



Economic Affairs Interim Committee

63rd Montana Legislature

SENATE MEMBERS

BRUCE TUTVEDT--Chair
ELSIE ARNTZEN
DICK BARRETT
TOM FACEY

HOUSE MEMBERS

RYAN LYNCH--Vice Chair
TOM BERRY
GREG HERTZ
LEA WHITFORD

COMMITTEE STAFF

PATRICIA MURDO, Lead Staff
BART CAMPBELL, Staff Attorney
KRISTINA LIMING, Secretary

MINUTES LOG

July 14-15, 2014

Rm 137, State Capitol, Helena, MT

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. To the left of each section in these minutes is a time designation indicating the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select *Committees*, then *Interim*. Once on the page for *Interim Committees*, scroll down to the appropriate committee. The written minutes summary, along with the audio and video recordings, are listed by meeting date on the interim committee's web page.

Hard copies of the exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

COMMITTEE MEMBERS PRESENT

SEN. BRUCE TUTVEDT, Chair
REP. RYAN LYNCH, Vice Chair

SEN. ELSIE ARNTZEN
SEN. DICK BARRETT
SEN. TOM FACEY

REP. TOM BERRY
REP. GREG HERTZ
REP. LEA WHITFORD

STAFF PRESENT

PATRICIA MURDO, Lead Staff
BART CAMPBELL, Staff Attorney
KRISTINA LIMING, Secretary

AGENDA & VISITORS' LIST

Agenda, [Attachment #1](#).
Visitors' list, [Attachment #2](#).

COMMITTEE ACTION

The Economic Affairs Interim Committee (EAIC):

- agreed unanimously by voice vote that LCpooh, a bill regarding the production and sale of raw honey at farmers' markets without a license, move forward in the drafting process as a committee bill.
- agreed unanimously by voice vote to have staff work with stakeholders to bring forth a committee bill to require loss information to be provided to policyholders.
- agreed unanimously to endorse a letter to Legislative Council explaining the need for an increased budget for EAIC meetings in the next biennium.

AGENDA

July 14, 2014

00:00:00 **1. Welcome -- Call to Order at 9:02a.m. - Roll Call -- Introduction -- Sen. Tutvedt**

Public Comment

00:00:44 **Jon Bennion, Attorney General's Office**
Presented the committee with a fact sheet on the *Department of Justice Worker's Compensation Fraud Prosecution Results (EXHIBIT 1)*, and further explained the information given on the handout.

Committee Questions and Discussion

00:02:53 SEN. FACEY
00:03:05 SEN. TUTVEDT
00:03:13 Mr. Bennion
00:03:44 SEN. BARRETT - Mr. Bennion
00:04:49 SEN. TUTVEDT

00:06:00 **2. Updates on Board of Livestock/Department of Livestock**

00:06:09 **a) Overview of Department of Livestock's financial problems**
-- Karen Simpson -- Summary of *Legislative Audit (EXHIBIT 2)*

Committee Questions and Discussion

00:17:14 REP. HERTZ
00:17:28 Ms. Simpson
00:17:36 SEN. TUTVEDT
00:18:18 Ms. Simpson
00:18:27 **Pat Murdo, Committee Staff**

00:19:19 **3. Overview of Governor's Budget Perspectives on Livestock and other**

departments

-- **Dan Villa**, Office of Budget and Program Planning

Committee Questions and Discussion

00:23:15 SEN. TUTVEDT
00:23:47 --**George Harris**, Administrator, Centralized Services Division
00:25:52 SEN. TUTVEDT - Mr. Villa

00:29:28 Mr. Villa continued his presentation of the Governor's budget perspective on departments.

Committee Questions and Discussion

00:31:41 REP. HERTZ
00:31:56 Mr. Villa
00:34:15 SEN. TUTVEDT - Mr. Villa

00:38:09 Mr. Villa continued his presentation of the Governor's budget perspective on departments.

Committee Questions and Discussion

00:42:23 SEN. FACEY
00:42:39 Mr. Villa
00:43:38 SEN. TUTVEDT - Mr. Villa
00:45:17 Mr. Villa
00:47:12 REP. HERTZ
00:47:29 Mr. Villa
00:48:09 REP. LYNCH
00:48:20 Mr. Villa
00:49:16 SEN. TUTVEDT
00:50:00 REP. HERTZ
00:50:16 Mr. Villa
00:50:41 SEN. TUTVEDT

00:51:31 **Updates on Board of Livestock/Department of Livestock (continued)**

a) Overview of Department of Livestock's financial problems

-- **Christian Mackay**, Executive Officer, Department of Livestock

Committee Questions and Discussion

01:00:33 SEN. BARRETT - Mr. Mackay
01:04:12 SEN. FACEY
01:04:37 Mr. Mackay
01:04:51 REP. WHITFORD - Mr. Mackay
01:10:09 REP. WHITFORD made reference to the Legislative Briefing paper on *Department of Livestock Funding Concerns* (**EXHIBIT 3**)
01:11:21 Mr. Mackay
01:12:38 REP. WHITFORD
01:12:48 SEN. TUTVEDT

