



Economic Affairs Interim Committee

65th Montana Legislature

SENATE MEMBERS

GORDON VANCE--Chair
EDWARD BUTTREY
TOM FACEY
LEA WHITFORD

HOUSE MEMBERS

RYAN LYNCH--Vice Chair
MARK NOLAND
VINCE RICCI
SHARON STEWART-PEREGOY

COMMITTEE STAFF

PATRICIA MURDO, Lead Staff
JAMESON WALKER, Staff Attorney
FONG HOM, Secretary

MINUTES LOG

September 6, 2018
Room 102, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the home page menu, select Committees. Once on the page for Interim Committees, scroll down to the appropriate committee. The written Minutes Log, along with the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed.

Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT

SEN. GORDON VANCE, Chair
REP. RYAN LYNCH, Vice Chair

SEN. LEA WHITFORD

REP. MARK NOLAND
REP. VINCE RICCI
REP. SHARON STEWART-PEREGOY

COMMITTEE MEMBERS EXCUSED

SEN. EDWARD BUTTREY
SEN. TOM FACEY

STAFF PRESENT

PATRICIA MURDO, Lead Staff
JAMESON WALKER, Staff Attorney
FONG HOM, Secretary

VISITORS' LIST ([Attachment 1](#))

AGENDA ([Attachment 2](#))

COMMITTEE ACTIONS

The Economic Affairs Interim Committee at its Sept. 6, 2018, meeting:

- Adopted on a unanimous vote the recommendations and final report for its Senate Joint Resolution 20 study on unemployment in high-poverty areas. Having already adopted LCbsd1 as a committee bill to redefine a “high-poverty county” using the Bureau of Labor Statistics poverty determination, the committee at this meeting named Rep. Sharon Stewart-Peregoy to carry that bill.
- Approved on a unanimous vote the final report and recommendations for its Senate Joint Resolution 27 study of the future of Montana State Fund.
- Rejected three bill drafts requested as potential committee bills under the SJR 27 study. LCMSF1, which would have exempted Montana State Fund from state procurement and information technology requirements, failed 0-8. LCMSF2, which would have allowed the state to obtain workers’ compensation either through self-insuring, contracting with private insurers, or staying with Montana State Fund, failed on a tie-vote. LCMSF3, which would have allowed Montana State Fund policyholders to appoint three of the seven members of the Montana State Fund Board of Directors, failed on a 3-5 vote.
- Adopted on a unanimous vote the final report and recommendations for its Senate Joint Resolution 32 study of emergency care providers, especially as related to veterans.
- Adopted on a unanimous vote LCDOR1, which provides fixes requested for Senate Bill 5 that passed in the 2017 Special Session and relates to auctions for liquor licenses, beer and wine licenses, and restaurant beer and wine licenses. Rep. Lynch will carry the bill.
- Moved forward on a 7-1 vote the following agency bill draft requests: 14 from the State Auditor’s Office, 7 from the Department of Agriculture, 2 from the Department of Commerce, 10 from the Department of Labor and Industry, 8 from the Department of Livestock, 3 from the Banking and Financial Institutions Division of the Department of Administration, and 3 from the Alcoholic Beverage Control Division of the Department of Revenue.
- Requested information on the Big Sky Economic Development Trust Fund, which the Department of Commerce provided after the meeting.
- Requested a fact sheet about active military eligibility for unemployment benefits, which currently varies across service branches.

CALL TO ORDER AND ROLL CALL

00:00:06 Sen. Gordon Vance called the meeting to order at 9:06 a.m. The secretary called roll. Sen. Buttrey and Sen. Facey were excused. ([Attachment 3](#))

ADMINISTRATIVE UPDATES/AGENDA REVIEW

00:00:35 Pat Murdo, Research Staff, discussed the deadline for completion of the interim committee work. [\(Exhibit 1\)](#)

GENERAL PUBLIC COMMENT

00:02:25 Steve Arveschoug, President, Montana Economic Developers Association, commented on the essential economic tools that MEDA and other economic developers use. Several of these tools are in statutes that are due to sunset in June 2019.

RULE REVIEW

00:07:11 Jameson Walker, Legal Staff [\(Exhibit 2\)](#)

Committee Questions

00:08:45 Rep. Noland asked Mr. Walker what was the outcome of the public hearing held on August 31, 2018, for MAR Notice Number 24-26-338, regarding collective bargaining and the Board of Personnel Appeals.

00:09:09 Mr. Walker

00:09:26 Ms. Murdo distributed information from the Department of Livestock regarding the rules related to brucellosis. [\(Exhibit 3\)](#)

STATE AGENCY LEGISLATION REVIEW/INTRODUCTION FOR DRAFTING

Department of Livestock

00:12:23 Mike Honeycutt, Executive Director [\(Exhibit 4\)](#)

00:32:29 John Scully, Vice Chair, Board of Livestock [\(Exhibit 5\)](#)

State Auditor's Office

00:35:42 Nancy Butler, Deputy State Auditor, and Bob Biskupiak, Deputy Insurance Commissioner. [\(Exhibit 6\)](#)

Committee Questions

00:50:13 Rep. Noland asked Mr. Biskupiak about bill request No. 6, revising captive insurance laws. He asked about the amount anticipated as needed in reserves.

