

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

March 15, 1985

The meeting of the State Administration Committee was called to order at 9:00 a.m. by Chairman Sales on the above date in Room 317, State Capitol.

ROLL CALL: All members were present.

Rep. Bob Pavlovich appeared before the Committee asking if they would sponsor a Committee bill for a State lottery on a referendum for a vote of the people in 1986. A Committee bill would need 14 votes from this Committee. The Chairman said this would be taken up during executive session.

CONSIDERATION OF SENATE BILL NO. 215: Sen. Jack Haffey, Senate District #33, said the bill defines more clearly "monetary contributions" from Political Action Committees (PACS). A bill was passed last session for the purpose of limiting the extent to which PACS could contribute money to legislative candidates; \$1,000 aggregate by a Senate candidate and \$600 received by a House candidate. In-kind contributions were not included in that bill. The logic then and now is to limit the control that any one or more PACS can have on a candidate. He said the more dependent a legislator is on PACS in getting elected, the more likely he will be obligated to PACS in his voting. He said the cash contributions from PACS have gone down a little this last election but there has been a rapid increase in in-kind contributions to pay for postage, advertising, etc. These contributions take on the form of cash or near cash. \$26,000 was reported as in-kind contributions. This bill doesn't affect the total amount of money that can be received.

PROPONENTS: Don Judge, representing the AFL-CIO of Montana, wanted to state that they don't contribute cash to pay for stamps or advertising but purchase the stamps or pay the printing bill. He said that the AFL-CIO was the third largest PAC and now they are the 13th largest. He said they supported HB 356 in the last session to limit PAC contributions. Of the 12 PACS that have exceeded the AFL-CIO contributions, 11 of those have exceeded the contributions with in-kind contributions. He said that in-kind contributions is a loop hole in the law and this bill would simply close that loop hole and urged the support of the Committee.

Jonathan Motl, Common Cause, said that the PAC growth in Montana has paralleled the growth in the nation and that some candidates receive the majority of their money from PACS just as they do nationally. Mr. Motl explained his handout, Exhibit #1 attached. He said they were surprised that this loop hole did exist.

Margaret Davis, League of Women Voters, said they concurred with the testimony that has been given and submitted her testimony.

Tom Tyan, Montana Senior Citizen's Association, said most of their contributions consist of cash and handouts and said that plugging this loop hole would help their efforts.

Jerry Calvert, Associate Professor of Political Science at Montana State University, spoke as a representative of the Environmental Information Center, said that as a result of a survey in Gallatin County the candidates receive more than two-thirds of their money from small donors. He submitted prepared testimony which is attached as Exhibit #3.

OPPONENTS: Janelle Fallan, Montana Chamber of Commerce, submitted written testimony also, Exhibit #4, but also said when one avenue of contributing is closed off it will surface in another area. She felt that PAC money comes from individuals in the first place and they opposed the passage of SB 215.

As there were no further opponents, the Chairman then went back to give the proponents additional time.

FURTHER PROPONENTS: Eric Feaver, Montana Education Association, and Chairman of the MEA PAC, said they spent more than any other PAC. He said they unwittingly got into this area early on and then they were asked by a candidate to pay his printing costs, which they did. This was something they did not wish nor intend to do nor do they intend to do this in the future. He asked that the Committee close the loop hole in the law.

Nancy Harte, Montana Democratic Party, submitted written testimony, Exhibit #5, attached.

Julie DalSoglio, Montana Public Interest Research Group, submitted Exhibit #6 and expressed support for SB 215.

DISCUSSION OF SENATE BILL NO. 215: Rep. Pistoria asked if this would affect what an individual can contribute. Sen. Haffey said it would not as there are limits in the laws that pertain to individual contributions. Rep. Cody said in her campaign she had a large force of volunteers but Sen. Haffey told the Committee that voluntary services are not considered to have a monetary value and are not included in this bill.

Rep. Nelson asked if this bill would preclude an individual from donating a roll of stamps and Rep. Jenkins asked if it would still count against the \$250 limit for individuals. Sen. Haffey said this bill doesn't affect individual contributions.

Rep. Pistoria noticed that Jack Lowe, the attorney for the Political Practices Office was present and asked how his office viewed this bill.

Mr. Lowe said they did not care to take a position for or

against the bill and he had no position personally. He said that the contribution of a roll of stamps would count towards an individual limit which is \$250. There is a rule that states if a third party were to pay a debt of a candidate that would be an in-kind contribution. The Legislature has read this rule as allowing this type of contribution, however, this is going to have to be changed if the Legislature doesn't pass this bill so that his office can keep up with what is going on in the campaigns.

Rep. Fritz stated a hypothetical situation where a candidate has reached his \$600 limit of contributions, another PAC wishes to give him money so he sends them his printing bill and they pay it - he asked if this is now allowed. Sen. Haffey said that was true without this bill.

In closing, Sen. Haffey said that PACS do have a role to play but that role should be limited.

CONSIDERATION OF SENATE BILL NO. 228: Sen. Paul Boylan, Senate District #39, said the bill would allow the state or other governmental entity to waive the bond requirement or bid security on contracts under \$25,000. This would allow some of the smaller contractors to bid on some of these small contracts and would help some of these political subdivisions to get the job done quicker.

PROPOSERS: Bill Lannan, University System and a member of the Governor's State Building Construction Advisory Council, was in support of SB 228. This would address contracts under \$25,000. Most of these contracts would be a one payment situation. Some of these small contractors would have to tie up a good deal of their capitol if required to post bond. They would have to sign an affidavit at the completion of the job that all materials and labor had been paid for before the contractor would be paid.

Marty Crennen, Architect and member of the Governor's Council, said the purpose of the Council was to streamline the process. This bill would limit some of the paperwork for the small contractors.

Denzel C. Davis, Vice president of Vulk Construction Company, said that bond costs for a small contractor runs from 2-3% of the contract. Over the long run the State would be looking at a savings.

Bill Olson, Secretary-Treasurer of the Montana Contractors, said they supported the bill.

OPPONENTS: Gene Fenderson, Montana State Building Construction Trades Council, said they first supported this legislation as it was a companion bill with Sen. Blaylock's bill to license contractors. That bill was killed in the Senate so the Council

withdrew their support of SB 228. He said that the majority of the contractors who get in financial trouble are the small contractors who are just starting up, are short on money and assets and are operating on a shoestring. The bill doesn't say if the bond would be waived for all bids for that particular contract. Does it mean waiving the bond for all contractors. He said without the licensing bill the Committee should give SB 228 a Do Not Pass.

DISCUSSION OF SENATE BILL NO. 228: Rep. Campbell asked if the affidavit stating that all bills are paid is the only proof the agency has. Mr. Lannan said that was so. Rep. Campbell then wanted to know what would happen if they falsified that affidavit and the bills were not all paid. Mr. Hauck said the mechanic's lien laws of the State would be applied back to them as the contracting agency.

Rep. Harbin wondered if these contractors could not afford the bonds for these small projects are they the type of contractor that should be offered the contract.

Rep. Fritz asked if a report had been published by the Governor's Council and if it was available. Mr. Lannan said the Report was supplied to the Committee members at the beginning of the Session.

In closing, Sen. Boylan stated that there were approximately 14 bills that have come out of that report. He said these small contractors should not be required to supply securities, bonds, CD's, etc. or a lot of them won't be able to participate.

CONSIDERATION OF SENATE BILL NO. 229: Sen. Paul Boylan, Senate District #39, said this bill would establish a reciprocal preference law for bidders on construction projects between states. He said there were other people from the construction business to explain the bill further.

PROPOSERS: Gene Fenderson, Montana State Building Construction Trades Council, supported SB 229 and said it was a good piece of legislation. This would be a benefit to contractors when they bid out of state. The original bill did not contain the 3% preference. He gave the preference rates for other states such as 10% for Minnesota, zero for North Dakota, etc. The 3% base was added and reciprocity on top of that. He believed it was a good bill.

Bill Olsen, Montana Contractors Association, submitted Exhibit #7 which is a proposed amendment to the bill which would put the bill back to it's original state. He appeared not as a proponent or opponent but as a "ponent" and said that their Association membership was divided on the bill. He also said that preference laws do not apply when any federal funds are involved, only when it is funded 100% with State money. He felt the bill should be reinstated to the original version and

asked the Committee to pass SB 229 with the amendment.

Denzel C. Davis, Vice president of Vulk Construction Company, said they were a little bit undecided about the preference law. He said to either go to a reciprocal situation or leave the law as it stands and eliminate the 3% preference.

