

To: Montana State Library Commission
From: Karen Strege
Re: Legislative report
Date: February 11, 2003

General Fund: MSL's budget hearing was held on January 7 and the Joint Appropriations Subcommittee on Education took executive action on January 10. We had a good hearing with much support for the library community. The Committee approved the budget as revised on the first day of the session, which reverted all state agencies budgets to the 2000 Fiscal Year adjusted base. The Committee did not approve a restoration of the Governor's budget for the State Library.

During the executive action the committee approved a bill, subsequently number HB 491, to allow natural resource projects from the state library to receive Treasure State Endowment Program funding. Current law limits these grants to infrastructure projects approved for cities and counties.

The hearing on HB 491 was in front of House Appropriations Committee on Monday, February 10. The State Library and the MLA supported the proposal and the League of Mt. Cities and Town and the Rural Water Association opposed it. The committee debated the merits of the bill and will take action tomorrow afternoon. The sponsor, Representative Donald Hedges, who is chair of our appropriations sub-committee drafted an amendment to the bill that would allow TSEP funds to support the digital library program.

Coal Tax: The Appropriations Committee heard HB 177, which would have diverted one-half of our coal-tax funding to the general fund, on January 11, 2003. Library supporters opposed the bill. Rumor has it that HB 177 will not pass and on February 11, the Joint Appropriations Subcommittee on Education added language to our budget that allows the Commission to use our full allocation from the coal-severance tax for FY 2004-2005, if HB 177 does not pass.

Bottom Line: As of today, we **may** receive our full request for Coal Tax funding. These funds are currently used to pay more than half, \$117,000 of the periodical database, for \$97,200 for federations, and \$69,500 for library materials. The general fund picture is much more gloomy. We are currently 1.25 million dollars below our 02-03 levels. If the funding is not restored, the majority of funds for local library aid will be eliminated as well as funding for positions at the state library.