MINUTES

MONTANA HOUSE OF REPRESENTATIVES
59th LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN LARRY JENT**, on February 11, 2005 at 8:05 A.M., in Room 455 Capitol.

ROLL CALL

Members Present:
Rep. Larry Jent, Chairman (D)
Rep. Dee L. Brown, Vice Chairman (R)
Rep. Veronica Small-Eastman, Vice Chairman (D)
Rep. Joan Andersen (R)
Rep. Mary Caferro (D)
Rep. Sue Dickenson (D)
Rep. Robin Hamilton (D)
Rep. Gordon R. Hendrick (R)
Rep. Teresa K. Henry (D)
Rep. Hal Jacobson (D)
Rep. William J. Jones (R)
Rep. Gary MacLaren (R)
Rep. Bruce Malcolm (R)
Rep. Alan Olson (R)
Rep. Bernie Olson (R)

Members Excused: Rep. Emelie Eaton (D)

Members Absent: None.

Staff Present: Sheri Heffelfinger, Legislative Branch
Marion Mood, Committee Secretary

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

Committee Business Summary:
Hearing & Date Posted: HB 530, 2/8/2005; HB 536, 2/8/2005; HB 173, 2/2/2005; HB 524, 2/8/2005
Executive Action: HB 530; HB 152; HB 290; HB 291

HEARING ON HB 530

Opening Statement by Sponsor:

REP. GARY MATTHEWS (D), HD 40, opened the hearing on **HB 530,** a bill which would authorize signage for Miles City's cultural heritage area. **REP. MATTHEWS** spoke about the unique problem that exists because government land lies west of Miles City, and the land is not properly zoned. The building of billboards east of Miles City would require the zoning of commercial and industrial land. **REP. MATTHEWS** would like to see Miles City be able to promote its community and its western roots. **REP. MATTHEWS** noted that many years ago, the highway used to pass through Miles City, which resulted in the construction of a tourism-based infrastructure; however, the interstate system bypassed Miles City. **REP. MATTHEWS** explained that particular government land will not allow any signage promoting Miles City, or its history, within 15 miles of town. **REP. MATTHEWS** explained that existing billboards east of Miles City were grandfathered in many years ago, and no new billboards can be erected. In addition, a tourism assessment that was completed three years ago recommended the implementation of signage. **REP. MATTHEWS** submitted a letter from Tom McKerlick, Executive Director of the Miles City Area Economic Development Council.
EXHIBIT(sth34a01)

Proponents' Testimony:

REP. DEE BROWN, HD 3, HUNGRY HORSE, believed that signage for Miles City should be done, and she supported HB 530.

REP. VERONICA SMALL-EASTMAN, HD 42, LODGE GRASS, supported HB 530 because of the historic events that occurred in Miles City with the Northern Cheyenne Tribe and the Crow Tribe. **REP. SMALL-EASTMAN** also noted Miles City's rodeo heritage and the annual Bucking Horse Sale.

REP. TIM CALLAHAN, HD 21, GREAT FALLS, testified that he supports HB 530.

REP. GORDON HENDRICK, HD 14, SUPERIOR, testified that proper signage provides opportunities for small businesses in the community.

Mary Phippen appeared as a taxpayer and resident of Glacier County. **Ms. Phippen** testified that she supports anything that would provide an economic benefit.

Opponents' Testimony: None.

Informational Testimony:

John Blacker, Department of Transportation (DOT), stated DOT is willing and able to put up the signs. **Mr. Blacker** stated that the $3,200 in the fiscal note would provide two signs on the Interstate, one sign on Highway 12, and one sign on Highway 59.

Questions from Committee Members and Responses: None.

Closing by Sponsor:

REP. MATTHEW closed the hearing on HB 530.

