

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

March 20, 1987

The forty-first meeting of the State Administration Committee was called to order by Chairman Jack Haffey on March 20, 1987 in Room 331 of the State Capitol at 10:05 a.m.

ROLL CALL: All committee members were present.

CONSIDERATION OF HOUSE BILL 708: Representative Richard Nelson, House District 6, Kalispell, was sponsor for this bill entitled, "AN ACT COMBINING LINCOLN'S BIRTHDAY AND WASHINGTON'S BIRTHDAY AS ONE LEGAL HOLIDAY; ESTABLISHING HERITAGE DAY AS A LEGAL HOLIDAY; DESIGNATING AN OFFICIAL DAY OF OBSERVANCE COMMEMORATING MARTIN LUTHER KING JR.; AMENDING SECTION 1-1-216, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE." He noted this bill was a result of four different bills that were introduced in the House Administration Committee and then combined into a committee bill. Rep. Nelson was chairman of that committee. He said it would alter the holidays that a state observes. It would combine Lincoln and Washington's birthdays into one holiday the third Monday of February. The general election day holiday was reinserted and a Heritage Day formed which would be a floating holiday which local governments could use at their discretion for a specific purpose such as for a fair or a special celebration that is unique to their own area. As for the state the Governor would be responsible to designate the day to be observed. Martin Luther King Day would not be a holiday but a day of observance only. He noted that the university observes the holidays according to their schedules and they would not be affected by this legislation.

PROPONENTS: Representative Harry Fritz, House District 56, Missoula, noted he was sponsor for the bill that would have made Martin Luther King's birthday a legal holiday. He stated he was satisfied with the compromise that had been reached in the House. He felt that holidays are important for school children especially to note. He had opposed combining Lincoln and Washington's birthdays together last session because they called it President's day and this compromise calls it Lincoln and Washington's birthdays instead. He felt it was the first time that a day had been designated as a day of observance and the first time a floating holiday had been suggested. He felt the bill was interesting and worthy of consideration.

Gordon Morris, representing the Montana Association of Counties, distributed a handout itemizing the cost of a state holiday from the standpoint of productivity. He said they had supported such a proposal last session and wished to do so again. (EXHIBIT 1)

Tom Schneider, representing the Montana Public Employee's Association felt combining Washington's and Lincoln's birthdays was a very good suggestion. He liked the idea of a floating holiday also

Senate State Administration

March 20, 1987

Page Two

especially with the Centennial celebrations that are coming in the state in 1989. He felt the Martin Luther King Day should be a day of observance rather than a state holiday. He noted there have not been any new holidays added since 1927.

Terry Mimow, representing the Montana Federation of Teachers and the Montana Federation of State Employees stated they supported this compromise bill.

Wilbur Rehmann, representing the Montana Nurses' Association, also supported the compromise bill. He felt it was important to keep the general election day as a holiday to encourage voting at the polls.

Eleanor Wend, with the Peace Legislative Coalition, noted they had originally supported an official holiday designation for Martin Luther King and were in support of this compromise.

OPPONENTS: There were none.

QUESTIONS ON HOUSE BILL 708: Senator Harding asked Rep. Fritz about the sealed records of Martin Luther King and he noted that for every racist letter he had received he had received hundreds of letters in support of an observance. Senator Vaughn wondered if Heritage Day could be a different day each year and was told it would up to the local governments to decide.

In CLOSING, Rep. Nelson noted there were eleven states that have an official Martin Luther King holiday and eleven that have a day of observance. The hearing was CLOSED on House Bill 708.

EXECUTIVE ACTION ON HOUSE BILL 708: Senator Lynch MOVED THAT HOUSE BILL 708 BE CONCURRED IN. Senator Hofman seconded the motion. The motion carried unanimously. Senator Kolstad will carry the bill on the Senate floor.

