MINUTES

MONTANA SENATE 53rd LEGISLATURE - SPECIAL SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By Senator Vaughn, on December 7, 1993, at 10:30 a.m.

ROLL CALL

Members Present:

Sen. Eleanor Vaughn, Chair (D)

Sen. Jeff Weldon, Vice Chair (D)

Sen. Jim Burnett (R)

Sen. John Hertel (R)

Sen. Bob Hockett (D)

Sen. Bob Pipinich (D)

Sen. Bernie Swift (R)

Sen. Henry McClernan (D)

Sen. Larry Tveit (R)

Members Excused: Senator Harry Fritz

Members Absent: None

David Niss, Legislative Council Staff Present:

Sylvia Kinsey, Committee Secretary

These are summary minutes. Testimony and

discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SR 3, SR 4

Executive Action: SB 5 and Preliminary SR 3, SR 4

Senator Weldon was acting Chair during the hearings on SR 3 and 4

HEARING ON SENATE RESOLUTION 3

Opening Statement by Sponsor: Senator Vaughn, SD 1 explained SR 3 as confirmation of the Governor's appointments to the various state boards. She read through the bill naming those appointed, where they lived, the term of appointment and the Boards they were appointed to.

Proponents' Testimony: Lt. Governor Dennis Rehberg spoke in support of the members they have appointed to the various boards and commissions since the last time we all met. He said they have 518 appointments done so far in 1993 and anticipate they will be able to accomplish at least 600 by the end of the year. He said they had gone into a new computer system which they hope

will help them to keep track of the various boards and commissions because in some ways they can be complex or technical. There are certain specifications for many of the boards, some have to be Republicans or Democrats, some from a certain geographical area and they do try to make their process as objective as possible. To date they have appointed someone from 55 of the 56 counties and are currently working on Mineral County. He said he had Betty Hill and Suzie Ames from their office who could answer questions also.

Pat McKelvy, Chairman of STAB (State Tax Appeal Board), said he would speak in favor of the one nominee, Miss Patty Foster, for STAB. He said STAB is a full time board, have had a chance to get to know her in the brief time she had been on the board, and believed she would do her job well.

Opponents' Testimony: None

Informational Testimony: None

Questions From Committee Members and Responses: None

<u>Closing by Sponsor</u>: Senator Vaughn said each of us have had our list of names and she believed they had done as thorough a search as possible and felt comfortable with presenting the names. She would recommend a favorable do pass to SR 3.

Senator Weldon said this resolution would be acted on by this committee, would be placed on the Senator's desks for three days during which any Senator could segregate any of the nominees and then this committee will reconsider the bill. Final action will be taken on Thursday.

HEARING ON SENATE RESOLUTION 4

<u>Opening Statement by Sponsor</u>: Senator Vaughn, SD 1, said Resolution 4 is to confirm the appointment of Richard Hill to the State Compensation Insurance Fund Board for a term ending April 28. 1997.

Chair Weldon said he would invite Mr. Hill to address the committee if he wished to do so. Mr. Hill said he had not come prepared to address the committee but did come prepared to answer questions if the committee so desired.

<u>Proponents' Testimony</u>: Judy Browning, Governor's office read a letter from the Governor. (exhibit 1)

Dennis Rehberg, Lt. Governor, said he was Chairman of the Governor's Worker's Comp Task Force of which members of the Legislature were also members of that committee. He said it

became obvious to them during the hearings that they needed to try to re-establish the credibility of the Worker's Comp system in the state of Montana with the Legislature and with the people. We made the commitment last April to you that changes would be made in an attempt to fix the system. He said working within their own department and the Department of Labor they are working on mandatory safety programs, data for better claims management etc. It is a good indication of what can be done if you have the support of people like Rick Hill. Rick Hill has dedicated more time than a lot of us on a voluntary basis. He does not get paid for this position, only \$50 a board meeting, and it is not like an occupation for him.

Beth Baker, representing Attorney General Joe Mazurek, read a letter from Attorney Mazurek. (exhibit 2)

Dick Anderson, owner of Dick Anderson Construction, said he had known and worked with Mr. Hill for about 16 years. He said Mr. Hill had gotten his first bond for him in the construction business and given him invaluable help. He had served on boards with Mr. Hill and knew him to be honest, he demanded a lot of people, but never more than he demanded of himself.

