Senate convened at 11:00 a.m. President Barrett presiding. Invocation by Pastor Johnson. Pledge of Allegiance to the Flag.

Roll Call. Forty-nine members present, Buttrey excused. Quorum present.

BILLS AND JOURNALS

Correctly printed: HB 8, HJ 21, HJ 23, HJ 26, HJ 27, HJ 29.
Examined by the sponsor and found to be correct: SB 115, SB 193, SB 233, SB 252, SB 272, SB 385, SB 411, SR 56, SR 58, SR 59, SJ 12, SJ 22.
Transmitted to the House: HJ 21, HJ 26, HJ 27, HJ 29.
Signed by the Secretary of the Senate at 7:50 a.m., April 24, 2015: SB 122, SB 245, SB 259, SB 312, SB 375, SB 387, SJ 20, SJ 21, SR 5.
Signed by the Secretary of the Senate at 11:50 a.m., April 24, 2015: SB 157, SB 193, SB 211, SJ 12, SJ 22, SR 50, SR 54, SR 56, SR 58, SR 59.
Signed by the President at 8:00 a.m., April 24, 2015: SB 100, SB 175, SB 284, SB 399, SR 34, SR 46, SR 55, SR 57.
Signed by the President at 8:20 a.m., April 24, 2015: SB 122, SB 245, SB 259, SB 312, SB 375, SB 387, SJ 20, SJ 21, SR 5.
Signed by the President at 12:24 p.m., April 24, 2015: SR 50, SR 54, SR 56, SR 58, SR 59, SB 157, SB 193, SB 211, SJ 12, SJ 22.
Signed by the Speaker at 4:40 p.m., April 24, 2015: SB 83, SB 188, SB 334, SJ 24.
Delivered to the Secretary of State at 10:33 a.m., April 24, 2015: SR 5, SR 34, SR 46, SR 55, SR 57.
Delivered to the Secretary of State at 2:21 p.m., April 24, 2015: SR 50, SR 54, SR 56, SR 58, SR 59.

REPORTS OF STANDING COMMITTEES

FINANCE AND CLAIMS (Jones, Chair):

HB 8, be concurred in. Report adopted.
Ms. President and Mr. Speaker:

We, your Free Conference Committee met and considered Senate Bill 354 (reference copy -- salmon) and recommend this Free Conference Committee report be adopted.

And, recommend that Senate Bill 354 (reference copy -- salmon) be amended as follows:

1. Title, page 1, line 10 through line 11.
   Strike: "REQUIRING" on line 10 through "FORMULA;" on line 11

2. Page 2, line 17.
   Following: "account"
   Insert: " -- annual transfer to school facility and technology account"

3. Page 2, line 27.
   Following: "through 6]."
   Insert: "The state treasurer shall transfer 10% of the interest earnings received from the build Montana endowment fund to the school facility and technology account established in 20-9-516 for funding projects outlined in 20-9-516(1)(c), (1)(d), and (1(f))."

   Following: "5]."
   Insert: "The subcommittee may establish ranking criteria for infrastructure projects."

5. Page 3, line 14 through line 15.
   Strike: "BETWEEN" on line 14 through "1(F)." on line 15

   Following: "approval."
   Insert: "Grants for local government road and street projects may not exceed 30% of the total funds available for granting from the build Montana fund in a biennium."

7. Page 3, line 22.
   Following: line 21
   Insert: "(8) The department of commerce shall administer the grants approved by the legislature."

8. Page 3, line 24 through line 25.
   Strike: "and the" on line 24 through "conservation" on line 25
Strike: "a list to the subcommittee"
Insert: "to the subcommittee a list"
Following: "projects"
Insert: "and a list of local government road and street projects"

Following: "to"
Insert: ": (a)"

Following: "criteria"
Insert: "for infrastructure projects that are not local government road or street projects; and (b) the criteria established under [section 6] for local government road and street projects"

Strike: "May"
Insert: "February"
Following: "year,"
Insert: "governing bodies of"

Strike: "organizations" on line 29 through "governments,“ on line 30

Strike: "AN ENTITY" on page 3, line 30 through "SYSTEMS" on page 4, line 1
Insert: "the statewide interoperability governing board"

15. Page 4, line 1 through line 2.
Strike: "a list" on line 1 through "recommended" on line 2
Insert: "applications for infrastructure projects to the department of commerce"

Strike: section 6 in its entirety
Insert: "NEW SECTION. Section 6. Criteria for local government road and street project grants -- application requirements. (1) Grants for local government road and street projects are available for:
(a) preventive maintenance;
(b) rehabilitation, including projects designed to extend the life of existing road surfaces by pothole filling, crack sealing, chip sealing, graveling, asphalting, and overlaying;
(c) restoration;
(d) construction; and
(e) reconstruction.
(3) A local government road or street project for construction improvement of a gravel road should be designed in accordance with the Montana county gravel road standards established by"
the local technical assistance program at Montana state university as a minimum design standard.

(4) A local government road or street project for construction improvement of a paved street or road should be designed in accordance with the standards of the American association of state highway and transportation officials if applicable.

(5) Applications for local government road and street project grants must provide the following information:
   (a) scope;
   (b) schedule;
   (c) budget, including the amount and source of the match requirement and the strategy for administering and tracking;
   (d) roles and responsibilities of the local government; and
   (e) maintenance commitment by the local government.

(6) All grant recipients for local government road and street projects under [section 3] shall comply with the provisions of Title 7, chapter 5, part 23, and Title 7, chapter 14, part 24."

For the Senate: For the House:
Ripley, Chair G. Bennett, Vice Chair
L. Jones Lieser
Sesso Noland


FREE CONFERENCE COMMITTEE
on Senate Bill 418
Report No. 001, April 23, 2015

Ms. President and Mr. Speaker:
We, your Free Conference Committee met and considered Senate Bill 418 (reference copy -- salmon) and recommend this Free Conference Committee report be adopted.

And, recommend that Senate Bill 418 (reference copy -- salmon) be amended as follows:

1. Title, page 1, line 5.
   Following: "ACT;"
   Insert: "REVISING LAWS GOVERNING STATE EMPLOYEE COMPENSATION; PROVIDING LEGISLATIVE POLICY ON MENTAL HEALTH INVESTMENTS AS SET FORTH IN THE GENERAL APPROPRIATIONS ACT; PROVIDING FOR LEGISLATIVE INTENT REGARDING THE IMPLEMENTATION OF SENATE BILL NO. 405; AMENDING SECTIONS 2-18-301, 2-18-303, 2-18-703, 2-18-812, AND 87-1-625 MCA;"

2. Page 1, line 10.
   Strike: "Transfer."
   Insert: "Transfers. (1)"

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3. Page 1, line 13.

Following: line 12

Insert: "(2) By June 30, 2015, there is transferred up to $2.25 million from the county oil and gas impact account within the state special revenue fund to the state general fund."

Insert: "NEW SECTION. Section 2. Legislative policy statement for mental health investments for 2017 biennium. (1) Pursuant to 53-21-101, in its treatment of the seriously mentally ill, it is the policy of the state of Montana to:
   (a) provide each person who is suffering from a mental disorder and who requires commitment the care and treatment suited to the needs of the person and to ensure that the care and treatment are skillfully and humanely administered with full respect for the person's dignity and personal integrity;
   (b) accomplish this goal whenever possible in a community-based setting;
   (c) accomplish this goal in an institutionalized setting only when less restrictive alternatives are unavailable or inadequate and only when a person is suffering from a mental disorder and requires commitment; and
   (d) ensure that due process of law is accorded any person coming under the provisions of this part.
   (2) In order to achieve this policy, the legislature directs the department of public health and human services to meet the following objectives:
      (a) to support a community-based system of care that is demonstrated through increased utilization of community-based crisis intervention services to reduce short-term admissions to the Montana state hospital;
      (b) to provide and reimburse for effective prevention and treatment that enables sustainable recovery in communities, evidenced through quality assurance activities and analyses. The addictive and mental disorders division shall evaluate the delivery of recovery-focused services by providers.
      (c) to improve outcomes for individuals with serious mental illness and co-occurring substance use disorders, demonstrated through data collection on individual client outcomes for recovery markers and performance measures; and
      (d) to improve collaboration between community mental health providers, nursing homes, and state facilities, demonstrated through an increase in state facility discharge rates with a corresponding decrease in client recidivism to state facilities.
   (3) The children, families, health, and human services interim committee shall monitor and evaluate the department's implementation of the objectives identified in this section and provide to the 65th legislature a report that outlines the status of implementation and identifies areas where continued improvement is necessary."