Bill Lannan, University System, supported the original bill that was introduced and agreed with Mr. Olsen and the proposed amendment.

DISCUSSION OF SENATE BILL NO. 229: Rep. Jenkins asked how a company could move everything, equipment, etc. into Montana and still underbid Montana contractors. Mr. Davis said he couldn't really address that.

Rep. Peterson, wanting to be clear on the 3% preference, asked if out-of-state bidders would be the same preference as if our contractors were going out of state, to which the answer was affirmative.

Rep. Fritz asked how many contractors bid out of state. Mr. Fenderson said that was hard to answer but approximately 5 or 6 of the larger contractors and this would vary from year to year.

In closing, Sen. Boylan said this bill was recommended by the Governor's Council. Chairman Sales asked Sen. Boylan his feelings about the amendments to which Sen. Boylan said he didn't know what the feeling of the Senate would be.

CONSIDERATION OF SENATE BILL NO. 225 AND 358: Sen. Judy Jacobson, Senate District #36, explained these two bills at the same time as they both are doing the same thing only for two different state agencies. They have been trying to get a handle on the data processing equipment that is being purchased through state agencies and have this all run through the central computer. There are times when the University System has data processing that does not impact the central system, as does the office of public instruction. If these agencies purchase equipment that does not impact the central system they would not have to run it through the department of administration. SB 225 covers the University System and SB 358 the OPI but the bills do the same thing.

PROPONENTS: Mike Trevor, Department of Administration, supported the bills. His office is responsible for signing off on this equipment authorization and this would limit their responsibility to only those items that need to be looked at for compatibility reasons.

Paul Dunham, University System, also was in support of the two bills.

OPPONENTS: There were no opponents to the bills.

There being no questions from the Committee members, Sen. Jacobson closed her presentation.

CONSIDERATION OF SENATE BILL NO. 205: Sen. Chris Christiaens, Senate District #17, said this bill was introduced at the request of the Coal Board and that he had served on the Coal Tax Oversight Committee. The Coal Board members are not designated as a quasi-judicial board and cannot receive any compensation for serving on the board. By statute, the governor is required to appoint two members with experience in education and one with experience in public administration, consequently four of the seven are unable to be compensated for their service. These members are outlined in the statutes as how the Board is to be made up and this bill would eliminate this discriminatory practice.

PROPOSERS: There were no proposers.

OPPONENTS: There were no opponents.

DISCUSSION OF SENATE BILL NO. 205: Rep. Holliday stated that three of the seven members are receiving \$50 per day and four are not and the chairman is not being paid because he is an elected county official from her district.

Rep. Harbin remarked that there was no fiscal note with the bill. Sen. Christiaens said there would be no cost to the general fund as it is already budgeted for in the Coal Board.

There being no further questions, without further comment, Sen. Christiaens closed his presentation and told the Chairman that Rep. Asay would carry the bill.

The Committee then went into executive session.

DISPOSITION OF SENATE BILL NO. 205: Rep. Pistoria moved that SB 205 BE CONCURRED IN, seconded by Rep. Smith. Motion CARRIED UNANIMOUSLY. Rep. Asay will carry the bill.

DISPOSITION OF SENATE BILL NO. 358: Rep. O'Connell moved that SB 358 BE CONCURRED IN, seconded by Rep. Fritz. The motion CARRIED UNANIMOUSLY. Rep. Peterson will carry the bill.

DISPOSITION OF SENATE BILL NO. 225: Rep. O'Connell moved that SB 225 BE CONCURRED IN, seconded by Rep. Garcia. The motion CARRIED UNANIMOUSLY. Rep. Peterson will carry the bill.

DISPOSITION OF SENATE BILL NO. 229: Rep. Garcia moved ADOPTION OF THE AMENDMENTS to put the bill back to its original version. The motion CARRIED UNANIMOUSLY.

Rep. Garcia then moved that SB 229 BE CONCURRED IN AS AMENDED, seconded by Rep. Compton. The motion CARRIED UNANIMOUSLY and Rep. Campbell will carry the bill.

DISPOSITION OF SENATE BILL NO. 228: Rep. Cody moved that SB 228 BE NOT CONCURRED IN, seconded by Rep. Garcia. Rep. Smith expressed his opposition to the bill and said that this would allow a small contractor with no bond to bid on a project and possibly get into financial trouble and the State would have no recourse. Rep. Harbin agreed with the remarks of Rep. Smith.

The motion Be Not Concurred In CARRIED 13-5 with Reps. Compton Campbell, Phillips, Holliday and Sales voting "no".

RECONSIDERATION OF SENATE BILL NO. 159: SB 159 had been amended on March 14, 1985 but Lois was not comfortable with the adopted amendments, therefore, the bill was held in Committee to enable Lois time to work on additional amendments. The amendments were explained to the members. Mr. Natschein suggested an amendment to let CETA be in the program if they wanted to, therefore, subsection 14 was stricken in its entirety and the amendment was inserted in the title. This program has been out of existence since October, 1983. The amendment was agreeable to Sen. Fuller as he had not intended for the bill to be as complicated as it turned out to be with the former amendments.

Rep. O'Connell moved ADOPTION OF THE NEW AMENDMENTS, seconded by Rep. Moore. The motion CARRIED UNANIMOUSLY.

Rep. O'Connell then moved that SB 159 BE CONCURRED IN AS AMENDED, seconded by Rep. Campbell. The motion CARRIED with Chairman Sales voting "no". Rep. Jan Brown will carry the bill.

DISPOSITION OF SENATE BILL NO. 215: Rep. Fritz moved that SB 215 BE CONCURRED IN, seconded by Rep. Cody. The motion CARRIED with Reps. Phillips, Campbell, Smith, Hayne, Nelson and Sales voting "no". Rep. Harper will carry the bill.

CONSIDERATION OF COMMITTEE BILL REGARDING STATE LOTTERY:
The Chairman called for a Roll Call Vote on a Committee Sponsored bill to put the State lottery before the electorate. Needing 14 votes of the Committee, the Roll Call Vote was 15-3 in favor of sponsoring a Committee Bill. See Roll Call Vote attached to the minutes.

There being no further business the Committee adjourned at 10:50 a.m.


WALTER R. SALES, Chairman

CS-33
(Type in committee members' names and have 50 printed to start).

DAILY ROLL CALL

State Administration COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 3/15/85

NAME	PRESENT	ABSENT	EXCUSED
Chairman Walter Sales	/		
V-Chairman Helen O'Connell	/		
Campbell, Bud	/		
Compton, Duane	/		
Cody, Dorothy	/		
Fritz, Harry	/		
Garcia, Rodney	/		
Hayne, Harriet	/		
Harbin, Raymond	/		
Holliday, Gay	/		
Jenkins, Loren	/		
Kennerly, Roland	/		
Moore, Janet	/		
Nelson, Richard	/		
Peterson, Mary Lou	/		
Phillips, John	/		
Pistoria, Paul	/		
Smith, Clyde	/		

(Type in committee name, committee members' names, and names of secretary and chairman. Have at least 50 printed to start.)

ROLL CALL VOTE

HOUSE COMMITTEE STATE ADMINISTRATION

DATE 3/15/85 Committee Bill No. _____ Time 10:30

NAME	YES	NO
Sales, Walter		✓
O'Connell, Helen	✓	
Campbell, Bud	✓	
Compton, Duane	✓	
Cody, Dorothy	✓	
Fritz, Harry	✓	
Garcia, Rodney	✓	
Hayne, Harriet		✓
Harbin, Raymond	✓	
Holliday, Gay	✓	
Jenkins, Loren	✓	
Kennerly, Roland	✓	
Moore, Janet	✓	
Nelson, Richard		✓
Peterson, Mary Lou	✓	
Phillips, John	✓	
Pistoria, Paul	✓	
Smith, Clyde	✓	

Louise L. Sullivan
Secretary

Walter Sales
Chairman

Motion: Committee Bill for Lottery on a
Referendum
14 votes needed 15-3

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

STANDING COMMITTEE REPORT

March 15

19 35

MR. SPEAKER

We, your committee on State Administration

having had under consideration Senate Bill No. 215

Third reading copy (blue)
color

DEFINES "MONETARY CONTRIBUTIONS" FOR LIMITS ON PAC CONTRIBUTIONS

Respectfully report as follows: That State Administration Bill No. 215

BE CONCURRED IN

DOLBASSY

STANDING COMMITTEE REPORT

March ~~XX~~ 15 19 85

MR. SPEAKER

We, your committee on State Administration

having had under consideration Senate Bill No. 159

Third reading copy (Blue)
color

**INCREASE AMOUNT RETIREES MAY EARN UNDER PERS WITHOUT REDUCTION
IN BENEFITS**

Respectfully report as follows: That Senate Bill No. 159

BE AMENDED AS FOLLOWS:

1) Title, line 11.

