

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON BUSINESS & LABOR

Call to Order: By CHAIRMAN BRUCE T. SIMON, on March 10, 1995, at 8:00 A.M.

ROLL CALL

Members Present:

Rep. Bruce T. Simon, Chairman (R)
Rep. Norm Mills, Vice Chairman (Majority) (R)
Rep. Robert J. "Bob" Pavlovich, Vice Chairman (Minority) (D)
Rep. Vicki Cocchiarella (D)
Rep. Charles R. Devaney (R)
Rep. Alvin A. Ellis, Jr. (R)
Rep. David Ewer (D)
Rep. Rose Forbes (R)
Rep. Jack R. Herron (R)
Rep. Bob Keenan (R)
Rep. Don Larson (D)
Rep. Rod Marshall (R)
Rep. Jeanette S. McKee (R)
Rep. Karl Ohs (R)
Rep. Paul Sliter (R)
Rep. Joe Barnett (R)

Members Excused: Rep. Jon Ellingson
Rep. Carley Tuss

Members Absent: None.

Staff Present: Stephen Maly, Legislative Council
Alberta Strachan, Committee Secretary

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

Committee Business Summary:

Hearing: SB 187, SB 277, SB 258, SB 287
Executive Action: SB 258, SB 277, SB 287

HEARING ON SB 187

Opening Statement by Sponsor:

SEN. BOB BROWN, SD 40, Flathead County, said this bill was an act authorizing the Department of Justice to operate and maintain an automated accounting and reporting system for video gambling machines; abolishing the requirement that machine specifications

must be substantially the same as the specifications required on September 30, 1989; assigning responsibility for payment of video gambling machine taxes to the owner of the machine and providing a tax credit to the machine owner.

Proponents' Testimony:

Joseph P. Mazurek, Attorney General, Department of Justice, said one of the responsibilities of the Attorney General is to operate the Gambling Control Division which has as its main responsibility the regulation of gaming in the state. This bill is a much different posture than it was before the Senate. The negotiations focused on the need for a new and better system of auditing and accounting for video gaming in the state. The amount of the credits eligible to a machine owner is increased up to \$600 of the cost of modifying the machine to enable it to communicate. Another clause of the bill is the grandfathering of old machines from six to eight years. There is a need for a fair, competent study group which would evaluate and look at the available technologies. There needs to be an automated accounting system. There will be an eleven-member committee made up of four representatives of the industry, four representatives of the state and public, two legislators and one committee chair who would be a person of stature from Montana who both sides would agree would be acceptable. He also supplied a fact sheet containing the video gambling machine dial-up issues. **EXHIBIT 1**

Leo Giacometto, Governor's Office, said it was important to point out that when Governor Racicot wanted to insure that everyone knew what the rules were and everybody lived by the rules. He is very adamant that no one should have to foot the bill for that by changing the rules in the middle of the game. That is why this bill has changed dramatically. The tax credits are there. Machine owners are held harmless in the cost. Rules have changed and they are going to be compensated for that. Discussion about leaving this bill open-ended was then discussed. There is still animosity because this bill sent "shudders and shivers" across the state from all the people in the gambling industry and within the Tavern Association. There was a lot of fear. Many things have changed and it will take time for the information to completely get across the state. This bill is a matter of fairness.

Dennis Casey, Executive Officer, Gaming Industry Association of Montana, said they supported this bill in its present form and with the agreements which have been reached on the study. The Association has held three basic positions. They assume as the legislative audit did that in order to get the correct improvement needed, 23 FTE is wrong. A complete and thorough study of the issue and its alternatives is needed and they now have that commitment from the Attorney General. The cost associated with the dial-up, which are substantial, should be borne mostly by the state and not by the regulated businesses.

The \$600 tax credit is fair. The information obtained from the electronic system by management will be useful within house accounting. The agreements reached with the Attorney General are important to GIA because they consist of the makeup of the study group. GIA is convinced that a thorough examination will be held of the alternatives which are important.

Mark Staples, Montana Tavern Association, said the most crucial element was the audit. The Legislative Auditor found no indication of cheating, tampering or illegal activity. That creates the foundation upon which they have made their case in the Tavern Association. He also stated the removal of the tax credits from the bill would not be feasible.

Alan R. Ruby presented written testimony. **EXHIBIT 2**

Larry Akey, Montana Coin Machine Operators Association and Video Gaming Technologies, said CMO supported this legislation but VGT is neither a proponent or opponent to this bill. Amending of this bill is, however, rejected by both.

David Hemion, Montana Association of Churches, presented written testimony. **EXHIBIT 3**

George Ochenski, Hotel Employees Restaurant Employees and Bartenders Union, said this bill was much more involved, more comprehensive, with more public oversight and business oriented than had been anticipated.

Ellen Engstedt, Don't Gamble With The Future, presented written testimony. **EXHIBIT 4**

Opponents' Testimony:

Jerry Driscoll, Associated Vendors of Montana, said when this video gaming was first legalized in the state **REP. PAVLOVICH** carried the bill. He explained the changes in the bill when it was first originated. The tax collected from these machines now is \$30 million. There are 15,000 machines in Montana. A computer hookup cost \$10 million. The fiscal note indicates more money will come to the state because of this new computer. The Attorney General and the Governor have both said the operators are good and honest businessmen and are not cheating the system. In Billings, 74 operators were notified, 59 of them, after seeing the bill, said they would not support it. Four said yes and five were neutral. Everybody is not in favor of this bill especially in the small towns and the small operators. The way the credit is designed in this bill is the owner of the machine on January 4th gets the credit. Most of the machines in the smaller towns are owned by a vendor. So the vendor gets the credit.

REP. BOB PAVLOVICH, HD 37, Silver Bow County, said he is a opponent to this bill. He supplied letters from Great Falls, listed in Informational Testimony. He said he also represented

the Silver Bow Tavern Association. In the Audit Committee the programming error was calculated. The money paid in error or overpayment was \$40,000-\$160,000. Of that, \$25,000-\$82,000 was in overpayment. Fourteen thousand dollars to \$76,000 was an underpayment. When the two are totaled there is \$160,000 or 2.5% of all the money calculated. There is no problem with the system but further study for two years is good. Because the state does not have large payouts it does not need a dial-up system. Small neighborhood bars cannot benefit from this. This bill should also state tavern owners should be able to buy that machine if it is on his premises. There is only one company in the state that will not sell a machine and that is VLC. If the old machines are going to be eliminated they should be grandfathered for the life of the machine. After six years if the credit is not used, they lose the \$600 credit. Once the machine is not hooked up then the business owner be entitled to sell that machine as an antique.

Vince Kyle said he was from Great Falls. He said he had spoken with several people in the tavern business and they opposed the bill.

Joe Brand, Veterans of Foreign Wars, said there were many canteens in the state. They feel, under the present law, no canteen in Montana has been cited with a violation and all the stewards feel that there is no need for this legislation.

Michael Cetraro; Mike Mantzey; Marguerite L. Williams; Melvin W. Suek; David Suek; Kelly Heal; Matthew Foster; Caboose Bar; Hideout Lounge; Gary Link; Lido Bar and Casino; Playground Bar; City Bar and Casino; Vincent Kyle; Hangout; Half Time Sports Bar; Nuggett Bar; Randy Pachett; Stein House; Flamingo Bar; The Sting; Longhorn Lounge; J-T; Howard's Pizza; Wine Mill; Bingo Bonanza; Mary Jane Heislie; Frontier Inn; Teton T's; Little's Lanes; Barrell Lounge; West Side Bar; Prospector's Casino; Loading Zone; Owen Playground; Harmony East; Sailboat, Inc.; Silver City Casino; Thirsty's Casino and Lounge; Little Chicago Club; Ike & Susan's; Murphy's Bowling Lanes; Skyway Bowling; Spot Club; Riverboat Casino; Alibi Lounge; Bebops Bar and Grill; Nickel Mania; Hi Ho Tavern; That Bar; Holiday West; Holiday East; Nevada Sams; Black Eagle Country Club; Wally's World; R & R Casino; Sky Line Bar; Had K Casino; City Bar and Casino; Merry-Go-Round Casino; Holiday Casino and Lounge; T.J.'s Lounge; V.F.W. Post 1087; Lido Bar and Casino; Rialto. EXHIBIT 5

Questions From Committee Members and Responses:

REP. DON LARSON asked how many fraternal licenses are there in Montana. **Janet Jessup** said her guess was 100. That may not all be establishments which have machines.