Insert: "NEW SECTION. Section 3. Legislative intent. (1) It is the intent of the legislature that the office of budget and program planning use the statewide accounting, budgeting, and human resource system to capture savings in House Bill No. 2 generated due to the implementation of Senate Bill No. 405.
   (2) After medicaid expansion as authorized in Senate Bill No. 405 is implemented, the office of budget and program planning shall calculate the general fund, state special revenue, and
federal special revenue savings for each fiscal year attributable to the health insurance flexibility and accountability waiver, the federal medical assistance percentage for the medically needy, new rates for facility outside medical costs, and all net reductions in House Bill No. 2 for fiscal year 2016 and/or fiscal year 2017, transfer the savings to a separate subclass, and designate the subclass as frozen so that the generated savings may not be spent.

(3) For fiscal year 2016, the amount frozen will be determined by a pro rata share of months left in the fiscal year upon implementation. For fiscal year 2016, if savings are less than the remaining share of $11,763,918 general fund, the budget director is authorized to unfreeze appropriations necessary to prevent a supplemental request.

(4) It is the intent of the legislature that the savings revert to the fund from which they were appropriated and are subject to appropriation by future legislatures as applicable.

(5) The legislative finance committee shall review the assumptions used in the office of budget and program planning’s calculations for reductions and the specific cost offsets identified by the office.”

Insert: “NEW SECTION. Section 4. Conditions for state employee group benefit plans. As a condition for the expenditure of the funding for the biennium beginning July 1, 2015, for the state employee group benefit plans, the department of administration shall consider cost containment measures. Options for cost containment measures include but are not limited to:

(1) reviewing and consulting with appropriate experts on the following:
   (a) improving primary care case management and coordinated care to improve medical outcomes and reduce costs;
   (b) sharing data with providers to identify and reduce inappropriate use or overuse of services;
   (c) implementing pilot programs to improve health outcomes, such as programs for addressing pain management, emergency department use, and drug or alcohol addiction or abuse;
   (d) increasing the cost-efficiency of the state health clinics, including recommendations for services and controls on or review of referrals;
   (e) implementing a network-based or reference-based pricing arrangement, or both, with health care facilities, health care providers, and medical transport providers, considering a multiple of medicare rates to establish a contract of network providers or as a reference-based pricing model for the arrangement; and
   (f) amending contracts, to the extent possible, for the state health clinics to require copayments equal to the copayments required by the state employee group benefit plans for similar services; and
   (2) requiring a contractor or third-party administrator to provide data analytics, professional expertise, and recommendations for improvement of the state employee group benefit plans to the department, the state employee group benefits advisory council, and the legislative finance committee.”

Insert: Section 5. Section 2-18-301, MCA, is amended to read:

“2-18-301. Intent of part — rules. (1) It is the intent of the legislature that compensation plans for state employees, excluding those employees excepted under 2-18-103 or 2-18-104, be based, in part, on an analysis and comparison of the municipal and state government labor markets in North Dakota, South Dakota, Idaho, and Wyoming of the labor markets as provided by the
department from the national compensation association of state governments salary survey and other information relative to the state government salaries and compensation in those states. For the biennium beginning July 1, 2013, the department shall determine this information before pay raises are implemented. For legislative sessions following the biennium beginning July 1, 2013, the department shall submit to the office of budget and program planning as a part of the information required by 17-7-111 in a biennial salary survey. The salary survey must be submitted to the office of budget and program planning as a part of the information required by 17-7-111.:

(a) an analysis of how Montana government employee salaries and other compensation compare to the municipal and state government salaries in North Dakota, South Dakota, Idaho, and Wyoming; and
(b) an analysis of the labor market as determined by the department in a biennial salary survey.

(2) Pay adjustments, if any, provided for in 2-18-303 supersede any other plan or systems established through collective bargaining after the adjournment of the legislature.

(3) Total funds required to implement the pay increases, if any, provided for in 2-18-303 for any employee group or bargaining unit may not be increased through collective bargaining over the amount appropriated by the legislature.

(4) The department shall administer the pay program established by the legislature on the basis of competency, internal equity, and competitiveness to the municipal and state government labor markets in North Dakota, South Dakota, Idaho, and Wyoming. The intent is to bring all pay bands to the same relationship percentage of the market rate midpoint salary comparison the external labor market when fiscally able.

(5) The broadband pay plan must consist of nine pay bands. Each pay band must contain a salary range with a minimum salary and a maximum salary.

(6) Based on the biennial salary survey, the department shall:
(a) identify current market rates for all occupations;
(b) establish salary ranges for each pay band; and
(c) recommend competitive pay zones with the municipal and state government labor markets in North Dakota, South Dakota, Idaho, and Wyoming using the national compensation association of state governments salary survey and other relevant information for those states.

(7) The department may promulgate rules not inconsistent with the provisions of this part, collective bargaining statutes, or negotiated contracts to carry out the purposes of this part.

(8) Nothing in this part prohibits the board of regents from engaging in negotiations with the collective bargaining units representing the classified staff of the university system."

{Internal References to 2-18-301:
2-6-110 }"
determined by the executive branch, including those subject to the provisions of Title 39, chapter 31, with particular attention to the lower pay bands and those who did not receive a base pay increase during the biennium beginning July 1, 2011. Effective on the first day of the first complete pay period that includes January 15, 2016, the base salary of each employee must be increased by 50 cents an hour. Effective on the first day of the first complete pay period that includes January 15, 2017, the base salary of each employee must be increased by 50 cents an hour.

(4) (a) (i) A member of a bargaining unit may not receive the pay adjustment provided for in subsection (3) until the employer's collective bargaining representative receives written notice that the employee's collective bargaining unit has ratified a collective bargaining agreement.

(ii) If ratification of a collective bargaining agreement, as required by subsection (4)(a)(i), is not completed by the date on which a legislatively authorized pay increase is implemented, members of the bargaining unit must continue to receive the compensation that they were receiving until an agreement is ratified.

(b) Methods of administration consistent with the purpose of this part and necessary to properly implement the pay adjustments provided for in this section may be provided for in collective bargaining agreements.

(5) (a) Montana highway patrol officer base salaries must be established through the broadband pay plan. Before January 1 of each odd-numbered year, the department shall, after seeking the advice of the Montana highway patrol, conduct a salary survey to be used in establishing the base salary for existing and entry-level highway patrol officer positions. The county sheriff's offices in the following consolidated governments and counties are the labor market for purposes of the survey: Butte-Silver Bow, Cascade, Yellowstone, Missoula, Lewis and Clark, Gallatin, Flathead, and Dawson. The base salary for existing and entry-level highway patrol officer positions must then be determined by the department of justice, using the results of the salary survey and the department of justice pay plan guidelines. Base or biennial salary increases under this subsection are exclusive of and not in addition to any increases otherwise awarded to other state employees after July 1, 2006.

(b) To the extent that the plan applies to employees within a collective bargaining unit, the implementation of the plan is a negotiable subject under 39-31-305.

(c) The department of justice shall submit the salary survey to the office of budget and program planning as a part of the information required by 17-7-111.

(d) The salary survey and plan must be completed at least 6 months before the start of each regular legislative session."

{Internal References to 2-18-303:
15-2-102  44-1-504 )"

**Insert:**

"Section 7. Section 2-18-703, MCA, is amended to read:

2-18-703. Contributions. (1) Each agency, as defined in 2-18-601, and the state compensation insurance fund shall contribute the amount specified in this section toward the group benefits cost.

(2) (a) For employees defined in 2-18-701 and for members of the legislature, the employer contribution for group benefits is $733 $887 a month from January 2011 2015 through December 2013 2015, $806 $976 a month from January 2014 2016 through December 2014 2016, and $887 $1,054 a month for from January 2015 2017 and for each succeeding month through December 2016 2017 and for each succeeding month through December 2017 2018.

(b) The employer contribution for group benefits is $887 $976 a month from January 2015 2017 and for each succeeding month through December 2017 2018."

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For employees defined in 2-18-701 and for members of the legislature, beginning January 2018 and for each succeeding month, the cost of group benefits, including both the employer and employee contributions for group benefits and health flexible spending accounts, may not exceed the monthly amount for self-only coverage and coverage other than self-only that will trigger the excise tax under 26 U.S.C. 4980I, including any cost-of-living adjustments under 26 U.S.C. 4980I. This section limits contributions for group benefits only to the extent needed to avoid triggering the excise tax under 26 U.S.C. 4980I.

