

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION  
COMMITTEE ON STATE ADMINISTRATION

Call to Order: By Chairman William E. Farrell, on January 18, 1989, at 10:00 a.m.

ROLL CALL

Members Present: Chairman William E. Farrell  
Senator Hubert Abrams  
Senator John Anderson, Jr.  
Senator Esther Bengtson  
Senator Ethel Harding  
Senator Sam Hofman  
Senator Paul Rapp-Svrcek  
Senator Tom Rasmussen  
Senator Eleanor Vaughn

Members Excused: None

Members Absent: None

Staff Present: Eddy McClure

HEARING ON SB 125

Presentation and Opening Statement by Sponsor:

Senator Dennis Nathe reported that SB125 is a bill to allow members of the Teachers Retirement System to purchase 1 year of benefits for each 5 years they teach; people teaching for 25 years can purchase 5 years. He indicated this is not an early retirement bill, it is to purchase benefits. Senator Nathe reported that, at the present time, there are provisions in the law to purchase time spent teaching out-of-state, in the military, in the Merchant Marines, Red Cross, etc. After July 1, 1989, this bill will reduce that "shopping list" to just being able to purchase 2 years for military service. At the present time only between 5% and 10% of the members in Teachers Retirement qualify for that "shopping list". This will make available to all members of the Teacher's Retirement System the option to purchase up to 5 years of eligibility towards retirement. Senator Nathe stressed that this is not an early retirement bill.

List of Testifying Proponents and What Group they Represent:

Phil Campbell, Montana Education Association  
Terry Minow, Montana Federation of Teachers

Michael Lowe, past Teachers Retirement System member  
David Senn, Teachers Retirement Board

Testimony:

Mr. Campbell indicated the Montana Education Association would like to go on record in support of SB125. He noted that, currently, there is a "laundry list" of credits available for people who have had out-of-state service, military service, etc. This bill will allow them to buy 1 year for every 5 years in the system. Ultimately, it will eliminate a problem of verifying these statistics. When a persons wishes to buy out-of-state teaching service, this has to be verified. Mr. Campbell noted that, from the effective date of this bill, the "laundry list" won't be available to new members in the system. He noted the current "laundry list" will have to remain intact for those people currently in the system, because benefits can not be taken away, but they are given the option to forego their rights under the "laundry list" and purchase time under this bill. Mr. Campbell reiterated Senator Nathe's statement that this is not an early retirement bill, and the credits can not be used for retirement purposes; this is only for figuring the benefits. Mr. Campbell encouraged the committee's support of SB125.

Testimony:

Ms. Minow reported the Montana Federation of Teachers supports SB125.

Testimony:

Mr. Lowe reported he is an interested citizen who was a member of the Teachers Retirement System for 21 years, and is now in business. Although this bill will not affect him, Mr. Lowe indicated he supports this bill because, if it had been in effect when he was in the system, he might still be a member and still be in education. He stated that he could see that he had an age problem and, if he did not change his career quickly, he was going to be too old to be accepted into another business. For this reason, he left the service 4 years prior to when he would have liked to. Mr. Lowe noted he has talked to many administrative groups, and they support this bill. He indicated he has always felt that, because of the "laundry list", the system is not an equal situation for people that were born and raised in Montana, and who stayed in Montana school systems. Mr. Lowe stated that someone from out-of-state could come in and benefit more than those who were here all the time, under the current system. He indicated SB125 would make the system fair and equal, and that everyone would have the same chances.

Testimony:

Mr. Senn indicated he realizes that it is difficult to explain this proposal, and he will not attempt to go into detail. He noted it is important to realize, however, that they are drawing a very fine line in the Teachers Retirement System in that members of the System prior to July 1, 1989, the effective date of this legislation, will have rights to qualify for additional service under a list that provides several different options. He noted the list has grown over a number of years, and this is the primary reason the Board is supporting this proposal; it puts an end to the growth of that list and the liabilities it creates. Each year of service that a member accrues will be 1-2/3% of the final average compensation, i.e., 30 years will be worth 50% of the final average compensation. Members of the Teachers Retirement System can retire as soon as they have accumulated 25 years retirement, without any actuarial deduction, and they would receive full benefits, which is roughly 42% of final average salary. This proposal will not allow the years that are purchased to count for that early retirement in 25 years. Members that purchase service under this provision will need to have 25 years as a contributing member to retire at any age. All years will be used in the calculation of benefits.

