

**SENATE JOURNAL
62ND LEGISLATURE
TWENTIETH LEGISLATIVE DAY**

Helena, Montana
January 26, 2011

Senate Chambers
State Capitol

Senate convened at 1:00 p.m. President Peterson presiding. Invocation by Chaplain Keith Johnson. Pledge of Allegiance to the Flag. Roll Call. All members present. Quorum present.

BILLS AND JOURNALS:

1/26/2011

Correctly printed: **SB 52, SB 75, SB 120, SB 138, SB 166, SB 203.**

Correctly engrossed: **SB 9, SB 103, SB 142, SB 165.**

MOTIONS

Senator Essmann moved the Republicans caucus until 1:15 p.m. Without objection, so ordered.

Senator Williams moved the Democrats caucus until 1:15 p.m. Without objection, so ordered.

REPORTS OF STANDING COMMITTEES

AGRICULTURE, LIVESTOCK AND IRRIGATION (Steinbeisser, Chairman):

1/25/2011

SB 126, introduced bill, be amended as follows:

1. Title, page 1, line 4.

Strike: "AND"

2. Title, page 1, line 5.

Following: "DEALERS"

Insert: ", AND SMALL PLANT VENDORS"

3. Title, page 1, line 6.

Strike: "EXEMPTING" through "LICENSURE"

Insert: "IMPOSING A FEE FOR CERTAIN PLANT INSPECTIONS"

4. Title, page 1, line 7.

Strike: "PROHIBITING"

Insert: "REQUIRING"

Strike: "FROM"

5. Title, page 1, line 8.

Strike: "ASSESSING A"

Insert: "TO INCLUDE THE ACTUAL COSTS OF INSPECTION, SURVEYS, AND OTHER SERVICES IN THE"

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6. Title, line 10.

Following: "AN"

Insert: "IMMEDIATE"

7. Page 1, line 16.

Following: "nursery,"

Strike: "or"

Following: "dealer"

Insert: ", or small plant vendor"

8. Page 1, line 17.

Strike: "or"

9. Page 1, line 18.

Following: the first "dealer"

Insert: ", or small plant vendor"

Following: "nursery,"

Strike: "or"

Following: "plant dealer"

Insert: ", or small plant vendor"

10. Page 1, line 21.

Strike: "or"

Following: "dealer"

Insert: ", or small plant vendor"

11. Page 1, line 22.

Strike: "or"

Following: "dealer"

Insert: ", or small plant vendor"

12. Page 1, line 24.

Strike: "or"

Following: "dealer"

Insert: ", or small plant vendor"

13. Page 1, line 29.

Strike: "or"

Following: "dealer"

Insert: ", or small plant vendor"

14. Page 2, line 3.

Following: "nursery,"

Strike: "or"

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Following: "dealer"

Insert: ", or small plant vendor"

15. Page 2, line 8.

Strike: "or"

Following: "dealer"

Insert: ", or small plant vendor"

16. Page 2, line 9.

Following: "nursery,"

Strike: "or"

Following: "dealer"

Insert: ", or small plant vendor"

17. Page 2, line 17.

Following: "nursery,"

Strike: "or"

Following: "dealer"

Insert: ", "

Following: the second "or"

Strike: "of a"

18. Page 2, line 24.

Strike: "(a)"

19. Page 2, line 26 through line 28.

Strike: "A firm" on line 26 through "rule." on line 28

20. Page 2, line 29 through page 3, line 1.

Strike: "(b)" on page 2, line 29 through "authority." on page 3, line 1

21. Page 3, line 2.

Strike: "(c)"

Following: "The"

Strike: "fee imposed in subsection (2)(a)"

Insert: "firm, nursery, plant dealer, or small plant vendor shall pay a fee to the department for an inspection conducted pursuant to this section. The fee"

22. Page 3, line 3.

Following: "services"

Strike: "required" through "certificate"

Insert: "performed by the department and may not be less than \$42 per hour or more than \$50 per hour as established by department rule"

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23. Page 3, line 7.

Strike: "July 1, 2011"

Insert: "on passage and approval"

And, as amended, do pass. Report adopted.

SB 143, do pass. Report adopted.

ENERGY AND TELECOMMUNICATIONS (Olson, Chairman):

1/25/2011

SB 109, introduced bill, be amended as follows:

1. Title, page 1, line 6 through line 7.

Strike: "INCLUDING" on line 6 through "RESOURCE";" on line 7

Strike: "SECTIONS"

Insert: "SECTION"

Strike: "90-3-1003" through "90-4-1005,"

2. Page 2, line 17.

Strike: "(a)"

3. Page 2, line 18.

Strike: ", except" through "(10)(b),"

4. Page 2, line 20.

Strike: "(i)"

Insert: "(a)"

5. Page 2, line 21.

Strike: "(ii)"

Insert: "(b)"

6. Page 2, line 22.

Strike: "(iii)"

Insert: "(c)"

7. Page 2, line 23.

Strike: "(iv)"

Insert: "(d)"

Strike: ", " through "that:"

Insert: ";

8. Page 2, line 24 through line 27.

Strike: line 24 through line 27 in their entirety

9. Page 2, line 28.

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Strike: "(v)"

Insert: "(e)"

10. Page 2, line 29.

Strike: "(vi)"

Insert: "(f)"

11. Page 2, line 30.

Strike: "(vii)"

Insert: "(g)"

12. Page 3, line 3.

Strike: "(viii)"

Insert: "(h)"

Strike: "(10)(a)"

Insert: "(10)"

13. Page 3, line 4 through line 5.

Strike: "(ix)" on line 4

Insert: "(i)"

Strike: "this" on line 4 through "(10)(a)" on line 5

Insert: "subsections (10)(a) through (10)(j)"

14. Page 3, line 6.

Strike: "(x)"

Insert: "(j)"

Strike: "(10)(a)"

Insert: "(10)"

15. Page 3, line 8 through line 10.

Strike: line 8 through line 10 in their entirety

16. Page 4, line 10 through page 7, line 7.

Strike: sections 2 and 3 in their entirety

Renumber: subsequent section

And, as amended, do pass. Report adopted.

FISH AND GAME (Brenden, Chairman):

1/25/2011

SB 90, introduced bill, be amended as follows:

1. Page 1, line 11 through line 18.

Strike: section 1 in its entirety

Insert: "NEW SECTION. **Section 1. Hunters united to stop hunger -- findings -- rulemaking.** (1) The legislature finds that:

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(a) some areas of the state are overpopulated with deer and antelope as evidenced by the sale of B tag licenses to meet population management objectives established by the commission pursuant to 87-1-323;

(b) to encourage the purchase of all available B tag licenses and the taking of game animals with those licenses to meet population management objectives, it is necessary to remove a barrier to the harvest of additional animals by establishing the hunters united to stop hunger program, which facilitates the donation of harvested game animals to charitable or nonprofit organizations for free distribution by depositing \$3 from each deer or antelope B tag license sold into the hunters united to stop hunger account established in [section 2] to pay for the processing of the donated game; and

(c) use of this population management program is in the best interest of the state when deer and antelope B tag licenses are issued for game management purposes.

