1997

Connecting state government to community journalism: A series of weekly reports from the Montana State Legislature 1997

Daniel P. Nailen
The University of Montana

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Connecting State Government to Community Journalism:
A Series of weekly reports from the Montana State Legislature
1997
A Professional Project

by

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B.S. University of Utah, 1993

presented in partial fulfillment of the requirements
for the degree of

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Approved by:

Chairperson

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This professional project is based on my work as a correspondent reporting on the activities of the 1997 Montana State Legislature. It consists of a series of stories I wrote from Helena, which appeared in weekly, community newspapers throughout the state. Also included is an evaluation of the legislative reporting process and some insights into the experience of working in a 90-day whirlwind of government activity.

The stories were done for the University of Montana School of Journalism's Community News Service, a two-year-old program designed to give student reporters the opportunity to cover statewide news for a wide array of newspapers. With the stories being delivered through a Montana Newspaper Association wire service, the stories were read from Whitefish to Terry, Dillon to Glendive.

The stories were written almost a week in advance of their publishing date at the various papers, causing the stories to concentrate on certain areas of particular importance rather than day-to-day legislative operations. In essence, however, the issues I addressed were the same as the daily reports coming from Helena: the budget process, prisons, schools and the environment.

For any reporter covering a legislative session for the first time, the challenges and hurdles involved are countless and often frustrating. But by the end, the experience gained in working with sources, sharpening news judgment and providing many Montanans with their dose of legislative coverage made it all worthwhile.
To my project advisor, Dennis Swibold, who provided the right amount of encouragement and challenges to my writing to keep me going through the looking glass; to Eric Johnson and the rest of the Missoula Independent, pre-March of 1997 staff, who got me started in the weekly world; to School of Journalism Dean Frank Allen, who got me off and rolling toward this project almost two years ago; to the members of my graduate committee, who had to read all this long after it was written; to the capital press corps for the high comedy and helpful suggestions; and to the Salt Lake City crew, who gave me a couch to sleep on in Missoula when the dreaded weekends in Helena arrived.
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This project is largely the culmination of work done for the University of Montana School of Journalism's Community News Service—a wire service run by the Montana Newspaper Association that provides weekly news coverage, written by UM journalism students, to the state's small community newspapers. Since the autumn of 1994, the Community News Service has provided statewide news coverage of elections and legislative sessions.

After a few students covered the elections of 1996, I was chosen to report from Helena on a weekly basis for the wire service. While I was in the capital to provide analytical, topical stories that would appeal to a widespread reading audience, and expended most of my energy there trying to do so, I will ultimately look back at the experience on a more personal level, and as one of the best educational opportunities I've been able to experience.

As someone with a degree in political science, I was able to watch, up close and in person, the democratic political system I've spent so much time studying through books or lectures. As a journalist with two years of experience, I was able to report on the fights, deals and major issues that will affect the state for years to come.

Hopefully my past experiences helped me provide useful information to the Montana citizens reading my weekly reports. I believe they did.

What follows is an analysis of reporting on the legislative process, and delivering the information to the great, unseen masses, including the logistics of covering the capital, the problems and frustrations I encountered along the 87 days of the 1997 session and an assessment of the overall experience—followed by the coverage itself.
DIVING IN

When I first got the assignment to cover the 1997 Legislature, I immediately got stars in my eyes, relishing the thought of watching major policy decisions being made and being able to talk to the principal players in person, every day. Several other members of the capital press corps had the same aspirations when they hit their first session, only to get the same harsh lesson in reality that I got this year.

The system is not designed to make a capital reporter's life easy, especially a reporter trying to cover the entire session by his or herself. Starting the first day, I had to pick and choose my way through committee hearings, trying to catch the most important tidbits every day for future use in one of my weekly stories. Within a couple of weeks of session's start, I had realized that I simply wasn't going to be able to cover every issue that I wanted to every day that I wanted to.

This naturally led to designing my weekly stories around a particular topic area, like the environment, education or the budget, instead of trying to keep up with every interesting bill the moment it first reared its head in a committee. Given my prior experience at a weekly newspaper, the Missoula Independent, I was somewhat accustomed to looking at issues more analytically than the typical daily newspaper, and I think the style of articles I wrote for the Community News Service offered something the other capital reporters were not providing--a "big picture" view of the actions of the Legislature.

Besides finding the right way to write my stories, there were other hurdles right at the session's outset. One of the biggest was the fact that most of the lawmakers were not
familiar with the Community News Service until I explained it to them, usually more than once. Reporters for the AP, Lee State Bureau, Great Falls Tribune and Bozeman Chronicle at least had some immediate name recognition from their sources, whereas I had to continually think of a weekly paper from the lawmaker's or lobbyist's area to show where my stories appeared.

Another problem was the sheer volume of paperwork involved in covering the Legislature, and how to organize it. Over 1,000 bills were introduced, plus a myriad of resolutions and press releases, and I tried several ways of organizing them, including subject matter, hearing date and sponsor, before settling on a simpler, chronological filing system.

Once I was able to figure out which hearings would be important for my weekly stories, how to write those stories in a comprehensive manner, how to explain to lawmakers who I was working for and how to keep all the paperwork straight, I was able to go about trying to get to the bottom of big issues. Of course, no matter how comfortable I got working in the capital atmosphere, there was always a new challenge ahead.

**ENCOUNTERING THE UNEXPECTED**

The greatest challenge in covering the Legislature was learning the difference between how things really are vs. how I thought they would be. With all the academic study I've done on politics and American democracy, along with some knowledge of Montana history and trends, I thought it would just be a matter of time before I was able
to break a major story that had been ignored by other media sources.

But once a reporter enters the capital environment for the first time, all
preconceptions go out the window. One quickly realizes that the members of the
Legislature are much more diverse than simply a party identity, each with his and her
own pet issues and proposals. You also realize that lobbyists aren't the scourge of the
political process that many political scientists make them out to be. And any thoughts of
the capital as a methodical, cold lawmaking machine are destroyed by the genuine small-
town, incestuous nature of life in Helena's power corridors.

Looking at the two-party system that dominates the American political landscape
on the national and state levels, one would expect the major ideological battles in the
Legislature to be between majority Republicans and minority Democrats. It did not take
long into the 1997 session to realize the actual debates over what form a bill would take
took place mostly on the Republican side of the aisle. Democrats gamely voiced the loyal
opposition's viewpoint until the last day, but it was often difficult to find a reason to
write about their issues, knowing the Republicans had the votes to do virtually anything
they wanted.

Even with the Republicans controlling the Senate, House and governor's office,
however, there was plenty of conflict in philosophy. The fact that one dominant party can
be split over so many issues was one of the biggest things I learned from covering the
session. The budget fights between moderate GOP Gov. Marc Racicot and the more-
conservative Republican legislative leadership, and the battles between fiscal
conservatives and moral conservatives in the GOP, made for some of the best stories of
Lobbyists turned out to be a good source of information, for reporters and lawmakers alike. They are generally regarded as a pox on the political process by the public, but I came to learn they are a necessary part of the Montana legislative process. With dozens of issues being addressed by over 1,000 bills, in just 90 days every two years, someone has to be able to explain the issues to a legislator who may not know anything about health care, contractor registration or the juvenile justice system. As a reporter, you obviously have to recognize who pays the lobbyist to disseminate that information, but the 1997 crop of paid consultants were generally helpful in getting opposing viewpoints to virtually any issue that cropped up. The public should obviously be concerned with any legislator who may listen to some points of view while ignoring others, but the lobbyists themselves deserve some credit for the service they provide to the process.

Another surprise for a first-time session reporter is the small-town feel the capital takes on after awhile. It was easy to be awestruck walking through the marble halls, looking at the paintings covering virtually every wall, but that wears off quickly. Soon enough, you realize that you recognize almost everyone you see during the day: lawmakers, lobbyists and capital staffers. By the end of the session, instead of explaining that you're a reporter and who you work for, you end up travelling through back corridors to avoid being grabbed by 20 different people wanting you to write about their big issue. You go full circle, from an anonymous presence in a building full of strangers to a well-known media resource for interest groups trying to get their message out. Reporting was
easier once I became a known entity in the capital, but even that led to new frustrations for the reporting experience.

WORKING WITH SOURCES

The process of interviewing dozens of people every week definitely improved my skills in getting the information necessary for my stories. It took a little more than a month to figure out who the genuine players were on a given issue, and who was just trying to spin what they perceived as an inexperienced, naive student reporter. The legislators themselves were generally straight shooters, speaking openly about their bills and their opponents. I found that the most interesting information was to be found from the back-benchers and other low-key lawmakers not involved in party leadership. They often had the most cut-and-dried stances on issues, and were less concerned with the political implications of anything they might say to the media. Party leaders were good sources for stories on the general flow of the session, but when you try to pin them down on specific questions within a specific bill, they are much more sensitive than the majority of the Legislature.

The lobbyists for various special interest groups were extremely useful in capital reporting. Since the media and Legislature are largely trapped in one building for four months, the lobbyists act as representatives for the public at large, the public that the capital is unfortunately mostly isolated from. The lobbyists were able to provide examples of how a certain bill may affect small business, power consumers or the state's rivers—a major help to a reporter trying to cover 1,000 issues at once.
The biggest problem I had with sources was from a story I did early in the session on cuts to Racicot's original budget plan. I went to each budget subcommittee's staff accountant from the Legislative Fiscal Division and asked for examples of the types of things being slashed in the budget process. In turn, each of them gave me a few examples and I wrote my story.

About a week-and-a-half later, I was summoned to the office of Clayton Schenk, the Legislative Fiscal Analyst, and told that one of my sources was denying having said what I quoted him as saying. At issue was the budgeting for the committee on natural resources, and as I interviewed the committee's accountant, he found that the committee had actually given more money to the Department of Agriculture than Racicot had requested, instead of cutting it.

When the staffer saw this, he said, "It's Christmas in January for the Department of Agriculture."

When the quote appeared in the paper, the committee chairman apparently got upset with the staffer and confronted him, resulting in his denial. Schenk informed me that I had apparently made up the quote and, despite my protests, said he was taking his person's word over mine.

Later on, the staffer changed his story, this time saying he had said what I quote him as saying, but he had said it to a fellow staffer and I must have been eavesdropping from the hallway.

The entire experience was frustrating for a number of reasons. For one, the accountant had given me the quote when it was just he and I in his office for an
interview. I was the one taking notes, yet his boss suggested maybe I remembered our interview wrong. Being the new reporter on the block, from a student news source, it basically came down to my word against an entire department rallying around this one person who told me something he apparently shouldn't have. I know my reporting for the entire session was accurate and fair, but I felt for a long time after this attack on my credibility that I would have to go the extra mile to get people to talk to me, based only on my lack of capital experience and one man's lie.

In the two years I've been reporting professionally, this was the first time anyone attacked one of my stories that way, saying I had actually made something up. Only later did I learn that the entire Legislative Fiscal Division was under the threat of being dismantled during the 1995 session, and the staffers were now particularly sensitive to anything that may make them look biased, since their position is strictly nonpartisan. I was able to reestablish Schenk as a source, and smooth over any concerns of the committee chairman, but I wasn't able to trust any of the staff accountants as a source again. While I was originally worried the whole episode would result in my never getting any budget numbers from the LFA again, I learned the valuable lesson that if you wait a week, another controversy will come along, and you'll be able to get any information you need.

REACHING SOME GOALS

Entering into the whirlwind of the 1997 Legislature as a first-time session reporter, I had a few specifics in mind as far as learning about the political process. I
wanted to see how much say the public really had in the actions of state government. I wanted to see how the two-party system really functioned, even with one party controlling the seats of power. And I wanted to learn how the seemingly scattershot nature of the legislative beast would eventually coalesce into a body of new laws and regulations that truly affect the lives of Montanans. I believe I was successful on all counts, and I hope what I learned came through in the stories I wrote.

Montana does really have a citizen Legislature, made up of a wide cross-section of personalities, ideologies and loyalties. While many of the results of the session seemed predictable, given the Republican dominance, private citizens continued to show up and testify before committee hearings, even when they knew their side of the issue was likely to lose the debate. The people are leery of their state government, but lawmakers from both parties seem to genuinely want what's best for Montana, they just have drastically different methods. The public is involved in the process starting on election day, when they elect the 150 legislators and the governor to do battle every two years. And the public's involvement continues through testimony, letter-writing campaigns and rallies in the rotunda, all the way until the next election day.

I was surprised to learn just how dominant the Republicans are in the Legislature. I already knew that the majority party has the power because it has the votes, but seeing it in person drives the point home. From making committee assignments to setting the daily floor agenda, the majority can virtually rule with as much of an iron fist as it wants, no matter what the minority party wants. Democrats who complained bitterly about their treatment this session admit that it was the same for Republicans in the past. The eternal
power struggle is just a part of the democratic process, a king-of-the-hill fight a party has to win if it wants to change anything.

The benefits of covering a legislative session are countless. From both an academic and professional standpoint, I can't imagine anything better to cover in Montana. Witnessing the process in person, on a daily basis, was the perfect complement to my years studying government and politics. And as a journalist, the experience of ferreting out the best sources, wading through the spinmeisters and special interests, and learning the ropes of the process to deliver what is truly important to my readers is an experience that will help me for years to come. I know that if I ever get the opportunity to cover another Legislature, in Montana or elsewhere, I will do it better and enjoy it more.
HELENA -- There was little time for pomp and circumstance as the 1997 Legislature kicked off last week with a flurry of activity to address Montana's growing prison problems.

Both House Speaker John Mercer, R-Polson, and Senate President Gary Aklestad, R-Galata, used their session-opening speeches to criticize Gov. Marc Racicot's proposal to spend close to $100 million on prison construction and increases in the Department of Corrections' budget.

Mercer and Aklestad said the money may be needed to fund education and infrastructure projects.

Meanwhile, bills revamping the juvenile-justice system and allowing private prisons were being proposed, and the House launched a special committee designed to sort through alternatives to the governor's plan.

No one in the capital denies that something has to be done about a prison population expected to keep growing into the next century. At this stage of the game, however, there are more questions than answers being offered by lawmakers. The main question is how did we get into this mess?

Although Aklestad says the prison population is booming mainly because "the family structure is not what it used to be," he adds that lawmakers two sessions ago misjudged the rate of increase in the prison population. That mistake, combined with the public's desire for harsher punishments, has led to the current financial squeeze, he
Now, Aklestad says, lawmakers are looking for "completely different alternatives, other than incarceration, that would be cheaper, but effective."

"Even with the laws we have on the books now, I don't think we can run just a bricks-and-mortar operation," Aklestad said. "We realize there needs to be more prevention. We have to instill a value system in our kids. It's not the economy that makes people commit crimes, it's a lack of values."

Among the alternatives is a proposal requested by the Department of Corrections to reduce the maximum penalty for a fourth DUI conviction from 10 years to one year. Some lawmakers suggest more home-arrest sentences to reduce the prison population, while others say the "three-strikes-you're-in" laws passed in the 1995 session need to be revamped so white-collar criminals don't take up prison space that could be used for violent offenders.

Meanwhile, Senate Minority Leader Mike Halligan, D-Missoula, blames much of the spiralling prison costs on poor management by the Department of Corrections.

"Confidence is low in the department's ability to make good use of whatever money they get," Halligan says. "There's been nothing done in the corrections department to indicate they have a better grasp on the problem now than they ever did. The administration wants all this money, but what's the policy? What's the plan? What's changed?"

Democratic Sen. Fred Van Valkenburg, a deputy county attorney in Missoula,
says the Department of Corrections has lost credibility with the judges and prosecutors over the past decade. As a result, he says, judges and prosecutors have tried to make sure that when they send prisoners to jail, they stay there.

Van Valkenburg adds that politics has also played an obvious role.

"It's easy for certain politicians to get elected and espouse tougher punishments for criminals," Van Valkenburg says. "Ironically, some of those same politicians are now unwilling to pay the cost for the people they send to jail. At least now Gov. Racicot seems ready to put his money where his mouth is."

For his part, Rick Day, director of the Department of Corrections, says accusations of mismanagement are misguided. Rapid growth in prison populations and the need for more money are national trends, he adds.

