

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

March 13, 1987

The thirty-fourth meeting of the Business and Industry Committee was called to order on Friday, March 13, 1987 at 9:31 a.m. by Chairman Allen C. Kolstad in Room 410 of the Capitol.

ROLL CALL: All committee members were present with Vice Chairman Neuman excused to present a bill in another hearing.

CONSIDERATION OF HOUSE BILL NO. 242: Rep. Hal Harper, House District 44, Helena, chief sponsor, said the bill had no opposition in the House and said the bill expands the list of purchases and investments made by a utility that are eligible for inclusion in the utility's rate base.

PROPONENTS: Bob Quinn, representing Montana Power Company, said they had asked Rep. Harper to introduce this legislation. He introduced their Director of Energy Conservation, Mr. William Thomas, who would give a brief over-view of why the bill was introduced and what it would do.

William M. Thomas, Director of Energy Conservation, Montana Power Company, appeared before the committee and submitted his written testimony, (EXHIBIT 1) which he read to the members.

Jim Paladichuk, Montana-Dakota Utilities, said they would also like to be on record as being in support of HB 242.

Gene Phillips, Pacific Power and Light Company, said they also supported the bill.

OPPONENTS: There were no opponents.

DISCUSSION OF HOUSE BILL NO. 242: Chairman Kolstad called for questions from the committee members. There were no questions.

DISPOSITION OF HOUSE BILL NO. 242: Sen. Meyer, MOVED HB 242 BE CONCURRED IN, seconded by Sen. McLane. The MOTION CARRIED UNANIMOUSLY.

CONSIDERATION OF HOUSE BILL NO. 389: Rep. Ray Brandewie, House District 49, Bigfork, chief sponsor, stated that the bill provides a process whereby a real estate licensee may renew his license after he has allowed it to lapse. He may do so by providing an explanation of his failure to renew to the licensing board within 45 days after the license has lapsed and by paying the renewal fee. The board also, in its discretion, may charge a late fee equal to twice the current license renewal fee, but the charge has to be at least \$100.

He said the House did amend the bill and put a cap of 45 days on the renewal, however, there was some objection from the realtors. With the 45 day cap they didn't object quite as strongly. The reason the realtors would oppose the bill was they would like to see less competition and keep the law as it is presently.

PROPOSERS: There were none.

OPPOSERS: There were none.

DISCUSSION OF HOUSE BILL NO. 389: Chairman Kolstad called for questions from the committee. Sen. McLane said this is exactly what is done by the optometrists and it had happened to him at one time. Rep. Brandewie said there are instances where this could possibly happen to anyone and with the 45 day cap they should be able to get their license taken care of.

Sen. Weeding asked what the renewal of the license would cost. Rep. Brandewie said it was \$50 for a broker so the \$100 would be twice that fee.

Sen. Thayer suggested that they wait on the executive action in case any proponents or opponents should show up since they expected the hearing at 10 a.m. instead of 9:30. Chairman Kolstad agreed with the suggestion.

In closing, Rep. Brandewie said the realtors had pretty much withdrawn their objections. Chairman Kolstad said the realtors would be given an opportunity to testify if they appear late and if they wish to do so.

CONSIDERATION OF HOUSE BILL NO. 473: Rep. Ray Brandewie, House District 49, Bigfork, sponsor, said the bill provides for the licensure and regulation of real estate property management brokers. A broker is a person who works for another or for a fee to rent or lease real estate. It is also a person who collects rent or manages real estate for a fee. A broker must be 18 years of age and a high school graduate. The applicant for a broker's license must pass an exam. A licensee may have his license suspended or revoked for the applicable grounds set forth in 37-51-321.

PROPOSERS: Robert N. Holding, appeared on behalf of the Montana Association of Realtors, said they supported HB 473 and it made a lot of sense. It allows the board of realty regulations to set some standards and also standards for people that are managing property which is becoming quite a business in the state as more and more people have investment property.

OPPOSERS: There were no opponents.

DISCUSSION OF HOUSE BILL NO. 473: Chairman Kolstad called for questions from the committee. Sen. Hager asked about having somebody manage your own property. Rep. Brandewie said you could give that person power of attorney which would be one of the exemptions listed in the bill.

Chairman Kolstad asked Rep. Brandewie if he had a 6-unit apartment and if he wanted one of the tenants to manage that, would this person have to become licensed to do that. Rep. Brandewie said he could be given the power of attorney or if it was low income housing you could give him the apartment as the fee. If you pay him a fee, under the law, he has to be licensed. The only opposition in the House, he said, were the people on the floor.

Chairman Kolstad asked how it would work under this bill. Rep. Brandewie said it would not be changed.

Chairman Kolstad then called for any opponents to HB 473 that might have come in late due to the hearing time change. There were no opponents, however, there was a proponent that wished to testify, which follows.

FURTHER PROPONENTS TO HOUSE BILL NO. 473: Helen Garret, said the reason they asked for the introduction of this bill was, under the current statute, in order for people to manage property they must be licensed as a realty broker and there is a growing number of people who wish only to manage property; they don't want to sell real estate. They felt this would create one area of licensing that would do just the one thing. If they should decide to sell real estate at a later time they are able to because they would have obtained the necessary license. She said the property management business is really growing in the state. There is a way to work around the current law but the board would have no control at all in those situations, such as, the power of attorney.

FURTHER DISCUSSION OF HOUSE BILL NO. 473: Sen. Weeding asked Rep. Brandewie if this was broad enough for property managers. He responded that he would be the employee.

There being no further questions, Rep. Brandewie closed on HB 473.

Chairman Kolstad then called for opponents to HB 389, however, there was a proponent present.

