

April 2018

Economic Affairs Interim Committee
Pat Murdo, Committee Staff



EAIC REVIEW OPTIONS: DEPARTMENT OF COMMERCE ATTACHED AGENCIES/REPORTS

The Economic Affairs Interim Committee (EAIC) is responsible for monitoring four departments, one agency run by an elected official, Montana State Fund, and two divisions attached to agencies that normally do not report to the Economic Affairs Committee but whose legislation usually comes before members of the House Business and Labor Committee or the Senate Business, Labor, and Economic Affairs Committee. The following table lists the agencies attached to the Department of Commerce, which the EAIC monitors. Below the table is a list of reports that the Department of Commerce or one of its attached agencies is required to provide to the legislature or to the EAIC. The table and list are to help the EAIC determine if more information is wanted in the form of presentations at the committee's June 2018 meeting.

COMMERCE

Attached Agency	Activities	Funding/Budget
Board of Investments, created under 2-15-1808, MCA	The nine-member board sets policies for and oversees the operations of the state's unified investment program for public funds, public retirement systems, state compensation insurance fund assets, and money deposited by counties, cities, towns, and other local governmental entities, as provided in the Montana constitution, Article VIII, section 13. Statutes governing the Board of Investments are primarily in Title 17, chapters 5 and 6, MCA, plus pension references in Title 19.	FTE – 2019 Biennium = 32 Funding: Proprietary <u>Budget: 2019 Biennium Total</u> \$18,274,136 Of which: Personal Services \$7,665,395 Operating Costs \$6,759,265 Debt Service \$3,849,476
Board of Horseracing, created under 2-15-1809, MCA	The seven-member board sets racing dates for the two remaining race meets in Montana (Miles City and Great Falls, currently). The board also licenses all those involved in racing operations and licenses parimutuel networks, parimutuel facilities, and advanced deposit wagering hub operators. The board contracts with a simulcast parimutuel network for horseracing or fantasy sports leagues. The board distributes funds to race meets and as specified in Title 23, chapter 4, MCA.	FTE – 2019 Biennium = 1.25 Funding: State Special Revenue <u>Budget: 2019 Biennium Total</u> \$545,410 Of which: Personal Services \$32,750 Operating Costs \$512,660

Overview of Dept. of Commerce Attached Agencies/Reports

Economic Affairs Interim Committee

Prepared by Pat Murdo, Committee Staff, with budget information from the Department of Commerce

Attached Agency	Activities	Funding/Budget
<p>Board of Housing, created under 2-15-1814, MCA</p>	<p>The seven-member board has authority to work with housing sponsors, mortgagors, and financial institutions for planning, development, and management of housing developments financed by the proceeds of its loans or by securities or other specified financial instruments. The board also may develop special programs for veterans.</p>	<p>FTE – 2019 Biennium = 33.50 Funding: Proprietary</p> <p><u>Budget: 2019 Biennium Total</u> \$9,649,513*</p> <p>Of which: Personal Services \$4,666,083 Operating Costs \$4,983,430</p> <p>*Does not include trustee activity</p>
<p>Board of Research and Commercialization Technology, created under 2-15-1819, MCA</p>	<p>The six-member board includes two members appointed by the Governor, one of whom must be an enrolled member of a tribal government. The other four members are a person appointed by the President of the Senate, a person appointed by the Senate Minority Leader, a person appointed by the Speaker of the House, and a person appointed by the House Minority Leader.</p> <p>The board reviews grants and directs grant applications to external peer review groups. The board also develops a strategic plan for awarding grants and loans based on criteria listed in 90-3-1003, MCA. The board is to meet at least once a quarter (90-3-1005, MCA).</p>	<p>FTE – 2019 Biennium = 2.0 Funding: State Special Revenue</p> <p><u>Budget: 2019 Biennium Total</u> \$2,551,573</p> <p>Of which: Personal Services \$367,085 Operating Costs \$180,334 Grants \$1,614,154 Transfers \$390,000</p>
<p>Coal Board, created under 2-15-1821, MCA</p>	<p>The seven-member Coal Board includes at least two members from impact areas, two with expertise in education, and two (but not more than four) from each district described under the districting and apportionment commission statute (5-1-102, MCA).</p> <p>The board is to meet quarterly and may consider grant applications and award grants from available funds as described in 90-6-205 through 90-6-207, MCA.</p>	<p>FTE – 2019 Biennium = 1.16 Funding: State Special Revenue</p> <p><u>Budget: 2019 Biennium Total</u> \$7,119,068</p> <p>Of which: Personal Services \$192,123 Operating Costs \$104,741 Grants \$6,822,204</p>
<p>Economic Development Advisory Council, created under 2-15-1820, MCA</p>	<p>The council may have up to 19 members, of which 15 members are to be appointed by the Governor, including the director of the Department of Commerce and the Governor’s chief business development officer, who is the presiding officer. One member is to be from a tribal government who represents a tribal economic development organization. The council also has two representatives (one from each party) appointed by the Speaker of the House, and</p>	<p>FTE – 2019 Biennium = 0 Funding: General Fund</p> <p><u>Budget: 2019 Biennium Total</u> \$18,000</p> <p>Of which:</p>

