

SELECT COMMITTEE ON ECONOMIC DEVELOPMENT

HOUSE OF REPRESENTATIVES

48TH LEGISLATURE

ATTENDANCE

DATE: March 26, 1983 - Excutive Session

ROOM: 224A

	PRESENT	ABSENT	OTHER
VINCENT, John - Chairman	X		
SCHYE, Ted - Vice-Chairman	X		
ASAY, Tom	X		
DARKO, Paula	X		
FABREGA, Jay		X	
FAGG, Harrison		X	
HANSEN, Stella Jean		X	
HARPER, Hal	X		
HARRINGTON, Dan	X		
METCALF, Jerry	X		
NEUMAN, Ted		X	
RAMIREZ, Jack	^{at} X		
VINGER, Orren		X	

EXECUTIVE SESSION OF SELECT COMMITTEE ON

ECONOMIC DEVELOPMENT - MARCH 26, 1983

CHAIRMAN VINCENT called the meeting to order at 7:45 a.m. in Room 224A. Representatives Fabrega, Fagg, Hansen, Neuman and Vinger were absent.

VINCENT opened meeting with discussion of proposed Statement of Intent to House Bill 1. ASAY asked if it was necessary to include language pertaining to prevailing wage and asked if that wage was that easy to determine. HARPER replied that the prevailing wage is usually figured on a two-, three-, or four-county area - areas that are close together economically, and is usually close to the minimum wage.

VINCENT said he thought the purpose of the Statement of Intent is to reflect the context of the Initiative, and that it was okay the way it was written.

METCALF moved adoption of the STATEMENT OF INTENT.

Motion carried unanimously.

VINCENT brought up proposed addition to Statement of Intent on behalf of local government. Gary Buchanan, Director of the Department of Commerce, defined local economic development organizations.

ASAY moved the proposed addition to the STATEMENT OF INTENT do not pass.

Motion carried. SCHYE and VINCENT voted against.

VINCENT brought members' attention to list of specific statutory language drafted by Department of Commerce referencing each code authorizing the Department to do work outlined in bill. Buchanan commented that he thought this language specifies each program in the bill and strengthens it.

METCALF moved the amendments drafted by the Department of Commerce.

Motion carried unanimously.

Greg Petesch, Legislative Researcher, asked the Committee's permission to rewrite amendments in proper form, to which Chairman Vincent agreed.

HARPER left to attend another committee meeting.

DISPOSITION OF HOUSE BILL 1

VINCENT explained his proposed amendments which were to take \$80,000 out of both the Assistance to Local Development Organizations and the Montana Product Promotion and International Export Assistance programs, and \$90,000 out of Travel and Tourism Promotion. This totals \$250,000, which he further proposed to put back into the bill for University Business Management Development Program to be funded at this amount. This program was deleted by the Appropriations Committee.

METCALF commented that he was going to resist any motion to amend House Bill 1 because he thinks the bill should be acted on the way it was passed out of the Appropriations Committee.

VINCENT moved the amendments.

Motion failed. METCALF, ASAY, HARRINGTON and RAMIREZ voting nay; DARKO, SCHYE, NEUMAN, and VINCENT voting aye.

HARPER had left his vote before leaving to attend another committee meeting, which was inadvertently not recorded above. METCALF moved to reconsider VINCENT'S amendments in order to record HARPER'S vote.

Motion carried, with HARPER voting aye, 5 voted aye - 4 voted nay.

METCALF moved the following amendment, to correct a clerical error in the bill.

- (1) Page 2, line 15
Strike: "\$466,441"
Insert: "\$446,441"

Motion carried unanimously.

RAMIREZ proposed to amend the line item appropriation for Assistance to Local Development as he felt one-half of a million dollars was excessive for grants. He thinks \$100,000 per year for grants is ample. RAMIREZ moved to amend:

- (1) Page 2, line 16
Strike: "\$528,532"
Insert: "\$228,532"
- HANSEN arrived - 8:40 a.m.

Gary Buchanan, Director of the Department of Commerce, spoke against the motion because he thinks it would restrict effectiveness of programs.

Motion failed. METCALF, HARRINGTON, DARKO, HANSEN, SCHYE, HARPER, and VINCENT voting nay; ASAY, RAMIREZ and NEUMAN voting aye. 7 voted nay - 3 voted aye.