FURTHER PROPONENTS OF HOUSE BILL NO. 389: Helen Garret, said the Board of Realty Regulations supported this bill. She said, as a rule, the renewal notices are mailed to the managing broker and oftentimes the people do not get their notices or they simply forget to mail in their check. She said the amendments that were made in the House were agreeable to them and they would just like a way for people to stay in business if

their license renewal had not been taken care of. She said they are the only licensing bureau in the state that does not have a late renewal provision.

OPPONENTS: Robert N. Holding, Montana Association of Realtors, said he was neither a proponent or opponent. He said they were instructed to oppose the bill as originally written but with the 45 day amendment and the penalty, they were not taking any position on the bill. He said the problem the Association sees is a question of discipline in getting the members to get their renewals in on time.

Chairman Kolstad called for further questions from the committee. However, there being no further questions, the hearing was closed on HB 389.

DISPOSITION OF HOUSE BILL NO. 389: Sen. Weeding MOVED HB 389 BE CONCURRED IN, seconded by Sen. Williams. The MOTION CARRIED UNANIMOUSLY.

DISPOSITION OF HOUSE BILL NO. 473: Sen. Williams MOVED HB 473 BE CONCURRED IN, seconded by Sen. McLane. The MOTION CARRIED UNANIMOUSLY.

CONSIDERATION OF HOUSE BILL NO. 180: Rep. Harry Fritz, House District 56, Missoula, chief sponsor, said that presently, the state supply procurement laws provide that all contracts for supplies and services must be awarded by competitive sealed bid. This bill would allow a supplier of office supplies to make a competitive bid by submitting a price from its current publicly advertised or established catalog as a bid. The price could merely be registered as the bid, thus saving the supplier from having to fill out a more formal bid form. He said the bill had at least five hearings in the House so the bill has been scrutinized fairly well and amended at several points along the way. The intent was to transfer to the free market system, possibly some of the business that the central purchasing does for the state. The House Appropriations amendments tightens up the bill and in his opinion, takes care of many of the objections to the bill. He felt the process deserves a chance.

PROPONENTS: George Allen, representing the Montana Retail Association, said they were in strong support of HB 180 as it gives the state agency the opportunity to buy something at the local store if it can be purchased cheaper than what the state can supply it. Another important consideration is the inconvenience that is placed on state agencies in eastern Montana, etc. Even agencies in Helena had told him that sometimes it takes 2-3 weeks to get something from central stores back to their office. This will not destroy the bidding process as it only deals with office supplies; it has nothing to do with the major bidding process. Mr. Allen referred to his written testimony (EXHIBIT 2) On page 121 it showed that the central stores operated at a \$168,000 loss to the state. The day after

that report was made public, he was told they had made a mistake to the tune of \$339,000. He felt there was some creative bookkeeping being done as they didn't want it known they were operating at a loss, therefore, they transferred some inventory into central stores to show it was operating at a profit. He said central stores has grown to be a disaster and it should be eliminated. They strongly urged support of HB 180.

Riley Johnson, representing the National Federation of Independent Business, said they also strongly supported HB 180. They were strongly in support of trying to get around the government competition in private enterprise. They felt this was a first step toward trying to get back to private business community, the largest market that they have.

Kelly Patzer, Empire Office Machines, Helena, said they had just recently gotten into the supply business and told the committee he had been asked many times why people had not been made aware of newer products that were better, lower cost, more efficient; it would do him no good as the state agencies are still required to go through central stores.

Barbara Marshall, Hobart Sales, appeared as a proponent of HB 180. The purchasing department is regulated by the legislature and said this had caused them to lose bids by the small amounts of \$14, \$20 etc., to out of state vendors. She said we should try and keep the business in the state and should try to do it locally.

Terry Harris, Montana Office Machine Dealers Association, said they were in support of HB 180. He didn't feel the bill went quite far enough as they would like to see the state out of the private enterprise business.

Tom Naegle, Naegle's Office Products, appeared as a proponent of HB 180. The people in the state agencies want the knowledge about what would make their office run more efficiently. He said it was their business to give the state agencies, or any other business, product knowledge, customer service and what is called "open account" charging, etc. That cannot be offered by central stores, however, they can carry a huge inventory; much more than what an office supply store can carry.

Rep. Ed Grady, House District 47, Helena, appeared as a proponent to HB 180 and also as a co-sponsor of the legislation. The original purpose was to set it up for the state to purchase goods as cheaply as possible and save taxpayers money. He said they have a monster that has grown out of proportion and this is starting to cripple the small businesses. He said this was a start to help curtail some of that. He urged support of HB 180.

OPPONENTS: Mike Muszkievich, Department of Administration, Deputy Administrator of the Purchasing Division, said they didn't oppose the bill as amended. He said it was workable and fair.

He submitted written testimony, which he explained to the committee. (EXHIBIT 3) He said all their overhead and expenses were included in these prices and was being submitted as information to the committee. The average of business going to in-state vendors from central stores is 68%.

DISCUSSION OF HOUSE BILL NO. 180: Questions were called for from the committee. Sen. Walker asked how many FTE's are in central stores. Mr. Muszkievich replied there were 16 at the property and supply bureau; only 10 are with the central stores program, the rest are with surplus property program.

Mr. Naegle said in looking at the graphs you would have to know what volume they were talking about.

Sen. Williams asked what kind of dollar figure they were talking about for the operation of central stores. Mr. Muszkievich responded that their appropriations committee, for this year, had \$3 million goods for resale category so they could go up to that \$3 million. Sen. Williams said he would like Mr. Muszkievich to have the opportunity to reply to the statement that there was a \$300,000 error and they were operating in the red. He replied that he did not have copies for everyone but submitted EXHIBIT 4, which was a letter from the Accounting Division to George Allen of the Montana Retail Association. The letter states that central stores showed a net income of \$17,000 rather than a \$300,000 loss. The two inventories - central stores and federal and state surplus property - got jumbled up in accounting. The accounting department put two programs together when they should have been just looking at central stores.

