



Economic Affairs Interim Committee

57th Montana Legislature

SENATE MEMBERS
DALE MAHLUM, Chairman
DOROTHY BERRY
JON ELLINGSON
GLENN A. ROUSH

HOUSE MEMBERS
KATHLEEN GALVIN-HALCRO, Vice-Chairman
GARY MATTHEWS
JOE MCKENNEY

COMMITTEE STAFF
GORDON HIGGINS
RESEARCH ANALYST
BART CAMPBELL, STAFF ATTORNEY
EDDYE McCLURE, STAFF ATTORNEY
LOIS O'CONNOR, SECRETARY

April 10, 2002

MINUTES

Room 102, State Capitol
Helena, Montana

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division. **Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of documents.**

COMMITTEE MEMBERS PRESENT

Sen. Dale Mahlum, Chair
Rep. Kathleen Galvin-Halcro, Vice Chair
Sen. Dorothy Berry
Sen. Jon Ellingson
Sen. Glenn A. Roush
Rep. Gary Matthews
Rep. Joe McKenney
Rep. John Sinrud

STAFF PRESENT

Gordon Higgins, Research Analyst
Bart Campbell, Attorney
Miko Owa, Secretary

AGENDA & VISITORS

Agenda (ATTACHMENT #1)
Visitors' list (ATTACHMENT #2)

COMMITTEE ACTION

- Adopted minutes of the February 13, 2002 meeting

CALL TO ORDER, ROLL CALL, MINUTES

The meeting was called to order at 9:05 a.m. by Sen. Mahlum. Roll call was noted (ATTACHMENT #3) with all members present. Sen. Roush moved to adopt the minutes of February 13, 2002. Sen. Berry seconded the motion. The motion passed unanimously

STATEWIDE ECONOMIC DEVELOPMENT STRATEGIC PLAN

David Gibson, Chief Business Officer, Office of Economic Opportunity, presented to the Committee the Governor's Office of Economic Opportunity strategic plan (EXHIBIT #1). In

addition, he provided *A Framework for Economic Development* (EXHIBIT #2) and a current office roster (EXHIBIT #3). Mr. Gibson said that his staff has just finished a number of "listening sessions" discussing Montana's framework for economic development.

Sen. Ellingson asked Mr. Gibson what he has been able to do with JORE and if there has been any state involvement. Mr. Gibson said that they have committed approximately \$1 million with the stipulation that the company reorganizes. He said that the biggest role is to maintain communication with the company. Sen. Ellingson asked about Columbia Falls and MRI. Mr. Gibson said that with respect to Columbia Falls that situation has been resolved. He said that MRI will not open their mine until copper prices increase.

Sen. Roush asked Mr. Gibson about technical education in high schools and junior highs. He also asked about the effect of WalMart on communities. Sen. Roush also asked about the possibility of marketing the Glasgow Air Force Base. Mr. Gibson said that technical education and small businesses are the critical areas that his office is focusing on. In reference to WalMart he said that it is a difficult situation because there is consumer demand. However, he said that that is why the state needs to focus on primary industry jobs such as technology. In reference to the Glasgow Air Force Base, they are trying to market that area, but Boeing still owns the base and the state would need to buy it back from them.

Rep. Matthews asked if there was a working group to discuss work force development and training. Mr. Gibson said that they do have a RFP group that is looking at the work force labor gap study, a College of Technology (COT) group, and a Work Force Investment Board.

Sen. Mahlum asked Mr. Gibson to continue to look at the process to obtain a business license in Montana. He also asked that Mr. Gibson continue to explore the abilities of the COT system.

AGRICULTURAL DEVELOPMENT AND MARKETING

Ralph Peck, Director, Department of Agriculture, provided the Committee with a presentation (EXHIBIT #5) on the Department of Agriculture. He said that agriculture accounts for approximately 20% of employment in the state. He said that agriculture is a \$2.5 billion industry. Mr. Peck also provided a brief history of agricultural development in Montana. He said that the vision of the Department is to double the economic value of agriculture by the year 2005. Mr. Peck said that recommendations to achieve this vision fell in the area of business recruitment and assistance, product development and marketing, infrastructure development, and professional producer initiatives. Mr. Peck also provided members of the Committee with a copy of the loans made through the Growth Through Agriculture Program (EXHIBIT #4).

Brent Poppe, Bureau Chief, Department of Agriculture, commented about several Montana made products such as wool blankets, tamales, brandy, organic food ingredients, and safflower oil.

Sen. Roush asked about the lack of agriculture representation in the Pacific NorthWest Economic Region (PNWER). Mr. Peck responded that the issue has been brought up, but they currently do not have the budget to attend.

Rep McKenney asked about foreign market trends. Mr. Peck said that the Pacific Rim is very important to Montana, especially, Taiwan and Japan. He said that it has been very difficult to

enter the meat industry in Japan. Sen. Mahlum asked about feeder cattle going to Canada. Mr. Peck said that it puts another buyer in the market place and it adds \$0.03 to \$0.04 per pound in the different markets.

