

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By Chairperson Eleanor Vaughn, on March 27, 1991,
at 10 A.M. in Room 331.

ROLL CALL

Members Present:

Eleanor Vaughn, Chairman (D)
Bob Pipinich, Vice Chairman (D)
John Jr. Anderson (R)
Chet Blaylock (D)
James Burnett (R)
Bill Farrell (R)
Harry Fritz (D)
Bob Hockett (D)
Jack Rea (D)
Bernie Swift (R)

Members Excused: None

Staff Present: David Niss (Legislative Council).

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

Announcements/Discussion: None

HEARING ON HOUSE BILL 955

Presentation and Opening Statement by Sponsor:

Representative Hal Harper, House District 44, said this bill deals with the problem of campaign reform and the main issue of the amount of dollars spent on campaigns and the concern people around the state have for the roll of money in the financing and buying of campaigns. A poll was done that shows people's number one concern in this state and across the nation is the amount of money spent on campaigns. A high percentage, 84%, favor putting a limit on campaign spending. The goal of this bill is to restore the confidence of the voter and return campaigns to the grass roots. This would make candidates use people power in place of big dollars in media power. This bill is modeled after a system that was implemented in New Hampshire. This bill provides that when you file for an office, you can voluntarily subscribe to a limitation. If you choose to do so, you are limited, and your reward for doing so is a lesser filing fee. If you exceed those limits, you will be fined according to your rate of overspending. If your opponent spends over that limit at any

time, he is obliged to notify the Commissioner of Campaign Practices. She immediately notifies the opponent of the over spender that one has exceeded the limit. The person who hasn't overspent has the option to go back and pay the higher filing fee and get away from the limits, because his opponent already has done so. The most notable aspect of this bill is the amount of publicity and the influence that publicity will have on the public's opinion of high spenders. He has prepared amendments on page 2, line 13 he wants to add the Governor. (Exhibit 1)

Proponents' Testimony:

Mike Cooney, Secretary of State, said the public concern about the rising cost of campaigns casts a dark cloud over the entire election process. This House Bill 955 is a method to address the needs and concerns of the people. It provides for voluntary spending limits and gives these limits some teeth. He reiterated the points presented by Representative Harper. He quoted facts about campaign spending and other information given in the booklet, "Meaningful Campaign Finance Reform for Montana." (Exhibit 2)

Riley Johnson, representing the National Federation of Independent Businessmen, does not take arbitrary positions for it's members. Every year they submit a ballot to their members and ask them to vote on important issues that may affect their business. He is mandated by that vote to oppose or support legislation. Last year, 1990, they asked their 6,000+ to comment and opinion about capping campaign spending. The shocking response was 84% in favor of campaign capping in the State of Montana. They then made random calls to them and asked why they voted for campaign caps. 1. They feel that the spending of dollars and the attachment of the idea to political offices has gotten out of hand. You either have to have a big amount of money or have a rich daddy. The Lewis and Clark County race exceeded \$50,000. 2. It is generally the small business owners who are contributing to many of the campaigns. They are tired of spending the money. This bill is rather liberal in its limitations. Most campaigns would probably come within those bounds. Please support this bill.

C. B. Pearson, Executive Director of Common Cause/Montana, read testimony in support of House Bill 955 into the record. (Ex. 3)

Opponents' Testimony:

None

Questions From Committee Members:

Senator Burnett asked why do you make it voluntary?
Representative Harper responded that the Federal law prohibits that mandatory requirement.

Senator Farrell asked how can you put a differential on the penalty? Representative Harper said if you avoid that constitutional provision you can do whatever the legislature thinks is proper. Mike Cooney said the way we get around problems is that it is "voluntary". If you don't want to volunteer, you just pay a higher filing fee.

Senator Farrell called attention to the filing fees for State Senator. In this bill a Senate candidate that volunteered would only pay a filing fee of \$15 and if he didn't volunteer he would pay a filing fee of \$200.

