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Economic Affairs Interim Committee

59th Montana Legislature

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December 6, 2005

The Honorable Brian Schweitzer
Governor, State of Montana
State Capitol, Room 204
Helena MT 59620

Dear Governor Schweitzer:

Thank you for your October 27, 2005, letter to the Economic Affairs Interim Committee regarding your concerns about making appointments to the Montana Capital Investment Board, provided for in 90-10-201, MCA. The Committee would like to work with you and is providing this letter to address several points that you raised in your letter in the hope that you will reconsider and move forward as quickly as possible with the appointments.

The Committee considers timing to be very important for moving forward with the Montana Equity Capital Investment Act because other states are attracting venture capital dollars while Montana hesitates. The MoneyTree Survey™ by PriceWaterhouseCoopers, Thomson Venture Economics, and the National Venture Capital Association indicates that \$16 billion was invested in venture capital in the first nine months of 2005. In the most recent quarter, one early stage investment was reported in Montana (Chinook Wireless) but 34 other venture investments were reported elsewhere in the Northwest. Capital attracts capital. The Montana Equity Capital Act will help Montana to attract its share.

The Committee recognizes the Governor's interest in making government more efficient. Supporters of SB 133 were unhappy when funding was stripped from House Bill 2 for implementation of the Montana Equity Capital Investment Act. The Committee expects that the legal documents drafted in other states, such as Michigan and Iowa, plus the organizational expertise in the Department of Commerce, and one staff person will be a model for efficient state government. Once the Board, with its high level of expertise and knowledge, selects a designated investor group, most of the difficult work involving the Montana Equity Capital Investment Act will be done by the designated investor group. The board, with assistance from a staff person, will handle oversight.

The Committee feels that concerns about the constitutional issues were addressed prior to drafting of SB 133 and are resolved, as stated in the opinion by Legislative Legal Counsel Greg

(more)

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Petes. Legislatures pass laws, and governors sign laws, with the expectation that they are constitutional. The Attorney General is obligated to defend the law if it is challenged.

The Committee hopes that the Governor will move forward to appoint the Montana Equity Capital Investment Board. The Board members must have substantial expertise and will accordingly be capable of making the decisions that will help Montana attract capital investment for projects that are important to you and to the state. The Committee will work with you to help in any way possible.

Sincerely,

Representative Jim Keane
Chair, Economic Affairs Committee

cc: Tony Preite, Director, Department of Commerce
Evan Barrett, Governor's Office of Economic Development
David Ewer, Governor's Office of Budget and Program Planning
Senator Jeff Mangan, SB 133 Sponsor
Economic Affairs Committee:
Senator John Brueggeman
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