Harsher penalties passed in recent sessions, like the fourth-time DUI felony and three-strikes laws, aren't necessarily bad, he says, but Day supports looking into alternatives like pre-release programs and home arrest to help stem the tide of new inmates and make sure there is room for violent offenders.

"What we need to realize is that any changes in this session won't have an impact on the prison population today, or in the next biennium, or even the next four years," Day says. "We need the money for public safety and community safety right now."

Sen. Fred Thomas, R-Stevensville, is one lawmaker who supports providing enough money to deal with the prison population boom, no matter the cost.

"What we've been doing in the past is creating the minimum of what we need for prisons," Thomas says. "Then, all of the sudden, the buildings are full, and we've
continued laying law upon law, creating tougher sentences, getting tough on crime.

"If we have the ability to carry out punishments, through more prison space, I think most criminals will think twice before committing any more crimes. And those are the people committing crimes, people who have already committed crimes."

Rep. Ernest Bergsagel, R-Malta, is the chairman of the newly-formed House Select Committee on Corrections. Every House bill concerning corrections will go through Bergsagel's committee.

The committee spent last week hearing from private companies who want to contract with the state to run private prisons. This week the panel will hear the administration's views on the prison crisis. At the first meeting, Bergsagel laid out the panel's task for the session.

"We're all here for a reason," Bergsagel said. "Nothing is too outlandish, and nothing is too unreasonable in finding a solution to the prison problem. And if we don't come up with solutions of our own, we'll have to work with the governor's suggestions."

Senate Judiciary Committee Chairman Bruce Crippen, R-Billings, says he expects a slew of bills aimed at corrections, but he has no answers to the funding quandary.

"It costs money to incarcerate people," Crippen said. "It costs money to pay for more guards. It costs money to build more facilities.

"We have to spend money on the prisons, but the Legislature has to make sure they don't spend any more than absolutely necessary. That's our duty. So we have to look at new methods of how to do it. Should we be privatizing the prisons? Should we double the size of Deer Lodge? Should our emphasis be on rehabilitation? Home arrest?
"We need to think of something."

***

ELECTION REFORM -- Rep. John Cobb, R-Augusta, introduced several bills last week designed to streamline and clean up elections.

One measure would make it easier for presidential candidates to get on the Montana primary ballot. House Bill 26 would require only 500 petition signatures, instead of the 2,000 now required.

Also, any candidate receiving federal matching funds would automatically be placed on the ballot. The Secretary of State would also be allowed to place candidates on the ballot, at his discretion, even if the candidate received no signatures or matching funds.

Cobb also introduced House Bill 177, which would raise the limits on campaign contributions by individuals and political action committees, although the new limits would apply to an entire election cycle (both the primary and general election), not just individual elections.

The measure would also require tax-exempt, non-profit organizations to file reports of political contributions and expenditures if they spend more than $10,000 on political activities.

Cobb's House Bill 34 would provide for the public financing of judicial elections by allowing Montana taxpayers to check boxes on their income tax returns to designate $5 for the nonpartisan campaigns.

***
CONVICT LABOR -- Sen. Ric Holden, R-Glendive, introduced a bill to put more of Montana's prisoners to work for the state.

Senate Bill 2 would provide funding for about 75 inmates to work on road repairs or park maintenance, and it would also allow the Department of Corrections to establish prison industries to produce everything from furniture to street signs to entire buildings.

When Holden's bill was heard by the Senate Judiciary Committee, many members worried about the cost of developing new industries.

Other lawmakers feared the program could result in chain gangs working on the state's roads and in state parks, an image of Montana that some committee members said they would rather avoid.
BANKING ON MONTANA'S FUTURE

HELENA--Gov. Marc Racicot has a plan to borrow part of the state's nest egg for the next 20 years, but critics say if he does, he will be choking the golden goose that laid it.

Republicans and Democrats alike are praising the goals of Racicot's "Today and Tomorrow" proposal, such as more computers for grade schools, increased funding for research at Montana universities and much-needed work on sewers, bridges and roads.

But the governor's suggested source of money—tapping the state's Coal Tax Trust Fund—has traditionally been a tough sell, splitting lawmakers along party lines.

Racicot's plan, which could be used for such things as purchasing historic Nevada City and Virginia City and building between five and eight new schools, would rely on money currently earmarked for the state's coal trust. But many legislators, Democrats mostly, are wary of "busting the trust."

Coal taxes generate $40 million each year for Montana. Half goes directly into the state's checking account, the general fund. The remaining $20 million is split between the coal trust fund and the Treasure State Endowment, a sub-fund within the trust.

Interest earned by the Treasure State Endowment is used to pay for projects such as the construction and repair of bridges, sewers and water plants.

Interest earned on the coal trust goes mainly into the general fund, which pays for most of the day-to-day operations of state government. Since the trust was established in 1976, it has contributed $656 million in interest to the general fund.

Racicot's proposal would essentially freeze the trust and the Treasure State
Endowment at their current levels and divert the $20 million annually that would otherwise flow into these savings accounts into the "Today and Tomorrow" program for the next 20 years.

Linda Reed, of the Governor's Office of Economic Development, says that given the erosive effects of inflation and today's opportunities for matching federal and private funds, it makes more sense to use the money than to save it.

She estimates the $20 million annual investment in the governor's program could attract an additional $79 million in federal grants and private contributions annually and support 3,000-plus jobs for Montanans.

Under Racicot's plan, Reed says, Montanans would get more for their money than they could by simply letting the coal trust to continue growing. She says the money invested in research and development, for example, could help solve problems such as whirling disease and acid-mining damage, and boost small Montana businesses by creating new products and educating workers.

"We wanted something that would allow Montana to take charge of its own future," Reed says. "We wanted to answer questions like, 'How do we build strong communities? How do we provide more infrastructure and schools, with the communities being partners with the state?''"

Reed says the administration realizes it may be difficult to get the votes it needs. Tapping the trust requires a three-fourths vote of each chamber of the Legislature. Still, she says, there is nowhere else to look for the money.

Given the immediate needs of prisons and schools and the desire for property-tax
relief, Reed says the state's general fund can't support long-term building or research programs like the coal trust can.

"It seems the source that provides the most stability," she says. "And the coal tax trust fund has the money."

But critics of the plan, Democrats mostly, fear diverting money from the trust fund could cost the state millions of dollars in interest that would have flowed into the general fund otherwise. Montana taxpayers could be asked to make up for the lost revenue, they warn.

Citing numbers from Legislature's own accountants, Democrats predict that if the trust is allowed to grow unhindered, it will generate $1.16 billion in interest for the state to spend over the next 20 years. By contrast, if Racicot's "Today and Tomorrow" programs become law, interest deposits into the general fund will be $880 million for the same period.

They also say the Treasure State Endowment would provide more money for infrastructure than Racicot's program if it is left alone. Democrats estimate the endowment would provide $244 million over the next 20 years while Racicot's program would provide $189 million.

House Minority Leader Vicki Cocchiarella, D-Missoula, says another problem with the governor's proposal is that there's no guarantee the money will always go to the projects Racicot wants. According to Cocchiarella, a simple majority vote during any future legislative session could divert the funds anywhere.
"We don't necessarily disagree with the ideas in the governor's program," Cocchiarella says, "but the bottom line is, we have problems with the source of the money."

Democrats also warn that if the state loses a pending lawsuit over the taxation of Crow reservation coal, the state could have to pay upwards of $320 million from the trust. That would drastically reduce the amount of money earning interest for the general fund, so Democrats say the trust shouldn't be touched until the case is settled.

Despite the Democrats' concerns, and their ability to kill the plan with a party-line vote, Republican legislators are moving ahead with the governor's proposal. House Minority Whip Karl Ohs, R-Harrison, will sponsor the plan.

House Speaker John Mercer, R-Polson, says this attempt to spend coal revenues has a better chance of passing than past efforts, because the needs are greater this year and the governor has been educating the public.

"The coal tax trust is a bank account," Mercer says. "What is more valuable, to put more money into a bank account or preserve Nevada City and Virginia City? Or provide more research opportunities at the state's universities so our brightest students will stay in Montana to go to school? To put more money in a bank account, or upgrading septic systems so pollution doesn't get into the water supply of our towns?"

"These are the types of long-term future things we need to be looking at."

***

FREEZING TAXES—Lawmakers continue weighing options for some sort of property-tax relief, but most say they will have to wait for a Supreme Court decision on the state's
reappraisal system before any tax cuts can be considered. The case will be heard on Feb. 18.

Republican leaders have proposed freezing property values at 1993 levels until the case is decided, but some critics say that's a stop-gap measure that delays real long-term reform.

House Speaker John Mercer, R-Polson, supports the freeze, and says the Legislature will try to provide tax breaks to property owners as soon as possible.

He suggests basing a property's value for tax purposes on the price its owners actually paid rather than on market values estimated by the state, although that could mean lawmakers would have to find new revenues to fund government.

***

**BUYING HISTORY**--Rep. Antoinette "Toni" Hagener, D-Havre, has introduced a bill, co-sponsored by 17 other lawmakers, that would authorize the issue of revenue bonds to purchase Nevada City and Virginia City and establish a Montana Historic and Cultural Preservation Fund.

The bill would impose a 5 percent tax on car rentals, aimed at out-of-state tourists, to pay for the bonds and provide a fund to "purchase, restore and maintain historic and culturally significant properties in Montana that are in need of preservation."

***

**EYE ON GAMBLING**--Sen. Lorents Grosfield, R-Big Timber, has introduced a bill at the request of the Department of Justice that would establish an automated accounting and reporting system for video gambling machines.
Senate Bill 96 would require owners of more than five video machines to connect to a justice department system that would track the taxable revenues produced by gambling. All new machines, beginning this year, would have to be capable of connecting to the system.

The bill would also authorize state loans to machine owners for converting any old machines to the system. Any machines incapable of converting to the automated accounting system would be exempt from the new law.
HELENA -- When Gov. Marc Racicot slipped in the suggestion of a sales tax near the end of his State of the State address last Thursday, he raised more than a few eyebrows around Montana.

After all, the state's voters overwhelming defeated sales tax proposals in 1971 and 1993.

Still, in the days following the speech, Republican legislative leaders said any surprise at the governor's suggestion was much ado about nothing new.

Racicot, they noted, supported the 1993 ballot measure to enact a sales tax. And though that measure failed by a 3-1 ratio, the governor stills supports the idea as a means of broadening Montana's economic base and offering tax relief to property owners.

In his speech, Racicot said that with property taxes expected rise by 38 percent in the 1997 reappraisal, the time to give a sales tax another shot may have arrived. He said a sales tax would take advantage of the rising number of tourist dollars flowing into the state, and would allow the state to give property owners a break. He said it's time for the state to take on comprehensive tax reform or risk maintaining a "Model T tax system" in a computer-chip world.

While some lawmakers and lobbyists agree with the governor's call for revamping the tax system, they say the public and the Legislature are probably not ready to vote for a sales tax so soon after the 1993 effort, even with the promise of property-tax relief.

The tax has traditionally faced strong opposition ranging across the political
spectrum, from labor groups, who see the tax as a way to give business tax breaks at the expense of wage earners, to conservatives, who fear any new tax will only encourage greater government spending.

Thus far in the 1997 Legislature, the only sales-tax proposal comes from the organization that represents Montana's county governments. The bill was scheduled to be introduced this week.

The Montana Association of Counties, or MACo, has drafted the "Montana Tax Reform Act," and is currently looking for sponsors. Now that the governor has reiterated his support for a sales tax as part of larger tax reform, MACo executive director Gordon Morris says he hopes the plan will move forward.

The MACo proposal would impose a 4 percent sales tax on most goods and services, such as clothing, building materials, restaurant meals and auto repairs, as well as gas and phone service. The sales tax would replace property taxes used to fund education, eliminate property taxes on business equipment and provide sales-tax rebates for low-income families.

Altogether, the MACo plan estimates property taxes would decrease by $435 million, while the sales tax would generate $400 million, with 10 percent of that coming from tourists.

Racicot sees MACo's plan as a good jumping off point for tax reform.

"I think they've done a lot of the spade work to put the issues in front of the Legislature," Racicot said Friday. "But I know there are people who have some concerns
with different portions of it, and it would need to be further refined to find enough acceptance in the Legislature to be put to vote of the people."

Dennis Burr, of the Montana Taxpayers Association, said his group has always supported a retail sales tax with the proceeds going to some form of property-tax relief. However, he says he doubts such a measure could pass this session.

"The MACo proposal needs a lot of work," Burr said. "It's probably the broadest sales tax in the nation as written in the proposal. Right now, it would tax a lot of things people don't want to be taxed on, and there would be a lot of organized opposition."

David Owen, president of the Montana Chamber of Commerce, says his group has also supported overall tax reform. He says the MACo proposal has strengths the chamber likes, such as eliminating the tax on business equipment, but the broad sales tax could limit the bill's support from the public and lawmakers.

"There's nothing you could write into the bill that would bring people to support it," Owen said. "As soon as you start exempting certain things and taxing other things, you start losing supporters."

Owen says the chamber is also concerned about the possibility of counties raising property taxes in the future.

"This proposal seems to give back to local governments the sole use of property taxes," Owen said, "and we're worried we could end up with a sales tax and the same property-tax problems we have now."

Rob Natelson, who led opposition to the 1993 sales tax proposal and who lost to Racicot in the 1996 GOP gubernatorial primary, says any sales tax will just add to
Montana's problems, not solve them.

He says MACo's plan would eliminate I-105, which froze local property taxes. Moreover, he says it would take the power to fund schools away from school boards and give it to state government.

"Successful programs in other states phase-in property-tax relief over several years, combined with reduced increases in spending," Natelson said. "Then we wouldn't need any new taxes. Besides, there's no way to replace property taxes with a 4 percent sales tax. It's nuts."

Montana AFL-CIO leader Don Judge said he was somewhat surprised at the governor's mention of a sales tax in Thursday's speech, but added he knew the administration would have to come up with something to pay for the tax breaks Republicans want to give big business.

Judge says his group will continue to oppose any sales-tax proposals, because the burden of making up any lost revenue from property tax cuts will fall on those least able to pay, namely the middle and low-income workers.

In any case, the Legislature's Republican leaders say they'll wait for the Supreme Court to decide whether the state's property-appraisal system is constitutional before they start tinkering with the tax system. Meanwhile, they've introduced a measure to freeze property-tax levels at 1996 levels so taxpayers don't get hit with that 38 percent increase before something can be done.

For his part, MACo's Morris says he is pleased the governor is considering his group's plan, and he encourages lawmakers to give it a hard look.
"If we don't come up with more progressive tax reform, the system we've built around us over the years is going to come crashing down around our ears," Morris said.

"The governor said we have a Model T tax system. I would say the Model T is about to explode."
LET THE BUDGET-SLASHING BEGIN

HELENA -- If you can imagine planning all your household expenses for the next two years without knowing how much money you may make, then you can appreciate the Legislature's toughest chore.

Estimating revenues is at best an educated guess, but it's a critical and controversial one as lawmakers forge a two-year budget that will somehow touch the lives of every Montanan.

So far this session, the Legislature's accountants figure the general fund -- the state's checking account -- will take in about $64 million less than what Republican Gov. Marc Racicot expects.

Essentially splitting the difference, the Legislature's Republican leadership has told the various joint House-Senate spending subcommittees to chop about $32 million from Racicot's wish list.

So the subcommittees have begun cutting, some with a scalpel and some with a chainsaw.

Major segments of the governor's spending plan, namely budgets for prisons and public schools, are being spared at the outset of the cutting as lawmakers await more solid revenue estimates. Still, the subcommittees so far have recommended cuts of about $5.5 million, mainly in new programs, on the way to reaching their targets.

Bob Tallerico, a legislative staffer who tracks both the Education & Cultural
Resources subcommittee and the Natural Resources subcommittee, says Racicot' budget recommended about $713,000 in new funding for the Montana Arts Council, to make up for federal cuts in National Endowment for the Arts grants. The committee ended up approving about $191,000.