01:14:23 -- **Jan French**, Board of Livestock Chair

Committee Questions and Discussion

01:16:21 REP. HERTZ - Ms. French
01:18:37 SEN. TUTVEDT - Ms. French
01:20:14 SEN. BARRETT - Ms. French
01:22:36 SEN. TUTVEDT
01:23:09 Ms. French

01:23:59 -- **George Harris**, Centralized Services Division, Overview of Livestock
Department Budget
FY2014-2015 Budget for the Department of Livestock (EXHIBIT 4)

Committee Questions and Discussion

01:35:26 SEN. BARRETT - Mr. Harris
Deferred Revenue Brand Fund FY 2014 (EXHIBIT 5)
01:41:10 REP. HERTZ - Mr. Harris
01:45:02 SEN. FACEY
01:45:40 SEN. ARNTZEN
01:46:38 Mr. Harris
01:47:48 SEN. BARRETT - Mr. Harris
01:50:07 SEN. TUTVEDT - Mr. Harris
01:52:21 Mr. Harris
Total Lab Budget (EXHIBIT 6)
01:55:09 SEN. TUTVEDT - Mr. Harris
01:57:05 SEN. FACEY
01:57:29 Mr. Mackay

01:58:51 RECESS

02:10:17 **b) Per Capita Fees vs. Alternate Approach to Funding Department of Livestock?**

02:10:20 --Introduction by Rep. Greg Hertz

How Department of Revenue Collects Fees Now and Proposed Changes
02:13:10 -- **Mike Kadas**, Director, Dept. of Revenue
-- **Alan Peura**, Deputy, Dept. of Revenue
Per Capita Livestock Fee - Current and Proposed Administration (EXHIBIT 7)

Committee Questions and Discussion

02:33:13 REP. BERRY
02:33:30 Mr. Peura
02:34:12 SEN. BARRETT
02:34:27 Mr. Peura
02:35:13 SEN. ARNTZEN - Mr. Peura
02:37:13 REP. HERTZ
02:37:22 Mr. Peura
02:38:00 SEN. TUTVEDT

02:38:08 Mr. Peura
02:38:49 **Panel Discussion**
02:40:28 **John Youngberg**, Montana Farm Bureau Federation
02:44:53 **Les Graham**, Montana Livestock Market Association
02:50:34 **Errol Rice**, Montana Stockgrowers Association
02:52:31 **Christian Mackay**, Department of Livestock

Committee Questions and Discussion

02:55:40 SEN. BARRETT- Mr. Peura
02:58:08 SEN. FACEY
02:58:25 Mr. Mackay
02:59:36 REP. HERTZ - Mr. Mackay
03:05:22 REP. LYNCH
03:05:51 Mr. Mackay
03:07:55 Mr. Graham
03:09:14 REP. BERRY
03:09:59 Mr. Graham
03:11:04 REP. HERTZ - Mr. Mackay
03:12:30 SEN. TUTVEDT
03:12:46 Ms. Murdo
03:13:05 Mr. Kadas
03:13:23 SEN. TUTVEDT
03:13:35 SEN. FACEY

Public Comment

03:14:30 **Bob Story**, Montana Taxpayers Association
Commented on the fee dates, reporting dates and legislation for the Department of Livestock from previous years to now.

03:18:15 **Jeanne Rankin**, Livestock Owner/Veterinarian
Commented about her experience with fee dates and the differences between the per capita numbers and national agriculture statistics.

03:21:01 **c) Overview of Current Status of Veterinary Diagnostic Laboratory, the Agriculture Analytical Laboratory, and the Wildlife Laboratory**
-- **Pat Murdo**, Committee Staff

03:22:25 **d) Panel Discussion of Possible Laboratory Solutions:**

03:22:48 **Dr. Bill Layton**, Veterinary Diagnostic Lab
03:28:11 **Neil Anderson**, Supervisor, Wildlife Lab
03:30:16 **Paul Sihler**, Chief of Operations, FWP
03:32:01 **Greg Ames**, Department of Agriculture for Analytical Lab at MSU
03:36:26 **Tracy Ellig**, Communications Director/ Director of External Affairs, MSU
03:38:37 **Bob Lashaway**, Montana State University Facilities and Planning

