Senate convened at 12:00 p.m. President Cooney presiding. Invocation by Father Jerry Lowney. Pledge of Allegiance to the Flag.

Roll Call. Senator Weinberg excused. Quorum present.

Yea: Bales, Barkus, Black, Brueggeman, Cobb, Cocchiarella, Curtiss, Elliott, Esp, Essmann, Gallus, Gillan, Hansen, Harrington, Hawks, Jent, Juneau, Kaufmann, Kitzenberg, Laible, Larson, Laslovich, Lewis, Moss, Murphy, Pease, Perry, Peterson, Ryan, Schmidt, Smith, Squires, Stapleton, Steinbeisser, Story, Tash, J. Tropila, M. Tropila, Wanzenried, Williams, Mr. President.
Total 41

Total 8

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

Reports of Standing Committees

State Administration (Squires, Chairman):

Taxation (Elliott, Chairman):
HJR 61, be concurred in. Report adopted.

Messages from the Governor

April 20, 2007

The Honorable Mike Cooney
President of the Senate
State Capitol
Helena, MT 59620

The Honorable Scott Sales
Speaker of the House
State Capitol
Helena, MT 59620

Dear President Cooney and Speaker Sales:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto Senate Bill (SB) 465, “AN ACT EXEMPTING THE STATE COMPENSATION INSURANCE FUND
In 2001, the Montana Legislature passed the Montana Information Technology Act, because it recognized the importance of information technology (IT) in the 21st century. The 2001 Legislature recognized that information technology - hardware, software, and associated services and infrastructure - has become a key component of any large organization’s infrastructure, and the State of Montana is no exception. Montana citizens - taxpayers, licensees, business people, benefit recipients - depend on the state’s IT to be operational and efficient. The 2001 Legislature recognized the importance by declaring the state’s policy “that information technology be used to improve the quality of life of Montana citizens by providing educational opportunities, creating quality jobs and a favorable business climate, improving government, and protecting individual privacy and the privacy of the information contained within information technology systems.” Mont. Code Ann. § 2-17-505(1).

The central purpose of the Montana Information Technology Act (“MITA”) is to establish centralized management and control of information technology for the State of Montana and its agencies. The state policy, MITA continues, is that the “development of information technology resources in the state must be conducted in an organized, deliberative, and cost-effective manner.” Mont. Code Ann. § 2-17-505(2).

The Montana Information Technology Act sets high standards for the delivery of the state’s information technology. MITA declares that the Department of Administration, in providing IT services, “must be accountable to the governor, the legislature, and the citizens of Montana.” Mont. Code Ann. § 2-17-505(3). The Chief Information Officer is an appointed position and is accountable for the delivery of an efficient IT system that Montanans need and demand. As Governor, I not only expect that the state’s computers will operate effectively and efficiently so that the state can deliver its services to the people of Montana, I accept that as head of the executive branch of government, my Administration will be held accountable if it does not.

The Montana Information Technology Act was crafted by a legislative interim committee, which devoted two years to studying how to improve the delivery of information technology in state government. Prior to passage of MITA in 2001, Montana’s information technology system was fragmented and prone to failures. Many of you recall the POINTS debacle, in which the State of Montana wasted a minimum of $35 million contracting for a computer system for the Department of Revenue that was never delivered. Some estimate the loss to the State closer to $60 million. This unfortunate experience was a major reason for the planning and procurement controls and oversight established in MITA.

The 2001 Legislature determined that oversight of state government’s information technology should be consolidated under one roof. SB 131, sponsored by Sen. Mike Taylor by request of the Legislative Finance Committee, passed the 2001 Legislature with only one dissenting vote. The interim committee recommended that all executive branch agencies except those then excluded from governance by the Department of Administration come within the provisions of MITA.

As recently as November of 2005, the Legislative Auditor completed an audit of the enterprise IT management responsibilities of the Department of Administration. The auditors considered the legislative intent of MITA and discussed the many benefits of having one agency manage and lead the direction of IT. The audit report recommended the Department be more proactive in exerting centralized management and control, as required under the statutes. The Department, the Chief Information Officer, and the Governor’s Office of Budget and Program Planning have worked diligently to implement the audit recommendations.