Following: ";"

Insert: "CLARIFYING EXCLUSIONS TO MEMBERSHIP UNDER THE
RETIREMENT SYSTEM;"

2) Page 5, line 17 through line 5, page 6.

Strike: subsection (14) in its entirety

Renumber: subsequent subsections

AND AS AMENDED
BE CONCURRED IN

~~DO PASS~~

STANDING COMMITTEE REPORT

Page 1 of 2

March 15 19 85

MR. SPEAKER

We, your committee on State Administration

having had under consideration Senate Bill No. 229

Third reading copy (Blue)
color

MAKE THE PREFERENCE LAW RECIPROCAL FOR BIDDERS ON CONSTRUCTION
PUBLIC WORKS

Respectfully report as follows: That Senate Bill No. 229

BE AMENDED AS FOLLOWS:

1) Title, line 3.

Following: "BIDDERS"

Insert: "AND TO ELIMINATE THE CURRENT 3 PERCENT PREFERENCE
FOR SUCH BIDDERS"

2) Page 1, line 17.

Following: "and"

Insert: "and"

3) Page 1, lines 18 and 19.

Strike: "CONSTRUCTION" on line 18 through "L" on line 19

4) Page 2, line 15.

Strike: "3%"

Insert: "same"

XXXXXX
DO PASS

Continued on page 2

State Administration
38 229

March 15 19 85

5) Page 2, line 17.

Strike: "OR THAT PERCENT"

Insert: "if any,"

6) Page 2, line 19.

Strike: " , WHICHEVER IS GREATER"

AND AS AMENDED
BE CONCURRED IN

STANDING COMMITTEE REPORT

March 15 19 35

MR. SPEAKER

We, your committee on State Adainistration

having had under consideration Senate Bill No. 228

Third reading copy (Blue)
color

**ALLOW WAIVER OF SECURITY ON CONSTRUCTION CONTRACTS UNDER
\$25,000**

Respectfully report as follows: That Senate Bill No. 228

BE NOT CONCURRED IN

DO PASS

STANDING COMMITTEE REPORT

March 15

95

19

MR. SPEAKER

We, your committee on State Administration

having had under consideration Senate Bill No. 225

third reading copy (Blue)
color

**EXEMPTS UNIVERSITY SYSTEM FROM CERTAIN DATA PROCESSING LAWS,
WITH EXCEPTION**

Respectfully report as follows: That Senate Bill No. 225

BE CONCURRED IN

MCRASSON

STANDING COMMITTEE REPORT

March 15 19 85

MR. SPEAKER

We, your committee on State Administration

having had under consideration Senate Bill No. 358

Third reading copy (Blue color)

LIMITS OSPI EXEMPTION FROM CERTAIN DATA PROCESSING REQUIREMENTS

Respectfully report as follows: That Senate Bill No. 358

BE CONCURRED IN

DO PASS

STANDING COMMITTEE REPORT

March 15

19 85

MR. SPEAKER

We, your committee on State Administration

having had under consideration Senate Bill No. 205

Third reading copy (Blue)
color

CLARIFYING COMPENSATION FOR COAL BOARD MEMBERS

Respectfully report as follows: That Senate Bill No. 205

BE CONCURRED IN

DOKPASS

Ex. #1
SB-215
3/15/85

TESTIMONY BEFORE THE SENATE
STATE ADMINISTRATION COMMITTEE

MARCH 15, 1985

Mr. Chairman and members of the Committee, my name is Jonathan Motl. I appear today on behalf of Montana Common Cause in support of Senate Bill 215.

Nine years ago, changes in election laws allowed corporations, labor, trade and professional organizations to form PACs and contribute to electoral campaigns for the first time. Today, PACs are a well-established fact of political life on the national scene, and they have grown up fast here in Montana as well. In 1976, special-interest PACs contributed \$22,648 to legislative candidates in this state, or about 8 percent of the total campaign contributions for that year. By 1982 PAC contributions had increased to \$122,767, or 19.3 percent of all contributions. In other words, PAC spending growth exceeded growth in overall campaign spending by about 250 percent during those six years.

In 1982 national campaign finance trends (showing PAC contributions often exceeding 50 percent of a candidate's total funding), caused many Montanans to become concerned that an unchecked increase in the influence of special-interest PACs could dilute the potential for an individual's effective involvement in the financing of legislative campaigns. Faced

with extensive public concern and the fact that some Montana legislative campaigns were already being largely funded by money from special-interest PACs rather than people, the 1983 Montana Legislature considered imposing a limit on the amount of money a legislative candidate may receive from PACs. H.B. 356, now codified as § 13-37-218, M.C.A., was passed into law limiting the aggregate total of PAC dollars a candidate for the Montana House of Representatives may receive to \$600 - candidates for the state Senate may receive up to \$1,000 from all PACs.

The aim of these limits was to restrict the amount of political action committee dollars to no more than 20 percent of a candidate's contributions - the average level they had achieved by 1982. Supporters of the bill believed this level would allow PACs to retain a significant role in financing legislative campaigns while reserving the major funding role for the people of Montana.

As the following chart shows, 1983 law accomplished its general goal during the last election season. In 1984 legislative campaigns, PAC contributions fell, measured as a percent of total contributions, from 19.3 percent in 1982 to 17.1 percent in 1984. This is the first time since their inception that the proportion of PAC contributions fell from one election cycle to the next.

FIG. 1 SPENDING FOR MONTANA LEGISLATIVE RACES, 1976-84

	1976	1978	1980	1982	1984
Total Contributions:	\$278,609	\$382,140	\$582,708	\$635,596	\$792,729
Special Interest PAC dollars	\$22,648	\$48,777	\$111,330	\$122,767	\$109,634
PAC In-Kind Contributions:	0	0	0	0	\$26,214
% PAC Contributions: (includes in-kind)	8.1%	12.8%	19.1%	19.3%	17.1%

(Attached to this testimony is a copy of a list of all PACs contributing to the campaigns of candidates for the 1984 Montana Legislature.)

With the above in mind, it is Common Causes's position that the aggregate PAC limit law is a sound reform that actually succeeded in its purpose during its first year of operation.

There is however, a serious loophole in the law which, if left unchanged, will undoubtedly cause it to become meaningless in future election years. This loophole is created by an exemption of in-kind contributions which allowed over \$26,000 in unrestricted contributions of postage stamps and payments for contracted services to be contributed by PACs to candidates in 1984.

The loophole was discovered when several candidates contacted Common Cause last fall and said that, although they had reached their limit for PAC monetary contributions, PACs were now

offering them things like postage stamps, claiming that this was a way around the law's limitations. By interpreting the term "in-kind" to mean that \$50 in postage stamps, for example, could be given where \$50 in cash could not, PACs in 1984 discovered a way to comply with the letter of the new law while violating its intent, which was to limit the amount of monetary value contributions candidates could receive from them.

Montana is the only state to have passed a law limiting the influence of special-interest PACs on legislative campaigns, probably because we were fortunate enough to catch the process before PAC spending got too big to control. I would refer you to the newspaper clippings attached to this testimony like the one titled "Courage in the Big Sky", from the Hartford, Connecticut Courant.

In 1984, 24 of the 58 special-interest PACs that contributed to legislative candidates made no in-kind contributions. Many of the directors of these PACs were undoubtedly as surprised as Common Cause leaders when they learned that in-kind contributions in excess of the \$600 and \$1,000 monetary limits were technically possible under the law. If the in-kind loophole is not closed it is likely that all PACs will begin to make unrestricted in-kind contributions, making the aggregate PAC limit law of little use during the election cycle of 1986 and later.

Montana Common Cause believes that the in-kind loophole

should be closed by expanding the definition of "monetary contribution" to include payment for contracted services, materials such as signs and postage stamps, campaign debts or anything of a clear dollar value.

Thank you.

Attachment 1: Three special-interest PACs which gave a significant amount of in-kind contributions to 1984 legislative candidates.

