



THE INTERIM

November 2011

A monthly newsletter of the Montana Legislative Branch

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The Interim, along with up-to-date information about interim committees, is also available on the Legislative Branch website at leg.mt.gov.

Children & Families Committee Begins Study of Childhood Hunger

The Children, Families, Health, and Human Services Interim Committee in September began its study of childhood hunger with a series of panel discussions about why children go hungry and the ways in which various programs try to fill the food gaps.

Committee members also ate lunch with a group of first- through third-graders at Jefferson School. While there, they talked about Helena's school lunch program with Principal Lona Carter-Scanlon and Robert Worthy, general manager of Sodexo, which runs the program.

The activities were part of the House Joint Resolution 8 study of childhood hunger.

Also during the meeting, the committee received an overview of the federal-state Medicaid program and related issues. And they heard about the changes to the program for people involved in the use of marijuana for certain medical conditions. The committee will monitor both of those items this interim.

Speakers Describe Food Programs and Needs

As part of the HJR 8 study, Chris Emerson of the Office of Public Instruction and Linda Snedigar of the Department of Public Health and Human Services provided an overview of state-run food programs. Some programs serve only low-income people. However, school-based programs serve all children but provide free or low-cost meals or snacks to low-income children. Food pantries often provide food to anyone seeking assistance. Snedigar noted that nearly one in six Montanans is now served by the Supplemental Nutrition Assistance Program, formerly known as Food Stamps. Enrollment has increased significantly during the economic downturn.

She said that 80,911 Montanans received SNAP benefits in May 2008. By June 2011, 126,521 received benefits, including 53,369 children.

Speakers from several locally-based programs discussed the food needs in their areas and the ways in which the programs try to meet those needs. Panelists were:

- Peggy Grimes of the Montana Food Bank Network, who provided a chart showing the gap between the number of meals available to Montanans and the number required to meet their needs. She also talked about the ways in which the network and its partner food pantries make food available to needy Montanans around the state.
- Debbie Lewis and Karen Johnson, who talked about their reasons for starting a school food pantry as a PTA project at North Middle School in Great Falls;
- Orchard School counselor Robin Cormier of Billings, who provided information on the Backpack Program that gives needy children food for the weekend. She said the program has improved children's readiness and ability to learn.
- Jeanne Christopher of the Early Childhood Services Program of the Confederated Salish-Kootenai Tribes, who talked about the ways in which hunger affects children, the various financial needs facing families, and the ways in which food programs have benefited the children her program serves; and
- Minkie Medora of the Food Security Council, who described the economic factors at play in the hunger issue and the medical and social costs that may occur if children don't have access to sufficient healthy food.

Hank Hudson of DPHHS and Gallatin Gateway School Superintendent Kim DeBruycker provided their perspectives on the reasons some children go hungry at home and thus rely on school or state programs to help meet their food needs.

Committee members will hear more in November about programs that bring Montana-produced foods into schools and other facilities. They also will take public comment to obtain policy ideas for reducing childhood hunger.

Medical Marijuana, Medicaid Reviewed

A DPHHS official and a representative of the medical marijuana industry reviewed changes to the law that allows for the use of marijuana for debilitating medical conditions. Roy Kemp of DPHHS discussed the work that was done to revamp the application system for patients and providers. Senate Bill 423 placed a number of more stringent requirements into the application process. Kate Cholewa of the Montana Cannabis Industry Association said the new law has reduced the number of providers. As a result, patients have more trouble obtaining marijuana, she said.

Laura Tobler and Melissa Hansen of the National Conference of State Legislatures covered the basics of the Medicaid

program. They also talked about changes under consideration at the national level and in the states.

Committee members decided in June to review various aspects of the program because the number of Medicaid beneficiaries is expected to increase significantly in 2014. That's when the federal health care law passed in 2010 will expand Medicaid coverage to single, able-bodied people with income up to 138% of the federal poverty level.

In November, Medicaid presentations will focus on waiver options and the use of managed care.

The committee adopted an interim work plan and final study plans for the HJR 8 study and for the Senate Joint Resolution 30 study of childhood trauma. Committee members decided to slightly increase the amount of time given to the SJR 30 study. That will allow for a review of potential changes to the foster care system. The decision was based on public comment about the deaths of several children in recent months due to child abuse. Lisa Stroh of Harlem and Lois Leibrand of Scobey said they have been talking with DPHHS officials about possible changes, and committee members agreed to follow those discussions as part of the study.

The committee will meet Nov. 14 at 9 a.m. in Room 137 of the Capitol. Related materials will be posted to the committee's webpage, leg.mt.gov/cfhhs.