For employees of the Montana university system, the employer contribution for group benefits is $806 $887 a month from July 2013 2014 through June 2014 2016 and $887 $1,054 a month from July 2014 2016 and for each succeeding month through the earlier of:

(i) June 2018; or

(ii) the month before the first month in which the excise tax under 26 U.S.C. 4980I applies.

For employees of the Montana university system, beginning the earlier of July 2018 or the first month in 2018 in which the excise tax under 26 U.S.C. 4980I applies, and for each succeeding month, the cost of group benefits, including both the employer and employee contributions for group benefits and health flexible spending accounts, may not exceed the monthly amount for self-only coverage and coverage other than self-only that will trigger the excise tax under 26 U.S.C. 4980I, including any cost-of-living adjustments under 26 U.S.C. 4980I. This section limits contributions for group benefits only to the extent needed to avoid triggering the excise tax under 26 U.S.C. 4980I.

If a state employee is terminated to achieve a reduction in force, the continuation of contributions for group benefits beyond the termination date is subject to negotiation under 39-31-305 and to the protections of 2-18-1205. Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly scheduled to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution. A portion of the employer contribution for group benefits may be applied to an employee’s costs for participation in Part B of medicare under Title XVIII of the Social Security Act, as amended, if the state group benefit plan is the secondary payer and medicare the primary payer.

For employees of elementary and high school districts, the employer’s contributions may exceed but may not be less than $10 a month.

(a) For employees of political subdivisions, as defined in 2-9-101, except school districts, the employer’s contributions may exceed but may not be less than $10 a month.

Subject to the public hearing requirement provided in 2-9-212(2)(b), the amount in excess of the base contribution of a local government’s property tax levy for contributions for group benefits as determined in subsection (4)(c) is not subject to the mill levy calculation limitation provided for in 15-10-420.

(i) Subject to subsections (4)(c)(ii) and (4)(c)(iii), the base contribution is determined by multiplying the average annual contribution for each employee on July 1, 1999, times the number of employees for whom the employer makes contributions for group benefits under 2-9-212 on July 1 of each fiscal year.

(ii) If a political subdivision did not make contributions for group benefits on or before July 1, 1999, and subsequently does so, the base contribution is determined by multiplying the average annual contribution for each employee in the first year the political subdivision provides contributions for group benefits times the number of employees for whom the employer makes
contributions for group benefits under 2-9-212 on July 1 of each fiscal year.

(iii) If a political subdivision has made contributions for group benefits but has not previously levied for contributions in excess of the base contribution, the political subdivision’s base is determined by multiplying the average annual contribution for each employee at the beginning of the fiscal year immediately preceding the year in which the levy will first be levied times the number of employees for whom the employer made contributions for group benefits under 2-9-212 in that fiscal year.

(5) Unused employer contributions for any state employee must be transferred to an account established for this purpose by the department of administration and upon transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member.

(6) Unused employer contributions for any government employee may be transferred to an account established for this purpose by a self-insured government and upon transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member or to increase the reserves of the group.

(7) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona fide group insurance plans from providing greater or additional contributions for insurance benefits to employees with dependents than to employees without dependents or with fewer dependents."

(internal references to 2-18-703:
2-9-212 x 2-9-212 x 2-9-212 x 2-18-101 x
2-18-101 x 2-18-107 x 2-18-812 x 5-2-303 x
5-2-303 x 7-4-2502 x 15-10-420 x 19-3-108 *
20-15-225 x* 20-15-403 x)"

(insert: section 8. Section 2-18-812, MCA, is amended to read:"
2-18-812. Alternatives to conventional insurance for providing state employee group benefits authorized -- requirements. The department may establish alternatives to conventional insurance for providing state employee group benefits. The requirements for providing alternatives to conventional insurance are as follows:

(1) The department shall maintain state employee group benefit plans on an actuarially sound basis.

(2) The department shall maintain reserves sufficient to liquidate the unrevealed claims liability and other liabilities of state employee group benefit plans.

(3) The department shall deposit all reserve funds and premiums paid to a state employee group benefit plan account within the state self-insurance reserve fund, and the deposits must be expended for claims under the plan.

(4) The department shall deposit income earned from the investment of a state employee group benefit plan’s reserve fund into the account established under subsection (3) in order to offset the costs of administering the plan. Expenditures for actual and necessary expenses required for the efficient administration of the plan must be made from temporary appropriations, as described in 17-7-501(1) or (2), made for that purpose.

(5) The department shall deposit into the account provided for in subsection (3) all portions of a state employee’s salary designated by the employee to be withheld for the purposes of flexible spending account benefits as well as any employee-designated portion of the employer contribution for group benefits provided for in 2-18-703 that is not required to be used for mandatory or elected

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benefits. Income earned on the deposits must be retained within the account and used for the purposes provided in this subsection. The money deposited and income earned on the deposits must be used for:

(a) payment of claims made by the employee;
(b) payment of reasonable costs of administration of the flexible spending account program;
(c) offsetting losses of the flexible spending account program; and
(d) reducing administration fees collected from participants in the program.

(6) The department shall, prior to implementation of any alternative to conventional insurance, present to the advisory council the evidence upon which the department has concluded that the alternative method will be more efficient, less costly, or otherwise superior to contracting for conventional insurance.

(7) Except as otherwise provided in Title 33, chapter 18, part 9, the provisions of Title 33 do not apply to the department when exercising the powers and duties provided for in this section."

{Internal References to 2-18-812: None.}"

Insert: Section 9. Section 87-1-625, MCA, is amended to read:

87-1-625. Funding for wolf management. (1) The department shall allocate $900,000 annually for wolf management.
(2) For the purposes of this section, the term "management" has the same meaning provided in 87-5-102 and includes:
(a) wolf collaring conducted pursuant to 87-5-132; and
(b) lethal action conducted pursuant to 87-1-217 to take problem wolves that attack livestock.
(3) Not more than 25% of the total funding allocated under this section may be used for administrative costs.
(4) Pursuant to 87-1-201, the department may allocate funds from any source to meet the requirements of this section.
(5) The department may contract with the United States department of agriculture wildlife services and county governments for the purposes of this section."

{Internal References to 87-1-625: None.}"

Insert: COORDINATION SECTION. Section 10. Coordination instruction. If both Senate Bill No. 20 and [this act] are passed and approved, then [section 4 of Senate Bill No. 20] must be amended as follows:

"NEW SECTION. Effective date. [This act] is effective July 1, 2015 2016."

Insert: COORDINATION SECTION. Section 11. Coordination instruction -- funding from state special revenue account instead of general fund. If House Bill No. 2, Senate Bill No. 405, and [this act] are passed and approved, and if House Bill No. 2 appropriates an amount equal to or greater than $1,761,476 from the employment security account provided for in 39-51-409 to the department of labor and industry for the biennium beginning July 1, 2015, for the restricted purposes of [sections 14 through 17 of Senate Bill No. 405], then:

(1) [section 22(1)(a) of Senate Bill No. 405] is void; and
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(2) the appropriation in House Bill No. 2 from the employment security account provided for in 39-51-409 to the department of labor and industry for the purposes of [sections 14 through 17 of Senate Bill No. 405] must be considered base funding for the preparation of the budget for the biennium beginning July 1, 2017."

Renumber: subsequent sections

For the Senate: L. Jones, Chair F. Moore Sesso

For the House: Ballance, Vice Chair Noonan Osmundson

Senator Jones moved adoption of the committee report. Report adopted.

FREE CONFERENCE COMMITTEE
on House Bill 2
Report No. 001, April 23, 2015

Ms. President and Mr. Speaker:
We, your Free Conference Committee met and considered House Bill 2 (reference copy -- salmon) and recommend this Free Conference Committee report be adopted.

And, recommend that House Bill 2 (reference copy -- salmon) be amended as follows:

1. Page BP-2, line 8
   Following: "APPROPRIATIONS."
   Insert: "(1)"
   Following: "GENERAL FUND"
   Insert: ", except the appropriations to the department of public health and human services which are from the state special revenue fund,"

   Strike: "GENERAL"
   Insert: "appropriate"

3. Page BP-2, line 14
   Strike: "$9,000,000"
   Insert: "$7,500,000"

4. Page BP-2, line 22
   Strike: "$7,000,000"
   Insert: "$5,500,000"

Following: line 22
Insert: "Department of Public Health and Human Services
  Health Resources Division       $4,000,000
  Developmental Services Division $1,000,000"

Insert: "(2) The appropriation to the Developmental Services Division is restricted to the
  implementation of HB 411."

