

MINUTES

**MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN ETHEL HARDING**, on January 20, 1995,
at 10:00 AM

ROLL CALL

Members Present:

Sen. Ethel M. Harding, Chairman (R)
Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Mike Foster (R)
Sen. Don Hargrove (R)
Sen. Vivian M. Brooke (D)
Sen. Bob Pipinich (D)
Sen. Jeff Weldon (D)

Members Excused: N/A

Members Absent: N/A

Staff Present: David Niss, Legislative Council
Gail Moser, Committee Secretary

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

Committee Business Summary:

Hearing: HB30
Executive Action: SB72 TABLED
HB24 BE CONCURRED IN AS AMENDED

CHAIRMAN ETHEL HARDING stated that the sponsor for HB30 was not present and suggested that the Committee discuss SB120 which was heard yesterday, 01/19/95, and whether to refer it out of this Committee to Public Health. **CHAIRMAN HARDING** said there needs to be some coordination between Mr. Anderson of the MHD and Ms. Laroze of the MT Advocacy Program on some of the issues in SB120. **SEN. JEFF WELDON** agreed with Chairman Harding that if Ms. Laroze and Mr. Anderson could work out their concerns, this Committee could deal with SB120. **SEN. BOB PIPINICH** stated this bill should not be handled by this Committee as it deals with public health issues. **SEN. MIKE FOSTER** agreed with Senator Weldon regarding waiting for amendments from Mr. Anderson and Ms. Laroze. If SB120 can be handled by this Committee, it would save the legislature time. **SEN. FOSTER** suggested that Chairman Harding visit with President Brown to see if there was some reason this bill was referred to this Committee as opposed to another

committee. **SEN. KEN MESAROS** concurred with this view and that it would be prudent for this Committee to review any amendments supplied by Mr. Anderson and Ms. Laroze. **SEN. MACK COLE** also stated this Committee should try to work it out first. **CHAIRMAN HARDING** said she would talk to President Brown. She thought SB120 had been referred to State Administration due to the name change. **SEN. VIVIAN BROOKE** reported that she had talked with President Brown and Senator Hertel yesterday and that it was indeed because of the name change that SB120 had been assigned to State Administration. **SEN. BROOKE** stated that the concern she voiced yesterday stemmed from the fact that there might be service-delivery concerns that the Health Committee would know more about. **SEN. BROOKE** then stated that she would be in favor of this Committee continuing to do its work with SB120. **CHAIRMAN HARDING** announced that the major consensus was to keep SB120 in the State Administration Committee. She then asked David Niss to contact Mr. Anderson and Ms. Laroze regarding amendments.

HEARING ON HB30

Opening Statement by Sponsor:

REP. HAL HARPER, House District 52, Helena, stated that HB30 clarifies the way the Board of Investments is to calculate the 25% of the Coal Tax Trust that is spent on in-state investment. This investment program was mandated by vote of the people in 1982. The Board of Investments would like to include the amount of money in the sub-funds in their calculation of the total amount available for investments. They would like to exclude the amount that the Montana Science & Technology program now has in their possession, which is over \$23 million dollars. The reason for excluding the MT Science & Technology amount is that the Board of Investments is in charge of those loans, so that amount is included in the 25% ceiling. The Director of the Board of Investments is here to answer any questions.

Proponents' Testimony:

Carroll South, the Executive Director of the Board of Investments, stated that his Board needs this clarification and direction from the legislature as the in-state investment program itself is over a decade old, and the legislature has changed the makeup of the Trust several times. The law clearly makes all of the sub-funds a part of the permanent Trust, and there are five sub-funds. As of June 30, 1994, the total was \$531 million in the permanent Trust. If the Mt Science & Technology allocation is excluded from the 25% to be invested, the 25% ceiling would not be reached as rapidly.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. COLE asked Rep. Harper if the MT Science & Technology had previously been included in the Coal Trust. **REP. HARPER** stated that HB30 codifies the way the Board of Investments has been calculating it in the past and to continue in the same manner. **SEN. COLE** asked Mr. South what the five sub-funds are and the amount in each sub-fund.

Mr. South stated that all of the severance tax devoted to the Trust filters through the permanent Coal Tax Trust Fund. 50% of the tax is dedicated to the Trust, the other 50% is spent on on-going programs.

Mr. South said he would explain each of the sub-funds:

1 - The coal severance bond fund. This fund is pledged to individuals who have purchased coal severance tax bonds whose proceeds have been lent out by the Department of Natural Resources for water resource development. As of June 30, 1994, there was \$5.9 million in that account. It stays roughly at that level because it amounts to one year's worth of debt service payments on the outstanding bonds.

2 - The coal severance tax school bond contingency loan fund. This is a fairly new fund that was established after the Supreme Court determined that certain school districts couldn't levy taxes in certain ways. The legislature, to ensure the school districts could issue bonds, set up a school district bond fund within the permanent Trust. This fund had \$2.2 million at the end of June 1994. This amount will remain static because it's guaranteeing bonds that were sold over a specific period of time.

