

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

February 18, 1985

The twenty-ninth meeting of the State Administration Committee was called to order by its Chairman Jack Haffey in Room 331, Capitol, at 10 a.m. on Monday, February 18, 1985.

ROLL CALL: All the members were present with Senator Manning and Senator Tveit arriving late, and Senator Farrell being excused.

CONSIDERATION OF SENATE BILL 361: Senator Jack Haffey, Senate District 33, is the sponsor of this bill entitled, "AN ACT PROVIDING A COST-OF-LIVING INCREASE IN SERVICE AND DISABILITY RETIREMENT ALLOWANCES AND SURVIVORSHIP ALLOWANCES FOR CERTAIN MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THEIR BENEFICIARIES; PROVIDING FUNDING FOR THE BENEFIT INCREASE THROUGH EMPLOYER CONTRIBUTIONS; AMENDING SECTION..., MCA; AND PROVIDING AN EFFECTIVE DATE." Senator Haffey said this bill provides an increase in pensions for retired, disabled and survivors of some members of the Public Employees Retirement System. Senator Haffey said there were a few amendments to the formula listed on page 1 of the bill putting "caps" on so that you could not increase or decrease above or below certain limits. (Amendment attached hereto marked Exhibit "1" and by this reference made a part hereof.) Senator Haffey said that what happens here through this formula is that those getting the lowest pension will get proportionately a little better increase than those getting higher. He passed out a hand-out and explained it to the Committee (attached hereto marked Exhibit "2" and by this reference made a part hereof.) Senator Haffey further said that the whole idea is to bring these pensions to a place where there is a moderate increase in order to allow them to live.

PROPOSERS: Leo Berry, Montana Association of Retired Public Employees, supports this bill. The purpose of this bill is to address the inequities that exist in the system for people who retired many years ago before inflation became so high. Mr. Berry said that he could have flooded the Committee with signatures but he knows how busy they are. Mr. Berry feels that a cost-of-living raise is imperative for these elderly people. Mr. Berry gave the Committee a hand-out showing cost-of-living increases in two vital areas, medical costs and insurance costs. (Hand-out attached hereto marked Exhibit "3" and by this reference made a part hereof.) Mr. Berry showed how just in these two areas many of his elderly go in-the-hole every month.

William Shoquist, Association of Retired Public Employees, supports this bill. Mr. Shoquist entered copies of three letters (attached hereto marked Exhibit "4" and by this reference made a part hereof), and read the first letter to the Committee, showing that the elderly

are having many problems living on their retirement, especially because they worked under the system when the salaries were lower and therefore, their retirement was lower. Mr. Shoquist said that his insurance costs today run 31% of his retirement benefits today.

George Christianson, Association of Montana Retired Public Employees, supports this bill. Mr. Christianson told how at \$190.00 per month, he didn't feel that he could carry the insurance the state was providing. Luckily, he didn't need it until last year and then he had to have three surgeries. He is still paying off about \$2,000 that medicare did not take care of.

Tom Schneider, Montana Public Employees Association, supports this bill on behalf of 1700 retired members. Mr. Schneider said that many of these people retired and went into the system when salaries were low, and consequently, they receive very low pensions.

Senator Manning supports this bill. He told of people on retirement from the Firemen's pension fund that are only receiving \$50.

Larry Nachtsheim, Administrator of the Public Employees Retirement System, supports this bill. Mr. Nachtsheim explained the amendment to the Committee. Mr. Nachtsheim said that this bill provides for a cost-of-living increase for retired members of the Public Employees' Retirement System. It has a formula which is based on the provisions of H.B. 84, a similar "cola" bill for the same group. He went on to explain H.B. 84. There are maximums built into each of these calculations based on 30 years of service. The formula in S.B. 361 was designed to level out the cliffs at \$999-\$1,000 and \$500-\$501. While the formula does what it was designed to do, it also creates some mathematical gyration of its own at the high and low levels. That is the reason for the amendment (Exhibit "1").

OPPONENTS: There were no opponents.

COMMITTEE QUESTIONS: Senator Mohar asked why these amounts are always coming out of employer's contributions. Mr. Nachtsheim answered that you aren't giving the present membership under PERS anything and according to their contracts, this cannot come out of the employees' contributions. Senator Anderson asked if the present money has to come from the general fund. Mr. Nachtsheim said not in total, some of it will come from cities, counties and school districts--39% to other funds. Senator Mohar asked what the amendments did to the fiscal note. Mr. Nachtsheim replied that it would not affect the fiscal note.

Senator Haffey closed by saying that philosophically he feels that these pensions should be something that at least moves people towards a living amount of money. He said that half of it is state and half is local municipal governments. He did not feel that this squeezed the agencies. Senator Haffey feels that this is an easy bill to live with and pass. SENATE BILL 361 is closed.

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EXECUTIVE ACTION ON SENATE BILL 361: Senator Lynch made a motion that the amendments be adopted. Question was called and the Committee voted unanimously that the amendments to SENATE BILL 361 be adopted. Senator Lynch moved that SENATE BILL 361 do pass as amended. Question was called and the Committee voted unanimously that SENATE BILL 361 DO PASS AS AMENDED.

CONSIDERATION OF SENATE BILL 61: Senator Richard Manning, Senate District 18, Great Falls, is the sponsor of this bill entitled, "AN ACT ESTABLISHING A CRITERION FOR THE PRIVILEGE OF VOTING IN A POLITICAL PARTY'S PRIMARY ELECTION; AUTHORIZING CHALLENGES OF PROSPECTIVE VOTERS; PROVIDING CHANGES IN PRIMARY ELECTION PROCEDURES AND VOTING; REQUIRING RECORDING OF PARTY AFFILIATION; CHANGING OPERATION OF VOTING MACHINES AND DEVICES; PROVIDING NONPARTISAN PRIMARY AND BALLOT ISSUE BALLOTS; AMENDING SECTIONS ..., MCA." Senator Manning said why they are called primaries, I will never know. They should be referred to as the nominating process, whereby each party nominates their favorite candidate to run for elected office in their behalf. If there were only one candidate for each office there would be no need for a primary. When there are two or more candidates nominated for each office, then it is the obligation of the members of that party to make a decision as to who they will select for the candidacy. Under our present system there is no policy for filing as an independent. You can file with one of the two parties or as a nonpartisan to be placed on the ballot but if you file as independent you probably won't appear on the ballot. After the caucus system was used in Montana in 1984 for the U.S. President from the Democratic Party there was a lot of confusion and bad feelings resulting from the caucus. I believe this is our chance to take care of the many problems that show up sometimes because of things that happen during a primary. One thing I want to make clear is that the use of primary in this context is misused. This should be referred to only as the nominating process. (For Senator Manning's testimony see Exhibit "6" attached hereto and by this reference made a part hereof.)

PROPOSERS: Nancy Harte, Montana Democratic Party, supports this bill. Ms. Harte feels that there are problems with the system. She feels the main purpose is to involve more people in the process of selecting the president. We now have an open primary and you can vote either one. This would hold you to a party. In 1984, no Democrat appeared on the ballot because we used the caucus system. Ms. Harte told about the problems with the primaries. She said there is a house bill, House Bill 650, that she feels will deal quite effectively with these problems. However, it has its own problems. She asked the Committee to hold this one until they see what happens to House Bill 650.

OPPOSERS: Carole Mackin, Citizen's Legislative Coalition, opposes this bill. She passed out a handout giving the background on the initiative process and the primaries (attached hereto marked Exhibit "8" and by this reference made a part hereof). She feels that this

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is an issue that most care about and have for a long time. Ms. Mackin feels that the voters approved an open Presidential Primary and if it is to be changed it should go back to the voters as a referendum.