Additionally, the Montana Historical Society requests to hire a deputy director and to buy a new computer system were refused. The subcommittee also ended up recommending $37,000 less than the governor's request for operational expenses for the Montana School for the Deaf and Blind. The money would have been used for such things as travel and language instruction for teachers and students.

Tallerico says the Natural Resources subcommittee hasn't cut its portion of the governor's budget as much other committees have cut theirs. It has actually recommended Department of Agriculture receive about $100,000 more over the next biennium that Racicot proposed.

"It's Christmas in January for the Department of Agriculture," Tallerico says.

Meanwhile, the Human Services and Aging subcommittee has recommended cutting about $2.2 million from the Department of Health and Human Services, well on its way toward panel's target of $7.2 million in cuts, according to legislative staffer Pam Joehler.

So far the cuts mainly affect office operating budgets and requests for new technology, but Joehler says the task will get tougher now as the subcommittee examines programs for people in need, programs such as welfare, foster care, the entire Child and Family Services division and Medicaid.
For instance, the subcommittee has to predict how many children will need Medicare and how many Montanans will need welfare in 1999. At the same time, it must manage the new federal block grant program for families in need of public assistance. If the committee misjudges those needs, Joehler says, the results could be painful.

"The state is receiving $6 million more in federal welfare spending, but they have no idea how many cases there will be," Joehler says. "I think cutting $7.2 million was easily accomplishable at the beginning of all this, but now the (governor's budget office) is coming back and saying, in regards to foster care for example, that their numbers were wrong and they'll need more money."

All the subcommittees are being forced to look at cutting programs they rather wouldn't, according to their staffs. The Department of Justice may not be able to put as many highway patrolmen on the roads as they had hoped, for example, according to Skip Culver, an aide to the Institutions subcommittee.

New programs could be first on the chopping block, says Cynthia Weaver, a staffer for the General Government subcommittee. For example, she adds, a new Montana State University program that would send technology students out to help Montana's small businesses may have to look elsewhere for the $430,000 the governor wants to give it, despite the possible loss of $9 million in federal matching funds.

As dire as it may sound, this early-session agony is par for the legislature course, says Rep. Joe Quilici of Butte, the ranking Democrat on the House Appropriations committee, which reviews the various subcommittees' recommendations before writing the Legislature's main budget bill.
"We see this a lot in the first of the session," Quilici said. "In the 26 years I've been in the Legislature, it happens regularly, so I wouldn't get too excited."

But Rep. Tom Zook, R-Miles City and chairman of the Appropriations Committee, says this year's challenge is tougher than usual due to the shifting difference between the Legislature's and the governor's revenue estimates.

"There will be changes throughout the session, but it all has to balance out in the end, on a needs and wants basis," Zook said. "But what I may want, in your eyes may not be a need."

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ASK FIRST -- A bill passed by the Senate could result in a lot of early-morning housecalls for Montana ranchers.

Senate Bill 132, sponsored by Sen. Ken Mesaros, R-Cascade, would require all hunters to get permission from the landowner before entering any private property, no matter what kind of animal they're hunting and regardless of whether there's a "no hunting" sign.

Currently, hunters need permission to pursue big game on any private property, but may hunt birds and small game without asking unless the landowner has posted his property with signs or red-painted fenceposts.

Mesaros argued that his bill was simply a "common courtesy" in support of landowner rights. He said landowners shouldn't have to mark every fence and area to keep people out and all hunters should ask before they shoot.

But Sen. Al Bishop, R-Billings said the bill just makes it that much harder to hunt
in Montana.

"This is the last little bit of freedom that we hunters have," Bishop said. "Why do
you want to take that away from us?"

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GAMBLING AGE -- Gambling continues to be a hot issue this session. Last week the
Senate passed a bill that could potentially raise Montana's legal gambling age to 21.

Sen. Lorents Grosfield, R-Big Timber, wants to put a constitutional
amendment on the 1998 ballot asking Montanans to give the Legislature the right to set a
gambling age. If voters approve, the gambling age would likely be changed during the
1999 session.

Under the Montana Constitution, 18-year-olds are considered adults for
everything except buying alcohol. Grosfield told fellow lawmakers that letting teenagers
gamble in bars is bad public policy.

"About 70 percent of high school kids are 18 by the time they graduate,
Grosfield said. "They're not going to go in to school after losing $10, $20, $100 or
whatever, and say they lost. But if they win, you know they're going to go tell their
classmates what a rush it was. That's the kind of peer pressure I think we don't want."

But Sen. J.D. Lynch, D-Butte, opposed Grosfield's proposal, Senate Bill 157,
saying the Constitution considers 18-year-olds as adults and the Legislature shouldn't be
taking adults' rights away.

"Eighteen-year-old adults can get married, they can own a saloon, they can work
in a saloon, they can sign contracts," Lynch said. "We shouldn't be telling adults they're
not responsible enough to put a quarter in a poker machine."

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JUST SAY NO -- Last week, two senators introduced bills to amend the state
constitution to deal with what they see as an increasing problem: unfunded mandates.

Sen. Larry Baer, R-Bigfork, said his proposal, Senate Bill 153, would keep the
federal government from forcing Montana to do things it doesn't want to do.
Baer argued that federal laws such as the Brady Bill and the Clean Air Act are
unconstitutional abuses of federal power. His bill would allow the state to reject such
mandates "in the form of a bill, joint resolution, or executive order."

Meanwhile, Sen. Mack Cole, R-Hysham, is setting his sights on mandates the
state itself imposes on local governments.

If Cole's Senate Bill 139 passes, Montana voters would be asked to prohibit state
government from assigning "any new, expanded, or modified programs or
responsibilities" to any local government, unless the state pays the bills for that new
program, or unless the local voters decide they are willing to pay for it.
LAWSMAKERS LOOK AT RISING JUVENILE CRIME

HELENA -- If the stats are right, youth crime is on the rise in Montana, and state lawmakers aim to do something about it.

Statistics accumulated by the Montana Board of Crime Control, from statewide juvenile probation office reports, indicate juvenile crime and arrests have grown steadily in all areas: drug possession, rape, disorderly conduct and murder, to name a few.

The same figures show Montana juveniles committed 1,232 assaults in 1995, a 203 percent increase since 1990, when 406 juveniles were arrested for the same charge. Youths arrested for carrying a concealed weapon jumped from 21 to 148 in the same period, a 605 percent rise.

Republicans and Democrats agree that local communities, schools, churches and families bear the primary responsibility for keeping Montana's children out of trouble. At the same time, the statistics can't be ignored, and lawmakers are trying to improve juvenile justice and rehabilitation programs however they can to quell the growth in youth crime.

Some of the bills being introduced to stop this trend would create harsher penalties for children breaking the law.

Two of them that have passed their respective chambers are directed at keeping children away from weapons. Billings Republican Rep. John Bohlinger's proposal would prohibit the possession of guns, knives or other weapons in any school, and Sen. Chris Christiaens, D-Great Falls, is sponsoring a bill outlawing the possession of any weapon...
by minors in a youth detention facility.

Other bills attempt to modify children's behavior through public embarrassment.

Sen. Casey Emerson, R-Bozeman, introduced a bill to allow corporal punishment for students acting up in school, but his effort died in committee after testimony from some of the former schoolteacher's students that Emerson had been physically and mentally abusive. Similarly, Sen. Jim Burnett, R-Luther, is sponsoring a bill to allow public spanking as a penalty for vandalism for anyone 12 or older, but the proposal has stalled for lack of support.

House Minority Whip Tim Dowell, D-Kalispell, is trying a different tactic in the battle against youth crime. Dowell suggests that young criminals be punished by a court of their peers, in hopes they would be more afraid of their classmates than they are of the Montana Youth Court system.

Dealing with spiralling crime rates among Montana children is nothing new for the Legislature. In 1995, lawmakers created a special commission to study the state's juvenile system. The results of that group's research make up the lion's share of bills this session trying to improve juvenile justice in the state. Many aim to revamp the 23-year-old Montana Youth Court Act.

Senate Minority Leader Mike Halligan, D-Missoula, headed the Juvenile Justice and Mental Health Study Commission, which recommended several changes. Halligan said that one of the major trends the commission found was that many delinquent youths had no fear of being arrested, or of the Montana Youth Court, because they knew they would just get a "slap on the wrist" for their first few offenses.
"There are no immediate consequences in the existing Youth Court Act," Halligan said. "We need to give tools to parents, communities, schools and probation officers to deal with the problem kids right now."

Senate Bill 48, the commission's main proposal, would revise the Youth Court Act to speed up the punishment and rehabilitation of juvenile criminals, who would be more likely to face fines, restitution, community service work or time in a detention facility. And each time the child broke the law, the punishment would gradually increase. A first offense might call for 10 hours of community service, while the second could result in 100 hours, Halligan said.

Children need sentences that are "meaningful, self-esteem building, not just punitive," Halligan said. Appropriate community service work, he added, could give youthful offenders a sense of involvement and responsibility in their communities, which in turn need to step in and help at-risk youths.

"More people need to become licensed to be foster parents," Halligan said. "More businesses need to hire kids that may get in more trouble later, and schools need to provide more after-school opportunities. We need to teach these kids how to be part of their community."

For violent and repeat offenders, Senate Bill 48 would provide about 35 new beds at Pine Hills, including 20 reserved for juvenile sex offenders. The bill would also make it easier for violent youths to be tried as adults.

Rep. Ernest Bergsagel, R-Malta and chairman of the House Select Committee on Corrections, agreed with Halligan that children need to know they'll be punished if they
break the law. He also said one of the major barriers to a better justice system is inadequate communication among different agencies dealing with youths.

For example, Bergsagel said, privacy laws sometimes prevent various courts, support programs, schools and probation officers from trading information that could help them decide how best to deal with problem youths.

"Judges can't access the Department of Health and Human Services' records to see if a kid is running away because he's abused, or because he's just being a jerk," Bergsagel said. "We have to set up a system where people who need to know about a child can find out what they need, on a need-to-know basis."

Senate Bill 48 would do just that, and if it passes the Senate, it will eventually end up in Bergsagel's committee, along with every other bill concerning juvenile and adult corrections. Bergsagel says his committee is gathering all the juvenile justice bills and will start sifting through them in about two weeks.

"If we don't fix the juvenile justice system, let's just start building more prisons right now for the adult criminals we're going to have down the line," Bergsagel said.

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**ADULT CRIME** -- Young criminals aren't getting all the Legislature's attention. Rapists, drug dealers and drunken drivers would face tougher penalties under proposals moving through both houses.

Senate Bill 201, introduced by Sen. Bill Glaser, R-Huntley, and Rep. Deb Kottel, D-Great Falls, would allow the execution of anyone convicted of a second violent rape. Similarly, Senate Bill 202 would allow the execution of second-time drug dealers. In
both bills, the first offense would not have to occur in Montana.

Meanwhile, Rep. Chris Ahner, R-Helena, and Sen. Eve Franklin, D-Great Falls, have introduced bills that would severely hamper a peeping Tom's lifestyle.

Ahner's bill, passed by the House Judiciary Committee with a 20-0 vote, would make it a crime for any owner, manager or employee of a business, or a landlord, to secretly photograph or videotape any member of the public in a bathroom, fitting room or any other room used by a customer or tenant.

Franklin's bill, scheduled for a committee hearing this week, would create the crime of "surreptitious visual observation." In other words, anyone who "hides, waits or otherwise loiters" near a house or apartment "for the purpose of watching, gazing at, or looking upon" any resident of the area could face a fine of $500 and six months in jail for the first offense.

On another front, Sen. Mack Cole, R-Hysham, has a bill awaiting hearing that would make it illegal for a driver to refuse a blood, urine or breathalyzer test. Under Senate Bill 210, refusal to be tested would carry the same punishment as driving under the influence of drugs or alcohol.

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TAKING AIM -- Billings Republican Sen. Tom Keating wants to give the Department of Fish, Wildlife and Parks the authority to create a hunting season for bison.

According to FWP's John Mundinger, the agency briefly had that authority until the federal government took over management of the beasts. Keating's bill, according Mundinger, would create a partnership between the feds and Fish, Wildlife and Parks
that would establish FWP as the lead agency for bison management in Montana.

Meanwhile, Rep. Red Menahan, D-Anaconda, hopes to add anglers and bird hunters to the list of those protected by the state's hunter harassment law. Under Menahan's House Bill 360, a person would be guilty of harassment if he or she interferes with a hunter or fisherman, or disturbs an animal or fish that someone is trying to catch, trap or kill.

And Rep. Richard Simpkins, R-Great Falls, has introduced a bill to allow school districts to establish firearms safety education courses. The bill would allow a district to use a course developed by the Department of Fish, Wildlife and Parks, a law enforcement agency or a national firearms association, such as the National Rifle Association.

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THE BUDGET PUZZLE -- The governor's budget office and the Legislature's accountants finally settled on how much the lawmakers in Helena will have to spend for the next biennium.

After starting the session about $64 million apart, new projections and revenue estimates reduced that by about $26 million, according to the Legislative Fiscal Division's resident revenue expert, Terry Johnson.

Still, it means the Legislature's various spending committees will have to cut about $38 million from Gov. Racicot's spending plan to keep the state's budget balanced.
LEGISLATIVE REPORT #5

FEBRUARY 9, 1997

LAWMAKERS TRY TO BALANCE BUSINESS WITH THE ENVIRONMENT

HELENA -- As many legislators work to reduce environmental regulations they view as cumbersome and harmful to business, environmentalists say the Legislature is going too far this session.

One hotly-contested proposal would grant companies immunity from any penalties if they discover violations of environmental regulations and turn themselves in to the state Department of Environmental Quality.

House Bill 293, sponsored by Rep. Scott Orr, R-Libby, would allow companies to conduct their own environmental audits. A company discovering it had violated laws or DEQ rules would have 30 days to draft a solution.

Orr said last week that voluntary compliance is the future of environmental regulation. The public would be better served if companies felt they could report their own violations without fear of big fines or lawsuits, he added.

"We need to use a carrot to get companies to report violations, instead of using a stick like we have been," Orr said. "There's this growing fear and mistrust of government, not necessarily well-founded, but as long as we have government acting as the enforcer, that image won't change."

But Anne Hedges, of the Montana Environmental Information Center, said guaranteeing polluters immunity is a bad idea.

"We're letting criminals off the hook," Hedges said. "We're giving them an incentive to pollute, as long as they report themselves."
She said Orr's bill sets no deadlines for compliance, nor does it ensure the cleanup of past environmental damage.

Another controversial bill for environmentalists would rewrite the Montana Major Facility Siting Act, which governs the permitting and construction of large power plants.

Sen. Mack Cole, R-Hysham and sponsor of Senate Bill 224, said industry and environmentalists agree the 27-year-old law needs to be revamped. According to Cole, industry wants to speed up the approval process for power plants and environmentalists are willing to agree, as long as the plants are adequately reviewed for their potential effect on land, water and air.

But Patrick Judge of the MEIC said the bill effectively eliminates the review process for power plants, while speeding up the application process.

Judge also argued that the bill would allow regulators to overlook impacts to the environment and the health, safety and welfare of the proposed plant's neighbors if the expected benefits are high enough.

"Who determines the acceptable balance?" Judge asked at a hearing on the bill. "Will it be the citizens and workers whose health, safety and welfare are traded?"

Cole disagreed, saying the facilities will have to meet the same environmental standards they do now.

"All the environmental rules, as far as I know, will still have to be followed," Cole said. "In no way have I found air or water-quality laws being compromised."

Another bill drawing fire from environmentalists and local governments is Sen.
Don Hargrove's plan to exempt some developments from the subdivision review process, if the landowner agrees to set aside part of the land as open space. The Belgrade Republican said many farmers sell portions of their land to developers when they need money, and the results are often sprawling estates with little land left for farming or grazing.

Under Senate Bill 137, Hargrove said a landowner could cluster development on a portion of his or her property, leaving the rest as open space. He said such developments would still have to abide by state water-quality and county septic regulations, and open spaces would stay open through conservation easements.

"It's wonderful, the best of all worlds," Hargrove said. "And we might be able to save a few farms in the process."

