

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

April 17, 1985

The fifty-sixth meeting of the State Administration Committee was called to order by Senator J. D. Lynch at 10 a.m. in Room 331, Capitol, on Wednesday, April 17, 1985.

ROLL CALL: With Senator Haffey, Senator Hirsch, and Senator Manning being excused, the rest of the members were present.

CONSIDERATION OF HOUSE BILL 945: Representative Bob Pavlovich, House District 70, Butte, is the sponsor of this bill entitled, "AN ACT TO ESTABLISH A STATE LOTTERY AND PROVIDE FOR ITS ADMINISTRATION; AMENDING SECTION ... MCA; PROVIDING EFFECTIVE DATES: AND PROVIDING THAT THE PROPOSED LOTTERY LAW BE SUBMITTED TO THE ELECTORS OF THE STATE OF MONTANA." Representative Pavlovich told the Committee that this was the same bill that they had heard before, with the exception of two things--they had put back in "instant winner" games and the money raised would go to the teachers' retirement fund in order to lower property taxes.

PROPOSERS: Senator Stimatz, Senate District 35, supports this bill. He told the Committee that he was here mainly to answer questions, and that since they had already heard the bill he would not add to it.

Murdo Campbell, private citizen, supports this bill. Mr. Campbell said that he has watched the Senate kill the lottery bill twice, and he feels the people should have a chance to vote on it. He felt the money would go for a good cause.

Robert VanDerVere supports this bill. He told the Committee that he had talked to many people and they all wanted a lottery. He feels it is time to keep the gambling money in Montana.

OPPOSERS: Cathy Campbell, League of Churches, opposes this bill. Ms. Campbell told the Committee that many studies have been made of states with populations the size of Montana's and they do not make as much money as they would have us believe. She quoted from a book entitled Hearings from a quote by Senator Durenberger, which said, "I am concerned that our elected officials have somehow lost control over this industry. That we are not talking about a public charity any more, but about a private venture for the profit of a few large national corporations. How is it that despite the best bipartisan efforts of the elected leaders of the state of Arizona, that a lottery initiative was placed on the ballot and passed into public law?" Ms. Campbell explained to the Committee that Scientific Games have been all over the country expounding the virtues of a lottery. She said that they tell people that they sell dreams. Ms. Campbell believes that eventually we will have to wake up to reality. Ms. Campbell further stated that the voters should have all the information and all the options that the legislature has. They should have

the option of a sales tax, or other forms of revenue raising ideas. She said that the resolution to study the lottery had been tabled, and she felt that the study should go on. She felt that the information generated by the study should be given to the voters so they can make an informed decision.

COMMITTEE QUESTIONS: Senator Conover asked if all the money raised with a lottery would go to the teachers retirement fund. Pavlovich said yes, but Senator Lynch explained that it would be spread equally across the state and what was left would go into the general fund. Senator Mohar said that if the teachers require \$10 million and this only raises \$5 million, none of it goes into the general fund. Representative Pavlovich said that's right. Senator Mohar said it could cost the state to run this. Representative Pavlovich said that that comes out of the 15% for operation. Senator Mohar asked about the "instant winner" games and Representative Pavlovich explained that they will be cards that you will rub off and if you win \$1.00, or \$2.00 or whatever, you can redeem it right there, up to so much and for that you will have to send it in. Senator Lynch asked if the Committee was to vote on the Statement of Intent and Representative Pavlovich said yes.

Representative Pavlovich closed by saying that rather than what Cathy Campbell is saying, this is not a mandatory tax like the sales tax and people ought to have the chance to vote on it. HOUSE BILL 945 is closed. (Representative Pavlovich asked that Senator Stimatz carry it to the floor if it passes.)

EXECUTIVE ACTION ON HOUSE BILL 945: Senator Harding asked Valencia to find a way to include all the things Cathy Campbell mentioned into the bill, so she asked that we defer action on this for at least a day. Senator Mohar felt that this should be tabled until the House acts on HJR-35.