Mike Cooney said this bill opens access to people. Presently, the statutory filing fee is 1% of the salary for most public offices.

Senator Farrell asked about the different fees for the different political offices. Doug Mitchell explained in some cases there are artificially low filing fees. \$15 for the State Senate and House is commensurate with other filing fees. U. S. Congress is \$1200. Clearly, when you talk about races that have a limited campaign spending you can use the same system. When we go to the new system, and determine there is a group of individuals who are not going to agree and who are going to by their action on their affidavit spend more money on their campaign, we open a new system. They used dollars spent, area of space covered and used a proportional method in that. There is not a proportional increase from the filing fee, but there is a proportional increase in the amount of space that is covered and the amount of money that is spent. There is no relationship between the present fees and the proposed fees in the bill. There is a relationship between the increased filing fee and the penalties. They are commensurate with the races and they've taken the penalties and calculated them on percentages of expenditures. They are proportional but the initial filing fee that is currently in statutes for those individuals that agree to comply with the limits basically stays intact.

Senator Burnett asked what happens to the person whose campaign expenditures are less than what the office seeker has raised. Presently, a candidate can keep it. Will that be true under this bill? That problem is not addressed in this bill. Mike Cooney said they can't keep campaign funds when they retire.

Senator Blaylock asked about inkind contributions. Dolores Colburg said if you agree to the voluntary limits, all funds spent would include money that went into your campaign or money that was spent on your behalf.

Senator Vaughn asked what happens if one files with the voluntary spending and the other does not? Couldn't there be a great deal of competition for the funds from donors, they could have much more TV time, much more paper time? Isn't that a big problem for candidates?

Mike Cooney said that is the biggest problem. However, because this seems to be a major issue with the public, there probably would be an outcry from them.

Senator Rea asked if you can come in any time and make it involuntary? Doug Mitchell said the option clause goes in by any candidate that expends over the spending limit, whether they have agreed to it or not.

Senator Farrell asked when is the last reporting date of total expenditures?

Dolores Colburg said there is no such thing as the last day. Legislative candidates have to file before the primary election, after the primary election, before the general election and after the primary election. Then file a closing report whenever your debts are paid. Most candidates file the closing report 20 days after the general election.

Senator Swift asked whose going to keep track of expenditures and the timeliness of their reports? Is the affidavit going to save the candidate? What about independent donors?

Dolores Colburg said the affidavit is signed when you file for office. If an independent has any contact or coordinate with your operation, their expenditures in your behalf are no longer independent.

Representative Harper said a candidate must maintain absolute and total distance, no contact at all with the committee. If you contact them at all in terms of coordination, they aren't independent.

Senator Fritz mentioned that the Buckley decision says you can not limit independent spending.

Senator Vaughn said you can opt out at any time? Representative Harper said it is whenever someone exceeds the campaign limits, both can go back and pay the larger filing fee.

If we just have one U. S. Representative to cover the whole state and a U.S. Senator has 1/2 the state to cover, which filing fee would you expect? Representative Harper said they had decided to lower from \$1 million to \$500,000 for both U.S. Senate and House.

Closing by Sponsor:

Representative Harper said there are some questions of how this would blend with federal laws. What we are trying to do is to find a way to cap campaign spending. It's tough to change a concept. We're trying to respond to the voter apathy and reaffirm their interest. He said this is an additional fee. This is a tax on politicians, who have subscribed to a form and

renege on their promise. This is a tax on lying. Senator Mazurek will carry House Bill 955 to the Senate floor.

EXECUTIVE ACTION ON HOUSE BILL 955

Motion:

Senator Fritz moved to STRIKE THE HOUSE AMENDMENTS.

Discussion:

The committee discussed the bill in its original form. Senator Hockett said the voters are telling us something when a poll of 84% comes in and we should listen.

Amendments, Discussion, and Votes:

The VOTE to STRIKE THE HOUSE AMENDMENTS to House Bill 955 was UNANIMOUS. House Bill 955 is amended back to its original form.

