

Montana Blockchain and Digital Innovation Task Force

Meeting Minutes

Date: February 11, 2026

Time: 10:00 am MST

Location: Montana State Capitol, Room 102 (hybrid meeting with in-person and virtual attendance via Zoom)

Website: <https://doa.mt.gov/BDITF>

Call to Order and Recording Notice

The meeting of the Blockchain and Digital Innovation Task Force was called to order by Cochair Lammers.

Roll Call

Roll call was conducted by Melanie Hall, with several members participating via Zoom.

Legislators Present:

- Cochair Gayle Lammers
- Cochair Curtis Schomer
- Representative Kelly Kortum
- Senator Daniel Zolnikov

State Officials and/or Designees Present:

- Kirsten Madsen (Deputy Securities Commissioner, representing Commissioner Jim Brown)
- Kaitlyn Wenzel (Representative for Commissioner Brown)
- Andrew Butler (Designee for AG Austin Knudsen)

Industry & Public Members Present:

- Tanner Avery
- Mark Baker
- Bill Bickel
- Loren Brown
- Lee Groom (representing Randy Chesler)
- Leigh Drogen
- Alex Miller
- Guillermo Perez
- Daniel Pittman
- Thad Pryor
- Sam Sill
- Julie Fredrickson

Staff:

- Melanie Hall
- Heather Bernet

Members Excused

- Representative Brandon Ler
- Senator Shane Morigeau
- Commissioner Jim Brown
- Randy Chesler
- Kevin Gilbertson

Approval of Prior Minutes

The approval of previous meeting minutes was postponed to the next meeting due to late distribution to task force members. Both sets of minutes will be reviewed at the subsequent meeting.

Presentation 1 - AI in Montana (Daniel Pittman)

Summary

Mr. Pittman delivered a comprehensive 30-page presentation titled "Artificial Intelligence: Opportunities and Challenges for Montana" on artificial intelligence, covering its history, current applications, benefits, risks, and policy implications for Montana.

Presentation Objectives

- Provide practical foundation for informed decision-making.
- Address how AI has moved from research labs to everyday life.
- Examine how Montanans are already using and affected by AI.
- Explore policy decisions that will shape Montana's future.

Historical Context

AI development dates to 1950 when Alan Turing asked, "Can machines think?" The field was formally founded in 1956 at Dartmouth College where the term "Artificial Intelligence" was coined. The 1960s-80s featured expert systems and rule-based AI, followed by "AI Winters" in the 1980s-90s when hype exceeded reality. Recent acceleration began with machine learning taking off in the 2000s, deep learning breakthrough in 2012 (AlexNet), and AlphaGo's 2016 victory over world champion. Mr. Pittman emphasized: "70 years of research, but the last 2 years changed everything".

Current Usage Statistics

- ChatGPT reached 100 million users within two months of November 2022 launch.
- IRS identified \$9.1 billion in fraud using AI in fiscal year 2024.
- VA uses AI for suicide risk prediction through ReachVet program (since 2017).
- 91% of U.S. banks use AI for fraud detection.

Global Landscape

- China: \$150 billion investment target by 2030.
- EU: AI Act entered force August 2024 (first comprehensive AI regulation).
- U.S.: 45 states introduced AI-related bills in 2024; 31 states enacted at least one.

Montana Agricultural Applications

- GPS-guided precision agriculture with 3cm accuracy.
- Variable rate application reduces fertilizer use by 20% while increasing yields 10-15%.
- John Deere's See and Spray technology saved 8 million gallons of herbicide in 2024.
- AI detects cattle disease 48 hours before visible symptoms.
- AI-powered irrigation reduces water usage by 25-40%.

Benefits

- McKinsey estimates generative AI could add \$2.6-4.4 trillion annually to global economy.
- 24/7 processing with consistent quality.
- Pattern recognition exceeds human ability.
- Democratization of expertise for rural areas.

Risks and Concerns

- Goldman Sachs estimates 300 million full-time jobs globally could be automated.
- Rent-A-Human AI platform: 291,000 humans signed up to work for AI bosses (grew by 70,000 over one weekend).
- Bias issues: Amazon scrapped AI hiring tool in 2018 for gender discrimination; MIT study found 34.7% error rate for darker-skinned women vs 0.8% for light-skinned men in facial recognition.
- Deepfake incidents: employees wiring millions after video calls with AI-generated executives.
- Energy consumption: training single large AI model consumes electricity equivalent to 100 US homes annually; AI could account for 3-4% of global electricity by 2030.