REP. LARSON questioned the credit of \$600. **Mr. Mazurek** said this credit would allow up to \$600 per machine. It will come from the taxes on the gaming industry. The projections of the fiscal note indicate any revenue from the increase. **Mr. Lewis** responded that

would be \$2000 per establishment. The auditors looked at the average return per audit of an establishment in 1990, 1991 and 1992. Each audit of an establishment yielded an average of \$4100 per audit. Two-thirds of the shortage goes to the local governments and one-third goes the state.

REP. ROSE FORBES asked to address some of the concerns which **Jerry Driscoll** brought up concerning the tax credit on the owner of the machine versus the tavern owner and the shift from the smaller communities into putting a credit into a larger community. **Mr. Akey** said the coin operators do not have a particular favor about where the tax credit lies. The tax credit needs to go with whomever pays the tax and whomever is responsible for the conversion of the machine.

REP. VICKI COCCHIARELLA said if there were several kinds of machines in a bar where is a system anywhere that would provide some kind of dial-up. She also questioned the conversion over to dial-up. **Mr. Mazurek** said major manufacturers would be bidding, and the prices vary for update.

TAPE 1, SIDE 2

REP. ALVIN ELLIS questioned the dislocation of funding and the theory of bringing all of the machines up to date. He also questioned why some oppose this bill from the Tavern Association. **Mr. Staples** said there will be an upfront cost on all machines that will be recovered over a gradual period of time. There is different opinion about what the maximum might be. He then said the older machines which will probably be replaced, and the upfront cost versus the tax credits over three years.

REP. OHS questioned the antiquated phone lines in rural areas and what would happen if infrastructure isn't there and the system goes down. **Ms. Jessup** said that was a concern. Substantial implementation in two years would compound what they do with the telephone line improvements.

REP. EWER questioned the better systems of auditing. **Joe Murray, Legislative Auditor's Office**, said several gaming establishments were visited across the state with a review of documentation regarding matching inspections. There were serious problems associated with several machines located everywhere. The controls which are currently in existence allow an un-intentional abuse of the system to take place.

REP. EWER said this bill would authorize something other than the status quo. Montana is the only state that does not have an electronic system of some kind to assure the integrity of the operators or owners of gaming machines. **Mr. Casey** said there are two or three other states who don't. **REP. EWER** said his only concern about the testimony is they want this study to be such that alternatives can be implemented. He said he hoped they did not maintain the status quo. **Mr. Casey** said they think the

system needs to be improved. They are in support of the legislation and the study which accompanies it. If the bill were here standing alone they would be opposing it because an important part of this is a study in which they are represented. When the study is complete, dial-up may be the right approach.

REP. EWER asked if his department would have a final say as to what it would be upon passage of this legislation. **Mr. Mazurek** said that is correct.

REP. JACK HERRON asked if the tribes come under this legislation. **Mr. Mazurek** said they do not. Some assistance is provided to the tribes on the technical side but they do not regulate or monitor tribal establishments.

REP. PAVLOVICH said the study is not in the bill but it is in a written report. **Mr. Mazurek** said they had agreed upon a study, it's in a written report.

Closing by Sponsor:

The sponsor closed.

TAPE 2, SIDE A

HEARING ON SB 277

Opening Statement by Sponsor:

SEN. LINDA NELSON, SD 49, Sheridan County, said this bill was an act allowing a farm mutual insurer to insure property within an incorporated city or town with a population of less than 15,000 and allowing coverage to continue even if the population of the incorporated city or town meets or exceeds 15,000.

Proponents' Testimony:

Leona Gibson, Secretary/Manager, Mutual Rural Insurance Company of Gallatin County and Secretary/Treasurer, Montana Association of Mutual Insurance Companies, provided written testimony.
EXHIBIT 6

Herbert Pasha, Director, Cascade Farmer's Mutual Insurance Company of Great Falls and Montana Association of Mutual Insurance Companies, said in the early 1900s the need became apparent from farm credit lending companies that they needed to have property insurance in order to mortgage property. Smaller communities now cannot get affordable insurance on property. There is the need for this legislation to go to the smaller towns and offer insurance.

Frank Coty, Deputy Insurance Commissioner, supported this bill and supported the amendments which have been proposed.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

None.

Closing by Sponsor:

The sponsor closed.

HEARING ON SB 258

Opening Statement by Sponsor:

SEN. BARTLETT, SD 27, Lewis and Clark County, said this bill was an act allowing the Department of Labor and Industry to adopt rules authorizing a Workers' Compensation insurer or the Department, under certain conditions, to waive the requirement that an employer have a safety committee. She also supplied amendments. EXHIBITS 7 and 8

Proponents' Testimony:

Merrill H. Klundt, Retired Clerk and Recorder, Yellowstone County, provided written testimony. EXHIBIT 9

Gordon Morris, Director, Association of Counties, said he supported the bill. This bill clarifies the existing law. He also supported the amendments.

Blake Wordell, Lewis and Clark County Commissioner, said they supported the bill.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. MILLS asked what the criteria was to allow a county to take possession of land for its own use or donation. Mr. Klundt said the counties used the land to establish parks because most of the land confiscated would not be suitable for building.

Closing by Sponsor:

The sponsor closed.

HEARING ON SB 287Opening Statement by Sponsor:

SEN. JOHN R. HERTEL, SD 47, Fergus County, said this bill was an act allowing a county to retain certain land acquired by tax deed if it is in the best interest of the county or will advance the public benefit or welfare; clarifying the repurchase rights of taxpayers and successors; requiring the Department of Revenue to determine the fair market value of tax-deed land; substituting sales price for fair market value in certain sections of law pertaining to the sale of tax -deed land; requiring public notice of the donation or retention of tax-deed land and eliminating the requirement that the sale of land acquired by tax deed be held at the courthouse.

Proponents' Testimony:

Jim Tutweiler, Montana Chamber of Commerce, provided written testimony. **EXHIBIT 10**

Riley Johnson, National Federation of Insurance Brokers, said he supported this bill. There are a number of businesses that do have regular meetings on safety and to ask these people to comply with all the rules listed would be prohibitive and create more paperwork.

Russ Ritter, Washington Corporation of Missoula, provided written testimony. **EXHIBIT 11**

Don Allen, Coalition For Workers' Compensation System Improvement, said when the coalition was formed two years ago, one of the four committees immediately formed was the one dealing with safety. They were very instrumental in the activities of the 1993 session prior and during the passage of SB 63. They continued to monitor and be a part of the process since that time. They feel this bill needs to teach safety culture.

Robert White, Bozeman Area Chamber of Commerce, said when the Safety Culture Act passed they put together programs to teach safety culture. This is not the only enforcement body in the state.

Steve Turkowicz, Executive Vice President, Montana Automobile Dealers Association, said this bill does not give an employer the option to do this on their own. This gives the Department of Labor the authority to write rules and being sure individual companies are bearing the risk with the employer.

Chuck Hunter, Department of Labor and Industry, said he favored this bill as it is being carried on the crest of all the good sentiments about the safety committee rule. The original rule was drafted in a very user-friendly manner. There were two decisions of the National Labor Relation Board that dealt with

committees comprised of workers at various employment. The rules were redrafted after a lot of work with the NLRB and labor attorneys. Consequently, this bill grants more flexibility to employers in the state but does not diminish the safety responsibilities they have.

Charles Brooks, Billings Area Chamber of Commerce, said they particularly support this bill because of the flexibility which has been built into it.

Carl Schwitzer, Montana Contractors Association, said a number of their contractors have hired safety people in the last two years and have found that safety pays. It has become a good business practice to include safety as a part of the overall parameter. It is a money-making business. The programs which are now in place and the successful directions which have been established do not require the change of direction to start a new process.

George Wood, Executive Secretary, Montana Self Insurers Association, said they rise in support of this bill. Self insurers are treated differently than other employers in the state. Under the Workers' Compensation Act they are both an employer and insurer. It provides they do not make their own decisions.

Jacqueline Lenmark, American Insurance Association, said they supported this bill and had the fortunate opportunity to work with the Department of Labor when the Safety Culture Act was being developed.

Lawrence Hubbard, State Compensation Insurance Fund, said they supported this bill.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

REP. MILLS asked what the requirements were to obtain a waiver. Mr. Hunter said if there were only one employee there would not be the requirement to have a safety committee in the workplace. This new waiver process would only apply to those employers who have more than five employees in the workplace.

Closing by Sponsor:

The sponsor closed.

EXECUTIVE ACTION ON SB 258

Motion/Vote: REP. ELLIS MOVED SB 258 BE CONCURRED IN. REP. COCCHIARELLA MOVED THE AMENDMENTS. Motion carried to adopt the Cocchiarella amendments 18-0.

Motion/Vote: REP. ELLIS MOVED SB 258 BE CONCURRED IN AS AMENDED. Motion carried 18-0.

EXECUTIVE ACTION ON SB 277

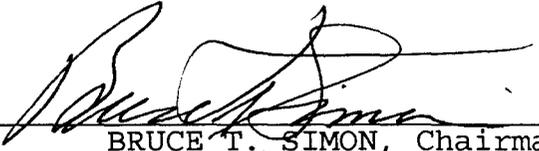
Motion/Vote: REP. ELLIS MOVED SB 277 BE CONCURRED IN. Motion carried 18-0.

EXECUTIVE ACTION ON SB 287

Motion/Vote: REP. COCCHIARELLA MOVED SB 287 BE CONCURRED IN. Motion carried 18-0.

ADJOURNMENT

Adjournment: 11:55 A.M.



BRUCE T. SIMON, Chairman



ALBERTA STRACHAN, Secretary

BTS/ajs

HOUSE OF REPRESENTATIVES

Business and Labor

ROLL CALL

DATE 3-10-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Bruce Simon, Chairman	X		
Rep. Norm Mills, Vice Chairman, Majority	X		
Rep. Bob Pavlovich, Vice Chairman, Minority	X		
Rep. Joe Barnett	X		
Rep. Vicki Cocchiarella	X		
Rep. Charles Devaney	X		
Rep. Jon Ellingson			X
Rep. Alvin Ellis, Jr.	X		
Rep. David Ewer	X		
Rep. Rose Forbes	X		
Rep. Jack Herron	X		
Rep. Bob Keenan	X		
Rep. Don Larson	X		
Rep. Rod Marshall	X		
Rep. Jeanette McKee	X		
Rep. Karl Ohs	X		
Rep. Paul Sliter			
Rep. Carley Tuss			X



HOUSE STANDING COMMITTEE REPORT

March 10, 1995

Page 1 of 1

Mr. Speaker: We, the committee on **Business and Labor** report that **Senate Bill 258** (third reading copy -- blue) be concurred in as amended.

Signed:

A handwritten signature in black ink, appearing to read "Bruce Simon".

Bruce Simon, Chair

Carried by: Rep. McKee

And, that such amendments read:

1. Title, line 11.
Strike: "7-8-2218,"

2. Page 1, lines 16 through 22.
Strike: section 1 in its entirety
Renumber: subsequent sections

-END-

Committee Vote:
Yes 18, No 0.

561426SC.Hbk



HOUSE STANDING COMMITTEE REPORT

March 10, 1995

Page 1 of 1

Mr. Speaker: We, the committee on **Business and Labor** report that **Senate Bill 277** (third reading copy -- blue) be concurred in as amended.

Signed:

A handwritten signature in cursive script, appearing to read "Bruce Simon".

Bruce Simon, Chair

Carried by: Rep. Bergsagel

And, that such amendments read:

1. Page 1, line 20.
Strike: "MORE"
Insert: "less"

2. Page 1, line 22.
Strike: "less than"
Following: "15,000"
Insert: "or more"

-END-

Committee Vote:
Yes 18, No 0.

561427SC.Hbk



HOUSE STANDING COMMITTEE REPORT

March 10, 1995

Page 1 of 1

Mr. Speaker: We, the committee on **Business and Labor** report that **Senate Bill 287** (third reading copy -- blue) be concurred in.

Signed:

A handwritten signature in cursive script, appearing to read "Bruce Simon".

Bruce Simon, Chair

Carried by: Rep. Hibbard

Committee Vote:
Yes 18, No 0.

561429SC.Hbk

STATE OF MONTANA
DEPARTMENT OF JUSTICE
GAMBLING CONTROL DIVISION

EXHIBIT 1
DATE 3-10-95
#B SB 187

Joseph P. Mazurek
Attorney General



2687 Airport Road
PO Box 201424
Helena, MT 59620-1424

MONTANA VIDEO GAMBLING MACHINE DIAL-UP ISSUES
Study Group Report
Compiled by Wilbur W. Rehmann
January 19, 1995

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APPENDIX

- A: Department of Justice outline of Dial-up review and study group.
- B: Proposed Dial-up bill.
- C: Brief history of gambling in Montana.
- D: Machine upgrade costs.
- E: Manufacturer market share.
- F: Request for Preliminary Planning

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.

Good morning

3/10/95

Mr. Chairman and committee members,

My name is Alan Ruly from Kalispell. I'm here to speak in support of Senate Bill 187: Dial-Up, or equivalent.

I'm not a paid lobbyist or a financially involved party. I'm a very small contractor who gave up a days work to drive 400 miles round trip to support what I consider a fiscally responsible bill. In this day and age of exploding information exchange its anachronistic to believe that a cash industry of approximately \$150 million per year relies on plodding, painstaking, labor intensive reporting methods. Especially so when 90% of the video gambling machines in Montana are already adaptable to this proposed system or can easily and economically be adapted.

The legislative audit that prompted this bill recommended studying a system such as this or hiring 23 full time employees to effect the same level of accuracy. I have employees, I know how difficult it is to find them, train them, retain them and the costs involved. This system is a much better alternative.

The people of ~~our~~ Montana deserve an accurate accounting of this cash industry. After all, our state, cities and counties are very much revenue dependent on gambling taxes. Kalispell, for example, relies on gambling taxes for 22% of its general

revenue, 22%. The dollars spent on gambling don't just drop out of thin air. Gambling competes with other retail and recreational opportunities for disposable income. We owe it to all the people and all the businesses to account as best we can for \$450 million in cash every year.

This is not an intrusion of government into our lives any more than highway scales are to truck drivers.

I agree with Governor Racicot when he was quoted in January's Montana Magazine. He said that we have a good honest industry and he would like to keep it that way.

~~The gam~~

Gambling revenues have grown by approximately 7% per year and are expected to continue that growth rate. This system can accommodate that growth efficiently and accurately and I'm sure that in a few years when this system is implemented the gambling industry will be grateful for the unquestioned, verifiable data it provides them and the people of our Montana.

Please ^{support this bill and} pass this bill ^{it} on to the House for a full vote.

Thank you.