Mr. Senn addressed the question of what the fiscal impact of this proposal on the Teachers Retirement System would be. He reported members will be able to purchase 1 year after their 5th, 10th, 15th, 20th and 25th year of service. In addition, they will also be eligible to purchase 2 years for military service. Years purchased would not count for eligibility for early retirement, but would be used in the calculation of benefits. The cost to purchase each year of service, assuming the service is purchased as soon as the member is entitled, would be the combined employee and employer contribution rate, which is currently 14.472%. If a member does not purchase the service as soon as eligible, interest would accrue until paid at the rate of 8% per annum. The full cost of additional service under this proposal is paid by the member receiving the benefit. Based on these assumptions, this proposal will not impact the financial soundness of the Teachers Retirement System.

Mr. Senn distributed a breakdown of the current system, and the proposed system. A copy of this document is attached as Exhibit 5. Mr. Senn noted a typographical error in the amount of service a member may purchase for Leave Service under Current Law. The correct number should read 2 instead of 5. He reviewed the document with the committee members, and noted categories of service credit will still exist for current members who own those rights, but these will not be available to future members. All members will have available 2 years

of military and 5 years of additional. Current members who take advantage of this must waive the rights they currently own. If a member has purchased 1 year of out-of-state teaching service, and wishes to purchase 4 years under the new provision, they will be asked to waive that right to purchase that 1, and all other rights under the current laws if they own any. The amount paid to purchase that 1 year will be applied toward the cost to purchase as many as they may be eligible for under the new proposal. This will maintain full funding for the system, and give members the opportunity to take full advantage of this proposal. Mr. Senn then noted the cost, under the current law, runs as high as 14.472%. In the past, the member was only required to pay the employee contribution, which has been as low as 5%, but there were some instances where out-of-state teaching service was granted free. There is free military service for WWII, the Korean Conflict and the Vietnam Conflict. The provision for free military service will not be changed. The actuarial cost to provide each year of service the member purchases, under our current law where this service counts for eligibility for early retirement, is 34.9%. The system is currently subsidizing the cost for each year the member purchases. The member pays as much as 14.4%, but the true cost is 34.9%.

Mr. Senn noted that the proposed law would wipe the slate clean, allow only current members to purchase under these provisions, taking it away from all the new hires, and they will be able to keep the cost of the combined employee/employer rate at 14.472%. Mr. Senn closed by stating it will require 1/2 FTE to administer this provision, and he was notified by the Governor's office that they are opposed to any program increases and, for that reason, would oppose this legislation. They are not opposed to the provisions, only to the program increases.

Questions From Committee Members:

- Q. Senator Harding asked if members can buy 5 years after they have taught for 25 years, without it affecting the military service buy back.
- A. Mr. Senn responded that is correct.
- Q. Senator Harding further asked if everyone can buy 5 years after 25 years of service, and none of the others would be above that, except the military service.
- A. Mr. Senn responded that is correct.
- Q. Senator Rapp-Svrcek asked Mr. Senn if the system now states that a teacher can retire after 25 years without

any loss of benefit, what do they gain by being able to purchase 5 more years.

