

MINUTES

**MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION
COMMITTEE ON STATE ADMINISTRATION**

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

ROLL CALL

Members Present:

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

Members Excused: Sen. Mack Cole (R)

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: HB 327, HB 423, HB 563
Executive Action: N/A

{Tape: 1; Side: a; Approx. Counter: 65.7}

HEARING ON HB 327

A black notebook with information on the National Voter
Registration Act was given to each member of the Committee
(EXHIBIT 1).

A letter from the County of Gallatin regarding the impact of the
NVRA was distributed to each member (EXHIBIT 2).

Portions of a document regarding Election Administration Reports
was distributed which highlighted information from other states
regarding the impact of NVRA (EXHIBIT 3).

Opening Statement by Sponsor:

REP. GEORGE HEAVY RUNNER, House District 85, Browning, said HB 327 has one main objective and that is to provide a greater opportunity for Montanans to participate in the electoral process. He said the notebook (Exhibit 1) contains a great deal of information about NVRA.

Proponents' Testimony:

Mike Cooney, Secretary of State, he has been asked why does Montana need NVRA when we have one of the highest voter registration figures in the nation, and better voter participation records in the nation, and we already have motor-voter, and mail-in registration (two major components of the NVRA). His response is that Montana is the exception to the rule. When Congress passed NVRA, they were not looking at states like Montana, they looked at states that have problems which needed to be addressed. He believes it is his job to remove any barriers to the right of the people to exercise their right to vote. HB 327 addresses two points, registration at public assistance agencies and certain changes from the federal process. HB 327 is the result of many months of work from the election advisory council who is made up mostly of election administrators. HB 327 was designed to give them and the counties the greatest amount of flexibility. Hard and fast guidelines would only make things more difficult for one county or another. He said there are concerns that HB 327 will cost additional money, and it will, specifically in the area of mailing. He explained that if a person misses voting in the presidential election, they are automatically purged from the list of voters even if you voted in every other election. Under HB 327, a county would have an option to send a mailing to the person, as an acknowledgement of their participation. **Mr. Cooney** does not believe Congress is going to repeal NVRA, and we should not plan for that to happen. He is still reviewing amendments he received from the Clerks & Records.

Angela Fultz, Secretary of State's office, said beginning on page 5 of the booklet (Exhibit 1), changes made to HB 327 in the House are described concerning the Secretary of State's rule-making authority and bond election issues. She said an item that was left out of the booklet (Exhibit 1) was the Federal Election Commission Voter Registration Form (**EXHIBIT 4**). She said it is a rather cumbersome form, and she compared it to the Montana Voter Registration Card (**EXHIBIT 5**). She said their intent is to keep the process as simple as possible and still meet the guidelines. HB 327 would currently comply with the federal act. The Department of Justice and the Federal Election Commission have reviewed HB 327 and both agree the minimum requirements would be met.

Joan Bishop, League of Women Voters, submitted written testimony (**EXHIBIT 6**) and stated they have supported this measure at different levels and will continue to support it.

J.V. Bennett, Montana Public Interest Research Group (MontPIRG), said they support participation in the political process and believe HB 327 will help people in participating.

C.B Pearson, citizen, said he believes the United States has the weakest voter registration of all democracies in the world, and he would like to see changes in the process to achieve full participation. He believes we should be considering options such as same-day voter registration, voter registration at the polls, voter registration through an ATM, etc., to make registration as convenient as possible.

Opponents' Testimony:

Robert Throssell, Montana Association of Clerk & Recorders, handed out a cartoon regarding voter registration (**EXHIBIT 7**). He believes it is a myth to think there is some sort of conspiracy to prevent people from registering to vote. He said HB 327 will not cause anymore people to register to vote as Montana already has one of the highest voter registration rates in the nation. NVRA is a federal act and the broad-brush approach does not fit in Montana. It creates an expensive and cumbersome system that will not result in more voters. He also addressed the serious considerations of not passing HB 327. He handed out amendments they have prepared (**EXHIBIT 8**). **Mr. Throssell** said the Secretary of State has rule-making authority over NVRA provisions. The Clerk & Recorder's amendments would provide that "rule" in legislative form to take care of any rule-making needs in the Secretary of State's office which may go beyond the NVRA. He said there is a labyrinth of record keeping involved including agency based voter registrations and purging of voter names. He also addressed concerns on bond elections and their requirement for a certain level of voter turnout.

Betty Lund, Ravalli County Clerk & Recorder, handed out written testimony (**EXHIBIT 9**) which included a letter and descriptions of the amendments offered by the Clerks & recorders. She did not read the Exhibit verbatim, but she basically covered topics outlined in her letter and briefly pointed out each of the amendments and their descriptions.

Sue Haverfield, Flathead County Clerk & Recorder, said they view NVRA as an unfunded mandate and also as "one-size-fits-all" legislation. They asked various counties in the state to provide information on what they believe the NVRA will cost, and she has put that information together in (**EXHIBIT 10**). She said she received information from 33 of the 56 counties, but she added that 22 Clerk & Recorders/Election Administrators were just elected in November, and she doesn't believe those people are

aware yet what is involved with NVRA implementation. She described some of the items considered in the costs estimations include mailing costs, additional staff, one-time computer system upgrades, and other miscellaneous costs.

Questions From Committee Members and Responses:

SEN. WELDON asked Sue Haverfield if no one has worked with the details of implementing NVRA, how were the cost figures determined. **Ms. Haverfield** said they estimated the number of voters purged after the last presidential election and broke that down to a 40-year period. Calculations were made on the basis of five mailings to these purged voters.

SEN. WELDON commented to Robert Throssell that he has seen resistance from the Association of Clerk & Recorders in any effort to ease voter registration processes and that resistance is always based on additional cost or inconvenience to the people who work in county government. **SEN. WELDON** asked how the cost can be labeled if it provides that more people will be involved in the democratic process. **Mr. Throssell** said registration is now based on individual initiative. He added that as they move into programs to "beat the bushes" for those that haven't registered, the cost for registration rises, and that decision is to be made by the legislature.

SEN. WELDON asked Mike Cooney to clarify how many people are not registered to vote in Montana. **Mr. Cooney** said issues such as registration deadlines, census figures, and purging of voters, etc., are taken into account to determine the percentages of eligible voters who are and are not registered.

SEN. HARGROVE asked Mike Cooney if there are enough safeguards to maintain the proper checks and balances in the process and what will happen if HB 327 does not pass. **Mr. Cooney** said there is nothing in HB 327 that jeopardizes the checks and balances currently in the process. **Mr. Cooney** said if HB 327 does not pass, the federal government will take the State of Montana to court to implement NVRA. He said the federal government, in fact, has held up litigation involving Montana because of HB 327 and its efforts to implement NVRA.

{Tape: 1; Side: B; Approx. Counter: 60.8}

SEN. FOSTER asked Mike Cooney how Montana is ranked among other states regarding voter registration levels. **Mr. Cooney** asked **Ms. Fultz** to respond to Senator Foster's question. **Angela Fultz** said Montana is close to average. She said the difference in Montana, is that there is generally a higher voter turnout.

SEN. FOSTER commented that while other states have been litigated against by the federal government regarding NVRA, California has filed a counter suit against the federal government which states NVRA is an unfunded mandate, and he asked Mike Cooney why he believes it is more important to allow the heavy hand of federal government than it is to observe the 10th Amendment. **Mr. Cooney** said California lost that case, and will be appealing. He said that implementing NVRA is the right thing to do to attempt to provide that the greatest number of people are allowed to participate in the process. He believes it will cost much less to implement than what has been reported and also less than involvement in litigation. He added they have been working on NVRA and with the Clerks & Records for the last several years, and he has made proposals to each of the counties to allow the Secretary of State's office to assume some of the responsibilities to reduce the burden to the Clerks & Records, and all counties responded "no" to those proposals.

SEN. FOSTER asked Mike Cooney if the Attorney General has done any analysis on this issue. **Mr. Cooney** said he doesn't know.

Closing by Sponsor:

REP. HEAVY RUNNER handed out and discussed information regarding purging of voters by county (**EXHIBIT 11**). He said there also appears to be some discrepancy among the Clerk & Records as Betty Lund said they favor this legislation and Robert Throssell said they oppose the legislation. **REP. HEAVY RUNNER** clarified that Montana Secretary of State, Mike Cooney, did participate on the national level regarding NVRA. He said he hopes the Clerks could view this not as an inconvenience, but as an opportunity to fulfill their oath of office and to serve the people in their counties.

VICE CHAIRMAN MESAROS closed the Hearing on HB 327.