Following: line 5
Insert: "a. Employee Pay and State Share"
Insert: "$146,685 443,140" [General Fund FY16 & FY17]

Following: line 17
Insert: "Employee Pay and State Share may be allocated and transferred among agency programs
  when establishing 2017 biennium operating plans."

Following: line 21
Insert: "a. Employee Pay and State Share"
Insert: "$6,399 19,290" [State Special Fund FY16 & FY17]

Following: line 14
Insert: "c. Employee Pay and State Share"
Insert: "$5,469,796 16,769,056" [General Fund FY16 & FY17]
Insert: "$4,347,194 13,263,238" [State Special Fund FY16 & FY17]
Insert: "$2,856,913 8,708,832" [Federal Special Fund FY16 & FY17]
Insert: "$95,995 291,650" [Proprietary FY16 & FY17]

Insert: "d. Personal Services Contingency (Restricted/Biennial/OTO)"
Insert: "$1,000,000" [General Fund FY16]
Insert: "$600,000" [State Special Fund FY16]
Insert: "$125,000" [Federal Special Fund FY16]
Insert: "$25,000" [Proprietary FY16]

Following: line 14
Insert: "c. Contingency Base Funding"
Insert: "$3,073,956 2,969,078" [General Fund FY16 & FY17]
Insert: "$3,346,751 3,875,028" [State Special Fund FY16 & FY17]
Insert: "$1,716,017 3,818,309" [Federal Special Fund FY16 & FY17]

Following: line 11
Insert: "Employee Pay and State Share may be allocated and transferred among executive branch agency programs when establishing 2017 biennium operating plans."
Insert: "Personal Services Contingency may be distributed by the office of budget and program planning when personnel vacancies do not occur, retirement costs exceed agency resources, or other personal services contingencies arise."
Insert: "Contingency Base Funding is to be allocated and transferred at the discretion of the budget director in an amount determined by the budget director. Contingency Base Funding may not be allocated to the office of public instruction for implementation of a prekindergarten or public preschool program. Contingency Base Funding may be included in the base budget for the executive's proposed budget for the biennium beginning July 1, 2017."

Following: line 11
Insert: "Contingency Base Funding may not be transferred to the department of natural resources and conservation to fund an increase in rent expenses."

Insert: "c. Insure Montana (OTO)
4,500,000" [General Fund FY16]

Strike: "9,494,406 9,594,738" [General Fund FY16 & FY17]
Insert: "9,473,831 9,584,841" [General Fund FY16 & FY17]

Following: line 27
Insert: "c. Labor-Management Training Initiative (Restricted/Biennial/OTO)"
Insert: "75,000" [General Fund FY16]

Strike: "828,604 829,689" [General Fund FY16 & FY17]
Insert: "855,604 856,689" [General Fund FY16 & FY17]

Strike: line 17
Insert: "b. Original Governor's Mansion (Restricted)"

Strike: line 20 in its entirety
Insert: "1,627,438 1,632,185" [General Fund FY16 & FY17]

Following: line 6
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Insert: "i. Primary Sector Business Training (Biennial)"
Insert: "1,280,000  1,280,000" [State Special Fund FY16 & FY17]

Strike: "10,961,055 10,895,433" [State Special Fund FY16 & FY17]
Insert: "10,337,778  10,361,940" [State Special Fund FY16 & FY17]

Following: line 15
Insert: "a. Workforce Development (Restricted/Biennial)"
Insert: "1,761,476" [State Special Fund FY16]

Strike: "5,005,136  4,998,896" [State Special Fund FY16 & FY17]
Insert: "4,371,703  4,354,111" [State Special Fund FY16 & FY17]

Following: line 3
Insert: "If SB 405 and SB 418 are not passed and approved, then Workforce Development is void. The amount appropriated in Workforce Development from the employment security account provided for in 39-51-409 is restricted to the purpose of implementing [sections 14 through 17 of SB 405]."

Strike: "72,041,255 73,825,821" [State Special FY16 & FY17]
Insert: "74,660,826  77,157,755" [State Special FY16 & FY17]

Strike: "146,425,667  154,625,870" [General Fund FY16 & FY17]
Insert: "143,806,096  151,293,936" [General Fund FY16 & FY17]

Strike: "3,399,535  [General Fund FY17]
          279,113 [State Special FY17]
          7,205,342" [Federal Funds FY17]
Insert: "2,373,343 [General Fund FY17]
          278,123 [State Special FY17]
          5,234,968" [Federal Funds FY17]

Strike: "74,900,654" [General Fund FY17]
Insert: "64,072,240" [General Fund FY17]

Following: line 5

STATE INTERNET/BBS COPY  1544
If SB 411 is passed and approved, the Developmental Services Division will be reduced by $2,792,472 in general fund in FY 2017.

29. Page B-6, following line 15.
Insert: "Addictive and Mental Disorders Division includes a general fund reduction of $10,828,414 in FY 2017. This reduction may be reallocated among divisions when establishing the 2017 biennium operating plan."

Strike: lines 23 through 24 in their entirety

Strike: line 1 through line 2 in their entirety

32. Page B-7, line 3.
Following: "IF"
Insert: "nonrestricted"

Following: "EXCEED"
Strike: "$295,652,291"
Insert: "$290,632,967"
Following: "EXPENDITURES"
Strike: "MADE"
Insert: "incurred"

34. Page B-7, line 6.
Following: "IF"
Insert: "nonrestricted"

Following: "EXCEED"
Strike: "$295,652,291"
Insert: "$290,632,967"

Following: "EXPENDITURES"
Strike: "MADE"
Insert: "incurred"

Following: "IF"
Insert: "nonrestricted"

Following: "EXCEED"
Strike: "$295,652,291"
Insert: "$290,632,967"

Following: "EXPENDITURES"
Strike: "MADE"
Insert: "incurred"

40. Page B-7, line 12.
Following: "IF"
Insert: "nonrestricted"

Following: "EXCEED"
Strike: "$295,652,291"
Insert: "$290,632,967"
Following: "EXPENDITURES"
Strike: "MADE"
Insert: "incurred"

42. Page B-7, line 15.
Following: "IF"
Insert: "nonrestricted"

43. Page B-7, line 16.
Following: "EXCEED"
Strike: "$312,172,729"
Insert: "$305,216,366"
Following: "EXPENDITURES"
Strike: "MADE"
Insert: "incurred"

44. Page B-7, line 18.
Following: "IF"
Insert: "nonrestricted"

45. Page B-7, line 19.
Following: "EXCEED"
Strike: "$312,172,729"
Insert: "$305,216,366"

Following: "EXPENDITURES"
Strike: "MADE"
Insert: "incurred"

47. Page B-7, line 21.
Following: "IF"
Insert: "nonrestricted"

Following: "EXCEED"
Strike: "$312,172,729"
Insert: "$305,216,366"

49. Page B-7, line 23.
Following: "EXPENDITURES"
Strike: "MADE"
Insert: "incurred"

Following: "IF"
Insert: "nonrestricted"

51. Page B-7, line 25.
Following: "EXCEED"
Strike: "$312,172,729"
Insert: "$305,216,366"
Following: "EXPENDITURES"
Strike: "MADE"
Insert: "incurred"

52. Page B-8, line 2.
Following: "$312,172,729 FOR"
Strike: "FFY2017"
Insert: "FY 2017"
Following: "TOTAL OF"
Insert: "nonrestricted"

53. Page C-1, line 27
Strike: "2,841,577   2,843,501" [State Special Fund FY16 & FY17]
Insert: "2,491,577   2,493,501" [State Special Fund FY16 & FY17]

54. Page C-1
Following: line 27
Insert: "a. Shooting Range Grants 350,000   350,000"
[State Special Fund FY16 & FY17]
55. Page C-2.
Following: line 14
Insert: "Hunting Access Program Landowner Contracts may be used either for hunter access
program payments to landowners or field services provided to manage hunting on block
management areas. The department will report on Hunting Access Program Landowner
Contracts to the environmental quality council in terms of acres, costs, and services
provided to manage hunting on block management areas 90 days after big game hunting
season ends."

56. Page C-3, line 26.
Strike: "29,581,359  29,837,739" [State Special Fund FY16 & FY17]
Insert: "29,656,359  29,912,739" [State Special Fund FY16 & FY17]

57. Page C-4.
Following: line 26
Insert: "It is the intent of the legislature that the interoperability radio operations be administered
by the department of transportation."