Economic Affairs Committee Hears about Jobless Trends, Reviews Licensing Boards

At its Oct. 5-6 meeting, the Economic Affairs Interim Committee heard from a Department of Labor and Industry economist on differences between the most recent recession and earlier recessions and on different measures of unemployment. The committee also reviewed three advisory councils and four licensing boards to determine if each remains necessary. Two of the boards were asked to return for further review.

Unemployment Trends

Barbara Wagner, Department of Labor and Industry economist, said that most of the joblessness nationally and in Montana is due to cyclical unemployment in which the number of job openings (and jobs) drops significantly below prerecession levels because of a bad economy. This recession, she said, has also seen structural unemployment to a small degree. This type of unemployment occurs when a worker's skills do not fit the qualifications needed by an employer. For example, Montana has many job openings in health care, but many of the unemployed are construction or manufacturing workers. Until the unemployed are retrained for different jobs, structural unemployment results in unfilled job openings despite high unemployment.

Wagner also discussed different measures of unemployment, which may include not only people receiving unemployment benefits but also discouraged workers who have given up looking for a job. A person needs to be looking for a job to receive benefits. She pointed out that the number of unemployed is greater than the number of those receiving unemployment benefits because only about one-third of the unemployed are eligible for benefits.

Licensing Board Review

House Bill 525 directs the committee to review professional and occupational licensing boards to determine if a board is meeting a need to protect public health and safety. The committee reviewed four boards in October and concluded that the Board of Nursing Home Administrators and the Board of Medical Examiners are meeting a need.

Two boards were left in a state of flux: the Board of Hearing Aid Dispensers, which will be scheduled for more discussion in April, and the Board of Funeral Service, which will be on the committee's January agenda.

The Board of Hearing Aid Dispensers may have to raise fees considerably to account for an expected loss of licensees (and income) after passage of Senate Bill 132, which allows audiologists to sell hearing aids without being licensed by the board. Audiologists, who are licensed by a separate board, no longer have to be dually licensed.

The committee asked for more information from the Board of Funeral Service. During public testimony some people said that the board is unnecessary and is an impediment to services related to cremation. Board members provided examples of how it responds to complaints, including complaints submitted by the Federal Trade Commission, which also regulates the funeral industry.

Agency Monitoring, Other Activities

Other agency monitoring activities considered by the committee included reports from:

- Carroll South, the executive director of the Board of Investments. BOI is administratively attached to the Department of Commerce.
- Evan Barrett, the state's chief business development officer. He described several economic development opportunities in Montana, including a new state Small Business Credit Initiative.
- Ed DesRosier and Rhonda Fitzgerald of the Tourism Advisory Council. The advisory committee, which distributed more than \$500,000 to Montana entities in October, received a vote of confidence from the committee. A recommendation on whether to retain a statutory council is required under HB 142.

- Diana Ferriter, bureau chief of the Workers' Compensation Claims Assistance Bureau, discussed the implementation of utilization and treatment guidelines for injured workers, provided an update on the medical review process, and reviewed a new form to be filled out by medical providers. The form, to be given to the injured worker and the employer, may list work limitations or other information intended to help the worker get back to work.
- Marty Tuttle, chief legal counsel at the Department of Commerce. Tuttle provided information on the various divisions at Commerce and the Economic Development Advisory Council. The committee recommended to retain the advisory council, with another review next interim.
- Dave Tyler of the Agriculture Development Council. The council assists the Department of Agriculture (one of the committee's monitored agencies) with distribution of Growth Through Agriculture program loans and grants.

In other business, Rep. Tom Berry, committee chair, appointed himself and Sen. Jonathan Windy Boy to the Rail Service Competition Council. The committee also discussed options for preserving flexibility for the state as national efforts proceed on health insurance exchanges. Committee members also reported on the Montana State Fund meeting and the Governor's Conference on Workers' Compensation.

Audio and video recordings committee meetings may be accessed on the committee's webpage at leg.mt.gov/eaic.

The committee meets Jan. 19-20, 2012. A draft agenda is on the committee's webpage. For more information, contact Pat Murdo, committee staff, at pmurdo@mt.gov or 406-444-3594.

Education & Local Government Panel to Review Education Data Collection System

The Education and Local Government Interim Committee will meet Nov. 17-18 in Room 102 of the Capitol building, beginning at 8:30 a.m. both days. A highlight of the meeting will be a presentation from representatives of the Data Quality Campaign, described as a "national, collaborative effort to encourage and support state policymakers to improve the availability and use of high-quality education data to improve student achievement."

