



Economic Affairs Interim Committee

66th Montana Legislature

SENATE MEMBERS

JASON ELLSWORTH
NATE MCCONNELL
FRANK SMITH
GORDON (GORDY) VANCE

HOUSE MEMBERS

DEREK HARVEY
JOSH KASSMIER
MARK NOLAND
VINCE RICCI
SHARON STEWART PEREGOY
KATIE SULLIVAN

COMMITTEE STAFF

PATRICIA MURDO, Research Analyst
JAMESON WALKER, Staff Attorney
FONG HOM, Secretary

MINUTES LOG

November 7, 2019
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.

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COMMITTEE MEMBERS PRESENT

SEN. JASON ELLSWORTH
SEN. FRANK SMITH
SEN. GORDON (GORDY) VANCE (*participated by phone*)

REP. DEREK HARVEY
REP. JOSH KASSMIER
REP. MARK NOLAND
REP. VINCE RICCI
REP. SHARON STEWART PEREGOY
REP. KATIE SULLIVAN

COMMITTEE MEMBERS EXCUSED

SEN. NATE MCCONNELL

STAFF PRESENT

PATRICIA MURDO, Research Analyst
JAMESON WALKER, Staff Attorney
FONG HOM, Secretary

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

AGENDA ([Attachment 2](#))

COMMITTEE ACTIONS

The Economic Affairs Interim Committee took the following actions:

- Continued objections to two rules until the next committee meeting:
 - one related to how denturists provide dentures over implants; and
 - one revising how points and penalties are assessed for violations of the Alcohol Code;
- Requested information from the Veterans Administration and the Indian Health Service regarding use of denturists;
- Decided to meet January 15, 2020, to discuss revising SB 239 (2019 session) regarding either a temporary tax abatement for builders of fiber optic or coaxial cable or other incentives for building out broadband infrastructure;
- Requested information on how other states are undertaking changes to alcohol laws; and
- Requested additional research related to the Senate Joint Resolution 18 study on professional and occupational licensing of those with criminal convictions. The additional research would identify factors other than licensing that impose social barriers for convicts reintegrating into society.

The committee also heard from the Governor's Office of Economic Development, the Commissioner of Banking and Financial Institutions, and the Department of Labor and Industry as part of routine monitoring of assigned agencies.

CALL TO ORDER AND ROLL CALL

08:33:15 Rep. Vince Ricci called the meeting to order at 8:33 a.m. The committee secretary called roll. ([Attachment 3](#)) Sen. Gordon Vance participated by phone. Sen. Nate McConnell was excused and left his proxy with Rep. Harvey.

AGENCY MONITORING

Overview of All Agencies - Pat Murdo, Committee Staff

08:34:48 Ms. Murdo ([Exhibit 1](#))

Governor's Office of Economic Development - Ken Fichtler, chief business officer

08:37:17 Mr. Fichtler ([Exhibit 2](#))

Committee Questions of Mr. Fichtler

08:51:42 Sen. Ellsworth asked about the production of hemp.

- 08:54:55 Sen. Ellsworth asked about the findings from a study of access to broadband in rural Montana, about the effectiveness of tax abatements to make access to broadband more affordable, and what the Governor's Office of Economic Development could do to help encourage mapping of broadband.
- 08:58:57 Rep. Noland asked about the efforts of the Governor's Office of Economic Development in its partnership with Montana State University regarding attracting workers to rural places.
- 09:02:08 Sen. Smith asked about having enough power to run the meat processing plant and the hemp processing plant at the same time.
- 09:03:35 Rep. Sullivan asked Mr. Fichtler to provide information on what other states are doing about tech transfer.
- 09:04:24 Rep. Stewart Peregoy asked about the Innovate Montana Symposium and the development of individual small businesses on the reservations.
- 09:06:05 Mr. Fichtler distributed the 2019 Montana Economic Development Report to the committee.

