDED DO PASS, which failed on a roll call vote 15 - 4.

JOHNSTON moved to reverse the vote on a motion of AS AMENDED DO NOT PASS which was approved by the committee.

HB 481-KANDUCH-This is quite a complicated situation and we would like to have HB 58 referred to us also and have O'Connell, Bardanoue and Carroll South to help us get a committee bill or make a decision. BRAND-OK, I suggest you contact South

HB 384-MAGONE-We haven't been able to meet on this yet.

HB 436 & 76-BAETH-We are still waiting for a fiscal note on HB 436.

HB 482-KROPP moved to accept Meyer's amendments, which carried; he then moved AS AMENDED DO PASS, which also carried unanimously.

HB 522-JOHNSTON moved DO NOT PASS.

SALES made a substitute motion to accept Cooney's amendments, which carried. AZZARA then moved HB 522 AS AMENDED DO PASS.

AZZARA-This is another disclosure bill for the public to know where the money is coming from. FEDA-My opposition is that all it shows is money and not man hours -- it is unequal and unfair. My union paid me to go around and campaign. DONALDSON-What we have now shows what is given and this bill limits that. So, I think this will confuse the issue. AZZARA-What you say is true, of course we can't control the influence of talk. This just shows who pays for the talk. It takes the only really possible category we can regulate. BRAND-They have to put who paid for it and I like knowing where the money comes from.

AZZARA's motion of AS AMENDED DO PASS failed on a roll call vote 12 - 7. JOHNSTON moved to reverse the vote on his original motion of DO NOT PASS, which was approved. So HB 522 went out DO NOT PASS.

HB 531-SALES-I would move the amendment with a change in that amendment from "monthly" to "quarterly", the motion carried. SALES then moved HB 531 AS AMENDED, DO PASS, which carried unanimously.

Adjourned: 10:45 a.m.

  
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Joe Brand, Chairman

  
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Nita Sierke, Secretary

Mike Dahlum later submitted written testimony, please see Attachment #1A.