



MONTANA STATE SENATE

Senator Steve Fitzpatrick
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DURING THE SESSION
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Governor Greg Gianforte
Office of the Governor
State Capitol
PO Box 200201
Helena, MT 59620-0801

Dear Governor Gianforte:

As you know, the 2023 Montana Legislature concluded several weeks ago. After four months of working in Helena, our staff has been in the process of delivering bills to you for your consideration. As Republicans, I believe we can be proud of our work in the 2023 Legislative Session. We passed a comprehensive package of bills which will make Montana a better place to live, start a business, and raise a family. However, not every bill which passed the Legislature is perfect and there are some in need of revision. In particular, I believe House Bill 2 and House Bill 5 would benefit from your use of the line-item veto power to remove unnecessary and wasteful spending.

As a member of the Montana Legislature, I have always taken great pride in the fact that we do not operate like Washington, DC. Since I have been a member of the Legislature, the Legislature has generally been good about limiting the type of pork barrel politics common in Washington, DC. Both the legislative and executive branches have developed systems to ensure projects and spending requests are based upon need and not the desires of individual legislators for more spending. Unfortunately, this session, I believe the Legislature added several projects and items of spending which are unnecessary and should be removed.

House Bill 5 is the bill designed to provide funding for state government infrastructure projects. The projects contained in House Bill 5 are intended for state property and are not for local government infrastructure projects or private organizations.

When House Bill 5 came out of the Senate Finance and Claims Committee, the bill contained a number of appropriations for local government entities and private organizations which were not appropriate and should not have been included in House Bill 5. For example, the Senate Finance and Claims Committee added an appropriation of \$10 million dollars for the World Museum of Mining in Butte, a private nonprofit organization. During floor debate, the Senate removed that appropriation. However, the Senate refused to make any other changes to the bill to remove other areas of unnecessary and wasteful spending.

Although I support the vast majority of the appropriations contained in House Bill 5, I believe House Bill 5 could be substantially improved. Thus, I am writing to ask you to remove several projects contained in House Bill 5 because the projects are not for state owned property. These projects include the following:

1. Yellowstone Conservation Area in the amount of \$8 million dollars;
2. Local Park Facility Improvement Grants in the amount of \$2 million dollars; and
3. City of Columbus Water and Sewer Upgrades and Repair in the amount of \$1 million dollars.

These three projects were added in a late night session in the Senate Finance and Claims Committee. None of these projects are for state owned property and none of them were presented and vetted by the Section F subcommittee. Moreover, there is a process set up for seeking funding for the Yellowstone Conservation Area and the City of Columbus through House Bills 6, 7, and 11. If these are worthwhile projects, Yellowstone County and the City of Columbus should follow the same procedure every other local government entity follows to obtain funding through House Bills 6, 7, and 11.

In addition to the projects listed above, the Legislature also added some additional appropriations for property which are not owned by the State of Montana. Although these projects may be worthwhile, they are not appropriate in House Bill 5 and should be removed. These projects include the following:

1. Homeless Shelter Infrastructure Grants in the amount of \$5,000,000;
2. Chippewa Cree Cultural Ceremony Building Repair in the amount of \$1,000,000;
3. Chippewa Cree Language Immersion School in the amount of \$1,000,000;
4. City of Missoula Riverfront Trail in the amount of \$250,000; and
5. Lead in school drinking water remediation in the amount of \$3,700,000

Besides adding local government projects to House Bill 5, the Senate Finance and Claims Committee changed an appropriation for the Southwest Montana Veterans Home. When the House originally passed House Bill 5, the bill contained an appropriation of \$1 million dollars of state money for a sixth cottage at the Southwest Montana Veterans Home. The House wanted the remaining cost of the project (\$6 million dollars) to be paid by using funding from the federal government. However, the Senate Finance and Claims Committee decided to eliminate the

requirement for the federal match and pay for the entire cost of the project using state general fund dollars. While I have supported funding for the Southwest Montana Veterans Home in the past, I believe the primary burden for the construction of the sixth cottage should be borne by the federal government. As Sen. Glimm explained during Senate floor debate, the requirements imposed by the federal government have resulted in substantial costs to the project and have resulted in expenses which were never anticipated. Thus, I would ask you to veto the portion of House Bill 5 relating to the sixth cottage at the Southwest Montana Veterans Home.

