

MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

March 4, 1987

The twenty-seventh meeting of the Business and Industry Committee was called to order by Chairman Allen C. Kolstad at 10 a.m. on Wednesday, March 4, 1987, in Room 410 of the Capitol.

ROLL CALL: All committee members were present.

CONSIDERATION OF HOUSE JOINT RESOLUTION 27: Representative John Phillips, House District 33, Great Falls, is chief sponsor of this resolution that expresses support for the basing of midgetman missiles in Montana if the federal administration and congress conclude that deployment of such a system is in the national interest.

PROPOSERS: Hal Manson, representing the American Legion Department of Montana, believes it is good because it does not ask for anything other than support from this body. It should be good for the economy of Montana and it does not change our defense posture and enhance the reputation of the state.

Mr. George Poston, who represented the United Veterans' Committee, expressed their support for the same above reasons.

Mr. Tim Ryans, Great Falls, Chairman of Committee of the Eighties which is dedicated to insuring our national security through a strong defense said his committee tries to attract new missions and investments for Malmstrom Air Force Base and in 1985 there was a contribution of \$255 million to the state. (EXHIBIT 1)

OPPOSERS: Eleanor Wend, Peace Legislation Coalition lobbyist, committed to legislation of peace and justice, opposed because there are too many concerns and unanswered questions over the development and deployment of the midgetman both on Montana and the world situation in respect to the arms race. They want the issue to go for a vote on this resolution to allow it to be placed on the ballot. (EXHIBIT 2)

DISCUSSION ON HOUSE JOINT RESOLUTION 27: Senator Williams stated that he lives in central Montana where they have all the midgetman missiles. He asked Ms. Wend where she received all her information regarding the missiles having a bad impact and affecting the schools, etc. Ms. Wend said the Peace Legislation Coalition group has an economic analysis which has not been published. She further stated they found that all new areas that thus far has benefited a positive re-

turn of total tax dollars in terms of military defense budgets, is the Great Falls area. She further stated that Cascade county has a lot in terms of overall tax dollars put out in spite of the minuteman and it would continue in spite of the midgetman being placed there. She said these missiles are ponds in terms of the arms negotiations and they have yet to hear a good answer to what will happen if it is chosen to be deployed and then in two years or more if it is removed due to an arms agreement. She told the committee they are a statewide coalition group made up of about 3,000 people on the mailing list. She said her group wondered if the time has come to pass a pro-midget resolution. She further stated they would like to see that placed on the ballot to enable all the people in Montana to vote on this issue because everyone will be involved in terms of participation through our tax dollars.

Senator Thayer asked Ms. Wend if she does not think the Montana legislature might be representing the people of Montana for the reason that it passed the House by a large majority which would give an indication that there is a strong support of this proposal. Senator Neuman asked what the accuracy of the missile has to do with her opposition. Ms. Wend said the description she has read on the midgetman, she found extremely horrifying. She said she is concerned about the future of this world and what she has read is that it will be mobile and it will be unknown where it is and, therefore, there will be a barrage approach from the enemy on that region. She said potentially, we will have one or two midgetmen that will survive that barrage. She said she didn't enter into this committee hearing for a debate and felt this debate would be very valuable for the entire state to participate in.

Senator Hager asked Ms. Wend about the mailing list and if the people on the mailing list were donors to the peace coalition. Ms. Wend informed Senator Hager they are totally donations.

Representative Phillips closed by saying that a \$1.3 to 4 billion dollar impact into Montana and at least one-third of that would go into roads and bridges. He said the roads in North central Montana are pretty well beaten up to take care of the missiles we have now so there would be a future impact for better roads. Representative Phillips responded to the outlay of money and said Montana is 47th in line for defense dollars and would not receive federal money if this project were in another state. He asked Senator Thayer to carry the bill.

EXECUTIVE ACTION ON HJR 27: Senator Thayer moved that HJR 27 BE CONCURRED IN. Senator Meyer seconded the motion. THE MOTION PASSED UNANIMOUSLY with no further discussion.

