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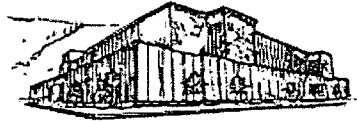
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A Weekly Look at the Labors of Montana's Citizen-Lawmakers: Community News
Service and the 57th Montana Legislature

Professional Project

By

Jason C. Mohr

B.S. Adams State College, 1993

presented in partial fulfillment of the requirements for the degree of Master of Arts

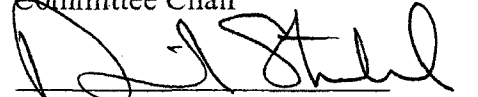
The University of Montana

2001

Approved by



Committee Chair



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A Weekly Look at the Labors of Montana's Citizen-Lawmakers: Community News Service and the 57th Montana Legislature

Editor: Dennis L. Swibold



This is a four-month series of reports from the state capitol in Helena on the 2001 Legislative session. Prepared for Montana's weekly and smaller daily newspapers, it allowed them to offer coverage of the biennial event.

As a service of the Community News Service in conjunction with the Montana Newspaper Association and the University of Montana's Journalism School, the series is gavel-to-gavel coverage of the major issues before the 57th Legislative session. For the fourth session, Community News Service articles were distributed free to newspapers across the state.

I was able to develop in-depth stories on a specific topic, while keeping a handle on the broader implications of the Legislature's actions. My work consisted of hundreds of interviews on a daily basis with legislators, lobbyists and government agency workers.

The main themes of the 2001 session seemed to revolve around the "4 E's": energy, environment, economic development, and education funding. And in the end, the decisions made—or not made—by legislators in regard to electricity-price regulation could have a decades-long impact on every aspect of life for Montanans.

One cannot help but be a bit slack-jawed upon entering the Montana House of Representatives, with its arched glass ceiling and faux-C.M. Russell painting behind the Speaker's dais.

I was sitting in the balcony just before the 57th Legislative session started, fearing even to tread the House floor, peering out over the sea of lawmakers' desks, and wondering how I was going to make sense of it all.

There were a few legislators relaxing in the chamber that early January day, scattered about. Directly below me sat a full-bearded man who was furiously at work amid an enormous pile of papers piled about him.

There was something about the intent of the man below, and in contrast to his fellow lawmakers, made me wonder if the man was a first-time representative trying to make a good impression. Indeed, the 2001 session was initially characterized by the presence of so many freshman lawmakers, including 49 out of 100 seats in the House alone.

But little did I know that the man below, who would propose the only major income tax-reduction bill of the cash-strapped 2001 session, would become the most difficult person I had ever interviewed.

Our contentious relationship began with the lawmaker accusing me--"the press"--of being biased. He even tried to walk away from me when I asked him a tough question.

But things progressed to the point that--after I had written a major piece on his taxation legislation under consideration--he actually thanked me for what he termed fair treatment.

Such was a typical turn of events during my time in Helena. I learned the ropes of what it means to be a government reporter. And while being a reporter is about news, of course, but is also about relationships with your sources.

Covering the state Legislature was my first real experience as a reporter. And I was forced out of the liberal political haven that is Missoula and confronted with the free-wheeling democracy that characterizes the "citizen Legislature" of Montana.

I arrived at the state capitol knowing only the rudiments of state government but armed with plenty of my own preconceived notions. I would consider myself a lazy leftist of the Gore Vidal ilk, and am generally suspicious of wealth and corporate might.

I left four months later with the realization that I, like everyone else, was full of my own way of thinking.

I also became conscious of how blunt--and yet tenuous--rule by the people is.

There were many occasions where the Republican majority refused to make their proposals even barely palatable to the Democratic opposition, refusing to compromise because they knew they ran the show. One needs only to look at the party-line vote in regards to several bills dismantling state environmental laws as evidence of rancor and partisanship.

But many issues were not so clear cut.

In voting to uphold the state death penalty, the Speaker of the House was forced to gently disagree with the man he sat right next to, saying he cannot rest while the killer of a police-officer friend of his remains alive. The discussion of the death penalty that day was eloquent, respectful and independent.

But I would hesitate to laud our republican way of governing, often termed a "democracy." We are shackled by a two-party system that, by extension, holds that there are only two schools of political thought.

For example, this system must find room for fiscal conservatives amongst the "liberal" Democrats, and gun-totin' freedom-lovers are embraced by "conservative" Republicans.

But my job at the Montana Legislature was less political intrigue and more about keeping a handle on how lawmakers doings' might affect my readers. And always in the back of my mind, as I hurried from committee hearing to floor debate to party caucus, was the question: Is this "the will of the people?"

Community News Service

Community News Service is a free service of the University of Montana' Journalism School for all members of the Montana Newspaper Association. Many of Montana's newspapers are small weeklies that do not have capitol correspondents or access to Associated Press coverage during the session. The association paid my rent during my residence in Helena, plus I received a private scholarship from the school. I also was the Montana Kaimin's Helena correspondent for the princely sum of \$105 per month.

The Community News Service was located at the capitol basement in a room of approximately 75-square feet. And the accommodations had to be shared (read: endured) with two correspondents from the Great Falls Tribune and one from the Bozeman Chronicle. It was, to say the least, hard to hear on the phone and impossible to interview in the "office."

But the governor's chief of staff stopped by for a visit and recoiled at the primitive nature of our digs, we were soon on our way to a much more spacious room just off the rotunda. We had, according to several former journalists, the best window view for a capitol bureau in the United States, which overlooked the Helena valley north toward the Gates of the Mountains Wilderness and Sleeping Giant Wilderness.

The scope of my coverage was somewhat different than what the dailies were pursuing. The idea was not only to summarize what had happened at the capitol every week, but to give an inkling of what might transpire in the weeks to come.

Writing these reports, which are contained herein, was a challenge. I could afford not to hit every committee meeting or floor session, but had to arrange more personal one-on-one interviews with lawmakers to provide the in-depth coverage that Community News Service was looking for.

I look back upon my experience in Helena as invaluable. It was, in many ways, my first real reporting experience. I had to chase down the story because no one else at Community News Service could. I had deadlines, quotes that had to be confirmed, and untold pages of bureaucratic verbiage to decipher. Indeed, I was Community News Service.

Together with my editor, University of Montana journalism Professor Dennis Swibold, we focused on a specific topic over the coming week. I did add small news briefs at the end of my piece to keep readers informed on as much as possible, but have not include those pieces in my project.

Out of the 88 members of the Montana Newspaper Association, about a dozen papers with thousands of readers consistently carried my stories. From the Wibaux

Pioneer-Gazette to the Tobacco Valley News in Eureka, my reports reached across the breadth of the state.

The 57th Session

The legislators and leaders that Montanans voted into office were in large part white and male.

While the number of Indian legislators was at an all-time high of five, the Montana Legislature hardly reflected the gender make-up of the state. In fact, there were no female Republicans in the Senate.

It is hard to know what effect women would have had if they made up half of the legislative mix, reflecting roughly their proportion in society.

But female legislators are not a bloc and were of all political stripes, of course. Whereas one championed the cause of increased state support of child care and mental health programs, another drafted resolutions condemning the U.S.'s participation in the United Nations.

The body seemed to be tilted to the upper half of economic class, too.

Many were assumed to be well-off while several others were school teachers. All received modest compensation as legislators, and most uprooted themselves to live in Helena during the 90-day session.

But while 24 considered themselves "ranchers" of some sort, only one listed his occupation as a janitor. The working class, it seemed, was also not represented.

Perhaps wage-laborers don't care enough about what those in charge decide or just can't afford the time to get involved? Whatever the reason, poor people can ill afford to ignore what the Legislature does.

Business-owners were able to carve out more advantages for themselves as additional protection from suits as the result of work-place accidents. But other measures that would have extended state unemployment benefits to hundreds or would have allowed access to employee files were only narrowly defeated.

One legislator was subject to an ethics committee investigation after it was revealed that was carrying a coal bed-methane development bill in which he had a financial interest. He was exonerated and coal bed-methane exploration secured its future in this state; but, conversely, less well-off working families--those earning the low-end of the state's wage scale (ranked 49th in the nation)--were denied an increase in the minimum wage or an earned-income tax credit.

The session started with Republican leaders trumpeting their hopes to revive Montana's moribund economy.

But the session came to be absolutely dominated by the state's burgeoning energy crunch. Part fall-out from Montana's 1997 partial deregulation of the electricity market, and part the consequence of chaos in the California power markets, legislators spent most of their time on trying to head off the problem.

It seemed that either the state's industries, already shutting down or laying off people due to high energy prices, or those who controlled the state power supply, namely Montana Power Company (MPC) or Pennsylvania Power and Light (PPL), would be forced to shoulder huge increases in the cost of electricity.

But in the waning hours of the 2001 session, the governor and prominent GOP legislators instead shifted the burden to small businesses and consumers, who's energy bills will leap by at least 50 percent next summer. That is the legacy of the 57th Legislature for working folks.

Now is that in the best interests of the people?

Capitol Correspondent

Keeping track of all of the comings-and-goings of the legislators proved to be no easy task. It was my job to do so, along with the other members of the media horde.

The session started with the ceremonial unveiling of a newly refurbished capitol building, but lawmakers were soon hard at work considering the hundreds of proposals.

Mornings were always a flurry of activity, with oftentimes three or four committee hearing conflicting with each other and all with seemingly the same importance. I had to rely on the information and guidance of my fellow journalists, and on the legislators themselves for information on what might have happened.

In a rush to cover what I could, it soon became clear that the way to get good quotes without having a personal interview was to attend "second reading of bills" on the House and Senate floors.

At this time a proposal had already received a once-over by a committee and might have been modified. It also was an opportunity for legislators not included on the bill's committee to comment and debate its merits.

It also seemed uncanny that the debates rhetoric reached florid highs and lows whenever television cameras were in the room.

Broadcast journalist seemed to appear when the more sensational issues were being debated; they assiduously avoided discussion on topics like restructuring the reimbursement of local governments by the state or revisions to the uniform commercial code. They liked hot topics like flag-burning or school uniforms.

My first journalistic quandry happened when I was chasing down a story on the "fetal protection act."

The bill's sponsor saw his measure in limbo because the wording, critics charged, seemed tantamount to a back-door assault on abortion rights. The legislator said that he made the mistake of accepting language in the bill from a prominent anti-abortion group (which he named).

I dutifully recorded his words, but he immediately objected. He asked that I cross out what I had written.

The legislator's implication was clear: he had written his bill that was too much in favor of a particular side and to ensure its survival he had to mollify the critics.

I thought long and hard about what to do, as I certainly had no reason to roast the legislator, but he had said it on the record.

The compromise came in the form of an indirect quote, low in the article, with just the bare facts that the anti-abortion group helped shape the proposal. I decided that more at issue was the idea of "fetal rights" than factional squabbling.

I declined becoming too chatty with legislators; once at a local bar, I recoiled when I heard a fellow reporter demanding that a legislator buy her a drink for her coverage of an issue. He obliged.

I did cultivate relationships with many legislators, though. I made it a point to remain friendly to legislators' whose views were most polar opposite of my own. I wanted to get their side of it absolutely clear, because I didn't want to hear complaints that I had misrepresented them later. In addition to the tax-cut crusader mentioned above, I was on very good terms with one of the most vocal critics of increased funding for higher education in Montana.

Perhaps because I represented such a small media outfit like Community News Service or the Montana Kaimin, legislators treated me with a bit of hesitancy.

Once, when trying to confirm my hunch that two income tax measures were about to fail early the following week, I asked the committee chair considering the proposals if it was so. He respectfully declined to give a definitive answer saying that things were very much up in the air.

But, two days later, the committee unanimously voted down the measures. It seemed that the chairman wasn't sure he could trust me quite yet with what he knew (and everyone supposed) would happen.

Lawmakers were generally receptive to me once I explained who I was and what I was doing, including that I was a graduate student at the University of Montana. Access was good and I was never denied an interview.

The right to sit in on party caucuses was never challenged, although I heard many complaints that the gatherings weren't quite as raucous as in the old days.

I didn't show the verve of another reporter, though, who when he sensed there was a major decision in the works barged right into a conference room in the governor's office. He later said that the conferees were surprised, but did not ask him to leave.

I was a little timid at press conferences, unfortunately. I left the hard questions to be asked by the veteran reporters; I was a bit afraid of the governor's combative stance.

I could not understand how our state's highest elected official would interrupt a questioner with things like: "What do you know about lifeline rates?" The governor has little poise when pushed even a little bit.

I much preferred the one-on-one interview, in which I had done my research and could coax information out in a much more relaxed manner. I trust that becoming part of the press conference firing line will come with time.

"Free" Speech

I must admit that I was a little distressed to realize the influence of special-interest groups. Or, daresay, naive to not know that money runs the show when it comes to making the state's laws.

The argument that campaign finance reform is impossible because it infringes on free speech finds its most ardent defenders in those that are paid to be a "talking head" for some industry or interest group.

Montana's legislative process seems incredibly open, as ordinary folk are welcome to testify at committee hearings. But the presence of lobbyists, "slugs" as we came to term them, was overwhelming.

The people may decide at the ballot box who can be a part of the Legislature, but lobbyists take over from there to wheedle their own deals and protect their interests.

The industry slugs would hover in the hallway between the House and Senate chambers when in session, hoping to nab legislators if they ventured off the floor. Many

lawmakers would huddle with lobbyists to make sure they were doing what that special-interest group wanted them to. Even during committee meetings, slugs would sidle up to a representative while someone else was testifying, so as to prompt them to ask certain questions of other witnesses or the bill's sponsor.

I steered clear of relying on lobbyists for information or tips; I chose instead to talk to those making decisions. I thought that I could educate myself adequately on most issues.

Oftentimes the most impressive display of force in committee hearings were the sheer numbers representing government agencies. Education officials from the state, quasi-lobbyists in their own right, numbered at least 50 during discussions on school or university budgets. All were worried about the loss of staff or programs without additional funding.

But despite the disconcerting influence of money--or perhaps in spite of it--ordinary citizens should realize that if they want their political views to be heard at the capitol they need to give to their favorite political-action committee. It would be tough to imagine a private citizen having the time to chase around the myriad of hearings and parliamentary maneuverings on specific issues.

Press coverage is all about the "pros" and "cons". Oftentimes it feels like cutting corners to present just two sides of an issue. I wonder if chasing down stories in Washington, D.C., is only about getting a talking head "pro" to counter a talking head "con."