1. Montana-Dakota Utilities PAC

28 in-kind contributions totalling \$3,170

Total spent by this PAC on 1984 legislative races: \$4,720

Recipient/district	Amount	Form of contribution
Ed Grady (HD47)	\$100	printing
Tom Asay (HD27)	\$150	advertising
Robert Sivertsen (HD14)	\$100	printing
Bob Gilbert (HD22)	\$100	printing
Ray Roberts (HD23)	\$100	advertising
Dean Switzer (HD28)	\$100	advertising
John Phillips (HD33)	\$100	printing
Jack Moore (HD37)	\$100	printing
Jesse O'Hara (HD39)	\$100	printing
Bud Campbell (HD48)	\$100	printing
Ray Jensen (HD53)	\$100	consulting
R. Budd Gould (HD61)	\$130	postage stamps
Dennis Rehburg (HD88)	\$100	postage stamps
Jack Sands (HD90)	\$150	printing
Diane Etchart (HD94)	\$200	printing (two contributions)
Les Ketselman (HD95)	\$100	consulting
Conrad Stroebe (HD98)	\$100	printing
Tom Conroy (SD50)	\$250	advertising (two contributions)
Tom Hannah (HD86)	\$100	printing
Rosanne Penwell (SD40)	\$200	printing
Larry Tveit (SD11)	\$150	advertising
Bob Marks (HD75)	\$100	consulting
Jack Ramirez (HD87)	\$150	printing
John Matsko (HD38)	\$150	advertising
Robert Ellerd (HD77)	\$100	postage stamps
John Harp (HD7)	\$40	postage stamps

2. Motor Transportation PAC (Mont. truckers)

24 in-kind contributions totalling \$2,327

Total spent by this PAC on 1984 legislative races: \$4,752

Recipient/district	Amount	Form of contribution
Jesse O'Hara (HD39)	\$100	printing
Orren Vinger (HD20)	\$100	postage stamps
Tom Asay (HD27)	\$100	postage stamps
Gene Donaldson (HD43)	\$100	postage stamps
Ed Grady (HD47)	\$100	postage stamps
Bob Thoft (HD63)	\$100	postage stamps
Bob Marks (HD75)	\$100	postage stamps
Jack Williams (HD82)	\$100	postage stamps
Tom Hannah (HD86)	\$100	postage stamps
Jack Sands (HD90)	\$100	postage stamps
Diane Etchart (HD94)	\$100	postage stamps
Tom Conroy (SD50)	\$100	postage stamps
Fred Thomas (HD62)	\$100	postage stamps
Robert Sivertsen (HD14)	\$102	signs
Melen O'Connell (HD40)	\$25	postage stamps
Jack Moore (HD37)	\$100	printing
R. Budd Gould (HD61)	\$100	postage stamps
John Phillips (HD33)	\$100	postage stamps
Jim Schultz (HD30)	\$100	printing
Les Kitselman (HD95)	\$100	advertising
Conrad Stroebe (HD98)	\$100	advertising
Dean Switzer (HD28)	\$100	postage stamps
Norm Wallin (HD78)	\$100	postage stamps
Tom Hager (SD48)	\$100	postage stamps

3. MAPA - Montana Agriculture PAC

16 in-kind contributions totalling \$1,607

Total spent by this PAC on 1984 legislative races: \$16,729

Recipient/district	Amount	Form of Contribution
Jack Moore (HD37)	\$100	printing
Gene Donaldson (HD43)	\$200	printing
Ray Jensen (HD53)	\$50	consulting
Bob Thoft (HD63)	\$107	consulting
Norm Wallin (HD78)	\$100	postage stamps
Rosanne Penwell (SD40)	\$100	consulting
Tom Hannah (HD86)	\$50	printing
Tom Conroy (SD50)	\$100	advertising
Les Kitselman (HD95)	\$50	signs
R. Budd Gould (HD61)	\$100	postage stamps
Jack Moore (HD37)	\$100	printing
Jack Williams (HD82)	\$50	printing
Tom Asay (HD27)	\$200	advertising
Robert Sivertsen (HD14)	\$200	signs
Jack Sands (HD90)	\$100	printing
Jesse O'Hara (HD39)	\$100	postage stamps

Attachment 2: Contribution breakdown for 58 PACs involved in 1984 legislative races.

PAC Name	Dollars	#Cont.	In-kind Amount	#Cont.
*AT&T PAC	\$100	1	\$50	1
BANKPAC (Montana Bankers)	\$1,900	19	-	-
*Brotherhood of Locomotive Engineers Legislative League (Cleveland, Ohio)	\$475	4	-	-
Burlington Northern Employees Voluntary Good Government Fund	\$2,275	44	-	-
CEL PAC (Committee to Elect Leaders)	\$12	1	-	-
*Citizens Against Poverty	\$75	3	-	-
Citizens for Responsible Government (Montana Power Co. employees)	\$2,850	17	-	-
*Citizens Republican Banking Committee	-	-	\$250	1
COMPAC (Montana Contractors)	\$10,400	52	\$2,157	11
*Citizens For The Republic (California)	\$250	1	\$1,500	6
*Concerned Citizens Fund (Arco, Los Angeles, California)	\$50	1	-	-
COPE (AFL-CIO)	\$3,625	76	-	-
Montana Society of CPAs PAC	\$1,900	31	\$850	7
CU-PAC (Montana Credit Unions)	\$2,325	35	-	-
*D.C. Montana Committee	\$200	2	-	-
*First Banks of North Dakota	-	-	\$100	1
Four Rivers Manufacturing Association	-	-	\$149	1
Freedom Lobby PAC	-	-	\$100	1
Glendive Education Association PAC	-	-	\$100	1
Billings Education Association PAC	\$775	4	-	-

Butte Teachers' Union PAC	\$100	2	-	-
Great Falls Education Association PAC	\$850	6	\$208	5
*IBPAT (International Brotherhood of Painters and Allied Trades PAC, Washington, D.C.)	\$250	1	-	-
Independent Montanans PAC	-	-	\$100	1
Independent Businessmen's PAC	\$1,400	11	-	-
IMPAC (Insurers of Montana PAC)	\$850	11	\$150	2
Lake County Senior Citizens PAC	-	-	\$95	1
Libby Education Association PAC	\$150	1	-	-
Lincoln County Tavern Association PAC	\$50	2	-	-
MAPA (Montana Agriculture PAC)	\$15,122	42	\$1,607	16
NEAPAC (Montana Education Association PAC)	\$15,900	56	\$500	1
MEPAC (Montana Engineers)	\$475	16	\$300	9
MEGPAC (Montanans for Effective Government PAC)	\$450	3	\$1,608	10
Mission Valley Farmers and Ranchers PAC	-	-	\$175	1
Mission Valley Taxpayers Legislative League	-	-	\$155	1
Missoula Unified PAC for Education	\$950	5	-	-
MoDePAC (Montana Dental Assn.)	\$3,300	34	\$1,280	15
MiniMart PAC (Casper, Wyoming)	-	-	\$100	1
MON-CAR (Montana Auto Dealers PAC)	\$2,350	44	-	-
MON-DAK (Montana-Dakota Utilities PAC)	\$1,550	14	\$3,170	28
MONTPAC (Montana Life Underwriters)	\$11,400	100	\$1,550	10
Montana Employees of Mountain Bell PAC	\$2,800	29	\$802	7
Montana Petroleum Association	-	-	\$150	2
Montana Realtors PAC	\$7,425	32	\$1,450	9

Montana Resources PAC (oil producers)	\$2,625	63	\$100	1
Montana Nursing Home Association	\$700	6	\$900	9
Montana Right to Life	\$100	1	-	-
Montana T.P.E.L. (Transportation Political Education League)	\$3,525	48	\$150	1
Motor Transportation PAC	\$2,425	23	\$2,327	24
Norwest State PAC (Norwest Banks)	\$500	10	\$300	6
*NOWPAC (Washington, D.C.)	\$500	2	-	-
*Responsible Citizens Political League: A Brotherhood of Railways, Airlines and Steamship Clerks (Rockville, Maryland)	\$1,000	1	-	-
*Sears PAC (Chicago)	\$500	3	\$100	1
Sidney Education Association	\$100	1	-	-
Suds and Bubbles (beer and wine wholesalers PAC)	\$475	4	\$3,630	38
TRANSPAC	\$4,300	41	-	-
*Transportation Political Education League (Cleveland, Ohio)	\$300	4	-	-
REMPAC (Retired Employee of Montana)	-	-	\$51	2
Category Totals:	Dollars: \$109,634		In-kind: \$26,214	
Total PAC Spending:	\$135,848			

*denotes out-of-state PAC

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MAY-3 -83

Montana curbs the PACs

Comparatively few people inhabit the vastness of the state of Montana but they can manage their own affairs, thank you. Concerned by the wildly spreading influence of political action committees (PACs), the Montana Legislature has sent them packing. It is now unlawful for a Senate candidate to accept more than \$1,000, or a House candidate more than \$600, from PACs. That's from all PACs combined. "We are pleased the Legislature of Montana and not PAC men will build the future of our great state," said Gov. Ted Schwinden when he signed the bill into law April 15. No other state has such a law setting aggregate limits.