Larry Akey, Secretary of State, Jim Waltermire's office, opposes this bill. He felt that this bill has a lot of technical problems that would have to be worked out with the sponsor. Mr. Akey was surprised that there was no a fiscal note with this as it will definitely have an impact on the counties.

Sue Bartlett, Clerk and Recorder of Lewis and Clark County, opposes this bill. She really felt that she was an exponent. She feels that the issue of primary elections is a political decision. Ms. Bartlett said that Senate Bill 61 would pose a number of problems for election administrators in the state. She said they would like an opportunity to offer some amendments if the Committee decides to rule on this. She said they find House Bill 650 easier to deal with. Ms. Bartlett then asked the Committee to withhold ruling on this until they see what happens to the house bill.

COMMITTEE QUESTIONS: Senator Haffey asked if the Committee were to table this bill with the intention of watching House Bill 650, and if it does what this bill should do and can be worked out, what would your response be? Senator Manning said that he was going to recommend this bill do not go out of Committee until they see what House Bill 650 is going to do, and if it doesn't pass, to open this bill up and amend it to make it right. Senator Manning was trying to prevent what happened in 1984 caucus. SENATE BILL 61 is closed.

EXECUTIVE ACTION ON SENATE BILL 61: Senator Lynch moved that SENATE BILL 61 be tabled. Question was called and it was voted unanimously that SENATE BILL 61 BE TABLED.

SENATE BILL 324: Valencia Lane passed out a grey bill (attached hereto marked Exhibit "9" and by this reference made a part hereof) for the Committee's use listing all the amendments that have been proposed to the bill. Senator Haffey asked Valencia Lane, Senator Anderson, Senator Conover, Senator Tveit and Senator Hirsch to meet on Senate Bill 308 in order to work out any problems that they have.

The meeting was adjourned at 10:50 a.m.



SENATOR JACK HAFFEY, CHAIRMAN

ROLL CALL

STATE ADMINISTRATION

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date _____

NAME	PRESENT	ABSENT	EXCUSED
SEANTOR JACK HAFLEY, Chairman	✓		
SENATOR LES HIRSCH, Vice-Chairman	✓	Am	
SENATOR JOHN ANDERSON	✓		
SENATOR MAX CONOVER	✓		
SENATOR WILLIAM FARRELL			✓
SENATOR ETHEL HARDING	✓		
SENATOR J. D. LYNCH	✓		
SENATOR DICK MANNING	Late	✓	
SENATOR JOHN MOHAR	✓		
SENATOR LARRY TVEIT	Late	✓	

DATE February 18, 1985
State Administration

NAME ✓

REPRESENTING

BILL #

Check One

Support

Oppose

NAME	REPRESENTING	BILL #	Support	Oppose
Tom Schneider	MPHA	SB 361	X	
William Davis	LNV of MT	SB 61		
John L Davis	Self			
Leo Berry	Ass. Mt. Retired Pub. Eng.	SB 361	X	
Jim Sabien	" " " " "	SB 361	X	
John G. Hale	" " " " "	SB 361	X	
Wm. Shogren	" " " " "	SB 361	X	
Mrs. Christensen	" " " " "	SB 361	X	
Bob Knapp	" " " " "	SB 361	X	
Ken Loring	" " " " "	SB 361	X	
Frank J. Skulski	" " " " "	SB 361	X	
Lester E. Skulski	" " " " "	SB 361	X	
Bob Furt	MT. Assoc. of Counties	SB 361		
Ben Donaldson	Boulder, MT	361	X	
Wm. G. Hale	MT. Democ. Party	61	X	
Sen. Richard Manning	Senate Dist 18	361	X	
Edna May Johnson	Ass. Ret. Public Eng.	SB 361	X	
LARRY NELSON	SECRETARY OF STATE	SB 61		
Jim Bartlett	MT Assoc. of Circuit & Recorder	SB 61		
Carol McKin	Citizen's Legislative Action	SB 61		

Exhibit "A"
SB-361
2-18-85

SENATE BILL NO. 361

PROPOSED AMENDMENT

(1) Page 1, line 24
Following: "\$45 y 2"
A

Insert: "however, no allowance may be increased by more than \$3 per
year of service or less than \$1 per year of service"

Exhibit "2"
SB-361
2-18-85

15 YEARS

$$\frac{\$45 \times 15^2}{200} = 50.62$$

$$\frac{\$45 \times 15^2}{300} = 33.75$$

$$\frac{\$45 \times 15^2}{500} = 20.25$$

$$\frac{\$45 \times 15^2}{1000} = 10.13$$

Exhibit "B"
SB-361
2-15-85

TESTIMONY
SB 361

ASSOCIATION OF MONTANA RETIRED PUBLIC EMPLOYEES

SB 361 IS CRITICAL TO THE WELL BEING OF THE APPROXIMATELY 7,000 RETIRED PUBLIC EMPLOYEES. COST OF LIVING INCREASES ARE PARTICULARLY CRITICAL TO OUR ELDERLY, THOSE ON FIXED INCOMES OR RETIREMENT BENEFITS. WE WOULD LIKE TO DEMONSTRATE THE IMPACTS OF THE RISING COSTS OF LIVING OVER THE PAST FIVE YEARS, FROM 1979 TO 1984. DURING THAT TIME THE C.P.I. (CONSUMER PRICE INDEX) ROSE ALMOST 50%, BUT A FEW SPECIFIC EXAMPLES PAINT A MORE VIVID PICTURE:

MEDICAL COSTS:

1979 HOSPITAL ROOM -- \$96.00

1984 HOSPITAL ROOM -- \$200.00

INCREASE OF \$104.00 OR 108%

INSURANCE COSTS--WITHOUT DENTAL

A) RETIREE AND SPOUSE--MEDICARE ELIGIBLE

1979 -- \$43.20

1984 -- \$94.00

INCREASE OF \$50.80 OR 117%

B) RETIREE AND SPOUSE--UNDER 65

1979 -- \$65.99

1984 -- \$122.00

INCREASE OF \$66.01 OR 100%

ENERGY:

A) ELECTRICITY/KILOWATT HOUR

1979 -- 2.7 CENTS

1984 -- 4.0 CENTS

INCREASE OF 1.3 CENTS OR 48%

B) NATURAL GAS

1979 -- \$3.04/MCF

1984 -- \$4.29/MCF

INCREASE 1.25/MCF OR 41%

THE LEGISLATURE AUTHORIZED A COST OF LIVING INCREASE IN THE PERS SYSTEM IN 1981 OF \$.50/MONTH FOR EACH YEAR OF SERVICE. IN 1983 THE LEGISLATURE AUTHORIZED \$1.00/MONTH FOR EACH YEAR OF SERVICE. SO LETS LOOK AT THE AVERAGE RETIRED EMPLOYEE TO SEE JUST HOW INFLATION HAS HIT:

INSURANCE PREMIUMS (INCREASE SINCE 1979)--\$50.80/MONTH

ENERGY INCREASE SINCE 1979

A) ELECTRICITY (1.3 CENTS X 750 KW) 9.75/MONTH

B) GAS (\$1.25 X 10.6 MCF) 13.25/MONTH

=====

TOTAL \$73.80/MONTH

THE AVERAGE PUBLIC EMPLOYEE HAS 18.4 YEARS OF SERVICE.