Mr. Harris said they do have inventory that they accrue over the years that becomes obsolete inventory. There is no value to that inventory if there is no demand for it. Central stores can take that obsolete inventory, at full cost, and transfer it to surplus property so they don't have to show a loss as the retailer would, he said.

Mr. Muszkievich said the surplus property is sold at a discount and if that agency is a proprietary fund, that money is given back to them; if they are a general fund agency, that amount goes to the general fund. Sen. Williams asked how people are notified of surplus sales. He replied that they have on-going newsletters and communications that go out to schools, local governments and state agencies. They also have sales that are open to the public for surplus property that government hadn't already purchased.

Mr. Allen said that not always is the bid price the best price. There are a lot of merchants that do not want to get into the bidding process because it is complicated, time-consuming, especially if they don't get the bid.

Mr. Patzer was given permission to ask Mr. Muszkievich a question concerning the prices on his exhibit. He asked, when he referred to "our store price" and the "state's price", if that was the state buying price or the selling price. Mr. Muszkievich replied that it was not the purchase price; that is the price they sell to state agencies. Central stores, new items, do not go to local governments; surplus property program does sell to local governments.

Sen. Williams asked Rep. Fritz if there had ever been any in-depth study by any independent accounting firm of this problem or if he thought there should be. Rep. Fritz said he was not sure that there ever had been but he said the division had been audited.

There being no further questions, Rep. Fritz closed his presentation of HB 180. He said if the bill had been amended to the point where Mr. Muszkievich would support it he wasn't sure it did what was intended in the original bill. The reason for introducing the bill was to see if they could save some money for the state by having agencies purchase items locally cheaper than they could get them from central stores, and said the bill ought to be given a chance to work.

The hearing was closed on HB 180.

CONSIDERATION OF HOUSE BILL NO. 626: Rep. Harry Fritz, House District 56, Missoula, sponsor, said the bill amends the residential landlord-tenant laws to provide that a landlord may not recover treble damages from a tenant if the tenant abandons the property or terminates the lease before the term has expired. Presently, the landlord may recover treble damages for any purposeful noncompliance by the tenant with the rental agreement or for failing to properly maintain the dwelling unit. He introduced the bill, he said, on behalf of the Associated Students of the University of Montana, and the students of the 6-unit university system, and on behalf of renters and tenants as the law doesn't apply just to students.

PROPOSERS: Bruce Barrett, Attorney for the 8,000 students at the University of Montana, submitted written testimony (EXHIBIT 5), and said he was one of the persons who worked on getting the bill introduced. He supported HB 626.

Mathew Thiel, Associated Students of University of Montana, appeared as a supporter of HB 626 and submitted written testimony. He said they were in strong support of HB 626. They were only trying to eliminate the triple damages when a renter moves out early, but allowing the triple damages for anything else that they do purposely. He submitted a signed affidavit from a student who was, in fact, sued for triple rent when she had to vacate the apartment early. (EXHIBIT 7)

Greg Anderson, Chairman of the Associated Students and President of the Associated Students at Eastern Montana College, said that 85% of their students live off campus and 70% of those are renters. He said they expect to be sued for damages if there should be damage, however, they asked that the landlord not be allowed to sue for triple rent when the student has to vacate early, although they do expect to pay through the end of that lease.

Todd Hudack, Associated Students of Montana State University in Bozeman, wished to be on record as supporting HB 626. He said Bozeman has one of the largest rental communities in the state and they have over 7,000 students renting those units. He urged support of the bill.

OPPONENTS: Larry Witt, Montana Landlord Association Vice President, Bozeman, said their Association was in opposition to HB 626. Unfortunately, he said, the tenants that break their lease or abandon their units are usually the ones that have caused a lot of problems. He said it is a purposeful act when they "skip town" and leave the unit in an unclean, unsanitary condition and that is not limited to students. He said they had questioned their members around the state if they had ever sued for treble damages and received it. None of them ever had, according to Mr. Witt. To get treble damages they have to go to court and ask for it and have it granted by the judge. They have another option which would be a collection agency. Whatever amount they try to collect, the collection agency takes 50% of that amount. He suggested that they come up with a compromise and ask for double damages rather than treble.

DISCUSSION OF HOUSE BILL NO. 626: Chairman Kolstad called for questions from the committee. Sen. Williams asked Rep. Fritz if they had discussed the suggested compromise in the House. Rep. Fritz responded that the bill does not limit the landlords' right to sue for triple damages for malicious damage, but it is simply for the loss of rent they are changing the law.

Sen. Boylan said he recollected when the original bill was passed several years ago, the landlords could go to the University and stop the transfer of grades, etc. Mr. Barrett said that had been thrown out by the courts - the ability to do that. He said that did happen years ago but that has all been done away with.

Mr. Anderson was asked to respond to the question and said that the only time that can be done at the present time is if it occurs on campus in the residence halls or the bookstore, etc.

Sen. Thayer asked Mr. Witt if it was their position that they be able to sue for double damages for unpaid rent. Mr. Witt replied they feel they should be able to ask for more because of the expenses they incur collecting the unpaid rent.

Sen. Thayer then asked Mr. Witt what he was referring to when he stated that the lessee could sue the landlord for double damages. Mr. Witt said it could be when a landlord wrongfully withholds a deposit. The landlord has to prove damages and he also has to give a 48-hour notice of the cleaning that has to be done, and then he has to get that deposit back to the renter within 30 days.