A sound education data collection and analysis system would be key to the establishment of any kind of performance-based state education funding component, so the information provided by the DQC is being incorporated into ELG's Senate Joint Resolution 28 study of performance-based K-12 funding. ELG members Sen. Llew Jones and Rep. Bob

Mehlhoff have worked with the DQC in the past and made the suggestion to involve the organization in the committee's study.

The DQC's efforts are based on what it calls the "10 Essential Elements of a State Longitudinal Data System" and state actions that would implement the elements. The 10 elements are described below, much of it verbatim from the DQC's website: dataqualitycampaign.org (click on "Building Data Systems").

- Element #1: A unique statewide student identifier (a single, non-duplicated number that is assigned to and remains with a student throughout his or her P-12 career) that connects student data across key databases across years. The identifier would help policymakers and educators know the academic value-added of a school or program; the achievement levels in early grades that indicate that a student is on track to succeed in subsequent grades; and the test scores in early grades which should be thresholds for intervention.
- Element #2: Student-level enrollment, demographic, and program participation information to help policymakers and educators understand the extent to which free and reduced-price lunch enrollment drops off in high school and how that might affect measures of each high school's poverty rate; how the percentage of minority students in gifted and talented programs compares with that of white students; and the rate at which English language learners are entering the state for the first time in high school and how are they doing on the state's high school exit exams.
- Element #3: The ability to match individual students' test records (state exams and state-mandated local exams) from year to year to measure academic growth across years to give policymakers and educators information on the percent of last year's below proficient students who met the state's proficiency standard this year; and whether or not proficient and advanced students are achieving at least a year's growth every year.
- Element #4: Information on untested students and the reasons they were not tested to show trends over time in the number and percentage of untested students from each student group (English language learners, special education students, different ethnic groups, etc.) and to determine whether or not particular schools and districts have excessive absences on test day or questionable patterns of absences and exemptions across years.
- Element #5: A teacher identifier system with the ability to match teachers to students to understand the connection between teacher training and qualifications and student academic growth. With the help of this information, the DQC maintains that policymakers and educators will know the teacher preparation programs that produce graduates whose students have the strongest academic growth; how the experience levels of the teachers in the district's high-poverty schools compare with those of teachers in the schools serving affluent students, and how these experience levels are related to the academic growth of the students in their classrooms; and the relationship between the performance of the district's low-income students on the state algebra exam and teacher preparation in that subject.
- Element #6: Student-level transcript information, including information on courses completed and grades earned. This will help educators and policymakers understand the number and percent of students who are enrolling in and completing rigorous courses in high school, disaggregated by ethnicity and income status; the middle schools that are doing the best job of preparing students for rigorous courses in high school; whether or not students in more rigorous courses in high school have been more successful in college or in the workplace; and whether or not there is evidence of grade inflation.
- Element #7: Student-level college readiness test scores to ensure that students make a successful transition from high school to postsecondary education. With this information, according to the DQC, educators and policymakers can know how participation rates and scores on SAT, ACT, AP and IB (International Baccalaureate) exams change over time for low-income and minority students; the percent of students who meet the proficiency standard on the state 8th grade test who also take AP or IB courses in high school and pass the corresponding AP or IB exams; and the percent of low-income students who met the proficiency standard on the state high school test

who take the SAT and ACT exams and score at college readiness benchmark levels on those exams.

Element #8: Student-level graduation and dropout data to provide an understanding of when and why students leave the state's public education system; the percent of first-time 9th graders in a given year who graduate from high school within four, five, or six years; the schools and school systems that are doing the best job reducing the dropout rate; and the characteristics of high school dropouts and whether or not there are early warning signs that schools can look for in elementary and middle school.

Element #9: The ability to match student records between the P-12 and higher education systems to understand the percentage of each district's high school graduates who enrolled in college within 15 months after graduation; the percentage of last year's graduates from each high school or school district who needed remediation in college and how these percentages varied by student income and ethnicity; the percentage of students who met the proficiency standard on the state high school test and still needed remediation in the same subject in college; and how the students' ability to stay in and complete college is related to their high school courses, grades and test scores.

Element #10: A state data audit system assessing data quality, validity and reliability will help policymakers and educators know whether or not the disaggregated student information used to rate schools for Adequate Yearly Progress is valid; the districts that do the best job of reporting valid and reliable dropout data; whether or not districts are reporting their numbers of untested students and reasons for not testing the students; and the amount and type of data quality problems identified by districts and how those problems are being addressed.