In Florida, in contrast, the PACs are riding high. They gave \$2.8 million to the state legislature who were elected last year, an average of \$26,754 per senator and \$14,512 for each member of the House. Predictably, most legislators are indifferent if not hostile to bills that would rein them in. House Speaker Lee Moffitt is pledged to reform, but even he could do no better than to have the matter set down for committee study after the current session. It would help if Gov. Bob Graham took an interest, but PAC reform seems to be far from a priority with this future candidate for the U.S. Senate.

FLORIDA HAS 12 times Montana's population, but even if it enacted restrictions at a corresponding rate the PACs would be held to less than half their average contributions. By that standard, Common Cause, the public affairs lobby, is being more than reasonable when it proposes PAC limits of \$15,000 for a House campaign and \$35,000 for a Senate candidacy. Even so, 16 of the 40 senators and 49 of the 120 House members received more money than that from PACs last year.

Such numbers were unheard of in Montana where, thanks to the new law, they will remain so. According to the office of the Commissioner of Political Practices, the typical Senate candidate collects \$6,000 to \$8,000 from all sources, with a House race usually costing no more than \$5,000. In Florida, that's the kind of money unopposed candidates raise. Florida also allows

candidates to accept contributions from corporations. Montana does not.

Corporations don't vote and neither do PACs. Only people do. There are sound moral and constitutional grounds for prohibiting PAC and corporate contributions or for imposing stringent restrictions on them. PAC apologists, who are usually the lobbyists for the special interests the PACs represent, argue the converse, of course. "PACs get people involved in politics who might not otherwise know enough to get involved," said the public affairs manager for the Montana Chamber of Commerce, which opposed the bill. But by the same reasoning, PACs could claim the right to cast their members' ballots.

"I HAVE always felt that most of the money that finances campaigns ought to come from individual citizens who are casting individual votes, and not from special interest groups," says John Vincent, the Montana House majority leader and principal sponsor of the new law. He believes the Legislature reacted to public opinion — and to the perceived threat that PAC limits would be adopted by initiative if the Legislature failed to act. One poll, he said, showed that "over 70 percent of the people felt that money was synonymous with power and influence in the Legislature. We still have enough of a populist tradition here that may be what it is."

Because of their remoteness, sparse population and great wealth of natural resources, Montanans are more than ordinarily resentful of outside influences such as PAC involvement in their congressional races and statewide referendums. U.S. Sen. John Melcher, a Democrat, was able to turn to his advantage the fact that PACs spent \$228,011 in so-called "independent" campaigns against him last year. Says Blake Running, auditor for the Commissioner of Political Practices, "It's kind of a feather in your cap in Montana to say 'I get my contributions from local interests and am not controlled by outside people.'"

If that's xenophobia, the U.S. needs more of it. Let Congress and other state legislatures profit by the Montana example.

Courage in Big Sky Country

Montana legislators seem to have stronger neckbones than their Connecticut counterparts.

Late last month the Connecticut Legislature's Government Administration and Elections Committee collapsed like the Red Sox in September when political action groups turned thumbs down on a proposal to establish a uniform ceiling for political action committee contributions in state elections.

Earlier, the committee had voted 19-0 in support of the bill to equalize the amount of money business and labor PACs can give. The legislation also brought ideological PACs under the ceiling for the first time and placed limits on contributions to municipal election campaigns.

But the committee's unanimous resolve to limit the growing power of special interest groups wilted under a barrage of criticism from PAC lobbyists. To a man and woman,

the committee then voted to gut the bill and called instead for a yearlong study of political reform.

In Big Sky country, lawmakers stand and fight. The Montana Legislature put the clamps on PACs despite heavy lobbying against the proposal by special interests.

Montana's approach is different from the dead Connecticut proposal. The new law is confined to legislative elections and puts the ceiling not on individual PAC contributions, but on the combined total amount the candidates can accept from political action committees. If slightly different from what was killed here, it nonetheless is a step in the right direction.

"I am pleased the Legislature of Montana and not PAC men will build the future of our great state," said Gov. Ted Schwinden when he signed the bill into law.

Would that the governor of Connecticut could say the same thing.

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Montana Courier May - 5 (about)

Montana Curbs What Candidate Gets From PAC

Special to The New York Times

HELENA, Mont., April 23 — Despite heavy lobbying from special interest groups, Montana has become the first state to place a ceiling on the amount of funds state legislative candidates can collect from political action committees.

The measure, based on model legislation devised by Common Cause, the public affairs lobby, limits House candidates to a combined total of \$600 from all political action committees, and Senate candidates to a total of \$1,000. The legislation does not affect gubernatorial candidates.

The bill was passed by the Senate by a vote of 23 to 22, then passed by the House, 63 to 29, and signed on April 15 by Gov. Ted Schwinden. At the time, the Governor said, "I am pleased the Legislature of Montana and not PAC men will build the future of our great state."

Many states limit political action committees, but most limit the amount a PAC can donate, rather than the amount a candidate can receive.

"It will mean that PAC's will not become the dominant financiers of legislative campaigns," said Jonathan Motl, Common Cause's legislative representative, who drafted the bill. "But they'll still play a significant role."

But the Montana Chamber of Commerce, which opposed the legislation, says it hinders the political process. "PAC's are made up of people," said Janelle Fallon, public affairs manager for the business group. "These are voluntary contributions from private individuals. PAC's get people involved

in politics who might not otherwise know enough to get involved."

Miss Fallon said that members of public interest PAC's such as the Montana Committee for an Effective Legislature, can spend as much time and effort as they wish in campaigns. "If you limit money, you favor those with more time," she said.

In the 1982 elections, 85 House candidates received more than \$600 from political action committees, while 16 senatorial candidates got more than \$1,000.

PAC limit is a good step

National political action committees (PACs) garnered a lot of news space last year, particularly in Sen. John Melcher's bid for re-election.

They were also very active on the state level and that brought cries for reform from Montana Common Cause and newspaper editorials decrying the growing influence of the special interest groups.

The Senate tackled a PAC bill this week and tacked on an amendment which would limit PAC contributions to \$1,000 for state Senate candidates and \$600 for House candidates. Political party donations would not be included in the restrictions.

Sen. Tom Towe, D-Billings, didn't think exempting political parties was a good idea. He said PACs would circumvent the limitations by donating their money to a political party which could then funnel it to a candidate through any one of the dozens of the party's county-level organizations.

We seriously doubt that would happen. PACs are interested in specific candidates and they want to exert their influence directly. But the concept of party organizations as "laundering machines" is disturbing. The possibility always exists that a party worker will succumb to the temptation to accept a donation with the understanding that it is to be channeled to Candidate X.

The PAC bill might not be perfect, but it's a good first step. We hope the House concurs with the Senate's amendment.

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VIEW

16 Montana avoids the PAC habit

Montana's legislative candidates will have to make do with limited amounts of Political Action Committee money next year. The governor has signed a measure that prohibits House candidates from accepting more than \$600, total, from PACs. Senate candidates, whose districts are larger, are limited to \$1,000.

The purpose of the limits is to prevent PACs from becoming the dominant underwriters of legislative campaigns, according to Jonathan Mott, a representative of Montana's Common Cause, the public affairs lobbying group.

Studies have shown a rapid growth of PAC involvement in the last couple of Montana legislative elections. A lot of PAC money is "outside" money, and some observers feared it eventually would have destroyed the traditionally local, low-cost nature of legislative politics. The low-cost aspect of legislative campaigning may have been ending anyway, but the PAC limitations should help preserve the mostly local nature of legislative campaigns a while longer.

Some lawmakers may have voted for the PAC limitations because they knew it would be used against them if they didn't. But more of them probably felt that failure to address the PAC spending issue soon might make it impossible to limit the scope of PAC involvement in these campaigns later. Too many lawmakers would have become too dependent on PAC contributions.

That's exactly what already may have happened in Congress. Legislation has been introduced to limit to \$90,000 the amount of PAC money any candidate for Congress can accept during any two-year period. Currently, a candidate can take \$5,000 from as many PACs as are willing to give that much. Candidates often find that many PACs are more than willing to fork over the maximum contribution.

The bill to put a \$90,000 lid on the total PAC money congressional candidates can accept was introduced by Rep. David Obey, D-Wis. The bill has scores of cosponsors, but skeptical observers think many of them put their names on

the bill while convinced that Congress isn't going to kill this particular golden goose.

