

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN DON HARGROVE**, on March 19, 1997, at 10:00 A.M., in Room 331.

ROLL CALL

Members Present:

Sen. Don Hargrove, Chairman (R)
Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)
Sen. Vivian M. Brooke (D)
Sen. Delwyn Gage (R)
Sen. Fred Thomas (R)
Sen. Bill Wilson (D)

Members Excused: None

Members Absent: None

Staff Present: David Niss, Legislative Services Division
Mary Morris, Committee Secretary

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 174, 3/11; HB 216, 3/11;
HB 505, 3/11
Executive Action: HB 534 BCIAA; SR 11 A

HEARING ON HB 216

Sponsor: REP. CHASE HIBBARD, HD 54, HELENA

Proponents: Linda King, Public Employees' Retirement Board
Jim Smith, Montana Sheriffs and Peace Officers
Lee Edmisten, Montana Sheriffs and Peace Officers
Jim Dupont, Montana Sheriffs and Peace Officers
Jay Printz, Sheriff, Ravalli County
James Cashell, Montana Sheriffs and Peace Officers
Mike Miller, Flathead County Sheriff's Office
Tony Harbaugh, Montana Sheriffs and Peace Officers
Bob Blades, Cascade County Sheriff's Office
Barry Michelotti, Montana Sheriffs and Peace Officers
Bob Henschel, Montana Sheriffs and Peace Officers
Brian Goodkin, Gallatin County Sheriff's Office

Proponents

(continued): Bill Slaughter, Montana Sheriffs and Peace Officers
Errol "Red" Wilson, Undersheriff, Gallatin County
Rob Christie, Gallatin County Sheriff's Office
Bill Fleiner, Montana Sheriffs and Peace Officers
Gordon Morris, Montana Association of Counties

Opponents: None

Informational

Testimony: Larry Fasbender, Cascade County

Opening Statement by Sponsor:

REP. CHASE HIBBARD, HD 54, HELENA presented HB 215 which deals with the sheriff's retirement system. One question about the retirement system is how large is their fund balance. This system as of 6/30/95 had a fund balance of \$55.5 million. There is no unfunded liability and no unfunded pension benefit obligation. This bill increases the benefit formula in the system from 2.0834 percent to 2.5 percent. That brings that into balance with other similar, hazardous occupations such as municipal police, fire fighters and highway patrol. The bill reduces vesting from fifteen years to five years which puts it into consistency with all other retirement plans in the state. In order to pay for this, the monthly employer contributions will go up 1 percent from 8.53 percent to 9.535 percent, and monthly employee contributions will go up 1.38 percent, from 7.865 to 9.245 percent. He discussed the unfunded mandate statute that would need a funding source attached.

Proponents' Testimony:

Linda King, Public Employees' Retirement Board presented written testimony in support of HB 216. (EXHIBIT 1)

Jim Smith, Montana Sheriffs and Peace Officers Association presented testimony. (EXHIBIT 2) He pointed out the benefit formula graph in the exhibit and the summary which compared and contrasted all the retirement bills. He noted that the system is solvent. The bill makes two changes in the system. It increases the benefit formula and reduces the vesting.

Lee Edmisten, Sheriff, Madison County, President, Montana Sheriffs and Peace Officers Association said the goal of HB 216 is to improve the quality of law enforcement services in county sheriff offices by giving long term employees incentive to retire after twenty years of service. This in turn allows younger men and women opportunities to join the local sheriff offices to serve their twenty years and retire if they wish. This will bring better morale in the work force.

Jim Dupont, Sheriff, Flathead County, Montana Sheriffs and Peace Officers Association testified in support of the bill. He noted that the main concern of the 42 deputies in his county was the retirement system. Deputy sheriff is the most dangerous job in America and has one of the highest mortality rates.

Jay Printz, Sheriff, Ravalli County urged support for this retirement bill. The measure would bring parity to the various law enforcement and hazardous duty retirement systems.

{Tape: 1; Side: A; Approx. Time: 10:22 a.m.; Comments: None.}

James Cashell, Gallatin County Sheriff's Office, First Vice President, Montana Sheriffs and Peace Officers Association, asked for support of HB 216.

Mike Miller, Flathead County Sheriff's Office, urged support of HB 216.

Tony Harbaugh, Sheriff, Custer County, Secretary-Treasurer, Montana Sheriffs and Peace Officers Association, urged the Committee's support of this bill.