(2) The department shall:

(a) transfer \$3 from each deer or antelope B tag license sold into the hunters united to stop hunger account established in [section 2]. The department may suspend the transfer upon receipt of a written determination from the United States fish and wildlife service that the provisions of this section constitute a diversion of license fees.

(b) adopt rules governing the payment of funds from the hunters united to stop hunger account to meat processors for the processing of donated game animals. The rules may include the use of a request for proposals process in areas where a competitive meat processing market exists."

2. Page 1, line 24.

Following: "(a)"

Strike: "\$1"

Insert: "pursuant to the provisions of [section 1], \$3"

Strike: "hunting"

Insert: "B tag"

3. Page 1, line 28.

Following: "(3)"

Insert: "(a)"

Strike: "Any"

Insert: "Except as provided in subsection (3)(b), any"

4. Page 1.

Following: line 29

Insert: "(b) (i) If the unencumbered balance of the account exceeds \$50,000 at the end of any fiscal year, the portion of the balance above \$50,000 must be transferred to the department's general license account.

(ii) If the department receives a written determination from the United States fish and wildlife service that the provisions of [section 1] constitute a diversion of license fees, any unencumbered balance in the account must be transferred to the department's general license account."

And, as amended, do pass. Report adopted.

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SB 92, introduced bill, be amended as follows:

1. Page 1, line 10.

Following: "state"

Insert: "-- capture"

Following: "~~(4)~~"

Insert: "(1)"

2. Page 1, line 15.

Following: line 14

Insert: "(2) Nonresidents may capture raptors in Montana for falconry or captive breeding purposes pursuant to rules adopted under 87-5-204.

(3) A resident of a state that does not allow Montana residents to trap raptors in that state may not obtain a trapping permit in Montana."

And, as amended, do pass. Report adopted.

SB 135, introduced bill, be amended as follows:

1. Page 2, line 9.

Following: "(4)"

Insert: "(a)"

Following: "may"

Insert: ":",
(i)"

2. Page 2, line 10.

Following: "season"

Strike: ":",

Insert: ":",

(ii) carry any weapon allowed by law; and

(iii) dispose of the wounded game animal using the weapon allowed pursuant to the valid hunting license.

(b)"

3. Page 2, line 12.

Following: "harness."

Insert: "(c)"

4. Page 2, line 13.

Following: "87-3-302."

Insert: "(d)"

And, as amended, do pass. Report adopted.

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SB 136, introduced bill, be amended as follows:

1. Title, line 5 through line 6.

Strike: "DEFINING" on line 5 through "LICENSES;" on line 6

2. Title, line 6.

Following: "SECTIONS"

Strike: "87-2-102, 87-2-106, AND"

Insert: "87-1-290,"

Following: "87-2-514,"

Insert: "and 87-2-515,"

3. Page 1, line 11 through page 6, line 16.

Strike: section 1 through section 3 in their entirety

Insert: "**Section 1.** Section 87-1-290, MCA, is amended to read:

"87-1-290. (Effective March 1, 2011) Hunting access account. (1) There is a hunting access account in the state special revenue fund. Funds deposited in this account may be used only for the purpose of funding any hunting access program established by law or by the department through administrative rule.

(2) The following funds must be deposited in the account:

(a) 25% of the fee for Class B-10 nonresident big game combination licenses pursuant to 87-2-505(1)(c) and 25% of the fee for Class B-11 nonresident deer combination licenses pursuant to 87-2-510(1)(b);

(b) 25% of the fee for hunting licenses issued to nonresident children relatives of a resident pursuant to 87-2-514; and

(c) the hunting access enhancement fees assessed pursuant to 87-2-202(3)(c) and (3)(d).

(3) Any interest or income earned on the account must be deposited in the account."

Insert: "**Section 2.** Section 87-2-514, MCA, is amended to read:

"87-2-514. Nonresident child relative of resident allowed to purchase nonresident licenses at reduced cost -- definitions. (1) For the purposes of this section, the following definitions apply:

(a) "Nonresident relative of a resident" means a person born in Montana who is the natural or adoptive child, sibling, or parent of a resident but is not a resident.

(b) "Resident" means a resident as defined in 87-2-102.

(2) Except as otherwise provided in this chapter, a ~~person who is not a resident, as defined in 87-2-102, but who is the natural or adopted child~~ nonresident relative of a resident, ~~as defined in 87-2-102, and~~ who meets the qualifications of subsection ~~(3)~~(5) may purchase:

(a) a Class B nonresident fishing license;

(b) a Class B-1 nonresident upland game bird license, and;

(c) a Class B-7 nonresident deer A tag; and

(d) at the reduced cost specified in subsection (2) and may purchase a Class B-15 nonresident ~~child's~~ elk license as provided in 87-2-515.

(3) This section does not allow a nonresident child relative of a resident to purchase nonresident combination licenses at a reduced price.

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~~(2)(4)~~ The fee for a nonresident license purchased pursuant to subsection ~~(4)(2)~~ is twice the amount charged for an equivalent resident license. The nonresident ~~child~~ relative of a resident shall also purchase a nonresident wildlife conservation license as prescribed in 87-2-202 and pay the nonresident hunting access enhancement fee in 87-2-202(3)(d) if the nonresident ~~child~~ relative of a resident purchases a hunting license.

~~(3)(5)~~ To qualify for a license pursuant to subsection ~~(4)(2)~~, a nonresident ~~child~~ relative of a resident shall apply at any department regional office or at the department's state office in Helena and present proof of the following:

(a) a birth certificate verifying the applicant's birth in Montana;

~~(b) a high school diploma from a Montana public, private, or home school or certified verification that the applicant has passed the general educational development test in Montana~~

~~(b) evidence that the person previously held a Montana resident hunting or fishing license or has passed a hunter safety course in Montana pursuant to 87-2-105; and~~

~~(c) proof that the applicant has a natural or adoptive parent who is a current Montana resident, as defined in 87-2-102 is a nonresident relative of a resident.~~

~~(4) A qualified nonresident child of a resident may purchase licenses pursuant to subsection (1) for up to 6 license years after receiving a diploma or passing the general educational development test as provided in subsection (3)(b):~~

~~(5) A nonresident child of a resident who has been issued a hunting license pursuant to this section is not eligible to apply for or be issued any nonresident special permit.~~

~~(6) A nonresident child of a resident who has been issued a hunting license pursuant to this section must be accompanied by a licensed resident family member while hunting in the field."~~

Insert: "Section 3. Section 87-2-515, MCA, is amended to read:

"87-2-515. Class B-15 nonresident child's elk license. (1) Except as otherwise provided in this chapter, a nonresident ~~child~~ relative of a resident who is qualified to purchase licenses pursuant to 87-2-514 may purchase a Class B-15 nonresident ~~child's~~ elk license for twice the amount charged for a resident Class A-5 elk tag.