In answer to a question from Sen. Walker regarding page 4 where it states they may not recover treble damages for the tenant's abandonment of the rental unit, Rep. Fritz replied that the current law indicates that they can recover the rent.

Sen. Weeding asked if rents aren't usually paid in advance. Mr. Witt said that was so, and the problem is with the early termination, which is the breaking of the lease; that is rent that is owed.

Chairman Kolstad asked Mr. Witt if they just keep the remainder of the deposit as a month's rent. Mr. Witt said he tries to re-rent the unit as soon as possible to mitigate the damages, and that is what a landlord is supposed to do.

There being no further questions, Rep. Fritz closed on HB 626. It is not the purpose of the bill to limit the landlords' rights to sue for triple damages for malicious destruction of the property; it is only to limit the right of triple damages for abandonment of tenancy.

The hearing was concluded on HB 626.

CONSIDERATION OF HOUSE BILL NO. 574: Rep. Bob Pavlovich, House District 70, Butte-Silver Bow, sponsor, said the bill requires certain liquor sellers to have a sales representative to promote the sale of the seller's product in the state. If a person from out of state wishes to sell liquor in the state he must have a representative in the state and that person must be a resident of the state of Montana.

PROPONENTS: Tom Mulholland, Department of Revenue, Administrator of the Liquor Division, said he agreed with Rep. Pavlovich that the resident representatives are an essential part of the system, they know the state and because they are here there would be better service. The Department of Revenue supported the bill.

Bob Lemm, liquor representative in the state of Montana for the past 15 years, said there are 12 of these representatives in the state representing the different liquor companies. He stated they are all taxpayers and want to stay in Montana. He urged the committee's support of the bill.

Bob Olson, said that the state purchases \$22 million worth of product yearly - wine and spirits. He asked for passage of the bill.

Bob Durkee, Montana Tavern Association, said the Association strongly supported HB 574. The loophole in the law allows a distiller to hire a broker out of state where this law, HB 574, is in existence, and they "squeeze" Montana into their territory. He urged the committee to give the bill a do pass recommendation.

Mike Lemm, resident of Montana and a representative of major companies, said he urged the support of HB 574.

John Martello, liquor broker in the state of Montana and representing eight major distilleries, said that the state annually purchases in excess of \$22 million worth of liquor. That money goes out of state because the distilleries are out of state. They asked for consideration of the bill because of the fact there are 12 of these representatives in the state and in addition to their duties and responsibilities to the distilleries, they are actually employees of the state of Montana that are not on the payroll because they travel the state, work with the bar people, work with the liquor stores, work with the liquor commission on shipments, etc. They are asking that these commissions or salaries stay in the state of Montana and asked for support of the bill.

OPPONENTS: There were no opponents.

DISCUSSION OF HOUSE BILL NO. 574: Chairman Kolstad called for questions from the committee members.

There being no questions, Rep. Pavlovich closed on HB 574.

EXECUTIVE ACTION:

DISPOSITION OF HOUSE BILL NO. 574: Sen. McLane MOVED HB 574 BE CONCURRED IN, seconded by Sen. Walker. The MOTION CARRIED UNANIMOUSLY.

Because of the change in the hearing schedule to 9:30 a.m., the following gentleman was permitted to testify as a proponent to HB 242.

FURTHER PROPONENT TO HOUSE BILL NO. 242: Mike Lee, Montana Public Service Commission, wished to make it known of the Commission's longstanding support of the bill.

DISPOSITION OF HOUSE BILL NO. 180: Sen. Williams MOVED HB 180 BE CONCURRED IN, seconded by Sen. Thayer. The MOTION CARRIED UNANIMOUSLY.

FURTHER DISCUSSION OF SENATE BILL NO. 308: Sen. Williams asked Sen. Tveit if he had many amendments to the bill and would the bill be changed much. Sen. Tveit said there would only be a couple to clean up the language. He also told the committee that Deirdre Boggs was present to answer any questions and said

she had been practicing in Indian law since 1978.

Ms. Boggs was called upon by Chairman Kolstad to explain the situation with the Indians and gambling. She said that most of the work she had done with Indian law was representing the state of Montana but she was not present to speak for the state of Montana in any way. She said the Capazon case involved a small Indian tribe that allowed bingo and card games within the boundaries of its reservation. The state of California prohibited the type of bingo game that the tribe had and the county of Riverside where the reservation is located, banned outright, the card games that the tribe allowed. In the state of Montana, except for the Flathead Reservation, the state does not have Public Law 280 jurisdiction on the six Indian reservations. On the Flathead the state has partial jurisdiction. In this case, and other gambling cases, she said, the courts talk a lot about whether or not the gambling regulations are regulatory or prohibitory and for Public Law 280 purposes, that matters a lot. This case held that California bingo regulations could not be applied on the reservation, even though the games were mostly played by non-tribal members and the county's ban on card games could not be applied on the reservation. The courts are looking more and more at the tribe's ability to improve their economy, and if this is being done through gambling and through a lawfully enacted ordinance, the trend is away from allowing any sort of state interference in that activity.

She said that some of the people assume that because the state does not allow card games, i.e. blackjack, that that applies to the Indian reservation also. Under the Capazon case, or any other case, that is not true. She said that since 1980 the issue of Indians and gambling has been a hotly contested issue.

Chairman Kolstad asked Mignon Waterman if she wished to respond to the testimony of Ms. Boggs. She said not having seen the amendments, she still opposed the bill and asked if they were clean-up amendments or if they substantially altered the bill. As far as the legal opinion, she felt that Ms. Boggs has spoken on behalf of Sen. Tveit. She said the question is who has the right to enforce it on the reservation and that as long as blackjack is prohibited in Montana it would be prohibited on the reservations.

