House convened at 1:00 p.m. Mr. Speaker in the Chair. Invocation by Representative Henry. Pledge of Allegiance to the Flag.

Roll Call. All members present. Quorum present.

Democratic Caucus Leader Villa announced the Democrats would caucus. Majority Leader Lange announced the Republicans would stand at ease. The House reconvened at 1:20 p.m.

Mr. Speaker: We, your committee on Legislative Administration/Bills and Journal, having examined the daily journals for the twenty-ninth, thirtieth and thirty-first legislative days, find the same to be correct.

L. Jones, Chair

REPORTS OF STANDING COMMITTEES

BILLs (L. Jones, Chairman): 2/12/2007
Correctly printed: HB 420.

EDUCATION (Jore, Chairman): 2/12/2007
HB 417, introduced bill, be amended as follows:

1. Title, line 4.
Strike: "REVISING SCHOOL FINANCE LAWS;"

2. Title, line 5 through line 6.
Following: "FINANCING" on line 5
Insert: "SCHOOL"
Following: "ANNEXATION;" on line 5
Strike: remainder of line 5 through "BELONGING;"

3. Title, line 6.
Following: "20-6-422;"
Insert: "AND"

4. Title, line 7.
Strike: "AND 20-9-311;"

5. Page 5, line 23 through page 13, line 30.
Strike: section 6 in its entirety
Renumber: subsequent section


NATURAL RESOURCES (McNutt, Chairman): 2/13/2007
HJR 8, be adopted. Report adopted.
HJR 14, introduced joint resolution, be amended as follows:

1. Page 1, line 22.
   **Following:** "refusal"
   **Insert:** "at the appraised value"

And, as amended, be adopted. Report adopted.

**FEDERAL RELATIONS, ENERGY, AND TELECOMMUNICATIONS** (Olson, Chairman): 2/13/2007

HB 25, introduced bill, be amended as follows:

1. Title, line 6 through line 7.
   **Strike:** "CLARIFYING" on line 6 through "PROVISIONS;" on line 7

2. Title, line 10.
   **Strike:** "PREAPPROVAL"
   **Insert:** "APPROVAL"
   **Strike:** "NEW"

3. Title, line 11.
   **Following:** "RESOURCES;"
   **Insert:** "CLARIFYING USE OF GENERATION ASSETS;"
   **Following:** "35-19-102,"
   **Insert:** "69-1-114,"
   **Strike:** "69-8-102,"

4. Title, line 12.
   **Following:** "69-8-311,"
   **Insert:** "69-8-403, 69-8-411,"

5. Title, line 12.
   **Following:** "69-8-421,"
   **Insert:** "69-8-602, 69-8-603,"

6. Title, line 13.
   **Following:** "SECTIONS"
   **Insert:** "69-8-102,"

7. Title, line 14.
   **Strike:** "69-8-401, 69-8-403,"
   **Following:** "69-8-409,"
   **Insert:** "AND"

8. Title, line 15.
   **Strike:** "AND 69-8-411,"

   **Following:** "line"
   **Insert:** "or substation"
**Insert:** "Section 4. Section 69-1-114, MCA, is amended to read:  
"69-1-114. Fees. (1) Each fee charged by the commission must be reasonable.  
(2) Except for a fee assessed pursuant to 69-3-204(2), 69-8-421(7), 69-8-421(9), or 69-12-423(2), a fee set by the commission may not exceed $500.  
(3) All fees collected by the department under 69-8-421(7), 69-8-421(9) must be deposited in an account in the special revenue fund. Funds in this account must be used as provided in 69-8-421(7), 69-8-421(9).""

**Renumber:** subsequent sections

**Strike:** "Transition"  
**Insert:** "Generation Reintegration"

**Strike:** section 5 in its entirety  
**Renumber:** subsequent sections

**Following:** line 6  
**Insert:** "(5) "Distribution facilities" means those facilities by—and through which electricity is received from transmission facilities and distributed to a retail customer and that are controlled or operated by a utility."

**Renumber:** subsequent subsections

**Strike:** "of"  
**Insert:** "incurred in"  
**Following:** "service"  
**Insert:** "through power purchase agreements, demand-side management, and energy efficiency programs"

**Strike:** subsection (e) in its entirety  
**Renumber:** subsequent subsections

**Strike:** subsections (g) in its entirety  
**Renumber:** subsequent sections

17. Page 6, line 16.  
**Following:** ";"  
**Insert:** "and"

18. Page 6, line 17 through page 6, line 18.  
**Strike:** subsection (i) in its entirety  
**Renumber:** subsequent subsections

**Following:** "電力供應"  
**Strike:** remainder of line 20  
**Insert:** "power purchase agreements.  
(7) "Electricity supply resource" means:
(a) contracts for electric capacity and generation;
(b) plants owned or leased by a utility or equipment used to generate electricity;
(c) customer load management and energy conservation programs; or
(d) other means of providing adequate, reliable service to customers, as determined by the commission."

**Renumber:** subsequent subsections

**Following:** "services"
**Insert:** "through power purchase agreements, the acquisition and operation of electrical generation facilities, demand-side management, and energy efficiency programs"

**Following:** line 7
**Insert:** "(11) "Generation assets cost of service" means a return on invested capital and all costs associated with the acquisition, construction, administration, operation, and maintenance of a plant or equipment owned or leased by a public utility and used for the production of electricity."