It can certainly make one lazy to think that because there are opposite opinions that an issue is well covered. But, conversely, the media can help the outnumbered and out-muscled minority by just airing their views.

My Performance

I felt a bit unprepared in contemporary state history having only been a resident of Montana since the summer of 1999. I found myself filling in the gaps when I didn't understand why certain issues were so.

And while it was easy to understand most Montana issues, I certainly was not prepared for the divisiveness that accompanied fish and game bills. Votes on hunting and fishing proposals do not follow party lines; and, judging from the exasperated looks on the faces of non-sportsmen legislators, only those that hunt and fish know why mountain lion-quotas might need to be changed in the Yaak Valley.

My fellow reporters helped me immeasurably to fill in my information gaps, as did my long-suffering editor. I got to know "unofficial" body of knowledge about longtime lawmakers and political trends. I learned that to churn out a competent story one can sit on the phone all day or race all over town. One even had sources calling him with tips on what backroom deals might be cooking up.

I could have covered the energy crisis every day, as I found the topic fascinating and its long-term ramifications are potentially dramatic. To think that the last-minute "energy deal" between MPC and PPL Montana will, in effect, divert nearly \$90 million from citizens' pockets makes me worried that the state may not recover from its economic backwater status for decades.

Things were missed in all of the media's coverage, though. I just didn't have the time to devote much attention to welfare and Indian concerns, for example.

And one of the most visible of Montana issues--public planning and development--received only a cursory glance. I remember one reporter musing from time to time throughout the session that he wondered what big issues might have escaped our radar screen.

But, all in all, the press corps did its job.

There was healthy competition for stories between the Associated Press, Lee News Bureau and the Great Falls Tribune. Reporters were willing to share information most of the time. Some would opt not to cover an event or issue if the omnipotent AP was set to cover it.

I received very few comments on my work from readers or any of the weeklies. But Legislators, the main players, said they read my work and generally seemed to think that it was fair.

I can only hope so.

SESSION OPENS WITH FOCUS ON THE ECONOMY

(Jan. 7)

The 57th Montana Legislature opened last week amid the splendor of the newly remodeled Capitol, and the House and Senate swore in 150 members in opening day ceremonies.

"It's a grand day in the new Capitol," said Senate Minority Leader Steve Doherty of Great Falls.

More than \$25 million was spent on renovations that restored territorial elegance to the hallways and added technological improvements to the 99-year-old building. But the glitter only masks tough choices that lawmakers face in their bid to spur the state's economy.

The 2001 Legislative body also looks different. One in three legislators this session is a newcomer, the result of voter-approved term limits that ensured the departure of many long-time lawmakers.

Although the Legislature's faces have changed, new and veteran lawmakers alike agree that the session's major task is clear: Improve Montana's moribund economy.

Political leaders are worried about spiraling energy costs, rock-bottom wages, and a dearth of new technologies in the state. Lawmakers also face strong pressure to increase budgets for Montana public schools and colleges.

"If we want to improve the jobs and economy of this state, then we must have affordable energy," new Senate President Tom Beck, R-Deer Lodge told fellow lawmakers last week. "We must fulfill the promise of property-tax reduction, (and) do what we can for education."

Just what the Legislature can do to improve Montana's economy figures to be the session's most controversial question. Many Republicans want tax cuts and less regulation of businesses, while Democrats favor a greater investment in education.

The debate is not only a matter of philosophy but a tug of war over money as well.

Republican Gov. Judy's Martz's budget chief warned last week that the state may be able to afford only modest increases in state spending, leaving little room for tax cuts, a key ingredient in Republican plans to boost the economy.

Nevertheless, Republican Senate leaders vowed to push for tax cuts and reforms, as did House Speaker Dan McGee, R-Laurel, who argued that it is important to consider all aspects of the state's business climate.

"Government does not create jobs," said McGee. "Government creates an environment to create jobs."

One way to create that environment, Republican leaders say, is to reduce regulations on industrial development, particularly those pertaining to the construction of new power plants.

Pressure to do just that mounted last week as business leaders asked state government for help with regional power shortages that have led to crippling increases in energy costs and layoffs in several key Montana industries.

Republicans are pushing legislation to revise the Montana Environmental Policy Act (MEPA) and the Major Facility Siting Act to speed up the review and approval for power plants, but are careful to point out that they don't wish to harm the state's natural world.

"Nobody who lives in Montana would want to harm the environment," McGee said. But,

he added, the current licensing process takes so long that energy producers are reluctant to build new plants in Montana, McGee said.

The delay caused electricity-producer Pacific Power and Light to recently move its two proposed power plants to Washington instead of Montana, he said.

Democratic leaders are less enthusiastic about the GOP's desire to rework MEPA or the Siting Act, two landmark environmental laws passed in the 1970s.

"Any of the ideas about 'streamlining' and 'modernizing' (environmental regulations) I'm afraid appear to be codewords for 'eliminate,'" said Senate Minority Leader Doherty.

Nonetheless, Democrats agree that something must be done to reduce climbing energy costs, a problem they blame on the 1997 Legislature's decision to deregulate the energy industry.

Montana businesses felt the first effects of deregulation this summer, and fears are growing over what might happen when state control over residential power rates is lifted in July of 2002.

"We have to figure out how we're going to deal with deregulation," said House Minority Leader Kim Gillan, D-Billings. "That lack of predictability (of energy prices) puts kind of a black cloud on our economic development."

Delaying the effective date of residential deregulation is one idea among the 60 or so deregulation bills floating around the Legislature, but many lawmakers acknowledge that the problem will likely require a regional or national solution.

Meanwhile, Gillan and Doherty see an educated workforce as the key to future economic vitality in Montana.

"Every state that has invested in higher education has won," Doherty said.

In its effort to improve Montana's climate for business, Gillan said, the Legislature should not only compare Montana's tax rates with those of neighboring states, but raise its education spending to comparable levels.

Gov. Martz is proposing increases in school spending but smaller ones than education officials and former Gov. Marc Racicot had suggested. Even so, educators are predicting larger class sizes and serious cuts in programs and personnel if the more money isn't found.

The tug of war over between tax cuts and education spending could be the most partisan issue debate of the session, though Republicans are in control, holding 31 of 50 seats in the Senate and 58 of 100 seats in the House.

Despite predictions that schooling will suffer without more money, Speaker McGee suggested education in Montana has enough money, though he favors giving local school boards more flexibility to decide how to spend their money.

And he's not ready to give up on tax cuts or reforms, he said.

"I absolutely believe that we could do some very significant revision to current taxing in Montana," McGee said.

BATTLE LOOMS OVER LANDMARK ENVIRONMENTAL LAW (Jan. 14)

The struggle over how best to use and protect Montana's abundant natural beauty and resources is once again in the Legislature's lap.

In the face of a deepening regional energy crisis and calls to improve the state's economy, many state leaders are eager to develop timber and energy resources, a process made overly difficult at times by Montana's environmental laws, they say.

Conservationists worry that the rush to boost development or build new power plants will come at the environment's expense.

That clash of philosophies is at the heart of a looming legislative battle over plans to revamp the landmark Montana Environmental Policy Act (MEPA), which sets forth procedures for a public review of development projects.

Critics of MEPA have long charged that the act gives opponents of development the means to delay worthy projects and entangle them in lawsuits. Supporters argue that law ensures careful scrutiny of environmentally sensitive development.

The controversial act, passed in 1971, preceded the state's constitution by one year. In fact, the Montana Constitution mirrors many of MEPA's precepts, including a citizen's "right to a clean and healthful environment" and rules that require public disclosure and comment.

But many lawmakers, mostly Republicans, say it's time to "modernize" MEPA.

"Basically, I feel that it has been used as a way to obstruct projects from being able to progress," said Sen. William Crismore, R-Libby.

Crismore, at the request of the 1999 Legislature, led other lawmakers and citizens in a

study of the act. They concluded that the act needs clarification, although they also said state agencies tend to make better decisions with MEPA in place.

"I don't want to gut MEPA, but I would like to see it streamlined and modernized to where it will not be able to stop us," Crismore said.

Industry leaders have often complained that the state's permitting process takes too long.

"It's so nebulous, decisions can go on forever," said Patrick Heffernan, a lobbyist for the Montana Logging Association.

He cited the canceled Middle Soup timber sale in the Swan River State Forest as evidence of a process gone awry. Environmentalists sued the state in 1995 and 1998 over the sale, a sale the state ultimately dropped amid concerns about grizzly bear habitat.

Crismore said five bills to revamp aspects of MEPA are in the drafting stages but declined to talk about their specifics. Generally, however, their aim is to speed up the review of projects and reduce lawsuits, he said.

Environmentalists are wary of the changes, fearing that the Republican leaders intend to weaken the state's ecological protections, despite statements to the contrary.

"MEPA has turned into a scapegoat for industry," said Ann Hedges of the Montana Environmental Information Center. "It's a 30-year-old piece of legislation that has worked tremendously well," she said.

Democratic leaders have their suspicions, too.

"Any of the ideas about 'streamlining' and 'modernization' (of MEPA) I'm afraid appear to be code words for 'eliminate,'" said Sen. Minority Leader Steve Doherty of Great Falls.

MEPA's existence has been an unsteady one, though it has survived numerous attempts to repeal it and wasn't initially funded by the 1971 Legislature, which approved its passage. Much of the conflict has been over whether the legislation should be interpreted as a set of guidelines for environmentally sensitive projects or as a legally binding approval process.

"MEPA was enacted as a 'look before you leap' law," said Rep. Cindy Younkin, R-Bozeman and head of the House Natural Resources Committee. "MEPA does not tell you what you can and cannot do."

But the courts have provided a mixed message of what MEPA can and can't do. A 1999 decision by the state Supreme Court said Montanans' right to a "clean and healthful environment" includes protection from unknown future projects, a ruling that would seem to enhance MEPA's status.

Meanwhile, as controversy over MEPA heats up, lawmakers are facing other environmental issues this session, including bills to relax certain air pollution laws, to speed up the environmental review of mines and to require mining companies to set aside adequate money to clean up mine sites when the mining is done.

Another bill in the hopper intends to speed the approval of new power-generating plants by revamping the Major Facility Siting Act, another landmark environmental law.

Some of the work on environmental legislation has already begun. Last week, two committees voted to recommend the Legislature oppose the Clinton administration's expected designation of the Missouri Breaks as a national monument.

Also last week, environmentalists and landowners joined forces in supporting a series of bills designed to protect landowners' rights in cases where private lands are

condemned to make way for projects such as roads and railroads.

Environmentalists and ranchers also joined to oppose legislation that would allow coal-bed methane gas producers to dump any groundwater they might encounter. Senate Bill 160, requested by the state Department of Natural Resources and Conservation, would declare that since a producer's intent wasn't to find water, they should not be responsible for putting it to a "beneficial" use. Current state water law said water cannot be wasted and must be used for "beneficial" purposes such as irrigation.

Forsyth rancher Clint McRae said that not only is the water in eastern Montana of poor quality and potentially harmful to the land if dumped, but the amount a gas producer would be allowed to dump might deplete the underground aquifer.

"The most valuable resource on our place is our water," said the operator of Rocker Six Cattle Company. "Some studies say the aquifer will take 250 years to recharge."

McRae, a fourth generation Montana rancher, figures that the DNRC bill would allow energy exploration companies to throw thousands of gallons of water per day into the air.

The bill's sponsor, Sen. Lorents Grosfield, R-Big Timber, said he expects the final bill to be amended because of the concerns of ranchers and resource groups. But he adds that S.B. 160 addresses only water quantity and not water quality. And whether or not the water table would be affected is tough to tell, he said.

"That may be a concern, that may not be a concern," he said.

On another front, Sen. John Bohlinger, R-Billings, wants to tighten the state's sulfur dioxide emissions rules. The bill, intended expressly for Yellowstone County and its refineries, would put some teeth in previous air-quality legislation, he said.

Bohlinger said that while local refineries have done much to alleviate their emissions problems, the topography of Billings makes it prone to pollution-trapping inversions. His measure would let the state Environmental Review Board set emissions limits not to be exceeded more than three times in a one-year period.

LAWMAKERS AIM AT CONSTITUTIONAL CHANGE

(Jan. 21)

Montana's Constitution is open to change, and lawmakers are taking their shots with proposals ranging from enshrining the right to hunt and fish to allowing annual legislative sessions.

Each one of the 12 proposed constitutional amendments introduced so far must receive two-thirds majority from each house before reaching the voters in November 2002. Another 12 amendments are being drafted.

Proposals such as one to remove the Constitution's right of privacy as a basis for abortions have yet to be unveiled, but lawmakers last week began work on several constitutional amendments, including one endorsed by sportsmen and conservationists that would guarantee Montanans the right to hunt and fish.

Its sponsor, Rep. Dave Lewis, R-Helena, said that the amendment is in response to the threat of animal-rights groups who may some day wish to limit the traditional rite of hunting or fishing in Montana. Lewis' proposal would protect the harvest—by hunters, anglers, and trappers—of Montana's fish and game.

The only concern so far about the measure came from outfitters who wanted to make sure it protected the hunting and fishing rights of nonresidents, their customers.

Lewis' bill borrows heavily from similar protections in North Dakota, Minnesota, and Virginia.

Meanwhile, lawmakers are once again considering annual legislative sessions. The 1972 Constitution provided for annual sessions, but voters rejected the idea in 1974.

But with special sessions becoming increasingly common, it is time lawmakers meet every year, said Sen. John Bohlinger.

The Billings Republican wants something similar to Wyoming's system, with sessions limited to 30 days in odd-numbered years and 60 days in even-numbered years. In addition, the 30-day session would deal with the budget, and the 60-day session would take up everything but the budget.

Bohlinger said that the extra session is needed to help make new legislators better lawmakers and to help the state respond more quickly to problems.

"We've had some significant changes imposed on us because of term limits," he said. "The lack of continuity means we don't get our best work done. We as legislators are the board of directors of a very large corporation—a \$4 billion a year corporation."

But some critics of the measure say Montanans don't want to see their "citizen Legislature" turned over to professional, year-round politicians.

Sen. Bohlinger's proposed amendment does not remove the Legislature's power to extend a session length or convene in special session—both of which could lead to year-round sessions, said Lorna Karn of the Montana Farm Bureau Federation, which opposed Bohlinger's bill.

As Bohlinger seeks ways to cope with an increasingly complicated system, others are calling for a reduction in the size of the government.

