

MINUTES

Joint Interim Commerce & Energy Committee



Representative Tim Rounds, Chair
Senator Phil Jensen, Chair

**2017 Interim Joint Committee Meeting
December 6, 2017**

**Room 414 – State Capitol
Pierre, South Dakota**

The Interim Joint House and Senate Commerce and Energy Committee meeting was called to order by Representative Tim Rounds on Wednesday, December 6, at 8:30 AM in room 414 of the State Capitol. A quorum was determined with the following members answering roll call: Representatives Arch Beal, Lana Greenfield, Spencer Hawley, David Johnson, Elizabeth May, Steven McCleerey, John Mills, Tom Pischke, Wayne Steinhauer, Mark Willadsen, Larry Zikmund, and Tim Rounds; Senators Craig Kennedy, Jack Kolbeck, Stace Nelson, Jenna Netherton, and Neal Tapio. Excused: Representative Spencer Gosch; and Senators Al Novstrup, Phil Jensen.

Staff members present include Wenzel Cummings, Legislative Attorney; Jason Simmons, Principal Fiscal Analyst; Jeff Mehlhaff, Fiscal Analyst; and Pam Kean, Committee Secretary.

NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council office. This meeting was web cast live. The archived web cast is available at the LRC website at: sdlegislature.gov.

Chair's Opening Remarks

Representative Tim Rounds, House Chair, extended a welcome to committee members, people present to testify, those present to listen, and those listening via the internet. Representative Rounds restated the purpose of the meeting as providing the opportunity to gain knowledge about state agencies' roles and functions and to provide a base when considering proposed legislation.

A MOTION WAS MADE BY REPRESENTATIVE WILLADSEN, SECONDED BY SENATOR NETHERTON, TO APPROVE THE MINUTES OF THE SEPTEMBER 27-28, 2017, JOINT COMMERCE AND ENERGY COMMITTEE MEETING. The motion prevailed on a voice vote.

Department of Labor and Regulation Briefing

Ms. Marcia Hultman, Secretary, Department of Labor and Regulation (DLR), stated the department welcomed the opportunity to present information. She provided an overview of the department's structure and reviewed the mission: to promote economic opportunity and financial security for individuals and businesses. Ms. Hultman introduced staff members who would be covering topics to include job and workforce services, labor market information, banking, unemployment, employment laws, workers' compensation, and boards and commissions. Ms. Hultman utilized a [PowerPoint presentation](#) to provide visuals and an outline for discussion. A glance at the department in its entirety was provided, depicting a large staff presence in Aberdeen and Sioux Falls as well as Pierre.

Mr. Bill McEntaffer, Workforce and Job Services, DLR, reviewed the training and education that the department provides to help attain sustainable employment and maintain a skilled workforce. He shared that an adult education literacy program is included in their provisions at no cost to the citizens. Other top priorities he reviewed included registered apprenticeships, the career launch program (a collaborative effort with the Department of Education to replicate the Junior Achievement Model), and re-employment services. A map outlining the job service offices across the state was shared.

Ms. Hultman addressed the Labor Market Information Center designed to collect and analyze data including unemployment rate, number of unemployed/job openings, total job openings in SD, and SD labor force participation rate. South Dakota is number one in the country for multiple job holders. The data collected is real-time data, available 24 hours a day and updated continuously.

Mr. Bret Afdahl, Division of Banking, DLR, shared the division's mission: to regulate and supervise state-chartered and licensed financial institutions. He provided an overview of the division, a bank profile, and graphs outlining banks by asset size, composition, capital perspective, asset quality, earnings, loan volume and core deposits, composite ratings, bank examinations and bank examiner tenure. Mr. Afdahl outlined bank trends, both short and long term. This information can be found in the following document: [Division of Banking: Industry Overview](#).

Mr. Afdahl provided a trust company overview to include a profile of public vs. private trust assets, trust asset types, the bank trust department profile, trust full-time employees (FTEs) in South Dakota, trust company situs, trust company examinations, examiner tenure, and current trust company trends.

Mr. Afdahl presented a Licensee Profile to include active licensees, mortgage licensees, and money lenders. He summarized the impact of Initiated Measure 21 on money lenders, legislative changes in 2017, and money transmitters. The division was reaccredited in 2017.

Ms. Hultman reviewed unemployment insurance starting with the definition: to provide economic support to jobless workers. Recipients have lost their jobs through no fault of their own and must be available for employment. She shared items of interest for the advisory council and potential legislative consideration: rebranding to "re-employment assistance;" employer tax break, uncollectible debt legislation, and a UI Trust Fund update.

Mr. Tom Hart, Deputy Secretary, DLR, addressed the Employment Law division starting with a role definition: to administer state labor laws and provide dispute resolution. He shared potential items of interest nationally and potentially at the state level to include: minimum wage increase January 1, 2018, USDOL hazardous occupations, FLSA guidance, independent contractors, paid leave, and parental leave law.

Mr. Hart, addressed the Workers' Compensation Division. The role of the division is to provide medical and disability benefits for work-related injuries and diseases. Items of interest to watch at the national level and potentially at the state level include hazardous occupations, OSHA, mandatory coverage, constitutional challenges, industry legislation, impaired workforce, and alternatives to opioids for chronic pain. Resources are available on the website.

Mr. Graham Oey, Legal Counsel, DLR, presented information on the Boards and Commissions Division outlining the role to license and regulate occupations for consumer protection.

Mr. Oey reviewed the boards and commissions covered by the DLR including the abstractors board of examiners, board of accountancy, athletic commission, board of barber examiners, cosmetology commission, electrical commission, plumbing commission, real estate commission and the board of technical professions. He covered the number of licensees in each area and outlined priorities and items of interest to include reviewing license requirements, and national recognition.

Following each segment of the presentation, DLR staff entertained questions from the joint committee members, invited commentary, provided further clarification on topics covered, as well as made note of information and data requested by committee members to be made available at a future date.

Ms. Hultman concluded the presentation with answers to questions from committee members. Two unemployment judges were nationally recognized for their expertise and dedication and the DLR has employees with longevity and commitment. Ms. Hultman stated that the staff was looking forward to further contact with legislators and appreciates the opportunity to meet with the Joint Commerce and Energy Committee.

Governor's Office of Economic Development

Commissioner Scott Stern, Governor's Office of Economic Development, thanked the joint committee members for the opportunity to share information. He personally thanked legislative members on the board, Representatives Hawley and Qualm and Senators Curd and Sutton, for their contributions and commitment. Commissioner Stern provided a PowerPoint presentation as an outline for discussion.

The Vision: to grow South Dakota's Gross Domestic Product, expand the state's property tax base, and improve the quality of life for all South Dakotans.

The Mission: encourage and support the creation of new businesses, the expansion of South Dakota's existing businesses, and the relocation of other businesses to the state. We will implement programs and cooperate with state agencies and other organizations to assist businesses in realizing their objectives and support communities in their own infrastructure investments and planning activities.

Commissioner Stern reviewed the targeted audiences: value-added ag, bioscience, financial services and advanced manufacturing. South Dakota's strengths include having a capable workforce, access to capital, access to state and local decision makers, minimal red tape, and business friendly tax climate. He gave examples of new businesses, shared that the office had created webinars in one-hour modules for community development, and that the staff conduct community visits and work collaboratively with the Department of Labor and Regulation in workforce development. He summarized his presentation outlining opportunities and challenges consisting of three things: workforce, ability to raise capital for certain kinds of businesses, and attaining permits. At the conclusion of Commissioner Stern's presentation, he entertained questions, accepted commentary, provided further clarification, and made note of data requested by committee members to be provided at a later date.

Bureau of Administration

Commissioner Scott Bollinger, Bureau of Administration, shared his appreciation for the opportunity to address the joint committee members. His presentation focused on discussion and overview of the South Dakota Obligation Recovery Center (the Center), established through SDCL Chapter 1-55. The Center is the central repository for identification, registration, oversight, and collection of debts owed to any agency or department of the State of South Dakota. Commissioner Bollinger outlined exceptions for collection: death of debtor, bankruptcy filing, statute of limitations, balances under \$25, and debts owed to other levels of government. He described the collection agency process and the means by which the money gets back to the departments. At the conclusion of Commissioner Bollinger's presentation, he addressed questions of committee members, accepted commentary, and provided further clarification.

Representative Rounds thanked committee members for attending. He indicated that the House Commerce and Energy Committee would start the 2018 session with further informational presentations by the Division of Insurance and the Department of Tourism.

Adjourn

A MOTION WAS MADE BY REPRESENTATIVE BEAL, SECONDED BY REPRESENTATIVE MAY, THAT THE INTERIM JOINT COMMERCE & ENERGY COMMITTEE BE ADJOURNED. The motion prevailed on a voice vote.

The committee adjourned at 3:40 PM.