Alan R. Kirby
320 Hilltop Ave.
Kaliopell, Mt. 59901

Montana
Association of
Churches



MONTANA RELIGIOUS LEGISLATIVE COALITION • P.O. Box 745 • Helena, MT 59624
PHONE: (406) 442-5761

TESTIMONY OF DAVID HEMION
LEGISLATIVE LIAISON
MONTANA ASSOCIATION OF CHURCHES
SB 187
HOUSE BUSINESS & LABOR COMMITTEE
MARCH 10, 1995

WORKING TOGETHER:

American Baptist Churches
of the Northwest

Christian Churches
of Montana
(Disciples of Christ)

Episcopal Church
Diocese of Montana

Evangelical Lutheran
Church in America
Montana Synod

Presbyterian Church (U. S. A.)
Glacier Presbytery

Presbyterian Church (U. S. A.)
Yellowstone Presbytery

Roman Catholic Diocese
of Great Falls - Billings

Roman Catholic Diocese
of Helena

United Church
of Christ
Mt.-N. Wyo. Cont.

United Methodist Church
Yellowstone Conference

The Montana Association of Churches represents eight of Montana's largest Christian denominations. MAC has consistently opposed the legalization of gambling in our state and has advocated the repeal of laws authorizing electronic gambling machines.

As limited gambling is legal in Montana, we support the strict governmental control of all gambling enterprises. SB 187 will help provide that control. We support SB 187 and commend Governor Mark Racicot, Attorney General Joe Mazurek, Senator Bob Brown, the staff of the Gambling Control Division, and the Legislative Auditor for addressing this issue. With the report of the Legislative Auditor before you documenting the lax compliance of gambling operators regarding taxes, the Association of Churches cannot accept anything but your support for SB 187 as a response to this problem.

Initially, MAC opposed the inclusion of tax credits. It is difficult for our members, especially clergy who work daily with people trapped in circumstances of deep poverty, to understand why the state should provide tax credits to gambling operators. It's even harder to understand this tax credit when these machines are averaging more than \$13,000 annually in net revenue. We recognize, however, that a compromise is necessary on this point and we are ready to accept this proposal without further amendment.

MAC urges your approval of SB 187.

SENATE BILL 187 - HOUSE BUSINESS AND LABOR

Mr. Chairman and Members of the Committee:

For the record, my name is Ellen Engstedt and I represent Don't Gamble With The Future. We are a statewide organization opposed to the expansion of gambling and in favor of stronger regulation of the gambling currently legal in Montana. Our membership is comprised mostly of small business folks and their families.

Don't Gamble With The Future strongly supports SB 187 because it would bring the monitoring of video gambling machines into the age of technology.

A performance audit conducted by the Office of the Legislative Auditor by instruction of the Legislative Audit Committee was released in January 1994. The audit indicated some problems with the manual accounting system used by the Department of Justice relative to the gambling industry and recommended that the department either increase its staff in the Gambling Control Division by 23 people or implement an automated dial-up system of monitoring.

The gambling industry to put it mildly came unhinged. Representatives from the industry showed up in force to protest the findings of the audit and to ensure the Audit Committee that the industry is "like Ivory soap, 99 percent pure".

The point of the audit was missed by the gambling industry. The goal of a performance audit is to examine an AGENCY or part of an AGENCY and determine whether it is conducting the mandates

given it under Montana state law. A performance audit is NOT an indictment of any industry. The legislative mandate contained in the gambling statutes directed to the Gambling Control Division is "to create and maintain a uniform regulatory climate...to protect legal public gambling activities...to protect the public...to protect the state and local governments from those who would conduct illegal gambling activities that deprive those governments of tax revenues...."

The truth of the matter is the Gambling Control Division CANNOT perform the mandates under Montana law with either its current system of manual reporting or its current level of personnel. One or the other has to change. An automated system or more people must occur if the industry continues to grow at the rate it is growing. To insist the system is working and should be left as it exists is deceitful to the public whose interests are not being protected by the current lack of regulation of the gambling industry. At this point, I want to make it very clear that I have NOT heard one public statement accusing the gambling industry of illegal activities.

The members of my organization are amazed and curious that some of the casino and tavern owners of Montana are so adamantly opposed to SB 187 and a dial-up monitoring system. THIS IS A BILL TO AUTOMATE A FUNCTION THAT IS NOW DONE MANUALLY. SAME INFORMATION -- DIFFERENT MEANS OF COLLECTION. This is not a government versus gambling industry issue. It's not big brother

EXHIBIT 4
DATE 3-10-95
SB 187

overtaking the little guy with big oppressive government. It's technology -- using computers instead of increased people to do a job that computers were designed to do. A very simple concept.

One goal of my group is to promote proper regulation of the gambling industry. The manual system installed when video gambling machines became legal by action of the Montana Legislature in 1985 cannot begin to keep up with the growth of this industry. It is growing at a rate of about 7 percent per year and I can safely say the number of people in Gambling Control has not kept up.

A couple of statistics to support our position of why a dial-up system would be of value to Montana. Keep in mind, please, that in the past year \$450 MILLION was dropped into video gambling machines. \$450 MILLION. No small industry, folks.

As of January 4, 1995, there were 1,601 establishments with video gambling machines. About 25 percent, 412 establishments, have between 1 and 4 machines, which depending on the location of the machine, produce either enough to keep the doors open in the bar or produce a great deal of revenue.

Route operators - vendors - own nearly two-thirds of the 14,958 licensed machines operating. Six route operators - six individuals in Montana - owned 4,588 of the 14,958 machines licensed. Six people own one-third of all licensed video gambling machines. One-third is owned by a variety of other route operators and the remaining one-third are owned by the

establishment in which they are located and those could be a small "mom and pop" operation in rural Montana or a 20-machine casino in Billings, Great Falls, or Kalispell.

Two major consensus issues that were addressed and compromises reached in SB 187 were the issues of tax credits and grandfathering of those machines that could not or should not be upgraded either because they are unable to receive the upgrade or it would be too costly. The compromise reached was a tax credit of \$600 per machine to pay for the retrofitting and a grandfather clause of six years after implementation, which really provides eight years before a machine would qualify for the automated monitoring. The small business owners in my organization have had a difficult time accepting tax credits for the gambling industry when my small business owners routinely face and pay for expenses imposed upon them from a variety of sources.

However, after a great deal of discussion, we have agreed to the compromises as proposed in the bill -- we do support the \$600 tax credit and the grandfathering of the older machines -- and we do so because we feel an automated monitoring system for video gambling machines is the right public policy for the State of Montana and that such a system would provide a modernized, streamlined, efficient method of accounting for the \$450 MILLION spent on video gambling in just the last year.

I urge your support of SB 187. Thank you.

formal name

EXHIBIT 5
DATE 3-10-95
#B SB 187

July 94

DEPT OF JUSTICE GAMING
JOSEPH P. MAZUREK

DEAR JOE,

AFTER READING THE ARTICLE IN THE SAT I.R. I WONDER HOW THIS KIND OF INFORMATION GETS PASS THE BOSS OR BOSSES WHO ARE IN CHARGE OF GAMING. THIS DEPARTMENT HAS BEEN IN PLACE FOR SOME TIME NOW AND IT SOUNDS LIKE THEY DON'T KNOW HOW TO ADMINISTER WHAT THEY SET UP A COMPLICATED SYSTEM TO MAKE SURE NO ONE WAS CHEATING SO TO SPEAK. MY IMMEDIATE REACTION IS THAT SOME ONE NEEDS TO BE FIRED IF NOT JANET THE WHOLE DAM STAFF. HOW EMBARRASSING FOR THE HEAD OF THE DEPARTMENT AND OR THE STAFF LET THIS KIND OF COMMUNICATION TO DEVELOP.

MY INITIAL REACTION IS THAT EITHER JANET WAS THE WRONG DECISION OR THE STAFF THAT WAS LEFT FOR HER HAS RESERVATION ABOUT HER LEADERSHIP.