These elements, the DQC's recommended state actions for implementing them, and Montana's progress in implementing them will comprise much of ELG's agenda on Nov. 17. As the agency primarily responsible for collecting and synthesizing K-12 education data, the Office of Public Instruction will also be on hand to discuss its data system functionality and the agency's assessment of its ability to incorporate the elements.

Other agenda items include a report from representatives of the working group assembled to discuss subdivision for lease or rent (House Joint Resolution 39 study), continuing school finance training provided by Legislative Fiscal Division and Legal Services staff, an update on zoning protest litigation, and a review of the Governor's Postsecondary Scholarship Advisory Council.

For more information about ELG, visit the committee's webpage at leg.mt.gov/elgic or contact Leanne Kurtz, ELG staff, at 406-444-3593.

Energy & Telecommunications Committee Reviews PSC and Rural Cell Phone Coverage

The Public Service Commission's organizational structure and rural cell phone coverage will be reviewed by the Energy and Telecommunications Interim Committee during a Nov. 17 meeting in Room 172 of the Capitol building.

As part of its work plan, the ETIC is analyzing the statutes that establish the organization and operation of the Public Service Commission (PSC), including a discussion of options for replacing the five-member elected commission with an appointed commission, terms of office, vacancies, and use of districts.

The PSC is established in Title 69, chapter 1, part 1. Commissioners serve four-year terms and are elected from five separate districts -- also established in law. Commissioners are subject to statutory term limits. The commission supervises and regulates the operations of public utilities, common carriers, railroads and other regulated entities, as established in Title 69.

Montana is one of 11 states that elect their public service commissioners. In 37 other states, commissioners are appointed by either the governor or the legislature. In two states, the legislature elects the commissioners. Seven states have constitutionally created public service commissions. Montana's Public Service Commission is not a constitutionally created entity.

The ETIC will hear from James Lopach, a University of Montana-Missoula professor of political science, who is the author of a report that analyzed the PSC's organizational structure. Bobby Baker, an attorney, who provides strategic and regulatory advice to private companies and local governments will present his perspectives. Baker was first elected to the Georgia Public Service Commission in 1992 and served for 18 years.

The ETIC also will learn more about efforts to improve rural cell phone coverage across the state. Montana Independent Telecommunications Systems will provide an overview of the rural telecommunications industry. Mid-Rivers Communica-

tions, Nemont Telephone Cooperative, Triangle Telephone Cooperative, Verizon Wireless, AT&T, and Cellular One have all been invited to provide their perspectives on opportunities and challenges in the industry.

The ETIC will begin its statutorily-required review of the Universal System Benefits program. Public utilities and cooperative utilities are required to submit an annual summary of universal system benefits programs to the ETIC. The committee, if necessary, submits recommendations regarding the programs.

Zinc Air, a Kalispell company that has developed a one-of-a-kind grid energy storage system, will appear before the ETIC.

The agenda and background information for the November meeting is available at: leg.mt.gov/etic. For more information, contact Sonja Nowakowski at snowakowski@mt.gov or 406-444-3078.

Environmental Quality Council Requests Delay on Bison Relocation

The Environmental Quality Council (EQC) held a special meeting Oct. 17 and unanimously agreed to ask the Department of Fish, Wildlife, and Parks to delay making a decision on whether to relocate bison within Montana until a statewide conservation strategy is completed. The department is proposing to relocate several dozen bison on an interim basis at the Spotted Dog and Marias River Wildlife Management Areas (WMA) and the Fort Peck and Fort Belknap reservations.

The bison in question are bison, or their progeny, that originated from Yellowstone National Park, have tested negative for brucellosis, and have been held as part of a quarantine feasibility study.

Short of waiting for a statewide conservation strategy, which FWP estimates will be completed by the end of 2015, the EQC has asked the agency to at least prepare a comprehensive environmental impact statement (EIS) evaluating the potential short- and long-term impacts of relocating bison at the proposed locations. The EQC says that the environmental assessment (EA) already completed by FWP does not satisfy the requirements of the Montana Environmental Policy Act (MEPA) of which the EQC has statutory oversight.

In a letter submitted to FWP during the 30-day comment period on the EA, the EQC states that the:

EA lacks sufficient analysis of many potential impacts and whether they would be significant, including the loss of acreage to other wildlife, effects on species of concern, impacts to vegetation, the spread of noxious weeds, and the effects on surrounding lands and cultural

and historically sensitive sites, to name a few. In more than one instance, the EA states that potential impacts are unknown, uncertain, or difficult to predict. Also, an addendum to the EA, apparently drafted to reduce the proposed costs, poses a range of infrastructure materials that could be used at each site without having analyzed the impacts of those materials at each site, further illustrating the inadequacy of the EA.

