

MINUTES OF THE MEETING  
STATE ADMINISTRATION COMMITTEE  
MONTANA STATE SENATE

February 15, 1985

The twenty-seventh meeting of the State Administration Committee was called to order by its Chairman Jack Haffey in Room 325, Capitol, at 10:00 a.m. on Friday, February 15, 1985.

ROLL CALL: All the members were present with Senator Tveit arriving late.

CONSIDERATION OF SENATE JOINT RESOLUTION 15: Senator Chris Christiaens, Senate District 17, Cascade County, is the sponsor of this bill entitled, "A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA CALLING FOR THE PRESIDENT OF THE UNITED STATES TO IMMEDIATELY SUBMIT TO CONGRESS A BALANCED FEDERAL BUDGET AND FOR CONGRESS TO ADOPT A BALANCED BUDGET FOR THE ENSUING FISCAL YEAR." Senator Christiaens said this resolution is to call for the President to submit a balanced federal budget and for Congress to have a balanced budget for the coming year. Senator Christiaens went on to list all the trillions of dollars owed and how it effects the money available to the states because of the millions paid on the interest. Senator Christiaens said that as a financial analyst, he worked with people who had tried to put money away for their retirement, but if we continue without a balanced budget, this will be virtually impossible for working men and women.

PROPOSERS: Tony Jewett, Executive Director of Democratic Party, supports this bill. Mr. Jewett said that the interest on this loan is \$359 million per day. He said that as more money has to go to pay the interest, it amounts to higher interest rates which makes less dollars available to the private sector. Mr. Jewett feels that federal government has been on a "binge" and payment is coming due. He closed by quoting President Reagans' address of 1980 calling for a balanced budget.

Riley Johnson, taxpayer, supports this bill. Mr. Johnson echoed the words of Mr. Jewett, although he feels that the resolution should be stronger.

Terry Carmody, Montana Association of Realtors, supports this bill.

OPPOSERS: There were no opponents.

COMMITTEE QUESTIONS: There were no committee questions.

Senator Christiaens closed by saying that every time debt goes higher interest rates go up. It is getting harder to find money available. As more money is necessary to address the debt, it drives the amount down that is for the people at large.

SENATE JOINT RESOLUTION 15 is closed.

EXECUTIVE ACTION ON SENATE JOINT RESOLUTION 15: Action will be deferred on this bill until after adjournment today.

CONSIDERATION OF SENATE BILL 308: Senator Chet Blaylock, Senate District 43, is the sponsor of this bill entitled, "AN ACT REVISING VOTER REGISTRATION LAWS; AMENDING SECTIONS ..., MCA." Senator Blaylock said that this bill was drafted at the request of Montana Public Interest Research Group (Mont Pirg). This bill revises our register laws to make it easier for people to register to vote. The bill asks for a standardized registration form. This bill extends the time from 15-30 days from registration to returning the cards to the Clerk and Recorder's Office. It would also make it mandatory that Clerk and Recorder's notify people before they are purged from the records. This bill would allow people to change mistakes on cards right up to election day, so they may vote. (For more of Senator Blaylock's testimony see Exhibit "A" attached hereto and by this reference made a part hereof.)

PROPONENTS: Terry England, Mont Pirg, supports this bill. She stated that in trying to get students registered to vote they ran into many problems with the system. This bill will smooth out many of those problems. She reiterated what Senator Blaylock said were the points of the bill. She added that the bill also does away with the need for a witness's signature on a mail-in registration card. She felt this was very important when registering students that are away from their home county. (For more of Ms. England's testimony see Exhibit "B" attached hereto and by this reference made a part hereof.)

Don Judge, Montana State AFL-CIO, supports this bill. Mr. Judge said that no other privilege or responsibility in a representative democracy is as great as the right to vote. (For more of Mr. Judge's testimony see Exhibit "C" attached hereto and by this reference made a part hereof.)

Mark Mackin, Citizens Legislative Coalition, supports this bill. Mr. Mackin agreed with the statements of Terry England, and he said that in some instances, the Clerk and Recorders insist that you become a deputy registrar and you have to go to school before you can register voters.

February 15, 1985

JoAnne Peterson, MontPirg, supports this bill for all the reasons stated above. Ms. Peterson said that they had to attend classes in order to register people to vote, and this cut down on the people who could register students because they had to attend classes during the day, when the Clerk & Recorder insisted they learn to register people.

Michael Brand, MSU Student, supports this bill for all the reasons listed above.

JoAnne Peres, Montana Association of Clerk and Recorders, supports this bill. Mrs. Peres felt that this process needs to be a little more flexible. She felt that they could go along with the corrections right up to the day of voting because that's being done. She said it was very important that they have proper records. Mrs. Peres said that in her county, she goes out, speaks to civics classes and gets kids registered to vote. They go all out in her county to get people to vote. However, Mrs. Peres felt that changing 15-30 days was bad. She said that the longer the period of time, the harder it is to remember, and if someone thinks they are registered to vote and they get to the voting place and someone has not turned in their card it makes it very bad. She said the only problem they had with the "purge" was that the cost might be exorbitant.

OPPONENTS: Jean Johnson, Secretary of State's office, opposes this bill to some extent. Ms. Johnson feels that there is a reason for the witness signature on the cards. She said that a notary public used to have to sign and that they are getting further and further away from this. Ms. Johnson said that 92% of all Montanans are registered to vote and that's a good record. They are striving for more, but that's a good record. She felt that if voter information was going to be printed on the registration card, it should be printed in two parts because the card goes back to the Clerk & Recorder's Office and, in that case, would do the voter no good. Ms. Johnson said that they try to prescribe a uniform registration card, but the Clerk & Recorders sometimes use their own card. She also said that the students had not discussed this with the Secretary of State's office prior to filing this bill, but if they had, much of this could have been worked out. *(See Exhibit "B-A")*

COMMITTEE QUESTIONS: Senator Lynch wanted to know how they could get college students registered in their own counties when they have to have an elected officer sign as a witness. He thought that law was encouraging students to register in another county. Jean Johnson said that she agreed that it was a problem and she didn't know what the answer was. Senator Tveit wanted to know how her office could make corrections on the voting records right up to the last day. Mrs. Peres said that they worked long nights during an election, they make the corrections by hand and correct the computer later. She also felt there were not that many

February 15, 1985

corrections. Senator Farrell asked if the Clerk & Recorder's office could make those registering people become Deputy Clerks. Jean Johnson said no, there was no requirement for this. Senator Mohar asked about the "purge." Mrs. Peres said that she thought the post card was a good idea, although she didn't know about the cost. She said they purged about 20% last election, but they have a very transient population. Jean Johnson said that they had planned to look into this matter when the legislature was over and things quieted down.

Senator Blaylock closed by saying that he thought this bill had merit and should pass. SENATE BILL 308 is closed.

EXECUTIVE ACTION ON SENATE BILL 308: Senator Haffey asked JoAnne Peres, Jean Johnson, the students from Mont Pirg, and Valencia Lane, staff Attorney to get together and work out the rough spots on this bill. He deferred action until Monday, February 18, 1985.

CONSIDERATION OF SENATE BILL 324: Senator Larry Stimatz, Senate District 35, Butte-Silver Bow, is the sponsor of this bill entitled, "AN ACT ESTABLISHING A STATE LOTTERY AND PROVIDING FOR A COMMISSION, DIRECTOR, AND PERSONNEL TO OPERATE THE STATE LOTTERY; PROVIDING THAT ELECTRONIC VIDEO GAME MACHINES OPERATED BY THE STATE LOTTERY ARE NOT SLOT MACHINES; PROVIDING THAT THE MONTANA CARD GAMES ACT AND BINGO AND RAFFLES LAW DO NOT APPLY TO THE STATE LOTTERY; AMENDING SECTIONS ..., MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE." Senator Stimatz asked that the co-sponsor, Representative Pavlovich be allowed to speak first. Representative Pavlovich said that a similar bill was introduced last session and turned down. He feels that it is time to have a lottery, and this is a good bill. He said 22 states have a lottery, and this can help with the deficit that Montana is facing. Senator Stimatz then told the Committee that small states like Montana have had lotteries and have been able to support them. He said that lotteries are not a regressive tax--they are not a tax. Senator Stimatz said that there were some technical amendments that need to be made, and these have been worked out. Senator Stimatz went thoroughly into the intricacies of the bill. He then introduced Mr. Webster Bridges, Scientific Games, from New Hampshire, who has been involved with lotteries for a long time. New Hampshire was the first state to have a lottery. (See Exhibit "2" for hand-outs.)

PROPOSERS: Fritz O. Behr, Montana Attorney General's Office, Law Enforcement, supports this bill. However, he entered some amendments that would make it more cost effective. (Attached hereto marked Exhibit "3" and by this reference made a part hereof.)

Webster Bridges, Scientific Games, New Hampshire, told the Committee

February 15, 1985

some of the myths surrounding lotteries and dispelled them. He felt that a state with the population Montana has could make money on a lottery. He said the Gallup Poll in 1983 showed that 70% of the people in the U.S. support lotteries. He said that it was a myth that most of the money comes from the lower income and poor. In fact, he said, the most players are from middle to upper income levels.

Robert VanDerVere, concerned citizen, supports this bill. He said last session someone said the senior citizens were opposed to this legislation, so he went around and asked and he couldn't find any senior citizens that were opposed to the lottery.

Don Peoples, Chief Executive, Butte-Silver Bow, supports this bill because 50% of the money will go to local governments. Mr. Peoples feels that this will do much to help with the \$30 million dollar deficit being faced by the state.

Gordon Morris, Montana Association of Counties, supports this bill. Mr. Morris said that this bill had a faulty fiscal note, so he brought some figures of his own. (Attached hereto marked Exhibit "3" and by this reference made a part hereof.) Mr. Morris went into a lengthy explanation regarding these figures.

Alec Hansen, Montana League of Cities and Towns, supports this bill because he feels that this will be a necessary source of revenue. He feels that property taxes have reached their limit. He said there is already unregistered and untaxed gambling in Montana, and we should make this lottery legal.

Dale Hoffman, Yellowstone County Fairgrounds and Metra, said that he did not know if he were an opponent or a proponent, but he felt in other states where they had a lottery, the take was not as high at the horse race tracks. He feels his track should have some of the "pie" if this legislation is passed, in order for them to survive.

Gerald Burroughs, participant, supports this bill. Mr. Burroughs said that in New Jersey, the lottery is the fourth largest source of revenue for the state. This bill is well written and protects the public.

John Shontz, Richland County, supports this bill. He feels it is time to bring the money spent in Canada and North Dakota back into this state.

Murdo Campbell, supports this bill.

February 15, 1985

OPPONENTS: William Riser, Pastor, St. Johns Lutheran Church, opposes this bill. He feels that a lottery takes money away from families who cannot afford it. Rev. Riser had a hand-out that he said showed that Washington's lottery was in trouble. He does not feel a lottery will bring in as much money as they think. He felt that this made people think they could get something for nothing. Rev. Riser felt the state should not be in the gambling business. (Hand-out attached marked Exhibit "4".)

Richard P. Hines, lawyer from Polson, opposes this bill. Mr. Hines feels that if this bill passes our Indian reservations will become a mecca for gamblers. He thinks they will be "wide open."

Tom Tucker, Assistant Fair Meets in Great Falls, opposes this bill, for all the reasons listed by Mr. Hoffman. It will decrease their piece of the gambling pie.

Father John McMillan, Great Falls, opposes this bill on moral grounds listed above.

Senator Eck opposes this bill on the grounds that taking care of compulsive gamblers will wipe out any benefit to the state. Senator Eck entered some amendments (attached hereto marked Exhibit "5" and by this reference made a part hereof), and a hand-out explaining compulsive gambling (attached hereto marked Exhibit "6" and by this reference made a part hereof).

Max Regan, Great Falls, a compulsive gambler, opposes this bill.

Kathy Campbell, Montana Association of Churches, opposes this bill. Ms. Campbell feels that lotteries have not been all that successful. She opposes this bill for all the reasons listed above. (For more of Ms. Campbell's testimony see Exhibit "7" attached hereto and by this reference made a part hereof.)

Jack Sharp, Helena, opposes this bill for all the reasons listed above.

Phillip Young, Presbyterian Administration, Billings, opposes this bill for all the reasons listed above. He feels we should get the state out of the gambling business.

Michael Kecskes, Liberty Alliance, opposes this bill.

George Harper, United Methodist Church, opposes this bill for all the reasons listed above. (For Reverend Harper's testimony see Exhibit "8" attached hereto and by this reference made a part hereof.)

Art Kussman, representing himself, opposes this bill for all the reasons listed above. (For Mr. Kussman's testimony see Exhibit "9" attached hereto and by this reference made a part hereof.)

Steve Meloy, Board of Horse Racing, opposes this bill for all the reasons listed by the fair boards. (For Mr. Meloy's testimony see Exhibit "10" attached hereto and by this reference made a

February 15, 1985

part hereof.)

Ann Wilsnak opposes this bill because her father is a compulsive gambler.

Larry Nelson, Board of Churches, opposes this bill on the above moral grounds.

Steve Pilcher, Montana Horsemen's Benevolent Protective Association, opposes this bill for all the reasons listed above. (For more of Mr. Pilcher's testimony see Exhibit "11" attached hereto and by this reference made a part hereof.)

Sid Erickson, Montana Horse Breeders Association, opposes this bill for all the reasons listed above by the horsemen.

COMMITTEE QUESTIONS: Senator Farrell asked Mr. Hines about the Indian reservations and how they would be affected by this bill. Mr. Hines said that if it is legal in Montana, it is wide open on the Indian reservations. He felt that this bill legalizes slot machines. Senator Lynch asked Mr. Tucker if the state was not already in the horse racing business and thereby in the gambling business. Mr. Tucker replied that the state received very little from horse racing. Senator Lynch asked Rev. Harper if the state was not already in the gambling business and Rev. Harper replied yes. Senator Conover tried to get Mr. Hines to explain how the lottery would affect the Indian reservations. Mr. Hines said that they would collect and keep the money.

Senator Stimatz closed by saying that perhaps the \$30 million dollar figure that was bandied around was a little high, but he felt the lottery would bring in between \$3 and \$8 million dollars. Senator Stimatz feels that this is a good bill and well written. It may require a few amendments but not many. SENATE BILL 324 is closed.

EXECUTIVE ACTION ON SENATE BILL 324: Senate Bill 324 will be deferred until Monday, February 18, 1985.

The meeting was adjourned at 12:30 p.m.