RAMIREZ moved to eliminate the Governor's Council on Economic Development.

Motion failed. METCALF, HARRINGTON, DARKO, HANSEN, NEUMAN, SCHYE, VINCENT and HARPER voting nay; ASAY and RAMIREZ voting aye. 8 voted nay - 2 voted aye.

RAMIREZ moved to eliminate the Montana Economic Reporting and Forecasting System.

Motion failed. METCALF, HARRINGTON, DARKO, HANSEN, NEUMAN, SCHYE, VINCENT and HARPER voting nay; ASAY and RAMIREZ voting aye. 8 voted nay - 2 voted aye.

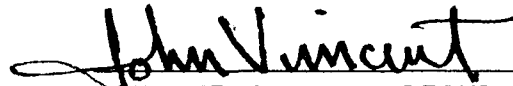
RAMIREZ moved to reduce appropriation for Travel and Tourism Promotion.


Motion failed. METCALF, HARRINGTON, DARKO, HANSEN, SCHYE, VINCENT and HARPER voting nay; ASAY, RAMIREZ and NEUMAN voting aye. 7 voted nay - 3 voted aye.

HARRINGTON moved that House Bill 1, AS AMENDED, DO PASS.

Motion carried. METCALF, HARRINGTON, DARKO, HANSEN, NEUMAN, SCHYE, VINCENT and HARPER voting aye; ASAY and RAMIREZ voting nay. 8 voted aye - 2 voted nay.

Meeting was adjourned at 8:58 a.m.


JOHN VINCENT, CHAIRMAN


JOYCE ANDRUS, SECRETARY

STANDING COMMITTEE REPORT

March 26

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MR. Speaker

We, your committee on Select Economic Development

having had under consideration House Bill No. 1

second reading copy (yellow)
color

A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING SECTION 8 OF INITIATIVE 95 BY ALLOCATING INTEREST ON THE COAL TAX TRUST FUND TO THE MONTANA ECONOMIC DEVELOPMENT FUND; APPROPRIATING FUNDS FROM THE ECONOMIC DEVELOPMENT FUND TO THE DEPARTMENT OF COMMERCE AND THE DEPARTMENT OF LABOR AND INDUSTRY TO ACCOMPLISH THE OBJECTIVES REEAB- LISHED BY THE PEOPLE OF MONTANA WITH THEIR APPROVAL OF INITIATIVE 95; AUTHORIZING LOANS FROM THE GENERAL FUND; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Respectfully report as follows: That House Bill No. 1

BE AMENDED AS FOLLOWS:

(1) Page 2, line 13

Following: line 12

Insert: "This appropriation may not be expended until the council is created pursuant to 2-15-122, to advise the department on the implementation and development of economic development programs authorized in Title 90, chapter 1, part 1."

~~XXXXXX~~

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- (2) Page 2, line 14
Following: line 13
Insert: "The appropriation may not be expended until the council is created pursuant to 2-15-122, to advise the department on the application of scientific and technological research in the development and implementation of economic development programs authorized in Title 90, chapter 1, part 1."
- (3) Page 2, line 14
Following: "Program"
Insert: ", as authorized by 90-1-102(5)(7) and 90-1-105(3)."
- (4) Page 2, line 15
Strike: "466,441"
Insert: "446,441"
- (5) Page 2, line 17
Following: "Organizations"
Insert: "as authorized by 90-1-102(8) and 90-1-105(4)."
Strike: "528,532"
Insert: "448,532"
- (6) Page 2, line 19
Following: "Program"
Insert: "University Business Management Development Program 250,000"
- (7) Page 2, line 21
Following: "Assistances"
Insert: ", as authorized by 90-1-102(5) and subsections (2) and (5) of 90-1-105."
Strike: "318,806"
Insert: "238,806"
- (8) Page 2, line 23
Following: "System"
Insert: ", as authorized by subsections (2) and (4) of 90-1-102 and 90-1-107(1)."
- (9) Page 2, line 24
Following: "Promotion"
Insert: ", as amended by subsections (2), (3), and (6) of 90-1-105."
- (10) Page 2, line 25
Following: "Promotion"

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Insert: ", as authorized by subsections (2), (5), and (6)
of 90-1-105."