Sen. Weeding asked Ms. Boggs to comment on the Organized Crime Control Act as it related to the public policy doctrine as that relates to Montana now having "21" blackjack. Ms. Boggs said that the public policy of the state of Montana would be balanced against the right and the interest of the tribe in developing its economy in a court case. Nobody could say how a court would rule on the game of blackjack, but in this case the tribe was running a game that was prohibited by the county ordinance.

Chairman Kolstad then asked Sen. Tveit to present his proposed amendments to the bill.

Sen. Tveit said they had been discussed on the floor and there was nothing new in the bill. There was a concern of the Senators in these areas, it is clean-up language and he felt it would make the bill better. The first amendment removes the governing body and leaves it to the vote of the people, both in the title and on page 2, lines 1 through 3. The next amendment would be page 3, lines 8-10 reinserting the language but taking out "all-beverage license" so it would not be restricted to just bars and clubs. The same amendment would apply to page 3, lines 19-21. It would then give the option to senior citizens' centers and private clubs that do not have all-beverage licenses.

Sen. Boylan MOVED THE ADOPTION OF THE AMENDMENTS, seconded by Sen. Meyer. Sen. Weeding asked Sen. Tveit if these amendments would then allow blackjack in the all night establishments in HB 796. Sen. Tveit said it would be permitted because it would be back to the original language in the bill.

Sen. Thayer asked what happened to the amendments that were offered on the floor of the Senate. Sen. Tveit said they were stricken from the bill. Some of them were the same amendments that he was proposing, he said. There was another one on bottom of page 2 and top of page 3 about dealing cards from a machine that holds five decks of cards. He said he would resist the proposed amendments on the floor substituting the \$1 for the \$5 and the one deck for five decks of cards. This bill does require a shoe and they couldn't use one deck.

Sen. Pavlovich said the odds are better with a shoe. If there is only one deck there is a possibility of an unscrupulous dealer and in a case of using one deck there should be a pit boss, which no body would have for only one or two tables. There are also players that mark the cards when they shuffled if there was only one deck. There is also a card counter; he knows how many face cards are still to be played. The bill limits it to six spots; if there was only one player he could play all six, however, if there were six players, each could only play one hand.

There is a \$5 limit and there is no doubling and no splitting.

Sen. Thayer asked Sen. Tveit how he would feel if the bill was amended to give the proceeds to charitable organizations. Sen. Tveit said he intended for the bill to generate jobs, which is not true in North Dakota, because many of those charitable organizations run their own games with volunteer help. This could create 2,000-4,000 jobs and putting money back into the state. He felt that the local governments need the money more than charity.

Sen. Weeding asked Ms. Waterman to respond to the discussion and testimony that had just been given. Ms. Waterman said she thought one of the amendments was to increase the state's share to 50% but she didn't hear that figure in Sen. Tveit's amendments. Sen. Tveit said that could be amended in if that would be the wishes of the committee.

Sen. Thayer felt that the state is just one step away from wide open gambling and asked that the bill be put into a subcommittee as it is a very important bill. Chairman Kolstad told Sen. Thayer that because it was a revenue producing bill it had a March 16th deadline and that was the reason for taking care of it today.

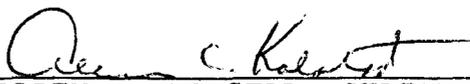
The question being called on the MOTION TO ADOPT THE AMENDMENTS, the MOTION CARRIED, with Sens. Thayer, Weeding voting "no".

Sen. Weeding MOVED AN AMENDMENT on page 2, yellow copy, line 23, strike "5" and insert "1"; and on page 3, line 1, strike "5" and insert "2". The motion was seconded by Sen. Thayer. The MOTION FAILED. Sens. Meyer, McLane, Walker and Boylan voting "no".

Sen. Boylan MOVED SB 308 DO PASS AS AMENDED, seconded by Sen. McLane. The MOTION CARRIED with Sens. Thayer, Weeding and Hager voting "no".

The next meeting of the Business and Industry Committee was announced for Monday, March 16, 1987.

There being no further business, the committee adjourned at 12:15 p.m.



SEN. ALLEN C. KOLSTAD, CHAIRMAN

ROLL CALL

Business & Industry COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3/13/87

NAME	PRESENT	ABSENT	EXCUSED
ALLEN C. KOLSTAD, CHAIRMAN	✓		
TED NEUMAN, VICE CHAIRMAN			✓
PAUL BOYLAN	✓		
TOM HAGER	✓		
HARRY H. McLANE	✓		
DARRYL MEYER	✓		
GENE THAYER	✓		
MIKE WALKER	✓		
CECIL WEEDING	✓		
BOB WILLIAMS	✓		

Each day attach to minutes.

DATE 3/13/87

COMMITTEE ON Business & Industry

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Bill Thomas	MPC	242	✓	
JIM PALADICHUK	M.O.U.	242	✓	
GENE PHILLIPS	PP&L	242	✓	
Bob Quinn	MPC	242	✓	
Riley Johnson	Nat. Fed. of Independent Bcers.	180	X	
George Allen	Nat. Retail Assoc.	180	X	
Gerald Mueller	Northwest Power Planning Council	242	✓	
Elizabeth Santillana	Western Governors Assn.			
Mike Lee	Montana Public Service Com.	242	✓	
Mino Muszkien	DOA	180		
Tom Thiel				
MATT THIEL	ASS. STUDENTS U/M	626	✓	
LARRY WITT	Mt. Hood Ind Assoc.	626		✓
TERRY HARRIS	MT. OFFICE MACH. DEALERS ASSOC.	180	✓	
TOM NAEGELE	NAEGELE'S OFFICE PRODUCTS	180	✓	
W. Sutton	Member Office Supplies	180	-	
TODD HUDAK	ASSOC. STUDENTS U/M	626	✓	
Bob [unclear]	Healden	574	✓	
Bob Scherer	Denwood	574	✓	
Tom Mantello	Mantello Wine & Spirits	574	✓	
Michael [unclear]	Wine & Spirits Market	574	✓	
Kyle Thomson	Liquor Rep.	574	✓	
Tom Milkholder	Liq. Div. (Revenue)	574	✓	
Bob Durkee	MTA	574	✓	
Ma [unclear]	Grocery	\$308	✓	
Sheldon [unclear]	Caring Bar	\$308	✓	