The EQC also agreed that the EA does not fulfill the requirements of Senate Bill 212, enacted by the 2011 Legislature. The law requires a management plan to be adopted before any bison under the department's jurisdiction are relocated and specifies what that management plan should include. While the EA provides some details on "management elements" and includes a "sample management plan", the EQC says this is inconsistent with and is insufficient to meet the intent of SB 212.

The EQC says the required MEPA analysis and public vetting of a proposed management plan is incomplete if the document provided for review is only a sample. In addition, the EQC found that the sample management plan in Appendix B of the EA includes details regarding operations and infrastructure at the Spotted Dog WMA that could impact the human environment but were not analyzed in the EA.

The public comment period on the EA ended Oct. 19. Fish, Wildlife, and Parks Director Joe Maurier told the EQC that his agency would decide quickly whether it would take the proposal to the Fish, Wildlife, and Parks Commission for consideration at its Nov. 10 meeting or whether the decision would be delayed.

All of the EQC's materials, including a copy of the letter sent to FWP, are available at leg.mt.gov/eqc. Questions about the EQC can be directed to EQC staffers Joe Kolman (jkolman@mt.gov or 406-444-3747) or Hope Stockwell (hstockwell@mt.gov or 406-444-9280).

Legislative Council Meets in December

The Legislative Council will meet Dec. 7, in Room 102 of the Capitol building. An agenda will be available in mid-November. Draft material from the Council's September strategic planning session are available at leg.mt.gov/legcouncil.

For more information and to view agendas, minutes, and meeting materials, please visit the council's website or contact Susan Byorth Fox at 406-444-3066 or sfox@mt.gov.

Legislators Learn About Measuring Student Achievement

Last month, the Office of Public Instruction presented a one hour, online session on Using Data to Improve Student

Achievement: K-12 Education Data Systems for Montana to members of various education-related committees. This session, designed for legislators, included information on the reporting requirements under Senate Bill 329, enacted in 2011, and the development of OPI's K-12 education data warehouse. The session was presented by Madalyn Quinlan, OPI chief of staff, at the request of Rep. Scott Reichner, who helped host the session.

The session audiotape, videotape, and meeting material are available at leg.mt.gov. Click on "For Legislators", then "Training".

Revenue & Transportation Committee Works on Studies, Reviews Bridge Analysis

The Revenue and Transportation Interim Committee met Sept. 26-27 to begin work on three studies, to review a revenue collection report, and to discuss the Montana Department of Transportation's analysis of bridges to accommodate the shipment of oil sand extraction equipment through Montana to Alberta, Canada.

FY 2011 Revenue Collections, Fund Balance Higher Than Expected

Terry Johnson, principal analyst, Legislative Fiscal Division, told the committee that the fiscal year 2011 preliminary general fund ending balance of \$343.8 million is \$116.4 million higher than expected by the 2011 Legislature. Several factors contributed to the higher balance, including revenue collections that were \$75.9 million more than estimated in House Joint Resolution 2.

Most of the gain came from individual income taxes and corporation license taxes. Withholding of wage and salary income was 6.2% higher this fiscal year than in fiscal year 2010 and taxes paid with the income tax return were also higher than in fiscal year 2010. These higher amounts are at odds with wage and salary growth forecasts and preliminary wage and salary data reported for the year by the federal government. Johnson said more research is needed to determine why the disparity. Improved corporate profits, higher estimated tax payments, and a relatively large tax audit resulted in corporation tax collections being \$21.7 higher than predicted.

Oil and natural gas production taxes and motor vehicle fee collections were somewhat below the HJR 2 estimates.

Also contributing to the higher general fund ending balance were larger than expected reversions (lower agency spending) to the tune of about \$42.2 million, including adjustments.

Bridge Analysis

Tim Reardon, director, Montana Department of Transportation, told the committee that District Court Judge Ray

Dayton had granted a preliminary injunction against the department and Imperial Oil/Exxon Mobil to stop the shipment of heavy load oilfield equipment through Montana on two-lane roads to the Kearsy Oil Sands in Alberta because its environmental assessment was insufficient. Dayton had determined that the department had not adequately analyzed which turnouts would be permanent or temporary and that the department had not considered alternative routes on the interstate.

Reardon also responded to a series of questions posed by Sen. Ron Erickson at the June meeting regarding the department's analysis of the ability of bridges in Montana to accommodate the heavy loads. Reardon said that, using trailer configurations submitted by Imperial Oil, MDT had determined that the shipments will not adversely affect the bridges. Erickson asked for information about how other states use computer models to analyze impacts on bridges.

