



**ABS LEGAL**

---

ATTORNEYS AT LAW

---

---

*Mark Baker, Aidan Myhre, Shane Scanlon, Liberty Oldroyd*

# ABS Legal, PLLC

May 19, 2017

## 2017 Montana Legislative Summary



### Overview

The 65th Montana legislative session has come to a close. Out of the 1,188 proposed bills a total of 236 bills were signed into law during the Legislative session, with even more awaiting a decision by the Governor. Many of the 2017 legislative results were positive given the belt tightening priorities of the session. A budget passed both chambers that still made critical investments in Montana's economy while limiting any new spending as a result of the lower than expected revenue.

The ABS Legal team worked tirelessly to represent your interests in the Montana Legislature and we are grateful for the opportunity to work with you.

---

## Budget

The main focus of the legislative session was passing a balanced budget (HB 2) in light of lower than expected revenues. The budget allocated \$10.3 billion for 2018 and 2019 with an estimated \$208 million projected as an ending fund balance for FY19. Due to lower revenue projections for the next biennium, the budgets of most state agencies received little if any actual increase in funding over the current biennium.

The Legislature also established a budget stabilization reserve fund (SB 261) which gives authority to Governor Bullock to determine which programs and services need to be further reduced in the event of continued declining revenues.

## Infrastructure

For the last several sessions, infrastructure has been one of the most heated and debated topics.

While the Legislature approved nearly \$200 million in critical infrastructure funding for roads, bridges, and water and sewer projects mostly targeted in rural areas they failed to reach an agreement on an \$80 million bonding bill to fund additional infrastructure needs across the state. Concerns over borrowing money at a time of declining revenues and the inclusion of what Republicans felt were “non-critical” infrastructure projects such as renovations of Romney Hall on the Bozeman campus of Montana State University and the Montana Historical Society ultimately led to the bill’s defeat (SB 367). Passage of the bonding measure required a two-thirds majority vote in each chamber. While the bill did pass the Senate, it fell three votes short in the House.

The death of the infrastructure bonding bill killed any support for another piece of critical legislation that provided funding for rural water projects primarily in eastern Montana (HB 8).

## Taxes, Taxes, Taxes

For the first time in a quarter of a century, the Legislature approved a gas tax increase (HB 473). The state’s tax on gas will eventually increase by 6 cents a gallon by 2023 to 33 cents per gallon. New revenue generated from this tax increase, approximately \$27 million per year, will go directly to funding roads, bridges, and repair infrastructure projects.

In order to provide critical resources to combat invasive species, the Legislature passed SB 363 which imposes a new fee on hydroelectric facilities in Montana. SB 363 also imposes an additional fee on fishing licenses for in-state residents of \$2 and out-of-state residents of \$15. SB 363 is expected to raise a little over \$6 million per year in FY 18 and FY 19.

---

Separately, fees on motor vehicle registrations and on vehicles that cost more than \$150,000 were raised (HB 650). It is anticipated that these new fees will generate an additional \$8 million per year.

A bill (SB 333) to tax medical marijuana awaits a signature from the Governor. Under the bill, marijuana providers gross sales will be taxed at 4 percent this year and 2 percent next year. SB 333 would raise approximately \$1.3 million the first year and half of that going forward.

Several other tax-related bills were passed in the hopes of attracting businesses to move to Montana or expand in the state including HB 226 which would increase the property tax abatement for new or expanding industry and SB 359 which would provide for property tax incentives for qualified data centers. In addition, the Legislature passed SB 132 which would make permanent the property tax exemption for pollution control equipment.

## Healthcare

Health care was a major issue discussed this session. The topics included health care waivers, price transparency, air ambulance services and prescription drugs costs.

HB 652 would have enabled the Auditor's Office to obtain a waiver from the federal government to opt-out of the Affordable Care Act and create a Montana-based health insurance market. The legislation was vetoed by the Governor.

SB 362 requires transparency in health care pricing ensuring patients are made aware of how much their health insurance plans cover before they seek treatment for any particular service. SB 362 is awaiting action by the Governor.

HB 73 and SB 44 are the two principal legislative bills addressing air ambulance services. HB 73 would bring air ambulance membership programs under the regulatory authority of the Commissioner of Insurance. SB 44 would hold patients harmless for balance billing of air ambulance services. Both bills were passed by the Legislature and signed by the governor.

There will also be interim studies to look at the costs of prescription drugs in Montana (HJ 17) and rising healthcare costs (HJ 20).

Other legislation included tax credits to small business owners (SB 345) and allowing out of state insurers to sell their policies in Montana (SB 340). SB 345 was vetoed by the governor; SB 340 is awaiting action by the governor.

## Gun Laws

---

The Governor vetoed two gun law bills this session: HB 262, allowed any individual eligible to carry a firearm to do so without a permit and HB 246, allowed an individual to carry a firearm into post offices. Several other gun related bills are awaiting a decision by the Governor and also expect to be vetoed.

## Education and Child Protection

Lawmakers have approved a \$6 million pilot program to expand children's access to preschool in the state. This funding will last two years and be reassessed in the 2019 legislative session.

Another package of bills will help the state deal with the record breaking number of children that have been placed in foster care. The goal of these bills is to reduce the number of children suffering from neglect and abuse in foster homes. One of the ways lawmakers are hoping to achieve this is by including foster children in Medicaid services and require foster parents to allow their foster child to participate in age appropriate activities.

## Natural Resources

Several bills related to Colstrip were taken up during the session. Legislation was passed requiring Colstrip to submit a remediation plan and another bill allowed owners to borrow up to \$10 million a year in loans from the State of Montana to keep the plant's two older units running until 2022.

Governor Bullock also signed legislation into law requiring a population count for sage grouse.

## Kalispell Chamber of Commerce Priority Legislation

HB 076 Amend laws related to remittance of tax increment. Enacted. (support)

HB 203 Provide supplemental funding for MDT. Died in standing committee. (monitor)

HB 232 Revise laws for dual enrollment at community colleges. Enacted. (support)

HB 331 Revocation of property tax exemption for payment of excessive compensation. Died in process. (oppose)

HB 358 Revise workers compensation laws pertaining to release of information. Vetoed by governor. (support)

HB 396 Revise tax increment financing laws. Enacted. (support)

HB 408 Enhance commercial airline service. Died in standing committee. (support)

---

HB 412 Authorize municipalities to set alternate all-beverage, retail beer quotas. Died in standing committee. (monitor)

HB 430 Create exception for liquor quota system for residential senior facilities. Died in standing committee. (monitor)

HB 462 Alcohol license for community colleges for educational purposes. Enacted. (support)

HB 473 Bridge and Road Safety Accountability Act. Enacted. (support)

HB 474 Allow consumptive hours for micro-distilleries. Died in process. (support)

HB 541 Revise small brewery laws. Enacted. (support)

HB 549 Allow cities with BID/TIF districts to issue ordinances to license alcohol sales. Died in standing committee. (monitor)

HB 567 Increase lodging tax to combat invasive species. Died in standing committee. (oppose)

HJ 7 Interim study on economic impacts of outdoor recreation. Died in standing committee. (support)

SB 116 Disallowing workers' compensation benefits for certain false statements. Vetoed by governor; veto override by mail in process. (support)

SB 159 Revise laws related to community colleges and bonding. Transmitted to governor. (support)

SB 293 Revise interest payments in civil cases. Transmitted to governor. (support)

SB 328 Alcohol tax increase. Died in standing committee. (oppose)

SB 354 Revise tobacco, nicotine, and tobacco product taxes for healthcare services. Died in process. (oppose)