

FIFTY-NINTH STATE OF WYOMING LEGISLATURE

2008 JOINT SESSION

STATE OF THE STATE ADDRESS

FEBRUARY 11, 2008

## P R O C E E D I N G S

(Fifty-ninth State of Wyoming Legislature,  
2008 Joint Session, Wyoming House of  
Representatives Chamber, convened  
10:00 a.m., February 11, 2008.)

MR. PRESIDENT: The Joint Session of the  
59th Wyoming Legislature Budget Session will please  
come to order.

Senator Nicholas and Representatives Simpson  
and Martin will please escort the Governor, Dave  
Freudenthal, and his daughter, Katie Freudenthal, into  
this joint session. The body will be at ease until  
the sound of the gavel.

The Joint Session will now come to order.

MR. SPEAKER: Mr. President,  
Mr. Speaker, it is my pleasure to announce the  
following guests.

The Honorable Clarence A. Brimmer, United  
States District Judge for the District of Wyoming,  
escorted by Senator Ross and Representatives Olsen and  
Floyd Esquibel.

The Honorable Alan B. Johnson, United States  
District Judge for the District of Wyoming, escorted  
by Senator Aullman and Representatives Brown and  
Warren.

The Honorable James Burke, Justice of the Wyoming Supreme Court, escorted by Senator Fecht and Representatives Bagby and Steward.

The Honorable Marilyn Kite, Justice of the Wyoming Supreme Court, escorted by Senator Perkins and Representatives Gingery and Jorgensen.

The Honorable William Hill, Justice of the Wyoming Supreme Court, escorted by Senator Mockler and Representatives Miller and Goggles.

The Honorable Michael Golden, Justice of the Wyoming Supreme Court, escorted by Senator Sessions and Representatives Shepperson and Gilmore.

The Honorable Jim McBride, State Superintendent of Public Instruction, escorted by Senator Coe and Representatives Davison and Craft.

Seated with dignitaries is Sharon Garland, representing the Honorable Joe Meyer, State Treasurer.

The Honorable Rita Meyer, State Auditor, escorted by Senator Case and Representatives Semlek and Diercks.

The Honorable Max Maxfield, Secretary of State, escorted by Senator Burns and Representatives Dan Zwonitzer and Meyer.

The Honorable Barton Voight, Chief Justice of the Supreme Court of Wyoming, escorted by Senator

Job and Representatives Quarberg and Hammons.

His Excellency, the Governor of the State of Wyoming, Dave Freudenthal, and his daughter, Katie Freudenthal, escorted by Senator Nicholas and Representatives Simpson and Martin.

I would like to invite Dr. Thomas Cronkleton to give us the invocation.

FATHER CRONKLETON: Let us pray.

The Almighty and Eternal God, Ruler and Creator of the universe, when you made human beings, you gave us dominion over all of creation and a sharing in your power of governance.

As we begin the budget session of the 59th Wyoming Legislature, we ask that you pour forth your abundant grace and blessing upon our Governor, the Secretary of State, the Auditor, the Treasurer, the Superintendent of Public Instruction, the members of the Judiciary, and the members of the House and Senate and all their support staff. Grant them a portion of your Holy Spirit as you did to King David, so that they may be endowed with knowledge, wisdom, understanding and prudence.

As King Solomon brought justice and prosperity to your people, grant that our leaders may do the same. Help them to work for the common good of

the people of this great state of Wyoming and let them have a special concern for the poor and the most disadvantaged in our land.

We ask this in all things, in your holy name. Amen.

MR. PRESIDENT: Members of the 59th Legislature, distinguished guests, ladies and gentlemen, I present His Excellency, the Governor of the State of Wyoming, Governor Dave Freudenthal.

GOVERNOR FREUDENTHAL: Thank you. Thank you. Please be seated. Thank you. Thank you. Please.

Mr. President, Mr. Speaker, members of the 59th Legislature, thank you for this opportunity to appear here today. I convey my greetings and those of my bride who is not with me today. She is attending a First Lady's Conference in Washington, D.C., with regard to the program to keep young people free of alcohol.

I will tell you that she did not begin this effort on an auspicious note. As she left for D.C. yesterday, I suggested to her that she was going to miss my speech, whereupon she opined that she had heard about all she needed to hear from me, a sentiment that some of you may share, but I appreciate

the courtesy of your being here.

I am not without familial support. I am joined today by my daughter Katie who is a, unfortunately, a student at Colorado State University, a university that, I might say, is not nearly as generously supported by its legislature as you support our university.

(Applause.)

I would like to recognize some folks who are with us today. We have with us, on my upper right, military department head and Wyoming Adjutant General Major General Ed Wright.

He is joined by the Director of the Veterans -- go ahead, let her rip.

(Applause.)

He is joined by the Director of the Veterans Commission, Retired Colonel Larry Barttlebort. Larry.

(Applause.)

If you would hold your applause for just a moment, I want to talk about Captain Nissen. She is here today. She is the commander of the 10-41st Engineering Company. There were 169 Wyoming soldiers from 41 Wyoming communities. They performed convoy security and over 700 missions in Tikrit, Iraq, and they performed last October. We received word

yesterday that they have been nominated for and will receive the Meritorious Unit Citation. It has been approved by all military commanders in the field, including General Pettraeus.

This is an award which should not be taken lightly. It means that this unit performed significantly above the level of other similar units in similar missions. Individuals within this unit earned numerous awards, including at least 36 Bronze Stars and 36 Purple Hearts.

Without starting an historical battle in Wyoming, it is my understanding that they are very close to becoming the most decorated unit in Wyoming National Guard history since the 2/300th Artillery served in Korea.

Captain, please rise and accept acknowledgment.

(Applause.)

We are also joined by members of the Shoshone Business Council. The Arapahoe Business Council planned to be here, but thanks to the traffic and some accidents, none of which involved the Council, they are unable to be here today. But our friends, the Shoshone Business Council, are represented here today by our friend, Mr. Floyd

Phillips. Floyd.

(Applause.)

As you know, we gather here today with some change in our membership. Part of that necessitated by the passage of Senator Bob Peck and by Senator Craig Thomas who was a former member of this body. We will miss them.

We also miss Representative Tom Walsh who resigned due to his illness, and he was a great friend of the military and a great friend of Wyoming and we wish him well

Representative Liz Gentile resigned due to a career change.

On a positive note, we welcome new members Representatives Tim Stubson and Mary Hales and Senators Bill Landen and my good friend Eli Bebout. Welcome.

(Applause.)

I would encourage the new members not to confuse their warmth of reception for the fact that they're going to vote with you, but my experience is that the reception is always pretty warm, but the votes are a little thin and hard to get.

We arrive here today at a remarkable time in the state's history. Those of you who recall the

election of 1986, we had a gubernatorial candidate withdraw from the race, announcing that he had no intention of being the governor of Wyoming and provide -- and preside over an economic wasteland.

In 2002 the trick question in every campaign forum was which tax are you going to increase, to build schools and to build a new prison?

My, how times have changed. We arrive here midway through a remarkable period of abundance in Wyoming. The gross state product has doubled in the last ten years. Our unemployment rate remains remarkably low, and in fact, we confront a workers shortage.

The subprime mortgage crisis, at least according to a recent publication from the Kansas Federal Reserve, has by and large passed over Wyoming. In fact, they refer to the fact that Wyoming's remarkably low foreclosure rate brings down the average for the entire region.

The projected general fund and budget reserve account balances for the fiscal year -- projected for fiscal year 2009 are actually double the revenues that were available in 2003.

We have a budget document originally recommended by the executive branch, adopted by the

Appropriations Committee which will be presented to you which under most any definition is a generous and abundant budget. Not everyone agrees with that and I'm sure that you're hearing from them. But I want to commend the Joint Appropriations Committee, and particularly the chairman. They listened for many weeks to the same presentations that I had heard for months. They heard the same information. They looked at the analysis of the budgets, and, to some degree, the pleas for funding were more refined when they arrived at the Appropriations Committee. Once I had rejected them, they went back and created new arguments on their behalf, the behalf of the agency and on behalf of the interest group.

While there are some differences between the budget that I recommended and the budget adopted by the committee, it is, by and large, differences that reflect changes of degrees on the points of the compass and not vast changes in direction for the state. And that is as it should be, not because -- I know everybody is sensitive about who gets credit for stuff so I want to make clear at the outset -- it is not that the budget from the executive branch was not necessarily brilliant, although it was.

The fact of the matter is that the budget

essentially follows the contours of our state, it follows the contours of our economy, it follows the contours of our people and it follows the contours of the available revenues. It reflects the commitment to continue many of the programs that have been adopted by this body and signed by me in the last few years, but it does not expand and create a great deal of new programs. It is fundamentally a budget that recognizes and continues the wisdom of past decisions.

However, we continue to hear the discussion about budget cuts and the draconian reductions that were made. I would caution you that there is not a single budget that has been cut. What does exist is that there are a number of requests that were not granted in full. No one got a hundred percent of what they wanted. For them, that's a cut. From my point of view, it is still a pretty generous budget.

However, I suspect that you have some of the same conversations I do. The citizens with interest groups who come in. First of all, they decry the size of the state budget, talk about spending, and then that's the initiation of the conversation. The closing part of the conversation is, "But we need money for this other program," or, "We need this one added to," or, "We need it funded."

I believe we have to resist those temptations. Although we are all in politics, and I understand that it is a difficult business, we have to recognize that while the talisman of politics may be not what have you done for me, but what have you done for me lately, what we need to recognize is we have done a great deal on the expenditure side for this state over the last few years and I believe it is appropriate. We have more than enough funding to build upon what we have done in the past. We lack the funding and we lack a real purpose in expanding on it a great deal.

We have done remarkable things with the abundance that this state has enjoyed. We have for the first time probably in 20 years been able to increase the savings rate on behalf of the citizens of the state. We increased the savings rate to 40 cents of every severance tax dollar that arrives in Wyoming goes into the current mineral trust fund, a rate the state has not seen for, I would certainly say, for 20 years, a rate which we can be proud of.

Because of the growth in the economy, we have made much greater investments in roads, cities and towns and in the infrastructure of the state.

When it comes to education, no state can

match Wyoming's dedication and funding for education. Whether it is K through 12, the community colleges or the university, we have much to be proud of and much to be confident in in terms of the future.

We have also adopted an ethic of stewardship and that stewardship finds its voice in the investments in the environmental protection area and in the enhancement and preservation of the wildlife habitat.

And while we've had our disagreements with regard to human services, I think in sum it is safe to say that we have had a practical compassion which has caused us to significantly increase and to guide our investments in the human services area.

We are at a different point today. We are at a point where the abundance we enjoy requires discipline. We have to exercise a discipline which in the past we did not feel obligated to do. We spent the past years addressing the deficit of several decades of no funding. We have built buildings. We want schools. We built the university. We have added money to roads. We are at a stage now where we need to continue those efforts, but we need to have discipline about how we proceed.

We need to have the discipline to recognize

that even with this abundance we cannot and should not fund every request that comes before us. We have to have the discipline -- and this one I pray that you will hear -- we have to have the discipline to reduce the increases in the standard budget. When you go to add things to the budget, please do it on the basis that it is not a continuing appropriation. Give us a chance to review next year whether it was the right thing to put into the budget. There are things that need to be done. I'm sure there are things that we left out. But if you stick it in the standard budget, it becomes the baseline, not only for this governor, but for every governor to come forward.

We also have to have a discipline in our expenditures to respect that the marketplace for energy is changing. We must have the discipline to recognize that new technologies and new efforts must be promoted by the state. We also must have the discipline to recognize that we need to increase the efficiency with which we use energy. The cost of energy is going to go up and will continue to rise. There will be some ups and downs, but the cost of energy is going to go up. We as government elected officials pay the cost. Just as people talk about their home heating bills going up, so do the state's

and so do the local government's, and we need to become cognizant that the best way to control those operating expenses going forward is to become more efficient about the use of energy.

We also have to have the discipline to respect and facilitate the work of local governments, including cities, towns, counties and special districts. We often focus only upon that which the State does, but one of the largest functions of the State, and particularly the legislature, is the transfer of wealth from the state coffers to the local governments and there for them to utilize to perform the basic services of the state

And lastly, we have to have the discipline to take seriously our stewardship obligation to this earth, and more particularly to Wyoming.

I want to talk first about energy demand. As all of you know, the demand for energy and the change in prices has been a generous benefactor to this state. While we all know that energy demand in the United States and worldwide will continue to rise, it is not without its clouds. On a Btu basis alone, the state of Wyoming contributes 10 percent of all of the energy consumed in the United States. 10 percent. If you focus solely on domestic energy sources,

Wyoming accounts for 15 percent of the energy consumed in this country. A bright future in a country that is destined to increase its energy utilization.

But it is not without some problems. If this current recession is to deepen or were to deepen, you would find a softening of the energy prices and you would have a down-dip. I would advise us to stay within the context of the rather conservative estimates that the CREG Group has generated with regard to revenue.

If you look at each of our resources in Wyoming, whether it is wind, uranium, oil, gas, coal, each of those faces some particular challenges going forward. For instance, with wind, a resource we're all very acutely familiar with this year, particularly anybody who comes down I-80, we understand that Wyoming has among the most remarkable wind resources in the entire United States. When you look at maps we've created with regard to wind resources, Wyoming has about seven areas that are just remarkable. There is a great deal of interest in the development of that wind resource.

Unfortunately, for us to do that, we have to continue our efforts to make sure the transmission lines get built. I encourage you to continue to

support the efforts of the Infrastructure Authority. I know that our office spends an immense amount of time working on various federal land plans to try to make sure that there are some corridors remaining for us to ship this energy out. It is not unreasonable to think of Wyoming as generating 6 or 8,000 megawatts of electricity from wind resources. Easy goal for us to reach. However, we have to get the transmission lines built.

And coal, as most of you know, faces a series of transitions over the next couple decades. The most difficult of those is adapting to a carbon-constrained environment. Last month in his State of the Union, the President committed this nation to strengthening energy security and confronting global climate change. This policy has significant implications for energy states such as Wyoming, and particularly those states who produce coal.

Many of the states around us and throughout the United States have developed their own carbon constraints with regard to the energy marketplace, constraints which imply and set a bar as to the kind of energy they're going to accept, particularly coal-fired electricity. But perhaps most important is

the fact that the financial markets, most recently three of the largest financial institutions in the country, have restricted their willingness to fund and to underwrite the construction of coal-fired electric generating facilities unless those facilities have accounted for the costs associated with carbon capture and carbon management.

And when you figure that the boys with the money set the rules, they have now set the rules. And those rules include a vigorous attention to carbon capture and carbon sequestration. And so there are actions in front of you that are perhaps among the most important the Wyoming legislature has confronted in many decades.

First off, I would encourage you to favorably consider two bills being offered by the Judiciary Committee with regard to carbon capture and carbon sequestration. These are bills that the committee has worked very hard on. I'm very proud of the work that they have done and I believe it will place Wyoming in the vanguard of carbon management

And it is appropriate that we be there. We are a state who is an immense producer of fossil fuels. We should also be a leader in the management of carbon and carbon sequestration. The measures are

not without controversy, but I would urge their favorable adoption. The committee worked very hard, and I believe that given rise to legislation which is sufficiently narrow, that it should be passed.

Secondly, we are asking for a significant contribution out of the Abandoned Mine Land money account. After taking 30 million off the top to continue our ongoing reclamation efforts, we are asking that the remainder of it be allocated to carbon capture, carbon sequestration efforts, development of clean coal and advancement of the School of Energy Resources.

Most prominent among those is an agreement which we have -- tentative agreement which we have struck with General Electric which is for them to be a partner with the University of Wyoming and with the State of Wyoming in the development of coal conversion technologies and in the development of carbon capture and in the development of sequestration. These are significant efforts and ones that I hope you will support.

It is a remarkable opportunity for Wyoming and its university to be able to partner with one of the largest if not the largest company in the world working on coal gasification, coal conversion and coal

technologies. It is going to be interesting if we can put this together. The question is going to be whether we can develop the leadership at the university to be a good partner with General Electric in the evolution of this effort. I hope that you will look on the \$20 million request for what it is, which is it is a down payment on the future of this state and a down payment on the future of the coal industry in Wyoming.

As we go forward, you will see an effort within that context of the Abandoned Mine Lands money by other people to attract it to many other worthy purposes in the state. There are lots of other great things that didn't get funded. I didn't fund them, the Appropriations Committee didn't fund them. And people will come and say, as they always do, as they say to me and they say to you, "You've got all that AML money. All I want is a couple million. You've got all that AML money. All I want is 10 million."

I would encourage you to have the discipline to say, "No, we're going to focus this on the state's future and the state's future as it relates to the coal industry."

For two reasons: One is, the tax money originates with the coal industry. It was paid by

them. It was tax that was adopted by them. And secondly, it is necessary that this state, given the absence of interest on the part of the federal government, that we work very hard to make sure that our coal is part of the energy mix of this country going forward. Right now half of the coal -- half the electricity in this country is generated out of coal generation. For that to remain, we have to work hard to make sure that our coal is suitable for gasification.

Two reasons it is important. One is that all of the coal is going to sooner or later in this country going to be gasified before it is converted to electricity. When you gasify coal, we lose our low-sulfur advantage because what happens is all of the sulfur, no matter what kind of coal it is, gets pulled out in a separate stream. We lose the low-sulfur advantage that accounts for much of our product and much of our product share in today's market. It is an important effort and one that I hope you will support.

I would also ask that you reconsider a decision, I think maybe by inadvertence, if I understand it right, on the part of the Appropriations Committee not to authorize the State Loan and

Investment Board to use a portion of its funds to encourage energy conservation on the part of the communities.

What I would like is the capacity for the SLIB, State Loan and Investment Board, to use a portion of the money you've allocated -- we don't need any new money -- portion of the money we've allocated as matching funds to encourage local governments to pursue and encourage energy efficiency.

The State Loan and Investment Board and the School Facilities Commission, we have all adopted policies with regard to future construction with an eye towards energy efficiency and trying to make sure that we use our money wisely. I would like the same opportunity through the SLIB grant to encourage them to do the same.

I have just a few other small things that I would like to take exception with Mr. Chairman and Mr. Chairman's appropriations bill, if you would indulge me. I am not asking to take out any of the money for agriculture, Frank.

We received a pretty substantial request from a number of people, particularly the Health Department, for a pretty substantial expansion in the emergency healthcare service network. When I looked

at it, what I really concluded is we need to study it. I mean, it is an incredibly serious problem in terms of having particularly emergency services available out on the roads and in the workplace. Unfortunately, what we don't have is a sort of a construct that will guide our funding over the next few years.

I believe that in the future we're going to spend quite a bit of money trying to maintain the first responder emergency services network in the state, so I did not authorize that appropriation or recommend it. What I did ask for was \$300,000 for the Health Department to map out for us what we're going to be doing over the next -- I would guess we will be at this for five to seven years trying to figure out how to make it work. I still believe that's the best course, that we should look at taking a hard look at how we're going to fund it over the years instead of sort of jumping in and saying let's fund part of it now. And I would ask that you return that 300,000 to the budget.

There are a couple of initiatives outside the budget that I would like to talk to you about. One is the healthcare insurance pilot project. This proposal which originates with a member of the Senate is the first of these proposals that I've seen that

I'm prepared to support and this is a proposal for a pilot project to help deal with the underlying costs and improve the lives of Wyoming's working families.

It is not intended as an expansion of coverage. What it constitutes is a public-private partnership among state government, working families and employers to restructure the current insurance model.

Secondly, it is our intent through this process not to limit what people can charge for high-cost procedures, but to limit the utilization of those procedures by having individuals take greater responsibility for their own health and their own healthcare. It has an emphasis on personal responsibility and wellness and an emphasis on the prevention utilization. It also is intended to create a better informed healthcare purchasing decision matrix for people involved in the program.

What we hope is that instead of embarking on, as other states have done, a sort of broad universal coverage program which ultimately ends up, if not bankrupt, very close to bankrupt, that we would begin with a pilot project which focuses on taking people, informing them about proper health choices, encouraging those choices, and then rewarding those

choices by allowing them to participate in a catastrophic insurance program. But it requires all of the elements.

It is not asking for new funding. We expect that we can reach 500 people on a pilot basis with the \$1.29 million that was previously set aside to do adults under the Kid Care program. This is an effort which is intended to reach part of the same target population, but to reach them in a way that is much more consistent with what we found in Wyoming, which is we really need to emphasize wellness, prevention, people taking care of their own health. And in that context I would urge you to consider it.

I also want to thank the Wyoming Healthcare Commission for all of the work that they have done. As you know, in this budget I have allowed them to sunset in 2009, which is consistent with their statutory obligation. That commission deserves considerable credit, if not only for the things that they have encouraged us to do, but for the mistakes they kept us from making.

By virtue of much of the work they have done, we have avoided some of the grander schemes which I think have afflicted policy making in other states. They have also done a series of efforts that

have been useful to us in terms of incremental efforts with regard to expanded care and particularly with regard to the healthcare professional database.

I would ask, though, that when you look at that budget, hear them out. Their concern is that we ended up just cutting the budget in half. Apparently they wanted some of the 900 Series money to try to do some studies in the first year. I would encourage you to try to look at that effort.

Secretary of State, as you know, is embroiled in a controversy with regard to some legislation he's proposing to deal with what has become generally recognized as a fraud-friendly business environment in Wyoming. These bills are bills that I supported and supported them early on largely because of my experience as U.S. Attorney in which I became, frankly, more aware of how lax those statutes were than I had been before and thought that they were sort of innocuous measures that they would go through without any trouble, and recently there's this huge lobbying effort to undermine these bills.

I hope that you will take a look. The Secretary of State is on the right track. He has, I think, drawn the clear distinction between being fraud friendly and business friendly. For instance, we do

not want to continue a circumstance that we have today which is that Wyoming law allows for the creation of shell companies that require no presence other than a mailbox.

There was a study done by the Department of Justice called U.S. Money Laundering Threat Assessment in 2005, largely spearheaded by the FBI and the Homeland Security. What they said is that Wyoming, our laws, offered minimal information requirements similar to offshore financial centers, similar to offshore financial centers. Not exactly the proudest moment for our state.

There are a couple of bills out there offered by the Corporations Committee. Senate File 26 would require a business to maintain an office at a Wyoming street address. All we're trying to do is put a face behind who these companies are. It would also require that the business have a registered agent who is a Wyoming resident. It does not require that there be a big fee. Does not require that we end up with a huge expense that you're being lobbied about.

Take a look at these bills. All we're saying is if you're going to use Wyoming's grant of corporate or other charter through the Secretary of State, that you will do it based on full disclosure.

My belief is if you don't have anything to hide, then this is a good place to do business. If you've got something to hide, well, then we would rather you didn't do business in Wyoming.

I would also ask you to consider the subdivision bill, Senate File 11. I can tell that you're getting nervous when we get to that one. As you know, this is a pretty controversial bill. What the bill does is encourage or allow on a county option counties to regulate development on parcels up to 140 acres. We have been lobbied both ways about this. I'll tell you where I end up, which is that the counties should have the option to go above the 35 acres and if they need to or want to, go to the regulation of 140 acres.

And I say this because I have watched over the years that, as time has gone on, people have shifted the cost of their decision to purchase a rural lot away from themselves and onto the public till. What we have done through the State Loan and Investment Board and through the Wyoming Water Development Commission is that we have subsidized people's choices. And I think in a free market, which ideally we have -- in a free market, we should all bear the consequences of the choices we make,

particularly the financial consequences

And as you know, here's how it works. We go out, we set up some rural housing without adequate planning for water or roads or anything else. It gets put in place. Next thing you know, the water table goes down or there never was any water to start with. They come to the Wyoming Water Development Commission for a grant for 50 percent of the program, having established a water district. When they finish with the Wyoming Water Development Commission, they come over to the State Loan and Investment Board for the other half. And we have, in effect, underwritten the cost of the decision made by somebody else. The cost of the decision that is borne, not by the individual, but by the public sector.

Same is true when you form a fire district and then they come to the SLIB, State Loan and Investment Board, and then they want a fire truck. And if that doesn't sort of finish it out, then they go to the county and say, "We want a road," or, "We want the county to maintain the road." Of all of the expenditure I've talked about, where do they ultimately end up? They end up right here before this body in a request either from the SLIB or from the local governments for more funding.

This is not a case of our extending or violating people's property rights, it is a case of our saying simply that you should be responsible for the true cost of the utilization of the property rights that you hold. We're not saying that you can't do it. We're saying that if you do do it, you can't offload those costs onto the public.

Another bill which I will tell you I support but I'm not convinced is essential for Wyoming citizens but it is essential to keep folks from moving in, and that's the dog-fighting bill for animal cruelty. It isn't a problem in Wyoming. It hasn't been a problem in Wyoming, but we're now being held up all over the country as a safe haven for people who want to do dog fighting.

It is a reprehensible activity, not one that is supported in this state. But we run the risk if you don't make it a felony, which I think we should, you run the risk of people say, "You can't do it in 49 other states, but there's one place you can do it, then let's move to Wyoming." Let's put a sign that says in Wyoming it is a felony, that activity isn't welcome here so you don't need to bother to moving to Wyoming to do it.

Natural gas valuation, we have been up and

down here. I've vetoed a couple bills. You guys have passed some. I think we have finally arrived at a bill that I'm prepared to endorse. The committee will offer a natural gas valuation bill which I believe reflects the proper compromise among the interests, not a bill that -- it has all the characteristics of a bill that ought to pass. None of us particularly like it. It sort of reflects that it is probably the right compromise, and we should pass it and we should get it done.

Helium taxation remains an issue of concern to me, and I know that the two chairmen of the Revenue Committee will offer a bill that will address the helium taxation question that was left open -- or opened by the recent Wyoming Supreme Court decision. As we watched it unfold previously in front of the committee, the bill draft invited criticism that it affected more than just helium. The revised draft is very narrow. You can read it from the outset. It is only about helium and it is only about helium as it relates to severance tax, not to property tax but to severance tax. Good, clean bill intended to address an issue that was opened up by the Supreme Court which, if you ask them, was opened up by the way we drafted the bill. But we won't go into that right

now. I hope that you will take a look at it.

There's also a bill from the coalbed methane task force that's worked for two years that strengthens the state engineer's capacity to manage CBM water. Good bill, one that ought to be considered.

I would ask that you remove some amendments that were put on in the committee when it came out, a particular amendment which I believe restricts the discretion of the state engineer and reaches beyond anything intended by the members of the task force. The bill is intended to enable the state engineer to do a better job of managing. As it reads now with some of the amendments, it arguably reduces the state engineer's capacity.

So I would like to see the bill, but I would like to see the bill without the amendatory language. And the bill I'm referring to is Senate File 46.

Property tax relief. There are several bills out there. We've discussed this year in and year out. And I will simply say this: I believe that this state has sufficient funding for us to embark on a program to allow the elderly of our state to remain in their home. I'm not supporting a broad-based tax relief, and I've been criticized for that. But I'm

very focused about what it is I want to accomplish.

People who I think deserve some attention in this state are the elderly who say to me, "All I want to do is to be able to remain in my home for as long as I can." That's a particular set of people for whom I think the compassion of this state should be directed.

The proposal that I offered includes amending the constitution. I appreciate the fact that the Management Council authorized some additional hearings on the part of the Revenue Committee to consider that. I believe that for those of you like me who have been around this issue forever, when we talk about doing property tax relief we always end up saying we would like to do that but it is not constitutional. The quickest way to solve that problem is to put it in the constitution. Give it constitutional sanction and you can proceed to act to address the needs of these folks.

I'm troubled by our continuing focus on we have to means-test it. Clearly by not means testing it some people are going to take advantage of who may or may not in the eyes of individual people be worthy of it or merit it. But here's the problem -- and we know this from our experience with the current proper

tax relief schemes. We know this from our experience with getting people to apply for the Low-Income Energy Assistance Program, and that is people in Wyoming, particularly at that point in their lives, they have their home, they have their memory and they have their pride and it does not include going down to the courthouse and telling somebody how much they make. It doesn't include sort of the invasion of privacy that goes with that.

And I would ask you that as you think about these programs, think about the fact that we are trying to help a particular set of folks in this state. We're not trying to do across-the-board tax relief. I lose on that every time because you say it costs too much. So okay, let's do a narrow one and let's focus it on the people who are most worthy, but let's do it in a way that they will take advantage of.

This last scheme we hatched and passed in here, it resulted in \$144,000 of tax relief to all of the citizens in the state of Wyoming, and the biggest impediment is the requirement that they come in and talk to us about their income. I know not what it is you will do. I know that I will continue to talk about this. But it is up to you guys what you finally decide in the context of this body.

I also commend to you the Education Committee's House Bill 17 regarding the Community College Commission's powers. The Commission has taken the position that it needs additional legislation to give it the ability to audit, develop uniform method of tracking dollars and students. I hope that you will give them that authority. It is not unlike what we currently do with regard to the schools.

I believe that the Governor's Commission on Community Colleges undertook a significant effort the benefits of which we will see going forward for many years. They opened the conversation about what is the role of community colleges going forward.

However, I do not support all of their recommendations. First, I do not support the \$15 million of added funds to the community colleges for their operating budget. The formula that has been devised has not been adopted. The formula that supports that 15 million has not been reviewed by that body and the formula is one that is controversial even within the colleges.

I also cannot support the request for \$15 million in a fund for the community colleges to use for work force training, in part because I cannot develop or ascertain a definition of how it would be

spent. It falls into the category of there's \$15 million that we think we could spend. We would like you to appropriate it. We will create a committee and it will be spent.

I believe that both of those proposals merit consideration by the Education Committee during the intervening year -- in the intervening year between now and the general session and that they could be appropriated for revisitation at that time.

I support a bill that's offered by a representative to allow the state to loan to the community colleges 50 percent of the funding for its capital construction. They raise half; the State would loan them half. A pattern that we have adopted with regard to joint powers boards and a number of other entities. It simply needs to be expanded to include the colleges.

I would do that with this caveat: To the extent that those funds are used for dormitory construction, we should explicitly say that those dormitories will not be included in the major maintenance funding from the State. Those are revenue-generating facilities and they should be able to operate on their own.

I'm entirely comfortable with the numbers

that the Appropriations Committee has developed in aggregate with regard to local government funding. It is less than what I recommended. But compared to the way you've slashed that budget in previous years, I'm just relieved, to tell you the truth.

I think the controversial part for you and for me and others is going to be the division of those funds. I think that the basic theory that they have adopted with regard to direct allocation, community consensus, as well as some reserve for the State Loan and Investment Board is sound. I continue to get lob head about whether the data should be the 2000 census or the 2007 census. I've discovered that all I have to do is ask "Which one gets your community more money?" and then I know which data they prefer.

But what I would ask is that this is a big step for us in Wyoming in that we have developed a rational formula. You can argue about the details, but we have in place the basic construct. And we have that data available to you at the beginning of the session, not at the end. We have the opportunity to begin to move in the directions being set by the select committee and local government finance. I would encourage you to at least take seriously the need for a formula and the need for a rational formula

that I think will be useful going forward.

I am perplexed by this argument about whether or not we should make whole the communities for the funding that was lost with regard to the food tax. When we repealed the sales tax on food, a number of communities were diminished in terms of their sales tax revenues. In aggregate we had increased the amount of money going out to the communities in excess of the money that they lost.

But here's where it gets difficult, is that because of the way the formula works, if you were a community whose largest taxpayer was a grocery store or some kind of a food vending outlet covered by that repeal, you lost a greater amount of money than was compensated back to you by the traditional formula. I think the answer to that is to take the formula which was developed by the revenue department, allocate a portion of the sales tax revenues that you're sending back, allocate a portion of that based on the food tax distribution scheme rather than upon the traditional allocation formula. Doesn't change the amount of money that you are allocating, but it does change the equity and the maintenance of the promise that I think we made to those communities that we would keep them whole.

A budget item that I would like you to consider putting some money back in, and I've spoken with the chair of the Appropriations Committee, and that is the travel and tourism budget. Initially we had a request in there in the capital construction for a welcome center on I-25. As most of you know, the welcome center on I-25 is essentially on the wrong side of the road and at an intersection that nobody can access so we're trying to establish a new entry point.

The Appropriations Committee rejected that. A salutary effect of their rejecting was that we no longer -- was that the folk who own the land have said that they will donate the land to us rather than have us buy it. With that salutary effect in place, I'm reluctant to say that the committee probably did something right. That's something I won't say very often.

But the fact is we now have a very different circumstance. For 3.4 million, without addressing the building question, we can go ahead and build the interchange -- the interchange is going to be built anyway -- build an interchange with an eye towards accommodating a welcome center at some point in the state's future.

What that means is go and bid it all at once, we can save some money. It costs about 3.4 million additional funds to either the Highway Department or Travel and Tourism in order to make sure that we get that funded, the idea being, we don't have to decide about the building, but we're going to eventually build one there. We should go and at the same time we do the interchange, we should use that money in the most cost-efficient way to prepare the interchange for the building so you don't end up coming back in a few years, tearing up the pavement, rerunning utilities and starting the process over. So I would encourage you to look at that.

You know, the problem in a year like this is that we have done a lot over the last few years. What we need to do is to stick with our task. Our task is to keep building on what we have done. Everybody, because we're -- I mean, we're in politics. You've got political parties and individuals who are saying, "No, you've got to be looking for something new. You have got to have the newer mousetrap. You've got to have the newer thing. You have to expand the program. You have to have something with your name on it. Has to be a House bill. Has to be a Senate bill. Can't do what the Governor suggests. You can't let that

happen."

Bottom line is all of those things are an evil and a kind of demon that keeps us from doing what is right. The greatest discipline we need in Wyoming, when we have the abundance that we have, is the discipline to focus on doing what is right, the discipline to make sure that when somebody comes to us, either from -- and it is oftentimes our friends. I mean, there are lobbyists who are getting paid to lobby something. They come and say, "You got to do this for me." You have to have the discipline to step back and say, "Hold it. Who are the shareholders that that person is lobbying for?" They're lobbying for some company. It is an honorable profession. I've done it myself. We have to have the discipline to step back and say, "Hold it. What is it that's at stake here?"

What's at stake here is whether or not we're going to do what is right, not what our friends want us to do, but what is right.

You have the same thing in the context of politics. Political parties are all scrambling to try to maintain some control over the American culture. And the political parties are getting weaker and weaker, and so what they do now is they come in and

say, "Let's say something bad about the other guy," not because the guy is bad, but because they're registered different than we are. "Let's say something bad about their idea," not because it is a bad idea, but because, frankly, it is not our idea, or it might be a good idea and I would rather it is mine. As you know, I've become absolutely unabashed at stealing good ideas any place I can get them and I usually try to even admit it.

But what I'm arguing for a different way of doing business. Because I think what is going on in this country and this state is that people are beginning to wonder about not the decisions we make, but the way that we make them and what it is that turns out to be important to us when we weigh the future and we weigh those decisions.

We had this conference in January in Casper in which we decided that, you know, it is the second term, we will go ahead and touch the third rail of Wyoming politics and we will have a conference about planning. And frankly, I expected that we could get a modest attendance, maybe 100, 125. We ended up with 525 people. The room was packed. We had to turn people away. We had to extend the participation.

And the most interesting thing about it was

that a lot of people there were not the usual suspects. The usual suspects being you and I and the folks who are always at these things.

The second thing that was unusual was the degree of energy people had about thinking about what this state is going to be in the future, thinking about what it is we want for ourselves and for our children. I expected that we would get run out of town, that the notion of talking about planning and zoning and the rest of it, we would suddenly end up in a difficult circumstance. Quite the contrary.

But I did get a couple messages. One is they want it to come from the bottom with you. They want it to be driven by the values that they possess, not the values that I possess or the values that this legislature possesses. The counties and the jurisdictions in this state have very different visions about who they're going to be and how they're going to get there and we need to support that.

Second message I received and received quite clearly is that there is a concern about the way we are thinking about the future, that we are focused not on the issues that they're concerned with, which is housing, environmental protection, what kind of job they're going to have and the things that account for

their daily life and healthcare, but they look at us and wonder exactly what it is you people are doing down there in Cheyenne.

We will be approaching you, both in this session and later, about participating with us in an effort to do some form of an Envision Wyoming, to draw upon that energy and to draw you into that. And when we do, we will be asking you to set aside the traditional sort of values and serotypes we bring and to sit down and talk honestly about what this state could be and what we hope it will be in the future.

We owe that to ourselves, we owe that to our children, and we owe that to future generations.

I'm delighted that you would entertain me today. It is always a pleasure. I look at this as the sixth time I've been before you, and I'm delighted by that. I expect that I will double that number before I am done. Just checking to see if you're still awake.

Nancy and I look forward to seeing you at the house for dinner through the session. I wish you Godspeed with your work. I ask that we exhibit the courage that we enunciate as we travel around the state; that we address these issues with vigor, that we address these issues with energy, and that we

arrive at a result that is good for us and for the  
citizens of the state. Thank you very much.

(Applause.)