Strike: "1,785,064"

Insert: "1,695,064"

(11) Page 3, line 3

Following: "Board"

Insert: ", as created in [HB 100 and HB 700]."

(12) Page 3, line 6

Following: line 5

Insert: "This appropriation is to serve as state match for federal job training partnership act monies under the displaced workers provisions and to supplement economic development activities for new and expanding business as authorized under the job training partnership act."

(13) Page 3, line 9.

Amend: total as needed

AND AS AMENDED

DO PASS

STATEMENT OF INTENT ATTACHED

.....
Chairman.

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WE YOUR SELECT COMMITTEE ON ECONOMIC DEVELOPMENT

ATTACH THE FOLLOWING STATEMENT OF INTENT TO HB 1

STATEMENT OF INTENT

HOUSE BILL 1

"It is the intent of the legislature that all programs, councils, and committees authorized under [this act] shall give special attention and consideration to those sectors of the economy and businesses which:

- enhance local ownership and control of businesses by Montana residents;

- provide jobs that will be substantially filled by current Montana residents as opposed to providing jobs that will be filled by nonresidents coming into the state to fill such jobs;

- maintain and improve a clean and healthful environment, with emphasis on conservation, renewable resources, and alternative energy production;

- benefit small- and medium-sized businesses as defined by rules adopted by the economic development board;

- encourage or benefit the processing, refining, marketing, and innovative use and promotion of Montana's agricultural products;

- pay the prevailing wage for that occupation; and

- have demonstrable affirmative action plans for employing veterans, women, minorities, and handicapped people.

All committees and councils authorized or funded by [this act] shall hold public hearings across the state to explain their activities and listen to the concerns of the local citizenry. Prior public notice is required for all regular meetings, reports, etc.

The councils, committees and programs established in [this act] shall reflect a balance of varying economic perspectives, actively investigate and seek out innovative economic development programs, and offer a diverse array of options and strategies for public comment before adopting recommendations.

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It is the intent of the legislature that the Governor's Council on Economic Development will be created according to the provisions of 2-15-122, and that the council shall contain representatives from the following sectors of the economy: natural resources extraction and processing industries, small business, tourism, agriculture, education, conservationists, public interest, financial, professional, economic development, and organized labor. With regard to representatives of small business, particular emphasis shall be given to small manufacturing enterprises, businesses established around the general preferences listed below, and businesses with non-traditional ownership individuals, in particular women, low-income, and minorities. The council shall be broadly represented with no more than 2 representatives from each of the 10 sectors identified above, except that the small business sector shall be allocated 4 representatives. No more than 10 members may be residents of the same congressional district."

Approved by Committee
on Economic Development

1 HOUSE BILL NO. 1

2 INTRODUCED BY VINCENT, HAFEEY, KEMMIS, CRIPPEN, TOME,
3 CONNELLY, J. JENSEN, MCCORMICK, ADDY, KOEHNKE, BENGTON,
4 O'CONNELL, WILLIAMS, SHONTZ, HALLIGAN, NORMAN, TURNAGE,
5 RAMIREZ, SPAETH, DANIELS, STIMATZ, DOZIER, JACOBSON,
6 FULLER, VAN VALKENBURG, FABREGA, MCBRIDE, J. BROWN,
7 FAGG, VELEBER, HARRINGTON, SCHYE, METCALF, PECK, DARKO,
8 MENAHAN, NEUMAN, KITSELMAN, MILLER, QUILICI, HART, NILSON,
9 BACHINI, YARDLEY, HOWE, ECK, MANUEL, HAND, WALDRON, ERNST,
10 HANSEN, KENNERLY, ZABROCKI, HOLLIDAY, ROUSH, BRAND,
11 DRISCOLL, SAUNDERS, DAILY, J. HAMMOND, REAN, LYBECK,
12 KADAS, NISBET, THOMAS, ASAY, HARP, LANE, MAZUREK,
13 FARRIS, MOHAR, KEENAN, PAVLOVICH, MARKS

14 BY REQUEST OF THE GOVERNOR'S OFFICE

15
16 A BILL FOR AN ACT ENTITLED: "AN ACT IMPLEMENTING SECTION 4
17 OF INITIATIVE 95 BY ALLOCATING INTEREST ON THE COAL TAX
18 TRUST FUND TO THE MONTANA ECONOMIC DEVELOPMENT FUND;
19 APPROPRIATING FUNDS FROM THE ECONOMIC DEVELOPMENT FUND TO
20 THE DEPARTMENT OF COMMERCE AND THE DEPARTMENT OF LABOR AND
21 INDUSTRY TO ACCOMPLISH THE OBJECTIVES ESTABLISHED BY THE
22 PEOPLE OF MONTANA WITH THEIR APPROVAL OF INITIATIVE 95;
23 AUTHORIZING LOANS FROM THE GENERAL FUND; AND PROVIDING AN
24 IMMEDIATE EFFECTIVE DATE."