(Please leave prepared statement with Secretary)

HB 242 - Utility Investment in Conservation
House Business & Labor Committee

Prepared statement of William M. Thomas:

Utilities include energy conservation as part of the mix of energy resources planned for acquisition to meet future loads. Least-cost planning implies that resources which are available at or below avoided cost and meet other planning criteria should be acquired first. Conservation also adds flexibility to planning because conservation programs have short lead times; energy savings can be acquired quickly and in small amounts to match incremental load growth. If a prudent least-cost resource planning policy is followed, utilities should be assured appropriate rate treatment of expenses incurred in securing all additional resources, including conservation.

The avoided cost guideline is very important to the resource planning and acquisition process:

- 1) It measures the cost-effectiveness to utility customers of additional resources;
- 2) It determines the amount of conservation included in a utility resource plan through price comparison with other similarly reliable and available resource alternatives; and
- 3) Avoided cost helps determine the amount of money a utility can invest in conservation from any given building or facility.

The limitation to 50% of avoided cost that is in section 69-3-702 restricts the utility's acquisition of all cost-effective conservation that may be available in a particular structure. Unless section 69-3-702 is amended, the portion of the cost-effective conservation that is not purchased the first time a utility upgrades an existing structure (because the investment would not be ratebased) would be forever lost. Thus, the opportunity to obtain 100% of a cost-effective resource would be forfeited. This would result because the cost of making a second upgrade would make the investment in the same facility uneconomic. The 50% criterion discourages acquisition of all cost-effective conservation (up to full avoided cost) because the utility has no assurance that all costs can be recovered through rates.

Elimination of the October 1, 1983 date would insure that no residential building with potentially cost-effective conservation would be inadvertently excluded from utility programs. MPC is now beginning to invest in conservation through implementation of its 1987 Low Income Weatherization Program and selected commercial building pilot projects.

Additional programs to purchase conservation will be implemented in the future as more energy is needed to meet customer demand.

Taking steps now to obtain all low-priced conservation will help insure that Montana consumers are provided with reliable sources of energy at a reasonable cost in the future. The amendments to 69-3-702 MCA, as proposed by HB 242, would encourage the acquisition of all conservation meeting the least-cost test and would allow adequate rate treatment for investments made.



Executive Office
P.O. Box 440
34 West Sixth
Helena, MT 59624
Phone (406) 442-3388

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 2
DATE 3/13/87
BILL NO. HB 108

Testimony: HB 180

January 22, 1987

Mr. Chairman and Members of the Committee:

For the record, my name is George Allen, representing the Montana Retail Association. We represent approximately 1200 small retail stores across the state.

I am here today in support of HB 180. HB 180 is a bill designed to save the state money as well as make purchasing office supplies more convenient for each and every department.

Under the present department of administration, purchasing divisions regulations 2.5.303, paragraph 3, all controlled items must be purchased through central stores.

The purchasing department is laboring under the assumption that a bidder on office supplies is giving the state the best price available. This is just not so. We can demonstrate and show several items that can be purchased through an office supply store, cheaper than they can be purchased through central stores. HB 180 will give each department a choice, which will end up saving the state money.

I think you will find the companies who are bidding for state orders are the repeat bidders, in other words, the company that received the last bid is very likely the one that will receive the next bid. Through this process, it is discouraging for other companies to submit a bid. Several companies have told me that it just is not worth the red tape.

We urge your support of HB 180.

Respectfully,

A handwritten signature in cursive script, appearing to read "George Allen", written in dark ink.

George Allen
Executive Vice President
MRA

GA/ca



Executive Office
318 N. Last Chance Gulch
P.O. Box 440
Helena, MT 59624
Phone (406) 442-3388

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 2

DATE 3-13-87

BILL NO. H.B. 108

January 28, 1987

Representative Harry Fritz
State of Montana
Capitol Station
Helena, Montana 59620

Dear Representative Fritz,

Please find enclosed a copy of Montana Comprehensive Annual Financial Report for the fiscal year ending June 30, 1986. Please note that this report shows Central Stores operating at a net loss of \$168,000. Also, find attached a letter from Teresa Timm, in which she said there was an error in this report of \$339,000, which would show Central Stores operating at a net income of \$171,000.

Representative Fritz, I would like to review with you the sequence of events that brought us to this point:

On Thursday, January 22, 1987, I visited with the accounting department at the Department of Administration, State of Montana, regarding the upcoming report. I was informed that the report would be published and made available to the budget committee on Tuesday, January 27, 1987. I was shown the report at that time, but was told that I could not have a copy of it until it was made public. But the figures were reviewed with me at that time, and I was assured that they were correct, and that Central Stores was operating at a net loss of \$168,000.