3 - The treasure state endowment fund. This is the largest fund next to the permanent fund itself. In 1991, legislation passed which took \$10 million from the permanent trust and placed it in the treasure state endowment fund. The income from this fund is appropriated by the legislature for local government infrastructure projects. The treasure state endowment had a balance of \$17.2 million at the end of the fiscal year.

4 - The permanent fund itself is the largest of all. It had a balance of \$504 million. Despite the fact that the Board of Investments is asking to calculate the 25% on the *total* trust, the actual loans will only be made from the *permanent* trust.

5 - The tax severance income fund. As income is earned, it is segregated into this fund by the Board of Investments. It is subsequently distributed by the Department of Revenue into the General Fund and school equalization account. That account is swept clean periodically, but at the end of June, it had \$1.5 million in it.

Mr. South stated that all five sub-funds enjoy the constitutional protection that requires a 3/4 vote of each house to appropriate them. So they are all part of the Trust as considered by law.

SEN. BROOKE asked Mr. South to clarify that when the voters mandated the investment program in 1982, they didn't know the Trust would be divided into sub-funds and therefore believed the 25% would be calculated on the total of the Trust Fund.

Mr. South stated that is true and that ultimately, it is at the direction of the legislature whether all of the sub-funds are considered or not. The Board of Investments is recommending that all sub-funds be considered in the calculation. **Mr. South** stated that in total, the permanent fund is growing about \$20 million per year; but if the treasure state endowment fund, which grows at \$10 million per year, was excluded, half of the potential of new loans would be lost. Currently, after the money filters through the bond funds, half goes to the treasure state endowment and half to the permanent fund.

SEN. BROOKE asked Mr. South how much is loaned out annually.

Mr. South stated that it varies, but this last year it was about \$35 million.

Closing by Sponsor:

REP. HARPER declared that the Board of Investments has done an excellent job managing this money. The interest that the state receives on money in the permanent Trust now accounts for about one out of every ten of Montana's General Fund dollars. Without the presence of the Coal Tax Trust Fund and the current level of management, the state would either have to cut services by 10% or raise taxes by 10%. HB30 is purely a calculation and house-cleaning bill.

CHAIRMAN HARDING closed the hearing on HB30.

EXECUTIVE ACTION ON HB30

Motion: **SEN. WELDON** moved that HB30 BE CONCURRED IN.

Discussion: **SEN. BROOKE** stated that she had a small problem with HB30, and she would like to make a few phone calls.

CHAIRMAN HARDING and the rest of the Committee agreed to hold Executive Action until Monday, 01/23/95.

CHAIRMAN HARDING stated that SB72 is scheduled for Executive Action.

SEN. WELDON handed out a sheet of amendments for SB72 (EXHIBIT 1).

EXECUTIVE ACTION ON SB72

Motion: **SEN. WELDON** moved **ACCEPT THE AMENDMENTS** to SB72.

Discussion: **SEN. WELDON** explained that his amendment strikes the report that would be due on August 1. The purpose of this amendment is to recognize that summer is a down-time for campaigns while still corresponding with Senator Doherty's purpose in the bill which was to fill the gap between June and late October in report filing.

Vote: The **MOTION CARRIED UNANIMOUSLY** on oral vote.

Motion : **SEN. BROOKE** moved **SB72 DO PASS AS AMENDED**.

Discussion: **SEN. BROOKE** pointed out that Senator Doherty did not sign the fiscal note. She also stated that she has spoken with several former employees of the office of the Commissioner of Political Practices who have handled these reports. They pointed out that since the reporting would be more frequent, the reports themselves would be shorter and quicker to review than the review of one lengthy report. **SEN. BROOKE**, therefore, questioned the assumption the Commissioner of Political Practices is making regarding the need for another 1.5 FTE. **SEN. DON HARGROVE** stated that additional financial reporting is somewhat like adding "make-work" to the office of Commissioner of Political Practices. In Gallatin County, the mid-term report was not even listed in the newspapers, so it seems as though there is not enough interest in the information to call for providing the information. **SEN. MESAROS** questioned whether the deletion of one of the reports would be reflected in the fiscal note. Never the less, SB72 would be adding a lot of responsibility to the office of Commissioner of Political Practices. He stated his concern is the cost and the actual need. **SEN. FOSTER** commented that if SB72 passes, volunteer campaign treasurers will become a rare species. **CHAIRMAN HARDING** said she agrees with Senator Foster regarding the volunteer treasurer issue. She also stated that the legislature simply will not allocate more money for the office of Commissioner of Political Practices. **SEN. WELDON** said that the issues need to be balanced, i.e., the inconvenience to volunteer campaign treasurers, the cost to the state, and the work to the Commissioner's office -- against the value of the additional reports. He feels the value of having the extra reporting to fill the gap of almost four months of no reporting, outweighs the convenience and cost issues. **SEN. BROOKE** stated that she had another amendment prepared in the event Senator Weldon's did not

pass. Her amendment would recommend that there would be just one additional report which would be due on September 15. She feels the public has a right to know about the amount of money that flows into a candidate's campaign.

Vote: The MOTION FAILED 6-2 on roll call vote.

Motion/Vote: SEN. FOSTER moved that SB72 BE TABLED. The MOTION CARRIED 6-2 on roll call vote.