Overview of Dept. of Commerce Attached Agencies/Reports

Economic Affairs Interim Committee

Prepared by Pat Murdo, Committee Staff, with budget information from the Department of Commerce

Attached Agency	Activities	Funding/Budget
<p>Economic Development Advisory Council, continued</p>	<p>two senators, appointed by the committee on committees. Duties include advising about distribution of funds to certified regional development corporations.</p> <p>Current legislative appointees are Rep. Don Jones and Rep. Maryann Dunwell, plus Sen. Brian Hoven and Sen. Frank Smith.</p> <p>The council has not met since November 2015.</p>	<p>Personal Services \$1,400 Operating Costs \$16,600</p>
<p>Hard-Rock Mining Impact Board, created under 2-15-1822, MCA</p>	<p>The five-member board gets 2.5% of total collections of the metalliferous mines license taxes collected under 15-37-117, MCA. The Board’s duties include reviewing hard-rock mining operating permits and advising the Department of Environmental Quality, as provided in 82-4-335, MCA, and determining distribution of funds to counties of origin, as provided in 90-6-304, MCA.</p>	<p>FTE – 2019 Biennium = 1.16 Funding: State Special Revenue</p> <p><u>Budget: 2019 Biennium Total</u> \$711,845</p> <p>Of which:</p> <p>Personal Services \$192,123 Operating Costs \$277,280 Grants \$242,442</p>
<p>Montana Facility Finance Authority, created under 2-15-1815, MCA</p>	<p>Designated as a “public body corporate” and “constituted a public instrumentality”, the seven-member authority may hire its own personnel and may issue bonds or incur other debt described in Title 90, chapter 7, MCA, and make loans for eligible facilities listed in 90-7-104, MCA, including hospitals, medical teaching facilities, diagnostic facilities, and prerelease centers. The debt is not a state debt but is to be paid out of the revenue or assets of the institution being financed (90-7-111, MCA). The authority’s laws are in Title 90, chapter 7, MCA. Powers are listed in 90-7-202, MCA.</p>	<p>FTE – 2019 Biennium = 3.0 Funding: Proprietary</p> <p><u>Budget: 2019 Biennium Total</u> \$1,103,111</p> <p>Of which:</p> <p>Personal Services \$574,153 Operating Costs \$335,958 Grants \$120,000 Transfers \$ 74,000</p>
<p>Montana Heritage Preservation and Development Commission, created under 22-3-1002, MCA</p>	<p>The 14-member commission has nine members appointed by the Governor, one by the President of the Senate, and one by the Speaker of the House. Certain department directors also serve on the Commission. The Commission’s purpose is to manage historically relevant properties on behalf of the state. The Montana Heritage Preservation and Development Commission receives at least \$400,000 each year from the lodging facility tax, as provided in 15-65-121, MCA, plus federal funds. A Department of Commerce funding</p>	<p>FTE – 2019 Biennium = 8.0 Funding: State Special Revenue</p> <p><u>Budget: 2019 Biennium Total</u> \$4,387,878</p> <p>Of which:</p> <p>Personal Services \$996,820 Operating Costs \$3,317,058 Equipment \$ 74,000</p>

Overview of Dept. of Commerce Attached Agencies/Reports

Economic Affairs Interim Committee

Prepared by Pat Murdo, Committee Staff, with budget information from the Department of Commerce

Attached Agency	Activities	Funding/Budget
	sheet shows the Commission receives 1.3% of the \$31.5 million flowing to the state from the 4% facility use tax (\$409,500 in FY2017).	
<p>State-Tribal Economic Development Commission (STED Commission) (STED Commission), created under 90-1-131, MCA</p>	<p>The 11-member commission includes the state director of Indian affairs and a member from each of the following: the Department of Commerce, the Governor’s Office of Economic Development, and the seven federally recognized tribes in Montana plus one from the state-recognized Little Shell band of Chippewa Indians.</p> <p>Duties include assisting tribes with business expansion and community development, identifying federal or other grants aimed at helping Indian economic development, and overseeing use of funds for tourism and visitation, in conjunction with the Tourism Advisory Council. See 90-1-132, MCA. Under 90-1-133, MCA, the STED Commission is to to conduct a comprehensive assessment of economic conditions on each of the Indian reservations in Montana.</p>	<p>FTE – 2019 Biennium = 0 Funding: General Fund</p> <p><u>Budget: 2019 Biennium Total</u> \$258,043</p> <p>Of which:</p> <p>Personal Services \$167,288 Operating Costs \$90,755</p>
<p>Small Business Development Center (SBDC) Advisory Council (Only listed in statute as a recipient of coal funds – 15-35-108, MCA)</p>	<p>According to the Department of Commerce website, the SBDC Advisory Council membership comprises those who have demonstrated an interest in supporting and promoting small businesses and assistance advitiies. Members are appointed by the governor. No members currently are appointed, and the council is not listed among the governor’s boards and commissions.</p> <p>The Department of Commerce website lists 10 Small Business Development Centers in: Billings, Bozeman, Butte, Great Falls, Havre, Helena, Kalispell, Miles City, Missoula, and Wolf Point. The website said the SBDC helped launch 78 new businesses in 2017, created or retained 841 jobs, and helped access \$39 million in financing.</p> <p>Under 15-35-108, MCA, the Department of Commerce gets \$125,000 from coal severance taxes for small business development centers until July 1, 2019, when that portion of the statute sunsets.</p>	<p>FTE – 2019 Biennium = 0 Funding: General Fund - \$500 Federal Special - \$500</p> <p><u>Budget: 2019 Biennium Total</u> \$1,000</p> <p>Of which:</p> <p>Operating Costs \$1,000</p>
<p>Tourism Advisory Council, created under 2-15-1816, MCA</p>	<p>The council has at least 12 members by statute, appointed by the Governor. Its duties include overseeing distribution of funds to regional nonprofit tourism corporations, nonprofit convention and visitors bureaus, and the State-Tribal Economic Development Commission as well as advising the Department of Commerce on</p>	<p>FTE – 2019 Biennium = 0 Funding: State Special Revenue</p> <p><u>Budget: 2019 Biennium Total</u> \$67,326</p>