EXECUTIVE ACTION ON HB 530

Motion/Vote: **REP. HENDRICK moved that HB 530 DO PASS. Motion carried unanimously with REPS. A. OLSON, JONES, EATON, HAMILTON, and CAFERRO voting aye by proxy.**

HEARING ON HB 536

Opening Statement by Sponsor:

REP. TIM CALLAHAN (D), HD 21, opened the hearing on **HB 536**, a bill to generally revise the court automation surcharge. **REP. CALLAHAN** explained HB 536 would make permanent a surcharge for court information technology and transfer the surcharge to the General Fund.

Proponents' Testimony:

Jim Oppedahl, Administrator for the Montana Supreme Court, explained HB 536 is part of an effort to assure adequate, stable, and long-term funding for the IT of the Montana court system. **Mr. Oppedahl** provided a progress report to the Committee on updating Montana's court system. **Mr. Oppedahl** stated the system is still not adequate for a state as large as Montana, and that there is substantial work left to be done in the district courts to bring them up to state standards. In addition, there is no case docketing system in the Montana Supreme Court.

Mary Phippen, Montana Association of Clerks of District Court, stated continued funding for software and support is imperative for Clerks of Court to execute the duties of their offices.

Gordon Morris, Montana Association of Counties (MACo), stated the counties stand in favor of HB 536.

Ted Klack, Montana Magistrates Association, supports HB 536 because of the need for consistent financial support.

Chris Manos, State Bar of Montana, testified that HB 536 is critical for the continued functioning of the court. **Mr. Manos** pointed out that the citizens of Montana are the recipients of the services provided by the courts and without new technology, the courts will not be able to deliver adequate services.

Opponents' Testimony: None.

Informational Testimony: None.

Questions from Committee Members and Responses:

REP. BROWN asked if passage of HB 536 would cause the Supreme Court Administrator's Office to stop seeking Federal funding. **Mr. Oppedahl** responded they would not stop seeking Federal funding since there are large needs not covered in the maintenance budget.

REP. BROWN asked about the termination date for the surcharge. **Mr. Oppedahl** replied it is July 1, 2005.

REP. BROWN stated before she could support the bill, she would like to see the plan. **Mr. Oppedahl** stated he would be glad to provide REP. BROWN with the plan.

REP. BROWN recalled a statement made by REP. WANZENRIED that the issue should be looked at as part of an interim study and asked where HB 536 would fit into that interim study. **REP. CALLAHAN** explained the purpose of HB 536 is to keep the fee and transfer it to the General Fund, and the whole issue about the court budget and its IT needs would be taken up in the Appropriations Committee. **REP. CALLAHAN** agreed an interim study regarding state assumption and IT should go forward. However, **REP. CALLAHAN** stated he disagreed with REP. WANZENRIED's characterization that the court system's IT needs are out of control or unmanageable. **REP. BROWN** agreed with REP. CALLAHAN and stated she believes an interim study will be initiated. **REP. BROWN** asked if it would be wiser to wait two years and see what the interim study suggests. **REP. CALLAHAN** did not agree, and he believed the interim study would suggest moving the funding to the General Fund.

REP. HAL JACOBSON, HD 82, HELENA, wanted to know how the system worked prior to state assumption. **Mr. Oppedahl** explained the $5 surcharge came in 1985, and in 2003, the surcharge was increased to $10.
{Tape: 1; Side: A; Approx. Time Counter: 19.5 - 20.5; Comments: Questions from the Committee.}
{Tape: 1; Side: B}

REP. JACOBSON asked about the procedure for collection of the fee prior to state assumption. **Mr. Oppedahl** explained the fee has always come into the Department of Revenue and been placed in a surcharge account in the Supreme Court's budget. The account has never been adequate to address IT needs in a stable, long-term manner. **REP. JACOBSON** noted the funding mechanism did not change after district court assumption. **Mr. Oppedahl** agreed and noted state assumption did not look at IT at the county level, but just continued on with the existing surcharge already in place.