- A. Mr. Senn responded the benefit after 25 years of service is approximately 42% of their average final compensation. After 30 years, the benefit is 50% of the average final compensation. At 25 years, they can retire regardless of age. Persons retiring with less than 25 years must be at least age 50, and there will be a reduction in the monthly benefit.
- Q. Senator Rapp-Svrcek indicated that he is concerned about removing private teaching and the Montana Cooperative Extension Service from this. He indicated both are services to Montana citizens and, should people who work in those areas move into the TRS, why should they not be able to use that service for retirement benefit.
- A. Mr. Senn responded that the Montana Cooperative Extension Service was added to the list last session. Testimony at that time indicated only 2 people in the Teachers Retirement System would be affected by that provision. These people were covered under the Federal Civil Service Retirement System, but the federal program was dropped. These people were picked up by the state and became members of the Teachers Retirement System. As to the private teaching service, they also would still be eligible to pick up as much as 5 years, providing they are members of the Montana TRS.

Mr. Campbell added that what they are trying to avoid is the current list getting longer. Mr. Campbell cited an example of a person working in the Job Corp for 5 years, who is not currently eligible for these benefits. This new provision would provide that all people who are members of the Teachers Retirement System would have the opportunity to become eligible to purchase these additional years of service.

- Q. Senator Harding asked if more can be added, after effective date.
- A. Mr. Campbell responded there would be no need to add any more. They would all be covered under the 5 years.
- Q. Senator Bengtson asked Mr. Senn if members would pay accumulated interest if they purchase all 5 years at the end of 25 years service.
- A. Mr. Senn responded that is correct. The retirement benefits will be increased by 1-2/3% for each year.

- Q. Senator Bengtson asked if there was a retroactive clause for people that have taught for 25 years, and are retired now.
- A. Mr. Senn responded no, there is not.
- Q. Senator Anderson asked how much would the additional 1/2 FTE amount to.
- A. Mr. Senn responded that a 1/2 FTE at grade 10 is \$9,700 per year. In addition to the 1/2 FTE, they have also requested \$5,000 to make the changes in the computer system that will be necessary.
- Q. Senator Hofman asked how many people are in private teaching, and where are they presently teaching.
- A. Mr. Senn indicated he could not answer how many people, but their calculations show it would be very few people that are affected.
- Q. Chairman Farrell indicated that Mr. Senn stated this does not affect the actuarial soundness of the system, and asked if that is due to the 8% per annum they will charge.
- A. Mr. Senn responded no.
- Q. Chairman Farrell asked if the Teachers Retirement System draws interest for the 5 years before the member pays for the purchase of additional service.
- A. Mr. Senn responded that, once they complete 5 years, their cost will be their salary times the current rate, 14.5%. The policy is that they have a year from the date of eligibility to pay those contributions before interest is accrued. Interest will accrue on the unpaid balance at the rate of 8%. Installment payments can be made, also.
- Q. Chairman Farrell further asked if they are assuming that everyone will, after 5 years, purchase 1 year, or will they teach 25 years and purchase 5 years after that.
- A. Mr. Senn indicated it was safe to assume that the majority of people will wait a few years. Under the new proposal, they believe more people will purchase in increments.
- Q. Chairman Farrell then asked if the unfunded liability will increase or decrease, and further asked if the Teacher Retirement System is fully funded.

SENATE COMMITTEE ON STATE ADMINISTRATION

January 18, 1989

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- A. Mr. Senn responded that the amortization period is 36.5 years, which is approximately \$1 billion they are amortizing over the next 36.5 years. This will have no impact on those years; will not increase the unfunded liability amount. The members will pay the full cost at the combined rate. If they don't pay it right away, the cost starts to go up. Mr. Senn indicated they evaluated what it would cost someone to buy 5 years, after they completed 25 years. The cost was around 20%. They then looked at what it would cost to spread that out, and start getting money into the system. That is how they came up with the combined rate. If they pay cash, that is all they will pay. If they wish to hold the money and earn the interest on it, then they will have to pay the system the interest.
- Q. Senator Bengtson asked, if a person chooses after 5 years to spread the payment over the next 5 years, is the interest variable, or is it locked in.
- A. Mr. Senn responded it is locked in.
- Q. Senator Bengtson then asked about default; would a person having paid for 4 years lose all in a default.
- A. Mr. Senn indicated that, if a person could not afford pay any more, they would allocate the dollars they have paid to whatever portion paid at the time. If something happens to them, they will offer the option to the beneficiary.
- Q. Senator Bengtson asked about notification and communication. Are they billed and then, on defaults, warning letters are sent.
- A. Mr. Senn responded that their policy is payment has to be made prior to processing the application. The annual statement communicates what the balance due is to purchase the type of service they are interested in.
- Q. Chairman Farrell asked, based on the Governor's comments, do they feel they can survive without the 1/2 FTE.
- A. Mr. Senn responded they do not feel they can survive without the 1/2 FTE, and anticipate this need will double. He indicated the 1/2 FTE was conservative.

