



## Economic Affairs Interim Committee

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### 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

February 5th, 2016  
Room #102, 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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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. LEA WHITFORD  
REP. MIKE LANG  
REP. NATE MCCONNELL  
REP. VINCE RICCI

#### **COMMITTEE MEMBERS EXCUSED**

SEN. RICK RIPLEY

#### **STAFF PRESENT**

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

## VISITORS' LIST (Attachment 5)

### AGENDA (refer to Attachment 2)

#### CALL TO ORDER AND ROLL CALL

00:00:03 Rep. Lynch called the meeting to order at 8:02 a.m. The committee secretary called roll ([Attachment 6](#)). Sen. Ripley was excused and left his proxy with Sen. Vance ([Attachment 7](#)).

#### MEMBER / EMERGING TOPICS -- ECONOMIC DEVELOPMENT

##### Overview of Economic Development Funding -- John Rogers, Governor's Office of Economic Development

00:00:48 Mr. Rogers ([Exhibit 21](#)), ([Exhibit 22](#)), ([Exhibit 23](#)), ([Exhibit 24](#)), ([Exhibit 25](#)), ([Exhibit 26](#)), and ([Exhibit 27](#)), (Note: Exhibit 27 is available in the Legislative Services Division's office upon request).

00:45:30 Sen. Whitford asked Mr. Rogers what the Governor's Office of Economic Development plans to do to close the poverty gap in her senate district.

00:56:23 Rep. Lang asked Mr. Rogers how Montana ranks with small business manufacturing tax.

##### Specific Program Discussions / Examples of Big Sky Economic Development Funding and Workforce Training Grants -- Sean Becker, Dept. of Commerce

01:00:12 Mr. Becker ([refer to Exhibit 22](#))

01:16:12 Sen. Facey asked Mr. Becker what type of planning is funding program grants.

01:17:12 Mr. Becker continues his presentation.

01:29:17 Rep. Lynch asked Mr. Becker how the changes from SB163 in 2015 affected the money circulation in the program.

01:33:31 Sen. Facey asked Mr. Becker if it would be appropriate to tell legislators when program staff visit corporations so that the legislators know about what is going on in the area.

01:36:54 Rep. Lynch asked Mr. Becker if they have qualified applicants in the program that are not receiving funds due to a shortage of funds.

01:39:21 Sen. Whitford asked Mr. Becker if they track the success of a startup business through loans and grants.

01:41:10 Mr. Becker introduced Garl Germann, owner, Montana Meat Company.

01:41:54 Mr. Garmann spoke about funds his company received under the Big Sky Economic Development Trust and the number of people hired so far.

01:44:18 Rep. Lang asked Mr. Germann to explain regulations that he deals with on meat buying, processing, and selling.

##### Specific Program Discussions, Growth through Agriculture -- Angie Nelson, Dept. of Agriculture

01:47:39 Ms. Nelson, Section Manager, Business Development and Marketing for the Department of Agriculture ([Exhibit 28](#)), ([Exhibit 29](#)), ([Exhibit 30](#)), and ([Exhibit 31](#)).

01:58:30 Rep. Lang asked Ms. Nelson about the program's default ratio.

01:59:38 Sen. Facey asked Ms. Nelson if there are more community food processing kitchens around the State of Montana. Sen. Facey asked a followup question about food banks and food development centers.

02:03:05 Rep. Lynch asked Ms. Nelson if there was any discussion of recirculating program funds in a revolving loan fund similar to the process set up by SB 163.

**Specific Program Discussions, Incumbent Worker Grants -- Scott Eychner, Dept. of Labor and Industry Panel**

02:06:03 Mr. Eychner

**AGENCY MONITORING -- DEPARTMENT OF AGRICULTURE**

**Agency Overview -- Ron de Yong, Director (Exhibit 32)**

02:11:09 Mr. de Yong

02:26:35 Sen. Facey asked Mr. de Yong if the pesticide fees were set in statute and when was the last time the fees were raised.

02:27:07 Rep. Lang asked Mr. de Yong how much more cash will be generated with the proposed \$50 increase.

02:27:57 Rep. Lang asked Mr. de Yong will be involved in the pesticide applicators licensing procedure. Rep. Lang asked a followup question of whether the Department of Agriculture is working with Montana State University Extension Services for funding.

02:30:10 Rep. Ricci asked Mr. de Yong to review the process of discovering and regulating the spread of noxious weeds in the State of Montana. Rep. Ricci asked a followup question about managing the spread of noxious weeds on federal lands.

02:33:42 Mr. de Yong continued his presentation.