IN 1981 HE GOT AN INCREASE OF \$ 9.20/MONTH

IN 1983 HE GOT AN INCREASE OF \$18.40/MONTH

=====

TOTAL \$27.60/MONTH

SO IN JUST THOSE TWO AREAS THE AVERAGE PUBLIC EMPLOYEE HAS EXPERIENCED A NET LOSS PER MONTH OF \$43.20. IT IS OBVIOUS WITH THE IMPORTS OF INFLATION IN OTHER AREAS, THAT THE TOTAL LOSS OF BUYING POWER IS FAR GREATER THAN \$46.20. WE ALL KNOW WHAT HAS HAPPENED TO THE COST OF NECESSITIES SUCH AS FOOD AND CLOTHING.

BUT THE NUMBERS ONLY TELL PART OF THE STORY. THE REAL STORY IS TOLD BY THE PEOPLE AFFECTED.

1 2
Mar 7, 85

Exhibit 447
56-361
2-18-85

Dear Mr Hale:

We are writing you to find out if public Employees are going to receive a cost of living raise? We have not heard anything since Nov. newsletter.

I have had two eye surgeries in 1984, and am nearly blind - and Mr [REDACTED] isn't too well either any raise in retirement will be appreciated.

When we worked under the plan in the 50's 60's and early 70's the wages were so low -

I receive \$133.00 and my husband 142.00 a month.

Sincerely

[REDACTED]

January 20, 1985

2
Association of Montana Retired Public Employees
P.O. Box 4721
Helena, Montana 59604

I am enclosing my dues for 1985 with a 1984 form that I received last year after I returned home. We were gone during December and January and the Post Office did forward our first class mail but would not forward anything without a stamp on it.

So here we are again away from home and I suppose mail from you is at home in Montana. I did send in my 1984 dues from here last year too, without a notice or form.

I am deeply interested in what you are doing for retired PERS employees. Since I retired in 1976, inflation has just about licked us and now my State Health Insurance has gone up to \$49. per month which adds up to \$588.00 * per year and on top of that we now have a deductible of \$150.00 which makes my health insurance \$738.00 per year and that takes a very healthy bite out of my small retirement from the State. I was with PERS for 22 years and more but for 8-1/2 years I worked for Custer County and then I went to work for the State Highway here in Miles City and worked another 14 years. The check for retirement now is \$308.00 per month and I need a cost of living increase badly to offset the cost of living. We should have regular costs of living increases.

Another thing I want to mention is that I had a serious accident in my back yard in which I was hurt - quite badly. This happened in August and part of it was paid through Mutual of Omaha but treatment continued on into September which was the beginning of a new year for State Health Insurance and so far Blue Cross who is taking care of the State Insurance now, has refused to pay any claims and in cases of an accident our Health book says they should. The accident happened August 16, 1984, I believe that Blue Cross should honor my claims.

Sure wish I had some word from you as I haven't had a thing since I arrived home last year. We come down here to be near our daughter.

3
William Shoquist, President
ASSOCIATION OF MONTANA
RETIREES PUBLIC EMPLOYEES

Montana
PLEASE CHECK THE APPROPRIATE BOX AND SEND US \$5.00 CHECK OR MONEY ORDER.
TO: AMRPE, P.O. BOX 4721, HELENA, MT. 59604

☒ I AM A MEMBER OF AMRPE. ENCLOSED ARE MY DUES FOR 1985.

☐ I AM NOT YET A MEMBER OF AMRPE, BUT WISH TO JOIN. ENCLOSED ARE MY 1985 DUES.

Could sure use an increase as I only get 113.18

Exhibit "5"
SB-361
2-18-85

SENATE BILL NO. 361

This bill provides for a cost-of-living increase (cola) for retired members of the Public Employees' Retirement System (PERS). It has a formula which is based on the provisions of H.B. 84, a similar cola bill for the same group. The increase in H.B. 84, provides:

- a) \$1 per month per year of service to each member receiving a monthly allowance of \$1,000 or more.
- b) \$2 per month per year of service to each member receiving a monthly allowance of more than \$500 but less than a \$1,000.
- c) \$3 dollars per month per year of service to each member receiving a monthly allowance of \$500 or less.

There are maximums built into each of these calculations based on 30 years of service.

The formula in S.B. 361 was designed to level out the cliffs at \$999 - \$1000 and \$500 - \$501. While the formula does what it was designed to do, it also creates some mathematical gyration of its own at the high and low levels. Therefore, we have provided the attached amendment for your consideration. ~~1/13~~ will not ~~effect~~ the majority of members but will eliminate some windfalls and inequities at either end of the spectrum.

TESTIMONY - SB 61

Exhibit 46
SB-61
2-18-85

FOR THE RECORD I AM SENATOR RICHARD E. "DICK" MANNING; GREAT FALLS MONTANA; SENATE DISTRICT 18.

THIS IS AN INTRODUCTION TO SB 61--CLOSED PRIMARIES. WHY THEY ARE CALLED PRIMARIES I WILL NEVER KNOW. THEY SHOULD BE REFERRED TO AS THE NOMINATING PROCESS. WHERE-BY EACH PARTY NOMINATES THEIR FAVORITE CANDIDATE TO RUN FOR ELECTED OFFICE IN THEIR BEHALF. IF THERE WERE ONLY ONE CANDIDATE FOR EACH OFFICE THERE WOULD BE NO NEED FOR A PRIMARY. BUT, WHEN THERE ARE TWO OR MORE CANDIDATES NOMINATED FOR EACH OFFICE THEN IT IS THE OBLIGATION OF THE MEMBERS OF THAT PARTY TO MAKE A DECISION AS TO WHO THEY WILL SELECT FOR THE CANDIDACY.

UNDER OUR PRESENT SYSTEM THERE IS NO POLICY FOR FILING AS AN INDEPENDENT. YOU CAN FILE WITH ONE OF THE TWO (2) PARTIES OR AS A NON-PARTISAN TO BE PLACED ON THE BALLOT BUT IF YOU FILE AS INDEPENDENT YOU PROBABLY WON'T APPEAR ON THE BALLOT.

THERE WILL UNDOUBTEDLY BE MANY PEOPLE WHO SAY " I AM INDEPENDENT, I REALLY DON'T BELONG TO EITHER PARTY." BUT, IN A SENSE THAT IS SOMEWHAT A MYTH BECAUSE ALMOST EVERYONE HAS A TENDANCY TO LEAN TOWARD ONE PARTY OR THE OTHER.

AFTER THE CAUCUS SYSTEM WAS USED IN MONTANA IN 1894 FOR THE UNITED STATES PRESIDENT FROM THE DEMOCRATIC PARTY THERE WAS A LOT OF CONFUSION AND BAD FEELINGS RESULTING FROM THE CAUCUS WHICH I WILL NOT GO INTO DETAIL ABOUT.

I BELIEVE THIS IS OUR CHANCE TO TAKE CARE OF THE MANY PROBLEMS THAT SHOW UP SOMETIMES BECAUSE OF THINGS THAT HAPPEN DURING A PRIMARY. ONE THING I WANT TO MAKE CLEAR IS THAT THE USE OF

PRIMARY IN THIS TEXT IS MISUSED. THIS SHOULD BE REFERRED TO
ONKY AS THE NOMINATING PROCESS.

(This sheet to be used by those testifying on a bill.)