  
\_\_\_\_\_  
SENATOR JACK HAFFEY, CHAIRMAN

ROLL CALL

STATE ADMINISTRATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2-15-85

[illegible]

## VISITORS' REGISTER

| NAME               | REPRESENTING                     | BILL #            | Check One    |        |
|--------------------|----------------------------------|-------------------|--------------|--------|
|                    |                                  |                   | Support      | Oppose |
| <del>Tom</del>     | <del>Mont</del>                  | <del>327</del>    | <del>X</del> |        |
| Cathy Campbell     | Montana Assn of Churches         | <sup>SP</sup> 324 |              | X      |
| William T Hamilton | First Presbyterian Church        | <sup>SB</sup> 324 |              | X      |
| DALE HOFFMAN       | YELLOWSTONE COUNTY               | 324               | X            |        |
| Tom Tucker         | STATE FAIR RACE Meet             | 324               |              | X      |
| Fran Nelson        | Mt. Horse Breeders Assn          | 324               |              | X      |
| Molly SANDERSON    | MT. DIV. H.B.P.A.                | 324               |              | ✓      |
| Darwood Sanderson  | Great Falls Mont                 | 324               |              | ✓      |
| Sid Erickson       | Mt Horse Breeders Assn           | 324               |              | X      |
| Godmarcy Lake      | Mt. Horse Breeders Assn          | 324               |              | X      |
| Lesley Beeby       | Mt Horse Breeders Assoc          | 324               |              | ✓      |
| Gerald Burrows     | Self                             | 324               | ✓            |        |
| Richard P. Skiving | Self                             | 324               |              | X      |
| Mary Reemo         | Self                             | 324               |              | X      |
| FRITZ O. BEHR      | MT. ATTY GEN OFF. LAW ENF SUCCES | <sup>324</sup>    | —            | —      |
| John W. McMillan   | Self                             | 324               |              | X      |
| William J. Rye     | Montana Assn of Churches         | 324               |              | X      |
| PHILIP H. YOUNG    | Montana Assn of C.               | 324               |              | X      |
| Uelle Abby         | M B P K                          | 324               |              | X      |
| Larry Nelson       | Mont. Assn. of Churches          | 324               |              | X      |
| Thurlo A. Campbell | Self                             | 324               | X            |        |
| Rep Bob Tarkenton  | HD # 70                          | 324               | X            |        |
| Lee England        | Mont/126                         | 308               | X            |        |
| Ann Wikström       | Helena                           | <del>324</del>    |              | X      |
| Don Bame           | Helena                           | 324               |              | X      |
| Art Kussman        | Helena                           | 324               |              | X      |

DATE \_\_\_\_\_

COMMITTEE ON \_\_\_\_\_

## VISITORS' REGISTER

| NAME                   | REPRESENTING                | BILL # | Check One      |                      |
|------------------------|-----------------------------|--------|----------------|----------------------|
|                        |                             |        | Support        | Oppose               |
| JACK P. SHARP          | Helena                      | 324    |                | X                    |
| Mr. [unclear]          | [unclear]                   | 324    | X              |                      |
| G. Morris              | MAA                         | 324    | X              |                      |
| Carole Mackin          | Citizens Leg Coalition      | 308    | X              |                      |
| Greg Jackson           | Urban Coalition             | 324    | X              |                      |
| Tony Swett             | MT. Demo PARTY              | STR 15 | X              |                      |
| Webster Bridges        | Scient. & Games             | 324    | X              |                      |
| <del>Don Johnson</del> |                             | 324    |                | X                    |
| Dorothy S. Johnson     |                             | 324    |                | X                    |
| Don Judge              | MT STATE AFL-CIO            | 308    | X              |                      |
| Best Am. Ferry         | MT-Eagle Ferry              | STR-15 | X              | Amendment            |
| Donna Eak              | Senate # 40                 | STR 15 | X              | <del>Amendment</del> |
| Donna Eak              |                             | 324    |                | X                    |
| Margaret C. Walker     | City of Helena              | 324    |                | X                    |
| Steve Pilcher          | MT. HBPA                    | 324    |                | X                    |
| June Johnson           | Self                        | 324    |                | X                    |
| Donna Johnson          | Self                        | HR-15  | X              |                      |
| Donna Johnson          | Self                        | 324    |                | X                    |
| Melba E. Blankman      | Self                        | 324    |                | X                    |
| Deanne Ann Wolf        | Self                        | 324    |                | X                    |
| Larry Combs            | MT ASSN. BERTORS            | STR-15 | ✓              |                      |
| Lair Valentini         | Self                        | 324    |                | X                    |
| Jane Hillyer           | Self                        | 324    |                | X                    |
| Mini Jordan            | Self                        | 324    |                | X                    |
| Chet Blacklock         | Senate                      | 308    |                |                      |
| Joanne Price           | Mt. Assn. Park & Recreation | 308    | with<br>Amend. |                      |

(Please leave prepared statement with Secretary)





Exhibit "1"  
55-15  
2-15-85

## TESTIMONY

SJR 15  
2/15/85

Mr. Chairman, Members of the Committee. I am Tony Jewett, Executive Director of the Montana Democratic Party. The Montana Democratic Party supports Senate Joint Resolution 15.

1. NATIONAL DEBT:      -currently has reached 1 Trillion, 573 Billion dollars as of June 1984  
                                 -estimated to reach 1 Trillion, 807 Billion dollars for 1985
2. INTEREST ON DEBT:      -\$359 million per day in 1985 alone  
                                 -13% of the federal budget outlays go to interest on debt
3. DEFICIT:                -the deficit will grow to \$210 Billion in 1985  
                                 -in the five years since 1980, the deficit will reach \$728 Billion, almost double the total deficits compiled by the four administrations prior to the current one

This fiscal situation has resulted in placing the national economy in a monetary 'twilight zone' that virtually every national economist predicts will result in massive economic trauma in the years ahead unless the deficit is reduced.

The debt has been a major contributor to the artificially high interest rates that have resulted from the unusual competition of federal government borrowing of available dollars, which in turn make less dollars available for private sector borrowing, driving up competition for those dollars and thus interest rates.

The deficits are a combination of many factors, but certainly the major

Montana Democratic Central Committee • Steamboat Block, Room 306 • P.O. Box 802 • Helena, MT 59624 • (406) 442-9520

### Executive Board

|                          |                              |                             |                           |                                   |                                   |   |
|--------------------------|------------------------------|-----------------------------|---------------------------|-----------------------------------|-----------------------------------|---|
| Bruce Nelson<br>Chairman | Donna Small<br>Vice Chairman | Mary Hempleman<br>Secretary | Bobbie Wolfe<br>Treasurer | Tony Jewett<br>Executive Director | James Pasma<br>Nat'l Committeeman | Dorothy Bradley<br>Nat'l Committeewoman |
| Phil Campbell            | Helen Christensen            | Virginia Egli               | Wendy Fitzgerald          | Chas Jeniker                      | Les Morse                         | Les Pallett                             |
| Sharon Peterson          | Gracia Schall                | Barb Skelton                | Clara Spotted Elk         | Chuck Tooley                      | Mike Ward                         | Blake Wordal                            |
| Sen. Chet Blaylock       | Rep. Dan Kemmis              | Jim Foley                   | Rep. John Vincent         | Phillis Moore                     |                                   |   |

ones are a combination of excessive military spending and interest payments on the debt.

The federal government has been on a credit card binge and the payments are coming due.

Whereas the states oftentimes feel powerless to stem this flow of red ink, the states can have their voice heard on this issue by passing this resolution which urges the President to submit a balanced budget to Congress immediately. The public clamor for action on the national debt and the burgeoning deficit is growing rapidly; the debt and the deficit have become the number one issue now facing Congress, and Congress knows it. Montana should pass this resolution and add its support to the efforts of Congress to balance the federal budget.

I would like to close that I think best captures the merits of this resolution and the issue:

"For decades we have piled deficit upon deficit, mortgaging our future and our children's future for the temporary convenience of the present. To continue this long trend is to guarantee tremendous social, cultural, political, and economic upheavals."

--President Ronald Reagan, 1980 Inaugural address

SB-308  
2-15-85

February 15, 1985

Hearing on SB308 (Blaylock)

Reforming Voter Registration Laws

Before the Senate State Administration Committee, Jack Haffey, Chairman

Testimony by Jo Anne Peterson, Montana Public Interest Research Group  
Organizing Committee in Bozeman, in support of Senate Bill 308.

Mr. Chairman and members of the committee my name is Jo Anne Peterson, representing the Montana Public Research Group Organizing Committee in Bozeman. I helped coordinate the Voter Registration Drive last fall in Bozeman where we registered a total of 3,100 people to vote. Our efforts were great, but we encountered a few obstacles along the way such as being denied the freedom to freely register voters, and not having the option to register people by the mail in procedure stated by the law 13-2-203 by the Montana statutes.

When I first purposed to Gary Pringle we were going to do a Voter Registration Drive he wasn't very excited about it, because student in the past weren't very responsible. He told us we had to be Deputy Registrars to register people to vote ~~and not only~~ that we had to attend a class during the day which limited the amount of student who could attend the class thus limiting the amount of people participating in the democratic process. According to the statutes in 13-2-203-13-2-301 the person who wants to register people to vote has the option of becoming deputized or recieving mail in registration cards which ~~just~~ need to be witnessed by a registered voter such as they do in Missoula County there you don't have to be deputized. I felt we were stereotyped and therefore discriminated against because we were students.

We could'nt do the mail in registration which we requested thus we turned many students ~~away from other counties~~ who wanted to register in there home town but couldn't get away before the election deadline.

This bill is very important because, it perscribes the Secretary of State to design forms with an explanation of the voter registration laws attached to the standard voter registration form. Students from other states are not familiar with these laws and should be informed before they vote.

Section Three of this bill states "to send a postcard to each elector in each precinct who did not vote, to notify the elector that his name will be removed from the rolls unless that person signs and returns it to the election administrator within fourteen days."

Page 2

This will remedy the situation that occurs time and time again that people don't know if they voted or not in the last election. I hope that you consider supporting this bill. Thank You.



*Amendment 'B'*  
*SB-308*  
*2-15-85*

**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 SENATE STATE ADMINISTRATION COMMITTEE IN SUPPORT  
OF SB 308

Mr. Chairman and members of the committee, my name is Teri England. I am speaking on behalf of the Montana Public Interest Research Group (MontPIRG). MontPIRG is a non-profit, non-partisan research, education and advocacy organization directed by University of Montana students. I am here to speak in favor of Senate Bill 308.

Before an individual can vote in the state of Montana, they must first register to vote. Any voter in Montana must complete a two step process. Prior to 1924, there were no voter registration laws in the United States. Prior to 1924, 80 percent of the voting age population voted. Since then, less than 50% of the eligible voters participate. I mention these figures because it is clear that voter registration laws can inhibit or contribute to voter participation.

MontPIRG strives for citizen participation in our democracy. Our voter registration and voter education efforts are part of an overall effort to ensure a healthy democracy with citizen involvement. In 1984, MontPIRG participated in the National Student Voter Registration Drive. As part of this effort we helped register over 8,400 new voters in Montana. We also encouraged these new voters to get out to vote.

Following our registration efforts, we conducted a random poll of University of Montana students, asking the students about difficulties they faced while registering to vote. These proposed reforms help address problems we faced and other groups faced during our 1984 voter registration drive and the problems voters in the MontPIRG survey faced. MontPIRG supports the reforms that are addressed in SB 308.

\*The first reform requires an explanation of the voter registration laws to be attached to or printed on voter registration forms. Increased awareness of voter registration laws will lead to more responsible voters and a clear understanding of how to effectively participate in elections.

\*The second reform eliminates the need for a witness's signature on a mail-in registration card. MontPIRG representatives were unable to register potential voters from outside the county where the voter registration effort was taking place. Having a witness signature is an unnecessary and cumbersome process. The procedure clerks follow after receiving mail-in registration cards often does not include verifying that the witness is a registered voter within the county. In talking with seven county election officers in Montana, five of the county clerks did not verify the witness. Minnesota voter registration laws permit mail-in registration cards with no requirement for a witness signature. Minnesota has consistently higher voter registration and participation than Montana with minimal fraud.

\*In order to process registration cards and get incorrect or incomplete cards completed, large voter registration drives need more than 15 days to turn in the voter registration cards, especially

as the pre-election deadline approaches. Due to last minute intensive registration efforts, deadlines are easily overlooked. In addition, voter registration lists are often compiled for get-out-the-vote efforts which take time to compile. Extending the deadline to 30 days after a card is signed addresses these concerns. Large voter registration efforts will have additional time to properly process the cards saving clerks time in their processing of cards. There are newspaper clippings attached to this testimony which show a few examples of problems with deadlines.

\*Individuals registering by mail-in cards sometimes forget to fill in a blank or they fill the card out incorrectly. Unless these cards are corrected prior to the 30 day pre-election deadline, a potential voter will not be allowed to vote in the next election despite showing every intent to participate. This reform, allows people to correct cards up until election day, including potential voters that would otherwise be excluded from the upcoming election.

\*The last reform benefits people who are unaware of voter registration laws. Only 36 percent of the individuals surveyed by MontPIRG realized they would be purged from voter rosters for failure to vote in presidential elections. MontPIRG advocates sending postcards to notify individuals that they will be purged from voter lists. We also support the clause that allows voters to remain registered by signing and returning the postcard. Clerks are concerned that a majority of notification cards will be undeliverable. Notices that reach and educate unaware voters are the issue of concern, not the undeliverable cards. Preventing eligible

voters from participating in the election process is a worse wrong than absorbing the cost of non-forwardable cards.

The proposed reforms in this bill serve the purpose of increasing voter participation.

The proposed reforms address real problems with real answers. In some cases these reforms will require additional work for the clerks at a very busy time, but the changes can be administered. Five states have election day registration, 8 states allow registration 15 days or less prior to an election. Of these 13 states, 11 have populations greater than Montana. These states manage to run fraud free elections, Montana can too.

It is important to keep in mind that our democratic form of government is based on citizen participation. Voting is a fundamental right, not a privilege. Voter registration laws should restrict no individual from voting. Not voting can be a significant political statement just as voting is. However, not voting because of restrictive and unnecessary voter registration laws demonstrates inadequacies in Montanas voter registration system.

We urge your support of SB 308.

Thank you for your consideration.

# MISSOULA COUNTY

ELECTION DEPARTMENT  
OFFICE OF THE CLERK AND RECORDER  
MISSOULA COUNTY COURTHOUSE  
MISSOULA, MONTANA 59801

Dear Missoula County Resident:

Your voter registration card cannot be processed for the following reason(s):

- ☐ Person witnessing is NOT a registered voter.
- ☐ You did not sign the card.
- ☐ Your signature must be witnessed (see instruction #2 on the reverse side of the registration card).
- ☐ We must know how long (in years and/or months) you have lived in Montana, in Missoula County, and in Missoula City.
- ☐ We need to know where you were last registered to vote.
- ☐ We need to know where you were born (state or country).
- ☐ We need to know your birthdate.
- ☐ We need to know how tall you are.
- ☐ We need to know the exact location of your residence so that we can place you in the proper voting precinct.

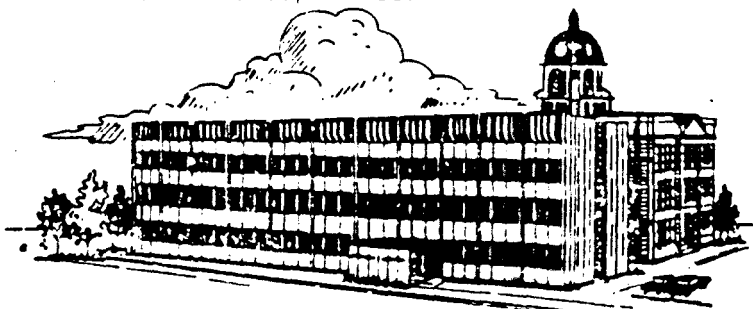
☒ *Your card did not reach us within the 15 day period as required by law after your signature was received*

Please complete the item(s) marked and return the card to our office (in an envelope, if the card has already been postmarked). If you have any questions, call this office at 721-5700, ext. 468.

Sincerely,

*Wendy Ross Cromwell*  
Wendy Ross Cromwell  
Elections Supervisor

Enc.



REGISTRATION NUMBER

PRECINCT

VOTER  
REGISTRATION  
CARDSPEC.  
DIST.

FIRE

SOIL

TRANS

HOSP

IRR

\*RESIDENCE ADDRESS (NOT P.O. BOX!):

ZIP CODE:

✓ #107 ELROD HALL O M. 59812

STATE OF MONTANA  
COUNTY OF MISSOULA }<sup>SS</sup>

\*MAILING ADDRESS, IF DIFFERENT:

ZIP CODE:

I. HENRY W. TAYLOR III  
(PRINT NAME AS IT WILL BE SIGNED)

FOR RURAL ADDRESS:

SCH. DIST.

SEC.

TWNSHP

RANGE

\*STATE BORN

\*DATE OF BIRTH

\*PHONE #

✓ NEW YORK

\*5-16-62

\*243-1094

YEARS AND/OR MONTHS LIVED IN:

MONTANA

YRS

MOS

MSLA COUNTY

YRS

MOS

MSLA CITY

YRS

MOS

☐ CHECK BOX IF  
NAME CHANGE

PREVIOUS NAME:

☐ CHECK BOX IF  
ADDRESS CHANGE

PREVIOUS ADDRESS:

PLACE LAST REGISTERED:

\*CITY WEST YELLOWSTONE

\*STATE

MONT

SIGNED

\*X

Henry W. Taylor III

do solemnly swear/affirm that under oath or affirmation the  
information supplied herein is true.

Subscribed and sworn to before me this

21

day of

September

19

84

Richard N. Barnett

WITNESS—REGISTERED ELECTOR OF MISSOULA COUNTY

OR

NOTARY PUBLIC, OR DEPUTY REGISTRAR

219 Agnes

RESIDING AT

ADDRESS

Missoula, MT

18

MY COMMISSION EXPIRES

CITY

STATE

PREC. NO.

# Cards

## Continued

"We feel silenced," Hiiva said. "I don't think that there's any excuse for slipping up on that."

As a result, Hiiva said he'd now vote against Hansen if he could, but he settled for writing a letter to the Missoulian to let other voters know what happened.

Hansen, the Democratic incumbent in District 59, admits she's to blame for the Hiivas not being able to vote, and said she feels "sick" about it.

"I'm going to write him a letter," she said. "All I can do is apologize."

She said the Hiivas' cards were the only two she kept late.

Montana's liberal voter registration law allows any registered voter to sign up more voters. At the same time, there's a clause in the law that says any card turned in more than 15 days after it was signed is void, as are any cards turned in after the Oct. 9 deadline for the Nov. 6 election.