00:50:49 Mr. Biskupiak

Department of Agriculture

00:51:59 Ben Thomas, Director [\(Exhibit 7\)](#)

Committee Questions of Mr. Thomas

00:55:30 Rep. Noland asked Mr. Thomas about Agriculture's bill request No. 6, allowing the Department of Agriculture to accept donations. He asked how many donations are anticipated.

00:56:02 Mr. Thomas

00:56:45 Sen. Whitford asked Ms. Murdo about the footnote to the Department of Agriculture's proposed legislation that says "support for renewal of the GTA

portion of 15-35-108, in conjunction with the Department of Commerce."
00:57:08 Ms. Murdo
00:57:21 Sen. Whitford asked Mr. Thomas to talk about the Growth through Agriculture program.
00:57:38 Mr. Thomas

Department of Commerce

00:58:30 Pam Haxby-Cote, Director (**Exhibit 8**)

Committee Questions of Ms. Haxby-Cote

01:06:40 Sen. Whitford asked about Commerce's proposed bill No. 1, revising economic development laws by removing the June 30, 2019, sunset on statutory appropriations used for economic development programs.
01:10:53 Rep. Noland asked about the transfer of \$7.2 million. That question was referred to Bill Hoffmann.
01:11:25 Bill Hoffmann, Budget Director, Department of Commerce, said that there is a spreadsheet with that information, which he will provide a copy to the committee.
01:12:02 Rep. Noland asked what is the total amount that the Department of Commerce is requesting.
01:12:56 Rep. Lynch asked if there were new revenues in the proposals.

Department of Labor and Industry

01:13:42 Judy Bovington, Chief Legal Counsel (**Exhibit 9**)

Committee Questions of Ms. Bovington

01:29:20 Rep. Noland asked for clarification about the reference to the definition of active duty to 180 days, not 6 weeks.
01:30:50 Rep. Noland asked what the word "modality" means in the Department's proposal No. 8.
01:31:49 Rep. Lynch asked whether terminating the Board of Athletics will end professional boxing in Montana.

Department of Revenue/Division of Alcoholic Beverage Control

01:35:06 Gene Welborn, Director of Department of Revenue (**Exhibit 10**)
01:36:08 Mr. Welborn discussed proposed legislation and asked for a third bill that would seek to make penalties more uniform with violations in the alcoholic beverage code.

Committee Questions of Mr. Welborn

01:37:09 Rep. Noland asked if the department has attended any coalition meetings of tavern owners, distillers, brewers, and distributors. The question was deferred to Becky Schlauch.
01:38:15 Becky Schlauch, Division Administrator, discussed the meetings that the coalition has had and said that there will be proposed legislation coming for the 2019 session.

01:38:54 Sen. Vance asked about Kombucha tea. Ms. Schlauch said that Kombucha tea is fermented and contains alcohol.

Department of Administration/Division of Banking and Financial Institutions

01:40:31 Melanie Hall, Commissioner of the Division of Banking and Financial Institutions
(Exhibit 11)

Committee Questions of Ms. Hall

02:02:55 Rep. Noland asked about the regulation and monitoring of credit unions and if the Division's request for more oversight in banking also includes credit unions.

02:04:04 Sen. Vance asked who in a banking institution determines if there is suspicious activity in an account.

Public Comment

02:05:31 Steve Arveschoug, President, Montana Economic Developers Association, supports the Department of Commerce's proposal to eliminate or extend the sunsets on the 2019 economic development programs.

Motion

02:10:58 Rep. Lynch moved to forward all agency-proposed legislation for drafting purposes.

Discussion

02:12:19 The committee discussed the pros and cons of voting on moving the agency bills forward as a package or voting on the agency bills individually.

02:13:15 Ms. Murdo explained that if the committee chooses not to move forward some proposed bills, then the bill would not be pre-introduced and staff would not be able to draft bills in advance.

Vote

02:15:37 The motion passed 7-1, with Rep. Noland voting no, and Sen. Buttrey and Sen. Facey voted yes by proxy.

UPDATES ON WRITTEN REPORTS TO BE SUBMITTED TO LEGISLATURE/ECONOMIC AFFAIRS INTERIM COMMITTEE

02:16:59 Ms. Murdo **(Exhibit 12)**

UPDATES FROM LIAISONS

Rail Service Competition Council

02:24:20 Rep. Ricci said he did not have anything to report.

Montana State Fund

02:24:28 Rep. Ricci said that the Montana State Fund Board of Directors did not meet.

HB 661 Lab Study

02:24:47 Sen. Vance said that there was a report prepared by a company that did a good job in terms of laying out some options, regarding lab consolidation. He

expressed his disappointment in the work that was not done by the subcommittee.

02:26:16 Sen. Whitford commented on the purpose of the HB 661 Lab Study.

02:28:23 Ms. Murdo distributed a document on Agency Monitoring that she thought would be helpful for the 2019-2020 Interim. [\(Exhibit 13\)](#)

LUNCH (reconvened at 12:51 p.m.)

STUDIES

SJR 27 Final Report

03:34:54 Ms. Murdo [\(Exhibit 14\)](#)

Motion/Vote

03:47:14 Rep. Noland moved to adopt the SJR 27 Final Report. The motion passed unanimously by voice vote with Sen. Facey and Sen. Buttrey voting aye by proxy.

REVIEW OF PROPOSED COMMITTEE BILL DRAFTS

LCMSF1, revising state agency laws relating to the Montana State Fund

03:48:12 Mr. Walker [\(Exhibit 15\)](#)

Motion

03:48:35 Rep. Lynch moved adoption of LCMSF1 as a committee bill.

Vote

03:50:32 The motion failed 8-0 on a roll call vote. [\(Attachment 4\)](#)

LCMSF2, revising laws relating to the Montana State Fund

03:51:08 Mr. Walker [\(Exhibit 16\)](#)

Committee discussion

03:52:12 Rep. Lynch said that the committee had talked about making sure that every agency in state government be part of a package deal for workers' compensation with the exception of Montana State Fund. He asked about the part of LCMSF2 that reflected that option.

03:52:34 Mr. Walker

Motion

03:53:02 Rep. Lynch moved to adopt LCMSF2 as a committee bill.

Vote

03:54:14 The motion failed on a roll call vote 4-4. [\(Attachment 5\)](#)

LCMSF3, revising the selection process for the state compensation insurance fund board of directors

03:54:49 Ms. Murdo ([Exhibit 17](#))

03:58:31 Sen. Vance said that Ms. Murdo left some decision points in LCMSF3. He asked if a majority of the members of the committee don't want to move the bill forward, then there is no reason to waste time by making changes to a bill that is not going to move forward.

03:59:12 Rep. Ricci said that he would support this bill.

03:59:25 Rep. Lynch said that he and Sen. Facey will not support the bill.

Discussion on changes

03:59:59 Ms. Murdo discussed the question of having three members of the board representing private enterprises.

04:01:12 Ms. Murdo discussed the question of immediate effective date on passage and approval.

04:02:35 Ms. Murdo said that if you have "effective on passage and approval", there would not be a transition.

Motion

04:02:55 Rep. Lynch moved LCMSF3 forward as a committee bill.

Vote

04:04:15 The motion failed 3-5, on a roll call vote, with Sen. Buttrey (by proxy), Rep. Ricci and Rep. Stewart-Peregoy voting yes, and Sen. Vance, Sen. Whitford, Rep. Lynch, Rep. Noland, and Sen. Facey (by proxy) voting no. ([Attachment 6](#))

Public Comment

04:04:26 Kevin Braun, Montana State Fund

04:05:47 Greg Dorrington, Property Casualty Insurers Association of America ([Exhibit 18](#))

04:07:19 Sen. Vance commented that the issue of workers' compensation will not go away.

SJR 20 Final Report and LCBSD1

04:08:05 Ms. Murdo presented the SJR 20 Final Report ([Exhibit 19](#)) and LCbsd1 ([Exhibit 20](#)). LCbsd1 is a bill associated with the SJR 20 Study and had been approved as a committee bill at the July 9, 2018, meeting.

Motion

04:09:15 Rep. Lynch moved to adopt the SJR 20 Final Report.

Committee discussion

04:09:40 Sen. Whitford thanked the committee for bringing the information in the study to light.

Vote

04:11:02 The motion passed unanimously by voice vote with Sen. Buttrey and Sen. Facey voting yes by proxy. Rep. Stewart-Peregoy will sponsor the bill.

SJR 32 Final Report

04:12:06 Ms. Murdo ([Exhibit 21](#))

Motion/Vote

04:15:04 Rep. Lynch moved to adopt the SJR 32 Final Report. The motion passed unanimously by voice vote with Sen. Facey and Sen. Buttrey voted aye by proxy.

Public Comment

None.

PROPOSED COMMITTEE LEGISLATION/ASSIGNMENT OF SPONSORS

LCDOR1, revising alcohol licensing laws

04:16:12 Mr. Walker ([Exhibit 22](#))

Motion/Vote

04:18:32 Rep. Lynch moved to adopt LCDOR1 as a committee bill. The motion passed unanimously by voice vote with Sen. Facey and Sen. Buttrey voting aye by proxy. Rep. Lynch will sponsor the bill.

Public Comment

04:19:44 John Iverson, Montana Taverns Association

Sponsor for LCRSCC - Repeal of Rail Service Competition

04:20:20 Rep. Lynch will sponsor LCRSCC, which was approved as a committee bill at the July 9, 2018, meeting.

GENERAL PUBLIC COMMENT

None.

04:21:03 Ms. Murdo distributed a document, "Update on Alcoholic Beverage Auctions" to the committee. ([Exhibit 23](#))

Further Comments

04:21:47 Sen. Vance thanked the committee for ITS work on the studies.

04:22:14 Sen. Whitford expressed her appreciation in serving on the committee and with those she served with in the past.

ADJOURNMENT

04:23:30 With no further business before the committee, Sen. Vance adjourned the meeting at 1:40 p.m.

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