Closing by Sponsor:

Senator Nathe indicated this bill would not be a cost to the general fund or the taxpayer in any way. The teachers who are

members of the TRS are bearing the full cost for something they would like to see put in place. It has a lot of advantages in that it does away that "laundry list", and stops the possibility of it growing. Senator Nathe stated he believes it is a good piece of legislation.

Chairman Farrell announced the hearing on SB125 as closed.

#### HEARING ON SB 121

#### Presentation and Opening Statement by Sponsor:

Senator Greg Jergeson addressed the honorable and meritorious members of the committee, and announced that he is the chief sponsor of SB121.

Senator Jergeson stated he stands before the committee as a Senator who believes four-square in merit. He indicated it may seem ironic or, indeed, without merit for one who believes in merit, to introduce and support a bill to repeal the merit system. Nevertheless, he noted, this bill has considerable merit. The District Court found that the merit system lacked constitutional merit. Apparently no one has seen merit in appealing the District Court finding of no merit to the Montana Supreme Court, to see whether they find the merit system to have merit. The time for which an appeal could be made is long past, and the Supreme Court would, in fact, find an appeal to have no merit in and of itself, without getting into the issue of itself. So it is that the Legislative Audit Committee found merit in recommending repeal of the merit system and that recommendation merited unanimous committee approval. Many of Senator Jergeson's constituents have suggested the merit of repealing existing statutes which no longer have merit, and representing constituent desires has considerable merit, which certainly merits our attention. Senator Jergeson indicated he hopes the committee finds merit in repealing the merit system. He noted he would be pleased to report the committee has seen the merit of a do pass on SB121. Senator Jergeson then indicated John Northy, a member of the Audit Committee staff, has seen the merit of appearing here this morning, and would answer any questions which this committee feels merit an answer.

#### List of Testifying Proponents and What Group they Represent:

John Northy, Legislative Auditor's Office

#### Testimony:

Mr. Northy stated this bill is an out-growth of their last audit with the Department of Administration and, in doing



compliance testing with laws applicable to the Department of Administration, they determined that the laws relating to the Merit System Council have been declared unconstitutional by the District Court. The Merit System Council was subsequently disbanded, and no longer exists. Mr. Northy indicated this bill merely repeals those laws, and removes references in other laws which cross-reference to the Merit System Council. He noted that the function has been assumed by the State Classification and Pay Plan.

Questions From Committee Members:

- Q. Senator Rapp-Svrcek asked on what basis the merit system was found unconstitutional.
- A. Mr. Northy responded the District Court held that the laws creating the Merit System Council were too vague, and were an unconstitutional delegation of legislative authority.

Closing by Sponsor:

Senator Jergeson pointed out that, as the committee could see, this bill merited no opponents.

Chairman Farrell announced the hearing on SB 121 as closed.

Senator Rasmussen offered a motion that SB 121 do pass. Motion passed.

DISPOSITION OF SB 121

Recommendation and Vote:

Motion passed by the committee that SB121 do pass.

OTHER BUSINESS

SB 91 Chairman Farrell asked the committee if they would like to take executive action on SB91. He indicated there is a fiscal note, and amendments have been prepared. He asked Ms. McClure to explain the amendments.