Exhibit "7"
SB-61
2-18-85

NAME: CAROLE MACHIN DATE: 2-18-85

ADDRESS: RT 2 BOX 194 WHITEHALL, VT 59759

PHONE: 277-1345

REPRESENTING WHOM? CITIZENS LEGISLATIVE COALITION

APPEARING ON WHICH PROPOSAL: HB 61

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

COMMENT: REQUEST FOR A RETRACTION CLAUSE

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Exhibit 48
3B-61
2-18-85

HISTORY OF THE PRIMARY ELECTION IN MONTANA*

- | | | |
|------|--|--|
| 1912 | <p>The first initiative placed on a Montana ballot established the Primary Nominating Election. The initiative set up an open primary. This allows the voter to choose a party in the privacy of the polling booth. This primary nominates candidates for the US Senate, state, and local offices on a date 70 days before the general election.</p> <p>On the same ballot, another initiative established the Presidential Preference Primary. The initiative set this election in April. This was also an open primary. Voters chose a party and selected the candidates, their elector to the electoral college, and their delegate to the nominating conventions.</p> | <p>Approved by 78.3% of the voters.</p> |
| 1919 | <p>In an emergency session of the legislature, called to deal with problems of the drought and depression, the Presidential Preference Primary initiative was repealed and a law was passed that would close the Primary Nominating Election to all but declared party members.</p> <p>Montanans quickly gathered the signatures necessary to place these laws on the next ballot as referenda. However, the Montana Constitution prohibited a referendum challenge of emergency legislation.</p> | <p>Approved by 79.2% of the voters.</p> <p>Over 27,900 signatures were gathered.</p> |
| 1920 | <p>The petitioners took their case to the Montana Supreme Court. The court ruled that the legislation altering the primaries was not emergency legislation and ordered the referenda onto the next general election ballot. They also determined that enough signatures had been gathered to suspend the laws.</p> <p>April 23, 1920, the Presidential Preference Primary was held even though repealed by the legislature.</p> <p>August 24, 1920, an open Primary Nominating Election was held even though the legislature had enacted a closed election.</p> <p>In the general election, the repeal of the Presidential Preference Primary was defeated.</p> <p>Also, the voters rejected the idea of a closed Primary Nominating Election.</p> | <p>Rejected by 56.8% of the voters.</p> <p>Rejected by 52.8% of the voters.</p> |
| 1923 | <p>The legislature again proposed a law repealing the Presidential Preference Primary. But this time, they made the bill a referendum to the voters for approval.</p> | |
| 1924 | <p>The referendum to repeal the Presidential Preference Primary was approved by the voters.</p> | <p>Approved by 57.5% of the voters.</p> |
| 1953 | <p>The legislature placed a referendum on the ballot to reestablish a Presidential Preference Primary that would coincide with the Primary Nominating Election.</p> | |
| 1954 | <p>The voters approved an open Presidential Preference Primary coinciding with the Primary Nominating Election.</p> | <p>Approved by 68.9% of the voters.</p> |

* From Atlas of Montana Elections, Ellis Waldron

1 SENATE BILL NO. 324

2 INTRODUCED BY STIMATZ, PAVLOVICH, LYNCH, JACOBSON,
3 BENGTON, TOWE, LANE, B. WILLIAMS, DRISCOLL, KOEHNKE,
4 ELLISON, LORY, PHILLIPS, NATHE, BACHINI, PISTORIA,
5 TVEIT, VAN VALKENBURG, DANIELS, HAFLEY, QUILICI,
6 CHRISTIAENS, DEVLIN, ZABROCKI, MANNING, GARCIA,
7 D. BROWN, NISBET, KRUEGER, HARP, PECK, PINSONEAULT,
8 KEENAN, O'CONNELL, KEYSER, MCCORMICK, COBB,
9 MCCALLUM, HARRINGTON, MENAHAN, C. SMITH,
10 MONTAYNE, JANET MOORE, J. HAMMOND, HAND

11
12 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A STATE
13 LOTTERY AND PROVIDING FOR A COMMISSION, DIRECTOR, AND
14 PERSONNEL TO OPERATE THE STATE LOTTERY; PROVIDING THAT
15 ELECTRONIC VIDEO GAME MACHINES OPERATED BY THE STATE LOTTERY
16 ARE NOT SLOT MACHINES; PROVIDING THAT THE MONTANA CARD GAMES
17 ACT AND BINGO AND RAFFLES LAW DO NOT APPLY TO THE STATE
18 LOTTERY; AMENDING SECTIONS 23-5-101, 23-5-202, 23-5-302,
19 AND 23-5-402, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
20 DATE."

21
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

23 NEW SECTION. Section 1. Short title. [Sections 1
24 through 20] may be cited as the "Montana State Lottery Act
25 of 1985".

1 NEW SECTION. Section 2. Definitions. As used in
2 [sections 1 through 20] , the following definitions apply:

3 (1) "Commission" means the state lottery commission
4 created by [section 3].

5 (2) "Director" means the director appointed by the
6 commission GOVERNOR under [section 4 5] to administer and
7 manage the state lottery.

8 (3) "Lottery" or "state lottery" means the Montana
9 state lottery created and operated pursuant to [sections 1
10 through 20].

11 (4) "Lottery game" means any procedure, including any
12 on-line or other procedure using a machine or electronic
13 device, by which one or more prizes are distributed among
14 persons who have paid for a chance to win a prize and
15 includes but is not limited to weekly (or other, longer time
16 period) winner games, instant winner games, daily numbers
17 games, electronic video machine games, and sports pool
18 games, except sports pools governed by Title 23, chapter 5,
19 part 5.

20 NEW SECTION. Section 3. State lottery commission --
21 allocation -- composition -- compensation -- quorum. (1)
22 There is a state lottery commission.

23 (2) The commission consists of five members, who shall
24 reside in Montana, appointed by the governor.

25 (3) At least one commissioner must have 5 years of

1 experience as a law enforcement officer. At least one
2 commissioner must be an attorney admitted to the practice of
3 law in Montana. At least one commissioner must be a
4 certified public accountant licensed in Montana.

5 (4) After initial appointments, each commissioner
6 shall be appointed to a 4-year term of office, and the terms
7 shall be staggered.

8 (5) A commissioner may be removed by the governor for
9 good cause. An office that for any reason becomes vacant
10 must be filled within 30 days by the governor, and the
11 commissioner filling the vacancy shall serve for the rest of
12 the unexpired term.

13 (6) The commission shall appoint one of its members as
14 chairman.

15 (7) Three or more commissioners constitute a quorum to
16 do business, and action may be taken by a majority of a
17 quorum.

18 (8) Commissioners are entitled to compensation, to be
19 paid out of the state lottery fund, at the rate of \$100 for
20 each day in which they are engaged in the performance of
21 their duties and are entitled to travel, meals, and lodging
22 expenses, to be paid out of the state lottery fund, as
23 provided for in Title 2, chapter 18, part 5.

24 (9) The commission is allocated to the department of
25 commerce for administrative purposes only, ~~except that only~~

1 subsections--(1)(a),--(1)(c),--(2)(e),--(3)(a),--and--(3)(b)--of
 2 2-15-121-apply-to-the-commission AS PRESCRIBED IN 2-15-121.

