

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By DICK SIMPKINS, CHAIRMAN, on March 9, 1993, at
9:01 a.m.

ROLL CALL

Members Present:

Rep. Dick Simpkins, Chairman (R)
Rep. Wilbur Spring, Vice Chairman (R)
Rep. Ervin Davis, Vice Chairman (D)
Rep. Beverly Barnhart (D)
Rep. Pat Galvin (D)
Rep. Bob Gervais (D)
Rep. Harriet Hayne (R)
Rep. Gary Mason (R)
Rep. Brad Molnar (R)
Rep. Bill Rehbein (R)
Rep. Sheila Rice (D)
Rep. Sam Rose (R)
Rep. Dore Schwinden (D)
Rep. Carolyn Squires (D)
Rep. Jay Stovall (R)
Rep. Norm Wallin (R)

Members Excused: None.

Members Absent: None.

Staff Present: Sheri Heffelfinger, Legislative Council
Dorothy Poulsen, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB 192; SB 203; SB 385; SB 407
Executive Action: SB 192; SB 174; SB 385; SB 407

HEARING ON SB 385

Opening Statement by Sponsor:

SEN. ELEANOR VAUGHN, Senate District 1, Libby, introduced SB 385 which revises and recodifies statutes affecting the retirement systems administered by the Public Employees' Retirement System

Board. She said the bill did not change benefits paid to members of any of the retirement systems, incurred no costs, and did not change the way the systems are administered. She reported the bill was the result of a gigantic two-year effort to recodify retirement statutes into an understandable, logical, legal, and equitable format. She said the bill recommends changes in organization, grammar, style, and syntax in order to describe the retirement systems in plain English. She explained the few substantive changes in the bill were responses to opinions from the attorney general and changes in federal laws. She said the housekeeping amendments would ensure that the retirement systems would continue their qualified-plan status with the Internal Revenue Service and continue the tax-exempt status of members' contributions. She expressed her certainty the committee would appreciate the efforts to make the retirement systems more understandable.

Proponents' Testimony:

Linda King, Assistant Administrator, Public Employees' Retirement Division, distributed a table which showed the order of recodified statutes, a cross-reference table, and written testimony in which she reviewed the changes made by SB 385. EXHIBITS 1, 2, 3

Tom Schneider, Montana Public Employees' Association, stated he had read the 255-page bill and confirmed it made the changes described. He urged the committee to support the bill.

John Malee, Montana Federation of Teachers, Montana Federation of State Employees, stated their support of the bill.

Art Whitney, Association of Montana Retired Public Employees, stated their support of the bill.

Opponents' Testimony: None.

Informational Testimony: None.

Questions From Committee Members and Responses:

REP. MOLNAR asked Ms. King why the bill did not cover the teachers' retirement system. Ms. King responded the bill only recodified public retirement systems administered by the Public Employees' Retirement System (PERS) Board. She explained the teachers had a different board, and the PERS Board could not presume to rewrite their statutes. She reported statutes for the volunteer firefighters' retirement system also were not recodified because the system was currently under study.

REP. SIMPKINS asked Ms. King whether the offset on workers' compensation would change the unfunded liabilities of the retirement systems. Ms. King responded it would make no difference to the systems' costs. REP. SIMPKINS asked Ms. King

whether the bill would create any additional unfunded liability or additional expense to the state. Ms. King said it would not.

Closing by Sponsor:

SEN. VAUGHN said the different retirement systems had agreed with changes made in the bill. She asked for concurrence by the committee.

HEARING ON SB 192

Opening Statement by Sponsor:

SEN. MIGNON WATERMAN, Senate District 22, Helena, introduced SB 192 which directs the Public Employees' Retirement System (PERS) Board to review benefits paid by PERS and recommend cost-of-living adjustments to the legislature. She said the bill clarifies that PERS is expected to maximize benefits for retirees. She asserted that to keep good employees both good salaries and good benefits, such as retirement benefits, were necessary. She said unfortunately public retirement benefits were being eroded by inflation, particularly for older retirees. She said currently nothing in law encourages PERS to maximize benefits to active and retired members. She said SB 192 does not cost any money nor does it require any particular action, but it does require the board to consider the needs of retirees. She suggested the bill would be of assistance to the legislature in considering retirement systems.

Proponents' Testimony:

Gene Allen, Association of Montana Retired Public Employees, stated current law limits the PERS Board to administering the system and actually prohibits the board from reviewing retirement benefits. He said SB 192 added the responsibility of taking benefits of recipients into consideration during the board's deliberations. He said the bill does not change the board's fiduciary responsibilities but allows the board to consider cost-of-living adjustments while maintaining a sound system. He urged favorable consideration of the bill.

Linda King, Public Employees' Retirement Board, stated support of the bill on behalf of the Board.

Tom Schneider, Montana Public Employees' Association, stated current law spells out the powers of the PERS Board, but does not direct the board to consider benefits delivered to members of the retirement system. He suggested the board should be the entity which examines benefits and makes recommendations to the legislature rather than other groups which have their own special interests. He urged passage of the bill.

Terry Minow, Montana Federation of Teachers, Montana Federation of State Employees, asked to be on record in support of SB 192.

Tom Bilodeau, Montana Education Association, supported SB 192. He said other legislation, which had the support of both the PERS and Teachers' Retirement System boards, had been introduced in the Senate to address issues in a comprehensive fashion for both active and retired employees. He said the legislation provided guaranteed annual benefit adjustments as the means of maintaining retirement benefits at the pace of inflation. He stated similar legislation would be introduced in the next legislative session.

Opponents' Testimony: None.

Informational Testimony: None.

Questions From Committee Members and Responses:

REP. ROSE suggested to Sen. Waterman that the bill did not encourage cooperation among the various public retirement system boards. SEN. WATERMAN responded another bill to establish a statutory committee to study retirement issues had been introduced. She contended SB 192 would fit with that proposal; she agreed coordination was needed.

REP. SIMPKINS reported amendments to SB 192 were necessary because of conflicts between SB 192 and SB 385. SEN. WATERMAN stated she had received the amendments and commended the committee's efforts to consolidate the retirement statutes.

Closing by Sponsor:

SEN. WATERMAN stated the committee's questions had pointed out the need for the bill. She maintained it was important to not only coordinate the retirement system boards but to also use the boards as resources in considering retirement issues in order to avoid the special interests represented by lobbyists.

HEARING ON SB 203

Opening Statement by Sponsor:

SEN. HARRY FRITZ, Senate District 28, Missoula, introduced SB 203 which provides a one-time, ad hoc cost-of-living increase to retired members of the Public Employees' Retirement System (PERS). He stated the increase would be funded entirely by PERS and would increase the length of the unfunded liability by 2.2 years. He explained PERS does not include any guaranteed cost-of-living or annual benefit adjustment; therefore, to address increases in the cost of living, periodic adjustments to the system are necessary. He reported the last adjustment was provided in 1987.

Proponents' Testimony:

Art Whitney, Vice President, Association of Montana Retired Public Employees, provided written testimony in which he explained the need for the bill and described the provisions of the bill. He explained that in the Senate hearing it was recommended the date of retirement be changed to coordinate with the early retirement bill. **EXHIBIT 4**

Tom Schneider, Montana Public Employees' Association, supported the bill. He stated he was a member of the Montana Benefit Advisory Council which oversees the state health insurance program and reported the rising cost of health insurance to retirees on the state system is double the rate of active members. He suggested the benefit increase proposed by SB 203 was an attempt to mitigate the health insurance cost increases to retirees. He stated the association viewed the bill as very necessary at this time.

Terry Minow, Montana Federation of State Employees, stated the federation would have preferred a guaranteed base adjustment, but that legislation had been killed. She maintained since there was no automatic increase in retirement to keep retirees current with inflation, SB 203 was essential.