(2) A Class B-15 license entitles the holder to hunt elk in areas designated by the commission, at the times and upon the terms set forth by the commission, and to possess the carcass of an elk authorized by the license as set forth in department rules."

Renumber: subsequent section

And, as amended, do pass. Report adopted.

SB 160, introduced bill, be amended as follows:

1. Title, line 5.

Following: "ROADS AND"

Insert: "DESIGNATED"

2. Page 1, line 11.

Strike: "Protection of riparian vegetation -- limit on motorized"

Insert: "Limits on"

Following: "camping"

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Strike: ", "
Insert: "in riparian areas and"

3. Page 1, line 12.
Following: "vehicles."
Insert: "(1)"

4. Page 1, line 13 through line 14.
Following: "streams"
Insert: ", "
Strike: ":" on line 13 through "(1)" on line 14

5. Page 1, line 15.
Strike: "; and"
Insert: "."

6. Page 1, line 16.
Strike: "the off-road"
Insert: "The"

7. Page 1, line 17.
Following: "except"
Strike: "on designated" through "purposes"
Insert: ":"
(a) for administrative purposes; or
(b) as designated by the department on roads, trails, or specific areas"

And, as amended, do pass. Report adopted.

HIGHWAYS AND TRANSPORTATION (Jones, Chairman):
SB 140, introduced bill, be amended as follows:

1/25/2011

1. Page 4, line 4.
Strike: "10"
Insert: "26"

2. Page 4, line 14.
Following: line 13
Insert: "NEW SECTION. Section 3. Implementation. (1) The commission shall issue a certificate of public convenience and necessity that authorizes a motor carrier to provide charter service if the motor carrier provides written documentation or business records to the commission that demonstrate during the 1-year period prior to January 1, 2011, the motor carrier:
(a) provided charter service;
(b) transported passengers with a motor vehicle designed to carry more than 10 passengers; and

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(c) obtained a USDOT number from the U.S. department of transportation as provided in 49 CFR 390.19.

(2) The written documentation or business records must be submitted to the commission within 6 months following [the effective date of this act].

(3) The commission shall issue all certificates of public convenience and necessity under subsection (1) by July 1, 2012.

(4) After July 1, 2012, a motor carrier subject to regulation by the commission may not transport passengers in charter service without a certificate of public convenience and necessity."

Renumber: subsequent sections

And, as amended, do pass. Report adopted.

MESSAGES FROM THE OTHER HOUSE

House bills passed and transmitted to the Senate for concurrence:

1/25/2011

HB 12, introduced by Menahan
HB 57, introduced by Hiner
HB 61, introduced by MacLaren
HB 89, introduced by Ingraham
HB 119, introduced by Hendrick
HB 250, introduced by Menahan

FIRST READING AND COMMITMENT OF BILLS

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

SB 220, introduced by Gillan, referred to Agriculture, Livestock and Irrigation.
SB 221, introduced by Gillan, referred to Business, Labor, and Economic Affairs.
SB 222, introduced by Augare, referred to Local Government.
SB 223, introduced by Zinke, referred to Business, Labor, and Economic Affairs.
SB 224, introduced by Priest, referred to Finance and Claims.
SB 225, introduced by Priest, referred to Energy and Telecommunications.
SB 226, introduced by Priest, referred to Energy and Telecommunications.
SB 227, introduced by Priest, referred to Finance and Claims.
SB 228, introduced by Priest, referred to Business, Labor, and Economic Affairs.

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

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

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

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SB 106 - Senator Priest moved **SB 106** do pass.

SB 106 - Senator Blewett moved consideration of **SB 106** be passed for the day. Motion **failed** as follows:

Yeas: Augare, Blewett, Branae, Caferro, Erickson, Facey, Gallus, Gillan, Hamlett, Hawks, Jent, Kaufmann, Keane, Larsen, Moss, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Williams, Windy Boy.
Total 22

Nays: Arthun, Balyeat, Barrett, Brenden, Brown, Buttrey, Essmann, Hinkle, Hutton, Jackson, Jones, Lake, Lewis, Moore, Mowbray, Murphy, Olson, Priest, Ripley, Shockley, Sonju, Steinbeisser, Tutvedt, Vincent, Walker, Wittich, Zinke, Mr. President.
Total 28

Absent or not voting: None.
Total 0

Excused: None.
Total 0

SB 106 - Thereupon, the Senate reverted to the original motion of Senator Priest which passed as follows:

Yeas: Arthun, Balyeat, Barrett, Brenden, Brown, Buttrey, Essmann, Hinkle, Hutton, Jackson, Jones, Lake, Lewis, Moore, Mowbray, Murphy, Olson, Priest, Ripley, Shockley, Sonju, Steinbeisser, Tutvedt, Vincent, Walker, Wittich, Zinke, Mr. President.
Total 28

Nays: Augare, Blewett, Branae, Caferro, Erickson, Facey, Gallus, Gillan, Hamlett, Hawks, Jent, Kaufmann, Keane, Larsen, Moss, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Williams, Windy Boy.
Total 22

Absent or not voting: None.
Total 0

Excused: None.
Total 0

SB 125 - Senator Wittich moved **SB 125** do pass. Motion carried as follows:

Yeas: Arthun, Balyeat, Barrett, Brenden, Brown, Buttrey, Caferro, Essmann, Hinkle, Hutton, Jackson, Jones, Lake, Lewis, Moore, Mowbray, Murphy, Olson, Priest, Ripley, Shockley, Sonju, Steinbeisser, Tutvedt, Vincent, Walker, Wittich, Zinke, Mr. President.

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Total 29

Nays: Augare, Blewett, Branae, Erickson, Facey, Gallus, Gillan, Hamlett, Hawks, Jent, Kaufmann, Keane, Larsen, Moss, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Williams, Windy Boy.

Total 21

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SJ 7 - Senator Brenden moved **SJ 7** do pass. Motion carried as follows:

Yeas: Arthun, Balyeat, Barrett, Brenden, Brown, Buttrey, Essmann, Gallus, Hamlett, Hinkle, Hutton, Jackson, Jones, Keane, Lake, Lewis, Moore, Mowbray, Murphy, Olson, Priest, Ripley, Shockley, Sonju, Steinbeisser, Tutvedt, Vincent, Vuckovich, Walker, Wittich, Zinke, Mr. President.

