



ECONOMIC AFFAIRS INTERIM COMMITTEE

67th Montana Legislature

SENATE MEMBERS

Kenneth Bogner
Carlie Boland
Jason Ellsworth
Shane Morigeau

HOUSE MEMBERS

Alice Buckley
Derek Harvey
Josh Kassmier
Brandon Ler
Mark Noland
Katie Sullivan

COMMITTEE STAFF

Erin Sullivan - Research Analyst
Jameson Walker - Attorney
Fong Hom - Secretary

MINUTES LOG

July 22, 2021
Room 152, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides annotation 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 recording 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 the 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 <https://leg.mt.gov>. From the home page, select the "Committees" drop down menu at the top, then select Administrative or Interim, and the appropriate committee. The written minutes log can be located by expanding the accordion menu for the date of the meeting. Links to the audio/video files can be located by selecting the Video/Audio button on the same page, then the "past/current recordings" button. From there, use the calendar to select the date of the meeting you wish to view/listen to. The written Minutes Log, along with links to 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.

MEMBERS PRESENT:

Sen. Ken Bogner
Sen. Carlie Boland
Sen. Jason Ellsworth
Sen. Shane Morigeau
Rep. Alice Buckley
Rep. Derek Harvey
Rep. Joshua Kassmier
Rep. Brandon Ler (*via Zoom*)
Rep. Mark Noland
Rep. Katie Sullivan

STAFF PRESENT:

Erin Sullivan, Research Analyst
Jameson Walker, Attorney
Fong Hom, Secretary

AGENDA [\(Attachment 1\)](#)

VISITORS' LIST [\(Attachment 2\)](#)

COMMITTEE ACTION

The 2021-2022 Economic Affairs Interim Committee:

- Adopted the Rules, Procedures, and Guidelines for Interim Committees with the allowance of proxies;
- Elected Sen. Kenneth Bogner, R-Miles City, as presiding officer and Rep. Derek Harvey, D-Butte, as vice presiding officer. Chair Bogner then appointed Sen. Shane Morigeau and Rep. Josh Kassmier to serve as the legislative liaisons to the Montana State Fund;
- Agreed to take over the Children, Family, Health and Human Services Interim Committee's statutory monitoring duties for the medical marijuana program immediately, rather than on January 1, 2022, as required under HB 701;
- Agreed to a memorandum of understanding with the Revenue Interim Committee regarding administrative rules for the Department of Revenue for the implementation of HB 701 for the remainder of 2021;
- Instructed staff to draft the final committee work plan to be reviewed and adopted at the next meeting; and
- Adopted future meeting dates for September 2021, November 2021, February 2022, April 2022, and June 2022. The final meeting date for the interim is still to be determined.

CALL TO ORDER/ROLL CALL

09:42:01 Sen. Carlie Boland, Acting Presiding Officer, called the meeting to order at 9:42 a.m. The committee secretary called roll. [\(Attachment 3\)](#)

INTRODUCTION OF MEMBERS AND STAFF

09:42:58 Sen. Boland gave opening remarks and asked the members of the committee and staff to introduce themselves.

ADMINISTRATIVE MATTERS

Committee Duties/Staff Responsibilities

09:51:36 Erin Sullivan, Research Analyst

Rules, Procedures, and Guidelines for Interim Committees

09:52:54 Ms. Sullivan [\(Exhibit 1\)](#)

Economic Affairs Interim Committee Legislation Update

09:57:33 Ms. Sullivan [\(Exhibit 2\)](#)

Website Tour

09:59:01 Ms. Sullivan gave a tutorial tour of the EAIC's website.

COMMITTEE DISCUSSION

Proxy voting procedures

- 10:03:59 Sen. Ellsworth suggested allowing for a text message regarding proxies to be sent to staff.
- 10:04:45 Rep. Noland asked Sen. Ellsworth for clarification on the suggestion of sending a text message.
- 10:05:39 Sen. Morigeau asked Sen. Ellsworth for additional clarification on his suggestion.
- 10:06:38 Jameson Walker, Staff Attorney, noted that emails are the preferred form of sending notices of public meetings, etc., and that sending a text to a private phone does not constitute authority for proxies.
- 10:07:08 Sen. Boland asked Ms. Sullivan about the timeline of getting the proxies to staff.
- 10:07:11 Joe Kolman, Director of the Legislative Environmental Policy Office and the Office of Research and Policy Analysis, provided background information on proxies adopted for session and the interim.