**Renumber:** subsequent subsections

22. Page 7, line 23.
**Strike:** "distribution services provider's"
**Insert:** "utility's"

**Strike:** subsection (15) in its entirety
**Renumber:** subsequent subsections

24. Page 8, line 3.
**Following:** "assignees"
**Insert:** ", on May 2, 1997, including the public utility's successors or assignees"

**Following:** line 22
**Insert:** "(28) "Transmission facilities" means those facilities that are used to provide transmission services as determined by the federal energy regulatory commission and the commission and that are controlled or operated by a utility."

**Renumber:** subsequent subsections

**Following:** "customer"
**Insert:** "electricity supply service"

27. Page 10, line 29.
**Following:** "supply"
**Insert:** "service"

**Strike:** "may agree to"
**Insert:** "must"
Following: "impact"
Strike: "the rates of"

Following: line 12
Insert: "(2) (a) A retail customer that has an individual load with an average monthly demand of less than 5,000 kilowatts and that is not purchasing electricity from a public utility on [the effective date of this act] may continue to purchase electricity from an electricity supplier. The retail customer may subsequently purchase electricity from a public utility subject to commission rule or order, but the customer may not, at a later date, choose to purchase electricity from another source.

(b) A retail customer that has an individual load with an average monthly demand of less than 5,000 kilowatts and that is currently purchasing electricity from a public utility may not choose to purchase electricity from another source after [the effective date of this act].

(3) Nothing in this section affects a retail customer’s rights and obligations with respect to net metering, cogeneration, self-generation, or ancillary sales of electricity related to deviations from scheduled energy deliveries from nonutility suppliers, as may be provided for in law, commission rule or order, or a tariff approved by the public service commission or the federal energy regulatory commission."

Renumber: subsequent subsections

Strike: "(2)(b)"
Insert: "(4)(b)"

32. Page 12, line 18.
Strike: "(2)(a)"
Insert: "(4)(a)"

33. Page 13, line 1.
Strike: "and"
Insert: "," 
Following: "69-8-420"
Insert: ", and commission rules. The commission may include other utility costs and expenses in the cost recovery mechanism if it determines that including additional costs and expenses is reasonable and in the public interest"

34. Page 14, line 1.
"Section 10. Section 69-8-403, MCA, is amended to read:

"69-8-403. Commission authority—rulemaking authority. (1) Beginning on the effective date of a commission order regarding a public utility’s transition plan, the commission shall regulate the public utility’s retail transmission, distribution, and default supply services within the state of Montana, as provided in this chapter.

(2) The commission shall license electricity suppliers and enforce licensing provisions pursuant to 69-8-404.

(3) The commission shall promulgate rules that identify the licensees and ensure that the offered electricity supply is provided as offered and is adequate in terms of quality, safety, and reliability.

(4) The commission shall establish just and reasonable rates through established ratemaking principles for public utility default supply, distribution, and transmission services and shall regulate these services. The commission may approve rates and charges for those services based on alternative forms of ratemaking such as performance-based ratemaking; on a demonstration by the public utility that the alternative method complies with this chapter, and on the public utility’s transition plan.

(5) The commission shall certify that a cooperative utility has adopted a transition plan that complies with this chapter. A cooperative utility’s transition plan is considered certified 60 days after the cooperative utility files for certification."
(6) The commission shall promulgate rules that protect consumers, distribution services providers, and electricity suppliers from anticompetitive and abusive practices.

(7) (a) After July 1, 2010, the commission shall continuously monitor whether or not workable competition has developed for small customers.

(b) If the commission determines that workable competition has developed for small customers after July 1, 2010, the commission shall provide a report to the legislature that includes recommendations for legislative implementation of customer choice for small customers.

(8) In addition to promulgating rules expressly provided for in this chapter, the commission may promulgate any other rules necessary to carry out the provision of this chapter.

(9) This chapter does not give the commission the authority to:

(a) regulate cooperative utilities in any manner other than reviewing certification filings for compliance with this chapter; or

(b) compel any change to a cooperative utility’s certification filing made pursuant to this chapter.

Insert: "Section 11. Section 69-8-411, MCA, is amended to read:

69-8-411. Nondiscriminatory access -- reciprocity. Except as provided in 69-8-311, all electricity suppliers must be afforded open, fair, and nondiscriminatory access to customers and a comparable opportunity to compete. A distribution services provider or the distribution services provider’s affiliates may not use another distribution services provider’s facilities in the state of Montana to sell electricity to customers in the state of Montana unless the first distribution services provider or the distribution services provider’s affiliates offer comparable and nondiscriminatory access to the distribution services provider’s distribution facilities within the state of Montana: (1) Nonutility generators and electricity suppliers must have open, fair, and nondiscriminatory access to a public utility’s transmission and distribution facilities according to federal energy regulatory commission rules and regulations for purposes of serving those customers identified in 69-8-201(1) and (2).

(2) Public utilities shall grant the retail customers identified in 69-8-201(1) and (2) and their electricity suppliers access to transmission and distribution facilities at rates and under terms and conditions comparable to the public utility’s own access to those facilities or access by the public utility’s affiliates.

(3) Public utilities shall file tariffs for transmission and distribution services regulated by the federal energy regulatory commission and the commission implementing subsections (1) and (2)."