David Niss handed out a sheet of amendments for HB24 (EXHIBIT 2).

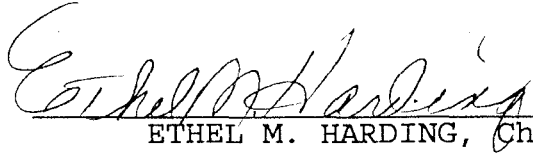
EXECUTIVE ACTION ON HB24

Motion/Vote: SEN. BROOKE moved to ACCEPT THE AMENDMENTS to HB24. The MOTION CARRIED UNANIMOUSLY on oral vote.

Motion/Vote: SEN. BROOKE moved that HB24 BE CONCURRED IN AS AMENDED. The MOTION CARRIED UNANIMOUSLY on oral vote. Senator Gage will carry HB24 on the Senate floor.

ADJOURNMENT

Adjournment: 10:55 AM

A handwritten signature in cursive script, appearing to read "Ethel M. Harding", written over a horizontal line.

ETHEL M. HARDING, Chairman

A handwritten signature in cursive script, appearing to read "Gail Moser", written over a horizontal line.

GAIL MOSER, Secretary

EMH/gem

FROM
21-20-95

DATE _____

SEN:1995
wp.rollcall.man
CS-09

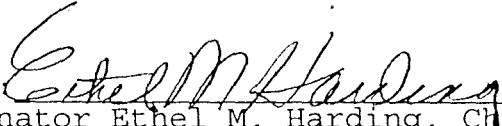
CS-09

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 20, 1995

MR. PRESIDENT:

We, your committee on State Administration having had under consideration HB 24 (third reading copy -- blue), respectfully report that HB 24 be amended as follows and as so amended be concurred in.

Signed 
Senator Ethel M. Harding, Chair

That such amendments read:

1. Page 1, line 26.

Strike: "THE COMPOSITION OF EACH"

Following: "Each"

Insert: "Each"

2. Page 1, lines 26 and 27.

Following: "subcommittee" on line 26

Strike: "MUST" on line 26 through "FOLLOWS:" on line 27

3. Page 1, line 29 through page 2, line 3.

Following: "~~party~~" on page 1, line 29

Strike: the remainder of line 29 through "PARTY." on page 2, line 3

4. Page 2, line 6.


Following: "members."

Insert: "consists of the number of members determined to be appropriate by the legislators appointed to the legislative council, provided that:

(a) the house and senate have an equal number of members; and

(b) no more than one-half of the members appointed from the house and no more than one-half of the members appointed from the senate may be of the same political party"

-END-


SA Amd. Coord.
Sec. of Senate


Senator Carrying Bill

171225SC.SPV

MONTANA SENATE
1995 LEGISLATURE
STATE ADMINISTRATION COMMITTEE
ROLL CALL VOTE

DATE FRI 01-20-95 BILL NO. 8872 NUMBER _____

MOTION: DO PASS AS AMENDED
(Sen. Brooke)

[illegible]

Fr

MOTION:

~~TABLE~~
(Sent Foster)

[illegible]

Requested by Sen. Jeff Weldon
For the Committee on State Administration

Prepared by David S. Niss
January 13, 1995

1. Title, line 5.

Strike: "AUGUST 1,"

Following: "SEPTEMBER 1"

Strike: ", "

2. Title, line 6.

Following: "; "

Insert: "PROVIDING FOR FILING ON THE DAY FOLLOWING A WEEKEND OR
LEGAL HOLIDAY; "

3. Page 2, line 8.

Strike: "on August 1,"

4. Page 3.

Following: line 1

Insert: "(8) If any of the days on which a candidate or
committee is required by this section to file a report falls
on a Saturday, Sunday, or legal holiday provided for in 1-1-
216, then the report must be filed on the next business
day."

Amendments to House Bill No. 24
Third Reading (Blue) Copy

Requested by Rep. Menahan, Senator Gage, and Senator Brooke
For the Committee on State Administration

Prepared by Dave Bohyer
January 19, 1995

1. Page 1, line 26.

Strike: "THE COMPOSITION OF EACH"

Following: "Each"

Insert: "Each"

2. Page 1, lines 26 and 27.

Following: "subcommittee" on line 26

Strike: "MUST" on line 26 through "FOLLOWS:" on line 27

3. Page 1, line 29 through page 2, line 3.

Following: "party" on page 1, line 29

Strike: the remainder of line 29 through "PARTY." on page 2, line
3

Following: line 6

Insert: "consists of the number of members determined to be
appropriate by the legislators appointed to the legislative
council, provided that:

(a) the house and senate have an equal number of
members; and

(b) no more than one-half of the members appointed
from the house and no more than one-half of the members
appointed from the senate may be of the same political
party."

DATE FR 01-20-95

SENATE COMMITTEE ON STATE ADMIN

BILLS BEING HEARD TODAY: HB 30 / EXECUT 72

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Carroll South	Investments	HB 30	<input checked="" type="checkbox"/>	<input type="checkbox"/>
JV. Bennett	Mont. PERC	SB 89	<input type="checkbox"/>	<input type="checkbox"/>
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VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY