

1 HOUSE BILL NO. 118

2 INTRODUCED BY V. RICCI

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING THE MONTANA STATE FUND FROM CERTAIN
5 LAWS PERTAINING TO GOVERNMENT AGENCIES; EXEMPTING THE MONTANA STATE FUND FROM
6 THE MONTANA INFORMATION TECHNOLOGY ACT; EXEMPTING THE MONTANA STATE FUND FROM
7 THE MONTANA PROCUREMENT ACT; AND AMENDING SECTIONS 2-17-506, 2-17-516, 18-4-123, 18-4-
8 132, AND 39-71-2315, MCA."

9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11

12 **Section 1.** Section 2-17-506, MCA, is amended to read:

13 **"2-17-506. Definitions.** In this part, unless the context requires otherwise, the following definitions
14 apply:

15 (1) "Board" means the information technology board established in 2-15-1021.

16 (2) "Central computer center" means any stand-alone or shared computer and associated equipment,
17 software, facilities, and services administered by the department for use by state agencies.

18 (3) "Chief information officer" means a person appointed by the director of the department to carry out
19 the duties and responsibilities of the department relating to information technology.

20 (4) "Data" means any information stored on information technology resources.

21 (5) "Department" means the department of administration established in 2-15-1001.

22 (6) "Electronic access system" means a system capable of making data accessible by means of an
23 information technology facility in a voice, video, or electronic data form, including but not limited to the internet.

24 (7) "Information technology" means hardware, software, and associated services and infrastructure
25 used to store or transmit information in any form, including voice, video, and electronic data.

26 (8) "Long-range information technology capital project" means a discrete long-range information
27 technology system or application, including the replacement or upgrade to existing systems.

28 (9) "Private safety agency" has the same meaning as provided in 10-4-101.

- 1 (10) "Public safety agency" has the same meaning as provided in 10-4-101.
- 2 (11) (a) "State agency" means any entity of the executive branch, including the university system.
- 3 (b) The term does not include the state compensation insurance fund provided for in 39-71-2313.
- 4 (12) "Statewide telecommunications network" means any telecommunications facilities, circuits,
- 5 equipment, software, and associated contracted services administered by the department for the transmission
- 6 of voice, video, or electronic data from one device to another."

7

8 **Section 2.** Section 2-17-516, MCA, is amended to read:

9 **"2-17-516. Exemptions -- university system -- office of public instruction -- national guard --**

10 **state fund.** (1) Unless the proposed activities would detrimentally affect the operation of the central computer

11 center or the statewide telecommunications network, the office of public instruction is exempt from 2-17-

12 512(1)(k) and (1)(l).

13 (2) Unless the proposed activities would detrimentally affect the operation of the central computer

14 center or the statewide telecommunications network, the university system is exempt from:

- 15 (a) the enforcement provisions of 2-17-512(1)(d) and (1)(e) and 2-17-514;
- 16 (b) the approval provisions of 2-17-512(1)(f), 2-17-523, and 2-17-527;
- 17 (c) the budget approval provisions of 2-17-512(1)(g); and
- 18 (d) the provisions of 2-17-512(1)(k) and (1)(l).

19 (3) The department, upon notification of proposed activities by the university system or the office of

20 public instruction, shall determine if the central computer center or the statewide telecommunications network

21 would be detrimentally affected by the proposed activity.

22 (4) For purposes of this section, a proposed activity affects the operation of the central computer

23 center or the statewide telecommunications network if it detrimentally affects the processing workload,

24 reliability, cost of providing service, or support service requirements of the central computer center or the

25 statewide telecommunications network.

26 (5) When reviewing proposed activities of the university system, the department shall consider and

27 make reasonable allowances for the unique educational needs and characteristics and the welfare of the

28 university system as determined by the board of regents.

1 (6) When reviewing proposed activities of the office of public instruction, the department shall
2 consider and make reasonable allowances for the unique educational needs and characteristics of the office of
3 public instruction to communicate and share data with school districts.

4 (7) Section 2-17-512(1)(u) may not be construed to prohibit the university system from accepting
5 federal funds or gifts, grants, or donations related to information technology or telecommunications.

6 (8) The national guard, as defined in 10-1-101(3), is exempt from 2-17-512.

7 (9) The state compensation insurance fund provided for in 39-71-2313 is exempt from this part.
8

9 **Section 3.** Section 18-4-123, MCA, is amended to read:

10 **"18-4-123. Definitions.** In this chapter, unless the context clearly requires otherwise or a different
11 meaning is prescribed for a particular section, the following definitions apply:

12 (1) "Business" means a corporation, partnership, individual, sole proprietorship, joint-stock company,
13 joint venture, or other private legal entity.

14 (2) "Change order" means a written order, signed by an authorized department representative,
15 directing the contractor to make changes that the changes clause of the contract authorizes the department to
16 order without the consent of the contractor.

17 (3) "Contract" means all types of state agreements, regardless of what they may be called, for the
18 procurement or disposal of supplies or services.

19 (4) "Contract modification" means a written alteration in specifications, delivery point, rate of delivery,
20 period of performance, price, quantity, or other provisions of a contract accomplished by mutual action of the
21 parties to the contract.

22 (5) "Contractor" means a person having a contract with a governmental body.

23 (6) "Data" means recorded information, regardless of form or characteristic.

24 (7) "Department" means the department of administration.

25 (8) "Designee" means an authorized representative of a person holding a superior position.

26 (9) "Director" means the director of the department of administration.

27 (10) "Employee" means an individual drawing a salary from a governmental body, whether elected or
28 not, and any noncompensated individual performing personal services for a governmental body.

1 (11) (a) "Governmental body" means a department, commission, council, board, bureau, committee,
2 institution, legislative body, agency, government corporation, or other entity, instrumentality, or official of the
3 executive, legislative, or judicial branch of this state, including the board of regents and the Montana university
4 system.

5 (b) The term does not include the state compensation insurance fund provided for in 39-71-2313.

6 (12) (a) "Grant" means the furnishing by the federal government of assistance, whether financial or
7 otherwise, to a person or agency to support a program authorized by law.

8 (b) Grant does not include an award whose primary purpose is to procure an end product, whether in
9 the form of supplies or services. A contract resulting from an award is not a grant but a procurement contract.

10 (13) "Person" means any business, individual, union, committee, club, other organization, or group of
11 individuals.

12 (14) (a) "Printing" means the reproduction of an image from a printing surface generally made by a
13 contact impression that causes a transfer of ink or the reproduction of an impression by a photographic process
14 and includes graphic arts, typesetting, binding, and other operations necessary to produce a finished printed
15 product.

16 (b) Printing does not include rebinding or repair by a library or an office, department, board, or
17 commission of books, journals, pamphlets, magazines, and literary articles held as a part of its library collection.

18 (15) (a) "Procurement" means acquisition with or without cost, buying, purchasing, renting, leasing, or
19 otherwise acquiring any supplies or services. The term includes all functions that pertain to the obtaining of any
20 supply or service, including description of requirements, selection and solicitation of sources, preparation and
21 award of contract, and all phases of contract administration.

22 (b) Procurement does not include the acquiring of supplies or services by gift.

23 (16) "Procurement officer" means any person authorized to enter into and administer contracts and
24 make written determinations with respect to contracts. The term includes an authorized representative acting
25 within the limits of the representative's authority.

26 (17) "Purchasing agency" means any governmental body, other than the department, that is authorized
27 by this chapter or its implementing rules or by way of delegation from the director to enter into contracts.

28 (18) (a) "Services" means the furnishing of labor, time, or effort by a contractor.

1 (b) Services does not include employment agreements or collective bargaining agreements, the
2 provision of human services administered by the department of public health and human services, or services
3 related to construction contracts.

4 (19) "Supplies" means all property except as otherwise provided by law, including but not limited to
5 equipment, materials, printing, and commodities, and excluding land or any interest in land.

6 (20) "Using agency" means any governmental body of the state that uses any supplies or services
7 procured under this chapter.

8 (21) "Vendor" means a person who offers or may offer supplies or services to a public agency."
9

10 **Section 4.** Section 18-4-132, MCA, is amended to read:

11 **"18-4-132. Application.** (1) This chapter applies to:

12 (a) the expenditure of public funds irrespective of their source, including federal assistance money, by
13 this state acting through a governmental body under any contract, except a contract exempted from this chapter
14 by this section or by another statute;

15 (b) a procurement of supplies or services that is at no cost to the state and from which income may be
16 derived by the vendor and to a procurement of supplies or services from which income or a more advantageous
17 business position may be derived by the state; and

18 (c) the disposal of state supplies.

19 (2) This chapter or rules adopted pursuant to this chapter do not prevent any governmental body or
20 political subdivision from complying with the terms and conditions of any grant, gift, bequest, or cooperative
21 agreement.

22 (3) This chapter does not apply to:

23 (a) either grants or contracts between the state and its political subdivisions or other governments,
24 except as provided in part 4;

25 (b) construction contracts;

26 (c) expenditures of or the authorized sale or disposal of equipment purchased with money raised by
27 student activity fees designated for use by the student associations of the university system;

28 (d) contracts entered into by the Montana state lottery that have an aggregate value of less than

1 \$250,000;

2 (e) contracts entered into by the state compensation insurance fund ~~to procure insurance-related~~
3 ~~services~~;

4 (f) employment of:

5 (i) a registered professional engineer, surveyor, real estate appraiser, or registered architect;

6 (ii) a physician, dentist, pharmacist, or other medical, dental, or health care provider;

7 (iii) an expert witness hired for use in litigation, a hearings officer hired in rulemaking and contested
8 case proceedings under the Montana Administrative Procedure Act, or an attorney as specified by executive
9 order of the governor;

10 (iv) consulting actuaries;

11 (v) a private consultant employed by the student associations of the university system with money
12 raised from student activity fees designated for use by those student associations;

13 (vi) a private consultant employed by the Montana state lottery;

14 (vii) a private investigator licensed by any jurisdiction;

15 (viii) a claims adjuster; or

16 (ix) a court reporter appointed as an independent contractor under 3-5-601;

17 (g) electrical energy purchase contracts by the university of Montana or Montana state university, as
18 defined in 20-25-201. Any savings accrued by the university of Montana or Montana state university in the
19 purchase or acquisition of energy must be retained by the board of regents of higher education for university
20 allocation and expenditure.

21 (h) the purchase or commission of art for a museum or public display;

22 (i) contracting under 47-1-121 of the Montana Public Defender Act;

23 (j) contracting under Title 90, chapter 4, part 11; or

24 (k) contracting under Title 90, chapter 14, part 1, when the total contract value is \$12,501 or less.

25 (4) (a) Food products produced in Montana may be procured by either standard procurement
26 procedures or by direct purchase. Montana-produced food products may be procured by direct purchase when:

27 (i) the quality of available Montana-produced food products is substantially equivalent to the quality of
28 similar food products produced outside the state;

1 (ii) a vendor is able to supply Montana-produced food products in sufficient quantity; and
2 (iii) a bid for Montana-produced food products either does not exceed or reasonably exceeds the
3 lowest bid or price quoted for similar food products produced outside the state. A bid reasonably exceeds the
4 lowest bid or price quoted when, in the discretion of the person charged by law with the duty to purchase food
5 products for a governmental body, the higher bid is reasonable and capable of being paid out of that
6 governmental body's existing budget without any further supplemental or additional appropriation.

7 (b) The department shall adopt any rules necessary to administer the optional procurement exception
8 established in this subsection (4).

9 (5) As used in this section, the following definitions apply:

10 (a) "Food" means articles normally used by humans as food or drink, including articles used for
11 components of articles normally used by humans as food or drink.

12 (b) "Produced" means planted, cultivated, grown, harvested, raised, collected, processed, or
13 manufactured."
14

15 **Section 5.** Section 39-71-2315, MCA, is amended to read:

16 **"39-71-2315. Management of state fund -- powers and duties of board -- business plan**

17 **required.** (1) The management and control of the state fund is vested in the board, subject to the statutory
18 limitations imposed by this part.

19 (2) The board is vested with full power, authority, and jurisdiction over the state fund except that the
20 board may not dissolve or liquidate the state fund. To fulfill the objectives and intent of this part, the board may
21 perform all acts necessary or convenient in the exercise of any power, authority, or jurisdiction over the
22 administration of the state fund or in connection with the insurance business to be carried on under the
23 provisions of this part, as fully and completely as the governing body of a private mutual insurance carrier and
24 subject to the regulatory authority of the insurance commissioner in Title 33, except as provided in 33-1-115
25 and 39-71-2375.

26 (3) Neither the board, the state fund, nor the executive director may issue bonds on behalf of the state
27 fund.

28 (4) (a) The board shall adopt a business plan no later than December 31 for the next fiscal year.

1 (b) At a minimum, the plan must include:

2 (i) specific goals for the fiscal year for financial performance. The standard for measurement of
3 financial performances must include an evaluation of premium to surplus.

4 (ii) specific goals for the fiscal year for operating performance. Goals must include but not be limited to
5 specific performance standards for staff in the area of senior management, underwriting, and claims
6 administration. Goals must, in general, maximize efficiency, economy, and equity as allowed by law.

7 (5) The business plan must be available upon request to the general public for a fee not to exceed the
8 actual cost of publication. However, performance goals relating to a specific employment position are
9 confidential and not available to the public.

10 (6) No sooner than January 1 or later than March 31, the board shall convene a public meeting to
11 review the performance of the state fund, using the business plan for comparison of all the established goals
12 and targets. The board shall publish, by May 30 of each year, a report of the state fund's actual performance as
13 compared to the business plan.

14 (7) The state fund board of directors shall establish in-house guidelines for procurement of insurance-
15 related services and shall include guidelines for the solicitation of submissions of information regarding
16 insurance-related services from more than one vendor. The board may include guidelines for the circumstances
17 when business necessity or expedience may preclude the solicitation of submissions from more than one
18 vendor. ~~The board may also include in the guidelines the exemptions to the procurement process in 18-4-132."~~

19
20 NEW SECTION. Section 6. Severability. If a part of [this act] is invalid, all valid parts that are
21 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,
22 the part remains in effect in all valid applications that are severable from the invalid applications.

23 - END -