Ms. McClure indicated the amendments are a combination between those that she and John North of the Department of State Lands had talked about, and she met with Mr. Mizner and Mona Jamison to include the amendments they agreed upon. Regarding the amendment of the title, Ms. McClure explained this was to make clear what was done on line 6, where the word "existing" was included. This is exempting sales of existing lots from the subdivision laws. Page 3, line 8 is the same thing, including "existing" in the language. On line 12, after "any", the

word "existing" has been inserted. The fourth amendment is relating to the subdivision laws. Following subsection 2, the remainder of that section is stricken, through "laws". It will say "the sale of an existing lease is exempt from the subdivision laws, however any future subdivision of state-owned land is subject to review under Title 76, Chapters 3 and 4." She explained Chapters 3 and 4 in Title 76 deal with state subdivision regulations of sanitation and water. Under Title 76, as of 1974, people who have lots in their possession right now have already gone through all these reviews under the subdivision laws. Those that would be sold at this time would not have to go through review, since they have already done so. If they decide to subdivide, they would then fall under the subdivision law.

Senator Rapp-Svrcek indicated his reading of the amendment does not say that. He further indicated he understands it to say that any future subdivision of state-owned land is subject to review under Title 76, Chapters 3 and 4, but that does not indicate that, once this lands becomes the property owner's, and they decide to subdivide again, they are subject to subdivision laws. Ms. McClure responded that the intent was that, if they subdivided and then attempted to sell, they would be subject to that. There was discussion regarding this amendment.

Mr. Dan Mizner, representing the Montana Leaseholders Association, stated the intent was that the state land that is sold, which has already been subdivided, does not have to come under the subdivision laws. If the purchaser of that land, after he buys it, wishes to subdivide, then he must come under the subdivision laws.

Ms. McClure noted that Senator Rapp-Svrcek is correct. Any future subdivision is not state-owned land once it is purchased. She noted the words "of state-owned land" should be stricken. Ms. McClure indicated that 5 through 8 are the same amendments that Mr. North talked about. She noted his concern, on line 23, was to make sure that the lessee knew that he was responsible to comply with surveys, and that he pays for the surveys across state lands. On the top of page 4, an appraisal will not be done unless the amount is less than the about of bid. On line 13, the applicability is cabin or home sites in implementing Section 3, line 15. Ms. McClure indicated the remainder of line 15 will be stricken, and will read "implementing Section 3".

Ms. McClure indicated she will re-correct the amendment, and strike "state-owned lands", as previously discussed.

Regarding the fiscal note, Ms. McClure indicated they had anticipated some of the technical conflicts, and she believes

these amendments take care of those. She indicated she can not speak to the assumption in the fiscal note as far as requiring a FTE. The amendments will correct the technical conflicts regarding the Subdivision and Planning Act, and the applicability laws to reflect that we are talking about implementing Section 3.

Senator Rapp-Svrcek offered the motion that the proposed amendments to SB91 be adopted.

Motion passed to amend SB91.

Senator Rapp-Svrcek offered the motion that SB91 do pass as amended.

Motion passed that SB91 do pass as amended.

Recommendation and Vote:

Motion passed by the committee to amend SB91.

Motion passed by the committee that SB91, as amended, do pass.

SB 88

Chairman Farrell asked Senator Rasmussen if any further information has been provided relative to SB88. Senator Rasmussen responded that the other bill does not relate to SB88. It deals with two boards; one related to asbestos control and another related to underground tank storage. It will attempt to exempt them from the sunrise law, but it does not relate to the whole process of sunrise.

Ms. McClure reported that Senator Rasmussen is correct, but there is another bill indicating, because they are federally mandated, that they be exempt. The question is whether they will expand that bill to include state agencies. If that is done, they can possibly amend sunrise rather than repeal it. If they choose to leave it narrow, and we don't want to repeal it using SB88, this committee could do a committee bill. We are waiting to see how broad or narrow this bill will be. They may attempt to expand and revise sunrise, if they make it broad enough to exempt state agencies along with federally mandated licensing. Senator Rasmussen indicated that would not cover all the little groups, and Ms. McClure responded it would depend on how it is written. Senator Rasmussen asked, if it exempts them, who would it cover. The law can be left on the books, and we can exempt everything. Ms. McClure responded that, right now, the bill is very narrowly written to cover federally mandated programs.