58. Page C-6.
Strike: line 17
Insert: " 4,051,749  4,106,524 " [General Fund FY16 & FY17]
Insert: " 1,985,522  1,989,676 " [State Special Fund FY16 & FY17]
Insert: " 293,198     289,622 " [Federal Special Fund FY16 & FY17]

59. Page C-6.
Strike: line 20 through line 21

60. Page C-6, line 23.
Strike: "1,973,620   1,974,586" [State Special Fund FY16 & FY17]
Insert: "1,987,232  1,988,198" [State Special Fund FY16 & FY17]

61. Page C-6.
Strike: line 25 through line 26

Strike: "285,940  284,438" [Federal Special Fund FY16 & FY17]
Insert: "294,496   295,947" [Federal Special Fund FY16 & FY17]

63. Page C-7.
Strike: line 4
Insert: "1,741,282  1,729,316" [General Fund FY16 and FY17]
Insert: "6,796,203   6,704,605" [State Special Fund FY16 & FY17]

64. Page C-7.
Strike: line 11 through line 12
Renumber: subsequent subsections

65. Page C-7.
Strike: line 26
Insert: "9,388,318  9,390,051" [General Fund FY16 & FY17]
Insert: "6,428,465  6,283,403" [State Special Fund FY16 & FY17]
Insert: "193,455   193,181" [Federal Special Fund FY16 & FY17]

Strike: line 27

Strike: line 1 through line 2
Renumber: subsequent subsections

68. Page C-8.
Strike: line 8
Insert: " 12,191,118     12,258,791 " [General Fund FY16 & FY17]
Insert: " 17,089,438     17,052,993 " [State Special Fund FY16 & FY17]

69. Page C-8.
Strike: line 13 through line 14
Renumber: subsequent subsections
Strike: line 26

70. Page C-9.
Strike: line 14 through line 16.

71. Page C-9.
Following: line 18
Insert: "The department is appropriated up to $600,000 for the 2017 biennium from the loan loss reserve account of the private loan program established in 85-1-603 for the purchase of prior liens on property held as loan security as provided in 85-1-615."

72. Page C-10,line 4
Strike: "438,831  438,528" [Proprietary FY16 & FY17]
Insert: "499,219  498,916" [Proprietary FY16 & FY17]

73. Page D-1.
Following: line 20
Insert: "h. Employee Pay and State Share"
Insert: "434,830 1,306,944" [General Fund FY16 & FY17]
Insert: "26,901 80,976" [State Special Fund FY16 & FY17]
Insert: "617 1,832" [Federal Special Fund FY16 & FY17]
74. Page D-2.
Following: line 8
Insert: "Employee Pay and State Share may be allocated and transferred among agency programs when establishing 2017 biennium operating plans."

75. Page D-2, line 12.
Strike: "2,490,460  2,489,707" [General Fund FY16 & FY17]
Insert: "2,465,829  2,465,858" [General Fund FY16 & FY17]

76. Page D-2, line 27.
Strike: "3,055,915  3,079,581" [State Special Fund FY16 & FY17]
Insert: "3,120,915  3,144,581" [State Special Fund FY16 & FY17]

77. Page D-3.
Strike: line 10 in its entirety
Insert: "36,318,393  36,492,543" [State Special Fund FY16 & FY17]

78. Page D-4, following line 9.
Insert: "If HB 628 is not passed and approved, Motor Vehicle Division is increased in state special revenue by $1,697,988 in FY 2016 and $1,703,961 in FY 2017."

79. Page D-6, line 12.
Strike: "76,413,870  76,495,322" [General Fund FY16 & FY17]
Insert: "75,610,890  75,692,342" [General Fund FY16 & FY17]

80. Page D-6, line 17.
Strike: "615,700  615,700" [General Fund FY16 & FY17]
Insert: "386,200  386,200" [General Fund FY16 & FY17]

81. Page D-7, line 11.
Strike: "20,344,389  20,348,766" [General Fund FY16 & FY17]
Insert: "11,265,994  11,270,371" [General Fund FY16 & FY17]

82. Page D-7, line 19.
Strike: "500,000  500,000" [General Fund FY16 & FY17]
Insert: "9,328,395  9,328,395" [General Fund FY16 & FY17]

83. Page D-7, following line 25.
Insert: "Secure Custody Facilities includes funding to hold inmates in county jails. It is the intent of the legislature that the department of corrections may pay no more than $69 per day to hold an inmate in any county jail. If the department of corrections certifies to the budget director that it cannot obtain the number of beds required to house inmates in county jails at the $69 rate and the budget director verifies the certification, Secure Custody Facilities is increased by $174,820 general fund each year of the 2017 biennium. It is the intent of the legislature that once the budget director verifies the certification, the department of"
corrections may pay no more than $72.50 per day to hold an inmate in any county jail."

84. Page D-7, following line 25.
Insert: "Probation and Parole Division includes funding for payment of contracted treatment and prerelease beds. It is the intent of the legislature that, within existing funding and at the contracted rate, the department of corrections may pay for beds filled at up to 110% of the contracted bed levels for treatment and prerelease beds."

85. Page D-8, line 1.
Strike: line 1 in its entirety

86. Page E-1, line 24.
Strike: “636,209,794   647,326,388” [General Fund FY 16 & FY17]
Insert: “636,438,555   651,840,376” [General Fund FY 16 & FY17]

Following: line 26
Insert: "The Office of Public Instruction K-12 BASE Aid appropriation is reduced by $1,060,351 in FY 2016 and $1,205,462 in FY 2017 if SB 157 is passed and approved."

Following: line 18
Insert: "c. Employee Pay and State Share"
Insert: "3,729,621   8,699,326" [General Fund FY16 & FY17]
Insert: "566   3,816" [State Special Fund FY16 & FY17]
Insert: "36,451   253,292" [Federal Special Fund FY16 & FY17]

89. Page E-4.
Following: line 14
Insert: "b. Classroom and Technology Collaboration (OTO) $1,600,000"[General Fund FY 16]

90. Page E-4, line 15.
Following: "Research"
Insert: "and Development"

Strike: line 22 through line 27 in their entirety
Renumber: subsequent subsections

Strike: line 7 in its entirety
Insert: “14,897,522   14,883,995” [General Fund FY16 & FY17]

Strike: line 10 in its entirety
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Insert: "5,977,225  5,976,600"  [General Fund FY 16 & FY17]

94. Page E-5, line 12.
Strike: line 12 in its entirety
Insert: "1,274,520  1,274,931"  [General Fund FY16 & FY17]

95. Page E-5, line 15.
Strike: "(OTO)"

96. Page E-5, line 16.
Strike: line 16 in its entirety
Insert: "180,000  180,000"  [General Fund FY16 & FY17]

Following: line 8
Insert: "It is the intent of the legislature that the advisory panel should be composed of one member of the Montana house of representatives, one member of the Montana senate, one agriculture/agribusiness representative, one natural resources industry representative, one health-biomedical industry representative, one Montana state university representative, one university of Montana representative, and the commissioner of higher education."

Following: line 8
Insert: "If SB 416 is passed and approved, Agricultural Experiment Station is reduced by $300,000 in general fund money in FY 2016 and by $300,000 in general fund money in FY 2017; Extension Service is reduced by $125,000 in general fund money in FY 2016 and by $125,000 in general fund money in FY 2017; and the Forestry and Conservation Experiment Station is reduced by $75,000 in general fund money in FY 2016 and by $75,000 in general fund money in FY 2017. The commissioner of higher education may allocate the reduction among these three appropriations when establishing the 2017 biennium operating plan."

Following: line 8
Insert: "Classroom and Technology Collaboration is contingent on passage and approval of SB 416."

100. Page E-7.
Following: line 10
Insert: "Employee Pay and State Share may be allocated and transferred among agency programs when establishing 2017 biennium operating plans."