Renumber: subsequent sections

35. Page 14, line 17.

Following: "service"

Insert: "and related services"

36. Page 14, line 18.

Following: "the"

Strike: "The"

Insert: "By December 31, 2007, the"


Following: "agreement"

Strike: "preapproval of a new"

Insert: "approval of an"

38. Page 15, line 3.

Strike: "pursuant to 69-8-419"

39. Page 15, line 5 through page 15, line 6.

Strike: "the rules adopted pursuant to 69-8-419"

Insert: "commission rules"
40. Page 15, line 11 through page 15, line 12.
   **Following:** "with"
   **Strike:** remainder of line 11 through line 12 in their entirety
   **Insert:** "commission rules; and"

41. Page 15, line 16.
   **Strike:** "Preapproval of new"
   **Insert:** "Approval of"

42. Page 15, line 18 through page 15, line 19.
   **Strike:** "preapproval of a new"
   **Insert:** "approval of an"

43. Page 15, line 24 through page 15, line 29.
   **Strike:** subsections (2)(a) and (2)(b) in their entirety

44. Page 15, line 30.
   **Strike:** "(c)"
   **Insert:** "(2)"

45. Page 16, line 1.
   **Strike:** "preapproval"
   **Insert:** "approval"

46. Page 16, line 3 through page 16, line 4.
   **Following:** "explain"
   **Strike:** remainder of line 3 through line 4 in their entirety
   **Insert:** "the deficiencies."

47. Page 16, line 5.
   **Strike:** "(d)"
   **Insert:** "(3)"
   **Following:** "application"
   **Insert:** "for approval of a power purchase agreement from an existing generating resource"

   **Following:** line 6
   **Insert:** "(4) The commission shall issue an order within 270 days of receipt of an adequate application for approval of a lease, an acquisition of an equity interest in a new or existing plant or equipment used to generate electricity, or a power purchase agreement for which approval would result in construction of a new electric generating resource. The commission may extend the time limit up to an additional 90 days if it determines that extraordinary circumstances require it."

49. Page 16, line 7.
   **Strike:** "(e)"
   **Insert:** "(5)"

    **Strike:** "preapproval"
    **Insert:** "approval"
Strike: "(3)"
Insert: "(6)"
Renumber: subsequent subsections

52. Page 16, line 11.
Strike: "preapproval of a new"
Insert: "approval of an"

Strike: "preapproval of a new electricity supply resource"
Insert: "approval"

54. Page 16, line 15 through page 16, line 16.
Strike: "preapproval of a new electricity supply resource"
Insert: "approval of an application"

55. Page 16, line 17.
Strike: "preapproval of all or part of the agreement new electricity supply resource"
Insert: "approval, in whole or in part,"

56. Page 16, line 18.
Following: ";"
Insert: " and 

57. Page 16, line 19 through page 16, line 22.
Strike: subsections (ii) and (iii) in their entirety
Insert: "(ii) procurement of the electricity supply resource is consistent with the requirements in 69-3-201, the objectives in 69-8-419, and commission rules. (d) The commission order may include a provision for allowable generation assets cost of service when the utility has filed an application for the lease or acquisition of an equity interest in a plant or equipment used to generate electricity."
Renumber: subsequent subsections"

Strike: "preapproval"
Insert: "approval"

59. Page 16, line 25.
Strike: "(3)(c)"
Insert: "(6)(c)"

60. Page 16, line 27.
Strike: "(3)(c)"
Insert: "(6)(c)"

Strike: "incurred under the agreement"
Insert: "related to the approved electricity supply resource"
Strike: subsection (5) in its entirety
Repackage: subsequent subsections

63. Page 17, line 5.
Strike: "cost recovery"
Insert: "rate"

64. Page 17, line 6.
Strike: "and"
Insert: "or"

65. Page 17, line 7.
Strike: "new electricity supply"
Following: "resource"
Insert: "or managed any power supply purchase agreement"

66. Page 17, line 8.
Strike: "electricity supply"
Insert: "rate recovery for the"

67. Page 17, line 10.
Strike: "new"

68. Page 17, line 10 through page 17, line 11.
Following: "in"
Strike: remainder of line 10 through line 11 in their entirety
Insert: "a manner consistent with 69-3-201, 69-8-419, and commission rules."

69. Page 17, line 12.
Following: "independent"
Insert: "engineering, financial, and management"

70. Page 17, line 14.
Strike: "new"

71. Page 17, line 15.
Following: "modeling."
Strike: "and"
Following: "risk management"
Insert: ", and engineering"

72. Page 17, line 17.
Strike: "electricity supply service"

73. Page 17, line 18 through page 17, line 19.
Strike: subsection (8) in its entirety
Insert: "(10) By December 31, 2007, the commission shall adopt rules prescribing minimum filing requirements for applications filed pursuant to this part."
74. Page 17, line 20.
Insert: "Section 15. Section 69-8-602, MCA, is amended to read:

"69-8-602. Distribution services provider utility net metering requirements. A distribution services provider utility shall:

(1) allow net metering systems to be interconnected using a standard kilowatt-hour meter capable of registering the flow of electricity in two directions, unless the commission determines, after appropriate notice and opportunity for comment:

(a) that the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of net metering systems, after taking into account the benefits and costs of purchasing and installing additional metering equipment; and

(b) how the costs of net metering are to be allocated between the customer-generator and the distribution services provider utility; and

(2) charge the customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class. The commission shall determine, after appropriate notice and opportunity for comment if:

(a) the distribution services provider utility will incur direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits associated with these net metering systems; and

(b) public policy is best served by imposing these costs on the customer-generator, rather than allocating these costs among the distribution services provider's utility's entire customer base."

Insert: "Section 16. Section 69-8-603, MCA, is amended to read:

"69-8-603. Net energy measurement calculation. Consistent with the other provisions of this part, the net energy measurement must be calculated in the following manner:

(1) The distribution services provider utility shall measure the net electricity produced or consumed during the billing period, in accordance with normal metering practices.

(2) If the electricity supplied by the electricity supplier exceeds the electricity generated by the customer-generator and fed back to the electricity supplier during the billing period, the customer-generator must be billed for the net electricity supplied by the electricity supplier, in accordance with normal metering practices.

(3) If electricity generated by the customer-generator exceeds the electricity supplied by the electricity supplier, the customer-generator must be:

(a) billed for the appropriate customer charges for that billing period, in accordance with 69-8-602; and

(b) credited for the excess kilowatt hours generated during the billing period, with this kilowatt-hour credit appearing on the bill for the following billing period.

(4) On January 1, April 1, July 1, or October 1 of each year, as designated by the customer-generator as the beginning date of a 12-month billing period, any remaining unused kilowatt-hour credit accumulated during the previous 12 months must be granted to the electricity supplier, without any compensation to the customer-generator."

Renumber: subsequent sections

75. Page 19, line 24.
Insert: "NEW SECTION. Section 18. Use of generation assets. Generation assets acquired by a public utility pursuant to this chapter:

(1) must be used by the public utility to serve and benefit customers within the public utility's Montana service territory; and

(2) may not be removed from the rate base unless the commission finds that customers of the public utility will not be adversely affected."

Insert: "NEW SECTION. Section 19. Codification instruction. [Section 18] is intended to be codified as an integral part of Title 69, chapter 8, part 4, and the provisions of Title 69, chapter 8, part 4, apply to [section 18]."

Renumber: subsequent sections

76. Page 19, line 25.
Following: Sections
Insert: "69-8-102,"
77. Page 19, line 26.
Strike: "69-8-401, 69-8-403,"

78. Page 19, line 27.
Following: "69-8-409,"
Insert: "and"
Strike: "and 69-8-411,"


STATE ADMINISTRATION (Himmelberger, Chairman):

HB 520, introduced bill, be amended as follows:

1. Title, page 1, line 8.
Following: ";
Insert: "REVISING WHEN BALLOTS ARE AVAILABLE FOR ABSENTEE VOTING;"

2. Title, page 1, line 11.
Following: "13-13-201,"

Insert: "Section 18. Section 13-13-205, MCA, is amended to read:

"13-13-205. When paper ballots to be available. (1) The election administrator shall ensure that paper
ballots are printed and available for absentee voting at least:
(a) 30 days prior to an election for those elections held in compliance with 13-1-107(1);
(b) 20 days prior to an election for those elections held in compliance with 13-1-104(2) and (3) and
13-1-107(2); and
(c) 45 days prior to an election held in conjunction with a federal general election in compliance with
13-1-104(1).
(2) A ballot may not be provided to an elector for absentee voting sooner than 30 days before an election,
except that an absentee ballot requested pursuant to Title 13, chapter 21, may be sent to the elector as soon as the
ballot is printed.
(2) If paper ballots are sent more than 30 days before an election, the election administrator shall include
a notice that the voter information pamphlet, when required to be distributed, will be provided pursuant to
13-27-410."

Insert: "Section 19. Section 13-13-213, MCA, is amended to read:

"13-13-213. Transmission of application to election administrator -- delivery of ballot. (1) All absentee
ballot application forms must be addressed to the appropriate election official.
(2) Except as provided in subsection (4), the elector may mail the application directly to the election
administrator or deliver the application in person to the election administrator. An agent designated pursuant to
13-1-116 or a third party may collect the elector’s application and forward it to the election administrator.
(3) The election administrator shall compare the signature on the application with the applicant’s signature
on the registration card. If convinced that the individual making the application is the same as the one whose name
appears on the registration card, the election administrator shall deliver the ballot to the elector in person or as
otherwise provided in 13-13-214, subject to 13-13-205.
(4) In lieu of the requirement provided in subsection (2), an elector who requests an absentee ballot pursuant
to 13-13-212(2) may return the application to the special absentee election board. Upon receipt of the application, the
special absentee election board shall examine the signatures on the application and a copy of the voting registration
card to be provided by the election administrator. If the special absentee election board believes that the applicant is the same person as the one whose name appears on the registration card, the special absentee election board shall provide a ballot to the elector, subject to 13-13-205."

Insert: "Section 20. Section 13-13-214, MCA, is amended to read:

"13-13-214. Mailing absentee ballot to elector -- delivery to person other than elector. (1) (a) Except as provided in 13-13-213 and in subsection (1)(b) of this section, as soon as the official paper absentee ballots are printed, the election administrator shall, no sooner than authorized in 13-13-205, immediately send by mail, postage prepaid, to each legally registered elector and provisionally registered elector from whom the election administrator has received a valid absentee ballot application under 13-13-211 and 13-13-212 whatever official ballots are necessary.

(b) The election administrator may deliver a ballot in person to an individual other than the elector if:

(i) the elector has designated the individual, either by a signed letter or by making the designation on the application form in a manner prescribed by the secretary of state or pursuant to 13-1-116;

(ii) the individual taking delivery of the ballot on behalf of the elector verifies, by signature, receipt of the ballot;

(iii) the election administrator believes that the individual receiving the ballot is the designated person; and

(iv) the designated person has not previously picked up ballots for four other electors.