Motion/Vote

- 10:09:00 Sen. Ellsworth moved to allow proxies by email and will be sent to staff before the meeting, and if there is specific votes that a member wants to make, they notify their proxy holder. The motion passed unanimously by voice vote.

Adoption of the Rules, Procedures, and Guidelines

Motion/Vote

- 10:11:08 Rep. Harvey moved to adopt the Rules, Procedures, and Guidelines as proposed. The motion passed unanimously by voice vote.

BREAK

ELECTION OF OFFICERS

Nominations for Presiding Officer

- 10:23:59 Sen. Ellsworth nominated Sen. Bogner as Presiding Officer.
- 10:24:30 The nomination passed unanimously by voice vote.

Nominations for Vice Presiding Officer

- 10:25:02 Rep. Buckley nominated Rep. Harvey as Vice Presiding Officer.
- 10:25:23 The nomination passed unanimously by voice vote.

APPOINTMENTS TO THE MONTANA STATE FUND

- 10:27:45 Ms. Sullivan gave a brief overview of the liaison appointments to the Montana State Fund.
- 10:27:59 Rep. Harvey declined the appointment as liaison to the Montana State Fund.
- 10:28:10 Sen. Bogner appointed Sen. Morigeau and Rep. Kassmier as the liaison members to the Montana State Fund.

AGENCY OVERSIGHT

Department of Agriculture

- 10:28:59 Christy Clark, Acting Director, Department of Agriculture ([Exhibit 3](#))

Questions from the Committee

- 10:42:04 Rep. Sullivan asked if eCommerce is a business-to-business transaction or a direct-to-consumer sale.
- 10:43:05 Rep. Noland asked for clarification on field hemp and what that does in relationship to feed for horses.

Department of Livestock

- 10:45:04 Mike Honeycutt, Executive Officer, Department of Livestock ([Exhibit 4](#))

Questions from the Committee

- 11:04:10 Rep. Noland asked about reports of cattle rustling in Montana.

Department of Revenue, Cannabis Control Division

- 11:07:47 Kristan Barbour, Administrator of the Cannabis Control Division, Department of Revenue, discussed the Overview of the Cannabis Control Division ([Exhibit 5](#)), Cannabis Control Implementation High-level Timeline ([Exhibit 6](#)), Rules Timeline ([Exhibit 7](#)), MAR Notice No. 42-1032 ([Exhibit 8](#)), and MAR Notice No. 42-1031 ([Exhibit 9](#)).

Questions from the Committee for Ms. Barbour

- 11:15:00 Sen. Ellsworth asked if the interpretation of House Bill 249 is for medical marijuana and not for recreational marijuana.
- 11:16:18 Rep. Sullivan asked about the three rules that Ms. Barbour mentioned.
- 11:16:59 Rep. Noland asked for clarification of Ms. Barbour's concern regarding the 41,000 cardholders. He also asked for an explanation on why the Cannabis Control Division is advertising and what is being advertised with regard to HB 249.
- 11:18:58 Sen. Morigeau asked about the number of medical people who are licensed medical marijuana providers and how many have filed to transition into recreational marijuana.
- 11:21:06 Sen. Ellsworth commented that the Department of Revenue is working diligently on the questions that the committee has.

Public Comment on the presenters

- 11:22:44 Marguerite Gaillard, Bozeman United for Racial Justice ([Exhibit 10](#))
- 11:26:14 Pepper Petersen, President of the Montana Cannabis Guild

Discussion on forming a subcommittee

- 11:28:55 Sen. Ellsworth suggested forming a subcommittee with a chair to deal with HB 701 and that the subcommittee reports to the full committee. He asked for a motion.

WELCOME TO EAIC

Overview of draft work plan

- 11:31:00 Ms. Sullivan gave an overview of the draft work plan. ([Exhibit 11](#))
- 11:31:27 Ms. Sullivan referred the committee to the document "Committee Membership" and encouraged the committee to look at it. ([Exhibit 12](#))
- 11:32:30 Ms. Sullivan discussed House Joint Resolution 48 ([Exhibit 13](#)), House Joint Resolution 49 ([Exhibit 14](#)), and Senate Joint Resolution 31 ([Exhibit 15](#)).