Russ Ritter, representing the Washington Corporation, Missoula, said their company has about 3,000 workers, have seen some new direction in the Worker's Comp and believe it is because of Rick Hill as Chairman of that committee.

Pam Scott, East Helena, co-owner of a small construction firm, said Mr. Hill helped them with valuable information and advice that is probably responsible for the success of their business.

Representative Steve Benedict, HD 64, said he has been involved in Worker's Comp for the last several sessions and was on the Joint Select Committee on the interim committee between the 1991 and 1993 sessions. They had more information than they could use, but a lot of the things that came out at that time were that there were structural changes in the Worker's Comp system that needed to be made, and for some reason were not coming forward. He said he and several members of the committee were glad to see somebody like Rick Hill to take charge from a Board perspective over there to give the fund some direction. He said one of the things Mr. Hill does is to follow up to see that some of the critical things are taken care of.

Laurie Ekanger, Commissioner, Department of Labor and Industry said she would speak in support of Rick Hill. She said she had worked with Mr. Hill previously and he gave them a lot of help, and believed the state was extremely fortunate to have someone with his expertise in that position.

Don Allen, Coalition for Worker's Comp System Improvement said about 80% of the coalition members are insured with the State Worker's Comp. He said the coalition formed a year ago in

response to the tremendous concern about the impacts that the Worker's Comp system, being out of control, was having. Most things have been put in place in terms of legislation, and part of that mix is the Governor's appointments to the Board. The Coalition felt Rick Hill is an excellent choice as Chairman.

David Owen, Montana Chamber of Commerce, spoke in favor of the appointment of Mr. Hill. He said they wanted to make sure that Worker's Comp was run like a business, some distance from the political process, and believe the confirmation of Rick Hill will confirm that we stay on that path.

Riley Johnson, contract lobbyist, Helena said he represents primarily small business clients, and also was speaking for himself in recommending confirmation of Mr. Hill. They do not necessarily agree with everything Mr. Hill has done or is planning to do, but would point out that he is always ready to listen and there has been no problem in getting the small business viewpoint across. It has been easy to work with Mr. Hill, and the response to questions his members have, has always received a response.

Opponents' Testimony: None.

Informational Testimony: None

Questions From Committee Members and Responses: Senator Pipinich said he had drawn Mr. Hill's name and investigated him for the committee. He said he would hope Mr. Hill will meet all the expectations people are expecting of him. In reference to the statement that Mr. Hill has changed the way our Worker's Comp is now, that is a little premature since his appointment is very recent. He said he had five phone calls which were negative on this appointment, they were from labor and business, and did not follow up. In looking further into the man, he believed Mr. Hill would give us a fairly good job.

Senator McClernan questioned Mr. Hill's position as chair of the Board, and asked if this were a "glitch" in the Resolution. Chair Vaughn said she believed he was appointed as a member of the Board and designated as Chairman. Mr. Hill said he did not know it was a technical point. When the Governor appointed him, he was designated as Chairman. The designation came from the Governor as opposed to being elected by the Board.

Mr. Niss said he did not see a designation in the nomination that was forwarded to the committee. He said he did not believe that any of the nominations this committee has confirmed over the years has distinguished between members and chairs.

Senator Swift said he did not believe this would have any affect because the group itself would have the prerogative on who had

which position. That would be in administrative procedures. Mr. Niss said he did not know if the Chairman was elected from the membership. Senator Swift said he did not believe it would have any bearing on the actions of this committee.

Senator Weldon said this could be checked before final action on the appointments was taken.

<u>Closing by Sponsor</u>: Senator Vaughn said she believed this Resolution had a good hearing and had cleared up some of the questions some of them had in preliminary review.

Senator Vaughn resumed the Chair and asked if more research was needed on SB 5 and asked Mr. Niss if he needed to do more research on it. Mr. Niss said he had taken a look at the statute 21-5-1019 which is the MCA section that establishes the Board and provides for the prerequisites for the Board. He read some of the requirements to be met and said there is nothing that says who or what entity designates the Chairman.