CONSIDERATION OF HOUSE JOINT RESOLUTION 47: Representative Raymond Harbin, House District 53, is the sponsor of this bill entitled, "A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM STUDY ON CONSOLIDATION OF THE PUBLIC EMPLOYEES' AND TEACHERS' RETIREMENT DIVISIONS AND ON PROPOSALS FOR MAKING THE RETIREMENT SYSTEMS ADMINISTERED BY THE DIVISIONS MORE UNIFORM; REQUIRING A REPORT OF THE FINDINGS OF THE STUDY TO THE 50TH LEGISLATURE." Representative Harbin said that this would combine PERS and TRS, because mechanically we had to involve both programs. He said that they need to examine and establish uniformity in the programs. Representative Harbin said they are under different boards and it is all goofed up. Representative Harbin said that this "diversity is a source of confusion, results in uneven treatment of public employees, and encourages leapfrogging in benefits among the systems." He said the Committee would do all the things listed

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on page 3 of the bill and he read them to the Committee.

PROPOSERS: There were no other proponents.

OPPOSERS: Bob Johnson, Administrator of the Teachers Retirement System, opposes this bill. Mr. Johnson said that they did not want these retirement systems consolidated. He said the usual reason for consolidation was because one system or the other was in financial trouble, but both of these systems are sound. We are not opposed to a study, but we do not want these systems consolidated.

Terry Minnow, Montana Federation of Teachers, opposes this bill. She said this resolution calls for a statute on this, and she feels that the money in this retirement system belongs to the teachers and should be left alone. She felt this retirement system has demonstrated its effectiveness. She said this comes up time and time again.

COMMITTEE QUESTIONS: Senator Lynch said that this has been studied four or five times, and why if they want it studied don't they just study one of those studies? Representative Harbin said that this was something that should be studied. Senator Mohar said that he thought this study was a good idea, and that the only reason they would consolidate them would be to look at the systems, and make them more uniform. Terry Minnow said that the resolution referred to a statute, and that nothing has come out of these studies in the past. Mr. Johnson said that his members are opposed to consolidation.

Representative Harbin closed by saying that eight of these retirement systems are administered by the Public Employees Retirement Division while one (TRS) is administered by the Teachers' Retirement Division; and both retirement divisions are attached to the Department of Administration and there needs to be more uniformity. He said in many ways they are already alike. He feels that this study is necessary. He said in answer to Senator Lynch's question that although they have had lots of studies, nothing is ever done about them. HOUSE JOINT RESOLUTION 47 is closed.

EXECUTIVE ACTION ON HOUSE JOINT RESOLUTION 47: Senator Conover said that it is high time that those retirement systems were left alone. He said the money belongs to the teachers and if they keep playing with it, the next thing you know it will end up in the general fund, and he feels it should be left alone. Senator Mohar felt that we should do what is cost effective and that the systems should be studied with this in mind. Senator Lynch said that he did not think that this would be studied even if it passed. Senator Conover made a motion that HOUSE JOINT RESOLUTION 47 be not concurred in. Senator Lynch asked for a roll call vote. (Attached hereto marked Exhibit "1".) With

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the Committee voting 7 in favor of the motion and 2 against,
HOUSE JOINT RESOLUTION 47 BE NOT CONCURRED IN.

The meeting was adjourned at 10:36 a.m.



SENATOR JACK HAFFEY, Chairman

ROLL CALL VOTE

Exhibit "1"
HJR-47
4-17-85

SENATE COMMITTEE STATE ADMINISTRATION

Date 4-17-85 HJR Bill No. 47 Time 10:30

NAME	YES	NO
SENATOR ANDERSON	✓	
SENATOR CONOVER	✓	
SENATOR FARRELL	excused	
SENATOR HARDING	✓	
SENATOR LYNCH	✓	
SENATOR MANNING	✓	
SENATOR MOHAR		✓
SENATOR TVEIT	✓	
SENATOR HIRSCH, Vice-Chairman	✓	
SENATOR HAFFEY, Chairman		✓
	7	2

Glenda Pennington
Secretary, Glenda Pennington

Chairman, Senator Jack Haffey

Motion: Be Not Concurred In

STANDING COMMITTEE REPORT

April 17,

19. 85

MR. PRESIDENT

We, your committee on **STATE ADMINISTRATION**

having had under consideration **HOUSE JOINT RESOLUTION** No. **47**

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INTERIM STUDY ON CONSOLIDATION OF RETIREMENT DIVISIONS

Respectfully report as follows: That **HOUSE JOINT RESOLUTIONS** No. **47**

BE NOT CONCURRED IN

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Chairman.