02:38:55 Rep. Lang asked Mr. de Yong what he expects will be the nursery program license and fee increase. Rep. Lang commented that a higher license fee be considered for products out of state than products produced in the state of Montana.

**Board of Hail Insurance -- Review (Exhibit 33)**

02:43:39 Mr. de Yong

02:45:57 Sen. Facey asked Mr. de Yong if there are commercial hail insurance policies available separate from the Board of Hail Insurance policies.

02:47:40 Rep. Lang asked Mr. de Yong if they have focused on a more customer-service friendly program to obtain hail insurance. Rep. Lang asked a followup question about the collections from the Department of Revenue after the transition of the program and what happens if a premium payer does not pay the premium.

02:52:10 Rep. Lynch asked Mr. de Yong if the transfer of the hail insurance program from the Department of Revenue to the Department of Agriculture was due to the request of the producers.

02:52:40 Mr. de Yong continued his presentation.

**Public Comment**

02:54:04 Bob Biskupiak, CEO, Independent Insurance Agents Association of Montana

02:57:33 Rep. Tom Berry, HD40

03:02:41 Mr. de Yong

**Committee Questions**

03:04:53 Rep. Ricci asked Rep. Berry if the advantage the Department of Agriculture has

over private insurance equates to smaller premiums. Rep. Ricci asked a followup question as to whether premiums from a private company are smaller than those from the Department of Agriculture.

03:06:57 Sen. Facey asked if the State Hail Board were to have more claims than assets, would the state general fund provide insurance backup funds. The question was referred to Ben Tiller, an attorney with the Department of Agriculture. Sen. Facey also commented about the state's involvement in hail insurance.

03:10:35 Rep. Lang asked Mr. Tiller when the department buys reinsurance is it from a Montana company. Rep. Lang asked a followup question about whether the State Auditor's Office demands that the Department of Agriculture have higher reserves.

03:14:45 Rep. Lynch asked Mr. Tiller if this is the first time reinsurance has been bought since 2013. Rep. Lynch asked a followup question regarding historical concerns with the 2013 hail damage and a corresponding rate structure.

03:19:41 Sen. Vance asked Rep. Berry if there are other changes he would recommend to make the product of hail insurance more equitable with other insurers.

**BREAK** (Reconvened at 11:39 a.m.)

### **Future Agenda Items**

03:37:45 Pat Murdo, Research Analyst ([Exhibit 34](#)) and ([Exhibit 35](#))

03:47:43 Sen. Facey commented that the resolution of the acupuncturist physical therapist conflict is an example of why the committee should only review what issues come before the committee.

03:49:43 The committee discussed options for asking the State Auditor's Office to handle industry-based solutions for Montana air ambulance balance billing concerns and interactions between air ambulance providers and insurance companies or self-insured employer plans.

04:05:36 Sen. Facey commented on the proposed letter to Montana's Congressional Delegation regarding air ambulance services ([Exhibit 36](#)).

### **Motion**

04:06:22 Sen. Facey moved to send a letter to Montana's Congressional Delegation requesting Sen. Jon Tester, Sen. Steve Daines, and Congressman Ryan Zinke to consider revising the Airline Deregulation Act and various other federal laws that preempt state regulations related to air ambulances.

### **Vote**

04:07:00 The motion passed with a unanimous voice vote.

04:09:15 Rep. Lynch asked if a working group should be considered for the further discussion with air ambulance companies and services.

04:09:53 Ms. Murdo suggested sending a letter to the State Auditor's Office about the working group.

### **Motion**

04:10:11 Sen. Facey moved to send a letter requesting that the State Auditor's Office coordinate a working group to develop industry-based solutions in Montana in relation to air ambulance balance billing concerns and interactions between air

ambulance providers and insurance companies or self-insured employer plans.

**Vote**

04:10:50 The motion passed with a unanimous voice vote.

**Next Meeting Date**

04:11:01 The committee discussed and planned to have the next Economic Affairs Interim Committee meeting on April 14, 2016.

04:15:03 Sen. Vance asked whether agencies requesting legislation provide the request to the committee sooner than the last meeting.

04:19:07 Rep. Lynch summarized a note from Sen. Whitford that she will not be able to fulfill her position as liaison to the Rail Service Competition Council so the opportunity by statute is open to an Economic Affairs Interim Committee member from the Democratic Party.

04:19:53 Sen. Facey said he will fulfill Sen. Whitford's position as liaison.

**ADJOURNMENT**

04:20:30 Rep. Lynch adjourned the meeting at 12:22 p.m.

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