Total 32

Nays: Augare, Blewett, Branae, Caferro, Erickson, Facey, Gillan, Hawks, Jent, Kaufmann, Larsen, Moss, Stewart-Peregoy, Tropila, Van Dyk, Wanzenried, Williams, Windy Boy.

Total 18

Absent or not voting: None.

Total 0

Excused: None.

Total 0

Senator Essmann moved the committee rise and report. Motion carried. Committee arose. Senate resumed. President Peterson in the chair. Senator Vincent moved the Committee of the Whole report be adopted. Report adopted as follows:

Yeas: Arthun, Balyeat, Barrett, Brenden, Brown, Buttrey, Essmann, Hamlett, Hinkle, Hutton, Jackson, Jones, Lake, Lewis, Moore, Mowbray, Murphy, Olson, Priest, Ripley, Shockley, Sonju, Steinbeisser, Tutvedt, Vincent, Walker, Wittich, Zinke, Mr. President.

Total 29

Nays: Augare, Blewett, Branae, Caferro, Erickson, Facey, Gallus, Gillan, Hawks, Jent, Kaufmann, Keane, Larsen, Moss, Stewart-Peregoy, Tropila, Van Dyk, Vuckovich, Wanzenried, Williams, Windy Boy.

Total 21

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Absent or not voting: None.

Total 0

Excused: None.

Total 0

THIRD READING OF BILLS

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

SB 52 passed as follows:

Yeas: Arthun, Augare, Balyeat, Barrett, Blewett, Branae, Brenden, Brown, Buttrey, Caferro, Erickson, Essmann, Facey, Gallus, Gillan, Hamlett, Hawks, Hinkle, Hutton, Jackson, Jent, Jones, Kaufmann, Keane, Lake, Larsen, Lewis, Moore, Moss, Mowbray, Murphy, Olson, Priest, Ripley, Shockley, Sonju, Steinbeisser, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Williams, Windy Boy, Wittich, Zinke, Mr. President.

Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 75 passed as follows:

Yeas: Arthun, Augare, Balyeat, Barrett, Blewett, Branae, Brenden, Brown, Buttrey, Caferro, Erickson, Essmann, Facey, Gallus, Gillan, Hamlett, Hawks, Hinkle, Hutton, Jackson, Jent, Jones, Kaufmann, Keane, Lake, Larsen, Lewis, Moore, Moss, Mowbray, Murphy, Olson, Priest, Ripley, Shockley, Sonju, Steinbeisser, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Williams, Windy Boy, Wittich, Zinke, Mr. President.

Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

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Excused: None.

Total 0

SB 120 passed as follows:

Yeas: Arthun, Augare, Balyeat, Barrett, Blewett, Branae, Brenden, Brown, Buttrey, Caferro, Erickson, Essmann, Facey, Gallus, Gillan, Hamlett, Hawks, Hinkle, Hutton, Jackson, Jent, Jones, Kaufmann, Keane, Lake, Larsen, Lewis, Moore, Moss, Mowbray, Murphy, Olson, Priest, Ripley, Shockley, Sonju, Steinbeisser, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Williams, Windy Boy, Wittich, Zinke, Mr. President.

Total 50

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: None.

Total 0

SB 138 passed as follows:

Yeas: Arthun, Augare, Balyeat, Barrett, Blewett, Branae, Brenden, Brown, Buttrey, Caferro, Erickson, Essmann, Facey, Gallus, Gillan, Hamlett, Hawks, Hinkle, Hutton, Jackson, Jent, Jones, Kaufmann, Keane, Lake, Larsen, Lewis, Moore, Moss, Mowbray, Murphy, Olson, Priest, Ripley, Shockley, Sonju, Steinbeisser, Stewart-Peregoy, Tropila, Tutvedt, Van Dyk, Vincent, Vuckovich, Walker, Wanzenried, Windy Boy, Wittich, Zinke, Mr. President.

Total 49

Nays: Williams.

Total 1

Absent or not voting: None.

Total 0

Excused: None.

Total 0

REPORTS OF STANDING COMMITTEES

PUBLIC HEALTH, WELFARE AND SAFETY (Priest, Chairman):

1/24/2011

SB 156, do pass. Report adopted.

SB 176, do pass. Report adopted.

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ANNOUNCEMENTS

Committee meetings were announced by committee chairs.

Senate recessed at 2:45 p.m.

Senate reconvened at 6:40 p.m.

Roll Call. All members present, except Senator Blewett, excused. Quorum present.

MOTIONS

Senator Essmann moved that the Senate recess and proceed to the House of Representatives for the Governor's State of the State address. Upon adjournment of the Joint Session, the Senate will be adjourned until the hour of 1:00 p.m., Thursday, January 27, 2011. Without objection, so ordered.

After the Senate was introduced in the House Chambers, President Peterson assumed the chair.

Rep. McGillvray moved that the House resolve itself into a joint session for the purpose of receiving the State of the State address from the Honorable Brian Schweitzer, Governor of the State of Montana. Motion carried.

Senator Essmann moved that President Peterson be authorized to appoint a committee of four to notify the Governor that we are in Joint Session and ready to receive the State of the State address. Motion carried.

President Peterson appointed Senator Williams, Senator Vincent, Representative Court and Representative Vance, and the committee escorted Governor Schweitzer into the chambers.

The colors were posted by members of the Montana National Guard.

The third grade class from the Montana City Elementary School led the body in the Pledge of Allegiance.

Monseigneur O'Neill gave the invocation.

Sergeant-at-Arms Clark escorted Governor Schweitzer into the House Chamber. President Peterson introduced Governor Brian Schweitzer to the joint session, and the Governor gave the following speech:

Thank you. Mr. President, Mr. Speaker, my fellow Montanans: It is my honor to address the 62nd meeting of the Montana Legislature.

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First, I want to welcome my business partner, the mother of our children and on Sunday my wife for 29 years. Thanks for putting up with me, Nancy.

And I'd like to welcome my mother. About 30 minutes ago as she walked in, she looked me over, she said, "Aren't you going to shine your boots?" And I said, "Mom, I'll be standing behind a podium; they won't even see them." "Well, you should shine them anyways." And then she gave me a word of advice, remember Mom? She said, "Are you going to remember to thank the people of Montana for giving you this opportunity?" Good manners, mom. Thank you.

Lt. Governor John Bohlinger and Karen: John, remember seven years ago when we proposed to the people of Montana that we would try something that had never been done before? We said that a Democrat and a Republican can work together in governing Montana. Did you notice last night back there in Washington, D.C.; they're pretty proud of themselves for sitting together for one hour? In Montana, we've governed together for 6 years. Thank you for your leadership, thank you for your courage, thank you for your vision, John Bohlinger.

Since we met last, two years ago roughly, we've lost some great Montanans. And I'll start with my father, Adam, who was born in Montana, left only to fight for our country during World War II and for nearly 9 decades was a proud rancher. While he and my mother never graduated from high school, his proudest moment was when he sent all six of his kids to university. Thanks, Dad, we're praying for you.