Recommendation and Vote:

Senator Hockett moved that we DO CONCUR IN HOUSE BILL 955 AS AMENDED. The ROLL CALL VOTE was 5 yes and 5 no. House Bill 955 failed for lack of a majority.

Senator Farrell moved that we TABLE HOUSE BILL 955. The ROLL CALL VOTE was 6 yes and 4 no. House Bill 955 is tabled in committee.

EXECUTIVE ACTION ON HOUSE BILL 711

Discussion:

Senator Vaughn asked Attorney David Niss to go through the amendments which the committee had directed him to prepare. He gave a copy to each committee member and explained them thoroughly. (Exhibit 4)

He explained that it was difficult to put together and he worked with Linda King of the PERD to ensure accuracy in detail.

Amendments 1 and 2 are to the title.

Amendment 3 designates a primary prerequisite, which is that you must be presently receiving a benefit.

Senator Farrell commented that is the original intent of this bill.

Amendment 4 is a clerical amendment.

Amendment 5 (iii) is the formula by which they would determine

how much retirees receive. The intent of this subsection is to limit each annual individual's supplemental benefit payment to no more than the increase in the consumer price index for the previous calendar year.

Senator Hockett asked what kind of money are we talking about individuals receiving? Senator Blaylock said \$1104.

(c) Attorney Niss explained that this section designates that excess funds will be used to amortize the unfunded liability in the account. Senator Farrell asked Mr. Niss to add the complete name of the account into the legislation.

Amendment 6 is the termination of the entire law upon the death of the last recipient eligible under the law.

(2) money left in the fund at that point is used to fund the unfunded liability of the Highway Patrol Officers' Retirement Pension Fund.

Amendments, Discussion, and Votes:

Senator Farrell wants the name of the account in the law. Senator Blaylock moved that we accept the AMENDMENTS with the addition of the account name. The VOTE was UNANIMOUS in favor of the amendments to House Bill 711 as shown in exhibit 4.

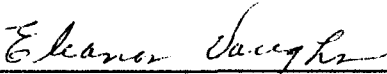
Recommendation and Vote:


Senator Hockett moved that we DO CONCUR IN HOUSE BILL 711 AS AMENDED. The VOTE was UNANIMOUS in favor of HB 711. Senator Harp will carry it to the Senate Floor.

Frank Willems thanked the committee on behalf of the older retirees and widows and said it would be a very helpful benefit to those who need the help.

ADJOURNMENT

Adjournment At: 11:30 A.M.


ELEANOR VAUGHN, Chairman


DOLORES HARRIS, Secretary

EV/dh

ROLL CALL

STATE ADMINISTRATION COMMITTEE

DATE March 27, 1991

52 LEGISLATIVE SESSION

| NAME | PRESENT | ABSENT | EXCUSED |
|------------------------|---------|--------|---------|
| SENATOR ELEANOR VAUGHN | X | | |
| SENATOR BOB PIPINICH | X | | |
| SENATOR JOHN ANDERSON | X | | |
| SENATOR CHET BLAYLOCK | X | | |
| SENATOR JAMES BURNETT | X | | |
| SENATOR "BILL" FARRELL | X | | |
| SENATOR HARRY FRITZ | X | | |
| SENATOR BOB HOCKETT | X | | |
| SENATOR JACK "DOC" REA | X | | |
| SENATOR BERNIE SWIFT | X | | |
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| | | | |
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Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 2
March 27, 1991

MR. PRESIDENT:

We, your committee on State Administration having had under consideration House Bill No. 711 (third reading copy -- blue), respectfully report that House Bill No. 711 be amended and as so amended be concurred in:

1. Title, line 6.

Following: "RETIREEES"

Insert: "RECEIVING MONTHLY BENEFITS PRIOR TO JULY 1, 1991"

2. Title, line 9.

Following: "DATE"

Insert: "AND A TERMINATION DATE"

3. Page 2, line 7.

Following: "MUST"

Insert: "be receiving a monthly benefit before July 1, 1991, and must

4. Page 3, line 15.

Strike: ". "

Insert: "; "

5. Page 3.

Following: line 15

Insert: "(iii) the maximum amount available for payment of supplemental benefits under this section after August 31, 1993, is limited to an amount that will provide a percentage increase in the average supplemental benefit of all eligible members that is equal to the percentage increase for the previous calendar year in the annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor statistics of the United States department of labor or its successor agency. The intent of this subsection is to limit each annual individual supplemental benefit payment to no more than the increase in the consumer price index for the previous calendar year.