- 11:39:55 Ms. Sullivan briefly discussed the letter from the Children, Families, Health, and Human Services Interim Committee regarding transferring the medical marijuana monitoring duties to the Economic Affairs Interim Committee. [\(Exhibit 16\)](#)
- 11:40:31 Ms. Sullivan discussed the Memorandum of Understanding for Committee Review of Administrative Rules Regarding Marijuana between the Revenue Interim Committee and the Economic Affairs Interim Committee. [\(Exhibit 17\)](#)
- 11:41:25 Ms. Sullivan discussed the Department of Labor and Industry's licensing board active supervision review.
- 11:42:19 Ms. Sullivan discussed the committee's responsibility to review of draft legislation.
- 11:42:46 Ms. Sullivan discussed HB 142 requiring interim committees to review the statutorily created advisory councils and required reports.
- 11:43:58 Ms. Sullivan discussed House Bill 651 that required interim committees to review proposed ballot initiatives within the interim committee's subject area.
- 11:44:53 Ms. Sullivan discussed Member Topics and Emerging Issues and Other Potential Activities. Ms. Sullivan referred the committee to Rep. Dan Bartel's memorandum dated June 7, 2021, that invited the members of EAIC to work with the Section A General Government Interim Budget Committee. [\(Exhibit 18\)](#)
- 11:46:01 Ms. Sullivan referred the committee to the proposed meeting schedule in the draft work plan.

Overview of the 2021-2022 Decision Matrix

- 11:46:37 Ms. Sullivan [\(Exhibit 19\)](#)

Administrative Rule Review

- 11:49:11 Jameson Walker, Staff Attorney, gave a presentation on Administrative Rulemaking and Rule Review. [\(Exhibit 20\)](#)
- 12:05:26 Mr. Walker discussed Administrative Rulemaking and Rule Review, July 2021. [\(Exhibit 21\)](#)

Questions from the Committee

- 12:08:24 Rep. Buckley asked about lowering license renewal fees for the Board of Architects and Landscape Architects and the process of reviewing an economic impact statement.

Overview of Senate Joint Resolution 31, a study of implementation of Montana's recreational marijuana program – Sen. Ellie Boldman (via Zoom)

- 12:09:46 Sen. Boldman gave an overview of Senate Joint Resolution 31. [\(See Exhibit 15\)](#)

Overview of House Joint Resolution 48, a study to examine use of facial recognition technology – Rep. Katie Sullivan

- 12:18:25 Rep. Sullivan gave an overview of House Joint Resolution 48 and requested that HJ 48 be transferred to the Energy and Telecommunications Interim Committee. [\(See Exhibit 13\)](#)

Committee Discussion

- 12:20:50 Sen. Ellsworth commented on the transfer of HJ 48 to the Energy and Telecommunications Interim Committee. He recommended drafting a letter to the Energy and Telecommunications Committee asking them to accept the transfer of the study.

- 12:21:26 Sen. Morigeau recommended doing a tour of the testing facility and hearing a presentation on House Bill 701.
- 12:22:28 Sen. Bogner discussed forming a subcommittee specifically for HB 701.

Public Comment

- 12:23:31 Racene Friede, Glacier Country Regional Tourism Commission, discussed the sustainability of tourism in Montana and how recreational marijuana coming into the state will impact the communities.
- 12:25:32 Kate Cholewa, Montana Cannabis Industry Association, commented on the adult use of marijuana.

LUNCH BREAK

Discussion and Action on the CFHHS letter on medical marijuana monitoring duties and the Memorandum of Understanding letter

Motion

- 13:33:50 Sen Ellsworth moved to accept the monitoring duties of the medical marijuana program and to accept the monitoring and rule review duties as outlined in the Memorandum of Understanding between the Revenue Interim Committee and the Economic Affairs Interim Committee.

Discussion on the Motion

- 13:34:33 Mr. Walker said that he will prepare the committee's response to the CFHHS' letter. Ms. Sullivan said that she will complete the Memorandum of Understanding process.

Vote

- 13:35:03 The motion passed unanimously by voice vote.

COMMITTEE WORK SESSION

Discussion on the Decision Matrix

- 13:36:23 Ms. Sullivan provided the Work Plan Matrix Calculator to the committee and the committee discussed the allotment of time for Statutory Duties and Discretionary Activities. ([Exhibit 22](#))
- 13:38:06 Rep. Harvey discussed transferring the HJ 48 study to the Energy and Telecommunications Interim Committee.