(2) The election administrator shall enclose with the ballots:

(a) a form prescribed by the secretary of state that allows the elector to request absentee ballots for each subsequent federal election only or for all subsequent elections, as provided for in 13-13-212(4);

(b) a secrecy envelope, free of any marks that would identify the voter; and

(c) an envelope for the return of the ballots. The envelope must be self-addressed by the election administrator and an affirmation in the form prescribed by the secretary of state must be printed on the back of the envelope.

(3) The election administrator shall ensure that the ballots provided to an absentee elector are marked as provided in 13-13-116 and remove the stubs from the ballots, attaching the stubs to the elector’s absentee ballot application.

(4) If the ballots sent to the elector are for a primary election, the election administrator shall enclose an extra envelope marked "For Unvoted Party Ballot(s)". This envelope may not be numbered or marked in any way so that it can be identified as being used by any one elector.

(5) Instructions for voting must be enclosed with the ballots. Instructions for primary elections must include use of the envelope for unvoted ballots. The instructions must include information concerning the type or types of writing instruments that may be used to mark the absentee ballot. The instructions must include information regarding use of the secrecy envelope and use of the return envelope. The election administrator shall include a voter information pamphlet with the instructions if:

(a) a statewide ballot issue appears on the ballot mailed to the elector; and

(b) the elector requests a voter information pamphlet."

Renumber: subsequent sections


MESSAGES FROM THE SENATE

Senate bills passed and transmitted to the House for concurrence:

SB 98, introduced by Harrington
SB 209, introduced by Essmann
SB 211, introduced by Larson
SB 213, introduced by Cobb
SB 222, introduced by Esp
SB 269, introduced by Larson
SB 308, introduced by J. Peterson
SB 379, introduced by Laslovich
SB 386, introduced by Shockley
SB 406, introduced by Bales
SB 414, introduced by Laslovich

FIRST READING AND COMMITMENT OF BILLS

The following House bills were introduced, read first time, and referred to committees:

HB 664, introduced by Keane, referred to State Administration.
HB 665, introduced by Arntzen, referred to Business and Labor.
HB 666, introduced by Gallik, referred to Business and Labor.
HB 668, introduced by Stahl, Mendenhall, referred to Business and Labor.
HB 669, introduced by Arntzen, Henry, referred to Human Services.
HB 670, introduced by Himmelberger, referred to State Administration.
HB 671, introduced by Hamilton, referred to State Administration.
HB 672, introduced by Glaser, Larson, referred to Education.
HB 673, introduced by Hamilton, referred to Fish, Wildlife and Parks.
HB 674, introduced by Lange, referred to Judiciary.
HB 675, introduced by Jacobson, referred to Taxation.
HB 676, introduced by Arntzen, referred to Judiciary.
HB 677, introduced by Arntzen, referred to Appropriations.
HB 678, introduced by Lange, Glaser, Lake, Sales, Lewis, Story, Stapleton, Brown, referred to Taxation.
HB 679, introduced by Sales, referred to State Administration.
HB 680, introduced by Cohenour, referred to Appropriations.
HB 681, introduced by Driscoll, referred to Federal Relations, Energy, and Telecommunications.
HB 682, introduced by McNutt, referred to Taxation.
HB 683, introduced by Reinhart, referred to Judiciary.
HB 685, introduced by McAlpin, referred to Taxation.
HB 686, introduced by Olson, Boggio, referred to State Administration.
HB 687, introduced by W. Jones, referred to Human Services.
HB 688, introduced by Olson, referred to Federal Relations, Energy, and Telecommunications.
HB 689, introduced by Olson, referred to Federal Relations, Energy, and Telecommunications.
HB 690, introduced by Bergren, referred to Local Government.
HB 691, introduced by Villa, Lake, MacLaren, Laslovich, Laible, referred to Education.
HB 692, introduced by Barrett, Ripley, referred to State Administration.
HB 693, introduced by Butcher, referred to State Administration.
HB 694, introduced by Butcher, referred to State Administration.
HB 695, introduced by McNutt, Gillan, referred to Judiciary.
HB 696, introduced by Windy Boy, Parker, Campbell, Augare, Small-Eastman, referred to Judiciary.
HB 697, introduced by Jayne, Brown, referred to Appropriations.
HB 698, introduced by Windy Boy, Campbell, Small-Eastman, Augare, referred to Judiciary.
HB 700, introduced by Windy Boy, Campbell, Small-Eastman, Augare, referred to Education.
HB 701, introduced by Glaser, Lange, Story, Lake, Lewis, referred to Taxation.
The following House joint resolution was introduced, read first time, and referred to committee:

**HJR 36**, introduced by Lambert, McNutt, Heinert, Hands, Dickinson, Cohenour, Barrett, Vincent, Erickson, Ross, Ankney, Hendrick, referred to Natural Resources.

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

Majority Leader Lange moved the House resolve itself into a Committee of the Whole for consideration of business on second reading. Motion carried. Representative Nooney in the chair.

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

**HB 371** - Representative Sonju moved **HB 371** do pass. Motion carried as follows:


Total 75

Noes: Augare, Becker, Bixby, Branae, Caferro, Callahan, Driscoll, Franklin, Grinde, Hamilton, Himmelberger, Hiner, Jayne, Jopek, Jore, Kasten, Keane, Koopman, McGillvray, Mendenhall, Raser, Ripley, Wells, Wilson, Mr. Speaker.

Total 25

Excused: None.