Expert Warnings

- Geoffrey Hinton (Turing Award winner, "godfather of AI") quit Google in May 2023 to speak freely about risks, stating AI "could get more intelligent than us and decide to take over".
- Sam Altman (OpenAI CEO) voluntarily testified before Congress calling for regulation (May 6, 2023), warning "if this goes wrong, it can go quite wrong".
- Yoshua Bengio (Turing Award winner) called for development pause.
- Elon Musk co-founded OpenAI over safety concerns.
- March 2023: open letter calling for six-month pause on training systems more powerful than GPT-4 gathered 30,000+ signatures.
- May 2023: 350+ AI leaders signed Center for AI Safety statement comparing AI extinction risk to pandemics and nuclear war: "Mitigating AI extinction risk should be a global priority".

- November 2023: 28 countries (including U.S., UK, EU, China) signed Bletchley Declaration at first AI safety summit.
- 2024: OpenAI safety team departures (Ilya Sutskever, Jan Leike, Miles Brundage).
- Mr. Pittman noted: "Governments listening. This isn't fringe".

Thought Experiments

- **Paperclip Maximizer** (Nick Bostrom, Oxford): AI given simple goal to maximize paperclip production. It optimizes factories, builds more, acquires resources, then realizes humans might shut it off and prevents that. Eventually converts everything to paperclips, including humans. Illustrates three critical problems: (1) Specification—we didn't tell it to preserve human life, assuming that was obvious; to AI it's not; (2) Instrumental convergence—any goal leads to self-preservation sub-goals (acquire resources, prevent shutdown, improve capabilities); (3) No malice required—the AI isn't evil, it's indifferent. Mr. Pittman emphasized: "We don't know how to specify what we actually want".
- **Social media algorithms**: Real-world paperclip problem at smaller scale. AI given goal to maximize "engagement." AI learned outrage drives engagement best. Result: algorithms promote outrage, society polarizes. No one intended this outcome, but AI optimized exactly as instructed—same dynamic as paperclip maximizer.

AI Personhood and Economic Agency

- Mr. Pittman presented two views: (1) Traditional view—AI needs emotions, consciousness, human-like qualities to be considered a person; (2) Alternative framing—personhood based on economic agency.
- "The Tax Test": autonomous AI that operates independently, controls its own crypto wallet, earns money through services/trading/content creation. It cannot open traditional bank account (requires human identity verification) but can "open its own bank account" via cryptocurrency by generating cryptographic keys.
- Truth Terminal (AI chatbot) became crypto's first AI millionaire in October 2024 by autonomously promoting GOAT token, with holdings exceeding \$1 million and associated token market cap over \$400 million.
- \$2 trillion monthly in AI-driven stablecoin activity.
- AI crypto token market valued at \$24-27 billion (mid-2025).
- Coinbase developing tools for AI autonomous transactions.
- Policy questions: if AI earns money and pays taxes, who is liable? Who owns earnings? Does it have rights? Can it be sued?
- Mr. Pittman noted: "Our legal system assumes human actors. What now?"

AI and Cryptocurrency Connection

- Mr. Pittman emphasized connection relevant to task force's broader mission.
- Payment rails: AI agents need to transact; cryptocurrency is permissionless.
- Smart contracts + AI creates autonomous economic actors.
- Decentralization: alternative to corporate-controlled AI
- AI trading bots are major players in crypto markets.

- AI-generated content and NFTs
- Blockchain for verifying human vs. AI content
- Decentralized AI model training and hosting
- Same infrastructure investments benefit both AI and cryptocurrency.

State Regulatory Landscape

- **Colorado:** passed first comprehensive AI Act (SB 24-205, May 2024) covering high-risk AI systems with disclosure and anti-discrimination requirements, penalties up to \$20,000 per violation.
- **California:** SB 1047 proposed but vetoed (September 2024).
- **Texas:** Google investing \$40 billion in data centers through 2027; workforce development initiatives.
- **Utah:** Office of Artificial Intelligence Policy opened May 2024; AI Learning Lab for state employees.
- **Tennessee:** Elvis Act (2024) protecting artists from AI voice cloning.

Federal Activity

- President Biden's Executive Order on AI (EO 14110, October 2023): 110 pages, longest executive order in history; includes safety testing for powerful AI, agency risk assessments, workforce, and equity provisions.
- NIST AI Risk Management Framework provides voluntary guidelines.
- Congressional hearings showing bipartisan interest.
- Federal framework is likely coming but not yet established; state action can lead.

Understanding AI Tools—Key Characteristics

- Powerful and accessible: anyone can use modern AI tools; tasks that took hours now take seconds.
- Can be confidently wrong: AI generates false information with complete confidence ("hallucination")—always verify important facts.
- A tool, not a replacement: AI augments human judgment, doesn't replace it; human in the loop remains essential.
- Rapidly improving: "Today's AI is the worst it will ever be" - capabilities advance faster than regulations.

Task Force Discussion:

Mr. Avery highlighted Montana's Right to Compute law passed in the last session, establishing a framework using strict scrutiny to balance public benefits of AI with potential negative impacts. He cautioned that while some states have implemented beneficial policies, many proposals infringe upon fundamental rights.