WORKFORCE INVESTMENT ACT

Ingrid Childress, Department of Labor and Industry (DLI), provided an update to the Committee about the Workforce Investment Act (EXHIBIT #6). She said that the new structure created under Title I is a governance structure that starts at the federal level and the oversight resides with the U.S. Department of Labor. She said that DLI receives authority from the state legislature to spend federal funds. However, she commented that DLI does not have decision making authority and that that is the responsibility of local workforce investment boards. Ms. Childress went on to explain the responsibilities of the local workforce investment boards, about the demand for services, and the fact that DLI can only serve a portion of those seeking services.

Sen. Ellingson asked about services that could be provided with increased funding. Ms. Childress said that if there were additional resources, then local boards would be directing where those resources are used. She said that DLI is working closely with the Office of Economic Development to better the program.

Sen. Roush asked if Montana has any control over the Job Corps, Migrant Seasonal Farm Worker, and Tribal Programs. Ms. Childress said that there is no direct control, however, there are memorandums of understanding (MOUs). Sen. Roush asked about the quality of the program and if any assessments are completed. Ms. Childress said that the programs are all measured and tracked.

Ms. McClure asked about the criteria for creating a board. Ms. Childress said that the criteria is established by the federal government.

WORKERS' COMPENSATION ADMINISTRATIVE RULES

Rae English, Peak Health and Wellness, reviewed for the Committee the issue of urgent care doctors being excluded from acting as "treating physicians" under the current worker's compensation laws (EXHIBIT #7).

Sen. Mahlum asked if the Peak Health and Wellness physician has an office away from the urgent care clinic. Ms. English said no. Sen. Mahlum asked if the doctor completes all of his billing from the office. Ms. English said yes. Sen. Mahlum asked if the doctor was Montana certified. Ms. English said yes.

Rep. Galvin-Halcro asked if this would allow nurse practitioners to be considered the "treating physician". Ms. English said nurse practitioners and chiropractors are already considered "treating providers".

Nancy Butler, Montana State Fund, said that the issue is the quality of physicians and the law was established to protect workers and provide them with a full complement of care. She said that she is not sure if all urgent care facilities see themselves in a regular treating role or want long term patients. She said that Montana State Fund does pay for this type of care for the

purposes that they are there for. She said that the issue is very narrow and she does not see the need to change the current law.

Sen. Ellingson asked how is it that urgent care doctors are allowed to be compensated by workers compensation. Ms. Butler said that they are paid but not as a "treating physician". Sen. Ellingson asked if care would be paid for up until the point that the injured party chooses a "treating physician". Ms. Butler said yes. Sen. Ellingson asked if there was a separate quality issue established by the hospitals. Ms. Butler said that it does give an indication as to whether or not a hospital believes a certain doctor should be working there.

Ms. English said that worker's compensation is the only payer that relies on a hospital to do the credentialing for them. She said that if an urgent care doctor wanted to become a Blue Cross provider, they have to submit information to those insurers directly to show that they are worthy. She said that perhaps a revision would be to have the insurer credential the doctor directly.

Rep. Matthews asked how many doctors don't have admitting privileges. Ms. English said that she does not know.

Jerry Keck, DLI, Employment Relations Division, said that the Department has no position on the underlying issue. He said that from their perspective an urgent care physician can be a "treating physician" if they meet the requirements that are in the statute.

Jacalynn Lenmark, American Insurance Association, said that their position is very similar to Ms. Butler's statement. She said that they would be reluctant to endorse a change in the law without further study.

Sen. Mahlum, with the permission of the Committee, asked Mr. Higgins to work with the appropriate parties and present additional information at the June meeting.

UPDATE ON ADMINISTRATIVE RULES

Jerry Keck, Administrator, DLI, reported that they have been in the process of gathering the information to determine the effects of the new fee schedule. He said that they have recently received sufficient data and they are building that into a matrix. He said that they hope to have the new schedule implemented by August 1, 2002.

FULL COST ACCOUNTING PILOT PROGRAM

Gordon Higgins, Research Analyst, Legislative Services Division, provided the Committee with a copy of HB 73 (EXHIBIT #8) as well as the final report entitled *Home Field Advantage: Government Competition and Other Issues Before the Business, Labor, and Agriculture Interim Committee* (EXHIBIT #9). He discussed the full cost accounting pilot program.

Jane Hammond, Office of Budget and Program Planning, said that she has been asked to coordinate a response to the bill. She said that she has worked with the agencies and the state accounting office to develop a format as to how all agencies will report their direct costs.

Sen. Mahlum asked if the agencies will be on time in presenting their information. Ms. Hammond said that she was not aware that September 1 was the due date as most reports are due on September 15. She asked if the Committee has a September meeting. Mr. Higgins said they have a meeting on September 13. Ms. Hammond said that she can have the information completed by then.