In October, Dayton modified the preliminary injunction to allow MDT to review and permit the shipment of heavy loads on Highway 12 from Lewiston, Idaho, to Missoula. The modification was based on lighter loads and using the interstate as an alternative route. A hearing on a permanent injunction is scheduled Jan. 6, and a trial next April.

HJR 13 Income Tax Study

Jaret Coles, staff attorney, discussed the report "Individual Income Tax in the United States and Montana: A Roadmap for Future Committee Decisions on House Joint Resolution 13 (2011)".

Because Montana and most other states use federal adjusted gross income as the starting point for determining state taxable income, the report described the federal tax structure as well as Montana's structure.

The report provides links to the federal Internal Revenue Code, Title 15, chapter 30, MCA, and the Montana Department of Revenue Biennial Report. Appendix D of the report includes a summary, compiled by the Wisconsin Legislative Fiscal Bureau, of the major individual tax provisions of the 43 states that impose an individual income tax.

Stephanie Morrison of the Legislative Fiscal Division presented an analysis of the use of Montana-specific tax credits. The analysis showed, by credit, the average income of taxpayers claiming the credit and the amount of the credit as a percentage of income.

On a related matter, the committee asked stakeholders to look at Senate Bill 199 and SB 411 from last session to determine whether a consensus could be reached on combining the two bills. The bills dealt with revising the uniform tax penalty and interest provisions under 15-1-216, MCA.

SJR 17 Study of Centrally Assessed and Industrial Property

Jeff Martin, committee staff, provided an overview of changes made by the Montana Legislature since 1989 in the classification of property, including business equipment, railroads and airlines, telecommunications, electric generation, and energy-related property.

He also reviewed the process of valuing centrally assessed property for tax purposes, including statutory provisions, indicators of market value, reconciliation of the indicators of value, and the allocation of values among taxing jurisdictions.

Dan Bucks, director of the Montana Department of Revenue, gave the committee several court cases and State Tax Appeal Board decisions regarding the valuation and classification of centrally assessed property. Gene Walborn, DOR business and income tax administrator, discussed how the department values centrally assessed property.

Several representatives of centrally assessed property taxpayers gave their perspectives on central assessment. Norm Ross, PacifiCorp; Steve Poulson, TransCanada Pipeline; and Nancy Riedel and Mike Mupo, Verizon Wireless, discussed the information they report to the department and other matters related to department procedures.

SJR 23 Study of Tax Exemptions for Nonprofit Organizations

Megan Moore, committee staff, presented a background report on the property tax exemptions and income tax exemptions allowed for nonprofit organizations under Montana law.

Moore said that property tax exemptions for charitable, religious, and educational organizations have existed since the 19th century, before the adoption of the federal Internal Revenue Code (IRC). She noted that concepts related to property tax exemptions in the IRC are derived from state policies.

Article VIII, section 5, of the Montana Constitution allows the Legislature to exempt from property taxation government property, institutions of purely public charity, hospitals and burial places not used for profit, churches, property used exclusively for educational purposes, and other classes of property. The 1972 Montana Constitution gave the Legislature more latitude to exempt property from taxation than did the 1889 Constitution.

Section 15-6-201, MCA, specifies the exemptions for government property and for most charitable, religious, and educational property. Exemptions for other nonprofit entities, such as community services buildings, certain low-income rental housing, local economic development corporations, are contained in other sections of Montana law.

Although the state Constitution is silent on income tax exemptions, 15-31-102, MCA, contains exemptions from the corporate license tax or income tax.

Moore also described other states' income and property tax exemptions for nonprofits. Most state constitutions either specify property tax exemptions or allow the legislature to grant exemptions. Nine state constitutions are silent on property tax exemptions for charitable purposes. States with corporate income taxes generally conform with federal income tax exemptions allowed under section 513 of the IRC.

Staff from the Department of Revenue summarized the number exemptions and the total amount of market value removed from the tax base since 2006 in the seven largest cities in the state. They also described the application process for receiving a property tax or income tax exemption, and reviewed the findings and recommendations of the Property Tax Exemption Study Committee created by House Bill 429 in 2003.

Bob Olsen summarized the tax status of property owned by certain nonprofit hospitals.

Next Meeting in December

The committee will meet Dec. 8-9 in Room 137 of the Capitol beginning at 8 a.m. both days. The agenda and meeting material will be posted at leg.mt.gov/rtic when available. For more information contact Jeff Martin, committee staff, at 406-444-3595 or jmartin@mt.gov.