The cost of congressional campaigns, for both Senate and House, has become enormous. Fund-raising often begins two or more years before the campaign begins. Sometimes fund-raising resembles an arms race, with each candidate behaving as though it'll be a disaster if the other side gets too far ahead of him.

Quite often, it is. Sheer dollar superiority isn't always enough to win a race, but it sure helps. Money can make a runaway race closer, and can swing a close race to the person who has the most.

And PACs generally are giving more and more to congressional candidates. In 1976, they furnished an average of 26 percent of winning House candidates' campaign funds. That rose to 31 percent in 1980, and to 34 percent last year.

Winning Senate candidates, according to the Federal Election Commission, got 15 percent in 1976, 25 percent in 1980 and 22 percent last year. The election commission didn't explain last year's unusual decline, but it's almost surely not the beginning of a trend.

Ten Senate candidates last year spent from \$2.7 million to \$7.1 million on their races.

In the House, the top 10 spenders invested from \$863,000 to \$2.3 million in their campaigns.

Obviously, anyone thinking of running for Congress on a shoestring is going to be running just for the fun of it.

PAC contributions to all candidates last year amounted to just under \$80 million. As with the money spent on arms races, it would nice if it could be put to a better use.

The Obey bill to limit total PAC contributions to candidates doesn't seem unreasonable, at least as a starting point for discussing the issue. Congress, unfortunately, appears hooked on PAC money.

Montana's Legislature may have done the right thing in limiting the role of PACs, and perhaps just in time.

MONTANA STANDARD
BILL, MT 50731
(D-20101, S-50737)

MAY 4 1983

SUPERIOR CLIPPING SERVICE
SUPERIOR, MONT. 59872

It's time to limit PACs

The Montana Senate is considering three bills to limit the influence of special interest political action committees (PACs) on legislative campaigns.

Those campaigns have gone from being 8.1 percent PAC-financed in 1973 to 19.3 percent last year. In other words, money from the political arms of various business, agriculture and labor groups made up 8.1 percent of the total raised in legislative campaigns in 1976, and now makes up almost 20 percent of that total.

In dollars, PACs contributed \$122,767 of the \$635,536 raised by legislative candidates last year — nearly one in every five dollars. This rapid increase in PAC campaign contributions is a disturbing trend.

Disturbing, because when special interests finance campaigns and win elections, the average citizen may lose. A real danger exists of legislators becoming representatives of special interests and of single interests, rather than of their constituents.

The bills under consideration by the Senate would limit the amount of money a candidate could accept from PACs, limit the amount an individual could contribute to a PAC, and force PACs to bear names that accurately reflect the special interest they represent.

Under the first bill, HB355, Senate candidates could accept no more than \$1,000 total from PACs; House hopefuls, no more than \$600. According to the bill's sponsor, House Majority Leader John Vincent, D-Bozeman, that would put the average campaign fund at 20 percent PAC money, the current average level. Donations from citizens would then account for 80 percent of a candidate's funds. That's reasonable.

The second bill, HB387, would limit individual contributions to PACs to \$500, and thus limit the funds PACs have to help finance campaigns and win influence. That also is reasonable.

The last bill, HB386, would keep special interests from disguising their political aims with innocuous-sounding names. It would make them spell out their particular special interest in the title of the PAC. That's not just reasonable, it's only logical and fair.

This series of bills will probably have a much tougher time getting through the more conservative and politically seasoned Senate than they did in the House. But senators need to be convinced of the bills' value to an open and fair elective and representative process — a goal no one can oppose.

The bills merit approval.

SB 215
3/15/85



League of Women Voters of Montana

House committee hearing 1985

SB 215 - An act to define "monetary contributions" for purposes of limitations on contributions received from political committees.

The League of Women Voters of Montana supports SB 215.

The full and timely disclosure of campaign contributions and expenditures is fundamental to an effective system of reporting campaign finances.

If contributions of stamps, staff personnel, supplies, signs, or any other thing of a quantifiable value can be tendered a candidate as an "in-kind" gift; both the spirit and the intent of Montana's disclosure law will be sorely abused.

During the 1984 campaign, there were examples of in-kind contributions in excess of the legal limitations for monetary contributions. The uncertainty about how these contributions were to be handled created confusion for both the candidates and the public.

Montana citizens expect fair and forthright political campaigns. SB 215 would repair a major loophole in the fair political practices law. Without this repair, the accepted standards for campaign disclosure may unravel and along with it public confidence in open, above-board elections.

The League asks that SB 215 receive a strong "Do Pass" recommendation from this committee.

Testimony prepared by Margaret S. Davis
816 Flowerree, Helena, Montana 59601

EX. #3
SB-215
3/15/85

**The Montana Environmental Information Center
P. O. Box 1184
Helena, Montana 59624**

**TESTIMONY BEFORE THE
HOUSE STATE ADMINISTRATION COMMITTEE
IN SUPPORT OF
SB 215
March 15, 1985**

Good morning, Mr. Chairman and members of the committee. My name is Jerry Calvert. I am from Bozeman where I am employed as an associate professor of political science at Montana State University. I am speaking to you today as a representative of the Montana EIC. We support SB 215 entitled "An Act To Define 'Monetary Contributions' For Purposes Of The Limitations On Contributions Received From Political Action Committees, Amending Section 13-37-218, MCA".

Under current law, enacted in 1983, state legislative candidates are limited in the aggregate amount of contributions they can receive from political action committees (PACs). Under law a senate candidate can receive no more than \$1,000 in PAC contributions while a house candidate may receive no more than \$600. But these limits do not apparently apply to so-called indirect "in kind" contributions which nonetheless have a clear monetary value. SB 215 seeks to close the loophole in the current law which permits PACs to give an unlimited amount of contributions of a monetary value as long as they are not a "direct" contribution to the candidate's campaign organization. For example, with this loophole a candidate for the senate may not accept direct monetary donations from PACs in excess of \$1,000. But that same candidate can receive additional "in kind" contributions from PACs. For example, the political action committee may buy postage stamps or pay for the printing of campaign literature. Such donations are really "in cash" and should be defined as such. SB 215 rightly clarifies the law in this respect.

Montana EIC supports SB 215 because we believe in the maintenance of an open and competitive political system where all voices--individual citizens, political party organizations, and interest groups--have the right and the fair opportunity to be heard. To the extent that no limits are placed on the amount of money which may be contributed by one of these constituencies, the voice of the others will necessarily diminished and eventually crowded out to the ultimate detriment of the open and democratic process we have here in Montana.

As a case in point we might briefly look at what has been happening in the U.S. Congress. In Congressional elections there is no limit on the amount of PAC contributions a candidate can receive nor are there any limits on the

aggregate amount that PACs can directly contribute to any number of candidates (Under the Federal Election Campaign Act a PAC may directly donate no more than \$5,000 to a candidate for each election, but there is no limit on the total amount the PAC might give to a multitude of candidates, and the limit only applies to direct contributions). As a consequence some national political action committees gave in excess of \$2 million to Congressional candidates in the last election. Further, it is not uncommon today to see some Congressional candidates receiving a majority of their campaign money from political action committees. Members of both parties have expressed worries about this trend in which evidence increasingly suggests that well-heeled PACs are buying their way into the process, buying such enormous access and influence that the voices of others are being shoved aside.

Look at the trends in the last ten years. In 1974 when FECA took effect there were 607 PACs and they donated \$12.5 million to Congressional candidates. In 1984 there were approximately 4,000 PACs registered with the Federal Elections Commission and they donated an amount that is estimated in excess of \$100 million.

When we look at state legislative campaigns in Montana there are some striking differences. Not only is the cost of campaigning relatively inexpensive, but candidates rely very heavily on the donations given by rank and file citizens. Data for 1982 for senate and house candidates in Gallatin County show that on average candidates received in excess of two-thirds of their campaign donations from rank and file citizens in the form of individual donations (a surprising number being of \$25 or less), raffles, and fundraisers, most of the remainder of their money coming from political action committees and political party organizations. This will eventually change if the current loophole is not closed. Political action committee money will flow freely and it will flow to power. In Gallatin County in 1982 81% of PAC donations (\$7,209) went to incumbents and there can be little doubt that this self-interested tilt in favor of incumbents tends to reduce electoral competition. Fortunately, candidates are still heavily dependent on winning and keeping the support of rank and file citizens. We think the maintenance of that dependence on citizen support is a good thing for democracy. SB 215 will help keep it so.

