

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

March 23, 1987

The forty-second meeting of the State Administration Committee was called to order by Chairman Jack Haffey on March 23, 1987 at 10:07 a.m. in Room 413/415 of the State Capitol.

ROLL CALL: All committee members were present.

The hearing was opened on House Bill 623.

CONSIDERATION OF HOUSE BILL 623: Representative Dan Harrington, House District 68, Butte, was chief sponsor of this bill entitled, "AN ACT GENERALLY REVISING THE LAW GOVERNING STATE LIQUOR STORES; PREVENTING THE CLOSURE, CONVERSION, OR SALE OF LIQUOR STORES OPERATED BY THE DEPARTMENT OF REVENUE UNLESS A STORE IS NOT OPERATING AT A PROFIT OR SUCH CLOSURE HAS BEEN APPROVED BY THE LEGISLATURE; REQUIRING SUFFICIENT WAREHOUSE INVENTORY TO SERVICE LIQUOR STORES; AMENDING SECTION 16-2-101, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE." He stated the Legislature has made it very clear that they do not want to change the distribution of liquor in the State of Montana from state liquor stores to agency stores. He noted there were three bills introduced this session, two of which would have changed the format of distribution. This bill would maintain the present system of distribution.

He then gave a background of how this bill came about. He noted that in January of 1968 the Department of Revenue started moving in the direction of closing state liquor stores across the state. The Revenue Oversight Committee had asked the Department of Revenue to delay action till the Legislature could look at this more closely but the Department chose instead to move in the direction of closing the stores. Then legislation was passed in a special session to prevent the closures. The Department then stated they were going to begin offering up for bid the stores they were closing. He said this bill would state that a liquor store must maintain a 10% profit margin in order to remain open and would mandate the Department to maintain a 97% level of merchandise. It would also mandate that the agency stores maintain at least 10% profit on all merchandise they sold. He said an amendment had been added in the House that would allow no agency stores to be located in or adjacent to grocery stores in communities where the population was over 3000. This would be applicable after passage of the bill and would not apply to those agency stores already in existence. He felt the direction the Department was moving was to move the liquor stores into the proximity of grocery stores and felt eventually might lead to liquor being sold in the grocery stores themselves.

In 1933 the law clearly defined that the state would have control.

There was also a letter in 1937 which stated it was the policy of the state to control the sale of liquor and distribution and eliminate illegal traffic of liquor for the protection, health, welfare and the safety of the people of the state. He noted these reminders expressing the feelings of the Legislature were sent to the present director, John LaFaver to request that the Department stay within these guidelines. He stated he felt they were moving in the opposite direction presently. He felt it was a very good bill and urged consideration.

PROPOSERS: Senator J. D. Lynch, Senate District 34, Butte, was the second signer of the bill. He stated it was unfortunate that this type of bill had to keep being brought before the Legislature. He expected the Department of Revenue to follow the directions of the Legislature. He felt this was a fair bill. He noted on the stores being let out for bid they are accepting bids for less than 10% profit and he thought they might end up going out of business. He did not think the Department wanted this to happen. He felt the bill expresses the original intent of the Legislature to maintain control of alcohol in the state. He felt if there are profits being made they should not be shutting down the stores and making them into agency stores.

Representative Bob Pavlovich, House District 70, Butte, noted he was the sponsor of one of the liquor bills defeated earlier in the session and that the intent of his bill was to get the message to the Department that the legislature did not want liquor sold in grocery stores or near the stores. He noted some of the bids for the agency stores are going for less than 10% profit and if this trend continues there will soon be no profit made at all. He felt it was moving in the direction of eventually selling in the grocery stores. If this is the case, he felt the state should be out of the business entirely. As long as the stores are profitable he thought they should be allowed to remain open. He said the people are happy with the system the way it is presently and felt it should remain the same.

Claudia Clifford, speaking on behalf of the United Food and Commercial Workers' International Union, stated the question is why is it necessary to dismantle a system that has served Montanans for 54 years that assures that liquor is sold responsibly. She opposed the Liquor Recovery Plan to convert state stores into agency outlets. She noted the plan has not recovered slipping revenues and it is being projected that sales will continue to decline. She noted that in the smaller communities the agency stores work very well but in larger volume stores in bigger towns it is not the same situation. She felt grocery stores might be inclined to bid low because it is only supplementary income to them. Having more agency stores would eliminate 150 state jobs and she felt it just did not make sense to convert profitable stores into agency outlets.

She said this bill attempts to provide a more reasonable guideline for conversion and management of the state retail liquor system and encouraged the committee to concur in the bill.
(EXHIBIT 1)

Bob Durkee, representing the Montana Tavern Association, noted many of their members have package stores along with their taverns. His people own the inventory and the state stores are merely consignees of the state. He said the state establishes the retail price that an agency cannot go below. The package stores must add 10-15% markup to make a profit. He felt if the supermarkets eventually get control of the sale of liquor that there will be a flood of markets wanting to sell liquor. The Tavern Association supports the bill because it might provide some constraints against the department while the legislature is not in session. Currently they only have two alternatives and that is to demand a public hearing or wait until the legislature is in session he said.

Ray Trudell, a representative of UFCW from Northern Montana, urged passage of HB 623 because there is a need to maintain 97% level of merchandise in the stores. He noted the levels got down to as low as 50% during the summer which was not acceptable.

Bob Heiser, UFCW representative from UFCW in Billings, urged support for the bill for the sake of the employees of the state liquor stores. He noted their jobs have been on the line session after session and this way they would know if their store was not making a 10% profit they might be out of a job.

Robin Thompson, a Helena store manager, spoke on behalf of herself and the people of Helena. She said the state has been controlled for more than 50 years and now we have an administrator who wants to take this system and turn it over to the private sector. She noted the specifications lined out in the bid process prevented her from even submitting a bid. Her store had gone for a 7.4% profit margin contracted for a period of five years. She thought that eventually the grocery stores would slit the throats of the tavern owners who sell packaged liquor. She felt the consumer was comfortable with the state operated stores and if they wanted a change they would be demanding it.

Don Judge, representing the Montana AFL-CIO, noted these are unstable times and there is not a compelling reason to be closing down the state liquor system but there is a compelling reason to stay in business because the state has a responsibility to do so in order to control and regulate the industry. He was also concerned about the 150 workers whose livelihoods depend on this legislation.

Joel Dunbar, a liquor state employee, stated the system has worked

well in the past and is doing so today and will continue to do so in the future. He felt the bill would benefit the economy of the state.

OPPONENTS: Mr. John LaFaver, Director of the Department of Revenue, spoke on behalf of the administration in opposition to HB 623. He noted the concern over jobs and the changing economy is legitimate but it ignores the reality they have had to face in developing public policy. The sales of liquor are about half what they once were and the attitude towards liquor consumption has changed. They have recognized this and shifted towards turning the state stores over to private agencies. There were once 140 outlets and today there are only 40 state stores he said. The Department has discovered that private agencies maintain the same type of state control and provide adequate and improved services to the customer while providing more revenue to the state at less expense. He stated they were not acting in defiance or contrary to legislative intent and have followed the orders of the special session. As the leases expire they are being turned over to agency stores. He felt this bill would kill the recovery plan and result in lower revenues to the state. He noted this bill would not allow an agency store to be adjacent to a grocery store and felt this was not logical. He felt this would also take away the competitive bid process by stating they have to be at least 10%. He said they have received responsible bids for as low as 6.8%. He did not feel that liquor would be sold in supermarkets and if this was a concern had no objections to amending the bill to prohibit the placing of liquor stores in supermarkets. He noted that this bill goes far beyond this and states that all state stores will continue to remain open whether or not they could be operated more efficiently as a private agency. He felt the present recovery plan needed to remain in place, that it was working and it would mean higher revenues to the state and assure that the stores are run in a more businesslike way.