"I don't know if there's anything that can be done," Cromwell said. "What the Legislature is trying to do is make it easy to register voters," but the law doesn't place any responsibility on the people who register others.

Cromwell said some of the late cards, including the Hiivas', were turned in by candidates. But most came from volunteers of both parties, particularly from voter registration tables set up at the Western Montana State Fair and on the University of Montana campus.

Another Democratic candidate for the House, Dick Barrett, had countersigned 10 to 12 of the late cards, Cromwell said. Those were the only two candidates she knew of whose countersignatures were on late cards.

But Cromwell exonerated Barrett because none of the addresses of the voters on the tardy cards were in his district, so he couldn't have registered them while campaigning door-to-door. She said that most of the addresses were on or near the UM campus.

Barrett said he signed the cards while working a few hours at a voter registration table at UM. He said he turned the cards he signed over to Harry Fritz, the Democratic candidate in House District 56, which includes the University area. Fritz, contacted Tuesday night, said his campaign kept the cards "a couple of days" to copy the names, then turned them over to the county Democratic Central Committee for its voter registration effort.

Marlene Cook and her husband, Ben, registered at the fair in August, she at the Republican table and Ben at the Democratic.

Ben's card made it to the elections office; Marlene's didn't.

"I feel like a non-entity," she said. "It's like you're back in the Dark Ages where your husband gets to vote but you don't."

Kermit Schwanke, chairman of the Missoula County Republican Party, said he wasn't sure that whoever was supposed to turn in Marlene Cook's card was to blame. He cited the high volume of cards turned in to the elections office as the deadline for registration approached.

"I'm not pointing any fingers at the elections office ... but there were bound to be some slip-ups," Schwanke said.

He added, jokingly, that some good might come from the dozens of people who wanted to vote but couldn't.

"If there were 40 or 50," Schwanke said, "I hope only 1 percent

# Lost cards bar some from polls

By LARRY HOWELL  
of the Missoulian

When voters have a bone to pick with an elected official and can't get satisfaction, they can at least get some pleasure out of voting for someone else.

But between 40 and 50 Missoula residents — and possibly many more — won't have that remedy next Tuesday. Although they signed up to vote before the Oct. 9 deadline, the people who registered them failed to turn in the registration cards on time, according to county elections officer Wendy Cromwell.

Cromwell added that the number will probably grow since her office has no way of telling how many cards were never turned in.

Mark Hiiva is one of those who won't be voting next Tuesday. State Rep. Stella Jean Hansen signed up Hiiva and his wife in their own home Sept. 9 as she was campaigning door-to-door in Missoula's District 59. One month later, the Hiiva's registration cards still hadn't been turned in.

(Turn to **CARDS**, page 2)

n  
blaming  
get being  
II there  
an presi-  
much of  
and for  
Wars and

n Reagan  
mpaigning  
ators, try-  
everyone  
mber the  
even have  
with other  
cause her  
ing. "Stop  
and-picked  
ent of the

to light in  
is often).  
as to cor-

nber about  
y were on  
he bed in  
gh for her  
ed for her  
ould have  
a lot of  
000 for a  
who would  
n they are  
better off  
?" We say

wife said  
ncome tax  
oney they  
sband have  
y not the

down are  
is coming  
an admin-

e Missouli-  
e. Read it  
ery impor-

arger than  
r. He's the  
ng to clean

up the debt by 1983. What are we leaving our children?

In the first nine months of his administration the world was and is in a turmoil more than in many years past. I'm frightened of him in the White House. — Dollie McLaughlin, P.O. Box 762, Plains.

### The teeth were sharp

I happened to watch the televised debates with more than a little amusement.

I saw Reagan like an amiable giant, in command of all he beheld, rather like old Atlas with the weight of the world on his shoulders.

But every so often this gentle giant would have to stoop a bit so as to cast a doleful eye upon the activities of Mondale, nibbling enthusiastically upon his foot! For indeed, Mondale had sharpened up his teeth for the encounter, and for once a spark of true passion animated even his shrill squeaks. Too bad, in the Texas way of putting things, he was tilting with windmills and trying desperately to fix what ain't broke!

In the debate which followed, perpetual "preppy" faced off against Ms. "Cut and Stab." The preppy would grin and launch one, and then another sophomoric aphorism, pitch yet another wobbly bubble, only to watch it burst upon the lunge of her fearsome claws.

And one could only hope that in four more years a more formidable champion could be found to face her defiant frame. For one had the prickling sensation that she would have licked the blood, could she do it without blowing her cover, as a certified member of the liberal peace and safety net.

The highlight of this commotion was her predictable ploy of accusing Bush of patronizing her. But it came out a bit bizzare. Given the combatants in this contest, it looked like the Wicked Witch of the West beating on a cocker spaniel

for defeating her, at chess!

Finally, a word about a public debate that few in the media took the time to cover. That being the "with it" senator from Montana, Max Baucus, and myself on the night he held his little town meeting. Everyone was quite congenial until I spoke up, and all pretense of decorum was deflated.

I simply asked him why he refused to speak to the people of Missoula this past summer, choosing to run in a foot race rather than face up to 15 million babies in the trashcan. I asked Max, but he refused even to speak. He simply ducked my question. Quack! — Dennis Wilson, 2715 Bluebell St., Missoula.

### Put a stop to it

This is how I feel about the debate.

We have had Reagan for four years: and he did some things wrong. For instance, he sent our troops to fight and he killed many lives doing that. So I think we should put a stop to it.

I'm not old enough to vote, but if I was, I would vote for Mondale-Ferraro. And since I'm not, other people have to for me. So vote for Mondale-Ferraro. — Ted Schuster, Fourth Grade, Paxson School, 400 Evans Ave., Missoula.

### No vote

Having recently moved to Missoula, my wife and I were delighted that State Rep. Stella Jensen Hansen came to our home on Sept. 9 and registered us to vote.

However, we were notified on Oct. 16 that Rep. Hansen had retained our registration cards until after the deadline so that it is not possible for us to vote in Montana in the upcoming general election.

I feel obliged to return Rep. Hansen the favor by sharing this experience with her constituents. — Mark Hilva, 301 California St., Missoula.

night, and Harlan Fredenberg of Kalispell was crowned homecoming king.

Serviss, 21, is a home-economics major and Fredenberg, 22, is a senior studying French. For the first time this year, the king and queen each will receive a \$100 scholarship from the UM Alumni Association.

Other members of UM's 1984 royal court:

- Anna C. Swallow, 21, Corvallis, a senior
- Shawn Gray, 21, Butte, a senior in nursing
- Lina Barakat, 20, of Sidon, Lebanon, a senior

## Maybe it's

Obscene phone calls aren't what it's all about. A friend here in River City has recently found the callers generally listless, even apologetic. The first call came late one night.

"Hello," a man said. "Would you have a sexy conversation?"

Half asleep, my friend replied, "I'm a man, sounding humble, repeated himself."

"Do I know you?" my friend asked.

"No, we haven't met."

My friend told the man she wasn't interested.

"No?" he asked.

"No."

The poor guy seemed heartbroken.

Suggested he call somebody else. The man said that sounded like a good idea and hung up.

My friend expected him to be back in a few days with a list of anonymous callers and ring her back.

and it's been a month.

Tuesday, about midnight, another call.

"Hello," he said, addressing my friend.

"Remember me?"

"Uhhhhh, no," my friend said.

"Here's a hint. I'm tall, and I have dark hair."

"Uhhh, I still don't remember you."

The man told my friend that he was hanging up.

More awake, my friend asked, "Who's the anonymous caller, aren't you?"

"Well, uh, yes, yes, I am," the man said in an apologetic tone.

"Uh, you want to smoke a joint?"

My friend declined.

The man said, "You sound a little bit like my friend."

Missoulian

10/27/84

# Opinion

Editorial Board: • Tom Brown, Publisher • Bradley Hurd, Editor • Sam Reynolds, Editorial Page Editor  
Missoulain, Monday, November 19, 1984

## Gladly help out

During the recent general election, I patiently stood in line for 30 minutes to cast my vote.

Upon arrival at the sign-in table, I found that while my husband's name was listed, mine was not. We have voted, together, at every election since arrival in Missoula in 1966. Further, a doctor in front of us and a family behind were not listed.

Lengthy phone calls to the Courthouse were required to enable me to vote. We wonder how many people simply gave up and went home.

Does the system perhaps need additional help at election time to double-check lists and rosters so as to avoid errors and omissions? If so, I'll gladly round up competent volunteer workers to make sure these things are fair. — June A. Welch, 510 Westview Drive, Missoula.

Voter registration laws could be added here →

OR

on the left side of the card format below ↓

#### INSTRUCTIONS

PLEASE PRINT CLEARLY OR TYPE ALL ITEMS EXCEPT SIGNATURES.

1. Print name with last name first.
2. Street address or Section, Township and Range (see real property tax notice) for Rural Rte. and other residences with no street address. Registration is NOT effective without this information.
3. Required only if different from No. 2.
4. Home and work, if any.
5. Month, day, year.
6. Not public; used only to check on duplicate registrations.
7. Give length of time voter has resided here continuously.
8. Enter "none" if registering for first time.
9. Print exactly as signature is written (No. 10).
10. Signature as voter normally signs name.
11. Card must reach Election Administrator within 15 days of this date.
12. All cards must be witnessed. Any voter registered in L&C County, a notary OR a deputy registrar can be witness.
- 13-35-207, MCA, SETS CRIMINAL PENALTIES FOR FALSIFYING OR KNOWINGLY WITNESSING FALSE STATEMENTS ON THIS CARD.

THUBBEN & SONS HELLENA

PLACE  
STAMP  
HERE

Deliver to:

**ELECTION ADMINISTRATOR**  
**Lewis & Clark County**  
**City-County Building**  
**316 North Park Avenue**  
**P.O. BOX 1721**  
**Helena, MT 59624**

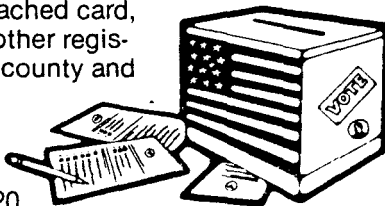
## REGISTER TO VOTE!

You may register to vote if you are:

- At least 18 years of age
- A citizen of the United States
- A resident of Montana at least 30 days

The process is very simple.  
Just fill out the attached card,  
witnessed by any other regis-  
tered voter in your county and  
mail it to:

Jim Waltermire  
State Capitol  
Helena, MT 59620



Or, you may call your County Clerk and Recorder's  
Office and request materials by mail.

## DON'T BE LEFT OUT, REGISTER TO VOTE

Detach and Mail:

| FOR  |         | OFFICIAL                          |       |                       |      | USE    |                  | ONLY    |                     |
|--|---------|-----------------------------------|-------|-----------------------|------|--------|------------------|---------|---------------------|
| Polling Place  |         | Pct No                            | Ward  | S.D.                  | H.D. | S.C.D. | Registration No. |         | Social Security No. |
| NAME   |         | Last                              |       | First                 |      | Middle |                  |         |                     |
| Mailing Address  |         |                                   |       |                       |      |        |                  |         |                     |
| Residence Address (Street, City or Town, Zip Code)   |         |                                   |       |                       |      |        |                  |         |                     |
| Date of Birth  | State   | yr.                               | mo.   | County                | yr.  | mo.    | City             | yr.     | mo.                 |
| Length of Time Lived in  | Section | Township                          | Range | Place Last Registered |      | State: |                  | County: | City:               |
| State of Montana   |         |                                   |       |                       |      |        |                  |         |                     |
| County of  |         |                                   |       |                       |      |        |                  |         |                     |
| I, _____, do solemnly swear/affirm that under oath or affirmation that the information supplied herein is true (Print Name Only) |         |                                   |       |                       |      |        |                  |         |                     |
| Subscribed and sworn to before me this _____ day of _____, 19____  |         | Signature of elector              |       |                       |      |        |                  |         |                     |
| Witness Registered Elector of County   |         | Notary Public or Deputy Registrar |       |                       |      |        |                  |         |                     |
| Address  |         | Residing at                       |       |                       |      |        |                  |         |                     |
| City   |         | My commission expires             |       |                       |      |        |                  |         |                     |
| State  |         | Precinct No.                      |       |                       |      |        |                  |         |                     |

Mr. Chairman, members of the committee, for the record, my name is Jean Johnson and I work for Secretary of State Jim Waltermire. I am here to speak in opposition to SB 308 as it is drafted.

We have a number of concerns with SB 308 and I'll address those issue by issue. The first is the "voting rights statement on the uniform card." If the registration laws or statements that refer to the individual receiving notice affirming registration are printed on the card, they are of no value to the voter because the card goes to and stays with the election administrator. One solution may be a card with a removable part such as the "Montana Pride" cards our office printed four years ago.

There are some problems here, however, Even though the Secretary of State's office prescribes a uniform card, some counties simply "do their own thing." There really isn't any way that we can assure uniformity, although at this point in time, I think we're pretty close to uniformity. I can say that because last summer many counties went with the prescribed form -- in fact, Artcraft Printers in Great Falls printed 110,000 of the new cards -- 50,000 in office and 55,000 mail cards.

We could change forms now but that would amount to a considerable expense to a lot of counties at a time when money on the county level is tight.

The second issue of concern deals with removing the requirement that an individual filling out a voter registration card have his signature witnessed by another registered elector of that county. Over a period of time, we have loosened up the entire elections process so that virtually everything can be done on the elector's signature alone. For example, absentee ballots no longer have to be notarized. This is going to the presumption that once an individual was registered, his own signature was all that was needed.

It's worth noting that some of these changes -- i.e. eliminating the notary requirement on absentee ballots -- were done in reliance on the fact that registration required action on the part of someone else other than just the elector. The issue for the legislature now is whether you want to remove that last check. This is a policy judgement and the judgement of the Secretary of State's office is that it would not be wise.

Even voter registration has been opened up considerably. It used to be that registration was left to clerks and recorders, deputy registrars and notaries capable of administering oaths. When mail registration was adopted, that restriction was expanded to require only that the card be witnessed by a registered elector. We think that's enough. There should be a least one thing in this process that requires a witness.

Changing the time for holding registration cards from 15 days to 30 days raises concern with our office and the clerks and recorders. The only reason for this change is to provide convenience for circulating organizations in that it allows those groups more time to check the cards for completeness. Our experience has been that, at best, only a few organizations ever do any checking themselves. The problem here is that all would tend to hold the cards to the end of the 30-day period. This would result in a great deal of pressure for the clerks and recorders and lessens their opportunity to notify new electors of any incompleteness on their cards.

In short, this subsection causes too many problems when the only reason for its existence is to provide convenience for circulating organizations.

Section 2, subsection 3 -- allowing an individual to correct mistakes on a completed registration card at any time before the election -- could be workable but the clerks and recorders are the ones to say. They are the ones who have the best knowledge of what it takes to run an election, including 11th hour diversions for correcting precinct registers.

The new language requiring a post card notification prior to a purge would place a considerable financial burden on the counties. There were 109,000 people purged in the post-1980 presidential election. The vast majority had in fact moved such that, at least in our best guess, 50% of those cards would amount to pouring money down the drain.

The law has long been clear that the right to vote is also a privilege and reasonable actions are required of the voter to exercise that privilege. We think it's reasonable in exchange for carrying a voter on the registration rolls to ask that they participate in at least one election in a 4-year period.

For the other 50% -- those who just didn't vote --, the government makes a reasonable effort to see that they do vote. We do PSAs, Voter Information Pamphlets, clerks put notices in newspapers, and other groups conduct get-out-the-vote programs. What more has to be done before we move into the area of the voter's own responsibility to turn out?

Now, this provision of notifying the voter before a purge may make some sense if a purge could be conducted every two years. The clerks have been wanting to purge every two years for a long time. Our

office has, in the past, opposed a two-year purge because we tend to come down on the side of maximizing opportunity for the voter. If this committee feels pre-disposed to pre-purge notification, then we suggest that a two-year purge makes more sense and is a positive compromise.

We hope this committee will take our concerns under consideration when you take action on SB 308.



Exhibit "C"  
SB-308  
2-13-85

Box 1176, Helena, Montana

JAMES W. MURRY  
EXECUTIVE SECRETARY

ZIP CODE 59624  
406/442-1708

TESTIMONY OF DON JUDGE ON SENATE BILL 308 BEFORE THE SENATE COMMITTEE ON  
STATE ADMINISTRATION, February 15, 1985

-----

Mr. Chairman and members of the Committee, for the record I am Don Judge representing the Montana State AFL-CIO. I am here to ask this Committee's support of Senate Bill 308.