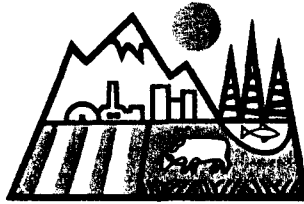
In 1984 the current law was beginning to work in the intended direction. In 1976 in Montana PACs accounted for just 8.1 % of total contributions to legislative candidates. But six years later PAC contributions had grown to \$122,767, 19.3% of total contributions. But last year direct PAC contributions declined to \$109,624, 13.8% of total contributions. Unfortunately records also show that "in kind" (read "in cash") donations totalling \$26,214 were also made. Here then is the loophole which passage of SB 215 will close.

Fail to pass SB 215 and those political action committees that followed the

letter and spirit of the law will be forced out of political necessity to enter the "in kind" contribution game. The result will be the creation of an "arms race" mentality in campaign giving among PACs. When that happens candidates will become too dependent upon the organized special interest donors and will rely less on the support of individual citizens and their political party organizations. Montana EIC hopes that the legislature would not want to see that happen.

Enact this bill and Montana's legislative candidates will continue to depend upon the small donations made by individual citizens who believe in them and who show their support by giving the small amounts that they can afford.

Let's keep the game open and competitive. Montana EIC urges you to concur with the senate by recommending passage of SB 215. Thank you.



EX-114
SB-215
3/15/85

MONTANA CHAMBER OF COMMERCE

P. O. BOX 1730

• HELENA, MONTANA 59624 •

PHONE 442-2405

Testimony in Opposition to SB 215
by Janelle Fallan
Montana Chamber of Commerce
House State Administration Committee
March 15, 1985

The Montana Chamber of Commerce is a statewide business organization of about 1500 members, the vast majority of them small businesses. While we do not have a political action committee, we definitely encourage our members to become actively involved in politics.

We opposed the law passed in 1983 which this bill amends, for reasons that are relevant to the discussion today.

First, the main assets in a campaign are time, which includes manpower, money and incumbency. Limiting one makes the others more valuable and discriminates against those candidates not having them. For example, the more you limit citizens' rights to contribute time and money to a campaign, the more valuable you make your own incumbency.

PAC contributions come from private individuals. That money represents their time. Further, I would remind you that contributions and expenditures by PACs and candidates are public information.

When 13-37-218, also known as the "receipt limitation," was passed, it is my recollection that the supporters wanted it to read "monetary contributions" (lines 16-17) so that in-kind contributions would not be limited. However, it appears that many PACs have responded to the receipt limitation in a way that could have easily been predicted, so supporters of SB 215 want to change the rules again, in favor of those who have more time than money to contribute to the political process.

Montana already has campaign contribution limits that are among the most restrictive in the nation. Legislation such as SB 215 appears to be part of an effort simply to outlaw PACs.

It will also add confusion to existing definitions. The more complex you make campaign law, the more you limit peoples' involvement. We don't think that's a good thing to do.

The Montana Chamber believes the political process should be as open and accessible as possible. Political action committees are made up of people who believe they can work more effectively together than individually. PAC supporters are often people who become interested in the political process by becoming involved in a PAC that represents their interests.

If you are concerned about one PAC having too much influence, why not let as many as are interested get involved?

We respectfully urge you to vote for an OPEN political process and vote against SB 215.



201-46
SB-215
3/15/85

Montana Public Interest Research Group

729 Keith Avenue • Missoula, MT. 59801 • (406) 721-6040
532 NORTH WARREN HELENA, MT 59601 406-443-5155

TESTIMONY BEFORE THE COMMITTEE ON
STATE ADMINISTRATION OF THE
MONTANA HOUSE OF REPRESENTATIVES

MARCH 15, 1985

GOOD MORNING MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. MY NAME IS JULIE DALSOGLIO AND I AM A LOBBYIST FOR THE MONTANA PUBLIC INTEREST RESEARCH GROUP (MONTPIRG). MONTPIRG IS A NON-PROFIT, NON-PARTISAN RESEARCH AND ADVOCACY ORGANIZATION ESTABLISHED AND DIRECTED BY UNIVERSITY OF MONTANA STUDENTS. IT IS FUNDED BY OPTIONAL STUDENT FEES AND SMALL DONATIONS FROM MONTANA CITIZENS AND DOES WORK PERTAINING TO THE ENVIRONMENT, CONSUMER PROTECTION AND GOVERNMENT RESPONSIBILITY. I AM HERE TODAY TO SPEAK IN SUPPORT OF SENATE BILL 215, "AN ACT TO DEFINE "MONETARY CONTRIBUTIONS" FOR PURPOSES OF THE LIMITATIONS ON CONTRIBUTIONS RECEIVED FROM POLITICAL COMMITTEES."

MONTPIRG BELIEVES THAT THERE IS A DEFINITE AND VITAL ROLE FOR POLITICAL ACTION COMMITTEES TO PLAY IN ELECTION CAMPAIGNS. BUT WE ALSO BELIEVE THAT THE ROLE OF SPECIAL INTEREST PACS SHOULD BE LIMITED SO THAT THE INVOLVEMENT FOR MONTANA INDIVIDUALS IN THE FINANCING OF LEGISLATIVE CAMPAIGNS IS NOT DILUTED. IN 1983 MONTPIRG TESTIFIED IN SUPPORT OF HOUSE BILL 356 WHICH LIMITED THE AGGREGATE TOTAL OF PAC MONEY A CANDIDATE FOR THE MONTANA HOUSE OF REPRESENTATIVES AND THE STATE SENATE COULD RECEIVE. THE INTENT OF THIS LAW IS TO ALLOW PACS TO PLAY A ROLE IN FINANCING LEGISLATIVE CAMPAIGNS WHILE RESERVING THE MAJOR FUNDING ROLE FOR THE PEOPLE OF MONTANA.

MONTPIRG BELIEVES THAT THE CURRENT LOOPHOLE IN THE LIMITS ON PAC CONTRIBUTIONS WHICH ALLOWS IN-KIND MONETARY DONATIONS TO BE EXEMPT FROM THE TOTAL AGGREGATE PAC DOLLAR CONTRIBUTIONS VIOLATES THE INTENT OF THE 1983 MONTANA LAW. MONTPIRG SUPPORTS SENATE BILL 215 WHICH WOULD REDEFINE MONETARY CONTRIBUTIONS TO INCLUDE ALL CONTRIBUTIONS WHICH HAVE A DEFINITE MONETARY VALUE. WE HOPE THAT THE COMMITTEE WILL VOTE TO SUPPORT SB 215.

THANK YOU MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE FOR YOUR TIME.

SUDS & BUBBLES -- \$100 stamps sent to each person listed on 10-18-84:

Rep. Jack Sands
3115 Poly Drive
Billings, MT 59102

RECEIVED

NOV 07 1984

Rep. Norm Wallin
2422 Springcreek Drive
Bozeman, MT 59715

THE COMMISSIONER OF
POLITICAL PRACTICES

Rep. Bob Ellerd
2206 Bridger Drive
Bozeman, MT 59715

Rep. Walt Sales
Route 1, Box 37
Manhattan, MT 59741

[REDACTED]
[REDACTED]
[REDACTED]

Rep. Gary Spaeth
Silesia, MT 59080

Senator Tom Hager
150 Norris Court
Billings, MT 59105

Rep. Esther Bengston
Shepherd, MT 59079

Ms. Diane Etchart
603 S. 36th Street
Billings, MT 59101

Rep. Les Kitselman
1148 Patriot Street
Billings, MT 59105

Rep. Jerry Driscoll
4344 Stone Street
Billings, MT 59101

SUDS & BUBBLES -- STAMPS SENT 10-10-84

Rep. Jan Brown 906 Madison Helena, MT 59601	\$50 worth of stamps
Rep. Bob Marks 302 Lump Gulch Rt. Clancy, MT 59634	\$50 worth of stamps <i>sent 2/20 in 1/27</i>
Rep. Gene Donaldson 3890 Helberg Dr. Helena, MT 59601	\$50 worth of stamps
Rep. Ron Miller 513 52nd St. So. Great Falls, MT 59405	\$100 worth of stamps
Rep. John Phillips 1200 32nd St. So., #61 Great Falls, MT 59403	\$100 worth of stamps
Mr. Jack Moore 1200 32nd St. So., #85 Great Falls, MT 59405	\$100 worth of stamps
Ms. Marlene McVee Box 766 Glasgow, MT 59230	\$100 worth of stamps

SUDS & BUBBLES CONTRIBUTIONS SENT 9-27-84

Senator George McCallum Niarada, MT 59852	\$100 roll
Rep. Duane Compton Box 1061 Malta, MT 59538	\$100 roll
Rep. Bob Marks 302 Lump Gulch Rd. Clancy, MT 59634	\$100 roll
Rep. Chris Stobie Route 2, Box 44 Thompson Falls, MT 59873	\$100 roll
Joe Hammond for Representative P. O. Box 100 Frenchtown, MT 59837	\$100 roll
Rep. John Harp Harp for State Legislature 134 Park Avenue Kalispell, MT 59901	\$ 80 (4-\$20 rolls)
Mr. Bob Gilbert P. O. Box 2117 Sidney, MT 59270	\$100 cash contribution (Suds & Bubbles Ch. 166)
Rep. Jay Fabrega 2744 Carmel Dr. Great Falls, MT 59404	\$100 - check stamps sent 10-17-84

10-8-84

Mr. Ed Grady P.O. Box 1732 Helena, MT 59624	\$50 worth of services from Dunham Adv.
Mrs. Rose Penwell P.O. Box 1677 Bozeman, MT 59715	\$100 worth of services from Dunham Adv.
Mr. Bud Campbell 471 Lakehill Road Deer Lodge, MT 59722	\$100 worth of services from Dunham Adv.