Opponents' Testimony:

Mark Cress, Administrator, Public Employees' Retirement Division, stated he appeared on behalf of the Public Employees' Retirement System (PERS) Board in opposition to SB 203. He explained members of the board were sympathetic to the needs of retirees for an increase in benefits; however, because of their fiduciary responsibilities, they opposed the bill because of its lack of funding. He distributed a brief history of PERS post-retirement benefit increases. He also presented an amendment to change the effective retirement date from July 1, 1993, to July 1, 1991. **EXHIBITS 5, 6**

Informational Testimony: None.

Questions From Committee Members and Responses:

REP. MASON asked **Mr. Cress** to explain which funds were used to pay the unfunded liability. **Mr. Cress** responded that a part of the employer's contribution is used to pay off the unfunded liability. **REP. MASON** asked whether all the money came from the employer. **Mr. Cress** explained that although contributions from employees and employers were equal, the past unfunded liability must be paid by the employer. He said current employees could not be asked to pay for benefits to retirees only.

REP. RICE stated unfunded liabilities were scary concepts because of problems with workers' compensation. She asked **Mr. Cress**

whether the retirement system would be actuarially sound if SB 203 were passed. **Mr. Cress** responded the system would still be sound because there would be adequate contributions to pay off the unfunded liability within a reasonable period of time. **REP. RICE** asked whether the amortization period would continue to decrease. **Mr. Cress** responded yes.

REP. GERVAIS asked **Mr. Schneider** to comment on **Mr. Cress's** testimony. **Mr. Schneider** reported they had a difference of opinion. He agreed if the benefit was only for retirees, then the employer must pay the cost. He said, however, when the benefit is changed for active employees, the cost goes into the unfunded liability; and employees do pay for those changes. He disagreed that all unfunded liabilities had to come from employer contributions. He contended employee contributions were also used to pay off the unfunded liability.

REP. SIMPKINS asked **Mr. Cress** whether an unfunded liability could be described as future money used to pay current benefits. **Mr. Cress** said that was essentially correct, and the bill extended the length of time to pay. **REP. SIMPKINS** asked whether retirees in a private retirement system with a similar unfunded liability would be "out of luck" if the company went bankrupt. **Mr. Cress** said bankrupt companies would have benefit obligations, but there might be insufficient assets to meet those obligations. **REP. SIMPKINS** contended SB 203 proposed increasing the unfunded liability because state government was very unlikely to go out of business. He suggested unfunded liabilities would not be considered a sound management practice. **Mr. Cress** stated the PERS Board was not opposed to an unfunded liability as long as an actuarially sound mechanism for funding the liability existed. He said the problem was not paying for benefits over a period of time but the lack of a funding mechanism. **REP. SIMPKINS** asked whether SB 203 limited the flexibility of PERS to adopt a cost-of-living adjustment (COLA). **Mr. Cress** said any time the unfunded liability increased, flexibility in the system decreased. He reported the legislation introduced in the Senate for a COLA for PERS had funded the benefit through an increase in employee and employer contributions.

REP. MOLNAR asked **Mr. Cress** whether PERS covered only state employees. **Mr. Cress** responded PERS covers state, county, city, and non-teaching school employees. **REP. MOLNAR** asked if counties left PERS whether they would leave the unfunded liability. **Mr. Cress** explained the legislature would have to authorize local governments to leave PERS; however, he said normally under those circumstances, the counties would be required to take a portion of the unfunded liability.

REP. STOVALL asked whether the PERS Board was opposed to SB 203 only because it was unfunded. **Mr. Cress** stated the board was opposed primarily because of the lack of funding; he said the board supported cost-of-living increases for retirees. He said they preferred planning for increases and funding increases

through employees' contributions. He reported they had supported SB 300. He said the board believes it is inappropriate policy to increase benefits without increasing contributions.

REP. RICE suggested to Mr. Cress that a funding mechanism did exist for the bill, but the bill extended the number of years over which the liability would need to be paid. Mr. Cress agreed and compared the situation to a mortgage; he said the bill would be adding years to the mortgage. REP. RICE asked how fast the unfunded liability was currently decreasing. Mr. Cress said the question was difficult to answer because many factors affected the rate. REP. SIMPKINS responded to REP. RICE and stated the contribution level would be increased from 6.55 percent to 6.7 percent on July 1, 1993, to pay off the unfunded liability.

REP. ROSE asked Mr. Cress what impact the bill would have on local governments. Mr. Cress responded the bill had no effect; the benefit was being paid out of retirement funds.

REP. STOVALL asked Mr. Cress for an estimate of the impact on the unfunded liability. Mr. Cress referred to the fiscal note which showed the bill would increase the amortization period by 2.2 years. He reported that with the amendment he had proposed, the amortization period would increase only 1.78 years.

REP. GERVAIS asked Mr. Cress whether the system would be in jeopardy with the passage of the bill. Mr. Cress said the bill would not put the system into risk of becoming actuarially unsound.

Closing by Sponsor:

SEN. FRITZ commented the hearing was very unique because even the opponent, Mr. Cress, agreed more benefits for public employee retirees were needed because of rising health care costs. SEN. FRITZ recalled Mr. Cress had insisted the fund was actuarially sound; he said the bill would have no adverse impact on the system's ability to meet its obligations in the future. SEN. FRITZ claimed there was no real opposition and said Mr. Cress had proposed an amendment which made the bill more palatable. He reported the average increase in the public employee retirement benefit would be \$297 per year or less than \$25 per month under SB 203.

HEARING ON SB 407

Opening Statement by Sponsor:

SEN. HARRY FRITZ, Senate District 28, Missoula, introduced SB 407 which amends the university system optional retirement program. He stated the bill had the strong support of both the Montana University System (MUS) and the Teachers' Retirement System (TRS). He reported in 1991 the legislature authorized an

independent actuarial study of MUS's obligations to TRS which showed the cost of MUS buying out its TRS obligations. He explained MUS now contributes to TRS for employees who are not members of TRS; however, MUS does have an obligation for employees who are members of TRS. The bill provides for those employees who have been and will continue to be members of TRS. He said SB 407 provides a way for MUS to buy out its obligations to TRS and arranges the terms for an "amicable divorce" of MUS from TRS. He explained new faculty and administrators would be required to join the optional program (TIAA-CREF) rather than TRS. He contended this would not be a major change because more than 90 percent of new university employees currently choose TIAA-CREF.

Proponents' Testimony:

David Evenson, Montana University System, distributed written testimony in support of SB 407. He reported the bill had no general fund impact nor would it impact the unfunded liability of TRS. He explained the total cost of retirement would not change; rather the bill reallocates the retirement contribution between TIAA-CREF and TRS. He reported the contribution to TIAA-CREF would be increased from 10 percent to 12 percent, the minimum necessary to provide adequate retirement benefits for faculty and staff. He explained that TIAA-CREF was similar to private industry retirement systems in which the retirement plan is like a savings account, and benefits are based on investment performance of the account. As a result, no unfunded liabilities are created by the plan. He explained that because employees in higher education are highly mobile, an optional retirement program was preferred so that employees could maintain the same retirement plan at several different institutions. **EXHIBIT 7**

David Senn, Executive Director, Teachers' Retirement System, stated TRS supports SB 407. He reported the bill provided a funding mechanism which gives the MUS an increased amortization period in which to pay its TRS unfunded liability. He said the provision in the bill which requires new hires to choose TIAA-CREF eliminates the problem of adverse selection feared by the TRS Board. He explained adverse selection as the situation in which older, highly paid individuals join the retirement system late in their career. These people are consequently paid retirement benefits which have not been actuarially funded based on the individual's career, and instead the system funds the benefits. He stated the bill also provided a review of contribution rates to evaluate the needs of the system.