1 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
2 Section 1. Total appropriation. For the biennium
3 ending June 30, 1985, there is allocated a total of
4 \$5,803,679 ~~5,280,579~~ of the coal tax trust fund interest to
5 the Montana economic development fund created by section 4
6 of Initiative 95.
7 Section 2. Appropriation. The following appropriations
8 are from the Montana economic development fund for the
9 biennium ending June 30, 1985:
10 DEPARTMENT OF COMMERCE
11 Governor's Council on Economic
12 Development \$ 156,800
13 Council on Science and Technology 197,414
14 Business Development Assistance Program 966,444
15 466,444
16 Assistance to Local Development 528,532
17 Organizations
18 University-----Business-----Management
19 Development-Program 250,000
20 Montana Product Promotion and
21 International Export Assistance 318,806
22 Montana Economic Reporting and
23 Forecasting System 150,000
24 Business Location Promotion 227,522
25 Travel and Tourism Promotion 1,785,064

1 Community---Development---Infrastructure
2 Study 273,100
3 Montana Economic Development Board 470,000
4 DEPARTMENT_OF_LABOR_AND_INDUSTRY
5 Labor Training Program 500,000
6 11,000,000
7
8 TOTAL GENERAL FUND 15,280,579
9
10 Section 3. Spending authority. The following
11 appropriation is for spending authority for private
12 donations for the Travel and Tourism Promotion Program for
13 the biennium ending June 30, 1985:
14 DEPARTMENT_OF_COMMERCE \$700,000
15 Travel and Tourism Promotion
16 Section 4. Borrowing. The Department of Commerce may
17 borrow from the general fund or other funds for:
18 DEPARTMENT_OF_COMMERCE
19 Operating costs of the Umbrella \$150,000
20 Industrial Revenue Bond Program
21 Section 5. Effective date. This act is effective on
22 passage and approval.

-End-

BUILD MONTANA BUDGET

	1 BASIC ECONOMIC DEVELOPMENT PROGRAMS OF THE DEPARTMENT OF COMMERCE			BUILD MONTANA REQUEST			BIENNIUM TOTAL EXECUTIVE PLUS BUILD MONTANA			
	FTE	FY 84	FY 85	TOTAL	FTE	FY 84	FY 85	TOTAL	FTE	BIENNIUM BUDGET
Governor's Council on Economic Development	-0-	-0-	-0-	-0-	-	78,400	78,400	156,800	-0-	156,800
Council on Science and Technology	-0-	-0-	-0-	-0-	3.00	96,238	101,176	197,414	3.00	197,414
Montana Economic Development Board	-0-	-0-	-0-	-0-	5.00	286,600	183,400	470,000	5.00	470,000
Business Development Assistance Program	1.83	144,290	109,284	253,574	2.50	243,427	203,014	446,441	4.33	700,015
University Business Management Development Program	-0-	-0-	-0-	-0-	2.00 ²	120,400	129,600	250,000	2.00	250,000
Assistance to Local Development Organizations	0.50	36,044	38,238	74,282	0.50	262,543	265,989	528,532	1.00	602,814
Business Licensing Assistance	1.00	39,362	39,813	79,175	-0-	-0-	-0-	-0-	1.00	79,175
Montana Product Promotion	-0-	-0-	-0-	-0-	1.00	104,297	104,533	208,830	1.00	208,830
International Export Assistance	1.00	32,224	31,984	64,208	-0-	55,989	53,987	109,976	1.00	174,184
Business & Community Statistical Services	3.00	165,111	165,575	330,686	-0-	-0-	-0-	-0-	3.00	330,686

¹ Reflects cuts made by legislative sub-committee.

