

**SENATE JOURNAL
63RD LEGISLATURE
SEVENTY-EIGHTH LEGISLATIVE DAY**

Helena, Montana
April 13, 2013

Senate Chambers
State Capitol

Senate convened at 9:03 a.m. President Essmann presiding. Invocation by Father Jerry Lowney. Pledge of Allegiance to the Flag.

Roll Call. All members present. Quorum present.

BILLS AND JOURNALS (Buttrey, Chair):

4/13/2013

Correctly printed: **SJR 26, SJR 30, SR 63, HB 4, HB 10, HB 11, HB 86, HB 87, HB 116, HB 254, HB 355, HB 363, HB 404, HB 444, HB 498, HB 509, HB 575, HB 582, HB 583, HB 588, HB 591, HB 630.**

Correctly engrossed: **SR 34, HB 320, HB 401.**

Examined by the sponsor and found to be correct: **SB 20, SB 107, SB 112, SB 127, SB 144, SB 179, SB 200, SB 236, SB 242, SB 269, SB 294.**

Transmitted to the House: **HB 3, HB 605.**

Senator Wittich rose on a point of personal privilege.

REPORTS OF STANDING COMMITTEES

EDUCATION AND CULTURAL RESOURCES (Peterson, Chair):

4/12/2013

SR 46, be adopted. Report adopted.

SR 48, be adopted. Report adopted.

SR 55, be adopted. Report adopted.

HB 447, be amended as follows:

1. Page 1, line 17.

Strike: "was"

Insert: "has been"

2. Page 1, line 18.

Following: "school"

Insert: "either prior to or after military service"

3. Page 1, line 19.

Strike: "that institution"

Insert: "an accredited state university or state vocational or technical school"

4. Page 1, line 20.

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Strike: "\$500"
Insert: "\$1,000"

And, as amended, be concurred in. Report adopted.

FINANCE AND CLAIMS (Ripley, Chair):
HB 420, be amended as follows:

4/12/2013

1. Page 4, line 17.
Strike: "\$105,000"
Insert: "\$1"

And, as amended, be concurred in. Report adopted.

HIGHWAYS AND TRANSPORTATION (Arntzen, Chair):
HB 414, be amended as follows:

4/12/2013

1. Title, line 4.
Strike: "A PLACE OF ABODE"
Insert: "AN INTEREST IN REAL PROPERTY"

2. Title, line 5.
Strike: "ABODE"
Insert: "REAL PROPERTY"

3. Page 1, line 28.
Strike: "a place of abode"
Insert: "an interest in real property"

4. Page 2, line 18.
Strike: "a place of abode"
Insert: "an interest in real property"

5. Page 2, line 19.
Strike: "abode"
Insert: "real property"

And, as amended, be concurred in. Report adopted.

PUBLIC HEALTH, WELFARE AND SAFETY (Priest, Chair):
HB 262, be concurred in. Report adopted.
HB 604, be amended as follows:

4/12/2013

1. Page 2, line 1.
Strike: "president of the senate"

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Insert: "senate committee on committees"

2. Page 2, line 16.

Following: "filled by"

Insert: "an individual appointed by"

And, as amended, be concurred in. Report adopted.

HB 623, be amended as follows:

1. Title, page 1, line 8.

Following: "~~INSURANCE;~~"

Insert: "PROVIDING GRANTS TO ASSIST CERTAIN INDIVIDUALS WITH THE PURCHASE OF HEALTH INSURANCE; ESTABLISHING A SELECT COMMITTEE ON MEDICAID INNOVATION, REFORM, AND EXPANSION;"

2. Title, page 1, line 9.

Following: "GRADUATES;"

Insert: "ESTABLISHING HOSPITAL CHARITY CARE STANDARDS AS A REQUIREMENT FOR EXEMPTION FROM STATE TAXES; PROVIDING FOR REFORMS TO THE STATE MEDICAID PROGRAM; ELIMINATING THE INSURE MONTANA PROGRAM; CREATING SPECIAL REVENUE ACCOUNTS; PROVIDING DEFINITIONS;"

3. Title, page 1, line 11.

Following: "~~PROVIDING~~"

Strike: "AN APPROPRIATION;"

Insert: "A STATUTORY APPROPRIATION AND APPROPRIATIONS; TRANSFERRING FUNDS;"

4. Title, page 1, line 12.

Following: "~~47-7-502;~~"

Insert: "15-6-201, 15-30-2110, 15-30-2618, 15-31-102, 15-31-511, 17-6-606, 17-7-502, 33-22-1513, 33-22-1815, 33-22-1816, 45-6-301,"

Following: "50-4-716;"

Strike: "AND"

Insert: ", "

Following: "50-4-720,"

Insert: "53-4-1004, AND 53-6-1201, MCA; REPEALING SECTIONS 15-30-2368, 15-31-130, 33-22-2001, 33-22-2002, 33-22-2003, 33-22-2004, 33-22-2005, 33-22-2006, 33-22-2007, 33-22-2008, 33-22-2009, 53-2-216, AND 53-2-217, MCA;"²

Following: ";"

Insert: ", "

Strike: "AND"

5. Title, page 1, line 13.

Following: "~~DATE~~"

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Insert: ", AND A TERMINATION DATE"

6. Page 1.

Following: Line 13.

Insert: "WHEREAS, state government budgets have come under pressure in recent years because of prevailing national economic conditions; and

WHEREAS, the costs of providing social services make up a large portion of state government budgets; and

WHEREAS, new approaches to funding social services may result in lower costs and better outcomes over the course of time; and

WHEREAS, the Department of Public Health and Human Services has the authority to seek waivers from the federal government to provide Medicaid services in new ways that may improve the delivery of the services or reduce the costs of the services; and

WHEREAS, the 62nd Legislature passed Senate Bill No. 221 to contain health care costs through the authorization of accountable care organizations; and

WHEREAS, the 63rd Legislature passed Senate Bill No. 84 to contain health care costs through the establishment of standards and a structure for patient-centered medical homes; and

WHEREAS, the Patient Protection and Affordable Care Act required the expansion of the state-federal Medicaid program to nonelderly, nondisabled, and nonpregnant individuals between the ages of 18 and 65 who are at or below 138% of the federal poverty level; and

WHEREAS, the U.S. Supreme Court ruling in *National Federation of Independent Business v. Sebelius* in essence gave states the option of choosing whether to participate in the expansion of the Medicaid program; and

WHEREAS, Democratic and Republican governors in several states are exploring alternatives to a straight expansion of the Medicaid program as provided for under the Patient Protection and Affordable Care Act; and

WHEREAS, the Congressional Budget Office reported in February 2013 that Medicaid accounted for 40% of the federal spending on government programs assisting low-income individuals in 2012; and

WHEREAS, growth in the Medicaid program nationally has averaged about 7% percent a year above the rate of inflation, according to the Congressional Budget Office; and

WHEREAS, Medicaid spending accounts for 25% of the total proposed state budget for the 2015 biennium and 14% of the total general fund budget."

7. Page 1.

Following: line 15

Strike: everything after the enacting clause

Insert: "NEW SECTION. **Section 1. Short title.** [Sections 1 through 8] may be cited as the "Roadmap to a Healthier Montana Act"."

Insert: "NEW SECTION. **Section 2. Legislative findings and intent.** (1) The intent of [sections 1 through 8] is to modify and enhance Montana's health care delivery system to provide access to quality and affordable health care and health insurance for all Montanans.

(2) The legislature finds that in order to achieve the purposes of [sections 1 through 8], collaboration between state government and parties interested in quality and affordable health care is necessary in order to:

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- (a) increase the number of Montanans with private health insurance coverage;
- (b) make the delivery of health care services more efficient and cost-effective by offering incentives to reach better performance outcomes, improve coordination of care, reduce preventable hospital readmissions, and implement reimbursement methodologies that promote quality of care and cost savings;
- (c) contain health care costs by curbing wasteful spending, avoiding unnecessary use of health care services, and reducing fraud;
- (d) ensure an adequate supply of health care professionals throughout the state;
- (e) provide incentives that result in Montanans taking greater responsibility for their personal health; and
- (f) reduce or minimize the shifting of payment for unreimbursed health care costs to patients with private insurance."

Insert: "NEW SECTION. Section 3. Definitions. As used in [sections 1 through 8], the following definitions apply:

- (1) "Charity care" means the actual costs of care provided by a hospital to individuals who are at or below 100% of the federal poverty level and who are not eligible for:
 - (a) health care benefits offered through a publicly funded program;
 - (b) a health insurance plan offered through an employer; or
 - (c) other insurance or coverage.
- (2) "Committee" means the select committee on medicaid innovation, reform, and expansion provided for in [section 4].
- (3) "Hospital" means a hospital or critical access hospital as those terms are defined in 50-5-101.
- (4) "Resident" means an individual who meets the requirements of 1-1-215."

Insert: "NEW SECTION. Section 4. Select committee on medicaid innovation, reform, and expansion -- membership.(1) There is a select committee on medicaid innovation, reform, and expansion.

- (2) (a) The committee consists of 12 members appointed as follows:
 - (i) three members who served in the senate during the 63rd legislative session and who are appointed by the president of the senate;
 - (ii) three members who served in the house of representatives during the 63rd legislature and who are appointed by the speaker of the house of representatives; and
 - (iii) six members of the public, three of whom are appointed by the president of the senate and three of whom are appointed by the speaker of the house of representatives.
- (b) The public members must be selected as follows:
 - (i) one representative of a hospital;
 - (ii) one primary care physician;
 - (iii) one health insurer with significant experience doing business in Montana;
 - (iv) one member of the executive branch selected from a list of nominees submitted by the governor; and
 - (v) two members of the public with business or health policy experience.
- (c) No more than two of the legislative members appointed from each house may be members of the same political party.
- (d) Appointments must be made before May 30, 2013.
- (3) (a) If a vacancy occurs when the legislature is not in session, the vacancy must be filled

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by an individual appointed by the person who made the original appointment.

(b) A legislative member shall serve until the member's term of office as a legislator ends or until a successor is appointed, whichever occurs first. A person appointed to replace a legislative member of the committee must be from the same house and political party as the member whose vacancy is being filled.

(4) (a) The committee shall elect a presiding officer and a vice presiding officer. The officers may not be from the same political party.

(b) The committee may elect other officers it considers necessary.

(5) The presiding officer shall establish the meeting schedule. The committee may meet during legislative sessions.

(6) Members are entitled to receive compensation and expenses as provided in 5-2-302.

(7) The legislative services division shall provide staff assistance to the committee. The committee may request that personnel from state agencies and from political subdivisions furnish information and provide assistance.

(8) The committee may contract for services that will assist members in carrying out their duties under [section 5] subject to available funding and in accordance with the provisions of Title 18, chapter 4."

Insert: "NEW SECTION. **Section 5. Committee duties.** (1) The committee shall review:

(a) the Montana medicaid program and ways to make it more efficient and cost-effective;
(b) legislative proposals for changes to the medicaid program;
(c) the potential effects of an expansion of the medicaid program on the community benefit offered by hospitals in order to maintain their tax-exempt status; and
(d) opportunities for reducing or minimizing the shifting of payment for unreimbursed health care costs to patients with private insurance.

(2) In conducting its review of the medicaid program, the committee shall:

- (a) consider the fiscal soundness and efficiency of the medicaid program;
(b) consider the cost of expanding the state medicaid program as allowed under Public Law 111-148 and Public Law 111-152;
(c) recommend principles of sound fiscal and public policy as guidelines for innovation, expansion, and sustainability of the current medicaid program;
(d) propose legislation to keep the medicaid program within the guidelines of sound public policy;
(e) review and recommend to the legislature whether the state should pursue federal waiver authority in order to meet public policy guidelines at a lower fiscal impact;
(f) examine ways to improve patient outcomes, including appropriate goals for patient outcomes and ways to measure outcomes;
(g) review whether recipients who became eligible for medicaid under the expansion allowed by Public Law 111-148 and Public Law 111-152 should share the costs of medical services;
(h) review the departments efforts to strengthen primary care case management, transition to a managed care model, and institute value-based purchasing and comprehensive medication management services pursuant to [sections 12 through 14];
(i) determine whether private health plans may better target the needs of medicaid recipients and how private plans may be selected to offer coverage to recipients;
(j) evaluate whether significant structural reforms could reverse the trend of increasing medicaid costs without reducing current eligibility standards; and

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(k) examine ways in which to reform the delivery of medicaid services.

(3) The committee shall develop recommendations that address the following items:

- (a) whether new payment methods have the potential to reduce costs to the state;
- (b) an analysis of the costs of sustaining and expanding the medicaid program;
- (c) a long-term sustainable financing model;
- (d) new delivery models that support quality care and cost control; and
- (e) an analysis of methods of increasing pricing transparency and equitable patient access in the system.

(4) The committee shall examine information about the effects of allowing market-based approaches in providing services to medicaid recipients, including but not limited to:

- (a) customized benefit packages;
- (b) enhanced benefits for participating in healthy behaviors; and
- (c) risk-adjusted premiums based on recipient health status.

(5) (a) The committee shall solicit proposed statutory changes to the state's medicaid program from committee members, legislators, medicaid providers, advocacy organizations, and other interested parties. The committee shall review the proposals and report to the legislature on each proposal. The report must include but is not limited to:

- (i) a summary of the fiscal and public policy implications of the proposal;
- (ii) an analysis of the effect of the proposal on the state's general fund, including potential impacts on the amount of money available for other programs;
- (iii) an analysis of the soundness of the proposal as a matter of public policy;
- (iv) any amendments proposed by the committee; and
- (v) the committee's recommendation on whether the proposal should be enacted by the legislature.

(b) The committee's report must be attached to any proposal that the committee considered and that is or has been introduced as a bill during a legislative session.

(6) (a) The committee shall adopt a study plan by a majority vote of the committee. The plan may be amended by majority vote.

(b) The plan may specify the date by which proposals affecting the medicaid program must be submitted to the committee."

Insert: "NEW SECTION. Section 6. Education and outreach. (1) The department shall undertake activities to increase public awareness of and knowledge about the options for obtaining health insurance coverage, including but not limited to the availability of federal tax credits for purchasing insurance, the availability of the state income-enhancement grants provided for in [section 7], and the ways in which the health exchange may be used to review and decide on insurance options. The activities may include but are not limited to a statewide media campaign and distribution of educational materials through health care facilities, health care providers, and organizations that work with low-income individuals.

(2) The department shall report on its plans and activities under this section to legislative committees as required by law or requested by a legislative committee."

Insert: "NEW SECTION. Section 7. Income-enhancement grant program -- eligibility -- purpose of grants -- rulemaking. (1) The department may provide a grant to an individual meeting the requirements of this section in order to allow the individual to purchase a qualified health plan as defined in 42 U.S.C. 18021(a). The department shall use available funding to allow the greatest number of people possible to qualify for health insurance coverage under this section.

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- (2) The grants must be:
- (a) considered income for the purposes of purchasing a qualified health plan; and
 - (b) used as provided in subsection (7).
- (3) An individual may qualify for a grant under this section if the individual has been a Montana resident for at least 1 year and:
- (a) is a full-time student;
 - (b) works at least 30 hours a week for at least 10 months a year;
 - (c) is the primary caregiver for a dependent relative; or
 - (d) provides full-time care for the individual's school-aged children while the individual's spouse works.
- (4) An individual is ineligible for a grant if the individual:
- (a) is eligible for any other public program that provides health care benefits or health insurance coverage;
 - (b) may be included as a dependent on a qualified health plan for which the individual's parent is eligible; or
 - (c) has the opportunity to participate in a qualified health plan offered by the individual's employer.
- (5) (a) An individual shall submit a grant application no later than 15 days after:
- (i) the open enrollment period for the health insurance exchange established pursuant to 42 U.S.C. 18031 has closed; or
 - (ii) the deadline for applying for insurance coverage because of a change in circumstances as allowed under 42 U.S.C. 18082.
- (b) An applicant shall provide proof as required by the department that the individual:
- (i) applied for a qualified health plan through the health insurance exchange; and
 - (ii) was determined to be ineligible for premium assistance as allowed under 42 U.S.C. 18082 because the modified adjusted gross income for the individual's household is at or below 100% of the federal poverty level.
- (6) Until December 31, 2015, the department shall give preference to applicants who in 2013 were receiving premium assistance payments under the small business health insurance purchasing pool that operated under Title 33, chapter 22, part 20, prior to January 1, 2014.
- (7) The grant amount must be held on behalf of the individual by the department or by a vendor designated by the department and must be used to pay, in the order listed, the following expenses until the grant is fully expended:
- (a) the costs of premiums for a qualified health plan;
 - (b) cost-sharing requirements for health care services; and
 - (c) the costs of items that are eligible for reimbursement under 26 U.S.C. 213 and related federal regulations.
- (8) (a) A grant provided under this section must be reported as income to the internal revenue service.
- (b) The department shall file an internal revenue service form 1099 with the internal revenue service for each grant it makes and shall provide each individual receiving a grant with a copy of the form for the purpose of claiming the grant as income on federal tax forms.
- (9) (a) An individual who receives a grant under this section may reapply for additional grants in future years.
- (b) Only one grant may be made per household.
- (10) The department shall adopt rules to carry out the provisions of this section, including but not limited to rules establishing:

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- (a) procedures for accepting and approving applications;
- (b) the documentation required for obtaining a grant and for payment of claims for health care services and items; and
- (c) the manner in which money will be held and paid out on behalf of qualifying individuals."

Insert: "NEW SECTION. **Section 8. Hospital charity care requirements -- appeal process -- donation in lieu of charity care.** (1) A hospital granted an exemption from taxation under 26 U.S.C. 501(c)(3) and 15-6-201 shall provide charity care as required under this section in order to maintain the hospital's tax-exempt status under 15-6-201 and 15-31-102.

(2) A hospital shall provide charity care each year in an amount equal to the amount of financial assistance at cost that the hospital claims on schedule H of internal revenue service form 990 excluding medicaid and the costs of other means-tested government programs.

(3) (a) A hospital shall provide documentation to the department of revenue as required by rule of the amount of charity care the hospital provided during the tax year.

(b) If the amount of charity care provided does not meet the requirements of subsection (2), the department shall notify the hospital and the department of revenue of the discrepancy.

(4) If the department of revenue determines that the hospital is no longer eligible for tax exemption, it shall clearly state the reasons for loss of eligibility in a final written decision sent to the hospital by mail.

(5) A hospital may seek review of the decision from the state tax appeal board pursuant to 15-2-302.

(6) In lieu of providing any or all of the amount of charity care required under this section, a hospital may donate for deposit in the income-enhancement grant special revenue account provided for in [section 9] an amount of money that is equal to the hospital's full or unmet charity care obligation."

Insert: "NEW SECTION. **Section 9. Income-enhancement grant special revenue account -- statutory appropriation.** (1) There is an account in the state special revenue fund for the following purposes:

(a) providing income-enhancement grants pursuant to [section 7]; and

(b) paying obligations incurred prior to January 1, 2014, under the Montana comprehensive health association plan provided for in Title 33, chapter 22, part 15, or the small business purchasing program that was provided for in Title 33, chapter 22, part 20, prior to January 1, 2014. Funds from other payment sources available to the programs must be expended before claims are paid out of the account.

(2) Money from the following sources must be deposited in the account:

(a) excess revenue collected for the Montana comprehensive health association plan as provided in 33-22-1513;

(b) the proceeds of a conversion transaction that is approved pursuant to Title 50, chapter 4, part 7;

(c) contributions made by a hospital in lieu of charity care as allowed under [section 8];

(d) tobacco settlement funds as provided in 17-6-606; and

(e) funds transferred by the legislature for the income-enhancement grant program.

(3) Any amount in the account that is not otherwise appropriated by law is statutorily appropriated, as provided in 17-7-502, from the account to the department for the income-enhancement grant program provided for in [section 7]."

Insert: "NEW SECTION. **Section 10. Practice requirements for medical education**

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programs. (1) A Montana resident participating in the following medical education programs shall repay the tuition paid by the state on the student's behalf:

(a) the program involving the university of Washington school of medicine and available to students in Washington, Wyoming, Alaska, Montana, and Idaho; and

(b) physician education programs arranged through the western interstate commission for higher education.

(2) Before enrolling in a medical education program listed in subsection (1), a student shall agree to repay the amount owed by:

(a) actively engaging in professional practice in Montana as provided in subsection (3); or

(b) repaying the amount expended by the state on behalf of the student, plus interest that begins accruing upon the later of:

(i) completion of a medical residency; or

(ii) 8 years after the date upon which the agreement was entered.

(3) (a) An individual who chooses to engage in professional practice in Montana to meet the requirements of this section must:

(i) be a graduate of the medical education program for which support was received; and

(ii) be employed in professional practice in Montana for 1 year for each year of state support the individual received. Employment must be in the field for which the individual received financial support.

(b) Employment in an in-state medical residency program qualifies as employment for the purposes of this subsection (3).

(c) An individual who fails to complete the medical education program or the professional practice requirements shall repay the state's costs for the individual's medical education. The board of regents shall establish how repayment will be recalculated for individuals who do not complete the full professional practice requirements of this subsection (3).

(4) An individual who chooses to repay the amount owed shall complete repayment within 10 years of the time the amount becomes due.

(5) Interest accrues at an annual rate equal to the prime rate as reported by the Wall Street Journal's bank survey, plus 4%.

(6) The board of regents may allow deferment of repayment for an individual who is:

(a) in an out-of-state medical residency program while the person remains in the residency program;

(b) performing a service obligation imposed by the national health service corps, the Indian health service, or any uniformed services scholarship program while the person is performing the service; or

(c) on active duty with the armed forces of the United States.

(7) The board of regents may not assess the fee provided for in 20-26-1502 against an individual who agrees to repay the tuition subsidy by engaging in professional practice in Montana unless the individual fails to complete the medical education program or the service requirement."

Insert: "NEW SECTION. **Section 11. Medical education special revenue account.**(1) There is an account in the state special revenue fund for the purposes of supporting the following medical education programs:

(a) the program involving the university of Washington school of medicine and available to students in Washington, Wyoming, Alaska, Montana, and Idaho; and

(b) physician education programs arranged through the western interstate commission for

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higher education.

(2) State tuition support repaid pursuant to [section 10] must be deposited in the account.

(3) Money in the account is available to the office of the commissioner of higher education by appropriation and must be used to pay for the medical education programs listed in subsection (1)."

Insert: "NEW SECTION. Section 12. Reform of public health care programs. (1) The department shall undertake efforts to redesign and reform the Montana medicaid program and the healthy Montana kids program as outlined in this section. The department shall include parties interested in the operation of the programs in the process of developing and implementing the reforms.

(2) No later than October 1, 2013, the department shall require physicians participating in any primary care case management program to see a medicaid recipient assigned to their care within 72 hours of the recipient's request for an appointment.

(3) No later than January 1, 2014, the department shall:

(a) initiate the transition from a fee-for-service payment model to a capitated payment model;

(b) design and implement a plan to reduce use of hospital emergency departments for nonemergency care, using methods that include but are not limited to:

(i) the evaluation by nurses of the level of care a patient may need;

(ii) targeted patient education; and

(iii) increased monitoring of excessive emergency room use and behavior that may indicate that an individual is seeking prescription drugs from multiple sources;

(c) implement the patient-centered medical home model of care as established by the commissioner of insurance; and

(d) develop a system for making bundled payments for identified high-cost medical procedures and treatments."

Insert: "NEW SECTION. Section 13. Value-based purchasing. (1) The department shall establish a value-based purchasing system for the medicaid program. The program shall allow for incentive payments to the following providers if the providers meet established performance standards:

(a) hospitals;

(b) physicians;

(c) long-term care facilities; and

(d) home health care agencies.

(2) The department shall identify quality indicators and benchmarks using standards established by the medicare value-based purchasing program authorized pursuant to 42 U.S.C. 1395ww.

(3) The department shall require the providers listed in subsection (1) to begin reporting by July 1, 2014, the data required for quality indicators identified by the department.

(4) Medicaid payments to providers may be adjusted beginning in fiscal year 2016 to recognize a provider's compliance with quality indicators and benchmarks established pursuant to this section."

Insert: "NEW SECTION. Section 14. Comprehensive medication management services. (1) The legislature finds that comprehensive medication management services allow an assessment of an individual's medications to ensure that:

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(a) the medications are appropriate and effective for the medical conditions being treated;
(b) the medications are safe when taken in conjunction with other medication prescribed to the patient; and

(c) the patient is able and willing to take the medications as intended.

(2) The legislature further finds that providing comprehensive medication management services to medicaid recipients who are taking five or more prescription medications to treat two or more chronic medical conditions will improve the recipient's health outcomes and generate savings to the medicaid program through a reduction in the use of emergency room care, provider visits, hospital costs, and long-term care facility admissions.

(3) (a) Comprehensive medication management services provided under this section include the following services:

(i) assessment of the recipient's health status, including a review of the recipient's personal medication experience, history, preferences, and beliefs and the identification and recording of the recipient's actual use patterns of all prescribed medications and over-the-counter medications and supplements, including bioactive supplements;

(ii) documentation of the recipient's current clinical status and the clinical goals of therapy for each identified chronic condition for which medication therapy is indicated;

(iii) assessment of each medication prescribed to the recipient for appropriateness, effectiveness, safety, and adherence to use, with a focus on achieving the desired clinical and recipient goals;

(iv) identification of all drug therapy problems, including additions, deletions, or changes in dosages needed to achieve desired clinical outcomes;

(v) development, with the patient, of a written comprehensive medication care plan that addresses recommended steps including any changes needed to achieve optimal outcomes; and

(vi) documentation and followup evaluations with the recipient to determine the effects of changes, reassess clinical outcomes, and recommend further therapeutic changes to achieve desired clinical goals and outcomes within the context of a broader coordinated care team.

(b) The services must be provided in accordance with standards of professional practice for the individuals authorized to provide the services.

(4) The department shall plan for and, to the extent allowed by law, implement comprehensive medication management services for the medicaid program using the guidelines established in this section. In developing the plan, the department shall work with representatives from the following entities to assess the costs and savings associated with providing the services:

(a) a chain pharmacy;

(b) an independent pharmacy;

(c) a statewide organization representing Montana pharmacists;

(d) a statewide organization representing Montana physicians; and

(e) the university of Montana school of pharmacy.

(5) The department shall report no later than August 15, 2014, to an appropriate legislative committee on the results of its planning efforts, including but not limited to:

(a) the potential costs and savings;

(b) any information technology needs related to providing comprehensive medication management services; and

(c) the need for changes to state law to allow the department to fully implement comprehensive medication management services for medicaid recipients identified in subsection (1).

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(6) (a) To be eligible for reimbursement for comprehensive medication management services, an individual must be:

- (i) a physician licensed pursuant to Title 37, chapter 3;
- (ii) a pharmacist licensed pursuant to Title 37, chapter 7;
- (iii) an advanced practice registered nurse licensed pursuant to Title 37, chapter 8, if the nurse is authorized to prescribe medication; or
- (iv) a physician assistant licensed pursuant to Title 37, chapter 20; and
- (v) practicing in an ambulatory care setting as part of a multidisciplinary team or using a structured patient care process that is offered in a private or semiprivate recipient care area, in a home setting, or by telephone in direct communication with the recipient if a hardship prevents the recipient from obtaining the services in person.

(b) Reimbursement for comprehensive medication management services may be made on a fee-for-services basis.

(c) An individual providing comprehensive medication management services must be using an electronic system that is able to:

- (i) adequately record and share medication care plans for use by a recipient and a prescriber;
- (ii) generate reports to document drug therapy problem identification and resolution and show changes in the achievement of clinical goals;
- (iii) substantiate all of the requirements of comprehensive medication management services as described in subsection (3), including documenting interactions with recipients and prescribers; and
- (iv) adequately capture the work performed to substantiate the appropriate complexity level for billing in a fee-for-service or managed care arrangement."

Insert: "Section 15. Section 15-6-201, MCA, is amended to read:

"15-6-201. Governmental, charitable, and educational categories -- exempt property.

(1) The following categories of property are exempt from taxation:

- (a) except as provided in 15-24-1203, the property of:
 - (i) the United States, except:
 - (A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or
 - (B) as provided in 15-24-1103;
 - (ii) the state, counties, cities, towns, and school districts;
 - (iii) irrigation districts organized under the laws of Montana and not operated for gain or profit;
 - (iv) municipal corporations;
 - (v) public libraries;
 - (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;
 - (vii) special districts created pursuant to Title 7, chapter 11, part 10; and
 - (viii) subject to subsection (2), federally recognized Indian tribes in the state if the property is located entirely within the exterior boundaries of the reservation of the tribe that owns the property and the property is used exclusively by the tribe for essential government services. Essential government services are tribal government administration, fire, police, public health, education, recreation, sewer, water, pollution control, public transit, and public parks and recreational facilities.

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(b) buildings and furnishings in the buildings that are owned by a church and used for actual religious worship or for residences of the clergy, not to exceed one residence for each member of the clergy, together with the land that the buildings occupy and adjacent land reasonably necessary for convenient use of the buildings, which must be identified in the application, and all land and improvements used for educational or youth recreational activities if the facilities are generally available for use by the general public but may not exceed 15 acres for a church or 1 acre for a clergy residence after subtracting any area required by zoning, building codes, or subdivision requirements;

(c) land and improvements upon the land, not to exceed 15 acres, owned by a federally recognized Indian tribe when the land has been set aside by tribal resolution and designated as sacred land to be used exclusively for religious purposes;

(d) property owned and used exclusively for agricultural and horticultural societies not operated for gain or profit;

(e) property, not to exceed 80 acres, which must be legally described in the application for the exemption, used exclusively for educational purposes, including dormitories and food service buildings for the use of students in attendance and other structures necessary for the operation and maintenance of an educational institution that:

(i) is not operated for gain or profit;

(ii) has an attendance policy; and

(iii) has a definable curriculum with systematic instruction;

(f) property, of any acreage, owned by a tribal corporation created for the sole purpose of establishing schools, colleges, and universities if the property meets the requirements of subsection (1)(e);

(g) except as provided in subsection (3), property used exclusively for nonprofit health care facilities, as defined in 50-5-101, licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care facility that is not licensed by the department of public health and human services and organized under Title 35, chapter 2 or 3, is not exempt.

(h) property that is:

(i) (A) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21; or

(B) owned by a federally recognized Indian tribe within the state and set aside by tribal resolution; and

(ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) not maintained and not operated for gain or profit;

(i) subject to subsection (2), property that is owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;

(j) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(k) public museums, art galleries, zoos, and observatories that are not operated for gain or profit;

(l) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers

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for uses other than the irrigation of agricultural land;

(m) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(n) (i) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments that constitute or result in substantial impediments to employment and that is not operated for gain or profit; and

(ii) property that is owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit; and

(o) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and that is not held or used for private or corporate gain or profit. For purposes of this subsection (1)(o), "nonprofit corporation" means an organization that is exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated and admitted under the Montana Nonprofit Corporation Act.

(2) (a) (i) For the purposes of tribal property under subsection (1)(a)(viii), the property subject to exemption may not be:

(A) operated for gain or profit;

(B) held under contract to operate, lease, or sell by a taxable individual;

(C) used or possessed exclusively by a taxable individual or entity; or

(D) held by a tribal corporation except for educational purposes as provided in subsection

(1)(f).

(ii) For the purposes of parks and recreational facilities under subsection (1)(a)(viii), the property must be:

(A) set aside by tribal resolution and designated as park land, not to exceed 15 acres, or be designated as a recreational facility; and

(B) open to the general public.

(b) For the purposes of subsection (1)(b), the term "clergy" means, as recognized under the federal Internal Revenue Code:

(i) an ordained minister, priest, or rabbi;

(ii) a commissioned or licensed minister of a church or church denomination that ordains ministers if the person has the authority to perform substantially all the religious duties of the church or denomination;

(iii) a member of a religious order who has taken a vow of poverty; or

(iv) a Christian Science practitioner.

(c) For the purposes of subsection (1)(i):

(i) the term "institutions of purely public charity" includes any organization that meets the following requirements:

(A) The organization offers its charitable goods or services to persons without regard to race, religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(B) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(ii) agricultural property owned by a purely public charity is not exempt if the agricultural

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property is used by the charity to produce unrelated business taxable income as that term is defined in section 512 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural property shall file annually with the department a copy of its federal tax return reporting any unrelated business taxable income received by the charity during the tax year, together with a statement indicating whether the exempt property was used to generate any unrelated business taxable income.

(iii) up to 15 acres of property owned by a purely public charity is exempt at the time of its purchase even if the property must be improved before it can directly be used for its intended charitable purpose. If the property is not directly used for the charitable purpose within 8 years of receiving an exemption under this section or if the property is sold or transferred before it entered direct charitable use, the exemption is revoked and the property is taxable. In addition to taxes due for the first year that the property becomes taxable, the owner of the property shall pay an amount equal to the amount of the tax due that year times the number of years that the property was tax-exempt under this section. The amount due is a lien upon the property and when collected must be distributed by the treasurer to funds and accounts in the same ratio as property tax collected on the property is distributed. At the time the exemption is granted, the department shall file a notice with the clerk and recorder in the county in which the property is located. The notice must indicate that an exemption pursuant to this section has been granted. The notice must describe the penalty for default under this section and must specify that a default under this section will create a lien on the property by operation of law. The notice must be on a form prescribed by the department.

(iv) not more than 160 acres may be exempted by a purely public charity under any exemption originally applied for after December 31, 2004. An application for exemption under this section must contain a legal description of the property for which the exemption is requested.

(d) For the purposes of subsection (1)(k), the term "public museums, art galleries, zoos, and observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property includes all real and personal property owned by the public museum, art gallery, zoo, or observatory that is reasonably necessary for use in connection with the public display or observatory use. Unless the property is leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization, real and personal property owned by other persons is exempt if it is:

(i) actually used by the governmental entity or nonprofit organization as a part of its public display;

(ii) held for future display; or

(iii) used to house or store a public display.

(3) If a nonprofit health care facility subject to the charity care requirements of [section 8] fails to meet the requirements of that section, the property owned by the facility is not exempt from taxation for the tax year in which the facility failed to meet the requirements of [section 8]."

Insert: "Section 16. Section 15-30-2110, MCA, is amended to read:

"15-30-2110. Adjusted gross income. (1) Subject to subsection (13), adjusted gross income is the taxpayer's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, 26 U.S.C. 62, and in addition includes the following:

(a) (i) interest received on obligations of another state or territory or county, municipality, district, or other political subdivision of another state, except to the extent that the interest is exempt

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from taxation by Montana under federal law;

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C. 852(b)(5), that are attributable to the interest referred to in subsection (1)(a)(i);

(b) refunds received of federal income tax, to the extent that the deduction of the tax resulted in a reduction of Montana income tax liability;

(c) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal Revenue Code that has been reduced by any federal taxes paid by the subchapter S. corporation on the income;

(d) depreciation or amortization taken on a title plant as defined in 33-25-105;

(e) the recovery during the tax year of an amount deducted in any prior tax year to the extent that the amount recovered reduced the taxpayer's Montana income tax in the year deducted;

(f) if the state taxable distribution of an estate or trust is greater than the federal taxable distribution of the same estate or trust, the difference between the state taxable distribution and the federal taxable distribution of the same estate or trust for the same tax period; and

(g) except for exempt-interest dividends described in subsection (2)(a)(ii), for tax years commencing after December 31, 2002, the amount of any dividend to the extent that the dividend is not included in federal adjusted gross income.

(2) Notwithstanding the provisions of the Internal Revenue Code, adjusted gross income does not include the following, which are exempt from taxation under this chapter:

(a) (i) all interest income from obligations of the United States government, the state of Montana, or a county, municipality, district, or other political subdivision of the state and any other interest income that is exempt from taxation by Montana under federal law;

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C. 852(b)(5), that are attributable to the interest referred to in subsection (2)(a)(i);

(b) interest income earned by a taxpayer who is 65 years of age or older in a tax year up to and including \$800 for a taxpayer filing a separate return and \$1,600 for each joint return;

(c) (i) except as provided in subsection (2)(c)(ii), the first \$3,600 of all pension and annuity income received as defined in 15-30-2101;

(ii) for pension and annuity income described under subsection (2)(c)(i), as follows:

(A) each taxpayer filing singly, head of household, or married filing separately shall reduce the total amount of the exclusion provided in subsection (2)(c)(i) by \$2 for every \$1 of federal adjusted gross income in excess of \$30,000 as shown on the taxpayer's return;

(B) in the case of married taxpayers filing jointly, if both taxpayers are receiving pension or annuity income or if only one taxpayer is receiving pension or annuity income, the exclusion claimed as provided in subsection (2)(c)(i) must be reduced by \$2 for every \$1 of federal adjusted gross income in excess of \$30,000 as shown on their joint return;

(d) all Montana income tax refunds or tax refund credits;

(e) gain required to be recognized by a liquidating corporation under 15-31-113(1)(a)(ii);

(f) all tips or gratuities that are covered by section 3402(k) or service charges that are covered by section 3401 of the Internal Revenue Code of 1954, 26 U.S.C. 3402(k) or 3401, as amended and applicable on January 1, 1983, received by a person for services rendered to patrons of premises licensed to provide food, beverage, or lodging;

(g) all benefits received under the workers' compensation laws;

(h) all health insurance premiums paid by an employer for an employee if attributed as income to the employee under federal law;

(i) all money received because of a settlement agreement or judgment in a lawsuit brought

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against a manufacturer or distributor of "agent orange" for damages resulting from exposure to "agent orange";

(j) principal and income in a medical care savings account established in accordance with 15-61-201 or withdrawn from an account for eligible medical expenses, as defined in 15-61-102, of the taxpayer or a dependent of the taxpayer or for the long-term care of the taxpayer or a dependent of the taxpayer;

(k) principal and income in a first-time home buyer savings account established in accordance with 15-63-201 or withdrawn from an account for eligible costs, as provided in 15-63-202(7), for the first-time purchase of a single-family residence;

(l) contributions withdrawn from a family education savings account or earnings withdrawn from a family education savings account for qualified higher education expenses, as defined in 15-62-103, of a designated beneficiary;

(m) the recovery during the tax year of any amount deducted in any prior tax year to the extent that the recovered amount did not reduce the taxpayer's Montana income tax in the year deducted;

(n) if the federal taxable distribution of an estate or trust is greater than the state taxable distribution of the same estate or trust, the difference between the federal taxable distribution and the state taxable distribution of the same estate or trust for the same tax period;

(o) deposits, not exceeding the amount set forth in 15-30-3003, deposited in a Montana farm and ranch risk management account, as provided in 15-30-3001 through 15-30-3005, in any tax year for which a deduction is not provided for federal income tax purposes;

(p) income of a dependent child that is included in the taxpayer's federal adjusted gross income pursuant to the Internal Revenue Code. The child is required to file a Montana personal income tax return if the child and taxpayer meet the filing requirements in 15-30-2602.

(q) principal and income deposited in a health care expense trust account, as defined in 2-18-1303, or withdrawn from the account for payment of qualified health care expenses as defined in 2-18-1303; and

~~(r) that part of the refundable credit provided in 33-22-2006 that reduces Montana tax below zero; and~~

~~(s)(r)~~ the amount of the gain recognized from the sale or exchange of a mobile home park as provided in 15-31-163.

(3) A shareholder of a DISC that is exempt from the corporation license tax under 15-31-102(1)(l) shall include in the shareholder's adjusted gross income the earnings and profits of the DISC in the same manner as provided by section 995 of the Internal Revenue Code, 26 U.S.C. 995, for all periods for which the DISC election is effective.

(4) A taxpayer who, in determining federal adjusted gross income, has reduced the taxpayer's business deductions by an amount for wages and salaries for which a federal tax credit was elected under sections 38 and 51(a) of the Internal Revenue Code, 26 U.S.C. 38 and 51(a), is allowed to deduct the amount of the wages and salaries paid regardless of the credit taken. The deduction must be made in the year that the wages and salaries were used to compute the credit. In the case of a partnership or small business corporation, the deduction must be made to determine the amount of income or loss of the partnership or small business corporation.

(5) Married taxpayers filing a joint federal return who are required to include part of their social security benefits or part of their tier 1 railroad retirement benefits in federal adjusted gross income may split the federal base used in calculation of federal taxable social security benefits or federal taxable tier 1 railroad retirement benefits when they file separate Montana income tax

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returns. The federal base must be split equally on the Montana return.

(6) Married taxpayers filing a joint federal return who are allowed a capital loss deduction under section 1211 of the Internal Revenue Code, 26 U.S.C. 1211, and who file separate Montana income tax returns may claim the same amount of the capital loss deduction that is allowed on the federal return. If the allowable capital loss is clearly attributable to one spouse, the loss must be shown on that spouse's return; otherwise, the loss must be split equally on each return.

(7) In the case of passive and rental income losses, married taxpayers filing a joint federal return and who file separate Montana income tax returns are not required to recompute allowable passive losses according to the federal passive activity rules for married taxpayers filing separately under section 469 of the Internal Revenue Code, 26 U.S.C. 469. If the allowable passive loss is clearly attributable to one spouse, the loss must be shown on that spouse's return; otherwise, the loss must be split equally on each return.

(8) Married taxpayers filing a joint federal return in which one or both of the taxpayers are allowed a deduction for an individual retirement contribution under section 219 of the Internal Revenue Code, 26 U.S.C. 219, and who file separate Montana income tax returns may claim the same amount of the deduction that is allowed on the federal return. The deduction must be attributed to the spouse who made the contribution.

(9) (a) Married taxpayers filing a joint federal return who are allowed a deduction for interest paid for a qualified education loan under section 221 of the Internal Revenue Code, 26 U.S.C. 221, and who file separate Montana income tax returns may claim the same amount of the deduction that is allowed on the federal return. The deduction may be split equally on each return or in proportion to each taxpayer's share of federal adjusted gross income.

(b) Married taxpayers filing a joint federal return who are allowed a deduction for qualified tuition and related expenses under section 222 of the Internal Revenue Code, 26 U.S.C. 222, and who file separate Montana income tax returns may claim the same amount of the deduction that is allowed on the federal return. The deduction may be split equally on each return or in proportion to each taxpayer's share of federal adjusted gross income.

(10) A taxpayer receiving retirement disability benefits who has not attained 65 years of age by the end of the tax year and who has retired as permanently and totally disabled may exclude from adjusted gross income up to \$100 a week received as wages or payments in lieu of wages for a period during which the employee is absent from work due to the disability. If the adjusted gross income before this exclusion exceeds \$15,000, the excess reduces the exclusion by an equal amount. This limitation affects the amount of exclusion, but not the taxpayer's eligibility for the exclusion. If eligible, married individuals shall apply the exclusion separately, but the limitation for income exceeding \$15,000 is determined with respect to the spouses on their combined adjusted gross income. For the purpose of this subsection, "permanently and totally disabled" means unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment lasting or expected to last at least 12 months.

(11) An individual who contributes to one or more accounts established under the Montana family education savings program may reduce adjusted gross income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not in excess of \$3,000, for the spouses' contributions to the accounts. Spouses may jointly elect to treat half of the total contributions made by the spouses as being made by each spouse. The reduction in adjusted gross income under this subsection applies only with respect to contributions to an account of which the account owner, as defined in 15-62-103, is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or stepchild is a

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Montana resident. The provisions of subsection (1)(e) do not apply with respect to withdrawals of contributions that reduced adjusted gross income.

(12) (a) A taxpayer may exclude the amount of the loan payment received pursuant to subsection (12)(a)(iv), not to exceed \$5,000, from the taxpayer's adjusted gross income if the taxpayer:

- (i) is a health care professional licensed in Montana as provided in Title 37;
- (ii) is serving a significant portion of a designated geographic area, special population, or facility population in a federally designated health professional shortage area, a medically underserved area or population, or a federal nursing shortage county as determined by the secretary of health and human services or by the governor;
- (iii) has had a student loan incurred as a result of health-related education; and
- (iv) has received a loan payment during the tax year made on the taxpayer's behalf by a loan repayment program described in subsection (12)(b) as an incentive to practice in Montana.

(b) For the purposes of subsection (12)(a), a loan repayment program includes a federal, state, or qualified private program. A qualified private loan repayment program includes a licensed health care facility, as defined in 50-5-101, that makes student loan payments on behalf of the person who is employed by the facility as a licensed health care professional.

(13) Notwithstanding the provisions of subsection (1), adjusted gross income does not include 40% of capital gains on the sale or exchange of capital assets before December 31, 1986, as capital gains are determined under subchapter P. of Chapter 1 of the Internal Revenue Code as it read on December 31, 1986.

(14) By November 1 of each year, the department shall multiply the amount of pension and annuity income contained in subsection (2)(c)(i) and the federal adjusted gross income amounts in subsection (2)(c)(ii) by the inflation factor for that tax year, but using the year 2009 consumer price index, and rounding the results to the nearest \$10. The resulting amounts are effective for that tax year and must be used as the basis for the exemption determined under subsection (2)(c). (Subsection (2)(f) terminates on occurrence of contingency--sec. 3, Ch. 634, L. 1983; subsection (2)(o) terminates on occurrence of contingency--sec. 9, Ch. 262, L. 2001.)"

Insert: "Section 17. Section 15-30-2618, MCA, is amended to read:

"15-30-2618. Confidentiality of tax records. (1) Except as provided in 5-12-303, 15-1-106, 17-7-111, and subsections (7) and (8) of this section, in accordance with a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known in any manner:

(a) the amount of income or any particulars set forth or disclosed in any individual report or individual return required under this chapter or any other information secured in the administration of this chapter; or

(b) any federal return or federal return information disclosed on any return or report required by rule of the department or under this chapter.

(2) (a) The officers charged with the custody of the reports and returns may not be required to produce them or evidence of anything contained in them in an action or proceeding in a court, except in an action or proceeding:

(i) to which the department is a party under the provisions of this chapter or any other taxing act; or

(ii) on behalf of a party to any action or proceedings under the provisions of this chapter or other taxes when the reports or facts shown by the reports are directly involved in the action or proceedings.

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(b) The court may require the production of and may admit in evidence only as much of the reports or of the facts shown by the reports as are pertinent to the action or proceedings.

(3) This section does not prohibit:

(a) the delivery to a taxpayer or the taxpayer's authorized representative of a certified copy of any return or report filed in connection with the taxpayer's tax;

(b) the publication of statistics classified to prevent the identification of particular reports or returns and the items of particular reports or returns; or

(c) the inspection by the attorney general or other legal representative of the state of the report or return of any taxpayer who brings an action to set aside or review the tax based on the report or return or against whom an action or proceeding has been instituted in accordance with the provisions of 15-30-2630.

(4) Reports and returns must be preserved for at least 3 years and may be preserved until the department orders them to be destroyed.

(5) Any offense against subsections (1) through (4) is punishable by a fine not exceeding \$500. If the offender is an officer or employee of the state, the offender must be dismissed from office or employment and may not hold any public office or public employment in this state for a period of 1 year after dismissal or, in the case of a former officer or employee, for 1 year after conviction.

(6) This section may not be construed to prohibit the department from providing taxpayer return information and information from employers' payroll withholding reports to:

(a) the department of labor and industry to be used for the purpose of investigation and prevention of noncompliance, tax evasion, fraud, and abuse under the unemployment insurance laws; or

(b) the state fund to be used for the purpose of investigation and prevention of noncompliance, fraud, and abuse under the workers' compensation program.

(7) The department may permit the commissioner of internal revenue of the United States or the proper officer of any state imposing a tax upon the incomes of individuals or the authorized representative of either officer to inspect the return of income of any individual or may furnish to the officer or an authorized representative an abstract of the return of income of any individual or supply the officer with information concerning an item of income contained in a return or disclosed by the report of an investigation of the income or return of income of an individual, but the permission may be granted or information furnished only if the statutes of the United States or of the other state grant substantially similar privileges to the proper officer of this state charged with the administration of this chapter.

(8) On written request to the director or a designee of the director, the department shall furnish:

(a) to the department of justice all information necessary to identify those persons qualifying for the additional exemption for blindness pursuant to 15-30-2114(4), for the purpose of enabling the department of justice to administer the provisions of 61-5-105;

(b) to the department of public health and human services information acquired under 15-30-2616, pertaining to an applicant for public assistance, reasonably necessary for the prevention and detection of public assistance fraud and abuse, provided notice to the applicant has been given;

(c) to the department of labor and industry for the purpose of prevention and detection of fraud and abuse in and eligibility for benefits under the unemployment compensation and workers' compensation programs information on whether a taxpayer who is the subject of an ongoing

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investigation by the department of labor and industry is an employee, an independent contractor, or self-employed;

(d) to the department of fish, wildlife, and parks specific information that is available from income tax returns and required under 87-2-102 to establish the residency requirements of an applicant for hunting and fishing licenses;

(e) to the board of regents information required under 20-26-1111;

(f) to the legislative fiscal analyst and the office of budget and program planning individual income tax information as provided in 5-12-303, 15-1-106, and 17-7-111. The information provided to the office of budget and program planning must be the same as the information provided to the legislative fiscal analyst.

(g) to the department of transportation farm income information based on the most recent income tax return filed by an applicant applying for a refund under 15-70-223 or 15-70-362, provided that notice to the applicant has been given as provided in 15-70-223 and 15-70-362. The information obtained by the department of transportation is subject to the same restrictions on disclosure as are individual income tax returns.

(h) to the commissioner of insurance's office all information necessary for the administration of the ~~small business health insurance tax credit provided for in Title 33, chapter 22, part 20~~ income-enhancement grant program provided for in [section 7]."

Insert: "Section 18. Section 15-31-102, MCA, is amended to read:

"15-31-102. Organizations exempt from tax -- unrelated business income not exempt.

(1) Except as provided in ~~subsection (3)~~ subsections (3) and (4), there may not be taxed under this title any income received by any:

(a) labor, agricultural, or horticultural organization;

(b) fraternal beneficiary, society, order, or association operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system and providing for the payment of life, sick, accident, or other benefits to the members of the society, order, or association or their dependents;

(c) cemetery company owned and operated exclusively for the benefit of its members;

(d) corporation or association organized and operated exclusively for religious, charitable, scientific, or educational purposes, no part of the net income of which inures to the benefit of any private stockholder or individual;

(e) business league, chamber of commerce, or board of trade not organized for profit, no part of the net income of which inures to the benefit of any private stockholder or individual;

(f) civic league or organization not organized for profit but operated exclusively for the promotion of social welfare;

(g) club organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, no part of the net income of which inures to the benefit of any private stockholder or members;

(h) farmers' or other mutual hail, cyclone, or fire insurance company, mutual ditch or irrigation company, mutual or cooperative telephone company, or similar organization of a purely local character, the income of which consists solely of assessments, dues, and fees collected from members for the sole purpose of meeting its expenses;

(i) cooperative association or corporation engaged in the business of operating a rural electrification system or systems for the transmission or distribution of electrical energy on a cooperative basis;

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(j) corporations or associations organized for the exclusive purpose of holding title to property, collecting income from the property, and turning over the entire amount of the income, less expenses, to an organization that itself is exempt from the tax imposed by this title;

(k) wool and sheep pool, which is an association owned and operated by agricultural producers organized to market association members' wool and sheep, the income of which consists solely of assessments, dues, and fees collected from members for the sole purpose of meeting its expenses. Income, for this purpose, does not include expenses and money distributed to members contributing wool and sheep.

(l) corporation that qualifies as a domestic international sales corporation (DISC) under the provisions of section 991, et seq., of the Internal Revenue Code, 26 U.S.C. 991, et seq., and that has in effect for the entire taxable year a valid election under federal law to be treated as a DISC. If a corporation makes that election under federal law, each person who at any time is a shareholder of the corporation is subject to taxation under Title 15, chapter 30, on the earnings and profits of this DISC in the same manner as provided by federal law for all periods for which the election is effective.

(m) farmers' market association not organized for profit, no part of the net income of which inures to the benefit of any member, but that is organized for the sole purpose of providing for retail distribution of homegrown vegetables, handicrafts, and other products either grown or manufactured by the seller;

(n) common trust fund as defined in section 584(a) of the Internal Revenue Code, 26 U.S.C. 584(a).

(2) In determining the license fee to be paid under this part, there may not be included any earnings derived from any public utility managed or operated by any subdivision of the state or from the exercise of any governmental function.

(3) Any unrelated business taxable income, as defined by section 512 of the Internal Revenue Code, 26 U.S.C. 512, as amended, earned by any exempt corporation resulting in a federal unrelated business income tax liability of more than \$100 must be taxed as other corporation income is taxed under this title. An exempt corporation subject to taxation on unrelated business income under this section shall file a copy of its federal exempt organization business income tax return on which it reports its unrelated business income with the department of revenue.

(4) A hospital that fails to meet the charity care requirements of [section 8] is subject to taxation under this title for any income received in the tax year in which the charity care requirements were not met."

Insert: "Section 19. Section 15-31-511, MCA, is amended to read:

"15-31-511. Confidentiality of tax records. (1) Except as provided in this section, in accordance with a proper judicial order, or as otherwise provided by law, it is unlawful to divulge or make known in any manner:

(a) the amount of income or any particulars set forth or disclosed in any return or report required under this chapter or any other information relating to taxation secured in the administration of this chapter; or

(b) any federal return or information in or disclosed on a federal return or report required by law or rule of the department of revenue under this chapter.

(2) (a) An officer or employee charged with custody of returns and reports required by this chapter may not be ordered to produce any of them or evidence of anything contained in them in any administrative proceeding or action or proceeding in any court, except:

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(i) in an action or proceeding in which the department is a party under the provisions of this chapter; or

(ii) in any other tax proceeding or on behalf of a party to an action or proceeding under the provisions of this chapter when the returns or reports or facts shown in them are directly pertinent to the action or proceeding.

(b) If the production of a return, report, or information contained in them is ordered, the court shall limit production of and the admission of returns, reports, or facts shown in them to the matters directly pertinent to the action or proceeding.

(3) This section does not prohibit:

(a) the delivery of a certified copy of any return or report filed in connection with a return to the taxpayer who filed the return or report or to the taxpayer's authorized representative;

(b) the publication of statistics prepared in a manner that prevents the identification of particular returns, reports, or items from returns or reports;

(c) the inspection of returns and reports by the attorney general or other legal representative of the state in the course of an administrative proceeding or litigation under this chapter;

(d) access to information under subsection (4);

(e) the director of revenue from permitting a representative of the commissioner of internal revenue of the United States or a representative of a proper officer of any state imposing a tax on the income of a taxpayer to inspect the returns or reports of a corporation. The department may also furnish those persons abstracts of income, returns, and reports; information concerning any item in a return or report; and any item disclosed by an investigation of the income or return of a corporation. The director of revenue may not furnish that information to a person representing the United States or another state unless the United States or the other state grants substantially similar privileges to an officer of this state charged with the administration of this chapter.

(f) the disclosure of information to the commissioner of insurance's office that is necessary for the administration of the ~~small-business health insurance tax credit provided for in Title 33, chapter 22, part 20~~ income-enhancement grant program provided for in [section 7].

(4) On written request to the director or a designee of the director, the department shall:

(a) allow the inspection of returns and reports by the legislative auditor, but the information furnished to the legislative auditor is subject to the same restrictions on disclosure outside that office as provided in subsection (1); and

(b) provide corporation income tax information, including any information that may be required under Title 15, chapter 30, part 33, to the legislative fiscal analyst, as provided in 5-12-303 or 15-1-106, and the office of budget and program planning, as provided in 15-1-106 or 17-7-111. The information furnished to the legislative fiscal analyst and the office of budget and program planning is subject to the same restrictions on disclosure outside those offices as provided in subsection (1).

(5) A person convicted of violating this section shall be fined not to exceed \$500. If a public officer or public employee is convicted of violating this section, the person is dismissed from office or employment and may not hold any public office or public employment in the state for a period of 1 year after dismissal or, in the case of a former officer or employee, for 1 year after conviction."

Insert: "Section 20. Section 17-6-606, MCA, is amended to read:

"17-6-606. Tobacco settlement accounts -- purpose -- uses. (1) The purpose of this section is to dedicate a portion of the tobacco settlement proceeds to fund statewide programs for

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tobacco disease prevention designed to:

- (a) discourage children from starting use of tobacco;
- (b) assist adults in quitting use of tobacco;
- (c) provide funds for the children's health insurance program; and
- (d) provide funds for the ~~comprehensive health association programs~~ income-enhancement grant program provided for in [section 9].

(2)(a) ~~An Except as provided in subsection (2)(b), an~~ amount equal to 32% of the total yearly tobacco settlement proceeds received after June 30, 2003, must be deposited in ~~a state special revenue account~~ state special revenue accounts as provided in this section. Subject to subsection (5), the funds referred to in this subsection may be used only for funding:

- (i) statewide programs for tobacco disease prevention designed to prevent children from starting tobacco use and to help adults who want to quit tobacco use; and
- (ii) the income-enhancement grant program provided for in [section 7].

(b) The first \$2.5 million of the yearly tobacco settlement received in fiscal year 2014 and fiscal year 2015 pursuant to this subsection (2) must be deposited in the income-enhancement grant special revenue account. The remainder must be deposited in the state special revenue account for tobacco disease prevention programs.

(c) The department of public health and human services shall manage the tobacco disease prevention programs and shall adopt rules to implement the programs. In adopting rules, the department shall consider the standards contained in Best Practices for Comprehensive Tobacco Control Programs--August 1999 or its successor document, published by the U.S. department of health and human services, centers for disease control and prevention.

(3) An amount equal to 17% of the total yearly tobacco settlement proceeds received after June 30, 2003, must be deposited in a state special revenue account. Subject to subsection (5), the funds referred to in this subsection may be used only for:

- (a) matching funds to secure the maximum amount of federal funds for the Children's Health Insurance Program Act provided for in Title 53, chapter 4, part 10; and
- (b) ~~programs of the comprehensive health association provided for in Title 33, chapter 22, part 15, with funding use subject to 33-22-1513~~ the income-enhancement grant program provided for in [section 7].

(4) Funds deposited in a state special revenue account, as provided in subsection (2) or (3), that are not appropriated within 2 years after the date of deposit must be transferred to the trust fund.

(5) The legislature shall appropriate money from the state special revenue accounts provided for in this section for programs for tobacco disease prevention, for the programs referred to in the subsection establishing the account, and for funding the tobacco prevention advisory board.

(6) Programs funded under this section that are private in nature may be funded through contracted services.""

Insert: "Section 21. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

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(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; [section 9]; 37-43-204; 37-51-501; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-416; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; 87-1-230; 87-1-603; 87-1-621; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 17, Ch. 593, L. 2005, and sec. 1, Ch. 186, L. 2009, the inclusion of 15-31-906 terminates January 1, 2015; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 8, Ch. 330, L. 2009, the inclusion of 87-1-621 terminates June 30, 2013; pursuant to sec. 14, Ch. 374, L. 2009, the inclusion of 53-9-113 terminates June 30, 2015; pursuant to sec. 8, Ch. 427, L. 2009, the inclusion of 87-1-230 terminates June 30, 2013; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019; pursuant to sec. 47, Ch. 19, L. 2011, the inclusion of 87-1-621 terminates June 30, 2013; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004 terminates June 30, 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30, 2019; and pursuant to sec. 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017.)"

Insert: "Section 22. Section 33-22-1513, MCA, is amended to read:

"33-22-1513. Operation of association plan and association portability plans -- use of excess funds. (1) Upon acceptance by the lead carrier under 33-22-1516, an eligible person may enroll in the association plan by payment of the association plan premium to the lead carrier.

(2) Upon application by a federally defined eligible individual or a TAA-eligible individual to the lead carrier for an association portability plan, the association may not:

(a) decline to offer an association portability plan; or

(b) except as provided in subsection (3), impose a preexisting condition exclusion with

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respect to an individual's association portability plan coverage if application for association portability plan coverage is made within 63 days following termination of the applicant's most recent prior creditable coverage.

(3) The association may impose a preexisting condition exclusion as provided in 33-22-1516 with respect to a TAA-eligible individual's association portability plan coverage if that individual does not meet the requirements defining a qualified TAA-eligible individual.

(4) Not less than 88% of the association plan and the association portability plan premiums paid to the lead carrier may be used to pay claims and not more than 12% may be used for payment of the lead carrier's direct and indirect expenses as specified in 33-22-1514.

(5) Any income in excess of the costs incurred by the association in providing reinsurance or administrative services must be held at interest and used by the association to:

(a) offset past and future losses because of claims expenses of the association plan and the association portability plan; ~~or be allocated to reduce association plan and association portability plan premiums~~

(b) be deposited in the income-enhancement grant special revenue account provided for in [section 9].

(6) (a) Each participating member of the association shall share the losses because of claims expenses of the association plan and the association portability plan for plans issued or approved for issuance by the association and shall share in the operating and administrative expenses incurred or estimated to be incurred by the association incident to the conduct of its affairs in the following manner:

(i) Each participating member of the association must be assessed by the association on an annual basis an amount not to exceed 1% of the association member's total disability insurance premium received from or on behalf of Montana residents as determined by the commissioner. Assessments made under this subsection (6)(a) or funds from any other source must be allocated to the association plan and the association portability plan in proportion to the needs of the two plans. If the needs of the association plan and the association portability plan exceed the funds generated by the 1% assessment, the association is then authorized to spend any funds appropriated by the legislature for the support of the plans. Any appropriation to the association may be expended for the operation of the association plan or the association portability plan.

(ii) (A) Payment of an assessment is due within 30 days of receipt by a member of a written notice of the annual assessment. After 30 days, the association shall charge a member:

(I) a late payment penalty of 1.5% a month or fraction of a month on the unpaid assessment, not to exceed 18% of the assessment due;

(II) interest at the rate of 12% a year on the unpaid assessment, to be accrued at 1% a month or fraction of a month; or

(III) both of the charges in subsections (6)(a)(ii)(A)(I) and (6)(a)(ii)(A)(II).

(B) Failure by a contributing member to tender the association assessment within the 30-day period is grounds for termination of membership. A member terminated for failure to tender the association assessment is ineligible to write health care benefit policies or contracts in this state under 33-22-1503(2).

(iii) An association member that ceases to do disability insurance business within the state remains liable for assessments through the calendar year in which the member ceased doing disability insurance business. The association may decline to levy an assessment against an association member if the assessment, as determined pursuant to this section, would not exceed \$50.

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(b) For purposes of this subsection (6), "total disability insurance premium" does not include premiums received from disability income insurance, credit disability insurance, disability waiver insurance, life insurance, medicare risk or other similar medicare health maintenance organization payments, or medicaid health maintenance organization payments.

(c) Any income in excess of the incurred or estimated claims expenses of the association plan and the association portability plan and the operating and administrative expenses of the association must be held at interest and used by the association to:

(i) offset past and future losses because of claims expenses of the association plan and the association portability plan ~~or be allocated to reduce association plan and association portability plan premiums; or~~

(ii) be deposited in the income-enhancement grant special revenue account provided for in [section 9].

(7) The proportion of the annual assessment allocated to the operation and expenses of the association plan, not to include any amount of late payment penalty or interest charged, may be offset by an association member against the premium tax payable by that association member pursuant to 33-2-705 for the year in which the annual assessment is levied. The commissioner shall report to the office of budget and program planning, as a part of the information required by 17-7-111, the total amount of premium tax offset claimed by association members during the preceding biennium. The proportion of the annual assessment allocated to the operation and expenses of the association portability plan and levied against an association member may not be offset against the premium tax payable by that association member.

(8) The association may also accept funding from the federal government, private foundations, and other private funding sources."

Insert: "Section 23. Section 33-22-1815, MCA, is amended to read:

"33-22-1815. Qualifications for voluntary purchasing pool. A voluntary purchasing pool of disability insurance purchasers may be formed solely for the purpose of obtaining disability insurance upon compliance with the following provisions:

(1) It contains at least 51 eligible employees.

(2) It establishes requirements for membership. The voluntary purchasing pool shall accept for membership any small employers and may accept for membership any employers with at least 51 eligible employees that otherwise meet the requirements for membership. However, the voluntary purchasing pool may not exclude any small employers that otherwise meet the requirements for membership on the basis of claim experience, occupation, or health status.

(3) It holds an open enrollment period at least once a year during which new members can join the voluntary purchasing pool.

(4) It offers coverage to eligible employees of member employers and to the employees' dependents. Coverage may not be limited to certain employees of member small employers except as provided in 33-22-1811(3)(c).

(5) It does not assume any risk or form self-insurance plans among its members.

(6) (a) Disability insurance policies, certificates, or contracts offered through the voluntary purchasing pool must rate the entire purchasing pool group as a whole and charge each insured person based on a community rate within the common group, adjusted for case characteristics as permitted by the laws governing group disability insurance.

(b) ~~Except for the rates for the small business health insurance pool established in 33-22-2001, rates~~ Rates for voluntary purchasing pool groups must be set pursuant to the

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provisions of 33-22-1809.

(c) At its discretion, premiums may be paid to the disability insurance policies, certificates, or contracts by the voluntary purchasing pool or by member employers.

(7) A person marketing disability insurance policies, certificates, or contracts for a voluntary purchasing pool must be licensed as an insurance producer."

Insert: "Section 24. Section 33-22-1816, MCA, is amended to read:

"33-22-1816. Commissioner powers and duties -- application for registration -- reporting insolvency. (1) The commissioner shall develop forms for registration of an organization as a voluntary purchasing pool.

(2) An organization seeking to be registered as a voluntary purchasing pool shall make application to the commissioner. The commissioner shall register an organization as a voluntary purchasing pool upon proof of fulfillment of the qualifications provided in 33-22-1815.

(3) Except as provided in subsection (5), on March 1 of each year, the voluntary purchasing pool shall provide a report and financial statement for the previous calendar year to the commissioner so that the commissioner may determine:

- (a) whether the operation of the voluntary purchasing pool is fiscally sound;
- (b) whether the voluntary purchasing pool is bearing any risk; and
- (c) the number of individuals covered.

(4) The annual report of the voluntary purchasing pool must disclose its total administrative cost.

(5) A voluntary purchasing pool may choose to operate on a fiscal year other than on the calendar year. A voluntary purchasing pool that establishes a fiscal year that is other than the calendar year shall provide the report required in subsection (3) to the commissioner within 60 days of the voluntary purchasing pool's fiscal yearend.

~~(6) The commissioner may exempt the small business health insurance purchasing pool established in 33-22-2001 from the reporting requirements under subsection (3)."~~

"

Insert: "Section 25. Section 45-6-301, MCA, is amended to read:

"45-6-301. Theft. (1) A person commits the offense of theft when the person purposely or knowingly obtains or exerts unauthorized control over property of the owner and:

- (a) has the purpose of depriving the owner of the property;
- (b) purposely or knowingly uses, conceals, or abandons the property in a manner that deprives the owner of the property; or
- (c) uses, conceals, or abandons the property knowing that the use, concealment, or abandonment probably will deprive the owner of the property.

(2) A person commits the offense of theft when the person purposely or knowingly obtains by threat or deception control over property of the owner and:

- (a) has the purpose of depriving the owner of the property;
- (b) purposely or knowingly uses, conceals, or abandons the property in a manner that deprives the owner of the property; or
- (c) uses, conceals, or abandons the property knowing that the use, concealment, or abandonment probably will deprive the owner of the property.

(3) A person commits the offense of theft when the person purposely or knowingly obtains control over stolen property knowing the property to have been stolen by another and:

- (a) has the purpose of depriving the owner of the property;

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(b) purposely or knowingly uses, conceals, or abandons the property in a manner that deprives the owner of the property; or

(c) uses, conceals, or abandons the property knowing that the use, concealment, or abandonment probably will deprive the owner of the property.

(4) A person commits the offense of theft when the person purposely or knowingly obtains or exerts unauthorized control over any part of any public assistance provided under Title 52 or 53 by a state or county agency, regardless of the original source of assistance, by means of:

(a) a knowingly false statement, representation, or impersonation; or

(b) a fraudulent scheme or device.

(5) A person commits the offense of theft when the person purposely or knowingly obtains or exerts or helps another obtain or exert unauthorized control over any part of any benefits provided under Title 39, chapter 71, by means of:

(a) a knowingly false statement, representation, or impersonation; or

(b) deception or other fraudulent action.

(6) (a) A person commits the offense of theft when the person purposely or knowingly commits insurance fraud as provided in 33-1-1202 or 33-1-1302; or

(b) purposely or knowingly diverts or misappropriates insurance premiums as provided in 33-17-1102; ~~or~~

~~(c) purposely or knowingly receives small business health insurance premium incentive payments or premium assistance payments or tax credits under Title 33, chapter 22, part 20, to which the person is not entitled.~~

(7) A person commits the offense of theft of property by embezzlement when, with the purpose to deprive the owner of the property, the person:

(a) purposely or knowingly obtains or exerts unauthorized control over property of the person's employer or over property entrusted to the person; or

(b) purposely or knowingly obtains by deception control over property of the person's employer or over property entrusted to the person.

(8) (a) Except as provided in subsection (8)(b), a person convicted of the offense of theft of property not exceeding \$1,500 in value shall be fined an amount not to exceed \$1,500 or be imprisoned in the county jail for a term not to exceed 6 months, or both. A person convicted of a second offense shall be fined \$1,500 or be imprisoned in the county jail for a term not to exceed 6 months, or both. A person convicted of a third or subsequent offense shall be fined \$1,500 and be imprisoned in the county jail for a term of not less than 30 days or more than 6 months.

(b) (i) Except as provided in subsection (8)(c), a person convicted of the offense of theft of property exceeding \$1,500 in value or theft of any amount of anhydrous ammonia for the purpose of manufacturing dangerous drugs shall be fined an amount not to exceed \$50,000 or be imprisoned in a state prison for a term not to exceed 10 years, or both.

(ii) A person convicted of the theft of any commonly domesticated hooved animal shall be fined an amount of not less than \$5,000 or more than \$50,000 or be imprisoned in a state prison for a term not to exceed 10 years, or both. If a prison term is deferred, the court shall order the offender to perform 416 hours of community service during a 1-year period, in the offender's county of residence. In addition to the fine and imprisonment, the offender's property is subject to criminal forfeiture pursuant to 45-6-328 and 45-6-329.

(c) A person convicted of the offense of theft of property exceeding \$10,000 in value by embezzlement shall be imprisoned in a state prison for a term of not less than 1 year or more than 10 years and may be fined an amount not to exceed \$50,000. The court may, in its discretion,

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place the person on probation with the requirement that restitution be made under terms set by the court. If the terms are not met, the required prison term may be ordered.

(9) Amounts involved in thefts committed pursuant to a common scheme or the same transaction, whether from the same person or several persons, may be aggregated in determining the value of the property."

Insert: "Section 26. Section 50-4-716, MCA, is amended to read:

"50-4-716. Criteria for distribution of assets. (1) The public assets distributed to a foundation or nonprofit organization in accordance with 50-4-715 or 50-4-720 must be in the form of cash or a combination of cash and publicly traded securities or bonds or similar assets that are readily convertible to cash and for which a secondary market exists.

(2) The attorney general may determine that a distribution of assets of a nonprofit health entity is not required if the transaction is determined not to be a conversion transaction and is a transaction in the ordinary course of business and for fair market value.

(3) In determining fair market value, the attorney general may consider all relevant factors that may include but are not limited to:

(a) the value of the nonprofit health entity or an affiliate or the assets of the nonprofit health entity or affiliate that are determined as if the nonprofit health entity or affiliate had voting stock outstanding and 100% of its stock was freely transferable and available for purchase without restriction;

(b) the value as a going concern;

(c) the market value;

(d) the investment or earnings value;

(e) the net asset value; and

(f) a control premium, if any."

Insert: "Section 27. Section 50-4-720, MCA, is amended to read:

"50-4-720. Distribution of proceeds -- annual report. (1) Except as provided in ~~subsection (5)~~ subsections (2) and (6), the proceeds of a conversion transaction that are public assets must be distributed to an existing or new foundation or other nonprofit organization to be held in a trust that meets the following requirements:

(a) The foundation or nonprofit organization shall operate pursuant to 26 U.S.C. 501(c)(3) or 501(c)(4), and regardless of whether the foundation is classified as a private foundation under 26 U.S.C. 509, the foundation or nonprofit organization shall operate in accordance with the restrictions and limitations that apply to private foundations in 26 U.S.C. 4941 through 4945.

(b) The foundation or nonprofit organization must have a mission statement that is as close as possible to the mission of the converting nonprofit health entity.

(c) The foundation or nonprofit organization's assets may not be used to supplant government funds.

(d) The foundation or nonprofit organization may not be an agent or instrumentality of the government.

(e) The foundation or nonprofit organization and its directors, officers, and staff must be and shall remain independent of the parties to the conversion transaction and their affiliates. A person who is an officer, director, or staff member of a nonprofit health entity submitting a conversion plan at the time that the plan is submitted or at the time of the conversion transaction or within 5 years after the conversion may not be an officer, director, or staff member of the foundation. A director, officer, agent, or employee of the nonprofit health entity submitting the plan

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or the foundation receiving the charitable assets may not benefit directly or indirectly from the transaction. Public officials, elected or appointed, may not serve as an officer, director, or staff member of the foundation or nonprofit organization.

(f) A foundation or nonprofit organization must have or shall establish formal mechanisms to avoid conflicts of interest and to prohibit grants benefiting:

(i) any party to the conversion transaction or members of the board of directors and management of a party to the conversion transaction; or

(ii) the foundation or nonprofit organization's board of trustees, directors, agents, or employees.

(g) Boards of trustees or directors of the foundation or nonprofit organization shall reflect the geographic, ethnic, gender, age, socioeconomic, and other factors that the board considers to represent the diversity of the nonprofit health entity applicant's service area. In addition, trustees or directors must have the following qualifications and qualities:

(i) interest in and concern for the foundation or nonprofit organization and its mission;

(ii) objectivity and impartiality;

(iii) willingness and ability to commit time and thought to the foundation or nonprofit organization's affairs; and

(iv) commitment to the foundation or nonprofit organization as a whole and not to a special interest.

(h) Boards of trustees or directors must include persons with special knowledge, expertise, and skills in investments and asset management, finance, and nonprofit administration.

(2) The first \$30 million of proceeds of a conversion transaction that are public assets must be deposited in the income-enhancement grant special revenue account provided for in [section 9].

~~(2)~~(3) A foundation or nonprofit organization that receives a distribution of public assets shall submit an annual report to the commissioner and to the attorney general regarding the award of grants and other charitable activities of the entity related to its use of the public assets received.

~~(3)~~(4) The annual report submitted under subsection ~~(2)~~ (3) must be made available to the public at the principal office of the foundation or nonprofit organization.

~~(4)~~(5) The attorney general shall retain oversight and monitoring authority over the foundation or nonprofit organization that receives the proceeds of a proposed conversion transaction.

~~(5)~~(6) Notwithstanding any other provision of this section, the proceeds of a conversion transaction that are public assets of a nonprofit mutual benefit corporation in which all of the members are nonprofit public benefit corporations may be distributed to the member nonprofit public benefit corporations if the articles of incorporation of the nonprofit mutual benefit corporation provide for that distribution."

Insert: "Section 28. Section 53-4-1004, MCA, is amended to read:

"53-4-1004. (Temporary) Eligibility for program -- rulemaking. (1) To be considered eligible for the program, a child:

(a) must be 18 years of age or younger;

(b) must have a combined family income at or below 250% of the federal poverty level or at a lower level determined by the department of public health and human services as provided in subsection (4);

(c) may not already be covered by private insurance that offers creditable coverage, as

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defined in 42 U.S.C. 300gg(c), for 3 months prior to enrollment in the program or since birth, whichever period is less; ~~except that the break in coverage is waived for a covered dependent whose coverage moves from the purchasing pool provided under Title 33, chapter 22, part 20, to coverage under this part;~~

(d) may not be eligible for medicaid benefits; and

(e) must be a United States citizen or qualified alien and a Montana resident.

(2) The department of public health and human services shall adopt rules that establish the program's criteria for residency. The criteria must conform as nearly as practicable with the residency requirements for medicaid eligibility.

(3) Subject to 53-4-1009(3), rules governing eligibility may also include financial standards and criteria for income and resources, treatment of resources, and nonfinancial criteria.

(4) If the department determines that there is insufficient funding for the program, it may lower the percentage of the federal poverty level established in subsection (1)(b) in order to reduce the number of persons who may be eligible to participate or may limit the amount, scope, or duration of specific services provided. (Terminates on occurrence of contingency--sec. 15, Ch. 571, L. 1999; sec. 14, I.M. No. 155, approved November 4, 2008; ~~bracketed language void on occurrence of contingency--sec. 7, Ch. 87, L. 2009.~~)"

Insert: "Section 29. Section 53-6-1201, MCA, is amended to read:

"53-6-1201. Special revenue fund -- health and medicaid initiatives. (1) There is a health and medicaid initiatives account in the state special revenue fund established by 17-2-102. This account is to be administered by the department of public health and human services.

(2) There must be deposited in the account:

(a) money from cigarette taxes deposited under 16-11-119(1)(d);

(b) money from taxes on tobacco products other than cigarettes deposited under 16-11-119(3)(b); and

(c) any interest and income earned on the account.

(3) This account may be used only to provide funding for:

(a) the state funds necessary to take full advantage of available federal matching funds in order to administer the plan and maximize enrollment of eligible children under the healthy Montana kids plan, provided for under Title 53, chapter 4, part 11, and to provide outreach to the eligible children;

(b) a new need-based prescription drug program established by the legislature for children, seniors, chronically ill, and disabled persons that does not supplant similar services provided under any existing program;

(c) increased medicaid services and medicaid provider rates. The increased revenue is intended to increase medicaid services and medicaid provider rates and not to supplant the general fund in the trended traditional level of appropriation for medicaid services and medicaid provider rates.

~~(d) an offset to loss of revenue to the general fund as a result of new tax credits;~~

~~—(e) funding new programs to assist eligible small employers with the costs of providing health insurance benefits to eligible employees;~~

~~(f)(d) the cost of administering the tax credit, the purchasing pool, and the premium incentive payments and premium assistance payments as provided in Title 33, chapter 22, part 20 the income-enhancement grant program provided for in [section 7]; and~~

~~(g)(e) providing a state match for the medicaid program for premium incentive payments~~

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or premium assistance payments to the extent that a waiver is granted by federal law as provided in 53-2-216.

(4) (a) On or before July 1, the budget director shall calculate a balance required to sustain each program in subsection (3) for each fiscal year of the biennium. If the budget director certifies that the reserve balance will be sufficient, then the agencies may expend the revenue for the programs as appropriated. If the budget director determines that the reserve balance of the revenue will not support the level of appropriation, the budget director shall notify each agency. Upon receipt of the notification, the agency shall adjust the operating budget for the program to reflect the available revenue as determined by the budget director.

(b) Until the programs or credits described in subsections (3)(b) and (3)(d) through ~~(3)(g)~~ (3)(e) are established, the funding must be used exclusively for the purposes described in subsections (3)(a) and (3)(c).

(5) The phrase "trended traditional level of appropriation", as used in subsection (3)(c), means the appropriation amounts, including supplemental appropriations, as those amounts were set based on eligibility standards, services authorized, and payment amount during the past five biennial budgets.

(6) The department of public health and human services may adopt rules to implement this section."

Insert: "NEW SECTION. Section 30. Repealer. The following sections of the Montana Code Annotated are repealed:

- 15-30-2368. Tax credit for health insurance premiums paid -- eligible small employers -- pass-through entities.
- 15-31-130. Tax credit for health insurance premiums paid -- eligible small employers -- corporations.
- 33-22-2001. Establishment of small business health insurance pool -- intent.
- 33-22-2002. Small business health insurance pool -- definitions.
- 33-22-2003. Board of directors -- composition -- appointment -- compensation.
- 33-22-2004. Powers and duties of board.
- 33-22-2005. Duties of commissioner -- rulemaking authority.
- 33-22-2006. Premium incentive payments, premium assistance payments, and tax credits for small employer health insurance premiums paid -- eligibility for small group coverage -- amounts.
- 33-22-2007. Filing for tax credit -- filing for premium incentive payments and premium assistance payments.
- 33-22-2008. Registration -- funding limitations -- transfers -- maximum number -- waiting list -- information transfer for tax credits.
- 33-22-2009. Penalties.
- 53-2-216. Health insurance premium assistance -- legislative intent -- application for section 1115 waiver -- duties of board of directors of small business health insurance pool, commissioner of insurance, and department of public health and human services.
- 53-2-217. Contingency on expenditure.

"

Insert: "NEW SECTION. Section 31. Transfer of funds. (1) There is transferred from the general fund to the income-enhancement grant special revenue account provided for in [section

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9] \$1,646,660 in fiscal year 2014 and \$6,763,375 in fiscal year 2015.

(2) There is transferred from the insurance fee special revenue account to the income-enhancement grant special revenue account provided for in [section 9] \$3 million in each year of the biennium beginning July 1, 2013.

(3) There is transferred from the health and medicaid initiatives special revenue account to the income-enhancement grant special revenue account provided for in [section 9] \$5,116,980 in fiscal year 2014."

Insert: "NEW SECTION. Section 32. Appropriation. (1) There is appropriated \$800,000 from the special revenue account provided for in [section 9] to the state auditor's office for the biennium beginning July 1, 2013, to be used on education and outreach activities as provided in [section 6].

(2) There is appropriated \$200,000 from the general fund to the legislative services division for the biennium beginning July 1, 2013, to be used for the select committee on medicaid innovation, reform, and expansion provided for in [section 4]."

Insert: "NEW SECTION. Section 33. Codification instruction. (1) [Sections 1 through 9] are intended to be codified as an integral part of Title 33, chapter 22, and the provisions of Title 33, chapter 22, apply to [sections 1 through 9].

(2) [Sections 10 and 11] are intended to be codified as an integral part of Title 20, chapter 26, and the provisions of Title 20, chapter 26, apply to [sections 10 and 11].

(3) [Sections 12 through 14] are intended to be codified as an integral part of Title 53, chapter 6, part 1, and the provisions of Title 53, chapter 6, part 1, apply to [sections 12 through 14]."

Insert: "COORDINATION SECTION. Section 34. Coordination instruction. If both House Bill No. 604 and [this act] are passed and approved, then House Bill No. 604 is void."

Insert: "COORDINATION SECTION. Section 35. Coordination instruction. If both House Bill No. 2 and [this act] are passed and approved and if House Bill No. 2 contains appropriations for Insure Montana, then any appropriation in House Bill No. 2 for Insure Montana is void."

Insert: "NEW SECTION. Section 36. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications."

Insert: "NEW SECTION. Section 37. Effective dates -- contingency. (1) Except as provided in subsections (2) through (4)], [this act] is effective July 1, 2013.

(2) [Sections 15 through 19, 23 through 25, 28, and 30] are effective January 1, 2014.

(3) [Sections 4, 9, 26, 27] and this section are effective on passage and approval.

(4) [Section 20(2)(b)] is effective October 1, 2013, if a conversion transaction of a nonprofit health entity has not been approved by the commissioner of insurance and the attorney general by September 30, 2013."

Insert: "NEW SECTION. Section 38. Applicability -- retroactive applicability. (1) [Section 10] applies to students accepted into a state-funded medical education program beginning in the 2014-2015 academic year.

(2) [Sections 8, 15, 16, and 18] apply to tax years beginning after December 31, 2013.

(3) [This act] applies retroactively, within the meaning of 1-2-109, to a conversion transaction of a nonprofit health entity that is approved by the commissioner of insurance and the

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attorney general on or after January 1, 2013. "

Insert: "NEW SECTION. Section 39. Termination. [This act] terminates June 30, 2015."

And, as amended, be concurred in. Report adopted.

MESSAGES FROM THE GOVERNOR

April 12,2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

Dear President Essmann:

On Friday, April 12, 2013, I signed and delivered the following Senate bills to the Secretary of State:

Senate Bill 48 -Jergeson
Senate Bill 116 -Arthun
Senate Bill 165 -Caferro
Senate Bill 176 -Peterson
Senate Bill 185 -Sesso
Senate Bill 194 -Blewett
Senate Bill 259 -Arntzen
Senate Bill 314 -Wanzenried
Senate Bill 316 -Fielder
Senate Bill 319 -Sonju
Senate Bill 327 -Olson
Senate Bill 332 Tutvedt

I am returning **Senate Bill 45** -Keane and **Senate Bill 125** -Olson with amendments.

I have vetoed **Senate Bill 224** -Debby Barrett.

Sincerely,

STEVE BULLOCK
Governor

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April 12, 2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

Dear President Essmann:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **return with amendments Senate Bill 45** (SB 45), "AN ACT REVISING THE DEFINITION OF "ELIGIBLE RENEWABLE RESOURCE" TO INCLUDE HYDROELECTRIC PROJECT EXPANSIONS; PROVIDING THE PUBLIC SERVICE COMMISSION WITH RULEMAKING AUTHORITY WITH RESPECT TO HYDROELECTRIC PROJECT EXPANSIONS; AMENDING SECTIONS 69-3-2003 AND 69-3-2006, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

SB 45 amends Montana's Renewable Power Production and Rural Economic Development Act (Act), passed by the 2005 Legislature, by allowing for hydropower expansions at existing dams to be incorporated into the renewable portfolio standard. It accomplishes this goal in a far more responsible and workable manner than has been attempted in previous legislative sessions.

The intent of the 2005 Act was to incentivize diverse rural economic development, and it has been tremendously successful.

It makes sense to allow for the future expansion of existing hydropower facilities to be included in the renewable portfolio standard. Such activities would generate new jobs and create new sources of renewable power. Appropriately, this bill seeks to limit the amount of credit for a future project to the amount of new power associated with the expansion.

SB 45 has two problems. First, as written it would apply to at least one project that is almost complete. This project is one that the company determined was economically viable even without the Act's incentives, and thus does not serve the Act's original purpose --to expand rural economic development.

Having these incentives apply retroactively to a project already underway creates no new jobs, which is a top priority of mine and a goal shared by many legislators.

I believe most Montanans share my goal of job creation, and see the benefits of incentives that create new jobs. Extending the Act's incentives to a project that is almost complete actually discourages job creation, since the total number of incentives is limited and those that are applied to the existing project cannot then be used to create new jobs.

Second, as written SB 45 would overstate the amount of incentive given for power generated at a new project. This also has the real world effect of displacing new jobs, as the incentives that

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are inappropriately attributed to a project cannot be used elsewhere to encourage new projects and new jobs.

Therefore, I offer amendments to accomplish two objectives: limit applicability to hydropower expansion projects at existing facilities that commence construction after the effective date of SB 45; and, ensure that the amount of credit given to any new project more accurately reflects the actual power that is generated.

I believe SB 45, amended as I propose, allows for incremental hydropower projects while still meeting the intent of the original Act.

I respectfully ask for your support of these amendments.

Sincerely

STEVE BULLOCK
Governor

Governor's recommendations for amendments to **Senate Bill 45** (reference copy -- salmon) are as follows:

1. Title, page 1, line 8 through line 9.

Following: "EXPANSIONS;" on line 8

Insert: "AND"

Following: "MCA" on line 8

Strike: remainder of line 8 through "APPLICABILITY DATE" on line 9

2. Page 2, line 30.

Following: "that"

Insert: "commences construction and"

3. Page 3, line 1 through line 4.

Strike: "December" on line 1 through "recalculated" on line 4

Insert: "[the effective date of this act]. Engineering estimates of the average incremental generation from the increase in existing generation capacity must be submitted to the commission for review. The commission shall determine an average annual incremental generation that will constitute the eligible renewable resource from the capacity expansion, subject to further revision by the commission in the event of significant changes in streamflow or dam operation"

4. Page 5.

Following: line 6

Insert: "COORDINATION SECTION. Section 4. Coordination instruction. If both Senate Bill No. 31 and [this act] are passed and approved, then [section 5 of Senate Bill No. 31] is void. If both Senate Bill No. 31 and [this act] are passed an approved and if both contain a section that

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amends 69-3-2003, the sections amending 69-3-2003 are void and 69-3-2003 must be amended as follows:

"69-3-2003. Definitions. As used in this part, unless the context requires otherwise, the following definitions apply:

(1) "Ancillary services" means services or tariff provisions related to generation and delivery of electric power other than simple generation, transmission, or distribution. Ancillary services related to transmission services include energy losses, energy imbalances, scheduling and dispatching, load following, system protection, spinning reserves and nonspinning reserves, and reactive power.

(2) "Balancing authority" means a transmission system control operator who balances electricity supply and load at all times to meet transmission system operating criteria and to provide reliable electric service to customers.

(3) "Common ownership" means the same or substantially similar persons or entities that maintain a controlling interest in more than one community renewable energy project even if the ownership shares differ between two community renewable energy projects. Two community renewable energy projects may not be considered to be under common ownership simply because the same entity provided debt or equity or both debt and equity to both projects.

(4) "Community renewable energy project" means an eligible renewable resource that:

(a) is interconnected on the utility side of the meter in which local owners have a controlling interest and that is less than or equal to 25 megawatts in total calculated nameplate capacity; or

(b) is owned by a public utility and has less than or equal to 25 megawatts in total nameplate capacity.

(5) (a) "Competitive electricity supplier" means any person, corporation, or governmental entity that is selling electricity to small customers at retail rates in the state of Montana and that is not a public utility or cooperative.

(b) The term does not include governmental entities selling electricity produced only by facilities generating less than 250 kilowatts that were in operation prior to 1990.

(6) "Compliance year" means each calendar year beginning January 1 and ending December 31, starting in 2008, for which compliance with this part must be demonstrated.

(7) "Cooperative utility" means:

(a) a utility qualifying as an electric cooperative pursuant to Title 35, chapter 18; or

(b) an existing municipal electric utility as of May 2, 1997.

(8) "Dispatch ability" means the ability of either a balancing authority or the owner of an electric generating resource to rapidly start, stop, increase, or decrease electricity production from that generating resource in order to respond to the balancing authority's need to match supply resources to loads on the transmission system.

(9) "Electric generating resource" means any plant or equipment used to generate electricity by any means.

(10)(a) "Eligible renewable resource" means a facility either located within Montana or delivering electricity from another state into Montana that commences commercial operation after January 1, 2005, is a hydroelectric project referred to in subsection (10)(a)(iv)(C), or is a hydroelectric project expansion referred to in subsection (10)(a)(iv)(D), and that any of which produces electricity from one or more of the following sources:

~~(a)~~(i) wind;

~~(b)~~(ii) solar;

~~(c)~~(iii) geothermal;

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~~(d)~~(iv) except as provided in subsection (10)(b) water power, in the case of a hydroelectric project that:

~~(i)~~(A) does not require a new appropriation, diversion, or impoundment of water and that has a nameplate rating of 10 megawatts or less; or

~~(ii)~~(B) is installed at an existing reservoir or on an existing irrigation system that does not have hydroelectric generation as of April 16, 2009, and has a nameplate capacity of 15 megawatts or less;

(C) commences commercial operation in Montana on or after January 1, 2013, and is not an expansion under subsection (10)(a)(iv)(D); or

(D) is an expansion of a hydroelectric project that commences construction and increases existing generation capacity on or after [the effective date of this act]. Engineering estimates of the average incremental generation from the increase in existing generation capacity must be submitted to the commission for review. The commission shall determine an average annual incremental generation that will constitute the eligible renewable resource from the capacity expansion, subject to further revision by the commission in the event of significant changes in streamflow or dam operation.

~~(e)~~(v) landfill or farm-based methane gas;

~~(f)~~(vi) gas produced during the treatment of wastewater;

~~(g)~~(vii) low-emission, nontoxic biomass based on dedicated energy crops, animal wastes, or solid organic fuels from wood, forest, or field residues, except that the term does not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chroma-arsenic;

~~(h)~~(viii) hydrogen derived from any of the sources in this subsection ~~(40)~~(10)(a) for use in fuel cells;

~~(i)~~(ix) the renewable energy fraction from the sources identified in ~~subsections (10)(a) through (10)(j)~~ this subsection (10)(a) of electricity production from a multiple-fuel process with fossil fuels; and

~~(j)~~(x) compressed air derived from any of the sources in this subsection ~~(40)~~ (10)(a) that is forced into an underground storage reservoir and later released, heated, and passed through a turbine generator.

(b) The term does not include federal hydroelectric projects located in Montana or delivering electricity from another state into Montana.

(11) "Local owners" means:

(a) Montana residents;

(b) general partnerships of which all partners are Montana residents;

(c) business entities organized under the laws of Montana that:

(i) have less than \$50 million of gross revenue;

(ii) have less than \$100 million of assets; and

(iii) have at least 50% of the equity interests, income interests, and voting interests owned by Montana residents;

(d) Montana nonprofit organizations;

(e) Montana-based tribal councils;

(f) Montana political subdivisions or local governments;

(g) Montana-based cooperatives other than cooperative utilities; or

(h) any combination of the individuals or entities listed in subsections (11)(a) through (11)(g).

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(12) "Nonspinning reserve" means offline generation that can be ramped up to capacity and synchronized to the grid within 10 minutes and that is needed to maintain system frequency stability during emergency conditions, unforeseen load swings, and generation disruptions.

(13) "Public utility" means any electric utility regulated by the commission pursuant to Title 69, chapter 3, on January 1, 2005, including the public utility's successors or assignees.

(14) "Renewable energy credit" means a tradable certificate of proof of 1 megawatt hour of electricity generated by an eligible renewable resource that is tracked and verified by the commission and includes all of the environmental attributes associated with that 1 megawatt-hour unit of electricity production.

(15) "Seasonality" means the degree to which an electric generating resource is capable of producing electricity in each of the seasons of the year.

(16) "Small customer" means a retail customer that has an individual load with an average monthly demand of less than 5,000 kilowatts.

(17) "Spinning reserve" means the online reserve capacity that is synchronized to the grid system and immediately responsive to frequency control and that is needed to maintain system frequency stability during emergency conditions, unforeseen load swings, and generation disruptions.

(18) "Total calculated nameplate capacity" means the calculation of total nameplate capacity of the community renewable energy project and other eligible renewable resources that are:

- (a) located within 5 miles of the project;
- (b) constructed within the same 12-month period; and
- (c) under common ownership."

5. Page 5, line 8 through line 11.

Strike: section 4 through section 5 in their entirety

April 12, 2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

Dear President Essmann:

In accordance with the power vested in me as Governor by the power of the Constitution and the laws of the State of Montana, I hereby **return with amendments Senate Bill 125** (SB 125), "AN ACT ESTABLISHING THAT THE PUBLIC SERVICE COMMISSION MAY IMPOSE AN ADMINISTRATIVE PENALTY FOR FAILURE TO COMPLY WITH THE GRADUATED RENEWABLE ENERGY STANDARD AND FOR FAILURE TO COMPLY WITH THE COMMUNITY RENEWABLE ENERGY PROJECT REQUIREMENT; AMENDING SECTION 69-3-2004, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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SB 125 amends Montana's Renewable Power Production and Rural Economic Development Act (Act), passed by the 2005 Legislature, by clarifying the calculation of an administrative penalty for failure to comply with the Community Renewable Energy Project (Community Project) requirement, and by substantially reducing the penalty that would apply under current law.

Certain entities subject to the Act are required to purchase a minimum portion of their energy load from renewable resources. Satisfying this requirement must include a certain amount of purchases from Community Projects.

The Act was intended to create incentives for economic development and jobs through the production of renewable power commencing operation after January 1, 2005, and it has been tremendously successful. The Community Project requirement, in part, was intended to ensure that those economic benefits and jobs were well distributed across the state, including to rural communities and Montana owners.

If an entity is unable to meet either the minimum standard or the Community Project requirement, an administrative penalty may be assessed by the Montana Public Service Commission (PSC). The PSC may also grant a short-term waiver from the substantive requirements and the penalty.

There is an ambiguity in current law as to the calculation of the administrative penalty for failure to meet the Community Project requirement. While the minimum purchase requirements for Community Projects are stated in megawatts (capacity), the penalty provisions are stated in megawatt hours (MWh) (output). This bill appropriately corrects this problem.

However, in doing so, this bill sets the penalty too low to provide sufficient incentive for an entity to comply with Community Project requirements or work with the PSC to obtain a waiver. For example, under current law, a 20 MW shortfall in meeting the Community Project requirement could result in a penalty of between \$500,000 and \$700,000. Under SB 125, the maximum penalty would be \$20,000.

My amendment sets the penalty at \$10,000 per MW. For a 20 MW shortfall as described above, this would result in a penalty of \$200,000. This is not excessively punitive, nor is it so low, as it would be with the bill in its current form, that it discourages compliance with the Community Project requirement and stifles the local economic benefits intended by the Act.

I respectfully ask for your support of these amendments.

Sincerely,

STEVE BULLOCK
Governor

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Governor's recommendations for amendments to **Senate Bill 125** (reference copy -- salmon) are as follows:

1. Page 3, line 13.

Strike: "not to exceed \$1,000"

Insert: "in the amount of \$10,000"

April 12, 2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

The Honorable Mark Blasdel
Speaker of the House
State Capitol
Helena, MT 59620

Dear President Essmann and Speaker Blasdel:

In accordance with the powers vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 224** (SB 224), "AN ACT REVISING THE MONTANA ADMINISTRATIVE PROCEDURE ACT; REQUIRING AGENCIES TO INITIATE RULEMAKING WITHIN A SPECIFIED TIME FOLLOWING THE ENACTMENT OF LEGISLATION REQUIRING THE ADOPTION, AMENDMENT, OR REPEAL OF ADMINISTRATIVE RULES; ALLOWING AN ADMINISTRATIVE RULE REVIEW COMMITTEE TO GRANT AN EXTENSION TO THE DEADLINE; AMENDING SECTIONS 24-302, 2-4-305, and 2-4-402, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

SB 224 requires that state agencies initiate administrative rulemaking within 180 days of the effective date of the legislation requiring the rules. For rules required pursuant to preexisting statutes, the bill requires that agencies complete their rulemaking process by July 1, 2014. The bill poses practical and legal problems for the agencies. While I expect that rules should be adopted in a timely fashion, the one-size-fits-all approach will in certain instances undermine the integrity of the rulemaking process.

First, in rulemakings of significant complexity, the 180 day timeline will short-circuit needed time for consultation with affected parties and for the research, drafting and legal review process. Second, the 180 day deadline may run before an administrative rule review committee meets, making any extension requests moot. Third, the 2014 deadline for preexisting rules may not be possible to meet for state rulemakings that are coordinated with federal rulemaking timelines. Finally, the bill does not say what happens if the timelines are not met. The bill thus creates legal and administrative ambiguity and divests agencies of their discretion in determining how to

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produce the most effective rules.

In FY 2012 and FY 2013, the Office of the Secretary of State published 6,864 pages of rules from 17 state agencies. The Department of Labor and Industry alone initiated 198 new rules over the course of fiscal years 2011 and 2012. State agencies are very familiar with the rulemaking process and are in the best position to determine how long a particular rulemaking will take. As Governor, I expect that agencies will formulate these rules in a manner which is timely and effective.

I respectfully ask you to sustain my veto.

Sincerely,

STEVE BULLOCK
Governor

MESSAGES FROM THE OTHER HOUSE

Senate bills concurred in and returned to the Senate: 4/12/2013

SB 114, introduced by Taylor
SB 138, introduced by Wittich

Senate bills concurred in as amended and returned to the Senate for concurrence in House amendments:

4/12/2013

SB 162, introduced by Keane
SB 196, introduced by Rosendale

House joint resolution passed and transmitted to the Senate for concurrence: 4/12/2013

HJR 21, introduced by Hansen

FIRST READING AND COMMITMENT OF BILLS

The following House joint resolution was introduced, read first time, and referred to committee:

HJR 21, introduced by Hansen, Essmann, Phillips, Williams, referred to State Administration.

THIRD READING OF BILLS

The following bills having been read three several times, title and history agreed to, were disposed

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of in the following manner:

HB 116 concurred in as follows:

Yeas: Arntzen, Arthun, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Olson, Peterson, Phillips, Ripley, Sesso, Sonju, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Wanzenried, Webb, Mr. President.

Total 38

Nays: Augare, Fielder, Moore, Priest, Rosendale, Sales, Stewart-Peregoy, Vincent, Vuckovich, Walker, Windy Boy, Wittich.

Total 12

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 363 concurred in as follows:

Yeas: Arntzen, Arthun, Barrett Debby, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Keane, Larsen, Lewis, Moore, Murphy, Olson, Peterson, Priest, Ripley, Rosendale, Sonju, Taylor, Thomas, Tutvedt, Vincent, Walker, Webb, Mr. President.

Total 33

Nays: Augare, Barrett Dick, Blewett, Caferro, Driscoll, Kaufmann, Malek, Phillips, Sales, Sesso, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Windy Boy, Wittich.

Total 17

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 582 concurred in as follows:

Yeas: Arntzen, Arthun, Barrett Debby, Barrett Dick, Brenden, D. Brown, T. Brown, Buttrey, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Lewis, Malek, Moore, Murphy, Olson, Peterson, Sonju, Taylor, Thomas, Tutvedt, Vincent, Vuckovich, Walker, Webb, Wittich, Mr. President.

Total 32

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Nays: Augare, Blewett, Boulanger, Caferro, Driscoll, Keane, Larsen, Phillips, Priest, Ripley, Rosendale, Sales, Sesso, Stewart-Peregoy, Tropila, Van Dyk, Wanzenried, Windy Boy.
Total 18

Absent or not voting: None.
Total 0

Excused: None.
Total 0

HB 575 concurred in as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Webb, Windy Boy, Wittich, Mr. President.
Total 50

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: None.
Total 0

HB 4 concurred in as follows:

Yeas: Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Brenden, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Rosendale, Sesso, Stewart-Peregoy, Thomas, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.
Total 37

Nays: Arntzen, Boulanger, D. Brown, Fielder, Moore, Sales, Sonju, Taylor, Vincent, Walker, Webb, Wittich, Mr. President.
Total 13

Absent or not voting: None.
Total 0

Excused: None.
Total 0

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HB 10 concurred in as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Dick, Blewett, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Peterson, Phillips, Ripley, Sesso, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Webb, Windy Boy.

Total 33

Nays: Barrett Debby, Boulanger, Brenden, D. Brown, Fielder, Moore, Olson, Priest, Rosendale, Sales, Sonju, Taylor, Thomas, Vincent, Walker, Wittich, Mr. President.

Total 17

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 11 concurred in as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Rosendale, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Webb, Windy Boy, Wittich, Mr. President.

Total 49

Nays: Sales.

Total 1

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 86 concurred in as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Rosendale, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Webb, Windy Boy.

Total 43

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Nays: Priest, Ripley, Sales, Vincent, Walker, Wittich, Mr. President.

Total 7

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 401 concurred in as follows:

Yeas: Arntzen, Arthun, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Taylor, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Webb, Wittich, Mr. President.

Total 46

Nays: Augare, Stewart-Peregoy, Thomas, Windy Boy.

Total 4

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 444 concurred in as follows:

Yeas: Arntzen, Augare, Barrett Debby, Blewett, T. Brown, Facey, Fielder, Hamlett, Jent, Jergeson, Jones, Keane, Larsen, Lewis, Malek, Moore, Murphy, Peterson, Phillips, Priest, Sesso, Sonju, Stewart-Peregoy, Thomas, Tropila, Van Dyk, Vuckovich, Wanzenried, Windy Boy, Mr. President.

Total 30

Nays: Arthun, Barrett Dick, Boulanger, Brenden, D. Brown, Buttrey, Caferro, Driscoll, Jackson, Kaufmann, Olson, Ripley, Rosendale, Sales, Taylor, Tutvedt, Vincent, Walker, Webb, Wittich.

Total 20

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 355 concurred in as follows:

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Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, Buttrey, Caferro, Driscoll, Facey, Fielder, Jackson, Jent, Jergeson, Jones, Kaufmann, Larsen, Lewis, Malek, Olson, Peterson, Phillips, Ripley, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tropila, Van Dyk, Vuckovich, Walker, Wanzenried, Webb, Windy Boy, Mr. President.

Total 38

Nays: D. Brown, T. Brown, Hamlett, Keane, Moore, Murphy, Priest, Rosendale, Sales, Tutvedt, Vincent, Wittich.

Total 12

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SR 34 adopted as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Keane, Larsen, Lewis, Moore, Murphy, Olson, Peterson, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Webb, Windy Boy, Wittich, Mr. President.

Total 45

Nays: Barrett Dick, Kaufmann, Malek, Phillips, Stewart-Peregoy.

Total 5

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 583 concurred in as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Ripley, Sesso, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vuckovich, Walker, Wanzenried, Windy Boy.

Total 39

Nays: Boulanger, Brenden, Jackson, Priest, Rosendale, Sales, Sonju, Vincent, Webb, Wittich, Mr. President.

Total 11

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Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 320 concurred in as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Priest, Rosendale, Sales, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Webb, Windy Boy, Wittich, Mr. President.

Total 49

Nays: Ripley.

Total 1

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 498 concurred in as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Webb, Windy Boy, Wittich, Mr. President.

Total 49

Nays: Tropila.

Total 1

Absent or not voting: None.

Total 0

Excused: None.

Total 0

HB 254 concurred in as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, D. Brown, T.

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Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Malek, Olson, Peterson, Phillips, Priest, Ripley, Sesso, Sonju, Stewart-Peregoy, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Windy Boy, Mr. President.

Total 41

Nays: Brenden, Lewis, Moore, Murphy, Rosendale, Sales, Taylor, Webb, Wittich.

Total 9

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 94, as amended by the House, passed as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Boulanger, Brenden, D. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Webb, Windy Boy, Wittich, Mr. President.

Total 45

Nays: Blewett, T. Brown, Kaufmann, Phillips, Wanzenried.

Total 5

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 183, as amended by the House, passed as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Webb, Windy Boy, Wittich, Mr. President.

Total 50

Nays: None.

Total 0

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Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 250, as amended by the House, passed as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Webb, Windy Boy, Wittich, Mr. President.

Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 160, as amended by the House, passed as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Webb, Windy Boy, Wittich, Mr. President.

Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 275, as amended by the House, passed as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D.

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Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Webb, Windy Boy, Wittich, Mr. President.
Total 50

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: None.
Total 0

SB 325, as amended by the House, passed as follows:

Yeas: Arntzen, Arthun, Barrett Debby, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Hamlett, Jackson, Jergeson, Jones, Keane, Lewis, Moore, Murphy, Olson, Peterson, Ripley, Rosendale, Sales, Sesso, Sonju, Taylor, Thomas, Tutvedt, Vincent, Vuckovich, Webb, Windy Boy, Mr. President.
Total 32

Nays: Augare, Barrett Dick, Blewett, Driscoll, Facey, Fielder, Jent, Kaufmann, Larsen, Malek, Phillips, Priest, Stewart-Peregoy, Tropila, Van Dyk, Walker, Wanzenried, Wittich.
Total 18

Absent or not voting: None.
Total 0

Excused: None.
Total 0

**SECOND READING OF BILLS
(COMMITTEE OF THE WHOLE)**

Senator Wittich moved the Senate resolve itself into a Committee of the Whole for consideration of business on second reading. Motion carried. Senator Thomas in the chair.

Senator Sesso announced the Democrats will caucus; Senator Wittich announced the Republicans will caucus.

Senate recessed at 9:27 a.m. and reconvened at 11:34 a.m. Senator Thomas in the chair.

Roll Call. All members present. Quorum present.

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Senator Wittich moved the committee **rise and beg leave to sit again**. Motion carried. Committee arose. Senate resumed. President Essmann presiding.

MOTIONS

Senator Buttrey moved that **HB 579** be taken from Business, Labor, and Economic Affairs and brought before the Committee of the Whole on Monday, April 15, 2013, the seventy-ninth legislative day. Motion carried as follows:

Yeas: Arntzen, Arthun, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Fielder, Jackson, Jones, Larsen, Lewis, Moore, Olson, Peterson, Priest, Ripley, Rosendale, Sonju, Taylor, Thomas, Tutvedt, Vincent, Vuckovich, Walker, Webb, Windy Boy, Mr. President.
Total 29

Nays: Augare, Barrett Debby, Barrett Dick, Blewett, Driscoll, Facey, Hamlett, Jent, Jergeson, Kaufmann, Keane, Malek, Murphy, Phillips, Sales, Sesso, Stewart-Peregoy, Tropila, Van Dyk, Wanzenried, Wittich.
Total 21

Absent or not voting: None.
Total 0

Excused: None.
Total 0

**SECOND READING OF BILLS
(COMMITTEE OF THE WHOLE)**

Senator Wittich moved the Senate resolve itself into a Committee of the Whole for consideration of business on second reading. Motion carried. Senator Thomas in the chair.

Mr. President: We, your Committee of the Whole, having had under consideration business on second reading, recommend as follows:

HB 2 - Senator Ripley moved **HB 2** be concurred in. Senator Ripley made opening comments and outlined the process for presentation of **HB 2**.

SECTION B. Health and Human Services

Senator Priest acknowledged and thanked fellow committee members and staff then reviewed the Department of Health and Human Services budget in detail.

1. Senator Caferro moved **HB 2**, second reading copy, be amended as follows (amendment

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B018):

1. Page B-5.

Strike: line 10 through line 12 in their entirety

Strike: line 15 through line 16 in their entirety

Renumber: subsequent subsections

2. Page B-5, line 20.

Strike: " 56,866,269 60,179,933 " [general fund FY 2014 and FY 2015]

Insert: " 58,560,732 62,652,972 " [general fund FY 2014 and FY 2015]

Strike: " 164,521,284 179,354,901 " [federal special fund FY 2014 and FY 2015]

Insert: " 167,623,509 183,759,835 " [federal special fund]

3. Page B-7.

Following: line 22

Insert: Medicaid Services -- Developmental Services includes \$2,811,336 in fiscal year 2014 and \$2,867,563 in fiscal year 2015 that may be used only to increase rates for children's mental health case management services to a level no less than the current fiscal year 2013 targeted case management rate for adults with severe disabling mental illness. This rate increase is in addition to and may not supplant or be supplanted by any other rate increase approved by the legislature for provider rates.

Medicaid Services -- Developmental Services includes \$1,985,352 in fiscal year 2014 and \$4,010,410 in fiscal year 2015 that may be used only to increase provider rates for developmental disabilities medicaid core services above the rate paid in fiscal year 2013. This rate increase is in addition to and may not supplant or be supplanted by any other rate increase approved by the legislature for provider rates.

Amendment adopted as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Webb, Windy Boy, Wittich, Mr. President.

Total 48

Nays: Facey, Wanzenried.

Total 2

Absent or not voting: None.

Total 0

Excused: None.

Total 0

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2. Senator Priest moved **HB 2**, second reading copy, be amended as follows (amendment B019):

1. Page B-5, following line 2.

Insert: "b. Title X

2,305,688 2,306,322" [federal special fund FY 2014 and FY 2015]

2. Page B-5, following line 5.

Insert: "Title X is contingent upon inclusion of language in Senate Bill No. 395 that prohibits the provision of these funds to entities that perform abortions."

Amendment **not** adopted as follows:

Yeas: Arntzen, Arthun, Barrett Debby, Boulanger, Brenden, D. Brown, Buttrey, Fielder, Jackson, Moore, Murphy, Olson, Priest, Ripley, Rosendale, Sales, Sonju, Taylor, Thomas, Vincent, Walker, Webb, Wittich, Mr. President.

Total 24

Nays: Augare, Barrett Dick, Blewett, T. Brown, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Peterson, Phillips, Sesso, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

Total 26

Absent or not voting: None.

Total 0

Excused: None.

Total 0

3. Senator Wanzenried moved **HB 2**, second reading copy, be amended as follows (amendment B004):

1. Page B-4, line 27.

Strike: "42,615,129 42,431,294" [federal special fund FY 2014
federal special fund FY 2015]

Insert: "44,920,817 44,737,616" [federal special fund FY 2014
federal special fund FY 2015]

Amendment **not** adopted as follows:

Yeas: Augare, Barrett Dick, Blewett, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Kaufmann, Keane, Larsen, Malek, Olson, Phillips, Sesso, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

Total 22

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Nays: Arntzen, Arthun, Barrett Debby, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Fielder, Jackson, Jones, Lewis, Moore, Murphy, Peterson, Priest, Ripley, Rosendale, Sales, Sonju, Taylor, Thomas, Tutvedt, Vincent, Walker, Webb, Wittich, Mr. President.

Total 28

Absent or not voting: None.

Total 0

Excused: None.

Total 0

4. Senator Sesso moved **HB 2**, second reading copy, be amended as follows (amendment B020):

1. Page B-5, following line 2.

Insert: "b. Title X

2,305,688 2,306,322" [federal special fund FY 2014 and FY 2015]

2. Page B-5, following line 5.

Insert: "Title X monies may be used only for purposes allowed by federal law."

Amendment adopted as follows:

Yeas: Augare, Barrett Dick, Blewett, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Olson, Peterson, Phillips, Ripley, Sesso, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

Total 29

Nays: Arntzen, Arthun, Barrett Debby, Boulanger, Brenden, D. Brown, Fielder, Jackson, Moore, Murphy, Priest, Rosendale, Sales, Sonju, Taylor, Thomas, Vincent, Walker, Webb, Wittich, Mr. President.

Total 21

Absent or not voting: None.

Total 0

Excused: None.

Total 0

5. Senator L. Jones moved **HB 2**, second reading copy, be amended with amendment O002): Senator Jones withdrew his motion to review amendment language.

6. Senator Walker moved **HB 2**, second reading copy, be amended as follows (amendment O001):

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1. Page A-1, line 6.

Strike: "6,549,178 7,058,675"

[general fund FY 2014 and FY 2015]

Insert: "6,313,193 6,815,627"

[general fund FY 2014 and FY 2015]

2. Page A-1

Following: line 25

Insert: "Legislative Services includes a reduction in general fund of \$235,985 in fiscal year 2014 and \$243,048 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

3. Page A-2, line 10.

Strike: "2,536,426 2,538,815"

[general fund FY 2014 and FY 2015]

Insert: "2,414,390 2,419,047"

[general fund FY 2014 and FY 2015]

4. Page A-3

Following: line 11

Insert: "Executive Office Program includes a reduction in general fund of \$122,036 in fiscal year 2014 and \$119,768 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

5. Page A-4, line 1.

Strike: "474,308 484,949"

[general fund FY 2014 and FY 2015]

Insert: "463,976 475,250"

[general fund FY 2014 and FY 2015]

6. Page A-6, line 6.

Strike: "4,686,687 4,682,468"

[general fund FY 2014 and FY 2015]

Insert: "3,688,084 3,688,004"

[general fund FY 2014 and FY 2015]

7. Page A-7

Following: line 21

Insert: "Director's Office includes a reduction in general fund of \$998,603 in fiscal year 2014 and \$994,464 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

8. Page A-8, line 6.

Strike: "1,298,230 1,296,348"

[general fund FY 2014 and FY 2015]

Insert: "1,172,373 1,172,636"

[general fund FY 2014 and FY 2015]

9. Page A-9.

Following: line 21

Insert: "State Accounting Division includes a reduction of general fund money of \$125,857 in fiscal year 2014 and \$123,712 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

10. Page A-9, line 27.

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Strike: "1,930,520 1,933,880" [general fund FY 2014 and FY 2015]
Insert: "1,801,296 1,824,665" [general fund FY 2014 and FY 2015]

11. Page A-11.

Following: line 14

Insert: "Business Resources Division includes a reduction of general fund money of \$129,224 in fiscal year 2014 and \$109,215 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

12. Page A-11, line 26.

Strike: "183,517 183,242" [general fund FY 2014 and FY 2015]
Insert: "157,810 157,020" [general fund FY 2014 and FY 2015]

13. Page A-12.

Following: line 21

Insert: "Commissioner's Office/Centralized Services Division includes a reduction of general fund money of \$25,707 in fiscal year 2014 and \$26,222 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

14. Page A-13, line 20.

Strike: "1,636,659 1,643,639" [general fund FY 2014 and FY 2015]
Insert: "1,514,927 1,522,050" [general fund FY 2014 and FY 2015]

15. Page A-14,

Following: line 21

Insert: "Army National Guard Program includes a reduction of general fund money of \$121,732 in fiscal year 2014 and \$121,589 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

16. Page B-3, line 27.

Strike: "11,552,729 11,248,543" [general fund FY 14 and FY 15]
Insert: " 8,867,904 8,501,055" [general fund FY 14 and FY 15]

17. Page B-4

Following: line 22

Insert: "Technology Services Division includes a reduction in general fund money of \$2,684,825 in fiscal year 2014 and \$2,747,488 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

18. Page C-1, line 8.

Strike: "309,125 309,125" [general fund FY 2014 and FY 2015]
Insert: "302,942 302,942" [general fund FY 2014 and FY 2015]

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19. Page C-2.

Following: line 24

Insert: "Aquatic Invasive Species Funding includes a reduction in general fund money of \$6,183 in fiscal year 2014 and \$6,183 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

20. Page C-3, line 14.

Strike: "2,630,738 2,631,807"[general fund FY 2014 and FY 2015]

Insert: "2,526,281 2,527,293"[general fund FY 2014 and FY 2015]

21. Page C-4.

Following: line 24

Insert: "Planning, Prevention, and Assistance Division includes a reduction in general fund money of \$104,457 in fiscal year 2014 and \$104,514 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

22. Page C-7, line 3.

Strike: "289,824 289,284" [general fund FY 2014 and FY 2015]

Insert: "259,664 259,332" [general fund FY 2014 and FY 2015]

23. Page C-8.

Following: line 10

Insert: "Diagnostic Laboratory Program includes a reduction in general fund money of \$30,160 in fiscal year 2014 and \$29,952 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

24. Page C-8, line 13.

Strike: "3,375,121 3,418,502"[general fund FY 2014 and FY 2015]

Insert: "2,901,792 2,946,215"[general fund FY 2014 and FY 2015]

25. Page C-10.

Following: line 20

Insert: "Centralized Services includes a reduction in general fund money of \$473,329 in fiscal year 2014 and \$472,287 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

26. Page C-11, line 19.

Strike: "296,527 296,527" [general fund FY 2014 and FY 2015]

Insert: "277,140 277,986" [general fund FY 2014 and FY 2015]

27. Page C-12.

Following: line 10

Insert: "Agricultural Sciences Division includes a reduction in general fund money of \$19,387 in fiscal year 2014 and \$18,541 in fiscal year 2015. The agency may allocate this

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reduction in funding among programs when developing 2015 biennium operating plans."

28. Page D-1, line 5.

Strike: "9,303,970 9,406,384" [general fund FY 2014 and FY 2015]

Insert: "8,564,237 8,670,445" [general fund FY 2014 and FY 2015]

29. Page D-2.

Following: line 3

Insert: "Supreme Court Operations includes a reduction in general fund money of \$739,733 in fiscal year 2014 and \$735,939 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

30. Page D-2, line 6.

Strike: "1,411,695 1,410,767" [general fund FY 2014 and FY 2015]

Insert: "1,364,823 1,363,913" [general fund FY 2014 and FY 2015]

31. Page D-2, line 20.

Strike: "6,043,502 6,033,578" [general fund FY 2014 and FY 2015]

Insert: "5,464,064 5,454,013" [general fund FY 2014 and FY 2015]

32. Page D-4.

Following: line 5

Insert: "Legal Services Division includes a reduction in general fund money of \$579,438 in fiscal year 2014 and \$579,565 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

33. Page D-5, line 4.

Strike: "23,400,417 23,515,752" [general fund FY 2014 and FY 2015]

Insert: "22,876,344 22,990,410" [general fund FY 2014 and FY 2015]

34. Page D-5.

Following: line 20

Insert: "Office of State Public Defender includes a reduction in general fund money of \$524,073 in fiscal year 2014 and \$525,342 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

35. Page D-5, line 24.

Strike: "18,330,908 18,345,453" [general fund FY 2014 and FY 2015]

Insert: "17,613,633 17,624,777" [general fund FY 2014 and FY 2015]

36. Page D-7.

Following: line 13

Insert: "Administration and Support Services includes a reduction in general fund money of \$717,275 in fiscal year 2014 and \$720,676 in fiscal year 2015. The agency may

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allocate this reduction in funding among programs when developing 2015 biennium operating plans."

37. Page E-1, line 5.

Strike: " 10,033,158 10,048,526 " [general fund FY14 & FY15]
Insert: " 9,808,231 9,823,182 " [general fund FY14 & FY15]

38. Page E-1, line 27.

Strike: "5,044,500 5,149,426" [general fund FY14 & FY15]
Insert: "4,943,610 5,046,437" [general fund FY14 & FY15]

39. Page E-2, line 6.

Strike: "787,800 787,800" [general fund FY14 & FY15]
Insert: "772,044 772,044" [general fund FY14 & FY15]

40. Page E-2, line 8.

Strike: "1,500,000 1,500,000" [general fund FY14 & FY15]
Insert: "1,470,000 1,470,000" [general fund FY14 & FY15]

41. Page E-2, line 10.

Strike: "525,000 525,000" [general fund FY14 & FY15]
Insert: "514,500 514,500" [general fund FY14 & FY15]

42. Page E-2, line 12.

Strike: "250,000 250,000" [general fund FY14 & FY15]
Insert: "245,000 245,000" [general fund FY14 & FY15]

43. Page E-2, line 14.

Strike: "663,861 663,861" [general fund FY14 & FY15]
Insert: "650,584 650,584" [general fund FY14 & FY15]

44. Page E-2, line 20.

Strike: "128,960 128,960" [general fund FY14 & FY15]
Insert: "126,381 126,381" [general fund FY14 & FY15]

45. Page E-4, line 1.

Strike: " 192,710 192,932 " [general fund FY14 & FY15]
Insert: " 188,527 189,073 " [general fund FY14 & FY15]

46. Page E-4, line 9.

Strike: " 425,199 423,849 " [general fund FY14 & FY15]
Insert: " 298,043 297,710 " [general fund FY14 & FY15]

47. Page E-5.

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Following: line 1

Insert: "Administrative Program includes a reduction in general fund money of \$127,156 in fiscal year 2014 and \$126,139 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

48. Page E-5, line 4.

Strike: "465,226 476,907" [general fund FY 14 and FY 15]

Insert: "453,702 467,369" [general fund FY 14 and FY 15]

49. Page E-5, line 21.

Strike: "2,796,134 2,790,572" [general fund FY 14 and FY 15]

Insert: "2,731,984 2,727,455" [general fund FY 14 and FY 15]

50. Page E-6, line 13.

Strike: "964,702 951,765" [general fund FY 14 and FY 15]

Insert: "896,335 889,399" [general fund FY 14 and FY 15]

51. Page E-7.

Following: line 10

Insert: "Administration Program includes a reduction in general fund money of \$68,367 in fiscal year 2014 and \$62,366 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

52. Page E-8, line 2.

Strike: "12,439,325 12,440,785" [general fund FY 14 and FY 15]

Insert: "8,418,757 8,382,092" [general fund FY 14 and FY 15]

53. Page E-11.

Following: line 2

Insert: "OCHE -- Community College Assistance includes a reduction in general fund money of \$4,020,568 in fiscal year 2014 and \$4,058,693 in fiscal year 2015. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

Amendment **not** adopted as follows:

Yeas: Arntzen, Barrett Debby, Boulanger, Brenden, D. Brown, Fielder, Jackson, Moore, Priest, Ripley, Rosendale, Sales, Sonju, Taylor, Thomas, Vincent, Walker, Webb, Wittich, Mr. President.

Total 20

Nays: Arthun, Augare, Barrett Dick, Blewett, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Olson, Peterson, Phillips, Sesso, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

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Total 30

Absent or not voting: None.

Total 0

Excused: None.

Total 0

7. Senator L. Jones moved **HB 2**, second reading copy, be amended as follows (amendment O003):

1. Page BP-1, line 15.

Insert: "NEW SECTION. Section 3. Legislative intent. It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium."

Renumber: subsequent sections

Amendment adopted as follows:

Yeas: Arntzen, Arthun, Barrett Debby, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Fielder, Hamlett, Jackson, Jones, Keane, Lewis, Moore, Murphy, Olson, Peterson, Priest, Ripley, Rosendale, Sales, Sonju, Taylor, Thomas, Tutvedt, Vincent, Vuckovich, Walker, Webb, Windy Boy, Wittich, Mr. President.

Total 34

Nays: Augare, Barrett Dick, Caferro, Driscoll, Facey, Jent, Jergeson, Kaufmann, Larsen, Malek, Phillips, Sesso, Stewart-Peregoy, Tropila, Van Dyk, Wanzenried.

Total 16

Absent or not voting: None.

Total 0

Excused: None.

Total 0

8. Senator Webb moved **HB 2**, second reading copy, be amended as follows (B012):

1. Page B-5, line 20.

Strike: "56,866,269 60,179,933 " [general fund FY 2014 and FY 2015]

Insert: "56,697,619 60,011,283 " [general fund FY 2014 and FY 2015]

Strike: "164,521,284 179,354,901 " [federal special fund FY 2014 and FY 2015]

Insert: "164,189,934 179,023,551 " [federal special fund FY 2014 and FY 2015]

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Amendment **not** adopted as follows:

Yeas: Arntzen, Boulanger, Caferro, Fielder, Moore, Priest, Rosendale, Sales, Sonju, Taylor, Thomas, Vincent, Walker, Webb, Wittich, Mr. President.
Total 16

Nays: Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Brenden, D. Brown, T. Brown, Buttrey, Driscoll, Facey, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Olson, Peterson, Phillips, Ripley, Sesso, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.
Total 34

Absent or not voting: None.
Total 0

Excused: None.
Total 0

Senator Priest moved **Section B** be closed. Motion carried.

SECTION A. General Government

Senator Olson acknowledged and thanked fellow committee members and staff then reviewed the budget of each agency in Section A: Legislative Branch, Consumer Counsel, Governor's Office, Secretary of State, Commissioner of Political Practices, State Auditor's Office, Department of Revenue, Department of Administration, Department of Commerce, Department of Labor and Industry, and Department of Military Affairs.

9. Senator Essmann moved **HB 2**, second reading copy, be amended as follows (A001):

1. Page A-6, line 6.

Strike: "4,686,687 4,682,468 " [general fund FY 2014 and FY 2015]

Insert: "4,624,346 4,638,337 " [general fund FY 2014 and FY 2015]

2. Page A-6, line 9 through line 10.

Strike: line 9 through line 10 in their entirety

Renumber: subsequent subsections

3. Page A-7, line 15.

Following: line 14

Insert: "b. Review of Active Exempt Property Records (Restricted/OTO)
145,918 124,210" [general fund FY 2014 and FY 2015]

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Amendment adopted as follows:

Yeas: Arntzen, Arthun, Barrett Debby, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Fielder, Hamlett, Jackson, Jones, Keane, Lewis, Moore, Murphy, Olson, Peterson, Priest, Ripley, Rosendale, Sales, Sonju, Taylor, Thomas, Tutvedt, Vincent, Walker, Webb, Wittich, Mr. President.

Total 31

Nays: Augare, Barrett Dick, Blewett, Caferro, Driscoll, Facey, Jent, Jergeson, Kaufmann, Larsen, Malek, Phillips, Sesso, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

Total 19

Absent or not voting: None.

Total 0

Excused: None.

Total 0

10. Senator Buttrey moved **HB 2**, second reading copy, be amended as follows (A018):

1. Page A-4.

Following: line 4

Insert: "b. Agency Legal Counsel (OTO)

71,503 71,458" [general fund FY 2014 and FY 2015]

Renumber: subsequent subsections

2. Page D-2.

Strike: line 21 through line 22 in their entirety

Renumber: subsequent subsections

Amendment adopted as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Olson, Peterson, Phillips, Ripley, Rosendale, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Wanzenried, Windy Boy, Mr. President.

Total 43

Nays: D. Brown, Moore, Priest, Sales, Walker, Webb, Wittich.

Total 7

Absent or not voting: None.

Total 0

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Excused: None.

Total 0

11. Senator Buttrey moved **HB 2**, second reading copy, be amended as follows (A011):

1. Page A-3, line 15.

Strike: "5,215,544 5,217,347" [proprietary FY 2014 and FY 2015]

Insert: "4,524,915 4,523,318" [proprietary FY 2014 and FY 2015]

2. Page A-3, line 19.

Following: line 19

Insert: "c. Statewide Voter Registration System (Restricted) 690,629 694,029"

[proprietary FY 2014 and FY 2015]

Amendment adopted as follows:

Yeas: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Moore, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Stewart-Peregoy, Taylor, Thomas, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Webb, Windy Boy, Mr. President.

Total 46

Nays: Fielder, Malek, Tropila, Wittich.

Total 4

Absent or not voting: None.

Total 0

Excused: None.

Total 0

12. Senator Walker moved **HB 2**, second reading copy, be amended as follows (A008):

1. Page A-2, line 10.

Strike: "2,536,426 2,538,815" [general fund FY 2014 and FY 2015]

Insert: "2,341,288 2,343,603" [general fund FY 2014 and FY 2015]

Amendment **not** adopted as follows:

Yeas: Arntzen, Boulanger, Brenden, D. Brown, Fielder, Jackson, Lewis, Moore, Priest, Rosendale, Sales, Sonju, Taylor, Thomas, Vincent, Walker, Webb, Wittich, Mr. President.

Total 19

Nays: Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, T. Brown, Buttrey, Caferro, Driscoll,

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Facey, Hamlett, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Malek, Murphy, Olson, Peterson, Phillips, Ripley, Sesso, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

Total 31

Absent or not voting: None.

Total 0

Excused: None.

Total 0

13. Senator Walker moved **HB 2**, second reading copy, be amended as follows (A003):

1. Page A-1, line 14.

Strike: "683,156 573,224 " [general fund FY 2014 and FY 2015]

Insert: "341,578 286,612 " [general fund FY 2014 and FY 2015]

Amendment **not** adopted as follows:

Yeas: Arntzen, Barrett Debby, Boulanger, Brenden, D. Brown, Fielder, Lewis, Priest, Rosendale, Sales, Taylor, Vincent, Walker, Webb, Wittich, Mr. President.

Total 16

Nays: Arthun, Augare, Barrett Dick, Blewett, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Malek, Moore, Murphy, Olson, Peterson, Phillips, Ripley, Sesso, Sonju, Stewart-Peregoy, Thomas, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

Total 34

Absent or not voting: None.

Total 0

Excused: None.

Total 0

14. Senator Wanzenried moved **HB 2**, second reading copy, be amended as follows (A019):

1. Page A-2, line 10.

Strike: "2,536,426 2,538,815" [general fund FY 2014 and FY 2015]

Insert: "2,341,288 2,343,603" [general fund FY 2014 and FY 2015]

2. Page A-10.

Following: line 20

Insert: "3. Energy Promotion and Development Division (55) 493,494 494,895"
[general fund FY 2014 and FY 2015]

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Renumber: subsequent subsections

Amendment **not** adopted as follows:

Yeas: Augare, Barrett Dick, Blewett, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Kaufmann, Keane, Larsen, Olson, Phillips, Ripley, Sesso, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Windy Boy, Mr. President.

Total 23

Nays: Arntzen, Arthun, Barrett Debby, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Fielder, Jackson, Jones, Lewis, Malek, Moore, Murphy, Peterson, Priest, Rosendale, Sales, Sonju, Taylor, Thomas, Tutvedt, Vincent, Walker, Webb, Wittich.

Total 27

Absent or not voting: None.

Total 0

Excused: None.

Total 0

Senator Olson moved **Section A** be closed. Motion carried.

SECTION C. Natural Resources and Highways

Senator Rosendale acknowledged and thanked fellow committee members and staff then reviewed the budget of each agency in Section C: Fish, Wildlife and Parks, Department of Environmental Quality, Department of Transportation, Department of Livestock, Department of Natural Resources and Conservation, and Department of Agriculture.

15. Senator Van Dyk moved **HB 2**, second reading copy, be amended as follows (C001):

1. Page C-1.

Strike: line 21

Insert: "10,059,399 10,160,813" [state special fund FY 2014 and FY 2015]

Insert: "8,089,482 8,016,047" [federal special fund FY 2014 and FY 2015]

Amendment adopted as follows:

Yeas: Arntzen, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Malek, Murphy, Peterson, Phillips, Priest, Sesso, Sonju, Stewart-Peregoy, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Wanzenried, Windy Boy, Mr. President.

Total 36

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Nays: Arthun, Brenden, Fielder, Jackson, Lewis, Moore, Olson, Ripley, Rosendale, Sales, Taylor, Walker, Webb, Wittich.
Total 14

Absent or not voting: None.
Total 0

Excused: None.
Total 0

16. Senator Rosendale moved **HB 2**, second reading copy, be amended as follows (C005):

1. Page C-7.

Following: line 1

Insert: "c. Predator Control of Grizzly Bear (Restricted/OTO)
250,000 250,000" [state special fund FY 2014 and FY 2015]

Amendment adopted as follows:

Yeas: Arntzen, Arthun, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Fielder, Hamlett, Jergeson, Jones, Keane, Larsen, Lewis, Malek, Moore, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Rosendale, Sales, Sonju, Taylor, Thomas, Tutvedt, Vincent, Walker, Webb, Wittich.
Total 32

Nays: Augare, Barrett Debby, Barrett Dick, Blewett, Caferro, Driscoll, Facey, Jackson, Jent, Kaufmann, Sesso, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Windy Boy, Mr. President.
Total 18

Absent or not voting: None.
Total 0

Excused: None.
Total 0

17. Senator Brenden moved **HB 2**, second reading copy, be amended as follows (C004):

1. Page C-3.

Following: line 8

Insert: "If House Bill No. 404 is passed and approved with a fund switch of \$1,259,209 for fiscal year 2014 and fiscal year 2015 from the wildlife habitat acquisition account to the hunting access account, the Wildlife Division is appropriated \$1,259,209 in state special revenue from the hunting account for hunting access and is restricted for the use of land contract expenditures.

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Amendment adopted as follows:

Yeas: Arntzen, Arthun, Barrett Debby, Brenden, D. Brown, T. Brown, Buttrey, Fielder, Hamlett, Jackson, Jones, Keane, Lewis, Moore, Murphy, Olson, Peterson, Priest, Ripley, Rosendale, Sales, Sonju, Taylor, Tutvedt, Vincent, Walker, Webb, Wittich, Mr. President.
Total 29

Nays: Augare, Barrett Dick, Blewett, Boulanger, Caferro, Driscoll, Facey, Jent, Jergeson, Kaufmann, Larsen, Malek, Phillips, Sesso, Stewart-Peregoy, Thomas, Tropila, Van Dyk, Vuckovich, Wanzenried, Windy Boy.
Total 21

Absent or not voting: None.
Total 0

Excused: None.
Total 0

Senator Rosendale moved **Section C** be closed. Motion carried.

SECTION D. Judicial Branch, Law Enforcement, and Justice

Senator Walker acknowledged and thanked fellow committee members and staff then reviewed the budget of each agency in Section C: Judicial Branch, Department of Justice, Public Service Commission, Office of Public Defender, and Department of Corrections.

18. Senator Tropila moved **HB 2**, second reading copy, be amended as follows (D010):

1. Page D-1, line 5.

Strike: "9,303,970 9,406,384" [general fund FY 2014 and FY 2015]

Insert: "9,699,483 9,802,413" [general fund FY 2014 and FY 2015]

Strike: "236,750 236,679" [state special fund FY 2014 and FY 2015]

Insert: "241,555 241,556" [state special fund FY 2014 and FY 2015]

Strike: "119,828 119,788" [federal special fund FY 2014 and FY 2015]

Insert: "120,882 120,841" [federal special fund FY 2014 and FY 2015]

2. Page D-2.

Strike: line 1 through line 3 in their entirety

Amendment adopted as follows:

Yeas: Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, D. Brown, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Kaufmann, Keane, Larsen, Malek, Moore, Murphy, Olson, Peterson, Phillips, Rosendale, Sesso, Stewart-Peregoy, Thomas, Tropila,

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Tutvedt, Van Dyk, Vuckovich, Walker, Wanzenried, Windy Boy.

Total 34

Nays: Arntzen, Boulanger, Brenden, Fielder, Jackson, Jones, Lewis, Priest, Ripley, Sales, Sonju, Taylor, Vincent, Webb, Wittich, Mr. President.

Total 16

Absent or not voting: None.

Total 0

Excused: None.

Total 0

19. Senator Keane moved **HB 2**, second reading copy, be amended as follows (D016):

1. Page D-2.

Following: line 24

Insert: "c. Major Litigation - Montana v. Wyoming Water Litigation (Restricted/Biennial/OTO)
1,000,000 1,000,000" [general fund FY 2014 and FY 2015]

Amendment adopted as follows:

Yeas: Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, D. Brown, T. Brown, Buttrey, Cafarro, Driscoll, Facey, Hamlett, Jackson, Jent, Jergeson, Kaufmann, Keane, Larsen, Malek, Moore, Peterson, Phillips, Sesso, Stewart-Peregoy, Taylor, Van Dyk, Vincent, Vuckovich, Wanzenried, Windy Boy.

Total 30

Nays: Arntzen, Boulanger, Brenden, Fielder, Jones, Lewis, Murphy, Olson, Priest, Ripley, Rosendale, Sales, Sonju, Thomas, Tropila, Tutvedt, Walker, Webb, Wittich, Mr. President.

Total 20

Absent or not voting: None.

Total 0

Excused: None.

Total 0

20. Senator Keane moved **HB 2**, second reading copy, be amended as follows (D007):

1. Page D-6, line 17.

Strike: "245,811" [general fund FY 2014]

Insert: "301,162" [general fund FY 2014]

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Amendment **not** adopted as follows:

Yeas: Augare, Barrett Dick, Blewett, T. Brown, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Kaufmann, Keane, Larsen, Malek, Murphy, Peterson, Phillips, Sesso, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Windy Boy.
Total 24

Nays: Arntzen, Arthun, Barrett Debby, Boulanger, Brenden, D. Brown, Buttrey, Fielder, Jackson, Jones, Lewis, Moore, Olson, Priest, Ripley, Rosendale, Sales, Sonju, Taylor, Thomas, Tutvedt, Vincent, Walker, Webb, Wittich, Mr. President.
Total 26

Absent or not voting: None.
Total 0

Excused: None.
Total 0

21. Senator Tropila moved **HB 2**, second reading copy, be amended as follows (D002):

1. Page D-6, line 13.

Strike: "61,056,337 61,210,977" [general fund FY 2014 and FY 2015]
Insert: "61,172,087 61,326,727" [general fund FY 2014 and FY 2015]
Strike: "1,475,211 1,475,211" [state special fund FY 2014 and FY 2015]
Insert: "1,359,461 1,359,461" [state special fund FY 2014 and FY 2015]

2. Page D-7, line 4.

Strike: "17,787,983 17,817,228" [general fund FY 2014 and FY 2015]
Insert: "17,870,043 17,899,288" [general fund FY 2014 and FY 2015]
Strike: "1,081,784 1,081,784" [state special fund FY 2014 and FY 2015]
Insert: "999,724 999,724" [state special fund FY 2014 and FY 2015]

Amendment **not** adopted as follows:

Yeas: Augare, Barrett Dick, Blewett, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Kaufmann, Keane, Larsen, Malek, Phillips, Sesso, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Windy Boy.
Total 21

Nays: Arntzen, Arthun, Barrett Debby, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Fielder, Jackson, Jones, Lewis, Moore, Murphy, Olson, Peterson, Priest, Ripley, Rosendale, Sales, Sonju, Taylor, Thomas, Tutvedt, Vincent, Walker, Webb, Wittich, Mr. President.
Total 29

Absent or not voting: None.

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Total 0

Excused: None.

Total 0

22. Senator Tropila moved **HB 2**, second reading copy, be amended as follows (D008):

1. Page D-6, line 13.

Strike: "61,056,337 61,210,977 " [general fund FY 2014 and FY 2015]

Insert: "61,285,135 61,439,775 " [general fund FY 2014 and FY 2015]

2. Page D-7.

Strike: line 14 through line 15

Amendment **not** adopted as follows:

Yeas: Augare, Barrett Dick, Blewett, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Kaufmann, Keane, Larsen, Malek, Phillips, Sesso, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Walker, Wanzonried, Windy Boy.

Total 22

Nays: Arntzen, Arthun, Barrett Debby, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Fielder, Jackson, Jones, Lewis, Moore, Murphy, Olson, Peterson, Priest, Ripley, Rosendale, Sales, Sonju, Taylor, Thomas, Tutvedt, Vincent, Webb, Wittich, Mr. President.

Total 28

Absent or not voting: None.

Total 0

Excused: None.

Total 0

23. Senator Tropila moved **HB 2**, second reading copy, be amended as follows (D009):

1. Page D-5, line 4.

Strike: "23,400,417 23,515,752" [general fund FY 2014 and FY 2015]

Insert: "23,672,034 23,787,302" [general fund FY 2014 and FY 2015]

2. Page D-5.

Strike: line 19 through line 20

Amendment **not** adopted as follows:

Yeas: Arthun, Augare, Barrett Dick, Blewett, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson,

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Kaufmann, Keane, Larsen, Malek, Olson, Phillips, Sesso, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Windy Boy.
Total 23

Nays: Arntzen, Barrett Debby, Boulanger, Brenden, D. Brown, T. Brown, Buttrey, Fielder, Jackson, Jones, Lewis, Moore, Murphy, Peterson, Priest, Ripley, Rosendale, Sales, Sonju, Taylor, Thomas, Tutvedt, Vincent, Walker, Webb, Wittich, Mr. President.
Total 27

Absent or not voting: None.
Total 0

Excused: None.
Total 0

24. Senator Walker moved **HB 2**, second reading copy, be amended as follows (D018):

1. Page D-5.

Strike: line 7 through line 8 in their entirety

Renumber: subsequent subsections

2. Page D-5.

Strike: line 13 through line 14 in their entirety

Amendment **not** adopted as follows:

Yeas: Arntzen, Barrett Debby, Boulanger, Brenden, D. Brown, Fielder, Jackson, Moore, Priest, Rosendale, Sales, Sonju, Taylor, Thomas, Vincent, Walker, Webb, Wittich, Mr. President.
Total 19

Nays: Arthun, Augare, Barrett Dick, Blewett, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Olson, Peterson, Phillips, Ripley, Sesso, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.
Total 31

Absent or not voting: None.
Total 0

Excused: None.
Total 0

25. Senator Walker moved **HB 2**, second reading copy, be amended as follows (D019):

1. Page D-5, line 4.

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Strike: "23,400,417 23,515,752" [general fund FY 2014 and FY 2015]
Insert: "22,900,417 23,015,752" [general fund FY 2014 and FY 2015]

2. Page D-5.

Strike: line 7 through line 8 in their entirety
Renumber: subsequent subsections

3. Page D-5.

Strike: line 13 through line 14 in their entirety

Amendment **not** adopted as follows:

Yeas: Arntzen, Barrett Debby, Boulanger, Brenden, D. Brown, Fielder, Jackson, Moore, Priest, Rosendale, Sales, Sonju, Taylor, Thomas, Vincent, Walker, Webb, Wittich, Mr. President.
Total 19

Nays: Arthun, Augare, Barrett Dick, Blewett, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Olson, Peterson, Phillips, Ripley, Sesso, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.
Total 31

Absent or not voting: None.
Total 0

Excused: None.
Total 0

Senator Walker moved **Section D** be closed. Motion carried.

SECTION E. Education

Senator Jones acknowledged and thanked fellow committee members and staff then reviewed the budget of each agency in Section E: Office of Public Instruction, Board of Education, Montana School for the Deaf and Blind, Montana Arts Council, Montana State Library, Montana Historical Society, University System and the Commissioner of Higher Education.

26. Senator Walker moved **HB 2**, second reading copy, be amended as follows (E034):

1. Page E-5.

Strike: line 11 through line 12 in their entirety

2. Page E-5.

Strike: line 16 through line 18 in their entirety

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Amendment **not** adopted as follows:

Yeas: Boulanger, D. Brown, Fielder, Jackson, Moore, Olson, Priest, Ripley, Rosendale, Sales, Sonju, Taylor, Vincent, Walker, Webb, Wittich, Mr. President.

Total 17

Nays: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Brenden, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Peterson, Phillips, Sesso, Stewart-Peregoy, Thomas, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

Total 33

Absent or not voting: None.

Total 0

Excused: None.

Total 0

27. Senator Fielder moved **HB 2**, second reading copy, be amended as follows (E001):

1. Page E-1, line 5.

Strike: " 10,033,158 10,048,526 " [general fund FY 2014 and FY 2015]

Insert: " 9,029,842 9,043,673 " [general fund FY 2014 and FY 2015]

Amendment **not** adopted as follows:

Yeas: Arntzen, Barrett Debby, Boulanger, Brenden, D. Brown, Fielder, Jackson, Moore, Olson, Priest, Rosendale, Sales, Sonju, Taylor, Thomas, Vincent, Walker, Webb, Wittich, Mr. President.

Total 20

Nays: Arthun, Augare, Barrett Dick, Blewett, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Peterson, Phillips, Ripley, Sesso, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

Total 30

Absent or not voting: None.

Total 0

Excused: None.

Total 0

28. Senator Walker moved **HB 2**, second reading copy, be amended as follows (E036):

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1. Page E-8, line 13.

Strike: "145,004,305 146,828,116" [general fund FY 14 and FY 15]

Insert: "144,004,305 145,828,116" [general fund FY 14 and FY 15]

Amendment **not** adopted as follows:

Yeas: Arthun, Boulanger, D. Brown, T. Brown, Jackson, Moore, Murphy, Priest, Ripley, Rosendale, Sales, Taylor, Thomas, Walker, Webb, Wittich, Mr. President.

Total 17

Nays: Arntzen, Augare, Barrett Debby, Barrett Dick, Blewett, Brenden, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Olson, Peterson, Phillips, Sesso, Sonju, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Wanzenried, Windy Boy.

Total 33

Absent or not voting: None.

Total 0

Excused: None.

Total 0

Senator Larsen expressed a conflict of interest before voting on the amendment.

29. Senator Webb moved **HB 2**, second reading copy, be amended as follows (E021):

1. Page E-9, line 2.

Strike: "5,399,931 5,406,536" [general fund FY 14 and FY 15]

Insert: "4,859,938 4,865,882" [general fund FY 14 and FY 15]

Amendment **not** adopted as follows:

Yeas: D. Brown, Jackson, Moore, Olson, Taylor, Walker, Webb, Wittich, Mr. President.

Total 9

Nays: Arntzen, Arthun, Augare, Barrett Debby, Barrett Dick, Blewett, Boulanger, Brenden, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Peterson, Phillips, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Stewart-Peregoy, Thomas, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Wanzenried, Windy Boy.

Total 41

Absent or not voting: None.

Total 0

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Excused: None.

Total 0

30. Senator T. Brown moved **HB 2**, second reading copy, be amended as follows (E029):

1. Page E-3, following line 11.

Insert: "t. Regional Professional Development (Restricted/OTO)"

Insert: "750,000 750,000" [general fund FY14 & FY15]

Amendment **not** adopted as follows:

Yeas: Augare, Barrett Dick, Blewett, T. Brown, Caferro, Driscoll, Facey, Hamlett, Jent, Jergeson, Jones, Kaufmann, Malek, Phillips, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

Total 20

Nays: Arntzen, Arthun, Barrett Debby, Boulanger, Brenden, D. Brown, Buttrey, Fielder, Jackson, Keane, Larsen, Lewis, Moore, Murphy, Olson, Peterson, Priest, Ripley, Rosendale, Sales, Sesso, Sonju, Taylor, Thomas, Tutvedt, Vincent, Walker, Webb, Wittich, Mr. President.

Total 30

Absent or not voting: None.

Total 0

Excused: None.

Total 0

31. Senator Hamlett moved **HB 2**, second reading copy, be amended as follows (E033):

1. Page E-9, line 7.

Strike: "100,000 100,000" [general fund FY 2014 and FY 2015]

Insert: "200,000 200,000" [general fund FY 2014 and FY 2015]

Amendment **not** adopted as follows:

Yeas: Augare, Barrett Dick, Blewett, T. Brown, Caferro, Driscoll, Facey, Fielder, Hamlett, Jent, Jergeson, Kaufmann, Larsen, Malek, Moore, Phillips, Rosendale, Sesso, Stewart-Peregoy, Taylor, Tropila, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

Total 25

Nays: Arntzen, Arthun, Barrett Debby, Boulanger, Brenden, D. Brown, Buttrey, Jackson, Jones, Keane, Lewis, Murphy, Olson, Peterson, Priest, Ripley, Sales, Sonju, Thomas, Tutvedt, Vincent, Walker, Webb, Wittich, Mr. President.

Total 25

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Absent or not voting: None.

Total 0

Excused: None.

Total 0

Senator Jones moved **Section E** be closed. Motion carried.

HB 2 - Senator Ripley moved **HB 2**, as amended, be concurred in. Motion carried as follows:

Yeas: Arthun, Augare, Barrett Dick, Blewett, T. Brown, Buttrey, Caferro, Driscoll, Facey, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Olson, Peterson, Phillips, Ripley, Sesso, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

Total 32

Nays: Arntzen, Barrett Debby, Boulanger, Brenden, D. Brown, Fielder, Moore, Priest, Rosendale, Sales, Sonju, Taylor, Thomas, Vincent, Walker, Webb, Wittich, Mr. President.

Total 18

Absent or not voting: None.

Total 0

Excused: None.

Total 0

Senator Wittich moved the committee **rise and report**. Motion carried. Committee arose. Senate resumed. President Essmann presiding. Chair Thomas moved the Committee of the Whole report be adopted. Report adopted as follows:

Yeas: Arthun, Augare, Barrett Dick, Blewett, T. Brown, Buttrey, Caferro, Driscoll, Facey, Fielder, Hamlett, Jackson, Jent, Jergeson, Jones, Kaufmann, Keane, Larsen, Lewis, Malek, Murphy, Olson, Peterson, Phillips, Priest, Ripley, Sesso, Stewart-Peregoy, Taylor, Thomas, Tropila, Tutvedt, Van Dyk, Vuckovich, Wanzenried, Windy Boy.

Total 36

Nays: Arntzen, Barrett Debby, Boulanger, Brenden, D. Brown, Moore, Rosendale, Sales, Sonju, Vincent, Walker, Webb, Wittich, Mr. President.

Total 14

Absent or not voting: None.

Total 0

Excused: None.

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Total 0

REPORTS OF STANDING COMMITTEES

FINANCE AND CLAIMS (Ripley, Chair):

4/12/2013

SB 410, introduced bill, be amended as follows:

1. Title, page 1, line 7.

Following: "AN"

Insert: "IMMEDIATE"

2. Page 1, line 11.

Following: "2013,"

Strike: "there is transferred"

Insert: "the state treasurer shall transfer"

3. Page 1, line 14.

Strike: "July 1, 2013"

Insert: "on passage and approval"

And, as amended, do pass. Report adopted.

HB 5, be amended as follows:

1. Page 1, line 12.

Strike: "12"

Insert: "10"

2. Page 1, line 16.

Strike: "12"

Insert: "10"

3. Page 3, line 18 through line 19.

Strike: line 18 through line 19 in their entirety

4. Page 3, line 21 through page 4, line 2.

Strike: page 3, line 21 through page 4, line 2 in their entirety

5. Page 4, line 6.

Strike: line 6 in its entirety

6. Page 8, line 4 through line 5.

Strike: "SHALL GIVE FIRST CONSIDERATION TO"

Insert: "may consider only"

Following: "AGREEMENTS"

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Strike: "2" on line 4 through "ACQUISITIONS" on line 5

7. Page 8, line 13 through line 15.

Strike: section 5 in its entirety

Renumber: subsequent sections

8. Page 9, line 19 through page 10, line 5.

Strike: section 10 in its entirety

Renumber: subsequent sections

9. Page 10, line 7.

Strike: "\$91,800,000"

Insert: "\$9,800,000"

10. Page 10, line 10.

Strike: "11"

Insert: "9"

11. Page 10, line 11.

Strike: "11"

Insert: "9"

And, as amended, be concurred in. Report adopted.

HB 6, be amended as follows:

1. Title, page 1, line 8.

Following: "PROGRAM;"

Insert: "APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION TO IMPLEMENT COMPACTS FOR THE BLACKFEET TRIBE AND THE FORT BELKNAP INDIAN COMMUNITY OF THE FORT BELKNAP RESERVATION;"

2. Page 1, line 29.

Strike: "AND"

3. Page 2, line 7.

Following: "\$176,850"

Insert: ";(h) \$3 million to be deposited in the Peoples Creek minimum flow account provided for in 85-20-1007 for implementation of the Fort Belknap Indian Community-Montana water rights compact; and

(i) \$14 million to be deposited in the Blackfeet Tribe water rights compact infrastructure account provided for in 85-20-1505 for water-related infrastructure projects within the exterior boundaries of the Blackfeet Indian reservation as provided for in 85-20-1505"

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4. Page 9, line 29.

Strike: "\$3,473,686"

Insert: "\$20,473,686"

5. Page 10, line 5.

Insert: "NEW SECTION. **Section 7. Coordination instruction.** If House Bill No. 14 is passed and approved and provides for funding for the projects outlined in [section 1(1)(h) or (1)(i) of this act], the appropriations made in [section 1(1)(h) or (1)(i) of this act] must be reduced by the amounts appropriated in House Bill No. 14 and the difference must revert to the general fund."

Renumber: subsequent sections

And, as amended, be concurred in. Report adopted.

HB 13, be amended as follows:

1. Title, page 1, line 8.

Following: "REVISIONS"

Strike: ", "

Insert: "AND"

2. Title, page 1, lines 8 and 9.

Strike: ", AND" on line 8 through "INITIATIVE" on line 9

3. Title, page 1, line 10.

Following: "SECTIONS"

Insert: "2-18-301,"

Following: "2-18-303"

Insert: ", "

4. Page 1, line 14.

Following: line 13

Insert: "**Section 1.** Section 2-18-301, MCA, is amended to read:

"2-18-301. Intent of part -- rules. (1) It is the intent of the legislature that compensation plans for state employees, excluding those employees excepted under 2-18-103 or 2-18-104, be based, ~~in part,~~ on an analysis and comparison of the municipal and state government labor market markets in North Dakota, South Dakota, Idaho, and Wyoming as provided by the department ~~in a biennial salary survey~~ from the national compensation association of state governments salary survey and other information relative to the state government salaries and compensation in those states. ~~The salary survey must be submitted~~ For the biennium beginning July 1, 2013, the department shall determine this information before pay raises are implemented. For legislative sessions following the biennium beginning July 1, 2013, the department shall submit to the office of budget and program planning as a part of the information required by 17-7-111:

(a) an analysis of how Montana government employee salaries and other compensation

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compare to the municipal and state government salaries in North Dakota, South Dakota, Idaho, and Wyoming; and

(b) an analysis of the labor market as determined by the department in a biennial salary survey.

(2) Pay adjustments, if any, provided for in 2-18-303 supersede any other plan or systems established through collective bargaining after the adjournment of the legislature.

(3) Total funds required to implement the pay increases, if any, provided for in 2-18-303 for any employee group or bargaining unit may not be increased through collective bargaining over the amount appropriated by the legislature.

(4) The department shall administer the pay program established by the legislature on the basis of competency, internal equity, and competitiveness to ~~external labor markets~~ the municipal and state government labor markets in North Dakota, South Dakota, Idaho, and Wyoming. The intent is to bring all pay bands to the same relationship percentage of the market rate midpoint salary comparison when fiscally able.

(5) The broadband pay plan must consist of nine pay bands. Each pay band must contain a salary range with a minimum salary and a maximum salary.

(6) Based on the biennial salary survey, the department shall:

(a) identify current market rates for all occupations;

(b) establish salary ranges for each pay band; and

(c) recommend competitive pay zones with the municipal and state government labor markets in North Dakota, South Dakota, Idaho, and Wyoming using the national compensation association of state governments salary survey and other relevant information for those states.

(7) The department may promulgate rules not inconsistent with the provisions of this part, collective bargaining statutes, or negotiated contracts to carry out the purposes of this part.

(8) Nothing in this part prohibits the board of regents from engaging in negotiations with the collective bargaining units representing the classified staff of the university system.""

Renumber: subsequent sections

And, as amended, be concurred in. Report adopted.

HB 580, be amended as follows:

1. Page 2, line 18.

Strike: "general fund"

Insert: "state special revenue fund oil and gas ERA account"

And, as amended, be concurred in. Report adopted.

HB 627, be amended as follows:

1. Page 1, line 19.

Following: "department"

Insert: "and the department of commerce"

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2. Page 1, line 29.

Following: "department"

Insert: "and the department of commerce"

And, as amended, be concurred in. Report adopted.

MOTIONS

Senator Wittich moved to appoint a Conference Committee on **SB 323** and request the House to appoint a like committee. Motion Carried. President Essmann appointed:

4/13/2013

Senator Thomas, Chair
Senator Debby Barrett
Senator Vuckovich

Senator Wittich moved to appoint a Conference Committee on **SB 256** and request the House to appoint a like committee. Motion Carried. President Essmann appointed:

4/13/2013

Senator F. Moore, Chair
Senator Hamlett
Senator Sales

Senator Wittich moved to appoint a Conference Committee on **SB 223** and request the House to appoint a like committee. Motion Carried. President Essmann appointed:

4/13/2013

Senator Murphy, Chair
Senator Caferro
Senator Webb

Senator Wittich moved to appoint a Conference Committee on **SB 198** and request the House to appoint a like committee. Motion Carried. President Essmann appointed:

4/13/2013

Senator Thomas, Chair
Senator Boulanger
Senator Tropila

Senator Wittich moved to appoint a Conference Committee on **SJR 18** and request the House to appoint a like committee. Motion Carried. President Essmann appointed:

4/13/2013

Senator Thomas, Chair
Senator Dick Barrett
Senator Rosendale

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Senator Vuckovich rose on a point of personal privilege.

ANNOUNCEMENTS

Committee meetings were announced by the committee chairs.

Majority Leader Wittich moved that the Senate adjourn until 11:00 a.m., Monday, April 15, 2013, legislative day seventy-nine. Motion carried.

Senate adjourned at 5:51 p.m.

MARILYN MILLER
Secretary of the Senate

JEFF ESSMANN
President of the Senate