EXECUTIVE ACTION ON HOUSE BILL 300: Eddy McClure stated that the opposing parties had tried to reach an agreement and could not except for the coordinating amendment suggested by the Department of Revenue. David Senn, from the Teacher's Retirement Board, stated the amendment he was proposing would provide actuarial costs to fund the unfunded liability and the balance would go to the Board of Regents. It would also allow the university to fund the current liability over a period of forty years. David Evanson, who works with the Board of Regents, noted they had tried to reach a compromise but came to the conclusion that their amendment would not be acceptable as it would not make TIAA-CREF competitive if their rate was dropped below 10%. He noted that 75% of those who have the TIAA-CREF option contribute at a rate of 10% or more. He stated that Alton Hendriksen felt the amount that might have to be paid might actually be closer to

\$200,000 than \$600,000 after the actuary study is completed. Mr. Evanson felt there was no room for any more concessions. Senator Lynch MOVED THAT THE COORDINATING AMENDMENT LANGUAGE SUGGESTED by Dan Bucks from the Department of Revenue be adopted. Senator Harding seconded the motion. The motion passed unanimously.

Senator Lynch stated he could not support the bill as it is currently written but could if it were amended. He felt it was ridiculous to start a new retirement system when the obligations of the TRS had not been met. Senator Haffey felt he could support the bill with or without the amendments. Senator Farrell asked David Senn how this would affect TRS. He said presently the bill does not state how the additional unfunded liability would be paid. It would hurt TRS by their having reduced funding for the next four years. Senator Farrell then MOVED THAT HOUSE BILL 300 BE CONCURRED IN. Senator Hirsch seconded the motion. Senator Lynch felt it would be foolish to pass the bill because he felt others might come in who want to do this same type of thing to other pension plans. He felt it was bad business practice not to know where the money would be coming from. Senator Hirsch felt the Board of Regents was responsible but they just did not know yet what the actual figure would be. Senator Harding also felt it was bad business practice and did not want to harm the TRS plan. Senator Farrell noted the university needs to do something more to be able to entice new faculty and felt it might be very beneficial. Senator Rasmussen agreed that the university needs some help in their recruiting efforts and felt it was not that large an amount to be so concerned about. He felt the bill should be passed as written. Senator Haffey also agreed it would not harm the system that much. Senator Lynch still felt there would not be a great number of teachers added to TRS in the state and felt the system should be kept sound. On a roll call vote of Senator Farrell's MOTION THAT HOUSE BILL 300 BE CONCURRED IN AS AMENDED, the motion carried 7-3 with Senators Harding, Vaughn and Lynch voting "no."

EXECUTIVE SESSION ON HOUSE BILL 796: Mr. John Alke had proposed an amendment for grandfathering in those who have the machines currently. Senator Haffey spoke in favor of the amendment. He felt without the amendment you would see more casinos being built. He thought the people who had opened the establishments had done so legally and in accordance with our laws. He noted they do not have a "lock" on the market however as others can put in more machines if they desire to. Senator Farrell MOVED TO ADOPT THE AMENDMENT TO GRANDFATHER. Senator Lynch then MADE A SUBSTITUTE MOTION THAT THIS AMENDMENT TO GRANDFATHER NOT BE ADOPTED. He felt you would be creating a monopoly for those that were already in existence. Senator Harding felt it would create a hardship for those who are in other businesses and was opposed. Senator Ras-

mussen wondered if there would be a time period in order for the casinos to phase out their machines and Senator Lynch felt this was only fair. He felt the local governments should be able to have control over the numbers of machines. Senator Farrell asked if Senator Lynch felt the loans could be paid off by selling the machines. Senator Farrell noted the businessmen had taken out loans based on the numbers of machines they would install and the expected income. Senator Hofman felt someone had found a loophole in the law and ran with it. Senator Abrams felt Senator Lynch was saying "what is legal yesterday is not legal today." Senator Harding expressed concern for others who have borrowed money also to keep their businesses going and felt we might be subsidizing a few which was not fair either. Senator Hirsch felt the amendments might make a bad bill a little better and said the committee should adopt the amendment or kill the bill. On a vote of Senator Lynch's motion THAT THE AMENDMENT NOT BE ADOPTED four voted "yes" and six voted "no." The motion failed.

Senator Lynch stated you are not grandfathering the machines but the numbers only and are really just guaranteeing a certain number of machines forever with the amendment. On a vote of Senator Farrell's motion TO ADOPT THE GRANDFATHERING AMENDMENT there were four in favor and six in opposition. The motion failed.