Lastly, with respect to House Bill 5, the Senate Finance and Claims Committee added \$2 million dollars for a train depot in Miles City. When I initially heard about this project, I thought the project should be removed. However, it is my understanding the Montana Department of Fish, Wildlife, and Parks has been actively engaged in the project prior to the session. Thus, I believe it would be appropriate to keep this project in House Bill 5.

Next, I would like to turn to House Bill 2. For the most part, I believe our Finance and Appropriations teams have done an excellent job preparing a fiscally responsible budget for the State of Montana. However, House Bill 2 could be improved with a few line-item vetoes. In particular, there are multiple items in the Section C budget which I believe should be removed. These items include the following:

1. Department of Fish, Wildlife, and Parks, Page C1, Item 5.a. – Fishing Access, Weed Control, and Riparian Habitat (\$150,000 in both Fiscal 2024 and Fiscal 2025);
2. Department of Fish, Wildlife, and Parks, Page C1, Item 5.b. – Fishing and Water Access Sites (\$200,000 in both Fiscal 2024 and Fiscal 2025);
3. Department of Fish, Wildlife, and Parks, Page C1, Item 7.b. – Instream Flow (\$100,000 in both Fiscal 2024 and Fiscal 2025);
4. Department of Fish, Wildlife, and Parks, Page C1, Item 7.c. – Angling Economic Impact Analysis (\$100,000 in both Fiscal 2024 and Fiscal 2025);

It is my understanding the funding for items 5.a., 5.b., and 7.b. is already included in the Department's base budget. Thus, the appropriations contained in these items are unnecessary. With regard to the study identified in item 7.c., I do not believe such a study is necessary. There are plenty of organizations capable of determining the economic impact of fishing in the State of Montana and many have already done so. Thus, the State of Montana does not need to perform this study. Moreover, if the Department wishes to conduct such a study, the Department has the ability to do so within the scope of its current budget.

The other item I would request that you remove from the Section C budget is the weather modification appropriation contained in the Department of Natural Resources and Conservation's budget on Page C6, Item 1.b. While the idea of weather modification is certainly an interesting

idea, there has been years of study of this topic and I do not believe the proposed study will be a worthwhile use of taxpayer money.

The last area I would ask you to consider using your line-item veto authority on is with the additional provider rate increases added in the Senate. These appropriations are contained on Page B2, Lines 10.a., 11.b., and 14.a. of the Department of Public Health and Human Services' budget. It is my understanding that in the Section B subcommittee, the subcommittee increased the appropriation from your proposed budget for provider rates to 97% of the benchmark in 2025. It is my understanding the amounts added in the Senate bring the rates close to 100% of the benchmark.

While I believe most legislators wish to have something close to the benchmark for provider rates, I am concerned there is a misunderstanding of what the benchmark numbers actually mean. It is my understanding the benchmarks are calculated as an average cost and are not weighted by utilization. In addition, the benchmark numbers may include providers which do not operate efficiently and thus have higher operating costs than necessary. By increasing the provider rate reimbursement to 100%, the State of Montana could actually be overpaying for services. In addition, there are no requirements in the provider rate increases contained in House Bill 2 that the providers actually offer higher wages to employees or better benefits.

Given these factors, I believe the most appropriate thing would be to defer to the Section B subcommittee. The Section B subcommittee listened to many hours of testimony and made a decision to establish the provider rate reimbursement rate at 97%. I see no reason to question the judgment of the Section B subcommittee. Thus, I would request you line-item veto the provider rate increases added in the Senate.

I would like to finish by noting this list is not an exhaustive list and there also may be other items in House Bill 2 and House Bill 5 worthy of consideration for a line-item veto.

Although I have identified several areas where I believe line item vetoes are appropriate, I want to thank the House Appropriations Committee and Senate Finance and Claims Committee for their work this session. Serving on these committees takes an immense amount of time and work. However, as I mentioned before, not every bill is perfect. The drafters of the Montana Constitution understood the importance and having a check and a balance in our system of government. That is why the drafters of the Montana Constitution gave you the power to veto items in appropriations bills. Thus, I would ask you to remove the items I have listed in this letter.

Thank you for your consideration of these matters. Please let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Fitzpatrick". The signature is fluid and cursive, with the first letter of the first name being a large, stylized 'S'.

Sen. Steve Fitzpatrick

cc: Sen. John Esp
Rep. Llew Jones
Rep. Mike Hopkins
Budget Director Ryan Osmundson
Legislative Liaison Mark Blasdel