

STATE ADMINISTRATION COMMITTEE
House of Representatives

February 20, 1979 p.m.

Chairman Brand called the hearing to order at approximately 8:30 p.m., Rep. Johnston was excused.

HB 826-Sponsored by Rep. Lien -- This is a simple little bill that takes municipal owned sewer systems out of the PSC rate making procedures. This was requested by the League of Cities and Towns.

DAN MIZNER-Exec. Director, League of Cities & Towns -- In the drafting, there were minor errors and we ask that the amendments be taken up on the floor. This puts back what the cities and towns have been doing all along.

BILL VERWOLF-Finance Director - City of Helena -- We support this.

DON PEOPLES-Butte/Silverbow -- Local government has the capability and this is a local issue that we could handle easily. We also feel the bill safeguards the consumer with the 25 users or 15% section.

DAVE DAWSON-City of Billings -- The city supports this and urges DO PASS. He also submitted written testimony, see Attachments #1, 2, and 2a.

BOB MCCARTHY-Chief County Attorney, Butte/Silverbow --The bill provides adequate due process for the users of the system before the rate making procedure takes effect. I urge your support.

OPPONENTS

PAUL PISTORIA-Representative from Great Falls -- I feel the PSC is doing a good job, and I don't think we are ready to let local people run the sewer.

GEOFFREY BRASIER-Consumer Council -- I think this is a bad bill and there is not sufficient reason to revert to the old way. There were two Supreme Court cases in Montana that upheld construction and purchases with sewer funds. With the bill itself I have some difficulty but I concur with the amendments. If you will have your researcher look he will find that you have to have controls for due process, etc. One of the keystones of regulation is the filing of regular reports and there is no provision in this bill for annual reports -- see Attachment #2.

LIEN-I'm no expert, but I know we have a problem that affects third class cities and towns. If there are any technical questions the witnesses can answer them. I'm only trying to address a problem in my district.

HB 827-Sponsored by Rep. Ellis -- I have already mentioned to you our problems with accrued liabilities and this bill could be the cure to the problem. He compared Game Wardens and Highway Patrolmen relative to their retirement systems. Every biennium the law says they will have an actuarial evaluation and last time the guy said their employee/employer contributions should both be brought up. So, I think we should merge the two and come up with a funded program. This bill asks the Legislative Council and the retirement division to get together and come up with a practical approach.

LARRY NACHTSHEIM-Administrator, PERB -- We can do the study as part of our 1980 valuation.

TOM SCHNEIDER-Exec. Dir. MEPA -- The wardens support this but the patrol is opposed. The major consideration to come out of the study is that the Highway Patrol doesn't have Social Security and the Wardens do, so the combination would be difficult. The employees are never deeply involved in the study and then when it comes up the employees all get upset. So, I think the people affected should work with them.

ELLIS -- I will push for employee participation because both parties have to agree on this.

HB 846-Sponsored by Rep. Waldron -- This does have some similarities to 606 and I would like to include the amendments to 606 but it does some things that 606 doesn't. It will be amended to concur.

CLIFF CHRISTIAN-Montana Asso. of Realtors -- The amendments are already drawn for this. We feel this bill addresses things that 606 doesn't.

WALDRON-Sivertsen and I did make a serious effort to put these two together.

HB 853-Sponsored by Rep. Azzara -- I have passed out another bill that shows how we hope to amend it on the floor (see Attachment #3). The bill initially included all of the statewide elected officials. In the amended version, several offices are amended out. Some of the objections raised before were that public financing is not really feasible in terms of the objective hope to achieve and this bill provides a formula for limiting the spending. Candidates for these offices who receive more than 5% of the primary vote would receive a percentage of the money in the check-off. Both candidates for Governor would be able to raise three times the amount of public money, so it allows for private contributions. He went on to explain the formula in the amended bill. No one is forced to participate in this, but once they accept the money they are bound by the conditions. When I first became aware of public financing I thought it was a move by government to control elections but it became clear that the opposite is guaranteed. Public financing doesn't preclude that honest candidates can raise money on their own, but it also allows for other people to participate. It establishes a ceiling as well, and I think that was on the objections raised last time. We are attempting to prevent money from buying elections.

PHIL TOWNEY-Exec. Secretary, Democratic Party -- An interim committee was mandated to study the campaign fund program and the committee came up with three recommendations -- to abolish the fund, give money to gubernatorial and judicial candidates, or to give the money to all legislative races. In the end we decided that the amended bill before you was the best way. People running for Supreme Court have a hard time getting money and we felt there was a real need for something like this. 18% of Montanans used the check-off the first year and 25% the second time. In the last governor's race Woodahl got more money from the fund than he raised. So, it offers everybody a good chance.

JOHN HANSON-Commissioner of Campaign Finances & Practices -- I support this to the extent that public campaign financing limits expenditures. In '75, the legislature did establish expenditure limitations for candidates running for office, however,

(HANSON continued)-The Supreme Court ruled that limitations were unconstitutional except where public monies were being used. I think this legislation - if public financing is going to be provided - would be necessary and would return the intent of the '75 act.

OPPONENTS

PAUL PISTORIA-Representative from Great Falls -- I think we better put our money back in our pockets.