HEARING ON HB 423

Opening Statement by Sponsor:

REP. HAL HARPER, House District 53, Helena, handed out amendments to HB 423 (**EXHIBIT 12**), and said HB 423 will establish voluntary campaign expenditure limits. **REP. HARPER** described that when a candidate files for an office, if they wish to subscribe to the voluntary limits, they would pay the usual filing fee of \$15.00. If they did not, they would pay a much higher filing fee of \$100. If the \$15,000 limit is exceeded, the opponent can then go back and pay the higher filing fee and exceed the limit also. He said the intent is to try to relieve the hysteria in the election season. He said it's a sad fact that sophisticated and well-financed campaigns win elections, and that the election process is moving away from people's involvement and towards money and

advertising. **REP. HARPER** stated the amendments that were added in the House will simply kill the bill. **REP. HARPER** briefly discussed language on page 1 regarding rates of pay for campaign work that is included in the expenditure limit. He compared some of the limitation amounts in the bill to actual amount spent by various campaigns in Montana for various positions. He also said the bill contains penalty percentages based on the amount by which a limitation is exceeded. **REP. HARPER** said this bill address the issue of public trust and he urges bipartisan support for HB 423.

Proponents' Testimony:

Doug Mitchell, representing the Secretary of State, **Mike Cooney**, said they support Representative Harper's efforts. He said the basic desire behind HB 423 is to bring money out of the political realm as much as constitutionally possible and bring people back into it. They oppose the amendments to HB 423 that were added in the House and would prefer the bill die, but they support the bill without those amendments.

Debbie Smith, **Common Cause**, said they strongly support HB 423 as introduced by Representative Harper. She said the House inserted in a number of sections language "or in a mutual agreement negotiated between candidates" and she suggested if that language is left in it should state "between opposing candidates", and also add language to ensure that the limits that would be voluntarily agreed to would be the ceiling so that any "mutual agreement" would be less than the amount of the limit stated in the bill.

J.V. Bennett, **Montana Public Interest Research Group (MontPIRG)**, said they agree with the previous proponents and share their concerns about the amended language in the bill and that that language be stricken and HB 423 is passed.

Informational Testimony:

Ed Argenbright, **Commissioner of Political Practices**, said he is really not an opponent, but he wanted to bring to the Committee's attention the additional administrative duties that will be imposed by HB 423. He said the concerns are valid regarding money being spent by an independent committee being included in the voluntary limit as current law provides that an independent committee is not to have contact with a candidate or they are no longer independent.

Questions From Committee Members and Responses:

SEN. WELDON commented that the constitutionality of this approach has been tested in New Hampshire, and he asked Representative Harper if it also meets the U.S. Supreme Court test of the Buckley v. Vallejo case. **REP. HARPER** said he did not know.

SEN. WELDON asked if the penalties prescribed in new section 3 are similar to the New Hampshire penalties. **REP. HARPER** said yes they are.

SEN. WELDON asked if the expenditure limits in section 2 were modeled after the last election cycle in Montana. **REP. HARPER** said yes they were.

SEN. WELDON if the reference to "election cycle" included the primary and general and if the limitations applied even in a contested primary or a contested general. **REP. HARPER** said that may be a factor in the decision to subscribe to the voluntary limitation because there will be a 30-day period after filing to make adjustments if you find that someone has filed to run against you.

VICE CHAIRMAN MESAROS closed the Hearing on HB 423.

HEARING ON HB 563Opening Statement by Sponsor:

REP. PAUL SLITER, House District 76, Kalispell, said that HB 563 continues a process that was begun in the 1993 session to centralize the management and control of the state's major financial systems. It creates short-term cost savings along with increased efficiencies due to greater integration and coordination of system operations. He said the warrant writing system and the state budgeting/accounting system are two highly integrated mainframe systems which are operated by the State Auditor's office and the Department of Administration. He described the various duties carried out in the warrant writing system and the bad debt management function operated under the fiscal control management division in the State Auditor's office. He said it is not an integral part of the function of the State Auditor and could be better prioritized under the Department of Administration.

Proponents' Testimony: None.

Opponents' Testimony:

Mark O'Keefe, State Auditor, said when he was elected State Auditor, one of his duties was to superintend the fiscal duties of the state and to keep an account of all warrants the state issues. **Mr. O'Keefe** handed out information (**EXHIBIT 13**) regarding the costs involved HB 563. He said the costs involved with rewriting the computer software of about \$150,000, are not shown in the fiscal note for HB 563. He addressed some of the items on Exhibit 13 concerning the various costs involved. He said he is concerned about the fact there are two sets fiscal information regarding HB 563. They agree that there is some computer work needed and that work is on-going. If the economics are in favor of the State Auditor's office, the only conclusion he can reach is that the issue is "politics." He noted there were no proponents for HB 563.

REP. BOB PAVLOVICH, House District 37, Butte, said he opposes HB 563 as the current process runs well.

George Harper, citizen, handed out written testimony which he essentially read verbatim (**EXHIBIT 14**).

{Tape: 2; Side: A; Approx. Counter: 31.1}

Questions From Committee Members and Responses:

SEN. WELDON asked Representative Sliter, based on information that Mark O'Keefe provided, to clarify that centralizing this function at the Department of Administration will cost the state \$110,000 in the end rather than his previously stated figure of \$42,000. **REP. SLITER** said if that information were substantiated, he believed it would be reflected in the fiscal note.

SEN. WELDON asked Mark O'Keefe about the cost of warrants that have been printed that would have to be destroyed. **Tom Crosser, Deputy for Fiscal Control and Management,** responded that he believes the fiscal note does indicate that cost. He clarified that approximately 400,000 warrants with the State Auditor's seal would be wasted.

SEN. WELDON asked how long that number of warrants would last beyond January. **Mr. Crosser** said they issue about 120,000 warrants per month.

SEN. HARGROVE asked Connie Griffith if the amount of money required for the software upgrade is necessary and would that money not be spent if the function were kept at the Auditor's office. He also asked how the Department of Administration would be able to reduce the FTE when the workload would be the same.

Connie Griffith, Administrator for the Accounting and Management Support Division, Department of Administration, said the amount of \$150,000 was not included in the fiscal note as it is not a cost that would be associated with moving the warrant writing system to the Department of Association. Included in the costs are the costs of moving the bad debt system as it is and getting it functioning on their network, and that programming work would be contracted. She said that in the future, all of the systems will be reviewed and necessary enhancements will be identified. **Ms. Griffith** said the reduction of the FTE will be accomplished by having various people in the Department of Administration who will absorb various additional duties.

SEN. BROOKE asked Representative Sliter if he had done any investigation in areas addressed by George Harper regarding ConCon. **REP. SLITER** said that technology has significantly advanced since 1972, and the state's systems can be better integrated now, and he doesn't believe that is something the ConCon could have considered.

SEN. BROOKE said she believed the intent was to keep the two functions separate, and she views this as a violation of that intent even taking into account advanced technology. **REP. SLITER** said since he didn't research that area specifically, he could only speculate that one issue would be a check and balance in the system, and he believes that the technology of the computer system would eliminate the need for that type of balance of power.

SEN. BROOKE asked for clarification on Representative Sliter's comment that "the computer system will do the checks and balances." **REP. SLITER** said the warrant writing system is dependent upon the system at the Department of Administration.

SEN. BROOKE asked Mark O'Keefe to respond to the same question. **Mr. O'Keefe** agreed to a certain extent with Representative Sliter regarding some of the checks and balances being within the system, but said what is not there is a check if a discrepancy exists between people in the Department of Administration and the Auditor's office. He said there are clear lines of responsibility, and two independent elected officials are responsible and agreement must be reached at that level.

SEN. MESAROS asked if Connie Griffith would respond to the same question. **Connie Griffith** said this basically comes down to being an accounting/auditing process, and everyday the warrant writer system is reconciled with the state budgeting and accounting system. She said there is generally no involvement from people on a higher level than the staff people. The conflict of interest question has been raised, but this change would be a normal accounting function performed by separate people but within the same area.

SEN. MESAROS asked Dave Lewis, Budget Director, for clarification on the conflicting information presented regarding the fiscal note for HB 563. **Dave Lewis** said there was much discussion between the Department of Administration and his office. They believe there will be a true net savings. The impact on the system development will need to be incurred wherever it is, so he believes it is appropriate to leave that off the fiscal note.

SEN. WELDON asked Representative Sliter if he would consider a delayed effective date that would correspond to the exhaustion of the existing warrant forms. **REP. SLITER** said he believed the integration would need to be done on July 1, to meet with the beginning of the fiscal year.

CHAIRMAN HARDING asked Connie Griffith what would be gained by moving the warrant writing and bad debt functions to the Department of Administration. **Connie Griffith** said there would be a cost savings and centralization of the management and operation of the systems. She said it would provide better coordination which would allow priorities to be established for the systems on a statewide basis.

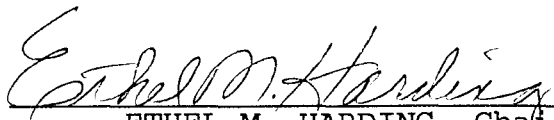
Closing by Sponsor:

REP. SLITER believes that the advancements in technology will easily provide for the move of the warrant writing and bad debt management functions to the Department of Administration.

CHAIRMAN HARDING closed the Hearing on HB 563.