On Monday, January 26, 1987, your HB 180 was debated on the House floor, and passed with a large majority. During the testimony, Representative Ed Grady mentioned the report, and said that the figures would show that Central Stores was in fact operating at a \$168,000 loss. During the floor debate there were three state employees in the House Galleries, and all heard Representative Grady's report of the \$168,000 net loss. They were: Mr. Mike Muszkiewicz, Administrator of Purchasing; Mr. Earl Fred; and Teresa Howell.

On Tuesday, January 27, 1987, at 7:00 A.M. I stopped by the accounting office to see if I could get a report that morning

Page two
Representative Fritz

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 2

DATE 3-13-87

BILL NO. H.B. 108

that was going to be released that night. I again was told that I could not have a copy of the report until it was made public, and that would take place that evening.

On Wednesday A.M., January 28, 1987, just a few hours after the report had been made public, I was handed the enclosed letter stating that there had been a mistake made, and that the department was actually operating with a \$171,000 net income.

These chain of events cast a shadow of credibility on the State of Montana. It makes one wonder what kind of creative bookkeeping games are being played just to protect someones turf.

Respectfully Submitted,



George Allen
Executive Vice President
Montana Retail Association

cc: Representative Ed Grady

STATE OF MONTANA

Combining Statement of Revenues, Expenses and Changes in Retained Earnings—Continued

Internal Service Funds

For the Fiscal Year Ended June 30, 1986

(Expressed in Thousands)

	HIGHWAY EQUIPMENT	ADMIN. CENTRAL STORES	COMMERCE CENTRAL SERVICES	MAIL AND MESSENGER	PERSONNEL TRAINING	INVESTMENT DIVISION
OPERATING REVENUES:						
Charges for Services	\$ 10,551	\$ 2,634	\$ 81	\$ 985	\$ 116	\$ 1
Investment Earnings	-	-	-	-	-	848
Grants, Contracts and Donations	-	-	-	-	-	-
Total Operating Revenues	10,551	2,634	81	985	116	849
Less: Intrafund Revenues	-	-	-	-	-	-
Net Operating Revenues	10,551	2,634	81	985	116	849
OPERATING EXPENSES:						
Personal Services	3,288	348	519	174	93	559
Contractual Services	161	23	70	4	41	162
Supplies and Materials	2,690	2,232	11	1	7	3
Benefits	-	-	-	-	-	-
Depreciation	1,653	15	7	4	1	5
Utilities and Rent	139	76	19	20	7	39
Communications	44	14	12	748	4	24
Repair and Maintenance	1,558	14	5	4	1	13
Other Operating Expenses	436	79	23	17	5	14
Total Operating Expenses	9,969	2,801	666	972	159	819
Less: Intrafund Expenses	-	-	-	-	-	-
Net Operating Expenses	9,969	2,801	666	972	159	819
Operating Income (Loss)	582	(167)	(585)	13	(43)	30
NONOPERATING REVENUES (EXPENSES):						
Gain (Loss) on Sale of Fixed Assets	147	(1)	-	(2)	-	-
Increase (Decrease) in Value of Livestock	-	-	-	-	-	-
Debt Interest and Fiscal Charges	-	-	-	-	-	(2)
Federal Indirect Cost Recoveries	-	-	648	-	-	-
Other Nonoperating Rev. (Exp.)	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	147	(1)	648	(2)	-	(2)
Income (Loss) before Operating Transfers	729	(168)	63	11	(43)	28
Operating Transfers In (Out)	2,910	-	-	-	31	-
Difference Between Prior Year Commitments/Accruals and Actual	-	-	-	-	-	-
Net Income (Loss)	3,639	(168)	63	11	(12)	28
RETAINED EARNINGS—JULY 1—As Previously Reported						
	22,463	831	(56)	107	34	5
Prior Period Adjustments	3,245	-	-	-	-	-
RETAINED EARNINGS—JULY 1—As Restated						
	25,708	831	(56)	107	34	5
RETAINED EARNINGS—JUNE 30						
	\$ 29,347	\$ 663	\$ 7	\$ 118	\$ 22	\$ 33

DEPARTMENT OF ADMINISTRATION

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 2

ACCOUNTING DIVISION

DATE 3-13-87

TED SCHWINDEN, GOVERNOR

FILE NO. H. B. 10
ROOM 255, MITCHELL BUILDING

STATE OF MONTANA

(406) 444-3092

HELENA, MONTANA 59620-0102

January 28, 1987

George Allen
Executive Vice President
Montana Retail Association
Helena, MT 59601

Dear Mr. Allen:

Since I provided copies of Montana's Comprehensive Annual Financial Report and Supplemental Financial Schedules for 1985 and 1986 to assist in your analysis of Central Stores, I thought I should inform you that the \$168,000 loss reported for Central Stores in Montana's 1986 Comprehensive Annual Financial Report is an error. A \$339,000 adjustment for surplus property inventories was made to an expenditure (Supplies & Materials) category instead of an adjustment to beginning fund balance. If the adjustment had been made correctly in 1986, Central Stores would have shown a net income of \$171,000 (\$339,000-\$168,000).

I apologize for any inconvenience this error may have caused you. Please call me at 444-4669 if I can provide further explanation for the above discrepancy.