² Staff to be under direction of University System

	1 BASIC ECONOMIC DEVELOPMENT PROGRAMS OF THE DEPARTMENT OF COMMERCE				BUILD MONTANA REQUEST				BIENNIUM TOTAL EXECUTIVE PLUS BUILD MONTANA	
	FTE	FY 84	FY 85	TOTAL	FTE	FY 84	FY 85	TOTAL		
Montana Economic Reporting & Forecasting System	-0-	-0-	-0-	-0-	-0-	75,000	75,000	150,000	-0-	150,000
Business Location Promotion	1.00	58,174	59,128	117,302	1.00	114,290	113,232	227,522	2.00	344,824
Tourism Promotion	8.00	822,608	864,797	1,687,405	1.00	907,989	877,075	1,785,064	9.00	3,472,469
Community Development & Infrastructure Study	2.34	167,370	172,493	339,863	2.00	145,987	127,113	273,100	4.34	612,963
Economic & Community Development Division Support	3.00	104,590	104,440	209,030	-0-	-0-	-0-	-0-	3.00	209,030
General Fund Totals for Department of Commerce	21.67	1,569,773	1,585,752	3,155,525	18.00	2,491,160	2,312,519	4,803,679	39.67	7,959,204
State Funded Labor Training Program	-0-	-0-	-0-	-0-	1.00	426,400	573,600	1,000,000	1.00	1,000,000
Total General Fund Request	21.67	1,569,773	1,585,752	3,155,525	19.00	2,917,560	2,886,119	5,803,679	40.67	8,959,204
Other Funds										
Tourism Promotion	-0-	350,000	350,000	700,000	-0-	350,000	350,000	700,000	-0-	1,400,000
Umbrella Industrial Revenue Bond Program	-0-	-0-	-0-	-0-	-0-	-0-	150,000	150,000	-0-	150,000
Total Other Funds Request	-0-	350,000	350,000	700,000	-0-	350,000	500,000	850,000	-0-	1,550,000

1 Reflects cuts made by legislative sub-committee.

2 Staff to be under direction of University System.

PROPOSED AMENDMENT BY DAN DOLAN, OFFICE OF PUBLIC INSTRUCTION

- (1) Page 2, line 25
Strike: "\$1,785,064"
Insert: "\$1,485,064"

- (2) Page 2, line 18
Insert: "Computer Education Training \$500,000"

- (3) Page 3, line 16
Strike: "\$1,000,000"
Insert: "\$800,000"

[Handwritten notes and scribbles, including a pencil mark on the left and some illegible text on the right.]

DEPARTMENT OF COMMERCE

Governor's Council on Economic Development

This appropriation may not be expended until the council is created pursuant to Section 2-15-122, MCA to advise the department on the implementation and development of economic development programs authorized in title 90, chapter 1, part 1.

\$ 156,800

Council on Science and Technology

This appropriation may not be expended until the council is created pursuant to Section 2-15-122, MCA to advise the department on the application of scientific and technological research in the development and implementation of economic development programs authorized in title 90, chapter 1, part 1.

197,414

Business Development Assistance Program

as authorized by sections 90-1-102(5)(7) and 90-1-105(3),
MCA

446,441

Assistance to Local Development Organizations

as authorized by sections 90-1-102(8) and 90-1-105(4),
MCA

528,532

Montana Product Promotion and International Export Assistance

as authorized by sections 90-1-105(2)(5) and 90-1-102(5),
MCA

318,806

Montana Economic Reporting and Forecasting System

as authorized by sections 90-1-102(2)(4) and 90-1-107(1)
MCA

150,000

Business Location Promotion

as authorized by section 90-1-105(2)(3)(6), MCA

227,522

Travel and Tourism Promotion

as authorized in section 90-1-105(2)(5)(6), MCA

1,785,064

Montana Economic Development Board

as created in HB 100, 700

470,000

DEPARTMENT OF LABOR AND INDUSTRY

Labor Training Program

This appropriation is to serve as state match for federal job training partnership act monies under the displaced workers provisions and to supplement economic development activities for new and expanding business as authorized under the job training partnership act.

