

SENATE BILL NO. 11

INTRODUCED BY M. HALLIGAN, L. GRINDE

BY REQUEST OF THE LEGISLATIVE COUNCIL

A BILL FOR AN ACT ENTITLED: "AN ACT IMPROVING THE LEGISLATIVE OVERSIGHT AND REVIEW OF GOVERNMENTAL OPERATIONS BY GENERALLY REVISING THE FUNCTIONS OF INTERIM COMMITTEES; LIMITING THE NUMBER OF INTERIM COMMITTEES; ASSIGNING ADMINISTRATIVE RULE REVIEW RESPONSIBILITY AND SPECIFIC EXECUTIVE BRANCH AGENCY MONITORING AND REVIEW TO SPECIFIC COMMITTEES; REVISING THE INTERIM STUDY PROCESS; PROVIDING MEMBERSHIP FLEXIBILITY IN INTERSTATE ORGANIZATIONS BY ELIMINATING SPECIFIC REQUIREMENTS; ELIMINATING THE ADMINISTRATIVE CODE COMMITTEE, THE REVENUE OVERSIGHT COMMITTEE, THE COMMITTEE ON INDIAN AFFAIRS, THE JOINT COMMITTEE ON POSTSECONDARY EDUCATION POLICY AND BUDGET, THE COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS, THE JOINT OVERSIGHT COMMITTEE ON CHILDREN AND FAMILIES, AND THE COMMITTEE ON STATE MANAGEMENT SYSTEMS, ~~AND THE TRANSITION ADVISORY COMMITTEE~~; AMENDING SECTIONS 2-4-102, 2-4-110, 2-4-302, 2-4-305, 2-4-306, 2-4-307, 2-4-308, 2-4-311, 2-4-312, 2-4-313, 2-4-402, 2-4-404, 2-4-405, 2-4-406, 2-4-410, 2-4-412, 5-2-503, 5-2-504, 5-5-202, 5-5-211, 5-5-212, 5-5-213, 5-5-214, 5-5-215, 5-11-101, 5-11-105, 5-11-107, 5-11-301, 5-12-302, 5-16-102, 5-18-107, 15-1-230, 15-36-324, 15-70-234, 17-6-511, 17-7-140, 69-3-1409, ~~69-8-104, 69-8-402, 69-8-501, 69-8-502~~, 72-16-447, 72-16-448, 72-16-450, 75-1-324, AND 90-8-311, MCA; REPEALING SECTIONS 2-4-401, 5-11-302, 5-11-701, 5-11-702, 5-11-703, 5-11-704, 5-14-101, 5-14-102, 5-14-103, 5-14-104, 5-18-101, 5-18-102, 5-18-103, 5-18-104, 5-18-105, 5-18-106, 5-18-108, 5-18-109, 5-18-110, 5-18-115, 5-19-101, 5-19-102, 5-19-103, 5-19-104, 5-19-105, 5-19-106, 5-19-107, 5-19-108, 5-20-201, 5-20-202, 5-20-203, 5-20-204, 5-20-205, 5-20-206, 5-20-207, 5-20-208, 5-21-101, 5-21-102, 5-21-103, 5-21-104, 5-21-105, 5-22-101, 5-22-102, 5-23-101, 5-23-102, 5-23-103, 5-23-104, 5-23-105, 5-23-106, 5-23-107, 5-23-108, AND 5-23-109, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-4-102, MCA, is amended to read:**"2-4-102. Definitions.** For purposes of this chapter, the following definitions apply:

1 (1) "Administrative ~~code~~ rule review committee" or "committee" means the appropriate committee
2 provided for assigned subject matter jurisdiction in Title 5, chapter ~~14~~ 5, part 2.

3 (2) (a) "Agency" means an agency, as defined in 2-3-102, of the state government, except that the
4 provisions of this chapter do not apply to the following:

5 (i) the state board of pardons and parole, except that the board is subject to the requirements of 2-4-103,
6 2-4-201, 2-4-202, and 2-4-306 and its rules must be published in the ARM and the register;

7 (ii) the supervision and administration of a penal institution with regard to the institutional supervision,
8 custody, control, care, or treatment of youths or prisoners;

9 (iii) the board of regents and the Montana university system;

10 (iv) the financing, construction, and maintenance of public works;

11 (v) the public service commission when conducting arbitration proceedings pursuant to 47 U.S.C. 252
12 and 69-3-837.

13 (b) Agency does not include a school district, unit of local government, or any other political subdivision
14 of the state.

15 (3) "ARM" means the Administrative Rules of Montana.

16 (4) "Contested case" means a proceeding before an agency in which a determination of legal rights,
17 duties, or privileges of a party is required by law to be made after an opportunity for hearing. The term includes
18 but is not restricted to ratemaking, price fixing, and licensing.

19 (5) "Interested person" means a person who has expressed to the agency an interest concerning agency
20 actions under this chapter and has requested to be placed on the agency's list of interested persons as to matters
21 of which the person desires to be given notice. The term does not extend to contested cases.

22 (6) "License" includes the whole or part of an agency permit, certificate, approval, registration, charter,
23 or other form of permission required by law but does not include a license required solely for revenue purposes.

24 (7) "Licensing" includes an agency process respecting the grant, denial, renewal, revocation,
25 suspension, annulment, withdrawal, limitation, transfer, or amendment of a license.

26 (8) "Party" means a person named or admitted as a party or properly seeking and entitled as of right to
27 be admitted as a party, but this chapter may not be construed to prevent an agency from admitting any person
28 as a party for limited purposes.

29 (9) "Person" means an individual, partnership, corporation, association, governmental subdivision,
30 agency, or public organization of any character.

1 (10) "Register" means the Montana Administrative Register.

2 (11) "Rule" means each agency regulation, standard, or statement of general applicability that
3 implements, interprets, or prescribes law or policy or describes the organization, procedures, or practice
4 requirements of an agency. The term includes the amendment or repeal of a prior rule but does not include:

5 (a) statements concerning only the internal management of an agency and not affecting private rights
6 or procedures available to the public;

7 (b) formal opinions of the attorney general and declaratory rulings issued pursuant to 2-4-501;

8 (c) rules relating to the use of public works, facilities, streets, and highways when the substance of the
9 rules is indicated to the public by means of signs or signals;

10 (d) seasonal rules adopted annually or biennially relating to hunting, fishing, and trapping when there
11 is a statutory requirement for the publication of the rules and rules adopted annually or biennially relating to the
12 seasonal recreational use of lands and waters owned or controlled by the state when the substance of the rules
13 is indicated to the public by means of signs or signals;

14 (e) rules implementing the state personnel classification plan, the state wage and salary plan, or the
15 statewide budgeting and accounting system;

16 (f) uniform rules adopted pursuant to interstate compact, except that the rules must be filed in
17 accordance with 2-4-306 and must be published in the ARM.

18 (12) "Significant interest to the public" means agency actions under this chapter regarding matters that
19 the agency knows to be of widespread citizen interest. These matters include issues involving a substantial fiscal
20 impact to or controversy involving a particular class or group of individuals. The term does not extend to contested
21 cases.

22 (13) "Substantive rules" are either:

23 (a) legislative rules, which if adopted in accordance with this chapter and under expressly delegated
24 authority to promulgate rules to implement a statute have the force of law and when not so adopted are invalid;
25 or

26 (b) adjective or interpretive rules, which may be adopted in accordance with this chapter and under
27 express or implied authority to codify an interpretation of a statute. The interpretation lacks the force of law."
28

29 **Section 2.** Section 2-4-110, MCA, is amended to read:

30 **"2-4-110. Departmental review of rule notices.** (1) The head of each department of the executive

1 branch shall appoint an existing attorney, paralegal, or other qualified person from that department to review each
 2 departmental rule proposal notice, adoption notice, or other notice relating to administrative rulemaking. Notice
 3 of the name of the person appointed under this subsection and of any successor must be given to the secretary
 4 of state and the appropriate administrative code rule review committee within 10 days of the appointment.

5 (2) The person appointed under subsection (1) shall review each notice by any division, bureau, or other
 6 unit of the department, including units attached to the department for administrative purposes only under
 7 2-15-121, for compliance with this chapter before the notice is filed with the secretary of state. The reviewer shall
 8 pay particular attention to 2-4-302 and 2-4-305. The review must include but is not limited to consideration of:

9 (a) the adequacy of the rationale for the intended action and whether the intended action is reasonably
 10 necessary to effectuate the purpose of the code section or sections implemented;

11 (b) whether the proper statutory authority for the rule is cited;

12 (c) whether the citation of the code section or sections implemented is correct; and

13 (d) whether the intended action is contrary to the code section or sections implemented or to other law.

14 (3) The person appointed under subsection (1) shall sign each notice for which this section requires a
 15 review. The act of signing is an affirmation that the review required by this section has been performed to the best
 16 of the reviewer's ability. The secretary of state may not accept for filing a notice that does not have the signature
 17 required by this section."
 18

19 **Section 3.** Section 2-4-302, MCA, is amended to read:

20 **"2-4-302. Notice, hearing, and submission of views.** (1) Prior to the adoption, amendment, or repeal
 21 of any rule, the agency shall give written notice of its intended action. The notice must include a statement of
 22 either the terms or substance of the intended action or a description of the subjects and issues involved, the
 23 rationale for the intended action, and the time when, place where, and manner in which interested persons may
 24 present their views on the intended action. The rationale must be written in plain, easily understood language.

25 (2) (a) The notice must be filed with the secretary of state for publication in the register, as provided in
 26 2-4-312, and mailed within 3 days of publication to the sponsor of the legislative bill that enacted the section that
 27 is cited as implemented in the notice if the notice is the initial proposal to implement the section, to interested
 28 persons who have made timely requests to the agency to be informed of its rulemaking proceedings, and to the
 29 office of any professional, trade, or industrial society or organization or member of those entities who has filed
 30 a request with the appropriate administrative code rule review committee when the request has been forwarded

1 to the agency as provided in subsection (2)(b). Each agency shall create and maintain a list of interested persons
2 and the subject or subjects in which each person on the list is interested. A person who submits a written
3 comment or attends a hearing in regard to proposed agency action under this part must be informed of the list
4 by the agency. An agency complies with this subsection if it includes in the notice an advisement explaining how
5 persons may be placed on the list of interested persons and if it complies with subsection (7).

6 (b) The appropriate administrative code rule review committee shall forward a list of all organizations or
7 persons who have submitted a request to be informed of agency actions to ~~all the agencies that the committee~~
8 oversees publishing that publish rulemaking notices in the register. The list must be amended by the agency upon
9 request of any person requesting to be added to or deleted from the list.

10 (c) The notice required by subsections (1) and (2)(a) must be published and mailed at least 30 days in
11 advance of the agency's intended action. In addition to publishing and mailing the notice under subsection (2)(a)
12 ~~of this section~~, the agency shall post the notice on the state electronic bulletin board or other electronic
13 communications system available to the public.

14 (d) The agency shall also, at the time that its personnel begin to work on the substantive content and
15 the wording of the initial rule proposal to implement one or more statutes, notify the sponsor of the legislative bill
16 that enacted the section.

17 (3) If a statute provides for a method of publication different from that provided in subsection (2), the
18 affected agency shall comply with the statute in addition to the requirements contained in this section. However,
19 the notice period may not be less than 30 days or more than 6 months.

20 (4) Prior to the adoption, amendment, or repeal of any rule, the agency shall afford interested persons
21 at least 20 days' notice of a hearing and at least 28 days from the day of the original notice to submit data, views,
22 or arguments, orally or in writing. If an amended or supplemental notice is filed, additional time may be allowed
23 for oral or written submissions. In the case of substantive rules, the notice of proposed rulemaking must state that
24 opportunity for oral hearing must be granted if requested by either 10% or 25, whichever is less, of the persons
25 who will be directly affected by the proposed rule, by a governmental subdivision or agency, by the appropriate
26 administrative code rule review committee, or by an association having not less than 25 members who will be
27 directly affected. If the proposed rulemaking involves matters of significant interest to the public, the agency shall
28 schedule an oral hearing.

29 (5) An agency may continue a hearing date for cause. In the discretion of the agency, contested case
30 procedures need not be followed in hearings held pursuant to this section. If a hearing is otherwise required by

1 statute, nothing in this section alters that requirement.

2 (6) If an agency fails to publish a notice of adoption within the time required by 2-4-305(7) and the
3 agency again proposes the same rule for adoption, amendment, or repeal, the proposal must be considered a
4 new proposal for purposes of compliance with this chapter.

5 (7) At the commencement of a hearing on the intended action, the person designated by the agency to
6 preside at the hearing shall:

7 (a) read aloud the "Notice of Function of Administrative Code Rule Review Committee" appearing in the
8 register; and

9 (b) inform the persons at the hearing of the provisions of subsection (2)(a) and provide them an
10 opportunity to place their names on the list.