EXECUTIVE ACTION ON SENATE RESOLUTION 3 AND 4

Senator Vaughn said this will be a preliminary report, it goes to the desks of the Senators for three days, and we can act on this on Thursday. She said the time of the meeting Thursday will be on recess of the morning session. We also have Senator Gage's Senate Bill 31 which will not take long and we will take it Thursday, also.

Motion/Vote: Motion by Senator Swift we recommend Senate Resolutions 3 and 4 be adopted. Motion passed unanimously.

EXECUTIVE ACTION ON SENATE BILL 5

Senator Weldon said he had prepared two amendments. (exhibit 1 and exhibit 2) One amendment would adjust the lobbyist fee to \$50 and will add to that a provision for a hardship waiver. precedent in state law for the filing fee for Legislative candidates and for all candidates, and because this is associated with free speech, we may want to cover ourselves from lawsuit by providing this hardship waiver. He provides a statement of intent and gives to the Commissioner the responsibility and authority to establish a hardship waiver procedure. He had talked to the Secretary of State's action and something may be done similar to what they do, which is an affidavit the candidate needs to provide to demonstrate a certain number of signatures or something similar. He said it might be that when they turn in their report on lobbying, they would have to demonstrate they had spent less than \$1,000 and demonstrate a hardship waiver. He said he believed if we do this and set up a procedure by which the Commissioner can excuse people from the \$50 fee, we can avoid lawsuits. He said the sponsor, Senator Brown, had endorsed both the \$50 fee and the hardship waiver.

Motion: Senator Weldon moved to amend SB 5 by adopting the
amendment (exhibit 1).

<u>Discussion:</u> Senator McClernan asked if Senator Weldon had anything on principals in his amendment. Senator Weldon said he had a second amendment he would offer on principals.

Senator Tveit said he had some problems with the \$50 because we will have more people asking for exemptions, waivers, etc. and it will make a real problem for the Commissioner.

<u>Substitute Motion:</u> Senator Tveit moved a substitute motion to segregate amendment number 5.

<u>Discussion:</u> He believed the \$50 straight through was too high, and thought it should be evened out straight through including state agencies at \$25 and we would get away from all the petitions filed with the Commissioner for hardship waivers etc. He asked Mr. Niss if this was the correct one to segregate or if he needed more. Mr. Niss said the only amendment of the paragraphs that establish the size of the fee, is number 5. Senator Tveit said he would make an amendment to make the fee \$25 if his amendment to segregate passed.

<u>Vote:</u> The substitute motion to segregate # 5 FAILED with Senators Tveit, McClernan and Hertel voting yes.

<u>Motion:</u> The original motion that SB 5 be amended (exhibit 1) PASSED with Senator Tveit voting no.

Senator Weldon said there are many lobbyists who represent many principals. Principals have to file reports on their activities and he believed there should be some fee associated with that.

Senator McClernan questioned the amount the lobbyist would have to pay.

Senator Pipinich said he discussed this with both lobbyists and principals. They said they did not care if they took the lobbyist up to \$100, but why have every principal pay \$50 and the lobby fee of \$50 when they know the principal will pay all of it anyway.

Senator McClernan asked what to do with the principal who had three or four lobbyists and Senator Weldon said a lobbyist who represented one principal would pay \$50 and the principal would pay \$50. Montana Power, as an example, has several lobbyists and there would be \$50 from each of them. He was still concerned with the lobbyist who represents five or six principals and that list of principals is paying a small proportion of the lobbyist. He believed each principal who was an entity in this process should pay the \$50.

Senator Swift objected to adding to the original intent, which

Page 7 of 7

was to bring the fees up to help the Political Practices office, do updating and take care of the expense involved. He believed it was just raising dollars and he could not support it.

Senator Tveit said it was going from \$15 to \$100 and believed that was quite a bit for a single lobbyist for a single principal.

Senator McClernan asked if a hardship was the same as non-profit and Senator Weldon said not necessarily. It would depend on how this was set up.

Chair Vaughn asked Senator Weldon if he had discussed the principal fee with the Commissioner of Political Practices . Senator Weldon said he was chiefly concerned about a multi-tier fee system.

Motion/Vote: Senator Weldon moved SB 5 be amended. (exhibit 2) The motion failed with Senators Vaughn and Weldon voting yes, the remainder voting no.