Rep. Dave Wanzonried, D-Missoula, has a package of four bills—three of them constitutional amendments—that would reduce the number of state agencies. The Constitution allows for 20 departments or agencies; he would like to see that number reduced to 12.

The idea, he said, is to run government more like a competitive business for its investors—taxpayers.

Two of his bills would eliminate the Department of Agriculture and the Department of Labor and Industry while handing their duties to other departments.

"This bill deals with structure," Wanzenried said. "That doesn't mean we'll eliminate the programs."

But critics feared the bills would create large, cumbersome "super agencies," and by week's end, both bills had been tabled in committee.

Other proposed constitutional changes would curtail the Montana Supreme Court's powers. The moves are motivated largely by the Legislature's frequent frustration with court decisions.

One proposal would let lawmakers decide who could practice law in Montana – a process currently under the high court's control. Another plan would allow the Legislature to override Supreme Court decisions.

Sen. Jerry O'Neil, a freshman lawmaker and paralegal from Kalispell, said his proposal for legislative control of courts would essentially loosen the requirements to practice law. "It allows you to get a Supreme Court justice with some common sense," he said.

Meanwhile, Rep. Bob Davies, R-Bozeman, has a bill to allow legislators to override Supreme Court decisions, if 60 percent of the Senate and 60 percent of the House agree. Another lawmaker, Billings Republican Rep. Dan Fuchs, seeks to impose term limits for Supreme Court justices, although he said his real purpose is to abolish term limits for all elected officials.

Fuchs said his measure will force the Supreme Court to rule on the legality of term limits, and he predicts the court will toss them out. Fuchs, who voted for term limits in 1993, said the lack of continuity and institutional memory in the Legislature has made him change his mind.

The idea faced opposition from a variety of legal groups, including the American Civil Liberties Union, who said it would imperil the court's own need for continuity and experience. Others found Fuch's idea too convoluted and confusing.

"How do you challenge the Constitution when you are challenging the Constitution with the Constitution?" asked Rep. Jeff Laszloffy, R-Laurel.

No less contentious is a proposal to overhaul Montana's method of providing state funds to local schools.

Rep. Joe Balyeat, R-Bozeman, said his constitutional amendment would actually undo a poor decision by the Supreme Court, which has interpreted the Constitution's guarantee of "equality of educational opportunity" to mean the state must spend equal amounts on each Montana student.

"They read something into the Constitution that wasn't there," Balyeat said. Balyeat said that his research shows that a school's performance is not based on the number of dollars it receives. Decentralizing school funding in Montana would give local school boards more control on how to spend and raise money, he said.

But education officials fear the idea could further ravage education budgets.

"It would hurt any school that doesn't have a significant property-tax base," said Joe Lamson of the Office of Public Instruction.

As the session wears on, lawmakers will consider even more proposed constitutional changes, including plans to:

- Allow local governments to invest part of their insurance funds in the stock market.
- Place Montana's share of national settlement with tobacco companies in a trust fund.
- Fund state universities in six-year blocks, as opposed to the current two-year fiscal cycle.
- Raise the cap on any future state sales tax from 4 percent to 5 percent.
- Alter the requirements for getting initiatives and referendums on the ballot.

LAWMAKERS STRUGGLE WITH POWER-COST PUZZLE

(Jan. 28)

It is tough to find hopeful faces at the Capitol these days when the discussion turns to electricity deregulation.

In hindsight, many lawmakers say the 1997 Legislature's decision to drop the state's control over electric rates and supplies was a terrible mistake. Forced to buy their power in an open market that promised competition and lower rates, Montana industries instead found sky-high prices that led to layoffs and shutdowns.

As industry clamors for a solution, lawmakers also fear many of Montana's small businesses and homeowners could face the same rocketing power costs when deregulation forces them to buy power on the open market in July of 2002.

And all are aware of regional energy shortages gripping California, one of the first states to deregulate electricity.

Lawmakers are thus left to deal with a beast of their own creation: an unpredictable and expensive "open market" that seems poised to hurt everyone from industry to the poor.

Scrambling to understand the issue and its effects, lawmakers and state officials are cautiously floating a variety of proposed solutions ranging from delaying deregulation for small businesses and residential users to providing millions of dollars in subsidies for hard-hit industries. Many lawmakers want the state to encourage the quick construction of new coal-fired power plants to ensure affordable local energy supplies.

After returning from presidential inaugural festivities in Washington, D.C., last week, Gov. Judy Martz said Montana's power woes could move beyond the region. "This is going to be the No. 1 national issue," Martz told lawmakers early last week.

She stressed the need for low-cost energy again in her State of the State address Friday, calling for "streamlining" environmental laws to aide in the building of new power plants.

Meanwhile, many Montanans are already feeling the pain. Shortfalls in regional power supplies have caused big jumps in the price of electricity, forcing Montana Resources in Butte to lay off more than 350 workers. Columbia Falls Aluminum—by far the state's largest power user—has suspended operations until it can secure cheaper power.

Other businesses say they're on the brink. Tom Daubert of Helena's Ashgrove Cement said that his company is one month away from laying off some of its 84 employees. It costs as much to merely run the lights at the plant as it does to make cement, he told state leaders last week.

In response to such stories, the governor's handpicked advisory group on electricity prices raised the idea of subsidizing cheap power for Montana's larger industries. Cost estimates ran upwards of \$131 million.

But with money tight in the state budget for such things as education and mental health care, and little left over for the tax relief some lawmakers still hope to provide their constituents, the prospect of energy subsidies for industry aren't popular with some lawmakers.

Sen. Mike Halligan, D-Missoula, said he would not support a subsidy for those same companies that were so anxious to see deregulation come to Montana back in 1997. While lawmakers wrangle over how ease the industry's current pain, they are seeking ways to prevent many small businesses and homeowners from experiencing a similar shock.

Not all residential consumers will suffer from potentially sky-high prices when deregulation takes effect, though. Most of Montana's electric cooperatives, representing about one-half of Montana's residential users, have locked in long-term electricity contracts in what appears to be a shrewd hedge in an expensive market.

Fearing what could happen to the rest of Montana's residential customers, Halligan is carrying one of several bills that would delay free market-transition for small businesses and residential users, giving them time to secure long-term contracts at affordable prices.

Other legislators are pinning their hopes on a bill by Sen. Royal Johnson, R-Billings, who proposes keeping electricity prices for homes and small businesses somewhat regulated until 2007.

Johnson's bill would establish Montana Power Co. as the state's "default provider" and set a fixed rate for consumers. It would also give companies that chose to play the free power market an opportunity to return to MPC.

But it's not a simple fix, Johnson admitted. The state might need to kick in cash if the fixed consumer rate fails to cover the producers' cost of supplying power. Johnson said he knows his bill needs adjusting but expects the details to be hammered out in the coming weeks.

Sen. Mack Cole, R-Hysham, said Johnson's bill might be the best hope to address immediate concerns about affordable electricity. But, he said, the state must increase its ability to produce more power.

One way to do that, he said, would be to remove power plants from the environmental review process contained in the Major Facilities Siting Act. He said he is also looking at giving power producers incentives to build more generating plants.

Meanwhile, Sen. Ken Miller, R-Laurel, presented a bill last week to reduce the state's tax on coal, provided that coal is used to produce power exclusively for Montana customers. Supporters said Miller's Senate Bill 134 would encourage coal mining and the building of new coal-fired power plants in the state.

Under Miller's, the coal tax—30 percent when originally enacted—would sink to 5 percent on coal mined and sold to meet Montana's needs.

Critics, however, said the measure could harm the state's environment and shrink the state's coal tax trust funds.

Others wondered how the state, under deregulation, could prevent Montana power plants from selling any additional electricity they might generate to out-of-state buyers, but some experts argue that's not a major concern because Montana already operates in a regional power market.

Technically, Montana already produces enough power to meet its energy needs, but much of the state's hydroelectric power is under federal control and is shipped out of state. Some of the remainder finds its way onto the Northwest's open market.

"Any generation added to the mix is going to relieve pressure," said Jim Hines of the Northwest Power Planning Commission.

Still, some lawmakers want Montana to become more self-sufficient in electricity.

That's the idea behind legislation proposed by Rep. Dave Gallik, D-Helena. His bill would tax on all power generated in the state but offer producers refunds on all the electricity they sell to Montana consumers and businesses. Unclaimed refunds would go to ratepayers.

While much of the talk is about delaying deregulation or expanding power supplies, some Democratic lawmakers and environmental groups say the state should seriously consider conservation as part of the solution.

Sen. Ken Toole, D-Helena, has proposed increasing and extending the universal services benefits charge (USBC) that currently shows up on customer's power bills. USBC money is used to fund low-income energy programs and promote conservation by the utilities. It also funds the development of renewable energy sources such as solar or wind power.

Another Democrat, Sen. Jon Ellingson of Missoula, wants to expand "net metering," which allows those with renewable energy systems to sell power back to the grid. Lawmakers need to look at such solutions before considering subsidizing energy producers or slashing environmental laws to build more smoke-belching power plants, said Debbie Smith of the Montana Natural Resources Defense Council.

Sen. Majority Leader Fred Thomas, R-Stevensville and the architect of Montana's move toward deregulation in 1997, said lawmakers wouldn't overlook conservation and consumer protection as they struggle with deregulation.

He said he realizes the state is not ready to go fully on the free market, but he argued that deregulation is nonetheless inevitable. He also predicted that Montanans would fare

well once the region overcomes the technical and regulatory obstacles to a truly free market.

And he cautioned critics against using California's experience as proof that deregulation cannot work.

Many of California's problems, he said, are caused by circumstances unique to the state, including the state's heavy reliance on natural gas-produced electricity—the most expensive kind—and a regulatory system that prevents its nearly bankrupt utilities from passing on higher costs to consumers.

"They're trying to equate California deregulation with a free enterprise system," he said.

ECONOMY, TIGHT BUDGETS STIFLE TAX TALK

(Feb. 4)

Montana lawmakers aren't likely to raise – or cut – taxes this session, but they may shift the burden around a bit, key Republican leaders are saying.

Although legislators have introduced numerous tax bills, worries about the state's economy and the demands of the state budget may preclude any major attempts to cut taxes, a top Republican goal before the session began.

"It's very difficult to do something with the tax situation when you have a tight budget," said Rep. Robert Story, R- Park City and chairman of the House Taxation Committee.

Story said he envisions no major property-tax cuts but expects there might be some slight income tax cuts and specific tax breaks for certain businesses.

The way Montanans pay their state income taxes could change dramatically under a proposal by Sen. Alvin Ellis, R-Red Lodge. If approved, Ellis' bill – an outgrowth of a legislative study on taxes -- would use the federal equation to determine taxable income.

"All you have to do to file your tax is use your federal form," he said.

All told, the state would collect approximately the same amount in income taxes but not as much from some wealthier Montanans, Ellis said.

Ellis' legislation would cut the state's top income-tax rate, close a long-lived loophole that allowed Montana married couples to file separate state income-tax returns, and end state taxpayers' ability to deduct federal income taxes from their state income taxes.

Tax breaks for the wealthy won't sit well with most Montanans, said Rep. Ron Erickson of Missoula, the ranking Democrat on the House Taxation Committee.

"People at the top -- particularly if your income is over \$200,000 -- get a big tax break," he said.

However, Erickson agreed that Ellis' bill would simplify matters by making the state and federal income taxes more similar and it would rid Montana of the perception that its top tax bracket is too high.

The exact consequences of Ellis' bill for individual taxpayers and the state's tax coffers are still being debated. Some estimates say the bill could cost the state treasury about \$4 million over the next fiscal year. The elimination of current loopholes may even mean a one-time increase for most Montana taxpayers.

Lobbyists for a range of activities are working to retain or add special tax credits, which could dull the bill's impact for taxpayers, too. Changes in federal tax law -- such as a tax cut proposed by the Bush administration -- could also affect the measure.

While legislators were sifting the implications of Ellis' bill, they also got their first whiff of sales-tax talk last week, but the idea's sponsor, House Speaker Dan McGee, R-Laurel, said he isn't sure he'll introduce a bill this session.

McGee admits that his plan is radical; it would enact a 4-percent sales tax, eliminate property taxes, and slash the state income tax. But he said the plan would help people keep their homes, and it would force tourists to shoulder a large portion of the state's tax burden.

Meanwhile, Rep. Joe Balyeat, R-Bozeman, is pushing a plan that would give Montanans an across-the-board tax cut.

Balyeat said his plan would close 18 targeted loopholes in the state income tax and give everyone a 5 percent reduction.

Taxpayers who may have benefited from the specialized tax credits under current law would be given the option of choosing the old system or the new system, he said.

"Other states came to the political reality that the only way they were going to get tax simplification is to get people to do it voluntarily," Balyeat said.

Any legislative tax cut, or tax increase, requires the approval of Gov. Judy Martz, who campaigned for tax cuts but now say the state's budget woes preclude them.

"I think to be fiscally responsible I can't go forward with this at this time," said Gov. Judy Martz.

But she vowed to keep her campaign promise of tax-relief.

"I am going to do it before I leave office," Martz said.

As far tax increases go, there has been talk about letting voters decide whether to substantially increase the state tax on cigarettes.

Former Gov. Marc Racicot started the talk shortly before leaving office when he proposed tripling the tobacco tax as a way to increase state financial support for education.

Martz has said she does not support the increase, but the idea is still making the rounds.

Erickson said he favors jacking up the "sin tax" on cigarettes but he use the money to fund the state's health care system.

"I sort of feel funny about tying the tobacco tax to education," he said.

Lawmakers are also considering whether to allow cash-strapped counties, cities and towns to enact local sales taxes, if local voters agree.

Sens. Mike Halligan, R-Missoula, and Bill Glaser, R-Huntley, have separate plans that would allow local governments to levy a limited sales tax on hotels, restaurants, bars and theaters. Voters in cities and counties would decide whether to assess those taxes. Glaser said he and Halligan plan to fuse their ideas and come up with one proposal.

But a tax watchdog group warned it would oppose local-option sales taxes for fear the state could become a patchwork of local tax districts.

"It's going to prevent any comprehensive tax review," said Mary Whittinghill of the Montana Taxpayers Association.

She said statewide and regional businesses would be forced to report to many "mini-department of revenues" if such taxes were to be enacted in communities throughout Montana.

Whittinghill said her group is also troubled by certain provisions of Sen. Ellis' income-tax proposal, namely its elimination of time-honored loopholes such as the deductibility of federal income taxes.

But otherwise, she adds, that things are pretty quiet on the tax front this session.