Gary Blewett, Administrator of the Liquor Division of the Department of Revenue, stated he felt what evolved this session was the same as what happened in the Revenue Oversight Committee last spring. They found that the state could not afford to wipe out its local retail/warehouse operations without losing substantial revenue. There were ailing revenues and net profits and the expenses were eating into the returns so they decided to go with a 100% conversion of commissioned agencies as the best way to stabilize the expense to sales ratio and still maintain a reasonable profit level. This plan converts all outlets to agencies. They predict that eventually this will result in a return to profit to sales ratios that existed in 1980. The plan is being implemented through a bidding process. He noted the bid specifications do not allow an agency to be located in a grocery store in the larger communities unless they are separated by a wall and there is a separate entrance. A bidder must demonstrate that he or she is a responsible bidder and is willing to perform the services required and they must also furnish a cash flow projection. He had

a chart included in his written testimony showing the profit and expense trends of sales in the years 1980-1986. (EXHIBIT 2)

QUESTIONS ON HOUSE BILL 623: Senator Harding asked Mr. LaFaver what other states are doing with their liquor sales presently. He stated a majority of the states run private stores. The State of Oregon has a system similar to Montana he said. There are 18 states that are involved in some way with the retailing of liquor. Senator Lynch asked if there was a minimum profit that even agency stores could operate under prior to the recovery plan. Mr. LaFaver did not know if there was a policy but felt most were 10%. Senator Lynch wondered what would happen if two people submitted an identical bid who would get the bid. Mr. LaFaver noted there are specifics that are in the bid process but it would be rare there would be two bids alike. These would preclude everything except for the best location from a business standpoint. The director would be the one who would make the final determination he said. Senator Lynch asked Mr. Blewett if he was comfortable with the fact that a wall separating a liquor store from a grocery store was sufficient. Mr. Blewett stated he was because you have to enter through a separate entry and are not purchasing groceries at the same time you are buying liquor. Senator Lynch noted that both Mr. Blewett and Mr. LaFaver's testimony was based on the business part of sales and not on control. He asked if the state has a responsibility on control. Mr. Blewett stated he believed the state does have control because there are a limited number of outlets and the state is making the decision as to who can become an outlet and can determine who is abiding by the conditions of a contract. Senator Lynch was still concerned about who might get a bid if there were two identical bids. Mr. Blewett stated in the bid specifications it says they would be based on the best location and the department would determine this. If they were next door to one another it would just have to be worked out he said.

Senator Farrell asked about the state operating costs for licensing and legal enforcement. Rep. Harrington noted it was discovered that the costs for policing were being charged back to the liquor stores and he felt this was not justified. Senator Farrell asked when this practice began and Rep. Harrington was unsure how long this had been done. Senator Hirsch asked Rep. Harrington if he would accept an amendment to disallow the liquor stores to be placed in grocery stores. He said he thought there was no way this could fit into the bill as it would not settle all the concerns that were being addressed in the bill. Robin Thompson noted that in the new store on Montana Avenue located in Thriftway supermarket there is only a divider and you can see inside the liquor store even though you have to enter a separate entry.

Senator Harding asked Mr. LaFaver if state control is through the contracts and he said yes and that they also own the liquor inventory until it is sold. Senator Vaughn wondered what would happen if a store went broke. Mr. LaFaver noted it does occur from time to time and these are then put out for bid and usually someone from the same town will take the store over. Senator Hofman asked what "income from other sources" meant. Mr. Blewett stated this recognizes that some bidders are going to bid on the assumption that there will be a combined income and that they will not make a livelihood from the store itself without some other means of support. Senator Hofman felt this was really just putting the "Ma and Pa" operations out of business. He felt the Department was trying to increase the profits at the expense of the little stores. The stores would be forced to close and be transferred to someone who was willing to put the liquor store business in as a sideline. They would not have the same fixed costs that the small stores would have. Mr. Blewett stated he did not think it would necessarily put the smaller stores out of business and noted that many of the agency stores are small operations now side by side with another retail business. He did agree that the larger an operation becomes the more difficult it becomes for the smaller operator to exist.

Senator Hirsch asked about the maintenance of 97% inventory and why there were problems last summer. Mr. Blewett stated they have been maintaining a 97% level for the past several months. The reductions occurred at the back end of a reduction of inventory he said and was just temporary.

Senator Haffey noted the testimony had brought out a fatal flaw in the state policy regarding liquor stores which was to market liquor like one would market drygoods by making locational decisions, and that a responsible bidder would be one who could get more income from proceeds other than from liquor sales. He felt the state should not be marketing liquor as you would other merchandise but just make the liquor available under a state-controlled approach. He felt Rep. Harrington's proposal would put the smaller stores on a more level playing field. Mr. LaFaver noted if this bill were just a prohibition of liquor in or adjacent to a grocery store the Department would have no objections. He did not think there was a change in the policy of marketing liquor but instead reflects the fact there has been a movement towards placement of stores in more convenient locations. He noted many of the smaller stores could not remain in operation unless they were combined with another retail operation. He felt the provisions in the bill would enhance the likelihood of more small stores and did not feel they would ever sell in a supermarket.

Rep. Harrington began his CLOSING remarks. He said he did not believe that without the 10% profit margin that the small operations could remain in business. He said Mr. LaFaver had stated on

January 10, 1986 the Department would go towards more agency stores but were not prepared to recommend this because they would have to offer a sliding scale of commission. He said he also made a statement that the State of Oregon has a similar system and they had advised Montana not to move towards agency stores because of the hassles and court battles that might result. Rep. Harrington felt this was the direction that the state was moving in however. He said Mr. LaFaver had stated that the Recovery Plan was debated very carefully in the special session in June but he maintained that the Revenue Oversight Committee was the only debate they had had on this issue. He believed liquor sales were also down because of our strict DUI laws and due to wine sales in the grocery stores. He felt this bill was necessary in order to keep control of liquor sales in the state. He said the existing system will have disappeared in the next two years if this bill does not pass. He felt it is necessary to continue offering a fair profit margin of at least 10%. The Department had failed in every way to consider the employees and their families he felt. The hearing was CLOSED on House Bill 623.

EXECUTIVE ACTION ON HOUSE BILL 623: Senator Hirsch felt more study should be done on an amendment that would prohibit placing an agency store in a grocery store. John LaFaver said he was agreeable to this but that the bill went beyond just this concern which the Department could not agree with. Senator Farrell wanted to know who would pay the costs that were being charged to the liquor stores presently from the Department. Senator Haffey said these were overhead expenses and this bill would just prohibit the Department from charging these to the stores unless they were allocated out in a formula that the costs was applicable to the liquor stores. Mr. LaFaver noted these costs result from the way investigations are conducted and are appropriated by the legislature. He felt by law you would have to appropriate general fund to support them. Rep. Harrington felt it was not fair to the stores to have these costs charged against them.

Senator Lynch MOVED THAT HOUSE BILL 623 BE CONCURRED IN. Senator Hofman seconded the motion. On a roll call vote there were six who voted "yes" and four who voted "no." The motion carried.

The hearing was opened on House Bill 459.