11 (8) For purposes of notifying sponsors under subsections (2)(a) and (2)(d) who are no longer members
12 of the legislature, a former legislator who wishes to receive notice may keep the former legislator's name,
13 address, and telephone number on file with the secretary of state. An agency proposing rules shall consult the
14 register when providing sponsor notice."

15

16 **Section 4.** Section 2-4-305, MCA, is amended to read:

17 **"2-4-305. Requisites for validity -- authority and statement of reasons.** (1) The agency shall fully
18 consider written and oral submissions respecting the proposed rule. Upon adoption of a rule, an agency shall
19 issue a concise statement of the principal reasons for and against its adoption, incorporating in the statement the
20 reasons for overruling the considerations urged against its adoption. If substantial differences exist between the
21 rule as proposed and as adopted and the differences have not been described or set forth in the adopted rule
22 as that rule is printed in the register, the differences must be described in the statement of reasons for and
23 against agency action. When written or oral submissions have not been received, an agency may omit the
24 statement of reasons.

25 (2) Rules may not unnecessarily repeat statutory language. Whenever it is necessary to refer to statutory
26 language in order to convey the meaning of a rule interpreting the language, the reference must clearly indicate
27 the portion of the language that is statutory and the portion that is an amplification of the language.

28 (3) Each proposed and adopted rule must include a citation to the specific grant of rulemaking authority
29 pursuant to which the rule or any part of the rule is adopted. In addition, each proposed and adopted rule must
30 include a citation to the specific section or sections in the Montana Code Annotated that the rule purports to

1 implement. A substantive rule may not be proposed or adopted unless:

2 (a) a statute granting the agency authority to adopt rules clearly and specifically lists the subject matter
3 of the rule as a subject upon which the agency shall or may adopt rules; or

4 (b) the rule implements and relates to a subject matter or an agency function that is clearly and
5 specifically included in a statute to which the grant of rulemaking authority extends.

6 (4) Each rule that is proposed and adopted by an agency and that implements a policy of a governing
7 board or commission must include a citation to and description of the policy implemented. Each agency rule
8 implementing a policy and the policy itself must be based on legal authority and otherwise comply with the
9 requisites for validity of rules established by this chapter.

10 (5) To be effective, each substantive rule adopted must be within the scope of authority conferred and
11 in accordance with standards prescribed by other provisions of law.

12 (6) Whenever by the express or implied terms of any statute a state agency has authority to adopt rules
13 to implement, interpret, make specific, or otherwise carry out the provisions of the statute, an adoption,
14 amendment, or repeal of a rule is not valid or effective unless it is:

15 (a) consistent and not in conflict with the statute; and

16 (b) reasonably necessary to effectuate the purpose of the statute. A statute mandating that the agency
17 adopt rules establishes the necessity for rules but does not, standing alone, constitute reasonable necessity for
18 a rule. The agency shall also address the reasonableness component of the reasonable necessity requirement
19 by, as indicated in 2-4-302(1) and subsection (1) of this section, stating the principal reasons and the rationale
20 for its intended action and for the particular approach that it takes in complying with the mandate to adopt rules.
21 Subject to the provisions of subsection (8), reasonable necessity must be clearly and thoroughly demonstrated
22 for each adoption, amendment, or repeal of a rule in the agency's notice of proposed rulemaking and in the
23 written and oral data, views, comments, or testimony submitted by the public or the agency and considered by
24 the agency.

25 (7) A rule is not valid unless notice of it is given and it is adopted in substantial compliance with 2-4-302,
26 2-4-303, or 2-4-306 and this section and unless notice of adoption of the rule is published within 6 months of the
27 publishing of notice of the proposed rule. If an amended or supplemental notice of either proposed or final
28 rulemaking, or both, is published concerning the same rule, the 6-month limit must be determined with reference
29 to the latest notice in all cases.

30 (8) An agency may use an amended proposal notice or the adoption notice to correct deficiencies in

1 citations of authority for rules and in citations of sections implemented by rules. An agency may use an amended
2 proposal notice but, except for clerical corrections, may not use the adoption notice to correct deficiencies in a
3 statement of reasonable necessity.

4 (9) If a majority of the members of the appropriate administrative ~~code~~ rule review committee notify the
5 committee presiding officer that those members object to a notice of proposed rulemaking, the committee shall
6 notify the agency in writing that the committee objects to the proposal notice and will address the objections at
7 the next committee meeting. Following notice by the committee to the agency, the proposal notice may not be
8 adopted until publication of the last issue of the register that is published before expiration of the 6-month period
9 during which the adoption notice must be published, unless prior to that time, the committee meets and does not
10 make the same objection. A copy of the committee's notification to the agency must be included in the
11 committee's records."

12
13 **Section 5.** Section 2-4-306, MCA, is amended to read:

14 **"2-4-306. Filing, format, and effective date -- dissemination of emergency rules.** (1) Each agency
15 shall file with the secretary of state a copy of each rule adopted by it.

16 (2) The secretary of state may prescribe a format, style, and arrangement for notices and rules that are
17 filed pursuant to this chapter and may refuse to accept the filing of any notice or rule that is not in compliance with
18 this chapter. The secretary of state shall keep and maintain a permanent register of all notices and rules filed,
19 including superseded and repealed rules, that must be open to public inspection and shall provide copies of any
20 notice or rule upon request of any person. Unless otherwise provided by statute, the secretary of state may
21 require the payment of the cost of providing copies.

22 (3) In the event that the appropriate administrative ~~code~~ rule review committee has conducted a poll of
23 the legislature in accordance with 2-4-403 ~~or the revenue oversight committee has conducted a poll in~~
24 ~~accordance with 5-18-109~~, the results of the poll must be published with the rule.

25 (4) Each rule is effective after publication in the register, as provided in 2-4-312, except that:

26 (a) if a later date is required by statute or specified in the rule, the later date is the effective date;

27 (b) subject to applicable constitutional or statutory provisions:

28 (i) a temporary rule is effective immediately upon filing with the secretary of state or at a stated date
29 following publication in the register; and

30 (ii) an emergency rule is effective at a stated date following publication in the register or immediately upon

1 filing with the secretary of state if the agency finds that this effective date is necessary because of imminent peril
 2 to the public health, safety, or welfare. The agency's finding and a brief statement of reasons for the finding must
 3 be filed with the rule. The agency shall, in addition to the required publication in the register, take appropriate and
 4 extraordinary measures to make emergency rules known to each person who may be affected by them.

5 (c) if, following written administrative ~~code~~ rule review committee notification to an agency under
 6 2-4-305(9), the committee meets and under 2-4-406(1) objects to all or some portion of a proposed rule before
 7 the rule is adopted, the rule or portion of the rule objected to is not effective until the day after final adjournment
 8 of the regular session of the legislature that begins after the notice proposing the rule was published by the
 9 secretary of state, unless, following the committee's objection under 2-4-406(1):

10 (i) the committee withdraws its objection under 2-4-406 before the rule is adopted; or

11 (ii) the rule or portion of a rule objected to is adopted with changes that in the opinion of a majority of the
 12 committee members, as communicated in writing to the committee presiding officer and staff, make it comply with
 13 the committee's objection and concerns."

14
 15 **Section 6.** Section 2-4-307, MCA, is amended to read:

16 **"2-4-307. Omissions from ARM or register.** (1) An agency may adopt by reference any model code,
 17 federal agency rule, rule of any agency of this state, or other similar publication if the publication of the model
 18 code, rule, or other publication would be unduly cumbersome, expensive, or otherwise inexpedient.

19 (2) The model code, rule, or other publication must be adopted by reference in a rule adopted under the
 20 rulemaking procedure required by this chapter. The rule must contain a citation to the material adopted by
 21 reference and a statement of the general subject matter of the omitted rule and must state where a copy of the
 22 omitted material may be obtained. Upon request of the secretary of state, a copy of the omitted material must be
 23 filed with the secretary of state.

24 (3) ~~No~~ A rule originally adopting by reference any model code or rule provided for in subsection (1) ~~of~~
 25 ~~this section~~ may not adopt any later amendments or editions of the material adopted. Except as provided in
 26 subsection (5), each later amendment or edition may be adopted by reference only by following the rulemaking
 27 procedure required by this chapter.

28 (4) If requested by a three-fourths vote of the appropriate administrative ~~code~~ rule review committee, an
 29 agency ~~must~~ shall immediately publish the full or partial text of any pertinent material adopted by reference under
 30 this section. The committee may not require the publication of copyrighted material. Publication of the text of a

1 rule previously adopted does not affect the date of adoption of the rule, but publication of the text of a rule before
 2 publication of the notice of final adoption must be in the form of and is considered to be a new notice of proposed
 3 rulemaking.

4 (5) Whenever later amendments of federal regulations must be adopted to comply with federal law or
 5 to qualify for federal funding, only a notice of incorporation by reference of ~~such the~~ later amendments ~~shall~~ must
 6 be filed in the ~~Montana Administrative Register~~ register. This notice ~~shall~~ must contain the information required
 7 by subsection (2) ~~of this section~~ and ~~shall~~ must state the effective date of ~~such the~~ incorporation. The effective
 8 date may be no sooner than 30 days after the date upon which the notice is published unless the 30 days causes
 9 a delay that jeopardizes compliance with federal law or qualification for federal funding, in which event the
 10 effective date may be no sooner than the date of publication. A hearing is not required unless requested under
 11 2-4-315 by either 10% or 25, whichever is less, of the persons who will be directly affected by the incorporation,
 12 by a governmental subdivision or agency, or by an association having not less than 25 members who will be
 13 directly affected. ~~No further~~ Further notice of adoption or preparation of a replacement page for the ~~Administrative~~
 14 ~~Rules of Montana~~ ARM is not required.

15 (6) If a hearing is requested under subsection (5), the petition for hearing ~~shall~~ must contain a request
 16 for an amendment and may contain suggested language, reasons for an amendment, and any other information
 17 pertinent to the subject of the rule."
 18

19 **Section 7.** Section 2-4-308, MCA, is amended to read:

20 **"2-4-308. Adjective or interpretive rule -- statement of implied authority and legal effect.** (1) Each
 21 adjective or interpretive rule or portion of ~~such a~~ an adjective or interpretive rule to be adopted ~~after October 1,~~
 22 ~~1983,~~ under implied rulemaking authority ~~shall~~ must contain a statement in the historical notations of the rule that
 23 the rule is advisory only but may be a correct interpretation of the law. ~~Such~~ The statement must be placed in the
 24 ARM when the rule in question is ~~next~~ scheduled for reprinting.

25 (2) The appropriate administrative ~~code~~ rule review committee may file with the secretary of state, for
 26 publication with any rule or portion ~~thereof~~ of a rule that it considers to be adjective or interpretive, a statement
 27 indicating that it is the opinion of the appropriate administrative ~~code~~ rule review committee that the rule or portion
 28 ~~thereof~~ of a rule is adjective or interpretive and therefore advisory only. If the committee requests the statement
 29 to be published for an adopted rule not scheduled for reprinting in the ARM, the cost of publishing the statement
 30 in the ARM ~~shall~~ must be ~~borne~~ paid by the committee."

1

2

Section 8. Section 2-4-311, MCA, is amended to read:

3

4

5

6

7

8

9

10

"2-4-311. Publication and arrangement of ARM. (1) The secretary of state shall compile, index, arrange, rearrange, correct errors or inconsistencies without changing the meaning, intent, or effect of any rule, and publish in the appropriate format all rules filed pursuant to this chapter in the ARM. The secretary of state shall supplement, revise, and publish the ARM or any part ~~thereof of the ARM~~ as often as ~~he~~ the secretary of state considers necessary. ~~He~~ The secretary of state may include ~~such~~ editorial notes, cross-references, and other matter ~~as he and the administrative code committee consider~~ that the secretary of state considers desirable or advantageous. ~~He~~ The secretary of state shall publish supplements to the ARM at ~~such~~ the times and in ~~such~~ the form ~~as he~~ that the secretary of state considers appropriate.

11

12

13

14

15

16

17

18

19

20

21

22

23

24

(2) The ARM shall must be arranged, indexed, and printed or duplicated in ~~such a manner as to permit~~ that permits separate publication of portions ~~thereof~~ relating to individual agencies. An agency may make arrangements with the secretary of state for the printing of as many copies of ~~such the~~ separate publications as it may require. The cost of any ~~such~~ separate publications, determined in accordance with 2-4-313(4), ~~shall must~~ be paid by the agency."

25

26

27

28

29

30

Section 9. Section 2-4-312, MCA, is amended to read:

"2-4-312. Publication and arrangement of register. (1) The secretary of state shall publish in the register all notices, rules, and interpretations filed with ~~him~~ the secretary of state at least once a month ~~or as directed by the administrative code committee~~ but not more often than twice a month.