We lost an extraordinary leader, one of the greatest leaders in Indian Country, my friend Chairman Carl Venne of the Crow Nation. We'll miss you, Carl.

And two of our heroes that keep our highways safe, two highway patrolmen, David DeLaittre of Belgrade and Michael Haynes of Kalispell. God rest your souls.

We lost a volunteer EMT from Glasgow by the name of Melissa Greenhagen.

And once again, I stand before you as the Governor of Montana to report the names of the men who have given all in service to our country during the last two years. I'll read their names:

Andrew Charpentier, Great Falls;
Garnet Derby, Missoula;
George Anthony Kellum, Lame Deer;
Michael Rogers, White Sulphur Springs;
Terry Lynch, Shepherd;
Trevor Johnson, Forsyth;
Shannon E. Swartz, Great Falls;
Reginald "Reg" Richard Lawrence, Jordan;
Jed P. "Cole" Naisbitt, West Yellowstone;
Nicholas Cook, Hungry Horse;
Jeremiah Sipes, Belgrade;
Kerry Sweten, Columbus;
Ryan Buckles, Poplar;

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Byron Whitcomb, Whitefish;
Shane Barnard, Box Elder;
Jeremiah Wittman, Billings;
Lawrence Gregor, Helena;
Nicolas Uzenski, Bozeman;
James Stright, Libby;
Benjamin Pigman, Hamilton.

Can we have a moment of silence to honor these men who gave their all? Thank you.

Well, Elvis isn't in the house tonight, but we have a lot of important guests, led by the Attorney General Steve Bullock. It's all right, give him a little love.

Secretary of State Linda McCulloch. We call her Auditor, but she's actually our Insurance Commissioner, Monica Lindeen, and our Superintendent of Public Instruction, Denise Juneau.

We have our members of the PSC Commission here tonight. Thank you.

We have tribal leaders, who have come from many of our tribal nations across Montana. Thank you for making the trip.

We have Governor Tim Babcock and First Lady Betty Babcock. God bless you. Thanks for coming. Now, Betty's told me the story of how they, for a while, had a monkey while they were living in the Governor's residence, but that's a story for another night. Okay, Betty?

And members of my cabinet and my staff. I'm biased here, but I think we have the best educated, most dedicated cabinet and staff in the history of Montana. Thank you on my good days for making me look good. Thank you.

We share a common history and we must aspire to a common destiny. Our work during this 62nd meeting of the Legislature must be inspired by the collective goals, hopes, and dreams of the mothers and fathers across Montana.

And while we gather here in the capitol city for 90 days and nights - our bosses continue to do Montana's work in every community across Montana: the cook and farmer; the truck driver and the mechanic; the teacher and the student; the doctor and the nurse; the engineer and the contractor; the coal miner and boilermaker; the general and the soldier; the logger and carpenter; parents and children with big dreams under the big sky. Each morning at breakfast moms and dads prepare our leaders of tomorrow for the schools of today and each night they pray together. They pray together for a better and new day.

Your mission, members of this legislative assembly, is to prepare Montana for that new day, a day of more opportunity, more freedom, lower taxes, new opportunities, better schools and higher paying jobs.

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And while building a Montana for those high paying jobs, we will not forget those who have protected us in the past. They fought for our individual freedoms, to be who we are, unique, and the right to life, liberty and the pursuit of happiness.

Now is time to bring Montana together. Don't divide us with divisive language and legislation. Let us celebrate diversity and not abridge our individual rights and choices.

Thomas Jefferson said, "The God who gave us life, gave us liberty."

Please bring me bills that unite Montana, bills that help our businesses create jobs, bills that prepare our students for a better tomorrow: I'll sign them. Each bill you send my office ought to create more, higher paying jobs. The people who sent us to this Capitol had two messages for us: work together and create more job opportunities in Montana as soon as possible.

These are serious times. Don't send me bushels of frivolous and feel-good bills and unconstitutional statements. If you aim for nothing, you will hit it every time... let's aim high, let's aim for higher paying jobs.

Montana expects us to get a few things and to get them right. First, they expect you, this Legislature, to get a balanced budget back to my office in 90 days. Second, this is important, they expect you to reform a bloated, unworkable workers' compensation system that is fair for workers and helps small business start and grow in Montana. Third, and this might be your most important task and, if you get it right, it will create thousands of jobs in Montana. If you get it wrong or you don't finish it, there will be pink slips that go to workers across Montana. Montana expects you to fix the eminent domain laws. Do it soon, do it now. Let's get Montana working again.

It was Henry Ford that said "Don't find fault, find a remedy."

Montana has always been a state of dreamers, those gold miners who raked the gravel at Alder Gulch and later hit it rich at the Drumlummon mine. The homesteaders, like my grandparents, who came to Montana with just the clothes on their back, faith in God and the promise of owning their own land. The first Montanans who for hundreds of generations cared for our peaks and our prairies, our rivers and our wildlife, each generation protecting the dreams of the three generations before them and nurturing the dreams of the three generations that would follow them.

Yes, Montana, we are home to big dreamers, risk takers, and great doers. Let's help those dreamers soar to their goals. I've proposed a balanced budget for this body to consider that continues to invest in a world-class education; that protects the elderly, the disabled, the least fortunate; maintains our public safety; cuts taxes for homeowners and eliminates the business equipment tax and still maintains the second largest savings account in the history of Montana. A proposed savings account that is four times larger than the average savings account of the four previous administrations during the last sixteen years.

During the last six years, working together, we've cut more taxes for more Montanans than any

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time in history. We've attracted businesses, small and big, to start and grow in Montana. We've developed more new energy and we've created an education system that's more affordable, more accessible, more digital, and more relevant.

The great recession landed in Montana like the rest of the world. Legislature, in your absence, we made some tough decisions, and we cut five percent and more from the last budget that you sent me. The hardworking state employees, the people who do the work that matters, they started first and they agreed two years ago to a two-year salary freeze. And then we asked Montana for their ideas, and we got a thousand and more ideas on how to make Montana more efficient. The Lieutenant Governor and myself, we started by cutting \$11,764 from our own salaries. Sorry, John. We sold 15 percent of the state's car fleet and we increased the gas mileage on the remaining fleet to 35 miles per gallon. We stopped out-of-state travel, we decreased in-state travel by replacing that travel with technology, and we stopped buying new computers. We decreased the number of state cell phones, and we curtailed the service plans for the ones that we had. We combined our state department servers and we reduced energy consumption by 20 percent in our state-owned buildings.

I thought that's something Republicans, Democrats, everybody can clap for: reducing energy consumption.