REP. GARY MACLAREN, HD 89, VICTOR, wanted to know if the revenue from the surcharge is steady at $1.6 million. **Mr. Oppedahl** responded the surcharge leveled out at $900,000 when the surcharge was $5. When the surcharge was increased to $10, they simply estimated the revenue as double, or $1.8 million, but they failed to consider any lag time in collecting the surcharge.

REP. MACLAREN asked about the effective date of June 28. **Mr. Oppedahl** explained that the legislation becomes effective on June 28 to avoid the July 1 termination date.

REP. JOAN ANDERSEN, HD 59, FROMBERG, noted the fiscal note requires 14 full-time equivalent (FTE) and asked if these were brand new people. **Mr. Oppedahl** explained that since the surcharge terminates every two years, current FTE disappear. **Mr. Oppedahl** further explained that when they are operating under a surcharge, they can only spend what they collect. **Rep. Anderson** noted it would not make any difference whether the money was in a Special Revenue Account or the General Fund, as they would only be able to spend what they collect. **Mr. Oppedahl** stated under HB 536, they would put whatever is collected from the surcharge into the General Fund and then go to the Appropriations Committee for a General Fund appropriation. **Mr. Oppedahl** explained there could be a $300,000 General Fund impact.

Closing by Sponsor:

REP. CALLAHAN closed the hearing and stated the underlying budget issue would be addressed down the road.

HEARING ON HB 173

Opening Statement by Sponsor:

REP. RALPH HEINERT (R), HD 1, opened the hearing on **HB 173,** which would allow the use of the search and rescue surcharge in the fiscal year after it is deposited. **REP. HEINERT** explained how HB 173 would correct an oversight when legislation was passed in 2003. **REP. HEINERT** explained that the Department of Military Affairs Division, Disaster and Emergency Services, maintains an account from which counties can seek reimbursement for costs of training and equipment up to $3,000 for each search they conduct. The 2003 Legislature added a .25 surcharge to all conservation licenses sold in Montana. This surcharge generates approximately $100,000 per year. The 2003 Legislature provided for any unused funds to would revert from that account back to the general license account at the end of each fiscal year. **REP. HEINERT** noted that the funds are usually not there for rescues that occur during the summer months. Therefore, HB 173 would leave the funds in the account for one additional year.
{Tape: 1; Side: B; Approx. Time Counter: 10.8 - 14.3; Comments: REP. HEINERT'S opening on HB 173.}

Proponents' Testimony:

Chris Smith, Montana Department of Fish, Wildlife & Parks (FWP), submitted written testimony as a proponent of HB 173. **EXHIBIT(sth34a02)**

Ralph DeCunzo is chairman of a council consisting of peace officers and volunteers from around the state and was established to work with the Department of Military Affairs. **Mr. DeCunzo** urged support of HB 173.

Opponents' Testimony: None.

Informational Testimony:

Dan Lieberg, Montana Disaster and Emergency Services Division, offered to answer questions from the Committee.

Questions from Committee Members and Responses:

REP. BROWN wondered what year SB 112 passed. **Mr. Smith** recalled it was 2003. **REP. BROWN** expressed that there has not been enough history to know whether there is a problem. **Mr. Smith** clarified the legislation is preventative to stop any problems from occurring in the future. **REP. BROWN** asked Mr. Smith to supply

information regarding disbursements and collections since the fund's inception.

REP. BERNIE OLSON, HD 10, LAKESIDE, asked if the funds did not revert back at the end of the year, and whether there would be additional training and equipment that could be purchased. **Mr. Lieberg** explained at least 50 percent of the funds go to search and rescue missions, and the remaining 50 percent can be spent on training and equipment purchases. Mr. Lieberg stated there was confusion regarding the proper procedure, and he anticipates more requests in the future.

REP. HEINERT explained that to remain eligible for Federal funding, all license fees and funds must be used and managed solely for FWP; therefore, the money has to revert back, or it places Federal funds at risk.