Committee Questions and Discussion

03:39:49 SEN. BARRETT
03:41:00 Mr. Ellig
03:42:00 Dr. Layton
03:44:02 Mr. Ellig
03:44:44 Dr. Layton
03:47:25 SEN. FACEY - Dr. Layton
03:48:56 SEN. FACEY
03:49:17 Mr. Sihler
03:49:50 Mr. Anderson
03:50:36 SEN. TUTVEDT
03:51:10 Dr. Layton
03:53:00 SEN. TUTVEDT
03:54:54 SEN. FACEY - Dr. Layton
03:56:29 SEN. BARRETT - Dr. Layton
04:03:24 SEN. TUTVEDT
04:04:12 Mr. Lashaway
04:05:43 SEN. TUTVEDT
04:06:13 Dr. Layton
04:07:56 Ms. Murdo
04:08:35 SEN. TUTVEDT
04:08:50 Mr. Lashaway
04:10:04 SEN. TUTVEDT
04:11:00 Mr. Sihler
04:11:31 Mr. Lashaway
04:12:16 SEN. TUTVEDT - Mr. Lashaway

Public Comment

04:13:37 **Stuart Doggett**, Montana Veterinary Medical Association
Provided and gave a brief overview of a survey of Montana veterinarians regarding the diagnostic lab (**EXHIBIT 8**).

04:17:59 **Jeanne Rankin**, Livestock owner/Veterinarian
Commented about the importance of the lab and veterinarians' involvement with it. She also commented about the importance of the testing for diseases in animals, and the public health figures that are to be forthcoming. Senator Tutvedt made reference to email correspondence that Dr. Rankin previously submitted to the committee. (**EXHIBIT 9**)

Committee Questions and Discussion

04:21:54 SEN. BARRETT - Ms. Rankin

Public Comment

04:24:20 **Errol Rice**, Montana Stockgrowers Association
Commented in support of a new diagnostic lab facility and his concerns with the budget issues from the Department of Livestock not being fixed with a new facility.

04:26:21 RECESS

04:42:46 **e) 12-Day Milk Rule Followup**
-- **Pat Murdo**, Presentation on *White Paper* (**EXHIBIT 10**)

Committee Questions and Discussion

04:45:09 REP. HERTZ
04:45:20 SEN. TUTVEDT
04:45:33 Ms. Murdo
04:46:13 REP. HERTZ

04:47:03 **4. Committee Discussion of Department of Livestock Issues**
-- **Bart Campbell**, Overview of Legislative Responsibilities Regarding Agency Monitoring

Committee Questions and Discussion

04:51:51 REP. HERTZ
04:52:10 Mr. Campbell
04:53:27 SEN. TUTVEDT
04:53:54 Mr. Campbell
04:55:13 SEN. ARNTZEN
04:56:02 Mr. Campbell
04:58:43 Ms. Murdo
04:59:16 SEN. ARNTZEN
04:59:43 REP. BERRY
05:00:15 SEN. BARRETT
05:01:17 SEN. TUTVEDT
05:02:06 SEN. BARRETT

05:03:11 **5. Agency Monitoring -- Department of Labor and Industry Unemployment Insurance**

05:03:27 **a) Overview of Proposed Changes**
-- **Mike Cooney**, Workforce Services Administrator
 Testimony (**EXHIBIT 11**)

Committee Questions and Discussion

05:18:26 SEN. FACEY - Mr. Cooney
05:19:39 REP. WHITFORD
05:20:11 Mr. Cooney
05:20:55 **Sandy Bay**, Unemployment Insurance Division
05:21:31 REP. WHITFORD - Ms. Bay
05:23:14 REP. WHITFORD
05:24:18 Mr. Cooney
05:25:36 REP. WHITFORD
05:26:25 Mr. Cooney
05:27:51 REP. HERTZ
05:28:31 Ms. Bay

05:29:04 **b) Panel Discussion of Concerns Related to Unemployment Issues**

(involving misconduct complaints from employers, seasonal employment, redetermination of benefits, and the red tape needed to comply with law)

05:29:23 **Glenn Oppel**, Chamber of Commerce Representative
05:47:38 **Jay Reardon**, Laborers Local 1686

Committee Questions and Discussion

05:55:23 SEN. FACEY
05:56:38 REP. HERTZ
05:57:30 Mr. Cooney
05:57:42 Rachel Bawden
05:59:10 REP. HERTZ - Ms. Bawden

06:00:09 **6. Public Comment on any issue under the Economic Affairs Committee purview**
None.

06:00:28 **7. Agency Monitoring -- Department of Labor and Industry Licensing Boards**

a) Panel on Enterprise Funds

-- **Julie Feldman**, Department of Administration
Enterprise vs. State Special Revenue Funds (EXHIBIT 12)
-- **Kim Moog**, Department of Labor and Industry
Licensing Board Bill Draft (EXHIBIT 13)

Committee Questions and Discussion

06:18:32 REP. HERTZ - Ms. Moog

Public Comment

06:20:24 **Dan Vuckovich**, Public Accountant Representative
Commented about his experiences with the Board of Public Accountants and the problems caused when appropriation authority given one board is transferred to another board. He also stated his support of the enterprise fund.