No other privilege or responsibility in a representative democracy is as great as the right to vote -- to have a voice in determining the direction of government at all levels. Citizens of this country have established a precedent over the years of making the voting system as open and easy as possible, without compromising the integrity of the process.

Senate Bill 308 targets some specific provisions contained in Montana law which work to restrict the ability of certain citizens to cast their vote. Workers who are forced to move around a lot in search of employment may not understand the provision which purges them from the voter lists if the registration card is not signed and returned in the proper manner. Some may not be able to comply with the time constraints contained in current law.

Others may not understand voter rights and responsibilities. In some instances, inadvertent errors on registration applications could serve to disenfranchise a citizen. This bill offers reasonable and just solutions to these problems. In order to take part in this vital governmental activity, individuals must be properly registered. It is not too much to ask for the state to take special measures to be certain all citizens, regardless of their lifestyle, have every opportunity to exercise this right.

We ask your support of Senate Bill 308.

THE STATE LOTTERY

Exhibit "2"  
SB-324  
2-15-85

Webster defines "Lottery as a drawing of lots in which prizes are distributed to the winners among persons buying a chance." The process simply includes purchasing a ticket through a sales agent. The funds raised are then gathered into a Lottery Fund. A winning ticket or tickets are drawn by chance. The fund is then divided between the holder of the winning ticket and the lottery commission.

The concept of a government-run lottery for the purpose of raising revenue is not new. Lotteries were held in England during the 17th century by Charles I and Charles II to recover from wars. Lotteries were used in the United States in Colonial times to raise money for everything from new schools and public works projects to recover from Indian attacks. Lotteries were used to build universities such as Harvard, Princeton, Yale, Columbia and Dartmouth.

The state of New Hampshire (a states population comparable to that of Montana's) was the century's first U.S. Lottery and is now twenty years old. New Hampshire Sweepstakes Commission reported an overall sales volume of 18.7 million and a net income of 5.7 million for fiscal 1984.

State lotteries operate completely independent of tax dollars, thus providing a self-reliant revenue source for states.

One fear of a state lottery is failure due to a poor economic situation. This fear is completely without merit. During 1981 and 1982 when the nation was experiencing the worst recession since the Great Depression, state lotteries were experiencing substantial profits.

Of the existing 18 U.S. lotteries nine states direct their profits to states general fund. States receive a great portion of their general fund from lotteries. Connecticut, for example. 40% of the states general fund comes from lottery revenues. Some states direct their lottery revenue to more than just the general fund. The Arizona state lottery pumps all profit into a transportation fund. Pennsylvania donates all lottery profits- a record 516 million in fiscal 1984- to a variety of Senior Citizen programs.

The public sometimes think of a state lottery as a huge gambling operation opening the door of their state to organized crime. Oliver B. Reven, assistant director, Criminal Investigation Division, Federal Bureau of Investigation, states "there is no indication that organized crime has ever infiltrated a state lottery or for that matter has ever tried."

In establishing a successful state lottery two important principles must exist. The first being a honorable reputation. Participants must feel they can trust the lottery and its operations. This can be accomplished through an effective security system, established by the lottery commission. The second is a well organized operation. Sales agents must be aware of their duties and responsibilities. The commission must be competent and trustworthy. The director must have important qualities such as leadership, loyalty, experience and a belief in the lottery system.

## INDEX

1. Section 1, Page 1.....Short Title--"MONTANA STATE LOTTERY ACT OF  
line 15 1985"
2. Section 2, Page 1.....Definitions--Commission--Director--Lottery  
line 18 or state lottery--Lottery game
3. Section 3, Page 2.....State lottery commission--allocation--  
line 12 composition--compensation--quorum
  1. There is a state lottery commission
  2. 5 members
  3. at least: 1 commissioner must have 5  
years of law enforcement  
officer experience  
  
1 commissioner must be an  
attorney in Montana  
  
1 commissioner must be a CPA  
licensed in Montana
  4. each commissioner shall have a 4-year term  
of office, staggered
  5. a commissioner shall be removed from office  
by the governor for good cause
  6. the commission shall appoint one of its  
members as chairman
  7. three or more commissioners constitute a  
quorum
  8. compensation paid out of the state lottery  
fund, \$100 for each day engaged in duties
  9. the commission is allocated to the depart-  
ment of commerce for administrative purpose  
only
4. Section 4, Page 3.....Powers of duties of commission  
line 20
  1. establish and operate a state lottery
  2. appoint a director of the state lottery
  3. determine policies for the operation of  
the state lottery
  4. determine the price of each ticket or  
chance the number and size of prizes
  5. provide for the conduct of drawings of  
winners of lottery games
  6. carry out studies of the state lotteries of  
Montana and make the lottery more efficient  
profitable, and secure from violations of  
the law
  7. study the possibility of regional lottery  
games
  8. prepare quarterly and annual reports
  9. adopt rules necessary

5. Section 5, Page 5.....Director--appointment--compensation--  
line 6 --qualifications

1. appointed by the commission
2. qualified by training and experience
3. salary is equal to 90% of the director of the department of commerce

6. Section 6, Page 5.....Powers and duties of director  
line 16

- 1a. administer the operation of the state lottery in accordance with section 1-20
- b. appoint an assistant director
- c. license lottery ticket or chance sales agents and suspend or revoke licenses pursuant to sections 1-20
- d. maintain security
2. may enter into contracts of no longer than 6 months for materials, equipment, and supplies to be used in operation of the state lottery

7. Section 7, Page 6.....Assistant director for security--  
line 18 qualifications--duties

1. director shall appoint an assistant director for security
2. the assistant director must be qualified by training and experience, have 5 years law enforcement experience and be knowledgeable and experienced in computer security
- 3a. be responsible for security division to assure security, honesty, fairness, and integrity
- b. in conjunction with the director, confer with the attorney general to promote and ensure, security, honesty, fairness, and integrity
- c. in conjunction with the director, report any alleged violation of law to the attorney general

8. Section 8, Page 7.....Ticket or chance sales agents--licenses  
line 15

1. may be sold only by ticket or chance sales agents licensed by director
2. determine the places where state lottery game tickets or chances may be sold
- 3a. before issuing a license, the director shall consider:
  - i) financial responsibility and security of person

Section 8, Page 7.....CONTINUED

line 25

- ii) the accessibility of his place of business or activity to the public
- iii) the sufficiency of exsisting licenses to serve the public convenience and volume of expected sales
- b. no person under 18 years may sell lottery tickets or chances
- c. a license to sell lottery tickets may not be issued to any person to engage in business exclusively as a lottery ticket or chance sales agent
- 4. director may issue temporary licenses upon conditions he considers necessary
- 5. license applicants must be charged a \$50 fee
- 6. director may require a bond from any licensed agent and may purchase a blanket bond covering the activities of licensed agents
- 7. a licensed agent shall display his license
- 8. a license is not assignable or transferable
- 9. no employee may be required to sell tickets or chances if the sale is against his beliefs
- 10. sales agents are entitled to no more than 5% commission on tickets and chances sold
- 11. the director may require each sales agent to keep a complete and up-to-date set of records
- 12. payments must be by check, bankdraft, electronic fund transfer, or other recorded noncash method
- 13. license may be suspended or revoked for violation of any provision of sections 1-20

9. Section 9, Page 9.....Sales restrictions

line 18

- 1. the price must be clearly stated
- 2. tickets or chances not sold to persons under 18 years of age
- 3. must be paid for in cash
- 4. tickets may not be sold to or purchased by commissioners, the director, his staff, gaming suppliers, suppliers' officers and employees, any person auditing or investigating the state lottery, or members of their families
- 5. names of elected officials may not appear on any ticket or chance

10. Section 10, Page 10...Disclosure of odds

line 9

the director shall state the odds in lottery game advertisements and post the odds at each place in which tickets and chances are sold

11. Section 11, Page 10...State lottery fund

line 14

Section 11, Page 10...CONTINUED

line 14

there is a fund of the enterprise fund type,  
as defined in 17-2-102, to be known as the  
state lottery fund.

12. Section 12, Page 10...Disposition of revenue

line 25

1. 45% of the money paid for tickets or chances must be paid out as prize money for the game
2. up to 20% of the gross revenue from the state lottery may be used by the director to pay operating expenses
3. that part of all gross revenue not used for the payment of prizes and operating expenses must be paid quarterly from the enterprise fund established as follows:
  - a. 50% into the state general fund
  - b. 50% of the net revenue generated in each county must be paid into the general fund of that county

13. Section 13, Page 11...Felony and gambling-related convictions

line 25 --ineligibility for lottery positions

no person who has been convicted may be a commissioner, director, assistant director, employee of the state lottery, or licensed ticket or chance sales agent

14. Section 14, Page 12...Conflict of interest

line 7

no commissioner, director, assistant director, state lottery employee, licensed ticket or chance sales agent, or member of his family may have a financial interest in any gaming supplier or any contract between the state lottery and gaming supplier

15. Section 15, Page 12...Drawings for and payment of prizes

line 14 --unclaimed prizes

1. all drawings must be held in the public
2. the commission may provide for the immediate payment of prizes
3. prizes over \$100,000 may in the discretion of the director may be paid either in one lump sum or in equal yearly installments without interest over a period of not more than 10 years, each installment payment must be at least \$20,000
4. prizes not claimed within 6 months are forfeited and must be paid into the state lottery fund
5. the right to a prize is not assignable

16. Section 16, Page 13...Disclosures by gaming suppliers  
line 18

1. any person, firm, association, or corporation that submits a bid or proposal shall disclose at the time of such bid or proposal:
  - a. the supplier's business name and address and the names and addresses of the following:
    - i) all general and limited partners
    - ii) the trustee and all persons entitled to receive benefit from the trust
    - iii) the members, officers, and directors of an association
    - iv) the officers and directors, and each owner or holder of any equity security in a corporation (EXCEPTION, SEE PG. 14)
    - v) each intermediary company, holding company, or parent company involved therewith and the officers, directors, and stockholders of each, of a subsidiary company (EXCEPTION, SEE PG. 14)
  - b. all the states in which the supplier is authorized to do business and the nature of that business
  - c. other jurisdictions in which the supplier has contracts to supply gaming materials, equipment, or consultant services
  - d. the details of any conviction
  - e. the details of any disciplinary action taken by any state against the supplier
  - f. audited annual financial statements for the preceding 5 years
  - g. a statement of the gross receipts realized in the preceding year
  - h. the name and address of any source of gaming materials or equipment for the supplier
  - i. the number of years the supplier has been in the business
  - j. any other information
2. No person, firm, association, or corporation contracting to supply gaming materials or consultant services may have any financial interest or connection with any person, firm, association, or corporation licensed as a ticket or chance sales agent
3. no contract is enforceable against the state unless the requirements of this section have been fulfilled

17. Section 17, Page 16...Annual audit  
line 21

The legislative auditor shall conduct an annual audit of the state lottery

18. Section 18, Page 17...Study of lottery security  
line 5

1. The study must include:

- a. personnel security
- b. lottery sales agent security
- c. lottery contactor security
- d. security of manufacturing operations of lottery contractors
- e. security against ticket or chance counterfeiting and alteration and other means of fraudulently winning
- f. security of drawings among entries or finalists
- g. computer security
- h. data communications security
- i. database security
- j. systems security
- k. lottery premises and warehouse security
- l. security in distribution
- m. security involving validation and payment procedures
- n. security involving unclaimed prizes
- o. security aspects applicable to each particular lottery game
- p. security of drawings in games where winners are determined by drawings
- q. the completeness of security against locating winners in lottery games with preprinted winners by persons involved with their production, storage, distribution, administration, or sales
- r. any other aspects of security applicable to any particular lottery game and to the lottery and its operations

2. The security audit report must be presented to the commission, the director, the governor, the president of the senate, and the speaker of the house of representatives

19. Section 19, Page 18...Investigations and legal services and proceedings  
line 19

1. the attorney general shall provide legal services
2. the attorney general shall make investigations and prosecute or defend
3. the commission, director, and assistant director for security may also carry out investigations
4. upon request, the attorney general and the DOJ must give the assistant director for security any information

20. Section 20, Page 19...Penalties  
line 20

Section 20, Page 19...CONTINUED  
line 21

a misdemeanor, punishable by fine, not to exceed \$500 or imprisonment in the county jail, not to exceed 6 months, or both, to knowingly or purposely:

1. require an employee to sell lottery tickets or chances in violation of section 8(9)
2. violate section 8(11)
3. sell a lottery ticket or chance to a person under 18 years of age
4. violate subsection 3 or 4 of section 9
5. serve as a commissioner, director, assistant director, employee, or licensed sales agent of the state lottery in violation of section 13
6. violate section 14
7. violate section 16
8. influence the winning of a prize through the use of coercion, fraud, deception, or tampering with lottery equipment or materials

21. Section 21, Page 20...Amending section 23-5-101, MCA  
line 13 Definitions

22. Section 22, Page 21...Amending section 23-5-202, MCA  
line 4 Application

23. Section 23, Page 21...Amending section 23-5-302, MCA  
line 14 Definitions

24. Section 24, Page 21...Amending section 23-5-402, MCA  
line 24 Definitions

25. Section 25, Page 23...Initial appointment and terms of commissioners  
line 2  
must be made within 30 days after the effective date of this act  
two the initial appointees shall serve for 2 years  
two shall serve for 3 years, and one shall serve for 4 years

26. Section 26, Page 23...Initial duties of commission--lottery study--  
line 8 first game

1. the commission shall immediately conduct a study of other state lotteries
2. the commission shall begin the operation of state lottery games at the earliest time and in any event within 150 days after the effective date of this act

27. Section 27, Page 23...Temporary state treasury line of credit for  
line 16 expense of starting state lottery
- the amount of \$1,500,000 deposited in the  
state lottery fund may be drawn upon only  
during the first 12 months after the effective  
date of (sections 1 through 20) and only for  
purpose of financing the initial expenses of  
starting the state lottery.
28. Section 28, Page 24...Severability  
line 7
- any funds advanced under the temporary line  
of credit must be repaid to the general fund  
within 1 year of the advance
29. Section 29, Page 24...Effective date  
line 13
- this act is effective on passage and approval