CHAIRMAN REP. LARRY JENT, HD 64, BOZEMAN, asked for an explanation about why the accounting is so important in relation to the Pitman-Robertson and Wallup-Breaux programs. **Mr. Smith** explained that in order to maintain Federal funding, license revenue for hunting and fishing can only be used for administration of FWP. **Mr. Smith** explained it is important to be able to track the revenue to maintain eligibility for Federal aid. **REP. HENIERT** noted the funds represent a three-to-one Federal match.

REP. ANDERSEN asked if the account for search and rescue is a matching fund with the county. **Mr. Lieberg** replied there is a maximum of $3,000 per rescue, and there is a cost-share for equipment.

Closing by Sponsor:

REP. HEINERT closed the hearing by stating it is difficult to know how many rescues will occur before the fiscal year ends. In addition, **REP. HEINERT** suggested at least two or three rescues will be needed during Montana's hunting season.

{Tape: 2; Side: A}

HEARING ON HB 524

Opening Statement by Sponsor:

REP. JOHN SINRUD (R), HD 67, opened the hearing on **HB 524,** which would clarify appointment of a fifth districting and apportionment commissioner. **REP. SINRUD** directed the Committee to Lines 19-20, which limits who the Montana Supreme Court can

choose to chair the Reapportionment Committee. **REP. SINRUD** would like to remove politics and allow the Supreme Court to choose a people-orientated person to chair that committee.

Proponents' Testimony: None.

Opponents' Testimony:

Joe Lamson, a private citizen, opposed the legislation because he believed it would infringe upon the constitutional authority of the Commission. **Mr. Lamson** believed the legislation would result in lawsuits, and he cited two other lawsuits which were filed as a result of redistricting. **Mr. Lamson** noted the Supreme Court found that the Legislature has a very narrow role under the constitution. **Mr. Lamson** suggested HB 524 has the same constitutional flaws as previous legislation. In addition, **Mr. Lamson** believed HB 524 was poor public policy.

Informational Testimony: None.

Questions from Committee Members and Responses:

REP. BROWN asked about changing the constitutional relationship and noted there are many other areas where there are sideboards and parameters set on what the Supreme Court can and cannot do, as far as policy statements. **Mr. Lamson** agreed, but added redistricting is unique because a Commission has been formed under the constitution with extraordinary powers.

REP. ANDERSEN asked if there were any members on the last Commission who would have possibly been excluded had HB 524 been in effect at the time the Commission was selected. **Mr. Lamson** thought perhaps Chairman Pease would have been excluded since during the past ten years, she had been directly affiliated with a member, a volunteer, or paid staffer of a political party.

REP. B. OLSON noted there are a number of non-partisan offices to which people are elected and wondered if those positions would be included. **REP. SINRUD** replied those non-partisan offices would be included. **REP. B. OLSON** wondered why REP. SINRUD did not think he needed a constitutional amendment. **REP. SINRUD** stated the legislation was not denying the Montana Supreme Court the ability to choose a member. **REP. SINRUD** explained the legislation would simply provide some parameters and provide protection for the people of Montana.

REP. ALAN OLSON, HD 45, ROUNDUP, asked **REP. SINRUD** if he would oppose removing the reference to "or have been elected to office" on Lines 20-21.

REP. SINRUD stated he did not have a problem removing the language, as long as the politics remain out. **REP. A. OLSON** pointed out that each of the legislators is a member of a political party.

REP. JACOBSON wanted to know if the three preceding commissions in 1972, 1982 and 1992 created the same level of controversy as the 2002 commission. **REP. SINRUD** replied that all the commissions have been extremely controversial.

REP. B. OLSON asked **Mr. Lamson** if he agreed that there was no constitutional restriction on the legislature tightening any deviation of representative districts from five percent to one percent. **Mr. Lamson** replied HB 307 directed the Commission to limit the population deviation down to one percent. The Courts then said the legislature did not have the authority to put sideboards on the population deviation. **Mr. Lamson** stated one of the major issues that pushed the 1972 Constitutional Convention was the failure of the legislature to redistrict itself in 1965 and 1971.