But MEIC's Hedges said the bill is not as good as it sounds. Current state law allows developers to do much of what Hargrove proposes, without eliminating local subdivision reviews, which give adjacent landowners a voice in the development around them. Hedges added the bill also would undermine local government efforts to control and direct growth.

"Ultimately, this is contrary to good planning, contrary to good development and to the protection of sensitive areas," Hedges said.

Among other environmental bills discussed last week was Rep. Hal Harper's plan to allow more Montanans a voice in deciding what goes into the state's streams, rivers, lakes and groundwater.

Currently, a company must apply for a degradation permit before releasing
anything into the state's waters. The application process involves a series of hearings involving the company, the Department of Environmental Quality and only those citizens or businesses with a direct economic or property-right interest in the water, such as outfitters or farmers.

Harper's House Bill 374 would allow average citizens to testify. For example, someone who fishes the Yellowstone River or takes the family to Flathead Lake every summer could comment if a company wanted to degrade those waters.

"We all have a huge interest, even an economic interest, in our water," the Helena Democrat said. "It's hard enough for citizens to take part in this process without forcing them out."

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**TOO MANY BALLOT ISSUES?** -- Senate President Gary Aklestad thinks so, and he's introduced a bill designed to cut down on what he considers the "frivolous" measures cluttering Montana's ballots.

Aklestad's Senate Bill 170, which passed the Senate last week, would increase the number of signatures required to put an initiative or referendum on the ballot.

Under Montana's Constitution, any initiative or referendum petition must be signed by 5 percent of the qualified electors in at least one-third of the state's legislative districts, and the total number of names must be at least 5 percent of Montana's total population.

Aklestad's bill would place a constitutional amendment on the November 1998 ballot that increases the signature requirement to 8 percent of qualified electors from
two-fifths of the legislative districts. The bill passed the Senate 34-16 and needs 66 votes in the House to make it to the ballot.

"When the initiative rules were put in place, it was a lot harder to get signatures," Aklestad, R-Galata, said. "We didn't have shopping malls and such to reach a lot of people."

Critics, including Patrick Judge, a lobbyist for the Montana Environmental Information Center, said the measure would make it harder for citizens to police government and disputed Aklestad's argument that there are too many ballot issues for voters to sort through.

"To claim that 400,000 Montanans can't deal with three or four or five measures every other year while this body of 150 legislators deals with over 1,000 bills every other year is a bit incongruous," Judge said.

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**FREEZING TAXES** -- The Senate voted 42-8 last week to freeze property values at their 1996 levels until it can overhaul the Montana's tax system. The measure now goes to the House.

Senate Bill 195, sponsored by Senate Majority Leader John Harp, R-Kalispell, would delay the effect of the 1997 reappraisal and delay the next reappraisal until the year 2000.

While supporters admitted the bill was a stop-gap measure to make sure Montanans didn't get hit with the 38 percent average increase in the 1997 reappraisals, they said it was the best option until the Legislature tried a more comprehensive tax
PROPERTY RIGHTS -- Rep. Aubyn Curtiss, R-Fortine, says the rights of Montana's property owners are under attack from federal mandates, state laws and local ordinances, and she wants to make government pay.

Curtiss' House Bill 306 would require state or local governments to pay landowners for any loss in property value of more than 5 percent resulting from government rules, regulations or decisions.

Environmentalists and local government officials argued the bill would harm planning and zoning efforts in Montana communities. They also said the bill is unconstitutional.

Under Curtiss' plan, critics said municipalities could conceivably be forced to pay for enforcing zoning laws that prohibit someone from opening an adult theater in a residential neighborhood.

Likewise, critics speculated that a company could demand payment from a city for lost profits if regulations kept the business from operating a hazardous-waste incinerator next to a school.
LEGISLATURE ROLLS THE DICE ON GAMBLING BILLS

HELENA -- When it comes to gambling or the rules regulating it, the Legislature seems to face the same old question each session: How much is too much?

This session has seen a slew of gambling bills, with most aimed at restricting or regulating the industry. Supporters say the measures are necessary to keep tabs on a major source of tax dollars for state and local government, but so far they have met a wall of opposition.

Members of the House Business and Labor Committee, which hears many of the proposals, received about 800 letters each over a four-day stretch last week. The letters encouraged them to leave the gambling industry alone, according to committee member Rep. Billie Krenzler, D-Billings.

Dennis Casey, spokesman for Montana's Gaming Industry Association, said gambling is one of the most regulated industries in the state and further intrusion by the government is unnecessary. Casey added that gaming is one of the state's most heavily taxed industries and any raise in the tax would devastate small businesses.

But Sen. Lorents Grosfield, sponsor of a series of bills affecting gambling, said tighter regulations are necessary when dealing with a potentially addictive activity.

The Big Timber Republican promoted Senate Bill 157, a constitutional amendment proposed to allow the Legislature to raise the gambling age, and successfully maneuvered it through the Senate.

But another of Grosfield's bills, one that would require video gambling operators
to join an automated accounting system with the state, was stalled in the Senate Judiciary Committee after machine and tavern owners testified it would cost them too much to join the program, even with financial help from the state.

Grosfield said Senate Bill 96 is needed because the old paper reporting system is inefficient and unreliable. He said that in the last audit of video-gaming paperwork, 30 percent of the reports had significant bookkeeping errors and another 40 percent were missing large sections of information. Grosfield said that when tax dollars are at stake, the numbers need to be as accurate as possible.

"It's a sloppy system we have now, and it's not prudent public policy," Grosfield said.

Gov. Marc Racicot, a proponent of SB 96, said the gaming industry has been dependable in reporting over the years, but added the new system would provide advantages for everyone that outweigh the industry's fears.

"I think the industry has a significant dependance on the small businesses of Montana, and we can preserve a level of integrity for those businesses, and put in a system to complement the existing regulations," Racicot said.

Rep. David Ewer, D-Helena, has introduced several bills involving gambling, all of which have been tabled by the House Business and Labor Committee. He said he doesn't expect any of them to advance.

One of Ewer's bills, House Bill 349, would prohibit automated cash machines in casinos. Another is a House version of the automated accounting system, House Bill 304, minus the financial assistance offered in the Senate version. Ewer said an idea with the
support of the governor, attorney general and leadership in the Legislature should at least get a full debate, and he attributes its failure to the power of the gaming lobby.

"Gambling is a black hole that has, gravitationally, completely changed the Legislature," Ewer said.

Last week, Grosfield introduced two bills that would give local governments more control over gambling. Senate Bill 295 would make sure citizens are heard before a gambling license is issued in their town or neighborhood.

A companion measure, Senate Bill 294, assures local governments the ability to adopt zoning to control where a casino can be located within their city. Some towns, such as Bozeman and Missoula, have already adopted such measures, but Grosfield said no one is sure if they're allowed to do it. He wants to make it clear they do.

"Local people ought to be able to have some input to things that affect them," Grosfield said. "The least we can do is allow local governments more ability in zoning for casinos."

In the same vein, Sen Mignon Waterman, D-Helena, is sponsoring legislation that would create a new class of liquor licenses for small businesses that want to offer alcohol but not gambling.

And Sen. Tom Keating, R-Billings, introduced a plan last week to dump the Montana Lottery. He said Senate Bill 268 is needed because the $8 million in annual profits have not reduced property taxes or helped pay for education as originally promised. Many compulsive gamblers get their start playing the lottery, he added.

"The state should not be in the gambling business," Keating said. "The
problems it causes are not worth it."

Sen. Sharon Estrada, chairwoman of the Legislature's Gaming Advisory Council, is sponsoring a bill that tries to help compulsive gamblers. Senate Bill 208, which has passed the Senate, would spend $300,000 over the next two years to set up a hot line for gambling addicts and produce educational materials.

Meanwhile, the House Business and Labor committee last week stalled Rep. Peggy Arnott's ballot proposal to ban all video gambling. The Billings Republican's House Bill 425 would ask Montanans to vote on the issue in November.

Gaming industry lobbyist Casey argued that the elimination of video gaming would result in "financial chaos, bankruptcies and thousands of lost jobs."

Rep. Krenzler says that's why the committee has stalled so many of the measures aimed at restricting, regulating or eliminating gambling. While she's not a gambling advocate, Krenzler says she worries about the effect on small-business owners.

"There are a lot of little mom 'n' pop places with gambling machines," Krenzler said. "If the state is really interested in doing away with gambling, we need to phase it in. Don't hit them with everything at once."

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ABORTION AND CHILDBIRTH -- The Legislature heard its first and only abortion bill of the session last week, and the Senate passed a measure that could affect most of Montana's would-be mothers.

Rep. Dan McGee's proposal to outlaw abortions during the third trimester of a pregnancy incited a heated exchange between pro-life and pro-choice advocates before
the House Judiciary Committee. Some witnesses were brought to tears in the process. The committee took no immediate action on the bill.

The Laurel Republican called the procedure one of the most "heinous" known to mankind, and would punish any doctors performing it with a fine up to $50,000 and 10 years in prison.

Opponents, however, testified that only 600 of the late-term abortions are performed nationwide each year, and they are almost always in cases where the life of the mother and fetus are in danger.

Meanwhile, the Senate passed Senate Bill 34, which would require insurance companies to pay for a 48-hour hospital stay for mother and child after a normal birth and a 96-hour stay after a Caesarean section.

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PACKING PISTOLS— An Eastern Montana lawmaker introduced a bill last week that echoes images of the Old West.

Rep. Wes Prouse, R-Shepherd, brought House Bill 416 to the House Judiciary Committee last week, hoping to eliminate the permit requirement for carrying a concealed weapon within city limits.

Under current Montana law, a person has to go through a background check, fingerprinting and a safety course before getting a concealed weapon permit. Prouse called the process "burdensome" and said gun-control laws in other states have failed to reduce crime.

"Guns are the safest, most effective means of defense of a crime," Prouse
testified. "If you look at Montana, where's the crime? It's not out in the country, it's in the
cities. Victim disarmament is not the way to save lives."

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BATTLING PORN -- Two measures were introduced to the Legislature last week that
would make pornography harder to find in Montana.

Rep. Wes Prouse, R-Shepherd, has proposed making it illegal for any Montanan
to buy, sell, possess or create obscene materials that are currently only prohibited to
minors.

According to House Bill 454, an item is considered obscene if "an average
person, applying contemporary community standards," would find the material appeals to
a "prurient interest in sex." Anyone convicted of obscenity could face up to six months in
jail and a $1,000 fine.

Rep. Peggy Arnott, R-Billings, introduced a bill that would add images of nudity
and "sexual excitement" to the list of things currently considered harmful to minors. The
list already includes pictures of "sadomasochistic abuse" and "sexual conduct."

If House Bill 453 becomes law, anyone showing or selling such pictures to an
unmarried person under 18 -- through books, posters, movies, records or computer
images -- would be guilty of "dissemination of material harmful to minors."
DIALING FOR MONTANA'S DOLLARS

HELENA -- The battle for your phone business is about to heat up, but some state legislators fear consumers and existing phone companies could get burned in the coming competition.

When lawmakers return from this week's mid-session break, they will consider a series of bills designed to soften the local impact of deregulating the national telecommunications industry.

The industry's restructuring is largely the result of the year-old federal Telecommunications Act, which allows long-distance companies, local phone service providers and the cable television industry to compete in offering customers a wide variety of services.

Competition holds the promise of better service at lower prices, but some lawmakers fear that if it isn't done carefully, some Montanans could end up with higher rates or no phone service at all.

In the past, companies providing the only phone service to an area were strictly regulated by the state as "mini-monopolies" to protect customers from exorbitant bills and poor service. Deregulation would eventually end such controls.

The 1995 Legislature set up a committee to examine how Montana could implement the federal changes and build a competitive market. The Blue Ribbon Telecommunications Task Force consisted of lawmakers, phone industry executives and consumer groups, and after months of study and compromise, they came up with a plan...
they think will work.

Rep. Joe Quilici, D-Butte and a member of the task force, said the group tried to balance the needs of consumers, existing Montana phone companies and new competitors hoping to enter the local phone service market. Companies such as AT&T and MCI have already indicated they intend to come to Montana -- if the business climate is right.

The resulting plan, Senate Bill 89, was heard in the Senate Business and Labor Committee in late January, where it remains while the committee wrestles with the details that could touch most Montanans.

Russ Cravens, a spokesman for US West, said that although his company supports much of SB 89, the bill puts his and Montana's other existing phone companies at a competitive disadvantage.

As the bill stands, existing local service providers would continue to be heavily regulated, while new competitors would enter the market free of such controls. The idea, essentially, is to give new companies a leg up against their established rivals until a truly competitive market develops.

As a result, Cravens said, if US West wanted to introduce a new product, it would have to go through a six-month review process. Meanwhile, the new competitors would learn of US West's plans, and could conceivably launch competing products without having to go through the same review.

That isn't fair to existing companies, Cravens said. And that's why US West is supporting amendments to SB 89 that ensure all phone providers are regulated equally.
"We believe companies coming into the state to do the same business for the same customers should have to follow the same rules," Cravens said.

But the bill’s supporters argue that without some sort of advantage over established companies, new providers simply won’t come to Montana.

Danny Oberg, a member of the state’s Public Service Commission, says his agency should continue regulating US West to ensure customers don’t end up paying higher rates as they wait for competition to develop.

Furthermore, he said, if new competitors are required to go through the old, strict regulations to enter Montana’s market, many of them simply won’t bother. If that happens, he added, Montanans could end up with just one phone service provider and no rules keeping it from charging whatever it wants.

"These changes they (US West) are suggesting are just the monopolist trying to protect the monopoly," Oberg said.

Another aspect of phone restructuring is rate-rebalancing. In the past, charges on special services such as long-distance and call-waiting helped cover the cost of providing basic phone service, keeping monthly phone bills relatively low.

That will no longer be the case under deregulation. Most analysts expect charges for monthly basic phone service to jump by at least $10. Meanwhile, the cost of special services is expected to fall since they will no longer subsidize basic service.

Some lawmakers predict increases in basic service could be even greater in rural areas, where the cost of running a phone line to a remote ranch can be as high as $85 a month.
To prevent such huge increases, Sen. John Hertel, R-Moore, has introduced Senate Bill 242, which would require that every telecommunications company contribute to a fund that would be used to help reduce basic service costs in rural areas.

Rep. Quilici said Hertel's "universal service" bill is necessary to ensure that rural Montanans aren't bypassed in the scramble for the state's bigger competitive prizes.

"These new competitors are going to go where the bucks are," Quilici said. "Rural areas might be left out in the dark, especially in high-tech for schools and libraries, if we don't have a universal access bill with some funding."

Mike Strand, a lobbyist for rural Montana telephone companies and co-ops, agrees that universal service is necessary for people far from the cities.

"Competition is going to the large areas," Strand said. "If some universal service system isn't there, residential customers are going to see their rates go up."

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TALKING TAXES -- Several major tax issues came to the forefront in the week before the Legislature took its mid-session break.

The Montana Supreme Court heard arguments that will determine whether the appraisal system used to determine property taxes in 1993 is constitutional.

Also at stake is the 1997 reappraisal that determined property values will rise by an average of 38 percent statewide. The Legislature's Republican leadership has said that if the court invalidates the state appraisal system, the Legislature may have to hold a special session to construct a new appraisal method and come up with any necessary refunds.
Meanwhile, a proposal to enact a 4 percent sales tax to fund education and cut property taxes was officially introduced last week.

Sen. Delwyn Gage, R-Cut Bank, is sponsoring Senate Bill 258, the much-discussed Montana Association of Counties proposal that supporters say is necessary to give Montana a more solid tax base. It would ask the voters to approve the sales tax in a September 1997 special election. Voters reject a similar measure in 1993 by a 3-to-1 margin.

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PRISON PLANS CUT -- Since the session began, Republican lawmakers have been skeptical of Gov. Marc Racicot's request to spend about $100 million on prisons over the next biennium.

Last week two committees started paring the dollars Racicot wants for new jail cells and increases in the Department of Corrections staff.

Rick Day, director of the Department of Corrections, said there was good news and bad news in the budget recommendations for his agency.

Juvenile corrections got a much-needed boost, according to Day, when expansion of Pine Hills and a secure facility for juvenile girls in Boulder were approved.