(c) Any amount deposited in the account, meaning the highway patrol officers' retirement pension trust fund, under subsection (4)(a) for the payment of supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used to amortize unfunded liabilities of the account.

(5) Every 10 years following July 1, 1991, the department shall review the size of the additional fee collected under 61-3-321(5) and deposited in the account in accordance with subsection (4)(a) and recommend to each legislature following the department's review any legislation necessary to reduce the fee to the minimum amount necessary to provide the supplemental benefits provided by this section."

6. Page 8.

Following: line 5

Insert: "NEW SECTION. Section 7. Termination -- disposition of funds. (1) The provisions of [sections 1 through 6] terminate upon the death of the last recipient eligible under [section 1(2)] for the supplemental benefit provided by [section 1].

(2) Money collected for the purposes of the supplemental payment under [section 1] that remains in the account, meaning the highway patrol officers' retirement pension trust fund, upon the termination of [sections 1 through 6] must be used to amortize unfunded liabilities of the account."

Signed: _____
Eleanor Vaughn, Chairman

JM 3-27-91
Asst. Coord.

SB 3-27 1:50
Sec. of Senate

Proposed Amendment to House Bill 955

SENATE STATE ADMIN.

EXHIBIT NO. 1

DATE 3-27-91

BILL NO. HB 955

Page Two, Line 13, following "~~representative,~~", strike:
or governor

Page Two, Line 15, following "REPRESENTATIVE,", insert:
or governor,

SENATE STATE ADMIN.

EXHIBIT NO. 2

DATE 3-27-91

BILL NO. HB955

HOUSE BILL 955

MEANINGFUL CAMPAIGN FINANCE REFORM FOR MONTANA

MIKE COONEY - SECRETARY OF STATE

HAL HARPER - SPEAKER OF THE HOUSE

**REPORT PREPARED BY TINA M. BROTHERS
MARCH 26, 1991**

HOUSE BILL 955

CAMPAIGN FINANCE

Public concern over the excessive cost of campaigns for public office casts a shadow over the entire election process. Campaigns appear to have become a race to see which candidate can raise the most money. According to the New York Times, on the average an incumbent U.S. Senator must raise \$12,000 a week every week of his six-year term to fund a re-election campaign. Public sentiment clearly dictates that candidates focus more time and attention on the electorate and their concerns and less time on the elements of campaign finance and fundraising.

The costs of financing successful congressional campaigns have reached staggering heights. The average cost for a winning House candidate rose from \$87,200 in 1976 to \$393,000 in 1988. The average cost of a successful Senate race increased from \$609,100 to \$3.7 million during that period.

Fourteen Senate Candidates -- 10 incumbents and four challengers -- spent more than \$4 million in 1990. The 14 candidates and the amount each spent are:

| | <u>CANDIDATE</u> | <u>Total Expenditures</u> | |
|-----|----------------------------------|---------------------------|-----|
| 1. | Sen. Jesse Helms (R-NC), IW | \$17,270,697 | |
| 2. | Sen. Bill Bradley (D-NJ), IW | 12,278,701 | |
| 3. | Sen. Phil Gramm (R-TX), IW | 11,980,764 | |
| 4. | Sen. Paul Simon (D-IL), IW | 8,405,561 | |
| 5. | Harvey Gantt (D-NC), CL | 7,721,401 | |
| 6. | Sen. Rudy Boschwitz (R-MN), IL | 7,471,237 | |
| 7. | Sen. John Kerry (D-MA), IW | 7,253,841 | |
| 8. | Sen. Carl Levin (D-MI), IW | 6,898,415 | |
| 9. | Sen. Tom Harkin (D-IA), IW | 5,584,652 | |
| 10. | Sen. Mitch McConnell (R-KY), IW | 5,304,702 | |
| 11. | Jim Rappaport (R-MA), CL | 5,146,622 | |
| 12. | Sen. Bennett Johnston (D-LA), IW | 5,084,380 | |
| 13. | Rep. Tom Tauke (R-IA), CL | 4,993,772 | |
| 14. | Rep. Lynn Martin (R-IL), CL | 4,851,962 | (1) |

KEY

IW = Incumbent winner
CL = Challenger loser
IL = Incumbent loser

As you can see, the 1990 election costs have continued the upward spiral. The Federal Election Commission reports that through the last two weeks of the 1990 campaigns, congressional incumbents outspent their challengers by a ratio of roughly 4 to 1. In the final days of the 1990 congressional races, incumbents reported campaign balances of \$120 million compared to \$6 million for their challengers.

Eleven of the 1990 House races had expenditures of more than \$1,000,000. The total expenditures for those races were:

| | <u>RACE</u> | <u>EXPENDITURES</u> |
|-----|---------------------|---------------------|
| 1. | New Jersey CD 12 | \$1,976,493 |
| 2. | Washington CD 3 | 1,480,361 |
| 3. | Florida CD 4 | 1,293,098 |
| 4. | California CD 38 | 1,286,918 |
| 5. | Georgia CD 6 | 1,268,421 |
| 6. | Oregon CD 5 | 1,252,498 |
| 7. | Virginia CD 8 | 1,212,226 |
| 8. | North Carolina CD 4 | 1,193,302 |
| 9. | Missouri CD 3 | 1,180,320 |
| 10. | Texas CD 11 | 1,111,392 |
| 11. | Indiana CD 2 | 1,087,594 (2) |

Gubernatorial campaign spending is escalating in a similar manner. In the 36 states conducting gubernatorial elections in 1986, the candidates spent \$255,933,237, an average of 7,109,256 per state. In 1989, gubernatorial candidates in just two states spent \$47,902,262.

The total cost of gubernatorial elections from 1977-1989 was:

| <u>YEAR</u> | <u>NUMBER OF RACES</u> | <u>COST</u> | <u>AVERAGE COST PER RACE</u> |
|-------------|------------------------|---------------|------------------------------|
| 1977 | 2 | \$9,118,000 | \$4,559,000 |
| 1978 | 36 | \$99,733,000 | \$2,770,000 |
| 1979 | 3 | \$32,744,000 | \$10,914,000 |
| 1980 | 13 | \$35,551,000 | \$2,734,000 |
| 1981 | 2 | \$19,996,000 | \$9,998,000 |
| 1982 | 36 | \$181,743,000 | \$5,048,000 |
| 1983 | 3 | \$39,954,000 | \$13,318,000 |
| 1984 | 13 | \$46,830,000 | \$3,602,000 |
| 1985 | 2 | \$18,142,000 | \$9,071,000 |
| 1986 | 36 | \$255,933,000 | \$7,109,000 |
| 1987 | 3 | \$40,212,000 | \$13,404,000 |
| 1988 | 12 | \$50,922,000 | \$4,243,000 |
| 1989 | 2 | \$47,902,000 | \$23,951,000 (3) |

As a result of the escalating costs the personal bond in American politics between candidate and voter is vanishing. Fewer candidates devote their time and effort to meeting personally with prospective voters. Instead, face-to-face campaigning has been replaced with mass media advertising. Tony Bowe, a 37-year-old house painter says "I have to judge who comes across the best on radio or television. And I don't know enough to figure out what is the truth. I kind of throw my hands up in the air and say there's no hope." Many Americans and Montanans evidently agree with Mr. Bowe. Plummeting confidence in government, heavily influenced by mass media campaign techniques, means a growing number of individuals simply do not vote. Ironically, while campaign costs have risen sharply in recent years, voter turnout has steadily declined.