3 NEW SECTION. Section 4. Powers and duties of
 4 commission. The commission shall:

5 (1) establish and operate a state lottery and may not
 6 become involved in any other gambling or gaming;

7 (2)--appoint,--and--may--remove--for--good--cause,--a--director
 8 of--the--state--lottery--as--provided--in--(section-5);

9 (3)(2) determine policies for the operation of the
 10 state lottery, supervise the director and his staff, and
 11 meet with the director at least once every 3 months to make
 12 and consider recommendations, set policies, determine types
 13 and forms of lottery games to be operated by the state
 14 lottery, and transact other necessary business;

15 (4)(3) determine the price of each ticket or chance
 16 and the number and size of prizes;

17 (5)(4) provide for the conduct of drawings of winners
 18 of lottery games;

19 (6)(5) carry out, with the director, a continuing
 20 study of the state lotteries of Montana and other states to
 21 make the state lottery more efficient, profitable, and
 22 secure from violations of the law;

23 (7)(6) study the possibility of working with other
 24 lottery states to offer regional lottery games;

25 (8)(7) prepare quarterly and annual reports on all

1 aspects of the operation of the state lottery, including but
2 not limited to types of games, gross revenue, prize money
3 paid, operating expenses, net revenue to the state,
4 contracts with gaming suppliers, and recommendations for
5 changes to [sections 1 through 20], and deliver a copy of
6 each report to the governor, the department of
7 administration, the legislative auditor, the president of
8 the senate, the speaker of the house of representatives, and
9 each member of the appropriate committee of each house of
10 the legislature as determined by the president of the senate
11 and the speaker of the house; and

12 †9†(8) adopt rules necessary to carry out [sections 1
13 through 20].

14 NEW SECTION. Section 5. Director -- appointment --
15 compensation -- qualifications. (1) The director ~~is~~ MUST BE
16 appointed by the ~~commission, which~~ GOVERNOR, WHO may remove
17 him for good cause.

18 (2) The director must be qualified by training and
19 experience to direct the state lottery. He must be a
20 full-time employee and may not engage in any other
21 occupation.

22 (3) The director's salary is equal to 90% of the
23 salary of the director of the department of commerce.

24 NEW SECTION. Section 6. Powers and duties of
25 director. (1) The director shall:

1 (a) administer the operation of the state lottery in
2 accordance with [sections 1 through 20] and the rules and
3 other directives of the commission;

4 (b) appoint an assistant director for security and
5 employ and direct personnel necessary to the operation of
6 the state lottery;

7 (c) license lottery ticket or chance sales agents and
8 suspend or revoke licenses pursuant to [sections 1 through
9 20] and commission rules; and

10 (d) maintain, with the assistant director for
11 security, the security of the state lottery.

12 (2) With the concurrence of the commission or pursuant
13 to commission ~~direction~~ or rules, the director may enter
14 into contracts ~~of--no--longer--than--6--months~~ for materials,
15 equipment, and supplies to be used in the operation of the
16 state lottery, for the design and installation of games, for
17 consultant services, and for promotion of the lottery. ALL
18 CONTRACTS MUST BE MADE IN ACCORDANCE WITH STATE LAW. No
19 contract is legal or enforceable that provides for the
20 management of the state lottery or for the entire operation
21 of its games by any private person or firm. When a contract
22 is awarded, a performance bond satisfactory to the
23 commission and executed by a surety company authorized to do
24 business in this state or otherwise secured in a manner
25 satisfactory to the commission, in an amount equal to the

1 price of the contract, must be delivered to the commission.

2 NEW SECTION. Section 7. Assistant director for
3 security -- qualifications -- duties. (1) The director shall
4 appoint an assistant director for security.

5 (2) The assistant director for security must be
6 qualified by training and experience, have at least 5 years
7 of law enforcement experience, and be knowledgeable and
8 experienced in computer security.

9 (3) The assistant director for security shall:

10 (a) be responsible for a security division to assure
11 security, honesty, fairness, and integrity in the operation
12 and administration of the lottery, including but not limited
13 to an examination of the background of all prospective
14 employees, ticket or chance sales agents, lottery vendors,
15 and lottery contractors; THE SECURITY DIVISION IS HEREBY
16 DESIGNATED A LAW ENFORCEMENT AGENCY FOR THE PURPOSE OF
17 ADMINISTERING [SECTIONS 1 THROUGH 20].

18 (b) in conjunction with the director, confer with the
19 attorney general or his designee to promote and ensure
20 security, honesty, fairness, and integrity of the operation
21 and administration of the lottery; and

22 (c) in conjunction with the director, report any
23 alleged violation of law to the attorney general, THE
24 LEGISLATIVE AUDITOR, and any other appropriate law
25 enforcement authority for further investigation and action.

1 NEW SECTION. Section 8. Ticket or chance sales agents
2 -- licenses. (1) Lottery tickets or chances may be sold only
3 by ticket or chance sales agents licensed by the director in
4 accordance with this section.

5 (2) The commission shall by rule determine the places
6 at which state lottery game tickets or chances may be sold.

7 (3) (a) Before issuing a license, the director shall
8 consider:

9 (i) the financial responsibility and security of the
10 person and his business or activity;

11 (ii) the accessibility of his place of business or
12 activity to the public; and

13 (iii) the sufficiency of existing licenses to serve the
14 public convenience and the volume of the expected sales.

15 (b) No person under 18 years of age may sell lottery
16 tickets or chances.

17 (c) A license as an agent to sell lottery tickets or
18 chances may not be issued to any person to engage in
19 business exclusively as a lottery ticket or chance sales
20 agent.

21 (4) The director may issue temporary licenses upon
22 conditions he considers necessary.

23 (5) License applicants must be charged a \$50 fee to
24 cover the cost of investigating and processing the
25 application.

1 (6) The director may require a bond from any licensed
2 agent in an amount provided in the commission's rules and
3 may purchase a blanket bond covering the activities of
4 licensed agents.

5 (7) A licensed agent shall display his license or a
6 copy thereof conspicuously in accordance with the
7 commission's rules.

8 (8) A license is not assignable or transferable.

9 (9) No employee of a ticket or chance sales agent may
10 be required to sell lottery game tickets or chances if the
11 sale is against his religious or moral beliefs.

12 (10) Sales agents are entitled to no more than a 5%
13 commission on tickets and chances sold.

14 (11) The director ~~may~~ SHALL require each sales agent to
15 keep a complete and up-to-date set of records and accounts
16 fully showing his sales and provide it for inspection upon
17 request of the commission, the director, the department of
18 ~~administration~~, COMMERCE, THE OFFICE OF THE LEGISLATIVE
19 AUDITOR, or the office of the attorney general.

20 (12) Payments by sales agents to the state lottery must
21 be by check, bankdraft, electronic fund transfer, or other
22 recorded, noncash, financial transfer method as determined
23 by the director.

24 (13) A license may be suspended or revoked for failure
25 to maintain the license qualifications provided in

1 subsection (3) or for violation of any provision of
2 [sections 1 through 20] or a commission rule. Prior to
3 suspension or revocation, the licensee must be given notice
4 and an opportunity for a hearing.

5 NEW SECTION. Section 9. Sales restrictions. (1) The
6 price of each lottery game ticket or chance must be clearly
7 stated thereon. The price of a lottery game chance vended
8 by a machine or electronic device must be clearly stated on
9 the machine or device.

10 (2) Tickets and chances may not be sold to or
11 purchased by persons under 18 years of age.

12 (3) Tickets and chances must be paid for in cash.

13 (4) Tickets and chances may not be sold to or
14 purchased by commissioners, the director, his staff, gaming
15 suppliers doing business with the state lottery, suppliers'
16 officers and employees, ~~any-person~~ EMPLOYEES OF ANY FIRM OR
17 GOVERNMENTAL AGENCY auditing or investigating the state
18 lottery, or members of their families living with them.

19 (5) The names of elected officials may not appear on
20 any ticket or chance.

21 NEW SECTION. Section 10. Disclosure of odds. The
22 director shall make adequate disclosure of the odds with
23 respect to each state lottery game by stating the odds in
24 lottery game advertisements and by posting the odds at each
25 place in which tickets or chances are sold.