Bud Campbell

*\$130 sent
sent 10-17-84*

SUDS AND BUBBLES CONTRIBUTIONS -- SENATE & HOUSE -- AMOUNT SENT

- Senator Bruce Crippen
 3015 Gregory Drive 9-21-84 \$100
 Billings, MT 59102
- Senator Bob Brown
 Route #2 9-21-84 \$100
 Whitefish, MT 59937
- Rep. Tom Jones
 171 Three Mile Drive 9-24-84 \$80
 Kalispell, MT 59901
- Rep. Mary Ellen Connelly
 P. O. Box 214 9-24-84 \$80
 Whitefish, MT 59937
- Rep. Orren Vinger
 Vinger for Representative Club 9-24-84 \$100
 924 5th Avenue North
 Wolf Point, MT 59201
- Mr. Bing Poff (Rep.)
 Poff for Representative 9-24-84 \$100
 Route 2, Box 54
 Culbertson, MT 59218
- Mr. Bob Gilbert (Rep.)
 Box 2117 9-24-84 \$100
 Sidney, MT 59270
- Rep. Dennis Iverson (Rep.)
 Iverson for Legislature Committee 9-24-84 \$100
 Whitlash, Montana 59545
- Rep. Ted Neuman (for Senate seat)
 11 Division Road 9-24-84 \$100 - letter & stamps returned
 Great Falls, MT 59404 by P.O. - "No more but"
 remailed 10-17-84 to:
 P.O. Box 87
 Vaughn, MT
- Senator Larry Tveit
 Tveit for Senate Club 9-24-84 \$100
 Route 1, Box 141
 Fairview, MT 59221
- Rep. Bob Thoft
 1520 Burnt Fork Rd.
 Stevensville, MT 59870

\$100 Services from
 Chuck Brooke & Assoc.

EX. 14-7
SB-229
3/15/85

PROPOSED AMENDMENT

SENATE BILL NO. 229

A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH A RECIPROCAL PREFERENCE LAW FOR BIDDERS ON CONSTRUCTION PROJECTS AND TO ELIMINATE THE CURRENT 3 PERCENT PREFERENCE FOR SUCH BIDDERS: AMENDING SECTION 18-1-102, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Line 13 (3) In awarding contracts for construction, repair, and public works of all kinds, bids received from nonresident bidders are subject to the same preference, if any, that applies to a Montana bidder in the award of public contracts in the nonresident bidder's state of residence.

Note: This amendment returns the bill to the same form as the introduced bill.



THE MONTANA UNIVERSITY SYSTEM

33 SOUTH LAST CHANCE GULCH
HELENA, MONTANA 59620-2602
(406) 444-6570

COMMISSIONER OF HIGHER EDUCATION

January 14, 1985

MEMORANDUM

TO: Senator Judy H. Jacobson

FROM: Paul C. Dunham *Paul*
Director, Research and Services

SUBJECT: Background information on bill to amend Section 2-17-502, MCA, regarding acquisition of computing equipment and services within the University System

The Legislative Auditor has a team which is undertaking Electronic Data Processing performance audits of agency operations, including those in the Montana University System.

In its EDP audit report entitled, "Acquisition and Disposal of Data Processing Equipment and Software", dated March 16, 1984, university system requisition processing was discussed. The Legislative Auditor states:

"WE RECOMMEND THE DEPARTMENT OF ADMINISTRATION SEEK LEGISLATION TO AMEND SECTION 2-17-501, MCA, TO DELEGATE THE REVIEW AND APPROVAL OF UNIVERSITY SYSTEM SPECIFICATIONS TO THE UNIVERSITY SYSTEM WHEN NO COMPATIBILITY WITH THE CENTRAL COMPUTER SYSTEM IS REQUIRED."

The primary reason for the recommendation is that the majority of requisitions require compatibility with university system computer systems and not with the central computer network in Helena. In practice, the Director of Information Services Division had relied upon the advice of the university system in any event. The change is intended to provide a more effective process by having the review undertaken in the Office of the Commissioner of Higher Education. The bill is intended to implement the Auditor's recommendation.

The Department of Administration concurs in the recommendation and the Legislative Auditor's staff is prepared to testify in favor of the change.

Senator Jacobson
January 14, 1985
Page 2

A copy of the pertinent pages from the Auditor's report is attached.

If I can provide any additional background information, please let me know.

PCD:sg

Attachment

xc: Irving E. Dayton
John Noble
Richard Varner
Mike Trevor

Administration has delegated the review and approval process to the administrator of the Computer Services Division (CSD).

Delegated Purchasing Authority

Our review disclosed an instance where the Purchasing Division delegated purchasing authority to an agency. The review of specifications required by section 2-17-501, MCA, was not performed.

In that instance, the Purchasing Division informally delegated purchasing authority to the Workers' Compensation Court. The person handling the purchase for the Court stated she was unaware of the approval requirement. Since the Purchasing Division is considering delegation of additional purchasing authority to agencies, this situation may also occur in the future. The Purchasing Division should establish procedures to ensure all appropriate requisitions are approved by CSD. The Purchasing Division administrator stated they plan to include a notice of the requirement for approval in their written delegation agreement.

RECOMMENDATION #10

WE RECOMMEND THE PURCHASING DIVISION ESTABLISH PROCEDURES, WHEN DELEGATING PURCHASE AUTHORITY, TO ENSURE SPECIFICATIONS ARE REVIEWED AND APPROVED AS REQUIRED BY SECTION 2-17-501, MCA.

University System Requisitions

Most of the instances of possible non-compliance with the approved requirements of section 2-17-501, MCA, related to requisitions submitted by the university system. The Computer Services Division (CSD) delegated to the university system the authority to determine whether an acquisition was subject to CSD's review as an administrative acquisition. Our review indicates the university system has interpreted the law liberally. Thus, there is a question whether CSD should have reviewed some of the acquisitions which it did not.

A majority of the requisitions submitted by the university system require compatibility with university system computer systems, and not with the central computer network in Helena. The administrator of CSD indicated he relies on the university computer center directors when performing the review. CSD review and approval seems appropriate only for items requiring compatibility with the central computer system. It would be more appropriate to require an employee of the university to review and approve university system requisitions which do not require central system compatibility.

We believe the Department of Administration should seek a change in the law allowing the Office of the Commissioner of Higher Education to perform the review and approval of university system data processing requisitions when no compatibility with the central computer system in Helena is required. Such a change would remove much of the possibility for non-compliance and provide a more effective and efficient review process.

RECOMMENDATION #11

WE RECOMMEND THE DEPARTMENT OF ADMINISTRATION SEEK LEGISLATION TO AMEND SECTION 2-17-501, MCA, TO DELEGATE THE REVIEW AND APPROVAL OF UNIVERSITY SYSTEM SPECIFICATIONS TO THE UNIVERSITY SYSTEM WHEN NO COMPATIBILITY WITH THE CENTRAL COMPUTER SYSTEM IS REQUIRED.

ADEQUACY OF TIME FOR BID PREPARATION

To ensure the state of receiving accurate bids from vendors, enough time has to be allowed each bidder to reasonably develop a quote. Eight out of ten vendors we contacted indicated time allowed for bid preparation was inadequate.

We examined twenty price request files and found the average number of days given to vendors by Purchasing was nineteen and one-half. This time period included time in the mail and non-working days (weekends and holidays). With time in mail and non-working days excluded, average time allowed was eight and

VISITORS'
House St. Ad

BILL NO.

SB215

DATE _____

3/15/85

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CS-33

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[illegible]

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PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

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BILL

BILL SB 225 & SB 349

DATE _____

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