But lawmakers denied funding for 96 new beds at the Montana State Prison at Deer Lodge. They also rejected any expansion of the women's prison in Billings. And instead of the 37 new prison guards the governor wants, a budget subcommittee approved funding for 15.

Money for a regional prison in Missoula was approved, but the federal funding
intended for two other regional jails was diverted to pay for improvements at Deer Lodge.

The Joint Appropriations Subcommittee for Long Range Planning told Day that if the state wanted money for other regional jails, it should ask the federal government. Day said the chances of that happening are "slim to none."

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INDEPENDENT CONTRACTORS -- The Senate passed a bill last week to make it easier for small-time contractors to work without going through a lot of red tape.

Senate Bill 45, sponsored by Sen. Ric Holden, R-Glendive, aims to ease some of the restrictions imposed by a contractor-registration law passed in 1995. That law requires the registration of anyone doing more than $500 of contract work annually.

SB 45, passed by a 33-17 vote, would lower the registration fees and require the registration of only those contractors doing more than $2,500 worth of work annually.

Holden said his bill would help people doing odd jobs for a little extra money, but opponents of his plan say the 1995 registration requirement is needed to make sure employers don't avoid providing workers' compensation and unemployment insurance for some part-time employees by labeling them independent contractors.
HELENA -- Spending and taxes take center stage as the Legislature heads into the second half of the 1997 session.

Lawmakers returning to the capital this week after a four-day break face an array of unsettled questions including how best of head off big increases in property taxes and how to divide tax dollars between two of Montana's most pressing responsibilities: prisons and schools.

And if that's not enough, toss in a sales-tax proposal, efforts to roll back environmental regulation, and bills outlawing such things as affirmative action, same-sex marriages, late-term abortions and "harmful" obscenities.

While those controversies may grab daily headlines, the second-half's biggest story could be the budgetary tussle between Republican Gov. Marc Racicot and Republican legislative leaders.

Just before last week's mid-session break, five Republican-controlled subcommittees had pared about $46 million from the $172 million general-fund increase that Racicot had proposed. Their targets included Racicot's requests for increased spending on prisons and higher education.

The Joint Appropriations Subcommittee on Institutions and Public Safety cut about $13.5 million from Racicot's suggestions for the Department of Corrections, although the agency will still see an increase of about $40 million over its current budget.

Meanwhile, the subcommittee overseeing education spending is holding off on a
recommendation for state aide to public schools until lawmakers get a clearer picture of just how much money they have to spend. That haze could begin to clear now that the Montana Supreme Court has rejected a challenge to the state's property-tax system, which provides most of the money for Montana's K-12 schools.

Rep. Tom Zook, R-Miles City and chairman of the powerful House Appropriations Committee, said the budgetary squeeze pitting the needs of a crowded prison system vs. schools has been the most difficult aspect of the session so far.

"We need to find out how much we can spend on corrections and be effective," Zook says. "Then somehow we need to find out how to fund corrections and education in an adequate manner."

The Joint Appropriations Subcommittee on Long-Range Planning recommended over $170 million in state building projects and computer-system upgrades, but denied about $13 million in prison construction that Racicot wanted.

Rick Day, director of the Department of Corrections, said his agency needs all the money the governor requested just to keep up with Montana's prison problems. And while some gains were made, he said, the refusal to fund any expansion of the women's prison will lead to problems down the line.

Meanwhile, the Joint Appropriation Subcommittee on Human Services has trimmed $16 million from the increases Racicot proposed for such things as foster care and elderly care. Lawmakers have yet to decide how much to pay Medicaid providers or how much to spend on the state's new welfare programs.

Taxation is the other half of the biennial budget controversy, although veteran
session watchers such as Dennis Burr of the Montana Taxpayers Association note that the tax-talk this session has been unusually quiet. Burr said lawmakers this session have introduced half the usual number of tax bills.

Still, Burr said he expects property taxes to dominate the second half, as the Legislature contemplates a property-tax freeze, a reduction in property-tax rates and lowering the number of mills levied as methods to thwart any drastic rise in property taxes resulting from the increasing value of Montana real estate.

House Minority Leader Vicki Cocchiarella, D-Missoula, said the first half of the session has been an uphill struggle for the Democrats, with some of the toughest floor battles in her career.

She said she expects more of the same in the impending budget battles. Her party will concentrate on making sure education gets its fair share in the next 45 days, she said, adding that Democrats will also push their alternative to Racicot's "Today and Tomorrow" proposal.

Racicot's plan would spend $20 million a year, currently earmarked for the state's Coal Tax Trust Fund, on such things as sewer systems and school buildings. Cocchiarella says the Democrats support the general idea, but have a better way to fund the projects. Neither Racicot's plan nor the Democrats' has been heard in committee.

Despite Cocchiarella's contention, House Majority Leader Larry "Hal" Grinde, R-Lewistown, said lawmakers have been much more cooperative due to a bipartisan interest in financial issues affecting all Montanans. He agreed that property taxes and spending decisions will be the focus of the session's remaining days.
Grinde said the Legislature will do anything necessary to ease the effects of the 1997 property-tax reappraisal, which raised property values by a statewide average of 38 percent. If that appraisal takes effect, he said, Montana's ranches and main street businesses could face a major crash.

Grinde added the state is in a Catch-22 trying to fund education and corrections increases from the same pool of money, but budget battles are a normal part of all legislative sessions.

"The budget is always the biggest piece of our work up here," Grinde said. "Who gets the dollars?"

Not all of the remaining work concerns budgets and taxes, however. So far 979 bills have been introduced, 234 of which have been killed or tabled in committee. Gov. Racicot has signed 29 measures into law, most of them repealing outdated regulations or streamlining state agencies.

Of the remaining bills, 463 have passed one chamber and moved to the other. Among them are several that set off the most heated debates during the first half.

The 1995 Legislature battles over Montana's environment continued this session. Several bills designed to make Montana more business-friendly have angered environmentalists, who warn that Montana's constitutional guarantee of a "clean and healthful environment" is in jeopardy.

"This Legislature seems motivated more for the short-term profits of industry than the long-term health of the environment," said Pat Judge of the Montana Environmental Information Center.
Environmentalists are especially upset with two bills: a Senate-approved revision of the Major Facilities Siting Act, which would streamline the process for approving major power plants, and a House-approved bill allowing businesses to conduct self-audits for environmental problems.

Other major second-half battles are expected over plans to deregulate Montana's telecommunication and utility industries. Supporters say the measures will increase competition, bringing lower prices and better service. Critics fear rural areas could be stranded because they are less profitable to serve.
HELENA — Montana is famous for its big-game hunting and trout-filled fishing holes, but some say enthusiastic recreators are loving the outdoors to death.

Bills currently moving through the Legislature aim to maintain Montana's long-standing tradition as an outdoor mecca while keeping the most travelled waterways and hunting trails intact. But the measures have raised fears among private recreationalists worried they may have to find a new hole to fish, a new rapid to run or a new place to hunt.

Sen. Al Bishop, R-Billings and a former state Fish and Game commissioner, said his Senate Bill 149 would give Montanans the tools to keep the state's rivers and streams pristine and accessible.

The measure would allow the public, professional river guides and the state Department of Fish, Wildlife and Parks a voice in controlling the use of rivers that become too crowded.

According to the bill, interested parties would meet and try to solve problems on Montana's rivers. Any suggestions made, whether it be limiting floating trips or banning fishing in certain stretches, would be aired publicly before the state Fish and Game Commission makes a decision.

The only river currently regulated for recreational use is the Smith River, which FWP Director Pat Graham termed an extreme case. Eight float trips are allowed on the Smith per day, only one of which can be conducted by a professional outfitting company.
Supporters of SB 149, including Trout Unlimited, the Montana Wildlife Federation and the state Board of Outfitters, said heavily used rivers such as the Blackfoot, Big Horn and Madison need some regulation, although not necessarily as much as the Smith. Those rivers are being overrun with rafters, anglers and jet-skiers and the problem will only worsen, they said.

"If folks think the rivers are crowded now, they ain't seen nothing yet," Bishop said.

The bill's opponents, mainly private recreationalists and sportsmen's groups, agreed the state's rivers are getting more crowded every year, but they said outfitters, not individuals, should be restricted.

Jack Jones, a member of the Public Lands Access Association and Butte's Skyline Sportsman Association, said the bill could bump the public off waters like the Smith. He added the real problems are caused by outfitters who take three trips a day down one stretch of river and the growing number of unlicensed "rogue outfitters."

"I've been fly-fishing along the riverbank and had outfitters pull right into the hole I was fishing, like I wasn't even there!" Jones said. "The general public should have first priority for rivers and streams because the rivers and streams are public assets.

"Outfitting is a commercial business on public waters. If there is overcrowding on the rivers, how about limiting the outfitters to one trip a day instead of limiting where the public can go?"

SB 149 has passed the Senate and was heard in the House Fish, Wildlife and Parks Committee last week. Chairman Doug Wagner, R-Hungry Horse, said the
committee could vote on the bill this week, and though he's not sure what will happen, he hopes it dies.

Wagner said the Legislature should deal with crowded rivers, like the Big Hole and Big Horn, on a case-by-case basis. He's worried the bill could eventually keep Montanans from floating or fishing in their own backyard.

"It seems to me like the Department of Fish, Wildlife and Parks and floating outfitters are trying to expand their territory," Wagner said.

Meanwhile, another measure raising the ire of many Montana hunters would require that they get permission from landowners before pursuing any game on private land.

Currently, permission is only needed for big-game hunting, and landowners must mark their land by painting their fenceposts orange to indicate where hunting is prohibited. The bill would eliminate the posting requirement, and anyone hunting on private land without permission would be guilty of trespassing.

Sen. Ken Mesaros, R-Cascade and sponsor of the measure, said Senate Bill 132 is a "common courtesy" bill. Increasing communication between hunters and landowners can only diminish conflict down the line, he added.

But critics said landowners are already protected by law, and they added that most Montana hunters try to get permission before entering private land.

William Fairhurst, president of the Public Lands Access Association, says SB 132 will be a "disaster" for hunters, setting them up for entrapment when they can't contact the landowners. It may also increase conflicts when hunters show up at a
farmhouse door at 3:30 a.m. to ask for permission.

Fairhurst said public lands are often interspersed with private lands that aren't posted. Because these areas are continually sold or traded, he said, it's virtually impossible for hunters to find out who they should contact for permission.

"This bill is not going to stop the renegade hunter who ignores the posts and doesn't ask permission to enter private land now," Fairhurst said. "It does a lot more damage than it does good."

SB 132 was endorsed by the House Agriculture Committee last week and may be debated by the full House this week.

Among other hunting and fishing related bills this session is one that would raise penalties for habitual offenders.

Under Senate Bill 287, sponsored by Sen. William Crismore, R-Libby, anyone who had their fishing or hunting license revoked three times would never be able to legally hunt, fish or trap in Montana again.

In addition, violators would forfeit guns or bows used in committing the third crime. FWP would auction off the weapons and use the money for hunter-safety programs.

The Legislature is also considering a bill sponsored by Sen. Mike Sprague, R-Billings, which would allow hunters and anglers to get their licenses from vending machines.

Hunters would swipe their driver's licenses through the machine, enter the type of license sought -- be it wild turkey, elk or paddlefish -- and receive a printout of their
license.

In time, the automated machines could also be used in drawings for specialized hunting tags, says Fish Wildlife and Parks Director Pat Graham. The system would also shorten the time it takes the department to get information on who's hunting in Montana and thereby improve the agency's ability to catch poachers, he said.

SB 60 has passed the Senate and was heard in the House Fish, Wildlife and Parks Committee last week.

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CITIES AND TOWNS--This year's legislative session has been a mixed-bag for local governments, but a lobbyist for the Montana League of Cities and Towns hopes things are about to get better.

The League's Alec Hansen said two bills heard in the House Business and Labor Committee last week could help local governments pay for expensive public-works projects.

House Bill 585, Gov. Marc Racicot's "Today and Tomorrow" spending plan, would provide cash for things like sewer systems and research and development by using money earmarked for the state's Coal Tax Trust Fund.

Meanwhile, House Bill 512, the Democrats' counter proposal, would set up a special account within the Coal Trust for research and development, and increase projects paid for from the Treasure State Endowment fund.

Hansen said cities need more money to make up for the loss of federal grants for such work.
ANNUAL SESSIONS? -- The House State Administration Committee examined a measure last week that would amend Montana's Constitution to create annual, 45-day legislative sessions.

Sen. Mike Sprague said his Senate Bill 75 would preempt the chaos expected when the state's term limit laws go into effect in the year 2000. The Billings Republican said short, annual sessions will help new lawmakers get used to the process and it would also help legislators deal with state problems in a more timely manner.

But opponents argued that Montana voters have shown they don't want annual sessions. What's more, they said, the proposal could scare off potential legislative candidates who don't want to leave their homes and businesses every year.
MONTANA TRIBES RALLY IN THE ROTUNDA

HELENA—Last week the capital echoed with voices rarely heard when members of all seven Montana Indian reservations gathered for two hours of speeches and singing.

Braving blizzard-like conditions, tribal representatives rallied to protest legislation they see as anti-Indian, and to extol young members to take an active role in the political life of their state.

Rep. George Heavy Runner, D-Browning and member of the Blackfeet tribe, organized the Wednesday afternoon event. He said tribal members have spent years concentrating on their relationship with the federal government, while the state Legislature has been making decisions adversely affecting Native Americans.

Heavy Runner's goal for the rally—attended by about 200 tribal officials, students and urban Indians—was to introduce young tribal members to the legislative process, and encourage all Native Americans to get involved. By taking the lead and organizing the first-ever rally of all seven reservations in the capital, Heavy Runner said he wanted to show that Montana's tribes have the right to assemble and speak out on issues affecting them.

"The tribes are concerned with legislation that, in their view, is directed toward tribes in an attempt to diminish their long-standing and legal rights," Heavy Runner said.

Most of the speakers' vitriol was directed at a pair of bills moving through the Legislature that would eliminate state affirmative action programs.

Rep. Bill Boharski, R-Kalispell and sponsor of House Bills 209 and 303, argues
that affirmative action policies divide the state along racial lines. But several speakers and posters at the rally claimed the measures would take away the few opportunities that exist for Native Americans in the state.

"They want to deal with us the same way as the buffalo," said Tracy King, of the Ft. Belknap reservation. "As soon as we come off the reservation, it's open season."

Also drawing the ire of tribal leaders were a pair of bills killed this session. One would eliminate the word "squaw"--which many Native Americans say is offensive to women--from the names of public property. The other, sponsored by Wolf Point Democratic Rep. Bill Whitehead, whose district includes the Ft. Peck reservation, would allow some school districts to give a hiring preference for Native American teachers.

While no members of the Republican Party, the primary target of most speakers' attacks, attended the rally, Democrats from both the Senate and the House spoke to the gathering.

Rep. Vicki Cocchiarella, D-Missoula and House Minority Leader, said lawmakers need to be educated on Native American issues. She also chastised her adversaries from across the aisle for their efforts to kill affirmative action.

"This is my fifth session, and it's the most mean-spirited, vicious session I've seen when it comes to Indian people," she said.

Senate Minority Leader Mike Halligan, D-Missoula, also encouraged the tribal members to let their lawmakers know where they stand on the issues, especially Boharski's bills.

"Affirmative action doesn't lower standards, it simply extends opportunity,"
Besides talking specific legislation, many speakers addressed the need for the reservations to elect more Native Americans to state office, and for the tribes to organize a lobbying contingent for future sessions.

Heavy Runner said an Indian lobbyist is needed to voice tribal concerns to legislators unfamiliar with their issues. He said that besides being a representative, he and other elected Indians act as lobbyists, educators and coordinators for Native American events at the capitol, as well as legislative liaisons for the reservations.

While he gladly accepts the role, Heavy Runner said it's hard for three Native American representatives to make a dent in a House body with 100 members, especially when they're all in the minority party. He added that Native Americans have to put aside their individual and tribal differences and act with one voice to make a difference in Helena.