LOW VOTER TURNOUT

Voting is a constitutional right. The 1965 Voting Rights Act ensures that every American of legal age is able to vote. In the 1965 elections 60.84% of the voting age population voted, but, with the advent of modern campaigns, voter turnout has declined dramatically.

According to the Committee for the Study of the American Electorate, 63.59 % of the voting age population chose NOT to vote in the 1986 elections. Voters again demonstrated their discontent in the 1990 elections when fewer than four in ten people who were eligible to vote actually voted! In that election, voter turnout declined in 25 states -- only 36% of the 186 million Americans eligible to vote went to the polls.

Montana is not immune from national trends. During the last 10 years voter turnout has steadily declined. In 1980, 67 percent of the voting age population went to the polls, however, only 57 percent chose to vote in 1982. While Montana was second highest in the nation in voter turnout in 1990, only 55 percent of Montana's eligible adults voted.

THE NEED FOR CAMPAIGN FINANCE REFORM

It is time to reform the campaign finance laws in Montana. We need to move forward and restore the public confidence in the state's electoral system and its elected officials. The deepening skepticism among voters -- the growing perception that money buys favor and access to government -- makes it imperative that we address this problem. If not addressed soon, voter apathy will surely reach new heights, and voter turnout new lows. President Bush echoed American sentiment when he stated in his State of the Union address on January 29, 1991, "One of the reasons there is so much support for term limitations is that the American people are increasingly concerned about big-money influence in politics."

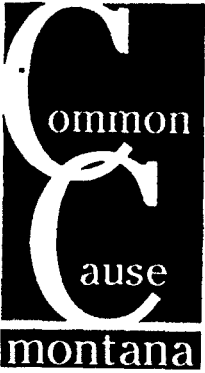
House Bill 955 is a meaningful measure that will help develop increased public confidence in the electoral process here in Montana. This bill calls for sensible and reasonable limits on campaign expenditures.

This bill sets voluntary campaign spending limits for all candidates running for public office. Incentives are given to those candidates that choose to comply with the limits and penalties for those who exceed the limits after they have chosen to comply.

The purpose of this bill is NOT to limit the term of office, it is NOT to limit PAC contributions and it is NOT to equalize school funding. The purpose of this bill is to provide voluntary spending limits and to give those limits some teeth.

Montanans are very fortunate that we can still engage grassroots campaigning throughout our state. It is time to provide the people of Montana with a solution to a nationwide problem that they are beginning to feel the effects of right here in Montana. Our state will flourish because we are able to see a problem before it becomes a crisis and offer a solution that is both realistic and positive for Montana.

- (1) Common Cause News, Washington, D.C., February 28, 1991.
- (2) Common Cause - Campaign Finance Information, Washington, D.C., 1990.
- (3) The Book of the States 1990-91.



SENATE STATE ADMIN.
EXHIBIT NO. 3
DATE 3-27-91
BILL NO. HB 955

TESTIMONY OF COMMON CAUSE/MONTANA

IN SUPPORT OF HOUSE BILL 955

27 MARCH 1991

P.O. Box 623
Helena, MT
59624
406/442-9251

Madame Chairwoman, members of the Senate State Administration Committee. For the record my name is C.B. Pearson, Executive Director of Common Cause/Montana. On behalf of our members, I am here today to speak in support of HB 955.

The sponsor of this bill has correctly identified a growing problem in Montana, that of rising campaign expenditures. Simply put, there is too much money in politics and political campaigning. There is today a pervasive "arms race" mentality when it comes to campaigning.

THE PROBLEM

A system of unlimited campaign spending puts public office on the auction block and makes the ability to raise large sums of money an unfortunate prerequisite for seeking public office. The extensive role played by PACs and other special interests in financing electoral contests gives unfair access and influence to special economic interests and wealthy donors, distorts the decision-making process, and undermines public confidence in the integrity of elected officials.