Bob Blades, Cascade County Sheriff's Office, said he would appreciate the Committee's support of HB 216.

Barry Michelotti, Sheriff, Cascade County, Montana Sheriffs and Peace Officers Association, urged the Committee's support of HB 216.

Bob Henschel, Deputy Sheriff, Yellowstone County, Montana Sheriffs and Peace Officers Association, said he also represents their local deputy's association, and they urge the Committee's support for HB 216.

Brian Goodkin, Gallatin County Sheriff's Office, indicated that his fellow officers asked him to speak with regard to how this would affect the younger officers. He said that they are well aware they will pay the extra amount, but feel it will be beneficial and they urge the Committee's support.

Bill Slaughter, Sheriff, Gallatin, County, Montana Sheriffs and Peace Officers Association, testified that they have to compete with other law enforcement agencies in Montana, as well as out-of-state, for recruitment and retention of their officers. One of the things young officers are concerned about is their benefit package, and this bill will benefit state-wide law enforcement services. He asked the Committee to please consider this bill favorably.

Errol "Red" Wilson, Undersheriff, Gallatin County, urged the Committee to support this bill.

Rob Christie, Gallatin County Sheriff's Office, asked the Committee for their support for HB 216.

Bill Fleiner, Montana Sheriffs and Peace Officers Association, Lewis and Clark County Sheriff's Office, urged the Committee's support of HB 216.

Gordon Morris, Director, Montana Association of Counties, said they have looked at the implications relative to the fiscal note and do not believe there will be a fiscal impact, and that the longevity considerations and savings will more than offset the increases. He asked for the Committee's favorable consideration of HB 216.

Opponents' Testimony: None

Informational Testimony:

Larry Fasbender, Cascade County, pointed out that the fiscal note indicates there are savings that may accrue to counties, and explained that the budget in the Sheriff's Office in Cascade County will probably not be reduced by that amount in the next two years, unless all eight of those eligible do retire. Obviously they are not going to retire all at once. Over time, eventually, they may make these savings but people should be aware that they will not experience savings immediately, and budgets will not be reduced immediately as a result of this legislation.

Questions From Committee Members and Responses:

SEN. KEN MESAROS, asked **Mr. Michelotti** if he concurs with the figures in **EXHIBIT 2** relative to Cascade County.

Mr. Michelotti responded that, at the end of this legislative session, eight individuals will be eligible for retirement. He said he projects that at least two will retire in the next year and a half, and the savings will offset the \$8,600 additional cost to the county.

SEN. MESAROS asked **Mr. Fleiner** to respond to the same question. **Mr. Fleiner** said he would concur with the figures, and his estimation is that at least half of those eligible will retire in the next biennium. He explained the compensation method for undersheriffs and deputies, and pointed out that is how that savings would occur, and the figures are valid although those savings may not occur in one year.

SEN. BILL WILSON asked **Mr. Fleiner** if there is a mandatory retirement for sheriffs. **Mr. Fleiner** said there is not. When an officer goes through basic training, they have to meet physical fitness requirements based on age. He explained that it is important to bring the retirement age down because, beyond the 55 year mark, the mortality rate drops sharply.

SEN. WILSON asked, when an officer becomes older but does not want to retire, if that individual would have options to remain employed.

Mr. Fleiner said that, after 20 years, productivity declines and it may become more difficult for an individual officer to perform. He explained that, when an incident occurs, officers are expected to be able to respond and perform the same functions any other officer would be required to perform. In law enforcement, they do not like the term "light duty".

SEN. VIVIAN BROOKE asked **Mr. Smith** if sheriffs are required to attend the Law Enforcement Academy. **Mr. Smith** said no.

SEN. BROOKE asked what training is required for an individual to run for the office of Sheriff. **Mr. Smith** responded that undersheriffs and deputies must attend the Law Enforcement Academy and take the basic course, and the basic qualifications are that they are a citizen and have not been convicted of a felony.

SEN. BROOKE asked if there are any educational requirements at all and if a high school drop-out could be a sheriff.

It was confirmed that a high school diploma or equivalency is required, and **Mr. Smith** said the Montana Sheriffs and Peace Officers Association sponsors a sheriffs' institute which corresponds with the election cycle so that a newly-elected sheriff receives some training through the Association. **Mr. Slaughter** added that it is their goal to certify sheriffs just as all other law enforcement officers are certified, and sheriffs will be given an opportunity to attend a sheriffs' institute every other year to be certified.