Total 0

**HB 112** - Representative Arntzen moved **HB 112** do pass. Motion carried as follows:


Total 96

Noes: Jopek, Jore, Koopman, Stoker.

Total 4

Excused: None.
Total 0

Absent or not voting: None.
Total 0

**HB 217 - Representative Lange moved HB 217 do pass.** Motion carried as follows:

Total 63

Total 36

Excused: None.
Total 0

Absent or not voting: W. Jones.
Total 1

**HB 235 - Representative Dutton moved HB 235 do pass.** Motion carried as follows:

Total 83

Noes: Barrett, Blasdel, Clark, Heinert, Ingraham, Jore, Kasten, Kerns, Koopman, Lake, Ripley, Sinrud, Stoker, Taylor, Wells, Witte, Mr. Speaker.
Total 17

Excused: None.
Total 0

Absent or not voting: None.
Total 0

**HB 299 - Representative Milburn moved HB 299 do pass.** Motion carried as follows:

Ayes: Ankney, Arntzen, Barrett, Beck, Blasdel, Boggio, Butcher, Campbell, Clark, Dutton, Ebinger, Everett, French, Glaser, Hamilton, Hands, Hawk, Heinert, Hendrick, Hilbert, Himmelberger, Hiner, Ingraham, L. Jones,
Total 65

Total 35

Excused: None.
Total 0

Absent or not voting: None.
Total 0

HB 337 - Representative Cohenour moved HB 337 do pass. Motion carried as follows:

Total 93

Noes: Ingraham, Jore, Kasten, Koopman, Peterson, Rice.
Total 6

Excused: None.
Total 0

Absent or not voting: MacLaren.
Total 1

HB 414 - Representative Reinhart moved HB 414 do pass. Motion carried as follows:

Total 100
Noes: None.
Total 0

Excused: None.
Total 0

Absent or not voting: None.
Total 0

HB 490 - Representative French moved HB 490 do pass. Motion carried as follows:

Total 100

Noes: None.
Total 0

Excused: None.
Total 0

Absent or not voting: None.
Total 0

HB 510 - Representative Stahl moved HB 510 do pass. Motion carried as follows:

Total 85

Noes: Himmelberger, Jore, Kasten, Koopman, McGillvray, Mendenhall, Pommichowski, Rice, Ripley, Sinrud, Sonju, Villa, Ward, Witte, Mr. Speaker.
Total 15

Excused: None.
Total 0

Absent or not voting: None.
Total 0
HB 351 - Representative Sinrud moved HB 351 do pass. Motion carried as follows:

Total 51

Total 49

Excused: None.
Total 0

Absent or not voting: None.
Total 0

Majority Leader Lange moved the committee rise and report. Motion carried. Committee arose. House resumed. Mr. Speaker in the chair. Chairman Nooney moved the Committee of the Whole report be adopted. Report adopted as follows:

Total 67

Total 29

Excused: None.
Total 0

Absent or not voting: Caferro, Franklin, Nooney, Windy Boy.
Total 4

THIRD READING OF BILLS

The following bills having been read three several times, title and history agreed to, were disposed of in the following manner:
HB 253 passed as follows:

Total 99

Noes: None.
Total 0

Excused: None.
Total 0

Absent or not voting: McChesney.
Total 1

HB 291 passed as follows:

Total 98

Noes: None.
Total 0

Excused: None.
Total 0

Absent or not voting: Kottel, McChesney.
Total 2

HB 328 passed as follows:

Total 99
Noes: None.
Total 0
Excused: None.
Total 0
Absent or not voting: McC Chesney.
Total 1

HB 426 passed as follows:

Total 95
Noes: Jore, Koopman, Mendenhall.
Total 3
Excused: None.
Total 0
Absent or not voting: Bergren, McC Chesney.
Total 2

HB 433 passed as follows:

Total 99
Noes: None.
Total 0
Excused: None.
Total 0

Absent or not voting: McChesney.
Total 1

**HB 437** passed as follows:

Total 98

Noes: Lange.
Total 1

Excused: None.
Total 0

Absent or not voting: McChesney.
Total 1

**HB 449** passed as follows:

Total 95

Noes: Himmelberger, Koopman, McGillvray, Mendenhall.
Total 4

Excused: None.
Total 0

Absent or not voting: McChesney.
Total 1
HB 532 passed as follows:

Total 94

Noes: Everett, Jore, Kasten, Koopman.
Total 4

Excused: None.
Total 0

Absent or not voting: French, McChesney.
Total 2

HJR 13 adopted as follows:

Total 65

Total 34

Excused: None.
Total 0

Absent or not voting: McChesney.
Total 1

HB 403 failed as follows:

Total 45

Noes: Ankney, Augare, Becker, Bergren, Bixby, Branae, Caferro, Callahan, Campbell, Cohenour, Cordier,
Total 53

Excused: None.
Total 0

Absent or not voting: McChesney, Stahl.
Total 2

REPRESENTS OF STANDING COMMITTEES

APPROPRIATIONS (Sinrud, Chairman): 2/13/2007

HB 13, introduced bill, be amended as follows:

1. Title, line 8.
Following: "AGENCIES;"
Insert: "PROHIBITING THE TRANSFER OF FUNDS FOR PURPOSES OF FUNDING PERSONAL SERVICES PAY INCREASES;"

2. Title, line 14.
Following: "15-2-102,"
Insert: "17-7-102, 17-7-138, 17-7-139,"

3. Page 6, line 17.
Following: "2-18-104."
Insert: "The broadband classification plan must provide for pay based upon but not limited to job performance, employee competencies, and market progression. An employee’s performance must be evaluated by an annual performance appraisal."