(2) ~~He~~ The secretary of state shall send the register without charge to each person listed in 2-4-313(1) and to each member of the legislature requesting the ~~same~~ register. ~~He~~ The secretary of state shall send the register to any other person who pays a subscription fee ~~which he shall fix in accordance with~~ established as provided in 2-4-313(4).

(3) The register must contain three sections, a rules section, a notice section, and an interpretation section, as follows:

(a) The rules section of the register must contain all rules filed since the compilation and publication of the preceding issue of the register, together with the concise statement of reasons required under 2-4-305(1).

(b) The notice section of the register must contain all rulemaking notices filed with the secretary of state pursuant to 2-4-302 since the compilation and publication of the preceding register.

1 (c) The interpretation section of the register must contain all opinions of the attorney general and all
2 declaratory rulings of agencies issued since the publication of the preceding register.

3 (4) Each issue of the register must contain the issue number and date of the register and a table of
4 contents. Each page of the register must contain the issue number and date of the register of which it is a part.
5 The secretary of state may include with the register information to help the user in relating the register to the
6 ARM."

7
8 **Section 10.** Section 2-4-313, MCA, is amended to read:

9 **"2-4-313. Distribution, costs, and maintenance.** (1) The secretary of state shall distribute copies of
10 the ARM and supplements or revisions to the ARM to the following:

11 (a) attorney general, one copy;

12 (b) clerk of United States district court for the district of Montana, one copy;

13 (c) clerk of United States court of appeals for the ninth circuit, one copy;

14 (d) county commissioners or governing body of each county of this state, for use of county officials and
15 the public, at least one but not more than two copies, which may be maintained in a public library in the county
16 seat or in the county offices as the county commissioners or governing body of the county may determine;

17 (e) state law library, one copy;

18 (f) state historical society, one copy;

19 (g) each unit of the Montana university system, one copy;

20 (h) law library of the university of Montana-Missoula, one copy;

21 (i) legislative services division, two copies;

22 (j) library of congress, one copy;

23 (k) state library, one copy.

24 (2) The secretary of state, each county in the state, and the librarians for the state law library and the
25 university of Montana-Missoula law library shall maintain a complete, current set of the ARM, including
26 supplements or revisions to the ARM. The designated persons shall also maintain the register issues published
27 during the preceding 2 years. The secretary of state shall maintain a permanent set of the registers.

28 (3) The secretary of state shall make copies of and subscriptions to the ARM and supplements or
29 revisions to the ARM and the register available to any person at prices fixed in accordance with subsection (4).

30 (4) The secretary of state, ~~in consultation with the administrative code committee,~~ shall determine the

1 cost of supplying copies of the ARM and supplements or revisions to the ARM and the register to persons not
 2 listed in subsection (1). The cost must be the approximate cost of publication of the copies, including indexing,
 3 printing or duplicating, and mailing. However, a uniform price per page or group of pages may be established
 4 without regard to differences in the cost of printing different parts of the ARM and supplements or revisions to the
 5 ARM and the register. Fees are not refundable.

6 (5) The secretary of state shall deposit all fees in a proprietary fund.

7 (6) The secretary of state may charge agencies a filing fee for all material to be published in the ARM
 8 or the register. The secretary of state shall fix, ~~in consultation with the administrative code committee,~~ the fee to
 9 cover the costs of supplying copies of the ARM and supplements or revisions to the ARM and the register to the
 10 persons listed in subsection (1). The cost must be the approximate cost of publication of the copies, including
 11 indexing, printing or duplicating, and mailing. However, a uniform price per page or group of pages may be
 12 established without regard to differences in the cost of printing different parts of the ARM and supplements or
 13 revisions to the ARM and the register."
 14

15 **Section 11.** Section 2-4-402, MCA, is amended to read:

16 **"2-4-402. Powers of ~~the committee~~ committees -- duty to review rules --~~exception for revenue~~**
 17 **rules.** (1) Except for rules proposed by the department of revenue, ~~the~~ The administrative code committee rules
 18 review committees shall review all proposed rules filed with the secretary of state.

19 ~~(2) The revenue oversight committee shall review all rules proposed by the department of revenue.~~

20 ~~(3)~~(2) The appropriate administrative code rule review committee may:

21 (a) request and obtain an agency's rulemaking records for the purpose of reviewing compliance with
 22 2-4-305;

23 (b) prepare written recommendations for the adoption, amendment, or rejection of a rule and submit
 24 those recommendations to the department proposing the rule and submit oral or written testimony at a rulemaking
 25 hearing;

26 (c) require that a rulemaking hearing be held in accordance with the provisions of 2-4-302 through
 27 2-4-305;

28 (d) institute, intervene in, or otherwise participate in proceedings involving this chapter in the state and
 29 federal courts and administrative agencies;

30 (e) review the incidence and conduct of administrative proceedings under this chapter."

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

Section 12. Section 2-4-404, MCA, is amended to read:

"2-4-404. Evidentiary value of legislative poll. In the event that the appropriate administrative ~~code~~ rule review committee has conducted a poll of the legislature in accordance with 2-4-403, the results of the poll ~~shall~~ must be admissible in any court proceeding involving the validity of the rule. In the event that the poll determines that a majority of the members of both houses find that the proposed rule is contrary to the intent of the legislature, the rule ~~shall~~ must be conclusively presumed to be contrary to the legislative intent in any court proceeding involving its validity."

Section 13. Section 2-4-405, MCA, is amended to read:

"2-4-405. Economic impact statement. (1) Upon written request of the appropriate administrative ~~code~~ rule review committee based upon the affirmative request of ~~at least five~~ a majority of the members of the committee at an open meeting, an agency shall prepare a statement of the economic impact of the adoption, amendment, or repeal of a rule as proposed. As an alternative, the appropriate administrative ~~code~~ rule review committee may, by contract, prepare ~~such an~~ the estimate. Except to the extent that the request expressly waives any one or more of the following, the requested statement must include and the statement prepared by the committee may include:

- (a) a description of the classes of persons who will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule;
- (b) a description of the probable economic impact of the proposed rule upon affected classes of persons and quantifying, to the extent practicable, that impact;
- (c) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state ~~revenues~~ revenue;
- (d) an analysis comparing the costs and benefits of the proposed rule to the costs and benefits of inaction;
- (e) an analysis that determines whether there are less costly or less intrusive methods for achieving the purpose of the proposed rule;
- (f) an analysis of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule;
- (g) a determination as to whether the proposed rule represents an efficient allocation of public and

1 private resources; and

2 (h) a quantification or description of the data upon which subsections (1)(a) through (1)(g) are based and
3 an explanation of how the data was gathered.

4 (2) A request to an agency for a statement or a decision to contract for the preparation of a statement
5 must be made by the committee prior to the final agency action on the rule. The statement must be filed with the
6 appropriate administrative ~~code~~ rule review committee within 3 months of the committee's request or decision.
7 The committee may withdraw its request or decision for an economic impact statement at any time.

8 (3) Upon receipt of an impact statement, the committee shall determine the sufficiency of the statement.
9 If the committee determines that the statement is insufficient, the committee may return it to the agency or other
10 person who prepared the statement and request that corrections or amendments be made. If the committee
11 determines that the statement is sufficient, a notice indicating where a copy of the statement may be obtained
12 must be filed with the secretary of state for publication in the register by the agency preparing the statement or
13 by the committee, if the statement is prepared under contract by the committee, and must be mailed to persons
14 who have registered advance notice of the agency's rulemaking proceedings.

15 (4) This section does not apply to rulemaking pursuant to 2-4-303.

16 (5) The final adoption, amendment, or repeal of a rule is not subject to challenge in any court as a result
17 of the inaccuracy or inadequacy of a statement required under this section.

18 (6) An environmental impact statement prepared pursuant to 75-1-201 that includes an analysis of the
19 factors listed in this section satisfies the provisions of this section."

20

21 **Section 14.** Section 2-4-406, MCA, is amended to read:

22 **"2-4-406. Committee objection to violation of authority for rule -- effect.** (1) If the appropriate
23 administrative ~~code~~ rule review committee objects to all or some portion of a proposed or adopted rule because
24 the committee considers it not to have been proposed or adopted in substantial compliance with 2-4-302, 2-4-303,
25 and 2-4-305, the committee shall send a written objection to the agency ~~which~~ that promulgated the rule. The
26 objection must contain a concise statement of the committee's reasons for its action.

27 (2) Within 14 days after the mailing of a committee objection to a rule, the agency promulgating the rule
28 shall respond in writing to the committee. After receipt of the response, the committee may withdraw or modify
29 its objection.

30 (3) If the committee fails to withdraw or substantially modify its objection to a rule, it may vote to send

1 the objection to the secretary of state, who shall, upon receipt ~~thereof~~ of the objection, publish the objection in
 2 the ~~Montana Administrative Register~~ register adjacent to any notice of adoption of the rule and in the ARM
 3 adjacent to the rule, provided an agency response must also be published if requested by the agency. Costs of
 4 publication of the objection and the agency response ~~shall~~ must be borne paid by the committee.

5 (4) If an objection to all or a portion of a rule has been published pursuant to subsection (3), the agency
 6 bears the burden, in any action challenging the legality of the rule or portion of a rule objected to by the
 7 committee, of proving that the rule or portion of the rule objected to was adopted in substantial compliance with
 8 2-4-302, 2-4-303, and 2-4-305. If a rule is invalidated by court judgment because the agency failed to meet its
 9 burden of proof imposed by this subsection and the court finds that the rule was adopted in arbitrary and
 10 capricious disregard for the purposes of the authorizing statute, the court may award costs and reasonable
 11 attorney fees against the agency."
 12

13 **Section 15.** Section 2-4-410, MCA, is amended to read:

14 **"2-4-410. Report of litigation.** Each agency shall report to the appropriate administrative ~~code~~ rule
 15 review committee any judicial proceedings in which the construction or interpretation of any provision of this
 16 chapter is in issue and may report to the committee any proceeding in which the construction or interpretation
 17 of any rule of the agency is in issue. Upon request of the committee, copies of documents filed in any proceeding
 18 in which the construction or interpretation of either this chapter or an agency rule is in issue must be made
 19 available to the committee by the agency involved."
 20

21 **Section 16.** Section 2-4-412, MCA, is amended to read:

22 **"2-4-412. Legislative review of rules -- effect of failure to object.** (1) The legislature may, by bill,
 23 repeal any rule in the ARM. If a rule is repealed, the legislature shall in the bill state its objections to the repealed
 24 rule. If an agency adopts a new rule to replace the repealed rule, the agency shall adopt the new rule in
 25 accordance with the objections stated by the legislature in the bill. If the legislature does not repeal a rule filed
 26 with it before the adjournment of that regular session, the rule remains valid.

27 (2) The legislature may also by joint resolution request or advise or by bill direct the adoption,
 28 amendment, or repeal of any rule. If a change in ~~any~~ a rule or the adoption of an additional rule is advised,
 29 requested, or directed to be made, the legislature shall in the joint resolution or bill state the nature of the change
 30 or the additional rule to be made and its reasons ~~therefor~~ for the change or addition. The agency shall, in the

1 manner provided in the Montana Administrative Procedure Act, adopt a new rule in accordance with the
2 legislative direction in a bill.

3 (3) Rules and changes in rules made by agencies under subsection (2) ~~of this section shall~~ must conform
4 and be pursuant to statutory authority.

5 (4) Failure of the legislature or the appropriate administrative ~~code~~ rule review committee to object in any
6 manner to the adoption, amendment, or repeal of a rule is inadmissible in the courts of this state to prove the
7 validity of any rule."

8

9 **Section 17.** Section 5-2-503, MCA, is amended to read:

10 **"5-2-503. Consolidation of legislative branch entities for specified purposes.** (1) An entity of the
11 legislative branch that is consolidated ~~with the legislative council~~ as provided in 5-2-504 shall:

12 (a) exercise its substantive functions independently as provided by law;

13 (b) adhere to administrative policies, including personnel policies, adopted by the legislative council;

14 (c) submit its budget proposals through the legislative council; and

15 (d) submit reports required of it as provided in 5-11-210.

16 (2) The legislative ~~council~~ services division shall:

17 (a) coordinate budgeting, recordkeeping, reporting, and related administrative and clerical functions as
18 a consolidated entity, including acknowledgment of actions by the approving authority of the consolidated entity;

19 (b) include within ~~the legislative council budget~~ branch budgets the budget proposals for the legislature
20 and the consolidated entities, separately identified;

21 (c) provide separate identification for appropriations and expenditures for the legislature and for each
22 of the consolidated entities;

23 (d) establish procedures for approval of expenditures by the legislature and by each of the consolidated
24 entities; and

25 (e) provide personnel administration for the legislative branch. The senate and the house of
26 representatives or a consolidated entity with statutory hiring authority may hire its own personnel, subject to
27 administrative procedures established by the legislature and legislative council.