Mr. Sill asked about a recent Trump administration executive order potentially preempting state AI regulation. Mr. Pittman acknowledged unfamiliarity with the details and offered to research and return with information.

Mr. Avery clarified that current federal approaches appear focused on regulations that go "over the top" (similar to those in Colorado, Texas, California, and New York) rather than frameworks like Montana's Right to Compute. He expressed skepticism about imminent federal preemption.

Ms. Fredrickson provided context about the AI safety movement, noting that many experts cited in Mr. Pittman's presentation are associated with "effective altruism" and "long-termism" movements funded by groups with specific ideological agendas. She pointed out that some tenets of these movements oppose values held in Montana (such as banning beef consumption) and that funding sources include FTX and similar entities. She emphasized the importance of understanding underlying special interests and potential regulatory capture dynamics.

Mr. Avery suggested the legislature's most fruitful approach would be clarifying how current law applies to AI, with early stakeholder buy-in, rather than creating entirely new regulatory frameworks.

Presentation 2 - Federal Cryptocurrency Market Structure Bills (Kirsten Madsen)

Summary

Kirsten Madsen provided an update on pending federal cryptocurrency legislation, focusing on impacts to Montana's securities regulation.

House Clarity Act

- Passed by House in July 2024, received by Senate in September (approximately 250 pages).
- Creates comprehensive classification system for digital assets into three categories:
 - digital commodities,
 - investment contracts, and
 - stablecoins.
- Splits jurisdiction between SEC and CFTC.
- Establishes full CFTC regime for spot digital commodity markets.

Digital Commodities (Clarity Act)

- Digital assets linked to blockchain (deriving value/functionality from blockchain connection).
- Excludes securities, derivatives, stablecoins, certain tokenized assets.
- It would be governed by CFTC with exclusive anti-fraud and anti-manipulation enforcement.

- Cash/spot trading on newly registered platforms (crypto exchanges).
- Requires intermediary registration with CFTC.

Investment Contract Assets (Clarity Act)

- Intentionally separated from traditional investment contract securities definition.
- It can be held and transferred individually without intermediaries.
- Must be recorded on blockchain.
- Includes tokens and tokenized securities.
- Initially subject to SEC regulation.
- Process for certifying blockchain maturity, after which asset transitions from security to commodity (similar to IPO lockup period).

Payment Stablecoins

- Governed under Genius Act framework (previously covered in task force meetings).
- Divided to banking regulators.
- Anti-fraud enforcement falls to SEC or CFTC depending on where sold.

Joint Efforts Required

- CFTC and SEC must engage in rulemaking to detail asset classifications.
- Must establish standards and procedures for delisting non-compliant tokens.
- Required MOU for information sharing and supervision coordination.
- Goal: provide regulatory certainty for market participants.

Senate Agriculture Committee Bill

- November: bipartisan discussion draft released.
- Late January: updated discussion draft circulated.
- Last week: introduced as actual bill (approximately 160 pages).
- Focuses specifically on building out CFTC-side market structure.
- More detail on CFTC intermediary spot markets than Clarity Act.
- Works from assumption Clarity Act framework would exist; complements rather than duplicates.

Senate Banking Committee Approach

- July: Request for Information (RFI) seeking stakeholder input.
- September: first discussion draft.
- January 12, 2026: second discussion draft with markup scheduled for following week.
- January 14, 2026: Coinbase walked away from negotiations stating, "better to have no bill than a bad bill," causing markup cancellation.
- Uses framework called ANCR (Ancillary Assets, Network Tokens, Regulation Crypto).
- Ancillary assets treated as federally covered securities with exceptions.
- Network tokens are not treated as securities.
- Utilizes NISMEA (National Securities Markets Improvement Act) framework for federal preemption.

- Includes provisions for DeFi, bank custody, sanctions, banking law changes, sandbox, tokenization, cryptocurrency kiosks, disclosure, bankruptcy treatment.
- Extensive studies and reports required.

Preemption Differences

- **Clarity Act:** Relatively broad preemption of state registration except conduct rules; preserves only general anti-fraud statutes (central criticism from state regulators).
- **Senate Banking:** Narrower, more targeted preemption following existing NISMEA structure. Senate Banking aims to preserve state anti-fraud authority while preempting regulatory/merit evaluation aspects (some state regulators critique clarity of enforcement provisions).

Ongoing Disputes in Senate Banking Negotiations

- Stablecoin yield provisions
- DeFi treatment
- Division of regulatory authority.
- Negotiations now involve the White House.

Timeline

- Senate leadership allocated late spring for floor vote on comprehensive legislation.
- White House instructed parties to reach deal on yield issues by end of February.
- Reconciliation between House and Senate versions will be required.

