

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

January 29, 1979

The twelfth meeting of the State Administration Committee was called to order by Chairman Pete Story at 10:00 A. M. in Room 442 of the State Capitol on the above date.

ROLL CALL: All members of the Committee were present.

CONSIDERATION OF SENATE BILL No. 156: Sen. Story handed the gavel to Sen. George Roskie, Vice Chairman, in order to present his testimony as sponsor of this Bill.

Sen. Story advised this Bill was introduced at the request of the Department of Administration in order to revise the PERS monthly reporting and deposit of contributions procedures, and that the PERS representative would explain it in detail.

Jim Turcotte, PERS, proposed an amendment to SB 156, on page 1, line 16, to strike "10th" and insert "15th", and after "month", insert "or 5 working days after payroll warrants have been issued for the last normal pay period of the previous month, whichever is later". This would protect the employees rights for refunds and death benefits, among other things, he felt. Each month they process about 350 reports from agencies throughout the State. In July, they received about 340 reports before the 10th of the month. He explained, while going over a written report which had been prepared for the purpose of showing the Committee the administrative procedure in handling reports from the various reporting agencies sending in PERS contributions and the time frames involved. Copies were distributed to the Committee and a copy is attached to these original Minutes, to which reference is hereby made for further particulars, along with copy of amendments as proposed by Mr. Turcotte.

Further proponents were called for by the Acting Chairman.

Tom Schnider, MPEA, supported the Bill, stating that these reports must be sent in or a refund or retirement check will be held up. The longer an agency takes to complete these reports and get them in to the state PERS, the longer it takes to get a refund or the first retirement check. When they contact the local agency, they find it has not been submitted. It is very frustrating when an employer does not report when he should, and then waits for three or four months and does a lot at one time. He felt this Bill would only affect those which are delinquent, so it would take off the pressure from those who are doing this properly now. He believed the money actually belonged to the employees, and it is detrimental for an employee to have to wait too long.

Opponents were called for.

David Goos, representing the City of Billings, opposed the Bill, stating it was unworkable as it now stands because of the time frame involved in preparing reports. He submitted written testimony, copy of which is attached hereto for further particulars, pertaining to the time it takes to process 528 reports on employees

for PERS purposes and objecting to the penalties as proposed by this Bill.

Dan Mizner, Executive Director, League of Cities & Towns, in opposition to the Bill, advised that cities and towns are contract agencies and some have voted not to belong to the PERS. In some cities where there are part-time clerks and employees, it would be impossible to comply with these deadlines as proposed by this Bill. He then asked that the Bill be amended to reinstate line 21, page 2, so that the cities and towns are allowed input. He also asked that page 2, line 15, be amended as sometimes these cities and towns don't meet until after the second Monday of the month, which cuts down the length of time to do these reports.

Dean Zinnicker, Montana Association of Counties, also opposed the Bill. He felt the comments submitted by the City of Billings also pertain to larger counties, where the remarks of Mr. Mizner apply to the smaller, rural counties.

Ray Blehm, representing the Montana State Firemen's Association, commented that because they set up their own system when they saw what problems could arise, they are not involved, but were glad they were not in the PERS.

In closing, Sen. Story added that from the statistics the PERS has shown, with few exceptions, all of the major agencies they deal with have made the 15th of the month as a reporting deadline, even though it is not written in the law. The percentage of late reports that they have is very small, as they relate to the total agencies reporting, which is only about 9 to 17%, of which all late reporters are local government agencies. When these reports arrive a month late, it is very difficult to process them and still keep current with other work.

Kathleen Behm, Administrator of Central Pay-roll Division, State Auditor's office, pointed out that, regarding these reports, Central Payroll reports are based on wages earned, rather than wages paid within a month.