CHAIRMAN JENT summarized the question before the Committee as defining what powers the legislature has to direct the Supreme Court in the choosing of the fifth member of the Commission.

REP. B. OLSON asked if it would be fair to say that with computer technology today, it would be quite easy to adjust a Representative's district within one percent, plus or minus. **Mr. Lamson** agreed, but noted that when redistricting is done, there are other competing criteria which must be considered.

Closing by Sponsor:

REP. SINRUD closed by stating that he discussed the issue with Mae Nan Ellingson, a participant in the 1972 Constitutional Convention, who stated at the time they had no idea about the ability of computers in the future to calculate down to one-half percent. **REP. SINRUD** explained that Susan Fox, Legislative Services Division, calculated the redistricting. **REP. SUE DICKENSON, HD 25, GREAT FALLS,** interjected and objected to REP. SINRUD's comments. **REP. BROWN** noted REP. SINRUD was attempting to show a previous nonpartisanship. **REP. SINRUD** closed by suggesting the politics need to be removed by giving the Supreme Court direction.

REP. A. OLSON expressed his displeasure about interrupting the sponsor of a bill when he is closing. **CHAIRMAN JENT** noted closing argument is meant to be the last chance of persuasion and stated that unless a sponsor is totally out of line, his closing argument should not be interrupted.

{Tape: 2; Side: B}
(REP. HAMILTON arrives).

REP. LLEW JONES, HD 27, CONRAD, relayed a message from Governor Schweitzer stating the Governor would like to have an ethics bill since the current law does not apply to anyone for any period of time. Governor Schweitzer would like the law to apply to administrators and legislators. Both Governor Schweitzer and Hal Harper stated that they were amenable to amendments. In addressing the Governor's efficiency bill, Governor Schweitzer relayed that he could govern more efficiently with the bill.

REP. BROWN commented that discussion could be had on either of these issues and that there are procedures in place that would allow discussion to occur.

EXECUTIVE ACTION ON HB 152

Motion: REP. BROWN moved that HB 152 DO PASS.

Motion: REP. DICKENSON moved that HB015203.ash BE ADOPTED.

Discussion:

REP. DICKENSON explained the amendment puts into HB 152 that if LC2199, the funding mechanism for this retirement adjustment, does not pass, then the act is void.

Vote: Motion that HB015203.ash BE ADOPTED carried 14-2 by voice vote with REP. ANDERSEN and REP. JONES voting no and REP. EATON voting aye by proxy.
EXHIBIT(sth34a03)

Motion: REP. HENDRICK moved that HB 152 DO PASS AS AMENDED.

Discussion:

CHAIRMAN JENT explained HB 152 creates an unfunded liability, and another bill will provide the funding mechanism, and HB 152 is contingent upon that bill passing.

REP. BROWN was curious why the second bill only has an LC number rather than a HB number. **Ms. Heffelfinger** explained the bill will be drafted, but it is an appropriation and revenue bill and, therefore, is not receiving priority at this point.

REP. DICKENSON clarified the tax is currently 2.5 percent and, if LC 2199 becomes law, it would increase the tax to 2.67 percent. **Ms. Heffelfinger** added the .17 percent would likely raise more money than necessary. **Ms. Heffelfinger** stated the bill has to be introduced before a fiscal note is prepared.

REP. B. OLSON stated he had spoken with the Kalispell City Fire Chief who did not want to see an increase in dues. **REP. B. OLSON** would like to be able to relay where the money is coming from and how much it is.

REP. ANDERSEN had questions about the tax on fire insurance premiums and wanted to know who would be responsible for paying the fire insurance premium tax. **Ms. Heffelfinger** explained the fire insurance premium tax would be paid by insurance companies, and the tax would be 2.5 percent of the insurance premium collected on fire insurance. If the insurance company chooses to pass that cost on to the consumer, it will affect anyone who purchases fire insurance.