YOU CAN SEE MUTINY IMMEDIATE. SINCE HER APPOINTMENT NO ONE HAS BEEN REPLACE ETC. THE ENTIRE MOOD CHANGED. I BELIEVE EVERYONE IN THE DEPARTMENT IS PISSED OFF THAT THE NEW HEAD WAS NOT PRODUCED FROM WITHIN THE DEPARTMENT. NOW STARTS THE MUTINY. AREN'T WE SICK AND TIRED OF THIS BULLSHIT OF NOT ENOUGH STAFF. THE SYSTEM IS QUITE SIMPLE. HARD METERS VERSES SOFT METERS DESIGNED AND SCRUTINIZED BY THE WELL HERALD TECHNICAL DEPT. ACROSS THE NATION. NOW WE SAY WE DON'T NOW HOW TO COMPARE THE TWO AND AUDIT THE ONES WHO DON'T KNOW HOW TO FILL THE FORMS. DOES JANET KNOW HOW IT WORKS? THE PEOPLE IN THE TEC. DEPARTMENT WERE PRAISED TIME AND TIME AGAIN HOW THEY HAD THEIR SHIT TOGETHER. WAS THIS FALSE PRAISE. IF THEY WEREN'T SO BUSY SATISFYING THE MANUFACTURES I.E. VLC. ETC. MAYBE THE COULD HELP THE AUDIT DEPT. WRITE A PROGRAM FOR SPOT CHECKING MACHINES. BEING IN THE INDUSTRY FOR 25 YEARS, IN YEARS OF OLD IF SOME ONE WAS BOOTLEGGING YOU HEARD ABOUT IT SOONER OR LATTER. NOTHING HAS EVER BEEN BRAGGED ABOUT OR EVEN MENTIONED ABOUT THIS SUPPOSED ACTIVITY THAT IS MENTIONED. I SERIOUSLY DOUBT IF THE STATE AUDITOR WAS EXPLAINED THE AUDIT PROCEDURE. WHAT WAS MENTIONED SOUND LIKE A IMMATURE STATEMENT FROM SOMEONE WHO KNOWS NOTHING ABOUT THE EQUIPMENT THAT IS BEING USED. THIS ONE MORE TIME SOUNDS LIKE A SETUP FROM MANUFACTURES I.E. VLC WHO ALWAYS HAD MORE INSIDE INFORMATION THAN BOB ROBINSON EVER DID. TO ENHANCE THE SALE OF EQUIPMENT UPGRADE FOR PROFIT PURPOSES.

JOE, I WOULD RECOMMEND FIRING SOME ONE AND GET THE ATTITUDE STRAIGHTENED OUT. THE FEELING I GET FROM THE DEPT. THE MINUTE THEY GO TO WORK IS. MY GOD THOSE PEOPLE OUT THEIR ARE SCREWING U S T H E Y ARE MAKING ALL THAT MONEY AND WE WORK FOR NOTHING. THEY JUST HAVE TO BE MESSING WITH THE EQUIPMENT CONSTANTLY. JANET DON'T NEED MORE STAFF SHE NEED A NEW JOB AND THE PEOPLE WHO WORK IN THAT DEPT. NEED TO HAVE THEIR JOB DESCRIPTION REREAD TO THEM.

FACT:
WAS JANET THE RIGHT PERSON?

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.

MEMBERS OF THE LEGISLATIVE COMMITTEE:

*Mr. Chairman
Legislative Committee*

Donna Gibson Dozeman

I am ~~Harold Nielsen~~ from ~~Dagmar~~, Montana. I am currently ~~president~~ *Sec./Manager* of

the ~~Farmers Mutual Fire Insurance Co.~~ in ~~Plentywood~~, MT. I am also *Sec./Pres. of* ~~mutual Rural Ins. Co. of Bullhead Co.~~ *the St. Louis*

+ representing the MONTANA ASSOCIATION OF MUTUAL INSURANCE COMPANIES,
sponsors of Senate Bill # 277.

Our State Association consists of 10 member companies covering the entire state. They have been providing the rural areas with property insurance, in some cases, for the last 85 years. The purpose of this bill, is to allow the Farm Mutuals to insure property within an incorporated town or city with a population of less than fifteen thousand and to allow coverage to continue even if the population of the incorporated city or town meets or exceeds fifteen thousand.

For many years, we were basically the only companies that were interested in providing property insurance in the rural areas. Lots of the property was low in value, fire fighting equipment was not available, thus making the property a risky and low profit venture. When the economy took an upswing in the late 1940's and the 1950's, and with the coming of rural electricity, the farmsteads started to upgrade, new houses and outbuildings were erected with greatly increased values.

It was at this point in time that we started to experience our first real competition from the line companies as they became aware of a better market in rural areas. This became even more evident as rural fire fighting equipment became available and the local towns were able to provide good fire fighting equipment. To stay competitive, the farm mutuals had to start offering broader coverages which included extended coverage, theft and vandalism and finally after a lot of years of preparation, we were finally able to offer liability coverage, too.

One thing farm mutuals are not permitted to do is sell vehicle insurance. Some companies often package this with other coverages to make it more attractive and convenient to market which is another area we have to compete in.

As is true of all businesses, you have to look into the future of your company to see what has to be done to maintain your level of business. What we are seeing is the consolidation of a lot of farms, and in many cases the farmsteads are abandoned. So with the shrinking rural communities we are experiencing a loss of insurable property in the rural areas.

Because of the reduction of insurable rural property, the rural mutual insurance companies are asking to be allowed to insure property on a non commercial basis within an incorporated city or town with a population of fifteen thousand or less. At the present time the farm mutuals are allowed to insure dwellings and related buildings designed for occupancy by not over two families, together with the usual contents, situated in an incorporated city or town with the population of fifteen thousand or more, but only if the property is owned by a member of the insurer or by the member's spouse and the member has other insurance of rural property with the insurer.

The Farm Mutuals are not setting a precedent in requesting this favor. There are other states that are allowing their Farm Mutuals access to this market. Because of the changing times, the fact that other states are allowing their farm mutuals access to this market so we would become another source of insurance to the cities and towns.

The Farm Mutuals have had an excellent track record of providing reliable and affordable insurance coverage for the rural areas for many years, making it available in the early years when rural insurance was not that accessible and at a cost affordable to the early settlers.

However, the time has come when we will need this additional latitude to provide us with the insurance base to continue our operations in the future. We recommend passage of Senate Bill # 277.

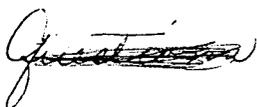


EXHIBIT 7
DATE 3-10-95
~~#B~~ SB 258

Amendments to Senate Bill No. 258
Third Reading Copy

Requested by Senator Bartlett
For the Committee on Business and Labor

Prepared by Stephen Maly
March 8, 1995

1. Title, line 11.
Strike: "7-8-2218,"

2. Page 1, lines 16 through 22.
Strike: section 1 in its entirety
Renumber: subsequent sections

3-10-95
SB 258

2307. Tax liability of purchased tax-deed lands. (1) On January 1, 1975, the execution of such contract or deed, the land shall be subject to the name of the purchaser or his assignee.

On the date the taxes are not paid and the same become delinquent, the land shall be subject to cancellation and all payments theretofore made shall be taken, treated, and regarded as rent for said property.

En. Sec. 3, Ch. 171, L. 1941; amd. Sec. 14, Ch. 398, L. 1975; R.C.M. 1947,

2308. Sale of lands of less than fifty dollar valuation and other tax-deed lands. Property belonging to the county of the value of less than fifty dollars and property of the county acquired by means other than by tax deed sold as provided by 7-8-2211 through 7-8-2220 and, except so far as may conflict with the provisions of this part, 7-8-2211 through 7-8-2220 shall remain in force and effect. Nothing herein contained shall be construed to repeal or amend any law or ordinance in effect on January 1, 1975.

En. Sec. 8, Ch. 171, L. 1941; R.C.M. 1947, 84-4197.

Part 24

Exchange of Tax-Deed Land With United States

401. Authorization to exchange tax-deed land with United States for certain purposes. (1) All real property acquired by any county or other political subdivision of the state which in the judgment of the board of county commissioners is in the best interests of the county and for the production of trees or as a watershed or for other national purposes may be conveyed by deed to the United States by the board in exchange for government land or timber, if in the discretion of the board it is in the best interests of the county to make such exchange.