Sen. Roskie commented that when you want something done by an agency you have to mandate it doesn't seem like good business, and asked if this couldn't be done without unnecessary delay, either on an estimated basis or by administrative rule, rather than by asking for a law, to which Mr. Turcotte answered that they have to know exactly what the dollars are so their calculations will be accurate as these are retirement contributions from the individuals. Continuing, he explained that it was similar to a bank account, as they are sent the information on what contributions are made to each employee's account. Without this information, they can't process a refund or warrant as they don't know what the contribution would be.

In answer to Sen. Story's question, Mr. Turcotte replied that the only ones affected by this last report would be those who would be entitled to a refund or their first retirement check.

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Responding to Sen. Roskie's questions, Mr. Turcotte stated if the reports are not processed by the end of the month, the interest is accrued on the contribution, but lost to the employee as it goes towards the employer's share of the contribution. If the report shows it is to be taken as a refund, the employee does receive it.

Replying to Sen. Ryan, Mr. Turcotte said the reason they are requesting the penalty provision is to try to make these reporting agencies turn in this information by the 15th of the month. Continuing, he said they could process two checks, but it would mean doubling their paperwork.

Responding to Sen. Ryan's inquiry, Kathleen Behm stated that their system is basically bi-weekly, and ends on Friday on those pay periods which end during the month. They give PERS magnetic tapes in addition to the payroll reports.

Discussion of the cities of Butte and Billings which reported late was held, to which Mr. Mizner commented that it pertained to the computer systems or change in systems resulting in delays.

There being no further questions, the hearing on Senate Bill No. 156 was closed.

CONSIDERATION OF SENATE BILL No. 138: The Chairman called on Senator Bob Peterson, Senate District 32, Butte, to present his testimony as sponsor of the Bill.

Sen. Peterson advised this Bill was introduced at the request of the Secretary of State, and introduced Leonard Larson, Chief Deputy Secretary of State to explain the Bill.

Mr. Larson explained that for the first time, this year the Secretary of State's office will put a drain on the general budget where, historically, they have operated on the fees that they collected for filing, etc. Four different fees are involved in this request which are: 1) legislative fees or fees related to the public interest, such as disclosure statement; 2) copy fees of the office - we are asking for a reduction from the 50¢ per page now charged for copies as the actual cost of reproduction is much less, particularly if they are mass produced by printing; 3) filing fees which are requested to be increased to cover office operational costs; and 4) license fees, particularly on corporations, from \$50 to \$100 and revision of the rate schedule. This is not to be confused with the corporate license tax which is a yearly fee; this is a one-time charge. The Secretary of State does not feel he has to insist on this Bill, but feels it would benefit the operation of his office.

There being no further proponents and no opponents appearing, closing statement was called for.

Sen. Peterson added that Mr. Larson and Mr. Thomas Tucker, also of the Secretary of State's office were available for questions.

During questioning by the Committee, Sen. Roskie asked if the Sec. of State wanted the Committee to be aware but was not pushing the Bill, although there was a problem with funding, if there should not be a fiscal note, to which Mr. Larson replied that a fiscal note they prepared showed that their current operating expenses will continue to inflate. Under current law, we would receive some \$389,000, but operational expenses would increase to some \$653,000.

Responding to Sen. Story's question, Mr. Larson replied that all their money is deposited to the general fund and then the Secretary of State puts in a budget request which is justified on the basis of operational costs; but this has not been a drain on the general budget in the past. However, during this coming biennium, their office will conduct a thorough study on microfilming process for all of the records in the Sec. of State's office, going back to territorial days. This will be expensive as all microfilming is but is necessary for the space they have in storing records as they handle about 1 million documents per year and are running out of available space for storage.

Answering Sen. Jergeson's questions regarding the amendments on pages 17 and 18, Mr. Larson stated they referred to foreign corporations' filing fees so that they will not receive preferential treatment. This would make their filing fees equal to domestic corporation fees. We felt this inequity was unfair and this provision will rectify this.

There being no further questions, the hearing on Senate Bill No. 138 was closed.

CONSIDERATION OF SENATE BILL No. 128: The Chairman called on Sen. Tom Rasmussen, Senate District 16, Helena, sponsor of this Bill, to present his testimony.