Following: "position."
Insert: "Each position must have a current job description."

5. Page 9, line 4.
Following: "ranges."
Insert: "Subject to a collective bargaining agreement, if applicable, the initial market rate used in establishing occupational pay ranges may not exceed 85% of the market as identified in the approved market survey used in establishing occupational pay ranges. This subsection does not require a reduction in pay for an employee whose pay exceeds the initial market rate. Occupational pay ranges must be the same for similar jobs in all agencies."

6. Page 9, line 15.
Following: "plan"
Insert: "-- report"

Following: "2007," on line 5
Insert: "(7) The department shall prepare an annual report on the recruitment and retention of state employees."

Strike: the first "December"
Insert: "June"
Strike: "January 2008"
Insert: "July 2007"
Strike: the second "December"
Insert: "June"
Strike: "January 2009"
Insert: "July 2008"

Insert: "Section 20. Section 17-7-102, MCA, is amended to read:

"17-7-102. Definitions. As used in this chapter, the following definitions apply:

(1) "Additional services" means different services or more of the same services.
(2) "Agency" means all offices, departments, boards, commissions, institutions, universities, colleges, and any other person or any other administrative unit of state government that spends or encumbers public money by virtue of an appropriation from the legislature under 17-8-101.
(3) "Approving authority" means:
   (a) the governor or the governor’s designated representative for executive branch agencies;
   (b) the chief justice of the supreme court or the chief justice’s designated representative for judicial branch agencies;
   (c) the speaker for the house of representatives;
   (d) the president for the senate;
   (e) appropriate legislative committees or a designated representative for legislative branch agencies; or
   (f) the board of regents of higher education or its designated representative for the university system.
(4) "Base budget" means the resources for the operation of state government that are of an ongoing and nonextraordinary nature in the current biennium. The base budget for the state general fund and state special revenue funds may not exceed that level of funding authorized by the previous legislature.
(5) "Budget amendment" means a temporary appropriation as provided in Title 17, chapter 7, part 4.
(6) "Emergency" means a catastrophe, disaster, calamity, or other serious unforeseen and unanticipated circumstance that has occurred subsequent to the time that an agency’s appropriation was made, that was clearly not within the contemplation of the legislature and the governor, and that affects one or more functions of a state agency and the agency’s expenditure requirements for the performance of the function or functions.
(7) "Funds subject to appropriation" means those funds required to be paid out of the treasury as set forth in 17-8-101.
(8) "Necessary" means essential to the public welfare and of a nature that cannot wait until the next legislative session for legislative consideration.
(9) (a) "New proposals" means requests to provide new nonmandated services, to change program services, to eliminate existing services, or to change sources of funding.
   (b) For Subject to subsection (9)(c), for purposes of establishing the present law base, the distinction between new proposals and the adjustments to the base budget to develop the present law base is to be determined by the existence of constitutional or statutory requirements for the proposed expenditure. Any proposed increase or decrease that is not based on those requirements is considered a new proposal.
   (c) Any adjustment to the personal services portion of the base budget in excess of the funding provided in the fully funded pay plan approved by the previous legislature must be considered a new proposal. For the purposes of this subsection (9)(c), the fully funded pay plan is the aggregate amount appropriated for personal services by the previous legislature for a department, agency, or program, including present law adjustments.
(10) "Present law base" means, subject to subsection (9)(c), that level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:
Section 21. Section 17-7-138, MCA, is amended to read:

"17-7-138. Operating budget. (1) (a) Expenditures by a state agency must be made in substantial compliance with the budget approved by the legislature. Substantial compliance may be determined by conformity to the conditions contained in the general appropriations act and to legislative intent as established in the narrative accompanying the general appropriations act. An explanation of any significant change in agency or program scope must be submitted on a regular basis to the interim committee that has program evaluation and monitoring functions for the agency pursuant to Title 5, chapter 5, part 2. An explanation of any significant change in agency or program scope, objectives, activities, or expenditures must be submitted to the legislative fiscal analyst for review and comment by the legislative finance committee prior to any implementation of the change. A significant change may not conflict with a condition contained in the general appropriations act. If the approving authority certifies that a change is time-sensitive, the approving authority may approve the change prior to the next regularly scheduled meeting of the legislative finance committee. The approving authority shall submit all proposed time-sensitive changes to the legislative fiscal analyst prior to approval. If the legislative fiscal analyst determines that notification of the legislative finance committee is warranted, the legislative fiscal analyst shall immediately notify as many members as possible of the proposed change and communicate any concerns expressed to the approving authority. The approving authority shall present a report fully explaining the reasons for the action to the next meeting of the legislative finance committee. Except as provided in subsection (2), the expenditure of money appropriated in the general appropriations act is contingent upon approval of an operating budget by August 1 of each fiscal year. An approved original operating budget must comply with state law and conditions contained in the general appropriations act.

(b) For the purposes of this subsection (1), an agency or program is considered to have a significant change in its scope, objectives, activities, or expenditures if:

(i) the operating budget change exceeds $1 million; or

(ii) the operating budget change exceeds 25% of a budget category and the change is greater than $25,000.

If there have been other changes to the budget category in the current fiscal year, all the changes, including the change under consideration, must be used in determining the 25% and $25,000 threshold.