# PRIZES AND EXPENSES

| STATE         | PRIZE         | EXPENSES     |
|---------------|---------------|--------------|
| ARIZONA       | 45 Percent    | 18 Percent   |
| COLORADO      | 50 Percent    | 15 Percent   |
| ILLINOIS      | 47            | 10 Percent   |
| MARYLAND      | 48.1          | 3.8 percent  |
| MICHIGAN      | 270.5 million | 11 percent   |
| NEW HAMPSHIRE | 5.8 million   | 3 million    |
| New York      | 385.1 million | 87 million   |
| OHIO          | 174.6 million | 214 million  |
| PENNSYLVANIA  | 274.1 million | 51 million   |
| Rhode Island  | 18.7 million  | 6.6 million  |
| VERMONT       | 2.1 million   | .717 million |
| Washington    | 45 percent    | 10 percent   |

| STATE<br>(YR) | YEAR BEGUN | GROSS REV.<br>(mill) | NET REV.<br>(mill) | POPULATION<br>(000 ) |
|---------------|------------|----------------------|--------------------|----------------------|
| ARIZONA       | 1981       |                      |                    | 2,860.               |
| 1984          |            | 60.                  | 18.                |                      |
| 1983          |            | 75.                  | 31.8               |                      |
| 1982          |            | 114                  | 36.6               |                      |
| COLORADO      | 1983       |                      |                    | 3045.                |
| 1984          |            | 120                  | 40.7               |                      |
| 1983          |            | 208.0                | 72.8               |                      |
| CONNECTICUT   | 1972       |                      |                    | 3153.                |
| 1984          |            | 254.4                | 40.7               |                      |
| 1983          |            | 188                  | 72.8               |                      |
| 1982          |            | 169                  | 71.                |                      |
| 1981          |            | 149.                 | NA                 |                      |
| DELAWARE      | 1975       |                      |                    | 602. .               |
| 1984          |            | 33                   | 14.0               |                      |
| 1983          |            | 30.1                 | 11.                |                      |
| 1982          |            | 25.6                 | 9.5                |                      |
| D.C           | 1982       |                      |                    | 631.                 |
| 1984          |            | 68.2                 | 21.7               |                      |
| 1983          |            | 50.5                 | 13.2               |                      |
| 1982          |            | NA                   | NA                 |                      |
| ILLINOIS      | 1974       |                      |                    | 11,448               |
| 1984          |            | 911.9                | 377.1              |                      |
| 1983          |            | 495.9                | 214.1              |                      |
| 1982          |            | 334.8                | 142.9              |                      |
| MAINE         | 1974       |                      |                    | 1,133                |
| 1984          |            | 16.                  | 4.5                |                      |
| 1983          |            | 13.                  | 3.7                |                      |
| 1982          |            | 9.6                  | 2.3                |                      |

| STATE<br>(yr) | YEAR BEGUN | GROSS REV. | NET REV. | POPULATION |
|---------------|------------|------------|----------|------------|
| MARYLAND      | 1973       |            |          | 4265       |
| 1984          |            | 485.8      | 209.2    |            |
| 1983          |            | 462.8      | 198.2    |            |
| 1982          |            | 457.4      | 199.     |            |
| 1981          |            | 385.7      | NA       |            |
| MASSACHUSETTS | 1972       |            |          | 5,781      |
| 1984          |            | 506.1      | 169.1    |            |
| 1983          |            | 312.1      | 104.6    |            |
| 1982          |            | 279.7      | 92.5     |            |
| 1981          |            | 208.5      | NA       |            |
| MICHIGAN      | 1972       |            |          | 9,105      |
| 1984          |            | 620.       | 250.0    |            |
| 1983          |            | 548.9      | 221.2    |            |
| 1982          |            | 527.3      | 205.6    |            |
| 1981          |            | 502.4      |          |            |
| NEW HAMPSHIRE | 1964       |            |          | 951        |
| 1984          |            | 18.7       | 5.7      |            |
| 1983          |            | 13.8       | 3.7      |            |
| 1982          |            | 12.3       | 3.6      |            |
| 1981          |            | 11.        |          |            |
| NEW JERSEY    | 1970       |            |          | 17,659.    |
| 1984          |            | 847.8      | 359.7    |            |
| 1983          |            | 693.1      | 294.9    |            |
| 1982          |            | 517.8      | 226.3    |            |
| 1981          |            | 417.       | NA .     |            |

| STATE        | YEAR BEGUN | GROSS REV.<br>(mill) | NET REV.<br>(mill) | POPULATION<br>(000) |
|--------------|------------|----------------------|--------------------|---------------------|
| NEW YORK     | 1967       |                      |                    | 17659               |
| 1984         |            | 888.7                | 389.8              |                     |
| 1983         |            | 645.                 | 275.2              |                     |
| 1982         |            | 424.9                | 179.8              |                     |
| 1981         |            | 236.2                |                    |                     |
| OHIO         | 1974       |                      |                    | 10,791              |
| 1984         |            | 603.                 | 250.               |                     |
| 1983         |            | 397.8                | 144.               |                     |
| 1982         |            | 363.9                | 144                |                     |
| 1981         |            | 297.                 |                    |                     |
| PENNSYLVANIA | 1972       |                      |                    | 11,865              |
| 1984         |            | 1236.                | 516.3              |                     |
| 1983         |            | 885.4                | 355.4              |                     |
| 1982         |            | 562.2                | 227.1              |                     |
| 1981         |            | 427.                 |                    |                     |
| RHODE ISLAND | 1974       |                      |                    | 958                 |
| 1984         |            | 52.9                 | 18.4               |                     |
| 1983         |            | 43.                  | 14.7               |                     |
| 1982         |            | 37.9                 | 13.7               |                     |
| 1981         |            | 34.8                 |                    |                     |
| VERMONT      | 1978       |                      |                    | 516                 |
| 1984         |            | 5.1                  | 1.3                |                     |
| 1983         |            | 4.4                  | 1.1                |                     |
| 1982         |            | 3.8                  | .9                 |                     |
| WASHINGTON   | 1982       |                      |                    | 4,245               |
| 1984         |            | 164.6                | 71.                |                     |
| 1983         |            | 200.1                | 66.7               |                     |
| 1982         |            | NA                   | NA                 |                     |

TOTALS GROSS SALES IN 1983=5,196,808,000 IN 1982 GROSS SALES = 3,840,451,000

# lottery states have fared

1. As reported by state lottery offices to State Legislatures.
2. General fund revenues supplied by state budget offices to State Legislatures.
- 3 U.S. Census Bureau, estimated population of the states as of July 1, 1982.

State Legislatures March 1908

*Exhibit (3)*  
*SB-324*  
*2-15-85*

DEPARTMENT OF JUSTICE  
PROPOSED AMENDMENTS TO SB 324

Amend Section 13, page 12, line 6 and section 16, page 15, line 9 by adding a new sentence:

Each such person shall submit a full set of fingerprints made at a law enforcement agency by an agent or officer of such agency on forms supplied by the agency.

Delete Section 19 in its entirety.

*ADD TO § 7 (3)(a), PAGE 7, A NEW SENTENCE:*

*THE SECURITY DIVISION IS HEREBY DESIGNATED  
A LAW ENFORCEMENT AGENCY FOR THE PURPOSES OF  
THE ADMINISTRATION OF THIS STATUTE.*

Amendment (3)  
SB-324  
2-15-85

DEPARTMENT OF JUSTICE  
PROPOSED AMENDMENTS TO SB 324

Amend Section 13, page 12, line 6 and section 16, page 15, line 9 by adding a new sentence:

Each such person shall submit a full set of fingerprints made at a law enforcement agency by an agent or officer of such agency on forms supplied by the agency.

Delete Section 19 in its entirety.

ADD TO § 7 (3)(a), PAGE 7, A NEW SENTENCE:

THE SECURITY DIVISION IS HEREBY DESIGNATED  
A LAW ENFORCEMENT AGENCY FOR THE PURPOSES OF  
THE ADMINISTRATION OF THIS STATUTE.

# MONTANA ASSOCIATION OF COUNTIES

*Exhibit 3*  
*SB-324*  
*2-15-85*  
1802 11th Avenue  
Helena, Montana 59601  
(406) 442-5209

## FACT SHEET

### STATE LOTTERY

1983 - Senate Bill 223- Failed

1983 - House Bill 920 - Failed

Data Source: ACIR, Significant Features of Fiscal Federalism

#### Gross Revenue

- \$10,000,000 based on Washington State (1983 Lottery Bill Fiscal Note).
- However, ACIR reports national per capita annual bet at \$38.26.
- In 1982 the lowest p/c bet was \$6.87 in Vermont with Maine next at \$8.53.
- Comparisons are risky: however, using the average of \$38.26, \$30,990,600 would be generated.
- If the 1982 median at \$36.32 is used \$29,419,200.00 would be generated.
- Value Statement: Would Montana's per capita annual bet be higher than the national average?
- The prize/award averages approximately 50% of the gross.
- Administration averages 3-5% of the gross.
- Using the above information:

|                |     |              |
|----------------|-----|--------------|
| Gross Revenue  |     | \$30,000,000 |
| Prizes         | 50% | 15,000,000   |
| Administration | 5%  | 1,500,000    |
| Net Proceeds   |     | \$13,500,000 |

TABLE 64--A COMPARISON OF STATE LOTTERY REVENUES--1980, 1981, AND 1982

| State        | Started    | ------(In millions of dollars)----- |         |         |        |                |        |              |       |       |        |
|--------------|------------|-------------------------------------|---------|---------|--------|----------------|--------|--------------|-------|-------|--------|
|              |            | Gross Revenue                       |         | Prizes  |        | Administration |        | Net Proceeds |       |       |        |
|              |            | 80                                  | 81      | 80      | 81     | 80             | 81     | 80           | 81    |       |        |
| Connecticut  | Feb. 1982  | \$129.9                             | \$141.8 | \$159.7 | \$65.3 | \$78.0         | \$87.9 | \$3.9        | \$8.3 | \$9.3 | \$60.8 |
| Delaware     | Nov. 1975  | 15.9                                | 19.1    | 23.5    | 8.1    | 10.1           | 1.7    | 1.5          | 1.4   | 13.3  | 6.3    |
| Illinois     | July 1974  | 91.0                                | 197.5   | 310.5   | 45.8   | 100.5          | 158.0  | 9.5          | 10.0  | 10.9  | 35.8   |
| Maine        | June 1974  | 6.0                                 | 5.7     | 9.7     | 2.8    | 3.1            | 4.7    | 2.5          | 1.5   | 2.5   | 0.7    |
| Maryland     | May 1973   | 372.3                               | 366.4   | 434.1   | 174.3  | 182.7          | 211.0  | 12.6         | 12.4  | 14.8  | 185.4  |
| Mass.        | March 1972 | 192.5                               | 184.8   | 210.0   | 90.5   | 104.2          | 121.2  | 9.4          | 15.7  | 19.4  | 92.5   |
| Michigan     | Nov. 1972  | 487.9                               | 463.6   | 483.1   | 241.0  | 253.2          | 270.2  | 10.9         | 13.6  | 14.6  | 236.0  |
| N.H.         | March 1964 | 9.0                                 | 11.2    | 13.3    | 3.4    | 5.5            | 5.9    | 1.9          | 1.8   | 2.1   | 3.7    |
| New Jersey   | Jan. 1971  | 331.9                               | 396.2   | 480.8   | 173.8  | 208.1          | 258.4  | 15.7         | 6.7   | 7.4   | 142.4  |
| New York     | 1967-1975  | 182.8                               | 219.4   | 386.9   | 72.8   | 101.3          | 191.0  | 26.7         | 21.0  | 16.8  | 83.3   |
| Ohio         | Sept. 1976 |                                     |         |         |        |                |        |              |       |       |        |
| Aug. 1974    |            | 57.2                                | 280.2   | 345.3   | 10.3   | 150.2          | 174.6  | 11.2         | 17.8  | 21.1  | 35.7   |
| Pennsylvania | March 1972 | 194.7                               | 393.6   | 523.8   | 15.7   | 205.5          | 274.1  | 21.0         | 19.3  | 23.1  | 158.0  |
| Rhode Island | May 1974   | 33.4                                | 31.2    | 33.8    | 14.7   | 17.0           | 18.7   | 2.1          | 2.4   | 2.3   | 16.6   |
| Vermont      | Feb. 1978  | 2.9                                 | 2.3     | 3.5     | 1.3    | 1.2            | 0.7    | 1.4          | 0.6   | 1.9   | 0.2    |

|              | Annual Percent Increase in Gross Revenue | Net Proceeds as a % of Total State General Revenue |      |      |         | Annual Bet Per Capita |         |
|--------------|--|--|------|------|---------|-----------------------|---------|
|              |  | General Revenue                                    |      |      |         |                       |         |
|              |  | 80   | 81   | 82   |         |                       |         |
| Connecticut  | 9.1% , 12.6%                             | 2.6%   | 2.1% | 2.1% | \$41.80 | \$45.21               | \$50.65 |
| Delaware     | 19.9                                     | 0.9  | 1.0  | 1.0  | 26.79   | 32.02                 | 39.06   |
| Illinois     | 117.0                                    | 0.4  | 1.0  | 1.0  | 7.97    | 17.26                 | 27.12   |
| Maine        | -6.5                                     | *  | 0.1  | 0.3  | 5.36    | 5.00                  | 8.53    |
| Maryland     | -1.6                                     | 18.6   | 5.1  | 4.4  | 88.32   | 86.04                 | 101.78  |
| Mass.        | -4.2                                     | 13.6   | 2.0  | 1.3  | 33.55   | 32.00                 | 36.32   |
| Michigan     | -5.2                                     | 4.2  | 3.2  | 2.5  | 52.70   | 50.31                 | 53.04   |
| N.H.         | 25.5                                     | 18.4   | 0.9  | 0.9  | 9.72    | 11.99                 | 13.99   |
| New Jersey   | 19.4                                     | 21.3   | 2.7  | 2.9  | 45.07   | 53.40                 | 64.64   |
| New York     | 20.0                                     | 76.4   | 0.6  | 0.6  | 10.41   | 12.47                 | 21.91   |
| Ohio         | 390.0                                    | 23.2   | 0.6  | 1.7  | 5.30    | 25.96                 | 32.00   |
| Pennsylvania | 102.2                                    | 33.1   | 1.9  | 1.9  | 16.40   | 33.14                 | 44.15   |
| Rhode Island | -6.8                                     | 8.3  | 2.0  | 1.3  | 35.24   | 32.70                 | 35.31   |
| Vermont      | -22.8                                    | 52.7   | *    | 0.1  | 5.58    | 4.51                  | 6.87    |

\*Percent less than one-tenth.

Note: Arizona began a lottery in 1981; Colorado in 1983; Washington in 1982; and Washington, D.C in 1982.

Source: ACIR staff compilations based on Bureau of the Census, State Government Finances in 1980, 1981, 1982.

U.S. Advisory Commission on Intergovernmental Relations

DALE  
HOFFMAN

Y E. BOARD OF DIR. OF FAIR/MEETRA  
Exhibit 43A  
SB-324  
2-15-85

MY PURPOSE AT THIS HEARING IS TO SPELL OUT THE NEGATIVE IMPACT A LOTTERY WILL HAVE ON HORSERACING AT THE YELLOWSTONE EXHIBITION IN BILLINGS. A 1984 ECONOMIC ANALYSIS DONE BY THE DESEVE ECONOMIC ASSOCIATES INC. OF NEW YORK AND WASHINGTON D.C., POINTED OUT SOME VERY DISTURBING FACTS. THIS STUDY WAS COMMISSIONED BY NEWYORK RACE TRACK OFFICIALS AFTER YEARS OF DECLINING BETTING AND ATTENDANCE AT RACE TRACKS IN NEW YORK.

THE PRIMARY CONCLUSION OF THIS STUDY SHOWS THE PIE AVAILABLE FOR ALL WAGERING OUTLETS DOES NOT GROW ANY FASTER THAN PERSONAL INCOME GROWS. THE AMOUNT OF MONEY THE GENERAL PUBLIC IS WILLING TO SPEND ON BETTING IS RELATIVELY CONSTANT. THAT IS, ROUGHLY 2% TO 2.5% OF THE PERSONAL DISPOSABLE INCOME IS ALL THAT THE PUBLIC IS WILLING TO SPEND ON ALL FORMS OF WAGERING .(SEE TABLE 6) THIS TABLE ALONG WITH THE NEXT TWO SHOW THAT THE REAL DOLLARS SPENT ON WAGERING HAS NOT INCREASED IN 20 YEARS. FIGURE TEN SHOWS THE ALLOCATION OF THE WAGERING PIE IN 1964 IN NEW YORK STATE. (THE CONSUMER PRICE INDEX WAS AT 93.) FIGURE TWELVE IS THE ALLOCATION TWENTY YEARS LATER IN 1983. (THE CONSUMER PRICE INDEX NOW AT 302.) THE TOTAL AMOUNT WAGERED GREW FROM \$1,383,000,000 to \$4,416,000,000 IN NOMINAL (ACTUAL) DOLLARS. HOWEVER WHEN ADJUSTED FOR INFLATION, USING THE CONSUMER PRICE INDEX, THE TOTAL WAGERING DOLLARS ADJUSTED TO 1964 DOLLARS WAS 99% OF THE 1964 AMOUNT. THE TOTAL PIE HAS NOT GROWN, IT IS STAYING CONSTANT. IT IS SIMPLY GETTING SLICED MORE THINLY.

THE AFTER TAX PROFITS OF SEVEN RACE TRACKS STUDIED HAS DECLINED FROM \$20,000,000 IN 1964 TO \$100,000 IN 1980. THESE TRACKS ARE FIGHTING FOR THEIR LIVES SINCE THEIR

Table 6

PERCENT OF TOTAL PERSONAL INCOME  
SPENT ON WAGERING

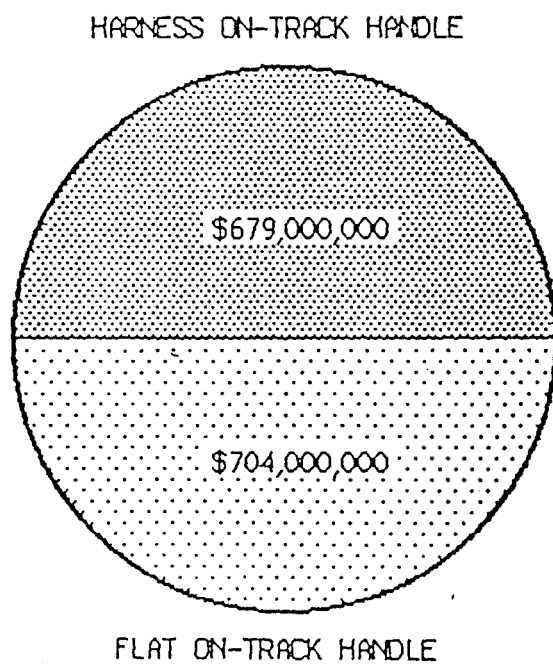
| <u>Year</u> | Wagering Expenditures<br>As A Percent of |
|-------------|--|
|             | <u>Income</u>                            |
| 1964        | 2.49                                     |
| 1965        | 2.32                                     |
| 1966        | 2.24                                     |
| 1967        | 2.09                                     |
| 1968        | 2.04                                     |
| 1969        | 1.99                                     |
| 1970        | 1.95                                     |
| 1971        | 1.87                                     |
| 1972        | 2.08                                     |
| 1973        | 2.36                                     |
| 1974        | 2.28                                     |
| 1975        | 2.14                                     |
| 1976        | 2.17                                     |
| 1977        | 2.26                                     |
| 1978        | 2.20                                     |
| 1979        | 2.17                                     |
| 1980        | 2.11                                     |
| 1981        | 1.93                                     |
| 1982        | 1.92                                     |
| 1983        | 1.90                                     |

Source: New York State Racing and Wagering Board, Annual Report;  
U.S. Department of Labor, Bureau of Labor Statistics.