Terry Minow, Montana Federation of Teachers, supported SB 407 stating the optional retirement system was important for recruitment in the university system. She pointed out the bill does not harm TRS and helps members of TIAA-CREF.

Tom Bilodeau, Research Director, Montana Educational Association, stated MEA has opposed similar legislation in the past because of

the fear of inadequate funding for TRS. He said MEA now supports the bill because it provides adequate funding.

Opponents' Testimony: None.

Informational Testimony: None.

Questions From Committee Members and Responses:

REP. MASON asked Mr. Senn how much weight the study by Buck Consultants was given in drafting the bill. Mr. Senn responded the study was given a great deal of weight in reaching compromise, and the bill was modeled to a great extent on the study. REP. MASON reported he had problems with some of the assumptions of the study such as the 6.5 percent yearly increase in salaries. He asked whether the increase would affect the system positively or negatively. Mr. Senn responded if salaries were not increased as assumed, then the effect would be negative. He contended, however, that the assumption was reasonable because over the last three years, salaries had increased more than 6.5 percent annually. REP. MASON recalled that Mr. Senn had testified the system would be reviewed and asked whether changes would be made if the assumptions were faulty. Mr. Senn confirmed that the system would be reevaluated about every five years, and assumptions would be changed if experience did not support them. REP. MASON asked Mr. Senn to address the differences in the unfunded liability amount published in the interim committee report and the study by Buck Consultants. Mr. Senn explained part of the disparity was due to determining the unfunded liability at two different times, and part to differences between actuaries and the methods they used.

REP. ROSE asked Mr. Senn to explain why a change in contribution rate would not affect the unfunded liability. Mr. Senn explained because there was no change in benefits, the unfunded liability did not change. He explained the lower contribution rate affected the amount of money which would be going into the system, and therefore the amortization period for the unfunded liability was increased by six years. REP. ROSE asked whether people would belong to both systems. Mr. Senn stated people would not be allowed to contribute to both systems at the same time.

REP. SIMPKINS asked Mr. Senn whether the university system's contribution rate would increase if enhancements were made to TRS. Mr. Senn explained each enhancement would need to be reviewed; and if the enhancement affects MUS members, then they would be required to pay their share.

REP. WALLIN asked whether the unfunded liability would be amortized for more than a 40-year period. Mr. Senn said no, the current amortization period was approximately 31 years.

Closing by Sponsor:

SEN. FRITZ noted that MUS employees who are members of TRS would not decrease their contributions to the system; only the employer contribution rate would decrease to 2.5 percent of salaries. He reported only 2,500 of the 24,000 members of TRS were MUS employees, and MUS must contribute only enough money to fund the 2,500 members. He stated MUS employees support the bill, regardless of their retirement system membership.

EXECUTIVE ACTION ON SB 385

Motion: REP. SPRING MOVED SB 385 BE CONCURRED IN.

Discussion:

REP. GALVIN asked whether SB 385 tried to place all the retirement systems into one system. REP. SIMPKINS responded no.

REP. ROSE asked whether the bill would affect the proposed statutory committee on retirement. REP. SIMPKINS responded no.

Vote: SB 385 BE CONCURRED IN. Motion carried unanimously with REP. SQUIRES voting by proxy. EXHIBIT 8

EXECUTIVE ACTION ON SB 192

Motion: REP. RICE MOVED SB 192 BE CONCURRED IN.

Motion/Vote: REP. RICE moved to amend SB 192 to coordinate SB 192 with SB 185. Motion carried unanimously with REP. SQUIRES voting by proxy. EXHIBITS 8, 9

Motion/Vote: REP. RICE MOVED SB 192 BE CONCURRED IN AS AMENDED. Motion carried unanimously with REP. SQUIRES voting by proxy. EXHIBIT 8

EXECUTIVE ACTION ON SB 407

REP. SIMPKINS distributed a letter from Buck Consultants stating SB 407 was consistent with recommendations from their actuarial review. EXHIBIT 10

Motion: REP. RICE SCHWINDEN MOVED SB 407 BE CONCURRED IN.

Discussion:

REP. MOLNAR asked REP. MASON whether his concerns about the bill had been satisfied. REP. MASON reported his questions had been answered.

REP. ROSE asked for clarification of the bill's impact on the unfunded liability of TRS. Mr. Senn explained that MUS's portion

of the unfunded liability was isolated, and to fund that obligation the amortization period was extended by six years. He explained the bill did not incur any additional liability because benefits were not changed.

Vote: SB 407 BE CONCURRED IN. Motion carried 12 to 4 with REPS. REHBEIN, ROSE, SPRING, and MOLNAR voting no and REP. SQUIRES voting by proxy. EXHIBIT 8

EXECUTIVE ACTION ON SB 174

Motion: REP. RICE MOVED SB 174 BE CONCURRED IN AS AMENDED.

Motion/Vote: REP. MOLNAR moved to amend SB 174 to require damages for frivolous lawsuits. Motion carried 13 to 3 on a roll call vote with REPS. DAVIS, BARNHART, and SCHWINDEN voting no and REP. SQUIRES voting by proxy. EXHIBITS 8, 11, 12

Motion/Vote: REP. MOLNAR moved to amend SB 174 to add a statute of limitation of three years. Motion carried unanimously with REP. SQUIRES voting by proxy. EXHIBITS 8, 13

Motion: REP. RICE MOVED SB 174 BE CONCURRED IN AS AMENDED. EXHIBIT 14

Discussion:

REP. MOLNAR claimed that with the amendments, any individual bringing a suit would have nothing to gain monetarily. He contended the bill was necessitated by the inaction of the commissioner of political practices.

REP. SIMPKINS noted the commissioner or county attorney has 50 days to act on a complaint and asked whether 50 days was sufficient time to start a court case. REP. MOLNAR argued "commencing action" was not the same as beginning a court case. He suggested "commencing action" would include the commissioner starting the investigation of the complaint. Ms. Heffelfinger stated only written notification to the complainant was necessary within 50 days.

REP. ROSE suggested the bill just gave attorneys permission to sue.

REP. RICE reported that reading the lobbyists citizen enforcement statutes had encouraged her support of SB 174. She said the amendments narrowed the scope of the bill and made SB 174 even more similar to the lobbyists citizen enforcement statutes. She urged concurrence.

REP. SIMPKINS noted that legislators differed from lobbyists because legislators took an oath of office. He contended

legislators could be sued or charged for failure to uphold the oath.

REP. GERVAIS maintained passing the bill would motivate the commissioner of political practices to act.

REP. RICE responded to REP. SIMPKINS' comments, clarifying that the bill applied to candidates and initiatives, not legislators.

REP. SPRING commented he did not like the bill.

Motion/Vote:


Vote: SB 174 BE CONCURRED IN AS AMENDED. Motion carried 9 to 7 on a roll call vote with REPS. SPRING, HAYNE, MASON, REHBEIN, ROSE, STOVALL, and SIMPKINS voting no and REP. SQUIRES voting by proxy. EXHIBITS 8, 15

ADJOURNMENT

Adjournment: 11:12 a.m.



DICK SIMPKINS, Chairman



DOROTHY POULSEN, Secretary

DS/DP

HOUSE OF REPRESENTATIVES
STATE ADMINISTRATION

COMMITTEE

ROLL CALL

DATE 3/9/92


NAME	PRESENT	ABSENT	EXCUSED
REP. DICK SIMPKINS, CHAIR	✓		
REP. WILBUR SPRING, VICE CHAIR	✓		
REP. ERVIN DAVIS, VICE CHAIR	✓		
REP. BEVERLY BARNHART	✓		
REP. PAT GALVIN	✓		
REP. BOB GERVAIS	✓		
REP. HARRIET HAYNE	✓		
REP. GARY MASON	✓		
REP. BRAD MOLNAR	✓		
REP. BILL REHBEIN	✓		
REP. SHEILA RICE	✓		
REP. SAM ROSE	✓		
REP. DORE SCHWINDEN	✓		
REP. CAROLYN SQUIRES	✓		
REP. JAY STOVALL	✓		
REP. NORM WALLIN	✓		

HOUSE STANDING COMMITTEE REPORT

March 9, 1993

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Mr. Speaker: We, the committee on State Administration report that Senate Bill 192 (third reading copy -- blue) be concurred in as amended .