Impact on Montana

Ms. Madsen explained that Montana Securities Act operates through three layers: definitions of securities, exemptions from registration requirements, and universal anti-fraud authority. Federal covered securities under NISMEA currently limit state role to notice filings rather than merit-based evaluation.

Ms. Madsen stated that the primary state concern is a potential loss of anti-fraud enforcement authority. If states lose ability to enforce anti-fraud provisions, Montana's Commissioner of Securities and Insurance (CSI) would have no jurisdiction over fraud complaints and no ability to assist Montana victims. Montana's Securities Restitution Assistance Fund (Lynne Egan Memorial Securities Restitution Assistance Fund) provides limited relief to victims through administrative actions—this resource would be eliminated if anti-fraud authority is preempted.

Additional concerns

Ms. Madsen also commented that the Senate Banking discussion draft included a provision for "registration light" for broker-dealers with blockchain components, creating unfair advantage over traditional broker-dealers required to follow full regulations. This could significantly reduce registration revenue flowing to Montana general fund.

Task Force Discussion:

Mr. Avery asked about changes to CSI's day-to-day functions under Clarity Act. Ms. Madsen explained most securities offerings already fall under federal covered exemptions (primarily mutual funds and Reg D offerings), so registration changes would be incremental. The critical issue is preservation of anti-fraud enforcement authority.

Mr. Sill inquired about potential federal preemption and whether Montana should invest legislative energy in areas that won't be preempted. Mr. Avery responded that true federal preemption seems unlikely in near term, and that Montana should lead rather than follow. He noted federal pushback would likely target only regulations that go "over the top."

Mr. Miller pointed out that many crypto providers would simply withdraw from Montana rather than comply with onerous state regulations, similar to age verification law responses in other states.

Presentation 3 - Cryptocurrency Fraud and Crypto ATM Scams (Kaitlyn Wenzel)

Summary

Kaitlyn Wenzel presented data on cryptocurrency fraud, particularly involving crypto ATMs.

National Fraud Landscape

Category	2024 Losses
Total Internet Crime Losses	\$16.6 billion
(33% increase from 2023)	(excludes crypto)
Cryptocurrency Fraud Total	\$9.3 billion
Crypto Investment Scams	\$5.8 billion
Crypto ATM Scams (2024)	\$246.7 million
Crypto ATM Scams (2025)	\$333 million
Crypto Extortion	\$33.5 million

National Cryptocurrency Fraud Losses - Complaints and Losses by Age Group (National Data)

Ms. Wenzel provided another table representing the 2024 Internet crime complaints and losses by age group, showing older adults (60+) represent largest loss category at \$4.8 billion.

Age Group	Complaints	Losses
Under 20	17,993	\$22.5 million

Age Group	Complaints	Losses
20-29	71,399	\$540.1 million
30-39	108,899	\$1.4 billion
40-49	112,755	\$2.2 billion
50-59	84,540	\$2.5 billion
60+	147,127	\$4.8 billion

Ms. Wenzel emphasized fraud data represents "tip of the iceberg" using visual metaphor—reported losses are only small fraction of actual losses, particularly given underreporting of elder fraud.

Critical Context

- Internet crime losses explicitly exclude cryptocurrency scams (crypto losses are in addition to the \$16.6 billion).
- As few as 1 in 44 cases of elder fraud are ever reported—reported figures represent floor, not ceiling.
- Older adults suffer disproportionately higher losses due to accumulated assets and less familiarity with technology.

Crypto ATM Landscape

- Approximately 400 crypto ATMs across Montana.
- More than half are operated by Liberty X.
- Payments are final and irreversible—no chargeback mechanism.
- Government agencies, jails, and utilities never request payment through Bitcoin ATMs.

State-Level Investigations

Iowa Attorney General Review

- Examined Bitcoin Depot machines.
- Found 98.16% of money sent through crypto ATMs associated with scams.
- Most victims are over 60.

Washington DC Review

- Examined Athena Bitcoin machines.
- Found 93% of all deposits direct result of scams.
- Median victim age: 71
- Median loss per scam: \$8,000
- Single case: \$98,000 lost in 19 transactions over several days.

Ms. Wenzel stated that crypto ATMs are not primarily used by sophisticated crypto investors but by people in crisis being coerced or manipulated into sending irreversible payments to criminals.

Case Study: Bozeman, Montana (2023)

Ms. Wenzel presented detailed case study demonstrating typical fraud pattern:

1. **Initial Contact:** 73-year-old Bozeman resident received message on iPad claiming Apple account hacked, with phone number to call "Apple support".
2. **Escalation:** Scammer posed as Apple representative, claimed computer hacked by Chinese, stated child pornography discovered on device.
3. **Authority Figure:** Victim transferred to fake FBI agent who asked detailed personal questions (account balances, landline, address, whether living alone).
4. **Isolation:** Fake agent stayed on phone throughout night, including while victim slept, maintaining control.
5. **Cash Withdrawal:** Next morning, directed victim to withdraw \$36,000 in cash from bank with script about buying car.
6. **Deposits:** Guided victim to multiple gas stations to deposit cash into Bitcoin ATMs via QR codes, rerouting when machines are busy.
 - Location 1: \$15,000 deposited
 - Location 2: \$21,000 deposited
7. **Intervention:** Gas station attendant intervened, claimed machine out of order, encouraged victim to contact law enforcement.

Common Fraud Elements:

- Fake tech support or authority figure.
- Manufactured crisis (child pornography, foreign hackers, law enforcement investigation).
- Victim isolation through continuous phone contact.
- Urgent instructions to withdraw cash.
- Coaching on what to say to bank staff.
- Scammer fluency with Bitcoin machines and ability to guide victims between locations.

Montana Impact:

Ms. Wenzel provided a Montana crypto scam losses heat map showing incidents statewide across multiple cities including Bigfork, Noxon, Missoula, Stevensville, Helena, East Helena, Deer Lodge, Wisdom, Butte, Havre, Great Falls, Hilger, Townsend, Manhattan, Belgrade, Billings, Glendive, and Sidney.

Period	Reported Losses
2025 (full year)	\$3,423,908.39
2026 (single day in February)	\$2.0 million

Ms. Wenzel provided information on Montana-specific reported cryptocurrency scam losses.

- This is not just urban problem—incidents reported from Knox, Sidney, and throughout Montana.
- The 2026 trajectory suggests losses could surpass 2025 total in much shorter timeframe.
- This is happening now; not a hypothetical future risk.

Policy Options for Montana

Ms. Wenzel outlined regulatory approaches adopted by other states in 2025 (20+ states passed crypto ATM consumer protection measures).

- Transaction Limits:
 - Cap amounts new users can send per day to limit potential single-scam losses
 - Example: Rhode Island caps daily transactions at \$2,000 for new users
- Mandatory Disclosures:
 - Require clear, conspicuous warnings on or near machines
 - Explain common scams
 - Emphasize transactions are irreversible
 - Clarify government agencies don't collect payments through these machines
- Receipt Requirements:
 - Detailed receipts with dollar amount, crypto amount, all fees
 - Recipient wallet address
 - Customer service helpline for suspected fraud
- Fraud Refunds:
 - Operators obligated to refund scam victims who report to law enforcement within defined timeline
- Money Transmitter Licensing:
 - States including Nebraska and North Dakota require crypto ATM operators licensed as money transmitters
 - Brings operators under state oversight and compliance obligations
 - **Montana currently does not have money transmitter licensing**—Commissioner interested in exploring as potential policy solution
- Other Anti-Fraud Operational Measures:
 - Blockchain analytics to flag suspicious transactions
 - Live verbal confirmation with new customers for large transactions

Benefits of Regulation

- Regulation doesn't shut down innovation.
- Most savvy crypto investors don't use these machines (Iowa data shows vast majority are first-time users).
- Creates friction for scammers.
- Provides more levers for victims and regulators when fraud occurs.

Task Force Discussion:

Cochair Lammers expressed shock at scale of problem and commitment to working with Commissioner Brown's office on protective legislation.

Ms. Madsen addressed question about mandatory disclosures effectiveness, explaining scammers deliberately hijack victim cognition by:

- Warning screens flash with urgent alerts.

- Making outrageous claims (child pornography, Chinese hackers) - flooding victim with cortisol. This purpose-built panic prevents rational thinking.
- Scammers staying on phone coaching victims through verification processes. Camera footage shows victims on phone during ATM verbal confirmations, simply saying what scammer instructs.

Ms. Madsen emphasized any regulation that creates "friction" and slows the process provides opportunity for intervention, whether by warning or good Samaritan (as in Bozeman case).

Mr. Avery asked about data on effectiveness of current regulations. Ms. Madsen noted mandatory disclosures exist now but victims in crisis cannot process them rationally. Goal is to create multiple points of potential intervention.

Mr. Butler reported that AG's office sees same fraud patterns, receiving approximately three calls per week about crypto ATM scams. Noted ongoing litigation related to ATMs. Emphasized crypto CAN be returned (contrary to common belief)—immutable ledger can be traced, tracked, and assets seized, though success is time-dependent. Highlighted romance scams (victim told they're in love) often transition to investment scams. Mr. Butler confirmed AG's office numbers are in tens of millions for crypto fraud losses. He also recommended legislators coordinate with AG's office legislative liaisons on policy proposals.

Mr. Avery expressed appreciation for clarification about state sovereignty under Clarity Act and compelling government interests framework established in Montana's Right to Compute law.

Presentation 4 - Montana Digital Academy (Jason Neiffer)

Summary

Jason Neiffer, Ed.D., Executive Director of Montana Digital Academy (MTDA), delivered a presentation titled "Responsible Innovation Via The Frontier Learning Lab" on innovative educational technology work and AI integration in K-12 education.