FIGURE 10

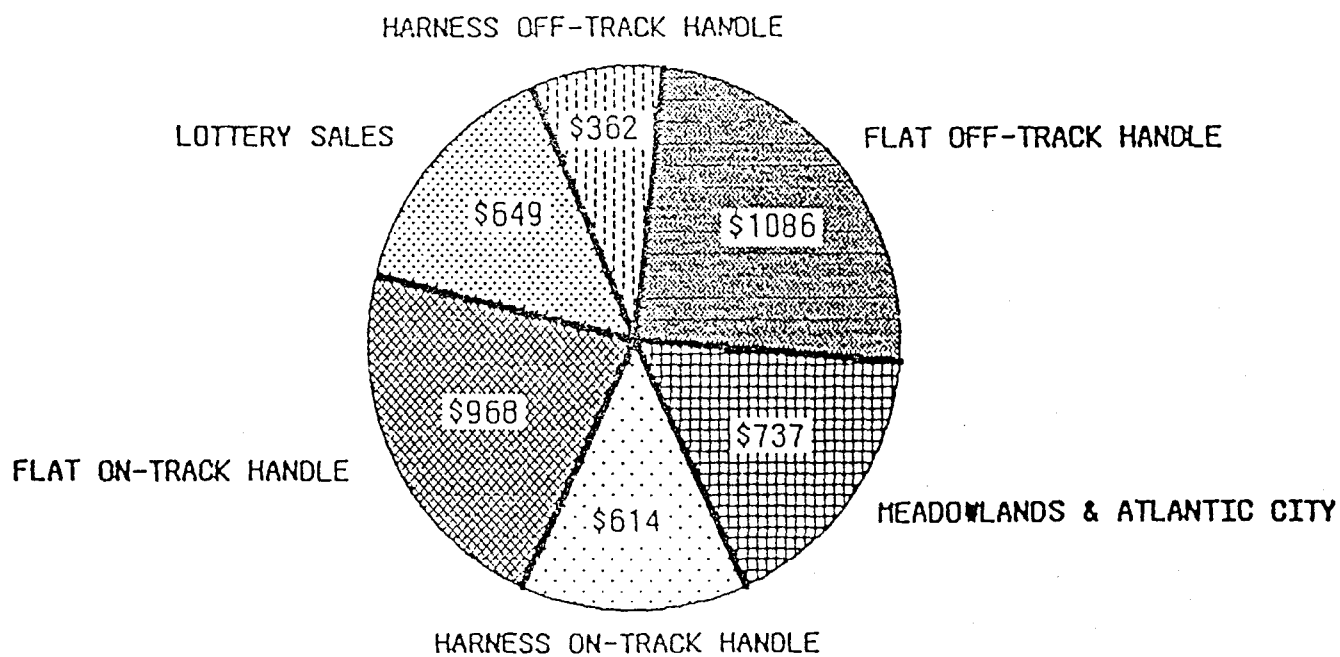
ALLOCATION OF NEW YORK  
STATE WAGERING DOLLARS  
1964



Source: New York State Racing and Wagering Board, Annual Report

FIGURE 12

ALLOCATION OF NEW YORK  
STATE WAGERING DOLLARS  
1983  
(\$MILLIONS)



Source: New York State Racing and Wagering Board, Annual Report;  
New York State Division of the Budget, New York State  
Statistical Yearbook

# HISTORY OF INFLATION

## CONSUMER PRICE INDEX

Source

U. S. Department of Labor, Bureau of Labor Statistics  
Consumer Price Index for Urban Wage Earners and Clerical Workers  
Figure shown is average per year, and taken to the nearest whole number

|      |    |      |    |                       |              |
|------|----|------|----|-----------------------|--------------|
| 1913 | 30 | 1941 | 44 | 1966                  | 97           |
| 1914 | 30 | 1942 | 49 | 1967                  | 100          |
| 1915 | 30 | 1943 | 52 | 1968                  | 104          |
|      |    | 1944 | 53 | 1969                  | 110          |
| 1916 | 33 | 1945 | 54 | 1970                  | 116          |
| 1917 | 38 |      |    |                       |              |
| 1918 | 45 | 1946 | 59 | 1971                  | 121          |
| 1919 | 52 | 1947 | 67 | 1972                  | 125          |
| 1920 | 60 | 1948 | 72 | 1973                  | 133          |
|      |    | 1949 | 71 | 1974                  | 148          |
| 1921 | 54 | 1950 | 72 | 1975                  | 161          |
| 1922 | 50 |      |    |                       |              |
| 1923 | 51 | 1951 | 78 | 1976                  | 171          |
| 1924 | 51 | 1952 | 80 | 1977                  | 182          |
| 1925 | 53 | 1953 | 80 | 1978                  | 195          |
|      |    | 1954 | 81 | 1979                  | 218          |
| 1926 | 53 | 1955 | 80 | 1980                  | 247          |
| 1927 | 52 |      |    |                       |              |
| 1928 | 51 | 1956 | 81 | 1981                  | 272          |
| 1929 | 51 | 1957 | 84 | 1982                  | 289          |
| 1930 | 50 | 1958 | 87 | 1983                  | 302 December |
|      |    | 1959 | 87 |                       |              |
| 1931 | 46 | 1960 | 89 |                       |              |
| 1932 | 41 |      |    |                       |              |
| 1933 | 39 | 1961 | 90 | Average Annual        |              |
| 1934 | 40 | 1962 | 91 | Rate of Inflation     |              |
| 1935 | 41 | 1963 | 92 | Last 40 years = 4.50% |              |
|      |    | 1964 | 93 | Last 30 years = 4.53% |              |
| 1936 | 42 | 1965 | 95 | Last 20 years = 6.12% |              |
| 1937 | 43 |      |    | Last 10 years = 8.55% |              |
| 1938 | 42 |      |    | Last 5 years = 9.14%  |              |
| 1939 | 42 |      |    |                       |              |
| 1940 | 42 |      |    |                       |              |

ATTENDANCE HAS FALLEN BY 60% AND THEIR AVERAGE HANDLE PER PATRON HAS FALLEN BY HALF.

THE PLIGHT FOR RACE TRACKS COMPETING AGAINST LOTTERIES IS NOT ISOLATED TO JUST NEW YORK. KEN ALHADEFF, DIRECTOR OF FACILITIES, LONGACRES RACE TRACK, SEATTLE, WASHINGTON STATES THAT ALMOST 20 YEARS OF UNINTERRUPTED INCREASES IN HANDLE AND ATTENDANCE WERE REVERSED 3 YEARS AGO WHEN THE LOTTERY PASSED. THEIR ATTENDANCE AND HANDLE HAS DROPPED 23% SINCE THEN. JOHN C. JENSEN, PRESIDENT AND GENERAL MANAGER OF PORTLAND MEADOWS, PORTLAND, OREGON STATES THAT THE DAY THE WASHINGTON LOTTERY STARTED, THE HANDLE AT PORTLAND MEADOWS DROPPED \$100,000.

THE RACE TRACK IN TUCSON, ARIZONA CLOSED LAST YEAR WHEN IT COULD NO LONGER SURVIVE FINANCIALLY. THE LIST GOES ON AND ON. (DENVER, CALGARY, SPOKANE)

MY COMMENTS HAVE BEEN FAIRLY NEGATIVE THIS FAR. MY PURPOSE FOR BEING HERE TODAY IS NOT TO OPPOSE THIS BILL BUT TO PROVIDE YOU WITH FACTS AND FIGURES AS TO WHY YELLOWSTONE EXHIBITION NEEDS A SLICE OF THE LOTTERY FOR RACING. THE DESEVE REPORT'S CONCLUDING EVIDENCE SHOWS THAT FOR EVERY DOLLAR SPENT ON THE LOTTERY IN NEW YORK, THIRTY-EIGHT CENTS OF THIS AMOUNT WOULD HAVE BEEN SPENT AT THE RACE TRACK. THE RACE TRACK IS OPERATING ON TWO SOURCES OF REVENUE, A PERCENTAGE OF THE HANDLE (19%) AND CONCESSIONS AND ADMISSIONS WHICH AMOUNT TO \$3.50 PER PATRON.

IF YELLOWSTONE COUNTY WILL FOLLOW THE AVERAGE PER CAPITA SPENT ON THE LOTTERY (\$36-\$40) THEN WE COULD CONCEIVABLY SEE A \$4,000,000 LOTTERY FOR THE COUNTY. IF THE SAME 38¢ FIGURE HOLDS TRUE, OUR HANDLE WILL DROP BY ABOUT \$1,520,000. THIS RESULTS IN A LOSS TO THE TRACK OF \$288,800. SECONDLY THE LOSS IN ATTENDANCE WOULD BE ABOUT 31,000 PATRONS WITH A NET LOSS OF CONCESSIONS AND ADMISSIONS INCOME FOR THE TRACK OF ANOTHER \$108,500 ( 31,000 x \$3.50). THE OVERALL LOSS WOULD BE \$397,300. THIS SCENARIO WOULD RESULT IN US GOING IN THE RED. SINCE STATE LAW PRECLUDES US FROM OPERATING IN THE RED, THE RACE MEETS AT YELLOWSTONE EXHIBITION WOULD HAVE TO SHUT DOWN, OR BE CHANGED FROM ITS PRESENT STRUCTURE. WHAT WE'RE ASKING FOR TODAY IS A 10% OF GROSS SALES FROM THE LOTTERY IN YELLOWSTONE COUNTY TOWARD OUR RACING PROGRAM. THIS 10% WOULD BE AN ADDITIONAL TAKE OUT BEFORE THE PROPOSED DISTRIBUTION. THIS WOULD OFFSET THE \$397,300 LOSS WE CAN EXPECT.

UNDER YOUR PROPOSED DISTRIBUTION, A \$4,000,000 COUNTY LOTTERY WOULD NET YELLOWSTONE COUNTY \$350,000. THIS AMOUNT IN FULL WOULD NOT BE ABLE TO OFFSET OUR REDUCED REVENUES AT THE TRACK. THE INTENT OF THIS BILL IS TO PRODUCE REVENUE FOR LOCAL GOVERNMENT, NOT REDUCE REVENUES.

A \$2,000,000 LOTTERY PRODUCES THE SAME RESULTS.

|   |   |                       |                                |
|---|---|-----------------------|--------------------------------|
| 10% OF<br>\$2,000,000 =<br>\$200,000<br>TO OFFSET | { | \$2,000,000           |                                |
|   |   | x .38                 |                                |
|   |   | <hr/>                 | \$ 760,000 LOST HANDLE         |
|   |   | .19% TAKEOUT OF TRACK |                                |
|   |   | <hr/>                 | \$ 144,400                     |
|   |   | + 53,200              | CONCESSIONS & ADMISSIONS LOSS  |
|   |   | <hr/>                 | \$ 197,600 TOTAL LOST REVENUES |

### MONTANA

KEEPING THE <sup>↑</sup>RACING INDUSTRY IN A HEALTHY FINANCIAL STATE IS OF CONSEQUENCE TO MORE THAN THE YELLOWSTONE COUNTY FAIRGROUNDS.

(A) TOTAL WAGES AND CONTRACTS PAID DURING OUR RACING  
TOTAL SOME \$1,700,000. (2 MONTHS)

(B) CONCESSIONAIRES GROSS SOME \$600,000.

|                            |   |  |
|----------------------------|---|--|
| (1) BILLINGS EXCHANGE CLUB | } | LARGEST SOURCE OF FUNDS<br>FOR THESE SERVICE CLUBS |
| (2) WESTSIDE OPTIMISTS     |   |  |

(C) SOME 300-400 PEOPLE THAT MOVE TO BILLINGS FOR 2 MONTHS  
ARE BUYING GOODS AND SERVICES FROM LOCAL MERCHANTS.

THE FINANCIAL IMPACT TO YELLOWSTONE COUNTY OF THE  
RACE MEETS IS NEARLY \$10,000,000. (THIS IS CALCULATED BY  
TAKING \$3,000,000 x 3.3)

THE STRUCTURE OF THE RACING INDUSTRY IN MONTANA IS UNLIKE THAT OF OTHER BUSINESS VENTURES. WE ARE EXTENSIVELY REGULATED AND UNLIKE OTHER PRIVATE BUSINESSES WHICH ARE ALLOWED TO ADJUST TO CHANGES IN THEIR MARKETS WITHOUT GOVERNMENTAL APPROVAL, THE RACING INDUSTRY OPERATES WITH MANY RESTRICTIONS. (EXAMPLE - ~~PAY-CAMERA~~, CANNOT OPERATE AT LOSS, PROMOTIONS MUST BE APPROVED) HOWEVER, UNLIKE OTHER REGULATED INDUSTRIES SUCH AS UTILITIES, THE RACING INDUSTRY IS OFFERED NO STATE PROTECTION OR COMPENSATION IN EXCHANGE FOR THESE RESTRICTIONS. IN FACT THE STATE WILL NOW BE OUR CHIEF COMPETITOR ALONG WITH BEING OUR REGULATOR. HORSE RACING NO LONGER HAS AN EXCLUSIVE HOLD ON THE LEGALIZED GAMBLING MARKET. NOW YOU ALSO WISH TO ADD ANOTHER FORM OF GAMBLING, WHICH WAS BROUGHT ABOUT NOT AT THE REQUEST OF THE PEOPLE, OR BY NATURAL MARKET FORCES, BUT AT THE INSISTENCE OF GOVERNMENT WHICH WISHES TO INCREASE ITS REVENUE FROM GAMBLING SOURCES. YET YOU HAVE MADE NO PROVISIONS FOR THE RACING INDUSTRY OR PROVIDED ANY MECHANISMS FOR THE INDUSTRY TO ADJUST TO THESE LEGISLATED CHANGES.

INCREASED PROMOTION ON OUR PART TO SELL OUR PRODUCT WILL DO LITTLE, IF ANYTHING. IT CANNOT OFFSET THE MASSIVE BUDGET FOR ADVERTISING OF A LOTTERY. THE STATE OF NEW YORK PLANS TO SPEND 4-5% OF THE GROSS SALES TO ADVERTISE ITS LOTTERY IN 1985. IF MONTANA SPENDS THE SAME PERCENTAGE OR ABOUT \$200,000 TO ADVERTISE ITS LOTTERY IN YELLOWSTONE COUNTY OUR \$15,000 FOR HORSE RACING ADVERTISING BUDGET WOULD BE DWARFED.

WITHOUT ACTION ON THE STATE OF MONTANA'S PART, THE YELLOWSTONE EXHIBITION WILL HAVE ONLY ONE OPTION, AND THIS WILL NOT GUARANTEE OUR SURVIVAL. WE CAN RESTRICT THE LENGTH OF OUR MEET TO REDUCE COSTS AND MAXIMIZE OUR DAILY HANDLE. THIS WOULD PROBABLY MEAN DOING AWAY WITH OUR FALL RACE MEET, THE NET RESULT BEING:

- (1) A REDUCTION OF OUR TOTAL HANDLE BY 68%. THE RESULTING LOSS TO STATE BOARD OF HORSERACING OF \$53,000.
- (2) THE LOSSES TO YELLOWSTONE COUNTY AND THE COMMUNITY OF BILLINGS WOULD BE SEVERE.
- (3) THE LOSSES IN PURSES TO HORSEMEN, <sup>MOST</sup> ~~MANY~~ OF THEM MONTANANS, WOULD BE \$350,000.