28 (3) The legislative council shall allocate office space occupied by the legislative branch for the use of a
29 consolidated entity as necessary. Space occupied by the senate or the house of representatives may not be
30 reallocated except as provided in 2-17-108. The location of the chambers of the house of representatives and

1 the senate must be determined as provided by 2-17-101."

2

3 **Section 18.** Section 5-2-504, MCA, is amended to read:

4 **"5-2-504. Legislative branch consolidated.** The following legislative branch entities are consolidated,
5 as provided in 5-2-503 and this section, ~~with the legislative council established by 5-11-101:~~

6 (1) the senate and the house of representatives provided for in Article V, section 1, of the Montana
7 constitution;

8 ~~(2) THE LEGISLATIVE COUNCIL ESTABLISHED BY 5-11-101;~~

9 ~~(2)(3)~~ the legislative services division established by 5-11-111;

10 ~~(3)(4)~~ the legislative finance committee established by 5-12-201;

11 ~~(4)(5)~~ the legislative fiscal division established by 5-12-301;

12 ~~(5)(6)~~ the legislative audit committee established by 5-13-201;

13 ~~(6)(7)~~ the legislative audit division established by 5-13-301; and

14 ~~(7) the administrative code committee established by Title 5, chapter 14, part 1;~~

15 ~~(8)(7)(8)~~ the environmental quality council established by 5-16-101;

16 ~~(9) the revenue oversight committee established by 5-18-102; and~~

17 ~~(10) the committee on Indian affairs established by 5-19-102."~~

18

19 **Section 19.** Section 5-5-202, MCA, is amended to read:

20 **"5-5-202. Interim activities of committees.** (1) During an interim when the legislature is not in session,
21 all regularly appointed standing or select committees of either house not formally discharged prior to the final
22 adjournment of the preceding session shall continue as such the committees listed in subsection (2) are the
23 interim committees of the legislature. They are empowered to continue to sit as such committees and may act
24 through their joint subcommittees in their respective areas of responsibility. The functions of the legislative
25 council, legislative audit committee, legislative finance committee, and environmental quality council are provided
26 for in the statutes governing those committees.

27 (2) The following are the interim committees of the legislature:

28 (a) business and labor committee;

29 (b) education committee;

30 (c) children, families, health, and human services committee;

1 (d) law, justice, and Indian affairs committee;

2 (e) revenue and taxation committee; and

3 (f) state administration, public retirement systems, and veterans' affairs committee.

4 (3) An interim committee or the environmental quality council may refer an issue to another committee
 5 that the referring committee determines to be more appropriate for the consideration of the issue. Upon the
 6 acceptance of the referred issue, the accepting committee shall consider the issue as if the issue were originally
 7 within its jurisdiction. If the committee that is referred an issue declines to accept the issue, the original committee
 8 retains jurisdiction.

9 (4) If there is a dispute between committees as to which committee has proper jurisdiction over a subject,
 10 the legislative council shall determine the most appropriate committee and assign the subject to that committee."

11
 12 **Section 20.** Section 5-5-211, MCA, is amended to read:

13 **"5-5-211. Appointment and composition of ~~joint subcommittees~~ interim committees.** (1) Senate
 14 ~~joint subcommittee~~ interim committee members must be appointed by the committee on committees.

15 (2) House ~~joint subcommittee~~ interim committee members must be appointed by the speaker of the
 16 house.

17 (3) ~~Unless otherwise indicated by the legislative council, all appointments to joint subcommittees~~
 18 Appointments to interim committees must be made within 30 days after by the presiding officer of the committee
 19 ~~on committees and the speaker of the house have been notified that an interim joint subcommittee has been~~
 20 created time of adjournment of the legislative session.

21 (4) A legislator may not serve on more than two interim ~~joint subcommittees~~ committees unless no other
 22 legislator is available or is willing to serve.

23 (5) ~~(A) The~~ SUBJECT TO SUBSECTION (5)(B), THE composition of each ~~subcommittee~~ interim committee
 24 must be as follows:

25 ~~(a)(i)~~ (i) four members of the house, no more than two of whom may be of one political party; and

26 ~~(b)(ii)~~ (ii) four members of the senate, no more than two of whom may be of one political party.

27 (B) IF THE COMMITTEE WORKLOAD REQUIRES, THE LEGISLATIVE COUNCIL MAY REQUEST THE APPOINTING
 28 AUTHORITY TO APPOINT ONE OR TWO ADDITIONAL INTERIM COMMITTEE MEMBERS FROM EACH POLITICAL PARTY.

29 (6) The membership of the interim committees must be provided for by legislative rules. The rules must
 30 identify the committees from which members are selected, and the appointing authority shall attempt to select

1 not less than 50% of the members from the standing committees that consider issues within the jurisdiction of
 2 the interim committee. In making the appointments, the appointing authority shall take into account term limits
 3 of members so that committee members will be available to follow through on committee activities and
 4 recommendations in the next legislative session.

5 (7) AN INTERIM COMMITTEE MAY, WITH THE APPROVAL OF THE LEGISLATIVE COUNCIL, CREATE SUBCOMMITTEES.
 6 NONLEGISLATIVE MEMBERS MAY SERVE ON A SUBCOMMITTEE. UNLESS THE PERSON IS A FULL-TIME SALARIED OFFICER
 7 OR EMPLOYEE OF THE STATE OR A POLITICAL SUBDIVISION OF THE STATE, A NONLEGISLATIVE MEMBER APPOINTED TO A
 8 SUBCOMMITTEE IS ENTITLED TO SALARY AND EXPENSES TO THE SAME EXTENT AS A LEGISLATIVE MEMBER. IF THE
 9 APPOINTEE IS A FULL-TIME SALARIED OFFICER OR EMPLOYEE OF THE STATE OR OF A POLITICAL SUBDIVISION OF THE STATE,
 10 THE APPOINTEE IS ENTITLED TO REIMBURSEMENT FOR TRAVEL EXPENSES AS PROVIDED FOR IN 2-18-501 THROUGH
 11 2-18-503."

12
 13 **Section 21.** Section 5-5-212, MCA, is amended to read:

14 **"5-5-212. Implied resignation of ~~subcommittee~~ member -- vacancies.** If a ~~subcommittee~~ interim
 15 committee member misses more than two committee meetings or hearings without just cause when the
 16 legislature is not in session, the member is considered to have resigned and the vacancy ~~shall~~ must be filled in
 17 the same manner as the original appointment. Any other vacancy ~~shall~~ must be filled in the same manner."

18
 19 **Section 22.** Section 5-5-213, MCA, is amended to read:

20 **"5-5-213. Officers of ~~subcommittees~~ interim committees.** Each ~~subcommittee~~ interim committee shall
 21 elect its ~~chairman~~ presiding officer and ~~vice-chairman~~ vice presiding officer from among its members. The
 22 ~~chairman and vice-chairman~~ officers may not be members of the same political party."

23
 24 **Section 23.** Section 5-5-214, MCA, is amended to read:

25 **"5-5-214. Interim activity.** The ~~subcommittees may~~ interim committees shall perform their functions
 26 when the legislature is not in session. The personnel, data, and facilities of the legislative services division and
 27 other appropriate legislative agencies ENTITIES must be made available to the ~~subcommittees~~ interim committees."

28
 29 **Section 24.** Section 5-5-215, MCA, is amended to read:

30 **"5-5-215. Duties of ~~subcommittees~~ interim committees.** (1) Each ~~subcommittee~~ interim committee

1 shall:

2 (a) review administrative rules within its jurisdiction;

3 (b) conduct interim studies as assigned;

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

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

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

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

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

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

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

17

18 **NEW SECTION. Section 25. Business and labor interim committee.** The business and labor interim
19 committee has administrative rule review, program evaluation, and monitoring functions for the following executive
20 branch agencies and the entities attached to agencies for administrative purposes:

21 (1) department of agriculture;

22 (2) department of commerce;

23 (3) department of labor and industry;

24 (4) department of livestock;

25 (5) department of public service regulation; and

26 (6) office of the state auditor and insurance commissioner.

27

28 **NEW SECTION. Section 26. Education interim committee.** (1) The education interim committee has
29 administrative rule review, program evaluation, and monitoring functions for the following executive branch
30 agencies and the entities attached to agencies for administrative purposes:

- 1 ~~(1)~~(A) state board of education;
- 2 ~~(2)~~(B) board of public education;
- 3 ~~(3)~~(C) board of regents of higher education; and
- 4 ~~(4)~~(D) office of public instruction.
- 5 (2) THE COMMITTEE SHALL:
- 6 (A) PROVIDE INFORMATION TO THE BOARD OF REGENTS IN THE FOLLOWING AREAS:
- 7 (I) ANNUAL BUDGET ALLOCATIONS;
- 8 (II) ANNUAL GOAL STATEMENT DEVELOPMENT;
- 9 (III) LONG-RANGE PLANNING;
- 10 (IV) OUTCOME ASSESSMENT PROGRAMS; AND
- 11 (V) ANY OTHER AREA THAT THE COMMITTEE CONSIDERS TO HAVE SIGNIFICANT EDUCATIONAL OR FISCAL POLICY
- 12 IMPACT;
- 13 (B) PERIODICALLY REVIEW THE SUCCESS OR FAILURE OF THE UNIVERSITY SYSTEM IN MEETING ITS ANNUAL GOALS
- 14 AND LONG-RANGE PLANS;
- 15 (C) PERIODICALLY REVIEW THE RESULTS OF OUTCOME ASSESSMENT PROGRAMS;
- 16 (D) DEVELOP MECHANISMS TO ENSURE STRICT ACCOUNTABILITY OF THE REVENUES AND EXPENDITURES OF THE
- 17 UNIVERSITY SYSTEM;
- 18 (E) STUDY AND REPORT TO THE LEGISLATURE ON THE ADVISABILITY OF ADJUSTMENTS TO THE MECHANISMS USED
- 19 TO DETERMINE FUNDING FOR THE UNIVERSITY SYSTEM, INCLUDING CRITERIA FOR DETERMINING APPROPRIATE LEVELS OF
- 20 FUNDING;
- 21 (F) ACT AS A LIAISON BETWEEN BOTH THE LEGISLATIVE AND EXECUTIVE BRANCHES AND THE BOARD OF REGENTS;
- 22 AND
- 23 (G) ENCOURAGE COOPERATION BETWEEN THE LEGISLATIVE AND EXECUTIVE BRANCHES AND THE BOARD OF
- 24 REGENTS.

25

26 NEW SECTION. Section 27. Children, families, health, and human services interim committee.

27 The children, families, health, and human services interim committee has administrative rule review, program

28 evaluation, and monitoring functions for the department of public health and human services and the entities

29 attached to the department for administrative purposes.

30

1 **NEW SECTION. Section 28. Law, justice, and Indian affairs interim committee.** The law, justice,
 2 and Indian affairs interim committee has administrative rule review, program evaluation, and monitoring functions
 3 for the department of corrections and the department of justice and the entities attached to the departments for
 4 administrative purposes. The committee shall act as a liaison with the judiciary and shall act as a liaison and
 5 forum for state and tribal relations.

6
 7 **NEW SECTION. Section 29. Revenue and taxation interim committee.** The revenue and taxation
 8 interim committee has administrative rule review, program evaluation, and monitoring functions for the department
 9 of revenue and the department of transportation and the entities attached to the departments for administrative
 10 purposes.

11
 12 **NEW SECTION. Section 30. State administration, public retirement systems, and veterans' affairs**
 13 **interim committee.** The state administration, public retirement systems, and veterans' affairs interim committee
 14 has administrative rule review, program evaluation, and monitoring functions for the following executive branch
 15 agencies and the entities attached to the agencies for administrative purposes:

- 16 (1) department of administration;
 17 (2) department of military affairs; and
 18 (3) office of the secretary of state.

19
 20 **Section 31.** Section 5-11-101, MCA, is amended to read:

21 **"5-11-101. Appointment and composition of council.** (1) There is a legislative council. Subject to
 22 subsection (3), the legislative council that consists of:

23 (a) the speaker of the house, the minority leader of the house, and four members chosen by the speaker
 24 of the house, no more than two of whom may be of the same political party; and

25 (b) the president of the senate, the minority leader of the senate, and four members chosen by the
 26 committee on committees, no more than two of whom may be of the same political party.

27 (2) No more than three members of each house may be of the same political party.

28 (3) If a legislator is or would be a member of the legislative council by virtue of a legislative leadership
 29 position and the legislator will not serve in the following legislative session because of term limits, the legislator
 30 may designate another member of the same house and the same political party to serve on the legislative council

1 in the legislator's place."