SEN. DELWYN GAGE asked what kind of turn-over the sheriffs departments in the state have. **Mr. Dupont** said Flathead County does not have a good turnover rate in that they generally hold their people for a length of time when they do retire. The problem they run into is they do not have "light duty", and they have patrolmen who are 55 and 60 years old who are doing patrol functions. They came into law enforcement at the age of 30 or 35 years old, they don't have enough time to retire, and it is difficult for them to stay in shape and go out and do what the younger officers do on the street. It's very difficult for someone at age 55 or 60 to keep up with that.

SEN. GAGE asked if 20 years is the maximum they can qualify for fifty percent retirement benefits and, if they stay longer, will they receive 2.5 percent of whatever years they put in. **Mr. Dupont** said that, currently, they would be 2.5 percent for every year after 20 years. **SEN. GAGE** asked, if someone stayed 40 years, would they retire at the full benefit amount. **Mr. Dupont** responded they could, noting that it is the same as the Highway Patrol Retirement System, there is no cap.

SEN. GAGE asked what the sheriffs usually do if, for example, they have been there for eight years and are not re-elected.

Mr. Dupont said that is difficult to answer, and this bill does not affect elected sheriffs because the majority of elected sheriffs do not get 20 or 25 years in office. It is difficult to go out and find another job.

SEN. GAGE said that, when a sheriff is not re-elected, some good experience and talent is wasted because that individual is not given an opportunity to remain employed with that department.

Mr. Dupont explained it was very risky for him to run for sheriff because he had 13 years as a deputy sheriff, there was no guarantee he would be re-elected and one term as Sheriff would have given him only 18 years service so he would not have been eligible for full retirement. Undersheriffs do have a guarantee for a job, they can go back to the ranks, but the sheriff can not unless the new sheriff approves it.

SEN. GAGE asked if they would support a bill which would take them out of the elected status, and put them into a hired status.

Mr. Dupont responded no, that they think it is the only way to go.

CHAIRMAN HARGROVE asked if, under this increase, it would be possible for a county to take its contribution and delay a pay raise, therefore taking it out of the individuals salary. **Ms. King** responded that the pay raises are by law and negotiated union contract, so she is not sure that there would be much flexibility. It might be possible to negotiate something in the union contract when it comes up again.

CHAIRMAN HARGROVE referred to the provision moving the time needed for vesting from 15 to 5 years. He asked if someone with 5 or 6 years could move into the PERS, for example. **Ms. King** responded that if the individual got a job covered under PERS, he/she would have the choice of drawing two separate retirement benefits or putting the sheriff service into PERS. It would cost nothing to move from Sheriffs' Retirement to PERS because PERS is less expensive.

{Tape: 1; Side: A; Approx. Time: 10:45 a.m.; Comments: Enc of Tape 1, Side A.}

CHAIRMAN HARGROVE asked when the Sheriffs' Retirement five-year portion would kick in if an individual decided to go with both systems. **Ms. King** responded that if the person was no longer working in the system and just vested and had 5 years left, he/she could start drawing it as early as age 50; it would be an actuarially reduced benefit at that point.

CHAIRMAN HARGROVE commented that there are a couple counties with some employees that are long in the tooth. The employees are still fit and able to do their jobs. He wondered if the bill is

intended to protect those people. He asked if there are employees that come in at age 40 or above. **Mr. Dupont** responded that, normally, there aren't such employees because they can't meet the physical qualifications. The academy has very stringent physical requirements.

CHAIRMAN HARGROVE commented that it is the remarkable individual that can meet such requirements, but the employees he referred to are able to do it. He added that such individuals might be helped out by the bill. **Ms. King** agreed they would. She added that in the Tax Reform Act in 1986, retirement systems were required to have earlier vesting periods. The idea for the federal government is to make easier for people to have meaningful retirement benefits available with even shorter periods of service.

CHAIRMAN HARGROVE noted that the vote was very close in the interim committee. He asked **REP. HIBBARD** if he was on the interim committee. **REP. HIBBARD** responded that he was not. He stated the vote was 5 to 4.