ADJOURNMENT

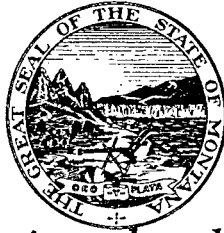
Adjournment: 12:30 PM


ETHEL M. HARDING, Chairman


GAIL MOSER, Secretary

EMH/gem

THE NATIONAL VOTER REGISTRATION ACT



As introduced by
Rep. George Heavy Runner
At the request of
The Secretary of State

SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 03-10-95

BILL NO. HB 327

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

MONTANA SENATE
1995 LEGISLATURE
STATE ADMINISTRATION COMMITTEE

ROLL CALL

DATE

FRI 03-10-95

[illegible]

SEN:1995
wp.rollcall.man
CS-09

State of Montana

County of Gallatin

Bozeman



Chairman Ethel Harding and Committee Members
Senate State Administration Committee
Montana State Capital
Helena, MT 59620

March 6, 1995

SENATE, STATE ADMIN.

EXHIBIT NO. 2

DATE 03-10-95

BILL NO. HB327

SUBJECT: HB 327

Dear Chairman Harding and Committee members,

The National Voter Registration Act (NVRA) is the BEST example of an unfunded federal mandate I've seen. This law will have a major impact on both state and local government. The bureaucracy of the NVRA starts at the federal level and that bureaucracy is carried down to the state level and then to the local level.

STATE LEVEL IMPACTS:

The NVRA will require voter registration at any office which provides public assistance, state-funded programs providing services to persons with disabilities and other entities designated by the Secretary of State with consent of the entity. This is a mandatory requirement that these offices ask if the individual wants to register to vote and if they decline, the written declination is recommended to be retained by a state office for an audit trail.

According to the Act, these state agencies shall make the following services available and provide the following: 1) Conduct voter registration and the declination thereof, 2) Distribution of mail voter registration application forms, 3) Assistance in completing voter registration forms. The forms must include certain statements such as: 1) If you are not registered to vote where you live now, would you like to apply to register to vote here today? 2) Applying to register or declining to register to vote will not affect the amount of assistance that you will be provided by this agency. 3) If you would like help in filling out the voter registration application form, we will help you. The decision whether to seek or accept help is yours. You may fill out the application form in private. 4) If you believe that someone has interfered with your right to register or to decline to register to vote, your right of privacy in deciding whether to register or in applying to register to vote, or your right to choose your own political party or other political preference you may file a complaint with _____. This paragraph indicates a sample of the heavy bureaucracy contained in the NVRA.

These offices will also be responsible to make sure that all registration forms are disbursed to the appropriate entity on a timely schedule so the voter is registered for the next election.

I believe that these other public offices have much more to do than try to comply with the cumbersome regulations the federal government is trying to place on them regarding voter registration. Certainly they have their own fair share of regulations to comply with.

LOCAL LEVEL IMPACTS:

Compliance with the NVRA becomes even more costly and cumbersome. Increased costs include additional labor, printing, postage, filing space, and computer program re-writes. (see attached cost estimate)

The act requires no cancellation of voter registration without a confirmation notice being mailed to each individual. In counties that have colleges and universities, as well as counties that have major population growth, requirements to mail notices before canceling voters will make our voter registration records into huge file cabinets of paper documentation. MSU has approximately 10,000 students which "turn-over" every 4 years and contribute a great deal to the number of cancellations done in Gallatin County. The mobile society that western Montana is experiencing results in a very high turn-over of registered voters and change of addresses. Gallatin County currently receives at least 100 registration cards weekly from DOJ drivers license division alone.

The following is a list of total registered voters canceled after failing to vote presidential general elections in Gallatin County:

<u>YEAR</u>	<u>VOTERS CANCELED</u>	<u>REGISTERED VOTERS</u>	<u>PERCENT CANCELED</u>
1980	8235	30,617	27%
1984	9675	34,652	28%
1988	9712	33,671	29%
1992	8260	37,750	22%
TOTALS	35,882	136,690	AVE. 26%

The NVRA will require review of individual voter participation in every election and notification from election administrators for every voter who fails to vote in selected elections. This appears to be a federally mandated voter history program. The additional labor involved in the constant maintenance of voter registration records will increase the costs to election offices throughout the state. More specifically, this act will require confirmation at every election whether or not each of the 37,500 registered voters in Gallatin County participated in that election.

According to the act, separate lists must be kept for all voters who were sent a notice, who responded, and who did not respond. To "add" the confirmation mailing documentation to our records impacts the amount of space (square feet storage space) needed in every courthouse in Montana. Gallatin County currently has a very serious space problem which our County Commissioners have been studying for the last 2 years.

Gallatin County has an example of confirmation mailings which we did in December of 1994. Belgrade School District had a mail ballot election and furnished the election department with new addresses they received from the post office due to ballots that were not deliverable. We processed change of address cards, letters of explanation, and mailed them to these voters. This took 2 employees 4 days to do. We mailed 194 cards and in 2 weeks time we received 37 responses which is 19%. I don't think this is a very good percentage - imagine doing this for 8,000 to 9,000 voters.

I support the amendments to this bill on pages 10, 11, and 12. These amendments at least give local government a chance of passing a bond election. However, this impacts our office once again. The bill will require the maintenance of two registration lists - an "active" list and an "inactive" list. To comply with NVRA, this was the best amendment the committee could come up with. I believe that on election day to conduct a bond election, the election administrators will prepare an official register consisting of all registered voters (active and inactive). But, in determining the approval or rejection of the bond election the election administrators will use the total number of active electors only.

I am very proud of the State of Montana's election procedures and voter registration efforts. I think the 56 election administrators throughout the state along with the Chief Election Administrator are dedicated, public service minded individuals who find voter participation to be the most important right any individual could have. Voting is a privilege, a citizen's right. Why should government spend so much time and money to force people to execute their rights? The State of Montana does not need the NVRA. I urge you to vote NO on HB 327.

Respectfully submitted,

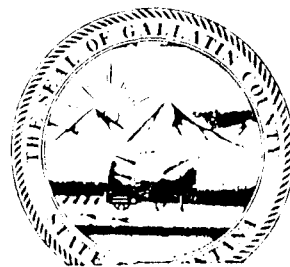
Shelley M. Cheney

Shelley M. Cheney
Clerk and Recorder
Gallatin County, Montana

State of Montana

County of Gallatin

Bozeman



The following are the estimated costs for Gallatin County to implement IIB 327/ NVRA.

All expenses are for one year except computer updates which should be a one time cost.

Postage	\$	3,900.00
Extra Personnel	\$	18,900.00 (one full-time employee)
Computer Updates	\$	2,000.00 (changes to current program)
Miscellaneous Supplies	\$	2,000.00
Total estimated costs	\$	<hr/> 26,800.00

of address confirmations and responses. Each county must develop ways of obtaining and retaining such statistics.

In the absence of state law changing Illinois voter registration practices, some Illinois counties have not set aside funds to deal with this task. Smith recommended that they do so despite the fact that the legislature now appears likely to adjourn for the year without enacting any legislation. Budgeting for what is required, even though the exact specifics are uncertain, will be preferable than responding to the expenses as though they could not be anticipated.

At the same conference, *Election Administration Reports* Editor Richard G. Smolka, responding to queries from the County Clerks, said Republican control of both houses of Congress would produce no major change in the National Voter Registration Act during the next two years.

SENATE STATE ADMIN.

ELECTION CENTER TO HOLD WORKSHOP, OFFER CONTINUING EDUCATION COURSES IN ALBUQUERQUE

EXHIBIT NO. 3DATE 03-10-95

The Election Center is conducting a special workshop for election officials February 8-10 in Albuquerque, N.M. The workshop will include updated information on the National Voter Registration Act; poll worker recruitment, training, and retaining; and legislation and litigation. The conference will meet at the Marriott Hotel in Albuquerque. Tel. (505) 881-6800.

RW NO. HB327

In addition, The Election Center will offer two continuing education courses. "Introduction to Election/Voter Registration Systems Administration" will be taught by Dr. Robert Montjoy, Director of the Public Administration Program at Auburn University. "Election/Voter Registration Information Management and Technology" will be offered by R. Doug Lewis, Executive Director of The Election Center.

Registration fees for the conference are \$209 for members and \$299 for non-members. Continuing education courses are \$195 for members and \$285 for nonmembers. Registration deadline is January 26. Persons paying at the door will be charged an additional fee of \$30.

For additional information on the conference contact: Pat Hawkins, The Election Center Conference Office, PO Box 278475, Sacramento, CA 95827. Tel. (916) 361-6181.

CALIFORNIA FAIR POLITICAL PRACTICES COMMITTEE ISSUES FINE OF \$236,250

The California Fair Political Practices Committee last month announced a fine of \$236,250 against Los Angeles Marathon, Inc. (LAMI) and its agent. Total fine payments, including interest, will accumulate to \$280,546. The fine, the third largest in FPPC history, was issued for laundering more than \$70,000 in campaign contributions to state and local candidates over a four year period.

The FPPC charged that between 1989 and 1992 contributions made by LAMI were presented to various campaigns as checks from employees of LAMI or their friends and relatives but were reimbursed by the agent, George Beasley or his business, Beasley Business, Inc.