101. Page R-2, line 8
Strike: "$9.78  $9.80"
Insert: "$9.780  $9.802"
102. Page R-2, line 9
Strike: "$4.63  $4.64"
Insert: "$4.625  $4.637"

103. Page R-2, line 10
Strike: "$0.62  $0.62"
Insert: "$0.615  $0.615"

104. Page R-2, line 14.
Strike: "$4,272,329"
Insert: "$3,259,623"

Strike: "HB 5"
Insert: "HB 403"

105. Page R-2, line 19.
Strike: "$0.0930  $0.0930"
Insert: "$0.0870  $0.0870"

Strike: "$0.0420  $0.0420"
Insert: "$0.0400  $0.0400"

Strike: "$0.0230  $0.0230"
Insert: "$0.0220  $0.0220"

108. Page R-2, line 22.
Strike: "$0.0090  $0.0090"
Insert: "$0.0080  $0.0080"

109. Page R-3, line 4
Strike: "$0.0002  $0.0002"
Insert: "$0.00024  $0.00024"

Following: line 21
Insert: "Inventory Markup 15% 15%"

111. FTE reduction.
Reduce 6.0 FTE each year of the biennium from the State Auditor's Office.
For the Senate: L. Jones, Chair
For the House: Ballance, Vice Chair
Keane
Keenan

Senator Jones moved adoption of the committee report. Report adopted.

MESSAGES FROM THE OTHER HOUSE

Governor's amendments to House bill not concurred in and transmitted to the Senate for concurrence in the Governor's amendments:

HB 237, introduced by A. Olszewski

Senate bill concurred in as amended and returned to the Senate for concurrence in House amendments:

SB 316, introduced by R. Webb

House joint resolution passed and transmitted to the Senate for concurrence:

HJ 32, introduced by T. Woods

MOTIONS

Senator Keenan moved HB 33 be removed from today's second reading agenda and re-referred to the existing Free Conference Committee for further consideration. Motion carried as follows:

Total 46

Nays: Hansen, Sales, Taylor.
Total 3

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

STATE INTERNET/BBS COPY 1554
Majority Leader Rosendale moved the Senate resolve itself into a Committee of the Whole for consideration of business on second reading. Motion carried. Senator Sales in the chair.

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

**SB 316 - House Amendments** - Senator Webb moved House amendments to **SB 316** be concurred in. Motion carried as follows:

Total 49

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**HB 6 - Free Conference Committee Report No. 1** - Senator Keenan moved the Free Conference Committee report to **HB 6** be adopted. Motion carried as follows:

Total 43

Total 6

Absent or not voting: None.
Total 0

Excused: Buttrey.
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Total 1

**HB 10 - Conference Committee Report No. 1** - Senator Blasdel moved the Conference Committee report to **HB 10** be adopted. Motion carried as follows:

Total 41

Total 8

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**SB 260 - Free Conference Committee Report No. 1** - Senator F. Moore moved the Free Conference Committee report to **SB 260** be adopted. Motion carried as follows:

Total 49

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**HB 237 - Governor’s Amendments** - Senator C. Smith moved Governor’s amendments to **HB 237** be **not** concurred in. Motion carried as follows:

Yeas: Ankney, Arntzen, Blasdel, Brenden, D. Brown, T. Brown, Caferro, Connell, Fielder, Hamlett, Hansen, Hinkle, Hoven, Howard, Jones, Kary, Keenan, Moore, Ripley, Rosendale,
Sales, Smith, Swandal, Taylor, Thomas, Tutvedt, Vance, Vincent, Webb, Ms. President.
Total 30

Total 19

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**HJ 26** - Senator Vuckovich moved **HJ 26** be concurred in. Motion carried as follows:

Total 26

Total 23

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**HJ 29** - Senator Windy Boy moved **HJ 29** be concurred in. Motion carried as follows:

Total 38

Total 11

Absent or not voting: None.
Total 0

**STATE INTERNET/BBS COPY** 1557
Excused: Buttrey.
Total 1

Majority Leader Rosendale moved the committee *rise, report progress, and beg leave to sit again*. Motion carried. Committee arose. Senate resumed. President Barrett presiding. Chair Sales moved the Committee of the Whole report be adopted. Report adopted as follows:

Total 48

Nays: McNally.
Total 1

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**MOTIONS**

Senator Brenden moved **SR 31** be removed from the agenda under Special Orders of the Day, and that **SR 31** be placed on a second agenda later this date. Without objection so ordered.

**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:

**SJ 2, as amended by the House**, adopted as follows:

Total 49

Nays: None.
Total 0
Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**SB 138, Conference Committee Report No. 1**, adopted as follows:

Total 39

Total 10

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**SB 171, Free Conference Committee Report No. 1**, adopted as follows:

Total 31

Total 18

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**SB 283, Free Conference Committee Report No. 1**, adopted as follows:

Yeas: Ankney, Arntzen, Barrett Dick, Brenden, D. Brown, T. Brown, Caferro, Cohenour,
SB 353, Conference Committee Report No. 1, not adopted (due to 2/3 vote requirement) as follows:

Total 30

Total 19

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

SB 389, Free Conference Committee Report No. 1, adopted as follows:

Total 49

Nays: None.
SB 410, Free Conference Committee Report No. 1, adopted as follows:

Total 27

Total 22

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

SB 336, as amended by the Governor, passed as follows:

Total 49

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

HB 512, Conference Committee Report No. 1, adopted as follows:
Total 41

Nays: Blasdel, Fielder, Hinkle, Keenan, Sales, Vance, Vincent, Ms. President.
Total 8

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**HJ 21** concurred in as follows:

Total 34

Total 15

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**HJ 23 failed** as follows:

Total 22

Total 27
Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

HJ 27 concurred in as follows:

Total 26

Total 23

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

SPECIAL ORDERS OF THE DAY

SR 30 - Senator Brenden moved the nominations transmitted by the Governor be concurred in and confirmed by the Senate in accordance with SR 30.

Total 49

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1
SR 44 - Senator Brenden moved the nomination transmitted by the Governor be concurred in and confirmed by the Senate in accordance with SR 44.

Total 35

Total 14

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

ANNOUNCEMENTS

Majority Leader Rosendale moved the Senate recess until 3:00 p.m. this date. Motion carried.

Senate recessed at 11:50 a.m.

=====

Senate reconvened at 3:00 p.m. Forty-nine members present, Senator Buttrey excused. Quorum present.

REPORTS OF SELECT COMMITTEES

FREE CONFERENCE COMMITTEE
on House Bill 33

Report No. 002, April 24, 2015

Ms. President and Mr. Speaker:
We, your Free Conference Committee met and considered House Bill 33 (reference copy -- salmon) and recommend this Free Conference Committee report be adopted.

And, recommend that House Bill 33 (reference copy -- salmon) be amended as follows:

1. Title, page 1, line 7.
Following: “COUNTIES;”
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Insert: "REDUCING LOCAL GOVERNMENT ENTITLEMENT SHARE PAYMENTS AND CERTAIN CALCULATIONS FOR THE PURPOSE OF PROVIDING FUNDING;"

2. Title, page 1, line 8.
Strike: "SECTION"
Insert: "SECTIONS 15-1-121 AND"

3. Page 1, line 12.
Following: line 11
Insert: "Section 1. Section 15-1-121, MCA, is amended to read:

"15-1-121. Entitlement share payment -- purpose -- appropriation. (1) As described in 15-1-120(3), each local government is entitled to an annual amount that is the replacement for revenue received by local governments for diminishment of property tax base and various earmarked fees and other revenue that, pursuant to Chapter 574, Laws of 2001, amended by section 4, Chapter 13, Special Laws of August 2002, and later enactments, were consolidated to provide aggregation of certain reimbursements, fees, tax collections, and other revenue in the state treasury with each local government's share. The reimbursement under this section is provided by direct payment from the state treasury rather than the ad hoc system that offset certain state payments with local government collections due the state and reimbursements made by percentage splits, with a local government remitting a portion of collections to the state, retaining a portion, and in some cases sending a portion to other local governments.

(2) The sources of dedicated revenue that were relinquished by local governments in exchange for an entitlement share of the state general fund were:
(a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999;
(b) vehicle, boat, and aircraft taxes and fees pursuant to:
   (i) Title 23, chapter 2, part 5;
   (ii) Title 23, chapter 2, part 6;
   (iii) Title 23, chapter 2, part 8;
   (iv) 61-3-317;
   (v) 61-3-321;
   (vi) Title 61, chapter 3, part 5, except for 61-3-509(3), as that subsection read prior to the amendment of 61-3-509 in 2001;
   (vii) Title 61, chapter 3, part 7;
   (viii) 5% of the fees collected under 61-10-122;
   (ix) 61-10-130;
   (x) 61-10-148; and
   (xi) 67-3-205;
   (c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);
   (d) district court fees pursuant to:
      (i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);mk
      (ii) 25-1-202;
      (iii) 25-9-506; and
      (iv) 27-9-103;
(e) certificate of title fees for manufactured homes pursuant to 15-1-116;
(f) financial institution taxes collected pursuant to the former provisions of Title 15, chapter 31, part 7;
(g) all beer, liquor, and wine taxes pursuant to:
   (i) 16-1-404;
   (ii) 16-1-406; and
   (iii) 16-1-411;
(h) late filing fees pursuant to 61-3-220;
(i) title and registration fees pursuant to 61-3-203;
(j) veterans' cemetery license plate fees pursuant to 61-3-459;
(k) county personalized license plate fees pursuant to 61-3-406;
(l) special mobile equipment fees pursuant to 61-3-431;
(m) single movement permit fees pursuant to 61-4-310;
(n) state aeronautics fees pursuant to 67-3-101; and
(o) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77, chapter 1, part 5.

(3) (a) Except as provided in subsection (3)(b), the total amount received by each local government in the prior fiscal year 2010 as an entitlement share payment under this section is the base component for the subsequent fiscal year 2011 distribution, and in each subsequent year the prior year entitlement share payment, including any reimbursement payments received pursuant to subsection (7), is each local government's base component. The Subject to subsection (3)(b), the sum of all local governments' base components is the fiscal year entitlement share pool.

(b) The For fiscal year 2016, the fiscal year entitlement share pool is reduced by $1,049,904 total amount received by each local government in fiscal year 2011 as an entitlement share payment under this section is the base component for fiscal year 2012 and 2013 distributions, and in each subsequent year the prior year entitlement share payment, including any reimbursement payments received pursuant to subsection (7), is each local government's base component. The sum of all local governments' base components is the fiscal year entitlement share pool.

(4) (a) With the exception of fiscal years 2012 and 2013 Subject to subsection (3)(b), the base entitlement share pool must be increased annually by an entitlement share growth rate as provided for in this subsection (4). The amount determined through the application of annual growth rates is the entitlement share pool for each fiscal year, with the exception of fiscal years 2012 and 2013.

(b) By October 1 of each year, the department shall calculate the growth rate of the entitlement share pool for the current year in the following manner:

(i) The department shall calculate the entitlement share growth rate based on the ratio of two factors of state revenue sources for the first, second, and third most recently completed fiscal years as recorded on the statewide budgeting and accounting system. The first factor is the sum of the revenue for the first and second previous completed fiscal years received from the sources referred to in subsection subsections (2)(b), (2)(c), and (2)(g) divided by the sum of the revenue for the second and third previous completed fiscal years received from the same sources multiplied by 0.75. The second factor is the sum of the revenue for the first and second previous completed fiscal years received from individual income tax as provided in Title 15, chapter 30, and corporate income tax as provided in Title 15, chapter 31, divided by the sum of
the revenue for the second and third previous completed fiscal years received from the same sources multiplied by 0.25.

(ii) Except as provided in subsection (4)(b)(iii), the entitlement share growth rate is the lesser of:

(A) the sum of the first factor plus the second factor; or
(B) 1.03 for counties, 1.0325 for consolidated local governments, and 1.035 for cities and towns.

(iii) In no instance can the entitlement growth factor be less than 1. The entitlement share growth rate is applied to the most recently completed fiscal year entitlement payment to determine the subsequent fiscal year payment.

(iv) For fiscal year 2016, the entitlement share growth rate is applied to the most recently completed fiscal year entitlement payment minus $1,049,904 to determine the subsequent fiscal year payment.

(5) As used in this section, "local government" means a county, a consolidated local government, an incorporated city, and an incorporated town. A local government does not include a tax increment financing district provided for in subsection (8). The county or consolidated local government is responsible for making an allocation from the county's or consolidated local government's share of the entitlement share pool to each special district within the county or consolidated local government in a manner that reasonably reflects each special district's loss of revenue sources for which reimbursement is provided in this section. The allocation for each special district that existed in 2002 must be based on the relative proportion of the loss of revenue in 2002.

(6) (a) The entitlement share pools calculated in this section, the amounts determined under 15-1-123(2) for local governments, the funding provided for in subsection (8) of this section, and the amounts determined under 15-1-123(4) for tax increment financing districts are statutorily appropriated, as provided in 17-7-502, from the general fund to the department for distribution to local governments. Except for the distribution made under 15-1-123(2)(b), the distributions must be made on a quarterly basis.

(b) (i) The growth amount is the difference between the entitlement share pool in the current fiscal year and the entitlement share pool in the previous fiscal year. The growth factor in the entitlement share must be calculated separately for:

(A) counties;
(B) consolidated local governments; and
(C) incorporated cities and towns.

(ii) In each fiscal year, the growth amount for counties must be allocated as follows:

(A) 50% of the growth amount must be allocated based upon each county's percentage of the prior fiscal year entitlement share pool for all counties; and

(B) 50% of the growth amount must be allocated based upon the percentage that each county's population bears to the state population not residing within consolidated local governments as determined by the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(iii) In each fiscal year, the growth amount for consolidated local governments must be allocated as follows:

(A) 50% of the growth amount must be allocated based upon each consolidated local government's percentage of the prior fiscal year entitlement share pool for all consolidated local governments; and
(B) 50% of the growth amount must be allocated based upon the percentage that each consolidated local government’s population bears to the state’s total population residing within consolidated local governments as determined by the latest interim year population estimates from the Montana Department of Commerce as supplied by the United States Bureau of the Census.

(iv) In each fiscal year, the growth amount for incorporated cities and towns must be allocated as follows:

(A) 50% of the growth amount must be allocated based upon each incorporated city’s or town’s percentage of the prior fiscal year entitlement share pool for all incorporated cities and towns; and

(B) 50% of the growth amount must be allocated based upon the percentage that each city’s or town’s population bears to the state’s total population residing within incorporated cities and towns as determined by the latest interim year population estimates from the Montana Department of Commerce as supplied by the United States Bureau of the Census.

(v) In each fiscal year, the amount of the entitlement share pool before the growth amount or adjustments made under subsection (7) are applied is to be distributed to each local government in the same manner as the entitlement share pool was distributed in the prior fiscal year.

(7) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section, the department shall determine the reimbursement amount as provided in the enactment and add the appropriate amount to the entitlement share distribution under this section. The total entitlement share distributions in a fiscal year, including distributions made pursuant to this subsection, equal the local fiscal year entitlement share pool. The ratio of each local government’s distribution from the entitlement share pool must be recomputed to determine each local government’s ratio to be used in the subsequent year’s distribution determination under subsections (6)(b)(ii)(A), (6)(b)(iii)(A), and (6)(b)(iv)(A).

(8) (a) Except for a tax increment financing district entitled to a reimbursement under 15-1-123(4), if a tax increment financing district was not in existence during the fiscal year ending June 30, 2000, then the tax increment financing district is not entitled to any funding. If a tax increment financing district referred to in subsection (8)(b) terminates, then the funding for the district provided for in subsection (8)(b) terminates.

(b) Except for the reimbursement made under 15-1-123(4)(b), one-half of the payments provided for in this subsection (8)(b) must be made by November 30 and the other half by May 31 of each year. Subject to subsection (8)(a), the entitlement share for tax increment financing districts is as follows:

<table>
<thead>
<tr>
<th>District</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deer Lodge TIF District 1</td>
<td>$2,833</td>
</tr>
<tr>
<td>Deer Lodge TIF District 2</td>
<td>2,813</td>
</tr>
<tr>
<td>Flathead Kalispell - District 2</td>
<td>4,638</td>
</tr>
<tr>
<td>Flathead Kalispell - District 3</td>
<td>37,231</td>
</tr>
<tr>
<td>Flathead Whitefish District</td>
<td>148,194</td>
</tr>
<tr>
<td>Gallatin Bozeman - downtown</td>
<td>31,158</td>
</tr>
<tr>
<td>Missoula Missoula - 1-1C</td>
<td>225,251</td>
</tr>
<tr>
<td>Missoula Missoula - 4-1C</td>
<td>30,009</td>
</tr>
<tr>
<td>Silver Bow Butte - uptown</td>
<td>255,421</td>
</tr>
</tbody>
</table>

(9) The estimated fiscal year entitlement share pool and any subsequent entitlement share pool for local governments do not include revenue received from tax increment financing.
districts, from countywide transportation block grants, or from countywide retirement block grants.

(10) When there has been an underpayment of a local government's share of the entitlement share pool, the department shall distribute the difference between the underpayment and the correct amount of the entitlement share. When there has been an overpayment of a local government's entitlement share, the local government shall remit the overpaid amount to the department.