1 NEW SECTION. Section 11. State lottery fund. There is
2 a fund of the enterprise fund type, as defined in 17-2-102,
3 to be known as the state lottery fund. The gross revenue
4 from the state lottery, consisting of money from the sale of
5 lottery tickets and chances, ticket or chance sales agent
6 license fees, unclaimed prizes, or any other source, must be
7 deposited in the fund, except that, at the discretion of the
8 director, money for prizes paid immediately by a sales agent,
9 and money equaling the sales agent's commission may be drawn
10 by a sales agent from his gross revenue before depositing
11 his gross revenue with the state lottery.

12 NEW SECTION. Section 12. Disposition of revenue. (1)
13 ~~Forty-five-percent~~ AT LEAST 45% of the money paid for
14 tickets or chances in each separate state lottery game must
15 be paid out as prize money for the game.

16 (2) Up to 20% of the gross revenue from the state
17 lottery may be used by the director to pay the operating
18 expenses of the state lottery. Commissions paid to lottery
19 ticket or chance sales agents are NOT a state lottery
20 operating expense.

21 (3) That part of all gross revenue not used for the
22 payment of prizes, SALES COMMISSIONS, and operating expenses
23 is net revenue and must be paid quarterly from the
24 enterprise fund established by [section 11] as follows:

25 (a) ~~50%~~ 49% into the state general fund;

1 (B) 1% INTO THE STATE TREASURY. THE MONEY IN THIS
2 ACCOUNT IS ALLOCATED TO THE DEPARTMENT OF INSTITUTIONS TO BE
3 USED FOR PROGRAMS PROVIDING FOR THE TREATMENT OF COMPLUSIVE
4 GAMBLERS, PUBLIC AWARENESS PROGRAMS, AND THE EDUCATION AND
5 CONTINUING EDUCATION OF COUNSELORS AIDING AND TREATING
6 COMPLUSIVE GAMBLERS.

7 (b)(C) 50% of the net revenue generated in each county
8 must be paid into the general fund of that county. Fifty
9 percent of the net revenue paid into the general fund of
10 each county must be paid by that county to the general funds
11 of the incorporated cities and towns and consolidated local
12 governments in that county in the ratio which the population
13 within the corporate limits of each city, town, or
14 consolidated local government bears to the total population
15 of the county. The population of each city, town, and
16 consolidated local government shall be determined by the
17 last preceding official federal census.

18 NEW SECTION. Section 13. Felony and gambling-related
19 convictions -- ineligibility for lottery positions. No
20 person who has been convicted of a felony or a
21 gambling-related offense under federal law or the law of any
22 state may be a commissioner, director, assistant director,
23 employee of the state lottery, or licensed ticket or chance
24 sales agent. PRIOR TO APPOINTMENT TO ANY OF THE ABOVE
25 POSITIONS, A PERSON SHALL SUBMIT TO THE COMMISSION A FULL

1 SET OF FINGERPRINTS MADE AT A LAW ENFORCEMENT AGENCY BY AN
2 AGENT OR OFFICER OF SUCH AGENCY ON FORMS SUPPLIED BY THE
3 AGENCY.

4 NEW SECTION. Section 14. Conflict of interest. No
5 commissioner, director, assistant director, state lottery
6 employee, licensed ticket or chance sales agent, or member
7 of his family living with him may have a financial interest
8 in any gaming supplier or any contract between the state
9 lottery and a gaming supplier or accept any gift or thing of
10 value from a gaming supplier.

11 NEW SECTION. Section 15. Drawings for and payment of
12 prizes -- unclaimed prizes. (1) All drawings must be held in
13 public. The selection of winning tickets may not be
14 performed by an employee of the lottery or by a member of
15 the commission. All drawings must be witnessed by a
16 professional staff employee of the legislative auditor's
17 office, and all lottery drawing equipment used in public
18 drawings to select winning prizes or participants for prizes
19 must be examined by the director's staff and a professional
20 staff employee of the legislative auditor's office prior to
21 and after each public drawing.

22 (2) The commission may provide for the immediate
23 payment of prizes by the ticket or chance sales agent who
24 sold the winning ticket or chance whenever the amount of the
25 prize is less than an amount set by commission rule.

1 Payment may not be made directly by an electronic game,
2 machine, or device, or by a computer terminal.

3 (3) Prizes over \$100,000 may in the discretion of the
4 director COMMISSION be paid either in one lump sum or in
5 equal yearly installments without interest over a period of
6 not more than 10 years, except that each installment payment
7 must be at least \$20,000.

8 (4) Prizes not claimed within 6 months are forfeited
9 and must be paid into the state lottery fund. No interest is
10 due on a prize when a claim is delayed but made within 6
11 months.

12 (5) The right to a prize is not assignable, but prizes
13 may be paid to a deceased winner's estate or to a person
14 designated by judicial order.

15 NEW SECTION. Section 16. Disclosures by gaming
16 suppliers. (1) Any person, firm, association, or corporation
17 that submits a bid or proposal for a contract to supply
18 lottery equipment, tickets, or other material or consultant
19 services for use in the operation of the state lottery shall
20 disclose at the time of such bid or proposal:

21 (a) the supplier's business name and address and the
22 names and addresses of the following:

23 (i) if the supplier is a partnership, all of the
24 general and limited partners;

25 (ii) if the supplier is a trust, the trustee and all

1 persons entitled to receive income or benefit from the
2 trust;

3 (iii) if the supplier is an association, the members,
4 officers, and directors;

5 (iv) if the supplier is a corporation, the officers,
6 directors, and each owner or holder, directly or indirectly,
7 of any equity security or other evidence of ownership of any
8 interest in the corporation; except that, in the case of
9 owners or holders of publicly held equity securities of a
10 publicly traded corporation, only the names and addresses of
11 those owning or holding 5% or more of the publicly held
12 securities must be disclosed;

13 (v) if the supplier is a subsidiary company, each
14 intermediary company, holding company, or parent company
15 involved therewith and the officers, directors, and
16 stockholders of each; except that, in the case of owners or
17 holders of publicly held securities of an intermediary
18 company, holding company, or parent company which is a
19 publicly traded corporation, only the names and addresses of
20 those owning or holding 5% or more of the publicly held
21 securities must be disclosed;

22 (b) if the supplier is a corporation, all the states
23 in which the supplier is authorized to do business and the
24 nature of that business;

25 (c) other jurisdictions in which the supplier has

1 contracts to supply gaming materials, equipment, or
2 consultant services;

3 (d) the details of any conviction, state or federal,
4 of the supplier or any person whose name and address are
5 required by subsection (1)(a) of a criminal offense
6 punishable by imprisonment for more than 1 year AND SHALL
7 SUBMIT TO THE COMMISSION A FULL SET OF FINGERPRINTS OF SUCH
8 PERSON MADE AT A LAW ENFORCEMENT AGENCY BY AN AGENT OR
9 OFFICER OF SUCH AGENCY ON FORMS SUPPLIED BY THE AGENCY;

10 (e) the details of any disciplinary action taken by
11 any state against the supplier or any person whose name and
12 address are required by subsection (1)(a) regarding any
13 matter related to gaming consultant services or the selling,
14 leasing, offering for sale or lease, buying, or servicing of
15 gaming materials or equipment;

16 (f) audited annual financial statements for the
17 preceding 5 years;

18 (g) a statement of the gross receipts realized in the
19 preceding year from gaming consultant services and the sale,
20 lease, or distribution of gaming materials or equipment to
21 states operating lotteries and to private persons licensed
22 to conduct gambling, differentiating that portion of the
23 gross receipts attributable to transactions with states
24 operating lotteries from that portion of the gross receipts
25 attributable to transactions with private persons licensed

1 to conduct gambling;

2 (h) the name and address of any source of gaming
3 materials or equipment for the supplier;

4 (i) the number of years the supplier has been in the
5 business of supplying gaming consultant services or gaming
6 materials or equipment; and

7 (j) any other information, accompanied by any
8 documents the commission by rule may reasonably require as,
9 being necessary or appropriate in the public interest to
10 accomplish the purposes of [sections 1 through 20].