CONSIDERATION OF HOUSE BILL 459: This bill was sponsored by Representative Nancy Keenan, House District 66, Anaconda and was an act entitled, "AN ACT CHANGING THE DATE OF THE MONTANA PRESIDENTIAL PRIMARY AND SCHOOL ELECTIONS; AMENDING SECTIONS 13-1-104, 13-1-302, 13-10-401, THROUGH 13-10-403, AND 20-20-105, MCA; AND PROVIDING A CONTINGENT EFFECTIVE DATE." It was being requested by the Governor and the Secretary of State. The bill would permit a northwest regional primary. She noted there were some problems with implementation of the legislation from the Clerk and Recorders

and they would be offering amendments. The bill would set aside the fourth Tuesday of March as a common date for holding presidential primary elections. The primary would coincide with regular school elections and move the school elections from the first Tuesday of April to the fourth Tuesday of March. It would be effective if at least two of the other three surrounding states were also successful in establishing this same date. She noted she had no difficulties with the amendments being proposed by the Clerk and Recorder's or the Democratic party amendments.

PROPOSERS: Michael Pichette, from the Governor's office, stated the Governor supports this legislation. He noted the governors of the surrounding states had gotten together and decided to propose the idea of a presidential primary as an attempt to attract interest from both parties to our region and to establish more voice for our region in the political arena.

Larry Akey, Chief Deputy to Secretary of State Jim Waltermire, stated they also supported the bill. He noted there is a contingent effective date if there is approval from two of the other three surrounding states. He noted the Washington proposal was not dead and submitted a letter from their Secretary of State urging Montana not to give up the effort. (EXHIBIT 3) He also addressed the proposed amendments. He noted they had worked with election administrators and school business managers to make the mechanics of running the election more workable. He noted they were in support of the Clerk and Recorder's amendments. There was a technical concern about filing deadlines he said. The Democratic party was also concerned with declaring party affiliation prior to voting which he said received much debate before and he felt this should not be addressed in this bill and urged resisting this amendment. He felt it was a good concept and felt it was important to move forward with Montana's legislation to provide encouragement to our sister states. The primary would be a major test for political candidates west of the Mississippi.

Don Judge, with Montana AFL-CIO, stated they were in support of this concept as it would generate more interest in our election activities.

Gail Stoltz, Executive Director of the Democratic party, distributed a copy of amendments the party was offering. She noted that party rules dictate they need to know who is participating in the primary and with our present system it is not determined which party a person belongs to. They would like a box placed alongside the name of the precinct registrar to indicate party preference and this would only apply to the presidential primary. The other amendment she was proposing addressed a concern that currently

presidential petitions have to be in 30 days before the filing deadline and if the deadline was moved up it would make this in December and our laws state you cannot do this until after the first of January. The party supports the idea of a regional primary because of the national attention it might attract. (EXHIBIT 4)

Greg Jackson, representing the Montana Clerk and Recorder's Association, referred the committee to a memo he had written to committee members stating their position on HB 459. (EXHIBIT 5) The way the bill is written currently the election would be run under Title 20 school election laws he noted. The logistics of running two different elections on the same day might present some conflicts he felt. They were also concerned about the costs of such an election. He said the bill should at least provide a mechanism to fund such an election. They had written some amendments to address their concerns. He felt the election should be held along with a regularly scheduled primary and this might involve moving up our regular primary date to another time. A second alternative might be to hold separate elections and reduce the costs by only having the polls open a portion of the day and providing mail ballots. Another alternative might be to include and incorporate this with school elections.

John Campbell, from the Montana Association of School Business Officials, wondered why the school elections would have to be changed all four years. He suggested continuing to have school elections on the first Tuesday of April except for an election year when it could be held the fourth Tuesday of March. (EXHIBIT 6)

Evan Barrett, Democratic National Committeeman, stated he was a proponent of the concept but was skeptical of the timing and the level of participation that might result and of the costs. He wondered why Montana should alter our whole system to coincide with what the other states wished to do. He felt traditionally there is not a great voter turnout for school elections and that it should be held along with a regular primary. This way they would not be incurring additional costs to the counties unnecessarily. He felt the bill should be amended before passage.

OPPONENTS: There were none.

QUESTIONS ON HOUSE BILL 459: Senator Haffey felt the choice was clear and as a challenge we could assert Montana's position on timing. Senator Harding asked Sue Bartlett from the Lewis & Clark Recorder's office about the timing and she stated their first choice was a date in May. Moving our primary date to May would be sort of a compromise Senator Haffey stated. Larry Akey took exception to Mr. Barrett's position and said the proposal to set a date in March was agreed upon by all the states as they felt this would have the most impact politically. A mid May date would kill the bill he stated.

The hearing was CLOSED on House Bill 459.

EXECUTIVE ACTION ON HOUSE BILL 325: Senator Haffey referred the committee to amendments that were being recommended by the subcommittee consisting of Senators Farrell, Rasmussen, Abrams and Lynch to study HB 325. (EXHIBIT 7) Senator Farrell noted the first amendments dealt with indirect costs which are something that is already being done but this was just a clarification that these costs would be accepted. The second page of amendments the committee recommended would add a social worker to the committee to make it five people per region. The third page amendment clarifies that the department can contract with the county board of welfare for administration of child and adult protection services for that county.

Eddye McClure explained the page four amendments which dealt with a concern of where the assessment of costs would be delegated between probation officers or the department. In order to separate these a new section had to be added to alleviate the social worker's concerns. These amendments would also clarify when there would be a court determination that a child would be removed from a home. A wording change was also made to insert the word arrange back into the language. These amendments addressed concerns of the social workers she noted.

The last amendment the subcommittee recommended adopting was to cap the county's expenditures for foster care.

An amendment had been received to include the pay plan for the employees in the Family Services Agency. (EXHIBIT 8)

Senator Farrell then MOVED TO ADOPT ALL THE AMENDMENTS THAT HAD BEEN DISCUSSED AND RECOMMENDED BY THE SUBCOMMITTEE AND THE AMENDMENT ADDRESSING THE PAY PLAN FOR HOUSE BILL 325. Eddye McClure pointed out that the social workers had submitted some amendments but were still not in favor of the proposal. Senator Haffey commended the subcommittee's efforts to try and work out a compromise that would address all the parties who were concerned. Senator Harding asked if MACO was agreeable to the way the bill was written and was told they were still in disagreement. Senator Farrell stated he felt MACO would like to see a pilot program developed first and perhaps further study of the issue. Senator Farrell noted the Appropriations Committee would like to have some direction. Senator Harding asked about Rep. Winslow's reorganization bill and was told there was coordination language to incorporate both bills. On a vote to adopt the amendments the motion passed unanimously.

Senator Farrell then MOVED THAT HOUSE BILL 325 BE CONCURRED IN AS AMENDED. Senator Farrell noted that the social workers were

included as a member of the committees and the costs to the counties were capped at the Fiscal 87 level. He noted there needs to be someone held responsible for youth placement accountability and that he felt this bill was a step forward. He felt our youth need to have services on a reasonable basis.

Senator Hofman noted in his county they are currently paying about 4 mills. With the expenses being capped they would remain at this level he stated. He felt that control was just going from the county to the state. Senator Farrell stated that most of the decisions are being made at the state level anyway. He felt with the social workers on the committees they would have input and be able to develop a plan for their own areas.

Senator Harding was concerned about capping the levels the counties have to pay. She wondered if one might see a doubling of the money that is required to be spent regardless of what the counties are capped at. Senator Farrell did not feel this would necessarily be the case and noted that the Appropriations Committee needs some direction in order to establish a budget and to establish accountability. Gene Huntington noted that foster care costs have been state funded and the concern in appropriations was for the court-ordered foster care.