Ms. King stated that one of the concerns was the issue of social security being available to members of the Sheriffs' Retirement System. The Board had thought for quite some time that the social security, plus what they currently had, was equally worth what was in the other systems. The Board was quite surprised and questioned the results of the study before accepting them. She thinks that was the issue with some of the members.

{Tape: 1; Side: B; Approx. Time: 10:48 a.m.; Comments: None.}

Closing by Sponsor:

REP. HIBBARD stated he doesn't know how the bill came out of the House committee, but it passed the Floor of the House 81 to 14, which is just about the same amount of votes the other retirement bills got. Apparently, there were 14 people who don't believe in retirement.

The strengths of the bill have been well fleshed out in the course of the hearing. Overall the bill would bring parity to the system. The younger members expressed this is something they favor, even though, through their lifetime of service, they would be contributing much more than those closer to retirement age.

There was testimony on the House side that the whole package of pay and retirement benefits was not competitive with a lot of other professions. It was indicated that people would leave Montana. This bill is a definite step in the direction to become competitive and keep the younger deputies in the departments.

There is some turnover some places in the state around the time period of 15 to 20 years. The enhanced retirement benefit might deal with the turnover problem a little bit.

Under the current formula, an employee has to work 24 years to receive 50%. Providing an incentive to retire after 20 years might cause people to get out earlier and allow for the hiring of younger people who wouldn't have some of the injuries suffered by older sheriffs and who can meet all the requirements. This would be good for morale. Sheriffs of all ages support the bill.

He does not want to leave the impression there would be a very large savings forever. If the retirements occur to the degree predicted, and testimony indicates they may not, there could be a substantial savings in the initial years. The savings wouldn't continue year after year. There would be a 1% increase for those employers paying into retirement for these members, but the savings of younger people coming in would make it just about a push. There would be very little fiscal impact with the bill and the benefits would far outweigh the fiscal impact to the counties.

{Tape: 1; Side: B; Approx. Time: 10:51 a.m.; Comments: None.}

HEARING ON HB 174

Sponsor: REP. LIZ SMITH, House District 56, Deer Lodge

Proponents: Linda King, Public Employees' Retirement Board
Tom Schneider, Montana Public Employees Association
Terry Minow, Montana Federation of State Employees
Dave Galt, Department of Transportation
George Harris, Department of Livestock
Mark Moberley, Department of Transportation

Opponents: None

Opening Statement by Sponsor:

REP. SMITH summarized the bill.

The bill does not change benefits (inaudible) under the Game Wardens' Retirement System. The bill is by the request of the Public Employees' Retirement Board. She is carrying the bill because in 1993 she requested there be an optional, shorter retirement plan for the Correction Officers of the Montana State prison, who will be included in this retirement plan.

{Tape: 1; Side: B; Approx. Time: 10:55 a.m.; Comments: None.}

Proponents' Testimony:

Linda King, Public Employees Retirement Board, presented written testimony. (EXHIBIT 3)

Tom Schneider, Montana Public Employees Association, stated he supports all three bills heard by the committee.

He started helping **REP. SMITH** in 1993 with her quest to create a new retirement system for Correctional Officers, whom the Association represented and the time. It was clear there was no way to create a new retirement system, so the study resolution was passed but not funded.

Last year the issue was brought to the Interim Retirement Committee and it was discovered that other groups were interested. After looking at all the systems, it was decided the Game Wardens' System was the proper system to examine; all the people listed in the bill are state employees and the Game Wardens are state employees. The Sheriffs' System was not workable because it is a county system.

The Association represents the Montana game wardens and have been working with them to make sure they don't have a problem with this. The Association has also been working with Fish, Wildlife and Parks.

There are two immediate benefits for the Game Wardens' System and the game wardens. The bill drops the vested right from 10 years to five years without any additional actuarial cost because the membership in the system is being expanded, thereby taking care of some funding problems down the road which would otherwise occur. The game wardens themselves are a very limited number of people and the number is not expanding. The time will come when there are more retired game wardens than working game wardens. At that point the state would have to look at additional funding for the system. HB 174 could alleviate that problem by adding people into the system.

The bill allows for dealing with hazardous duty people without creating a new system. The bill would fill a lot of needs in the state.

The General Fund cost would be approximately \$37,000. The cost to other funds is about the same.