11 (2) No person, firm, association, or corporation
12 contracting to supply gaming equipment or materials or
13 consultant services to the state for use in the operation of
14 the state lottery may have any financial interest or
15 connection with any person, firm, association, or
16 corporation licensed as a ticket or chance sales agent.

17 (3) No contract for supplying consultant services or
18 gaming materials or equipment for use in the operation of
19 the state lottery is enforceable against the state unless
20 the requirements of this section have been fulfilled.

21 NEW SECTION. Section 17. Annual audit. The
22 legislative auditor shall conduct an annual audit of the
23 state lottery. The costs of the audit must be paid out of
24 the state lottery fund. A copy of the audit report must be
25 delivered to the commission, the director, the governor, the

1 president of the senate, the speaker of the house of
 2 representatives, and each member of the appropriate
 3 committee of each house of the legislature as determined by
 4 the president of the senate and the speaker of the house.

5 NEW SECTION. Section 18. Study of lottery security.

6 (1) After the first 9 months of sales to the public and
 7 every 2 years after that, the ~~commission shall engage an~~
 8 ~~independent--firm--experienced---in---security---procedures,~~
 9 ~~including--but--not--limited--to--computer--security--and--systems~~
 10 ~~security,--to--conduct~~ OFFICE OF THE LEGISLATIVE AUDITOR SHALL
 11 CONDUCT OR HAVE CONDUCTED a comprehensive ~~study---and~~
 12 ~~evaluation~~ AUDIT of all aspects of security in the operation
 13 of the lottery. THE COSTS OF THE AUDIT MUST BE PAID OUT OF
 14 THE STATE LOTTERY FUND. The ~~study~~ AUDIT must include:

- 15 (a) personnel security;
- 16 (b) lottery sales agent security;
- 17 (c) lottery contractor security;
- 18 (d) security of manufacturing operations of lottery
- 19 contractors;
- 20 (e) security against ticket or chance counterfeiting
- 21 and alteration and other means of fraudulently winning;
- 22 (f) security of drawings among entries or finalists;
- 23 (g) computer security;
- 24 (h) data communications security;
- 25 (i) database security;

- 1 (j) systems security;
- 2 (k) lottery premises and warehouse security;
- 3 (l) security in distribution;
- 4 (m) security involving validation and payment
- 5 procedures;
- 6 (n) security involving unclaimed prizes;
- 7 (o) security aspects applicable to each particular
- 8 lottery game;
- 9 (p) security of drawings in games where winners are
- 10 determined by drawings;
- 11 (q) the completeness of security against locating
- 12 winners in lottery games with preprinted winners by persons
- 13 involved in their production, storage, distribution,
- 14 administration, or sales; and
- 15 (r) any other aspects of security applicable to any
- 16 particular lottery game and to the lottery and its
- 17 operations.

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

21 NEW-SECTION---Section-19---Investigations---and---legal
 22 services-and-proceedings---(1)-The--attorney--general--shall
 23 provide--legal-services-for-the-state-lottery-at-the-request
 24 of--the--director,--assistant--director--for--security,---or
 25 commission---The--attorney--general--shall--make--reasonable

1 efforts-to-ensure-that-there--is--continuity--in--the--legal
 2 services--provided--and--that--the--attorneys-providing-legal
 3 services-have-expertise-in-the-field-

4 {2}--The-attorney-general-shall-make-investigations-and
 5 prosecute--or--defend,--on--behalf--of--the---director---and
 6 commission,--suits-and-other-proceedings-involving-the-state
 7 lottery-or-necessary-to-carry-out-the-purposes-of--{sections
 8 1-through-20}-

9 {3}--The--commission,--director,--and--assistant-director
 10 for-security-may-also-carry-out-investigations--The-attorney
 11 general-must-be-informed-of--each--investigation--before--it
 12 begins---and---must--be--informed--of--the--results--of--the
 13 investigation-

14 {4}--Upon-the-request-of--the--assistant--director--for
 15 security,--the-attorney-general-and-the-department-of-justice
 16 must---give---the---assistant--director--for--security--such
 17 information--as--may--tend--to--assure--security,---honesty,
 18 fairness,--and-integrity-in-the-operation-and-administration
 19 of-the--lottery--as--they--may--have--in--their--possession,
 20 including---but---not--limited--to--manual--or--computerized
 21 information-and-data-

22 NEW SECTION. Section 19. Penalties. It is a
 23 misdemeanor, punishable by a fine not to exceed \$500 or
 24 imprisonment in the county jail for a term not to exceed 6
 25 months, or both, to knowingly or purposely:

1 (1) require an employee to sell lottery tickets or
2 chances in violation of [section 8(9)];

3 (2) violate [section 8(11)];

4 (3) sell a lottery ticket or chance to a person under
5 18 years of age;

6 (4) violate [subsection (3) or (4) of section 9];

7 (5) serve as a commissioner, director, assistant
8 director, employee, or licensed agent of the state lottery
9 in violation of [section 13];

10 (6) violate [section 14];

11 (7) violate [section 16]; or

12 (8) influence the winning of a prize through the use
13 of coercion, fraud, deception, or tampering with lottery
14 equipment or materials.

15 Section 20. Section 23-5-101, MCA, is amended to read:

16 "23-5-101. Definitions. (1) A slot machine is defined
17 as a machine operated by inserting a coin, token, chip,
18 trade check, or paper currency therein by the player and
19 from the play of which he obtains or may obtain money,
20 checks, chips, tokens, or paper currency redeemable in
21 money. Electronic video game machines operated by the state
22 lottery are not slot machines. Merchandise vending machines
23 where the element of chance does not enter into their
24 operation are not within the provisions of this part.

25 (2) In addition to their ordinary meaning, the words

1 "person" or "persons", as used in this part, include both
2 natural and artificial persons and all partnerships,
3 corporations, associations, clubs, fraternal orders, and
4 societies, including religious, fraternal, and charitable
5 organizations."

6 Section 21. Section 23-5-202, MCA, is amended to read:

7 "23-5-202. Application. This part shall not apply to
8 the provisions of part 4 of this chapter, to [sections 1
9 through 20], or to the giving away of cash or merchandise
10 attendance prizes or premiums by public drawings at
11 agricultural fairs or rodeo associations in this state, and
12 the county fair commissioners of agricultural fairs or rodeo
13 associations in this state may give away at such fairs cash
14 or merchandise attendance prizes or premiums by public
15 drawings."

16 Section 22. Section 23-5-302, MCA, is amended to read:

17 "23-5-302. Definitions. As used in this part and
18 unless the context requires otherwise, the following terms
19 or phrases have the following meanings:

20 (1) "Authorized card game" means any card game
21 permitted by this part.

22 (2) "Card game" means any game played with cards for
23 which the prize is money or any item of value, except games
24 played on electronic video game machines operated by the
25 state lottery."