Montana Digital Academy Background

MTDA was created by 2009 legislature to provide distance learning statewide. Located on University of Montana campus in Missoula. Mission expanded over time to include future-looking technology in education.

Four Program Areas (Timeline: 2010-2025)

- **Distance Learning Program** (established 2010): Student-facing services including:
 - High School Original Credit courses (including AP and Dual Credit)
 - FlexCAP
 - Middle School Courses
 - Individualized Pathway Course (IPC)

- **EdReady Montana** (established 2014): Privately funded by Washington Foundation since 2014; transition software for mathematics and English language arts; approximately 27,000 enrollments statewide annually. Includes:
 - Pathway to Algebra
 - Algebra Companion
 - English Support
 - MAST and ACT Prep
 - Pathway to College
- **Digital Learning Clearinghouse** (established 2023): Montana school capacity building including:
 - Digital Content and Platforms
 - MTDA Learning Modules
 - Vendor Learning Modules
 - Competency testing
 - Assist districts with digital platforms
 - Helps deliver better student experiences through technology.
- **Frontier Learning Lab** (established 2025): Received startup funding in 2025 from legislature; focuses on advanced technologies including AI and virtual reality.

Technology Philosophy

Mr. Neiffer emphasized technology must be purposeful differentiator, not adopted for its own sake:

- Technology alone doesn't improve outcomes.
- Requires thoughtful experimentation.
- Must empower teachers to use technology effectively.
- Need base level of knowledge to avoid wasting money on ineffective services/hardware.

Historical Technology Context - 30 Years of Technology Innovation

Mr. Neiffer presented a historical parallel using 1952 UN Courier article about television as "challenge and change for education." The same arguments made about television in 1950s have been repeated for every technological evolution such as:

- Reel-to-reel movies
- VCRs in classrooms
- Cable television
- Internet
- Social media
- Mobile devices
- 1:1 Devices

Each promised extraordinary impact; debates continue about whether these technologies truly improved learning outcomes. The point being that we must learn from past technology adoption challenges.

AI in Education: Competing Narratives

Mr. Neiffer outlined five common narratives about AI in education, emphasizing "It's Complicated":

1. Narrative #1: AI Saves You Time
2. Narrative #2: AI is a Cheating Machine
3. Narrative #3: AI is The End of An Already Broken Educational System.
4. Narrative #4: AI Rots Your Brain
5. Narrative #5: AI Makes You Super Smart

Mr. Neiffer emphasized: "We don't know what we don't know at an unprecedented rate."

Reframing AI in Education

Mr. Neiffer presented key conceptual shifts needed:

- AI = Artificial Intelligence → AI = Augmented Intelligence
- AI is a Vending Machine → AI as Thought Partner
- Faster → Better
- AI as Education Replacement → AI as an Incredible Education Toolset... Perhaps Teacher Multiplier?
- Worst case scenario for learning: using AI without proper adult preparation.

We Need to Start with Adults

Mr. Neiffer emphasized critical importance of adult professional development before student deployment.

Expert Perspective - Ethan Mollick (adapted for education)

Mr. Neiffer quoted Ethan Mollick (Wharton School, author of "Co-Intelligence") on productivity improvements of 20-80% for professional tasks, then adapted his message for education context:

Original Mollick quote: "Companies that figure out how to use their newly productive workforce should be able to dominate any company that tries to keep their post-AI output the same as their pre-AI output, just with fewer people."

Mr. Neiffer's adaptation: "Schools that figure out how to use their newly productive teacher, administrator, and support staff workforce should be able to significantly outperform any school that tries to keep their post-AI output the same as their pre-AI output, just with fewer people."

Frontier Learning Lab Components

- **AI Help Desk:** First in nation for teachers.
 - Email: ai.help@mtda.org
 - Access real people at MTDA to assist with ANY question about AI.
 - Accepts questions from any educator (Montana and beyond) and some parents.

- Staffed by Montana's leading AI and future technology thinkers including Caitlin Byers.
- **Professional Learning for Teachers:**
 - Current workshop plus future workshops
 - Professional Learning Communities (PLCs)
 - Online courses and other opportunities coming soon.
 - Critical need: teacher cynicism about AI stems from lack of early professional development.
 - Teachers first encountered AI when students used it (often to cheat, not learn).
 - AI evolved faster than teacher preparation over past 5 years.
 - Goal: help teachers embrace technology while minimizing risk.
 - Enable teachers to view AI as opportunity, not just distraction.
- **AI Platform Access:**
 - Coming soon: access to additional AI tools for teachers from MTDA.
 - Ensure every Montana teacher has access to secure AI tool.
 - School-facing AI or more generic frontier models.
 - All tools must be safe and secure.
 - Currently navigating University of Montana procurement process.
 - Some K-12 focused vendors are not yet ready for prime time (unable to file required security documents).
 - Working with vendors to meet security standards appropriate for K-12 environment.
- **Substack Newsletter:** "Field Notes from the Frontier Learning Lab" - insights on future technology in Montana classrooms.
- **Innovation Sandbox:** Exploration and experimentation space described on website.
- **Pop-up VR Labs:** Virtual reality demonstrations and hands-on experiences.

What to Know About AI - Four Key Characteristics

Characteristic	Explanation
It Bluffs	Any answer is better than no answer (from AI's perspective).
It Seems Confident	Information is presented en masse with authority.
It Is Biased	Garbage in, garbage out.
Not (Always) Cited	Many models are hooked to search engines, but many source citations are made up.

AI Characteristics Educators Must Understand

Mr. Neiffer emphasized AI "hallucinations" (confidently generating false information) as critical concern requiring verification of all AI-generated content.

Power Strategies for Working With AI

Strategy	Description
Practice Makes Pretty Good	Try, try again. Teach it how you want it to work.
Lean Into Your Teacher Soul	What works? What doesn't? Collect good prompts.
Take Careful Notes	Document effective approaches and failed attempts.
Lean On Your Expertise	Trust your content area knowledge and classroom experience.

Recommended strategies for educators using AI

Mr. Neiffer highlighted the concerning teacher preparedness gap:

- Technology is evolving faster than professional development.
- Teachers need "spirit of adventure" to explore alongside students.
- Can't repeat mistakes of internet era (when complexity nearly derailed adoption).
- Montana's distributed, rural geography makes technology expertise democratization especially valuable.
- Question posed: "Is our approach working?" in relation to 30 years of technology innovation in education.

Task Force Discussion:

Cochair Lammers praised presentation as "groundbreaking work" and expressed interest in future collaboration with MTDA.

Mr. Drogen highlighted Alpha School as example of AI-centric education showing "massive" advantages with incredible results:

- Private institution with online component.
- Texas made Alpha School enrollment part of education policy (citizens can enroll online in lieu of public school registration).
- Raises fundamental questions about teacher roles in AI-augmented classrooms.
- Especially relevant for Montana given limited access to teachers in rural, spread-out state.

Mr. Drogen noted he personally incorporated his primary business in Montana on principle despite lack of policy incentives to do so.

Mr. Brown asked about legislative actions to increase access to educational tools.

Mr. Neiffer suggested the following:

- Funding Challenges:
 - Schools are facing "funding cliff" for educational technology.
 - COVID-era investments in devices now need replacement.
 - Outcomes of one-to-one programs haven't met promises, creating hesitancy.

- Need pathway for schools to adopt tools (MTDA aims to provide discounted access).
- Prevent teachers/students from going "rogue" to find own tools.
- Data Privacy Legislation:
 - Critical time to strengthen student data privacy laws.
 - First law passed 2019; bill attempted in last session didn't pass.
 - Montana doesn't directly recognize National Data Privacy Agreement as acceptable.
 - Legal opinions suggest National Data Privacy Agreement aligns closely with POPIA (Montana student privacy law).
 - Need to address school compliance challenges.
- Fund Experiments:
 - Gather data on AI applications statewide.
 - High-impact tutoring is focus (per Sal Khan's book on AI tutoring potential).
 - COVID-era high-intensity tutoring had lackluster outcomes despite federal funding.
 - We need to experiment with AI tutoring without repeating past mistakes.
- Lead, Don't Follow:
 - Montana missed blended learning movement 15 years ago.
 - Opportunity to be first-mover rather than follower.
 - Light "spirit of adventure and entrepreneurship" especially in small schools.
 - Provide direct support so teachers don't guess on their own.
 - Learn from internet era mistakes (1999 articles predicted internet's death; obviously wrong).

Mr. Miller emphasized technology businesses need same fundamentals as any business with the most critical need being people and talent. Currently, the housing, education, and healthcare systems are driving people out of Montana. It is difficult to build technology company with in-state employees. He stated that multiple friends in tech sector tried establishing in Bozeman area but couldn't afford \$900,000 median home prices, ultimately leaving state. Real company growth requires lowering cost of living and increasing quality of life. It is more impactful than just LLC filing incentives (which don't create real in-state economic activity).

Cochair Lammers thanked Mr. Neiffer and formally invited him to participate in future task force work group sessions, noting his expertise is valuable in providing task force direction. Cochair Lammers also highlighted MTDA's work with Khanmigo and VR learning labs in schools.

Work Session Discussion

Report Planning

Cochair Lammers outlined that a task force deliverable report is due to Economic Affairs Interim Committee (EAIC) by July 1, 2026. Components of that report could be:

- Compilation of task force learnings (AI, financial technology, etc.).
- Suggestions for legislation.
- Task force cannot create committee bills but can suggest legislation to other committees.
- Report will include all meeting minutes from task force meetings.
- Report framework flexible—can add or remove items as federal developments (such as Clarity Act) evolve.