Public Comment - none

Division of Banking and Financial Institutions - Melanie Hall, Commissioner

09:07:12 Commissioner Hall ([Exhibit 3](#))

Committee Questions of Commissioner Hall

- 09:16:22 Rep. Noland asked about the protection of Montana citizens from fraudulent transactions by financial institutions.
- 09:23:32 Rep. Ricci asked what financial institutions handle banking for medical marijuana businesses.
- 09:27:01 Rep. Ricci asked about the regulation of money transfers.
- 09:28:05 Rep. Kassmier asked about ag banks and if there is an increase in foreclosures in the future.
- 09:30:54 Rep. Noland asked about protections that the Division of Banking and Financial Institutions is providing to individuals and businesses against bank frauds.
- 09:36:21 Sen. Ellsworth asked about ownership of state charter banks.
- 09:40:04 Rep. Stewart Peregoy asked what advice would the commissioner give to banks regarding entrepreneurs who are in the hemp production business.

Public Comment - none

Department of Labor and Industry - Galen Hollenbaugh, Commissioner

09:43:41 Commissioner Hollenbaugh introduced his key staff, discussed the economic data contained in the Labor Day Report, which can be viewed at

montanaworks.gov, and talked about the Registered Apprenticeship Programs, a pilot project with the University of Montana called Become an Alum to bring back former students who attended a college of higher education but did not complete their education, and where the Department of Labor and Industry stands with House Bill 2.

Update on Active Supervision of Licensing Boards and Implementation of 2019

Legislation - Judy Bovington, Chief Legal Counsel

10:02:49 Ms. Bovington gave a summary on the bills requested by the Department of Labor and Industry that had successfully passed the 2019 Session. She also discussed active supervision of licensing boards. ([Exhibit 4a Process and Exhibit 4b Statutory Duty](#))

Committee Questions of Commissioner Hollenbaugh

10:13:54 Rep. Ricci asked about any data collected on people who had left the workforce because of retirement but then returned to work at a different job.

10:15:57 Rep. Stewart Peregoy asked if the department is compiling data on any students attempting to reenter into a vocational or technology school.

10:17:42 Rep. Stewart Peregoy asked about the apprenticeship programs.

10:19:01 Rep. Stewart Peregoy asked what the department is doing to bring the discouraged individuals who are not actively seeking employment back into the workforce.

10:24:29 Sen. Ellsworth asked if the department has oversight of the boards to make sure the boards are not being anti-competitive.

10:25:31 Sen. Ellsworth asked if the commissioner is being lobbied by any of the boards and how the Commissioner of Labor and Industry's Office handles its duties.

Public Comment on the Labor Report and Active Supervision - none

ASSIGNED DUTIES

Introduction of Board of Dentistry Proposed New Rule II and EAIC Objection - Jameson Walker, Staff Attorney

10:30:42 Mr. Walker reported on the Denturist - Dentist Issues, Main Points of Contention ([Exhibit 5](#)); a summary of the procedural history of the New Rule ([Exhibit 6](#)); and the letter of objection from the committee ([Exhibit 7](#)).

Public Comment on New Rule II

Dentists

10:37:35 George Johnston, Dillon, Board of Dentistry

10:39:51 Al Garver, Executive Director, Montana Dental Association

Denturists

- 10:46:12 Nathan Bilyeu, Attorney, Denturist Association of Montana ([Exhibit 8](#))
10:52:54 Al Casteel, Great Falls, Denturist Association of Montana, provided a copy of the "Denturist Education and Training" to the committee. ([Exhibit 9](#))

Other non-dentists and non-denturists individuals - none

Possible Committee Action on New Rule II

Motion

- 11:00:28 Rep. Ricci moved that the committee continue the informal objection on New Rule II until the next committee meeting which at that time was in February 2020.

Committee Discussion

- 11:01:07 Ms. Murdo asked Rep. Ricci if he wanted to continue the objection to all rules or just to New Rule II.
11:02:12 Rep. Harvey asked Mr. Walker to clarify how the vote from the board of denturists impacts the process.
11:03:15 Sen. Smith asked Mr. Johnston about any statistics with regard to Indian Health and the Veterans Administration using the implant, and asked for more information on that issue.
11:05:41 Mr. Walker said he and Ms. Murdo will work with Sen. Smith on getting the information he has requested.

Vote

- 11:06:15 The motion passed unanimously by voice vote with Sen. McConnell voting aye by proxy.

