

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



JOHN WALSH
LT. GOVERNOR

May 3, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby deliver to you House Bill (HB 2), "AN ACT APPROPRIATING MONEY TO VARIOUS STATE AGENCIES FOR THE BIENNIUM ENDING JUNE 30, 2015; AND PROVIDING AN EFFECTIVE DATE" which, except for line-item vetoes, I have signed into law.

Montanans expect their elected officials to be responsible stewards of taxpayer money. To that end, I set three goals in developing my proposed Executive Budget and asked the same of the Legislature. First, we must maintain a healthy savings account to weather any unexpected economic downturn. Second, we cannot spend more than we take in and must maintain structural balance. Finally, I asked that essential services be funded and long-term liabilities fixed before creating new programs or new tax expenditures.

Unfortunately, the Legislature did not meet all of those markers. Therefore, I submit line item vetoes of HB 2, the General Appropriations Act, in order to reduce spending, eliminate new programs or payments that we simply cannot afford, or fix technical errors which would ultimately cost the taxpayers of Montana.

Below is a summary of my line-item vetoes with page and line numbers indicated for the reference copy of the bill. I respectfully request that you sustain my vetoes and bring the budget back into structural balance and reduce spending to more sustainable levels.

Secretary of State

- Page A-3, Lines 14-18, Lines 21-22 and Line 27; Page A-4, Line 1: In accordance with 17-8-101, MCA, these funds do not need to be appropriated and have not been appropriated since the late 1990s. This appropriation is redundant and unnecessary and therefore I remove it from the bill.

Department of Revenue

- Page A-7, Lines 23-24: These funds are appropriated for the Department of Revenue to conduct a review of active exempt property records. No bill was passed to conduct this study

and no hearing was held on its implementation. The services provided by the many Montana non-profits organizations, from hospitals to YMCAs, are critical to the people of our State.

Department of Administration

- Page A-9, Lines 16-19: The state contribution toward the employee benefit plan is statutorily established in 2-18-703, MCA, and is routinely reviewed in House Bill 13 (HB 13) by the Legislature. In accordance with 2-18-812(1), MCA, the plan must be actuarially sound and is audited by the Legislative Audit Division. The language contained on Page R-5, Lines 25-26 and Page R-6, Lines 1-3 is sufficient to meet the requirements of 2-18-812(4), MCA, therefore making this appropriation unnecessary and redundant.

Department of Labor and Industry

- Page A-12, Lines 4-5: Due to the failure of House Bill 627, this appropriation is not valid and should be eliminated.

Department of Military Affairs

- Page A-13, Lines 21-22: “ChalleNGe Recruitment and Retention” provides a \$450,000 increase above that funded in HB 13. Given the Legislature’s reservations about broadband pay adjustments and my commitment to treat employees fairly within existing budgets, we will utilize the State Pay Plan to implement a pay raise for employees of the Montana Youth ChalleNGe program.

Department of Public Health and Human Services

- Page B-1, Lines 21-22; Page B-2, Lines 26-27; and Page B-3, Line 1: This appropriation provides \$1,000 for the Department of Public Health and Human Services (DPHHS) to report to legislative committees on the policies and procedures developed for the implementation of House Bill 131 and Senate Bill 65. These funds are unnecessary. My agencies have already improved communications with the Legislature and will continue to provide information as necessary and appropriate.
- Page B-6, Lines 24-25; Page B-9, Lines 8-9: My administration proposed and supported a 2 percent provider rate increase for DPHHS and Department of Corrections contractors. This was a fair and reasonable increase. Given the need to return the budget to structural balance and the Legislature’s failure to meet my ending fund requirements, I cannot support additional provider rate increases to only one class of providers that is above the fair and equitable 2 percent per year raise.
- Page B-7, Lines 12-13: “One-Time Mental Health Crisis Jail Diversion Services” took money from the Montana Chemical Dependency Center. These funds should remain with the originating facility, program and clients. Eliminating this one-time only appropriation still leaves over \$200,000 per year in ongoing new funding for this critical program of mental health crisis jail diversion.

Fish, Wildlife and Parks

- Page C-1, Lines 13-14; Page C-3, Lines 3-5: This appropriation provides \$1,000 for FWP to report to legislative committees on the maintenance of fishing access sites. These funds are unnecessary. My agencies have already improved communications with the Legislature and will continue to provide information as necessary and appropriate.
- Page C-1, Lines 17-18; Page C-3, Lines 6-7: “Warden Salary Adjustment” provides funds for a 5.82 percent increase above that funded in HB 13. Given the Legislature’s reservations about broadband pay adjustments and my commitment to treat employees fairly within existing budgets, we will utilize the State Pay Plan to implement a pay raise for game wardens. We will also review the current market analysis methodology for comparable employees and their pay.

Department of Livestock

- Page C-7, Lines 7-8: The funding source for the appropriation for “Predator Control of Grizzly Bear” is the coal bed methane protection account. According to 76-15-904, MCA, these funds may only be used to “compensate landowners and water right holders for damages attributable to coal bed methane development.” Therefore, allowing this appropriation to remain would violate 76-15-904, MCA, and is an inappropriate use of these funds.

Department of Natural Resources and Conservation

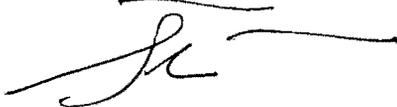
- Page C-8, Lines 26-27: This \$1.4 million addition to the Board of Oil and Gas Conservation is meant to fund educational and research activities of the board. The 2011 Legislature appropriated \$1.5 million for the 2013 biennium for the same purpose. Only \$83,490 of these funds were spent in fiscal year 2012 and that amount is included in the board’s budget. Given that the additional funds were not included in the Executive Budget and the board’s budget already includes over \$80,000 for this purpose, additional funding is not necessary.
- Page C-9, Lines 11-12: “Board of Oil and Gas Inspectors Personal Services” provides \$200,000 for salary increases above that funded in HB 13. Given the Legislature’s reservations about broadband pay adjustments and my commitment to treat employees fairly within existing budgets, we will utilize the State Pay Plan to implement a pay raise for inspectors.
- Page C-10, Lines 6-7: The funding source for the appropriation for Montana Rural Water Systems is the Board of Oil and Gas administration fund. According to 82-11-135, MCA, these funds may only be used for “paying all expenses of the board and for no other purpose.” Therefore, allowing this appropriation to remain would violate 82-11-135, MCA, and this is an inappropriate use of these funds.

Montana University System

- Page E-8, Lines 26-27: This \$250,000 appropriation is in addition to the increase of \$1,540,000 in funds for the Agriculture Experiment Station (AES) appropriated by the Legislature above my original budget proposal. If this funding is a priority, the AES has more than sufficient appropriation authority to cover these expenses. Given the current status of the budget and the Legislature's failure to meet my minimum ending fund balance requirements, I cannot support this additional earmark.
- Page E-9, Lines 3-4: This \$400,000 appropriation is in addition to the increase of \$600,000 in funds for the Extension Service appropriated by the Legislature above my original budget proposal. If this funding is a priority, the Extension Service has more than sufficient appropriation authority to cover these expenses. Given the need to return the budget to structural balance and the Legislature's failure to meet my ending fund requirements, I cannot support this additional earmark.

For these reasons, I sign HB 2 into law with the exception of the foregoing line-item vetoes.

Sincerely,



STEVE BULLOCK
Governor

cc: Legislative Services Division
Mark Blasdel, Speaker of the House
Jeff Essmann, President of the Senate