06:24:18 **Cindy Jorgensen**, Legislative Audit Division
Noted that issues related to board spending authority were raised in a financial audit done by her office and stated that she was available for questions if needed.

06:25:23 **b) Contingency Fee, Board Retention of Fines, Other Budgeting/Regulatory Options**

06:28:08 -- **Carol Tellinghuisen**, South Dakota Board of Audiologists and Hearing Aid Dispensers -- (by phone)

Committee Questions and Discussion

06:29:23 REP. BERRY
06:29:45 Ms. Tellinghuisen
06:30:06 SEN. TUTVEDT

06:30:18 Ms. Tellinghuisen
06:30:30 REP. HERTZ
06:30:43 Ms. Tellinghuisen
06:31:17 SEN. FACEY - Ms. Tellinghuisen
06:32:55 REP. BERRY
06:33:12 Ms. Tellinghuisen
06:33:23 SEN. BARRETT
06:33:54 Ms. Tellinghuisen
06:34:51 REP. HERTZ - Ms. Tellinghuisen
06:36:57 SEN. ARNTZEN - Ms. Tellinghuisen

06:41:20 -- **Chris Manos**, State Bar of Montana -- A Different Approach for handling licensees
Informational Packet (EXHIBIT 14)

Committee Questions and Discussion

06:48:32 SEN. ARNTZEN
06:48:47 Mr. Manos
06:49:11 REP. HERTZ
06:49:24 Mr. Manos

06:50:56 -- **Adam de Yong**, Administrator, Business Standards Division

Committee Questions and Discussion

06:52:06 SEN. ARNTZEN - Mr. de Yong

06:55:00 **c) Followup to Financially Troubled Programs / Boards**
-- Adam de Yong review of:
-- **Athletics Program**
Expense Breakdown (EXHIBIT 15)

Committee Questions and Discussion

07:01:27 REP. HERTZ
07:01:44 Mr. de Yong
07:03:02 SEN. BARRETT- Mr. de Yong
07:05:16 SEN. ARNTZEN - Mr. de Yong
07:07:00 REP. LYNCH - Mr. de Yong

Public Comment

07:10:25 Ms. Murdo referenced an email provided to the committee in response to the Athletics Program issue. (**EXHIBIT 16**)

07:10:29 **Duran Caferro, Sr.** , Promoter/Trainer
Spoke about wanting the athletic program to continue to function and be given more time to become financially solvent. He also stated his opinion about the state process needing to become more efficient to reduce time and costs to the program, and provided examples from other state boxing commissions. He commented about his desire for professional boxing to continue in Montana.

- 07:16:07 **Gus Hernandez**, Billings MT
 Commented about his boxing career, and how he doesn't want the Athletic program to fail. He stated his confidence that boxing in Montana can be successful. He provided examples and ideas from Idaho, and offered his time to volunteer to help the Athletic program succeed.
- 07:24:31 **Len Chessmore**, Billings MT
 Stated his confidence in the boxing industry and stated he would also be willing to volunteer his time to assist the Athletic program in Montana. He mentioned his prior conversations with the boxing commission in Colorado about ideas on how to become financially solvent once again.
- 07:26:39 **Duran Caferro, Jr.** , Professional Boxer in Montana
 Stated his willingness to volunteer for community support and his concern for the lack of experience that the state employees have when working a boxing event efficiently.
- 07:28:40 **Mary Caferro**, Montana Taxpayer
 Commented about the changes made in the Athletic program since March, and about the data and recommendations to become financially solvent. She requested more time to get to a financially solvent balance and become more efficient.

Committee Questions and Discussion

- 07:31:46 SEN. BARRETT
 07:32:03 SEN. TUTVEDT
 07:32:14 SEN. BARRETT
 07:32:47 Mr. de Yong
 07:34:10 SEN. TUTVEDT
 07:34:15 REP. HERTZ
 07:35:07 SEN. ARNTZEN - Mr. de Yong
 07:37:40 SEN. BARRETT
 07:38:36 Ms. Murdo
 07:39:13 SEN. TUTVEDT
 07:39:40 SEN. BARRETT
 07:40:11 Mr. de Yong
 07:40:56 REP. HERTZ
 07:41:47 SEN. TUTVEDT
- 07:42:27 -- **Board of Funeral Services**
 Response to Inquiry (EXHIBIT 17)
 Overview and Summary of Inquiry (EXHIBIT 18)

Committee Questions and Discussion

- 07:49:04 SEN. BARRETT- Mr. de Yong
 07:49:46 SEN. TUTVEDT
 07:50:15 Mr. de Yong
 07:50:36 SEN. TUTVEDT

Public Comment

- 07:51:26 **John Tarr**, Montana Board of Funeral Services
Stated his availability for any questions the committee may have.
- 07:52:10 **Travis Newman**, Licensee as Mortician/MT Funeral Directors Association
Presented email correspondence from Julie Briggs (**EXHIBIT 19**), and
commented about his experiences with the Board of Funeral Service.