FPPC Chairman Ben Davidian, noting three major campaign laundering cases in California during the past four years, said these are no longer isolated instances. He called them a serious blight on the political process.

On the same day the FPPC : money laundering in 1990. Seven \$ spouses.

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

ign and

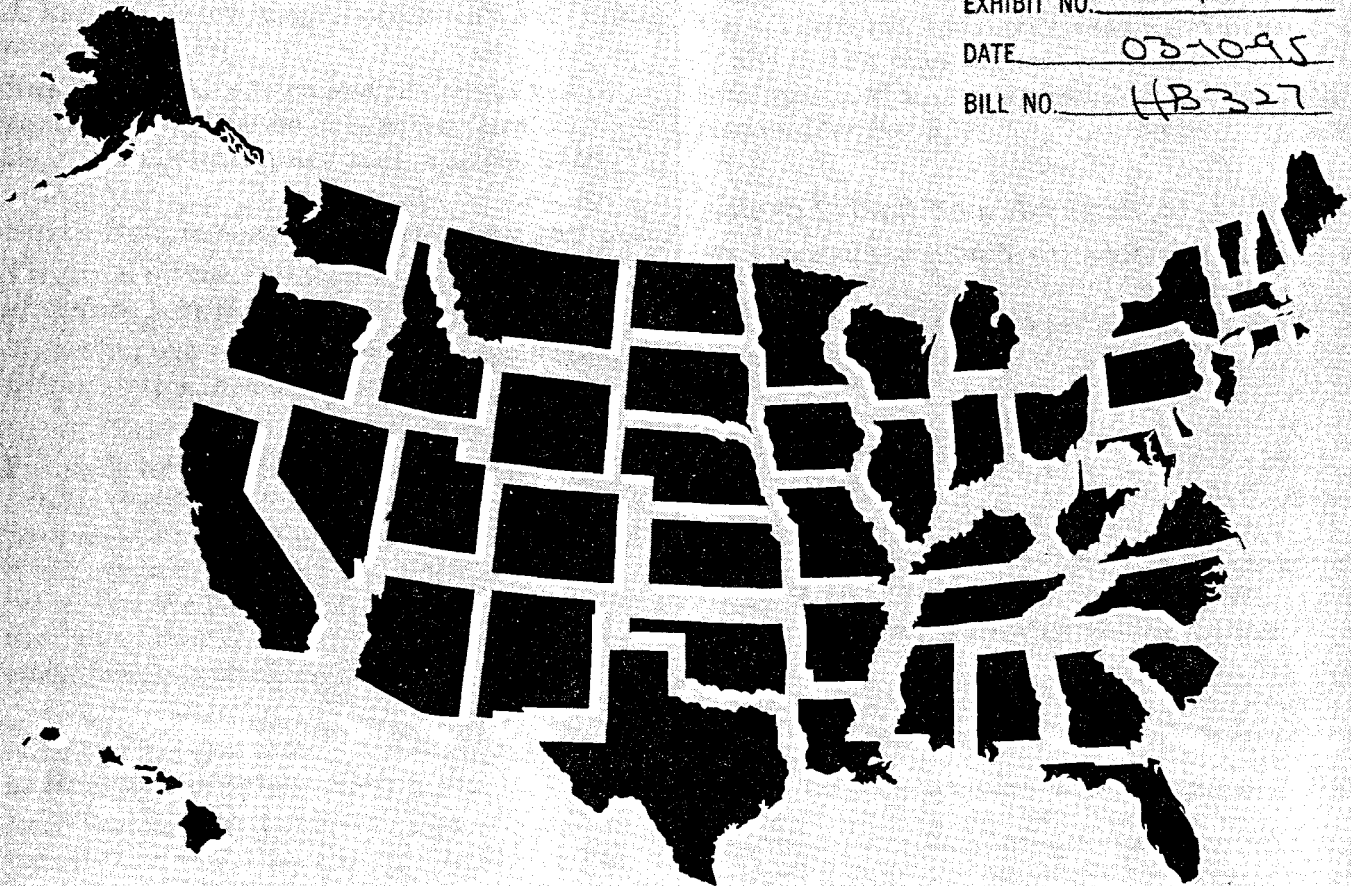
Register To Vote In Your State By Using This Postcard Form and Guide

SENATE STATE ADMIN.

EXHIBIT NO. 4

DATE 03-10-95

BILL NO. HB 327



The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

For U.S. Citizens

PLACE
STAMP
HERE

_____, MT

ARTICRAFT PRINTERS

STATE ADMIN.

EXHIBIT NO. S

DATE 02-10-2013

BILL NO. 103327

ELECTION ADMINISTRATOR

_____, County

_____, MT

FOR OFFICE USE ONLY	Polling Place	Date	Pct.	Ward	Sch.	Hse.	Sen.	FD	HD	SC	Reg. #
------------------------	---------------	------	------	------	------	------	------	----	----	----	--------

1. NAME (PLEASE PRINT Last, First, Middle)

7. IF YOU'VE CHANGED YOUR NAME,
PRINT FORMER NAME

2. COUNTY

8. PLACE LAST REGISTERED TO VOTE
CITY COUNTY STATE

3. ADDRESS WHERE YOU LIVE

9. VOTER DECLARATION (Read and sign below)
I do solemnly swear or affirm, under penalty
of law, that I:

4. ADDRESS WHERE YOU GET YOUR MAIL
(if different from #3)

- am an United States citizen,
- will be at least 18 years old on or
before the next election,
- will have lived in this state for at least
30 days before the next election,
- am neither in a penal institution for a
felony conviction nor been determined
by a court to be of unsound mind, and
- if I don't meet these qualifications, I will
meet them by the next election day.

5. YOUR TELEPHONE NUMBER
(406) - -

6. DATE OF BIRTH (month/day/year)

SIGNATURE DATE

YOUR RIGHT TO VOTE

- **You have the right to vote** if you are at least 18 years old, a citizen of the United States, and have resided in Montana for at least 30 days.
- **Your right to vote** is secured by being properly registered in the precinct where you reside.
- **You have the right to register to vote**, either in person or by mail, simply by completing a registration card and delivering it to your county Election Administrator before the deadline (30 days prior to any election).
- **You have the right to register to vote** even if you do not yet satisfy the age or residency requirements as long as you will by the election.
- **Your right to vote** must be maintained: you must participate in at least one general election -- the presidential -- every four years; and you must notify local election officials of any changes you make in your name or place of residence.
- **Your right to vote** is abridged by missing any presidential election because your registration will be canceled within 60 days. In that event, you need to re-register before your right to vote is secured again.

League of Women Voters
of Montana



SENATE STATE ADMIN.

EXHIBIT NO. 6

DATE 03-10-95

BILL NO. 112327

WRITTEN TESTIMONY SUBMITTED BY THE LEAGUE OF WOMEN
VOTERS OF MONTANA

Senate State Administration Committee

March 10, 1995

House Bill 327 by George Heavy Runner

The League of Women Voters was a leading proponent of the National Voter registration Act signed by President Clinton in 1993. With one-third of Americans--nearly 70 million citizens--not registered to vote, the NVRA was long overdue. Passage was the culmination of many years of intense citizen pressure on Congress to open up the voting booth to all eligible Americans.

However, more than a year later, millions of voters and would-be voters are still locked out of the system. We urge Montana lawmakers to pass the enabling legislation that will facilitate voter registration, especially for those with disabilities and those who have recently moved. We applaud the act's set of uniform voter registration standards.

The League of Women Voters of Montana supports H.B. 327. Since nearly nine in ten of those who are registered to vote turn out to vote consistently on election day, increasing the numbers of those who are registered to vote will increase the numbers of those who vote--and this can only strengthen our democracy. Thank you.

Joan Bishop

Legislative Corps, LWVMT

MALLARD FILLMORE

BY BRUCE TINSLEY



SEN. LE STATE ADMIN.

EXHIBIT NO. 7

DATE 03-10-95

BILL NO. HS 327

AMENDMENT TO HOUSE BILL 327

OFFERED BY THE MONTANA ASSOCIATION OF CLERKS AND RECORDERS

PREPARED BY ROBERT R. THROSSELL
MARCH 10, 1995

1. Page 1, line 17
Strike: "Statement of Intent" in its entirety
2. Page 5, line 11
Following: "prescribe"
Strike: ", by rule,"
3. Page 6, line 22
Following: "completed"
Insert: "application for"
4. Page 6, line 24
Following: "send"
Insert: "application for"
5. Page 6, line 26
Following: " make"
Insert: " application for"
6. Page 6, line 27
Following: "The"
Insert: "application for"
7. Page 6, line 29
Following: "the"
Insert: "application for"
8. Page 7, Line 10
Following: "elector"
Strike: "a notice"
Insert: "an acknowledgement"
9. Page 7, Line 10
Following: "affirming"
Insert: "the application for"

10. Page 7, line 10

Following: "place."

Strike: "Mailed notices must conform to postal regulations to ensure return, not forwarding, of undelivered notices."

