

MINUTES

MONTANA SENATE 54th LEGISLATURE - REGULAR SESSION CONFERENCE COMMITTEE ON HOUSE BILL 602

Call to Order: By CHAIRMAN TOM BECK, on April 5, 1995, at 4:40 p.m.

ROLL CALL

Members Present:

Sen. Thomas A. "Tom" Beck (R)
Sen. Steve Doherty (D)
Sen. C.A. "Casey" Emerson (R)
Rep. Sam Kitzenberg (R)
Rep. Bruce T. Simon (R)
Rep. Joe Quilici (D)

Members Excused: none

Members Absent: none

Staff Present: Susan Fox, Legislative Council
Elaine Johnston, Secretary

Discussion:

CHAIRMAN BECK noted that the Senate amendments to HB 602 were rejected by the House and the only amendment was in regards to the primary sector changing to local and the number of employees was dropped from 50 to 25.

REP. BRUCE SIMON said that first of all the second amendment moving the number of employees from 50 to 25 the House felt that the original Micron bill called for an agreement of 2,000 jobs. HB 602 came in and brought that number down to 50 jobs. They felt that bringing it down all that way, the involvement by the Board of Investments (BOI) with these kinds of things when talking about infrastructure, the facility would need to meet the needs of at least 50 jobs. There was a need of at least \$10,000 per job and by reducing the number to 25, it changes the amount per job to \$20,000. It is preferred that the Senate back off and go to 50 jobs. People from the Board of Investments, namely REP. EWER have had discussions with other members of the board and they feel that the structure of these loans will be a problem. They would like to try the bill at 50 jobs and if it is a booming success and it can fit the needs at 25 jobs they can always change it in future sessions. The other amendment striking primary sector and changing it to local sector they do not agree with because the primary sector portion of the economy generates

wealth and adds value to the community. Rather than a retail store where you are bringing in additional competition which is trading dollars within the community, you are not really adding wealth to the community. That was the reason primary sector was stressed rather than the secondary sector which does not generate new wealth into the community. They are trying to create new wealth since the state was to be involved they thought that was important. These are the reasons from his standpoint, that the House did not accept the Senate amendments.

REP. JOE QUILICI said that they had discussed it and he thought that the employment of at least 50 people was adequate to go to the BOI. As far as the primary sector, he said that he had a different opinion in that he thought it might be a good amendment. The way he looked at it, the BOI could make a loan to the primary sector of the local economy. He questioned whether the primary sector would only mean timber in Kalispell or agriculture in Great Falls. When he saw primary stricken, he thought it made the bill a little cleaner.

CHAIRMAN BECK asked **Susan Fox** if she knew of any definition for primary sector in the codes?

Susan Fox said she did not but would look it up.

REP. SIMON added that during the hearing in the House committee, they made an effort to put on the record what they meant by primary sector of the economy. When looking at **SEN. STEVE DOHERTY'S** amendment, the original bill did not say local, it said the primary sector of the economy. They made a very conscious effort in the committee as to what that meant, and in their eyes it meant the creation of jobs that generate new wealth in a community not service type jobs.

CHAIRMAN BECK said that he had not seen that and was in agreement with **REP. SIMON**. He said that the next question was why the House put in a single loan could not be less than \$500,000?

REP. SIMON said that the \$10,000 per job times 50 jobs, you come out with \$500,000 and you can not go below that.

CHAIRMAN BECK said that the bill was jammed together in that a loan cannot exceed \$10,000 per job but yet a single loan may not be less than \$500,000. That meant if you had 50 employees, you would be limited to the \$500,000.

REP. SIMON was concerned that the BOI would find this legislation difficult at best and the mechanism of implementing would be difficult. The BOI has been charged with the responsibility of making the loans, and they may be reluctant to get involved in small level loans because they do not have the ability to take on the paper work and they do not have the staff.