The board is hereby authorized to accept from the United States for the benefit of the county, as full compensation for such county land so exchanged, title to land or timber of the United States equal in value to the value of the county land so exchanged for the same.

to public notice of the intention to convey title to the United States to the property subject to this part shall be necessary. The board shall have authority to defray all expenses necessarily incident to such exchange.

7- (1), (2) En. Sec. 1, Ch. 150, L. 1935; re-en. Sec. 4487.2, R.C.M. 1935; Sec. C.M. 1947; (3) En. Sec. 4, Ch. 150, L. 1935; re-en. Sec. 4487.5, R.C.M. 1935; Sec. C.M. 1947; R.C.M. 1947, 16-1132, 16-1135(part).

02. Disposal of land and timber acquired by county purchase agreement with United States. (1) Any timber acquired by the United States in any exchange may be disposed of by the board of county commissioners by agreement with the United States department of agriculture that such timber shall be cut and removed by any agency selected by the United States department of agriculture, with the understanding that the United States department of agriculture will be paid over to the county in full the amount of the purchase price of such timber.

(2) All land and all timber not subject to the arrangement authorized in subsection (1) and acquired by the county under the provisions of this part may be sold by the board of county commissioners in the manner provided by law for the sale of county property, and the proceeds of such sale shall be deposited in the county treasury for the use of the county.

History: (1) En. Sec. 2, Ch. 150, L. 1935; re-en. Sec. 4487.3, R.C.M. 1935; Sec. 16-1133, R.C.M. 1947; (2) En. Sec. 3, Ch. 150, L. 1935; re-en. Sec. 4487.4, R.C.M. 1935; Sec. 16-1134, R.C.M. 1947; R.C.M. 1947, 16-1133, 16-1134.

7-8-2403. Effect of conveyance of land to United States. The execution by the board of county commissioners of a deed of conveyance to the United States of any county land conveyed under this part shall operate to discharge and cancel all tax levies, tax liens, and special assessments of every sort and kind against such land and to convey all of the county's title to such land at the time of the execution of said deed.

History: En. Sec. 4, Ch. 150, L. 1935; re-en. Sec. 4487.5, R.C.M. 1935; R.C.M. 1947, 16-1135(part).

Part 25

Classification and Alternative Management of County Lands

Part Cross-References
Actions arising from the seizure or sale of property for taxes, 27-2-210.

7-8-2501. Purposes of part. The purposes of this part are:

(1) to authorize a board of county commissioners to establish criteria for the classification of unsold tax-deed lands and other county-owned lands, however acquired, and to classify such lands for retention or disposal in accordance with such criteria so that county-owned lands shall be used in the best interests of the county and for the public benefit and welfare;

(2) to encourage the application of a multiple use principle in the utilization and administration of such lands so that the administration of lands classified for retention can be coordinated with land use planning, zoning, grazing and agricultural land improvement, fish and wildlife habitat improvement and enhancement, recreation, access to other intermingled or adjacent multiple use areas, and for any other appropriate uses which are in the best interests of the county or which will advance the public benefit and welfare; and

(3) to grant sufficient powers to the board to enable the board to achieve the foregoing purposes.

History: En. 84-4190.1 by Sec. 1, Ch. 540, L. 1975; R.C.M. 1947, 84-4190.1.

7-8-2502. Application of part. (1) Any lands offered for sale by the county commissioners of any county under 7-8-2301 and not sold at such sale, any lands concerning which the preferential right to purchase has been terminated and barred under the provisions of 7-8-2301 and 7-8-2302, and any lands

SB 258 - PROCEDURES FOR SALE OF LAND AFTER TAX DEED ISSUES TO COUNTY -
Prepared by Sen. Bartlett

Amendment to strike Section 1 because it applies to more county-owned property than just tax deed property and is best left as is.

SECTION 2:

Deletes the archaic requirement that the auction of tax deed land take place at the door of the courthouse (p. 1, lines 28 and 29).

Enables the county to retain some tax deed land when doing so advances the public benefit and welfare (p. 2, line 3, line 21).

Replaces "fair market value" with the more accurate and descriptive term "sales price" as the minimum auction price.

Deletes language no one understands (p. 2, lines 6 - 8), and adds language that allows the sales price to be set at the total amount outstanding on the property.

Note: Page 2, lines 12 - 20 are not new language but are simply language being moved from p. 3, lines 10 - 17.

Clarifies that the property's original owner or successor in interest must pay the total amount outstanding on the property in order to purchase it at the auction. Prevents the original owner from benefitting financially by letting the county take a tax deed and then buying the property back at the auction (p. 3, lines 5 - 9).

The language on page 3, lines 10 - 17 is simply being moved to p. 2, lines 12 - 20.

SECTION 3:

Requires notice when the county plans to donate or retain tax deed property; notice is already required when the property is to be sold.

Requires that the notice include the fair market value of the property as determined by the Department of Revenue.

SECTION 4:

Specifies that the original property owner or successor in interest has the right to re-purchase the property from the time the tax deed issues until 24 hours before the date set for the property to be sold, donated or retained; safeguards the original owner's re-purchase rights when property is to be donated or retained.

Clarifies that the original owner must pay the total amount outstanding on the property in order to re-purchase it.

TAX DEED SCHEDULE SPECIFIED IN STATE LAW AND SB 258

1991	Dec. 1	First half 1991 real property taxes delinquent
1992	June 1	Second half 1991 real property taxes delinquent
	By July 19	County Treasurer holds sale of lien for real property taxes delinquent Dec. 1, 1991 and/or June 1, 1992.
1993	}	36-month redemption period for property owner
1994		
1995		

	July 19	<u>Tax deed issued to the county;</u> repurchase period for original owner or successor in interest begins .
	Nov. 30	First half 1995 real property taxes due
1996	By Jan. 19	County must hold first auction sale; may donate or retain tax deed property
	Jan. 18	Repurchase period for original owner or successor in interest ends (24 hours before auction).
	By July 19	County must hold second auction sale of remaining property.

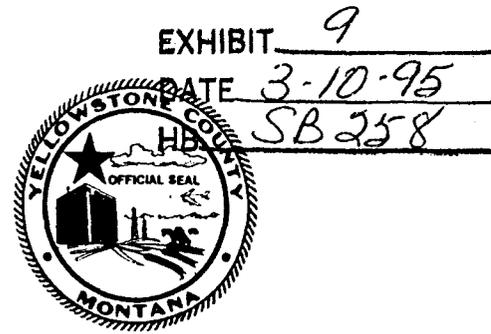
County of Yellowstone

CLERK AND RECORDER

(406) 258-2787

P.O. BOX 35001
BILLINGS, MONTANA 59107

March 8, 1995



Representative Bruce Simon
Chairman, Business & Labor Committee
Capitol Station
Helena, MT 59620

Dear Chairman Simon and Members of the Business & Labor Committee:

The purpose of Senate Bill No. 258 is to clarify portions of the tax deed laws regarding sale of tax deed parcels, the right of repurchase of tax deed parcels and when.

1. Section (1), Page 1 of this bill changes language from appraisal to sale price.
2. Section (2), allows the Board of County Commissioners to sell County tax deed lands at the place designated in the Notice of Sale and not just at the front door of the Courthouse.

Under Section 7-8-2301, Disposed of tax deed land: Once the County Treasurer has deeded the tax deed parcels to the County after the redemption date has expired under Notice requirements listed in Section 15-18-212 M.C.A., the Board of County Commissioners must enter an Order of Sale within six (6) months after acquiring title.

The 1993 Legislature authorized counties to donate land to a municipality with their consent and it also allowed counties to donate land to a nonprofit corporation for multifamily housing development and single family housing to low income persons who qualify. The land can also be retained for the County.

However, the 1993 Legislature allowed these transfers after the period of redemption and the County Treasurer issued a tax deed to the County - what they failed to take into consideration was that the record owner or successor in interest has a repurchase right up to the sale date set by the Board of County Commissioners. If they do not repurchase by this date, their repurchase right has expired. It is after this period of time that the counties can deed parcels of tax deed land to a municipality, for low-income housing or retain for county use.