Select Committee on Efficiency in Government

The Select Committee on Efficiency in Government held its second meeting of the interim in Helena Oct. 6-7. Two subcommittees met prior to the full committee.

The committee was established by House Bill 642, enacted last session. It includes 12 members, six members each from the House of Representatives and Senate, evenly split between the two political parties. The committee is required to assess the efficiency and effectiveness of state government activities in four areas: priority budgeting; health care; technology; and natural resources.

The Subcommittee on Health Care/Medicaid heard ideas from various stakeholders to enhance the efficiency of health care programs affected by state law and policy, especially mental health services available through Medicaid. Stakeholders offered more than two dozen suggestions.

Members of this subcommittee are Reps. Pat Noonan, chair, and Mark Blasdel and Sens. Mary Caferro and Ed Walker.

The Subcommittee on Mission, Goals, and Objectives developed draft language for consideration by the full committee regarding a mission statement and committee goals and objectives, which the full committee adopted.

At the full committee meeting, a panel explained the merits of performance-based contracting in human services. The panel included Jim Fitzgerald, Intermountain Children's Home, Helena, Glenn McFarlane, Yellowstone Boys & Girls Ranch, and Jani McCall, Yellowstone Boys & Girls Ranch.

A second health care panel, moderated by Sen. Dave Wanzonried, discussed general concerns with current policy, procedures, and processes and presented ideas to improve efficiency. The panel included Rose Hughes, executive director, Montana Health Care Association; Jan Cahill, executive director, Montana Association of Community Disability Services; Mary Dalton, state medicaid director, Department of Public Health and Human Services; and John Chappius, former deputy director and state medicaid director, DPHHS.

Dick Clark, the state's chief information officer, Department of Administration, took the committee on a tour of the state data center. Ron Baldwin, CIO, DPHHS, described the Medicaid Management Information System, and Sandi Miller, general manager, Montana Interactive, provided an "E.gov" update.

Rep. Galen Hollenbaugh moderated a technology panel that provided additional information on the state data center. The panelists included Tammy LaVigne, deputy CIO, DOA; Stuart Fuller, data center manager, DOA, Bill Hallinan, IT manager, Teachers Retirement System; John Daugherty, CIO, Department of Corrections; and Barbara Smith, statewide fiscal specialist, Legislative Fiscal Division. Several members of the public also offered comments on state information technology.

Dale Matheson, systems analyst, Legislative Services Division, demonstrated an online input tool constructed to solicit ideas from stakeholders and the public on ways to improve the efficiency of projects and programs identified in HB 642. The tool is available on the committee's webpage at leg.mt.gov/sceg (click on "Provide Your Suggestions to the Committee").

Rep. Kathleen Williams, Sen. Jon Sonju, and Hollenbaugh developed the substantive questions asked on the online input tool.

The committee appointed Hollenbaugh, chair, Sen. Ed Buttrely, and Reps. Scott Reichner and Williams to a Technology Subcommittee. The committee also appointed Sonju, chair, Caferro, and Wanzonried, and Reps. Blasdel, Ron Ehli, and Hollenbaugh to a Work Plan Subcommittee. Wanzonried was appointed to the Health Care/Medicaid Subcommittee. The

committee will appoint a Natural Resources Subcommittee in the future.

The select committee will meet Nov. 15-16 in Great Falls at Benefis Hospital. The agenda and other meeting information will be posted on the committee's webpage when available.

Sen. Jim Keane is also a member of the select committee.

For more information visit leg.mt.gov/sceg or contact Dave Bohyer, lead staff for the committee, at dbohyer@mt.gov or 406-444-3592.

State Administration & Veterans' Affairs Committee Reviews Actuarial Valuations of Retirement Systems

At the State Administration and Veterans' Affairs Interim Committee Oct. 20 meeting, Roxanne Minnehan, executive director, Public Employees' Retirement Administration, reported on the actuarial valuations for eight of the public retirement systems, and David Senn, executive director of the Teachers' Retirement System, reported on the actuarial valuations of the teachers' retirement system.

Carroll South, executive director, Board of Investments, gave a status report on the investment of the retirement system assets.

Other retirement-related activities included a litigation report and analysis by staff attorney, David Niss, a report on retirement legislation in other states, and a discussion about the committee's statutory duties related to the public employee retirement systems.

The committee also heard a report from Commissioner of Political Practices Dave Gallick as part of its agency oversight duties. Russ Hill, administrator of the State Employee Group Benefits Advisory Council, provided details about the advisory council as part of the committee's House Bill 142 work.

See the December issue of the *The Interim* for additional coverage of the meeting.

For more information, contact Megan Moore at 406-444-4496 or memoore@mt.gov. Committee information is available at leg.mt.gov/sava.