(11) A local government may appeal the department's estimation of the base component, the entitlement share growth rate, or a local government's allocation of the entitlement share pool, according to the uniform dispute review procedure in 15-1-211.

(12) A payment required pursuant to this section may not be offset by a debt owed to a state agency by a local government in accordance with Title 17, chapter 4, part 1."

Renumber: subsequent sections

Following: "used"
Insert: "in the following order"

5. Page 2, line 25 through line 30.
Strike: subsection (5) in its entirety
Renumber: subsequent subsection

Following: "$1.85 MILLION"
Insert: "or more"

Strike: "2"
Insert: "3"

For the Senate: For the House:

Keenan, Chair Ehli, Vice Chair
Caferro Burnett
Thomas Schreiner


MESSAGES FROM THE OTHER HOUSE

Free Conference Committee Report No.1 adopted: 4/24/2015

HB 2, introduced by N. Ballance
HB 6, introduced by M. Cuffe

STATE INTERNET/BBS COPY 1569
SECOND READING OF BILLS
(COMMITTEE OF THE WHOLE)

Majority Leader Rosendale moved the Senate resolve itself into a Committee of the Whole for consideration of business on second reading. Motion carried. Senator Sales in the chair.

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

HB 8 - Senator Hamlett moved HB 8 be concurred in. Second reading vote as follows:

Total 29

Total 20

Absent or not voting: None.
Total 0

Excused: Buttrey.
This bill requires an affirmative vote of 3/4 of the members of the Senate and will proceed to third reading.

**SB 354 - Free Conference Committee Report No. 1** - Senator Ripley moved the Free Conference Committee report to **SB 354** be adopted. Motion carried as follows:

Total 30

Total 19

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**SB 418 - Free Conference Committee Report No. 1** - Senator L. Jones moved the Free Conference Committee report to **SB 418** be adopted. Motion carried as follows:

Total 39

Total 10

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**HB 2 - Free Conference Committee Report No. 1** - Senator L. Jones moved the Free Conference Committee report to **HB 2** be adopted. Motion carried as follows:
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Total 35

Total 14

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

HB 33 - Conference Committee Report No. 1 - Senator Keenan moved the Conference Committee report to HB 33 be adopted. Motion carried as follows:

Total 40

Total 9

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

Majority Leader Rosendale moved the committee rise and report. Motion carried. Committee arose. Senate resumed. President Barrett presiding. Chair Sales moved the Committee of the
Whole report be adopted. Report adopted as follows:

Total 46

Total 3

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

MOTIONS

Majority Leader Rosendale moved to suspend Senate Rule 40-40 to place bills heard on second reading this date under agenda # 2 on third reading this date: HB 8, SB 354, SB 418, HB 2, HB 33. Motion carried as follows:

Total 47

Nays: D. Brown, Sales.
Total 2

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

Majority Leader Rosendale moved to suspend Senate Rule 40-40 to place bills heard on second reading this date under agenda # 1 on third reading this date: SB 316 HA, HJ 26, HJ 29, HB 10 CC, HB 6 FC, SB 260 FC. Motion carried as follows:

Yeas: Ankney, Arntzen, Barrett Dick, Blasdel, Brenden, T. Brown, Caferro, Cohenour, Connell, Driscoll, Facey, Fielder, Hamlett, Hansen, Hinkle, Hoven, Howard, Jones, Kary, Kaufmann,
Total 47

Nays: D. Brown, Sales.
Total 2

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

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 316, as amended by the House**, passed as follows:

Total 44

Nays: Fielder, Hinkle, Sales, Vance, Vincent.
Total 5

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

**HJ 26** concurred in as follows:

Total 26

Nays: Arntzen, Blasdel, D. Brown, T. Brown, Facey, Fielder, Hansen, Hinkle, Howard, Kary,
Keenan, Moore, Rosendale, Sales, Sands, Smith, Swandal, Taylor, Tutvedt, Vance, Vincent, Webb, Ms. President.
Total 23

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

HJ 29 concurred in as follows:

Total 35

Nays: Blasdel, Brenden, T. Brown, Hansen, Hinkle, Keenan, Moore, Rosendale, Sales, Taylor, Thomas, Vance, Vincent, Ms. President.
Total 14

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

HB 10, Conference Committee Report No. 1, adopted as follows:

Total 38

Total 11

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1
HB 6, Free Conference Committee Report No. 1, adopted as follows:

Total 43

Nays: Fielder, Hinkle, Kary, Sales, Smith, Vance.
Total 6

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

SB 260, Free Conference Committee Report No. 1, adopted as follows:

Total 49

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

HB 8 failed (due to 3/4 vote requirement) as follows:

Total 27

Nays: Barrett Dick, Caferro, Cohenour, Driscoll, Facey, Fielder, Hinkle, Howard, Kaufmann, Keane, Larsen, Malek, McNally, Moe, Phillips, Pominichowski, Sales, Sands, Sesso, Vincent,
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Vuckovich, Wolken.  
Total  22

Absent or not voting: None.  
Total  0

Excused: Buttrey.  
Total  1

SB 354, Free Conference Committee Report No. 1, adopted as follows:

Yeas: Ankney, Arntzen, Blasdel, Brenden, D. Brown, T. Brown, Connell, Fielder, Hansen,  
Hinkle, Hoven, Howard, Jones, Kary, Keane, Keenan, Moore, Ripley, Rosendale, Sales, Smith,  
Total  30

Nays: Barrett Dick, Caferro, Cohenour, Driscoll, Facey, Hamlett, Kaufmann, Larsen, Malek,  
McNally, Moe, Phillips, Pominchowski, Sands, Sesso, Stewart-Peregoy, Vuckovich, Whitford,  
Wolken.  
Total  19

Absent or not voting: None.  
Total  0

Excused: Buttrey.  
Total  1

SB 418, Free Conference Committee Report No. 1, adopted as follows:

Yeas: Ankney, Arntzen, Barrett Dick, Brenden, D. Brown, T. Brown, Cohenour, Connell,  
Driscoll, Facey, Hamlett, Hansen, Hoven, Jones, Kaufmann, Keane, Keenan, Larsen, Malek,  
McNally, Moe, Moore, Phillips, Pominchowski, Ripley, Rosendale, Sands, Sesso,  
Stewart-Peregoy, Taylor, Thomas, Tutvedt, Vuckovich, Whitford, Windy Boy, Wolken.  
Total  36

Nays: Blasdel, Caferro, Fielder, Hinkle, Howard, Kary, Sales, Smith, Swandal, Vance, Vincent,  
Webb, Ms. President.  
Total  13

Absent or not voting: None.  
Total  0

Excused: Buttrey.  
Total  1

STATE INTERNET/BBS COPY  1577
HB 2, Free Conference Committee Report No. 1, adopted as follows:

Total 34

Total 15

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

HB 33, Free Conference Committee Report No. 1, adopted as follows:

Total 40

Total 9

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

MOTIONS

Senator Rosendale moved the Senate reconsider third-reading action on HB 8 and that HB 8 be placed on third reading the next legislative day. Motion carried as follows:

Total 47

Nays: Hinkle, Sales.
Total 2

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

Senator Hamlett moved that SR 8 be taken from the Fish and Game Committee and be placed on Special Orders this date. Motion carried as follows:

Total 26

Total 23

Absent or not voting: None.
Total 0

Excused: Buttrey.
Total 1

Senator Sesso moved that SR 53 be taken from the State Administration Committee and be placed on Special Orders this date. Motion carried as follows:

Total 26

Total 23

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

SR 31 - Senator Brenden moved that the nomination transmitted by the Governor be concurred in and confirmed by the Senate in accordance with SR 31. Motion carried as follows:


Absent or not voting: None. Total 0

SR 8 - Senator Hamlett moved that the nomination transmitted by the Governor be concurred in and confirmed by the Senate in accordance with SR 8. Motion carried as follows:


Paired: Buttrey, Aye; Blasdel, No.

Absent or not voting: None. Total 0

Excused: None.
SR 53 - Senator Sesso moved that the nomination transmitted by the Governor be concurred in and confirmed by the Senate in accordance with SR 53. Motion carried as follows:

Total 29

Total 21

Paired: Buttrey, Aye; Blasdel, No.

Absent or not voting: None.
Total 0

Excused: None.
Total 0

ANNOUNCEMENTS

Committee meetings were announced by the committee chairs.

Majority Leader Rosendale moved the Senate adjourn until 9:00 a.m., Saturday, April 25, 2015, the eighty-fifth legislative day. Motion carried.

Senate adjourned at 5:35 p.m.