Senator Rapp-Svrcek asked Ms. McClure if, under the title of SB88, it can not be amended to just take the fee out. Ms. McClure responded a committee bill will have to be proposed

to amend sunrise. Senator Rasmussen indicated the committee could do that, but the Legislative Auditor's office would "go through the roof", and would say they don't have any people. There would be no way to get the audits done. Senator Rapp-Svrcek suggested these groups could be asked to prepare the report, meeting the criteria.

Chairman Farrell asked Senator Rasmussen if he would prefer to delay action on SB88. Senator Rasmussen responded yes, until further information is available. He went on to state that the idea of having the group prepare the report is a good idea. Conceivably they would have to present that as part of their bill introduction. Along with the bill would come a study regarding why this group is needed. It would be on their shoulders to do it, but they would have to meet the requirements of sunrise. Senator Vaughn asked if the Audit Committee would then not be required to do anything. Senator Rasmussen and Chairman Farrell both responded this would be correct. Senator Bengtson indicated there would no longer be a need for the fee.

Senator Rasmussen asked the committee their opinion. The committee agreed, and Senator Rasmussen asked Ms. McClure to prepare the amendments. Ms. McClure responded that it would have to be a committee request for a bill. She further indicated she would find out if the existing proposed bill may be broadening sunrise. There was further discussion between Senator Rasmussen and Ms. McClure.

## ADJOURNMENT

Adjournment At: 11:00 a.m.

  
WILLIAM E. FARRELL, Chairman

WEF/mhu  
SB121.118

ROLL CALL

STATE ADMINISTRATION COMMITTEE

51ST LEGISLATIVE SESSION

DATE: January 18, 1989

NAME	PRESENT	ABSENT	EXCUSED
HUBERT ABRAMS	✓		
JOHN ANDERSON, JR.	✓		
ESTHER BENGTSOEN	✓		
WILLIAM E. FARRELL	✓		
ETHEL HARDING	✓		
SAM HOFMAN	✓		
PAUL RAPP-SVRCEK	✓		
TOM RASMUSSEN	✓		
ELEANOR VAUGHN	✓		

STANDING COMMITTEE REPORT

January 18, 1989

MR. PRESIDENT:

We, your committee on State Administration, having had under consideration SB 121 (first reading copy -- white), respectfully report that SB 121 do pass.

DO PASS

Signed: *Farrell*  
William E. Farrell, Chairman

*y.c.*  
*1/19/89*  
*9:50 a.m.*

STANDING COMMITTEE REPORT

January 18, 1989

MR. PRESIDENT:

We, your committee on State Administration, having had under consideration SB 91 (first reading copy -- white), respectfully report that SB 91 be amended and as so amended do pass:

1. Title, line 6.

Following: "EXEMPTING"

Insert: "EXISTING"

2. Page 3, line 8.

Following: "Sale of"

Insert: "existing"

3. Page 3, line 12.

Following: "any"

Insert: "existing"

4. Page 3, line 14.

Following: "(2)"

Strike: the remainder of line 14 through "laws"

Insert: "The sale of an existing lease is exempt from the subdivision laws. However, any future subdivision is subject to review under Title 76, chapters 3 and 4"

5. Page 3, lines 22 and 23.

Following: "shall" on line 22

Strike: "establish"

Insert: ", upon compliance with 77-3-101 through 77-3-107, grant"

Following: "easement" on line 23

Insert: "across state lands"

6. Page 4, line 3.

Following: "appraisal"

Insert: "made for purposes of [section 3] when the appraisal value is less than the amount of bid made pursuant to 77-2-323"

7. Page 4, line 13.

Following: "Any"

Insert: "cabin or home site"

8. Page 4, line 15.

Following: "provision"

Strike: the remainder of line 15 through "sold"

Insert: "implementing [section 3]"

AND AS SO AMENDED DO PASS

Signed:   
William E. Farrell, Chairman

*W.E.*  
*11/19/89*  
*9:50*  
*a.m.*



SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 1/18/89

STATE ADMINISTRATION COMMITTEE

BILL NO. SB125

WITNESS STATEMENT

To be filled out by a person testifying or a person who would not like to stand up and speak but wants their testimony entered into the record.