On Page 2, Lines 4-11, it states the new process to determine sale prices. Under 1985 Legislation and 1986 Special Session, June of 1986, Senate Bill No. 20, Sec.1, Chapter 35, it states contiguous parcels of 20 acres or more under one ownership shall be eligible taxation as agricultural land each year that none of the parcels is devoted to commercial or industrial use.

The market value established by the Department of Revenue under this legislation was far less than the delinquencies. The current language proposed in this bill - lines 8 through 11 is more appropriate and gives the Board of County Commissioners a more equitable starting base for the minimum sale price for the first offering of the tax deed parcels for public auction.

3. Under the current law it states the Board of County Commissioners fix the market value. This is incorrect. Only the Department of Revenue determines the fair market value of the land and improvements. The Board of County Commissioners only determines sale price. Therefore, throughout the laws on Sale of Tax Deed Lands, these changes are incorporated therein.
4. On Page 3, Line 30, Section 4, Section 7-8-2303, M.C.A., repurchase rights of taxpayer or successors has been changed. Repurchase at present can be (1) minute before the sale. The new provision is at any time up to 24 hours before the time fixed for the first offering of property for sale or the time fixed for the donation or retention of the property pursuant to 7-8-2301, M.C.A.
5. On Page 3, Lines 20 through 27, Section 7-8-2302, M.C.A., Notice of Disposal of Tax Deed Lands; the Notice must state which parcels are being donated to the City or donated to a nonprofit corporation for multifamily development and single family housing to low income persons who qualify or to be retained by the County. The first Notice of Sale of tax deed lands must comply with Section 7-8-2301, M.C.A., which sale must be held within six (6) months after the County has acquired title.

IN SUMMARY, THIS BILL:

- A. Restores the right of repurchase by the record owner or successor of interest up to 24 hours before the first sale date set by the Board of County Commissioners on all parcels of land taken by tax deed after the redemption period has expired and the Board of County Commissioners instruct the County Treasurer to issue a tax deed to the County. Once this is accomplished, the Board of County Commissioners must have a sale within six (6) months (see Section 7-8-2301, M.C.A., page 2 of this Bill). The courts certainly would rule in favor of the record owner if they do not comply with 7-8-2303, M.C.A. Repurchase rights of taxpayer or successors.
- B. This Bill allows counties to sell tax deed lands at a place designated in the Notice of Sale which must comply with Sections 7-1-2121 and 7-8-2302, M.C.A. (Current law states at the front door of the Courthouse).

EXHIBIT 9

DATE 3-10-95

SB 258

- C. The Department of Revenue sets the fair market value of land and improvements, not the Board of County Commissioners. The Board of County Commissioners set the sale price.
- D. The method of determining the sales price of a parcel as described under 7-8-2301 (2), M.C.A., is obsolete with laws which were passed in the special session of June of 1986 under Senate Bill #20, which I have described under Paragraph 2, Page 2 of this letter. The proposed legislation allows counties to at least try to recover all delinquencies, penalty, interest and costs as the minimum sale price for the first sale.
- E. Current law is not clear as to whether the county can return tax deed parcels for county use and benefit. This Bill clarifies this process, under Section 7-8-2302, M.C.A., Page 3 of this Bill. The Notice of Sale must state which parcels are to be donated or retained.

This Bill corrects and clarifies problems that exist in current tax deed laws.

Your passage and approval of this Bill will be greatly appreciated.

Yours truly,



Merrill H. Klundt
Retired Clerk and Recorder
Yellowstone County, Montana

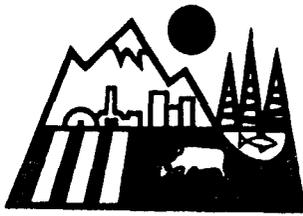


EXHIBIT 10
DATE 3-10-95
SB 287

MONTANA CHAMBER OF COMMERCE

P. O. BOX 1730

• HELENA, MONTANA 59624

• PHONE 442-2405

SB 287, SENATOR JOHN HERTEL, SPONSOR

Testimony by James Tutwiler, Montana Chamber of Commerce, on March 9, 1995 before the House Business & Labor Committee on SB 287, "An act allowing the Department of Labor and Industry to adopt rules authorizing a workers' compensation insurer, under certain conditions, to waive the requirement that an employer have a safety committee; amending section 39-71-1505, MCA; and providing an immediate effective date."

MR CHAIRMAN, MEMBERS OF THE COMMITTEE, I AM JAMES TUTWILER AND I SPEAK FOR THE MONTANA CHAMBER OF COMMERCE WHICH REPRESENTS HUNDREDS OF BUSINESSES, MOST OF THEM SMALL BUSINESSES, ACROSS MONTANA. WE SUPPORT SB 287.

I WOULD LIKE TO PRESENT A BRIEF BACKGROUND OF THIS BILL FROM THE CHAMBER'S PERSPECTIVE. THE CHAMBER WAS ONE OF THE LEADING PROPONENTS OF THE 1993 MONTANA SAFETY CULTURE ACT. WE ALSO PARTICIPATED THROUGHOUT 1994 IN THE NUMEROUS MEETINGS AND HEARINGS LEADING TO THE ADOPTION OF IMPLEMENTING RULES.

OUR PRESENT ASSESSMENT OF THE ACT AND IMPLEMENTING RULES IS AS FOLLOWS.

- THE SAFETY CULTURE ACT IS WELL FOUNDED AND ITS INFLUENCE TOWARDS MAKING MONTANA A SAFER PLACE TO DO BUSINESS WILL GROW.

- THE WORK OF THE SAFE EMPLOYMENT EDUCATION AND TRAINING ADVISORY COMMITTEE IN DEVELOPING DRAFT IMPLEMENTING RULES WAS EXEMPLARY.

- THE ADMINISTRATIVE RULES PERTAINING TO SAFETY PROGRAMS IN THE WORK PLACE ARE WELL CONCEIVED AND WE BELIEVE GENERALLY ACCEPTED BY THE BUSINESS COMMUNITY; FOLLOW UP AND IMPLEMENTATION BY THE BUSINESS COMMUNITY WILL REQUIRE CONTINUOUS EDUCATION.

- THE ADMINISTRATIVE RULES PERTAINING TO SAFETY COMMITTEES IN THE WORK PLACE ARE NOT WELL DRAWN, NOR ARE THEY WELL RECEIVED BY MANY MONTANA BUSINESSES, PARTICULARLY SMALL BUSINESSES.

WHO SAYS THE COMMITTEE RULES ARE FLAWED, OVERKILL, AND IN MOST INSTANCES RESISTED? EMPLOYERS, MOSTLY SMALL EMPLOYERS. IN 1994 THE CHAMBER VISITED WITH HUNDREDS OF BUSINESS PEOPLE AND IN EVERY CORNER OF THE STATE. CONSISTENTLY, EMPLOYERS SAID TO US (1) THE SAFETY COMMITTEE RULES ARE BUREAUCRATIC OVERKILL (2) THESE RULES

ASSUME THAT EMPLOYERS DON'T COMPREHEND AND PRACTICE SAFETY IN THE WORK PLACE (3) THE COMMITTEE RULES IMPEDE RATHER THAN FURTHER UNDERSTANDING AND IMPLEMENTATION OF SAFETY PRACTICES BECAUSE THEY ARE PERCEIVED AS YET ANOTHER GOVERNMENT MANDATE.

THE CHAMBER SUBMITS THESE ADDITIONAL OBSERVATIONS FOR THE COMMITTEE'S CONSIDERATION.