(2) The expenditure of money appropriated in the general appropriations act to the board of regents, on behalf of the university system units, as defined in 17-7-102, is contingent upon approval of a comprehensive operating budget by October 1 of each fiscal year. The operating budget must contain detailed revenue and expenditures and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. After the board of regents approves operating budgets, transfers between units may be made only with the approval of the board of regents. Transfers and related justification must be submitted to the office of budget and program planning and to the legislative fiscal analyst.

(3) The operating budget for money appropriated by the general appropriations act must be separate from the operating budget for money appropriated by another law except a law appropriating money for the state pay plan or any portion of the state pay plan. The legislature may restrict the use of funds appropriated for personal services to allow use only for the purpose of the appropriation. Each operating budget must include expenditures for each agency program, detailed at least by first-level categories as provided in 17-1-102(3). Each agency shall record its
operating budget for all funds, other than higher education funds, and any approved changes on the statewide budget and accounting state financial system. Documents implementing approved changes must be signed. The operating budget for higher education funds must be recorded on the university financial system, with separate accounting categories for each source or use of state government funds. State sources and university sources of funds may be combined for the general operating portion of the current unrestricted funds.”

Insert: "Section 22. Section 17-7-139, MCA, is amended to read:

“17-7-139. Program transfers. (1) (a) Unless prohibited by law or a condition contained in the general appropriations act, the approving authority may approve agency requests to transfer appropriations between programs within each fund type within each fiscal year. The legislature may restrict the use of funds. Funds appropriated for personal services to allow use may be used only for the purpose of the appropriation, and funds not appropriated for personal services may not be used for personal services.

(b) An explanation of any significant transfer must be submitted on a regular basis to the interim committee that has program evaluation and monitoring functions for the agency pursuant to Title 5, chapter 5, part 2. An explanation of any transfer that involves a significant change in agency or program scope, objectives, activities, or expenditures must be submitted to the legislative fiscal analyst for review and comment by the legislative finance committee prior to any implementation of the change. If the approving authority certifies that a request for a transfer representing a significant change in agency or program scope, objectives, activities, or expenditures is time-sensitive, the approving authority may approve the transfer prior to the next regularly scheduled meeting of the legislative finance committee. The approving authority shall submit all proposed time-sensitive changes to the legislative fiscal analyst prior to approval. If the legislative fiscal analyst determines that notification of the legislative finance committee is warranted, the legislative fiscal analyst shall immediately notify as many members as possible of the proposed change and communicate any concerns expressed to the approving authority. The approving authority shall present a report fully explaining the reasons for the action to the next meeting of the legislative finance committee. All program transfers must be completed within the same fund from which the transfer originated. A request for a transfer accompanied by a justification explaining the reason for the transfer must be submitted by the requesting agency to the approving authority and the office of budget and program planning. Upon approval of the transfer in writing, the approving authority shall inform the legislative fiscal analyst of the approved transfer and the justification for the transfer.

(c) If money appropriated for a fiscal year is transferred to another fiscal year, the money may not be retransferred, except that money remaining from projected costs for spring fires estimated in the last quarter of the first year of a biennium may be retransferred.

(2) For the purposes of subsection (1)(b), an agency or program is considered to have a significant change in its scope, objectives, activities, or expenditures if:

(a) the budget transfer exceeds $1 million; or

(b) the budget transfer exceeds 25% of a program’s total operating plan and the transfer is greater than $25,000. If there have been other transfers to or from the program in the current fiscal year, all the transfers, including the transfer under consideration, must be used in determining the 25% and $25,000 threshold.”

Renumber: subsequent sections

Insert: “NEW SECTION. Section 25. Performance audit. The legislative auditor is requested to conduct a performance audit of the broadband classification pay plan after July 1, 2008.”

Renumber: subsequent sections

Following: "2-18-303"
Insert: "and 2-18-703"

Strike: "$6,295,995 $9,732,127 $14,945,346 $22,195,176"
Insert: "$5,318,049 $8,390,636 $11,907,367 $18,074,387"
13. Page 19, line 27.
Strike: "$13,819,321  $9,945,416  $32,040,381  $22,662,994"
Insert: "$12,841,375  $8,603,925  $29,002,402  $18,542,155"

Following: line 27
Insert: "(6) The following money is appropriated to the executive branch to implement the adjustments provided for in 2-18-303 and 2-18-703 contingent upon the budget director certifying in writing to the legislative finance committee that the group benefits account in the internal service fund has maintained for at least 2 months and will maintain for the remainder of the biennium a working capital balance of no more than 60 days, in compliance with federal office of management and budget, circular A-87.

<table>
<thead>
<tr>
<th>Fiscal Year 2008</th>
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<td>General Fund</td>
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<td>$4,120,789</td>
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15. Page 21, line 1.
Strike: "23"
Insert: "27"
Strike: "25"
Insert: "29"

MOTIONS

Majority Leader Lange moved HB 217 be rereferred to the Committee on Appropriations. There being no objections, so ordered.

Majority Leader Lange moved HB 280 be moved from the Committee on Local Government to the Committee on Education. There being no objections, so ordered.

Majority Leader Lange moved HB 294 be moved from the Committee on Appropriations to the Committee on State Administration. There being no objections, so ordered.

ANNOUNCEMENTS

Committee meetings were announced by the committee chairs.

Majority Leader Lange moved that the House adjourn until 1:00 p.m., Wednesday, February 14, 2007. Motion carried.

House adjourned at 3:10 p.m.

MARILYN MILLER  SCOTT SALES
Chief Clerk of the House  Speaker of the House