Signed: 
Dick Simpkins, Chair

And, that such amendments read:

Carried by: Rep. Harper

1. Page 7.

Following: following line 2

Insert:

"NEW SECTION. Section 9. Coordination instruction. If Senate Bill No. 385 is passed and approved and if it repeals 19-5-201, 19-6-201, 19-7-201, 19-8-201, 19-9-201, and 19-13-202, then [sections 2 through 6 and 8 of this act], which amend the sections previously enumerated, are void."

-END-

Committee Vote:
Yes 16, No 2.

531445SC.Hpf

HOUSE STANDING COMMITTEE REPORT

March 9, 1993

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Mr. Speaker: We, the committee on State Administration report that Senate Bill 174 (third reading copy -- blue) be concurred in as amended .

Signed: 
Dick Simpkins, Chair

And, that such amendments read:

Carried by: Rep. S. Rice

1. Page 2, line 14.

Following: "(c)"

Insert: "(i)"

2. Page 2, lines 15 through 17.

Strike: "is entitled to be reimbursed by the state for" on lines 15 and 16

Insert: ", at the discretion of the court, may be awarded the"

Following: "incurred" on line 16

Strike: ", provided that in the case of"

Insert: ". The court may order either the defendant or the state to pay the incurred costs and attorney fees. If the court orders the state to pay the costs and fees, the state shall pay the costs and fees from fines collected under the provisions of this title.

(ii) If"

Strike: both the first and second "that" on line 17

3. Page 2, line 18.

Following: "finds"

Insert: "that the action"

4. Page 2, line 20.

Strike: "and reasonable"

Insert: ", "

Following: "fees"

Insert: ", and damages"

5. Page 2.

Following: line 21

Insert: "(4) A civil action may not be brought under this section more than 3 years after the occurrence of the facts

Committee Vote:

Yes , No .

531427SC.Hpf

March 9, 1993
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that give rise to the action."

HOUSE STANDING COMMITTEE REPORT

March 9, 1993

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Mr. Speaker: We, the committee on State Administration report that Senate Bill 385 (third reading copy -- blue) be concurred in.

Signed: 
Dick Simpkins, Chair

Carried by: Rep. Simpkins

Committee Vote:
Yes 11, No 0.

531447SC.Hpf

HOUSE STANDING COMMITTEE REPORT

March 9, 1993

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Mr. Speaker: We, the committee on State Administration report that Senate Bill 407 (third reading copy -- blue) be concurred in .

Signed: 
Dick Simpkins, Chair

Carried by: Rep. Ream

Committee Vote:
Yes 12, No 9 .

531452SC.Hpf

EXHIBIT 1
DATE 3/19/93
B SB 385

MCA CHAPTER 19-3, 5 THROUGH 9, AND 13 RECODIFICATION CROSS REFERENCE

CURRENT LAW
MCA Section Citation
Paragraph Title

PROPOSED LAW
SB 385 Comments
Location

Action

CHAPTER (NEW)
PUBLIC EMPLOYEE'S RETIREMENT ACT -- GENERAL PROVISIONS

Part 1, Short Title

New	Short Title	New	Sec. 1
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Part 2, Applicability

New	Applicability	New	Sec. 2
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Part 3, Definitions

19-3-104	Definitions	Amended	Sec. 3
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Part 4, General Administration

19-3-301	Location of board -- quorum -- officers and employees	Amended	Sec. 4
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19-3-302	Compensation of board members	No Change	-----
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19-3-304	Powers and duties of board	Amended	Sec. 5
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New	Appointment and compensation of administrative staff	New	Sec. 6
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19-3-305	Employment of actuary -- Biennial investigation and valuation	Amended	Sec. 7
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19-5-611	Determination of disability by Board	Amended	Sec. 8
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19-3-306	Report by department of administration division to governor	Amended	Sec. 9
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19-3-805	Administrative expenses	Amended	Sec. 10
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Please Note: Complete document may be located at the Historical Society

MCA CHAPTER 19-3, 5 THROUGH 9, AND 13 RECODIFICATION CROSS REFERENCE
Last update February 19, 1993

<u>MCA Section Citation</u>	<u>Action</u>	<u>SB 385 Location</u>
<u>Paragraph Title</u>		
19-3-101 Short Title	No change	
19-3-102 Purpose	Repealed	
19-3-103 Retirement System created	Amended	Sec. 43
19-3-104 Definitions	Amended	Sec. 3
19-3-105 Exemption from taxes and legal process	Amended	Sec. 38
19-3-106 Budget Act Superseded	No change	
19-3-107 Maximum benefit limitation	Amended	Sec. 35
19-3-201 Contracts with political subdivisions	Amended	Sec. 45
19-3-202 Requests by individual employee for employer to participate	No change	
19-3-203 Conversion of local or state retirement plan	Amended	Sec. 46
19-3-204 Tax levy to meet employer's obligation	Amended	Sec. 47
19-3-301 Location of board -- quorum -- officers and employees	Amended	Sec. 4
19-3-302 Compensation of board members	No Change	
19-3-304 Powers and duties of board	Amended	Sec. 5
19-3-305 Employment of actuary -- Biennial investigation and valuation	Amended	Sec. 7
19-3-306 Report by department of <u>administration division</u> to governor	Amended	Sec. 9
19-3-307 Employers to give board monthly report and other information	Repealed	
19-3-401 Membership <u>inactive vested members -- inactive nonvested members</u>	Amended	Sec. 49
19-3-402 Federally subsidized employees eligible	No change	
19-3-403 Exclusions <u>from membership</u>	Amended	Sec. 51
19-3-404 Refund when <u>former</u> member dies after transferring to another system	Amended	Sec. 84
19-3-405 Refund of employer contribution made after termination	Amended	Sec. 54
19-3-406 Termination of membership	Amended	Sec. 18
19-3-501 Absence not included in time of service	Amended	Sec. 55
19-3-502 Absence in military service	Amended	Sec. 25
19-3-503 Election to qualify military service for full credit	Amended	Sec. 56
19-3-504 Absence due to illness or injury	Amended	Sec. 57
19-3-505 Qualification of service <u>previous employment</u> with employer	Amended	Sec. 58
19-3-506 Qualification of prior service not previously credited	Repealed	
19-3-508 No duplication of allowances when there is more than one period <u>Benefits for the same period of service</u>	Amended	Sec. 23
19-3-509 Qualification of <u>other Montana public service from other Montana public retirement systems</u>	Amended	Sec. 59
19-3-510 <u>Service employment</u> in the United States government	Amended	Sec. 60
19-3-511 Transfer of service credits from teachers' retirement systems	Amended	Sec. 61
19-3-512 Qualification of service from	Amended	Sec. 62

Please note: complete document may be located at the Historical Society

EXHIBIT 2
DATE 3/9/93
HB SB 385

TESTIMONY OF THE

PUBLIC EMPLOYEES' RETIREMENT BOARD

Presented by: Linda King, Asst. Administrator,
Public Employees' Retirement Division

On behalf of the Public Employees' Retirement Board, I am here today to ask for your favorable consideration of this bill which proposes to recodify seven of Montana's public retirement systems. This recodification represents an effort to organize and present the essence of each and all the systems in a more easily understandable and briefer format. (I know you may have your doubts about brevity when you hoist the bill, but remember, we had to print all the old and the new language here...)

