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Economic Affairs Interim Committee

64th Montana Legislature

SENATE MEMBERS

GORDON VANCE--Vice Chair
TOM FACEY
RICK RIPLEY
LEA WHITFORD

HOUSE MEMBERS

RYAN LYNCH--Chair
MIKE LANG
NATE MCCONNELL
VINCE RICCI

COMMITTEE STAFF

PATRICIA MURDO, Lead Staff
JAMESON WALKER, Staff Attorney
LAURA SHERLEY, Secretary

MINUTES LOG

August 31, 2016
Room 137, 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 left-side menu of the home page, select Committees, then Interim. 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

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

SEN. TOM FACEY
SEN. RICK RIPLEY
SEN. LEA WHITFORD (BY PHONE)

REP. MIKE LANG
REP. NATE MCCONNELL
REP. VINCE RICCI

COMMITTEE MEMBERS EXCUSED

STAFF PRESENT

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

VISITORS' LIST (Attachment 4)

AGENDA (Attachment 2)

COMMITTEE ACTIONS

The Economic Affairs Interim Committee at its Aug. 31, 2016, meeting:

- forwarded for drafting and preintroduction agency bill drafts requests from the Livestock Loss Board through the Department of Livestock;
- approved sending a letter to:
 - Montana's Congressional delegation urging support and action for changing federal laws related to air ambulance billing and Medicare reimbursement of air ambulances;
- approved sending a letter to:
 - Montana State University-Bozeman President Waded Cruzado asking for input on a multi-laboratory complex involving the state Veterinary Diagnostic Laboratory, among other state laboratories. The multi-laboratory complex may or may not be located at MSU-Bozeman. The letter asked for a response from the university.
- approved a 14.1% administrative fee negotiated by the Department of Commerce and the Montana Heritage Commission and asked that the director of the Montana Heritage Commission look into statutory changes regarding the administrative fee.

RECONVENE

00:00:05 Rep. Lynch reconvened the meeting at 8:05 a.m.

AGENCY LEGISLATION REVIEW

Department of Livestock for Livestock Loss Board -- George Edwards, Administrator

00:00:20 Mr. Edwards

Committee Questions/Discussion

00:02:18 Sen. Facey recommended adding the words "best practice" into the bill draft.

Committee Action

MOTION

00:02:57 Sen. Facey moved that the committee forward the Livestock Loss Board legislation for bill drafting purposes.

VOTE

00:03:15 The motion passed unanimously by voice vote.

REQUIRED REPORTS TO LEGISLATURE

Report for Livestock Loss Board -- George Edwards, Administrator

00:04:10 Mr. Edwards ([Exhibit 27](#))

Committee Questions/Discussion

00:13:21 Rep. Lang asked if the loss board collaborates with the Department of Fish, Wildlife and Parks to find and rid the predator of a livestock loss incident.

00:14:34 Rep. Lang asked if it is true that the loss board does not handle the livestock loss incident for approximately a month.

00:16:25 Rep. Lang voiced his appreciation of Mr. Edwards' work.
00:16:57 Sen. Ripley asked if few persons turn in livestock loss claims.
00:18:07 Sen. Ripley discussed livestock loss claims that are filed in his district.
00:19:44 Sen. Vance asked for clarification on the comment "Defenders of Wildlife were involved in funding for death loss payments until it appeared the predators were going to be de-listed" that Mr. Edwards said in his presentation.

Department of Commerce Required and Requested Reports

Update on Treasure State Endowment Fund Projects -- Doug Mitchell, Deputy Director

00:21:21 Mr. Mitchell

Committee Questions

00:28:31 Sen. Ripley asked for clarification on the dollar amounts for the projects regarding matching grants and if the dollar amounts vary.
00:29:40 Rep. Ricci asked why the money is not going into the Treasure State Endowment Fund.
00:30:14 Sen. Facey asked when the program's sunset dates were put in place.

Board of Investments - Emphasis on Economic Development Projects -- David Ewer

00:31:22 Mr. Ewer ([Exhibit 28](#))([Exhibit 29](#)).