Senator Hirsch stated he opposed the bill. He felt it was unfortunate that the advisory committee did not come up with something other than another agency to handle some very real problems. He felt the public perceives this as just creating more government and takes control away from the counties. He said he could not support the bill.

Senator Hofman stated he was also bothered about the costs and could envision the state agency stating in the future that some counties were paying more than others and they should all be paying equally. He felt if they did this that the counties that have kept their costs down would be the ones who would be penalized.

On a roll call vote THAT THE BILL BE CONCURRED IN AS AMENDED there was a tie vote 5-5. The bill would be discussed again on Wednesday, March 25 at the next scheduled meeting of the committee.

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

cd


SENATOR JACK HAFFEY, Chairman

ROLL CALL

SENATE STATE ADMINISTRATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3/23/87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACK HAFLEY	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		

Each day attach to minutes.

DATE MARCH 23, 1987

COMMITTEE ON SENATE STATE ADMINISTRATION

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)



SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 3-23-87

FILE NO. HB 623

CHARTERED BY
UNITED FOOD & COMMERCIAL WORKERS INTERNATIONAL UNION
AFL-CIO & CLC

TESTIMONY IN SUPPORT OF HB 623 PRESENTED BY CLAUDIA CLIFFORD TO SENATE
STATE ADMINISTRATION COMMITTEE ON MARCH 23, 1987.

Mr. Chairman, members of the committee, my name is Claudia Clifford and I am here today on behalf of United Food and Commercial Workers. UFCW represents approximately 4,000 workers in Montana, which includes the state liquor store employees.

The question presented to you today by House Bill 623 concerns the necessity of dismantling a system which has served Montanans for 54 years and which provides jobs and decent income for 150 Montanans and their families. The state's liquor store system also provides assurances to the communities of Montana that liquor is sold responsibly.

UFCW strongly opposes the "Liquor Recovery Plan", a plan to convert state liquor stores to agency outlets currently being implemented by the Department of Revenue. The conversion is an unnecessary loss of decent paying jobs. The conversion process is handing the liquor retail business to the grocery stores as has happened here in Helena. And, the recovery plan has not recovered slipping revenues, but rather liquor revenues are projected to decline in the next biennium.

I question whether the legislature really understood that when it consented to the DOR's Liquor Recovery Plan that the result would be agency outlets run by grocery stores. That is precisely what has happened here in Helena. Soon the state liquor store on North Montana, a profitable business netting over the recommended 13%, will be closed. The agency bid was awarded to the grocery store owned nearby and the restaurant space next to the grocery store is already being renovated for the conversion.

Agency stores combined with grocery stores is practical for small towns and rural areas. In these areas volume of sales is low and it is not profitable to run state liquor stores. However, for the large volume stores in bigger town, it is quite a different question to allow grocery stores to take over the liquor business. When Montana considered allowing grocery stores to sell wine and beer, it caused considerable public debate resulting in a ballot initiative.

You need to understand that the current bidding process in converting state stores to agency outlets attracts bids from grocery stores. Grocery stores have to advantage of being able to bid low because liquor sales will be only supplementary income. Grocery stores also have the incentive to bid low because having liquor for sale attracts more business overall.

Under the Liquor Recovery Plan even profitable state stores are being converted. This is an unnecessary loss of decent paying jobs to many communities. In converting to agencies the state will lay-off 150 people, including part-time workers. There are no provisions to help these people find another job. Generally, agents can only afford to pay low wages. Therefore, the local economy loses the expendable income of the state jobs, and loses it unnecessarily. Wages for the state liquor store employees comes out of the revenue from sales. Where the state has profitable stores it does not make sense to convert to agency outlets, a loss of income to local economies.

I also question whether the Recovery Plan is recovering revenues as it is intended to. Before the Recovery Plan was implemented, liquor revenue profits increased 8.16% for FY 86, that's up \$367,000 over FY 85. The liquor recovery plan began to be implemented at the beginning of FY 87. Comparing profits from the first two quarters of FY 87 and the same period of FY 86, profits have decreased 12.8% under the Recovery Plan. The Governor's Budget projects a continued decline of revenue with the plan. For FY 88 revenues are projected to decline 12.6%. For FY 89 another decrease of 8.73%. I won't predict that retaining the state store system will curtail this decline in revenue, but purposely cutting decent paying jobs, and sacrificing state control over the large volume of liquor sales does not make sense.

This bill attempts to provide more reasonable guidelines for conversion and management of the state's retail liquor system. Any store making a ten percent profit or more will be kept in operation. Ten percent profit for stores of this kind is very good in these times. Most state liquor stores currently make 10% profit and for now will be stay in operation if this bill receives approval. The state has a dual role in generating revenue as well as controlling the sale of liquor. If a store can make a ten percent profit, I propose that it is reasonable for the state to retain the store as a system which best assures the responsible sale of liquor.

If it is not profitable for the state to retain the stores then the profit margin cut off will allow for a transition. What is important is that the employees of the store will have a clearly defined situation which allows them to know if they will be out of a job. Currently, the store employees feel that they are part of a Russian Roulette game of which store will be converted next for no predictable reason.

HB 623 is designed to allow the state to stay in control of liquor sales as long as it is practical. I encourage this committee to concur with the House in approving this measure.

TESTIMONY

GARY BLEWETT, ADMINISTRATOR

LIQUOR DIVISION, DEPARTMENT OF REVENUE

HB 623

COMMITTEE FILE
PAGE NO. 2
DATE 3-23-87
FILE NO. HB 623

The debate that has evolved this session over the structure of the liquor system parallels the debate that took place in the Revenue Oversight Committee last spring as it was developing a liquor recovery plan it could recommend to the June Special Session.

The Revenue Oversight Committee looked at a wholesale option similar to the bill Rep. Pavlovich proposed this session. The Committee found then as did the House this session, that the state could not afford to wipe out its local retail/subwarehouse operations without losing substantial revenue.

The Revenue Oversight Committee looked at another wholesale option similar to the bill Rep. Simon proposed this session. The Committee found then as did the House this session, that the public could not afford the price increases, especially in the rural areas, that eliminating State control of its local retail/subwarehouse operations while maintaining present revenue would cause.

The resulting issue for the Revenue Oversight Committee focused on reinvigorating a system of local retail/subwarehouse operations that maximizes revenue to the State while maintaining the State's interest in controlling supply, number of outlets and retailer qualifications. The Committee found that although the liquor system has been providing substantial revenue, it has been ailing. It's net profits as a percent of sales has been declining. This means that expenses have been eating into the return. The Revenue Oversight Committee settled on an eventual 100% conversion to commissioned agencies as the best way to eventually stabilize the expense to sales ratio and maintain a reasonable profit level.

BUILD ON PAST EFFORTS: This plan extends past efforts to improve the profitability of the system. For many years the legislature has set revenue targets for the liquor system. Associated with those targets have been law changes that encouraged elimination of unprofitable or marginally profitable operations. For most of the liquor system's existence, it has maintained approximately 140 local retailing/subwarehouse outlets. Until 1974 those outlets were all operated by state employees. In 1974 the law was changed to allow outlets to be run by agents paid on a sales commission. The number of agency-operated stores has grown in those 14 years to 99 agencies, the 12 most recent of which resulted from implementing the first stage of the liquor recovery plan.