One of the most recognizable changes being made is in the physical framework and organization of the statutes. There is a "general" chapter which will precede the seven chapters establishing the individual retirement systems. This general chapter pertains to each of the individual systems and contains all the provisions of statute which are common to each of these systems. The chapters which follow set out the special details of the individual systems, each designed to follow the same basic organization. Not only will this format eliminate redundancy in the new codes, but it will be quite easy for persons to determine what is the same and what is different about any and all of the systems.

We have made some changes due to federal requirements for qualified pension plans, attorney general opinions, and recent new federal legislation. The handout titled, "Substantative Changes/Issues" discusses each of these changes and describes where they can be found in the bill.

Examples of such changes include the correction of all the statutory appropriation language to bring all the retirement statutes in line with an AG opinion issued in December, 1992. That opinion states that the appropriate statutory appropriation language is only required when funds are being paid out of the treasury (and not when being transferred between funds in the treasury).

Another example, which the Board hopes you will take a close look at, is the change we have proposed in two sections of the statutes dealing with Workers' Comp offsets. Each of the retirement systems currently has a general provision which says the benefits paid are "in addition" to Workers' Comp benefits; however, in two instances, current law provides for an offset of survivor's benefits while that person is in receipt of Workers' Comp benefits. We removed those two offsets in the recodification because we could find no equity in paying disability benefits to a member who was receiving Workers' Compensation, but reducing the survivors benefits payable to his widow

EXHIBIT 3
DATE 3/9/93
HB SB 385

while she was receiving a Workers' Comp payment. If you do want that offset to continue, please let us know.

I know reading the retirement statutes is the type of activity most persons usually reserve as a cure for insomnia. So, I don't really expect that you've all read every word of what's before you. I'd just like to assure you that if you enact this legislation recodifying these statutes, the next time you have to read the retirement statutes it will not be nearly so painful. You might even recognize the language in which it's written.

Association of Montana Retired Public Employees

Statement in Support of
SB 203
to House Committee
on State Administration

by Art Whitney
Vice President
AMRPE

EXHIBIT 4
DATE 3/9/93
HB SB 203

The purpose of SB 203 is to give members of the Public Employees Retirement System the first increase in their retirement checks they have had since 1987 that can be called a cost-of-living adjustment. To explain this I need to define the terms COLA, GABA and Post Retirement Adjustment.

The first two are defined in the glossary of *A Legislator's Guide to Montana's Public Employment Systems* which was published by the Legislative Council. It defines COLA as an increase in a retiree's monthly benefit based on a rise in the cost of living. I would add that they are also usually given as an equal percentage to all recipients. At least they are usually given that way by the federal government to its retirees and to Social Security recipients, and were given equally by the PERS in 1987. GABA, which stands for Guaranteed Annual Benefit Adjustment, is an automatic increase in a retiree's monthly benefit allowance by an amount that is specified in statute but which may not be formally connected to the cost of living.

Post Retirement Adjustment is not defined in the Legislator's Guide. It mentions that "Montana's public retirement systems currently have limited post retirement adjustment provisions". Also in Table 8 it states that PERS retirees are paid a portion of the investment earnings above eight percent. The average amounts and percentages paid since the program started are:

YEAR	AMOUNT	PERCENT
1990	\$8.26	2.1%
1991	\$9.10	2.3%
1992	\$7.03	1.7%
1993	\$5.62	1.3%

These were described in a report titled *Public Retirement Systems Administered by the Public Employee's Retirement Board* which was presented to the Joint Interim Subcommittee on Public Employee Retirement Systems last year. That report didn't define what they were but rather what they weren't. It said "Finally, all the systems provide some means of automatically computing and paying adjustments to the retirement benefits of eligible retirees. However, none of these adjustments are cost-of-living adjustments (COLA'S) because they bear no real relationship to the increase in the actual cost-of-living which retirees face after retirement."

This is how the Consumer Price Index, Social Security increases and our Post Retirement Adjustments compare during the years since our last COLA.

<u>YEAR</u>	<u>CPI</u>	<u>SS INCREASE</u>	<u>POST RETIREMENT ADJUSTMENT</u>
87-88	4.4	4.1	0
88-89	4.4	5.0	0
89-90	4.6	4.8	2.2
90-91	6.1	4.4	2.3
91-92	3.1	3.2	1.7
<u>92-93</u>	<u>2.9</u>	<u>3.0</u>	<u>1.3</u>
TOTAL	25.5%	24.5%	7.5%

Thus our average increases over the past six years have come to less than one third of the increase in cost of living and the five percent increase SB 203 would provide will bring us up in total to only half the cost of living increase.

Not only have these small, average post retirement adjustments been well below the rise in cost of living, they have been considerably below just one of the major expense items all of us have, and that is the cost of our state health insurance.

Table 1 shows the increase in cost per month of state health insurance for five different categories of retirees from 1987 to 1983. The greatest increase was \$105 per month for a medicare retiree and spouse. Remember that retirees pay the full amount of this insurance. The state's monthly payment of a portion of this cost for employees ceases upon retirement.

Note that in every category the increase in health insurance cost in dollars exceeds the average post retirement adjustment in dollars. The difference between the benefit increase and insurance cost varies from \$13 per month for a medicare retiree only to \$75 per month for a medicare retiree and spouse. Thus on the average, the monthly pension checks received by PERS retirees who are under the state health insurance program, have actually become smaller after the insurance payments have been deducted. This is shown graphically in Figure 1.

As the fiscal note will show, this requested ad hoc 5 percent COLA can be funded by increasing the years of unfunded liability 2.2 years. That will represent no present cost increase to state government but it may slow the decline in the unfunded liability a few years. However, it will still be well in the range of what is considered proper for an actuarially sound system.

The goal of all retirement systems seems to be to get the years of unfunded liability to zero at which point then monies should be available for funding such things as automatic COLAS or earlier retirements. When that happy day arrives all members of the system should be able to enjoy their retirement without having to ask the legislature for ad hoc adjustments every few years to keep from being overwhelmed by inflation.