"We don't know what could be coming down the pipe," she said. "As long as we don't see any new taxes, we'll be happy."

BUDGET SQUEEZE CHOKES SCHOOLS' PLEAS FOR MONEY (Feb. 11)

Facing a cramped budget, state lawmakers are keeping a tight hold on the purse strings for Montana's public schools and colleges, despite educators' glum warnings that they may be forced to cut people and programs.

Montana's K-12 schools are seeking more than four times the amount of additional money offered in Gov. Judy Martz's proposed budget for the next biennium. The state's university system wants nearly three times the amount of additional money recommended by the governor.

Much can change before the session's end, but for now the Legislature's Republican majority is poised to offer modest increases for schools, in some cases even less than what the governor has suggested.

Last week, the legislative panel that oversees spending for colleges and universities recommended chopping more than \$3 million from Martz's proposed budget for higher education, prompting educators' predictions of 10 percent tuition hikes. Most of the money cut would have helped students pay for college.

"We have only lost ground today," said Dick Crofts, the state's commissioner of higher education said after the vote.

Money isn't the only topic on lawmakers and lobbyists minds when it comes to education; bills offering public school students incentives to stay in school or requiring them to wear uniforms and take drug test are getting attention, too.

But with maxed-out local school levies and declining enrollments—which could mean even less state money for K-12 schools—cash is never far from the discussion.

For now, leading Republican legislators, whose party controls both house of the Legislature, are backing Gov. Judy Martz 's plan to give public schools no new money in 2002 and a 3 percent increase—or \$13 million—in 2003.

But school officials have warned that class sizes would grow, school would be closed, and programs would be cut or diluted if lawmakers approve Martz's plan, which is being carried by Rep. Doug Mood, R-Seeley Lake. It would certainly mean laying off teachers, they say.

"Our estimate is that it could be 200 teachers or more," said Linda McCulloch, Montana's superintendent of public instruction.

McCulloch backs a proposal by Rep. Carol Juneau, D-Browning, which would increase school funding by \$66.7 million over two years. Another bill, by Sen. Bill Glaser, R-Huntley, would hand schools over \$44 million and provide almost the same amount in property-tax relief.

But while the Juneau and Glaser proposals have the support of educators—who routinely pack committee hearings—a legislative budget committee has recommended Mood's bill as a more fiscally prudent measure.

Meanwhile, lawmakers and educators alike are nervously awaiting the state's best guess estimate of revenues for the next biennium, a figure that will color every spending decision the Legislature faces.

So for now, the Legislature's Republican leaders are being cautious, saying they can't meet new requests for money that the state doesn't appear to have.

"I feel a responsibility to the people of Montana to do what we can with what we have," said Sen. Ken Miller, R-Laurel, who sits on the committee that monitors school spending.

Even so, lawmakers and educators both are floating ideas to generate additional money for schools.

University of Montana President George Dennison has suggested creating a statewide tourist tax, with the money earmarked for higher education. Sen. Miller himself is floating a plan would create a new statewide 6-mill levy for to fund grants for college students, provided university towns find a way to match that commitment.

Neither idea has generated a groundswell of support so far.

Another money-raising plan, this one by Sen. Bob Keenan, R-Big Fork, would increase the state's tax on tobacco products to raise an additional \$25 million for education. Gov. Martz has said she'll oppose any direct legislative attempt to raise the tobacco tax—or any other tax—but she hasn't ruled out allowing lawmakers to take the proposition to voters.

While officials wait for the money picture to clear, lawmakers are considering other school-related legislation, including a plan to squelch a projected teacher shortage caused by Montana's relatively low teacher salaries.

Rep. Gay Ann Masolo, a Townsend Republican and chairwoman of the House Education Committee, wants the state to repay up to \$12,000 in student loans for teachers who agree to teach in school districts where the problem is most serious.

Help in repaying student loans would give newly graduated teachers an incentive to work in districts that can't afford to pay competitive salaries, said Eric Feaver, a spokesman for the state's teachers union, which supports Masolo's idea.

Her bill, which would cost the state around \$1 million over two years, has passed the House and is now before the Senate.

Meanwhile, the Senate has already approved of a bill giving districts the right to require that students wear uniforms, despite critics' assertion that schools already have the right to implement dress codes.

But the bill's sponsor, Sen. Al Bishop, R-Billings, said mandatory uniforms would save parents money and give students a break from peer pressures to wear the latest styles.

On another front, the House has approved a bill that would allow students to miss class to attend off-campus religious instruction, despite objections from some teachers who said the absences could hurt students academically.

Lawmakers, meanwhile, have tabled another high-profile bill, one that would require mandatory drug, alcohol and tobacco tests for middle and high school students who participate in extracurricular activities.

That legislation, sponsored by Rep. Joan Anderson, R-Fromberg, prompted a storm of concern about students' privacy and personal rights.

Other school-related legislation still being considered includes a plan that would give bonuses to teacher-mentors who help teachers struggling through their first years in the profession. Rep. Holly Raser, D-Missoula, sponsors the bill

Another concern of educators and lawmakers alike this session are high dropout rates for students from underprivileged homes, especially on the state's Indian reservations. According to Browning's Rep. Juneau, dropout rates are high on reservations and can exceed 50 percent for American Indian students.

Juneau, a member of the Mandan-Hidatsa nation, is promoting measures that would allow such students get their high-school equivalencies at a tribal or community college.

In addition, tribal colleges should be allowed to compete for state adult education funds, she said.

Juneau said students are left out on the margins in every culture and therefore need every option to get an education.

"Speaking today, there are probably kids walking out of the classroom," she said.

HIGH COST OF PUNISHMENT GIVES LAWMAKERS PAUSE (Feb. 18)

Facing tight budgets and growing prison populations, lawmakers this session are taking a harder look at the costs associated with crime and punishment in Montana.

Under former Gov. Marc Racicot, funding for prisons in Montana increased rapidly over the past eight years, responding in part to get-tough anti-crime legislation.

But times and attitudes may be changing.

Heading into the 2001 legislative session, state prison officials were hoping for over \$20 million in additional money to cope with a projected inmate increase of 10 percent in the next two years. But with schools and higher education clamoring for more money from an apparently limited pot, lawmakers have asked state corrections officials to scale back their requests.

So far, legislators are recommending the system receive a \$17 million increase over the next biennium, forcing corrections officials to trim a number of new positions and delay expansion of pre-release programs. Still, the system is on track to receive a raise of more than 9 percent.

That could change before the session's budget battle ends, but in any case key lawmakers say the costs of incarceration are making them think twice about passing new criminal laws or raising penalties for violating existing ones.

Sen. Lorents Grosfield, R-Big Timber and chairman of the Senate Judiciary Committee, says that lawmakers were tough on crime several years ago when the public demanded it, but the message from Montanans is a now little different.

"In fact, now we are hearing, 'Whoa, how expensive is this?'" he says.

That's also the message from Grosfield's counterpart in the House, Rep. Jim Shockley, R-Victor, who said members of his House Judiciary Committee are cautious about passing bills that require long mandatory sentences. For example, he said, a mandatory five-year prison sentence attached to a reckless driving bill was chopped to one year.

Another case in point is the state's recently toughened DUI law, which requires mandatory jail time for those convicted of a fourth DUI offense.

But jail time can be expensive and ineffective in such cases, some lawmakers argue.

Sen. Chris Christiaens, D-Great Falls, wants to allow judges to substitute suspended sentences and treatment programs for prison time. Treatment would get to the underlying problem and save Montana the million dollars it costs to keep approximately 200 DUI offenders in prison, he said.

Grosfield agreed that mandatory prison time might not be an effective way to rehabilitate drunken drivers.

"It's effective in the sense that you get them off the street for a while," he said, "but that's it."

In response, prison officials have proposed turning a former Montana State Hospital building into space to rehabilitate DUI offenders now doing prison time, saying the department would save money.

Meanwhile, concern over the costs hasn't entirely dampened the Legislature's appetite for anti-crime legislation, though this session's mixed bag of crime legislation has met with mixed results.

For instance, lawmakers may add the high-tech crime of “theft of identity” to Montana law books.

Rep. Bill Eggers, D-Crow Agency, said the computer age makes it necessary to go after people who steal a person’s credit card numbers, social security numbers, addresses or other personal information. If a culprit “assumes” someone else’s identity, they can easily lead the victim to financial ruin, he added.

His identity-theft measure also would prosecute those who commit industrial sabotage, he said.

On another front, lawmakers have rejected a bill that would strike Montana's ban against same-sex relationships from the law books, even though the statute has been declared unconstitutional by the states Supreme Court.

Legislators have also rejected stiffer penalties for crimes against homosexuals. A recently reported attack on a gay student at Helena’s Carroll College revived interest in the legislation aiming to protect homosexuals under the state's hate crimes law, but the bill didn't get out of committee.

The fact that the crime went uninvestigated for weeks is proof that there is bias against gays in Montana, the legislation's supporters argued.

“An entire class of people is singled out and sent a message: You are not desired and deserve to die,” said Rep. Christine Kaufmann, D-Helena.

Receiving more favorable treatment are proposals to increase the penalties against minors for drug- or alcohol-related offenses.

Rep. Merlin Wolery, R-Rudyard, wants to transfer certain youth drug offenders to adult court, and the House has already OK'd a measure by Dennis Himmelberger, R-Billings, that would make it a crime for minors to purchase alcohol or tobacco.

Currently, minors are punished if illegally in possession of alcohol or tobacco, but not if they try to buy it.

In other legislative action concerning crime and punishment, the House has approved measures that would require the collection of DNA evidence at felony crime scenes, require that victims of juvenile offenders be notified upon release from jail, and allow domestic violence victims to receive unemployment benefits if circumstances force them to quit their jobs.

And while lawmakers appear wary of long prison terms for some crimes, Gov. Judy Martz's signature is all that awaits a bill to increase the penalty for negligent vehicular assault to 10 years in prison.

The Senate, meanwhile, has approved a bill that would prohibit the prosecution of mothers who abandon newborns at a hospital or other facility. The legislation was prompted by a case in which an anonymous mother abandoned a baby in a Missoula garbage dumpster.

Lawmakers are also weighing legislation that would require authorities to take fingerprints and mug shots of those charged with drunken driving. However, legislators killed a measure that would have required vehicle forfeiture after only one DUI conviction.

Lawmakers have rejected bills that would have outlawed nudity or some suggestive clothing.

They also shelved legislation that would have required the Montana Highway Patrol to collect information that could be analyzed for proof of racial profiling.

While lawmakers tinker with the criminal code, the state's court system is getting attention, too.

The Senate last week approved legislation that would create a special appeals court to relieve the Montana Supreme Court's caseload.

The idea comes from state Supreme Court justices, who say they are swamped with a backlog of cases under appeal. Unlike many other states, Montana has no intermediate appellate between district courts and the Supreme Court.

The measure now heads to the House, where—as even the idea's supporters admit—the obstacles are more likely to be financial than philosophical.

Estimates peg the court's cost at slightly more than \$500,000 a year for the first two years and \$1.4 million a year thereafter.

LAWMAKERS GET CREATIVE TO BOOST HUMAN SERVICE SPENDING

(Feb. 25)

Health programs for children and services for the poor are on track to receive a boost from the Montana Legislature this session, despite the state's budget squeeze.

To combat rampant turnover, legislators overseeing human-services spending are also recommending raises for most social-service workers, including nursing home workers.

"We want to keep them in business," said Rep. Dave Lewis, R-Helena and chairman of the appropriations subcommittee that monitors spending for human services.

In addition, the state Senate approved a bill last week that would ease the minimum income requirements for special health and dental insurance for the children of Montana's poor.

Although final budgets are far from certain, Lewis said his committee and agency heads did some creative thinking with state and federal dollars to keep many programs going. In all, his panel is recommending the Montana Department of Health and Human Services get \$33 million more in state money over the next two years.

What lawmakers are telling the department is to spend all possible federal dollars in the next 18 months, said DHHS administrator Hank Hudson.

"There was a fear that the feds would take back all unspent money," he said. So Lewis and fellow committee members directed human services to "do the things you wanted to do: Do more, do it faster," Hudson said.

As a result, he said, the agency will spend more on welfare programs that help with housing costs, underwrite school breakfasts, and treat chemical dependency and mental-health problems. More than \$3.5 million is scheduled go to state tribes to work on welfare reform.

The idea, Hudson said, is to help people get back to work.

The catch, he said, is that if federal government doesn't renew of its share of those costs, Montana's welfare recipients could see a precipitous drop in services in 18 months. The challenge for Hudson and other administrators is to see how they can help the most people in the shortest amount of time, he said.

The committee also took a stab at increasing pay for the state's health care and social service workers. Lawmakers recommended nursing home employees get the biggest pay jump—4 1/2 percent—over the next two years, Rep. Lewis said.

That's improvement, but not enough for these low-paid workers, said Colleen Murphy, head of the Montana Chapter of the National Association of Social Workers.

She said she fears the raises won't keep workers in these difficult jobs for long. So often workers, many of whom constantly face tough choices such as removing a child from an abusive home, opt not to stay in the field, she said.

The result, she added, is frequent job turnover.

"People don't want those jobs because they are overwhelming," Murphy said.

Others said the state isn't addressing the disparity in pay between different classes of state social-service workers.

Wally Melcher, an advocate for the developmentally disabled, said that the state relies on nonprofit groups to provide services but doesn't pay those workers the same as state government employees.

"We consider this a labor crisis in our field," he said. "We need to keep the foundation sound before we add stories to the building."

The state relies on more than 50 community groups to administer programs to thousands of Montanans, with hundreds more on waiting lists.

Pending state and federal lawsuits could increase the state's reliance on those community programs, said Sen. Mignon Waterman, a Helena Democrat who serves on Lewis' health and human services committee.

Waterman said that the state may soon be required to locate a patient where the patient wants to be, forcing the state to increase its use of community care facilities over state-run institutions, she said.

But there are limits as to what can be done, lawmakers say. Spending for human services has to compete with other big-ticket budget items, especially education, for a limited amount of money this session.

Former Gov. Marc Racicot had planned triple the state tobacco tax to give the Department of Health and Human Services a big boost. Racicot's proposal would have provided more help for those who need it and provided more pay raises for service providers.

But Gov. Judy Martz's promise to veto any new taxes forced legislators to scale back many new proposals.

Martz's budget also chopped money for state smoking-prevention programs from \$7 million to \$1 million. Tobacco-use prevention programs are administered by the state human services agency with money from a national court settlement with big tobacco companies.