Clara White Hip Nomee of the Crow Nation picked up Heavy Runner's theme of cooperation in her speech. She said minorities in America have been held down and taken advantage of for far too long, and "if it wasn't for black people and Indians, I don't think America would have a history." She encouraged the tribal members to come together for the good of all Montana's Indian people.

"Let the representatives know that God stands with us, and with God with us, no one can stand against us," Nomee said.

Ken Blatt, a member of the Rocky Boy's Tribal Council, said Indians have themselves to blame for being left out of the process, because they support white-owned,
largely Republican businesses near the reservations. He told the tribes to build their own supermarkets and stores to become self-sufficient.

Blatt also said more Indian people need to vote, and if they could elect more people supportive of the tribes, the battle might not always be an uphill struggle.

"Right now, I wake up every morning wondering, 'Who am I going to fight today?'" Blatt said.

As the rally wound down, Marlene Walter of the Blackfeet reservation passionately addressed the need for tribes to band together, and flex their political muscle on all levels. She said lawmakers have no idea how powerful Montana's tribes can be, when they act as one.

"They (lawmakers) are not listening to each other. They are not listening to the people of Montana," Walter said.

"Don't they realize that if we (Native Americans) prosper, the whole state of Montana prospers?"
KIDS VERSUS CONS IN STATE BUDGET BATTLE

HELENA -- As the Legislature divides the money pie for state government, one overriding question remains: How big a slice will be left for Montana's schools?

That question could be a central one this week as the state budget debate moves from committees to the House floor.

By the end of last week, the House Appropriations Committee had worked through several major budgets, including those for prisons and social services. But education was set aside until committee members could determine how much money remained.

Few lawmakers question the need for more education money this session. Educators and politicians alike agree that Montana classrooms have become more crowded over the last five years and that there is little money for textbooks, much less the new technology educators say is necessary for students to compete successfully for jobs in a changing economy.

Superintendent of Public Instruction Nancy Keenan says most of the funding problems facing Montana schools can be traced to 1993, when cash-strapped lawmakers cut about $50 million from the education budget.

Until then, schools received regular increases in state aid of about 4 percent. But the raises stopped in 1993 and have yet to be reinstated.

The results have been dramatic, Keenan says. During the 1980s, Montana's per-student spending was about 10 percent above the national average, but today
Montana spends 5 percent below average, ranking in the bottom half of the 50 states.

Keenan adds that while state support for schools remained static over the period, inflation rose 14 percent, with items such as paper doubling in price. To make matters worse, 13,000 new students have enrolled in Montana schools.

As a result, Keenan says, schools have stretched their resources to the limit and local school boards have been forced to ask voters for increased mill levies.

Educators note that while the state's contribution to total school spending dropped from 72 percent in 1991 to 64 percent in 1997, the amount collected through local school mill levies jumped from about $75 million to $184 million, a 144 percent increase. Keenan says if the Legislature would adequately fund schools, Montanans might get some of the property-tax relief they desire.

Keenan requested a bill at the outset of the session that would reinstate pre-1993 funding for at least the next biennium. Sponsored by Canyon Creek Republican Ed Grady, House Bill 119 would spend about $39 million more on Montana schools in 1998 and 1999. The plan is supported by the Montana Education Association, the Montana School Boards Association and the Montana Federation of Teachers.

MEA's Eric Feaver says the money is desperately needed. Although it won't make up for the raises schools haven't received since 1993, he says, the measure would allow schools to increase their budgets without asking local voters for the money.

But while he hopes education gets more money this session, Feaver worries lawmakers will be tempted to divert any extra cash to other programs or return it to taxpayers through property-tax cuts.
Feaver agrees the state couldn't boost education spending in recent years, but now that the state is making more money, it can afford to give schools a raise.

"When the session began, I thought we would be competing with prisons for money," Feaver says. "But there's money here right now to pay for prisons and pay for schools."

As the debate heats up, many lawmakers see Gov. Marc Racicot's plan for education spending plan as a starting point.

Introduced as House Bill 47, and sponsored by Rep. Alvin Ellis, R-Red Lodge, Racicot's plan would increase school spending by about $14 million, $25 million less than Keenan is requesting. Schools would see no increase in 1998, but a 3.5 percent jump in 1999.

Racicot says his plan offers "the bare bones minimum" that should be added to Montana's schools.

Meanwhile, Rep. Sam Kitzenberg, R-Glasgow, has introduced a third option. His House Bill 296 would increase state aid to schools by about $21.5 million over the next biennium. The totals work out to about a 1 percent increase the first year, and 2.5 percent the next.

Don Waldron of the Montana Rural Education Association says that while he supports OPI's $39 million plan, he thinks HB 296 may have a better chance of passage because it favors small schools.

As the House decides how much to spend on schools, they'll have an extra $16 million to think about because the number of Montana students is less than Racicot's
budget originally planned.

Educators want the money to still go to schools, but the House can direct the money wherever it chooses. Racicot says he wants state money to reach as far as possible because "funding schools is our No. 1 priority."

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THE PRICE OF DRIVING DRUNK -- Intoxicated drivers could face less jail time and steeper fines under two bills that passed the House last week.

House Bill 100, sponsored by Rep. Loren Soft, R-Billings, aims to reduce the sentences of fourth-time DUI offenders from one year to six months. The bill's supporters say it would ease prison crowding. HB 100 has passed the House and has moved to the Senate.

Rep. Rod Marshall's House Bill 208, which would increase fines for DUI convictions, has also passed the House. Under the Bozeman Republican's bill, a second conviction would cost $1,000 instead of the current $300. Third-time convictions would cost a minimum of $1,500, and drivers would lose their licenses for five years.

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WORKERS' COMP TAXES -- Two bills discussed by the House Business and Labor Committee aim to reduce the workers' compensation payroll tax on employees.

House Bill 305, sponsored by Rep. Pat Galvin, D-Great Falls, would eliminate the tax on employees July 1 and place the burden of paying off the "Old Fund" on employers.

Proponents argued workers shouldn't have to continue paying into the
once-troubled fund that is now solvent.

Billings Republican Royal Johnson said his House Bill 150 is more realistic because it would reduce the tax rates by half for both employees and employers July 1.

The tax imposed in 1993 raises almost $50 million per year for the state's work-comp insurance fund.

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THE POWER MARKET -- A bill introduced last week drafted by Montana Power Company would open the state's power market to competition.

Senate Bill 390, sponsored by Stevensville Republican Fred Thomas, comes in response to federal legislation passed last year that gives consumers choices in power suppliers, similar to choices they have in long-distance telephone companies.

SB 390 aims at easing the transition from a regulated monopoly to an open market, which should ultimately lower customers' power bills. But consumer groups argue it would only benefit power suppliers and large industrial customers.
LIGHTING UP MONTANA'S POWER MARKET

HELENA -- In the next few years, the electricity and gas Montanans use to light and heat their homes may come from places as far away as California or Utah, instead of the local power companies that have served the state for years.

The power industry is undergoing massive changes, on both the national and state level, and the Legislature is considering legislation that would allow Montanans to choose energy suppliers in the same way they now select long-distance phone providers.

Senate Bill 390, sponsored by Sen. Fred Thomas, R-Stevensville, is designed to eliminate electricity and gas monopolies. Supporters say the resulting competition would eventually mean lower prices for customers large and small. Critics, however, contend the bill favors large industrial companies at the expense of residential users.

The measure was designed largely by the Montana Power Co., with help from consumer groups, electric co-ops and environmental groups, said MPC vice president Perry Cole. It would allow big electricity customers -- such as major factories, refineries, universities and public school systems -- to start looking for the best prices by mid-1998. Small businesses and individuals would have to wait until 2002.

Cole said the most important aspect of the bill is that it will eventually allow all Montanans to choose the supplier offering the best service and lowest prices.

During a recent hearing on the bill, Sen. Thomas said the measure ensures that the state will have a program that's good for Montana, not one imposed by the federal
government, which is also pushing deregulation.

"We are moving into a new era of competition, whether we like it or not," Thomas said. "This legislation is as necessary as it is beneficial to the people of Montana."

However, some consumer advocates and environmental groups argue that Montana is moving too fast toward a competitive market and small customers could be hurt in the transition.

The most controversial aspect of the bill is a section requiring customers to pay for a utility company's "transition," or "stranded," costs. These costs include the loss of large customers to out-of-state suppliers or debts still owed on old power plants, like Colstrip 3 and 4, that may no longer be economical.

Senate Bill 390 allows companies like MPC to sell bonds to cover the transition costs, after approval by the Public Service Commission. They would then pass on a "transition charge" to customers to pay off the bonds.

MPC spokesman Cort Freeman said ratepayers are already charged on their electric bills for these types of costs, so the idea is nothing new.

But Public Service Commissioner Bob Anderson, a Democrat, and Rep. David Ewer, D-Helena and a bond expert, testified that small customers would get a raw deal. They said industrial customers changing suppliers, and the power companies themselves, should bear part of the transition burden.

They also questioned MPC's $1 billion estimate of its transition costs, saying that figure is too high. Ewer suggested tabling the bill and studying utility restructuring.
rather than rushing the matter through "on a fast track."

"There are very substantial, adverse consequences for ordinary Montanans in this bill," Ewer said.

Thomas Power, an economics professor at the University of Montana, agreed with Ewer. Customers shouldn't have to pay 100 percent of a company's stranded costs, he said.

"As long as we're fully reimbursing companies for their costs, there can be no way customers will get a break," Power said.

Energy rates for residential and other small customers would be frozen for two years in the original language of the bill, but Senate Majority Leader John Harp, R-Kalispell, has introduced an amendment that would extend the freeze to four years. Gov. Racicot's policy advisor, Mick Robinson, said Racicot's support is contingent on the four-year freeze, although Cole said such a long delay would be a financial strain for MPC.

Meanwhile, environmental groups and consumer advocates are questioning another section of the bill concerning programs that promote energy conservation and help the poor pay their power bills. Regulators have historically required utilities to offer such services and allowed them to pass the expense on to all customers.

Under Sen. Thomas' bill, a utility would have to spend 2.4 percent of its annual revenue on such programs, but large industrial customers would pay a smaller share of those costs than residential customers. In 1995, MPC spent about 3 percent a year on such programs, and currently it spends about 2 percent.
Cole said Senate Bill 390 provides enough coverage for the programs, without putting the utility at an economic disadvantage.

But Ken Toole, a consultant for the Montana Environmental Information Center, said the bill doesn’t do enough to ensure that MPC’s conservation efforts continue. He added that big customers should have to pay more, and worried that if such efforts are not adequately funded, Montana's poor could be left in the cold, literally.

"These are life and death services," Toole said. "If you don't have heat in Montana, you don't live."

Despite concerns with the bill, MPC's Cole said the authors did the best they could to get everyone-- environmentalists, low-income advocates and customers--in on the drafting process, and they aimed for what's best for Montana.

But Power worries consumers won't see the savings promised by increased competition.

"Larger customers, like the University System and hospitals, will be able to find lower rates," Power said, "but we don't know if competition will ever develop for smaller customers."

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AFFIRMATIVE ACTION -- Two bills designed to eliminate state affirmative action programs were tabled in committee last week after conservatives and human-rights groups clashed in one of the most impassioned debates of the session.

House Bill 303 would prohibit preferential treatment based on race or gender in state and local government hiring and contracting, as well as banning any special
privileges for minorities or women on university campuses. A companion measure, House Bill 299, would amend the state Constitution to include the ideas in HB 303.

Rep. Bill Boharski, R-Kalispell and the bills' sponsor, said affirmative action programs have actually increased the racial divisions in the country. Supporters, such as Arlette Randash of the Eagle Forum, said Boharski's proposals would ensure that everyone is treated fairly and equally. They also argued that racial discrimination ended with the civil rights movement of the 1960s.

But opponents of the measure, including the Montana Human Rights Network, the National Association for the Advancement of Colored People and members of several Indian tribes, said minorities are still treated unfairly, with fewer jobs open to them, generally at lower pay.

Indian leaders were particularly concerned that if the bill passed, tuition waivers for young people on the reservations to attend Montana universities would disappear, as would some Indian hiring preferences for state projects on reservations.

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MORE FOR SCHOOLS -- A statewide advertising blitz designed to convince lawmakers that Montana's K-12 schools need more money appeared to be working late last week.

The Montana Education Association, the Montana Parent-Teacher Association and the Montana School Boards Association, among others, are sponsoring an advertising campaign in newspapers and on radio, featuring a high school student, a fourth-grade teacher and an investment banker describing what education has meant to
them and why schools need more money.

Lance Melton of the MSBA said the campaign is designed to educate Montanans about 1993 cuts in state aid to schools, cuts that have never been reinstated. He said crowded classrooms and outdated textbooks are evidence of the need for more cash.

Rep. Ed Grady, R-Canyon Creek, who also appears in one of the campaign's ads and who is sponsoring legislation that would give K-12 schools a $39 million raise over the next two years, said he thinks the campaign has changed some lawmakers' minds.

"Where's our priorities?" Grady asked. "Naturally, we need to pay for prisons, but we need to pay for schools too. I want some money to go for the kids of Montana."

Last Thursday, the House added $18 million to the governor's proposed $14 million increase in state aid to K-12 schools. School districts can decide how best to spend the money, which House Speaker John Mercer said could go for building repairs, computers or new textbooks.

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**BUDGET BATTLES** -- The House spent most of last week debating the major budget bill that pays for the majority of state programs.

It voted 54-45 to send House Bill 2 to the Senate, after Republicans killed a series of Democratic amendments that would have increased spending for the University System, provided more health care for the children of Montana's poor, paid for more prison guards and restored cuts in funding for the Montana Human Rights Commission. GOP leaders argued that more spending in those areas would mean less money for K-12 schools.
Gov. Marc Racicot's proposal to increase prison spending by $53 million was cut back to $36 million. Although that's a 50 percent increase over what lawmakers spent on prisons two years ago, prison officials said it is still not enough to deal with a prison population that is expected to double by 2002.
Looking for a Tax Cut

Helena -- With the April 15 tax deadline looming, lawmakers are scrambling to offer Montanans some tax relief within its tightly balanced budget.

Legislators and state revenue officials say there have been fewer tax-cut proposals than in past sessions. Of those that have been introduced, few have survived. They also agree that work to forestall major statewide property-tax increases next year has overshadowed efforts to cut other kinds of taxes.

"I haven't noticed as many bills asking for tax breaks as we used to get," said Sen. Gerry Devlin, R-Terry and chairman of the Senate Taxation Committee. "Most people are just looking to not get whacked by the property-tax reappraisal."

To keep that from happening, the House argued for more than four hours last week on two bills designed to keep the 1997 reappraisal from taking effect.

If the Legislature does nothing, residential property values will jump an average of 44 percent statewide, while commercial values will rise an average of 24 percent. State and local governments could reap an additional $85 million annual windfall under the new reappraisal without raising mill levies.

Following a passionate debate, the House voted to freeze property values at 1993 levels. Members rejected a plan that would have allowed the reappraisal to take effect with reduced tax rates to keep government from getting more from taxpayers.

One of the bills, Senate Bill 195, co-sponsored by Senate President John Harp, R-Kalispell, and House Speaker John Mercer, R-Polson, would freeze all residential and
business real estate, agricultural land and timberland at 1993 values. If the bill becomes law, the only way for property taxes to increase in the future would be for state or local governments to increase mill levies.

But critics from both parties argued the bill was a stop-gap measure that doesn't address the problem of consistently escalating property values.

Rep. John Cobb, R-Augusta, said that under the plan to freeze values, wealthy property owners in areas with skyrocketing land values could get a huge break by paying taxes based on 1993 property values. Meanwhile, Cobb added, some taxpayers whose property lost value between 1993 and 1997 could wind up paying higher taxes than they expected.

Cobb and others argued the freeze was an attempt to "crash the system" the state uses to appraise property, thereby forcing lawmakers to consider a sales tax. It might also be unconstitutional, he added.

For their part, Cobb and others preferred House Bill 590, Billings Republican Rep. Sonny Hanson's plan that would keep the appraisal system in place, but reduce the tax rates for most property. Under Montana's system, a home or business is first appraised by the state. The appraised value is then multiplied by a tax rate to determine its final value for tax purposes.