The liquor recovery plan moves past converting only unprofitable or marginally profitable outlets to converting all outlets to agencies. This involves our largest outlets as well as the smaller outlets which

(over)

have been the past emphasis. By building on the strengths of the past, the liquor recovery plan marries the State's interest in liquor control with the use of entrepreneurial incentives to provide good sales and service. The eventual result, once all the stores are converted to agencies, would be a return to the profit to sales ratio that existed in 1980. This is equivalent to approximately \$1 million more revenue in current dollars.

IMPLEMENTING THE PLAN: The Department has implemented the liquor recovery plan through a bidding process that spells out for bidders the limitations and opportunities of becoming a commissioned agent for the liquor system. A review of the bid document and procedures will show that, contrary to allegations, the process leads to accepting only responsible bidders who reasonably demonstrate that they can perform the required agency services at the commission rate they bid.

GROCERY STORES: The sponsor of HB 623 has said that the main purpose of that bill is to prevent liquor stores from being taken over by grocery chains. The bid specifications do not allow an agency to be located in a grocery store in the State's larger communities; in fact they do not allow an agency to be located in any large community retail store. An agency must be fully separated from an adjacent retail store with a separate entry from the outside. Entry cannot be made through the other store.

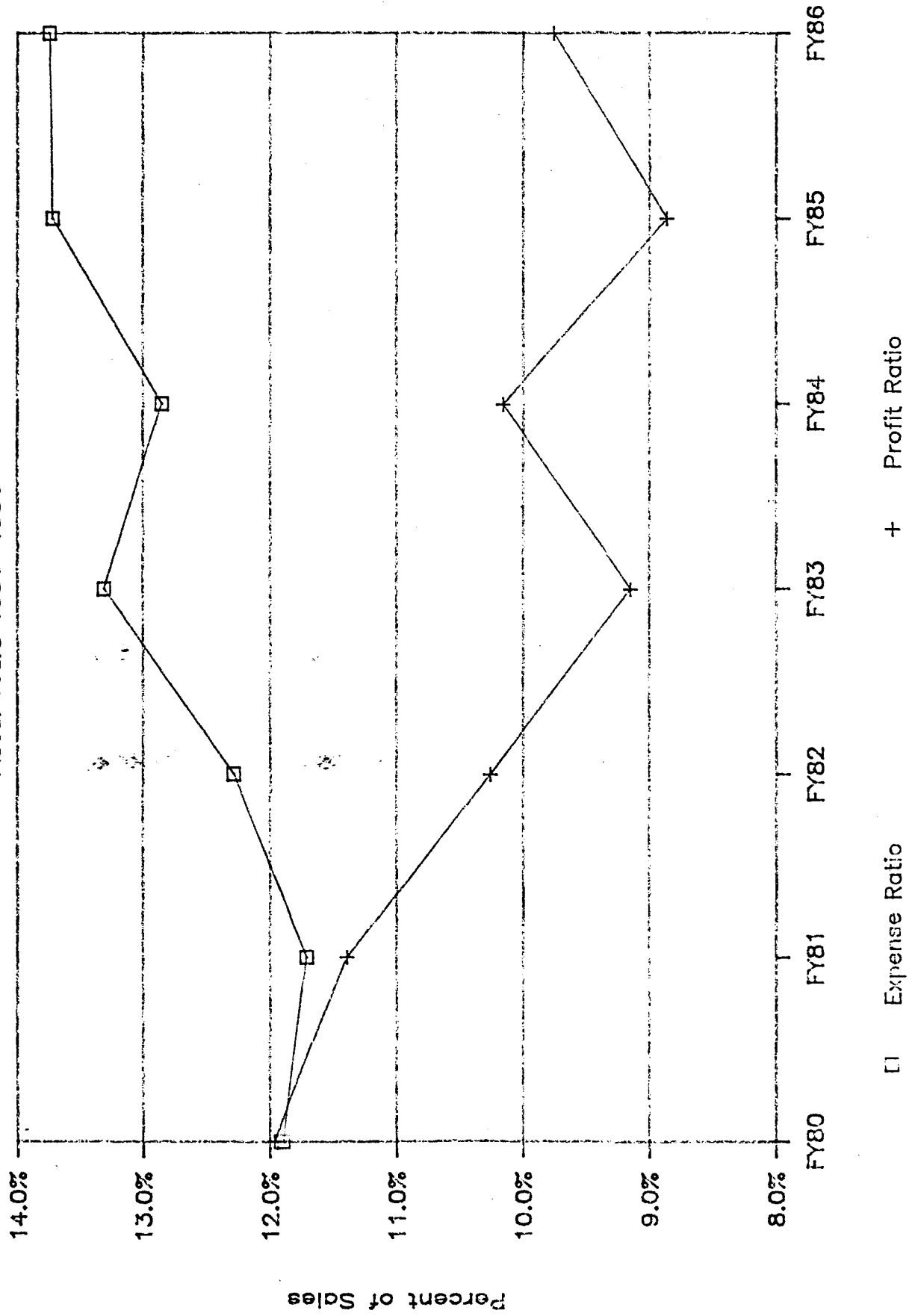
In the last round of bids, we accepted bids from three bidders who will locate adjacent to another retail operation: in Sidney the agency will be adjacent to a hardware store, in Columbia Falls it will be adjacent to a pharmacy, and in Helena the agency will be adjacent to a grocery store. In all three settings, the agencies are fully separated from the adjacent store and all three have exterior entries as the only means of getting in or out of the liquor agencies.

COMMISSION RATES: Concern has been expressed that the commission rates are being bid too low for an agent to be able to successfully operate. The bid procedures do not simply accept the low bid. A bidder must first demonstrate that he or she is a "responsible" bidder, that is, is willing and capable of performing the services required.

Included in our specifications is a requirement that the bidder must include a cash flow projection for each of five years with a monthly flow for each month of the first year. To be accepted as a responsible bidder, the cash flow projection must convincingly demonstrate the bidder's capability to perform the services of agent in view of financial resources, expected income based on the bid commission rate and income from other sources, and expected expenditures to operate the agency.

Liquor System Profit & Expense Trends

Fiscal Years 1980-1986



OFFICE STATE AUDITOR

REPORT NO. 2

DATE 3-23-89

FILE NO. AB623

3
**SECRETARY
of STATE**



Ralph Munro

March 18, 1987

SENATE STATE HOUSE
HOUSE NO. 3
DATE 3-23-87
BILL NO. HB 459

Olympia, Washington 98504-9000
(206) 753-7121

The Honorable Jim Waltermire
Secretary of State
State Capitol, Room 202
Helena, MT 59620

Dear Jim:

As you already know, we have had some disappointing news on the legislation requested by my office to support a Pacific Northwest Regional Presidential Preference Primary. Despite the failure of our request bill to be reported out of the Senate Committee, I am encouraged by the level of support it received and the interest it generated both in the legislature and with the public. Not only did we receive very significant, bi-partisan sponsorship in both legislative chambers, we saw practically every major daily newspaper in the state come out in favor of our proposal.

I write to you today to send encouragement to keep up the fight! By no means is this issue "dead" in Washington. Both technically and strategically, a Pacific Northwest Regional Presidential Preference Primary is alive. In addition to the possibility of an amendment to an election-related bill or an initiative to the people, any bill considered during this legislative session is automatically re-introduced for the next session which convenes in January, 1988.

The bottom line is that the current status of our legislation here in Washington should not be used as an excuse to stop working on this proposal. In fact, it is even more critical than before that your legislation moves ahead. I am absolutely convinced that if Montana and Oregon succeed this session, we in Washington would receive the boost we need to overcome the adamant, but narrow opposition that we have seen so far.