Insert: "The notice shall be sent by non forwardable first class mail on which is endorsed, "Address Correction Requested". If the applicant's acknowledgement card is returned undeliverable within 15 days of the mailing, the application for voter registration will not be placed on the register of electors kept by the election administrator. The application will be retained by the election administrator for 22 months."

11. Page 7, line 12

Strike: section 2 and 3 in their entirety

12. Page 9, line 26

Following: "mail"

Strike: "a second notice. The notice must conform to postal regulations to ensure return, not forwarding, of undelivered notices."

Insert: "a confirmation notice. The notice shall be sent by first class forward mail with postage paid, return address notice."

13. Page 9, line 27

Following: "If the"

Strike: "second notice"

Insert: "confirmation notice"

14. Page 10, line 1

Following: "registration."

Strike: "(1)"

Insert: "(a)" ,

Renumber: subsequent sections

15. Page 10

Following line 6

Insert: "(2) Agency based registration sites must:

(a) distribute voter registration forms with each application for services or assistance and,

(b) assist applicants in completing voter registration forms, unless the applicant refuses such assistance.

(3) The completed application for voter registration form must be transmitted to the secretary of state within 10 days or 5 days if the date of completion is within 5 days before the close of registration. All declination forms must be forwarded to the secretary of state within 10 days of the completion of the form.

(4) The secretary of state will within 3 days of receipt forward the completed application for voter registration to the appropriate local election administrator.

16. Page 12

Following: line 12

Insert: "The secretary of state is to act immediately upon the National Voter Registration Act of 1993, being made discretionary.

17. NEW SECTION

"13-2-403. Challenge of registration. (1) Forty-five or more days before the close of registration for an election, three registered electors of a precinct may challenge the registration of an elector by filing affidavits giving the name of the elector whose registration is challenged, the address at which he is registered, and a statement that the affiant has personal knowledge that the elector does not reside at the address where registered.

(2) No more than 3 days after the filing of affidavits as provided in subsection (1), the election administrator must send written notice to the elector whose registration is challenged, at the address shown on the registration form. The notice must state that registration will be ~~canceled~~ moved to the inactive list within 15 days of the filing of the affidavits unless the elector refutes the affidavits by submitting proof or a sworn statement that he resides at the address given on his registration form.

(3) The election administrator must ~~cancel~~ move to the inactive list the registration of an elector whose registration is challenged under this section 15 days after the filing of the affidavits required in subsection (1) unless proof or a sworn statement as required in subsection (2) is received.

(4) If an elector proves or swears he resides at the address given on his registration form after his registration has been ~~canceled~~ moved to the inactive list as provided in this section, he ~~may register by completing a new registration form~~ will be moved to the active list. Such registration shall be effective for the next election even though the registration for that election is closed.

NEW SECTION

ENSURING ACCURACY OF CURRENT VOTER REGISTRATION ROLL. (1) EVERY ODD YEAR THE LOCAL ELECTION ADMINISTRATOR MUST FOLLOW ONE OF THE FOLLOWING PROCEDURES TO ENSURE THE MAINTENANCE OF AN ACCURATE AND CURRENT VOTER REGISTRATION ROLL FOR ELECTIONS FOR FEDERAL OFFICE;

(a) RUN THE ENTIRE LIST OF REGISTERED ELECTORS AGAINST THE NATIONAL CHANGE OF ADDRESS FILES FOLLOWED BY THE APPROPRIATE CONFIRMATION NOTICE TO THOSE INDIVIDUALS WHO'S ADDRESS HAS CHANGED, OR;

(b) MAIL A FIRST CLASS NON FORWARDABLE "RETURN IF UNDELIVERABLE-ADDRESS CORRECTION REQUESTED" NOTICE TO ALL REGISTERED ELECTORS OF EACH JURISDICTION TO CONFIRM ADDRESS FOLLOWED BY THE APPROPRIATE CONFIRMATION NOTICE TO ALL RETURNS, OR;

(c) DO A TARGETED MAILING OF PERSONS WHO HAVE FAILED TO VOTE OVER AN EXTENDED PERIOD OF TIME BY EITHER;

(i) SENDING THE LIST OF NON-VOTERS A NONFORWARDABLE NOTICE, FOLLOWED BY THE APPROPRIATE FORWARDABLE CONFIRMATION NOTICE TO

THOSE WHO APPEAR TO HAVE MOVED FROM THEIR ADDRESS OF RECORD, OR;

(ii) RUNNING THE LIST OF NON-VOTERS AGAINST THE NATIONAL CHANGE OF ADDRESS FILES, FOLLOWED BY THE APPROPRIATE CONFIRMATION NOTICES TO THOSE WHO APPEAR TO HAVE MOVED FROM THEIR ADDRESS OF RECORD, OR;

(iii) SENDING THE FORWARDABLE CONFIRMATION NOTICES PROVIDED FOR IN SECTION 8 (d) (2) OF PUBLIC LAW 103-31 BASED ON THE ASSUMPTION THAT FAILURE TO VOTE OVER A FOUR YEAR PERIOD MAY INDICATE THAT THE REGISTRANT NO LONGER LIVES IN THE JURISDICTION, OR;

(iv) DOOR TO DOOR CANVASS.

(2) ANY NOTICES RETURNED TO THE ELECTION ADMINISTRATOR FROM THE ABOVE PROCEDURES MUST BE FOLLOWED UP BY THE APPROPRIATE CONFIRMATION NOTICE WHICH IS A FIRST CLASS FORWARDABLE POSTAGE PAID, SELF ADDRESSED RETURN NOTICE. IF THE ELECTOR FAILS TO RESPOND WITHIN 30 DAYS OF THE CONFIRMATION NOTICE SENT UNDER THIS SECTION, THEY WILL BE MOVED TO THE INACTIVE LIST.

(3) ALL PROGRAMS UNDER THIS SECTION MUST BE COMPLETED NOT LATER THAN 90 DAYS PRIOR TO THE DATE OF A PRIMARY OF GENERAL ELECTION FOR FEDERAL OFFICE.

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

SENATE STATE ADMIN.

EXHIBIT NO. 9

DATE 03-10-95

BILL NO. HB 327

March 10, 1995

State Administration Committee
State Senate
Helena, MT 59620

Chairman Harding and Members of the Committee,

For the record my name is Betty T. Lund, Ravalli County Clerk & Recorder. I am here to give you an insight to a very important bill - HB 327 also known as the National Voter Registration Act.

On Jan. 23, 1995 there was an NVRA new conference with United States Attorney General Janet Reno and Deval L. Patrick Assistant Attorney General, Civil Rights Division (pink section in your black book from the Secretary of State.) On page 3 line 11 Ms. Reno says of the NVRA "It's simple." On page 5 lines 10 and 11 Mr. Patrick says "this law is a way of bring them (states) into the process by simple, simple ways, simple, simple kinds of solutions."

We do not disagree with the Honorable Reno and the Honorable Patrick, once you get the registration procedures in place it is very simple for the voter. We have registered 65,000 electors since we have implemented motor voter at the driver's services. You have been able to register to vote by mail since 1979. Even under Governor Schwinden we had agency registration, which is the only NVRA procedure we do not have at this time here in Montana.

Not one Election Administrator in the State of Montana disagrees with the purpose of NVRA. Our main goal is to see that every eligible citizen is a registered voter and goes to the polls to vote.

Our disagreement with the NVRA is the COST and the ENDLESS REPORTING.

If you will look at Addendum E in the black book you will see 1992 we did not have motor voter in place but we still had 93% of the voting age population registered, compared to 90% under the new motor voter program. So the Election Administrators all over the state of Montana were doing something right - only 7% not registered verses 10% today.

When state/federal governments take over, local governments suffer.

The black book does not give you a copy of the Rules and Regulations from the Federal Government. They would show you what the Election Administrators are getting excited about. The following is a listing of record keeping required by the NVRA.