Sen. Rasmussen advised this Bill would require that when a vacancy occurred in an elected office, the person appointed to fill that vacancy be of the same political party as the previous office-holder. This Bill stems from the situation occurring in Missoula last session when a newly-elected Republican State Senator passed away, and the county commissioners were primarily Democrats. With a 24-25 split in the Senate after the senator's death, it was very shaky for awhile until the vacancy was filled by a Republican. However, here in Lewis and Clark County, when a county commissioner passed away and he was Republican, the remaining county commissioners appointed a Democrat.

Sen. Ryan asked what would happen to independents, to which Sen. Rasmussen replied the Bill does state that the appointee must be of the same political party. Discussion followed on this point, if an independent would have to be followed by another independent, although Sen. Rasmussen felt there was no real need to address this by amendment at this time, and could, perhaps, be handled by the persons responsible for the appointing.

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After discussion, Sen. Greg Jergeson moved that Senate Bill No. 128 DO PASS; motion carried by unanimous vote.

However, it was brought to the Committee's attention by the Secretary that the language in the Bill was incorrect, upon which Sen. Jergeson moved to reconsider the action just taken in order to correct this by amendment. Motion carried unanimously.

Sen. Jergeson moved that Senate Bill No. 128 BE AMENDED on page 4, line 24, following "if", strike "his" and insert "the appointee's"; and on page 5, line 5. Following "If", strike "his" and insert "the appointee's". Amendment passed unanimously.

Sen. Jergeson then moved that Senate Bill No. 128, AS AMENDED, DO PASS, which motion carried by unanimous vote. Amendments are as appears on the attached copy of the Standing Committee Report, to which reference is made for further particulars.

Upon discussion, it was suggested that Senate Bill No. 138 be moved to the Taxation Committee. This suggestion met with approval by the Committee.

ADJOURNMENT:

There being no further business to bring before the Committee, the Chairman adjourned the meeting at the hour of 11:15 A. M.

Pete Story, Chairman

Date

Date Aug 27, 1979

ROLL CALL

STATE ADMINISTRATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

Each Day Attach to Minutes.

DATE JANUARY 29, 1979

COMMITTEE ON STATE ADMINISTRATION

SENATE BILLS 128, 156 & 138.

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Opp
J. Kathleen McElroy	State Auditor	156		
Donna Warner	State Auditor	156		
Steve M. Warner	Unit League of Est	156		
Ray Blum	Mt St Freemasons Assoc	—		
Dean Pennington	Mt. Assn of County	156		
Carol L. L.	City of Billings	156		
David L. Deyo	PERD	156		
Mark Chamber	MPBA	156	X	
Dane Lewis	D of A	156	X	
Lloyd Gramm	Sec of State	138	—	
Thomas Tysor	Sec of State	138	—	
Beta M. Thulin	State Auditor	156		

ROLL CALL VOTE RECORD

SENATE COMMITTEE ON STATE ADMINISTRATION

Date Jan. 29, 1979 SENATE Bill No. 128 Time

3. *Indirect Acoustics*

Jennie L. Palmer
Secretary

Pete Story

Motion: Senator Greg Jergeson moved that Senate Bill No. 128 be amended, which motion was unanimously passed, as follows:
1. Page 4, line 24. Following: "if" Strike: "his"
Insert: "the appointee's" 2. Page 5, line 5. Following:
"If" Strike: "his" Insert: "the appointee's"
Senator Jergeson then moved that Senate Bill 128 DO
PASS AS AMENDED; motion carried unanimously.

(include enough information on motion--put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

January 29, 1979

MR. President

We, your committee on State Administration

having had under consideration Senate Bill No. 128

Respectfully report as follows: That Senate Bill No. 128,

Introduced Bill, be amended as follows:

1. Page 4, line 24.

Following: "if"

Strike: "his"

Insert: "the appointee's"

2. Page 5, line 5

Following: "If"

Strike: "his"

Insert: "the appointee's"

And, as so amended,

DO PASS

NAME: Dean Finscher DATE: 1-29-79

ADDRESS: Helena

PHONE: 442-5209

REPRESENTING WHOM? Mt. Assn of Counties

APPEARING ON WHICH PROPOSAL: SB 156

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE?

COMMENTS:

1. PERS is being subsidized by employee contributions now that are not returned.

2. Part time county commissioners are not always able to sign claims before a warrant can be issued by the auditor on the bill.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Jim Turcotte DATE: 1-29-74
ADDRESS: 1712 9th Ave
PHONE: 449-3155
REPRESENTING WHOM? PERD

APPEARING ON WHICH PROPOSAL: SB 156

DO YOU: SUPPORT? AMEND? _____ OPPOSE? _____

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: DAVID G. GOSS DATE: 1/29/79

ADDRESS: 3727 King Ave E. - Billings

PHONE: 248-2014 / 248-7511

REPRESENTING WHOM? City of Billings

APPEARING ON WHICH PROPOSAL: SB 156

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE? X

COMMENTS: Prepared statement submitted

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



CITY OF BILLINGS

220 NORTH 27TH STREET
P. O. BOX 1178
BILLINGS, MONTANA 59103
PHONE (406) 248-7511

COMMENTS OF THE CITY OF BILLINGS ON SB 156

The City of Billings would like to go on record as being opposed to SB 156 as being a bill that imposes unrealistic and unworkable requirements upon employers who contract with the Public Employees Retirement System.

This bill would require that all contributions from the previous month be submitted to P.E.R.S. by the 10th of each month instead of the 20th as is now required. This proposed deadline is unworkable simply because of the mechanics and procedures involved in submitting the monthly contributions. The City of Billings has 528 employees for whom monthly contributions are made, not an easy task even with the use of a computer but a task which has been completed on time under the present deadline. But there are several times each year when the deadline of the 10th as proposed by this bill would be impossible to meet. The City of Billings operates on a pay system that contains 26 pay periods each year with employees receiving a paycheck every other Friday. If a pay period closes after the end of the month, as happens four times each year, it is necessary to manually determine for each employee's contribution how many days of the pay period were prior to the end of the month so as to make sure the proper contribution is made for each employee to the P.E.R.S. This additional work is necessary because the computerized pay system operates on pay periods, not on a daily or monthly basis. This additional work can take up to five days to complete. And if for some reason the contributions do not balance it can take up to another ten days to achieve a balance. And when this occurs it is then already the 15th of the month before the necessary contributions and reports required by the P.E.R.S. Board are ready to be submitted, five days after the deadline that would be established by this bill.

Some may ask why the City does not change its pay system so it could comply with the proposed deadline? Such a change is not as easy as it may seem since it would mean changing everything dealing with employee compensation, going to another pay system which would be inferior to the preferred present system, and causing 528 employees to change their life habits by forcing them to accept a new pay schedule. Also the present pay system is spelled out in three labor contracts as the pay system that will be used by the City.

This bill also requires that the contributions be accompanied by such reports as the Board requires. Presently the required reports are established by rules of the Board, rules established with some warning and through a set procedure. But this bill would allow the Board to require any report it could think of and mandate that it be submitted by the 10th of the month.

COMMENTS OF THE CITY OF BILLINGS ON SB 156 (cont.)

This bill then goes on and establishes a penalty for not complying with the unrealistic and unworkable requirements of this bill. As was pointed out earlier, there will be times when the necessary work required will prohibit compliance with the new deadline. Plus there will be times that computer breakdown or mail delays will result in the deadline being exceeded. And yet under these situations, through no fault of the employer, a penalty would be imposed.

Therefore, in conclusion, the City of Billings views this bill as establishing unworkable requirements and then establishing penalties for failure to comply with these unworkable requirements. This bill is unnecessary and the City of Billings hopes this committee will give it a "do not pass" recommendation.