Committee Questions/Discussion

00:42:40 Sen. Facey asked for clarification of what is covered by the Board of Investments Internal and External loans (see Exhibit 28).
00:43:00 Sen. Facey asked if the board, banks, and subcommittee review the business plan together.
00:43:31 Rep. Lang asked what is the category for "state agency" on the handout (see Exhibit 29).
00:45:52 Sen. Facey asked how the Board of Investments addressed the Legislative Audit Division recommendation regarding proxy votes.
00:49:06 Jamison Walker, Staff Attorney, provided information on when the Treasure State Endowment Program sunset was put in place.
00:49:34 Sen. Ripley asked if most of the participation loans are in the state and where the Aspen Place is located.

Board of Research and Commercialization Technology -- Dave Desch, Executive Director

00:51:07 Mr. Desch ([Exhibit 30](#))

00:56:31 Larry Farrar, President of Resodyn Corporation, Butte

Committee Questions

01:00:57 Sen. Facey asked Mr. Desch if the board is responsible for the money that gets diverted to the agriculture development branch.
01:02:01 Sen. Facey asked Mr. Desch how much more money the board needs.
01:02:50 Sen. Facey asked Mr. Desch to explain how the board handles programs they finance but did not develop.
01:03:33 Rep. Lang asked if the board receives money from the Coal Trust Fund.

Distressed Wood Products -- Carolyn Jones

01:04:25 Ms. Jones (**Exhibit 31**)

Public Comment

01:05:54 Loren Rose, Pyramid Mountain Lumber, Inc., Seeley Lake (**Exhibit 32**)

Committee Questions

01:09:57 Sen. Facey asked Mr. Rose to clarify the difference between mill types.

01:11:47 Sen. Facey asked why is there as much fiber sitting on the sides of the road outside of Bonner as 10 years ago.

01:13:15 Rep. Ricci asked Mr. Rose for his opinion on the Canadian logging competition and the future of logging and the timber industry in the state.

Federal Project Review -- Doug Mitchell

01:17:27 Mr. Mitchell (**Exhibit 33**)

Committee Questions

01:19:52 Sen. Facey asked for clarification of the programs that are supported by the agriculture products diversion from the Board of Research and Commercialization.

01:20:28 Sen. Ripley asked for a summary on the tourism contract.

01:23:50 Sen. Vance requested a copy of the RFP on the tourism contract, all responses received, and an outline of the selection process.

Veterans' Home Loan Program -- Stacy Collette

01:24:45 Ms. Collette (**Exhibit 34**)

Committee Discussion on Sen. Vance's bill proposal

01:26:18 Sen. Vance asked the committee to draft a bill to allow prioritization of loans and contracts to state businesses.

01:27:09 Sen. Whitford commented she would support Indian preference loans if the loans are involved in Indian affairs.

01:28:10 Sen. Ripley voiced his support of Sen. Vance's bill proposal and Sen. Whitford's comments regarding preference.

01:28:57 Sen. Facey voiced his support of Sen. Ripley's comments.

01:29:22 Rep. Lang asked how the committee would execute loan preference.

01:30:42 Sen. Vance asked Mr. Mitchell if money was the bottom line criteria used in the tourism issue.

01:32:40 Sen. Vance commented on the tourism issue and recommended keeping the topic open for continued discussion.

01:33:05 Sen. Facey commented on the reciprocity of the tourism issue.

01:33:34 Rep. Lynch asked if there is a consensus from the committee to research reciprocity or penalties. The question was redirected to Ms. Murdo.

01:36:16 Rep. Ricci commented that due to the amount of time and effort it would take to draft and forward a bill at this time in the interim, he will not support the proposal.

01:36:41 Sen. Ripley asked for clarification of Mr. Mitchell's comment on numerical rating.

01:38:04 Rep. Lang recommended reviewing the proposal and categorizing the contracts.

01:39:11 Rep. Lynch recommended considering the proposal as an interim study for the 2017-2018 interim. Rep. Lynch also told the committee that the tourism marketing information was emailed to the members.

Public Comment on any of the Reports Listed Above

None

Montana Heritage Commission -- Elijah Allen, Executive Director

01:40:20 Mr. Allen ([Exhibit 35](#)) ([Exhibit 36](#))

Approval of the Administration Fee

01:47:38 Ms. Murdo

Committee Questions

01:49:14 Sen. Ripley asked Ms. Murdo what would be the process if the committee approved a lower administrative fee.

01:49:51 Sen. Ripley commented on the fee percentage of other programs and asked what the state receives from the \$72,000 generated by the administration fee.

01:50:40 Sen. Ripley commented on the administrative fee process.

MOTION

01:51:21 Sen. Ripley moved that the committee approve the administration fee at 14.1%.

VOTE

01:51:32 The motion passed unanimously by voice vote.

01:51:41 Rep. Lynch asked that Mr. Allen go to the commission and review the statute for recommendations.

01:52:30 Sen. Facey commented on the renovations in Virginia City.

01:53:11 Rep. Lynch commented that the committee will review if the fee is fair.

BREAK (reconvened at 10:12 a.m.)

Department of Labor and Industry Required Reports

Apprenticeship update -- Judy Bovington

02:08:17 Ms. Bovington ([Exhibit 37](#))

Unemployment insurance for sexual assault victims -- Judy Bovington

02:11:11 Ms. Bovington ([Exhibit 38](#))

Committee Questions

02:13:51 Sen. Facey commented that the bill to provide full unemployment benefits to sexual assault victims had a fiscal note estimated at \$44,000.

02:14:39 Rep. Lang asked if the state is spending \$200,000 on the program.

02:15:14 Rep. Lang asked for clarification on the total number of claims.

Board of Funeral Service Report on Death Certificate Fees -- Todd Younkin

02:15:59 Mr. Younkin ([Exhibit 39](#))

Committee Questions

- 02:17:36 Sen. Facey asked Ms. Murdo for clarification on the Board of Funeral Service funds and death certificate fee issues.
- 02:20:02 Sen. Facey commented on keeping the fees but diverting them to a different budget.
- 02:20:09 Rep. Lang asked Mr. Younkin for the numbers prior to the adjustment made through the 2015 Legislature.
- 02:21:40 Rep. Lynch recommended working with Legislative Finance and Legislative Auditors on the report.

Public Comment on any of the Reports Listed Above

- 02:23:33 Jim Brown, Montana Funeral Directors Association, would like the sunset dates lifted on the death certificate fees going to the Board of Funeral Service.
- 02:24:43 Rep. Ricci asked Mr. Brown to speak on death certificates.

Committee Vote on Letter to Congressional Delegation on Air Ambulance

- 02:26:10 Ms. Murdo ([Exhibit 40](#))

Committee Questions/Discussion

- 02:30:41 Rep. Lynch asked if Life Flight participated in the air ambulance study.
- 02:32:52 Rep. Lynch said to send the revised letter.

Letter to Montana State University on Multi-Lab Complex

- 02:33:00 Ms. Murdo ([Exhibit 41](#))

Committee Questions/Discussion

- 02:33:50 Rep. Lynch commented that if there is further public comment on the letter to Montana State University on the multi-lab complex the public send their comments to Ms. Murdo who then can email the comments to the committee members.
- 02:35:12 Sen. Ripley asked for clarifying language if there is no response from Montana State University then that means there is no interest in the lab.
- 02:35:38 Rep. Lynch said to revise the letter to say if no response is received the committee will assume that Montanan State University is not interested.

MOTION

- 02:36:05 Sen. Facey moved that the committee send the letter to President Cruzado with the amendments.

DISCUSSION ON THE MOTION

- 02:36:20 Sen. Whitford voiced her support of the letter and the amendments.

VOTE

- 02:36:50 The motion passed unanimously by voice vote.

Committee Questions/Discussion

- 02:36:58 Rep. Lang asked if the air ambulance companies are paying taxes in the state.

02:38:29 Rep. Lynch asked if the Department of Revenue could be asked for that information.

02:39:25 Rep. Lynch congratulated the staff for their service to the committee.

BREAK (Reconvened at 10:49 a.m.)

AGENCY MONITORING

Division of Banking and Financial Institutions -- Melanie Hall, Commissioner

02:44:45 Ms. Hall

Committee Questions

02:52:28 Rep. Ricci asked if there are locations closing after acquisitions.

Public Comment

02:55:56 Jim Brown, Executive Director, Montana Independent Bankers Association

OTHER BUSINESS

02:58:52 Ms. Murdo discussed whether the poll of the committee related to the air ambulance study and the licensing board study could be included in the final report. Ms. Murdo also announced the dates of caucus and orientation.

ADJOURNMENT

03:00:44 With no further business before the committee, Rep. Lynch adjourned the meeting at 11:06 a.m.

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