Senator Haffey then suggested discussing an effective date to allow those who have invested legally some time to phase out the machines. Senator Rasmussen MOVED THE EFFECTIVE DATE BE JULY 1, 1988. Senator Lynch seconded the motion. He felt this was only fair. Senator Rasmussen felt the effective date should be upon passage and approval except for the removal of the machines. The motion passed unanimously.

The committee than discussed language regarding house. Senator Lynch MOVED TO STRIKE BUT THE HOURS CANNOT EXCEED THE HOURS PROVIDED IN 16-3-304 from the language. Senator Farrell seconded the motion. He noted this would have no effect on the hours and statutory limitations of the bars. Senator Lynch then WITHDREW HIS MOTION. Senator Farrell had seconded the motion and stated he wished to keep the original motion to strike the language regarding hours. He felt this might require an establishment to remodel to close off a portion of their business where the machines are and felt it might be creating a problem. Senator Lynch felt you could just shut off the machines and noted in convenience stores, etc. they can remain open from 2 till 8 a.m. but cannot sell liquor. Senator Rasmussen felt we should remain consistent. Senator Vaughn wanted clarification that the casino places could still operate 24 hours if this language was removed and was told this was correct. Senator Anderson noted the restaurants had raised

Senate State Administration
March 20, 1987
Page Five

objections to the 24 hours operations because it made it hard for them to compete. On a vote of Senator Farrell's motion TO DELETE THE LANGUAGE REGARDING HOURS the motion failed with four voting "yes" and six voting "no."

Senator Hofman MOVED THAT AS AMENDED THE BILL BE CONCURRED IN. Senator Lynch seconded the motion. The motion carried with Senators Hirsch and Farrell voting "no."

The meeting was adjourned at 11:25 a.m.

cd



SENATOR JACK HAFFEY, Chairman

ROLL CALL

SENATE STATE ADMINISTRATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3-20-87

| NAME | PRESENT | ABSENT | EXCUSED |
|-------------------------|---------|--------|---------|
| SENATOR JACK HAFFEY | X | | |
| SENATOR WILLIAM FARRELL | X | | |
| SENATOR LES HIRSCH | X | | |
| SENATOR JOHN ANDERSON | X | | |
| SENATOR J. D. LYNCH | X | | |
| SENATOR ETHEL HARDING | X | | |
| SENATOR ELEANOR VAUGHN | X | | |
| SENATOR SAM HOFMAN | X | | |
| SENATOR HUBERT ABRAMS | X | | |
| SENATOR TOM RASMUSSEN | X | | |
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Each day attach to minutes.

COMMITTEE ON SENATE STATE ADMINISTRATION

VISITORS' REGISTER

| NAME | REPRESENTING | BILL # | Check One | |
|--------------------|---|--------|-----------|--------|
| | | | Support | Oppose |
| Mr. Schneider | MPEA | HB 708 | X | |
| Tim BERGSTROM | MT STATE FIREMENS ASSOC | HB 708 | X | |
| Rep R. M. Nelson | H. D. #1 | 708 | X | |
| Edward L. Flies | MT State Council of Professional Firefighters | #708 | X | |
| Eleanor Wend | Peace Leg. Coalition | #708 | X | |
| Gordon Prosser | MA Co. | 708 | X | |
| Wilbur Kehmman | MNA | 708 | X | |
| A. R. (Tom) Magner | MALD | 708 | X | |
| Jenny Marow | MFT | 708 | X | |
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MONTANA ASSOCIATION OF COUNTIES

1802 11th Avenue
Helena, Montana 59601
(406) 442-5209

SENATE STATE ADMIN.

DEBIT NO. 1

DATE 3-20-87

BILL NO. HB 708

PRESIDENTS DAY/HOLIDAY LEGISLATION

50TH LEGISLATURE

If employees normally are not expected to work on a holiday the costs can be calculated in lost productivity based on the number of employees times the wage rate times the number of hours.

The level of service and productivity is reduced but the annual dollar cost has not been decreased.