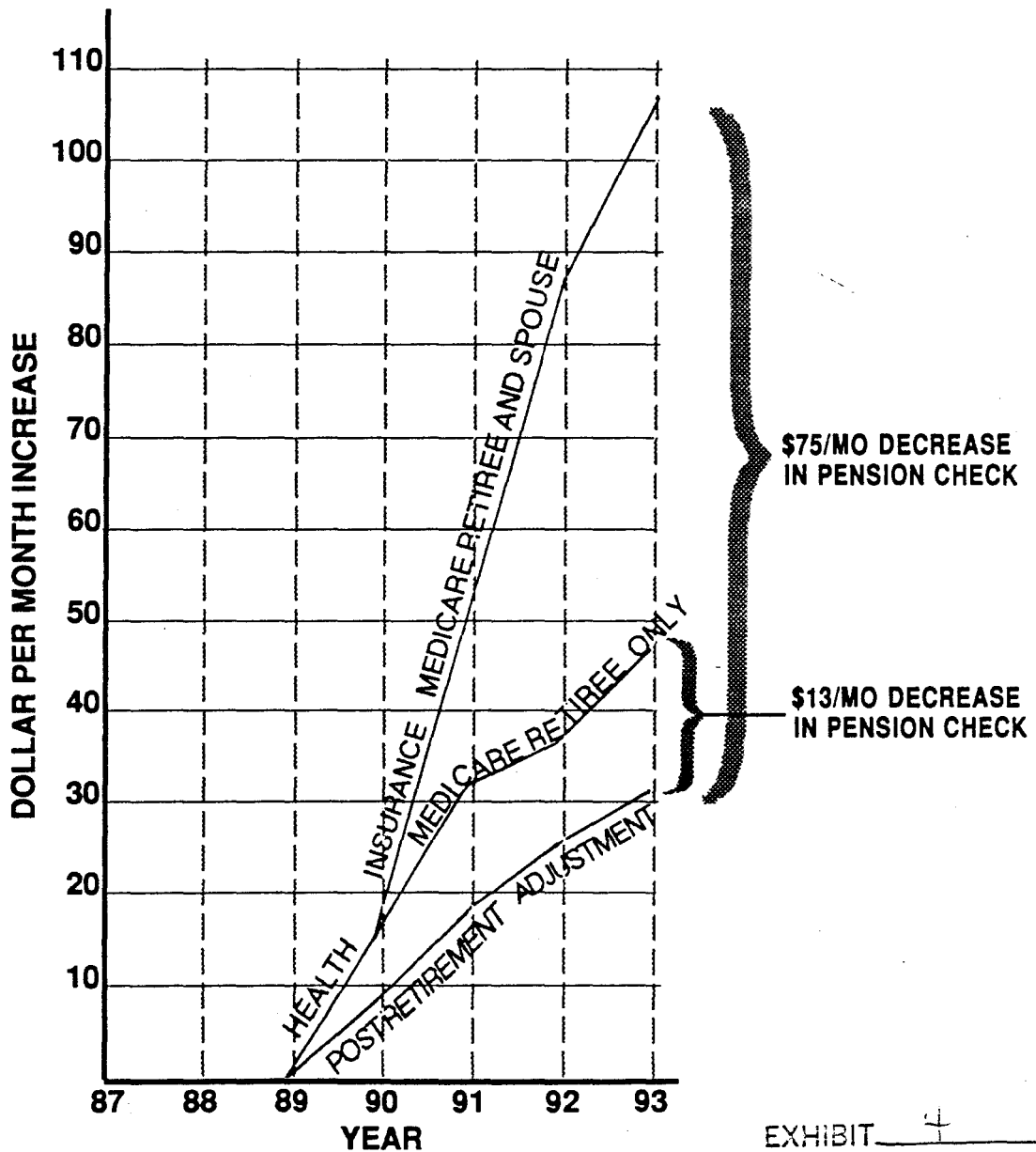
Reaching that goal will be nice for those persons in the system when it occurs. However the question of whether the system gets to that goal in the year 2011 or 2013 is simply not relevant to the majority of present PERS retirees because we won't be here to enjoy it in either year. We believe that it does not represent an illogical use of the fund to periodically delay its decrease in years of unfunded liability in order to allow occasional pension increases to a group of retirees whose incomes are being steadily eroded by inflation. We urge your support of SB 203.

TABLE 1

CHANGES IN THE COST PER MONTH OF THE STATE HEALTH INSURANCE PLAN
FOR FIVE CATEGORIES OF PERS RETIREES FROM 1987 TO 1993,
AND AVERAGE POST RETIREMENT ADJUSTMENT FOR THE SAME PERIOD.

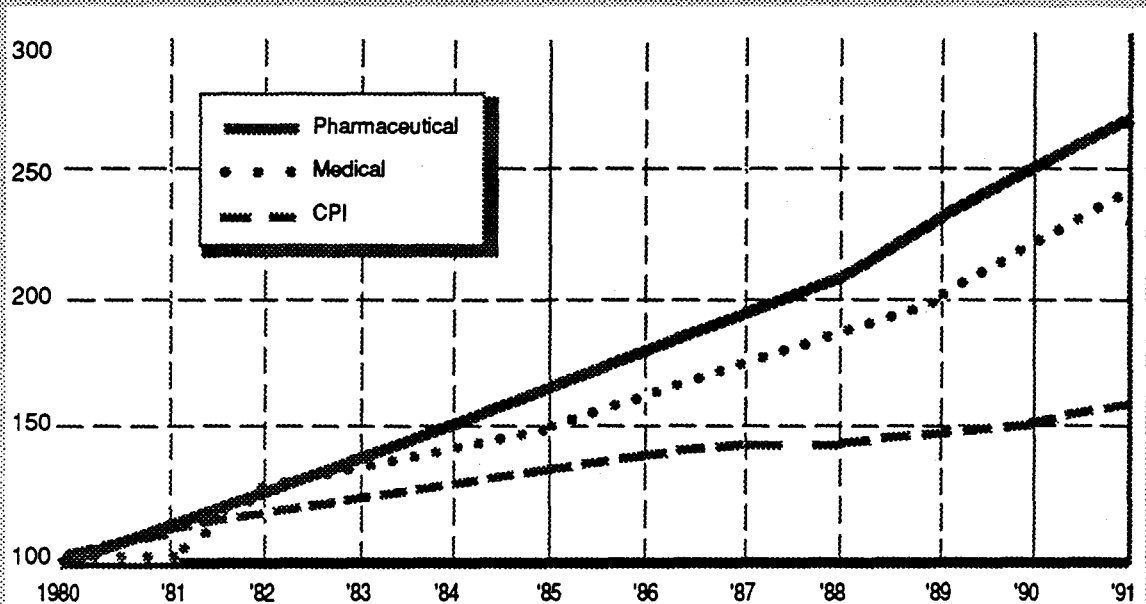
<u>CATEGORY</u>	<u>1987</u>	<u>1993</u>	<u>DOLLAR INCREASE</u>	<u>PERCENT INCREASE</u>
Retiree Only	\$84	\$160	\$76	90%
Retiree and Spouse	\$129	\$229	\$100	78%
Medicare Retiree Only	\$51	\$94	\$43	84%
Medicare Retiree and Spouse	\$96	\$201	\$105	109%
Medicare Retiree and Medicare Spouse	\$88	\$174	\$86	98%
AVERAGE POST RETIREMENT ADJUSTMENT			\$30	7.5%

FIGURE 1

EXHIBIT 4DATE 3/9/93P. SB 203

Prescription Drug Prices Outpace Medical Prices

CPI vs. medical and pharmaceutical inflation; 1980 = 100



Source: Bureau of Labor Statistics

YEARS OF UNFUNDED LIABILITY IN THE PUBLIC EMPLOYEE'S RETIREMENT SYSTEM AT THE BEGINNING OF EACH OF THE LAST FIVE BIENNIUMS

<u>DATE</u>	<u>ESTIMATED YEARS OF UNFUNDED LIABILITY</u>
1 July 86	28.2 Years
1 July 87	5.5% ad hoc pension adjustment granted
1 July 88	25.0 Years
1 July 90	21.8 Years
1 July 92	18.3 Years

Although the Public Employee's Retirement Board would like to see the bill funded by increased contributions to the fund, it is not politically or practically feasible to do so. The only likely source of such funds is employee-employer contributions, which would immediately result in increased costs to the general fund. I think we all know what the chances are of anything being passed this session that requires a sizeable increase from the general fund.

We in the PERS are too diverse a group to come up with a special tax or fee arrangement that would seem appropriate for us in the same way that most of the six smaller retirement systems under the PER Board have done. The Game Wardens have their fine money, the Highway Patrol gets the 25¢ we each kick in every time we register a vehicle, the Judges have their court costs and the firemen get funding from a tax on fire insurance. We understand that these special taxes and fees need to be added to regular employee-employer contributions to provide systems where persons in dangerous jobs can retire earlier than the rest of us. The use of these special funds is also continued to allow folks in those systems to maintain upward adjustments in their pensions as a hedge against inflation. We don't object to that either as all retirees need such adjustments. But we think it is eminently unfair that upward adjustments in the pensions of PERS retirees come much less frequently, primarily because no special funding gimmick can be found to apply to such a diverse group as ours.