SEN. CASEY EMERSON said that he agreed that there should be at least 50 employees for the infrastructure. Only 25 to 30 extra jobs, the standard rules for infrastructure are capable to handle this many employees. Regarding the primary sector, he was not sure because he did not know what the definitions were or what the committee's had planned.

SEN. DOHERTY said that if it was a good deal to provide loans for infrastructure, why shouldn't they give every incentive to a good business that will only employ 25 people. He said that he could see where the BOI would have to do the same amount of work for 25 employees as it would for 50 employees and he thought that the 50 would make sense. He questioned that in the local economy, what is the primary sector and what's manufacturing? Was it mining or could it be a silicon chip plant. If someone wanted to come to Great Falls and it was not a basic industry and had nothing to do with agriculture or mining, but would add 50 jobs to the Great Falls economy he would like to say to them that as part of the package we can offer, they will loan them up to \$500,000 to build, furnish water, sewer, or whatever they need.

REP. SIMON said that their primary sector definition would fit as the plant would bring added value to the community. The House had the concern that a McDonalds would come in and they did not want to help that kind of job where it is added competition and not new wealth.

SEN. DOHERTY used the example of CUC International who do not create wealth, but sell credit cards by telephone. When CUC came into the area they did not build a new building but used a remodeled building. This would not qualify as a primary job but is a good job in Great Falls even though they have employees who receive full medical benefits. He questioned whether or not it would be considered primary sector if they decided to build their own building?

REP. SIMON said that by their definition CUC would qualify as a primary sector. It would not fit into primary sector when trading within the community occurs.

SEN. DOHERTY said that when he considered primary sector, he felt it to mean people cutting timber to make furniture and not people answering phones.

SEN. EMERSON asked if there was an economist in the room who could explain the terms.

Linda Reed, from the Governor's Office, said that the service sector can fit the primary sector meaning in some instances. The BOI however, has defined basic sector jobs in its rules.

SEN. DOHERTY asked if basic sector should be used rather than primary?

SEN. EMERSON asked if the basic sector would exclude service jobs and retail stores?

Ms. Reed confirmed SEN. EMERSON'S question.

SEN. EMERSON said that they all have the same agreement but they need to find a word that would fit.

Ms. Fox said that you could strike local and insert "basic as defined in rule by BOI".

REP. QUILICI asked if the BOI would make the final decisions if a business would be basic or not.

SEN. DOHERTY said that the amendment sounded fine as long as the BOI definition would work.

CHAIRMAN BECK said that the amendment they have would strike local and reinsert "basic sector of the economy as defined in rule by the BOI".

Motion/Vote: SEN. DOHERTY MOVED TO ADOPT THE AMENDMENT CHANGING TO BASIC SECTOR. THE MOTION CARRIED UNANIMOUSLY.

Motion/Vote: CHAIRMAN BECK MOVED TO ADOPT THE AMENDMENT TO GO TO 50 EMPLOYEES. THE MOTION CARRIED UNANIMOUSLY.

Motion/Vote: REP. SIMPSON MOVED TO ADOPT THE CONFERENCE COMMITTEE REPORT. THE MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT

Adjournment: 4:55 p.m.


SEN. TOM BECK, Chairman


ELAINE JOHNSTON, Secretary

TB/ej



CONFERENCE COMMITTEE

on HB 602

Report No. 1, April 6, 1995

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Mr. Speaker and Mr. President:

We, your Conference Committee on **HB 602** met and considered Senate floor amendments to third reading copy (blue) and recommend that **HB 602** (reference copy -- salmon) be amended as follows:

1. Page 2, line 12.
Strike: "LOCAL"
Insert: "basic sector of the"
Following: "ECONOMY"
Insert: ", as defined by the board by rule,"
2. Page 2, line 13.
Strike: "25"
Insert: "50"
3. Page 2, line 14.
Strike: "25"
Insert: "50"

And this Conference Committee report be adopted.

For the House:

Simon

Chair

Kitzenberg

Quillie

For the Senate:

Beck

Chair

Emerson

Doherty

ADOPT

REJECT

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