AZZARA-I think we have a legitimate objective here and I feel public financing will come eventually and that the reasons for it are obvious. It is becoming more difficult to run for office due to the more sophisticated techniques. If money is how we are running our elections then I find it very sad. The objective of this bill is not to restrict freedom.

HB 934-Sponsored by Rep. Bardonave -- This is a damned poor time to try to present an important bill but.....this does to the firemens system what we did with 558. It attempts to make sense out of a system that is poorly funded and in chaos. It was put together by the League of Cities & Towns and they have worked out amendments.

LARRY NACHTSHEIM-Administrator, PERS -- As I understand, it was a basic question of should there be a centralized administration of this program or should it be administered from 14 different locations. This puts it in PERS. The retirement division can supply actuarial consultants, legal counsel, and our accounting systems and staff are always there.

DAN MIZNER-Exec. Director, League of Cities & Towns -- There will be opponents who will point out technical difficulties I'm sure. These can be amended on the floor or in the Senate.

BILL BURBO-Finance Director, City of Helena -- He spoke in support.

SAM BOUGUS-Finance Director, City of Billings -- We support this. If something isn't done, the unfunded liability will grow and grow.

OPPONENTS

RAY BLEHM-Montana State Firemens' Association -- I have the last official documents filed with Sonny Olmholz and they show no disability pensions paid. We had a bill to raise our city and employee contributions and the city of Billings told us that we would go to contract negotiations. Considering that Billings has averaged 5% of salary, and has been told that they should be funding higher - well, I just find it interesting that the city is here supporting this. This bill has been available for little more than on day and therefore we haven't had much chance to study it. PERS criticises us all the time and never offers technical help. The sheet I handed you (Attachment #5) shows the study done 12 years and the funds have grown. The unfunded liabilities is 175% more than 12 years ago, and due to inflation that isn't much less.

AL SAMPSON-Montana State Fire Chiefs' Association -- I think this is a poorly drafted bill and has some very bad parts in it. The mode of payment presently is by the Relief Association -- are the benefits in this bill the same? I don't know! We have only had this for 24 hours. There's no fiscal note and if we had brought a bill like this, you would have demanded a fiscal note. Presently we pay for the administration of our system. It just doesn't allow for all sorts of things. This is a bad bill and it needs a lot of work.

MIKE WALKER-Fireman, Great Falls -- He submitted written testimony, see Attachment #6.

LES NILLSON-Montana State Firemen's Association -- No firefighters were contacted on this at all. Nobody is more interested in the welfare of our pensions than we are. I urge that you defeat this.

VERN ERICKSON-Montana State Firemen's Association -- He spoke in opposition.

SEE ATTACHMENTS #7 through 15 for additional opposition testimony which was submitted to the committee in lieu of actual testimony in the essence of time.

BARDANOUVE-I have seen legislators take bills apart nit picking and people think, oh lord, it is awful. I think it is irresponsible criticism. If you don't like it then offer amendments. You would be in the same position as policemen. Montana is putting in money, the cities are putting in more and you put in the least. The state would put in a lot more money. Here I'm going to stand up and spend General Fund money and all I'm getting is criticism. There may be some technical problems but anytime you try to improve a system you come up with technical problems. If the bill goes anywhere, I would suggest that you work up amendments and I would be agreeable to anything reasonable. We don't want anything that won't work. We want to make it workable for cities. We are trying to put some responsibility into the system and some soundness. You can't amend the boogeyman out of the bill. We have time in the House and in the Senate to work on this. You can't expect more benefits when you haven't paid for the ones you have. We are still 75% short, like we were 12 years ago. If the committee can't accept the bill, I think it will just prolong the problem.

BRAND-Don't you think all parties should be involved in drafting legislation like this? MIZNER-We called on the cities because we thought the cities had the management capabilities. BARDANOUVE-I think they have known about this for two years.

EXECUTIVE SESSION

HB 826-O'CONNELL moved DO NOT PASS, which carried 10 - 7.

HB 827-BAETH moved DO PASS, which carried with Kropp, Porter, Bennett, Sales, and Smith opposing.

HB 828-SALES moved DO PASS.

BARDANOUVE-It was not my intention to include volunteer departments, even in second class cities.

The DO PASS motion failed 15 - 4. JOHNSTON moved to reverse the vote and also moved DO NOT PASS - the committee accepted both motions.

HB 846-AZZARA moved DO NOT PASS.

JOHNSTON made a substitute motion of DO PASS, and Azzara withdrew his motion. The DO PASS motion carried with Sales, Magone, Smith, O'Connell, Brand, Azzara and Kropp voting NO.

HB 853-AZZARA moved DO PASS - I would appreciate a Do Pass so we could get it to the floor. The motion carried on a roll call 10 - 9.

HB 384-JOHNSTON moved DO PASS, which carried 14 - 5.

HB 492-BRAND-The sponsor has requested that we SIT ON IT, do I hear a motion. Smith so moved and the motion carried unanimously.

HB 656-KROPP moved DO NOT PASS, which carried on a roll call vote 14 - 5.

Adjourned: 10:45 p.m.


Joe Brand, Chairman


Nita Sierke, Secretary