Committee Questions and Discussion

- 07:57:47 SEN. TUTVEDT - Mr. Newman
- 07:59:07 **Erin MacLean**, Executive Director, Montana Funeral Directors Association
Commented about her concerns related to fees and the option regarding staying
with the State of Montana, or finding another solution to meet the budget. She
also stated her want for a solution to address a solution without requesting
additional funds, she suggested a proposed bill draft for a potential solution.

Committee Questions and Discussion

- 08:04:54 SEN. ARNTZEN
- 08:05:24 Ms. MacLean
- 08:06:25 SEN. TUTVEDT
- 08:07:01 Ms. MacLean
- 08:08:55 -- **Board of Private Alternative Adolescent Residential Outdoor Programs**

Committee Questions and Discussion

- 08:12:30 SEN. TUTVEDT - Mr. de Yong
- 08:14:28 SEN. BARRETT - Mr. de Yong
- 08:17:24 REP. LYNCH - Mr. de Yong
- 08:18:59 SEN. TUTVEDT- Mr. de Yong

Public Comment

- 08:20:14 None.
- 08:20:37 -- **Board of Hearing Aid Dispensers**
Response to Inquiry (**EXHIBIT 20**)

Committee Questions and Discussion

- 08:26:11 SEN. BARRETT
- 08:26:25 Mr. de Yong
- 08:26:42 SEN. FACEY
- 08:27:04 Mr. de Yong
- 08:27:24 REP. LYNCH
- 08:27:57 Mr. de Yong
- 08:28:39 SEN. BARRETT - Mr. de Yong
- 08:30:05 REP. LYNCH
- 08:30:28 Mr. de Yong
- 08:31:05 SEN. TUTVEDT - Mr. de Yong

Public Comment

08:32:54 **Cort Jensen**, Department of Agriculture
Commented about his experiences with complaints for the Board of Hearing Aid Dispensers, and his lack of confidence in combining the boards.

08:34:25 **d) Suggestions for HB 525 Final Report**
-- Overview by Pat Murdo

Committee Questions and Discussion

08:36:23 SEN. BARRETT - Ms. Murdo

08:38:50 SEN. TUTVEDT

08:39:02 Mr. de Yong

08:39:18 REP. LYNCH

08:41:42 SEN. TUTVEDT

08:42:02 SEN. FACEY

08:42:28 REP. HERTZ

08:42:50 8. Review of Bill Draft on raw honey (**EXHIBIT 21**) recommended in the HB 630 Study on Cottage Food Laws
-- **Cort Jensen**, Department of Agriculture

08:46:44 SEN. FACEY moved that the bill draft to allow sales of raw honey at farmers' markets without a license, LCpooh, be adopted as a committee bill. The motion carried unanimously by a voice vote of all those present.

Public Comment

08:48:30 **Riley Johnson**, National Federation of Independent Business (NFIB)
Commented on NFIB's interest in HB 630 and introduced Kirk Martin for further comments.

08:50:32 **Kirk Martin**, Sweets Barn Owner, Lolo, MT
Commented about the lack of regulation and inspection related to the home production of raw food products addressed in HB 630, which he said created an unfair atmosphere vis-a-vis licensed producers who are regulated and inspected.

Committee Questions and Discussion

08:57:40 REP. HERTZ

08:57:47 Ms. Murdo

08:58:42 REP. HERTZ

08:59:07 SEN. TUTVEDT

08:59:44 **11. Recess until 8 a.m. July 15**

July 15, 2014

AGENDA & VISITORS' LIST

Agenda, [Attachment #4](#).
Visitors' list, [Attachment #5](#).

AGENDA

- 00:00:00 **1. Welcome -- Call to Order 8:05a.m. - Roll Call (Attachment #6) -- Introduction -- Sen. Tutvedt**
- 00:00:40 **2. Followup to HJR 25 - Montana State Fund Restructuring**
- 00:00:54 **a) Discussion of Legislative Audit Division (LAD) audit functions and other activities regarding Montana State Fund**
-- **Tori Hunthausen**, Legislative Auditor
LC Omsf Bill Draft (EXHIBIT 1)

Committee Questions and Discussion

00:08:32 SEN. TUTVEDT

- 00:09:28 **b) Update on Class Codes and Expansion of Private Insurers' Options**
-- **Jesse Laslovich**, State Auditor's Office

Committee Questions and Discussion

This discussion included information regarding a change that may be requested by the State Auditor's Office for the rating organization for workers' compensation in Montana to use a \$5,000 level for experience rating for all workers' compensation insurers instead of the \$2,500 level now used by private insurers. Montana State Fund uses the \$5,000 level. The discussion also included how Montana State Fund uses tiered rating.