He emphasized that, contrary to most bills, there would be no windfall in HB 174. A current officer with 20 years of service probably would not realize one benefit from the bill because he/she would not be able to afford to change from PERS to the Game Wardens' Retirement System. The bill would primarily affect people with 5 years or less, and new employees coming in.

HB 174 must be coordinated with HB 142 because it includes campus police officers. HB 142 provides that all new employees on the university campuses will be going into a defined contribution plan. Rather than have a conflict over where campus police officers would go, the Association would like to see them go into the Game Wardens' System.

{Tape: 1; Side: B; Approx. Time: 11:07 a.m.; Comments: None.}

Terry Minow, Montana Federation of State Employees, stated the Federation represents Probation/Parole Officers and Correctional Officers at Montana State Prison and Montana Women's Prison. The Federation rises in strong support of HB 174.

The bill would truly be a win-win situation. The bill would improve both the Game Wardens' Retirement System and the retirement of hazardous duty state employees. On behalf of the Federation members who work in hazardous situations during the day to day course of their work for the state, she urged the support of the bill.

Dave Galt, Administrator of the Motor Carrier Services Division of the Department of Transportation, presented written testimony. (EXHIBIT 4)

George Harris, Department of Livestock, stated the Board of Livestock supports HB 174. The Board feels their law enforcement officers are in a hazardous position. The bill would benefit those officers. There are currently 16 officers thinking of making the switch, and the Department feels it could handle the cost.

Mark Moberley, Enforcement Officer for the Motor Carrier Services Division of the Department of Transportation, presented written testimony. (EXHIBIT 5)

{Tape: 1; Side: B; Approx. Time: 11:11 a.m.; Comments: None.}

Opponents' Testimony: None.

Questions From Committee Members and Responses:

SEN. FRED THOMAS asked why people would want to make the transfer. **Ms. King** responded that the benefits in the Game Wardens' Retirement System are set for people in hazardous duty professions; there are specific duty related disability benefits that are not under PERS. If an employee were to become disabled under PERS, the benefits would be much lower. The benefits under PERS also make no distinction for duty related death.

SEN. MESAROS stated he does not doubt there is hazardous duty involved in being a motor vehicle inspector. However, he is trying to understand how motor vehicle inspectors can be put in the same category with other positions included in the bill. **Mr. Galt** explained that Motor Carrier Services Officers, employed by the Department of Transportation, run the weigh stations and portable weight crews across the state. They enforce federal safety regulations and commercial vehicle size and weight regulations. Motor Vehicle Inspectors, employed by the Department of Justice, do federal safety inspections and maintain the lead agency for the Federal Motor Carrier Safety and Assistance Program, which is the safety program for motor carriers.

SEN. MESAROS clarified that he wants to know how the hazardous duties performed by the positions described by **Mr. Galt** fit in with the duties of the other employees whose duties are easily recognized as being hazardous. **Mr. Galt** responded that employees of weigh stations deal with a variety of people, good and bad. The employees are out there at all hours of the day, they operate vehicles and sometimes have to pull people over who are resistant to the enforcement placed on them. The employees are often called to assist other law enforcement officers. About four years ago, **Mr. Moberley** was called to assist the Chief of Police in Fort Benton and was shot while assisting. When pulling someone over, it is impossible to know what the reaction of that person will be.

SEN. GAGE asked **Mr. Galt** which of the employees he described have to go through the Law Enforcement Academy. **Mr. Galt** responded that Motor Carrier Officers, employed by the Department of Transportation, have their own program at the Law Enforcement Academy, mandated by state statute. He can't speak to what other officers go to the Academy. **Mr. Schneider** stated that everyone included in the bill has to go through the Law Enforcement Academy, except the prison Correction Officers. Everyone else on the list is, by statute, is a peace officer. He added that all peace officers are always subject to be called for assistance. Whether or not their job is specifically at the same level as a highway patrolman or a deputy sheriff, all peace officers really are trained and do respond to those types of calls for assistance.

SEN. GAGE noted that he is on the Board of Crime Control and one of the goals is to get the Correction Officers certified under the Law Enforcement Academy. He asked if one of the bills would have coordinating language for all the others.

Ms. King responded that the best thing to do is hear the other bills referred to by **Mr. Schneider**, then depending on what the executive action would be on the two bills, the coordination could be put on either bill.