Motion

- 13:38:19 Rep. Harvey moved to transfer the HJ 48 study to the Energy and Telecommunications Interim Committee.

Discussion on the Motion

- 13:38:50 Rep. Noland discussed keeping HJ 48 in the committee. Sen. Ellsworth discussed the committee's time for the three studies. Sen. Bogner said that he will oppose the motion.

Vote

13:42:54 The motion failed, 5-5, on a roll call vote. Senators Bogner and Ellsworth and Representatives Kassmier, Ler (via Zoom), and Noland voted no. Senators Boland and Morigeau and Representatives Buckley, Sullivan, and Harvey voted yes.

Discussion on allotment of time in the work plan

13:43:24 Ms. Sullivan

Discussion on Discretionary Activities/Member Ideas

13:43:46 Rep. Noland wanted the committee to consider studying ways to remove the deceased from the election rolls. Sen. Morigeau said that would be a topic best suited for the State Administration Interim Committee or the Local Government Interim Committee.

13:45:24 Sen. Ellsworth discussed looking into the unemployment issues due to the COVID-19 pandemic.

13:48:45 Rep. Buckley asked Sen. Bogner about Senate Bill 142 that he sponsored.

13:51:34 Rep. Ler discussed having the Department of Livestock explain the shipping costs of the Cooperative Interstate Shippers Program. He also wanted the Department of Revenue to come to the committee and explain the costs and the application process for liquor licenses.

13:53:44 Rep. Noland requested that Ms. Schlaugh of the Liquor Control Division come to a EAIC meeting and discuss the liquor license issue.

13:54:37 Rep. Sullivan commented that the Department of Labor and Industry uses facial recognition for unemployment fraud.

13:55:19 Sen. Bogner discussed House Bill 74 that created a raffle or lottery game for the benefit of the Board of Horseracing. Rep. Noland suggested that the Director of the State Lottery be ready for future presentations.

13:59:06 Sen. Ellsworth suggested sending out a survey on what the committee wants to spend time on and grade the studies on a scale of what is important.

Discussion on Marijuana Implementation Study and SJ 31

14:00:50 The committee discussed how much time should be allocated to the marijuana implementation study and SJ 31. The committee discussed forming a subcommittee or a working group or a task force and what are the pros and cons of forming such a group.

Discussion on Statutory Duties

14:19:29 The committee discussed the allocation of time for the Statutory Duties.

Discussion on Discretionary Duties

14:27:57 The committee discussed the allocation of time for items under Discretionary Duties.

14:44:52 Sen. Ellsworth said that at this point there is no need for a motion but to move to formally adopt the matrix at the next meeting.

14:45:47 Mr. Walker gave a presentation on a subcommittee vs. a working group, what the duties are of a subcommittee or working group, and who can serve on a subcommittee or working group.

Motion

14:53:52 Sen. Ellsworth moved to establish a working group of four members made up of the Economic Affairs Interim Committee to...and to leave it at that.

Discussion on the Motion

14:54:39 Rep. Kassmier asked if the subcommittee members would be volunteers who would not be paid.

14:55:30 Rep. Ler commented on Sen. Ellsworth's motion.

14:56:18 Sen. Ellsworth withdrew his motion.

BREAK**Further Committee Discussion**

15:04:21 Sen. Ellsworth commented on the purpose of his motion and why he withdrew it.

Meeting dates

15:05:38 Ms. Sullivan discussed the meeting schedule. (See [Exhibit 11](#), page 12)

Committee Discussion

15:07:58 Rep. Noland asked if the meeting schedule fits in with Rep. Bartel's budget committee meeting schedule.

15:09:25 Sen. Ellsworth asked if Ms. Sullivan has had a chance to look at the American Rescue Plan Act's (ARPA) advisory committees meeting schedules for conflicts.

15:10:35 The committee discussed the Economic Affairs meeting schedule.

Motion

15:14:34 Rep. Harvey moved to accept the September, 2021, the November, 2021, and the February, 2022 meeting dates.

Vote

15:16:26 The motion passed unanimously by voice vote.

Further Discussion

15:16:59 The committee discussed meeting dates for April, June and September of 2022.

ADJOURNMENT

15:21:03 With no further business before the committee, Sen. Bogner adjourned the meeting at 3:20 p.m.