Motion/Vote: Senator Pipinich moved SB 5, as amended, DO PASS. Motion passed unanimously.

Chair Vaughn announced there would be a Thursday meeting with a final vote on the appointments and to hear SB 31.

ADJOURNMENT

Adjournment: 12:20 p.m.

EV/sk

ROLL CALL

SENATE COMMITTEE on STATE ADMINISTRATION DATE 12-0-93

NAME	PRESENT	ABSENT	EXCUSED
SENATOR VAUGHN, CHAIR			
SENATOR WELDON, VICE CHAIR	/:		
SENATOR BURNETT			
SENATOR FRITZ			
SENATOR HERTEL			
SENATOR HOCKETT			·
SENATOR MCCLERNAN	/		
SENATOR PIPINICH	· /		
SENATOR SWIFT			
SENATOR TVEIT	/		
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Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

Page 1 of 2 December 7, 1993

MR. PRESIDENT:

We, your committee on State Administration having had under consideration Senate Bill No. 5 (first reading copy -- white), respectfully report that Senate Bill No. 5 be amended as follows and as so amended do pass.

Signed: Linator Vocachor Senator Eleanor Vaughn, Chair

That such amendments read:

1. Title, line 7. Strike: "CERTAIN"

Following: "LOBBYISTS;"

Insert: "PROVIDING FOR WAIVER OF THE FEE;"

2. Title, line 8.

Strike: "AN"
Strike: "DATE"
Insert: "DATES"

3. Page 1.

Following: line 8

Insert: " Statement of Intent

A statement of legislative intent is necessary for this bill because 5-7-103 authorizes the commissioner of political practices to adopt rules implementing the waiver provisions of subsection (1) of that section.

The legislature intends that rules adopted by the commissioner specify the procedures to be used by a lobbyist when applying for a hardship waiver and the standards to be used by the commissioner in determining whether a hardship exists. The commissioner may specify categories of licenses or lobbyists for which hardship waivers will be granted."

4. Page 1, line 12.

Following: "eligibility"

Insert: "-- waiver"

5. Page 1, line 22.

Strike: "<u>\$25</u>" Insert: "\$50"

6. Page 1, lines 22 through 25.

Strike: ", except that" on line 22 through "agency" on line 25.

M Amd. Coord.

7. Page 2, line 2.

Following: "lobbyist."

Insert: "A lobbyist who believes that payment of the license fee may constitute a hardship may apply to the commissioner for a waiver of the fee required by this section. The commissioner may waive the license fee upon proof by the lobbyist that payment of the fee constitutes a hardship."

8. Page 2.

Following: line 11.

Insert: " (4) The commissioner may adopt rules to implement the
 waiver provisions of subsection (1)."

9. Page 2, line 12.

Strike: "date"
Insert: "dates"

Strike: "[This act] is"

Insert: "(1) [Section 1(4) and this section] are"

10. Page 2, line 13.

Strike: "January 1, 1994"

Insert: "on passage and approval"

11. Page 2.

Following: line 13

-END-

PRELIMINARY

SENATE STANDING COMMITTEE REPORT

Page 1 of 1 December 7, 1993

MR. PRESIDENT:

We, your committee on State Administration having had under consideration Senate Resolution No. 3 (first reading copy -- white), respectfully report that Senate Resolution No. 3 do pass.

Signed: >

Senator Eleanor Vaughn, Chair

PRELIMINARY

SENATE STANDING COMMITTEE REPORT

Page 1 of 1 December 7, 1993

MR. PRESIDENT:

We, your committee on State Administration having had under consideration Senate Resolution No. 4 (first reading copy -- white), respectfully report that Senate Resolution No. 4 do pass.

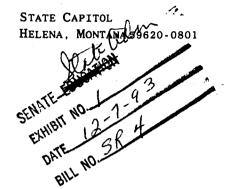
Signed: Linator Eleanor Vaughn, Chair

OFFICE OF THE GOVERNOR

STATE OF MONTANA

MARC RACICOT GOVERNOR

December 7, 1993



Senator Eleanor L. Vaughn Chairperson, State Administration Committee Montana State Senate State Capitol Helena MT 59620

Dear Senator Vaughn:

I would like to offer my encouragement to you and the other members of the State Administration Committee to confirm the nomination of Rick Hill as Chairman of the Board of Directors of the State Compensation Mutual insurance Fund (State Fund).