CONSIDERATION OF HOUSE BILL 67: Representative Bob Pavlovich, House District 70, Butte, is chief sponsor of this bill that revises the law regulating video draw poker machines. Presently the law provides that the department may not deny or place a condition on a license except for reasonable cause. Reasonable cause is stated to be conviction of a violation of a local government gambling ordinance. This bill states that reasonable cause includes such conviction but is not limited to a conviction as the only event establishing reasonable cause. The bill also provides that the department may not suspend or revoke a license except for reasonable cause.

Representative Pavlovich submitted an amendment by the Department of Commerce because of relationship with House Bill 189. Poker machines are under the jurisdiction of that department.

The bill also amends the machine specifications section of the law to provide that a machine have meters recording coins and credits played and won that are contained in a "readily accessible area." The law presently states the meters must be housed in the "cash compartment." The same section is amended to provide that the machine must have a serial number or other identification number permanently affixed to the machine. The bill also clarifies that a licensee must pay for credits owed to a player as shown on a valid voucher in cash.

The bill further requires that an applicant for a machine license must disclose on the application form any prior experience the applicant has had as an owner or operator of gambling devices and premises. This includes information of prior employment with such premises and information concerning any conviction for violation of state or local gambling laws in any jurisdiction.

The bill requires a local court to report to the department when a licensee is convicted of violating a local gambling ordinance. When the department receives the report it may begin proceedings to revoke the licensee's license.

The bill also adds three new sections to the law regulating video draw poker machines. Section 6 requires a license to remove a machine from public access if the machine does not meet the specifications and other requirements of the act.

Section 7 also provides further penalties if the department determines after a hearing held under the Montana Administrative Procedure Act, that a licensee has violated any part of the act. Section 8 provides for judicial review of an agency decision concerning the grant, denial, renewal, revocation, or suspension of a license.

PROPOSERS: Gary Bennett, Montana Coin Machine Operators' Association, expressed support.

OPPOSERS: None

DISCUSSION OF HOUSE BILL 67: Senator Thayer asked for an explanation of the machine specifications and John Williams, Video Poker Bureau, explained further the paragraph above.

Chairman Kolstad said they will hold this bill until HB 189 is heard.

CONSIDERATION OF HOUSE BILL 206: Representative McCormick, House District 38, Great Falls, is chief sponsor of this bill. Representative McCormick told members of the committee a new bill had to be re-written on the poker machines because the poker machine bill says "coins" all the way through and we are asking this bill to allow a video draw poker machine to accept cash bills. He further stated that on page 3, it states the machine may have a mechanism that accepts cash in the form of bills. He said it is not compulsory, if the owners prefer not to change the machines, they don't have to.

PROPOSERS: Gary Bennett, Montana Coin Machine Operators, told members of the committee that this bill was not at the request of the Coin Machine Operators Association. He said he did poll their membership and they informed him they would be in favor of this legislation as long as it is not a mandatory requirement to change the machines. He pointed out the expense of about \$650 for installation and his people have told him they do not expect any significant increase in the play. He said that this will not affect the software, only the hardware. He said the poker machine is nothing but a small computer and it is made up of hardware and software and in order to accommodate the change the way the bill was originally written would have had to go back and re-write some of the software which is not a major problem until considering some of the manufacturers of these machines are no longer in the business. He said they can get replacement parts but the people who wrote the original software are no longer available.

He said they ask those changes be made to accomodate that so it makes it a simple hardware change and doesn't change the metering, security, etc.

OPPONENTS: None

DISCUSSION OF HOUSE BILL 206: Senator Neuman asked Representative McCormick about the size of the bills. Representative McCormick said the only ones that he has seen are the ones Great Falls has on their Keno machines and they are \$1 dollar and \$5 dollars and any other bill is kicked out. Senator Williams wanted to know if machines are made so that credit cards can be used, and the answer was no.

Senator Weeding asked about change and was informed that the machines do not make change.