However, if employees are normally expected to work on a holiday, i.e. firemen, sheriffs, deputies, other emergency staff, etc, the cost of one holiday per employee amounts to an increase of approximately one fifth of the average weekly salary.

| | | |
|----------------------------|--------------|----------|
| # of State Employee FTE's | 14,654 | (1-6-87) |
| Approx. # of Co. Employees | <u>6,000</u> | |
| | 20,654 | |

o Costs using average wage of:

| Av. Wage | \$6.00 | \$7.00 | \$8.00 | \$9.46 ¹ |
|--------------------|---------------|---------------|---------------|---------------------|
| x employees | <u>20,654</u> | <u>20,654</u> | <u>20,654</u> | <u>20,654</u> |
| | \$123,924 | \$144,578 | \$165,232 | \$195,386.84 |
| x 8 hours | <u>8</u> | <u>8</u> | <u>8</u> | <u>8</u> |
| TOTAL ² | \$991,392 | \$1,156,624 | \$1,321,856 | \$1,563,094.72 |

o Factor for "overtime" associated with necessary services

- Assume 1 out of 10 employees required to work a holiday

- Additional cost estimated at:

| Overtime Wage | \$6.00 | \$7.00 | \$8.00 | \$9.46 ¹ |
|--------------------|------------------|--------------------|--------------------|-----------------------|
| x employees | <u>2,065</u> | <u>2,065</u> | <u>2,065</u> | <u>2,065</u> |
| | \$ 12,390 | \$ 14,455 | 16,520 | \$ 19,534.50 |
| + above totals | <u>\$991,392</u> | <u>\$1,156,624</u> | <u>\$1,321,856</u> | <u>\$1,563,094.72</u> |
| Total ¹ | \$1,003,782 | \$1,171,079 | \$1,338,376 | \$1,582,629.22 |

¹ State Average Wage

² Does not include Fringe Benefit Calculations

STANDING COMMITTEE REPORT

MARCH 20

19 87

MR. PRESIDENT

We, your committee on **SENATE STATE ADMINISTRATION**

having had under consideration **HOUSE BILL** No. **708**

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color

GENERALLY REVISING PROVISIONS CONCERNING LEGAL HOLIDAYS
Nelson (Kolstad)

HOUSE BILL **708**

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

BE CONCURRED IN

~~XXXX~~
DO PASS

~~XXXXXXXXXX~~
DO NOT PASS

.....
SENATOR JACK HAFPEY

Chairman.

STANDING COMMITTEE REPORT

MARCH 20 19 87

MR. PRESIDENT

SENATE STATE ADMINISTRATION

We, your committee on

having had under consideration..... HOUSE BILL No. 300

third reading copy (blue)
color

AUTHORIZE OPTIONAL RETIREMENT PROGRAM FOR CERTAIN U. SYSTEM FACULTY & STAFF
Loxy (Haffey)

HOUSE BILL 300

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

be amended as follows:

1. Page 15, line 20.

Insert: **"NEW SECTION. Section 14. Coordination instruction. If any act of this legislature is passed and approved which asends 15-30-111 providing for the taxation of all or a portion of previously exempt retirement benefits, sections 8 and 10 of this act providing an exemption for retirement benefits of certain university system employees are void."**

Renumber: following section

AND AS AMENDED
BE CONCURRED IN

~~XXXXXX~~
~~DO NOT PASS~~

~~XXXXXXXXXX~~
~~DO NOT PASS~~

.....
SENATOR JACK HAFFEY

Chairman.

ROLL CALL VOTE

STATE ADMINISTRATION

SENATE COMMITTEE _____

Date March 20, 1987 HOUSE BILL Bill No. 300 Time _____

| NAME | YES | NO |
|-------------------------|-----|----|
| SENATOR JACK HAFLEY | X | |
| SENATOR WILLIAM FARRELL | X | |
| SENATOR LES HIRSCH | X | |
| SENATOR JOHN ANDERSON | X | |
| SENATOR ETHEL HARDING | | X |
| SENATOR ELEANOR VAUGHN | | X |
| SENATOR SAM HOFMAN | X | |
| SENATOR HUBERT ABRAMS | X | |
| SENATOR TOM RASMUSSEN | X | |
| SENATOR J. D. LYNCH | | X |
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Carol Duval

Secretary

Senator Jack Haffey

Chairman

Motion: MOTION BY SENATOR FARRELL THAT HOUSE BILL 300 BE CONCURRED
IN AS AMENDED. Motion carried 7-3.