Even so, Lewis said another \$4 million might be trimmed from his recommended budget for human services when all is said and done. But these cuts should not affect services, he added.

Session after session, legislators working on human services budgets face the most wrenching decisions, and this session has been no different, lawmakers say. Despite the budget increases scheduled for the next biennium, legislators agree that, in many cases, the state is offering less than what some Montanans truly need.

For instance, long waiting lists will remain for essential services such as mental health care, Sen. Waterman predicted.

"The needs are so incredible," she said. "Given the money we had, we did the best we could."

PRESSURE BUILDS AS LEGISLATURE BEGINS SECOND HALF (March 4)

Energy prices, education and the economy topped citizens' lists of concerns as Montana's 57th Legislature plunged into the second half of the 2001 session last week, and lawmakers lost little time grappling with all three issues.

Republican lawmakers, who control both the House and Senate, said they heard plenty from constituents about Montana's sluggish economy, rocketing energy prices and the dearth of educational funding during the 57th Legislature's mid-session break.

Citizens also seem to recognize that the state can't solve those problems with money alone, returning Republican lawmakers said.

"Nobody feels the world is falling," says Sen. Don Hargrove, R-Belgrade.

Party leaders from the governor's office to the House floor have said that sparking Montana's economy and attracting industry is their top priority. Their long-term strategy is to keep taxes down, control the growth of state spending and reduce environmental regulations on development.

But even as budget committees worked to make deeper cuts in state agency requests for additional money, lawmakers faced increasing pressure last week to increase spending for education, by far the largest piece of the state's budget pie.

More than 3,000 educators, students and supporters from across the state converged on the Capitol Saturday to press their case for more money. Faced with climbing costs, maxed-out mill levies and declining enrollments—which mean less state aid—school districts throughout Montana are predicting layoffs, school closures and program cuts if lawmakers approve the school budget proposed by Gov. Judy Martz.

The state's colleges and universities say they will most certainly be forced to do the same and raise tuition dramatically without more dollars.

But even teachers—who aren't looking at a pay raise and face possible job cuts—acknowledge that times are tough, Hargrove says.

"Everybody knows it's tied to money," he adds.

Rep. Dale Mahlum, R-Missoula, says he has heard a litany of ideas of how to help fund education from people in his university-town district.

But no one, he adds, "seems to have an idea that will fit the puzzle."

Even so, late last week Republican leaders and Gov. Martz floated a plan to ease the squeeze on K-12 schools by siphoning \$20 million a year over the next two years from the state's \$610 million permanent coal tax trust fund, the interest on which helps fund many government programs.

House Democrats who have been critical of the GOP's reluctance to spend more on education but who also oppose "busting the trust" initially repulsed the effort, which requires a three-fourths vote of each house. They argued that a one-time raid on the trust's principal could lead to a full-scale assault on what many described as the state's main savings account.

With Democrats reluctant to use coal tax money, and Republicans opposed to any tax increases, the question of how to increase financial aid to schools remains unanswered.

That, and other money issues will take center stage for the session's second half, as lawmakers struggle to decide what the state can afford and how to pay for it.

In general, the bulk of the state's programs--schools, prisons and human services--are slated to receive small budget increases, much less than their original requests.

Meanwhile, lawmakers say other issues weighing on constituents minds include the state's struggling Montana's economy and rising power costs related to deregulation.

Sen. Mike Taylor, R-Proctor, says that a bill reorganizing the state Department of Commerce has been well received by his Flathead Lake-area constituents.

The bill, sponsored by Taylor at the request of Gov. Judy Martz, would essentially trim the Commerce Department and refocus its energy into becoming essentially an economic development machine for Montana.

And Sen. Mack Cole, R-Hysham, says his bill exempting new power plants from certain environmental laws has been well received in his district, which includes the power-generating hub of Colstrip. The spin-off benefits of a place like Colstrip have allowed many of Cole's fellow ranchers and farmers to keep operating, he says.

Cole says that he hopes his legislation, which received Senate approval earlier this session, will help boost the state's economy and avoid spiraling electricity costs.

But Sen. Sam Kitzenberg, R-Glasgow, said many Montanans he talked to over the break were concerned that the specter of future high energy costs has not adequately been addressed.

Many fear the Northwest's power crunch that forced California to impose "rolling blackouts" could cause similar chaos in Montana when electricity deregulation takes holds for residential customers.

Legislators have so far proposed delaying deregulation for residential customers, while Gov. Martz has urged energy conservation measures at state agencies and awaits

recommendations from Montana's industry for a solution to the plant closures and job layoffs that followed when the industrial power market was deregulated.

Late last week, lawmakers floated two new proposals to ease deregulation's effects. Rep. Doug Mood, R-Seeley Lake, introduced a bill that would allow the state Public Service Commission to temporarily force suppliers to offer struggling industrial customers low-cost "lifeline" energy rates. Mood says the bill would keep some larger businesses from closing or laying off workers.

Meanwhile, House Majority Leader Paul Sliter, R-Somers, wants to subsidize future consumers' energy bills with the proceeds of a hefty new tax on those who generate power.

As the session's days dwindle, Montanans have high hopes that lawmakers will find answers for cash-strapped schools and Montanans squeezed by rising power costs.

And that, says Rep. Dennis Himmelberger, R-Billings, serves to ratchet up the pressure on the state's elected officials.

"Things are warming up," he said.

HUNTING FOR SOLUTIONS

(March 4)

Higher fees for out-of-state hunters and increased access for local ones are among the ideas lawmakers are promoting as they search this session for ways to balance the growing demand for Montana's fish and game.

A proposal by House Majority Leader Paul Sliter, R-Somers, would increase the cost of licenses for nonresidents hunting deer, moose, mountain goats and other big game animals.

And both houses have already passed a measure by Sen. Jon Tester, D-Big Sandy, which would increase out-of-state fees for migratory game bird hunting from \$7 to \$55.

Sliter said Montana's neighboring states charge much more for both resident and nonresident licenses. His bill, for example, would raise the cost of a mountain sheep tag from \$475 to \$1,000 for nonresidents. Idaho currently charges nearly \$1,500 for the same license.

The idea, Sliter said, is to avoid future shortfalls in the state Fish, Wildlife and Parks Department budget.

"They're getting to the point where they're running at a deficit," he said. "The Legislature has not done anything with fees since 1991."

Jeff Hagener, head of Fish, Wildlife and Parks (FWP), said that raising nonresident hunting and fishing charges would help his department run the 60-odd state programs. These programs include habitat enhancement for waterfowl and upland game birds, fisheries, parks and hunter access on private land.

But Hagener said the time would come when it will be necessary to raise resident fees, too.

"In reality that is something we have to go with in the future," he said.

A major priority of FWP is providing hunter access to private lands through its block management program, which pays landowners to allow public hunting.

Patrick Montalban, an oil and gas lobbyist who hunts pheasants on the Hi-Line, said that raising nonresident fees is the first step to leaving more game for locals.

"Each year it gets harder and harder to find places to hunt," he said at a hearing on Sen. Tester's game bird-fee bill. Montalban blamed outfitters and nonresidents for the decline in hunting opportunities.

And a bill proposed by Rep. Joe Balyeat, R-Bozeman, would set aside licenses for Montanan's nonresident relatives.

Balyeat said that family members--from siblings to grandchildren--could pay a higher fee for certain big game licenses.

For lawmakers, the trick is to balance the demands of Montana hunters like Montalban and Balyeat with the economic benefits derived from outfitters and nonresidents.

Outfitters are a major industry in Montana and are allotted nearly one-third of the state's big game nonresident licenses, but are often perceived as bringing in wealthy hunters interested only in bagging trophy kills.

Indeed, proposals were killed earlier in the session that attempted to freeze the number of fishing outfitter licenses and limit nonresident anglers to certain Montana streams.

But outfitters' groups said that they are used to getting the blame for taking too many fish or too much game.

"The only group they can regulate is the outfitters," said Jean Johnson of Montana Outfitters and Guides.

But by raising any hunting fees, legislators feed into the image that hunting is a rich man's sport, she said.

"They're sticking it to nonresidents because they can," she said.

Hagener said that the real tension arises when private land is reserved for outfitters.

"More and more of those arrangements are exclusive," he said. "We try and enhance and increase public access."

To do so, lawmakers have introduced several proposals to entice more landowners to open their lands to the public. These enticements range from increasing payments for landowners to reserving licenses for them.

While the controversy over licenses and access simmers, lawmakers are also considering legislation that would change the way predators and other wild animals are managed.

The federal government currently manages wolves, grizzly bears and lynx, rare species all. But if populations of these predators ever get large enough to lift federal protection, Montana must have a management plan of its own.

Two other measures before lawmakers would protect Montana's nongame wildlife and wild plants.

Sen. Emily Stonington, D-Bozeman, said that her measure would prevent people from taking raccoons, pikas or songbirds as pets. No rules deal with this type of pet trade now, she added.

"It's to slow down unregulated pet trade," she said.

Among other fish and game-related legislation still alive is a bill to remove the social-security number requirement from hunting and fishing licenses.

The federal government uses the number to track "deadbeat dads." However, many sportsmen contend the requirement is an invasion of privacy.

Should the proposal pass, the federal government could threaten the state with the loss of millions of dollars in aid.

YOUTH CREW

(March 4)

One has decided to skip college classes to do what he wants, while the other still awaits the day he is old enough to have a beer.

John Brueggeman and Jesse Laslovich have typical concerns for men entering their twenties, but they also choose to hang out with a quite different crowd—their fellow state lawmakers at Montana's 57th Legislature.

Rep. John Brueggeman, R-Polson, and Rep. Jesse Laslovich, D-Anaconda, may be of different political stripes, but both bring youthful zeal and a heady sense of respect to their offices. Each will have to curtail his career in the House before the age of 30 due to term limits.

Brueggeman, the senior of the pair at age 21, has interrupted his engineering studies at Carroll College to serve in the Legislature.

He says he was inspired to run after a stint in 1997 as a page for former House Speaker John Mercer of Polson.

Being at the capitol made Brueggeman realize that politics fed an internal drive.

"I guess I thought I would always get into it," he says. "Government and policy is what boils my blood."

Laslovich, 20, is a political science major at the University of Montana. He will receive credit for serving and must write a paper per month on his experiences.

Like his Republican counterpart, Laslovich, 20, was also a page in the Senate chambers in 1999 but he worked for fellow Anacondan, Sen. Bea McCarthy.

"I thought I was on top of the world," he says. "I could walk in the Senate chambers, I could touch senators' desks."

But it took some prodding from a high school teacher to get him into the political arena, Laslovich says.

Another Anaconda High student was set to run for the state representative seat but bowed out when she became pregnant, he says.

That student approached Laslovich in local burger joint, where he was taking a break from former Secretary of State Mike Cooney's gubernatorial campaign, and coaxed him to run for the seat.

"I thought she was completely crazy," Laslovich says.

But with the urging of his teacher and Cooney—himself a legislator at age 23—Laslovich decided to go for it.

Both Laslovich and Brueggeman say campaigning—and obligatory fund-raising—is the necessary dirty work when seeking political office.

"It's tough to ask people for money," Brueggeman says.

But people are willing to help because they believe in you, he adds.

"Once you get over the nervousness, it's worth it," Brueggeman says.

Laslovich says he learned the art of politicking while working with Cooney's campaign.

"I learned how to be a politician at the doors," Laslovich says.

He asked his relatives for money first and sent letters out to "everybody I knew in Anaconda."

Laslovich says he frequently called his mom from school in Missoula to check on his burgeoning war chest. Eventually, he says, he had to refuse money.

Both Brueggeman and Laslovich enlisted their families to help on the campaign trail. Laslovich had a younger brother and his buddies help carpet Anaconda with fliers the night before the primary election; Brueggeman enlisted his dad to build signs and his mom to edit his campaign literature.

But unlike Laslovich, who ran unopposed in the November election, Brueggeman had to campaign almost all of 2000.

When he won, his mother was concerned about him subsequently leaving school, but both parents are very supportive, Brueggeman says.

"My parents are the sole reason I'm here," he says.

But the two twentysomethings aren't treating their time at the Capitol as some kind of glorified field trip as both have proposals they stump for.

Brueggeman has put forth a few proposals, including a measure to increase the legislative audit program and encourage government accountability.

"A lot of it is focused on streamlining government," Brueggeman says.

Another proposal defining e-mail as government documents has already received initial approval from both the House and Senate.

Laslovich says he has two major concerns this session: education and continued environmental cleanup around his hometown.

"I think people understood that I would be an advocate for education," he says. "I'm not the most liberal, but I'm a Democrat."

And Laslovich has probably received the most attention recently for helping to cosponsor a bill that would limit the minimum size for a pack of cigarettes.

Both young politicians recognize they have the voters back home to answer to.

"Every time I drive down the street (at home) and see someone I know I think, 'I'm responsible for their role in government,'" Brueggeman says. "It's the best motivator there is."

Party politics and a omnipresent Capitol lobbying corps also present demands. "There's pressure from your party and certain interest groups," Laslovich says. "It's good to be held accountable for how you vote."

Laslovich and Brueggeman both offer a resounding "yes" when asked if they will run for re-election.

And yet sometimes, amid the splendor of the halls of the state Capitol, the two lawmakers admit they find themselves in awe of what they're doing.

Laslovich says he realized the gravity of his position when he was sworn-in Jan. 3.

"It didn't hit me until I raised my hand," he says.

Brueggeman agrees.

"You're suddenly overcome with a wave of understanding of how very important your job is," he says.

FETAL PROTECTION ACT CREATES CONTROVERSY

(March 11)

Efforts to revise Montana's abortion laws have stalled this session, as lawmakers generally don't seem inclined to breach the issue.

But a bill that would increase penalties for criminal assaults of a pregnant woman has come under fire from abortion-rights advocates, who say they are concerned about the measure's vague wording that tries to give a fetus individual rights.

Rep. Bob Davies, R-Bozeman, said his "Fetal Protection Act" is necessary because there is no protection in Montana for a fetus when a woman is attacked.

"The way I look at it is if they are truly pro-choice they should be willing to protect a woman's right to keep her baby," he says.

Davies' legislation, passed recently by the House, would exempt legal abortions, medical treatment and actions by the pregnant woman. He says that over 30 states have passed legislation that essentially enhances criminal penalties for assaults on pregnant women.

The only proposal that lawmakers considered that specifically dealt with abortion was a measure that attempted to reinstate parental notification for minors. The bill was sponsored by Sen. Duane Grimes, R-Clancy.