By reducing tax rates to offset the expected increases in appraisals, Hanson said, government wouldn't collect any more in taxes, and could avoid any legal problems the freeze may bring.

In the end, the House approved SB 195 approved, and voted to keep HB 590 as a
backup plan in case the freeze is deemed unconstitutional. SB 195 has to go through further tweaking in the Senate, because of amendments added by the House, and then it goes to the governor.

In the meantime, lawmakers are also considering several bills that could help Montana taxpayers in less dramatic ways. While the measures don't necessarily cut taxes directly, they offer tax deductions and credits that could mean serious savings for those who qualify.

One such plan is Senate Bill 151, an attempt to allow income-tax deductions for money spent on medical insurance. Sponsored by Sen. Ken Miller, R-Laurel, the bill would allow deductions for all premium payments "for coverage of the taxpayer, the taxpayer's dependents, and the parents and grandparents of the taxpayer."

Rep. Chase Hibbard, R-Helena and chairman of the House Taxation Committee, said the plan would help families and would save Montana taxpayers an estimated $3 million over the next two years.

"We set our priorities early in the session," Hibbard said of his committee's work. "We want to cut spending, we don't favor tax increases, and we want to do things that help families in the state."

Hibbard cited House Bill 384 as another example of family-friendly tax relief. Sponsored by Rep. Alvin Ellis, R-Red Lodge, and about 50 other lawmakers, it would exclude small family businesses, farms and ranches from inheritance taxes when the property is passed on to family members.

The measure could save Montanans about $2.2 million over the next biennium,
he added.

Two other bills would allow Montanans to establish tax-deductible savings accounts as they plan for the future.

Rep. John Bohlinger, R-Billings, wants to encourage families to send their children to college by allowing them to deduct up to $3,000 from their income taxes and put the money into special college savings accounts.

A similar proposal, sponsored by Rep. Paul Bankhead, R-Heron, would help first-time home buyers. House Bill 599 allows citizens to set up a savings account to buy their first single-family home. They could deduct up to $3,000 a year of such savings, plus the interest accumulated by the account, from their income taxes.

Montana workers are also likely to get a tax cut from two bills that would eventually eliminate the Worker's Compensation Old Fund payroll tax. House Bill 150, sponsored by Billings Republican Royal Johnson, would cut the tax in half this July, eliminate the employee tax in 2001 and the abolish the employer tax in 2002.

Sen. Steve Benedict, R-Hamilton, is sponsoring a similar measure that could eliminate the tax by July 1999. The Senate is expected to meld the two plans into one bill before it reaches the governor's desk.

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COLLEGE CUTS -- As the Legislature slashed money from Gov. Racicot's original budget, one of the hardest-hit areas has been the state's university system, system officials say.

House Bill 2, the major spending bill this session, gives higher education about $5
million less than lawmakers gave the system two years ago. Although a Senate
committee added about $800,000 to the bill last week, some legislators and university
officials say higher education will be woefully short on money to cover the costs of
growing campus enrollments.

Commissioner of Higher Education Richard Crofts said the Legislature has put
Montana's schools in a "very serious situation," largely because 2,400 more students are
expected to enter the university system in the next two years.

"It's unreasonable to think you can educate 2,400 more students on $5
million, or $4.2 million, less than this biennium," Crofts said.

Crofts said he hopes lawmakers will eventually add the necessary money, and if
they don't, he wants the governor to veto the budget.

Sen. Greg Jergeson, D-Chinook, said if the cuts become law, tuition would have
to increase by 15 to 20 percent to make up for the lost money. Schools might have to
reduce the number of students they currently serve, he added, or accept more out-of-state
students who pay higher tuition than residents.

"With the budget at this point," Jergeson said, "there's a great deal of risk for
Montana families yearning to send their children to college."

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BUDGET VETO LOOMS -- The Senate's finance committee added little money to the
state's major budget bill last week, raising the possibility that Gov. Marc Racicot might
veto it.

House Bill 2 determines mainly how much each state agency will get of the $4.5
billion in state spending for the next two years. The House version of the bill contained about $86 million less than Racicot wanted and senators now considering the measure weren't inclined to add much money back, as of late last week.

The biggest budget controversy revolves around extra money for prisons. HB 2 increases prison spending by about $36 million, $17 million less than both Racicot and Corrections Department Director Rick Day have said is necessary to keep up with rising prison populations.

Corrections officials said last week that if they don't get more money, they will have to start releasing about 400 inmates beginning this summer.

In other action on the bill, about $800,000 was added to help pay for university faculty pay raises -- money originally intended for a low-income housing program. Efforts to increase the spending on higher education and human services programs were rebuffed, and Sen. Chuck Swysgood, R-Dillon and chairman of the Senate's budget committee, said that money could be moved around within the existing bill, but little new spending would be added to it.

The full Senate is expected the debate the budget bill this week.
RACICOT AND GOP LEADERS FACE OFF

HELENA -- The focus throughout the winter has been on the Legislature, but with the session coming to a rapid conclusion, it's shifting to the tug-of-war between what the governor wants, and what lawmakers want to give him.

Property taxes and the budget are the main sticking points the Legislature must deal with before it adjourns. As many predicted early on, Gov. Marc Racicot and Republican legislators are headed for a showdown unless they can compromise on spending and taxes. Meanwhile, the Democrats are largely relegated to the sidelines.

"As Democrats, we're feeling the treadmarks across our foreheads," said Rep. Tim Dowell, D- Kalispell and House Minority Whip. "We're getting run over."

As of late last week, Racicot and his spokesman said the budget doesn't spend enough on prisons, schools and certain human services programs.

Specifically, budget director Dave Lewis said the budget is $8 million short for the Department of Corrections, $4 million for the juvenile justice system and about $5 million for the university system. He added the governor wants more money to pay for programs like teen pregnancy prevention and family-counseling.

Lewis said that if corrections doesn't get enough money, prisoners will be released because of crowding and projected increases in prison populations. Likewise, Lewis and Commissioner of Higher Education Richard Crofts both said that if the universities don't get at least another $5 million, tuition will rise and the number of students enrolled may have to be reduced.
Lewis said Racicot may veto the budget unless he gets more money for schools or prisons. And so far, Lewis says, he doesn't see any willingness to compromise on the part of Republican leaders.

"The governor has been saying, 'We're going to do this budget right or we're not going to do it at all,'" Lewis said.

For their part, Republican leaders maintain that no money will be added to the budget. If prisons or colleges are going to get any more money, it will have to come from other programs.

Education advocates and Democrats fear that means the extra money could come from the spending plan already approved for K-12 schools. Racicot said there's enough money within the budget that it shouldn't have to come out of public schools.

House Majority Leader Hal Grinde, R-Lewistown, said the Legislature will ultimately give Racicot a budget that increases spending for corrections and education, but there is no more money to spend without the state risking a financial crisis.

"The state was in debt for my first four terms, and we were always trying to get above board," Grinde said. "Now that we have some money, we're just going to spend it all? What are we going to do when the economy goes down?"

A disagreement between the governor and the Legislature over how much money the state has available to spend during the next two years is one problem that will have to be solved for the two sides to strike a deal. Lewis estimates there is $10 million more than what lawmakers think.

"The Legislature has the money to spend, Lewis said. "They just don't want
to spend it."

Senate Majority Leader John Harp, R-Kalispell, said he expects the budget problems will be worked out. Likewise, he expects the governor and lawmakers will come to an agreement on the session's other major sticking point—property taxes.

Harp is the sponsor of Senate Bill 195, freezing property values at 1993 levels to offset big property tax increases expected from this year's reappraisal. The freeze originally would have ended in the year 2000, but the House amended the bill to make the 1993 value levels permanent for residential and commercial real estate, agricultural land and timberland.

The House's amendments have led some to predict the freeze will be declared unconstitutional because it treats certain areas of the state differently. For example, Yellowstone County officials have indicated they will sue the state if the freeze is allowed to take effect, because some Yellowstone residents' taxes would have actually dropped under the 1997 reappraisal.

Lewis said the governor wants to ensure that residential and commercial property owners don't get hit with a tax hike. But Racicot, a former attorney general, won't sign any bill he considers to be unconstitutional.

Lewis also estimated the freeze could cost the state $8 million in revenue.

Rep. Chase Hibbard, R-Helena and chairman of the House Taxation Committee, said the property tax issue is far from being resolved, and the Legislature could still decide on some way to keep property taxes from going up without instituting a freeze, such as reducing tax rates, eliminating some mill levies or giving Montanans tax credits.
Harp said that one way or another, the Legislature will make sure state and local governments won't get a windfall of new property-tax revenue.

He added that the Legislature should be able to come up with a budget compromise, and Racicot won't have to use his veto.

"I can't believe that within a $4.7 billion budget bill, you can't move around like 5 percent within that budget and come to some kind of agreement," Harp said. "It's way too early to say we can't find a way to be partners. We recognize he (Racicot) is a full partner in this process, and he should be."

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**SPEAKING OF TAXES** -- Gov. Marc Racicot has asked the Legislature to make changes to two bills that could give Montanans tax breaks.

Racicot sent the measures back to legislators, saying the two bills would cost too much money, money he would rather see spent on prisons and the university system.

The two proposals would provide about $3.1 million in tax credits for Montanans. Senate Bill 55, allowing people to administer their own medical savings accounts, would cost the state about $918,000 in taxes over the next biennium, according to the governor's budget office. House Bill 384, eliminating inheritance taxes for family businesses passed on to family members, would cost the state about $2.2 million.

If the Legislature doesn't change the bills to Racicot's liking, he can veto them.

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**PHONE WARS** -- AT&T and US West are already duking it out for Montana's future telephone business, as lawmakers consider ways to make the market more
Due to a federal law passed last year, Montanans could eventually have as many choices for local phone service as they have for long-distance. Senate Bill 89, a measure to open the telecommunications market to all comers, has come under fire from companies wanting to join the battle.

AT&T is running full-page ads in many of the state's dailies saying the bill, drafted in large part by US West, favors existing local providers at the expense of newcomers.

US West officials have argued bill protects them and existing local-service providers from being run out of business by new companies during the transition to an open market.

The House endorsed the bill last week, after making changes. The Senate now has to decided whether to accept the amendments.
LEGISLATORS LOOK FOR A FINALE

HELENA -- The exhaustion of the legislative marathon is wearing on Montana lawmakers, as evidenced by the sudden increase in red-faced finger pointing during debate and legislators' 1,000-yard stares that seem to say "There's no place like home."

But before they can return to their homes, businesses and farms, lawmakers must hammer their way through the issues political partisans will be bickering about until the next session begins—taxes, the environment and state regulations.

For state agencies, special interests and legislative watchdog groups, the measures lawmakers pass in those areas will largely determine the success of the 1997 Legislature.

Dennis Burr of the Montana Taxpayers Association said the property tax issue is the biggest remaining concern for his group, as it was at the beginning of the session.

Even before the session began, lawmakers were looking at ways to keep the 1997 property reappraisal from taking effect. The reappraisal, estimated to raise residential property values by about 44 percent and commercial property by 24 percent across the state, has been the target of a series of legislative attempts to keep Montanans' property taxes from going through the roof.

The House and Senate have passed a "freeze" plan, Senate Bill 195, that would maintain property values at 1993 levels for tax purposes. The Senate version would simply delay reappraisal until 2000. The House amended it to discard the reappraisal for good and to eliminate market value as the basis for property values in the future.

However, questions about the constitutionality of the freeze have kept lawmakers
busy introducing alternatives to avoid a property-tax increase.

Sen. Larry Baer, R-Bigfork, wants to offset any rise in property taxes by giving income tax credits to Montanans. Sen. Bruce Crippen, R-Billings, introduced a plan that would allow reappraisal to take effect, but any increases in property values would occur gradually over a 50-year period. Both plans passed the Senate and could be part of a property-tax compromise.

Crippen's Senate Bill 392 was endorsed by the Montana Taxpayers Association, the Montana League of Cities and Towns and the Montana Association of Counties. In addition, Gov. Marc Racicot, who prefers reducing state mill levies as a property-tax solution, said he supports Crippen's effort. He called the bill a "valuable alternative" to the freeze, with "more possibility for adoption and more fairness and more predictability and stability."

Meanwhile, weary legislators are bracing for battles over a number other issues, including legislation to hobble Montana's Human Rights Commission.

Dave Owen, president of the Montana Chamber of Commerce, said a bill to limit the commission's authority is of particular interest to his members, many of whom feel the commission targets businesses unfairly.

Senate Bill 350, introduced by Walter McNutt, R-Sidney, would transfer the entire commission to the Department of Labor and Industry, eliminate its ability to issue subpoenas and forbid it from investigating complaints about discrimination.

Under the Department of Labor, the commission would be run by an appointee of the governor.
Civil rights groups worry the group will no longer be able to protect citizens against discrimination. They also say Republicans have a vendetta against the commission because the measure follows dramatic cuts in the agency's budget.

The cuts were pushed by Rep. Rod Bitney, R-Kalispell, who said the commission operates in an "unethical, dishonest, deceptive and misleading manner." Bitney is the marketing director of a Flathead Valley subdivision that had to pay $25,000 in fines to the commission for advertising "adults-only housing," a violation of anti-discrimination rules.

Meanwhile, environmentalists are worried about two issues -- electric-industry restructuring and the so-called "environmental self-audit" bill, which would allow potential polluters to admit violations in exchange for leniency from regulators.

The behemoth restructuring bill, designed to open Montana's power markets to give customers the same choices in electricity suppliers that they have in long-distance phone companies, provides too little spending on conservation efforts by companies like Montana Power Co., says Patrick Judge of the Montana Environmental Information Center.

The self-audit plan, contained in Libby Republican Rep. Scott Orr's House Bill 293, has gone on a roller coaster ride over the last couple of weeks.

Originally, the bill offered criminal and civil immunity to companies who report any environmental violations they discover on their own. Environmental interest groups and the federal Environmental Protection Agency complained that the bill was essentially a "get out of jail free" pass for polluters.
When the bill was heard in the Senate Natural Resources Committee, Gov. Racicot proposed a series of changes, in part to appease the EPA. Racicot wanted to eliminate the criminal immunity aspect and wanted to require companies to forfeit any profits they gained as a result of breaking the law. He also wanted greater access to industry records regarding pollution.

After Exxon, the Montana Chamber of Commerce and other industry groups protested that the changes would discourage businesses from doing self-audits, Racicot backtracked, dropping all of his suggestions except the one making companies criminally liable for breaking environmental law. The Senate approved its amended version of HB 293 last week.

Also caught in end-of-session rush is an increasingly controversial federal mandate that many lawmakers say is an attack on states' rights.

Senate Bill 374, sponsored by Belgrade Republican Sen. Don Hargrove, is designed to bring Montana's child-support laws in compliance with federal efforts to collect unpaid child support from "deadbeat" parents. It would allow the state to revoke hunting and fishing licenses of people behind on child support, to examine deadbeats' bank records and to require employers report new employees within 20 days of hiring.

The federal government has threatened to withhold $102 million for state child services if Montana fails to enact the changes. Racicot asked lawmakers to "hold their noses" and vote for the bill.

But critics, led by Sen. Larry Baer, have argued it's just the latest attempt by the federal government to intrude into state affairs. The bill, they said, would invade the
privacy of employees and employers.

Baer said the Legislature should reject SB 374, saying the federal threat was an idle one. He added that federal money has become an "addiction to some" in Montana government.

The bill passed the Senate, and was argued in a House committee last week.

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BRICKS AND MORTAR -- The Legislature plans to spend about $135 million in new building projects during the next two years, but some agency chiefs say they're still coming up short.

Department of Corrections officials are pleading with lawmakers for more money to build cells for future inmates.

Corrections Department Director Rick Day wants $7.7 million to pay for two new 96-bed cellblocks at the Montana State Prison in Deer Lodge. He also wants lawmakers to authorize the sale of $4.2 million in bonds to expand the Billings women's prison. Without the money, Day said, there won't be enough room for the expected increase in prisoners.