Overview of Dept. of Commerce Attached Agencies/Reports

Economic Affairs Interim Committee

Prepared by Pat Murdo, Committee Staff, with budget information from the Department of Commerce

Attached Agency	Activities	Funding/Budget
Tourism Advisory Council , continued	tourism promotion and the Governor on matters related to the state’s travel industry. The council also is to direct and approve travel research programs undertaken by the Montana University System. The council also is authorized by statute to modify the tourism regions set by the Governor.	Of which: Operating Costs \$67,326
Montana Council on Developmental Disabilities , created under 2-15-1869, MCA. Under 2-15-1869, the Council is administratively attached to Commerce only if a nonprofit organization is not contracted to handle the duties. However, the Department of Commerce remains the designated state agency for funding purposes.	<p>Since 2003, the state has been able to contract with a nonprofit organization for the purpose of carrying out the requirements of the federal Developmental Disabilities Assistance and Bill of Rights Act of 2000, Public Law 106-402 (see 2-15-1870, MCA).</p> <p>The 28 members of the Montana Council on Developmental Disabilities help plan services and advocate for people with disabilities and their families. The Governor appoints all the members except one member of the Senate and one member of the House of Representatives. The council advises the Department of Public Health and Human Services, other state agencies, tribal and local governments, and private organizations on services for persons with developmental disabilities.</p> <p>The legislative appointments currently are vacant.</p>	<p>FTE – 2019 Biennium = 0</p> <p>Funding: Federal Special Revenue</p> <p><u>Budget: 2019 Biennium Total</u> \$1,000,000</p> <p>Of which: Grants \$1,000,000</p>

Required Reports from the Department of Commerce

The following have statutory references for reports:

- **Board of Investments** -- required to report under 17-6-230, MCA, on pension investments to the State Administration and Veterans’ Affairs Committee. Under 17-5-1560, MCA, the Board of Investments is to provide its annual report to the Legislature or any legislator upon request. Typically the Board of Investments makes this report available by yearend online.
- **Board of Research and Commercialization Technology**’s executive director to report to the legislature on investments in research and commercialization activities and development, as provided in 90-3-1006, MCA.
- **Distressed Wood Products Report** -- under 90-1-503, MCA: “...the department shall provide a status report of the distressed wood products industry loan account to the economic affairs interim committee provided for in 5-5-223.”
- **Federal Project Reviews** – Under 90-1-182(2) The Department may: “(d) report to an appropriate legislative interim committee regarding the number of requests, the types of requests, and the number of responses handled annually.

April 2018

Overview of Dept. of Commerce Attached Agencies/Reports

Economic Affairs Interim Committee

Prepared by Pat Murdo, Committee Staff, with budget information from the Department of Commerce

The department shall post the information under this subsection (2)(d) on its website along with a summary of each requested analysis.”

- **Montana Heritage Preservation and Development Commission** – is to report prior to a regular session concerning financial activities in the prior biennium, including the sale or acquisition of any assets (under 22-3-1003(12), MCA). The Commission also is supposed to report on its indirect cost rate with the Department of Commerce, as provided in 22-3-1002(1)... “The commission and the department shall negotiate a specific indirect administrative rate annually, with biennial review by a designated, appropriate legislative interim committee.”
- **State-Tribal Economic Development Commission Report** – under 90-1-132 a biennial report is required to be provided to Legislative Council and the State-Tribal Relations Committee (among others). As a courtesy, the Economic Affairs Interim Committee has received this report in the past because of the STED Commission’s link to the Department of Commerce.
- **Veterans’ Home Loan Mortgage Program** -- Under 90-6-604(8) “A report describing at least the operation and use of the program must be made by the board to the legislature as provided in 5-11-210. The report may be combined with other reports by the board or the department of commerce to the legislature.”

CI0425 8100pmxb.docx