But critics complain that Davies' bill was rushed through the House and is full of holes.

"I think the danger here...[is] it has so many faults with regard to the language," says Stacey Anderson of the National Abortion and Reproductive Rights Action League (NARAL).

She says that the bill narrowly defines what is an abortion and is rife with medical liability problems. Davies wants to give a fetus the same rights as mothers, she said.

“No attorney looked at it; it went through the wrong committee,” she says.

Possibly the most contentious part of Davies’ measure is where his legislation plucks the definition of an “unborn child” as an “existing person” from the state inheritance laws.

But using another part of Montana law is necessary to give the bill legal force, says Steven Ertelt of the Montana Right to Life Association.

“When a pregnant woman is assaulted there are two victims,” he says.

Davies’ bill will now be considered by the Senate.

FIGHT THE POWER--As the 57th Legislature enters its last thirty-odd days in session, the pressure to find a solution to Montana’s electricity price crunch is increasing.

Laid-off workers from Montana Resources, Inc., in Butte demonstrated outside the capitol March 8. The workers would like to see an extension of unemployment benefits; Gov. Judy Martz, however, has said she opposes any more than the usual six-month stipend.

Martz’s industry council on electricity prices has so far been unable to find a viable plan for future energy policy in Montana.

Industry officials have instead traded barbs about just who is responsible for the sky-high electricity prices that have forced hundreds of workers idle.

And lawmakers have taken action so far only to the point of extending regulated electricity rates for Montana Power’s small business and residential consumers beyond July, 2002.

But legislators have said that they hope to secure long-term contracts—like most of the state electrical co-ops have—to help avoid a “California-like” energy crisis.

COUNTRIFIED—Two measures are still alive in the Montana Legislature that would change the way initiatives and constitutional changes make the ballot.

Sen. Laurents Grosfield, R-Big Timber, said that rural Montanans are left out of the current process that requires signatures to be gathered in a portion of state legislative districts.

But Grosfield’s measure would require 5 percent of residents’ signatures from half of Montana’s counties to get an initiative on the ballot.

He said that under current rules, a signature-gatherer needs only to hit three of Montana’s larger cities to get an issue on the ballot.

“The net effect of it is that it might make it harder,” Grosfield said. “But that’s not the intention--it’s to involve more people.”

But Sen. John Bohlinger, R-Billings, said that the signature-gathering process is hard enough already and Grosfield’s two measures would only make it more arduous.

And Sen. Ken Toole, D-Helena, said that while he doesn’t always agree with voters may or may not approve at the ballot box, he believes the process is essential to having a “direct democracy” in Montana.

He said he thinks Grosfield’s measure could make it more difficult for both rural and urban folks.

“Clearly, the goal up here is to make it harder,” Toole said.

BILLS WOULD ALTER INITIATIVE PROCESS

(March 18)

Citizens may find it harder to place initiatives and constitutional changes on the ballot if the Montana Legislature approves a trio of bills sponsored by a Big Timber-area Republican.

But those initiatives that do go before voters would better represent the wishes of Montanans and face fewer legal challenges, says Sen. Lorents Grosfield, the bills' sponsor.

All three bills are scheduled for hearings this week in the House. The Senate has already approved the measures.

One bill would empower the state to determine whether proposed initiatives are constitutional before signature-gatherers are unleashed.

Eric Feaver, head of the state's teacher's union, is supporting the idea, saying it could prevent situations in which the Montana Supreme Court has to nullify citizen-made laws. A prime example, Feaver said, was CI-75, which would have required a vote of the people on any increase in taxes or fees.

The public was talked into something that was patently unconstitutional, he said.

"People ought to know," Feaver said. "I call it truth in advertising."

But critics argue that Senate Bill 472 takes power away from citizens and hands it to special interests.

"If you're a corporation and you don't like an initiative, you can tie it up," said John Heffernan of Montana Common Cause, a nonpartisan public-interest group.

S.B. 472 squashes "direct democracy" and is no way to prevent what some might consider ill-advised initiatives, he said.

A long, drawn out review period could also force volunteer initiative backers to gather signatures during the winter months, Heffernan said, rather than the usual summer "petition season."

"But if you are a corporation or special interest, you can go out and hire someone," he added.

Petitioners would have to travel farther to get the necessary signatures under Grosfield's other two measures.

Currently, Grosfield said, rural Montanans are often left out of the petition process that requires signatures to be gathered from only a certain number of state legislative districts.

Grosfield wants to require that petitions be circulated in a specific proportion of counties. Currently, a signature-gatherer needs only to hit three of Montana's larger cities to get an issue on the ballot, he said.

"The net effect of it is that it might make it harder," Grosfield said. "But that's not the intention; it's to involve more people."

But Sen. John Bohlinger, R-Billings, said that the signature-gathering process is hard enough already and Grosfield's two measures would only make it more arduous.

Because both of the bills alter the Montana Constitution, they would need voter approval.

Currently, citizen initiatives require signatures from 5 percent of the people in one-third of the state's legislative representative districts; constitutional changes need 10 percent from two-fifths of the 100 districts.

Grosfield's bills would ask for signatures from half of Montana's 56 counties, with 5 percent of the qualified voters in each county needed for initiative petitions and 10 percent required for constitutional amendments.

Sen. Ken Toole, D-Helena, said that while he doesn't always agree with the laws voters enact, he believes the initiative process is essential "direct democracy" in Montana.

He said Grosfield's measures could ultimately make it more difficult for both rural and urban citizens to participate.

"Clearly, the goal up here is to make it harder," Toole said.

TAX-TALK RESURFACES—Key Republican lawmakers hope to accomplish some kind of tax reform this session, despite a tight budget that has many state agencies on their heels. But some tough questions remain.

Whose taxes should be reformed and how much money can state government afford to give back?

Given the state's budget squeeze, many ideas for changing state tax laws -- such as offering low-income tax credits, giving lakefront-property owners a tax break or replacing the income tax with a general sales tax -- are either dead or face long odds of success.

Despite all that, a plan by Rep. Joe Balyeat, R-Bozeman, to restructure income tax rates and give a 5 percent across-the-board break to all Montanans appears to have some momentum.

Balyeat's measure would eliminate a favorite Montana loophole that allows state income-tax payers to deduct their federal income taxes and it would abolish many specialized tax credits.

The plan would make filing easier for taxpayers and would reduce the top income-tax bracket, said Balyeat, who works as an accountant. Otherwise, he added, rich Montanans who might be creating jobs will continue to move away and the state will slide evermore toward a Third World economy.

"It's in the interest of simplification," Balyeat said.

In his plan, taxpayers could choose to file under the new system or not, which is the only way to get people to accept a new tax code, he said.

The new scheme would eliminate 18 tax breaks, including incentives that promote recycling and the use alternative-energy sources.

Balyeat said that he is not against alternative energy and, as evidence, he mentioned his solar-powered cabin north of Butte.

"But most of the credits eliminated are those that hardly anybody uses," he said.

Balyeat's plan, H.B. 617, would not take effect until 2003, but would cost the state from \$8 million to \$11 million. As more people opted for the new system, it could cost state government \$78 million in 2004 and 2005. Yet another big income-tax cut nested in the plan would hit in 2007.

Those future revenue losses worry many lawmakers, who say the state can't even afford the \$8 million to \$11 million the measure would cost government over the next couple of years.

Rep. Ron Erickson, D-Missoula, said he can't imagine lawmakers approving a tax cut to the tune of tens of millions of dollars when up to 500 teachers may lose their jobs in Montana.

A critic of what he calls "buy now, pay later" legislation, Erickson said financial consequences of Balyeat's legislation can't be ignored.

"It's really gonna hurt us in the next biennium," he said.

Nor will a measure that saddles the state revenue department with two different tax systems simplify the tax structure.

Meanwhile, H.B. 617 has received tacit support of Gov. Judy Martz, who had previously said a tax cut might be impossible, given the state's budgetary needs. However, Martz aide Shane Hedges said last week that the governor supports Balyeat's plan but hopes the cost can be trimmed to around \$7 million.

H.B. 617 fits into Martz's campaign promise to reduce the top marginal income-tax rate, Hedges said, but concerns over education funding must be addressed first.

Meanwhile, the House Taxation Committee rejected a Missoula Democrat's attempt to give a tax break to the poorest Montanans through earned-income tax credits. The bill could have saved some families upwards of \$300.

"We're talking about the working poor here," said Rep. Gail Gutsche, the bill's sponsor. "We're talking about lifting people out of poverty."

But Gutsche's bill carried an \$18-million price tag, and some lawmakers said they were skeptical of giving tax cuts to the poor who so little in taxes anyway.

Rep. Balyeat, who sits on that committee, said earned-income credits throw open the door for fraud.

"It's an easy way for crooks to file a fraudulent return, get the money and run," he said.

But Betty Whiting of the Montana Association of Churches said that the working poor seem to lose out when talk turns to tax cuts.

She said that she can't understand why lawmakers are asking people who can barely afford to buy food to even pay taxes.

Republicans say such bills are designed to portray Republican tax-cut plans as favoring only the wealthy, a tactic that bothers Rep. Bob Story, R-Park City and chairman of the House Taxation Committee. Those with large incomes get more money back from a tax cut, he said, because they pay more taxes.

"That half of the sentence hardly gets into the discussion," Story said.

A late entry into the tax discussion is a proposal by Rep. Dan Fuchs, R-Billings, to abolish the state income tax and replace it with a sales tax. However, Story said the idea may have come too late in the session to get serious consideration.

Fuchs said that a 4-percent sales tax could generate the same amount that Montana's income tax does. He said voters would have to approve the sales tax, which would also include provisions to prevent lawmakers from reviving the income tax.

Republicans also want to extend a property-tax break offered in 1999 to lakefront homeowners. Sen. Mike Taylor, R-Proctor, said his aim in sponsoring the bill is to prevent longtime Flathead Lake residents from losing their homes.

Taylor said the tax break would not apply to vacation homes.

NO SOLUTION YET AS POWER CRUNCH CONTINUES

(March 25)

The specter of high electricity prices continues to hang over state lawmakers as they struggle to smother the unintended effects of energy deregulation.

So far, Republicans, who control both houses of the Legislature, have yet to stitch together a comprehensive quilt of bills to deal with deregulation, demonstrating both the complexity of the power problem and its tricky politics.

As the 57th Legislature's days dwindle, lawmakers are considering a patchwork of schemes designed to blunt the imminent price hikes that seem certain follow the 1997 Legislature's decision to relinquish state control of energy costs and supplies.

There's no shortage of ideas. Lawmakers are testing an array of schemes to re-impose state control over energy prices, either directly or through tax incentives or penalties. Other plans would offer power companies incentives to build new power plants in Montana.

Still another would put the state directly into the energy business by having it buy back a number of small hydroelectric dams recently sold by Montana Power Co.

But even as legislators scramble, energy experts predict Montanans will be lucky if household power rates settle out to double their current level—in four years' time.

An estimated 285,000 households, plus many small businesses, could face power bills that could double, triple or worse when electricity prices go completely deregulated in July 2002.

An unrelenting Northwest power crunch and volatile electricity prices already has inflated costs for Montana industries that chose to seek cheaper power on the open energy market two years ago. Some have been forced to lay off hundreds of workers.

Adding to the power dilemma, natural gas companies have also recently increased rates.

Many lawmakers see no single solution to the problem, but few are willing to predict the exact components to any package the Legislature might ultimately pass.

Last week, consumers and utilities clashed over Rep. Doug Mood's plan to extend the state's control over consumer power costs past the 2002 deadline. The Seeley Lake Republican would also force power suppliers to sell power at emergency "lifeline" rates to struggling industrial consumers.

Another idea fresh on the legislative slate is a plan by House Speaker Dan McGee, R-Laurel, who wants to provide low-interest loans and tax breaks for companies that would build new power plants in Montana.

Two other measures at the Legislature also give various tax breaks as a way to stimulate the construction of new power plants. McGee's bill, though, would also issue bonds to help industries find cheap power.

"This is an attempt to help ... the Montana economy mend its own fences," McGee said. "This bill provides the incentives for generating companies to build in Montana to increase supply."

But power generators who don't earmark power exclusively for Montana customers would be penalized by having to pay higher taxes, he said. Vastly higher license fees and

an increased energy transaction tax would then be used to subsidize the power costs of Montana businesses.

Unlike McGee's plan — which he said looks to markets to resolve the power crunch — another proposal being touted would put the state in the electricity business.

Sen. Ken Toole, D-Helena, said that buying 11 dams from PPL Montana would help the state's irrigators, small businesses and residential consumers. Most other dams in Montana fall under the auspices of the U.S. government and are run by the Bonneville Power Administration.

Toole said that his plan could cost the state up to \$500 million, which could be financed by a 1-cent rate hike in electricity prices. That's still cheap power because the production cost of electricity at the dams is approximately one-tenth of its retail price, he said.

Toole said that he focused his efforts on helping out the "little guy" in Montana, which means everybody but the state's major industrial customers.

"The bottom line is that these folks aren't going to take care of us," he said.

A state power authority proposed by Toole would give small businesses and residential users more clout.

But Montana's big companies are having a hard time coming to an agreement about just how to get companies like Montana Resources Inc. (MRI) in Butte back on its feet. The mining company was forced to lay off 340 workers at its copper mine because of spiraling electricity costs.

MRI isn't alone. Tom Daubert, an attorney who represents Ash Grove Cement Co., said in January that the Helena company barely had enough money to keep the lights running at their plant.

"Things have not gotten better," Daubert said last week.

Ash Grove is resorting to onsite diesel generators to meet its power needs, he said. And while Ash Grove has yet to lay off any of its 84 employees, that's always possible as plant officials scramble to find cheap power.

"They're one of those companies that could shut down," Daubert said.

At the invitation of Gov. Judy Martz, Montana's leading industries joined together to look for answers, but have so far waged a war of words with PPL of Montana, the state's main energy supplier. The Pennsylvania-based company bought the bulk of Montana Power's power plants, and many of the state's leading industrials believe PPL is setting exorbitant rates.

At a meeting last week at the capitol, Jerome Anderson, representing PPL, complained that many of the measures the council is considering are "punitive" and aimed at PPL.

Anderson also questioned the state Public Service Commission's assertion last week that that it still has the power to set power prices because technically the PSC has yet to issue a final order allowing Montana Power to sell its power plants.