This legislative session, the State Fund came to you asking to be segregated from the planning and procurement controls of MITA. The State Fund is an agency in the executive branch of government subject to laws applicable to all other state agencies. The State Fund has presented its case that it is different than other state agencies, because
it competes for business with the private sector and must operate like an insurance company.

The fatal flaw with the State Fund’s argument is that every agency of government can make its case for being unique. The Department of Public Health and Human Services could argue that the confidentiality requirements of HIPAA (the Health Insurance Portability and Accountability Act) demand its own individualized information technology system. The Department of Revenue could argue that the need for an efficient tax system and the requirements for confidentiality of state taxpayer information under both state and federal law demand it be exempted from centralized management and control. The Department of Justice could demand that its criminal justice information warrants that it be segregated from the unified IT system.

The State Fund is the first state agency to request the legislature exempt it from MITA, based on its argument that its needs are special. SB 465 represents the first challenge to Montana’s effort to establish a comprehensive, integrated IT strategy that promotes sound business management practices. Exempting the State Fund from MITA would set a dangerous precedent. If the legislature capitulates to this first effort, other agencies soon will follow. SB 465 will be the first chink in the determination made by the legislature a mere six years ago that what is best for Montana is an enterprise approach to IT management, control, and shared services.

Notable, too, is that, as enacted, MITA anticipated that there will be occasions when exceptions to the unified system may be appropriate, and MITA, itself, provides a mechanism for granting exceptions. The Act provides that “if it is in the best interests of the state,” the Department of Administration may grant exceptions to any part of the state’s information technology requirements. Mont Code Ann. § 2-17-515. Legislative oversight to the granting of exceptions is provided under statute. See 2-17-515 and 5-12-205. Therefore, statutorily exempting the State Fund from MITA, as proposed in SB 465, is inconsistent with the process established for the granting of exceptions already contained in MITA.

Prior to the 2007 legislative session, the Department of Administration attempted to negotiate with the State Fund pursuant to the provisions of 2-17-515. Rather than continuing to seek to resolve its differences pursuant to the statutory mechanism, the State Fund instead chose to seek an outright exemption from the IT laws by promoting SB 465. I can assure you that if my veto is sustained, the Department of Administration will continue to work with the State Fund within the existing statutory provisions to address and resolve the concerns of the State Fund.

Finally, I do not want to leave you with any false impressions. Computer systems are not foolproof. They can and do crash. You may have heard about two computer outages to the state’s system that occurred in the last couple of years as justification for SB 465. The State Fund, too, suffered its own outage in 2006, when the State Fund installed a new switch on equipment under its control and disabled an important part of its agency network services.

Such outages, however, are not a reason for abandoning MITA. The real issue is whether an organization is prepared to respond when an outage occurs. It is my belief that centralized control of infrastructure – with all the necessary maintenance contracts and support structures in place to access vendor expertise – is better equipped to respond to the inevitable outage. MITA, in its current form, embodies this sound policy.

To conclude, the Montana Legislature enacted an enterprise approach for the delivery of information technology to the people of Montana. The public policy behind MITA is to promote operational effectiveness and efficiency. I believe SB 465 is contrary to this policy. SB 465 would create inefficiency and higher costs for IT operations both at the State Fund and the Department of Administration. I am not convinced that exempting the State Fund from MITA will benefit workers’ compensation recipients or Montanans, generally. To the contrary, all arguments lead me to the conclusion that the State Fund should remain part of the state’s information technology enterprise, for which my Administration is held accountable.