-MANY MONTANA BUSINESSES CONSISTENTLY OPERATE SAFELY. IF THEY HAVE A WRITTEN AND PERFORMANCE DEMONSTRATED SAFETY PROGRAM THAT MEETS THE APPROVAL OF THEIR INSURER, A CONDITION THIS BILL IMPOSES, THEN SUCH BUSINESSES SHOULD BE ALLOWED TO CONTINUE WHAT HAS PROVED EFFECTIVE WITHOUT THE BURDEN OF ADDITIONAL RULES AND REGULATIONS IMPOSED BY GOVERNMENT.

-BUSINESSES WHO QUALIFY FOR A WAIVER FROM COMMITTEE RULES UNDER THIS BILL ARE STILL ENCOURAGED, INDEED REQUIRED, BY OTHER STANDING SAFETY RULES TO COMMUNICATE AND INTERACT WITH THEIR EMPLOYEES. IN SUM, WE DON'T SEE THIS BILL CAUSING ANY DEGRADATION OF THE BONDING BETWEEN EMPLOYERS AND EMPLOYEES THAT MUST EXIST TO CONSISTENTLY ACHIEVE HIGH SAFETY PERFORMANCE.

-THERE ARE AND UNFORTUNATELY THERE LIKELY WILL CONTINUE TO BE A FEW EMPLOYERS WHO DON'T KNOW OR REFUSED TO LEARN MANAGEMENT'S RESPONSIBILITIES IN A SAFE WORK PLACE. THIS BILL DOES NOTHING TO EXACERBATE SUCH A SITUATION. IN FACT, THE BILL DOES JUST THE OPPOSITE. IT EMPOWERS THE INSURER TO REQUIRE THE CONSTRUCTING OF SAFETY COMMITTEE PROCEDURES IN SUFFICIENT DETAIL TO SATISFY THE MOST DEMANDING OVER WATCH AUTHORITY.

-THE DETAIL AND MINUTIAE OF THE SAFETY COMMITTEE RULES ARE AN ASTOUNDING ACCUMULATION OF "SHALLS" AND "MUSTS". CONSIDER, IF YOU WILL, THAT YOU ARE A SMALL BUSINESS OWNER WITH SIX OR EIGHT EMPLOYEES. WITHOUT THIS BILL, YOU ARE REQUIRED TO, READ, UNDERSTAND, AND IMPLEMENT WITH THE COOPERATION OF YOUR EMPLOYEES A BODY OF RULES THAT CONTAINS 64 COMPONENTS, 64 "SHALLS, SHOULD, MUSTS", ETC..TO PROTECT YOURSELF IN A SITUATION WHERE ICE ON THE SIDEWALK AND THE OPERATION OF A COMPUTER ARE YOUR MAJOR THREATS TO HEALTH. (SEE COMPONENT LISTING OF MONTANA SAFETY COMMITTEE RULES IN ATTACHED HANDOUTS).

MR CHAIRMAN, MEMBERS OF THE COMMITTEE, WE RESPECTIVELY ASK YOU TO GIVE THIS BILL A FAVORABLE DO PASS. SB 287 WILL CERTAINLY DO MORE, NOT LESS, TO FURTHER THE DEVELOPMENT OF AN IMPROVED SAFETY CULTURE IN MONTANA BY NOT ENCUMBERING EMPLOYERS WHO UNDERSTAND AND PRACTICE SAFETY AND BY EMPOWERING INSURERS TO DO MORE IF THE SAFETY PERFORMANCE OF ANY CLIENT EMPLOYER REQUIRES IMPROVEMENT.

THANK YOU FOR THE OPPORTUNITY TO DISCUSS THIS IMPORTANT BILL. ALL OF US WANT TO MAKE THE MT SAFETY CULTURE ACT WORK. YOUR FAVORABLE CONSIDERATION OF SB 287 WILL HELP THAT COLLECTIVE EFFORT.

EXHIBIT 11
DATE 3-10-95
~~#~~ SB 287

Mr. Chairman, members of the ^{House} [redacted] Business and Industry Committee:

My name is Russ Ritter and I appear before you today in my capacity as Dir of Govt Relations.

[redacted]
[redacted]
[redacted]

In the 1993 legislative session, the affected Washington Corporations strongly supported the passage of SB 164, the Safety Culture Act. It brought safety to the forefront and encourages the development of comprehensive safety programs by all employers. We agree that active safety programs are imperative if employers are to protect their employees and control the costs of workers' compensation. The one concern we have with the act are the administrative rules that have been adopted ^{regarding} ~~is~~ the safety committee requirement.

This exceptionally detailed regulation may work for an employer who is developing a safety program and/or has a substandard safety record, but for those employers who have made safety a priority it is an unnecessary, costly, administrative mandate. The employers who have developed a

Page 2

safety program and demonstrated, as evidenced by their exp. mod factor and incident rate, that their method works should not have to shoulder this burden. Employee involvement is apparent as their program does work. That is why we strongly support the passage of SB 287 which will allow employers with *successful* safety programs, which is demonstrated by their record, to forgo the safety committee requirement. We do not believe this will weaken the intent of the act or the regulations. It will simply recognize the fact that the employers that are granted an exemption to the committee rule have a successful working safety program and in essence rewards them for their efforts by removing this unnecessary regulatory burden.

We urge you to move SB 287 through the committee process with a do pass recommendation.

Thank you for considering our position on this bill.

50-0

Dick Nash Human Resource Mgr
For Wash Contractors Group
Pro Builders
Industrial Contractors
Wash. Construction

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

Business + Labor

DATE 3-10-95

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
Merrill H. Klundt	Clerk & Recorders	✓	
Blake Woda	Lewis & Clark Co	✓	
Dick Berg	Fleetwood		✓
Jim Lush	MAID ST. CASINO-BCCI		✓
Jordan Morris	MACo	✓	

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

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
Jacqueline Denmark	Am. Ins. Assn	✓	
George Wood	Montana Self Insurers Assn.	✓	
Robert White	Bozeman Chamber	✓	
Russ Ritter	Wash Corp	✓	
Don Allen	Cwest	✓	
Jim Tutwiler	MT CHAMBER	✓	
Riley Johnson	NFIB	✓	
CHUCK HUNTER	DOH I	✓	
Steve Turkiewicz	Mt. Auto Dealers Assn	✓	
Carl Schaefer	MT Cont Assn	✓	
Laurence Hubbard	State Fund	✓	
Charles R. Brooks	Billings Chamber	✓	

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
Dennis Casey	GIA	✓	
Eileen GUSTO	Don't Gamble with the Future	✓	
Alan R. Ruby - Kalispell	Don't Gamble with the Future	✓	
Joe Brand	VFW		X
Gallen Madson	Best Bet Casino	✓	
Rich E Miller	Best Bet Casino	✓	
FERRY GREEN	Ilot	✓	
David Henning	MT Assoc of Churches	✓	
Jenny Dussell	Assoc Workers of Montana		✓
LARRY AKEY	VIDEO LOTTERY TECH PIQUE CON MACHINE OPERATORS	✓	
Bill Verwolf	City of Helena	✓	
Melissa Case	Hotel Employees Nat. Employees Union	✓	
MICHAEL CETERNO 50 N. MAIN HELENA MT 59601	VILLAGE INN'S BSN - HELENA MONT PLM 70 - SUDJ (MONT) PROTECTORS		✓✓ ✓✓

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NAME AND ADDRESS	REPRESENTING	Support	Oppose
HERBERT PASHA	MONTANA Mutual Ins Assoc	✓	
Leone Gibson <i>Leone Gibson</i>	Mt. Ass. Mutual Ins. Co.	✓	
Hub Rife / ^{Frank} Cote	State Auditor	✓	
W. Anne Brown	Christian Chm	✓	
Daradeau Cash	" "		
Alice Wittmer	" "		
Marie Anderson	" "	✓	
Barbara Rody	" "	✓	
Cora Moe	" "	✓	
David Herwin	MT Assoc. of CHURCHES	✓	
Bonnie Ricker	First Christian Church		
Shirley Darlinton	" "	✓	
George Dvorski	HOTEL EMPLOYEES RESTAURANT EMPLOYEES UNION	✓	

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