What source but the general fund could ever be found that would apply equally for example to persons retired from the jobs of city clerk in Ekalaka, fisheries biologist in Dillon, county road foreman in Libby and school janitor in Havre? Our 10,700 plus retired members come from these and many other types of public service jobs in Montana. Don't forget our needs in retirement just because nobody can come up with some special fee or tax gimmick that could apply to us all.

A BRIEF HISTORY OF PERS POST RETIREMENT BENEFIT INCREASES

<u>Date</u>	<u>Avg. Benefit Increase</u>	<u>CPI Increase</u>
7/1/1981	10.80%	
7/1/1982		6.44%
7/1/1983	6.90	2.46
7/1/1984		4.20
7/1/1985	5.50	3.55
7/1/1986		1.58
7/1/1987	5.50	3.93
7/1/1988		4.13
7/1/1989		4.70
1/1/1990	2.13	
7/1/1990		4.42
1/1/1991	2.26	
7/1/1991		4.70
1/1/1992	1.67	
7/1/1992		3.10
1/1/1993	1.30	
Average rate of increase:	3.15%*	3.93%
Compounded rate of increase:	42%*	52%

*Does not include effect of 2.7% distributions to instate retirees under 19-15-102, MCA

EXHIBIT 5
DATE 3/9/93
HB SB 203

PROPOSED AMENDMENT TO SB 203

Prepared by Mark Cress, Administrator
Public Employees' Retirement Board

1. Page 1, line 13.
Following: "July 1,"
Strike: "1993"
Insert: "1991"

EXHIBIT 6
DATE 3/9/93
HB SB 203



MONTANA HIGHER EDUCATION SYSTEMS

Office of Commissioner of Higher Education

2500 Broadway • PO Box 203101 • Helena, Montana 59620-3101 • (406) 444-6570 • FAX (406) 444-7729

SENATE BILL 407: Amending the University System Optional Retirement Program

1. The purpose of the Optional Retirement Plan (ORP) is to attract and retain faculty. A defined contribution plan (ORP-type retirement program) is the retirement plan model for higher education faculty in the United States. ORP-type plans are available in 43 states. The remaining 7 states are seriously looking at the issue with bills authorizing an ORP-type plan being discussed by their Legislatures. Virtually all private colleges and universities in the United States also have ORP type plans.
2. The nature of higher education is that faculty are very mobile. It is the norm for faculty to work at a number of institutions of higher education during their academic career. This mobility has long been recognized as advantageous to colleges and universities in general and, more importantly, to students. Mobility encourages the exchange and dissemination of ideas and research knowledge. Exposure to a variety of teaching approaches is beneficial as it enriches the educational experience. A constant exchange of knowledge is a critical component of a quality higher education. Montana needs an ORP in order to compete for qualified faculty.
3. In the bill total contribution to the ORP is increased from 10% to 12% of pay. The independent report, as well as survey data of peer states, shows that a 12% level is the minimum to provide adequate retirement benefits for faculty and staff.

EXHIBIT 7
DATE 3/9/93
HB SB 407

4. The Montana University System (MUS) employer contribution rate to TRS to offset unfunded liabilities is reduced from 4.503% to 2.503% of pay. This unfunded liability contribution rate will be effective for an amortization period of 40 years. The amortization period of 40 years is consistent with Statute (See 19-21-111(2) MCA). The independent actuarial report indicates that the current MUS debt for TRS unfunded liabilities can be amortized in 40 years.
5. The MUS is administratively separated in the TRS program from the K-12 membership for the purpose of accurate accounting of assets and liabilities. This is an equitable arrangement as it assures that the MUS will fund retirement benefits for its members based on actual experience. This arrangement does not require separate administration or a duplicated bureaucracy. A separate MUS accounting will be administered in the same manner as the current program. This arrangement will prevent the costs of any adverse impact caused by the MUS from being shifted to the larger K-12 membership. The MUS liabilities will be re-evaluated periodically. The first valuation will occur in 1997.
6. New faculty hires are required to join the ORP even though adverse selection is not an issue today. However, adverse selection remains a potential problem. Removing the option to select TRS for new hires eliminates the possibility of adverse selection occurring. The majority of new hires (90% or more) currently join the ORP. The bill grandfathers current TRS/PERS members who are allowed to stay with their current retirement system.



MONTANA HIGHER EDUCATION SYSTEMS

Office of Commissioner of Higher Education

2500 Broadway • PO Box 203101 • Helena, Montana 59620-3101 • (406) 444-6570 • FAX (406) 444-7729

SENATE BILL 407: AN ACT AMENDING THE UNIVERSITY SYSTEM OPTIONAL RETIREMENT PROGRAM.

- * This Bill formalizes a recent MUS/TRS agreement regarding the amortization of TRS unfunded liabilities associated with current and former employees of the Montana University System.
- * The basis of the MUS/TRS agreement is the findings of an independent actuarial study that was conducted by a private consultant hired by the Legislative Auditor.
- * The total cost of retirement does not change as a result of this bill. There is no fiscal impact to the general fund or to the University System. This Legislation merely reallocates the retirement contribution between the ORP and the Teachers Retirement System(TRS).

	<u>Current Law</u>	<u>SB 407</u>
Employee Contribution	7.044%	7.044%
Employer Contribution - ORP	2.956	4.956
Employer Contribution - TRS	<u>4.503</u>	<u>2.503</u>
TOTAL	14.503%	14.503%

- * The employer contribution to TRS, based on the ORP salaries, is intended to offset the existing unfunded liability of the TRS program.
- * The reduction in the current unfunded liability contribution from 4.503% to 2.503% is based on the findings in the independent actuarial report. This reduction in retirement contribution has been formally endorsed by both the Board of Regents and the Teachers Retirement Board. This change in contributions will not increase the unfunded liability of the TRS program.

In compliance with a written request, there is hereby submitted a Fiscal Note for SB 407, Version: Introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act amending the university system optional retirement program; changing the employer and employee contributions to the optional retirement plan; requiring all eligible persons who are newly hired to join the optional retirement plan; amending sections 19-4-302, 19-21-111, 19-21-201, and 19-21-203, MCA; and providing an effective date.

ASSUMPTIONS:

It is assumed that the total retirement contribution of the Montana University System will not change as a result of this legislation. This assumption is based on the following information from an actuarial study supervised by the Office of the Legislative Auditor.

	<u>Current Law</u>	<u>Proposed Law</u>
Employee Contribution	7.044%	7.044%
Employer Contribution - ORP	2.956%	4.956%
Employer Contribution - TRS	4.503%	2.503%
Total Contribution	14.503%	14.503%

FISCAL IMPACT:

There would be no fiscal impact on the University System as a result of this legislation. The University System would continue to pay the same total retirement contribution under the proposed law. The legislation merely reallocates the retirement contribution between the Optional Retirement Plan (ORP) and the Teachers Retirement Plan (TRS).

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

TECHNICAL NOTES:

Dave Lewis, Budget Director
Office of Budget and Program Planning

Senator Fritz, Primary Sponsor

Date

Fiscal Note for SB 407, as Introduced

3/9/93

I give my proxy on all votes to
Bob Cawson this day —

Admiral

EXHIBIT 8
DATE 3/9/93
HB SB 385; SB 192; SB 17

Amendments to Senate Bill No. 192
Third Reading Copy

For the Committee on House State Administration

Prepared by Sheri S. Heffelfinger
March 5, 1993

1. Page 7.

Following: following line 2

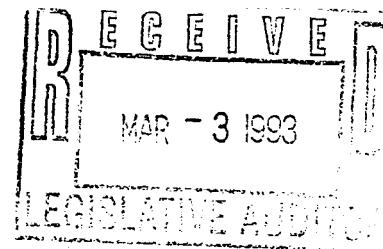
Insert:

"NEW SECTION. Section 9. Coordination instruction. If Senate Bill No. 385 is passed and approved and if it repeals 19-5-201, 19-6-201, 19-7-201, 19-8-201, 19-9-201, and 19-13-202, then [sections 2 through 6 and 8 of this act], which amend the sections previously enumerated, are void."