NAME:

Phil Campbell

DATE:

1-18-89

Address:

\_\_\_\_\_  
\_\_\_\_\_

Phone:

\_\_\_\_\_

Representing whom?

MEA

Appearing on which proposal?

SB125

Do you:

SUPPORT?

X

AMEND?

\_\_\_\_\_

OPPOSE?

\_\_\_\_\_

Comments:

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PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

EXHIBIT NO. 2

DATE 1/18/89

BILL NO. SB 125

WITNESS STATEMENT

To be filled out by a person testifying or a person who would not like to stand up and speak but wants their testimony entered into the record.

NAME: Terry Minow

DATE: 1-18-89

Address: Box 1245  
Idelera

Phone: 442-2123

Representing whom?  
Montana Education of Teachers

Appearing on which proposal?  
SB 125

Do you: SUPPORT?  AMEND?  OPPOSE?

Comments:  
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PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

EXHIBIT NO. 3

DATE 1/18/89

BILL NO. SB125

WITNESS STATEMENT

To be filled out by a person testifying or a person who would not like to stand up and speak but wants their testimony entered into the record.

NAME: Michael A. Lowe DATE: 1/18/89

Address: 2780 Arcabide Lane  
Missoula, MT

Phone: 251-4902

Representing whom?  
Past IRS member -

Appearing on which proposal?  
SB 125 Proponent

Do you: SUPPORT?  AMEND?  OPPOSE?

Comments:  
Simplifies process.  
Equalizes process.  
Limits additional individual  
items on current laundry list.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

EXHIBIT NO. 4

DATE 1/18/89

BILL NO. SB125

WITNESS STATEMENT

To be filled out by a person testifying or a person who would not like to stand up and speak but wants their testimony entered into the record.

NAME:

DATE:

David Senn

1-18-89

Address:

1500 6th

Helena

Phone:

444-3134

Representing whom?

Teachers Retirement Board

Appearing on which proposal?

SB 125

Do you:

SUPPORT?



AMEND? \_\_\_\_\_

OPPOSE? \_\_\_\_\_

Comments:

see exhibit 5

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

Teachers' Retirement System  
Senate Bill 125Bill Title

"An act permitting vested members of the Teachers' Retirement System to purchase additional service for the purpose of calculating their retirement allowance, limiting the types of service credit that members may purchase, revising provisions regarding the purchase of service credit for service in the military, Red Cross or Merchant Marines, amending sections 19-4-402, 19-4-403, 19-4-404, 19-4-408, 19-4-410, 19-4-411, 19-4-804 and 19-4-902 MCA and providing an effective date."

Comparison of years of service a member is eligible to purchase under the current law and the proposed law.

YEARS A MEMBER MAY PURCHASE

<u>SERVICE CREDIT</u>	<u>CURRENT LAW</u>	<u>PROPOSED LAW</u>
Military Service	2	2
Out-of-State	5	
Leave Service	5	
Private Teaching	5	
Montana Coop. Ext.	5	
Worker Comp.	2	
Additional Service	NA	5
TOTAL	5*	7
<u>COST PER YEAR OF SERVICE</u>		
Maximum Contribution	14.472%**	14.472%
Minimum Contribution	5%**	NA
Actuarial cost of service	34.9%	14.472%

\* Member after July 1 1973 may not purchase more than 5 years service in any combination.

\*\* Under current law the contribution rate for members after July 1, 1979 is based upon the combined employee and employer rates in effect when the member is eligible to purchase service. This rate will vary from 10.375% to 14.472%. For member prior to July 1, 1979 the rate is based upon the employee contribution rate only. This rate will vary from 5.0% to 7.044%

SB 125  
1/18/89

WITNESS STATEMENT

To be filled out by a person testifying or a person who would not like to stand up and speak but wants their testimony entered into the record.