N/A Indicates No available funds for added FTE

NVRA Implementation Costs

SENATE STATE ADMIN. DATE 3/7/95
 EXHIBIT NO. 10
 SUBJECT _____ DATE 03-10-95 JOB NO. _____

	Yearly Postage	Extra Help	Yearly Personnel	BILL NO.	Update Computer	Online (4332)	Online?	
Beaverhead	428		5803		2400	?	2260	10891
Bighorn	720		14196		1400	?	500	16816
Blaine	490		7934		500	?	442	9366
Carbon	640		16224		1000	?	700	18564
Carter	50		3500	(Manual)	1500	?	250	5300
Custer	800		14200	(Bump)	16000	?	2500	33500
Fallon	200		7000		-	?	500	7700
Flathead	8000	1 FTE	21640		35000 - 60000	new software	2000	66,640
Gallatin	3900		18900		2000	?	2000	26800
Glacier	800		12844		1000	?	1472	16116
Bill	4067		9328		1500	?	2970	17865
Jefferson	553	1/2 FTE	8450		500	?	500	10003
Lewis & Clark	10152	1 FTE	22218		?	?	3446	35816
Liberty	600	N/A	0		?	?	400	1000
Lincolen	1400	1/2 FTE	10803		5000	?	2600	19803
Madison	1231	1/4 FTE	3480		?	?	1500	6211
McCone	250	N/A	0		150	?	500	900
Mineral	2560		13520		500	?	900	17480
Missoula	5600	1 FTE	19874		?	?	?	25474
Missoula	200		5000	(New)	14000	?	500	19500
Ponderosa	50	1/4 FTE	1006		1100	?	350	2500
Powell	250	1/2 FTE	7436		1000	?	400	9086
Prarie	40	N/A	?		100	?	100	240-
Ravalli	1600		12844		10000	?	5000	29444
Rosevelt	800		16600		1000	?	1000	20000
Roosevelt	358		3000	(Software)	2500	?	100	5958
Sanders	500		10000		1000	2000	500	14000
Silver Jew	3000	N/A	0	?	?	?	1500	2200
Tillamater						?	100	9175
Toole						?	?	3400
Treasure							55	675
Stevens							2	4337
Yellowstone							4735	55015

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

1992 GENERAL ELECTION

Purge by County

{* = Top ten voter turnout in 1994}

{# = Top ten voter turnout in 1992}

% of those registered

County	1992 Registration	Votes Cast	Estimated Purged	Estimated % Purged	1994 Registration	% of those registered in 1992, and not registered in 1994
Beaverhead	5,286	4,210	1,076	20.36%	4,809	9.02%
Big Horn	6,268	4,516	1,752	27.95%	5,760	8.10%
Blaine	4,297	3,073	1,224	28.48%	3,604	16.13%
Broadwater	2,388	1,878	510	21.36%	2,327	2.55%
Carbon	6,013	4,837	1,176	19.56%	5,671	5.69%
Carter *	1,126	892	234	20.78%	974	13.50%
Cascade	46,129	36,990	9,139	19.81%	45,295	1.81%
Chouteau * #	3,814	3,268	546	14.32%	3,588	5.93%
Custer	7,170	5,760	1,410	19.67%	6,982	2.62%
Daniels #	1,622	1,385	237	14.61%	1,488	8.26%
Dawson	6,400	5,016	1,384	21.63%	6,051	5.45%
Deer Lodge	6,519	5,362	1,157	17.75%	6,126	6.03%
Fallon * #	2,011	1,655	356	17.70%	1,891	5.97%
Fergus	8,130	6,622	1,508	18.55%	7,641	6.01%
Flathead	39,749	31,924	7,825	19.69%	41,385	-4.12%
Gallatin	37,750	29,145	8,605	22.79%	36,943	2.14%
Garfield	1,049	822	227	21.64%	925	11.82%
Glacier	6,559	4,458	2,101	32.03%	6,250	4.71%
Golden Valley	631	503	128	20.29%	589	6.66%
Granite	1,726	1,349	377	21.84%	1,718	0.46%
Hill	10,657	8,279	2,378	22.31%	9,773	8.30%
Jefferson	5,542	4,352	1,190	21.47%	5,506	0.65%
Judith Basin *	1,819	1,476	343	18.86%	1,732	4.78%
Lake	13,180	10,692	2,488	18.88%	13,251	-0.54%
Lewis & Clark	33,003	26,527	6,476	19.62%	32,613	1.18%
Liberty * #	1,439	1,226	213	14.80%	1,365	5.14%
Lincoln	11,482	8,567	2,915	25.39%	10,648	7.26%
Madison	4,133	3,348	785	18.99%	4,226	-2.25%
McCone * #	1,622	1,368	254	15.66%	1,522	6.17%
Meagher	1,287	1,021	266	20.67%	1,162	9.71%
Mineral	2,175	1,666	509	23.40%	2,182	-0.32%
Missoula	57,490	43,614	13,876	24.14%	57,043	0.78%
Musselshell	2,882	2,253	629	21.83%	2,636	8.54%
Park	9,808	7,548	2,260	23.04%	9,392	4.24%
Petroleum *	367	300	67	18.26%	352	4.09%
Phillips	3,258	2,652	606	18.60%	2,943	9.67%
Pondera	3,955	3,240	715	18.08%	3,641	7.94%
Powder River	1,482	1,176	306	20.65%	1,274	14.04%
Powell	3,675	3,019	656	17.85%	3,648	0.73%
Prairie * #	1,040	886	154	14.81%	949	8.75%
Ravalli	19,134	15,125	4,009	20.95%	19,167	-0.17%
Richland	6,100	4,850	1,250	20.49%	6,120	-0.33%
Roosevelt	6,249	4,284	1,965	31.45%	5,550	11.19%
Rosebud	5,533	4,063	1,470	26.57%	5,298	4.25%
Sanders	5,961	4,558	1,403	23.54%	5,945	0.27%
Sheridan * #	3,206	2,705	501	15.63%	3,025	5.65%
Silver Bow	22,827	18,665	4,162	18.23%	21,465	5.97%
Stillwater	4,597	3,720	877	19.08%	4,408	4.11%
Sweet Grass	2,169	1,826	343	15.81%	2,058	5.12%
Teton #	4,105	3,493	612	14.91%	3,988	2.85%
Toole #	3,273	2,766	507	15.49%	3,078	5.96%
Treasure * #	664	549	115	17.32%	611	7.98%
Valley	5,707	4,663	1,044	18.29%	5,292	7.27%
Wheatland	1,503	1,166	337	22.42%	1,406	6.45%
Wibaux	837	628	209	24.97%	747	10.75%
Yellowstone	73,024	57,628	15,396	21.08%	70,018	4.12%
Total	529,822	417,564	112,258	21.19%	514,051	2.98%

SENATE STATE ADMIN.

EXHIBIT NO. 11DATE 03-10-95BILL NO. HB 327

Red

Amendments to House Bill No. 423
Second Reading Copy

Requested by Rep. Harper
For the Committee of the Whole

Prepared by Sheri S. Heffelfinger
February 20, 1995

SENATE STATE ADMIN.

EXHIBIT NO. 12

DATE 03-10-95

BILL NO. HB423

1. Title, lines 5 and 6.

Strike: "DESCRIBING" on line 6 through "EXPENDITURES;" on line 6

2. Title, line 13.

Strike: "SECTIONS"

Insert: "SECTION"

Strike: "AND 13-37-225"

3. Page 1, line 17.

Strike: "(A)"

4. Page 1, line 20.

Strike: "(B)"

5. Page 1, line 21.

Strike: ":",

6. Page 1, line 22.

Strike: "(I)"

Following: "and"

Strike: ":",

Insert: "and"

7. Page 1, line 23.

Strike: "(II)"

8. Page 1, line 24 through page 2, line 4.

Strike: "(III) WORK" on page 1, line 23 through "OPPONENT" on
page 2, line 4

9. Page 6, line 27 through page 7, line 11.

Strike: section 8 in its entirety

Renumber: subsequent sections

Blue

Amendments to House Bill No. 423
Second Reading Copy

Requested by Rep. Harper
For the Committee of the Whole

Prepared by Sheri S. Heffelfinger
February 20, 1995

1. Title, line 6.

Strike: "PROVIDING GUIDELINES RELATED TO INDEPENDENT COMMITTEES;"

2. Page 1, line 21.

Strike: "6"

Insert: "5"

3. Page 4, line 14.

Strike: "6"

Insert: "5"

4. Page 5, lines 4 through 28.

Strike: section 6 in its entirety

Renumber: subsequent sections

5. Page 4, line 14.

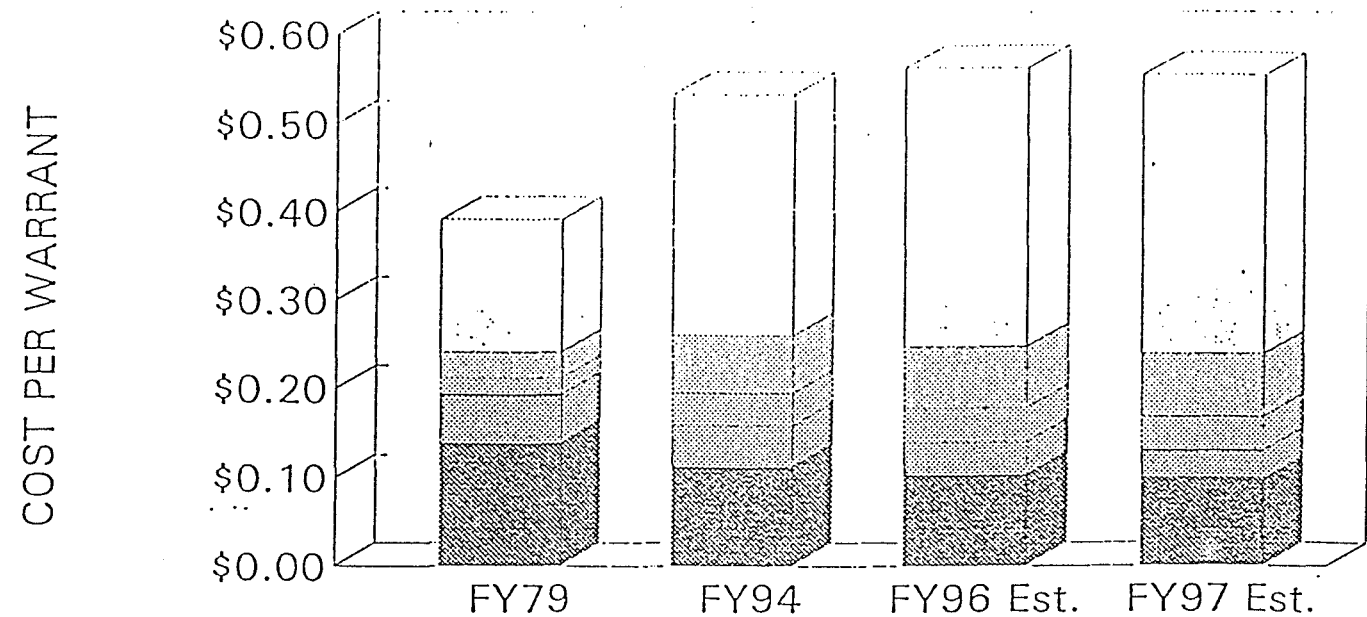
Strike: "6"