1,000,000

TOTAL GENERAL FUND

\$5,889,679
\$5,280,579

Section 3. Spending authority. The following appropriation is for spending authority for private donations for the Travel and Tourism Promotion Program for the biennium ending June 30, 1985:

Travel, and Tourism, and business Promotion \$700,000

Section 4. Borrowing. The Department of Commerce may borrow from the general fund or other funds for:

DEPARTMENT OF COMMERCE

Operating costs of the Umbrella

Industrial Revenue Bond Program four year loan \$150,000

Section 5. Effective date. This act is effective on passage and approval.

-End-

PROPOSED ADDITION TO STATEMENT OF INTENT

It is the intent of the legislature that a Council on Labor Force and Education be established, pursuant to Section 2-15-122, MCA, to advise the departments of Commerce, and Labor and Industry, on new directions for job oriented educational opportunities related to economic development. Particular effort should be directed to realizing the potential of the information technologies such as computers and telecommunication.

STATEMENT OF INTENT

It is the legislatures intent that all programs, councils and committees authorized under (this Act) shall give special attention and consideration to those sectors of the economy and businesses which:

- enhance local ownership and control of businesses by Montana residents
- provide jobs that will be substantially filled by current Montana residents as opposed to providing jobs that will be filled by non-residents coming into the state to fill such jobs
- maintain and improve a clean and healthful environment, with emphasis on conservation, renewable resources, and alternative energy production
- benefit small and medium sized businesses as defined by rules adopted by the economic development board
- encourages or benefits the processing, refining, marketing and innovative use and promotion of Montana's agricultural products
- pays the prevailing wage for that occupation and
- have demonstrable affirmative action plans for employing veterans, women, minorities, and the handicapped.

All committees and councils authorized or funded by (this Act) shall hold public hearings across the state to explain their activities and listen to the concerns of the local citizenry. Prior public notice is required for all regular meetings, reports, etc.

The councils, committees and programs established in this (Act) shall reflect a balance of varying economic perspectives, actively investigates and seek out innovative economic development programs, and offer a diverse array of options and strategies for public comment before adopting recommendations.

It is the legislature's intent that the Governor's Council on Economic Development will be created according to the provision of Section 2-15-122, MCA and that the council shall contain representatives from the following sectors of the economy: from natural resources extraction and processing industries, small business, tourism, agricultural, educational, conservationists, public interest, financial professional economic development and organized labor. With regard to representatives of small business, particular emphasis shall be given to small manufacturing enterprises; businesses established around the general preferences listed below and businesses with non-traditional ownership individuals--in particular--women, low-income and minorities. The council shall be broadly represented with no more than two (2) representatives from each of the ten sectors identified in subsection (4), except the small business sector identified in sub-section (5) shall be allocated four (4) representatives. No more than ten members may be residents of the same congressional district.

PROPOSED AMENDMENT TO HOUSE BILL #1

STATEMENT OF INTENT - HB 1

IT IS THE INTENT OF THE LEGISLATURE THAT TECHNICAL AND/OR MONETARY ASSISTANCE TO LOCAL ECONOMIC DEVELOPMENT ORGANIZATIONS FROM THE APPROPRIATION IN THIS BILL BE MADE ONLY UPON VERIFICATION BY THE DEPARTMENT OF COMMERCE THAT THE LOCAL ECONOMIC DEVELOPMENT ORGANIZATION SEEKING ASSISTANCE IS:

- 1) IN VOLUNTARY COMPLIANCE WITH MONTANA'S OPEN MEETING LAW.
- 2) MAKING ITS FINANCIAL RECORDS AVAILABLE FOR PUBLIC INSPECTION.
- 3) PROMULGATING EFFECTIVE MEASURES TO FULLY DISCLOSE REAL OR POSSIBLE CONFLICTS OF INTEREST ON THE PART OF ITS OFFICERS, MEMBERS AND PERSONNEL.
- 4) ENCOURAGING PUBLIC AWARENESS AND DISCUSSION OF ITS ACTIVITIES, INCLUDING OPPORTUNITIES FOR PUBLIC PARTICIPATION AND COMMENT.

IT IS FURTHER THE INTENT OF THE LEGISLATURE THAT ALL MONIES APPROPRIATED UNDER THIS ACT BE SPENT IN SUCH A MANNER AS TO ENCOURAGE AND FACILITATE THE BROADEST POSSIBLE PUBLIC PARTICIPATION IN ALL PHASES OF ECONOMIC DEVELOPMENT.