2

3 **Section 32.** Section 5-11-105, MCA, is amended to read:

4 **"5-11-105. Powers and duties of council.** (1) The legislative council shall:

5 (a) employ and, in accordance with the rules for classification and pay established as provided in this
6 section, set the salary of an executive director of the legislative services division, who serves at the pleasure of
7 and is responsible to the legislative council;

8 (b) with the concurrence of the legislative audit committee and the legislative finance committee, adopt
9 rules for classification and pay of legislative branch employees, other than those of the office of consumer
10 counsel;

11 (c) with the concurrence of the legislative audit committee and the legislative finance committee, adopt
12 rules governing personnel management of branch employees, other than those of the office of consumer counsel;

13 (d) adopt procedures to administer legislator claims for reimbursements authorized by law for interim
14 activity;

15 (e) establish time schedules and deadlines for the interim committees of the legislature, including dates
16 for requesting bills and completing interim work; and

17 ~~(e)~~(f) perform other duties assigned by law.

18 (2) If a question of statewide importance arises when the legislature is not in session and a legislative
19 interim committee has not been assigned to consider the question, the legislative council shall assign the question
20 to an appropriate ~~subcommittee~~ interim committee as provided in Title 5, ~~chapter 5, part 2, 5-5-202~~ or to the
21 appropriate statutorily created committee."

22

23 **Section 33.** Section 5-11-107, MCA, is amended to read:

24 **"5-11-107. Powers relating to hearings.** (1) In the discharge of its duties, ~~or on behalf of a~~ statutory
25 ~~committees~~ committee or ~~subcommittees,~~ ~~the legislative council~~ an interim committee may hold hearings,
26 administer oaths, issue subpoenas, compel the attendance of witnesses and the production of papers, books,
27 accounts, documents, and testimony, and cause depositions of witnesses to be taken in the manner prescribed
28 by law for taking depositions in civil actions in district court.

29 (2) If a person disobeys a subpoena issued by ~~the council~~ a statutory committee or an interim committee
30 or if a witness refuses to testify on any matters regarding which the witness may be lawfully interrogated, the

1 district court of any county shall, on application of the ~~legislative council~~ committee, compel obedience by
2 proceedings for contempt as in the case of disobedience of the requirements of a subpoena issued from a district
3 court or a refusal to testify in the district court."
4

5 **Section 34.** Section 5-11-301, MCA, is amended to read:

6 **"5-11-301. Functions of legislative council -- interstate and international cooperation.** It is a
7 function of the legislative council, within the limits of appropriations, to:

8 (1) carry forward the participation of the state of Montana as a member of ~~the council of state~~
9 ~~governments and the national conference of state legislatures~~ appropriate interstate organizations, and the
10 legislative council is designated as the Montana commission on interstate and international cooperation;

11 (2) encourage and assist the government of this state to develop and maintain friendly contact by
12 correspondence, by conference, and otherwise with the other states, with the federal government, and with local
13 units of government, as well as tribal governments, bordering Canadian provinces, and regions designated as
14 sister states by the legislature;

15 (3) establish delegations and committees as may be considered advisable to confer with similar
16 delegations and committees from other states, provinces, and countries concerning problems of mutual interest.
17 The membership of the delegations and committees may consist of legislators and employees of the state other
18 than members of the legislative council. Legislative members of the delegations and committees must be
19 reimbursed and compensated as provided in 5-2-302.

20 (4) endeavor to advance cooperation between this state and other units of government whenever it
21 seems advisable to do so by formulating proposals for interstate compacts and reciprocal or uniform legislation
22 and by facilitating the adoption of uniform or reciprocal administrative rules and regulations, informal cooperation
23 of governmental offices, personal cooperation among governmental officials and employees, interchange and
24 clearance of research and information, and any other suitable process;

25 ~~—(5) make appointments to any policy committee established by the Pacific Northwest economic region~~
26 ~~as provided in 5-11-703(2)."~~

27
28 **Section 35.** Section 5-12-302, MCA, is amended to read:

29 **"5-12-302. Fiscal analyst's duties.** The legislative fiscal analyst shall:

30 (1) provide for fiscal analysis of state government and accumulate, compile, analyze, and furnish

1 information bearing upon the financial matters of the state that is relevant to issues of policy and questions of
 2 statewide importance, including but not limited to investigation and study of the possibilities of effecting economy
 3 and efficiency in state government;

4 (2) estimate revenue from existing and proposed taxes;

5 (3) analyze the executive budget and budget requests of selected state agencies and institutions,
 6 including proposals for the construction of capital improvements;

7 ~~(4) for the legislative session convening in January 1997, following receipt of the information required~~
 8 ~~in 17-7-122 from the governor and in 17-7-123 from the budget director in a mutually prescribed format, publish~~
 9 ~~the governor's budget and incorporate the information required by 17-7-123 in a combined governor's budget and~~
 10 ~~legislative fiscal analyst's budget analysis presentation. The combined budget and budget analysis presentation~~
 11 ~~must be made available to the legislature prior to the convening date set for a regular session of the legislature.~~
 12 ~~The cost of printing the combined budget and budget analysis presentation must be shared proportionally by the~~
 13 ~~office of budget and program planning and the legislative finance division. This section does not prohibit the~~
 14 ~~legislative fiscal analyst from including any analysis and comments on any portion of the executive budget in the~~
 15 ~~combined budget and budget analysis presentation.~~

16 ~~(5)~~(4) make the reports and recommendations that the legislative fiscal analyst considers desirable to
 17 the legislature and make reports and recommendations as requested by the legislative finance committee and
 18 the legislature;

19 ~~(6)~~(5) assist committees of the legislature and individual legislators in compiling and analyzing financial
 20 information; and

21 ~~(7)~~(6) assist the revenue ~~oversight~~ and taxation interim committee in performing its revenue estimating
 22 duties under ~~5-18-107(5)~~."

23
 24 **Section 36.** Section 5-16-102, MCA, is amended to read:

25 **"5-16-102. Qualifications.** (1) In considering the appointments under ~~subsections (2) and (3) of~~
 26 5-16-101(2) and (3), consideration ~~shall~~ must be given to ~~their~~ the appointees' qualifications to:

27 ~~(1)~~(a) analyze and interpret environmental trends and information of all kinds;

28 ~~(2)~~(b) appraise programs and activities of the state government in the light of the policy set forth in
 29 75-1-103;

30 ~~(3)~~(c) be conscious of and responsive to the scientific, economic, social, aesthetic, and cultural needs

1 and interests of the state; and

2 (4)(d) formulate and recommend state policies to promote the improvement of the quality of the
3 environment.

4 (2) At least 50% of the members appointed pursuant to 5-16-101(2) must be selected from the standing
5 committees that consider issues within the jurisdiction of the environmental quality council."

6

7 **Section 37.** Section 5-18-107, MCA, is amended to read:

8 **"5-18-107. Powers and duties of committee -- ~~duty to review revenue rules -- legislative oversight~~**
9 **~~of department of revenue -- committee reports -- revenue estimating and use of estimates -- coal tax~~**

10 **~~oversight.~~** (1) The revenue and taxation interim committee shall ~~review all proposed rules of the department of~~
11 ~~revenue filed with the secretary of state.~~

12 ~~— (2) The committee may:~~

13 ~~— (a) request and obtain the department's rulemaking records for the purpose of reviewing compliance with~~
14 ~~2-4-305;~~

15 ~~— (b) prepare written recommendations for the adoption, amendment, or rejection of a rule and submit the~~
16 ~~recommendations to the department;~~

17 ~~— (c) submit oral or written testimony at a rulemaking hearing;~~

18 ~~— (d) require the department to appear before the committee and respond to the committee's~~
19 ~~recommendations for the adoption, amendment, or rejection of a rule;~~

20 ~~— (e) require that a rulemaking hearing be held in accordance with the provisions of 2-4-302 through~~
21 ~~2-4-305;~~

22 ~~— (f) recommend to the legislature the repeal, amendment, or adoption of a rule as provided in 2-4-412;~~

23 ~~— (g) institute, intervene in, or otherwise participate in proceedings involving the legality of a rule under the~~
24 ~~Montana Administrative Procedure Act in the state and federal courts and administrative agencies;~~

25 ~~— (h) review the incidence and conduct of the department's administrative proceedings;~~

26 ~~— (i) require the department to publish the full or partial text of any pertinent material adopted by reference~~
27 ~~under 2-4-307;~~

28 ~~— (j) by an affirmative vote of at least six members of the committee, contract for the preparation of an~~
29 ~~economic impact statement or require the department to prepare an economic impact statement, following the~~
30 ~~provisions of 2-4-405;~~

1 ~~—— (k) petition the department to promulgate, amend, or repeal a rule. Within 60 days after submission of~~
 2 ~~a petition, the department shall either deny the petition in writing, stating its reasons for the denial, or initiate~~
 3 ~~rulemaking proceedings in accordance with 2-4-302 through 2-4-305.~~

4 ~~—— (l) make written objection to a proposed rule of the department for lack of substantial compliance with~~
 5 ~~2-4-302 through 2-4-305. The provisions of 2-4-406 govern the objection procedure, the department's response,~~
 6 ~~and the procedure for and effect of publication of the objection in the Montana Administrative Register and the~~
 7 ~~Administrative Rules of Montana.~~

8 ~~—— (m) petition the department for a declaratory ruling as to the applicability of any statutory provision or of~~
 9 ~~any rule or order of the department. A copy of a declaratory ruling must be filed with the secretary of state for~~
 10 ~~publication in the register. A declaratory ruling or the refusal to issue a ruling is subject to judicial review in the~~
 11 ~~same manner as decisions or orders in contested cases under the Montana Administrative Procedure Act.~~

12 ~~—— (n) petition for judicial review of the sufficiency of the reasons for the department's finding of imminent~~
 13 ~~peril to the public health, safety, or welfare, cited in support of an emergency or temporary rule proposed by the~~
 14 ~~department under 2-4-303; and~~

15 ~~—— (o) require the department to conduct the biennial review of its rules as required in 2-4-314 and report~~
 16 ~~its findings to the committee.~~

17 ~~—— (3) The committee shall exercise legislative oversight of the department of revenue, including without~~
 18 ~~limitation the review of:~~

19 ~~—— (a) proposed budgets;~~

20 ~~—— (b) proposed legislation;~~

21 ~~—— (c) pending litigation; and~~

22 ~~—— (d) major contracts and personnel actions of the department.~~

23 ~~—— (4) The committee may investigate and issue reports on any matter concerning taxation or the~~
 24 ~~department of revenue.~~

25 ~~—— (5) (a) The committee shall must have prepared by December 1 for introduction during each regular~~
 26 ~~session of the legislature in which a revenue bill is under consideration an estimate of the amount of revenue~~
 27 ~~projected to be available for legislative appropriation.~~

28 ~~(b)(2) The committee's estimate, as introduced in the legislature, constitutes the legislature's current~~
 29 ~~revenue estimate until amended or until final adoption of the estimate by both houses. It is intended that the~~
 30 ~~legislature's estimates and the assumptions underlying the estimates will be used by all agencies with~~

1 responsibilities for estimating ~~revenues~~ revenue or costs, including the preparation of fiscal notes.

2 ~~(e)(3)~~ The legislative services division shall provide staff assistance to the committee. The committee
3 may request the assistance of the staffs of the office of the legislative fiscal analyst, the legislative auditor, the
4 department of revenue, and any other agency that has information regarding any of the tax or revenue bases of
5 the state.

6 ~~(6) The committee may:~~

7 ~~—— (a) review the programs financed by coal severance tax funds;~~

8 ~~—— (b) consider any matters relating to coal taxation; and~~

9 ~~—— (c) prepare for the legislature a report, as provided in 5-11-210, on potential uses of the coal tax trust~~
10 ~~fund to develop a stable, strong, and diversified Montana economy that meets the needs of present and future~~
11 ~~generations of Montanans while maintaining and improving a clean and healthful environment as required by~~
12 ~~Article IX, section 1, of the Montana constitution."~~

13

14 **Section 38.** Section 15-1-230, MCA, is amended to read:

15 **"15-1-230. (Temporary) Report on income tax credit to committee.** The department shall report to
16 the revenue ~~oversight and taxation interim~~ committee at least once each year the number and type of taxpayers
17 claiming the credit under 15-30-166, the total amount of the credit claimed, and the department's cost associated
18 with administering the credit. (Terminates December 31, 2001--sec. 9, Ch. 537, L. 1997.)"

19

20 **Section 39.** Section 15-36-324, MCA, is amended to read:

21 **"15-36-324. Distribution of taxes -- rules.** (1) For each calendar quarter, the department ~~of revenue~~
22 shall determine the amount of tax, late payment interest, and penalty collected under this part. For purposes of
23 distribution of the taxes to county and school taxing units, the department shall determine the amount of oil and
24 natural gas production taxes paid on production from pre-1985 wells, post-1985 wells, and horizontally completed
25 wells located in the taxing unit.

26 (2) Except as provided in subsections (3) through (5), oil production taxes must be distributed as follows:

27 (a) The amount equal to 39.3% of the oil production taxes, including late payment interest and penalty,
28 collected under this part must be distributed as provided in subsection (8).