1 Section 23. Section 23-5-402, MCA, is amended to read:

2 "23-5-402. Definitions. As used in this part, unless
3 the context requires otherwise, the following terms or
4 phrases shall have the following meanings:

5 (1) "Game of chance" means the specific kind of game
6 of chance commonly known as:

7 (a) "bingo" or "keno", in which prizes are awarded on
8 the basis of designated numbers or symbols on a card which
9 conform to numbers or symbols selected at random, except
10 games played on electronic video game machines operated by
11 the state lottery;

12 (b) "raffles", which are conducted by drawing for
13 prizes.

14 (2) "Equipment" means:

15 (a) with respect to bingo or keno, the receptacle and
16 numbered objects drawn from it, the master board upon which
17 such objects are placed as drawn, the cards or sheets
18 bearing numbers or other designations to be covered and the
19 objects used to cover them, the boards or signs, however
20 operated, used to announce or display the numbers or
21 designations as they are drawn, public address system, and
22 all other articles essential to the operation, conduct, and
23 playing of bingo or keno; or

24 (b) with respect to raffles, the implements, devices,
25 and machines designed, intended, or used for the conduct of

1 raffles and the identification of the winning number or unit
2 and the ticket or other evidence of right to participate in
3 raffles."

4 NEW SECTION. Section 24. Initial appointment and
5 terms of commissioners. Initial appointments to the
6 commission must be made within 30 days after [the effective
7 date of this act]. Two of the initial appointees shall serve
8 for 2 years, two shall serve for 3 years, and one shall
9 serve for 4 years.

10 NEW SECTION. Section 25. Initial duties of commission
11 -- lottery study -- first game. (1) The commission shall
12 immediately conduct an initial study of other state
13 lotteries.

14 (2) The commission shall begin the operation of state
15 lottery games at the earliest practicable time and in any
16 event ~~within 150 days after [the effective date of this act]~~
17 NO LATER THAN NOVEMBER 1, 1985.

18 NEW SECTION. Section 26. Temporary state treasury
19 line of credit for expense of starting state lottery. There
20 is a temporary line of credit that may be drawn by the
21 director of the state lottery from the state general fund
22 and deposited in the state lottery fund, in the amount of
23 \$1,500,000. This temporary line of credit may be drawn upon
24 only during the first 12 months after the effective date of
25 [sections 1 through 20] and only for the purpose of

1 financing the initial expenses of starting the state
2 lottery. The director may draw upon all or part of this
3 temporary line of credit. Any funds advanced under the
4 temporary line of credit must be repaid OUT OF THE LOTTERY'S
5 NET REVENUE to the general fund within 1 year of the
6 advance, AND NO NET REVENUE MAY BE PAID OUT UNDER [SECTION
7 12(3)(B)] UNTIL ALL ADVANCED FUNDS ARE REPAID. Interest must
8 be paid at an annual simple interest rate of 10% on funds
9 advanced, commencing on the day funds are advanced and until
10 the funds are repaid.

11 NEW SECTION. Section 27. Severability. If a part of
12 this act is invalid, all valid parts that are severable from
13 the invalid part remain in effect. If a part of this act is
14 invalid in one or more of its applications, the part remains
15 in effect in all valid applications that are severable from
16 the invalid applications.

17 NEW SECTION. Section 28. Effective date. This act is
18 effective on passage and approval.

-End-

1. Page 1, line 23.

Strike: "commission"

Insert: "governor"

Strike: "4"

Insert: "5"

2. Page 3, line 17.

Following: "only" (D. of Comm.)

Strike: the remainder of line 17 through "commission" on line 19.

Insert: "as prescribed in 2-15-121"

3. Page 3, lines 24 and 25.

Following: line 23

Strike: subsection (2) in its entirety

Renumber: subsequent subsections

4. Page 5, line 7.

Following: "director"

Strike: "is"

Insert: "must be"

5. Page 5, line 8.

Following: "the"

Strike: "commission, which"

Insert: "governor, who"

6. Page 6, line 5

Following: "commission" (D. of Comm.)

Strike: "direction or"

7. Page 6, line 6.

Following: "contracts" (D. of Comm.)

Strike: "of no longer than 6 months"

8. Page 6, line 9.

(D. of Comm.)

Following: "lottery."

Insert: "All contracts must be made in accordance with state law."

9. Page 7, line 6.

(Justice Dept.)

Following: "contractors"

Strike: ";

Insert: ". The security division is hereby designated a law enforcement agency for the purpose of administering [sections 1 through 20]."

10. Page 7, line 12.

(Leg. Auditor)

Following: "attorney general"

Insert: ", the legislative auditor,"

11. Page 9, line 3.

(Leg. Auditor)

Strike: "may"

Insert: "shall"

12. Page 9, line 7. (Leg. Auditor)
Strike: "administration,"
Insert: "commerce, the office of the legislative auditor,"
13. Page 10, line 4. (Leg. Auditor)
Following: "and employees,"
Strike: "any person"
Insert: "employees of any firm or governmental agency"
14. Page 11, line 1. (D. of Comm.)
Strike: "Forty-five percent"
Insert: "at least 45%"
15. Page 11, line 7. (D. of Comm.)
Following: "are"
Insert: "not"
16. Page 11, line 10. (D. of Comm.)
Following: "prizes"
Insert: ", sales commissions,"
17. Page 11, line 13. (Eck)
Strike: "50%"
Insert: "49%"
18. Page 11, line 14. (Eck)
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."
Renumber: subsequent subsection
19. Page 12, line 6. (Justice Dpt.)
Following: "agent."
Insert: "Prior to appointment to any of the above positions, a person shall submit to the commission 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."
20. Page 13, line 7. (D. of Comm.)
Strike: "director"
Insert: "commission"
21. Page 15, line 9. (Justice D.)
Following: "year"
Insert: "and shall submit to the commission a full set of fingerprints of such person made at a law enforcement agency by an agent or officer of such agency on forms supplied by the agency"

22. Page 17, line 7. (Leg. Auditor)
Following: "the"
Strike: the remainder of line 7 through "conduct"
on line 10
Insert: "office of the legislative auditor shall conduct or
have conducted"

23. Page 17, line 10. (Leg. Auditor)
Following: "comprehensive"
Strike: "study and evaluation"
Insert: "audit"

24. Page 17, line 11. (Leg. Auditor)
Following: "lottery."
Insert: "The costs of the audit must be paid out of the
state lottery fund."

25. Page 17, line 12. (Leg. Auditor)
Strike: "study"
Insert: "audit"

26. Page 18, line 19. (Justice D.)
Strike: section 19 in its entirety
Renumber: subsequent sections

27. Page 23, line 14. (D. of Comm.)
Following: "event"
Strike: the remainder of line 14 through "act]" on
line 15
Insert: "no later than November 1, 1985"

28. Page 24, line 2.
Following: "repaid"
Insert: "out of the lottery's net revenue"

29. Page 24, line 3.
Following: "advance"
Insert: ", and no net revenue may be paid out under [section
12 (3) (b)] until all advanced funds are repaid"

(Eck) 30. see next page

Proposed amendment to SB 324, introduced copy.

30

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 *not on gray bill*
BY
SEN. ECK

STANDING COMMITTEE REPORT

February 18, 1965

MR. PRESIDENT

We, your committee on **STATE ADMINISTRATION**

having had under consideration **SENATE BILL** No. **361**

first reading copy (**white**)
color

COST-OF-LIVING INCREASE FOR CERTAIN PERS MEMBERS

Respectfully report as follows: That **SENATE BILL** No. **361**

BE amended as follows:

1. Page 1, line 24,
Following: ***\$45 Y²**
A"

Insert: " ; however, no allowance may be increased by more than \$3
per year of service or less than \$1 per year of service "

AND AS AMENDED

DO PASS

XXXXXXXXXX

Chairman.