NAME: School Admin of MIT DATE: 1/18/89  
Jesse W. Long

Address: 515 W. Sanders  
Helena,

Phone: 442-2560

Representing whom?  
School Admin of MIT

Appearing on which proposal?  
SB 125

Do you: SUPPORT?  AMEND?  OPPOSE?

Comments:  
This legislation does not impact the  
unfunded liability of the TRS which  
is a prime concern to SAM.  
TRS needs additional FTE for the  
efficient operation and application of  
this important benefit for administrators.

# MISSOULA COUNTY

BOARD OF COUNTY COMMISSIONERS

• Missoula County Courthouse • Missoula, Montana 59802  
(406) 721-5700

BCC-89-030  
January 13, 1988

SENATE STATE ADMIN.

EXHIBIT NO. 6

DATE 1/13/89

BILL NO. SB 91

Bill Farrell, Chair  
State Administration Committee  
Montana State Senate  
Capitol Station  
Helena, MT 59624

Dear Senator Farrell and Committee Members:

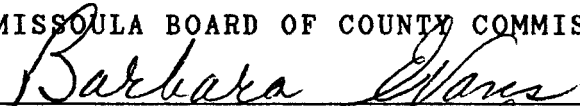
We have reviewed the position of the Montana State Leaseholders Association on SB-91 and concur with and support the intent of the bill. We see the possibility of positive impacts for both management of school trust lands as well as for current leaseholders.

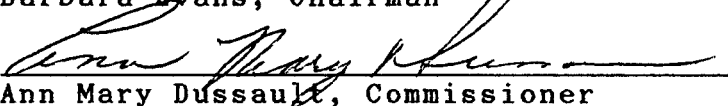
However, we have the following concerns, the first of which is about the subsequent subdivision of these parcels after the leases have been purchased and the process that would be involved. The second involves both awareness and assurance that the resource management efforts currently mandated and administered by the Department of State Lands are continued. This concern arises primarily because many times these state lease lands are adjacent to significant resource areas such as lakes, rivers, ungulant winter range and other significant ecological habitats. If the leases are sold, the Department would no longer be administering these lands. Our main concern is ensuring that the new private landowners are made aware of how these resources have been managed in the past so that they can continue to protect and enhance our valued resources.

We would request that the Committee, the Montana State Leaseholders Association and the County work together to come up with mutually acceptable language to address these concerns.

Sincerely,

MISSOULA BOARD OF COUNTY COMMISSIONERS

  
Barbara Evans, Chairman

  
Ann Mary Dussault, Commissioner

  
Janet L. Stevens, Commissioner

BCC/lm

cc: Montana State Leaseholders Association  
Missoula Legislators

Amendments to Senate Bill No. 91  
First Reading Copy

For the Committee on Senate State Administration

Prepared by Eddy McClure  
January 17, 1989

1. Title, line 6.

Following: "EXEMPTING"

Insert: "EXISTING"

2. Page 3, line 8.

Following: "Sale of"

Insert: "existing"

3. Page 3, line 12.

Following: "any"

Insert: "existing"

4. Page 3, line 14.

Following: "(2)"

Strike: the remainder of line 14 through "laws"

Insert: "The sale of an existing lease is exempt from the  
subdivision laws. However, any future subdivision is  
subject to review under Title 76, chapters 3 and 4"

5. Page 3, lines 22 and 23.

Following: "shall" on line 22

Strike: "establish"

Insert: ", upon compliance with 77-3-101 through 77-3-107, grant"

Following: "easement" on line 23

Insert: "across state lands"

6. Page 4, line 3.

Following: "appraisal"

Insert: "made for purposes of [section 3] when the appraisal  
value is less than the amount of bid made pursuant to 77-2-  
323"

7. Page 4, line 13.

Following: "Any"

Insert: "cabin or home site"