We decreased the size of the workforce, we stopped printing state phone books, we re-negotiated building and office leases which rooted out sweetheart deals that were signed and negotiated by previous administrations. And our Department of Revenue contacted out-of-state companies who had not been paying their taxes for decades, and they collected \$80 million, new dollars, to the state of Montana from people who owed us this money.

Today, we're one of few states in the black. We're one of a few states with cash in the bank. I asked Doctor No, the director of our budget office today, and I said "David, how much cash do we have in the bank?" And he said, "\$330,997,350.84.

That's not an estimate. That's not an estimate, that's not a prediction, that's not some kind of a model. That's cash in the bank. Now, that probably doesn't mean a lot to folks. Well, how much money ought we to have in the bank. What's the normal amount? So, I looked into that and I can tell you this, that in the years before I was elected Governor, all the way back to 1889, we've never had a single time in the history of the state of Montana that we had \$330 million in cold hard cash in the bank.

This is a good time to have cash, and we've heard a lot about revenue predictions. It was Niels Bohr who won the Nobel Prize that said, "Predictions are difficult, especially if they're about the future." Well, I agree. Predictions are difficult, but perhaps history is our best indicator of the future. The revenue predictors in this building, since I was elected Governor six years ago, have underestimated our revenue on average by three hundred and eight million dollars every biennium. Not sometimes high and sometimes low. Always low, always wrong and always way low.

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Now, I know that there's many people like me that like to hunt in the fall and you know the ritual. In the fall of the year you go out to the range or you go out against a big hill and count off a hundred and fifty or two hundred yards and then you put that bull's-eye up and you slide one round in and squeeze a shot off and you look, eleven inches low. Try it again, twelve inches low. One more time, twelve inches low. Ah ha, we'll adjust. So, then you turn it three quarters of a turn up, you fire again, six inches high, quarter turn back, bull's-eye, we're ready.

Don't you think it's time for us to readjust how we make our guesses around here? Don't you think? Let me just say this: Let us commit to be weary of half-truths; we may just get the wrong half.

We have the money for our priorities, we have over \$300 million dollars in the bank; and, even if the estimates of declining revenues are correct, and they're not, we can write a check from the savings that we have in the account and not raise taxes and still fund the critical priorities of Montana. That's good business management.

All of the economic indicators are up. I'll give you an example. For this year the revenue estimators had thought that maybe we would increase our total revenue by 2.75 percent. We're already six months into the year and we're increasing our revenues by approximately 10 percent. Dan Bucks, over at the Department of Revenue, told me yesterday that for the first six months, our wages withholding are on a pace this year to break the all-time record for wages withholding. Meaning simply this: This will be the year that wage earners will be paid more collectively, totally more than any time in history. That's got to be a good sign as well.

Coal and oil production up and prices are too. We're increasing our wind energy at one of the fastest rates in the country. Platinum, \$785; gold, \$1,325; copper, \$4.24; and this last year we grew the biggest wheat crop in the history of Montana, 212 million bushels and all over Montana and they're selling it for \$8 a bushel. The biggest hay crop in the history of Montana, well, even the Republicans clapped at a good hay crop, that's good, we're getting somewhere. And for the first time in a generation, both grain and cattle prices are high. The farm sector harvested \$3 billion dollars and more for the very first time in the history of Montana: that's got to be a good indicator. There we go, Eric. Eric's clapping, because he's got a feedlot and he's buying a bunch of these expensive calves and he's hoping they'll be worth some money when he gets them fat.

But some Republican legislators talk like everything's broken in Montana. If you'd like to help, help us bring businesses to Montana, help us promote, accentuate the positive. Now, we're not perfect, we can improve, but the *Wall Street Journal*, the *New York Times*, Fox News, CNN and MSNBC hold Montana up as a model for fiscal discipline. Wall Street has improved Montana's bond rating for the first time in 30 years, and for the first time in the history of Montana, we now have a double A plus bond rating. There you go. The Republicans are for a good bond rating, I like that everyone likes a bond rating.

The U.S. Chamber of Commerce has just named Montana the number one state in the nation to start and grow a business. The Tax Foundation has rated us the sixth most business friendly tax state, and we have the fourth most educated work force. Of course, during the last ten

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years, Montana's gross product, the aggregate of all of the service and products that we produce, has increased by 65 percent. During a ten-year period we've increased by 65 percent and during that time, for your information, while we grew our gross domestic product by 65 percent, we only increased the number of real state employees by 2.4 percent. I would put that record against any government, large or small, worldwide, any corporation, or any business, large or small, to increase your output by 65 percent and only increase the number of employees by two-point-four percent. Thank you, Montana state employees, for being so efficient. Thank you.

After more than a decade of effort, the Montana Land Board put the Otter Creek tracts up for competitive auction. We recruited one of the largest coal companies on the planet, Arch Coal, to write us a check for more than \$80 million dollars just to have the right to begin to get the permits to open that mine. Let me tell you how important that mine is. That mine, during the next 30 years, will mine 1.5 billion ton of coal, approximately equal to all of the coal that we have mined during the history of Montana. It will create thousands of jobs, Duane Ankney, in your back yard, and it will send more than \$5 billion dollars worth of royalties and taxes to this Legislative body to decide what to do with during the next thirty years. Thank you to the Montana Land Board. Thank you for your efforts.

Now, the rest of the world recognizes Montana's business environment and money management skills. Montana's best days are ahead of us. I would ask Montana's leaders to join the course. Remember, it was the optimist who built the airplane, the pessimist who thought of the parachute.

I've invited, tonight, some of the companies that have proven to the world that Montana is the greatest place in the world to start a business. In 2009, some folks stopped into my office from a little mining company from Toronto, Canada, called RX Exploration. They said to me, "We've been buying a few of these mining patents in Montana. We're not sure what we're going to do, because we've been hearing that Montana's not a good place to mine. Regulations are tough, people don't want miners here, and they told us in Canada, bad place to mine. We got here and we even had business leaders who said 'Oh don't come here, bad place to mine.'" I said, "Listen to me, why don't we walk over to our Department of Environmental Quality, and I'll introduce you to the people who will actually do the permitting. You can ask them every question that you might have about permitting that mine." So, Murray and I, would you please stand up, stand up please, the President and CEO of RX Exploration, well, they didn't listen to those folks. They said they'd take a gamble on Montana. They went back into that Drumlummon mine, and they cored for about a week and they cored into the Charlie vein. Now, the Charlie vein has been recognized right now by mining engineers all over the world as the richest quartz vein on the planet. The Charlie vein has 12 ounces of gold and 55 ounces of silver per ton. Here's what this means: Every rock that they drag out of the mine before it's processed is worth \$8 dollars a pound, and now RX minerals is recognized around the world for developing the Drumlummon mine. Thank you for taking a risk and thank you for employing a hundred and forty Montanans.