As John Gardner, the founding chairman of Common Cause, wrote in 1973, an insight which is also true today:

There is nothing in the political system today that creates more mischief, corruption and more alienation and distrust on the part of the public than does our system of financing elections.

Increased activity by special interests and ballooning campaign expenditures move elections further and further away from citizens and toward large monied interests, both individuals and PACs. While Montana has addressed the most blatant problems by limiting contributions by individuals and PACs as well as aggregate PAC contributions limits for legislative races, other areas also need reform to keep Montana's campaign finances in the hands of the voters. Campaign spending is one of those areas.

In Montana the amount of PAC money contributed as cash and as in-kind has dramatically increased for the 1990 elections. Total PAC contributions for 1990 legislative races increased by \$74,229, from \$134,758 in 1988 to \$208,987 in 1990, a 55% increase. This is the largest single increase in PAC contributions this decade.

The chart below graphs all campaign contributions for the Montana legislature over the last ten years, 1978 - 1988. From press accounts we know that 1990 again saw record-breaking activity.

| <u>1978</u> | <u>1980</u> | <u>1982</u> | <u>1984</u> | <u>1986</u> | <u>1988</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$382,140 | \$582,708 | \$635,596 | \$792,729 | \$820,623 | \$934,201 |

Campaign spending is spiraling out of sight. Candidates for the Governor's office raised \$3,225,864 during the 1988 election, an average of \$8.96 per voter. That is the average of \$15,508 per week was raised during the four year cycle of running for Governor. The democratic nominee raised \$703,854 or an average of \$3,383 per week while the republican nominee raised \$863,839 or an average of \$4,153 per week.

Twelve states spent less than Montana during the most recent election, including Washington (1988), Wyoming (1986), Vermont (1988), and Utah (1986). Only twelve states spent more per voter than Montana during the most recent 1986 and 1988 elections.

Montana has never established spending limits. The Legislature did establish a Public Campaign Fund in 1975 as the necessary constitutional pre-amble to a spending limit proposal.

In the 1973 study Campaign Practices and Finances, an Interim Study by the Joint Committee on Constitution, Elections and Federal Relations, increasing campaign expenditures and contributions were a topic of grave concern. The study set as one of its¹ three goals, "that spending in a campaign should be limited."¹ The Committee recognized the importance of keeping campaign spending levels down in order to free the political system of big money interests.

Spending limits proposals have come to the legislature at different times over the last ten years. However no proposal has

¹Interim Study by the Joint Committee on Constitution, Elections and Federal Relations. Campaign Practices and Finances. December 1973. P. 2.

garnered enough support for passage. The record high spending of 1988 should serve as a warning. It is time to address the issue of voluntary spending limits tied to a system of public financing.

On the federal level, Senator David Boren, Democrat of Oklahoma, said:

The legitimacy of our democratic political system rests on the integrity of the election process. We have a clear duty to act now to protect the integrity . . . The flood of money now polluting our campaign finance system is like drug to the addict. The longer we go without admitting we have a problem of addiction, the more ingrained the addiction becomes and the harder it will be to ever break the habit.

Proposals

To remedy these problems, Common Cause/Montana supports a comprehensive campaign finance reform package which includes campaign spending limits tied to a system of public financing, limitations on contributions, a program of full and timely disclosure of campaign finances, and strict enforcement by an independent commission.

There is the need to establish a strong inducement for candidates to agree to spending limits. We also need to make adjustments to our current campaign laws and we need new campaign laws to assist in keeping the financing of campaigns in the hands of all Montanans.

The most effective method for halting the trend of rocketing campaign spending is to establish a system of reasonable spending limits linked to public benefits which a candidate may voluntarily

enter into. Spending limits should cover both statewide and legislative candidates and both primary and general elections campaigns and should include limits on the use of personal wealth.