Rick Hill was nominated for this position because he is exceptionally well-qualified by reason of his experience and training to serve in this capacity, and particularly at this point in time. Since his appointment Rick has worked tirelessly and at great personal sacrifice to bring about the changes in the State Fund mandated and expected by the Legislature. Rick Hill is totally and completely dedicated to accomplishing the difficult tasks assigned by both the legislative and executive branches, and I have every confidence that he will perform those responsibilities completely and in accordance with our highest expectations.

Rick is also deeply concerned about the employees at the State Fund and the customer service they provide. He has been working diligently to inspire a sense of mission within the organization and to provide opportunities for measurable success while delivering a quality service to State Fund customers.

Much, of course, remains to be done, but Rick Hill and the remainder of the Board have provided a good beginning in working toward the implementation of new policies, procedures and directions for Montana's workers' compensation program.

As a result, I strongly urge your confirmation of Rick Hill as Chairman of the Board of Directors of the State Fund. Thank you for your consideration of my comments.

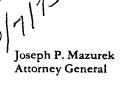
Sincerely,

MARC RACICOT Governor

TELEPHONE: (406) 444-3111 FAX: (406) 444-5529

ATTORNEY GENERAL

STATE OF MONTANA





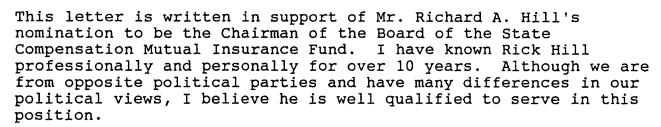
Department of Justice 215 North Sanders PO Box 201401 Helena, MT 59620-1401

December 7, 1993

Senator Eleanor Vaughn Chair, Senate State Administration Committee Montana State Legislature State Capitol Helena, MT 59620

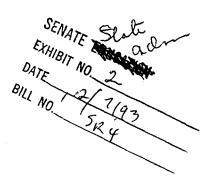
Re: SR 4, Confirmation of Richard A. Hill

Dear Senator Vaughn:



My recommendation for confirmation is based upon the professional and business experiences I had with Mr. Hill prior to becoming Attorney General and since. During the course of my private law practice, I had many opportunities to work with Mr. Hill in his profession as a licensed, independent insurance agent on behalf of mutual clients or as opponents on contested issues. I always found him to be a person of integrity who was very competent and professional in his business dealings. In addition, he is a dedicated and hardworking person who brings a broad range of professional insurance experiences to the Board. Since he has sold his insurance agency, he is able to and has devoted a substantial amount of his personal time to the business of the State Fund.

Since Mr. Hill began serving on the Board, we have had the opportunity to work together in the planning and implementation of the workers' compensation fraud investigation and prosecution units. He has been personally cooperative and has encouraged Justice and State Fund programs to work closely together in the implementation of Montana's fraud detection and prosecution efforts.



Senator Eleanor Vaughn Page 2 December 7, 1993

I urge you to seriously consider and to confirm his nomination to the Board. Frankly, I believe we are fortunate to have a person of Rick's background and experience who is willing to commit the personal time and energy to the important work of overseeing the operation of the principal workers' compensation company in Montana, and the one which provides coverage for the vast majority of workers in this state.

Thank you for consideration of my comments.

Fincerely,

JOSEPH P. MAZUREK Attorney General

jpm/esb/dm

c: All committee members

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Amendments to Senate Bill No. 5
First Reading Copy

Requested by Sen. Weldon For the Committee on State Administration

Prepared by David S. Niss December 6, 1993

1. Title, line 7. Strike: "CERTAIN"

Following: "LOBBYISTS;"

Insert: "PROVIDING FOR WAIVER OF THE FEE;"

2. Title, line 8.

Strike: "AN"
Strike: "DATE"
Insert: "DATES"

3. Page 1.

Following: line 8

Insert: " Statement of Intent

A statement of legislative intent is necessary for this bill because 5-7-103 authorizes the commissioner of political practices to adopt rules implementing the waiver provisions of subsection (1) of that section.