My very best wishes to you for continued progress and success.

Sincerely,

RALPH MUNRO
Secretary of State

Amend HB459 as follows:

At the appropriate place in the bill, insert the following:

Section . Section 13-10-301, MCA, is amended to read:

"13-10-301. Casting of ballot. (1) ~~Unless~~ Except as provided in 13-13-114(1)(b) and unless otherwise provided by law, the conduct of the primary election, the voting procedure, the counting, tallying, and return of ballots and all election records and supplies, the canvass of votes, the certification and notification of nominees, recounts, procedures upon tie votes, and any other necessary election procedures shall be at the same time and in the same manner as provided for in the election procedures for the laws for the general election.

(2) At a primary election, the elector shall mark only one of the set of party ballots. After marking any other ballots received other than the party ballots, the elector shall fold the marked and unmarked ballots separately in a manner so that the marks cannot be seen, the official stamp is visible on each ballot, and all stubs can be detached by the election judge.

(3) The elector shall hand the marked and unmarked ballots separately to the election judge, identifying them as marked and unmarked. If the judge determines the ballots may be voted he shall, in the presence of the elector:

- (a) remove the stubs from all the ballots;
- (b) deposit the unmarked ballot or ballots and all the stubs in the stub and unmarked ballot box;
- (c) and deposit the marked ballots in the voted ballot box."

Section(). Section 13-13-114, MCA, is amended to read:

13-13-114. Marking precinct register book before elector votes. (1) Before an elector is premitted to receive a ballot or vote,:

(a) he shall sign his name on the place designated in the precinct register. Before signing the register, the elector shall state his name and current address. If the name or address is not as listed in the precinct register, the elector must complete a transfer form or new registration form to correct the information. The election judges shall write "transfer form" or "registration form" beside the name of any elector submitting a form. No elector may sign the precinct register unless his name and address are the same as shown in the register or the proper corrections have been made.

(b) in addition, when a presidential preference primary is held as provided in chapter 10, part 4, of this title; he shall request MARK A BOX PROVIDED BESIDE HIS NAME ON THE PRECINCT REGISTER

TO INDICATE HIS PARTY PREFERENCE FOR the presidential ballot
of the party of his choice ONLY.

(2) The election judges shall require an elector not able to sign his name to produce two electors who shall sign an affidavit stating that the elector is the individual whose name and address appears in the precinct register before one or more of the election judges on a form prescribed by the secretary of state. The affidavit shall be filed by the election judges and returned to the election administrator with the returns of the election. One of the judges shall write the elector's name, noting the fact of his inability to sign, and the names of the two electors signing the affidavit.

(3) If the elector fails or refuses to sign his name or, if unable to write, fails to procure two electors who will take the oath required, he may not vote."

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HB 459

Page 6, line 7
Following: line 6

Amend HB 459 as follows:

3. 1. following Section 5, insert:

Section 6 Section 13-10-405. MCA is amended to read:

"13-10-405. Submission and verification of petition. Petitions of nomination for the presidential preference primary election must be presented to the election administrator of the county in which the signatures are gathered. The election administrator must verify the signatures in the manner prescribed in 13-27-303 through 13-27-308 and must forward the petitions to the secretary of state. The petitions must be submitted to the election administrator at least 30 days before the filing deadline established in 13-10-201(6). No filing fee is required."

and renumber subsequent sections.

4. 2. At the appropriate place in the bill, insert:

Section 12. Repealer. Section 13-10-406, MCA, is hereby repealed. *Renumber*

Page 7, line 8
Following: line 7

5. 3. Amend existing Section 11 (contingent effective date) by deleting the period at the end and inserting:

"; except that Sections 6 and Repealer, from #2 above) are effective on passage and approval of this Act."

Page 7, line 17 through 22

Following: "date"

to be: "The act is"

Insert: "Sections 1 through 5, and 7 through 9, ~~but that Section 6 and 11~~ are effective on passage and approval of this Act."

Following: "as of June 22"

Sections 6 and 10 are effective.

MEMO:

TO: Senator Jack Haffey, Chairman and the members of the Senate State Administration Committee.
FROM: Greg Jackson, Lobbyist for the Montana Association of Clerk and Recorders
RE: HB 459 - Regional Presidential Preference Primary (PPP)
DATE: March 20, 1987

SENATE STATE ADMIN. COMMITTEE
BILL NO. 5
DATE 3-23-87
HB 459

The Montana Association of Clerks and Recorders (MACR) respectfully submits the following information for the Senate State Administration Committees' reference.

BACKGROUND

Over the past few weeks, the clerk and recorders, the Secretary of States' office and the school clerks have met for the purpose of designing a way to administer the PPP as provided for in HB 459. The effort resulted in constructive discussions regarding the election process, however; a consensus has not been reached on the best way to implement HB 459 in a logistical and cost-effective manner. Therefore; the purpose of this memo is to outline the continuing issues and the proposed solutions to those issues as perceived by MACR.

ISSUES

1. General election laws (Title 13) vs. school election laws (Title 20).

HB 459 proposes to hold the PPP on the same day in March as the regularly scheduled school and annual elections. The elections may be administered separately (in which case Title 13 prevails for the PPP) or together (in which case Title 20 would prevail). In either case, administering the PPP on a regularly scheduled school election day presents numerous logistical and technical problems for election administrators, school clerks and the voters themselves. Generally and briefly these problems include:

- . Conducting various elections on the same day including the PPP, fire districts, hospital districts, irrigation districts, school districts, and in some cases city elections.
- . School district boundaries and precinct boundaries do not always coincide. School district boundaries also cross county lines in many instances.
- . Conducting the various elections results in various polling places and voting hours between annual elections and county elections.
- . This combination would also put an extra burden on election judges, in that the same election judges are used for all elections. It is difficult to obtain a sufficient number of people willing to work 18 hours or longer.

2. Cost of an additional election.

Attachment #1 illustrates the total cost, by county, for an additional election. The cost is substantial especially considering the financial crisis facing counties in funding basic services let alone additional programs, i.e.; a PPP. Title 1-2-112 states that if the legislature enacts a law which requires a local government to perform an activity or provide a service that requires the expenditure of additional funds, the legislature must provide a specific means to fund that activity or service. A PPP is an additional activity required in HB 459. The state is obligated to provide a mechanism to fund the additional costs to the counties.

PROPOSED ALTERNATIVE SOLUTIONS

MACR proposes the following alternatives for the purpose of addressing the issues previously described. The alternatives are prioritized.

Alternative 1 - Hold the PPP and the regularly scheduled primary on the same day.

The PPP and the regularly scheduled June primary would be held on the same day, preferably in May. A May date coincides with party caucuses in Idaho. The school election date would remain as is. Alternative 1 eliminates the problems of holding an election with a school election and eliminates the additional cost to the county.

Alternative 2 - Separate elections.

The PPP would be held in March as proposed by HB 459. The school election would be moved to the last week in April on the first week in May. The regularly scheduled primary would remain in June. Alternative 2 eliminates the logistical and technical problems of holding the PPP and the school election on the same day, however; it does not eliminate the additional cost. Costs may be reduced by allowing the polls to be opened at noon for the PPP and/or allowing the county election administrator the option of conducting the PPP by mail ballot.

Alternative 3 - New guidelines for administering the PPP.

Attachment #2 outlines specific guidelines to administer the PPP if the election is held on the same day as the regularly scheduled school election. Alternative 3 only minimizes the logistical and technical problems and does not reduce or eliminate the extra costs of holding an additional election. The new guidelines are a final attempt to find a way to hold a combined primary and school election. It must be remembered that Alternative 1 is the most cost-effective approach.