ROLL CALL VOTE

SENATE COMMITTEE STATE ADMINISTRATION

52st LEGISLATIVE SESSION

Date 3-27-91 Bill No. H-3955 Time 11:05

| NAME | YES | NO |
|----------------------------|-----|----|
| Chairman Eleanor Vaughn | 1 | X |
| Vice Chairman Bob Pipinich | X | |
| Senator John Anderson | | X |
| Senator Chet Blaylock | X | |
| Senator James Burnett | | X |
| Senator "Bill" Farrell | | X |
| Senator Harry Fritz | X | |
| Senator Bob Hockett | X | |
| Senator Jack "Doc" Rea | X | |
| Senator Bernie Swift | | X |
| | | |
| | | |

Dolores Harris
Secretary Dolores Harris

Eleanor Vaughn
Chairman Eleanor Vaughn

Motion: do concur as amended

ROLL CALL VOTE

SENATE COMMITTEE STATE ADMINISTRATION

52st LEGISLATIVE SESSION

Date 3-27-91

Bill No. H 3955 Time 11:10

| NAME | YES | NO |
|----------------------------|-----|----|
| Chairman Eleanor Vaughn | X | |
| Vice Chairman Bob Pipinich | | X |
| Senator John Anderson | X | |
| Senator Chet Blaylock | | X |
| Senator James Burnett | X | |
| Senator "Bill" Farrell | X | |
| Senator Harry Fritz | X | |
| Senator Bob Hockett | | X |
| Senator Jack "Doc" Rea | | X |
| Senator Bernie Swift | X | |
| | | |
| | | |

Dolores Harris
Secretary Dolores Harris

Eleanor Vaughn
Chairman Eleanor Vaughn

Motion: Farrell moved to table H 3955.
Motion carried.

Amendments to House Bill No. 711
Third Reading Copy

For the Committee on State Administration

Prepared by David S. Niss
March 27, 1991

1. Title, line 6.

Following: "RETIREEES"

Insert: "RECEIVING MONTHLY BENEFITS PRIOR TO JULY 1, 1991"

2. Title, line 9.

Following: "DATE"

Insert: "AND A TERMINATION DATE"

3. Page 2, line 7.

Following: "MUST"

Insert: "be receiving a monthly benefit before July 1, 1991, and
must

4. Page 3, line 15.

Strike: "."

Insert: ";

5. Page 3.

Following: line 15

Insert: "(iii) the maximum amount available for payment of supplemental benefits under this section after August 31, 1993, is limited to an amount that will provide a percentage increase in the average supplemental benefit of all eligible members that is equal to the percentage increase for the previous calendar year in the annual average consumer price index for urban wage earners and workers, compiled by the bureau of labor statistics of the United States department of labor or its successor agency. The intent of this subsection is to limit each annual individual supplemental benefit payment to no more than the increase in the consumer price index for the previous calendar year.

(c) Any amount deposited in the account, meaning the highway patrol officers' retirement pension trust fund, under subsection (4)(a) for the payment of supplemental benefits under this section that exceeds the limitation of subsection (4)(b)(iii) must be used to amortize unfunded liabilities of the account.

(5) Every 10 years following July 1, 1991, the department shall review the size of the additional fee

collected under 61-3-321(5) and deposited in the account in accordance with subsection (4)(a) and recommend to each legislature following the department's review any legislation necessary to reduce the fee to the minimum amount necessary to provide the supplemental benefits provided by this section."

6. Page 8.

Following: line 5

Insert: "NEW SECTION. Section 7. Termination -- disposition of funds. (1) The provisions of [sections 1 through 6] terminate upon the death of the last recipient eligible under [section 1(2)] for the supplemental benefit provided by [section 1].

(2) Money collected for the purposes of the supplemental payment under [section 1] that remains in the account, meaning the highway patrol officers' retirement pension trust fund, upon the termination of [sections 1 through 6] must be used to amortize unfunded liabilities of the account."