SEN. GAGE asked if there is reciprocity among the states to allow someone in another state, who is partially qualified, to transfer in the retirement area. **Ms. King** responded that in the Highway Patrol System, there are specific statutes that allow transfer of up to 5 years of out of state service. Since all the systems have 1 for 5 additional service, and it's all the same cost as the other, that's probably (inaudible) they can buy additional time if they pay the actuarial cost. Individuals can qualify under military service. Some systems have out of state service for which a refund can be received. All the systems have 1 for 5, so that pretty much covers being able to buy some extra years.

Closing by Sponsor:

REP. SMITH stated that the people that would qualify under the bill are those who have hazardous duty and who have trained with

fire arms or through the Law Enforcement Academy. That would include the Correctional Officers; their training standards have improved immensely and they are a lot more qualified to be Correction Officers. Correction Officers are very definitely in the hazardous duty situation.

She appreciated the comments about the impact of stress on the families. The option to retire at a shorter time frame is very appropriate for a number of reasons. The jobs have a high burn out environment. The provision of the bill would provide incentive for people to fulfill their job descriptions more fully and to be more committed.

In discussing the bill in the House State Administration Committee, concern was expressed about the definition of "peace officers". It pretty much channels down to the Law Enforcement Academy; they have different programs established for them. Since session has been on, there have been over 2000 individuals going through training at the Academy. The Academy is being highly utilized and she is very impressed. She looked at the variances as well as the programs and got a lot better insight into the reasons for carrying the bill.

The fiscal note tells a lot. A quarter of those in PERS will possibly be able to do the transfer. As far as a funding source, it is already pretty well established. However, there is an additional request of \$36,000 from the General Fund for the Correction Officers' Retirement Plan. She is not sure if all of them will opt to do that; it will be an option for those who have been recently hired or who will be newly employed.

{Tape: 1; Side: B; Approx. Time: 11:24 a.m.; Comments: END OF SIDE 2.}

CHAIRMAN HARGROVE asked who might carry the bill. **REP. SMITH** answered that she is not sure but that **SEN. TOM BECK** might carry it.

CHAIRMAN HARGROVE asked if the bill passed in the House by 80 or so as he recalled. **REP. SMITH** responded that it passed by 90 or so.

{Tape: 2; Side: A; Approx. Time: 11:26 a.m.; Comments: TAPE STOPPED UNTIL 11:36 a.m.}

HEARING ON HB 505

Sponsor: **REP. HALEY BEAUDRY**, House District 35, Butte

Proponents: Linda King, Public Employees' Retirement Board
Troy McGee, Montana Chiefs of Police Association

Opponents: None

Opening Statement by Sponsor:

REP. BEAUDRY stated HB 505 is to reduce the vesting time required for policemen from 10 years to 5 years.

He referred to the wording change on page 3, lines 24 and 25. If you move from 10 years to 5 years, there are a few people who might have left between the 5 and 10 year marks; their coverage has to be paid for and that's what the fiscal note would do. The state's contribution would change .05% and the employees' contribution would increase .05%. That would bring the policemen more in line with the other similar professions with the five year vesting.

Proponents' Testimony:

Linda King, Public Employees' Retirement Board, stated the Board supports the vesting at five years for all the systems. This bill and the other bills the committee has heard, about sheriffs and game wardens, have also made this change to 5 years. The changes were made at the request of the PERS Committee.

Troy McGee, Helena Chief of Police, representing the Montana Chiefs of Police Association, expressed support of the bill on behalf of the Association and on behalf of **Steve Schenks, the Montana Police Association**, who could not attend the hearing.
{Tape: 2; Side: A; Approx. Time: 11:39 a.m.; Comments: None.}

Opponents' Testimony: None.

Questions From Committee Members and Responses:

SEN. GAGE commented that some time back, the legislature took earmarked money from the insurance premium taxes and put it in the General Fund. He asked how much is going to the General Fund that is not going back, and how much was intended to go back to the various programs that were to be covered by the insurance premium. **Ms. King** responded that anything that additionally comes out if the tax premium fund in any of the retirement systems (and currently money is to come from that for police, firefighters unified and volunteer firefighters) would be a direct offset to General Fund Revenue and is shown in the fiscal note as a deduction. There is a significant amount that still goes to the General Fund, but the fiscal impact in the bill shows it would reduce General Fund Revenues by the amount indicated.