29 (b) The remaining 60.7% of the oil production taxes, plus accumulated interest earned on the amount
30 allocated under this subsection (2)(b), must be deposited in the state special revenue fund in the state treasury

1 and transferred to the county and school taxing units for distribution as provided in subsection (11).

2 (3) (a) The amount equal to 100% of the oil production taxes, including late payment interest and
3 penalty, collected from working interest owners on production from post-1985 wells occurring during the first 12
4 months of production must be distributed as provided in subsection (9).

5 (b) (i) The amount equal to 10.25% of the oil production taxes, including late payment interest and
6 penalty, collected from working interest owners on production from post-1985 wells occurring during the next 12
7 months of production must be distributed as provided in subsection (9).

8 (ii) The remaining 89.75% of the oil production taxes, plus accumulated interest earned on the amount
9 allocated under this subsection (3)(b), must be deposited in the state special revenue fund in the state treasury
10 and transferred to the county and school taxing units for distribution as provided in subsection (11).

11 (4) (a) The amount equal to 100% of the oil production taxes, including late payment interest and
12 penalty, collected under this part on production from horizontally completed wells occurring during the first 18
13 months of production must be distributed as provided in subsection (9).

14 (b) (i) The amount equal to 10.25% of the oil production taxes, including late payment interest and
15 penalty, collected from working interest owners on production from horizontally completed wells occurring during
16 the next 6 months of production must be distributed as provided in subsection (9).

17 (ii) The remaining 89.75% of the oil production taxes, plus accumulated interest earned on the amount
18 allocated under this subsection (4)(b), must be deposited in the state special revenue fund in the state treasury
19 and transferred to the county and school taxing units for distribution as provided in subsection (11).

20 (c) The amount equal to 100% of the oil production taxes, including late payment interest and penalty,
21 collected under this part on the incremental production from horizontally recompleted wells occurring during the
22 first 18 months of production must be distributed as provided in subsection (8).

23 (5) (a) The amount equal to 13.8% of the oil production taxes, including late payment interest and
24 penalty, collected from working interest owners on stripper exemption production from pre-1985 wells and
25 post-1985 wells must be distributed as provided in subsection (9).

26 (b) The remaining 86.2% of the oil production taxes, plus accumulated interest earned on the amount
27 allocated under this subsection (5)(b), must be deposited in the state special revenue fund in the state treasury
28 and transferred to the county and school taxing units for distribution as provided in subsection (11).

29 (6) Except as provided in subsection (7), natural gas production taxes must be allocated as follows:

30 (a) The amount equal to 14% of the natural gas production taxes, including late payment interest and

1 penalty, collected under this part must be distributed as provided in subsection (10).

2 (b) The remaining 86% of the natural gas production taxes, plus accumulated interest earned on the
3 amount allocated under this subsection (6)(b), must be deposited in the state special revenue fund in the state
4 treasury and transferred to the county and school taxing units for distribution as provided in subsection (11).

5 (7) (a) The amount equal to 100% of the natural gas production taxes, including late payment interest
6 and penalty, collected from working interest owners under this part on production from post-1985 wells occurring
7 during the first 12 months of production must be distributed as provided in subsection (9).

8 (b) (i) The amount equal to 6.25% of the natural gas production taxes, including late payment interest
9 and penalty, collected from working interest owners on production from post-1985 wells occurring during the next
10 12 months of production must be distributed as provided in subsection (9).

11 (ii) The remaining 93.75% of the oil production taxes, plus accumulated interest earned on the amount
12 allocated under this subsection (7)(b), must be deposited in the state special revenue fund in the state treasury
13 and transferred to the county and school taxing units for distribution as provided in subsection (11).

14 (8) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of
15 oil production taxes specified in subsections (2)(a) and (4)(c), including late payment interest and penalty
16 collected, as follows:

17 (a) 86.21% to the state general fund;

18 (b) 5.17% to the state special revenue fund for the purpose of paying expenses of the board as provided
19 in 82-11-135; and

20 (c) 8.62% to be distributed as provided by in 15-38-106(2).

21 (9) The department shall distribute the state portion of oil and natural gas production taxes specified in
22 subsections (3)(a), (3)(b)(i), (4)(a), (4)(b)(i), (5)(a), (7)(a), and (7)(b)(i), including late payment interest and penalty
23 collected, as follows:

24 (a) 37.5% to the state special revenue fund for the purpose of paying expenses of the board as provided
25 in 82-11-135; and

26 (b) 62.5% to be distributed as provided by in 15-38-106(2).

27 (10) The department shall, in accordance with the provisions of 15-1-501, distribute the state portion of
28 natural gas production taxes specified in subsection (6)(a), including late payment interest and penalty collected,
29 as follows:

30 (a) 76.8% to the state general fund;

1 (b) 8.7% to the state special revenue fund for the purpose of paying expenses of the board as provided
2 in 82-11-135; and

3 (c) 14.5% to be distributed as provided by in 15-38-106(2).

4 (11) (a) For the purpose of distribution of the oil and natural gas production taxes from pre-1985 wells,
5 the department shall each calendar quarter adjust the unit value determined under 15-36-323 according to the
6 ratio that the oil and natural gas production taxes from pre-1985 wells collected during the calendar quarter for
7 which the distribution occurs plus penalties and interest on delinquent oil and natural gas production taxes from
8 pre-1985 wells bears to the total liability for the oil and natural gas production taxes from pre-1985 wells for the
9 quarter for which the distribution occurs. The amount of oil and natural gas production taxes distributions must
10 be calculated and distributed as follows:

11 (i) By the dates referred to in subsection (12), the department shall calculate and distribute to each
12 eligible county the amount of oil and natural gas production taxes from pre-1985 wells for the quarter, determined
13 by multiplying the unit value, as adjusted in this subsection (11)(a), by the units of production on which oil and
14 natural gas production taxes from pre-1985 wells were owed for the calendar quarter for which the distribution
15 occurs.

16 (ii) Any amount by which the total tax liability exceeds or is less than the total distributions determined
17 in this subsection (11)(a) must be calculated and distributed in the following manner:

18 (A) The excess amount or shortage must be divided by the total distribution determined for that period
19 to obtain an excess or shortage percentage.

20 (B) The excess percentage must be multiplied by the distribution to each taxing unit, and this amount
21 must be added to the distribution to each respective taxing unit.

22 (C) The shortage percentage must be multiplied by the distribution to each taxing unit, and this amount
23 must be subtracted from the distribution to each respective taxing unit.

24 (b) Except as provided in subsection (11)(c), the county treasurer shall distribute the money received
25 under subsection (12) from pre-1985 wells to the taxing units that levied mills in fiscal year 1990 against calendar
26 year 1988 production in the same manner that all other property tax proceeds were distributed during fiscal year
27 1990 in the taxing unit, except that a distribution may not be made to a municipal taxing unit.

28 (c) The board of county commissioners of a county may direct the county treasurer to reallocate the
29 distribution of oil and natural gas production tax money that would have gone to a taxing unit, as provided in
30 subsection (11)(b), to another taxing unit or taxing units, other than an elementary school or high school, within

1 the county under the following conditions:

2 (i) The county treasurer shall first allocate the oil and natural gas production taxes to the taxing units
3 within the county in the same proportion that all other property tax proceeds were distributed in the county in fiscal
4 year 1990.

5 (ii) If the allocation in subsection (11)(c)(i) exceeds the total budget for a taxing unit, the commissioners
6 may direct the county treasurer to allocate the excess to any taxing unit within the county.

7 (d) The board of trustees of an elementary or high school district may reallocate the oil and natural gas
8 production taxes distributed to the district by the county treasurer under the following conditions:

9 (i) The district shall first allocate the oil and natural gas production taxes to the budgeted funds of the
10 district in the same proportion that all other property tax proceeds were distributed in the district in fiscal year
11 1990.

12 (ii) If the allocation under subsection (11)(d)(i) exceeds the total budget for a fund, the trustees may
13 allocate the excess to any budgeted fund of the school district.

14 (e) For all production from post-1985 wells and horizontally drilled wells completed after December 31,
15 1993, the county treasurer shall distribute oil and natural gas production taxes received under subsections (2)(b),
16 (3)(b)(ii), (4)(b)(ii), (5)(b), (6)(b), and (7)(b)(ii) between county and school taxing units in the relative proportions
17 required by the levies for state, county, and school district purposes in the same manner as property taxes were
18 distributed in the preceding fiscal year.

19 (f) The allocation to the county in subsection (11)(e) must be distributed by the county treasurer in the
20 relative proportions required by the levies for county taxing units and in the same manner as property taxes were
21 distributed in the preceding fiscal year.

22 (g) The money distributed in subsection (11)(e) that is required for the county mill levies for school district
23 retirement obligations and transportation schedules must be deposited to the funds established for these
24 purposes.

25 (h) The oil and natural gas production taxes distributed under subsection (11)(b) that are required for
26 the 6-mill university levy imposed under 20-25-423 and for the county equalization levies imposed under 20-9-331
27 and 20-9-333, as those sections read on July 1, 1989, must be remitted by the county treasurer to the state
28 treasurer.

29 (i) The oil and natural gas production taxes distributed under subsection (11)(e) that are required for the
30 6-mill university levy imposed under 20-25-423, for the county equalization levies imposed under 20-9-331 and

1 20-9-333, and for the state equalization aid levy imposed under 20-9-360 must be remitted by the county
2 treasurer to the state treasurer.

3 (j) The amount of oil and natural gas production taxes remaining after the treasurer has remitted the
4 amounts determined in subsections (11)(h) and (11)(i) is for the exclusive use and benefit of the county and
5 school taxing units.

6 (12) The department shall remit the amounts to be distributed in subsection (11) to the county treasurer
7 by the following dates:

8 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and natural
9 gas production tax payments received for the calendar quarter ending March 31 of the current year.

10 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil and
11 natural gas production tax payments received for the calendar quarter ending June 30 of the current year.

12 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and
13 natural gas production tax payments received for the calendar quarter ending September 30 of the previous year.

14 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and natural
15 gas production tax payments received for the calendar quarter ending December 31 of the previous calendar
16 year.

17 (13) The department shall provide to each county by May 31 of each year the amount of gross taxable
18 value represented by all types of production taxed under 15-36-304 for the previous calendar year multiplied by
19 60%. The resulting value must be treated as taxable value for county classification purposes and for county
20 bonding purposes.

21 (14) (a) In the event that the board of oil and gas conservation revises the privilege and license tax
22 pursuant to 82-11-131, the department shall, by rule, change the formula under this section for distribution of
23 taxes collected under 15-36-304. The revised formula must provide for the distribution of taxes in an amount
24 equal to the rate adopted by the board of oil and gas conservation for the expenses of the board.

25 (b) Before the department adopts a rule pursuant to subsection (14)(a), it shall present the proposed rule
26 to the ~~revenue oversight~~ appropriate administrative rule review committee.

27 (15) The distribution to taxing units under this section is statutorily appropriated as provided in 17-7-502."
28

29 **Section 40.** Section 15-70-234, MCA, is amended to read:

30 **"15-70-234. Cooperative agreement -- motor fuels taxes.** In order to prevent the possibility of dual

1 taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, the department
2 ~~of transportation~~ and an Indian tribe may enter into a cooperative agreement. The department ~~of transportation~~
3 may, with the concurrence of the attorney general, include as a member of the negotiating team a representative
4 of the department of justice who has expertise in Indian matters. The department of transportation shall report
5 the status of cooperative agreement negotiations to ~~each meeting of the revenue oversight and taxation interim~~
6 committee. After negotiations are complete and if the legislature is not in session, the agreement must be
7 presented to the ~~revenue oversight~~ committee for review and comment before the final agreement is submitted
8 to the attorney general for approval pursuant to 18-11-105."

9
10 **Section 41.** Section 17-6-511, MCA, is amended to read:

11 **"17-6-511. Legislative oversight.** The department shall report to the ~~revenue oversight~~ appropriate
12 legislative interim committee annually on the performance of the job investment program. The report to the
13 committee must include:

- 14 (1) a summary of all loans made during the year;
15 (2) an analysis of job creation goals and performance;
16 (3) a summary of loan terms and conditions;
17 (4) a summary of funds leveraged with job investment loans; and
18 (5) an analysis of the job investment portfolio performance, including calculations for returns on
19 investments."

20
21 **Section 42.** Section 17-7-140, MCA, is amended to read:

22 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall
23 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in
24 subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the
25 criteria provided in subsection (1)(b), shall direct agencies to reduce spending in an amount that ensures that the
26 projected ending general fund balance for the biennium will be at least 1% of all general fund appropriations
27 during the biennium. An agency may not be required to reduce general fund spending for any program, as defined
28 in each general appropriations act, by more than 10% during a biennium. Departments or agencies headed by
29 elected officials or the board of regents may not be required to reduce general fund spending by a percentage
30 greater than the percentage of general fund spending reductions required for the total of all other executive

1 branch agencies. The legislature may exempt from a reduction an appropriation item within a program or may
2 direct that the appropriation item may not be reduced by more than 10%.