Administrative Rule Review - Jameson Walker, staff attorney

- 11:07:31 Mr. Walker discussed the Administrative Rule Review dated October 2, 2019 ([Exhibit 10](#)), and the Administrative Rule Report dated October 25, 2019 ([Exhibit 11](#)).

Introduction of Department of Revenue Alcohol Penalty Proposed Rule and Letter to the Department of Revenue regarding Proposed Rule - Jameson Walker

- 11:12:36 Mr. Walker
11:13:30 Ms. Murdo referred the committee to the letter objecting to Montana Administrative Register Notice 42-1003. ([Exhibit 12](#))

Public Comment from the Department of Revenue

11:13:45 Gene Walborn, Director, provided background information on the Alcohol Penalty Proposed Rule. He informed the committee that the Department of Revenue will be withdrawing the proposal for the Alcohol Penalty Rule.

Public Comment from Others

11:37:42 John Iverson, Montana Tavern Association
11:38:06 Kristi Blazer, Montana Beer & Wine Distributors Association
11:39:00 Brad Griffin, Executive Director, Montana Restaurant Association
11:40:42 Neil Peterson, Gaming Industry Association

Possible Committee Action on Alcohol Penalty Proposed Rule

11:42:48 Rep. Stewart Peregoy discussed the letter of objection to the Department of Revenue's rulemaking process for the Alcohol Penalty Rule and asked whether or not the committee wanted to continue to object to the rule.

Motion

11:43:53 Sen. Ellsworth moved that the committee continue the informal objection to the Alcohol Penalty Proposed Rule.

Discussion

11:44:07 Rep. Ricci said that since the Department of Revenue has voluntarily withdrawn the rule, and if the committee withdraws its objection, what happens to the process?
11:44:25 Mr. Walker

Vote

11:45:20 The motion passed unanimously on a voice vote with Sen. McConnell voting aye by proxy.

Information on Co-Located Labs Study - Sen. Gordon Vance

11:46:38 Sen. Vance

WORK PLAN DISCUSSION/SCOPING

Scoping of Alcohol Industry Study

Introduction - Pat Murdo, staff researcher

11:48:11 Ms. Murdo ([Exhibit 13](#))

Public Comment

12:05:28 John Iverson, Montana Tavern Association

12:07:02 Kristi Blazer, Montana Beer and Wine Distributors Association
12:08:03 Robert Hunt, Senior Director, Government Affairs, MillerCoors
12:13:56 Brad Griffin, Montana Restaurant Association
12:16:28 Bob Miller, Liquor Store Owners Association of Montana
12:18:48 Jessie Luther, Anheuser Busch Companies
12:21:16 Elaine Taylor, Wine Institute
12:21:51 Becky Schlauch, Administrator, Alcohol Beverage Control Division, Department of Revenue

Committee Discussion/Questions

12:23:01 Sen. Ellsworth asked Mr. Iverson about the Coalition excluding companies from participating in its meetings.
12:25:07 Rep. Noland asked Mr. Hunt to provide information on what other states are doing in the scoping of alcohol. He also asked about the companies who wish to attend the meetings of the Coalition.
12:29:38 Rep. Ricci asked if Mr. Iverson would be willing to share who is in the Coalition.

Committee Determination of Scope of Activities

12:31:30 Rep. Harvey said he would like more information on opposition from the distributors on stacking the licenses, how much the craft business affects distributing, and because the Coalition is not allowing all the players at the table, the industry needs to get everybody together and come forward with some solutions.
12:34:39 Rep. Sullivan asked if the request for information, such as those from Rep. Harvey, be put in an email so the committee can get that information before the next meeting.
12:36:58 Rep. Stewart Peregoy said that she would like to get as much information as possible in order to make some decisions to establish the scope at the February meeting.

LUNCH (reconvened at 1:30 p.m.)

SJ 18 Study of Professional/Occupational and Other Licensing for those with Criminal Convictions

Introduction - Pat Murdo

13:35:32 Ms. Murdo ([Exhibit 14](#))

Public Comment on the SJ 18 Study

13:48:22 Jana Staton, Missoula Partners for Reintegration ([Exhibit 15](#)) Bart Holt
13:53:31 ([Exhibit 16](#))

13:56:43 Cynthia Wolken, Deputy Director, Department of Corrections

Committee Discussion/Goal-Setting

13:57:26 Rep. Sullivan said she would support the narrow guideline options in the SJ18 Review Options.