We appreciate the time you've taken to read this information. If you have any questions, feel free to contact me at your convenience.

cc. MACR Legislative Committee.

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TOTAL COST FOR A SEPARATE REGIONAL PRESIDENTIAL PREFERENCE PRIMARY
(HB 459) ATTACHMENT 1

COUNTY	ESTIMATED COST	NO. OF MILLS
Beaverhead	\$26668	1.80
Big Horn	23000	.18
Blaine	10990	.25
Broadwater	4324	.38
Carbon	9756	.33
Carter	1173	.21
Cascade	45000	.49
Choteau	7786	.27
Custer	6963	.41
Daniels	6163	.75
Dawson	4000	.14
Deer Lodge	8873	1.00
Fallon	3954	.03
Fergus	15674	.73
Flathead	22745	.24
Gallatin	13310	.20
Garfield	1082	.11
Glacier	18620	.40
Golden Valley	1830	.34
Granite	4509	.73
Hill	15675	.33
Jefferson	9042	.51
Judith Basin	17927	1.88
Lake	18500	.59
Lewis and Clark	30559	.46
Liberty	1372	.07
Lincoln	16474	.44
Madison	6314	.36
McCone	3538	.35
Meaher	1735	.22
Mineral	10291	1.83
Missoula	31000	.28
Musselshell	4404	.19
Park	5000	.24
Petroleum	1612	.28
Phillips	7818	.29
Pondera	16479	.75
Powder River	4800	.13
Powell	5503	.40
Prarie	1765	.29
Ravalli	13578	.48
Richland	19772	.19
Roosevelt	16354	.21
Rosebud	5305	.02
Sanders	7430	.24
Sheridan	9116	.10
Silver Bow	35000	1.00
Stillwater	7590	.45
Sweetgrass	3300	.44
Teton	7662	.40
Toole	26000	.60
Treasure	1500	.28
Valley	10790	.25
Wheatland	1389	.19
Wibaux	3724	.16
Yellowstone	40000	.19

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TOTAL COST FOR A SEPARATE REGIONAL PRESIDENTIAL PREFERENCE PRIMARY
(HB 459)

ATTACHMENT

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Teton	7662	.40
Toole	26000	.60
Treasure	1500	.28
Valley	10790	.25
Wheatland	1389	.19
Wibaux	3724	.16
Yellowstone	40000	.19

ASSUMPTIONS

1. The estimated costs for each county is based on the actual costs for the the 1986 primary election with the exception of six counties (Carter, Custer, Garfield, Liberty, Rosebud and Wheatland).. The election costs for these counties are based on the assumption of an average cost per registered voter of \$1.00.
2. The calculation of the number of mills is based on FY 86-87 taxable valuations.

NOTE: The purpose of this analysis is informational only and is not intended to meet fiscal note requirements.

Amendments to HB 459 Suggested by the Montana Association of County Clerks and
Recorders

Section 2
Page 4
Line 2

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DATE 3-23-87
BILL NO. HB 459

Strike: "."

Insert: ", provided, however, that if the county election administrator specifies polling places or hours which differ from the polling places or hours set for the school election, the county shall bear any additional costs incurred as a result of the additional polling places or hours."

Page 4
Following line 15

Insert: NEW SECTION. Section 3. Section 13-10-201(6), MCA, is amended to read:
"13-10-201(6). Declarations for nomination shall be filed no sooner
than the first business day in January of an 135 days before the
election year for that office in which the office being filed for
first appears on the ballot."

Renumber following sections.

Section 7
Page 6
Line 13

Strike: Entire section (page 6, line 13 through page 7, line 2).

Insert: NEW SECTION. Section 8. Presidential preference primary election procedures. (1) The polls for a presidential preference primary election shall open not later than noon. The county election administrator may order the polls to open earlier, but no earlier than 7:00 a.m.
(2) Procedures for the close of voter registration for a presidential preference primary election shall follow 13-2-301.
(3) The county election administrator may designate polling places for a presidential preference primary which differ from those designated for other county elections. Notice of the location of polling places must be given as provided in 13-3-105(2).
(4) The election administrator must appoint at least three election judges per polling place according to 13-4-102(3) for a presidential preference primary election. The judges may also serve as school election and special district election judges. The provisions of 13-4-105, 13-4-106 and 13-4-107 also apply to selection of election judges for the presidential preference primary.
(5) Election day polling place procedures, absentee balloting, challenged ballot procedures, canvassing, and recount procedures for the presidential preference primary election shall comply with the requirements of Title 13, except that presidential preference primary returns may be canvassed and reported by precinct or by polling place.

Renumber following sections.

Section 10

Page 7

Line 13

Strike: 7 AND 8

Insert: 8 and 9

Section 11

Page 7

Line 18

Strike: "This act is"

Insert: Sections 1, 2, and 4 through 11 are

Line 22, following "."

Insert: "Section 3 is effective July 1, 1987."

Montana School Business Officials
(School District Clerks)
Suggested Amendments of H.B. 459

Amend Section 4 of House Bill 459 as follows:

Line 22, Page 2--delete "fourth" and reinstate "first"

Line 22, Page 2--delete "March" and reinstate "April"

Line 23, Page 2--insert after the word "day" the words "except in
presidential election years when it will be at the
same time as the presidential preference election
on the fourth Tuesday of March"

AMENDMENTS TO HB 325

1. Page 16, line 15
Strike: "AND"
Insert: " "
Following: "EXPENSES"
Insert: " , AND INDIRECT COSTS ,"

2. Page 16, line 19
Following: "SALARIES"
Strike: "AND"
Insert: " "
Following: "TRAVEL"
Insert: "INDIRECT COSTS"

AMENDMENTS TO HB 325
Adopted by the Senate State Administration Subcommittee

1. Page 17, line 5
Following: "THAN"
Strike: "FOUR"
Insert: "five"
2. Page 17, line 7
Following: "DEPARTMENT,"
Insert: "a representative of a county department of public
welfare,"

ADOPTED 7
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HB 325

Adopted Amendment to HB 325
(Third Reading)

1. Page 7, line 11 and 12
Following: "department"
Strike: "and"
Insert: "(16) contract with the county board of
welfare for administration of child and adult
protection services for that county; and"
Renumber: subsequent subsection

ADOPTED AMENDMENTS TO HOUSE BILL 325
(Third Reading)

1. Page 61, line 13.

Following: "(1)"

Insert: "(a)"

2. Page 61, lines 14 through 21.

Following: "41-3-404"

Strike: ", 41-5-403, 41-5-523, or 41-5-524"

Following: "facility" on line 15

Strike: "or youth correctional facility"

3. Page 61, line 21.

Following: line 21

Insert: "(b) Whenever a disposition under 41-5-403, 41-5-523, or 41-5-524 involves placement in a youth care facility or youth correctional facility and the department is responsible for all or part of the cost of such placement, the court shall order the probation officer to conduct an investigation of the financial status of the youth's parents or guardianship assets."

4. Page 83, line 1.

Following: "facility"

Insert: ". The court shall determine whether continuation in the home would be contrary to the welfare of the child and whether reasonable efforts have been made to prevent or eliminate the need for removal of the child from his home. The court shall include such determination in the order committing the youth to the department.