Mr. Higgins said that the requirement that HB 73 put into place regarding the type of recommendation the Committee would like to make can be discussed at the August meeting. He said by that time, they would be aware of any structural issues that might arise with the model.

INTERNATIONAL BUILDING CODES

Bill Jellison, Bureau Chief, DLI, provided an overview to the Committee of the current standards for building codes. He said that Montana has used the uniform standard of building codes since the mid-seventies. He said for the structural portion of single family dwellings, they use the Counsel of American Building Officials standards. He said that they are currently proposing adoption of the International Family of Codes (IFC). He said that they hope to file the rules with the Secretary of State's Office by June.

Sen. Mahlum asked how the final decision would be made. Mr. Jellison said that DLI would hold a public hearing and involve the commissioner's office and chief legal counsel.

Sen. Roush asked about the arguments of the opponents. Mr. Jellison said that those particular parties know that another building code is due out in 2003 and their vote was along the lines that they would like to wait so that a side by side comparison could be done.

Rep. Sinrud asked about how many states have adopted the NFPA code relative to the and how many have adopted that in comparison to the IFC codes. Mr. Jellison said none. Rep. Sinrud asked if the NFPA has previously published building codes. Mr. Jellison said that they have previously written fire code, but have expanded to include building code. Rep. Sinrud asked if a building is being constructed under current codes, what happens during a remodel. Mr. Jellison said that any remodel would require the new code to be used for the new portion of the home.

Sen. Mahlum asked about the size and cost of the code books. Mr. Jellison said that code books are sold to the public at cost plus postage. He said that the books run approximately \$60-\$80. Sen. Mahlum asked about homes and sprinkler systems. Mr. Jellison said that sprinkler systems are not a residential concern. Sen. Mahlum asked when the final implementation date would be. Mr. Jellison said that they have been working on the issue for a number of years and have been sponsoring training sessions free to the public, but potential publication could occur at the end of August 2002.

Jim Brown, DLI, said that the plan to ease the transition is to provide a year for contractors to ease from one set of building codes to the next.

SJR 22 SUBCOMMITTEE

Rep. McKenney updated the Committee on the activities of the SJR 22 Health Care Subcommittee. He said that a new issue is the establishment of a health care advisory council. He said that it would be a group of legislators and citizens that would meet on a regular basis and advise the governor, legislature, and insurance office. He said that the idea did not go over very well as the council would have no real power. He said that the idea was discussed to have it established as a regular interim committee and that issue will be reviewed at the next meeting. He said that there was also a short presentation on the tobacco settlement trust fund. Rep. McKenney said that the state is limited in their influence over health care costs, but said that the Subcommittee agreed to look at the Children's Health Insurance Program, Multi-State Purchasing Pool, and tax credits for individuals and businesses.

Sen. Ellingson said that Rep. McKenney formed a working group to discuss the proposal of a tax credit that could be given to businesses and individuals. He said that greater study needs to take place as to the type of tax credit. However, they are not going to examine the funding source at this time.

Sen. Roush asked about pending legislation at the federal level. Rep. McKenney said that they are not blind to the negotiations that are happening at the federal level, but the state can not sit back and wait and will be going ahead with their own proposals.

Mr. Higgins said that the Subcommittee asked to send a letter to the Department of Public Health and Human Services regarding working together with national chain drugstores to develop a dialogue regarding cost containment measures. He said that in reference to the multi-state purchasing pool, he has requested information that should give a good sense to the Subcommittee as to the kind of process they might want to consider as they make recommendations. Mr. Higgins said that he has received and is currently reviewing information relating to tax credit possibilities.

COMMITTEE ADMINISTRATIVE ISSUES

Mr. Higgins said that the next meeting was tentatively scheduled for June 7 and he was wondering if this Committee would be interested in moving the meeting to June 14. Sen. Mahlum said that the Committee members will review their calendars and respond to his request.

Mr. Higgins said that DLI has requested time on the June agenda to discuss possible proposals regarding the economic picture in Montana and jobless claims. He said that they are asking to give the Committee a sense of where the state is today and where the state is going.

Mr. Higgins then reviewed the *Procedure for Review, Request, and Drafting of Agency Legislation* (EXHIBIT #11) as well as the *Proposed 2003 Session Legislation* form (EXHIBIT #10).

Rep. McKenney asked how many proposals will be brought before the Committee. Mr. Higgins said that he is not anticipating a large number of proposals as the DLI has approximately six and the Department of Commerce has approximately three.

Mr. Higgins said that in reference to PNWER participation, he would be willing to work with PNWER delegates to prepare a letter to the legislative council to request for funding. The Committee said that they do need to participate in the process and funding should be provided.

ADJOURNMENT

The meeting adjourned at 3:35 p.m.

CI0425 2135jjxa.