IN SUMMARY, THE DESEVE REPORT POINTS OUT THERE IS ONLY SO MUCH OF A PIE OF WAGERING DOLLARS. THIS PIE IS NOT GROWING IN REAL DOLLARS, BUT REMAINS CONSTANT WITH PERSONAL INCOMES. YET, YOUR PROPOSING TO INCREASE THE NUMBER OF WAGERING OUTLETS, REQUIRING THAT THE PIE BE SLICED MORE THINLY. DON'T GET ME WRONG. WE ARE NOT COMPLAINING ABOUT COMPETITION. COMPETITION FROM OTHER PROVIDERS OF THE SAME PRODUCT IS A NORMAL PART OF DOING BUSINESS. HOWEVER, IN THIS CASE WHEN YOUR CHIEF COMPETITOR IS ALSO YOUR REGULATOR, THEY CAN QUICKLY CARVE AWAY ANY SHARE THEY WANT FROM US. YELLOWSTONE EXHIBITION IS THE MOST PROFITABLE TRACK IN THE STATE. WITHOUT THE 10% OF

GROSS SALES TAKEOUT ON THE LOTTERY, WE WILL NOT OPERATE AS  
WE DO NOW. FINALLY, IF IT DOES US IN, I DON'T SEE ANY TRACK  
IN MONTANA SURVIVING. ONCE AGAIN WE ARE AT YOUR MERCY.  
YOU HAVE SHOWN IN THE PAST TO BE VERY KIND TO THE INDUSTRY.  
THE BREEDERS BILL PASSED IN 1983 PROVES THIS. THIS BILL  
PUT ALMOST \$120,000 IN MONTANA'S RACEHORSE BREEDERS POCKETS  
LAST YEAR. BUT DON'T UNDO THE GOOD OF THAT BILL THIS SESSION.  
GIVE US BACK SOME OF THE PIE YOU ARE CARVING AWAY FROM US  
SO WE CAN CONTINUE TO EXIST. THANK YOU FOR YOUR TIME.

Exhibit 47  
SB-324  
2-15-85  
I hope we can have a union here,  
says volunteer nurse from Seattle  
NORTHWEST C 1



to me huge  
damage claim  
NORTHWEST C 1

Urgent waste  
and NW jobs  
CLOSE-UP A 3

Wm. R. Roon

WEATHER  
Cloudy  
High, 30s; low, 20s  
Details, C 2.

# The Seattle Times

Washington's largest newspaper

Copyright, 1985, Seattle Times Company

January 29, 1985  
60 pages  
25¢

1-29-85

## On-line lottery games under attack again

### Move made as agency deficit nears \$3 million

by Jack Broom  
Times staff reporter



OLYMPIA — As new figures reveal a growing budget problem at the state lottery, Sen. Jim McDermott has renewed his call for an end to the two computerized lottery games, Triple Choice and Lotto.

"I never have liked the on-line games. I just think it's a bad source of revenue for the state," McDermott said yesterday in a meeting of the Senate Ways and Means Committee, which he chairs.

McDermott said he is introducing legislation today to end computing.

puterized lottery games in 1987. A similar bill passed the Senate in a 44-2 vote last January but was defeated in a House committee.

After hearing of the lottery's new budget woes, McDermott complained, "We've been trusting this outfit for three years... and here they are asking for a loan. They're like Chrysler."

The Seattle senator's latest attack on the lottery came after the new lottery director, Mary Faulk, said lottery expenses for the present fiscal year will be about \$3 million more than the budget formula provides. Lottery sales continue to fall further below projected levels, she said.

But according to Faulk, McDermott's response to the trouble is precisely the wrong approach. She blamed the increased budget problem on sagging sales in the instant-ticket games, and said the on-line games that McDermott would eliminate hold the greatest promise for future revenue.

Faulk, in her seventh day on the job, surprised committee members by saying she has already determined the lottery will have "a higher operating deficit than you've heard before." Only two months ago, then-lottery director Robert Boyd was estimating the lottery's budget imbalance at about \$2 million.

Faulk, appointed by Gov. Booth Gardner to replace Boyd, said the deficit doesn't mean the lottery will be draining money from the state. But it does mean the lottery's net contribution to the general fund for this budget year will be between \$60 million and \$62 million, instead of about \$70 million as once expected.

She pointed out that despite its own money troubles, the lottery has contributed a net total of \$170 million to the state's general fund since it started in November 1982. Faulk said the lottery has a

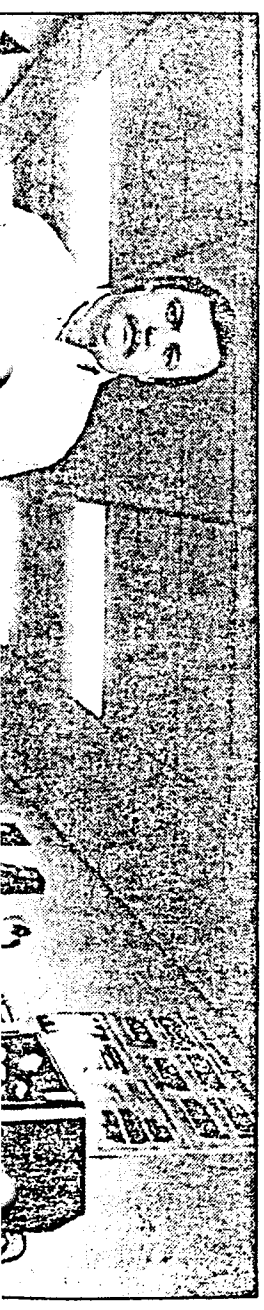


Sen. Jim McDermott  
On the attack

Please see **LOTTERY** on A 16

## 'I felt... justice would prevail'

State law supported use



side with the private citizen during a fleeing-felon situation occurred Dec. 29, 1982, when the home of James D. Cain was burglarized.

Cain caught one of the suspects in the house. While Cain was calling police, the suspect ran and Cain shot him in the back with birdshot as the suspect fled across a street. Cain was not charged.

One of the key words in the

## Ticket sales slump

### LOTTERY

continued from A 1

built-in budget difficulty because the law that set it up says only 15 percent of the total money taken in may be used for administrative expenses. Sales for a given year may fall after it is too late to make major changes in overhead.

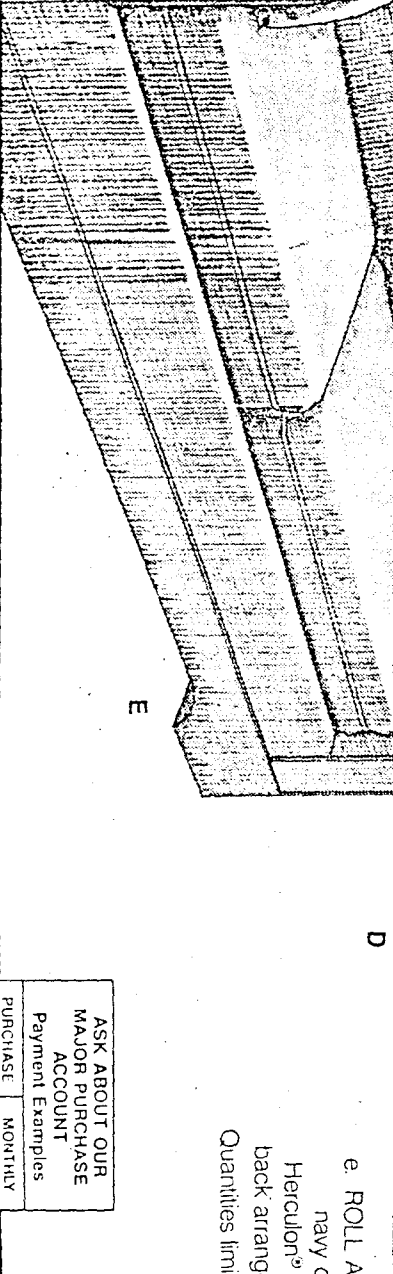
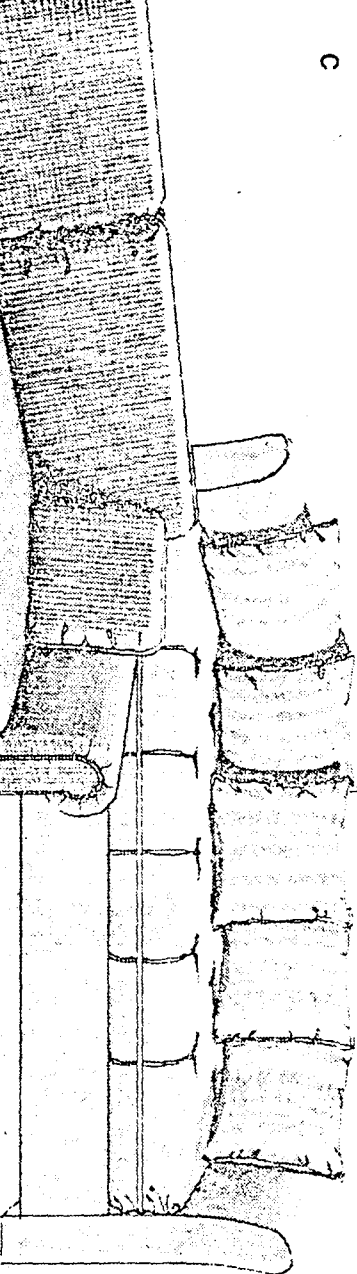
The Gardner administration is seeking a change in the law that would give the lottery an allocated budget year by year.

Another part of the problem, Faulk said, is that lottery sales estimates have been based on the experience of East Coast states, and the games just haven't caught on here like they have in the East.

For example, sales projections for the present fiscal year, ending July 1, started at an optimistic \$266 million. In November, that was revised sharply downward to \$171 million. Now Faulk said she is in the process of making an even lower projection.

To help cope with the budget woes, the lottery has cut its advertising budget and reduced its staff from a high of 185 to the present level of 130. A hiring freeze is in effect and no position that becomes open will be filled without careful review, Faulk said.

McDermott has been a consistent opponent of the computerized games and has twice succeeded in getting the Senate to approve a ban. Former Gov. John Spellman had said he would veto such a ban if it got to his desk, but it never did.



HIDE-A-BEDS

NOW

\$699 - \$749

a. QUEEN SIZE TRANSITIONAL slant arm with upholstery of natural olefin textured fabric and contrasting striped corner bolster Reg. \$1099, sale \$699

b. FULL SIZE. Upholstery of cocoa brown Hercules® Heli corduroy velvet. Reg. \$999, sale \$199

c. APARTMENT FULL-SIZE traditional style, dimensioned colored cocoa velvet of olefin Reg. \$1099, sale \$699

d. FULL SIZE SCATEF PILLOW BACK. Upholstery of beige textured olefin with contrasting back pillow Reg. \$1249, sale \$74

e. ROLL ARM FULL SIZE. Upholstery navy dimensional coloration velvet Hercules® olefin. Curved arm, two-pillow back arrangement. Reg. \$1299, sale \$74

ASK ABOUT OUR MAJOR PURCHASE ACCOUNT Payment Examples

| PURCHASE AMOUNT | MONTHLY PAYMENT |
|-----------------|-----------------|
| \$500           | \$25            |
| \$1000          | \$50            |
| \$1500          | \$75            |

CHARGE IT ON YOUR BONY OR AMERICAN EXPRESS ACCOUNT  
SEATTLE NORTHGATE ALDERWOOD MALL TACOMA MALL  
HOME STORE/PARKWAY PLAZA A UNIT OF ALLIED STORES

## TROUBLED NUMBERS GAME

Seattle Times JAN 31, 1985

# Let the lottery die an unmourned death

**W**ITH the popularity of the state lottery on an unmistakable slide, the stage is being set for abandonment by the Legislature of an unwise venture that never should have been attempted.

At the moment, Sen. James McDermott, D-Seattle, chairman of the Senate Ways and Means Committee, is trying anew to kill the so-called on-line games, Lotto and Triple Choice, arguing rightly that they're "a bad source of revenue for the state. But McDermott's proposed legislation to phase out the games doesn't go far enough.

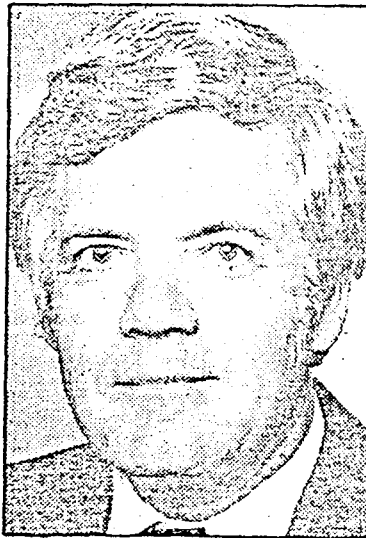
The Legislature should move now to declare its intention to let the *entire* lottery operation die an unmourned death at its natural expiration date in mid-1987. All of the state's numbers games already have gone on long enough, but a two-year phase-out would permit an orderly conclusion of the project, including steps to replace revenues now coming from lottery patrons.

The case against the lottery has been strengthened in recent days by disclosures that operating deficits are rising even more steeply than had been predicted. Expenses during the present budget period are expected to exceed the formula by \$3 million, rather than the \$2 million estimated in late December. The net effect of the shortfall means the Legislature will have to "loan" the lottery money that otherwise would be deposited in the general treasury.

Meantime, the lottery has come in for criticism on grounds of false advertising. The promise of a \$1 million Lotto prize — featured prominently in sales pitches — does not, it turns out, mean that winnings will be that big. If more than one person picks the winning numbers, the prize is divided proportionately.

While many players continue to patronize Lotto, interest plainly is waning in the instant ticket games and in the on-line Triple Choice contest. Overall revenues may drop even more as neighboring Oregon gets its newly authorized numbers game under way.

Moving to end the lottery here would ease concerns among law-enforcement officials. And, in an era when many other states are operating lotteries, Washington could gain a touch of class by being one of the first to abandon a tacky and highly unreliable method for meeting budget responsibilities.



Sen. James McDermott



BRIAN BASSETT THE SEATTLE TIMES 01/31/85

## DUANE SMITH SPEAKS OUT

# He just wants us to understand. . .

John Hamer/Times editorial columnist

**W**HEN Snohomish County prosecutors this week decided not to file charges against Duane Smith, the South Everett video-store owner who shot a fleeing thief, Smith felt vindicated.



But he also felt misunderstood. He believed people still didn't understand why he did what he did. He thought the media hadn't given his side of the story. He resented being compared to Bernhard Goetz, the New York subway gunman, or other so-called "vigilantes."

I first learned this from Smith's wife, Cheryl, who called me about a column I wrote last week that was sympathetic to Smith. The column helped, she said, but her husband is still troubled: "He has a lot to live with," she said. "He doesn't sleep well. He's afraid they'll come back and try it again."

Now that the prosecutor's decision is final, she said, Smith was willing to talk about what happened and tell his side of the story. I called him and arranged to tape-record an interview at his store.

Smith is a mild-mannered, soft-spoken man of 34. He opened his store last May. He has worked seven days a week since, but still has not taken a profit out of the store. After twice being victimized by thieves, Smith armed himself with a shotgun around Christmas.

I asked Smith to describe what happened on the evening of Jan. 15.

"I'm working the store by myself. I get busy, several people coming in, approximately 15. I see two more gentlemen

*Exhibit "5"*  
*SB-324*  
*2-15-85*

Proposed amendment to SB 324, introduced copy.

1. Page 10, line 8.

Following: "chance."

Insert: "Each ticket, chance, and machine or electronic device upon which  
a lottery game is played must have upon it a statement that if the  
player knows anyone who the player believes may have a gambling  
problem the player should encourage that person to contact the  
nearest chapter of gamblers anonymous."

Proposed amendment to SB 324, introduced copy.

1. Page 11, line 13.

Following: "(a)"

Strike: "50%"

Insert: "49%"

2. Page 11, line 14.

Following: line 13

Insert: "(b) 1% into the state treasury. The money in this account is allocated to the department of institutions to be used for programs providing for the treatment of compulsive gamblers, public awareness programs, and the education and continuing education of counselors aiding and treating compulsive gamblers.

Reletter: Subsequent subsection.

Montana  
Association of  
Churches

MONTANA RELIGIOUS LEGISLATIVE COALITION • P.O. Box 745 • Helena, MT 59624

February 15, 1985

MR. CHAIRMAN AND MEMBERS OF THE SENATE STATE  
ADMINISTRATION COMMITTEE:

I am Cathy Campbell of Helena, with the Montana Association of Churches and speaking in opposition to SB 324. I will address my comments primarily to the financial aspects of a lottery in Montana.

In an article in the Great Falls Tribune several months ago, the planning director of the Colorado lottery said that it was questionable whether a lottery could be successful in Montana. You've heard that lotteries are wonderfully successful in other states, so why should anyone question the success of a lottery in Montana?