REP. DICKENSON recalled a previous discussion that the 136 firefighters had made a choice. **REP. DICKENSON** explained in actuality, those 136 firefighters were never given a choice of a 50-percent or 75-percent adjustment in purchasing power and only had the option of a 50-percent purchasing power adjustment. **REP. DICKENSON** suggested it was a matter of equity in policy and urged that HB 152 should be supported.

REP. BROWN commented that she believes that if everyone is going to pay, the people who are going to get the benefits should also pay. **REP. BROWN** envisioned significant long-term impacts and stated she would not be supporting the bill.

(**REP. CAFERRO** leaves.)

REP. DICKENSON expressed concern about asking local governments or the employees to contribute and, therefore, she wanted to spread the burden out broadly while still taking care of the hardship placed on a group of firefighters. **REP. DICKENSON** believed it was good policy, and noted the policy would not go into effect unless a funding mechanism is found by the Taxation Committee.

REP. ANDERSEN commented that she objects to asking the farmers and ranchers in her district to pay extra on their fire insurance premiums, even if the extra amount is small.

REP. HENDRICK noted smaller rural areas depend on volunteer firefighters, and those firefighters receive nothing.

REP. JONES noted the premium on a rural home is higher than a premium on a home in the city. Therefore, the amount paid by those in rural areas will be significantly higher.
{Tape: 2; Side: B; Approx. Time Counter: 8.6 - 28.3; Comments: Discussion regarding HB 152.}
{Tape: 3; Side: A}

Vote: Motion failed 7-9 by roll call vote with REP. DICKENSON, REP. HAMILTON, REP. HENRY, REP. JACOBSON, and REP. SMALL-EASTMAN voting aye, and REP. CAFERRO and REP. EATON voting aye by proxy.

Motion/Vote: REP. B. OLSON moved that HB 152 BE TABLED AND THE VOTE REVERSED. Motion carried unanimously.

EXECUTIVE ACTION ON HB 290

Motion: REP. SMALL-EASTMAN moved that HB 290 DO PASS.

Motion: REP. SMALL-EASTMAN moved that HB02901.ash BE ADOPTED. EXHIBIT(sth34a04)

Discussion:

REP. SMALL-EASTMAN explained that because of the high population of Native Americans in the state prison system, one Native American cannot attend all parole hearings. Therefore, **REP. SMALL-EASTMAN** suggested that the one Native American member of the parole board should be used in an advisory capacity. In addition, **REP. SMALL-EASTMAN** noted that members of the parole board only receive $50 per day, plus expenses, and suggested the Committee consider drafting a committee bill increasing that amount.

CHAIRMAN JENT commented he is much more comfortable with the bill with the amendment. **CHAIRMAN JENT** stated he read the court case referred to in the hearing where the parolee was successful in getting his parole hearing reversed because a Native American was not present at his parole hearing.

Vote: Motion TO ADOPT HB02901.ash carried unanimously with REP. EATON and REP. CAFERRO voting aye by proxy.

Motion: **REP. HAMILTON moved that HB 290 DO PASS AS AMENDED.**

Discussion:

REP. BROWN commented that she has received a substantial number of e-mails, and the overwhelming response is that passing a bill about ethnicity on any board is a wrong move for the Legislature.

REP. JONES commented having a Native American on the parole board is definitely needed.

REP. BRUCE MALCOLM, HD 61, EMIGRANT, recalled similar legislation being heard in Judiciary and that the words "knowledge of Native American culture" were inserted as a compromise and a method of providing Indian knowledge to all parole board members. **REP. MALCOLM** suggested the current law is adequate and should be left alone.

REP. MacLAREN stated he would oppose any legislation that designates somebody for anything on the basis of race, culture, or national origin.

REP. ROBIN HAMILTON, HD 92, MISSOULA, suggested Montana's Native American population is a special case, and that the Native American members of the Board of Pardons have been exceedingly valuable. **REP. HAMILTON** suggested it is important to have the language in statute.

CHAIRMAN JENT stated he is satisfied with the amendment and noted having an American Indian on the board reflects the status quo which has existed for some time.

Vote: **Motion carried 11-5 by roll call vote with REP. ANDERSEN, REP. BROWN, REP. HENDRICK, REP. MACLAREN, and REP. MALCOLM voting no, and REP. CAFERRO and REP. EATON voting aye by proxy.**
{Tape: 3; Side: A; Approx. Time Counter: 2.2 - 12.9; Comments: Executive Action on HB 291.}

EXECUTIVE ACTION ON HB 291

Motion: **REP. SMALL-EASTMAN moved that HB 291 DO PASS.**

Motion: **REP. SMALL-EASTMAN moved that HB029101.ash BE ADOPTED.**
EXHIBIT(sth34a05)

Discussion:

REP. SMALL-EASTMAN explained originally she was trying to add two more members to the parole board, but because of the increased cost, decided to keep the membership at seven members. **REP. SMALL-EASTMAN** explained that Montana would be divided into two districts, and there would be three members from each district and one Native American from a coal-producing county.

Vote: Motion to adopt HB029101.ash carried unanimously by voice vote with REP. CAFERRO and REP. EATON voting aye by proxy.

Motion: REP. B. OLSON moved that HB 291 DO PASS AS AMENDED.

Discussion:

REP. A. OLSON explained he would not support HB 291 because the State does not receive any revenue off tribal coal and is still reimbursing the tribes for severance tax collected in the past on tribal coal. **REP. A. OLSON** explained how funding for the Coal Board comes from coal severance tax.

REP. BROWN wanted to know if there was a coal board set up within the Tribes. **REP. SMALL-EASTMAN** replied there was not, but that the Crow Tribe has its own Natural Resources Commission.

REP. SMALL-EASTMAN addressed REP. A. OLSON's concerns and explained she is aware of the settlement over the coal severance tax, but noted the interest is off the remaining $10 million owed by the state. **REP. SMALL-EASTMAN** spoke about the reclamation the tribes must still pay to the Federal government. In addition, **REP. SMALL-EASTMAN** stated they are trying to negotiate having the State do a matching contribution with the county and the City of Hardin and with the Rocky Mountain power plant and ethanol plant, so the Crow Tribe would be using some of the money that the State should have paid to them. **REP. SMALL-EASTMAN** reminded the Committee that the coal mine is not all within the tribal boundary, so Native Americans pay state taxes.

REP. JENT asked if the State Coal Board regulates companies doing business in both Indian country and surrounding counties. **REP. SMALL-EASTMAN** explained they do not regulate the companies but do supply grants.

(REP. CAFERRO returns.)

REP. A. OLSON added that the purpose of the Coal Board is to address impacts from coal development through a grant process.

REP. OLSON added there are 300 miners in the Decker/Spring Creek area who live in Sheridan, Wyoming, and who pay income tax in Montana, plus sales tax in Wyoming.

REP. DICKENSON stated most of the plans for coal over the next several years will be southeastern Montana and will have a big effect on the Native Americans. **REP. DICKENSON** asked if the Coal Board also works with other issues surrounding coal development. **REP. DICKENSON** believed that it would be very helpful to have a Native American from a coal-producing county on the board. **REP. DICKENSON** suggested this would be very healthy for the industry overall.

Vote: Motion carried 9-7 by roll call vote with REP. ANDERSEN, REP. BROWN, REP. HENDRICK, REP. MACLAREN, REP. MALCOLM, REP. A. OLSON, and REP. B. OLSON voting no, and REP. EATON voting aye by proxy.

ADJOURNMENT

Adjournment: 11:45 A.M.

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REP. LARRY JENT, Chairman

_____
CYNTHIA A. PETERSON, Secretary

LJ/CP

Additional Exhibits:

EXHIBIT(sth34aad0.PDF)