Insert: "5"

6. Page 7, lines 13 and 15.

Strike: "6"

Insert: "5"

MAILER WARRANT COST BREAKDOWN
COST COMPARISON FY79 TO FY97

■ PERS SERV ■ DP COSTS ■ PAPER ■ FIXED COST □ POSTAGE

PER WARRANT COST FACTORS						
	PERSONAL SERVICES	DP COST	PAPER	FIXED COST	POSTAGE	TOTAL
FY79	\$0.1397	\$0.0538	\$0.0184	\$0.0290	\$0.1500	\$0.3909
FY94	\$0.1134	\$0.0464	\$0.0360	\$0.0645	\$0.2728	\$0.5331
FY96 Est.	\$0.1040	\$0.0368	\$0.0380	\$0.0683	\$0.3160	\$0.5631
FY97 Est.	\$0.0986	\$0.0324	\$0.0380	\$0.0694	\$0.3160	\$0.5544

- > Since 1979, personal service costs have dropped 29.5% on each mailer warrant issued.
- > Data processing costs have declined 39.8% on each warrant issued.
- > Paper warrant costs have climbed 100.6% per warrant during the same timeframe.
- > Fixed cost such as rent, audits and state cost allocations were not paid for in 1979. These cost have increased 139.3%.
- > Postage, the most expensive component of processing these warrants, has increased 110.7%

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0153, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act consolidating the payroll/personnel/position control system within the Department of Administration by transferring the payroll, warrant writing, and bad debt administration functions of the State Auditor to the Department of Administration.

ASSUMPTIONS:

1. Payroll, warrant writing and bad debt administration would initially operate similar to the way that currently exists in the Auditor's Office for budgeting purposes.
2. Exempt positions transferred to Administration will be classified to reflect their current salary.
3. The cost allocation method developed for payroll and warrant writing budgets by the State Auditor will be adopted by the Department of Administration.
4. ISD will use the same rate structure currently used for data processing charges for the respective programs.
5. Signature plates will be replaced at the time of the transfer; costs are minor and can be absorbed within current levels. The current inventories of warrant stock and associated titled forms are minimal and therefore replacement would represent no significant increase in costs over current level.
6. Warrant writing and bad debt administration will be moved from their current location within the State Auditor's Office. The cost of moving warrant writing and bad debt administration is estimated at \$175 per FTE.
7. The fiscal impact reflected below is relative to the executive budget recommendations.

FISCAL IMPACT:

No net fiscal impact related to transfer of the state payroll program. Minor one-time costs associated with transfer of the fiscal control and management program of \$2,392, funded from warrant writing charges (state special revenue). Details continued on page 2.

David Lewis 1-19-93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Francis Bardanoue 1/19/93
FRANCIS BARDANOUE, PRIMARY SPONSOR DATE

Fiscal Note for HB0153, as introduced

Executive Budget New Proposals						
New Proposal	Fiscal 1996			Fiscal 1997		
	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
1 Personal Services Reductions	(2.36)	(\$55,609)	(\$64,132)	(2.36)	(\$55,862)	(\$64,413)
2 Personal Services Reductions	(0.46)	0	(26,062)	(0.46)	0	(26,254)
3 Print Shop Consolidation	1.00	0	54,942	1.00	0	55,054
4 Personal Services Reductions	(2.17)	(4,470)	(82,363)	(2.17)	(4,487)	(86,690)
5 Capitol/MDT Complex Rewire	0.00	0	224,000	0.00	0	224,000
6 SummitNet Expansion	2.00	0	1,510,603	2.00	0	1,185,843
7 Public Safety Radio System	0.00	0	200,000	0.00	0	0
8 Capitol Building Rewire	0.00	0	200,000	0.00	0	200,000
9 Enterprise Software	2.00	0	70,708	2.00	0	70,959
10 Interactive Video Multi-Point	1.00	0	69,025	1.00	0	69,111
11 Personal Services Reductions	(1.00)	0	(229,879)	(1.00)	0	(231,742)
12 Capitol Complex Major Maintenance	0.00	0	241,000	0.00	0	241,000
13 Personal Services Reductions	0.00	0	(33,961)	0.00	0	(34,553)
14 Hearing Devices & Interpreter	0.00	18,250	58,250	0.00	10,000	50,000
15 PPP System Modification	0.00	0	150,000	0.00	0	0
16 FSA Self Administration	1.00	0	41,264	1.00	0	43,541
17 Personal Services Reductions	(0.50)	(33,106)	(63,252)	(0.50)	(33,533)	(63,679)
18 Per Serv Contingency	0.00	550,000	2,000,000	0.00	550,000	2,000,000
19 Personal Services Reductions	(0.43)	0	(22,470)	(0.43)	0	(22,658)
20 Personal Services Reductions	0.00	(7,212)	(7,212)	0.00	(7,175)	(7,175)
Totals	0.08	\$467,853	\$4,290,461	0.08	\$458,943	\$3,602,344

Table 1 shows, by program and agency, the internal service accounts that were found to have both excess and negative excess fund balances during the recent federal review.

There were primarily three reasons for the excess collections:

1) The first is related to equipment purchases. The fund balances for equipment-intensive programs contain large amounts of undepreciated equipment, making it appear that program revenues exceed expenditures in most years. Federal regulations do not allow internal service accounts to show a profit or exceed a 60 day working cash balance. In the years in the review period when revenues exceeded expenditures, HHS considered the "profit" excess fund balance.

2) The second is because three internal service accounts transferred excess fund balance to the general fund, which was further indication of excess collections to federal representatives. The Information Services Division transferred \$100,000 and the Publications and Graphics Bureau transferred \$92,000 to the general fund in fiscal 1992 as a result of January 1992 Special Session action; and the Motor Pool transferred \$218,000 to the general fund in fiscal 1993, as a result of July 1992 Special Session action.

3) Finally, interest was earned on the excess fund balances from the time they began accumulating, and federal representatives required that a proportionate share of the interest earnings be reimbursed. Statute states that, unless otherwise specified, interest earnings on fund balances in state accounts must be deposited

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0563, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act transferring the warrant writing and bad debt (WWBD) management functions of the State Auditor to the director of the Department of Administration (DOA).

ASSUMPTIONS:

1. The WWBD functions would operate as two separate functions in the Accounting and Management Support Division of the DOA.
2. Thirteen of the current 14 FTEs performing WWBD functions in the State Auditor's office (SAO) will be transferred to DOA. The fiscal manager position will be eliminated on June 30, 1995, with the duties being absorbed by existing managerial staff in the DOA. Termination costs of \$5,300 will be paid by the DOA and are netted against the personal services reduction.
3. Initial operating costs to the DOA in FY96 as a result of the transfer are: signature plates and current warrant stock - \$10,500; disaster recovery warrant stock - \$10,000 remodeling and moving costs - \$8,000; D.P. transfer costs - \$6,000; other - \$1,500.
4. The WWBD function is being switched to a proprietary fund beginning in FY96. This will allow agencies that use the system to pay their share. The DOA will adopt the proprietary account and the rates established by the SAO.

FISCAL IMPACT:

Expenditures:

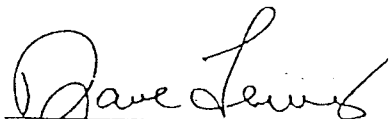
	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
DOA:		
FTE	(1.00)	(1.00)
Personal services	(36,400)	(41,700)
Operating expense	<u>36,000</u>	<u>0</u>
Total	(400)	(41,700)

Funding:

Proprietary (06)	(400)	(41,700)
------------------	-------	----------

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

It is the opinion of the DOA that long-range efficiencies are possible due to placing the warrant writing system in the same department as the central computer (ISD) and accounting (SBAS) systems.