Lotteries haven't been all that successful in other states. Look at what has happened in the three western states that have lotteries. In the last year, net revenue to the three states, Arizona, Colorado and Washington declined from by 21% to 44%.

|            |           |
|------------|-----------|
| Arizona    | minus 40% |
| Colorado   | minus 44% |
| Washington | minus 21% |

Perhaps the Director of the Washington state lottery is right when she says that part of their lottery's problems come from lottery sales estimates that have been based on the experience of East Coast states, and the games just haven't caught on here like they have in the East.

Perhaps these lottery officials from our neighboring states have some important information for us.

Lottery states with small, rural, dispersed populations have a much lower net proceeds per capita than states with large urban centers. Arizona, Colorado and Washington all have large urban areas that Montana

WORKING TOGETHER:

- American Baptist Churches of the Northwest
- American Lutheran Church Rocky Mountain District
- Christian Church (Disciples of Christ) in Montana
- Episcopal Church Diocese of Montana
- Lutheran Church in America Pacific Northwest Synod
- Roman Catholic Diocese of Great Falls-Billings
- Roman Catholic Diocese of Helena
- United Church of Christ MT-N.W.Y. Conference
- United Methodist Church Yellowstone Conference
- Presbyterian Church (U.S.A.) Glacier Presbytery
- Presbyterian Church (U.S.A.) Yellowstone Presbytery

does not have. Our rural nature will increase the cost of administering a lottery in Montana.

Maine is the lottery state that most closely approximates Montana in terms of geographic area. Even so, it is less than a quarter the size of Montana, and has a population that is 40% greater than Montana's.

After 10 years of operation, it has only been able to manage a net revenue to state funds of about \$4 per capita. This would amount to about \$3.1 million in Montana. Vermont has a per capita net revenue of about \$2 less than Maine, and New Hampshire, the only other rural state without a large urban area, has a per capita net revenue of about \$2 more than Maine. All three rural states have been able to generate only a very low net income from their lotteries.

Combine the experience of a relatively large state geographically that has a small population, and the experience of the declining sales and revenues in the western lottery states, and it is no wonder that the Colorado official questions the feasibility of a lottery in Montana.

A lottery is nothing more than a politically expedient stopgap measure that lulls with populace into a state of complacency while the social and fiscal problems intensify. What happens to the programs which it is the legitimate role of government to fund, when the revenues fall by 20 to 44% in one year?

One of the greatest drawbacks of a lottery is the way it is used to substitute for dependable, equitable and responsible methods of revenue generation.

I urge you to act responsibly in the interests of Montana and defeat SB 324.

Proposed amendment to SB 324, introduced copy.

1. Page 11, line 13.

Following: "(a)"

Strike: "50%"

Insert: "49%"

2. Page 11, line 14.

Following: line 13

Insert: "(b) 1% into the state treasury. The money in this account is allocated to the department of institutions to be used for programs providing for the treatment of compulsive gamblers, public awareness programs, and the education and continuing education of counselors aiding and treating compulsive gamblers. •

Reletter: Subsequent subsection.

## 1984 AT A GLANCE: GROSS REVENUE (millions)

| STATE         | FY1983  | FY1984  | % CHANGE       |
|---------------|---------|---------|----------------|
| Arizona       | \$ 75.0 | \$ 60.0 | minus 20.0 *** |
| Colorado      | 208.0   | 120.0   | minus 42.3 *** |
| Connecticut   | 188.0   | 254.4   | plus 35.3      |
| Delaware      | 29.8    | 33.0    | plus 10.7      |
| D.C.          | 54.1    | 68.2**  | plus 26.1      |
| Illinois      | 467.0   | 911.9*  | plus 95.3      |
| Maine         | 13.7    | 16.0    | plus 16.8      |
| Maryland      | 462.8   | 485.8   | plus 5.0       |
| Massachusetts | 352.0   | 506.1   | plus 43.8      |
| Michigan      | 557.6   | 620.0*  | plus 11.2      |
| New Hampshire | 13.6    | 18.7    | plus 37.5      |
| New Jersey    | 690.1   | 847.8   | plus 22.9      |
| New York      | 646.9   | 888.7   | plus 37.4      |
| Ohio          | 397.7   | 603.0*  | plus 51.6      |
| Pennsylvania  | 885.4   | 1,236.0 | plus 39.6      |
| Rhode Island  | 44.0    | 52.9    | plus 20.2      |
| Vermont       | 4.6     | 5.1     | plus 10.9      |
| Washington    | 225.0   | 164.6*  | minus 26.8     |

\*Unaudited or estimated

\*\*For 10 mo. period

\*\*\*Delays in starting on-line games

## 1984 AT A GLANCE: NET TO STATE FUND (millions)

| STATE           | Population | FY1983  | FY1984  | % CHANGE       |
|-----------------|------------|---------|---------|----------------|
| 1981 Arizona    | 2.9        | \$ 30.0 | \$ 18.0 | minus 40.0 *** |
| 1983 Colorado   | 3.0        | 72.8    | 40.7    | minus 44.1 *** |
| Connecticut     |            | 75.2    | 105.4   | plus 40.2      |
| Delaware        |            | 11.0    | 14.0    | plus 27.3      |
| D.C.            |            | 14.2    | 21.7**  | plus 52.8      |
| Illinois        |            | 214.4   | 377.1*  | plus 75.9      |
| 1974 Maine      | 1.1        | 3.3     | 4.5     | plus 36.4      |
| Maryland        |            | 198.5   | 209.2   | plus 5.4       |
| Massachusetts   |            | 93.7    | 169.1   | plus 80.5      |
| Michigan        |            | 221.2   | 250.0*  | plus 13.0      |
| New Hampshire   | 1.0        | 3.7     | 5.7     | plus 54.1      |
| New Jersey      |            | 295.0   | 359.7   | plus 21.9      |
| New York        |            | 262.4   | 389.8   | plus 48.6      |
| Ohio            |            | 144.8   | 250.0   | plus 72.7      |
| Pennsylvania    |            | 355.4   | 516.3   | plus 45.3      |
| Rhode Island    |            | 15.0    | 18.4    | plus 22.7      |
| Vermont         | .5         | 1.1     | 1.3     | plus 18.2      |
| 1982 Washington | 4.2        | 90.0    | 71.0*   | minus 21.1     |

\*Unaudited or estimated

\*\*For 10 mo. period

\*\*\*Delays in starting on-line games

Exhibit "8"  
SB-324  
2-15-85

Feb. 15, 1985

SENATE BILL 324.

OPPOSITION by George Harper, representing United Methodist Churches of Montana.

I want to voice our opposition to Senate Bill 324 even though I am not sure exactly what the bill calls for. Under the title "lottery" the bill seems to allow the state to authorize the set up of any imaginable kind of gambling. Read Section 2, sub-section 4, and see if there is anything in the way of gambling devices or games that is left out of the definition of "lottery."

"Any on-line, OR OTHER, procedure" (that's everything) "using a machine or electronic device, by which one or more prizes are distributed among persons who have paid for a chance to win a prize, and includes but is not limited to weekly (or other, longer time period) winner games, instant winner games, daily numbers games, electronic video machine games, and sports pool games, except sports pools governed by Title 23, chapter 5, part 5."

A free translation of that would seem to be: "Any kind of gambling on any kind device played anywhere at any time may be called a \*lottery.\*"

All aimed at what purpose? Simply to take our money away from us, the citizens. Because all lottery money comes from us. Any money that Montanans lose on any of the many forms of gambling the lottery commission may choose is money NOT spent or given somewhere else in our economy. A lottery is just another carnival coming through town to siphon off money from legitimate business. Only this one is permanent.

Gambling produces no wealth; it just keeps sucking money from other businesses of the state. And, worse than that, with the state in the gambling business we throw the resources of our state behind a constant advertising campaign to persuade our citizens to divert their money away from legitimate business. That is why, after a time of wide-open gambling that this legislature seems ready to vote in again, the business community of Montana rose up in 1950 and said "we are not being played for suckers any longer," and closed this state as tight as could be against gambling.

Leaving aside ideals like fair play, morality, and refusing to try to build a strong society on the "something for nothing" fantasy, it just doesn't make any sense at all for legitimate business and community interests to play the part of willing suckers to the gambling enterprise again.

Then, too, somebody ought to speak out on behalf of the people who will be hurt the most by legalizing all the gambling this bill will allow.

If a lottery were a game which only the rich were allowed to play, perhaps we would not object so strenuously. Of course, a recent Delaware study reminds us that no lottery would have an appeal to the rich. The little chart attached to this paper shows that the Delaware State Lottery Commission certainly doesn't buy the idea that poor people are not to be targeted as primary lottery buyers. In New Castle County, where 75% of the people of Delaware live, the county was divided into roughly four income bracket areas.

The highest income areas include about 17,630 persons. The State Lottery Commission has placed no machines in these areas. Those people don't bet each week on the lottery.

In the Upper Middle Class areas, with 106,648 people, there are only 6 lottery locations, or one for every 17,774 persons. Each week the average per person bet is \$9.28.

In the Lower Middle Class and Working Middle Income areas, where 201,316 people live, there are 40 lottery machine locations, or one for every 5,032 people. The average bet per person each week is \$15.01.

But in the Lowest Income areas, embracing 41,610 people, there are 21 lottery machine locations, or one for every 1,981 persons. And here the average bet per week per person is \$27.30.

As an average of \$34,000 each day is bet in Delaware, more than 81% of that amount

comes from the two lowest income areas.

An article in Canadian Business magazine (Feb. 1979) begins this way:

"Kenny Kim, 43, wakes up with a smile on the first and fifteenth day of each month. Those are the days the welfare checks come in. Kim owns the Moss Park Discount Store, located in one of the scruffier sections of downtown Toronto. Like practically every other little smoke shop in the country, Moss Park Discount sells lottery tickets. And when the welfare checks are issued, Kim's ticket sales increase by as much as 30%."

However anybody looks at it with their "study," lower income groups spend a greater percentage of their income on gambling than do higher income groups. It's a cruel joke that a modern society plays on its most vulnerable citizens, and we ought to be above that kind of business as a state.

Other opposition speakers are emphasizing other reasonable questions about putting our state into the gambling racket, so I will simply conclude by reminding us that when that great expert on hokum, P.T. Barnum, said that "a sucker is born every minute" he may have been counting his money after one of his successful shows in Montana.

— George Harper

*Replied "91"*  
*SB-324*  
*2-15-85*

TO: The Chairman and Members of the State Administration Committee

FROM: Art Kussman, 409 South Montana, Helena, Montana, 59601

Date: February 15, 1985

Subject: Opponent of Senate Bill 324

I am opposed to the passage of SB 324 for the following reasons:

1. The costs, administrative ly, in a state the size of Montana, would be proportionately too great for the amount of revenue that would be raised.

Less than 50 per cent of the money spent by individuals on the lottery would end up as revenue for the state.

2. Expanding gambling in the state (as a lottery would do) goes contrary to the wishes of the majority of Montana voters.

I-92, in 1982, was opposed by 62 per cent of those who voted. The Initiative-92 would have allowed expanded gambling.

3. The "social costs" which accompany a pattern of gradually expanded gambling are such as to lower the quality of life.

I refer to an increase in crime rates, in the number of welfare recipients, and related problems. Statistics show a suicide rate of 20 times that of the normal population among individuals who are gamblers.

4. For the state of Montana to enter the gambling business amounts to putting the prestige of the state behind the philosophy of "something for nothing."

The most in-depth research indicates that many people who patronize lotteries are those who can least afford it.

5. Some individuals in the above category are compulsive gamblers, persons who cannot resist the "something for nothing" philosophy.

The number of compulsive gamblers is growing. A state lottery would greatly encourage this trend.

6. Money spent by many people on lottery tickets would be money they should have spent for food and other essentials.

Check your considerable research on this subject.

The week that the horse races are in town, the receipts at the super-markets take a nose dive.

*Art Kussman*

*Exhibit 10*  
*SB-324*  
*2-15-85*

TESTIMONY IN OPPOSITION TO SB 324

Mr. Chairman

Lady and Gentlemen of the Committee

My name is Steve Meloy. I am the Executive Secretary for the Montana Board of Horseracing. On December 15th the Board in a regularly scheduled meeting voted to oppose any form of Lottery proposed to the 1985 Legislative Assembly.

As regulators of an industry which has fallen on troubled times, the Board feels that any impact on the dollar available for wagering would have a devastating effect on all phases of an industry which is at a less than break even point now. This Board was before your Committee recently to find another source of income to offset increasing costs of regulating and declining parimutuel income.

In a good year, a track might make as a profit between 1/2 to 1 penny on every dollar wagered and use the entire amount to advertise to attract the patron and expand their programs. As I understand SB 324 there would be thousands of dollars under administration that would be available for promotion of the lottery which in essence would cause the State and private industry to be in competition for the same dollars. This would be less than fair.

Statistics presented by studies vary as to impact of the lottery on the available dollar for parimutuel -- however, all the studies I have read have indicated there is in fact an impact.

Arguments for the lottery have suggested that the parimutuel industry has offered no return to the General Fund as would a lottery. The Boards response is that the original enabling act for horseracing was written not as a gambling bill, or a revenue raising bill, but rather as an agricultural bill. A bill to encourage the breeding of livestock within the State of Montana.

The 1983 Legislature perpetuated this good concept by passing legislation to offer an incentive for the owners of Montana bred horses and already there has been seen a positive impact on the industry for Montana.

Again as a regulator of an Industry which has a beneficial economic impact on Montana in excess of millions I ask that you give favorable consideration to the Boards concerns.

Thank you.

Exhibit  
SB-324  
2-15-85

NAME: HEVE Pilcher DATE: 2/15/85

ADDRESS: HELENA

PHONE: 443-2642

REPRESENTING WHOM? Montana Horsemen's Benevolent & Protective Assoc.

APPEARING ON WHICH PROPOSAL: SB 324

DO YOU: SUPPORT?            AMEND?            OPPOSE? X

COMMENTS On behalf of the association's 1045 members who  
own or train race horses at Montana's largest track, I  
oppose SB 324. These people derive a portion of their livelihood  
from racing directly or through the breeding & sale of race horses.  
Racing in MT. was established to recognize that segment of Montana's  
agricultural industry involved in the breeding & raising of purebred  
horses. Income to support the industry is derived in part  
from money bet on each race which is then used for race  
purposes. Lotteries have been shown to reduce dollars bet  
at a track. The loss of these dollars means lower purses  
for horsemen, less money for the racing industry and less dollars  
for the business community. The bill represents a financial threat to  
not just a few individuals but to an entire segment of  
Montana's agricultural community.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

We ask that without provisions to protect & reimburse  
the racing industry for this significant loss, SB 324  
be given a do not pass recommendation.

PROFILE OF STATE LOTTERY AS IT FUNCTIONS IN THE STATE OF DELAWARE

The Poorer the area, the more the State Lottery Commission attempts to promote its gambling ventures.

*75% of people in Delaware live in this country*

| New Castle County Income Areas:  | Population of Income Areas | Placement of Lottery Machines by Lottery Commission:                          | Average Bet Per Person, Per Week:     |
|--|----------------------------|---|---------------------------------------|
| HIGHEST INCOME AREA: HOCKESSIN, YORKLYN, CENTERVILLE, GREENVILLE   | 17,630                     | There are no lottery machines in this area                                    | <u>0</u>                              |
| UPPER MIDDLE INCOME AREAS: Fairfax, Talleyville, Rockland, Arden, Winterthur, Others                         | 106,648                    | There are 6 lottery locations<br>1 LOTTERY LOCATION FOR EVERY 17,774          | <u>\$9.28</u><br>PER PERSON PER WEEK  |
| LOWER MIDDLE TO WORKING MIDDLE INCOME AREAS: Claymont, Stanton, Bellefonte, Elsmere, Newport, Parts of Wilm. | 201,316                    | There are 40 lottery machine locations.<br>1 LOTTERY LOCATION FOR EVERY 5,032 | <u>\$15.01</u><br>PER PERSON PER WEEK |
| LOWEST INCOME AREA: Wilmington: northeast/ east/ west center city/ south city/south city the "barrio"        | 41,610                     | There are 21 lottery machine locations.<br>1 LOTTERY LOCATION FOR EVERY 1,981 | <u>\$27.30</u><br>PER PERSON PER WEEK |

Since the first year of the legalized gambling lottery in Delaware, the revenue raised for the State budget has only averaged .00332 (one third of one percent) of the yearly budget

Approximately \$34,000 is bet every day. More than 81% of that amount comes from the two lowest income areas;

Lowest Income and Lower Middle Income Areas.