John DeMichiei is here. Stand up, John. In May of 2008, I traveled out of state and met a fellow by the name of Wayne Boich. Wayne Boich, his father and uncle, had been in the coal

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business going back for the last 50 years, mostly in western Virginia and Ohio. Right away, I started telling him about all the great coal deposits we had in Montana, and it wasn't long before I was bragging up that mine that we have, we could start there in Roundup, the Bull Mountain. Well, it got kind of interesting, one thing led to another, and it was just 16 months later, after that first conversation, that they'd invested \$500 million dollars in Montana, opened the Signal Peak mine, built the longest spur on the Burlington Northern Santa Fe system in the entire western United States, 35 miles, the longest one built in the last 35, and now they have a capacity to produce a half million tons every single year. Thank you for testing us. Thank you for employing 263 miners in Montana. Thank you to Signal Peak.

Back in 2005, this body decided it was a good idea to put a little money aside, so that we could attract different companies to come here, because a lot of companies say, "I'd come to Montana but, you know, we make widgets and you don't have a single widget here in Montana. We're going to have to train people. Would you help us train those people for those emerging jobs?" It was this body that agreed to put some money aside so we could attract companies, and one of the first companies that we attracted was Don Parkin, stand up Don, Executive Vice President of Avmax. Now, Avmax repairs airplanes and with our job training and their good marketing skills and management they decided Great Falls was a great place to employ a hundred and sixty people. Speaker Milburn, I believe you and I were there, together, when we cut that ribbon. Thank you, Avmax, for choosing Montana.

A billion years ago and a little longer there was an intrusion that rose up from the center of the earth. It was a molten material, and it drove its way within two miles of the surface near Billings, Montana, and then started to cool, and it spread out like the cap of a mushroom for 50 miles all around. Well, that was a billion years ago and, well, frankly, the whole world was a single continent, and we were all under ocean and nobody noticed. But, through time, there were a few changes and about 990 million years later the Beartooths rose up, your backyard there, Jason Priest, and it pushed that Stillwater complex into the mountain. Frank McAllister is here. Why don't you stand up, Frank? Frank McAllister is the CEO of Stillwater Mining Company and in that Stillwater complex, that intrusion, we have the only platinum and palladium mine in the Western Hemisphere. I mentioned to Frank here a little earlier today, he was saying he just got back from Bermuda peddling that palladium and I said, "Well Frank, don't complain, you were working just as hard two years ago when palladium was worth a hundred and eighty dollars an ounce and now it's \$785 an ounce, I think you can afford to scoot around just a little bit." Let me tell you something about Frank McAllister and the Stillwater Mine. They employ thirteen hundred and fifty-two Montanans, including 81 new hires, and a few years ago, when some of the neighbors were concerned about this mine and what kind of effluent might come from that mine and when the roads would be built and the kinds of transition lines, it was Frank McAllister that sat down with the community and the environmental community and said, "We want to be a good neighbor." They created the good neighbor policy and if you travel within a 30-mile radius of the Stillwater mine you will find neighbors who say, "We love that mine." Thank you for continuing to mine in Montana. Thank you, Frank McAllister, for being a good neighbor.

When this body passed the renewable portfolio standard in 2005, we knew that we had the best energy resources on the planet. We didn't know which companies would come here. We didn't

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know a company like Naturener, from Spain, knew about the wind energy of Montana. We didn't know that they would make this kind of investment. Bill Alexander, who is the Chief Development Officer in North America, would you please stand up, Bill? Naturener currently has the largest wind farm in Montana, near Shelby. It's the Glacier Wind Farm with 210 megawatts. They're building an even larger wind farm called Rim Rock with 309 megawatts. This farm, collectively, will be the largest wind farm in the Pacific Northwest. They've employed 1,200 construction workers, 50 full-time employees and they pumped \$17 million worth of royalties and taxes into the local community and to the state of Montana. Bill, thanks for believing in Montana. Thank you.

In 1996, a fifth generation ranch kid decided to do some manufacturing in Montana and he, like me, has a love for all things dogs, especially border collies, and so he started making pet toys. And then West Paw Design expanded, then expanded again, and expanded again. And people kept saying to him, "You can't manufacture in Montana, don't manufacture in the United States, take it to Asia, like everybody else." Not Spencer Williams, he's a Montana boy. He said we'll just keep growing here and, today, they sell their pet toys in 3,000 stores in 24 countries, and he employs 41 people in Bozeman. Thank you very much. Stand up, Spencer. Thank you very much. Thank you for your love of animals.

In 1967, an optimistic Okie started his own little oil company. He drilled and poked around in Oklahoma and Texas and Kansas and went broke and sometimes made money and sometimes made a little bit more money, and things got a little better, and he started a publically traded company called Continental Resources. Harold Hamm, well, he got to thinking about maybe coming up to the Bakken about a dozen years ago and maybe fracking it like he had some shales in some other places. Harold, would you stand up? So, Harold came up to the Bakken and he was one of the early guys and he told me here a little while ago he had it all figured out when he got here. So, he drilled about 9,000 feet deep and did all that horizontal and he fracked it and he put exactly the right kind of sand and water and chemical in it and nothing, nothing, dry hole, \$5 million gone. So, naturally, he's from Oklahoma, he did it again, and again, and again, and again, and again, and again, and finally he hit it and Harold Hamm and Continental Resources is the largest oil producer in the Bakken today. He has 853,000 acres leased. Harold Hamm, more than anybody else on the planet, is the man with the key to unlocking the oil in the most important oil deposit in the United States, but there's more to the story.

Four years ago, the oil producers in eastern Montana, western North Dakota contacted me saying, "We're getting twenty and thirty dollar discounts." Harold says, "Why? Because we're actually producing more oil than we can put in the pipelines and we have to ship some of it on the rail and these, well, these pipeline operators, well, sometimes they can be rascals." Who knew? So, we got the Governor of North Dakota and the Governor of Wyoming and a bunch of oil producers together in Billings, we talked about this. And we were able to relieve some of these bottlenecks and we got some more of that oil moving in the existing infrastructure. Price went up for a while, then they started producing more oil and more oil, and then we started getting that squeeze again. So, everybody was real excited when TransCanada announced that they're going to put this huge pipeline in--right, Harold--going all the way up there from northern Alberta right through our oil patch and on down to the markets in Cushing, Oklahoma.