 2-16-95

DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 2-16-95

PAUL SLITER, PRIMARY SPONSOR DATE

Fiscal Note for HB0563, as introduced

WARRANT WRITER/BAD DEBT TRANSFER

EXHIBIT 13
DATE 3-10-95
HB 563

1. General Assumptions

- ▶The Warrant Writer and Bad Debt functions would operate as two separate sections within the Accounting and Management Support Division in the Department of Administration; each section currently has a supervisor in the State Auditor's Office.
- ▶The 14 FTE performing the current duties associated with these functions will be transferred initially.
- ▶Reorganization within the new department and consolidation of duties would enable the Department of Administration to absorb the duties assigned to the fiscal manager and eliminate the 1 FTE after an initial short-term (less than three months) transition period.
- ▶Positions transferred to Administration will be factored to determine their proper job classification and salary will be adjusted per State Personnel Policies as adopted by the Department of Administration.
- ▶The Warrant Writer/Bad Debt functions in DofA would be funded as proposed in HB 2 at the level proposed by the State Auditor's Office adjusted for proposed reductions; appropriation authority would be transferred from the State Auditor's Office to Dof A.
- ▶The rates developed by the State Auditor's Offices for these services will be adopted by the Department of Administration.
- ▶Signature plates, warrant stock, and associated titled forms will be replaced at the time of the transfer.
- ▶The Accounting and Management Support Division will incur certain one-time remodeling costs to accomodate the addition of personnel and provide appropriate office space; the State Auditor's Office will switch fiscal with securities.
- ▶The transfer of these functions to DofA is effective July 1, 1995.
- ▶All PC's will use Microsoft Windows and each individual will be placed on ZipOffice.
- ▶In the future the LAN Debt System will need to be reengineered at an estimated cost of \$150,000 (minimum).

2. Fiscal Impact

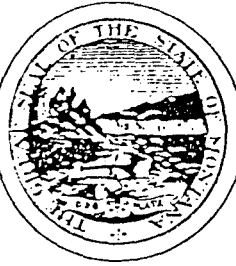
	<u>1996</u>	<u>1997</u>
Eliminate Fiscal Manager Position	\$(31,300)	\$(41,729)

One-Time Costs Associated w/Transfer:

Termination Pay - Fisc. Mgr.	5,300
Signature Plate Change	500
Replace Warrant Stock	10,000
Remodeling Costs	4,200
Moving Costs - State Auditor	3,850
Software/Printer	1,095
ISD Transfer Costs	1,000
LAN Debt Sys. Transfer Costs	<u>5,000</u>

Net Cost (Savings)	<u>\$ (250)</u>	<u>\$(41,729)</u>
--------------------	-----------------	-------------------

DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE



MARC RACICOT, GOVERNOR

MITCHELL BUILD

STATE OF MONTANA

(406) 444-2032
FAX: 444-2812

PO BOX 20
HELENA, MONTANA 59620

February 17, 1995

Representative Ed Grady, Chairman
General Government Subcommittee
State Capitol
Helena, MT 59620

Dear Representative Grady:

As you know, there continues to be interest in privatizing the state's mainframe data center managed by the Information Services Division. We believe that the work being performed here is strategically vital to daily operations of state government. As you are aware, the heart of the state's financial systems and most agency systems reside on the mainframe.

However, given this continuing interest and new information that indicates, unofficially, that at least one private firm currently doing business in Montana would seriously entertain locating a data center in Montana (Helena), we are proposing to move forward during the interim with a review of the possibilities. We intend to use the following basic procedures and principles as we review this potential for privatization:

- The Department of Administration will assess, with the assistance and advice of the Information Technology Advisory Council (ITAC), the feasibility of privatizing within Montana the operation of the Department's existing data center.
- If feasible in ITAC's opinion, the Department will issue a formal request for proposals (RFP) for a cost-effective means to privatize within Montana its existing data center.
- If it is in the best interest of the state, the Department will issue contracts to privatize its existing data center within Montana.

Representative Ed Grady
February 17, 1995
Page 2

- In this effort, the Department will comply with the procedures set forth in §2-8-302 and §2-8-303, MCA, regarding privatization plans and require any contracts to mitigate, to the maximum extent possible, any impact on the Department's existing employees.
- It is the Department's intention that:
 - (1) contracts for privatizing its existing data center within Montana would only be entered into if cost savings for the state is achieved through these contracts;
 - (2) the strategic nature of the work performed by the data center be given special consideration in the evaluation process to ensure that the operations of state government are not negatively affected and that future requirements can be met cost effectively; and
 - (3) special consideration in the evaluation process be given to Department employees to ensure that they are given an opportunity for equivalent new employment, either with the state or with the private sector, as a result of any privatization.

We believe that the state is only compelled to privatize this integral component of its day-to-day operations if the objectives and intentions stated above are clearly met through a private arrangement.

If you have any questions about our plan, please call me at 444-2032 or Tony Herbert at 444-4111. We will keep you posted on our progress.

Sincerely,



LOIS MENZIES
Director

cc: Governor Marc Racicot
Tony Herbert

Testimony - HB 563
Senate State Administration Committee

My name is George Harper. I am here as a private citizen and a member of the 1972 Constitutional Convention. The issue before you in HB 563 was debated at length in the Constitutional Convention.

Republicans led the charge for putting specific duties for the State Auditor in the Constitution. Jim Felt from Billings and Betty Babcock from Helena were especially keen on making sure that the issuing of warrants stayed in the State Auditor's office rather than being transferred to the newly created Department of Administration.

A Republican rancher from Hysham, Archie Wilson, put forward the strongest argument for keeping and even increasing the duties of the State Auditor. He said, "...we have provided for the duties of the Auditor so that its office may be strengthened and our citizens may be assured that there will always be a completely independent elected Auditor, free of political pressure and responsible to the electorate to protect their fiscal affairs. The creation of a gubernatorial-appointed department head as a complete repository of all the state fiscal and audit functions is an overcentralization of power and an open invitation to corruption...Obviously, any system of control which vests total control in one person or department is not a good system of control and, in fact, would invite misuse." (pp.924-5, MT ConCon verbatim transcripts)

In the end we decided **not** to put specific language about the State Auditor's duties in the constitution, because we wanted it to be as brief and flexible as possible, to meet future conditions which we couldn't necessarily predict. Jim Garlington, a Republican attorney from Missoula led the fight to keep the specific duties of the State Auditor out of the constitution, but he was in complete agreement about the separation of the functions. He argued against one proposed amendment which would have transferred the records in the Department of Administration to the State Auditor, by saying, "...this violates one of the basic rules that the disbursing officer should not also be the custodian of all the financial records." (p.1000)

In other words, it seemed like such a common sense axiom that you separate the different functions which go into authorizing checks and keeping the records, paying out those checks, and auditing the transactions. We couldn't believe that any legislature would combine those functions -- that just wouldn't make sense.

The intent of the ConCon is very clear. The majority didn't accept Betty Babcock's proposal to put the issuing of warrants into the Constitution, because we believed that elected representatives of the people would have the good sense not to combine all the financial functions. I hope you will justify our faith in the wisdom of the legislature.

George Harper
38 Cloverview, Helena, Mt.

DATE MARCH 10 1995

SENATE COMMITTEE ON STATE ADMINISTRATION

BILLS BEING HEARD TODAY: HB327 / HB423 / HB563

< ■ >

PLEASE PRINT

< ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
George Harper	Self	563		X
Duane Winslow	Yellowstone Co	327		X
Robert Throssell	MT Assoc CL & Rec	327		X
JOAN BISHOP	MT. LEAGUE OF WOMEN VOTERS	327	X	
JoAnn L. Johnson	MT Assoc. CL & Rec	327		X
Nancy Maxson	MT League of Women Voters	327	X	
Akron Simpson	MT LWV	327	X	
Marlynn Stanneman	MT League of Women Voters	327	X	
Mary Ann Nielsen	MT. LWV	327	X	
Dick Baumberger	Citizen - Veteran	563		X
SHIRLEY ADKINS				
JOAN Knipp	LWM-1		X	
Jean Robbins	LWV			
Edna Mae Leonard	LWV	327	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE _____

SENATE COMMITTEE ON _____

BILLS BEING HEARD TODAY: _____

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Barbara H Seekins	MTLWV	327	X	
Robert Amunoy	MTLWV			
Mark O'Keefe	State Auditor	563		X
Glenn Scott	LWVRC	327	X	
J.V. Bennett	Mont PIRG	327 423	X X	
Carmen Christianson	LWV	327	X	
Deborah Smith	Common Cause	423	X ^W	
Lue Haverfield	SNACK	327		X
Mike Cooke	SOS		X	
Therese McCoy	LWV	327	X	
Eleonor Furber	LWV	327	X	
CB Pearson	LWV	327	X	
Mike Cooney	SOS	HB 327	X	
Angela Jultz	SOS	HB 327	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE _____

SENATE COMMITTEE ON _____

BILLS BEING HEARD TODAY: _____

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
DAUG MITCHELL	SECRETARY OF STATE	423	X	
Rep Pavlovich	ND - 37	565		X

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY