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Montana Legislative Services Division

Office of Research and Policy Analysis
David D. Bohyer, Director

May 10, 2011

TO: Members of the Legislative Council
Interested persons
FROM: Dave Bohyer, Research Director
RE: Interim study poll - 2011

- **Introduction**

The attached table illustrates the final results of the Interim Study Poll for the 62nd Legislature. The table includes the staff's recommendations.

- **The Poll**
  - ✓ There were 16 separate pieces of legislation adopted during the 62nd Session that *request* a legislative interim study to be conducted. (This compares to 17 study requests in 2009, 21 in 2007, 22 in 2005, 13 in 2003, and 20 in 2001.)
  - ✓ The poll ballots were mailed to legislators on Friday, April 29, 2011. The return deadline was Friday, May 6. Ballots received through Monday, May 9, were included in the poll results. A few "straggler" ballots were received after May 9 and were not included in the poll results.

- **The Results**
  - ✓ 116 ballots of a possible 150 were returned for a response rate of 77%; 114 (76% of possible 150) of the ballots were determined to be valid and useable.
  - ✓ The poll used the Borda method of selection, which awarded "points" based on the rankings in individual ballots. Each top-ranked study -- rated #1 on an individual ballot -- received 16 points. Each second-ranked study -- rated #2 on a ballot -- received 15 points, and so on through the study ranked 16th, which received 1 point. A study that was not ranked on a ballot received zero points.
  - ✓ The mean average number of points received by the 16 studies is 655. Nine studies received more than points; seven studies received fewer.
  - ✓ The median number of points received among the 16 studies is 682 points. Eight studies received more than 682 points and eight studies received fewer than 682 points.

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Exhibit 3

- **Staff Recommendations**
  - ✓ The final column on the right in Table 1 indicates the staff's recommended disposition for each of the studies requested. Staff recommends that 12 of the 16 studies be assigned to various legislative committees. Staff also recommends that four study requests not be assigned to an interim committee or to staff.
  - ✓ Primary considerations underpinning the recommendations are: (1) each study's rank in the poll; (2) available committee resources, including committee time and budget; (3) available staff resources; and (4) alternatives to the study requested.
  - ✓ A "Do Not Assign" recommendation results from the totality of circumstances, including: (1) the typically low priority given by legislators to the study; (2) the relative unavailability of committee and staff resources (because the resources are devoted to higher priorities); and (3) alternatives to the study requested. A "Do Not Assign" recommendation is not a commentary on the inherent merits of the study requested, but is instead an attempt to accommodate the Legislature's highest priorities within existing resources.
  - ✓ ***The staff's recommendations are advisory only.*** The Legislative Council has the statutory authority and duty to assign each study. (See 5-5-217, MCA.)

- **"Do Not Study" Recommendations**

The staff makes a "Do Not Study" recommendation for four study requests, i.e., HJR 38 (local fire protection, firefighters, and EMT's); SJR 15 (bonding requirement for agricultural commodities); SJR 18 (health care workforce development initiatives); and SJR 27 (waiver services for children with developmental disabilities).

- ✓ The staff recommendation regarding HJR 38 is based on the following:
  1. The study ranked low in the Interim Study Poll -- 14th of 16.
  2. If the HJR 38 study were to be assigned, staff would have recommended assignment to the Education and Local Government (ELG) Committee.
  3. The staff recommends that the SJR 28 study of performance-based education funding, which ranks 2nd in the Poll, be assigned to the ELG Committee. If the Legislative Council assigns SJR 28 to the ELG Committee, that study will consume considerable committee and staff time.
  5. The staff also recommends that the HJR 39 study of subdivision rent or lease exemption, ranked 12th, also be assigned to the ELG Committee.
  6. Some components of the SJR 26 study/monitoring of agency activities (that specifically names ELG) may also require committee and staff commitments.
  7. The interim work of all of the interim committees, including ELG, will be affected by HB 142 review of reports and advisory councils for sunset), HB 414 (provide for federal mandate accountability), HB 543 (review administrative rules adopted by reference), SB 3 (require state agencies to report on heritage properties).
- ✓ The staff recommendation regarding SJR 15 (bonding requirement for agricultural commodities and grain industry) is based on the following:
  1. The study requested in SJR 15 ranked last in the Interim Study Poll -- 16th out of 16.

2. If the SJR 15 study were to be assigned, staff would have recommended assignment to the Economic Affairs Interim Committee (EAIC).
3. The staff has recommended that the study requested in HJR 33 (health care insurance exchange) be assigned to the EAIC. If the Legislative Council assigns HJR 33 to the EAIC, there would likely not be sufficient time or resources to also conduct the study requested in SJR 15.
4. The only other committee to which staff might recommend the SJR 15 study be assigned is the State Administration and Veterans' Affairs Interim Committee (SAVA). However, the many issues regarding the public employee retirement systems, including teachers' retirement, remain as concerns and may require the SAVA's attention. Also, the lead staffer for SAVA will likely be heavily involved in the No. 1 ranked HJR 13 study (income tax revision options) and the No. 5 ranked SJR 23 study (exemption of nonprofits from property taxation).

✓ The staff recommendation regarding SJR 18 (health care workforce development initiatives) is based on the following:

1. The study requested in SJR 18 ranked low in the Interim Study Poll -- 13th out of 16.
2. If the SJR 18 study were to be assigned, staff would have recommended assignment to the Children, Families, Health and Human Services Interim Committee (CFHHS).
3. HB 615 assigns a study to advance cancer research and treatment to the State Auditor, but requires that the State Auditor "coordinate" the study with the CFHHS. The CFHHS must accommodate the demands of HB 615 because it is a bill rather than a resolution.
4. SB 423 (medical marijuana) requires the CFHHS to provide oversight of the Department of Public Health and Human Service's activities related to registering individuals and of issues related to the cultivation, manufacture, and use of marijuana. The CFHHS must accommodate the demands of SB 423 because it is a bill rather than a resolution.
5. The staff has recommended that the Legislative Council assign HJR 8 (reducing childhood hunger in Montana) and SJR 20 (implementation of privatization of Medicaid administration) to the CFHHS.
6. The study requested in SJR 18 could be undertaken, perhaps more appropriately, by the Workforce Services Division in the Department of Labor and Industry, the MSU School of Nursing, and the Office of the Commissioner of Higher Education, with any legislative recommendations (bills), including funding options, forwarded to the CFHHS or the Legislative Finance Committee.

✓ The staff recommendation regarding SJR 27 (waiver services for children with developmental disabilities) is based on the following:

1. The study requested in SJR 27 ranked low in the Interim Study Poll -- 14th out of 16.

2. If the SJR 27 study were to be assigned, staff would have recommended assignment to the Children, Families, Health and Human Services Interim Committee (CFHHS).
3. HB 615 assigns a study to advance cancer research and treatment to the State Auditor, but requires that the State Auditor "coordinate" the study with the CFHHS. The CFHHS must accommodate the demands of HB 615 because it is a bill rather than a resolution.
4. SB 423 (medical marijuana) requires the CFHHS to provide oversight of the Department of Public Health and Human Service's activities related to registering individuals and of issues related to the cultivation, manufacture, and use of marijuana. The CFHHS must accommodate the demands of SB 423 because it is a bill rather than a resolution.
5. The staff has recommended that the Legislative Council assign HJR 8 (reducing childhood hunger in Montana) and SJR 20 (implementation of privatization of Medicaid administration) to the CFHHS.
6. The study requested in SJR 18 may not be necessary because the Department of Public Health and Human Services can apply for a waiver without a legislative study. Further, if the Department has any legislative recommendations (bills), including funding options, they can be forwarded to the CFHHS or the Legislative Finance Committee.

✓ ***The staff's recommendations are advisory only.*** The Legislative Council has the statutory authority and duty to assign or not assign each study. (See 5-5-217, MCA.)

- **Preliminary Study Outlines**
  - ✓ A preliminary study outline (PSO) is included for each of the 16 studies requested by resolution. The PSOs were developed by staff prior to compilation of the interim study poll ballots, thus eliminating the potential influence of any study's rank within the poll and maximizing objectivity about the study requested.
  - ✓ The PSO for each study ultimately assigned by the Legislative Council will likely, at the appropriate time, provide a basis for the draft study plan and work schedule that LSD lead staff will prepare for the committee assigned a study.
  - ✓ The concept of "preliminary" is literal as used in the context of the outlines. The staff and the committee to which the Legislative Council assigns a study will work together to design and execute a formal study plan and work schedule, including committee meetings, for each study assigned.

- **Legislative Council meeting and study assignment**

The Legislative Council is scheduled to meet on Friday, May 13 at 10:30 a.m. in Room 102 of the State Capitol to consider the results of the interim study poll and to assign interim study requests as the Council members determine is most beneficial.

Please contact me if you have comments or questions regarding the poll or interim studies and activities generally.

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Table 1
RESULTS OF THE 2011 INTERIM STUDY POLL
62ND LEGISLATURE
Listed by Ranking

Joint Resolution	May 10[1] Rank	Total Points	Short Title/Subject of Resolution	Staff Recommendation for Interim Committee Assignment
HJR 13	1	888	Study state income tax and options for revision	Revenue and Transportation
SJR 28	2	827	Study performance-based funding for education	Education and Local Government
HJR 33	3	804	Study state health insurance exchange	Economic Affairs
SJR 20	4	772	Study implementation of privatization of Medicaid administration	Children and Families
SJR 23	5	727	Study exemption of nonprofits from property taxes	Revenue and Transportation
HJR 08	6	726	Study on reducing childhood hunger in Montana	Children and Families
SJR 30	7	705	Study ways to reduce childhood trauma	State-Tribal Relations
SJR 17	8	688	Study valuing centrally assessed property for tax purposes	Revenue and Transportation
SJR 29	9	675	Study of restorative justice	Law and Justice
SJR 26	10	653	Study to monitor agency activities recommended by Joint Approp Subcomm	Legislative Finance Committee
HJR 32	11	631	Study state parks, recreation, heritage programs	Environmental Quality Council
HJR 39	12	527	Study subdivision rent or lease exemption	Education and Local Government
SJR 18	13	522	Study health care workforce development initiatives	Do not study
HJR 38	14	464	Study of local fire protection, firefighters, and EMT's	Do not study
SJR 27	14	464	Study waiver services for children with developmental disabilities	Do not study
SJR 15	16	411	Study bonding requirement for agricultural commodities and grain industry	Do not study
HB 525	NA	NA	Revise business and professional licensing laws to provide termination review	Economic Affairs
HB 602	NA	NA	Require interim study of exempt water wells	Water Policy Committee
HB 615	NA	NA	Advance cancer research and treatment	Children & Families (coordination only)
HB 642	NA	NA	Create select committee on efficiency in government--members--duties	Select Committee

Mean Average points = 655 (SJR 29) Median points = 682 (SJR 17) BALLOTS = 116 returned as of May 5 p.m., May 9, 2011 (77%); 114/150 valid (76%)

[1] These rankings were compiled from the 114 useable of 116 total "ballots" received by LSD as of 5 p.m., Monday, May 9.

DUTIES AND RESPONSIBILITIES OF INTERIM COMMITTEES

The duties and responsibilities of the seven "interim committees", the State-Tribal Relations Committee (STRC), the Water Policy Committee (WPC), and the Environmental Quality Council (EQC) are set out in statute, mostly in Title 5, chapter 5, MCA. In general, the duties of each interim committee and the STRC, WPC, and EQC are listed in section 5-5-215, MCA.

5-5-215. Duties of interim committees. (1) Each interim committee shall:

(a) review administrative rules within its jurisdiction;

(b) subject to 5-5-217(3), conduct interim studies as assigned;

(c) monitor the operation of assigned executive branch agencies with specific attention to the following:

(i) identification of issues likely to require future legislative attention;

(ii) opportunities to improve existing law through the analysis of problems experienced with the application of the law by an agency; and

(iii) experiences of the state's citizens with the operation of an agency that may be amenable to improvement through legislative action;

(d) review proposed legislation of assigned agencies or entities as provided in the joint legislative rules; and

(e) accumulate, compile, analyze, and furnish information bearing upon its assignment and relevant to existing or prospective legislation as it determines, on its own initiative, to be pertinent to the adequate completion of its work.

(2) Each interim committee shall prepare bills and resolutions that, in its opinion, the welfare of the state may require for presentation to the next regular session of the legislature.

(3) The legislative services division shall keep accurate records of the activities and proceedings of each interim committee.

Additional duties are prescribed in Title 5, MCA, for the State Administration and Veterans' Affairs Interim Committee and for the STRC, WPC, and EQC. Several bills adopted by the 62nd Legislature expand the interim committees' duties:

HB 525	Revise business and professional licensing laws to provide termination review. This is a major study affecting the Economic Affairs Interim Committee and perhaps others.
HB 602	Require interim study of exempt water wells. This is a major study for the WPC.
HB 615	Study advance cancer research and treatment. The Children and Families Interim Committee will "coordinate" with the State Auditor/Insurance Commissioner.
HB 642	Create select committee on efficiency in government--members--duties. This a new committee and a very ambitious and major study that will require significant staff resources.
HB 142	Require interim committees to review required agency reports and advisory councils for sunset. This affects all of the interim committees and EQC.
HB 543	Revise law on administrative rules adopted by reference. This may require substantial legal staff resources and affects all interim committees and the EQC.
SB 3	Require state agencies to report on heritage properties. This affects the Education and Local Government Interim Committee and perhaps others.

The adoption of the bills listed above will limit considerably the interim committees' ability to conduct interim studies requested by joint resolution.

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Staff Recommendations Regarding the Assignment of Interim Studies to Interim Committees 2010-11 Interim

Children, Families, Health and Human Services Interim Committee	
Statutory duties: 5-5-215 and 5-5-225, MCA	
HB 615	advance cancer research and treatment
SB 423	medical marijuana
SJR 20	privatization of Medicaid administration
HJR 8	reducing childhood hunger in Montana

Other considerations:

- Senate Bill 423 requires the committee to provide oversight of the changes to the state's medical marijuana program as the Department of Public Health and Human Services begins carrying out the new registry program and related items required under SB 423. The bill also requires the committee to identify issues likely to require future legislation attention and to develop legislation as needed. This item is likely to require attention at each committee meeting, given the significant changes SB 423 makes to current law and the many public statements opponents have made regarding the likelihood that they will not only file suit but also attempt to suspend the law through a petition drive.
- House Bill 615 requires the interim committee to dedicate at least a portion of one meeting to hear a report about a study undertaken by the Insurance Commissioner on how health insurance companies treat cancer patients who are eligible for clinical trials. The Commissioner must have a final report by March 31, 2012, and the committee is to consider whether any legislation is necessary to ensure equitable treatment of cancer patients involved in clinical trials.

Three other bills require new reports to and potential action by the committee:

- HB 573 requires the Insurance Commissioner to establish an advisory council to review the costs and benefits of designing and creating a statewide database of health insurance claims for all insured Montanans. The Commissioner is to report to the committee by August 1 on the results of the advisory council's review and any recommendations for action.
- SB 385 requires the Department of Public Health and Human Services to report annually to the committee on its efforts related to the Parents as Scholars Program.
- HB 82 requires the Board of Medical Examiners to report annually to the Legislature on the number and types of complaints it has received involving physician practices related to providing written certification for the use of marijuana. Because the Children and Families Committee is already responsible for oversight of the medical marijuana program, it would make sense to have the report presented to the committee.

Economic Affairs Interim Committee	
Statutory duties 5-5-215 and 5-5-223, MCA	
HB 525	business and professional licensing laws; provide termination review
HJR 33	state health insurance exchange

Other considerations:

- The nature and scope of the HB 525 reviews of business and professional licensing laws, to be meaningful, are likely to demand considerable time on EAIC meeting agendas. There are about 35 boards within the Department of Labor and Industry alone and HB 525 requires the EAIC to conduct reviews of at least one-half of them this interim.
- There most likely is nothing simple or easy about the HJR 33 study of the implications, options, and repercussions of a health insurance exchange in Montana.

Between the HB 525 study and the HJR 33 study, the EAIC will have little time to invest in other, non-statutory activities.

Education and Local Government Interim Committee	
Statutory duties: 5-5-215 and 5-5-224, MCA	
SJR 28	performance-based funding for education
SJR 39	subdivision rent or lease exemption

Other considerations

- School funding was a major issue during the 62nd Legislative Session, as it has been for at least the past 25 years. The SJR 28 study, ranked #2, confirms that legislative interest in school finance remains very high. At least some of the ELG members will face a steep learning curve in establishing a basic knowledge and understanding of the ways in which Montana currently funds education. Subsequently, all of the ELG members must gain an understanding of "performance-based funding" for education and then, if the members consider it to be advisable, they must determine how to migrate from the current funding system to a performance-based funding system.
- The SJR 39 study of the subdivision rent or lease exemption largely resulted from an inability to referee a disagreement between two groups, i.e., three counties that read the law one way and the rest of the 56 counties that read the law another way. HB 494 is intended to partially clarify the law, but it remains to be seen whether all of the counties can agree on how the law should be read and administered.
- Section 20-9-309(5), MCA, requires that the legislature, at least every 10 years following April 7, 2005: (a) authorize a study to reassess the educational needs and costs related to the basic system of free quality public elementary and secondary schools; and (b) if necessary, incorporate the results of those assessments into the state's funding formula. In order to execute those provisions, legislators on the ELG should begin this interim to build their understanding of all aspects of K-12 funding.

Energy and Telecommunications Interim Committee	
Statutory duties: 5-5-215 and 5-5-230, MCA	
SB 65	review the state energy policy/plan

Other considerations:

- Senate Bill No. 65 requires the Energy and Telecommunication Interim Committee to "review the state energy policy and, if determined necessary by the committee, discuss at future meetings issues to be included in a revised policy and recommend potential changes". The Legislature in approving SB 65, requires the ETIC, at its first meeting of the interim, to complete this review and determine the extent of its energy policy review.
- In 2009, Sen. Jackson sponsored SB 290, which required the ETIC to review, in-depth, the energy policy and examine nine, specific topics. The ETIC completed its work but did not approve energy policy changes for consideration by the 2011 Legislature. However, the 2011 Legislature approved SB 305, which is an extensive rewrite of the state energy policy. The ETIC is likely to monitor the effects of SB 305.

Environmental Quality Council	
Statutory duties: 5-5-202, 5-5-215, and 5-16-101, et seq., MCA	
HJR 32	state parks, recreation, heritage programs

Other considerations:

- The EQC has statutory duties and responsibilities that extend beyond the study requested in HJR 32. Among the high-interest issues that could be on the EQC's radar during the interim is eminent domain, including but certainly not limited to the implementation of HB 198.
- The EQC has historically been interested in wildland fire management and that interest may manifest again as the 2011 and 2012 fire seasons come to bear.

Law and Justice Interim Committee	
Statutory duties: 5-5-215 and 5-5-225, MCA	
SJR 29	restorative justice

Other considerations

- The LJIC has not visited the subject of restorative just for several years. Therefore, it is likely that the members' learning curve will be fairly steep.
- The 62nd Legislature passed several DUI-related bills, some of which came from or incorporated ideas recommended by the LJIC in the 2009-10 interim. The Committee is likely to monitor the implementation of the DUI laws.
- There is unquestionably a law and justice component within the medical marijuana debate. While the CFHHS Interim Committee will monitor portions of the implementation of SB 423 (medical marijuana), the LJIC may wish to keep tabs on how the revised law is enforced and the implications of enforcement.

Revenue and Transportation Interim Committee	
Statutory duties: 5-5-215 and 5-5-227, MCA	
HJR 13	state income tax and options for revision
SJR 23	exemption of nonprofits from property taxes
SJR 17	valuing centrally assessed property for tax purposes
Other considerations • If the three resolutions are all assigned to the RTIC as the staff recommends, the Committee will be challenged to complete the work necessary to do the studies justice. • The RTIC is statutorily required to develop and submit a revenue estimate for the 2014-15 fiscal biennium. The estimate, in the form of a joint resolution, must be preintroduced in the 63rd Legislature. The Committee's revenue estimates have given rise to much debate and consternation the past few biennia and the RTIC may examine ways to improve the process and better satisfy more stakeholders.	

State Administration and Veterans' Affairs Interim Committee	
Statutory duties: 5-5-215 and 5-5-228, MCA	
5-5-228, MCA	Study public retirement systems; redesign Teachers' Retirement System
Other considerations • The Committee is required under 5-2-228, MCA, to: (a) consider the actuarial and fiscal soundness of the state's public employee retirement systems and study and evaluate the equity and benefit structure of the state's public employee retirement systems; (b) establish principles of sound fiscal and public policy as guidelines; (c) as necessary, develop legislation to keep the retirement systems consistent with sound policy principles; (d) solicit and review proposed statutory changes to any of the state's public employee retirement systems; (e) report to the legislature on each legislative proposal reviewed by the committee. The Committee has not met the requirement in the past, but previous Committees' members have reiterated the need for and potential value of pre-session vetting of the proposals.	

State-Tribal Relations Committee	
Statutory duties: 5-5-202, 5-5-215, and 5-5-229, MCA	
SJR 30	ways to reduce childhood trauma
Other considerations: • The SJR 30 study made a late surge in the interim study poll, moving from the 12th place ranking to 7th. While the underlying issue of childhood trauma occurs statewide, testimony on SJR 30 suggests that it may occur disproportionately on the state's Indian reservations and the legislature's tribal members voiced perhaps the strongest support for the study. • The Committee traditionally visits two Indian reservations each interim as an integral aspect of it's liaison responsibilities. • The Committee has also traditionally provided inter-group communication regarding water compacts, a role that is anticipated to continue in 2011-12. • The Committee has overseen the publication of *The State-Tribal Handbook*, which needs to be updated.	

Water Policy Committee	
Statutory duties: 5-5-215 and 5-5-231, MCA	
HB 602	exempt water wells
Other considerations: • HB 309 (clarify prohibition on recreational access to ditches) garnered considerable interest during the session and the underlying issues remain. • Water discharge and potential groundwater contamination from coal bed methane development have been and could again be issues of interest to the Committee. • The Committee may wish to keep apprised of Montana-Wyoming lawsuit regarding water sharing in the Tongue River and Powder River watersheds.	

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PRELIMINARY STUDY OUTLINE

Study: **HJR 8** Interim Study Poll Rank: **6**

Short Title: **Study childhood hunger in Montana**

Staff Recommendation: **Assign to CFHHS Interim Committee**

Preliminary Analysis

Issue(s) as listed in legislation:

Substantial numbers of children in Montana face hunger and poor nutrition; emergency visits for food are increasing; poverty is increasing; chronic lack of good nutrition results in a variety of risks to the individual and also leads to their future dependencies on public assistance programs.

Preliminary study approach:

(1) Identify stakeholders in Montana who are knowledgeable of the varied aspects of childhood hunger. (2) Committee members, together with stakeholders, determine the current nature and extent of childhood hunger existing in Montana. (1) Examine existing programs which aim to reduce hunger and improve nutrition for children and make recommendations on reducing barriers to and closing gaps in their services. (3) Examine and recommend ways that communities and community-based and faith-based groups can identify gaps in their hunger/ nutrition-related services, create an information clearinghouse, share expertise, expand programs, and use Montana farm products. (4) Consider how tax and other government policies might be changed with the aim of reducing childhood hunger. (5) Consider the strategic use of public funds to spur public-private partnerships, foster efficiencies, and raise awareness and action for the purpose of reducing childhood hunger. (6) Recommend measures by which to monitor progress in reducing childhood hunger.

Deliverables; end products:

(1) Report on recommendations for reducing childhood hunger in Montana and/or (2) draft committee legislation on the same.

Role for LFD or LAD staff? ____ **Yes** **X** **No**

Role for Executive agency? **X** **Yes** ____ **No**

State agencies: Department of Public Health and Human Services, the Office of Public Instruction, the Department of Agriculture, the Department of Labor and Industry, the Department of Commerce

Other entities: Local school districts, community programs offering food assistance to low-income children, tribal representatives, private organizations, faith-based groups, and other organizations as appropriate.

Additional costs, over meetings? ____ **Yes** **X** **No**

Estimated LSD staff time: **Best estimate (low - high range)** **hours**
800 - 1,000 hours

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PRELIMINARY STUDY OUTLINE

Study: **HJR 13** Interim Study Poll Rank: **1**

Short Title: **Study of individual income tax and options for revision**

Staff Recommendation: **Assign to Revenue & Transportation Interim Committee**

Preliminary Analysis

Issue(s) as listed in legislation: (1) Deductions, exclusions, exemptions, credits, and other special tax provisions may not achieve their intended purpose and may increase the complexity of complying with the individual income tax and administration and enforcement costs. (2) Simplifying individual income tax laws would enhance taxpayer compliance, reduce administration and enforcement costs, improve predictability for taxpayers, provide stability of revenue for the state general fund, and promote economic development.

Preliminary study approach: With input from certified public accountants, tax attorneys, taxpayer groups, individual income taxpayers, the Department of Revenue, tax policy experts, business, industry, and agriculture groups, economic development groups, and other persons with knowledge of state and federal income tax laws:
(1) Review general provisions of the individual income tax including conformity with federal income tax law, provisions related to married filing jointly and married filing separately, and Montana-specific deductions, exclusions, exemptions, credits, and other special tax provisions.
(2) Evaluate the incidence and obligation of the individual income tax and consider the advantages and disadvantages of revising the individual income tax based on findings.
(3) Analyze Montana-specific deductions, exclusions, exemptions, credits, and other special tax provisions to determine their cost and whether they are meeting their intended purpose.
(4) Analyze compliance and administrative costs for the individual income tax including taxpayer compliance costs and auditing and enforcement costs.
(5) Assess complexity of Montana's individual income tax as compared with the federal individual income tax and other state individual income tax structures.
(6) Consider options to simplify the state individual income tax including options related to conformity with federal income tax laws, the individual income tax base, the reduction or elimination of deductions, exclusions, exemptions, credits, and other special tax provisions, revising the rate structure, and filing provisions for married taxpayers.

Deliverables; end products: (1) Study outline (2) Issue paper (3) Decision tool (4) Final report with recommendation, including proposed legislation, if any.

Role for LFD or LAD staff? x **Yes** ____ **No**
LFD staff could help with incidence and obligation of the income tax.

Role for Executive agency? x **Yes** ____ **No**
Department of Revenue can review Montana-specific deductions, exclusions, exemptions, credits, other special tax provisions and their costs; auditing and enforcement costs; and conformity with federal income tax law.

Additional costs, over meetings? ____ **Yes** x **No**

Estimated LSD staff time: **(500-800)** **hours**

Other comments: The 2009-2010 Revenue and Transportation Interim Committee's SJR37 study of the filing status of married taxpayers will be useful for this study. Much of the information related to Montana's conformity with federal income tax law, Montana-specific deductions, exclusions, exemptions, credits, special tax provisions and their costs, and auditing and enforcement costs is available in the Department of Revenue's biennial report. Bills passed in 2011 session that may be relevant to this study: HB 467, HB 641, SB 11, SB 166, SB 199, SB 253, SB 411.

PRELIMINARY STUDY OUTLINE

Study: **HJ 32** Interim Study Poll Rank: **11**

Short Title: **Study of ways to improve the management, recognition, and coordination of state parks and outdoor recreation and heritage resource programs operated by the state**

Staff Recommendation: **Assign to Environmental Quality Council**

Preliminary Analysis

Issue(s) as listed in legislation: (1) well-managed state parks, outdoor recreation, and heritage resources are important to families, communities, and the tourism economy; (2) past studies and reports identifying the need to improve the management, image, and organization of state parks have resulted in limited success; (3) these resources require multiple-use management; (4) the mission and management objectives for state parks may differ from other programs administered by the Department of Fish, Wildlife, and Parks and need to be raised in priority and focus; (5) resident use of state parks is on the rise; (6) demands for service at state parks need to be balanced with conservation of resources; (7) hunting and fishing license dollars cannot be used to operate park and recreation programs; and (8) cities and counties also provide for and coordinate outdoor recreation programs.

Preliminary study approach: (1) Review audits and studies related to the management, support, and funding of state parks and outdoor recreational and heritage resource programs; (2) evaluate the priority, organizational structure, and management of Department of Fish, Wildlife, and Parks programs related to state parks, boating, off-highway vehicles, and snowmobiling; (3) evaluate the relationship between state, city, county, and federal park and recreation programs and identify methods to improve statewide coordination and communication between these programs; (4) identify methods to improve the management of state parks and recreational and heritage resources while supporting local communities and their economic health; (5) compile and review information on other state park and recreational systems in the Rocky Mountain region, including their organizational structure, management, and governance; and (6) review the effects of HB 370 on the funding of state parks and heritage resource programs.

Deliverables/end products: (1) Study outline. (2) Issue paper. (3) Decision tool. (4) Final report with recommendation, including proposed legislation, if any.

Role for LFD or LAD staff? X **Yes** ____ **No**
Role for Executive agency? X **Yes** ____ **No**
Additional costs, over meetings? ____ **Yes** X **No**
Estimated LSD staff time: 350-500 **hours**

Other comments: LSD, LFD, and LAD staff have spent time in the past reviewing the funding and management of state parks and heritage resources. This study would use that work as its foundation and build upon it to provide a comprehensive review of the issues raised in HJ 32. Staff time required for this study would trend toward the higher end of the estimated hours if the study considers whether to move the administration of state parks and other recreational resources out of the Department of Fish, Wildlife, and Parks. In this scenario, the study would need to review the land held by state parks and the money used to purchase that land to determine whether and how the land could be administered by another agency.

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PRELIMINARY STUDY OUTLINE

Study: **HJR 33** Interim Study Poll Rank: **3**

Short Title: **Study of Health Insurance Exchange in Montana**

Staff Recommendation: **Assign to Economic Affairs Interim Committee**

Preliminary Analysis

Issue(s) as listed in legislation:

1) On or before January 1, 2013, the U.S. Secretary of Health and Human Services is to decide whether a state will have a state-based health insurance exchange operational by Jan. 1, 2014, or a federal exchange if the state is unable to meet that deadline. The 62nd Legislature did not move forward on a state-based exchange but did pass this resolution, which called for studying the feasibility of a state-based or a regional exchange (including what is happening in other states and what options exist for a health insurance marketplace) and the feasibility of using an exchange instead of a state health insurance plan for employees and legislators.
2) The study calls for an evaluation of:
   a) the feasibility of a state or a regional exchange in Montana and what options other states are pursuing;
   b) the operation of an exchange in the private market, including marketing efficiencies;
   c) the scope of service to be offered by an exchange;
   d) whether an exchange can facilitate the sale of health insurance across state lines;
   e) whether an exchange can be used, with a waiver and premium assistance, to help serve the state's Medicaid population;
   f) differences between what the federally determined contributions and plan criteria include and what the committee/state sees as appropriate, including how to address state mandates that may not be among the federal "essential benefits";
   g) ways to aggregate premiums from multiple employers of an employee buying insurance on the exchange;
   h) how an exchange will interact with insurance producers;
   i) what steps may be needed to neutralize the costs of state employees at various salary levels if the state no longer provides insurance, using the exchange as a backstop; and
   j) what costs or savings might accrue to the state for discontinuing state employee or legislator health insurance.
3) Recommendations, with implementing legislation, are asked of the committee regarding whether the state should proceed with a state exchange or a regional exchange.
4) The study requests participation by nonvoting stakeholders and fiscal impact reports from LFD.

Preliminary study approach:

- Prepare a report prior to the first meeting that includes timelines, federal guidance on exchanges, and an overview of how other states are proceeding with insurance exchanges, including the status of lawsuits opposing individual mandates.
- Review the issues in the legislation with committee members so they can prioritize issues they want to study.
- Prepare a work plan reflecting the committee's priorities.
- Establish a stakeholder group or rely on the stakeholder group already established by the State Auditor's Office but incorporate more direct participation from the Department of Public Health and Human Services regarding the Medicaid component and the Department of Administration and the Department of Revenue regarding computer requirements for an exchange that includes a Medicaid-eligibility component.

Deliverables; end products:

- A report providing an overview of state exchanges and the lawsuits' status.
- A work plan with committee member priorities.
- A final report regarding issues of concerns to committee members and public comment.
- Legislation, if any necessary, for a state or a regional insurance exchange or for removing mandates not included in the federal "essential benefits".
- A fiscal report accompanying the final report.

Role for LFD or LAD staff? __LFD__ **Yes** _____ **No**
LFD staff will be important for analyzing the Medicaid eligibility concerns and the State Auditor's costs if a regional or a state exchange is recommended.

Role for Executive agency? __State Auditor, DPHHS DofA, DoR__ **Yes** _____ **No**

- The State Auditor already has done much work on a state-based insurance exchange, and while the State Auditor's Office opposed HJR 33, it is important to learn what recommendations the State Auditor would make as HJR 33 proceeds.
- The Department of Public Health and Human Services is key to helping determine how Medicaid eligibility is to be incorporated into any sort of health insurance exchange (state, regional, or federal).
- The Department of Administration is important not only for the computer-related aspects of an exchange but critically important for the assessment of costs/savings and the possible process of eliminating state health insurance benefits in favor of using a health insurance exchange.
- The Department of Revenue is important for the Medicaid eligibility component and the subsidy portions of an exchange, including the potential for including employees with multiple employers.

Additional costs, over meetings? __x__ **Yes** _____ **No**
An actuarial review may be necessary to determine disposition of reserves for the state's health insurance plan.

Estimated LSD staff time: __900 to 1200__ **hours**

Other comments:
The cost/benefit analysis of removing state employee health benefits also should include projections for possible reductions in force as state employees leave for private sector/other states or retire, including savings for higher salaries replaced by lower salaries, pension impacts, costs of training new employees.

PRELIMINARY STUDY OUTLINE

Study: **HJR 38** Interim Study Poll Rank: **14**

Short Title: **Study of Local Fire Protection, Emergency Service Entities, Firefighters, EMTs**

Staff Recommendation: **Do Not Assign**

Preliminary Analysis

Issue(s) as listed in legislation:

- The 2011 Legislature considered numerous bills dealing with local fire protection, the structure of local fire protection, and firefighter and emergency services technician benefits.
- There has been confusion over the various levels of fire protection and the various kinds of fire protection entities (paid and volunteer firefighters in municipalities and in fire districts, fire service areas, and fire companies) in addition to how all of the fire protection entities are paid for by local governments and by citizens who receive the services.
- In some cases county governments do not have the financial resources to maintain workers' compensation for the volunteer firefighters who will be operating equipment provided as part of the County Co-op program with DNRC.
- A thorough understanding among legislators of the levels of local fire protection and emergency services--including jurisdiction, staffing, benefits, who pays--will help ensure consistency in fire and emergency services coverage and benefits.

Preliminary study approach:
This study can readily be compartmentalized into a number of distinct pieces: local protection and existing structure (including who-pays-what); relationship with state through the County Co-op Program; workers' compensation issues; paid and volunteer firefighter and EMT benefits. Assistance from staff with knowledge in workers' compensation and pensions would be sought for those pieces.

Work completed through the HJR 10 study during the 2005-06 interim and the Fire Suppression Committee during the 2007-08 interim can form the basis for some of the analysis of local fire protection structure and the relationship with the state fire suppression entity.

1. Assemble the relevant legislation from the 2011 session, analyze the reasons for the introduction of the legislation, the outcomes, and why some of the legislation failed.

2. Examine the current structure of local fire protection (municipal fire departments in Class I, II, and III cities; volunteer fire departments, fire districts, fire service areas, fire companies), the responsibilities and jurisdiction of each of the entities, how emergency services fits into that structure and how the fire protection and emergency services are paid for.

3. Review the benefits (compensation, pension) structure.

4. Review the County Co-op Program, the terms of the program agreements, and how those terms are negotiated.

5. Determine whether inconsistencies or inefficiencies warrant changes in policy, statutes, or funding mechanisms.

Deliverables; end products:
Final report, legislation if warranted, recommendations.

Role for LFD or LAD staff? __X__ **Yes** ____ **No**

Role for Executive agency? __X__ **Yes (DNRC, DLI, MPERA)** ____ **No**

Additional costs, over meetings? ____ **Yes** __X__ **No**

Estimated LSD staff time: __200-500__ **hours**

Other comments: Care will be taken to use information gathered by previous fire-related studies as well as any relevant audits.

PRELIMINARY STUDY OUTLINE

Study: **HJR 39** Interim Study Poll Rank: **12**

Short Title: **Study of Subdivision Exemptions**

Staff Recommendation: **Assign to Education and Local Government**

Preliminary Analysis

Issue(s) as listed in legislation:

- Statutory provisions governing certain exemptions from review under the Montana Subdivision and Platting Act have been interpreted differently by different jurisdictions.
- One specific section, 76-3-204, MCA, has recently been the subject of contention and litigation and was the subject of a draft Attorney General's opinion (which was withdrawn because of pending litigation).
- Bills in the 2011 Legislature attempted to clarify exemption from subdivision review for the sale, rent, lease or other conveyance of parts of buildings, but involved parties could not agree on the best approach.

Preliminary study approach:

1. Review the activity to date, including: the genesis of the sale, rent, lease language in the MSPA and how the exemptions came about; how various local subdivision regulations deal with exemptions; case law and litigation regarding 76-3-204 and related statutes; and 2011 legislation.

2. Solicit input from all interested parties (representatives of planners, builders, realtors, private citizens, counties) to suggest ways to clarify exemptions specific to sale, rent, or lease.

3. Examine possibility of rewrite of all exemption statutes for purposes of clarification.

Deliverables; end products:
Final report, legislation if warranted, recommendations.

Role for LFD or LAD staff? ____ **Yes** __X__ **No**

Role for Executive agency? ____ **Yes** __X__ **No**

Additional costs, over meetings? ____ **Yes** __X__ **No**

Estimated LSD staff time: **200-500** **hours**

Other comments:

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PRELIMINARY STUDY OUTLINE

Study: **SJR 15** Interim Study Poll Rank: **16**

Short Title: **Study of Bonding Requirements Related to Agricultural Commodities**

Staff Recommendation: **Do Not Assign**

Preliminary Analysis

Issue(s) as listed in legislation:

1) Current bonding requirements for agricultural commodities have not kept up with the times or with global markets. A review of bonding costs is necessary for both large and small commodity dealers.
2) The players in the agricultural commodities markets may experience different impacts from existing or proposed bonding requirements, and these differences need to be considered in the review of bonding requirements.
3) Asset evaluation and capital-to-risk assessments must be reviewed for current trends and to determine what mechanisms to use to set bonding limits for various stakeholders.

Preliminary study approach:

- Compile information already put together by the Department of Agriculture on bonding issues in Montana and elsewhere.
- Create an interested parties list that reflects large and small producers, warehouses, elevators, and shippers.
- Request information from stakeholders that may not be included in the Department of Agriculture's compilation.
- Distribute Department of Agriculture information and any additional information requested by stakeholders prior to the Committee's first overview meeting on the subject.
- Request that stakeholders continue to meet with the Department of Agriculture to produce recommended bonding levels.
- Present Committee at second public comment meeting with final recommendations from stakeholders and Department of Agriculture along with draft legislation, if any.

Deliverables; end products:

- Compilation of information on bonding requirements produced by Department of Agriculture with initial recommendations from stakeholders.
- Final report/white paper regarding recommendations, incorporating Department of Agriculture basic list of options and comments from stakeholders.
- Legislation, if any necessary, to address bonding requirements.

Role for LFD or LAD staff? ___ **Yes** __x__ **No**

Role for Executive agency? **Department of Agriculture** **Yes** ____ **No**

Additional costs, over meetings? ____ **Yes** __x__ **No**

Estimated LSD staff time: **200 - 400** **hours**

Other comments:
This is of interest to the Department of Agriculture and the Committee's role would be to incorporate into statute any recommendations as well as to coordinate stakeholder involvement.

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PRELIMINARY STUDY OUTLINE

Study: **SJR 17** Interim Study Poll Rank: **5**

Short Title: Study valuing centrally assessed property for tax purposes (unitary businesses and industrial property)

Staff Recommendation: **Revenue and Transportation Interim Committee**

Preliminary Analysis

Issue(s) as listed in legislation: Statutory authority of Department of Revenue to value property locally or by the central office in Helena; factors affecting the classification and valuation of the property of unitary businesses and industrial property; relationship between the classification of property and the method of valuation; factors affecting the determination of exempt intangible property; equalization of values among all classes of property.

Preliminary study approach: (1) Review concepts related to the valuation of unitary business property and industrial property and methods (market, cost, income) used in Montana and nearby states. (2) Analyze trends in the valuation of unitary business property and industrial property in Montana. (3) Examine market structure, statutory provisions, and Department of Revenue rules affecting the classification and valuation of unitary businesses and industrial property and evaluate whether changes in any of these factors justify changes in valuation methods and classification of certain property. This task would focus on Department of Revenue rules related to appraisal methods and guides, definitions and determinations of the value of exempt intangible property, and taxpayer reporting requirements. (4) Examine trends in appeals by unitary businesses and industrial property owners in Montana and, if feasible, other states. Review ways to streamline the appeals process. (5) Evaluate alternative approaches to valuing unitary business property and industrial property and the impact on local and state property tax bases. This component would include consideration of the unit value concept and equalization, whether to appraise certain property locally, and the impact of property taxes on taxpayers.

Deliverables; end products: Study plan; panel discussion on goal and outcomes of the study; staff reports; final report on recommendations (including proposed legislation), if any, dealing with the valuation of unitary business property and industrial property.

Role for LFD or LAD staff? x **Yes** ____ **No**

Role for Executive agency? x **Yes** ____ **No**

Additional costs, over meetings? ____ **Yes** x **No**

Estimated LSD staff time: 720-950 **hours**

Other comments: Unitary business property is a single and continuous property operated in more than one county in the state or more than one states, including telecommunications; electric generation and transmission, oil and gas pipelines, distribution utilities, certain gas gathering property, railroads and airlines.

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PRELIMINARY STUDY OUTLINE

Study: **SJR 18**	Interim Study Poll Rank: **13**
Short Title: **Study of Health Care Workforce Needs**	
Staff Recommendation: **Do Not Assign**	

Preliminary Analysis

Issue(s) as listed in legislation:

- Review existing analyses of Montana's current health care workforce
- Review projections related to future health care workforce trends and needs
- Monitor the ongoing work and final recommendations of the state agencies that have received a federal Health Care Workforce Development Planning Grant
- Recommend a 10-year plan for expanding health care professions and training programs that incorporates recommendations from state and national groups and addresses eight specific topics

Preliminary study approach:

- Meet with stakeholders to identify the work that has already been done on this topic. Stakeholders include the Montana Hospital Association, individual hospitals, Montana Medical Association, Montana Nurses' Association, Montana Academy of Physician Assistants, the Board of Medical Examiners, the Department of Labor and Industry, Montana University System, Montana Office of Rural Health, and Area Health Education Centers
- Meet with University System staff to compile information on current medical training programs and incentive programs for health care professionals who practice in Montana
- Review existing state and national studies on the existing health care workforce and projections for future needs
- Attend all meetings of the group overseeing the Health Care Workforce Development Planning grant
- Monitor the status of federal health care reform legislation for its potential impacts on workforce needs

Deliverables; end products:

- Briefing papers on:
  1) current health care workforce and projections of future health care workforce trends and needs
  2) current health care workforce education opportunities for Montana students and for people currently in the workforce
  3) ongoing efforts related to the federal planning grant
  4) options for committee consideration
  5) other topics as needed, based on the committee's determination of whether to develop a 10-year plan

- Panel or other presentations as needed on:
  1) workforce needs as identified by stakeholders
  2) projected workforce needs, as influenced by federal health care reform and Montana's unique characteristics
  3) federal planning grant work, including its conclusions and recommendations, which should be available by early 2012
  4) other topics as needed, based on the committee's determination of whether to develop a 10-year plan

- Legislation, if requested by committee

- Final report of committee activities

Role for LFD or LAD staff? ____ **Yes** __x__ **No**

Role for Executive agency? __x__ **Yes** ____ **No**

Additional costs, over meetings? ____ **Yes** __x__ **No**

Estimated LSD staff time: **800-1,000** **hours**

Other comments:
The Children and Families Committee spent some time on health care workforce issues during the 2009-10 interim but did not make any recommendations for legislative action. Briefing papers prepared on that topic should be reviewed, updated, and presented to the interim committee during the early meetings on the study.

In addition, the agencies working on the federal Health Care Workforce Planning Grant would like to be involved in this study and believe they could provide the committee with much of the information the study resolution seeks. Under the terms of the grant, the agencies must undertake comprehensive health care workforce development planning activities designed to meet current and projected workforce demands. The implementation plan should be developed by late 2011 or early 2012. This plan could provide the interim committee with the groundwork for determining how it wants to proceed with key elements of the study, including the development of a 10-year plan. It also will undoubtedly contain a number of legislative recommendations that the interim committee would be in a position to review and act on.

If the interim committee decides to develop a comprehensive 10-year plan, it would need to devote a significant portion of each meeting to that task.

Finally, some of these issues dovetail with items that are to be studied by the Select Committee on Efficiency in Government, created by HB 624. That study bill specifically directs the Select Committee to:

- undertake an objective measurement of the two higher education programs that provide opportunities for Montana students to obtain medical or dental degrees and ways to increase the number of students who return to Montana to practice;

- develop a strategy to address the provider implications of doubling the number of Medicaid beneficiaries when federal health care legislation takes effect; and
- review the licensing statutes for health care professionals to ensure that the licensing requirements are appropriate.

The Select Committee and the interim committee should determine early in the interim how to handle these issues to avoid duplication of staff and agency efforts. Because SJR 18 specifically requires a study of the health care workforce needs, it seems appropriate for the interim committee to consider those items from HB 624 that tie into the SJR 18 study and perhaps report to the Select Committee on its findings. However, it may benefit both committees if some of the funds allocated to the Select Committee for a consultant were used to undertake the "objective measurement" of the WWAMI and WICHE programs. Those programs have also been reviewed in the past by the LFD for the Education and Local Government Committee, so information may also be available from those reviews.

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PRELIMINARY STUDY OUTLINE

Study: **SJR 20** Interim Study Poll Rank: **4**

Short Title: **Study Ways to Make Medicaid More Cost Effective and Efficient**

Staff Recommendation: **Assign to Children, Families, Health, and Human Services Interim Committee**

Preliminary Analysis

Issue(s) as listed in legislation:

- Identify Medicaid services that the state must offer under federal law and those that are optional
- Identify the costs of providing the mandatory and optional services
- Identify services or administrative activities that may, under federal law, be privatized
- Identify the costs or costs savings of privatizing those services
- Identify strategies that other rural states have used to improve the cost-effectiveness of Medicaid programs, including managed care and privatization, and the effects those strategies have had on costs, access to care, and quality of care
- Identify the potential effects of similar strategies on Montana

Preliminary study approach:

- Meet with Department of Public Health and Human Services officials to review Montana's existing Medicaid program and the aspects of it that are already privatized or provided through managed care programs
- Review federal laws to identify areas in which states have the flexibility to privatize services or provide managed care programs
- Meet with stakeholders to identify issues that the study should cover. Stakeholders include DPHHS, the Montana Hospital Association, Montana Medical Association, Montana Health Care Association, and groups representing a wide variety of Medicaid recipients
- Review efforts in other states that have sought to privatize or implement large-scale managed care programs. Some states are already identified. NCSL could help with identification of other efforts.
- Work with LFD staff to understand current Medicaid budget

Deliverables; end products:

- Briefing papers on:
  1) current Medicaid program, services offered, and costs of the program
  2) federal Medicaid laws and regulations and how they impact efforts to privatize or use managed care systems
  3) efforts in other states to improve efficiency and costs of Medicaid programs, with information as available on the amounts saved and other effects of those efforts

- Panel or other presentations as needed on:
  1) Montana's current Medicaid program
  2) Past efforts involving privatization and managed care
  3) Perspectives of health care entities and individuals who are paid by or served by the Medicaid program

- Options for committee consideration

- Legislation, if determined by the committee

- Final report

Role for LFD or LAD staff? __x__ **Yes** ____ **No**

Role for Executive agency? __x__ **Yes** ____ **No**

Additional costs, over meetings? ____ **Yes** __x__ **No**

Estimated LSD staff time: **900-1,200** **hours**

Other comments:
Medicaid is a complex program, as are issues related to privatization and managed care. This study would require significant staff time to become familiar with the intricacies of the program and related issues and present them to the committee in a clear and understandable manner.

In addition, the state's past attempt at managed care left scars that haven't yet healed. Stakeholders most likely will want to have ample opportunity at committee meetings to discuss their thoughts on managed care issues.

This study would require both significant staff time and committee time. It also would require quite a bit of LFD time/consultation.

PRELIMINARY STUDY OUTLINE

Study: **SJR 23**	Interim Study Poll Rank: **5**
Short Title: **Study of tax exemptions for nonprofit organizations**	
Staff Recommendation:	**Assign to Revenue & Transportation Interim Committee**

Preliminary Analysis

Issue(s) as listed in legislation: (1) Nonprofit corporations or organizations vary in function: some are purely charitable and operate through the receipt of donations and others receive fees for services or government appropriations and contracts. (2) Montana law largely exempts nonprofit corporations or organizations from income and property taxes that are paid by for-profit organizations that may provide the same or similar services. (3) Montana nonprofit corporations or organizations are increasingly purchasing office buildings and other real estate investments and removing them from the property tax rolls, thereby shifting the property tax burden to small businesses and homeowners that remain on the tax rolls under the operation of section 15-10-420, MCA. (4) In rural Montana counties, there is an increasing pattern of land purchases by nonprofit corporations or organizations that could result in the removal of productive agricultural lands from production, from supporting the local dominant agricultural economy, and from the tax rolls.

Preliminary study approach: (1) Examine existing statutes on nonprofit organization exemptions from taxes. (2) Review how other states treat nonprofit organizations as compared with for-profit corporations for property tax and income tax purposes and legal restrictions on nonprofit land ownership in other states. (3) Determine the amount of property in each of Montana's seven most populous counties and business equipment in each county that does not appear on tax rolls because of property tax exemptions for nonprofit organizations. (4) Quantify the tax shifting resulting from nonprofit organizations' acquisition and removal of property from the tax rolls. (5) Examine the effect of removing from property tax rolls the private parks created to comply with subdivision standards. (6) Examine the competitiveness of nonprofit corporations compared with for-profit corporations that offer the same services. (7) Examine the impact of limiting income and property tax exemptions for nonprofit organizations to reflect the percentage of gross receipts that represent charitable donations compared with the percentage of fees-for-service and government appropriations or contracts. (8) Determine which nonprofit organizations own agricultural land for purposes of preserving historical, archaeological, or environmental resources. (9) Examine the effect of nonprofit organization land ownership on the local tax base, whether taxes are paid on the land, and how that compares with similar land classifications in the area. (10) Examine the services provided by nonprofit organizations that receive tax exemptions and how they compare with the value of the tax exemptions or reduced rates.

Deliverables; end products: (1) Study outline (2) Issue paper (3) Decision tool (4) Final report with recommendation, including proposed legislation, if any.

Role for LFD or LAD staff? __x__ **Yes** _____ **No**
LFD can likely assist with quantifying the income and property tax exemptions and tax shifting.

Role for Executive agency? __x__ **Yes** _____ **No**
Department of Revenue can provide data on exempt property and business equipment and investment property owned by nonprofit organizations.

Additional costs, over meetings? _____ **Yes** __x__ **No**

Estimated LSD staff time: __(800-1200)__ **hours**

Other comments: The following may be useful for background: "The Property Tax Exemption for Nonprofits" by David L. Sjoquist and Rayna Stoycheva and "Tax Treatment of Nonprofit Organizations: A Two-Edged Sword" by Evelyn Brody and Joseph J. Cordes (chapter in Nonprofits and Government edited by Elizabeth T. Boris and C. Eugene Steuerle). Montana is somewhat unique in the use of a statewide property tax that flows to the general fund. Other states that are especially reliant on the property tax are Arkansas, New Hampshire, Michigan, Vermont, Washington, and Wyoming. This will likely be important when reviewing and comparing state tax treatment of nonprofits as other states may be more likely to provide sales tax exemptions.

PRELIMINARY STUDY OUTLINE

Study: **SJR 26** Interim Study Poll Rank: **10**

Short Title **Joint budget standing subcommittees recommended interim monitoring activities**

Staff Recommendation: **Assign to Legislative Finance Committee. LFC might direct its subcommittees to study the issues (unless otherwise assigned) with the relevant interim committees kept up to date by LFC subcommittee members or staff and *vice versa*.**

Preliminary Analysis

Issue(s) as listed in legislation: The act of appropriating state funds is a significant expression of legislative policy and monitoring the implementation and effectiveness of those policies is a duty and goal of the legislative administrative and interim committees. Performance monitoring during the interim can help policymakers and agencies: gain understanding of program effectiveness, explain results of previous legislative funding decisions, and estimate and justify consequences of future funding decisions. Performance monitoring can also help foster a deeper legislative understanding of the agencies' activities.

Preliminary study approach: Background: SJ 26 directs the Legislative Finance Committee (LFC), in coordination with the Legislative Council, to direct the appropriate administrative or interim committees to conduct various interim monitoring activities as contained the resolution's body. Because the resolution covers a broad range of issues, it doesn't lend itself to a typical interim study format.

Study Approach: This "study" contains several smaller studies and monitoring activities designed to increase agency oversight. Several recommendations contain policy issues that overlap interim committee jurisdiction and LFC jurisdiction and/or interest. Researchers assigned to one of the interim committees listed below should work closely with their LFD counterpart(s) to ensure that duplication of effort and time is kept to a minimum, especially for the sake of the agencies involved. (Most likely, the overlap will involve staff already familiar with each other and the policy issues from the policy teams developed late last interim. This resolution might provide an ideal opportunity for the policy teams to share the workload and develop better interdivision communication on issues of mutual interest.)

Ideally, the LFC would direct its subcommittees (organized around policy areas) to study or monitor the issues in SJ 26 and then have subcommittee members or staff report periodically to the interested interim committees as needed. This approach would provide the most structure and single-committee oversight to the process, while still keeping the various policy interim committees involved and informed. There are certain policy issues that are assigned by the study to a specific committee (EQC and LFC) and those issues should be studied by the designated committee regardless. However, staff of these committees should still ensure that their Fiscal or Research counterparts are kept "in the loop."

Also, if the LFC subcommittees work on one or more issues, it doesn't preclude an interim committee from reviewing the topic as part of its normal interim activity. It simply requires some coordination between the committees and staff.

If the LFC does not direct its subcommittees to study these issues, then the interim committees listed in the table should. However, it is important to note that the resolution's study recommendations aren't all meant to be full-blown, formal studies demanding significant staff or committee time. Rather, most of them could be the focus of a single meeting or agenda item. Some might require attention during multiple meetings. Other committees will find that the recommendations are studied in the process of completing other studies or in work performed to address other concerns or interests raised by individual legislators. The idea behind the resolution is to get buy-in from the policy committees for the inevitable budget decisions made during the session and to provide some follow-up to policy issues that are raised in a session. It isn't meant to dictate the work plan of a committee unless that committee chooses to extend its focus in these areas.

In the words of a prominent fiscal staff analyst: "keep it simple!" (Thanks, Taryn!)

The following table contains the resolution's recommendations and either the oversight committee as assigned in the resolution or the committee that would perform the oversight duty *should the LFC not direct its subcommittees to study the issue*. If multiple committees have an interest, all committees are listed and the staff for each should communicate about how the committees will study the issue (if at all).

Note: To organize the list of recommendations, I numbered each "be it resolved" or "be it further resolved" clause. The first clause contains the request to the LFC and the Legislative Council to recommend monitoring activities pursuant to 5-5-217, MCA. Some clauses contain recommendations affecting more than one interim committee.

SJ 26 Clause	Policy Issue	Affected Committees	Notes/Potential for Overlap
2	DPHHS monitoring (6 subsections of issues)	Children and Families	Coordinate with LFC and possibly Economic Affairs
3	FWP (game birds, migratory birds, and brucellosis)	EQC (assigned in SJ 26)	
4	DEQ (cleanup at KRY and petroleum tanks)	EQC (assigned in SJ 26)	
5	Judicial Branch (Court Help and Water Court)	LFC (assigned in SJ 26)	Coordinate with Water Policy and possibly Law & Justice
6	Dept. of Justice (VIVS and Motor Vehicle Division)	LFC (assigned in SJ 26)	Coordinate with Law & Justice

7	Dept. of Corrections and Office of the Public Defender	Law & Justice	LFC has studied OPD in the past, too
SJ 26 Clause	**Policy Issue**	**Suggested Oversight Committee Assignment**	**Notes/Potential for Overlap**
8	K-12 education (various topics, including role and mission of the ELG)	Education/Local Govt	
9	Preservation Review Board	Education/Local Govt	
10	1. DPHHS (mental health topics, autism) 2. State Auditor's Office and Insure Montana 3. Dept. of Administration 4. Dept. of Revenue 5. Dept. of Agriculture	1. Children & Families 2. Economic Affairs 3. SAVA or LFC 4. RTIC 5. Economic Affairs	3. LFC and SAVA should coordinate work related to subsection (3)(a) of this clause

Deliverables; end products: The deliverables and end products will vary depending on how the SJ 26 studies are accomplished. If the LFC subcommittees undertake the studies, then the necessary reporting would be handled within that committee. If the SJ 26 recommendations are farmed out to the interim committees, the reporting and end results will depend on how each committee approaches the study topic. Some committees might undertake a study that results in a staff briefing or white paper or even legislation. Others might just cover the issue in one or more meetings but not require further formal action by the committee. In any case, when an interim committee tackles one or more of the resolution's recommendations for study, the committee should include the action taken and results (if any) in its final report to the Legislative Council and public. Depending on the level of partnership between LFC and an interim committee, the end product might be an update to the LFC, either by a fiscal or research staff person or by written report.

Role for LFD or LAD staff? __x__ **Yes** _____ **No**
LFD and ORPA/LEPO staff will need to communicate and cooperate to ensure duplication is kept to a minimum while still covering the SJ 26 recommendations

Role for Executive agency? __x__ **Yes** _____ **No**
Many of the study recommendations will at least require information from the agencies, if not agency staff to appear before a committee. The level of participation will vary greatly depending on the policy issue and the buy-in from the interim committee conducting the study.

Additional costs, over meetings? _____ **Yes** __x__ **No**
These study recommendations could be handled within the normal oversight duties of the interim committees regardless of which committee takes charge of the study topic.

Estimated LSD staff time: **Best estimate 8 to 800 (1 day to 20 weeks)** **hours**
The estimate is highly dependent on the policy issue involved and the relevant interim committee's desire to be involved. Some issues could be resolved with a simple update from agency or legislative staff at a single meeting or in writing. Others might take significant staff research time and committee agenda time to resolve or monitor. Each research staff person will need to assess the applicable recommendations and budget time accordingly.

Other comments:
For reference: The Performance Management Subcommittee of the LFC posts various reports on its web page. The reports outline appropriations and expenditures for the program, as well as the source of the funding. They also include the goals, performance measures, significant milestones, and other narrative information related to the program. They might be of use when planning how to tackle a recommendation contained in SJ 26.
http://leg.mt.gov/css/fiscal/reports/Performance-Measurement.asp

It bears repeating: keep it simple.

PRELIMINARY STUDY OUTLINE

Study: **SJR 27** Interim Study Poll Rank: **14**

Short Title: **Study of Medicaid Waiver for Children's DD Services**

Staff Recommendation: **Do Not Assign**

Preliminary Analysis

Issue(s) as listed in legislation:

- Examine ways in which a Medicaid waiver for children with developmental disabilities may allow for more efficient provision of services
- Look at how administrative costs for the Department of Public Health and Human Services may be affected by having a DD waiver specific to children, rather than a waiver covering both children and adults
- Review whether a children's waiver would give the state and DD providers more flexibility in providing services and controlling costs
- Determine the steps that would need to be taken if a children's DD waiver would be beneficial to the state and providers

Preliminary study approach:

- Meet with DPHHS to learn how a children's waiver would differ from the current waiver that covers services for both adults and children
- Research waiver options and how other states approach the issue
- Organize a panel presentation for stakeholders to present their views on the advantages of separate waivers

Deliverables; end products:

- Briefing paper covering DD waivers generally, Montana's current waiver, and how a children's waiver would differ
- Panel presentation at one meeting for stakeholders to discuss their views on a children's waiver
- DPHHS presentation on the steps the department would need to take to apply for two different waivers
- Legislation, if requested by the committee
- Incorporation of information on the study into the final committee report

Role for LFD or LAD staff? __x__ **Yes** ____ **No**

Role for Executive agency? __x__ **Yes** ____ **No**

Additional costs, over meetings? ____ **Yes** __x__ **No**

Estimated LSD staff time: __150-200__ **hours**

Other comments:
The current DD waiver is up for reauthorization in 2013. At that point, DPHHS will have to submit a new waiver application.

The agency most likely has the ability to decide whether to apply for a separate children's waiver without any legislative direction or intervention. Stakeholders are interested in having legislative involvement in the issue, to raise awareness of the possibility for applying for separate adult and children's waivers.

Because of the limited scope of the study and the fact that DPHHS could pursue this option on its own, this topic probably could be covered in one or two committee meetings unless the committee expresses interest in a higher level of involvement.

PRELIMINARY STUDY OUTLINE

Study: **SJR 28** Interim Study Poll Rank: **2**

Short Title: **Study performance-based funding for education**

Staff Recommendation: **Assign to ELG Interim Committee**

Preliminary Analysis

Issue(s) as listed in legislation:
The adopted shared policy goals and accountability measures point to the need for improved performance in for K-12 education; taxpayers deserve improved performance for the money they invest in K-12 education; other states using performance-based funding formulas have realized improvement in student achievement.

Preliminary study approach:
(1) Identify stakeholders in Montana who are knowledgeable of performance-based funding measures and/or who would be tasked to work under them if they were adopted in this state. (2) Identify other states using K-12 performance-based funding measures and obtain materials on their programs. (3) Identify experts and reports, particularly from the National Conference of State Legislatures, the Council of State Governments, and other reliable sources, and obtain reports they may have evaluating performance-based initiatives. (4) Committee members, together with stakeholders, examine staff summaries of other states' experiences with K-12 performance-based funding measures, giving special (but not exclusive) attention to "retention, bonus and reduction components" as identified in the resolution. (5) Consider the transferability and utility of those out-of-state experi3ements for Montana. (6) Examine the legal implications (equity and quality) of a funding formula that would treat individual schools differently, beyond the weighted factors that already exist in law. (7) Work on the deliverable.

Deliverables; end products:
Either (1) a white paper on the subject of K-12 performance funding for Montana, citing findings and perhaps recommendations, or (2) draft legislation outlining a plan for K-12 performance funding in Montana.

Role for LFD or LAD staff? X **Yes** ____ **No**
Tangential role for LFD.

Role for Executive agency? X **Yes** ____ **No**
Primary: Office of Public Instruction; Board of Public Education
Secondary: School Administrators of Montana; MT Rural Education Association

Additional costs, over meetings? ____ **Yes** X **No**

Estimated LSD staff time: **Best estimate (low - high range)** **hours**
600-800 hours

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PRELIMINARY STUDY OUTLINE

Study: **SJR 29** Interim Study Poll Rank: **9**

Short Title: **Study restorative justice**

Staff Recommendation: **Assign to the Law and Justice Interim Committee**

Preliminary Analysis

Issue(s) as listed in legislation: The study tasks are to:

(1) analyze restorative justice programs in Montana and determine which programs are most effective at rehabilitating offenders and identify any weaknesses or gaps in Montana's programs;

(2) investigate restorative justice options implemented in other states and nations and identify programs that emphasize restitution and the rehabilitation of nonviolent offenders as an alternative to incarceration;

(3) gather information from national experts and explore methods of measuring the effectiveness of restorative justice programs in terms of reducing recidivism and return rates of offenders, decreasing the potential for future victimization of Montana citizens, and reducing general fund expenditures related to incarceration; and

(4) develop recommendations on which programs in Montana should be retained and how restorative justice programs in Montana may be improved.

Preliminary study approach:

- Staff would request assistance from the Department of Corrections, Department of Justice, and Judicial Branch to inventory known programs and funding sources.
- Program administrators would be asked to present program evaluation information to help identify strengths and weaknesses.
- Staff would examine model programs in other states and nations and present an analysis of data on effectiveness.
- Experts in the field would be invited to testify and participate in panel discussions about best practices, measuring effectiveness, and options for Montana.
- The committee would identify options for further examination, request fiscal analysis concerning costs and potential savings that could result from selected options and develop recommendations, including any legislation, for consideration by the 63rd Legislature.

Deliverables; end products: Study outline, staff reports as requested, invited testimony and panel discussions as directed by the chair and requested by the committee, public comment, final report summarizing committee activities, options analysis, and recommendations, including any draft legislation.

Role for LFD or LAD staff? x **Yes** _____ **No**

* fiscal analysis on options and recommendations, if requested by the committee

Role for Executive agency? x **Yes** _____ **No**

*DOC and DOJ would need to assist in compilation of available data

Additional costs, over meetings? __x__ **Yes** _____ **No**

* additional costs contingent on whether the committee requests out-of-state experts appear in person and whether the committee agrees to pay associated travel expenses

Estimated LSD staff time: **800 - 1200** **hours**

Other comments: none

PRELIMINARY STUDY OUTLINE

Study: **SJR 30** Interim Study Poll Rank: **7**

Short Title: **Study how to reduce childhood trauma**

Staff Recommendation: **Assign to State-Tribal Relations Interim Committee**

Preliminary Analysis

Issue(s) as listed in legislation: The study would involve:

(1) compiling data on the prevalence of acute and chronic childhood traumatic stress;

(2) evaluating the extent and impact of current efforts in Montana to prevent childhood trauma and to mitigate its effects after it occurs;

(3) identifying promising and evidence-based practices that are most appropriate for Montana communities, particularly rural communities;

(4) identifying the communities most in need of prevention and mitigation efforts related to childhood trauma as a way to prevent physical and mental health problems, substance abuse and addiction, school failure, and involvement in the criminal justice system; and

(5) identifying any appropriate steps Montana policymakers may take to reduce childhood trauma in order to improve the mental health of Montanans.

The study resolution specifically mentions the following sources of childhood trauma:

- community violence;
- serious accidents;
- loss of family members or friends;
- removal from the home;
- physical or sexual assault,
- abuse by parents or guardians;
- neglect by parents or guardians;
- domestic violence; and
- poverty.

Testimony raised the issue of bullying, including cyber-bullying. Language in the study resolution and testimony during the hearings also raised the issue of juvenile delinquency caused by early childhood trauma and the need for interventions aimed at reducing contact with and diverting youth from the juvenile justice system.

Preliminary study approach:

- Compilation of data could involve relying on data available primarily from DPHHS, OPI, IHS, and Kid's Count.

- Evaluation of current efforts to prevent, identify, and mitigate the effects of childhood trauma could be accomplished through a staff inventory of prevention, screening, and treatment programs and testimony from program administrators, consumers, and other stakeholders.

- The study resolution specifically requests that representatives of the following agencies be included in the study: (a) DPHHS, (b) OPI, (c) the mental health service area authorities and local advisory councils, (d) groups involved in efforts to prevent childhood trauma, (e) IHS, and (f) Montana Indian tribes. Juvenile justice

intervention agencies may also need to be included to help identify core issues and interventions.

- To identify best and most appropriate practices, the committee would need to learn about model programs in other states and hold discussions with experts (possibly national experts or experts invited from other states) familiar with the challenges of serving rural communities, including Indian reservations. To identify the communities most in need, staff would analyze and present data available from appropriate sources. Staff would analyze testimony and research and develop options for committee consideration. Through committee work sessions and based on the data and testimony received, the committee would decide what public policy options should be more fully examined and ultimately what recommendations or legislation, if any, should be forwarded to the 63rd Legislature in 2013.

Deliverables; end products: Study outline, staff reports as requested, invited testimony and panel discussions as directed by the chair and requested by the committee, public comment, final report summarizing committee activities, options analysis, and recommendations, including any draft legislation.

Role for LFD or LAD staff? __x__ **Yes** _____ **No**
* if requested by the committee, fiscal analysis on options and recommendations

Role for Executive agency? __x__ **Yes** _____ **No**
*DPHHS, OPI, and IHS would need to assist in compilation of available data

Additional costs, over meetings? __x__ **Yes** _____ **No**
* additional costs contingent on whether the committee requests out-of-state experts appear in person and whether the committee agrees to pay associated travel expenses

Estimated LSD staff time: **1,000 - 2,000** **hours**

Other comments: This study is very broad, with issues that encompass health care during pregnancy, infant care and brain development, school and community violence, domestic abuse and neglect, poverty, addiction, and mental health. Interested stakeholders, agencies, and care providers encompass health and human service agencies, education specialists, medical professionals, mental health professionals, and Indian services. To be most effective, the study committee should identify it's priority concerns and focus on those concerns first. The study needs to be approached systematically and with a clear methodology to work through one issue area at a time. If the committee chose to focus primarily on the prevention of traumas that affect the development of the brain before age 3 -- according to research presented during the hearing, 85% of brain development occurs before age 3 -- the hours required to conduct the study would be reduced and would range from 800 to 1,200 hours.

PRELIMINARY STUDY OUTLINE

Study: **HB 525** Interim Study Poll Rank: **N/A**

Short Title: **Sunset Review of Professional and Occupational Licensing Boards**

Staff Recommendation: **Assign to Economic Affairs Interim Committee**

Preliminary Analysis

Issue(s) as listed in legislation:

1) Review half of all professional/occupational licensing boards in the interim, starting with the oldest first, to determine if the boards remain necessary for a public purpose and meet listed criteria regarding need, identifiable scope of practice, use of a specialized skill, justified qualifications for licensure, and public support. Look at whether the boards increase the cost of service.
2) Require presentations and public comment on the boards, including information from the Department of Labor and Industry (DOLI) on whether the board is fiscally solvent.
3) Report to the 2013 legislature regarding whether the board should be terminated.

Preliminary study approach:

- Staff will prepare an overview of all licensing boards, indicating which boards will be reviewed in the 2011-2012 interim. The overview, along with questions to be addressed during presentations, will be presented at the first meeting of the interim committee as part of a work plan for 8 meetings at which two boards each will be featured, allocating roughly one-half day of review and public comment for every 2 boards. Committee members will be asked if any board in particular requires more time and may add to the questions that boards will be asked to address. (Three boards will have to be reviewed at one meeting.)
- The committee will review roughly 17 boards in the interim. Staff will notify any association connected to the licensing board (e.g. the Montana Nurses Association for the Board of Nursing) prior to the review to encourage public comment from non-board members.
- Reviews will consist of presentations from board members and an opportunity for public comment. The committee will be asked to make a recommendation up or down on termination directly after the review.

Deliverables; end products:

- Report consisting of an overview of all boards along with a list of questions that board members will be asked to address during the board presentation.
- Legislation for boards that receive a recommendation of termination.
- Final report on boards, reviews, concerns of legislators, public comment.

Role for LFD or LAD staff? **LFD** **Yes** _____ **No**

It will be important for the Committee to understand budgeting and how licensees pay their costs and cover DOLI's costs. However, it also will be important to see how DOLI budgets and whether there are ways to simplify the budgeting to improve understanding of board budgets.

Role for Executive agency? **DOLI** **Yes** _____ **No**

The DOLI staff at the Business Standards Division will be needed to assist with the

board overview, board presentations, and budgeting questions. The presentations will be by board members and not DOLI staff.

Additional costs, over meetings? _____ **Yes** __x__ **No**

Estimated LSD staff time: __600-900__ **hours**

Other comments: This study needs to take into account SB 165 [ch. 51], regarding whether a board regulates a profession or occupation in a way that discriminates against any person or that restrains trade or competition except when necessary for public health and safety.

PRELIMINARY STUDY OUTLINE

Study: **HB602** Interim Study Poll Rank: **NA**

Short Title: **Study of exempt water wells**

Staff Recommendation: **Assign to Water Policy Interim Committee**

Preliminary Analysis

Issue listed in legislation: Study the effects of wells exempt from permitting on existing water rights, including the amount of water consumed, the relationship to land use planning, and the ability of senior water right holders to protect rights against junior exempt well rights through the prior appropriation doctrine.

Preliminary study approach: Three to four meetings around the state to gather public comment as well as meetings in Helena to discuss policy. Basis for policy discussion will be research and legal opinions. Provide historical evolution of law and rules in Montana. Compile statistics on current exempt wells, including location and uses, as well as hydrogeologic data using MBMG groundwater program. Compile statutes and rules from other western states. Legal research includes options for enforcement, including the feasability of making call on junior exempt rights.

Deliverables; end products: Work plan; various panel discussions; public comment; possible field tours; issue papers and legal opinions; a final report that documents the recommendations (including proposed legislation).

Role for LFD or LAD staff? ____ **Yes** X **No**

Role for Executive agency? X **Yes** ____ **No**

Additional costs, over meetings? ____ **Yes** X **No**

Estimated LSD staff time: **700 - 1400** **hours**

Other comments: A provision of the enabling legislation prohibits DNRC from adopting rules until the end of the interim. Though the WPIC has no agency oversight authority, it is anticipated that agency rule making will take place through the interim, requiring involvement of staff and WPIC.

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PRELIMINARY STUDY OUTLINE

Study: **HB 642**	Interim Study Poll Rank: **NA**
Short Title: **Study of Efficiency in Government**	
Staff Recommendation: **Select Committee on Efficiency in Government**	

Preliminary Analysis

Issue(s) as listed in legislation: No "issues", per se, are listed. Rather, a select committee of 12 legislators is required to identify states that have implemented a priority budgeting system, analyze the approaches taken by the states identified to implement a priority budgeting system, the types of performance measurement used by the states, how decision matrices are developed and implemented to set priorities, and the results experienced, and in the context of anticipated, long-term pressures on the state budget, investigate and document the advantages of the several states' priority budgeting systems as compared to the baseline budgeting system used by Montana pursuant to Title 17, chapter 7. The committee is directed to determine "efficiency and effectiveness" in three general areas: Health Care; Technology; and Natural Resources. Each of the three general areas has numerous subcategories that the committee is supposed to address. The committee is required to submit a final report contain findings, conclusions, and recommendations.

Preliminary study approach: Section 2(4) requires the committee, at its first meeting, to "establish its mission, goals, and objectives and specific problems to be addressed". Considerable effort will be given to educating the committee on "priority budgeting systems" as well as Montana baseline budgeting system.

The committee should consider and establish working criteria for determining "effectiveness" and "efficiency". Eventually, the committee must also provide criteria for determining: "leverage or leveraging"; "accountability"; "transparency"; "duplication"; "waste, fraud, and abuse"; etc. Subsequent meetings should address each of the 3 general areas and as many of the subcategories as desired and practical. It is likely that presentation panels will be convened on: public sector budgeting systems; health care access; health care delivery; health care affordability; the WWAMI and WICHE programs; the "core programs" of DPHHS; Medicaid; SNAP; TANF; MMIS; health care regulation; professional licensing re health care; use of and need for information technology in government; internet-based services; internet and mobile (cloud?) computing; public sector technology infrastructure; information security and integrity; natural resource development; natural resource conservation; natural resource regulation processes; legal issues re natural resource development; accountability in regulatory decisions; incentive-based taxation of natural resource development; technology and natural resource development; and investment/financing natural resource development.

The committee will have to decide what areas or subcategories to focus on, develop an understanding of the areas or subcategories, and develop options that may help the committee to see its goals/objectives achieved.

Deliverables; end products: The deliverables will include the committee's mission, goals, and objectives and the creation and maintenance of its website. Staff will develop a study plan and meeting schedule. The various "panels" are also deliverables. The committee is required to submit a final report (that staff will write). Draft legislation is possible.

Role for LFD or LAD staff? XXX **Yes** _____ **No**
The LFD or LAD staff, or both, can help determine "efficiency" and "effectiveness" of state programs; perhaps identify "waste, fraud, abuse". The LFD staff can provide information on "priority budgeting systems" used in other states; Montana's baseline budgeting system; and long-term issues likely to affect Montana's budget (esp. health care programs; provider rates).

LAD staff may be asked to perform performance audits on various programs/projects.

Role for Executive agency? XXX **Yes** _____ **No**
Definite roles for: OBPP re "priority budgeting systems"; ITSD re information technology; DPHHS and State Auditor re various health care issues; OCHE re WWAMI and WICHE; the DNRC and DEQ re natural resource development/permitting/litigation; D of Ag/Livestock, FWP, Bd. of Outfitters re natural resource conservation. Possible roles for: DOR on nat'l resource taxation; D of Commerce re econ development in context of natural resource development; U-System units for various aspects of subcategories of general areas; PERA/TRS for pension liabilities/systems.

Additional costs, over meetings? XXX **Yes** _____ **No**
There will probably be some need for consulting services.

Estimated LSD staff time: **2400 hours (1200-4800 hours range)**

Other comments: The study directed by HB 642 is broad and unfocused. The bill does not cite a problem to be solved. It is unlikely that the committee will adequately define "efficiency", "effectiveness", or other terms used in the bill that underpin the study. The study is so broad/ambitious that the committee will likely need to meet each month, July 2011 through September 15, 2012, with 14 of the meetings being 2-day meetings.

Coordinating LSD, LFD, and LAD staff roles, personnel, tasks, and timelines will be challenging, as will identifying and booking the numerous "expert panels" and writing a final report.

Gaining participation by Executive Branch staff is iffy.

The appropriation for the study is $100K; the estimated cost of the study is $458K.

PRELIMINARY STUDY OUTLINE -- HB 642 (Natural Resources Area only)

Preliminary Analysis (Natural Resource Area only)

Issue(s) as listed in legislation: (1) Mission, goals, objectives, and specific problems to be addressed to be determined by select committee. (2) In relation to natural resource development the committee is charged with determining areas of efficiency and effectiveness in regulatory processes related to natural resource development and looking at technologies and taxation related to natural resources. (3) Staff would request the committee split this study into two parts: (A) choose specific regulatory processes, selected from the list below, to effectively and efficiently review; and (B) choose specific natural resources, selected from the list below, to review related to taxation, technologies, and incentives.

Preliminary study approach: **Part A** (1) Analyze the legislative purpose of selected regulatory processes and whether the purposes are being accomplished in an efficient and effective manner. (2) Review the public notice and participation

aspects under selected regulatory processes to determine their adequacy. (3) Analyze how various agencies implement these regulatory processes. (4) Examine the implementation of selected regulatory processes, the involvement of various jurisdictions and issues of primacy. (5) Review and identify any areas of duplication or redundancy. (6) Determine the time frames associated with the regulatory processes and legal challenges that arise from those processes, which can delay overall regulation. (7) Review options for creating and using electronic forms and authorizations to streamline selected regulatory processes. (8) Analyze the pros and cons of alternatives to the existing structure for various regulatory processes. (9) Review regulatory processes in other states similar to the selected regulatory processes.

Part B (1) Review existing state-level incentives related to the development of specific natural resources and options for improving those incentives. (2) Analyze existing tax structure related to specific natural resources and the use of an incentive-based tax system. (3) Evaluate options for facilitating and financing specific natural resource development. (4) Examine existing technologies related to specific natural resources and opportunities for using and advancing new innovations.

Part A: Regulatory Processes

Montana Environmental Policy Act*
Major Facility Siting Act
Clean Air Act of Montana
Asbestos Control Act
Montana Radon Control Act
Water Quality Act
Phosphorus Ban Act
Regional Water and Wastewater Authority Act
Natural Streambed and Land Preservation Act
Montana Solid Waste Management Act
Montana Integrated Waste Management Act
Infectious Waste Management Act
Montana Hazardous Waste Act
Mercury-added Thermostat Collection Act
Comprehensive Environmental Cleanup and Responsibility Act
Voluntary Cleanup and Redevelopment Act
Montana Underground Storage Tank Installer and Inspector Licensing and Permitting Act
Montana Contaminated Property Compensation and Restoration Act
Uniform Transboundary Pollution Reciprocal Access Act
Strip and Underground Mine Siting Act
Strip and Underground Mine Reclamation Act
Opencut Mining Act
Metal Mine Reclamation Act
Montana Hardrock Reclamation Act
Coal Bed Methane Production Offset Act
Oil and Gas Operation Requirements
Regulation of Petroleum Products
Montana Subdivision and Platting Act

* The EQC has statutory oversight of the implementation of MEPA.

Part B: Natural Resources
Coal
Oil
Natural Gas
Nuclear
Geothermal
Wind
Solar
Water
Biomass
Ethanol and Biodiesel
Metalliferous Minerals
Non Metalliferous Minerals
Parks and other Public Lands
Fish and Wildlife
Forests
Agricultural Land
Rangeland
Scenery

Deliverables; end products: (1) Study outline as determined by the select committee. (2) Report with findings and recommendations . (3) Decision tool. (4) Final report with recommendation, including proposed legislation, if any.

Role for LFD or LAD staff? __x__ **Yes** _____ **No**

Role for Executive agency? __x__ **Yes** _____ **No**

Additional costs, over meetings? _____ **Yes** __X__ **No**

Estimated LSD staff time: **800 to 1,000** **hours**

Other comments: Because this study could encompass multiple regulatory processes, it will be up to the select committee to early on determine the best approach to take to accomplish the requirements of HB 642. Depending on which regulatory processes are selected for an in-depth review, legal analysis of certain aspects may be needed. Audit reports also may have recently been completed for certain programs that will tie into the regulatory processes and the fiscal staff would play a significant role in Part B of the study.

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