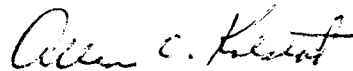
Senator Neuman wanted to know how much revenue will be generated and why the change is necessary. Representative McCormick said it wasn't the idea of more revenue; this was needed because of so many quarters being used in the place-of-business over a weekend and should they run out they have to call some machine supplier to bring them four or five bags of quarters.

Senator Williams asked about Canadian money and was told that Canadian money would be rejected.

Representative McCormick closed the hearing on HB 206.

EXECUTIVE ACTION ON HOUSE BILL 206: Senator Williams moved that House Bill 206 BE CONCURRED IN; seconded by Senator Walker and PASSED BY MAJORITY with Senator Hager voting No.

ADJOURNMENT: The meeting was adjourned by Chairman Kolstad at 11:16 a.m.



SENATOR ALLEN C. KOLSTAD, CHAIRMAN

ROLL CALL

Business & Industry COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3/4/87

NAME	PRESENT	ABSENT	EXCUSED
ALLEN C. KOLSTAD, CHAIRMAN	✓		
TED NEUMAN, VICE CHAIRMAN	✓		
PAUL BOYLAN	✓		
TOM HAGER	✓		
HARRY H. McLANE	✓		
DARRYL MEYER	✓		
GENE THAYER	✓		
MIKE WALKER	✓		
CECIL WEEDING	✓		
BOB WILLIAMS	✓		

Each day attach to minutes.

COMMITTEE ON

Business & Industry

DATE

3/4/87

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Roger Young	GF Chamber of Commerce	HJR 27	X	
Doug Bennett	MT. Coin Machine Operators	HB 67	X	
"	"	HR 206	X	
John P Poston	MT Coin Machine Opt Com	HB 67-206	X	
V. Dale Skanson	American Legion	HJR 27	X	
Eleanor Wend	Peace Legislative C.	HJ 27		X
Tim Ryans	G.F. Chamber	HJR 27	X	
Bob Jorgensen Sr	G.F. Chamber	HJR 27	X	
George O. Foster	United Veterans Committee Hof M.	HJ 27	X	
Bryan Enderle	College Republicans	HJ 27	X	
Joseph Moore	Self -	HJ 27		X
John D. [unclear]	Video Paper Bureau	HB 67	X	

REMARKS BY TIM RYAN, CHAIRMAN
COMMITTEE OF THE EIGHTIES
HOUSE STATE ADMINISTRATION COMMITTEE
FEBRUARY 11, 1987

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 1
DATE 3-4-87
BILL NO. H-9-27

Mr. Chairman, members of the committee, my name is Tim Ryan. I am an automobile dealer from Great Falls and I currently serve as the Chairman of the Committee of the Eighties, a division of the Great Falls Area Chamber of Commerce dedicated to insuring our national security through a strong defense. We do what we can to attract new missions and investment to Malmstrom Air Force Base.

Malmstrom AFB is a major component of Montana's economic base. In Fiscal Year 1985 the base had a total economic impact on the state of 255,166,870 dollars. Unfortunately this economic contribution is often overlooked by many citizens of Montana. It is especially important to Great Falls and Central Montana and I am sure you can understand why we are so interested in insuring that Malmstrom's presence in our state be preserved.

We appreciate Malmstrom also because of the human impact too, not just the economic impact. The nearly 10,000 military personnel, their dependents, and related civilian employees are great citizens of our state. They're not takers, they are givers.

The proposed small mobile missile system known as Midgetman offers great potential to our national security and for the Montana economy. But it is the position of the Great Falls Area Chamber of Commerce and the Committee of the Eighties that the decision to deploy the missile must be made on national security considerations, and not for economic development considerations, substantial as they may be. Then, it is our position, if Congress decides to build the weapon and strategically Montana makes sense

for its deployment, we should give the project the same welcome and peaceful co-existence that has been the hallmark of the Minuteman in Montana for the past 25 years.

We oppose the passage of Joint Resolution 25 because we feel it is entirely inappropriate for this question to be taken from the Congress. The information available to Congress is far more detailed and accurate than any which would be made available to the voters in any emotional ballot issue campaign.