State-Tribal Committee Visits Northern Cheyenne

The State-Tribal Relations Committee met jointly with tribal leaders at the Northern Cheyenne Reservation Sept. 28. Northern Cheyenne council member Alec Sandcrane opened the meeting with a blessing.

Lesla Evers, acting director, Montana Office of Indian Affairs, summarized the activities of her office affecting Indian country. She discussed the "Governor's Tribal Relations Report". The annually required report highlights the state's major activities and interactions with each of the Indian governments in Montana (the report is available at tribalrelations.mt.gov). Evers also described the Dec. 13 annual tribal relations training on working effectively with tribes and the annual summit, at which the governor meets individually with leadership of each tribe.

Several speakers discussed the disaster emergency response to the flooding in the Northern Cheyenne region. Presenters included Ed Joiner, Northern Cheyenne tribal coordinator, Disaster & Emergency Services; Tim Thennis, Response and Recovery Bureau chief, Disaster & Emergency Services Division, Montana Department of Military Affairs; and Scott Logan, regional tribal liaison, Federal Emergency Management Agency. They said that they were impressed with the coordinated effort to respond to the flooding.

Joe Fox Jr., member of the State Tribal Economic Development Commission (and also vice president of the Northern Cheyenne Tribal Council), talked about the commission's work on job creation and highlighted the potential of the tribe's craft center. Clara Caufield headed a local small business panel of entrepreneurs along with Jim Atchison, director of the Southeastern Montana Development Corporation. They described small business realities in the Northern Cheyenne region and identified what actions might be taken to improve the job outlook. The State-Tribal Relations Committee will review those ideas at a future meeting.

Several speakers depicted the serious problem of suicide and offered ways to improve suicide prevention. Stephanie Iron Shooter, project manager, discussed the Planting Seeds of Hope project sponsored by the Montana-Wyoming Tribal Leaders Council. Tom Mexicancheyenne and Eugene Little Coyote talked about local suicide prevention programs, while Karl Rosston and Marilyn Bruguier Zimmerman described state and University of Montana efforts, respectively. The discussion of suicide led to concerns about bullying in schools -- its impact on student attendance, safety, and mental health.

Casey Barrs, committee staff, summarized the results of the 2010 federal census. The committee sent a letter to leadership of each tribe in Montana asking if the tribe had comments or concerns about the census. In particular, the committee wants to know if any tribal jurisdiction intends to challenge results through the Census Count Resolution process. So far, none of the Montana-based tribes, or any tribe in the country, have challenged the results. There is still time for the State-Tribal Relations Committee to receive and respond to the letter.

Other items discussed at the meeting included construction of a judicial facility on the reservation and concern about college tuition increases.

Sen. Carmine Mowbray, committee chair, thanked Northern Cheyenne Council President Leroy Spang for his interest in the issues discussed and the hospitality extended to the committee.

For more information about the committee go to leg.mt.gov/tribal or contact Casey Barrs at 406-444-3957 or cbarrs@mt.gov

Calendar of Legislative Events

All interim committee meetings are held in the Capitol in Helena unless otherwise noted.

November						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3 Legislative Audit Committee, Rm. 172, 9:30 a.m.	4 Legislative Audit Committee, Rm. 172, 9 a.m.	5
6	7	8	9	10	11	12
13	14 Children, Families, Health & Human Services Committee, Rm. 137, 9 a.m.	15 Select Committee on Efficiency in Government, Benefis Hospital, Great Falls, time TBA	16 Select Committee on Efficiency in Government, Benefis Hospital, Great Falls, time TBA	17 Education & Local Government Com- mittee, Rm. 102, 8:30 a.m. Energy & Telecom- munications Commit- tee, Rm. 172, 9 a.m.	18 Education & Local Government Com- mittee, Rm. 102, 8:30 a.m.	19
20	21	22	23	24 Thanksgiving Day	25	26
27	28	29	30 Computer System Planning Council, Rm 102, 1:30 p.m.			

December						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5 Legislative Finance Committee, Rm. 102, time TBA	6 Legislative Finance Committee, Rm. 102, time TBA	7 Legislative Council, Rm. 137, time TBA	8 Revenue & Transpor- tation Committee, Rm. 137, 8 a.m.	9 Revenue & Transpor- tation Committee, Rm. 137, 8 a.m.	10
11	12	13	14	15 Law & Justice Com- mittee, room & time TBA	16 Law & Justice Com- mittee, room & time TBA	17
18	19	20	21	22	23	24
25 Christmas	26	27	28	29	30	31

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