Lawmakers want Day to wait for $6.5 million in federal money before beginning construction, but Day said the money may never arrive, and the state could be short on space for 460 inmates by 1999.

When members of a Senate committee took up Day's request last week, they again refused to add the money to the building budget. They did, however, reverse a House decision by voting to allow the University System to spend $35 million on
buildings for the University of Montana and Montana State University.

The House had removed that authority, even though the money comes from private donations, federal grants and student fees. Commissioner of Higher Education Richard Crofts said the House decision made no sense, since the state didn't have to foot the bill for the proposed $19 million for an MSU classroom-laboratory building and the $16 million for UM set for several projects.

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**WINE WITH THAT?** -- A bill to let Montanans enjoy a beer or glass of wine with dinner without the racket of gambling machines ringing in the background is likely to become law now that its opponents struck a deal with the plan's sponsor.

Helena Democratic Sen. Mignon Waterman's Senate Bill 354, as originally introduced, would have allowed an unlimited number of new wine and beer licenses, as long as a restaurant earns 75 percent of its income from food sales, doesn't have gambling machines and has $1,000 to pay for the license.

When the bill was first heard in committee, opponents, including the Montana Tavern Association, argued that current liquor licenses, which sell for up $400,000, would be severely devalued.

In a compromise, lawmakers added a quota system for the new licenses, meaning only 160 licenses would be available statewide. Licenses would cost $5,000 for restaurants with a seating capacity of 60 or less, $10,000 for restaurants seating between 61 and 100 people, and $20,000 for those seating more.

The amended bill also allows restaurants with the new licenses to offer gambling
if the establishment is more than five miles outside city limits.

After cruising through the Senate by a 40-9 vote, the bill appeared headed for the governor's signature as of late last week.
AN ELEVENTH-HOUR BUDGET SHOWDOWN

HELENA -- Lawmakers were thinking they'd get out of the 1997 session a few days early, but Gov. Marc Racicot threw a wrench into the works Sunday, saying he'll veto any budget that doesn't include more money for human service programs and the University System.

Lawmakers on Friday cut into those budgets to find money for Racicot's requested $47 million increase for the state's crowded prison system.

Most of the cuts came in programs such as foster care, family counseling and higher education. Committee members Friday repeatedly mentioned their disgust with having to cut needed programs to pay for prisoners.

When amendments were offered to fund programs like teen pregnancy prevention, Rep. Ernest Bergsagel, R-Malta and chairman of the session's special Corrections committee, would say "I just want to mention that's money for 11 inmates over the next biennium."

Legislative leaders had said all along that they could move money around within the $4.6 billion budget bill, but there was no more money that could be added.

When the budget committee held to its word, giving Racicot only about $3 million of the $10 million he said was necessary, he issued a memo to all lawmakers Sunday saying he would veto the bill unless more money went into human services and the university system.

"While members of the Legislature will soon return to their homes and
other lives, the Executive branch will be left behind to run state government for the next 20 months," Racicot wrote Sunday. "We simply cannot do the things the Legislature has directed without appropriate funding."

Racicot also said he wants the Legislature to restore funding it cut for six Highway Patrol officers and for a $1 million school improvement program that will help the state get $25 million in federal education money.

As of Monday afternoon, neither legislative leaders or the governor's office were able to predict what sort of compromise could be reached, but all parties said a Racicot veto would be both unprecedented and bad for the state.

Several legislators mentioned their anger at the veto threat, after giving Racicot most of what he demanded for the growing prison system.

Sen. Chuck Swysgood, R-Dillon and one of several key figures in the final budget negotiations, said Monday morning that he'd be willing to look at the governor's ideas, but he added he doesn't think there's more money for human service programs and colleges.

"We feel that in the budget we have now, we've done all we can with the revenues the state is going to bring in," Swysgood said.

Bergsagel was more pessimistic about the governor and Legislature finding common ground.

"I think it's interesting that out of a $5 billion budget, he'd consider vetoing the bill over a few million dollars," Bergsagel said. "If he has suggestions of where to get the money, we'll take a look at them, but we're not going to do it on the backs of the taxpayers."
But Dave Lewis, Racicot's budget director, was confident that some sort of arrangement could be made. He was preparing a series of amendments to offer Monday afternoon. The last-minute disputes are business as usual, he added.

"The governor was pretty adamant in his letter that he doesn't think the Legislature has been reasonable in their budget estimates," Lewis said. "There's going to have to be movement on both sides. That's how compromises work."
SESSION ENDS WITH MORE BANG THAN WHIMPER

HELENA -- With three days to spare, the 55th Montana Legislature adjourned Wednesday, ending a stormy session that may be best remembered for spending millions more for prisons and deflecting big increases in property taxes.

Exhausted by late hours and the final legislative battles, lawmakers and lobbyists alike abandoned the capitol within hours of adjournment, pausing just long enough to assess the session that produced the biggest budget in state history, without raising taxes.

With Republicans controlling the Legislature and the governor's office, and more money to spend than ever before, most debates this year centered on how to spend about $4.6 billion over the next biennium. Amid much grumbling and a late-session veto threat, Republican legislators ultimately gave Gov. Marc Racicot most of what he wanted for the state's prison system, but did so at the expense of other programs and agencies.

The session's last few days were spent shifting money to pay for about $6 million worth of the governor's must-have programs. Ultimately, lawmakers made across-the-board cuts in almost every department to meet Racicot's demands.

Democrats, meanwhile, left the session feeling that K-12 schools, the University System and human-services programs had been sacrificed to pay for expanded prisons. They also decried what they saw as Republican-led intrusions into Montanans' private lives and the influence of big business.

But legislators from both parties said the boom in prison spending and building will be the session's ultimate legacy. Anticipating a doubling of prison populations by
2001, the Legislature approved $47 million more to run the prison system and OK'd $31 million in new prison-building projects.

Much of the prison spending came at the expense of the University System, which got back only some of what it wanted in the final budget deal, and human-services programs.

House Speaker John Mercer, R-Polson, said the session should be remembered for giving more money to schools and derailing a scheduled property-tax increase, but the high price of prisons will be an ongoing concern. Although the prison system faces real problems with crowding and safety, Mercer said the Legislature "fought tooth and nail against committing those kinds of resources."

Sen. Mignon Waterman, D-Helena, predicted the prison "building binge" will be felt by Montana's children and families for years to come. In spending so much on prisons, she said, students, the poor and disabled Montanans were shortchanged. The problem will only worsen, she added.

"The Department of Corrections will be the Pac-Man of the budget from here on out," Waterman said. "They're going to be coming back, looking for more money to keep their system going. I think next session will be even more difficult than this one. Corrections will overwhelm everything else."

The increase for prisons bothered others, including Senate Majority Leader John Harp, R-Kalispell. This year's wrestling between corrections and other agencies is just the beginning, he said, adding that lawmakers must start looking at alternatives to incarceration.
"If I was a K-12, higher education or human services official, I would be concerned with what the future of corrections spending is going to look like," Harp said.

But Racicot said he would not have asked for so much prison money if it weren't absolutely necessary.

"Rather than setting a precedent, we were responding to an overwhelming increase in prison populations," Racicot said. "It wasn't a matter of discretion or choice that was made involving one preference over another."

As for fears that this year's corrections boost was just the beginning, Racicot reiterated that the need had to be met. He added, however, that some of the extra money is targeted for prevention programs aimed at keeping future prison costs down.

Harp, Mercer and other Republican leaders said the best thing the 1997 Legislature did was keep property owners from getting zapped by huge property-tax hikes resulting from the 1997 reappraisal.

By phasing in the new property appraisals over 50 years, reducing tax rates and delaying the next reappraisal until 2007, Harp said most taxpayers will be treated fairly. The plan was supported by the Montana Chamber of Commerce and the Montana Taxpayers Association, whose director, Dennis Burr, said nullifying the reappraisal was his main concern this session.

Although Democrats and some Republicans fear the tax plan is unconstitutional, Harp predicted it will be upheld by the courts until lawmakers develop a permanent way of easing the shock of climbing property values.

For House Majority Leader Hal Grinde, R-Lewistown, avoiding projected
property-tax increases was the session's most significant action. Had the reappraisal been allowed to take effect, property owners as a group would have had to pay almost $100 million extra next year, he said.

But Grinde noted that lawmakers also approved other measures to help taxpayers, including tax credits to help cover the rising costs of health care, college tuition and buying a first home.

"Usually the government just gobbles up tax dollars in order to feed government programs," Grinde said. "We tried to give the little guy feeding that monster some breaks this year."

Senate Minority Whip Eve Franklin, D-Great Falls, isn't nearly as satisfied with the results of the session as Republicans. She said the 1997 Legislature will be known for "more intrusion into people's personal lives and less intrusion into the lives of big business."

Bills banning same-sex marriages and late-term abortions caught flak from Democrats all session long as examples of government sticking its nose where it doesn't belong. Franklin also cited a bill, passed the last week of the session, that allows private businesses to randomly test employees for drug or alcohol use.

She said the drug-testing measure is an unnecessary invasion of Montanans' privacy because state law already allows testing of employees suspected of being under the influence. The law was passed for business managers afraid to confront their employees about erratic behavior, she charged.

"We don't let the highway patrol pull over every third red Chevy and test the
driver for DUI because it's an invasion of privacy," Franklin said. "Why are we letting private businesses test people doing jobs that don't even affect public safety?"

Meanwhile, Don Judge of the Montana AFL-CIO said the session was a mixed-bag for labor. Although he was pleased a sales-tax proposal failed, Judge complained about the passage of legislation banning union contributions to political campaigns. He's also worried about a new law allowing privately run prisons in Montana.

"The session was certainly not a glowing success for Montana's workers, but it could have been worse," Judge said.

Environmentalists reflecting on the session complained that the GOP majority eroded Montana's safeguards against pollution to please industry.

Sen. Steve Doherty, D-Great Falls, and Pat Judge of the Montana Environmental Information Center, took special aim at the environmental self-audit measure passed by the Legislature. By allowing companies to blow the whistle on themselves in exchange for immunity from certain fines and other penalties, Doherty said, the state is inviting businesses to pollute. Revisions to the Major Facilities Siting Act, which would speed up the permitting of projects such as power plants, will also hurt the environment, he added.

Another area of contention between Democrats and Republicans was the bill paying for Montana's public schools. This session's spending plan includes a 1 percent increase in schools' base budgets in each of the next two years, plus a one-time, $12.5 million allocation to pay for computers, text books and other classroom needs.

Democrats contend schools should be free to spend the money as local school boards see fit, while Republicans argued the $12.5 million is going exactly where
educators say Montana schools need help -- in the classroom.

Rep. Bob Keenan, R-Bigfork, said the special allocation could be the way lawmakers help schools from now on. By appropriating money for specific items, schools get money where it's most needed and lawmakers don't feel like they are wasting more money on school bureaucracies, he added.

"We decided to look for any money we could scrape together and put it where the schools need it most," Keenan said. "I've heard a lot of the older members say, 'Boy, I wish we'd thought of that before.'"

This session may also be remembered for legislation that failed, including proposed roadway speed limits and greater restrictions on gambling. Other unsuccessful measures included legislation to end affirmative action, curb obscenity, reinstate corporal punishment in schools and allow public spanking of graffiti artists.

Meanwhile, lawmakers and citizens alike will be studying the effects of what may prove to be the session's most far-reaching legislation -- the deregulation of Montana's utilities.

Republicans supported the restructuring of the electric and phone industries, designed to give consumers a choice in power and local phone companies. Democrats said the idea deserved more study.

Mercer and Grinde said they will be watching deregulation closely, and that if it looks like Montanans aren't getting lower prices and better service, lawmakers can fix the problem next session.

Keenan said he thinks deregulation will succeed and that Montana is leading the
way into a new utility era. The Legislature should continue to break new ground in areas such as welfare reform, health-care reform or education reform, he added.

"Montana can lead. It's OK to be leaders," Keenan said. "We don't have to wait to see what the federal government wants, or what 28 other states do. We need to do what we think is best for Montana."
MAJOR BILLS OF THE 1997 MONTANA STATE LEGISLATURE

HELENA -- Here's a summary, by category, of noteworthy legislation approved or killed by the 55th Montana Legislature. All the measures listed as "Passed" have either been signed by the governor or his office has indicated he will sign them.

CORRECTIONS

Passed:

-- A $48 million, 43 percent boost in spending for the prison system to deal with an inmate population expected to nearly double by 2001.

-- A $31 million program to build additional prison cells.

-- Regulations allowing private prisons in Montana. However, such prisons cannot import out-of-state inmates.

Killed:

-- A proposal to build a second state prison near the existing one in Deer Lodge.

CRIME

Passed:

-- Changes to the Youth Court Act requiring faster and harsher penalties for juvenile criminals and more treatment and evaluation programs.

-- A measure permitting judges to order chemical castrations of certain types of sex offenders.

-- An end to hanging as a means of execution. The measure was designed to shorten
appeals in death-penalty cases.

--A measure allowing the death penalty for second-time rapists who seriously injure their victims.

Killed:

--A measure to allow public spanking as punishment for vandalism.

--Penalties for doctors who assist in suicides.

--Making it a crime to sell tobacco to minors.

--Two bills that would have allowed virtually any Montanan to carry a concealed weapon without a permit.

--A measure creating the offense of domestic terrorism, which would have allowed the state to prosecute anti-government zealots.

GAMBLING

Passed:

--A study of the socio-economic effects of gambling in the state.

Killed:

--A ballot measure to abolish all video gambling.

--An attempt to triple the tax on gaming machine revenues.

--A state-run automated accounting system for video gaming machines.

--An effort to eliminate the state lottery.

--The creation of a compulsive gambler treatment program.

--A proposal to ban cash machines from casinos.
EDUCATION

Passed:

--$28 million increase in state aid to school budgets, including a one-time $12.5 million allocation for computers, textbooks and building maintenance.

--A bill requiring the Pledge of Allegiance to be recited daily in Montana schools.

--$10 million in increases for the university system.

Killed:

--A plan to reinstitute corporal punishment in schools.

ENVIRONMENT

Passed:

--Immunity to companies who report their own pollution violations, the so-called "self-audit" bill.

--Loosening environmental regulations within the Major Facilities Siting Act, to encourage development of energy-producing plants

Killed:

--A bill requiring signs to be posted where pollutants are being dumped into water.

--A measure repealing Yellowstone County's exemption from the state sulfur dioxide emission standards.

BUSINESS

Passed:
--A bill allowing any employer to randomly test employees for drugs or alcohol.

--Creation of Swiss-style bank accounts open only to foreign investors.

--Utility regulation rewrites for the electric and phone industries, designed to give customers choice in their power and local phone service providers.

Killed:

--Right-to-work legislation.

TAXES

Passed:

--A plan to keep the 1997 reappraisal from taking effect, saving Montanans an estimated $85 million in property taxes statewide

--Special tax-free savings accounts for people saving to buy a first home or pay for college.

--A measure making health-insurance premiums fully deductible

--A plan to gradually end the Old Fund Tax used to bail out the Worker's Compensation Fund.

--A bill broadening the inheritance-tax exemption, allowing owners of family-owned business, farms and ranches to pass those enterprises on tax free to relatives other than spouses and children.

Killed:

--A sales tax proposal that would have eliminated most property taxes.
--An income-tax credit for people who take care of older dependents.

ABORTION, SEXUALITY and HUMAN RIGHTS

Passed:

--A ban on same-sex marriages.

--A ban on late-term abortions.

--A proposal restricting the powers of the state Human Rights Commission and placing it under the governor's control.

Killed:

--Measures prohibiting the harassment of homosexuals and discrimination against them.

--A plan making it a crime to display or distribute any "harmful" materials to minors.

--A bill to eliminate state affirmative action policies.

STATE SPENDING

Passed:

--$4.6 billion state budget for the next biennium, a $288 million increase over the current budget.

--$22 million in pay raises for state employees.

--$7.5 million to buy Virginia City and Nevada City.

Killed:

--Gov. Marc Racicot's "Today and Tomorrow" plan, which would have used $20 million yearly from the Coal Tax Trust to pay for research and development, historic
preservation and public works projects.

--A ban on state funding of the arts.