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Eureka, we're in good shape. Harold and a bunch of the other oil guys started contacting TransCanada saying, "Boy, we'd sure like to sign up on that pipeline." And TransCanada would say, "Well, you know, we got a lot of oil already here in Alberta and we're not so sure that we want to sign five- or ten-year contracts, we want twenty. Tell you what. We'll get back to you." I heard from oil producers all over western North Dakota and eastern Montana, "We'll get back to you." So, last year we had a meeting out there in Bismarck, didn't we, Harold? We sat down and said, "We've got to do something." I promised them I'd do a little shuttle diplomacy, so back and forth between TransCanada and the oil producers, meetings in Billings, more meetings in Billings; the Governor of North Dakota came over too. TransCanada started coming to the meetings, pretty soon they started thinking maybe it'd be a good idea. Of course, it didn't hurt that we sent a letter to the Public Service Commission in Montana and we said to them, "Well, don't you think that this pipeline ought to be considered a common carrier?" And they dusted off their old law books and they sent a letter back and they said, "Yeah, common carrier." That means Harold can put his oil on that pipeline if he wants. We called TransCanada, wasn't long before they were talking and then last week TransCanada announced that they were going to invest a hundred million dollars to build an onramp in Baker and take 65,000 new barrels of oil from eastern Montana and western North Dakota. Harold, thanks for believing in us. Thanks for sticking it out.

The best path to a higher paying job is a good education. Most states are cutting their funding for education, but our good planning, resilient economy and money in the bank means that we can continue to invest in public education. Members of this legislature, if you choose to cut funding for public education, you do so as a reflection of your values, because we have the money in the bank.

When John and I were running for Governor, we talked to a lot of people, a lot of businesses and they said what we really need to do is reform our higher education system, because of all these new jobs that are coming to Montana. We need to have a system that trains and retrains adults and young people for these emerging jobs. John, remember? We traveled around the state. Well, I'd actually go out to eastern Montana, John kind of handled Billings, and that's what we heard, we went to Plentywood, Scobey. One time, though, after we were elected, I started getting some new information from Linda McCulloch. Then she ganged up with Carol Williams and they came in and they said, "Brian, we understand that you want to invest in higher education and these two-year programs, but don't you know that if you have another penny you ought to invest it earlier?" And then they introduced me to a fellow who'd won a Nobel Prize in economics and he told me if you invest earlier, you'll have better students when they're in eighth grade. And then I met some principals from all around the world who said the same thing, some university presidents who told me the same thing. You know I'm half German, so it took me a while, but I started listening, and these two gals, they were biting on me like dang bulldogs. And then I started noticing and I found that if we started early enough, if we start when a child is five years old, it won't matter whether their parents both are doctors or lawyers and live at the country club or whether their parents didn't even graduate from high school, like mine. If we start early enough, every child can soar to their God-given capabilities and their destiny won't be decided by how much money and how much capability and how much early education their parents can give them at home before they start school. And so, when this Legislative body decided to fund full-day kindergarten for five days for every child in

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Montana you started to change the world.

When you saw these children come here today, they're very special in my heart. They're third graders. They are the first graduates of Montana's full-time kindergarten and they represent the future. I want to recognize Erica Henshall, their third grade teacher, but I want to embrace Martin Coole who was their kindergarten teacher because there is a special place in heaven for those who teach in kindergarten.

I have some bad news for you. Politicians don't change the world; innovators, ideas, scientists, and engineers change the world. Montana must invest our income today from coal, oil and gas and the energy technologies of the future. We will develop Montana's energy on Montana's terms, not as a colony for our energy hungry country. Montana can lead in breaking our addiction to foreign oil, with our coal and oil and wind and gas and hydroelectricity. Let's build an energy system that's cleaner and greener, that's designed in Montana, by Montana engineers and built by Montana labor. Engineers and skilled labor that are trained at Montana's universities and through our apprenticeship programs.

My proposed budget provides enough money to cap tuition for every college student in Montana going to a Montana college or university for the next two years. Don't force the burden of a tuition increase on Montana families. A tuition increase is a tax increase. Don't increase taxes on Montana families today. Our university system is the incubator of innovation. Innovators trained in Montana will create the jobs of tomorrow in Montana. Now we have two very special guests. First, I want to recognize the head Grizzly from the University of Montana, Royce Engstrom. Stand up, Royce. All right, you Grizzlies, now for the main event, the President of Montana State University, go Bobcats, Waded Cruzado. Oh, I see all of these Justices, University of Montana Law School, not so much on the Bobcat business.

Montana, we must face our challenges and one of our greatest challenges is the cost of healthcare. The Patient Protection Affordable Care act will double the size of the Montana Medicaid program and double its cost. We must do in Montana what Washington, D.C. won't or can't. We must challenge every expense in healthcare. Stop redundant testing, fewer procedures at lower costs, best management practices to decrease the number of surgeries, more efficient electronic medical records and Montana, it's time that we buy world-class medicine at a world price. That's why we've asked for a waiver from Washington, D.C., because, you see, through the Medicaid program we have a rebate system through these pharmaceutical companies. The pharmaceutical companies don't want you, the consumers, to know that they have a rebate program with the State of Montana and other states across the country where we as Medicaid patients are buying our medicine for about 25 percent of what you pay for it, or what Medicare pays for it, or what the Veterans Administration pays for it, or even your insurance company pays for it. We've asked the folks in Washington, D.C. to allow every Montanan to buy their prescription drugs through our Medicaid program saving the State of Montana \$50 million, saving the federal government \$150,000 and saving all the rest of you about a \$175 million. We think that is smart health care and we think that is Montana health care. I hope you'll support us.

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We live in Montana, because we enjoy the outdoors. Our families are drawn closer when we're on the landscape of the Big Sky. We cherish our rights to access public lands. I want to thank Speaker Milburn and Senator Kendall Van Dyk, because they were the two that drew Montana together, who built a coalition around stream access so every family in Montana can enjoy our constitutional rights for accessing streams. Thank you for bringing Montana together.

And I want to recognize Ed Smith. Stand up Ed. He has been elected to this position as Clerk of the Supreme Court for 51 years, or so.

I'm proud of the land purchases made under my administration. More fishing, hunting, camping, hiking, and outdoor recreation for Montana families. It's about families, mothers, fathers, kids and grandparents, fishing, camping, and hiking together.

President Teddy Roosevelt had it right. He said, "The nation behaves well when it treats its natural resources as assets, which must be turned over to the next generation increased and not impaired in value. Conservation means development as much as it means protection."

We will be judged in this body by what we accomplish, not for the speeches delivered, the frayed nerves, the meetings, late nights, early mornings.

Ernest Hemingway said, "Never mistake motion for action."

Now, in honor of my grandfather, Mike McKernan, from County Tyrone, and my grandmother, Hannah Freel from County Donegal, I'd like to leave you with an Irish blessing.

"May you have the hindsight to know where you came from, may you have the foresight to know where you're going and may you have the insight to know when you're going too far."

God bless Montana's families, God bless Montana, and God bless America. Thank you and good evening.

Following the State of the State address by Governor Schweitzer, President Peterson called upon Monseigneur O'Neill to give the benediction.

Senator Essmann moved that the joint session of the 62nd Legislature be adjourned. Motion carried.

MARILYN MILLER
Secretary of the Senate

JIM PETERSON
President of the Senate