EXHIBIT 9
DATE 3/9/93
HB SB 192

BUCK
CONSULTANTS
Bank Western Tower
1675 Broadway Suite 1950
Denver, Colorado 80202

VIA FAX



March 1, 1993

Representative Richard D. Simpkins
House State Administration Committee Chairperson
State Capitol
Helena, Montana 59620

RE: SENATE BILL 407

Dear Representative Simpkins:

Senate Bill 407 would amend certain Montana statutes related to the Montana Teachers' Retirement System (TRS) and the Montana University System (MUS) Optional Retirement Program (ORP).

In 1992, Buck Consultants prepared an independent actuarial review of the issues relating to the current MUS contribution paid to TRS on behalf of ORP participants (4.503% of ORP participants' pay). The results of our analysis and recommendations are contained in the report issued October 9, 1992 by the Office of the Legislative Auditor.

In our opinion, Senate Bill 407 is consistent with the recommendations contained in our report and provides an equitable and appropriate solution for both TRS and MUS based on our understanding of Senate Bill 407 as described below.

We understand that section 5(b)(ii) of Section 19-21-203 (Section 4 of the Bill) provides that the Board of Regents contribution rate to TRS for members of the ORP beginning July 1, 1997 will be based on the experience of the employees of MUS and must be adequate to amortize the past service liability of MUS members by July 1, 2033. It is also our understanding that this provision applies to any past service liability attributable to MUS employees for benefit improvements adopted prior to July 1, 1987. We assume any additional past service liability attributable to MUS employees created by benefit changes subsequent to July 1, 1987 will be subject to the same funding guidelines adopted by TRS for all other members or other agreement reached between TRS and the Board of Regents. Currently, we understand that the

Representative Richard D. Simpkins
March 1, 1993
Page 2

increased past service liability for specific benefit changes is amortized over a fixed period of up to 40 years.

If you have any questions concerning this issue, please call.

Sincerely,

A handwritten signature in dark ink, appearing to read 'R. Paul Schrader', with a long horizontal flourish extending to the right.

R. Paul Schrader, A.S.A.
Consulting Actuary

RPS:SS
DOC:030131SS.MON

c: Mr. Dave Gould
Mr. Dave Evenson
Mr. Dave Senn

Amendments to Senate Bill No. 174
Third Reading Copy

Requested by Rep. Brad Molnar
For the Committee on House State Administration

Prepared by Sheri S. Heffelfinger
March 8, 1993

1. Page 2, line 20.
Strike: "and reasonable"
Insert: ", "
Following: "fees"
Insert: ", and damages"

EXHIBIT 11
DATE 3/9/93
HB SB 174

HOUSE OF REPRESENTATIVES

STATE ADMINISTRATION

COMMITTEE

ROLL CALL VOTE

DATE 3/9/93 BILL NO. SB 174 NUMBER

MOTION: To amend SB 174 to include damages for
frivolous suits

NAME	AYE	NO
REP. DICK SIMPKINS, CHAIR	✓	
REP. WILBUR SPRING, VICE CHAIR	✓	
REP. ERVIN DAVIS, VICE CHAIR		✓
REP. BEVERLY BARNHART		✓
REP. PAT GALVIN	✓	
REP. BOB GERVAIS	✓	
REP. HARRIET HAYNE	✓	
REP. GARY MASON	✓	
REP. BRAD MOLNAR	✓	
REP. BILL REHBEIN	✓	
REP. SHEILA RICE	✓	
REP. SAM ROSE	✓	
REP. DORE SCHWINDEN		✓
REP. CAROLYN SQUIRES	✓	
REP. JAY STOVALL	✓	
REP. NORM WALLIN	✓	
TOTAL	13	3

EXHIBIT 12
DATE 3/9/93
HB SB 174

Amendments to Senate Bill No. 174
Third Reading Copy

Requested by Rep. Brad Molnar (No. 2)
For the Committee on House State Administration

Prepared by Sheri S. Heffelfinger
March 8, 1993

1. Page 2.

Following: line 21

Insert: "(4) - A civil action may not be brought under this
section more than 3 years after the occurrence of the facts
that give rise to the action."

AMENDED 13
DATE 3/9/93
HB SB 174

Amendments to Senate Bill No. 174
Third Reading Copy

For the Committee on House State Administration

Prepared by Sheri S. Heffelfinger
March 4, 1993

1. Page 2, line 14.

Following: "(c)"

Insert: "(i)"

2. Page 2, lines 15 through 17.

Strike: "is entitled to be reimbursed by the state for" on lines
15 and 16

Insert: ", at the discretion of the court, may be awarded the"

Following: "incurred" on line 16

Strike: ", provided that in the case of"

Insert: ". The court may order either the defendant or the state
to pay the incurred costs and attorney fees. If the court
orders the state to pay the costs and fees, the state shall
pay the costs and fees from fines collected under the
provisions of this title.

(ii) If"

Strike: both the first and second "that" on line 17

3. Page 2, line 20.

Strike: "and reasonable"

Insert: ", "

Following: "fees"

Insert: ", and damages"

4. Page 2, line 18.

Following: "finds"

Insert: "that the action"

5. Page 2.

Following: line 21

Insert: "(4) A civil action may not be brought under this
section more than 3 years after the occurrence of the facts
that give rise to the action."

EXHIBIT 14
DATE 3/9/93
HB SB 174

COMMITTEE

DATE 3/9/93 BILL NO. 174 NUMBER _____

MOTION: Do concur SB174 as amended.

EXHIBIT 15
DATE 3/9/93
HB SB 174

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

State Administration

COMMITTEE

BILL NO. SB 385

DATE 3/9/93

SPONSOR(S) Sen. Vaughn

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
<i>Tom Schneider</i>	<i>MPEA</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Mark Cress</i>	<i>PERD</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>John M. Lee</i>	<i>M.F.T. / M.F.S.E</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>LINDA KING</i>	<i>PERD</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>ART WHITNEY</i>	<i>Assoc Int Rel P. Eng</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>John DeWarden</i>	<i>Assoc Int Rel P. E.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

State Administration COMMITTEE BILL NO. SB192

DATE 3/9/93 SPONSOR(S) Sen. Waterman

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Vernor Bertelsen	Self	✓	
ART WHITNEY	MT. ASSIC. RET PUB. EMP.	✓	
Emmett Gilley	Self	✓	
Tom Schneider	MP&A	✓	
John M. Dale	M.F.T./M.F.S.E.	✓	
Mark Cress	PERD	✓	
DAVE ERLINSON	U System	✓	
Gene Allen	AMRPE	✓	
TOM BLOOMER	MSA	✓	
LINDA KING	PERD	✓	
John Deen Herder	Assoc MT Ret PE.	✓	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

State Administration

COMMITTEE

BILL NO. SB203

DATE 3/9/93

SPONSOR(S) Sen. FRITZ

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Verner Bartelsen	SELF	✓	
ART WHITNEY	MT. ASSOC. RET. PLA. EMP.	✓	
Emmett Saffey	SELF	✓	
Tom Schneider	MPRA	✓	
John Malone	M.F.T./M.E.S.E.	✓	
Mark Cress	PERD		✓
Gene Allen	AMRPE	✓	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

State Administration COMMITTEE

BILL NO. SB407

DATE 3/9/93 SPONSOR(S) Sen. Fritz

PLEASE PRINT

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Dave Emerson	U System	✓	
TOM BILODYAK	MEA	✓	
BRUCE FAIR	TIAA-CREF		
Terry Munro	MFT / MFSE	✓	
David Sean	Teachers' Retirement System	✓	

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