"We've reached a tentative legal conclusion ... to establish just and reasonable rates," said PSC member Bob Anderson.

This means that PPL has a responsibility shared with Montana Power, said PSC utility specialist Will Rosequist.

While industrial users and power providers squabble over who should shoulder the cost of leveraging down electricity prices, others fear that Sen. Toole's "little guy" will be lost in the shuffle.

Pat Judge of the Montana Environmental Information Center said that many solutions presented thus far by the Legislature — including the bill that would let the PSC establish emergency rates — seem to be efforts to re-regulate power prices.

"It seems to me if we think the PSC has the authority to regulate the supply and PPL, why don't we just repeal (deregulation)?" he said.

Deregulation, he said, was supposed to benefit big users who now want to be protected from the free market.

"We're going to have a special-interests remedy to a special-interests problem," he said.

Instead, Judge said, he favors Toole's dam-buying proposal and a bill by Sen. Royal Johnson, R-Billings, which would delay consumer deregulation until 2007 and encourage utilities to seek long-term electricity contracts for Montana's small business and residential users.

Muted in the debate is the call for energy conservation, which could offer power users some relief in the near term.

House Speaker McGee and Rep. Jeff Mangan, D-Great Falls, have provisions for "power pools" to redistribute unused power; and Gov. Martz has called for cuts in state agency electricity use and urged voluntary public conservation.

But legislative efforts to continue programs that give power companies and electricity cooperatives tax credits for implementing energy-saving measures appear to

have stalled.

Two bills extending the "universal systems benefits charge"—an extra charge on consumer's monthly utility bills that once supported conservation efforts—have been tabled in the House Energy Committee.

While experts prophesize gloom for Montana ratepayers, lawmakers continue to seek stable and affordable power, knowing that time is growing dear.

Speaker McGee said he has hopes both for free-market and legislative solutions to the energy quandary but warned that hesitating could make things worse.

"What we may have to do as a nation and certainly in the West ... is look at how we're using power," he said. "A delay in the solutions will be problematic for Montana consumers."

LOOSENING ENVIRONMENTAL LAWS—The Montana Senate agreed last week to modify state environmental laws by approving two measures passed last month by the House.

Republican leaders have pressed to "streamline" the Montana Environmental Policy Act, a 30-year-old piece of legislation that provides for environmental reviews of development projects.

To that end, the Senate last week agreed to limit the time allotted for environmental reviews and require the state to consider "economic feasibility" in the event the state asks developers to change their plans to prevent harm to the environment.

Over two days of debate, Democrats and a few Republicans argued that environmentalists are not to blame for the state's economic.

"This is the biggest bait-and-switch I've ever seen," said Senate Minority Leader Steve Doherty, D-Great Falls. "You would have thought an army of environmentalists was shutting down (the state)."

Deregulation, Doherty added, has put more Montanans out of work than canceled timber sales.

But Republicans hotly disputed the charge that they were "bulldozing" Montana's environmental protections.

"We still have the (federal) Clean Air Act, the Clean Water Act, the Mine Reclamation Act, and other acts," said Sen. Mike Taylor, R-Proctor.

All laws must evolve, added Sen. Lorents Grosfield, R-Big Timber. He said that while environmental rules need to be loosened, they would not be ignored.

"Why don't we have another Berkeley Pit on the drawing board?" he said. "Well, we've learned."

Legislators also argued as to whether changing MEPA would make the state more or less susceptible to litigation.

Only time will tell, Sen. Taylor said.

"We will see how many projects will be stopped," he said.

LAWMAKERS ARGUE AS SCHOOLS BEG FOR MORE MONEY (April 1)

Montana's public schools are sure to get a bigger raise than Gov. Judy Martz's budget recommends, leading lawmakers predict. But how much bigger and from what source?

School administrators across Montana say they will have to layoff teachers and cut programs if they don't get more than the \$13 million raise offered in the governor's proposed budget.

For their part, lawmakers are generally willing to chip in more. They've tentatively recommended a \$21 million boost, though that's far short of the \$67 million raise educators wanted.

Still, the question remains: Where's the money?

The answer could come as soon as this week, but not unless legislators find a way around a philosophical impasse that stymied both lawmakers and educators last week.

As it stands, the governor has threatened to veto any tax increase, including schemes to raise taxes on tobacco, telecommunications and tourists. Democrats, meanwhile, have the votes to block Martz's pet plan to boost school funding by tapping into the state's coal tax trust fund.

As the week ended, the governor wasn't about to give in to calls for tax increases, especially after lawmakers shot down a plan to raise tobacco taxes to boost school funding. She offered no quarter to other tax-related school funding measures, including proposals to raise the state's motel accommodations tax or its excise tax on telecommunications.

"They know where the governor is," said Mary Jo Fox, Martz's communications officer. "We're not sure what exercise in futility they're on."

Despite that apparent impasse, House Majority Leader Paul Sliter, R-Somers, said both Republican and Democratic leaders are working to boost education funding.

"We're not sure what form it is going to take, but we will find a solution," Sliter said.

At least part of the answer could come from a series of less dramatic proposals that rely on making the most of money the state already has or is likely to get.

Senate Majority Leader Fred Thomas, R-Stevensville, wants the state to be more aggressive in its investment of money it makes from state trust lands. He said his proposals could generate \$1.8 million more for universities and \$10 million for K-12 schools over the next two years.

If coal trust and education trust dollars are invested wisely, the pay-off for schools could be huge, he said.

"Over time, that thing can really cook," said Thomas, whose proposals easily passed the Senate and are scheduled to be heard this week in the House.

Another ingredient in the recipe for more school funding may be several million dollars in unexpected income the state could get from the repayment of a state loan.

Meanwhile, not all of the schools funding measures tied to tax increases are dead.

The House is scheduled to hold hearings this week on a proposed increase in the telecommunications tax and a senator's plan to raise the state's motel "bed tax" from 4 percent to 9 percent, which he says could mean an extra \$20 million for schools over the next two years.

But that bill's sponsor, Sen. Lorents Grosfield, R-Big Timber, said the bed tax increase might need to go to the voters to avoid a Martz veto. The governor has indicated that she would allow the voters to decide if they want to raise taxes.

Most of the drama at the Capitol last week surrounded efforts to increase tobacco taxes.

Various political maneuvering by House Democrats and Republicans to raise the tax as part of a plan to give schools a \$42-million increase unraveled late last week. The Senate also narrowly killed a similar plan, with enough Democrats joining GOP legislators in both houses to doom the measure.

The idea met from stiff opposition from GOP legislators who complained targeting smokers was unfair.

"We're going to ask 75 percent of the people to tax 25 percent of the people," said Sen. Pete Ekegren, R-Choteau. "This is a legal drug; it's a moral judgment on our part that we're not entitled to."

And under state law, said Rep. Roger Somerville, R-Kalispell, any increase in per-student funding triggers an increase in property taxes.

Schools always seem to ask for more despite the fact that they are losing students, said Rep. Bob Story, R-Park City.

"If you follow this theory, you have the last student in the system and you'll still be spending \$1.5 billion," said Story, who heads the House Taxation Committee.

Despite last week's failure to solve the biennial puzzle over school funding, lawmakers from both parties managed to retain some optimism.

"By the time we are out of here we will see a change," said Rep. Ron Erickson, D-Missoula. "Somehow things will keep on moving and we will get more money."

To do so, lawmakers will have to be creative to prop up educational spending, said Sen. Bob Keenan, R-Bigfork.

Keenan, chairman of the powerful Senate Finance Committee, said that when push comes to shove many new programs that the Legislature has already approved might need to be jettisoned in order to free up the necessary funds.

He said and other Senate leaders will huddle with their House counterparts to come up with a final state budget for schools.

"We'll never have enough money, but I'll be fair," Keenan said.

OVERHAULING THE TAX SYSTEM—The Senate is scheduled to hold hearings this week on two House-approved plans that could mean big changes in Montana's tax system.

House Bill 636, sponsored by Rep. Dan Fuchs, R-Billings, would ask Montana voters to abolish the state income tax and replace it with a statewide 4 percent sales tax. The tax should easily generate the same amount of money Montana earns from the income tax, he said.

"This bill gathers income from tourists," said one of the bill's supporter, Rep. Rick Laible, R-Victor. "It allows people to have more money and put it back into the economy."

He cited the example of Wyoming's lack of income tax and bountiful budget surplus as proof of a sales' tax success.

Fuchs' bill passed the House one day after the House members endorsed another measure that would revamp the state tax code and give all taxpayers a 5-percent reduction starting in 2003.

That bill, sponsored by Rep. Joe Balyeat, R-Bozeman, would ask taxpayers to voluntarily embrace a new set of rules.

Balyeat said that Montana income taxes are perceived to be too high. His bill reduces tax rates and closes certain loopholes. The bill would cost the state \$7 million in lost tax revenues in 2003 and an estimated \$80 million over 2004-5.

But opponents of Balyeat's tax cut complained that the state can't afford to give away millions in tax relief when services such as education are in financial trouble.

"If we continue down this path, we're going to bankrupt the education system," said Rep. David Wanzenried, D-Missoula.

But supporters argued that Balyeat's tax cuts would only take effect if the state economy does well. Rep. Steve Vick, R-Belgrade, said that the state budget would have to show a \$92.5 million surplus for Balyeat's plan to kick in.

As of last week, the state's ending fund balance was \$17 million, which might indicate long odds for the tax cut, Vick said.

Regardless, supporters said the bill is necessary to stimulate Montana's moribund economy and pull it away from the "brink of Third-World status."

The bill would pay for itself, Rep. Balyeat said.

"We shouldn't have to justify tax cuts," he said. "We should have to justify spending more money."

LAWMAKERS LOOK FOR LATE-SESSION DEALS

(April 8)

Only a few major pieces remain on the game board as lawmakers ponder their final moves in a session slated to end next week -- if not sooner.

But that won't make it easy.

Much of the 57th Legislature's final dramatics will play out this week in small, but potent gatherings of legislators chosen to patch together solutions to what many lawmakers concede are Montana's most pressing problems: the rising costs of energy and education.

The Power Puzzle

As it headed into this week, the Legislature's plan to ease energy costs for Montana's industrial and residential customers seemed a bit clearer, if not less controversial.

The Senate last week joined the House in approving legislation that essentially "re-regulates" electricity prices until 2006.

The measure by Rep. Doug Mood, R-Seeley Lake, would establish below market "lifeline rates" for hard-hit industrial customers. Under his bill, prices for other residential and small business users could climb, but only with approval from the state's Public Service Commission.

Still pending are measures that would tax the "excessive" profits of power suppliers, while at the same time offering them tax breaks and loans to build new power plants to serve the Montana market.

The basic idea, Republican leaders say, is to have a variety of energy solutions available. The final details will be worked out in conference committees featuring lawmakers from both houses.

Jean Branscum, a policy advisor to Gov. Judy Martz, says that the governor expects 10 or 12 energy bills to cross her desk. Martz doesn't want to pick and choose what will help alleviate the energy crunch, Branscum said, but anticipates a "package" of legislation.

Any solution is likely to draw fire.

Minority Democrats rallied last week, calling for an outright repeal of deregulation. They also urged the state to buy back several hydroelectric dams it allowed Montana Power Co. to sell to PPL Montana, now the state's chief power supplier.

PPL Montana, under fire for the profits it has made during the state's energy crisis, has launched its own attack with expensive television and newspaper ads critical of any legislation that would force it to sell power at below market rates.

In their zeal to help industrial customers get back on their feet and put laid-off workers back on the job, lawmakers are treating PPL Montana unfairly, the company's officials have said.

"It seems to me that the artillery is zeroed in on one particular encampment," said PPL spokesman Jerome Anderson.

The Pennsylvania-based company purchased the generating plants from Montana Power for approximately \$800 million. It made that investment assuming it could charge rates based on what the market would bear, not the decisions of a government agency.

"We wouldn't have bought these power plants to sell at regulated rates," said Dan McCarthy, of PPL's head office.

Any effort to re-regulate energy is sure to end up in the courts. It's also clear that most Montanans will face higher power bills, regardless of the Legislature's moves.

According to a study by the American Association of Retired Persons (AARP), a typical power bill could more than double. Officials at Montana Power Co. said recently that consumers' bills would rise by at least 60 percent if it had to renegotiate its contracts with suppliers today.

University of Montana economist Tom Powers said higher rates are tantamount to higher taxes and legislators can do little to ease the blow in the wake of deregulation.

"It's a tax that purely impoverishes the citizenry," he said. "The only thing being debated is whether you can put Humpty back together again."

Montana's economy will survive the energy squeeze, Powers said, but it could spell the end for some of the state's traditional blue-collar manufacturing occupations.

"They're all being wiped out in one fell swoop," he said. "Instead of eco-terrorists doing it, it's conservative Republicans."

Architects of deregulation, such as Sen. Fred Thomas, R-Stevensville, say prices should level in the long run as more power plants come on line and as Western states fine-tune their systems.

Funding Montana's Schools

Lawmakers are also scrambling this week to wrap up the state's budget, but that can't happen until they settle on funding for education, always the budget's biggest item.

Montana's K-12 schools and the state's university system are both hoping to boost their prospective budgets in the session's final round of deal making.

Facing rising costs and declining enrollments, public school officials around Montana are building budgets of their own this spring, and many are predicting cuts in teachers and programs even with the \$31 million increase lawmakers were offering late last week.

They had a glimmer of hope last week as the state's Department of Revenue announced it had fixed their computers and could now send out bills for unpaid or uncollected business taxes. The move would boost state revenues by \$17 million to \$38 million over the next two years.

Educators were quick to ask that state will spend the money on schools.

"The notion that the money isn't there is no longer true," said Eric Feaver, head of Montana's teachers union.

Lance Melton of the Montana School Boards Association also stressed education's needs. He said the proposed \$31 million increase would replace money lost to dropping enrollments but would not help with inflation.

"It's going to keep us afloat for a few years," he said. "There are districts that are going to be lambasted."

But Chuck Swysgood, Gov. Judy Martz's budget director, argued that lawmakers should set the unexpected money aside as part of a \$40 million reserve, especially with a national economic slowdown on the horizon.

Meanwhile, other vehicles for delivering extra money to schools have run out of gas.

With a veto threat from Gov. Martz hanging over their heads, lawmakers smothered a proposed increase in the state's lodging taxes. The bill would have contributed \$18 million more to schools.