ROLL CALL VOTE

STATE ADMINISTRATION

SENATE COMMITTEE _____

Date March 20, 1987 HOUSE BILL Bill No. 796 Time _____

| NAME | YES | NO |
|-------------------------|-----|----|
| SENATOR JACK HAFHEY | | X |
| SENATOR WILLIAM FARRELL | | X |
| SENATOR LES HIRSCH | | X |
| SENATOR JOHN ANDERSON | | X |
| SENATOR ETHEL HARDING | X | |
| SENATOR ELEANOR VAUGHN | | X |
| SENATOR SAM HOFMAN | X | |
| SENATOR HUBERT ABRAMS | | X |
| SENATOR TOM RASMUSSEN | X | |
| SENATOR J. D. LYNCH | X | |
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Carol Duval
Secretary

Senator Jack Haffey
Chairman

Motion: SENATOR LYNCH'S MOTION NOT ADOPT THE GRANDFATHERING
AMENDMENT. Motion failed 6-4.

ROLL CALL VOTE

STATE ADMINISTRATION

SENATE COMMITTEE _____

Date March 20, 1987 HOUSE Bill No. 796 Time _____

| NAME | YES | NO |
|-------------------------|-----|----|
| SENATOR JACK HAFHEY | X | |
| SENATOR WILLIAM FARRELL | X | |
| SENATOR LES HIRSCH | X | |
| SENATOR JOHN ANDERSON | | X |
| SENATOR ETHEL HARDING | | X |
| SENATOR ELEANOR VAUGHN | | X |
| SENATOR SAM HOFMAN | | X |
| SENATOR HUBERT ABRAMS | X | |
| SENATOR TOM RASMUSSEN | | X |
| SENATOR J. D. LYNCH | | X |
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Carol Duval
Secretary

Senator Jack Haffey
Chairman

Motion: MOTION BY SENATOR FARRELL TO ADOPT THE GRANDFATHERING
AMENDMENT. Motion failed 4-6.

ROLL CALL VOTE

STATE ADMINISTRATION

SENATE COMMITTEE

Date March 20, 1987 HOUSE Bill No. 796 Time _____

| NAME | YES | NO |
|-------------------------|-----|----|
| SENATOR JACK HAFHEY | X | |
| SENATOR WILLIAM FARRELL | X | |
| SENATOR LES HIRSCH | X | |
| SENATOR JOHN ANDERSON | X | |
| SENATOR ETHEL HARDING | | X |
| SENATOR ELEANOR VAUGHN | | X |
| SENATOR SAM HOFMAN | | X |
| SENATOR HUBERT ABRAMS | | X |
| SENATOR TOM RASMUSSEN | | X |
| SENATOR J. D. LYNCH | | X |
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Carol Duval

Secretary

Senator Jack Haffey

Chairman

Motion: MOTION BY SENATOR FARRELL TO STRIKE "BUT THE HOUSE CANNOT EXCEED THE HOURS PROVIDED IN 16-3-304" FROM THE LANGUAGE OF THE BILL.

Motion failed 4-6.

STANDING COMMITTEE REPORT

MARCE 20 19 87

MR. PRESIDENT

SENATE STATE ADMINISTRATION

We, your committee on

having had under consideration..... HOUSE BILL No. 796

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color

**LIMITING HOURS OF PLAY AND NUMBERS OF BINGO MACHINES; CAPPING
LICENSE FEES Driscoll (Lynch)**

HOUSE BILL 796

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

be amended as follows:

1. Page 4, line 15.
Strike: "This"
Insert: "(1) Except as provided in subsection (2), this"
Following: line 16
Insert: "(2) Section 23-5-414(3) is effective July 1, 1988."

AND AS AMENDED
BE CONCURRED IN

~~XXXX~~
DO PASS

XXXXXXXXXX
DO NOT PASS

.....
SENATOR JACK HAFLEY

Chairman.