00:15:55 SEN. FACEY - Mr. Laslovich
00:17:52 SEN. TUTVEDT - Mr. Laslovich
00:20:42 SEN. BARRETT
00:21:06 Mr. Laslovich
00:23:45 SEN. TUTVEDT
00:24:20 **Laurence Hubbard**, President/CEO, Montana State Fund
00:27:13 SEN. BARRETT - Mr. Hubbard
00:29:54 SEN. FACEY
00:30:01 Mr. Hubbard
00:30:11 REP. HERTZ - Mr. Hubbard
00:32:57 SEN. TUTVEDT

- 00:33:30 **c) Review Bill Draft, LC0msf, and discuss moving investigative/prosecution functions from Department of Justice to State Auditor's Office as indicated in bill draft LC3msf**
-- Panel Discussion:
Laurence Hubbard, Montana State Fund
Jesse Laslovich, State Auditor's Office
Tori Hunthausen, Legislative Audit Division

Committee Questions and Discussion

This discussion included a comparison of what Legislative Audit does as compared to what the State Auditor's Office would do if a change in regulation of Montana State Fund were to occur. The discussion also included what enforcement provisions would be available to the State

Auditor's Office if Montana State Fund could not be forced to comply with supervision by removing its license to operate. Further discussion included concerns about triggers to be used to alert the State Auditor's Office if Montana State Fund's solvency became a problem.

00:33:32 REP. BERRY - Ms. Hunthausen
00:36:54 REP. BERRY
00:37:02 Mr. Laslovich
00:38:40 Ms. Hunthausen
00:39:31 Mr. Hubbard
00:40:59 SEN. TUTVEDT
00:41:44 SEN. FACEY
00:42:45 Ms. Hunthausen
00:43:05 SEN. FACEY
00:44:47 Ms. Hunthausen
00:45:18 Mr. Laslovich
00:46:00 SEN. FACEY - Mr. Laslovich
00:48:46 Mr. Hubbard
00:49:54 SEN. FACEY
00:50:48 Mr. Hubbard
00:52:36 SEN. BARRETT
00:54:44 Mr. Hubbard
00:56:35 REP. BERRY
00:58:39 Mr. Laslovich
00:01:37 REP. BERRY
01:02:05 Mr. Hubbard
01:05:09 SEN. TUTVEDT
01:05:58 Mr. Hubbard
01:07:27 Mr. Laslovich
01:08:33 SEN. TUTVEDT - Mr. Laslovich
01:09:40 SEN. TUTVEDT
01:10:21 Mr. Hubbard
01:12:25 SEN. TUTVEDT
01:12:39 REP. LYNCH
01:13:21 Mr. Laslovich
01:15:01 REP. LYNCH
01:16:07 SEN. TUTVEDT
01:16:45 Mr. Hubbard
01:17:28 SEN. TUTVEDT - Mr. Laslovich
01:18:40 SEN. FACEY
01:20:05 SEN. TUTVEDT
01:20:14 REP. LYNCH - Mr. Laslovich
01:23:04 Mr. Laslovich
01:27:35 SEN. TUTVEDT - Mr. Laslovich
01:29:02 SEN. TUTVEDT
01:29:30 SEN. FACEY
01:30:50 Mr. Hubbard
01:33:58 Mr. Laslovich
01:34:35 SEN. FACEY
01:35:12 Mr. Hubbard
01:36:53 SEN. FACEY

01:37:10 SEN. BARRETT
01:38:33 Mr. Hubbard
01:39:13 SEN. TUTVEDT
01:40:01 SEN. BERRY
01:40:42 Mr. Hubbard
01:41:32 SEN. TUTVEDT
Key Points of Montana State Fund Restructuring Bill (EXHIBIT 2)
01:42:02 SEN. FACEY
01:42:21 Mr. Hubbard
01:42:35 SEN. FACEY
01:42:46 REP. HERTZ
01:43:09 SEN. TUTVEDT
LC 3msf (EXHIBIT 3)
01:43:17 Mr. Laslovich
01:44:03 Ms. Hunthausen
01:45:29 Mr. Laslovich
01:47:41 SEN. TUTVEDT
01:48:49 Mr. Laslovich
01:49:50 SEN. TUTVEDT
01:50:47 Mr. Laslovich
01:51:27 SEN. TUTVEDT
01:51:32 Ms. Murdo
01:52:05 SEN. TUTVEDT
01:52:15 REP. HERTZ
01:52:54 Mr. Laslovich
01:53:29 SEN. TUTVEDT - Asked for a comparison of current reviews vs. proposed reviews
01:53:44 SEN. FACEY
01:53:53 Mr. Laslovich
01:54:15 SEN. TUTVEDT - Mr. Laslovich
01:56:21 SEN. BARRETT - Mr. Laslovich
01:57:15 SEN. BARRETT
01:57:21 Mr. Hubbard
01:58:11 Mr. Laslovich
01:58:29 SEN. TUTVEDT
01:59:04 REP. HERTZ
01:59:20 SEN. TUTVEDT
01:59:44 SEN. ARNTZEN - Asked for a fiscal analysis of the proposal.
02:00:23 REP. HERTZ
02:00:39 SEN. TUTVEDT
02:00:52 Ms. Murdo
02:02:03 SEN. TUTVEDT

Public Comment

02:03:48 None.