13:59:23 Rep. Stewart Peregoy said that she is in favor of making sure that there is a balance and appropriateness so that licenses are not denied for occupations unrelated to the prior crime.

Committee Determination of Scope of Activities

14:09:29 Ms. Murdo reminded the committee that at the previous meeting the members decided to do moderate involvement on the study.

SJ 24 Study of Lodging Facility Use Tax and Distribution

Introduction - Pat Murdo

14:11:53 Ms. Murdo distributed written public comment from Patti Jacques regarding the SJ 24 Study. ([Exhibit 17](#))

14:11:57 Ms. Murdo ([Exhibit 18](#))

Overview of Commerce's Tourism Marketing Promotion Audit - Will Soller, Legislative Audit Division

14:22:17 Mr. Soller ([Exhibit 19](#))

Committee Questions of Mr. Soller

14:37:00 Sen. Smith asked about an exemption to the lodging facility use tax for people traveling to medical facilities for health reasons.

14:37:59 Rep. Noland said he would like to know what the Tourism Marketing and Promotion is doing in complying with the recommendations from the Audit Division.

14:40:25 Sen. Ellsworth recommended doing a broad scope on SJ 24.

Public Comment on the SJ 24 Study

14:41:46 Stuart Doggett, Executive Director, Montana Lodging and Hospitality Association

14:47:45 Jennifer Pelej, Division Administrator, Montana Office of Tourism and Business Development

Committee Questions

14:48:36 Sen. Smith asked Ms. Pelej why city planners and legislators in his district were not notified that the Tourism and Business Office was holding a hearing on the Eastern Montana Initiative.

Concerns related to Broadband Access/Financing

Introduction - Pat Murdo

14:50:57 Ms. Murdo ([Exhibit 20](#))

Public Comment on the Broadband Issue

15:04:40 Geoff Feiss, General Manager of the Montana Telecommunication Association

15:10:31 Dennis Parman, Executive Director, Montana Rural Education Association

Committee Discussion/Goal-Setting

15:18:04 Sen. Ellsworth commented on the status of broadband in Montana.

15:20:06 The committee had a discussion on what Montana can do to commit to providing broadband to Montana citizens and schools.

Legislative Week - Susan Fox, Executive Director, Legislative Services Division

15:31:36 Ms. Fox ([Exhibit 21](#))

Committee Questions and Discussion

15:39:43 Rep. Ricci asked about using a legislator constituent fund for travel and lodging expenses during Legislative Week.

15:40:31 Rep. Stewart Peregoy asked if the committee wanted to participate and have a meeting during Legislative Week?

15:41:28 The committee further discussed participation in Legislative Week, options for a January meeting, and whether to do a tour of the Liquor Warehouse during the January meeting.

Motion

15:55:30 Sen. Ellsworth moved to amend the work plan to reflect that the committee will meet Wednesday, January 15, 2020, and to work on SB 239.

Vote

15:56:13 The motion passed unanimously by voice vote, with Sen. McConnell and Sen. Vance voting aye by proxy.

Determination of Advisory Council, Reports to come before the committee

Introduction - Pat Murdo

15:58:07 Ms. Murdo ([Exhibit 22](#))

Committee Discussion

16:03:13 The committee discussed minimum involvement on the advisory council issue, reviewing handouts, and asking for presentations if there was something that was of interest to the committee in the handouts. Mr. Walker discussed

addressing renewals of committee's rules objection at the January meeting and said he would provide new administrative rule reviews.

Public Comment on reports of the Advisory Councils - none

PUBLIC COMMENT on any item not on the agenda but within the EAIC purview - none

DIRECTION TO STAFF

16:05:45 Ms. Murdo discussed the agenda for the January meeting.

ADJOURNMENT

16:08:19 With no further business before the committee, Rep. Stewart Peregoy adjourned the meeting at 4:08 p.m.

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