5. Page 122, line 6.

Following: "arrange"

Strike: "provide"

Insert: "arrange"

7079b/C:JEANNE\WP:jj

EXHIBIT A? 7
DATE 3-23-87
BILL NO. HB 325

AMENDMENTS TO HB 325
Adopted by the Senate State Administration Subcommittee

1. Page 60, line 9
Following: "one-half"
Insert: "of the non-federal share of"
2. Page 60, lines 12 through 16
Following: "(3)"
Strike: the remainder of line 12 through line 16
3. Page 60, line 17
Following: "(4)"
Strike: ". IF"
Insert: ", WHEN"
4. Page 60, lines 19, 20, and 21
Following: "1987,"
Strike: the remainder of line 19 thru "LEVEL." on line 21
Insert: "THE COUNTY HAS NO FURTHER OBLIGATION FOR
FOSTER CARE EXPENDITURES."
5. Page 60, line 25
Strike: "PERCENTAGE OF"

The purpose of this amendment is to cap the counties' participation in foster care at the FY1987 level. Counties continue to pay a portion of each placement as the current agreed level only up to the 1987 expenditure level. The provision for the smaller counties with 1987 foster care expenditures of less than \$10,000 continue to have the 3 year average option instead of the 1987 expenditure level.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 325:

SENATE CLERK
DATE 3-23-87
BILL NO. HB 325

1. Page 20.

Following: line 11

Insert: "Section 21. Section 2-18-303, MCA, is amended to read:

"2-18-303. Procedures for utilizing pay schedules. (1) The pay schedules provided in 2-18-311 and 2-18-312 shall be implemented as follows:

(a) The pay schedule provided in 2-18-311 indicates the annual compensation for the fiscal year ending June 30, 1986, for each grade and step for positions classified under the provisions of part 2 of this chapter.

(b) The pay schedule provided in 2-18-312 indicates the annual compensation for the fiscal year ending June 30, 1987, for each grade and step for positions classified under the provisions of part 2 of this chapter.

(c) Each new employee shall advance from step 1 to step 2 of a grade after successfully completing 6 months of probationary service. The anniversary date of an employee shall be established at the end of the probationary period in accordance with rules promulgated by the department.

(d) (i) The compensation of each employee on the first day of the first pay period in fiscal year 1986 shall be that amount which corresponds to the grade and step occupied on the last day of the preceding fiscal year of 1985.

(ii) The compensation of each employee on the first day of the first pay period in fiscal year 1987 shall be that amount which corresponds to the grade and step occupied on the last day of the fiscal year 1985.

(iii) In compliance with rules adopted to implement this part, each employee is eligible on his anniversary date to advance one step in the pay matrix for fiscal year 1987. However, if the employee's anniversary date falls between (inclusive) July 1 and the first day of the first pay period of fiscal year 1987, he will advance one step on the first day of that pay period.

(2) The pay schedules provided in 2-18-311 and 2-18-312 and the provisions of subsection (1) of this section do not apply to those institutional teachers, liquor store occupations, or blue-collar occupations compensated under the pay schedules provided in 2-18-313, 2-18-314, or 2-18-315.

(3) The pay schedules provided in 2-18-313, 2-18-314, or 2-18-315 shall be implemented as follows:

(a) (i) The pay schedules provided in 2-18-313 indicate the annual compensation for the contracted school term for teachers employed by institutions under the authority of the department of institutions or family services for fiscal years 1986 and 1987.

(ii) The compensation of each teacher on the first day of the first pay period in July, 1985, shall be that amount which corresponds to his level of academic achievement and the step occupied on June 30, 1985.

(iii) The compensation of each teacher on the first day of the first pay period in July, 1986, shall be that amount which corresponds to his level of achievement and the step occupied on June 30, 1985.

(b) (i) The pay schedules provided in 2-18-314 indicate the maximum hourly compensation for fiscal years ending June 30, 1986, and June 30, 1987, for those employees in liquor store occupations who have collectively bargained separate classification and pay plans.

(ii) The compensation of each employee on the first day of the first pay period in fiscal year 1986 or 1987, as the case may be, shall be that amount which corresponds to that grade occupied on the last day of the preceding fiscal year.

(c) (i) The pay schedules provided in 2-18-315 indicate the maximum hourly compensation for fiscal years ending June 30, 1986, and June 30, 1987, for employees in apprentice trades and crafts and other blue-collar occupations recognized in the state blue-collar classification plan who are members of units that have collectively bargained separate classification and pay plans.

(ii) The compensation of each employee on the first day of the first pay period in fiscal year 1986 or 1987, as the case may be, shall be that amount which corresponds to that grade occupied on the last day of the preceding fiscal year.

(4) (a) (i) No member of a bargaining unit may receive the amounts indicated in the respective pay schedules provided in 2-18-311 through 2-18-315 until the bargaining unit of which he is a member ratifies a completely integrated collective bargaining agreement covering the biennium ending June 30, 1987.

(ii) In the event that negotiation and ratification of a completely integrated collective bargaining agreement as required by subsection (4)(a)(i) of this section are not completed by July 1, 1985, retroactivity to that date may be negotiated.

(iii) In the event that negotiation and ratification of a completely integrated collective bargaining agreement as required by subsection (4)(a)(i) of this section are not completed by July 1, 1985, members of the bargaining unit involved will continue to receive the compensation they were receiving as of June 30, 1985.

(b) Methods of administration not inconsistent with the purpose of this part and necessary to properly implement the pay schedules provided in 2-18-313 through 2-18-315 may be provided for in collective bargaining agreements.

(5) The current wage or salary of an employee shall not be reduced by the implementation of the pay schedules provided for in 2-18-311 through 2-18-315.

(6) The department may authorize a separate pay schedule for medical doctors if the rates provided in 2-18-311 and 2-18-312 are not sufficient to attract and

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3-23-87
HB 325

retain fully licensed and qualified physicians at the state institutions.

(7) The department may develop programs which will enable the department to mitigate problems associated with difficult recruitment, retention, transfer, or other exceptional circumstances. Insofar as the program may apply to employees within a collective bargaining unit, it shall be a negotiable subject under 39-31-305."

Renumber: subsequent sections

2. Page 147, line 5.

Strike: "116"

Insert: "117"

3. Page 147, line 6.

Strike: "115"

Insert: "116"

4. Page 147, line 8.

Strike: "116(1)"

Insert: "117(1)"

e:amdhb325.wp

ROLL CALL VOTE

STATE ADMINISTRATION

SENATE COMMITTEE _____

Date March 23, 1987 HOUSE BILL Bill No. 623 Time 11:30 a.m.

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	

Carol Duval
Secretary

Senator Jack Haffey
Chairman

Motion: MOTION BY SENATOR LYNCH THAT HOUSE BILL 623 BE CONCURRED

IN. Motion carried 6-4.

STANDING COMMITTEE REPORT

MARCH 23 : 19 87

MR. PRESIDENT

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

having had under consideration **HOUSE BILL** No. **623**

third reading copy (blue)
color

PREVENT CLOSURE OR SALE OF PROFITABLE LIQUOR STORES
Harrington (Lynch)

HOUSE BILL **623**

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

BE CONCURRED IN

~~XXXXX~~
DO PASS

~~XXXXXXXXXX~~
DO NOT PASS

SENATOR JACK HAFLEY

Chairman.

ROLL CALL VOTE

STATE ADMINISTRATION

SENATE COMMITTEE _____

Date March 23, 1987 HOUSE BILL _____ Bill No. 325 Time 12:30 p.m.

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	

Carol Duval

Secretary

Senator Jack Haffey

Chairman

Motion: MOTION BY SENATOR FARRELL THAT HOUSE BILL 325 BE CONCURRED
IN AS AMENDED. Motion was a tie vote.