3 (b) The governor shall direct agencies to manage their budgets in order to reduce general fund
4 expenditures. Prior to directing agencies to reduce spending as provided in subsection (1)(a), the governor shall
5 direct each agency to analyze the nature of each program that receives a general fund appropriation to determine
6 whether the program is mandatory or permissive and to analyze the impact of the proposed reduction in spending
7 on the purpose of the program. An agency shall submit its analysis to the office of budget and program planning
8 and shall at the same time provide a copy of the analysis to the legislative fiscal analyst. The office of budget and
9 program planning shall review each agency's analysis, and the budget director shall submit to the governor a
10 copy of the office of budget and program planning's recommendations for reductions in spending. The budget
11 director shall provide a copy of the recommendations to the legislative fiscal analyst at the time that the
12 recommendations are submitted to the governor and shall provide the legislative fiscal analyst with any proposed
13 changes to the recommendations. The legislative finance committee shall meet within 20 days of the date that
14 the proposed changes to the recommendations for reductions in spending are provided to the legislative fiscal
15 analyst. The legislative fiscal analyst shall provide a copy of the legislative fiscal analyst's review of the proposed
16 reductions in spending to the budget director at least 5 days before the meeting of the legislative finance
17 committee. The committee may make recommendations concerning the proposed reductions in spending. The
18 governor shall consider each agency's analysis and the recommendations of the office of budget and program
19 planning and the legislative finance committee in determining the agency's reduction in spending. Reductions in
20 spending must be designed to have the least adverse impact on the provision of services determined to be most
21 integral to the discharge of the agency's statutory responsibilities.

22 (2) Reductions in spending for the following may not be directed by the governor:

- 23 (a) payment of interest and principal on state debt;
24 (b) the legislative branch;
25 (c) the judicial branch;
26 (d) the school BASE funding program, including special education; and
27 (e) salaries of elected officials during their terms of office.

28 (3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified by the
29 budget director to the governor, by which the projected ending general fund balance for the biennium is less than
30 2% of the general fund appropriations for the second fiscal year of the biennium. In determining the amount of

1 the projected general fund budget deficit, the budget director shall take into account revenue, established levels
2 of appropriation, anticipated supplemental appropriations for school equalization aid, and anticipated reversions.

3 (b) If the budget director determines that an amount of actual or projected receipts will result in an
4 amount less than the amount projected to be received in the revenue estimate established pursuant to 5-18-107,
5 the budget director shall notify the revenue ~~oversight~~ and taxation interim committee of the estimated amount.
6 Within 20 days of notification, the revenue ~~oversight~~ and taxation interim committee shall provide the budget
7 director with any recommendations concerning the amount. The budget director shall consider any
8 recommendations of the revenue ~~oversight~~ and taxation interim committee prior to certifying a projected general
9 fund budget deficit to the governor."

10
11 **Section 43.** Section 69-3-1409, MCA, is amended to read:

12 **"69-3-1409. Tax revenue analysis.** (1) The revenue ~~oversight~~ and taxation interim committee, as
13 provided for in ~~5-18-102~~ 5-5-202, shall analyze the amount of state and local tax revenue derived from previously
14 regulated natural gas suppliers that will enter the competitive market and shall report to the legislature on how
15 revenue to the state or local government is changed by restructuring and competition.

16 ~~(2) On or before November 30, 1998, the revenue oversight committee shall recommend to the 56th~~
17 ~~legislature legislative changes to address the establishment of comparable state and local taxation burdens on~~
18 ~~all market participants in the supply of natural gas."~~

19
20 ~~Section 44.~~ Section 69-8-104, MCA, is amended to read:

21 ~~"69-8-104. Pilot programs.~~ (1) Except as provided in 69-8-201(4) and 69-8-311, beginning July 1, 1998,
22 ~~utilities shall conduct pilot programs using a representative sample of their residential and small commercial~~
23 ~~customers. A report describing and analyzing the results of the pilot programs must be submitted to the~~
24 ~~commission and the transition advisory appropriate legislative interim committee established in 69-8-501 on or~~
25 ~~before July 1, 2000.~~

26 ~~(2) Utilities shall use pilot programs to gather necessary information to determine the most effective and~~
27 ~~timely options for providing customer choice. Necessary information includes but is not limited to:~~

28 ~~(a) the level of demand for electricity supply choice and the availability of market prices for smaller~~
29 ~~customers;~~

30 ~~(b) the best means to encourage and support the development of sufficient markets and bargaining~~

1 power for the benefit of smaller customers;

2 ~~—— (c) the electricity suppliers' interest in serving smaller customers and the opportunities in providing~~
3 ~~service to smaller customers; and~~

4 ~~—— (d) experience in the broad range of technical and administrative support matters involved in designing~~
5 ~~and delivering unbundled retail services to smaller customers."~~

6
7 ~~—— **Section 45.** Section 69-8-402, MCA, is amended to read:~~

8 ~~—— **"69-8-402. Universal system benefits programs.** (1) Universal system benefits programs are~~
9 ~~established for the state of Montana to ensure continued funding of and new expenditures for energy~~
10 ~~conservation, renewable resource projects and applications, and low-income energy assistance during the~~
11 ~~transition period and into the future.~~

12 ~~—— (2) Beginning January 1, 1999, 2.4% of each utility's annual retail sales revenue in Montana for the~~
13 ~~calendar year ending December 31, 1995, is established as the annual funding level for universal system benefits~~
14 ~~programs. Unless modified as provided in subsection (7), this funding level remains in effect until July 1, 2003.~~

15 ~~—— (a) The recovery of all universal system benefits programs costs imposed pursuant to this section is~~
16 ~~authorized through the imposition of a universal system benefits charge assessed at the meter for each local~~
17 ~~utility system customer as provided in this section.~~

18 ~~—— (b) Utilities must receive credit toward annual funding requirements for a utility's internal programs or~~
19 ~~activities that qualify as universal system benefits programs, including those portions of expenditures for the~~
20 ~~purchase of power that are for the acquisition or support of renewable energy, conservation-related activities, or~~
21 ~~low-income energy assistance, and for customers' programs or activities as provided in subsection (7).~~

22 ~~—— (c) A utility at which the sale of power for final end use end use occurs is the utility that receives credit~~
23 ~~for the universal system benefits program programs expenditure.~~

24 ~~—— (d) For a utility to receive credit for low-income related expenditures, the activity must have taken place~~
25 ~~in Montana.~~

26 ~~—— (e) If a utility's or a customer's credit for internal activities does not satisfy the annual funding provisions~~
27 ~~of subsection (2), then the utility shall make a payment to the universal system benefits fund for any difference.~~

28 ~~—— (3) Cooperative utilities may collectively pool their statewide credits to satisfy their annual funding~~
29 ~~requirements for universal system benefits programs and low-income energy assistance.~~

30 ~~—— (4) A utility's transition plan must describe how the utility proposes to provide for universal system~~

1 ~~benefits programs, including the methodologies, such as cost-effectiveness and need determination, used to~~
2 ~~measure the utility's level of contribution to each program:~~

3 ~~———(5) A utility's minimum annual funding requirement for low-income energy and weatherization assistance~~
4 ~~is established at 17% of the utility's annual universal system benefits funding level and is inclusive within the~~
5 ~~overall universal system benefits funding level:~~

6 ~~———(a) A utility must receive credit toward the utility's low-income energy assistance annual funding~~
7 ~~requirement for the utility's internal low-income energy assistance programs or activities:~~

8 ~~———(b) If a utility's credit for internal activities does not satisfy its annual funding requirement, then the utility~~
9 ~~shall make a payment for any difference to the universal energy assistance fund:~~

10 ~~———(6) An individual customer may not bear a disproportionate share of the local utility's funding~~
11 ~~requirements, and a sliding scale must be implemented to provide a more equitable distribution of program costs:~~

12 ~~———(7) (a) A customer with loads greater than 1,000 kilowatts shall:~~

13 ~~———(i) shall pay a universal system benefits program programs charge equal to the lesser of:~~

14 ~~———(A) \$500,000, less the customer credits provided for in this subsection (7); or~~

15 ~~———(B) the product of 0.9 mills per kilowatt hour multiplied by the customer's kilowatt hour purchases, less~~
16 ~~customer credits provided for in this subsection (7);~~

17 ~~———(ii) must receive credit toward that customer's annual universal system benefits charge for internal~~
18 ~~expenditures and activities that qualify as a universal system benefits program programs expenditure, and these~~
19 ~~internal expenditures must include but not be limited to:~~

20 ~~———(A) expenditures that result in a reduction in the consumption of electrical energy in the customer's~~
21 ~~facility; and~~

22 ~~———(B) those portions of expenditures for the purchase of power at retail or wholesale that are for the~~
23 ~~acquisition or support of renewable energy or conservation-related activities:~~

24 ~~———(b) Customers making these expenditures must receive a credit against the customer's annual universal~~
25 ~~system benefits charge, except that any of those amounts expended in a calendar year that exceed that~~
26 ~~customer's universal system benefits charge for the calendar year must be used as a credit against those charges~~
27 ~~in future years until the total amount of those expenditures has been credited against that customer's universal~~
28 ~~system benefits charges:~~

29 ~~———(8) A public utility shall prepare and submit an annual summary report of the public utility's activities~~
30 ~~relating to all universal system benefits programs to the commission and the transition advisory appropriate~~

1 ~~legislative interim~~ committee provided for in 69-8-501. A cooperative utility shall prepare and submit annual
 2 summary reports of activities to the cooperative utility's respective local governing body, the statewide cooperative
 3 utility office, and the transition advisory ~~appropriate legislative interim~~ committee. The annual report must include
 4 but is not limited to:

- 5 ~~_____ (a) the types of internal utility and customer programs being used to satisfy the provisions of this chapter;~~
- 6 ~~_____ (b) the level of funding for those programs relative to the annual funding requirements prescribed in~~
 7 ~~subsection (2); and~~
- 8 ~~_____ (c) any payments made to the statewide funds in the event that internal funding was below the prescribed~~
 9 ~~annual funding requirements."~~

10
 11 ~~_____ **Section 46.** Section 69-8-501, MCA, is amended to read:~~

12 ~~_____ **"69-8-501. Transition advisory Legislative interim committee.** (1) A transition advisory ~~The~~~~
 13 ~~appropriate legislative interim committee on shall monitor electric utility industry restructuring is created. The~~
 14 ~~transition advisory committee is composed of eight voting members who are appointed as follows:~~

- 15 ~~_____ (a) The speaker of the house shall appoint four members from the house of representatives, not more~~
 16 ~~than two of whom may be from one political party.~~
- 17 ~~_____ (b) The president of the senate shall appoint four members from the senate, not more than two of whom~~
 18 ~~may be from one political party.~~

19 ~~_____ (2) The following entities shall appoint nonvoting advisory representatives to the transition advisory assist~~
 20 ~~the committee:~~

- 21 ~~_____ (a) The director of the department of environmental quality shall appoint one department representative.~~
- 22 ~~_____ (b) The legislative consumer committee shall appoint one representative.~~
- 23 ~~_____ (c) One representative of the cooperative utility industry is appointed as designated by the Montana~~
 24 ~~electrical cooperative association.~~
- 25 ~~_____ (d) The public utilities in the state of Montana shall appoint one member.~~
- 26 ~~_____ (e) The commission shall appoint one member.~~
- 27 ~~_____ (f) The governor shall appoint the following nonvoting committee members:~~
- 28 ~~_____ (i) one representative from the industrial community with an interest in the restructuring of the electric~~
 29 ~~utility industry;~~
- 30 ~~_____ (ii) one representative from the nonindustrial retail electric consumer sector;~~