However, both houses have approved a plan pushed by Secretary of State Bob Brown to direct more money from state trust mineral rights to public education. The measure could generate over \$10 million in the next two years. Even so, lawmakers have yet to find all the money they need to fund their proposed \$31 million increase, setting the stage for a last-ditch scramble.

The state's universities and colleges, meanwhile, were less than hopeful that they could improve on the \$22 million increase they're set to receive in the latest version of the budget. They had requested twice that amount.

As a result, system officials are predicting tuition increases ranging as high as 9 percent.

Changes in Tax System

Two plans to significantly alter Montana's income-tax system bit the dust Monday, victims of their own complexity and the late-session rush.

Both plans to overhaul the state income tax were previously endorsed by the House but were rejected Monday by the Senate.

One measure would have reduced income tax rates for all Montanans and closed certain tax loopholes. The other proposed replacing income taxes with a 4-percent statewide sales tax.

Critics' critics complained that there was insufficient time to consider such dramatic changes.

Some said lawmakers had no business talking about tax cuts in a year when budgets are tight, while others worried about the fairness of a sales tax and uncertainty of relying on sales-tax collections.

ENERGY BATTLE LOOMS IN LEGISLATURE'S LAST WEEK (April 15)

A solution to the state's energy crisis and final touches on the budget represent the bulk of what stands between the 57th Legislature and its plans to adjourn this week.

Late last week lawmakers compromised on one of the session's major controversies, education funding, by agreeing to pump an extra \$31 million in the Montana's K-12 schools over the next two years.

That's about half of what education officials wanted at the session's beginning, but more than twice the amount Gov. Judy Martz had recommended in her pre-session budget proposals.

Education funding and several other big-ticket spending bills could get final legislative approval Tuesday and Wednesday before heading to the governor's office. Lawmakers also have to act on a complicated piece of legislation that would change how the state funds local governments.

But much of the attention in Helena this week will focus on energy legislation.

Gov. Martz has asked the Legislature's Republican leaders to deliver package of bills designed to soften the blow of energy deregulation, which exposed many of the state's large industries to huge increases in power costs and threatens to do the same for many of the Montana's residential power customers over the next year.

In broad terms, the Republican plan relies on extending the state's control over power suppliers, despite deregulation, to offer hard-hit industrial consumers emergency low-cost energy and to ease residential customers into an expensive power market beset by short supplies.

Whether that's legal, given the Legislature's 1997 decision to eventual drop state control over energy costs and supplies, is one sticking point, as is Gov. Martz's insistence that lawmakers devise some sort of excise tax that would penalize power companies that charge more than she thinks reasonable.

The principal target of that effort, PPL Montana, is lobbying hard against such a measure, and that clash is likely to play out on the floor of both the House and Senate this week.

New laws make the books

As lawmakers wrestle with session-ending business, it's not too soon to begin looking at their achievements.

As a result of the 2001 Legislature, Montanans will soon be able to pay their taxes with credit cards and once again let their cattle roam the range without fear of lawsuits, but they'll pay dearly for passing contraband to prisoners.

Those are a few of the bills that Gov. Martz has so far signed into law.

As of late last week, more than 1,260 bills and resolutions had been introduced this session. Of those, the governor has signed 231. Another 115 were on her desk, awaiting her signature.

Many of those bills deal with weighty controversies, such as revisions to the state's landmark environmental laws. Others are more symbolic.

Joining fellow state symbols the grizzly bear, western meadowlark and the bitterroot, the Mourning Cloak butterfly received designation as Montana's official lepidopteran. Remember that if you're ever a contestant on trivia quiz show.

And if you're tempted to call that school in Dillon Western Montana College, think again. By law, the institution's new name is the University of Montana-Western.

Lawmakers at the 57th Legislature have labored over a wide array of bills since January, ranging from rules for mint farming to abolition of income taxes. Not all those of proposals have survived. In fact, of the 1,263 pieces of legislation introduced, more than 560 have been killed outright or tabled.

Some of the most consequential tax bills killed so far this session included attempts to raise taxes on lodging and tobacco products, efforts to reduce or eliminate the state income tax, and a proposal to allow local governments to enact new local taxes, with voter approval.

Meanwhile, lawmakers await Gov. Martz's decision on whether to sign legislation that would emphasize treatment over prison for habitual DUI offenders.

Also before the governor is legislation that would require broader geographical support for citizen petitions to make laws or change the Constitution through the initiative process.

Here's a rundown of bills that Gov. Martz had signed into law as of last week. By topic, the new laws will:

Crime

- Allow counties to set underage curfew rules.
- Stiffen penalties for negligent vehicular assault.

-- Stiffen penalties for persons passing contraband to prisoners and minor-in-possession.

-- Notify victims when a juvenile felon is released.

Development

-- Encourage local governments to seek easements rather than condemn property during eminent domain proceedings.

Energy

-- Modify transition dates to electricity deregulation.

Environment

-- Shorten the amount of times it takes to complete environmental impact statements for mining projects.

-- Increase pesticide and groundwater fees.

-- Limit the time allowed to for appeals of development permits.

Natural resources

-- Continue nonresident and youth deer/elk hunting licenses.

-- Expand fishing access enhancement program.

-- Allow active duty military with hunting licenses from other states to have Montana hunting privileges.

-- Increase the price of nonresident waterfowl tags.

-- Exempt ranchers from damage by livestock on highways, except in cases of gross negligence.

Health and Human Services

- Forbid cigarettes to be sold singly or in reduced pack sizes.
- Increase help for abandoned children.

Public Records

- Require street address for voter registration.
- Establish e-mail as public record.
- Protect personal information on government web sites.
- Cancel voter registration if person fails to vote.

Schools

- Allow tribal colleges to apply for adult education funds.
- Set guidelines for students leaving school for private religious instruction.

Taxes

- Allow the payment of income taxes by credit card.
- Expand tourism advertising dollars to include resort areas.

Other

-- Urge Amtrak to consider a passenger route from Spokane, Wash., to Denver via Missoula, Bozeman and Billings.

-- Release unclaimed veterans' remains for burial.

-- Change the name of Western Montana College to University of Montana-Western.

SESSION ENDS WITH ELECTRICITY 'DEAL'

(April 22)

The 57th Legislature called it quits Saturday, but left behind a simmering debate over what the session accomplished for Montanans.

Majority Republicans left town proud of their efforts to shore up spending for schools, social programs and prisons, while promoting economic development and trying to provide Montanans with a more stable -- if more expensive -- supply of energy.

They did it despite a tight budget and without raising taxes. In fact, their major disappointment was that they weren't able to cut taxes.

"We came here with no money," said Senate President Tom Beck, R-Deer Lodge.

But in passing a \$5.9 billion budget, the Republican-controlled Legislature still managed to double the amount of extra money Gov. Judy Martz had originally proposed for K-12 schools and universities, Beck said.

Republicans also gave the governor a new business development office and streamlined environmental laws to attract new development to Montana, he added.

But minority Democrats saw little good coming out of the 90-day session.

"We met, we've done our business, we passed a budget," said Senate Minority Leader Steve Doherty of Great Falls. "That's kind of it."

Doherty said Republicans did little to address the problems that face Montana and plague the state economy. They failed to prevent energy costs from rising for thousands of homes and businesses and failed to give schools enough new money to keep pace with inflation and forestall layoffs, closures and increases in tuition.

"If you were a CEO of a company why would you move to Montana?" Doherty asked. "Schools are going to close. Teachers are going to be laid off. Your power bills are going to at least double."

The Power Deal

Republican leaders admitted that efforts to solve the state's energy crisis eclipsed their pre-session hopes to do more to build the economy.

"This is not an issue that I planned to have as governor," Gov. Judy Martz told reporters.

From the session's start, lawmakers scrambled to deal with the plant closures and thousands of layoffs that followed the state's 1997 decision to drop its regulation of energy prices and supplies. That decision left key industries vulnerable to dramatic increases in energy prices, and threatened to do the same to thousands of homeowners who will enter the unregulated energy market next summer.

In response, lawmakers introduced dozens of energy-related bills. But in the end, Republicans put their weight behind schemes to re-regulate the industry and slap punitive taxes on PPL-Montana, the state's major energy supplier, if it failed to provide Montanans power at below-market rates.

The threat produced a last-minute deal by Montana Power Co. and PPL-Montana, which agreed to provide electricity at below-market rates for most MPC customers. However, the new rates, which would take effect in July of 2002 and last for the next five years, would still mean big increases in most customers' power bills.

Gov. Martz, who brokered the deal, said the typical household power bill would rise by 50 percent next year under the terms of the MPC-PPL deal, or by \$25 per month, or \$300 a year.

Given current market prices for power, that's a bargain, Martz told reporters. But she hastened to add, "We know what that means. It means a hardship."

Martz urged Montanans to conserve energy and take advantage of federal programs that help low-income households pay their power bills. In the meantime, she said she has high hopes the state will broker future power deals.

But Martz's legislative critics complained that MPC's offer was a backroom deal that still subjects consumers to the wide-open free market and does nothing to get hard-hit industries up-and-running again.

Critics also said the deal could backfire for consumers if market rates were to somehow fall during that five-year period.

"The deal stinks," said Sen. Ken Toole, D-Helena, a leading critic of deregulation.

He said Montanans face not only higher power bills but higher prices for everything they buy, from groceries to day-care.

"This is going to decimate the Montana economy," Toole said.

Although they dropped plans to re-regulate the energy industry, lawmakers did pass a series of measures designed to increase Montana's power supply by offering tax breaks to those who build new power plants and dedicate a portion of the power to Montanans.

But those measures had their critics too, including Sen. Eve Franklin, D-Great Falls, who said Republicans were far more willing to give businesses tax breaks than help average citizens.

"Mr. Murphy and Mrs. Murphy are left holding the bag because they can't count on corporate citizens to pay their taxes," Franklin said.

Republican leaders argued throughout that a "perfect storm" of coincidences -- low-water levels for hydroelectric dams, unrelenting consumer demand and chaos on the free-wheeling California markets -- created the power crunch, not deregulation.

House Speaker Dan McGee, R-Laurel, said the crisis has already prompted plans to build new power plants in Montana, plants that will boost Montana's economy in the long run. The construction will provide both jobs and secure sources of power, he added.

"The energy crisis is a crisis, but it is also an opportunity," McGee said. "Obviously there are going to be some difficult times."

The Future for Schools

Despite the additional money Republicans slated for Montana's K-12 schools and the university system, education officials left the session bracing for hard times of their own.

Sen. John Ellingson, D-Missoula, predicted some K-12 schools will close, teachers will be laid off and class sizes will increase across the state.

Meanwhile, students at Montana's colleges and universities can expect tuition to rise by at least 9 percent to make up for the money lawmakers failed to provide, he said.

That's tantamount to a tax increase, he added.

"The level of university funding is shameful," Ellingson said.

In the end, legislators agreed to add \$33 million to K-12 schools and \$21 million for higher education, but only after various schemes were applied to scrape up the additional funds.

But many GOP legislators wondered why schools need more money while enrollments are falling.

"At the same time student enrollments have dropped, faculty numbers have grown," said Senate Majority Leader Fred Thomas, R-Stevensville. "Faculty numbers need to follow student enrollments."

Rep. Ron Erickson, D-Missoula, said a tight budget was just an excuse for Republican leaders to continue to wreck the state's educational system.

"We spent \$257 million in (business) tax breaks in the last biennium," he said. "That's why we didn't have any money this time."

And a late-session shift of money from university budgets to agricultural extension programs, experiment stations and the Montana Beef Network indicates the GOP really doesn't care about education, Erickson added.

"That's the symbolic one for the whole session," he said.

But Rep. John Witt, R-Carter, a member of the House's powerful budget committee, said the "gloom-and-doom" predictions from educators became tiresome.

"We never cut anything," Witt said. "When they say it's bare bones it doesn't seem like bare bones at all."

Changes in Environmental Law

Meanwhile, the debate over the 57th Legislature's decision to "relax" or "streamline" the state's major environment laws is likely to reverberate as well.

In a bid to boost development, Republicans rewrote the Montana Environmental Policy Act to shorten the time allowed for an environmental review and prevent

environmentalists from using the review process to stall a project indefinitely. The revisions also require the state to be sensitive to the financial burdens its environmental rules could place on developers.

GOP leaders said streamlining the laws was necessary because environmentalists are hampering economic development by blocking timber sales and mining operations with frivolous lawsuits.

The state has to balance its need to protect its environment and its economy, Gov. Martz said.

"We also have to be realistic and use the things that God put in the ground," she said.

But critics said it is time to stop blaming environmentalists for the state's economic condition.

"We gutted MEPA for no reason," said Rep. Gail Gutsche, D-Missoula. "It has never cost Montana a single job."

In their rush to help developers, Republicans have limited the public's right to participate in the review of development projects, Gutsche said.

Other New Laws

The 2001 session also produced a new method of funding local governments and changed the way citizens make laws, but failed to reform the state's tax system.

Republican lawmakers attempted to cut and reform income taxes, but those efforts died amid fears over their complexity and high cost, particularly for schools.

Had the money been there, Sen. Beck said, he would have pushed to cut the top and bottom income-tax brackets.

"I'm not saying it's one of the outstanding sessions where we did tax relief, because we didn't have the revenue," Sen. Beck said.

Beck, also a former county commissioner, said he supported the "Big Bill," which revamps the way state government shares revenue with cities and counties. The Big Bill also turns over the responsibility of funding welfare programs and district courts to state government.

The Big Bill, so named for its 250-page girth, eventually passed both houses despite objections from critics who feared that local governments could find themselves at the mercy of state agencies in Helena.

Another unsung but far-reaching result of the session was the Legislature's decision to alter the initiative process. Gov. Martz is set to sign two bills that would essentially require more signatures from rural areas on citizen initiative petitions to make laws or change the state Constitution.

Instead of circulating petitions in a certain portion of legislative districts, signature-gatherers will now have to pound the pavement on a per-county basis.

Another hallmark of the 2001 session was the presence of so many freshman lawmakers, with nearly half of the House of Representatives serving for the first time.

Beck said the "newness" of House members created a lot of last-minute work for leaders who had to explain the legislative process.

In the end, most lawmakers were happy to finally escape Helena.

Beck, Doherty and McGee left the capitol for the last time as legislators. All three are being forced out of office by term limits.

Beck said he will retire from public service and go back to ranching.

Doherty said he hasn't ruled out any future political aspirations, but is curious to see if he has a law practice left.

McGee said the experience has been humbling.

"We have made errors as everybody does, but we have done our job," McGee said.

"Quite frankly, I would like to go home and see my wife."