02:04:15 **3. Followup to HJR 25 - Subrogation Panel Discussing Bill Draft Options**

02:06:09 -- **Oliver Goe**, attorney representing Montana Self-Insurers' Association
Montana Self Insurers' Association Memo & Subrogation Options (EXHIBIT 4)

- 02:18:15 -- **Marv Jordan**, Montana Contractors Compensation Fund
Subrogation - Construction E-Mod Impact (EXHIBIT 5)
- 02:19:17 SEN. TUTVEDT
02:19:49 Mr. Jordan
02:23:38 SEN. TUTVEDT - Mr. Jordan
02:25:25 SEN. TUTVEDT - Mr. Goe
02:27:52 Mr. Jordan
- 02:28:24 -- **Al Smith**, Montana Trial Lawyers
02:30:02 SEN. TUTVEDT
02:30:28 Mr. Smith
02:31:39 REP. BERRY
02:33:06 Mr. Smith
02:36:41 REP. BERRY
02:37:00 SEN. TUTVEDT - Mr. Smith
- 02:38:54 -- **Al Smith**, Montana Trial Lawyers Association and Labor-Management Advisory Council safety subcommittee member (substituting for Richard Martin as a representative of injured workers)
Subrogation Informational Document (EXHIBIT 6)

Committee Questions and Discussion

- 02:47:40 REP. HERTZ
02:47:59 Mr. Goe
02:49:17 Mr. Smith
02:50:00 SEN. TUTVEDT
02:50:16 Mr. Smith
02:51:16 Mr. Goe
02:55:42 SEN. TUTVEDT
02:56:10 REP. LYNCH
02:56:28 Mr. Goe
02:57:22 REP. HERTZ - Mr. Smith
03:01:29 SEN. BARRETT
03:02:08 SEN. TUTVEDT

Public Comment

- 03:02:34 **Mike Marsh**, Midland Claims Service, Billings MT
Commented about his experience working with self-insured entities in Montana, and identified his issues with workers' compensation that need correcting. Ms. Murdo presented previously submitted email correspondence from Mr. Marsh that contained a table indicating the cost of subrogation cases and the small percentage of cases involved. (EXHIBIT 7).
- 03:10:27 Brief Recess
- 03:26:27 **4. HJR 25 Panel Discussion: Occupational Health and Safety: State or Federal?**

- 03:29:37 -- **Diana Ferriter**, Employment Relations Division, Department of Labor and Industry
Proposal for State OSHA Plan (EXHIBIT 8)
- 03:34:39 -- **Gregory Baxter**, Federal OSHA Representative (by video conference)
-- **Nancy Hauter**, OSHA Representative (by video conference)
- 03:49:49 -- **Glenn Oppel**, Montana Chamber of Commerce
- 03:55:39 -- **Krista Lee Evans**, Montana Grain Elevators Association
- 04:05:19 -- **Lance Zanto**, State Workers' Compensation Bureau
Program Memo (EXHIBIT 9)
- 04:08:42 -- **Al Smith**, Labor Management Advisory Council (LMAC)

Committee Questions and Discussion

- 04:11:15 REP. HERTZ
- 04:11:40 Ms. Ferriter
- 04:12:49 Mr. Baxter
- 04:13:06 Ms. Ferriter
- 04:13:15 Mr. Smith
- 04:13:29 Mr. Baxter
- 04:15:09 SEN. FACEY - Mr. Baxter
- 04:18:37 Ms. Ferriter
- 04:19:09 SEN. FACEY
- 04:19:58 Ms. Ferriter
- 04:20:17 **Mark Cadwallader**, Legal Counsel, Department of Labor
- 04:21:32 SEN. ARNTZEN
- 04:22:08 Mr. Cadwallader
- 04:23:47 SEN. BARRETT
- 04:25:04 Mr. Smith
- 04:25:21 Mr. Baxter
- 04:27:08 SEN. BARRETT
- 04:27:44 Mr. Baxter
- 04:29:28 Mr. Smith
- 04:30:55 Mr. Baxter
- 04:32:33 Ms. Ferriter
- 04:33:09 SEN. TUTVEDT - Asked for information on costs of state vs. federal OSHA
- 04:33:43 Ms. Ferriter
- 04:34:10 SEN. ARNTZEN - Asked for information on where the state might deviate regarding standards as compared to a federal plan.
- 04:34:20 Ms. Ferriter
- 04:34:39 SEN. TUTVEDT
- 04:36:44 Ms. Ferriter
- 04:37:11 SEN. TUTVEDT

Public Comment

- 04:38:18 None.