I return SB 465 to you with these reasons for my veto. I ask you to sustain this veto.
SENATE JOURNAL
EIGHTY-SIXTH LEGISLATIVE DAY - APRIL 23, 2007

Sincerely,

BRIAN SCHWEITZER
GOVERNOR

cc: Legislative Services Division

MOTIONS

SEN. JEFF ESSMANN, SD 28, BILLINGS moved to take HB 321 from Public Health and Safety Committee and placed on second reading the 87th Legislative day. Motion failed as follows:

Yeas: Bales, Balyeat, Barkus, Black, Brown, Brueggeman, Curtiss, Esp, Essmann, Gebhardt, Jackson, Kitzenberg, Laible, Lewis, McGee, Murphy, O’Neil, Perry, Peterson, Shockley, Stapleton, Steinbeisser, Story, Tash, J.Tropila.
Total 25

Total 25

Paired: Barkus, Aye; Weinberg, No.

Absent or not voting: None.
Total 0

Excused: None.
Total 0

SEN. KELLY GEBHARDT, SD 23, ROUNDUP moved to override the Governor’s veto on HB 469. Motion failed as follows:

Total 31

Total 19

Paired: Bales, Barkus, Ayes; Weinberg, No.

Absent or not voting: None.
Total 0

Excused: None.
Total 0
SEN. JOHN BRUEGGEMAN, SD 6, POLSON moved to take HB 466 from Judiciary Committee and placed on second reading the 87th Legislative day. Motion failed as follows:

Yeas: Bales, Balyeat, Barkus, Black, Brown, Brueggeman, Cobb, Curtiss, Esp, Essmann, Gallus, Gebhardt, Jackson, Kitzenberg, Laible, Lewis, Murphy, Perry, Peterson, Shockley, Stapleton, Steinbeisser, Story, Tash. Total 24


Absent or not voting: None. Total 0

Excused: Weinberg. Total 1

SEN. AUBYN CURTISS, SD 1, FORTINE moved to take HJR 31 out of Natural Resources Committee and placed on second reading the 87th Legislative day. Motion failed as follows:

Yeas: Bales, Balyeat, Barkus, Black, Brown, Brueggeman, Cobb, Curtiss, Esp, Essmann, Gebhardt, Jackson, Laible, Lewis, McGee, Murphy, O’Neil, Perry, Peterson, Shockley, Stapleton, Steinbeisser, Story, Tash, J.Tropila. Total 25


Paired: Barkus, Aye; Weinberg, No.

Absent or not voting: None. Total 0

Excused: None. Total 0

SEN. JOE BALEYAT, SD 34, BOZEMAN moved to change his vote on SB 436 from "yes" to "no". Motion carried.

SECOND READING OF BILLS (COMMITTEE OF THE WHOLE)

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

Mr. President: We, your Committee of the Whole, having had under consideration business on second reading, recommend as follows:
SB 127 - House Amendments - Senator Wanzenried moved House amendments to SB 127 be concurred in. Motion carried as follows:


Nays: Bales, Balyeat, Barkus, Curtiss, Esp, Gebhardt, Jackson, Laslovich, McGee, Perry, Stapleton, Story, Tash.
Total 13

Absent or not voting: None.
Total 0

Excused: Harrington, Weinberg.
Total 2

SB 227 Conference Committee Report - Senator Laslovich moved consideration of SB 227 be passed for the day. Motion carried.

HB 822 - Senator Brueggeman moved HB 822 be concurred in. Motion carried as follows:


Nays: Bales, Balyeat, Barkus, Black, Brown, Elliott, Esp, Essmann, Gebhardt, Jackson, Laible, McGee, Murphy, O’Neil, Perry, Ryan, Shockley, Stapleton, Steinbeisser, Story, Tash.
Total 21

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

HJR 59 - Senator Balyeat moved HJR 59 be concurred in. Motion carried unanimously.

Senator Williams moved the committee rise and report. Motion carried. Committee arose. Senate resumed. President Cooney in the chair. Chairman Gallus moved the Committee of the Whole report be adopted. Report adopted unanimously.