SEN. GAGE stated there will be a number of people in the legislature who won't remember that they did that. And the General Fund was the recipient of those additional revenues, rather than reducing the tax to the insured people, thereby having them not pay as much insurance. The legislature continues to do that and is supplementing the General Fund with funds that were never intended to go into it as a result of those taxes. These people are getting the brunt of it in many cases because of

the people who won't vote for it because it's coming out of the General Fund.

SEN. MESAROS asked REP. BEAUDRY if he did not sign the fiscal note because he disagreed with it. REP. BEAUDRY explained he didn't sign it because he didn't see it before he presented the bill in the House Administration Committee. He has no problem signing it, the time was just wrong.

{Tape: 2; Side: A; Approx. Time: 11:42 a.m.; Comments: None.}

Closing by Sponsor:

REP. BEAUDRY stated the bill is very straightforward and puts the police on par with the other similar professions. He asked for the consideration of the Committee.

{Tape: 2; Side: A; Approx. Time: 11:43 a.m.; Comments: None.}

CHAIRMAN HARGROVE asked if SEN. J.D. LYNCH will carry the bill. REP. BEAUDRY responded that SEN. LYNCH may not want to, but that is not a problem.

EXECUTIVE ACTION ON HB 534

Amendments: HB053401.adn (EXHIBIT 6)

Discussion:

David Niss, Legislative Services Division, stated Bill Gianoulias, Risk Management & Tort Claims Division, Department of Administration, had additional pages of changes and questioned whether the committee wants to wait for that information.

CHAIRMAN HARGROVE stated he was proud that the Department of Administration didn't have many complaints.

SEN. BROOKE was concerned with Mr. Gianoulias's testimony which indicated they would be in a bind with various interest rates.

CHAIRMAN HARGROVE noted that is addressed by the first amendment.

Motion/Vote: CHAIRMAN HARGROVE moved that AMENDMENT HB053401.ADN BE ADOPTED. The motion CARRIED UNANIMOUSLY.

Motion: CHAIRMAN HARGROVE moved that HB 534 BE CONCURRED IN AS AMENDED.

Discussion:

SEN. GAGE recalled the committee heard a bill about attorney fees and REP. BRUCE SIMON indicated they had worked on some of their stuff without an attorney. Some of these are represented by

staff attorneys or attorneys who are on salary by firms. He questioned whether an attorney who might take a case on a contingency basis would be within the scope of the bill. **Mr. Niss** indicated that **Mr. Gianoulis** included language in his amendments which would have added another subsection to 18-1-404 that would have clarified, to some extent, who gets attorneys fees. He reminded **SEN. GAGE** that he discussed those amendments with him and that **SEN. GAGE** indicated he was not interested in going ahead with them.

CHAIRMAN HARGROVE stated that the more a bill is cluttered, the easier it is for the bill to disappear.

Vote: The motion **CARRIED UNANIMOUSLY.**

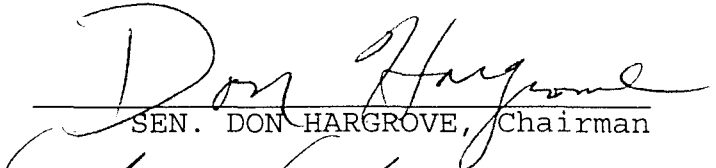
{Tape: 2; Side: A; Approx. Time: 11:52 a.m.; Comments: None.}

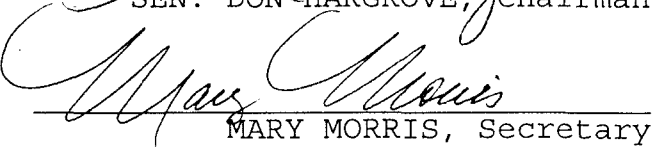
EXECUTIVE ACTION ON SR 11

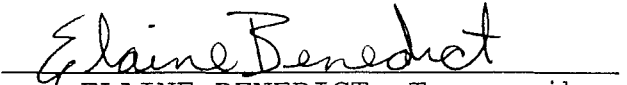
Motion/Vote: **SEN. GAGE** moved that **SR 11 BE ADOPTED.** The motion **CARRIED UNANIMOUSLY.**

ADJOURNMENT

Adjournment: 11:53 a.m.


SEN. DON HARGROVE, Chairman


MARY MORRIS, Secretary


ELAINE BENEDICT, Transcriber

DH/EMB