04:51:55 **5. Working Lunch -- Tax Credit Assessment by Category**
--**Stephanie Morrison**, Legislative Fiscal Division
 Individual Income Tax Credit Grouping (EXHIBIT 10)

Committee Questions and Discussion

05:09:17 SEN. BARRETT - Ms. Morrison
05:17:24 REP. BERRY
05:17:58 SEN. TUTVEDT
05:18:26 REP. HERTZ
05:20:07 Ms. Morrison
05:20:59 SEN. TUTVEDT

Public Comment

05:21:18 None.

05:21:50 **6. Loss Run Insurance Information -- Overview of Industry Issues**

05:22:14 -- **Rep. Tom Berry**, Introduction of Loss Run Insurance Issue

05:26:49 -- **Adam Schafer**, State Auditor's Office

05:28:16 -- **Bob Biskupiak**, Independent Insurance Agents, Industry Concerns in Montana

05:33:54 -- **Laurence Hubbard**, Montana State Fund, Workers' Compensation Concerns

Committee Questions and Discussion

05:37:47 REP. HERTZ
05:38:49 SEN. FACEY moved to have staff work with stakeholders to bring forth a
committee bill regarding insurers making available loss run insurance information.
Motion passed unanimously by voice vote.

05:40:58 **7. Update from State Auditor's Office on Health Insurer Survey regarding
Exchange Policies**

 -- **Jesse Laslovich**, State Auditor's Office

Committee Questions and Discussion

05:47:44 SEN. ARNTZEN
05:48:18 Mr. Laslovich
05:48:31 REP. HERTZ - Mr. Laslovich
05:49:54 **Christina Goe**, General Counsel, Commissioner of Insurance
05:50:57 REP. HERTZ - Asked for information on the direction of next year's exchange
premiums
05:51:06 Mr. Laslovich
05:52:46 SEN. TUTVEDT - Mr. Laslovich
05:53:57 SEN. ARNTZEN
05:54:18 Mr. Laslovich
05:56:14 SEN. TUTVEDT
05:56:28 Ms. Murdo

05:56:34 Brief Recess

06:06:08 **8. Presentation/Discussion on Drug Registry/ Work Comp Use**

06:06:44 --**Marcie Bough, Executive Director, Board of Pharmacy**, Overview of Drug Registry
Overview of Montana Prescription Drug Registry (EXHIBIT 11)

Committee Questions and Discussion

06:19:21 REP. HERTZ
06:19:34 Ms. Bough
06:20:16 SEN. BARRETT
06:20:37 Ms. Bough
06:21:39 SEN. ARNTZEN
06:21:58 Ms. Bough
06:22:27 REP. LYNCH - Ms. Bough
06:23:55 SEN. TUTVEDT
06:24:15 Ms. Murdo
06:24:37 SEN. TUTVEDT

06:25:13 --**Dr. Carla Huitt** , Medical Director, Workers' Compensation Bureau
Informational Packet (EXHIBIT 12)

Committee Questions and Discussion

06:42:10 SEN. TUTVEDT
06:42:32 **Bridget McGregor**, Medical Team Leader, Montana State Fund
06:43:46 Dr. Huitt
06:44:59 REP. LYNCH
06:45:11 Dr. Huitt

06:45:46 **9. Public Comment on any item not scheduled for action on the agenda that is under the Committee's purview**
None.

06:46:21 **10. Reports from Legislative Liaisons to Montana State Fund, Rail Services Competition Council**

06:46:53 -- **Rep. Ryan Lynch**, Rail Services Competition Council Liaison

06:48:58 -- **Rep. Lea Whitford**, Montana State Fund Liaison

06:51:03 Ms. Murdo

06:51:22 Laurence Hubbard, Montana State Fund

06:52:36 **11. Rule Review**
-- **Bart Campbell**, Legislative Attorney

July Rule Review (**EXHIBIT 13**)

06:53:00 **12. Review of September 12 final meeting agenda items.**
 --Pat Murdo
 LSD and OBPP Procedures for Interim Committee (**EXHIBIT 14**)
 Letter to Legislative Council regarding budget. (**EXHIBIT 15**)

06:58:00 SEN FACEY moved to endorse sending the letter to Legislative Council explaining the need for a larger budget in the next biennium for the EAIC due in part to an expanded workload. Motion passed unanimously by voice vote.

Committee Questions and Discussion

06:59:22 REP. LYNCH
06:59:47 SEN. TUTVEDT
07:00:07 Mr. Hubbard
07:00:45 REP. LYNCH
07:01:11 Ms. Murdo
07:01:52 SEN. TUTVEDT

07:03:12 **13. Adjourn**
 -- Sen. Tutvedt adjourned the meeting at 3:06 p.m.

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