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:

SB 309 house amendments be concurred in as follows:
Total 47

Nays: Juneau, Kaufmann.
Total 2

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

SB 130 house amendments be concurred in as follows:

Total 49

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

SB 222 house amendments be concurred in as follows:

Total 49

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1
SB 233 house amendments be concurred in as follows:

Total 47

Nays: Balyeat, O’Neil.
Total 2

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

SB 486 house amendments be concurred in as follows:

Total 49

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

SB 518 house amendments be concurred in as follows:

Total 38

Nays: Cocchiarella, Gallus, Juneau, Kaufmann, Larson, Moss, Ryan, Smith, M.Tropila, Wanzenried, Mr. President.
Total 11

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

**SB 538** house amendments be concurred in as follows:


Total 45

Total 4

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

**HB 357** Governor’s amendments be concurred in as follows:


Total 49

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

**SB 549** house amendments be concurred in as follows:


Total 48

Nays: McGee.
Total 1

Absent or not voting: None.
Total 0
Excused: Weinberg.
Total 1

SB 436 house amendments be concurred in as follows:

Yeas: Barkus, Black, Brueggeman, Cocchiarella, Elliott, Esp, Gallus, Gebhardt, Gillan, Hansen, Harrington, Jent, Kaufmann, Kitzenberg, Laible, Laslovich, Lewis, Lind, Moss, Murphy, O’Neil, Pease, Perry, Ryan, Schmidt, Shockley, Smith, Squires, Stapleton, Tash, J. Tropila, M. Tropila, Williams, Mr. President.
Total 34

Total 15

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

SB 525 house amendments be concurred in as follows:

Total 49

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

HJR 50 concurred in as follows:

Total 43

Nays: Bales, Esp, Gebhardt, Shockley, Stapleton, Steinbeisser.
Total 6

Absent or not voting: None.
Total 0
Excused: Weinberg.
Total 1

**SB 49**, conference committee report adopted as follows:

Total 49

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

**SB 147** conference committee report adopted as follows:

Total 46

Nays: Cobb, Esp, McGee.
Total 3

Absent or not voting: None.
Total 0

Excused: Weinberg.
Total 1

**SB 365** conference committee report adopted as follows:

Total 44

Nays: Bales, Balyeat, Cobb, Gebhardt, O’Neil.
Total 5

Absent or not voting: None.
Total 0
SPECIAL ORDERS OF THE DAY

President Cooney presented the Montana State Senate Recycling Program awards.

LEGISLATIVE ADMINISTRATION (Smith, Chairman):

MR. PRESIDENT:

We, your committee on Legislative Administration recommend that employment of the following attaches of the Senate be terminated as of 9:00 a.m., Saturday, April 21, 2007:

<table>
<thead>
<tr>
<th>TITLE</th>
<th>NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pages:</td>
<td>Bryan Nickerson, Missoula</td>
</tr>
<tr>
<td></td>
<td>Keefe Toole, Helena</td>
</tr>
<tr>
<td></td>
<td>Logan Lloyd, Polson</td>
</tr>
<tr>
<td></td>
<td>Faith Tash, Dillon</td>
</tr>
<tr>
<td></td>
<td>Dani Parker, St. Ignatius</td>
</tr>
<tr>
<td></td>
<td>Katie King, Billings</td>
</tr>
<tr>
<td></td>
<td>Hannah Knobel, Conrad</td>
</tr>
</tbody>
</table>

and recommend that the following attaches of the Senate be employed as of 9:00 a.m., Monday, April 23, 2007:

<table>
<thead>
<tr>
<th>TITLE</th>
<th>NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pages:</td>
<td>Jamie Fox, Harlem</td>
</tr>
<tr>
<td></td>
<td>Sarah Burke, Billings</td>
</tr>
<tr>
<td></td>
<td>Kade Fleenor, Eureka</td>
</tr>
<tr>
<td></td>
<td>Brandon Leonhardt, Forsyth</td>
</tr>
<tr>
<td></td>
<td>Amber Mergenthaler, Polson</td>
</tr>
<tr>
<td></td>
<td>Vincent Lucier, Anaconda</td>
</tr>
</tbody>
</table>

Report Adopted.

ANNOUNCEMENTS

Committee meetings were announced by the committee chairs.

Majority Leader Williams moved that the Senate adjourn until 2:00 p.m., Tuesday, April 24, 2007. Motion carried.

Senate adjourned at 1:49 p.m.