It seems to our committee that some who are so vocal in their criticism of the proposed deployment of Midgetman to Malmstrom Air Force Base are avoiding some fundamental issues - or even resorting to scare tactics and rhetoric which at times borders on disinformation. Instead, we have been subjected to emotional appeals designed to arouse Montanans against a program designed to insure their, and other American's, security... and coincidentally, bring as much as one and a half billion dollars in economic impact to Montana.

References to Midgetman as a pork-barrel project, implying useless waste of the taxpayers money, can't be taken seriously. The concept of the small, mobile ICBM, originated with the Scowcroft commission, a group formed some years ago to bring an end to the national debate over the MX by pointing out a rational course our defense effort should take in order to preserve our long term security. The centerpiece of the Scowcroft commission's report was the small ICBM or Midgetman, a mobile, single warhead missile so difficult to destroy that an enemy would find it impractical to try.

Our national defense is built on the concept of deterrence and the

SENATE BUSINESS & INDUSTRY 2
EXHIBIT NO. 1
DATE 3-4-87
BILL NO. H-2-27

Midgetman, in our opinion adds to that element. As a single warhead, second strike vehicle, Midgetman is an answer to that argument that the MX Peacekeeper Missile may have been "destabilizing". That's why Midgetman is now enjoying strong support in the Democratically controlled Congress.

We all wish that we had no need for new weapons and could depend on arms control treaties to limit or reduce our reliance on missiles. But while we debate the proposal to develop and deploy our own small mobile missile in the early 1990s, the Soviet Union has already deployed its road-mobile SS-25 ICBM and begun testing of another, rail-mobile missile. Certainly in the context of any discussion of national self-preservation the Midgetman merits more thoughtful consideration ... and Congress is where that should be done.

As Montanans, we have a proud record of support for the national defense - both in foreign wars and in our own backyard. We see no reason to change that. We are proud of the community relationship we share with our neighbors and friends in blue on Malmstrom Air Force Base - a relationship that has become well known throughout the Air Force for its warmth.

It is the ultimate scare tactic to suggest that Midgetman would make Montana even more of a nuclear target than we are with the existing Minuteman system. The inference is of course that Montanans would suffer in a nuclear exchange while those wiser citizens of neighboring states watched in comparative safety. The thought is ridiculous and we believe the only solution is to prevent nuclear war - not to endure it! And therein lies the dilemma. We too favor negotiation toward a world free of nuclear weapons for our children and grandchildren. But we also believe such negotiations should proceed from a position of strength, for history shows little respect

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 1 3
DATE 3-4-87
BILL NO. 4.2.27

for those who would remain complacent while their enemies prepare for war.

Let us all agree with the statement released by Governor Schwinden:

"If Congress decides that the future security of the U.S. requires funding and placement of the Midgetman, and Montana is chosen as the optimal site, the Department of Defense will have full cooperation of my office and our administration". The Montana Legislature should adopt the same position. We urge you to defeat this bill and give your backing instead to a more responsible resolution being proposed by Sen Gene Thayer and Rep John Phillips.

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. _____
DATE 3-4-87
BILL NO. A. 2-27

STANDING COMMITTEE REPORT

MARCH 4, 1987

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE JOINT RESOLUTION No. 27

THIRD reading copy (BLUE)
color

PHILLIPS (THAYER)

JOINT RESOLUTION EXPRESSING SUPPORT FOR SITING MIDGETMAN
MISSILES IN MONTANA

Respectfully report as follows: That HOUSE JOINT RESOLUTION No. 27

BE CONCURRED IN

DO PASS

DO NOT PASS


SENATOR KOLSTAD,

Chairman.

STANDING COMMITTEE REPORT

MARCH 4, 1967

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE BILL No. 206

THIRD reading copy (BLUE)
color

MCCORMICK (BOYLAN)

ALLOW VIDEO DRAW POKER MACHINE TO ACCEPT CASH IN THE FORM OF BILLS

HOUSE BILL

206

Respectfully report as follows: That..... No.....

BE CONCURRED IN

~~DO PASS~~

~~DO NOT PASS~~

Kolstad
SENATOR KOLSTAD,

Chairman.