The legislature intends that rules adopted by the commissioner specify the procedures to be used by a lobbyist when applying for a hardship waiver and the standards to be used by the commissioner in determining whether a hardship exists. The commissioner may specify categories of licenses or lobbyists for which hardship waivers will be granted."

4. Page 1, line 12.

Following: "eligibility"

Insert: "-- waiver"

5. Page 1, line 22.

Strike: "<u>\$25</u>" Insert: "\$50"

6. Page 1, lines 22 through 25.

Strike: ", except that" on line 22 through "agency" on line 25.

7. Page 2, line 2.

Following: "lobbyist."

fee, uphaddiep waive

Amendments to Senate Bill No. 5 First Reading Copy

Requested by Sen. Weldon For the Committee on State Administration

Prepared by David S. Niss December 6, 1993

1. Title, line 6. Following: "AN ACT"

Insert: "RELATING TO LOBBYING;"

2. Title, line 7.

Following: "LOBBYISTS;"

Insert: "PROVIDING FOR A PRINCIPAL REGISTRATION FEE; PROVIDING

FOR WAIVER OF FEES;"

Strike: "SECTION"
Insert: "SECTIONS"
Following: "5-7-103"
Insert: "AND 5-7-301"

3. Title, line 8.

Strike: "AN"
Strike: "DATE"
Insert: "DATES"

4. Page 1.

Following: line 8

Insert: " Statement of Intent

A statement of legislative intent is necessary for this bill because 5-7-301 authorizes the commissioner of political practices to adopt rules implementing that section.

The legislature intends that rules adopted by the commissioner specify the procedure to be used by a principal when applying for a hardship waiver and the standards to be used by the commissioner in determining whether a hardship exists. The commissioner may specify categories of principals for which hardship waivers will be granted."

5. Page 1, line 18.

Strike: "and" Insert: ","

6. Page 1, line 19.

Following: "commissioner,"

Insert: "and payment of the registration fee by the lobbyist's
 principal,"

7. Page 1, line 21.

Strike: "one or more enumerated principals"

8. Page 2, line 9. Following: "5-7-208"

Insert: "or has failed to pay the principal's registration fee
 required by 5-7-301"

9. Page 2, line 10. Following: "fines"

Insert: ", registration fees,"

10. Page 2.

Following: line 11

Insert: "Section 2. Section 5-7-301, MCA, is amended to read:

"5-7-301. Prohibition of practice without license and, registration, and fee payment -- waiver. (1) No individual may practice as a lobbyist unless that individual has been licensed under 5-7-103 and has been listed on the docket of the commissioner as employed in respect to all the matters he that the individual is promoting or opposing and the fee required by subsection (3) has been paid by the lobbyist's principal.

(2) No principal may directly or indirectly authorize or permit any lobbyist employed by that principal to practice lobbying until the lobbyist is duly licensed and the names of the lobbyist and the principal are duly entered on the docket of the commissioner.

(3) The name of a principal may not be entered on the docket of the commissioner unless the principal has paid to the commissioner a registration fee of \$50.

- (4) A principal who believes that payment of the registration fee may constitute a hardship may apply to the commissioner for a waiver of the fee required by this section. The commissioner may waive the registration fee upon proof by the principal that payment of the fee constitutes a hardship. Waiver of the registration fee constitutes payment of the fee for purposes of 5-7-103.
- (5) The commissioner may adopt rules to implement subsection (4).""

Renumber: subsequent section

11. Page 2, line 12.

Strike: "date"
Insert: "dates"

Strike: "[This act] is"

Insert: "(1) [Section 2(5) and this section] are"

12. Page 2, line 13. Strike: "January 1, 1994" Insert: "on passage and approval"

13. Page 2. Following: Line 13

Insert: "(2) [Sections 1 and 2(1) through (4)] are effective

January 1, 1994."

DATE $\frac{12-7-9^{-3}}{}$
SENATE COMMITTEE ON State administration
BILLS BEING HEARD TODAY: $SR 3 - 4$

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Check One

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Beti Die	St. In	SR354	_	
Duran (Javes)	St. Lov.	SR 344		
Riley Johnson		5R3 & 4		
July Browning	Gov. Off	SR 304	Z	
Brad Griffin	Retail Assoc	394		
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