- 1 ~~_____ (iii) one representative from organized labor;~~
- 2 ~~_____ (iv) one representative from the community comprising environmental and conservation interests;~~
- 3 ~~_____ (v) one representative from a low-income program provider;~~
- 4 ~~_____ (vi) one representative of Montanas Indian tribes; and~~
- 5 ~~_____ (vii) one representative of the electric power market industry.~~
- 6 ~~_____ (3) In case of a vacancy, a replacement must be selected in the manner of the original appointment.~~
- 7 ~~_____ (4) Legislative members are entitled to salary and expenses as provided in 5-2-302.~~
- 8 ~~_____ (5)(4) The public service commission, legislative services division, and appropriate state agencies shall~~
9 ~~provide staff assistance as requested by the committee.~~
- 10 ~~_____ (6) Transition advisory committee members must be appointed within 60 days of May 2, 1997, to an~~
11 ~~initial term expiring on December 31, 1999. Subsequent terms must be for up to 2 years expiring on January 1~~
12 ~~of odd-numbered years.~~
- 13 ~~_____ (7) The voting members shall select a transition advisory committee presiding officer.~~
- 14 ~~_____ (8) The transition advisory committee on electric utility industry restructuring must dissolve on the earlier~~
15 ~~of either the date that full transition to retail competition is completed or December 31, 2004.~~
- 16 ~~_____ (9)(5) The transition advisory committee shall provide an annual report on the status of electric utility~~
17 ~~restructuring on or before November 1 to the governor, the speaker of the house, the president of the senate, and~~
18 ~~the commission and shall provide quarterly interim summary reports to the members of the legislature through~~
19 ~~January 1, 1999.~~
- 20 ~~_____ (10) The transition advisory committee shall meet at least quarterly or as often as is necessary to conduct~~
21 ~~its business.~~
- 22 ~~_____ (11)(6) The transition advisory committee shall analyze and report on the transition to effective~~
23 ~~competition in the competitive electricity supply market. The annual report made in the year 2000 must evaluate~~
24 ~~specifically the pilot programs for customers with loads under 1,000 kilowatts and must include legislative~~
25 ~~recommendations, if it appears appropriate, about the best means to further encourage the development of~~
26 ~~customer choice and meaningful market access for the benefit of smaller customers. The annual report for the~~
27 ~~year 2000 must also address the need, if any, for additional consumer protection, including protection from~~
28 ~~abusive or anticompetitive practices.~~
- 29 ~~_____ (12)(7) The criteria that the transition advisory committee must shall use to evaluate effective competition~~
30 ~~in the electricity supply market include but are not limited to the following:~~

1 ~~—— (a) the level of demand for power supply choice and the availability of market prices for smaller~~
2 ~~customers;~~

3 ~~—— (b) the existence of sufficient markets and bargaining power to the benefit of smaller customers and the~~
4 ~~best means to encourage and support the development of sufficient markets;~~

5 ~~—— (c) the level of interest among electricity suppliers and the opportunity for electricity suppliers to serve~~
6 ~~smaller customers; and~~

7 ~~—— (d) the existence of the requisite technical and administrative support that enables smaller customers~~
8 ~~to have choice of electricity supply.~~

9 ~~—— (13)(8) The transition advisory committee shall recommend legislation if necessary to promote electric~~
10 ~~utility restructuring and retail choice of electricity suppliers.~~

11 ~~—— (14) The transition advisory committee shall make recommendations to the governor, regarding the~~
12 ~~implementation of statewide universal system benefits and universal energy assistance funds, in time to allow~~
13 ~~for those funds to be created on or before January 1, 1999. This may include recommendations regarding the~~
14 ~~assignment of an existing government agency or private, nonprofit entity as the fund administrator and~~
15 ~~administration guidelines for the funds, including the means by which funds may be made available for use.~~

16 ~~—— (15)(9) The transition advisory committee shall monitor and evaluate the universal system benefits~~
17 ~~programs and comparable levels of funding for the region and make recommendations to the 58th legislature to~~
18 ~~adjust the funding level provided for in 69-8-402 to coincide with the related activities of the region at that time.~~

19 ~~—— (16)(10) On or before July 1, 2002, the transition advisory committee, in coordination with the~~
20 ~~commission, shall conduct a reevaluation of the ongoing need for universal system benefits programs and annual~~
21 ~~funding requirements and shall make recommendations to the 58th legislature regarding the future need for those~~
22 ~~programs. The determination must focus specifically on the existence of markets to provide for any or all of the~~
23 ~~universal system benefits programs or on whether other means for funding those programs have developed.~~
24 ~~These recommendations may also address how future reevaluations will be provided for, if necessary.~~

25 ~~—— (17)(11) On or before November 1, 2001, the transition advisory committee shall collect information to~~
26 ~~determine whether Montana utilities or their affiliates have an opportunity to sell electricity to customers outside~~
27 ~~of the state of Montana comparable to the opportunity provided pursuant to this chapter to utilities or their affiliates~~
28 ~~located outside the state of Montana. That information must be included in the report to the 58th legislature.~~

29 ~~—— (18) On or before November 1, 1998, the transition advisory committee shall make recommendations to~~
30 ~~the governor and the legislature regarding the provision of low-income energy assistance programs in Montana~~

1 by all energy providers."

2

3 ~~Section 47. Section 69-8-502, MCA, is amended to read:~~

4 ~~"69-8-502. Tax revenue analysis. (1) The revenue oversight and taxation interim committee, as~~
 5 ~~provided for in 5-18-102, shall analyze the amount of state and local tax revenue derived from previously~~
 6 ~~regulated electricity suppliers that will enter the competitive market and report to the legislature annually on how~~
 7 ~~revenue to the state or local government is changed by restructuring and competition.~~

8 ~~(2) On or before November 30, 1998, the revenue oversight committee shall recommend legislative~~
 9 ~~changes, if any, to address the establishment of comparable state and local taxation burdens on all market~~
 10 ~~participants in the supply of electricity. Any legislation recommended by the revenue oversight committee should~~
 11 ~~place comparable state and local taxation burdens upon all market participants."~~

12

13 **Section 44.** Section 72-16-447, MCA, is amended to read:

14 **"72-16-447. Application for in-kind payment -- in-kind review committee -- review process.** (1)

15 Upon written application from a receiving entity, the department of revenue shall notify the revenue oversight and
 16 taxation interim committee that ~~such~~ an application has been received.

17 (2) Upon receipt of ~~such~~ the notification, the revenue oversight and taxation interim committee shall
 18 appoint an in-kind review committee. The in-kind review committee must be ~~comprised~~ composed of the following
 19 persons, ~~appointed by the revenue oversight committee:~~

20 (a) a representative of the receiving entity; and

21 (b) six members representing the county in which the property proposed for in-kind payment lies or was
 22 situated at the time of death of the person whom the donor represents, as follows:

23 (i) one member of the county commission;

24 (ii) one state senator;

25 (iii) one state representative; and

26 (iv) three residents from the community at large.

27 (3) The in-kind review committee is a voluntary review committee and is entitled to no compensation or
 28 reimbursement of expenses for its review, recommendation, or any other activity.

29 (4) The in-kind review committee will advise the department and the revenue oversight and taxation
 30 interim committee as to the following:

- 1 (a) proposed and potential uses of the property;
- 2 (b) ~~where~~ when applicable, methods and potential sources for rehabilitation, maintenance, and general
- 3 support of the property alternative to the statement submitted by the receiving entity pursuant to 72-16-448.
- 4 (5) Upon completion of its review, the in-kind review committee shall submit a report in written form to
- 5 the revenue ~~oversight~~ and taxation interim committee and the department, which must be considered in
- 6 determining whether to recommend that the legislature approve the in-kind payment.
- 7 (6) The in-kind review committee has 180 days from the date that written application is received by the
- 8 department from the receiving entity within which to make its report.
- 9 (7) The department shall, as provided in 72-16-438, defer payment of inheritance or estate tax that is
- 10 under review for in-kind payment, so that the tax due is exempt from the interest penalty imposed under
- 11 72-16-441."

12

13 **Section 45.** Section 72-16-448, MCA, is amended to read:

14 **"72-16-448. Receipt of application for in-kind payment -- limitations.** (1) Upon receipt of the written

15 application of a receiving entity and the report, if any, of the in-kind review committee, the department of revenue,

16 after consultation with the revenue ~~oversight~~ and taxation interim committee, may recommend that the legislature

17 approve acceptance by the department as in-kind payment of all or a portion of estate or inheritance taxes

18 property consisting of any object of significant artistic merit, any site of significant historical interest, or any interest

19 in real property having recreational, conservation, or wildlife value.

20 (2) A written application pursuant to subsection (1) must be accompanied by a statement from the

21 receiving entity concerning the methods available for the maintenance, supervision, and care of the object, site,

22 or interest in real property.

23 (3) The department may accept an in-kind payment if:

- 24 (a) the total estate and inheritance taxes due exceed \$100,000;
- 25 (b) the value of the in-kind payment does not exceed \$400,000; and
- 26 (c) it has received the approval of the legislature."

27

28 **Section 46.** Section 72-16-450, MCA, is amended to read:

29 **"72-16-450. Receipts of in-kind payments -- recording.** Title or possession of the in-kind payment

30 must be taken in the name of the state of Montana by the receiving entity. The receiving entity shall promptly

1 notify the department of revenue and the revenue ~~oversight and taxation interim~~ committee of the receipt of the
2 in-kind payment and the proper recording of any interest in real property. Upon ~~such~~ notification, the department
3 shall notify the county treasurer and state treasurer of the in-kind payment. The in-kind payment must be recorded
4 and credited as if money had been received for payment of the inheritance or estate tax."
5

6 **Section 47.** Section 75-1-324, MCA, is amended to read:

7 **"75-1-324. Duties of environmental quality council.** The environmental quality council shall:

8 (1) gather timely and authoritative information concerning the conditions and trends in the quality of the
9 environment, both current and prospective, analyze and interpret the information for the purpose of determining
10 whether the conditions and trends are interfering or are likely to interfere with the achievement of the policy set
11 forth in 75-1-103, and compile and submit to the governor and the legislature studies relating to the conditions
12 and trends;

13 (2) review and appraise the various programs and activities of the state agencies, in the light of the policy
14 set forth in 75-1-103, for the purpose of determining the extent to which the programs and activities are
15 contributing to the achievement of the policy and make recommendations to the governor and the legislature with
16 respect to the policy;

17 (3) develop and recommend to the governor and the legislature state policies to foster and promote the
18 improvement of environmental quality to meet the conservation, social, economic, health, and other requirements
19 and goals of the state;

20 (4) conduct investigations, studies, surveys, research, and analyses relating to ecological systems and
21 environmental quality;

22 (5) document and define changes in the natural environment, including the plant and animal systems,
23 and accumulate necessary data and other information for a continuing analysis of these changes or trends and
24 an interpretation of their underlying causes;

25 (6) make and furnish studies, reports on studies, and recommendations with respect to matters of policy
26 and legislation as the legislature requests;

27 (7) analyze legislative proposals in clearly environmental areas and in other fields ~~where~~ in which
28 legislation might have environmental consequences and assist in preparation of reports for use by legislative
29 committees, administrative agencies, and the public;

30 (8) consult with and assist legislators who are preparing environmental legislation to clarify any

1 deficiencies or potential conflicts with an overall ecologic plan; ~~and~~
 2 (9) review and evaluate operating programs in the environmental field in the several agencies to identify
 3 actual or potential conflicts, both among the activities and with a general ecologic perspective, and suggest
 4 legislation to remedy the situations; and
 5 (10) perform the administrative rule review, program evaluation, and monitoring functions of an interim
 6 committee for the:
 7 (a) department of environmental quality;
 8 (b) department of fish, wildlife, and parks; and
 9 (c) department of natural resources and conservation."

10
 11 **Section 48.** Section 90-8-311, MCA, is amended to read:

12 **"90-8-311. Legislative review and oversight.** The department shall report on an annual basis to the
 13 ~~revenue oversight appropriate legislative interim committee of the legislature~~ concerning Montana capital
 14 companies and the Montana small business investment capital company."
 15

16 NEW SECTION. Section 49. Repealer. Sections 2-4-401, 5-11-302, 5-11-701, 5-11-702, 5-11-703,
 17 5-11-704, 5-14-101, 5-14-102, 5-14-103, 5-14-104, 5-18-101, 5-18-102, 5-18-103, 5-18-104, 5-18-105, 5-18-106,
 18 5-18-108, 5-18-109, 5-18-110, 5-18-115, 5-19-101, 5-19-102, 5-19-103, 5-19-104, 5-19-105, 5-19-106, 5-19-107,
 19 5-19-108, 5-20-201, 5-20-202, 5-20-203, 5-20-204, 5-20-205, 5-20-206, 5-20-207, 5-20-208, 5-21-101, 5-21-102,
 20 5-21-103, 5-21-104, 5-21-105, 5-22-101, 5-22-102, 5-23-101, 5-23-102, 5-23-103, 5-23-104, 5-23-105, 5-23-106,
 21 5-23-107, 5-23-108, and 5-23-109, MCA, are repealed.
 22

23 NEW SECTION. Section 50. Transitional provision. The interim committees established in [sections
 24 25 through 30] shall consider and if necessary follow through on any unresolved issues of a prior interim
 25 committee or statutory committee eliminated by [this act] over which the interim committee has subject matter
 26 jurisdiction.
 27

28 NEW SECTION. Section 51. Codification instruction. [Sections 25 through 30] are intended to be
 29 codified as an integral part of Title 5, chapter 5, part 2, and the provisions of Title 5, chapter 5, part 2, apply to
 30 [sections 25 through 30].

1

2 NEW SECTION. **Section 52. Effective date.** [This act] is effective on passage and approval.

3

- END -