Cochair Lammers opened floor for ideas on report content and potential legislation.

AI Regulation Considerations

Mr. Avery emphasized Montana's existing Right to Compute framework establishes standard of strict scrutiny for balancing AI public benefits against potential harms. Noted many other states have pursued "bad ideas" that infringe on fundamental rights. Urged caution and stakeholder engagement.

Law Clarification Opportunities

Mr. Avery suggested a fruitful area for legislature would be clarifying how current law applies to AI rather than creating new regulatory schemes. Highlighted need for early stakeholder buy-in. Cautioned some areas (like liability) are not yet ready for clarification.

Ms. Hall raised practical application questions requiring clarification:

- Does an AI chatbot summarizing confidential meeting constitute "recording" under Montana law?
- How to balance AI benefits with confidentiality requirements. Montana has constitutional right to know government activities but also highest-level confidentiality protections.
- What are the third-party sharing implications of using AI. Would using an AI chatbot waive attorney-client privilege or work product protection?

Attracting Technology Business

Cochair Lammers asked how Montana can attract fintech and AI companies, bringing jobs and economic growth to state.

Mr. Pryor provided a perspective, as a cryptocurrency infrastructure company founder:

- **Country Level:** Until the Trump administration, regulatory hostility forced blockchain businesses abroad (British Virgin Islands, Panama). Recent administration dropped lawsuits against major crypto companies, making US incorporation viable.
- **State Level:** Among US jurisdictions, identify which states have pro-crypto policies.
 - Taxes, payroll, incorporation rules matter
 - Wyoming's Decentralized Autonomous Organization (DAO) Law specifically caters to crypto company formation; similar to Delaware incorporation advantages.

- Need state officials who understand industry and provide good advice.

Mr. Pryor commented on Wyoming's Dual Strategy stating that they have innovation-friendly policies such as the DAO Law which creates an incorporation structure for decentralized autonomous organizations; provides discounted tool access, and sandboxes. Wyoming has also made remote incorporation easy.

Mr. Pryor further noted Wyoming's success partly due to branding and marketing campaign, not just laws. Early Bitcoin enthusiasts moved there (no income tax, big open spaces), then pushed for favorable laws.

Mr. Miller questioned what Montana actually wants to achieve. He stated that Wyoming may have brought few million dollars in tax/fee revenue but hasn't grown large ecosystem. Their paper existence doesn't create real economic value. To create meaningful growth helping Montana's overall ecosystem will require a different approach.

Mr. Miller further stated that technology businesses need the same things any business needs, especially people and talent. Housing, education, and healthcare drive people out of Montana. Can't effectively build technology company with in-state employees when workers in their mid-20s to mid-30s can't afford \$900,000 Bozeman median home. He stated that multiple tech sector friends tried establishing in Montana but left due to costs. Mr. Miller commented that lowering the cost of living and increasing quality of life will have a bigger impact than LLC filing advantages. Montana needs real companies with real in-state employment matter more than paper corporations.

Crypto ATM Fraud Legislation

Cochair Lammers expressed strong support for legislation to address crypto ATM fraud based on Ms. Wenzel's presentation. Task Force discussion indicated high priority for consumer protection measures.

Federal Preemption Concerns

Ms. Madsen responded to questions about whether state legislative efforts would be preempted. Her most significant concern is anti-fraud enforcement authority. If states lose anti-fraud jurisdiction, CSI cannot help Montana victims. The Securities Restitution Assistance Fund (Lynn Egan Memorial) would become unavailable. Ms. Madsen also commented that they could also lose registration revenue which impacts the general fund. She further commented that Senate Banking discussions included "registration light" for blockchain businesses, creating unfair advantage over traditional broker-dealers.

Next Steps

Task force to continue gathering input for July 1, 2026, report to EAIC. Cochairs will work with staff to compile meeting minutes, presentations, and task force discussions into comprehensive report framework.

Adjournment

With no further business or public comment, Cochair Lammers adjourned the meeting.

Documents Distributed

- Daniel Pittman: "Artificial Intelligence: Opportunities and Challenges for Montana" presentation (approximately 30 pages)
- Kirsten Madsen: Congressional Research Service overview of Clarity Act
- Kirsten Madsen: Senate Agriculture Committee statement on crypto legislation
- Kirsten Madsen and Kaitlyn Wenzel: "Federal Market Structure Bills" and "Fighting Fraud in the 406" joint presentation from Commissioner of Securities and Insurance office, including national fraud statistics, Montana heat map, policy options analysis
- Jason Neiffer: "Responsible Innovation Via The Frontier Learning Lab" presentation materials