Sincerely,

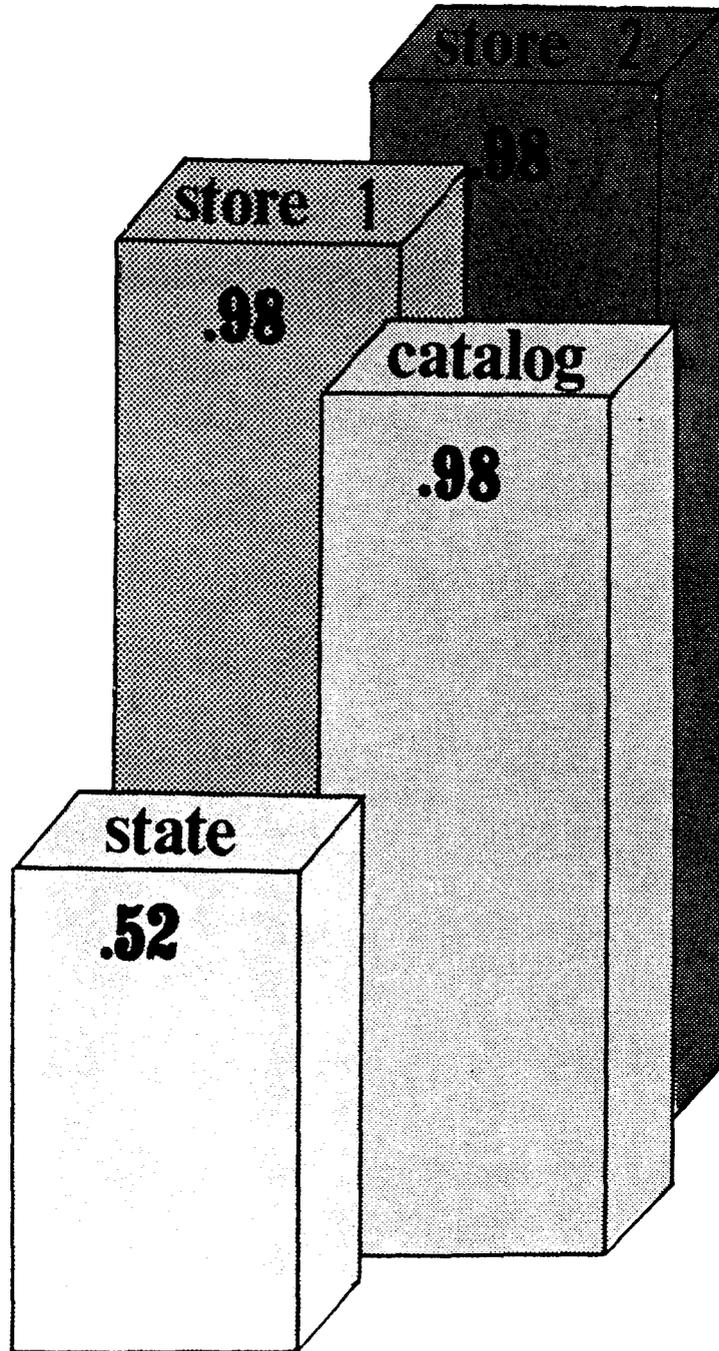
Teresa Timm

Teresa Timm, Supervisor
Accounting Principles/Financial Reporting Section

cc: Mike Muszkiewicz, Administrator
Purchasing Division

Post-It-Note

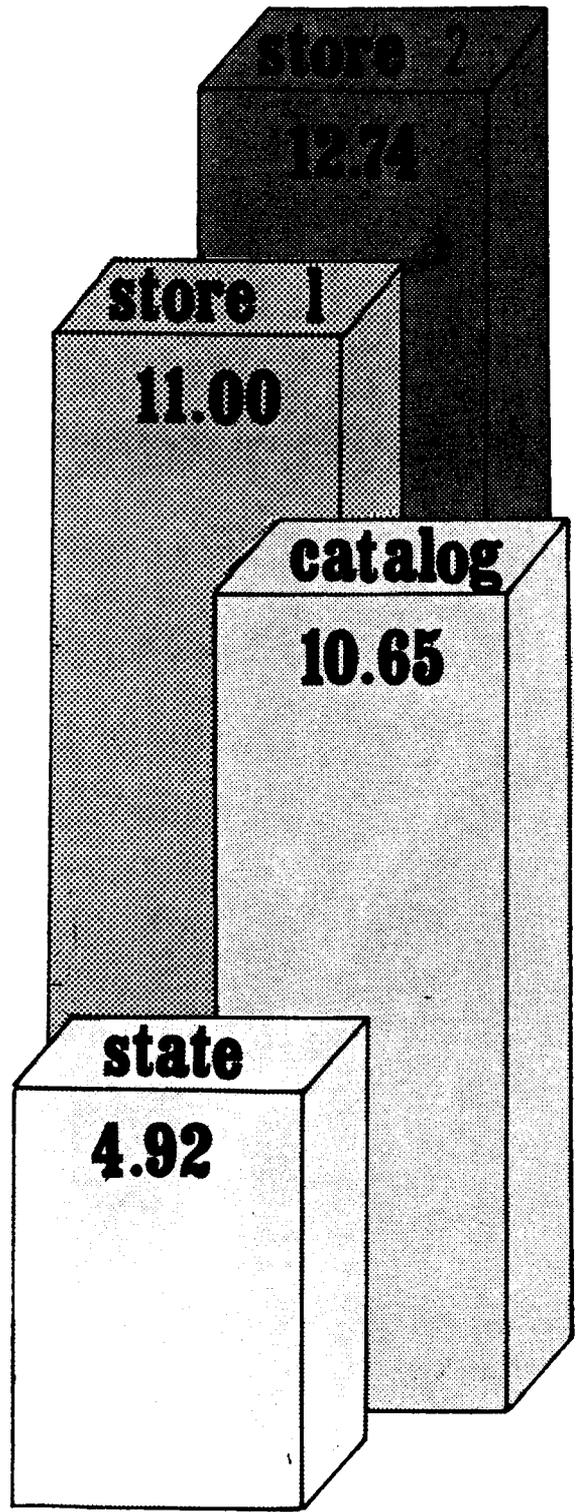
(3x3 SOLD BY THE EACH)



State vs. Retail

File Folder

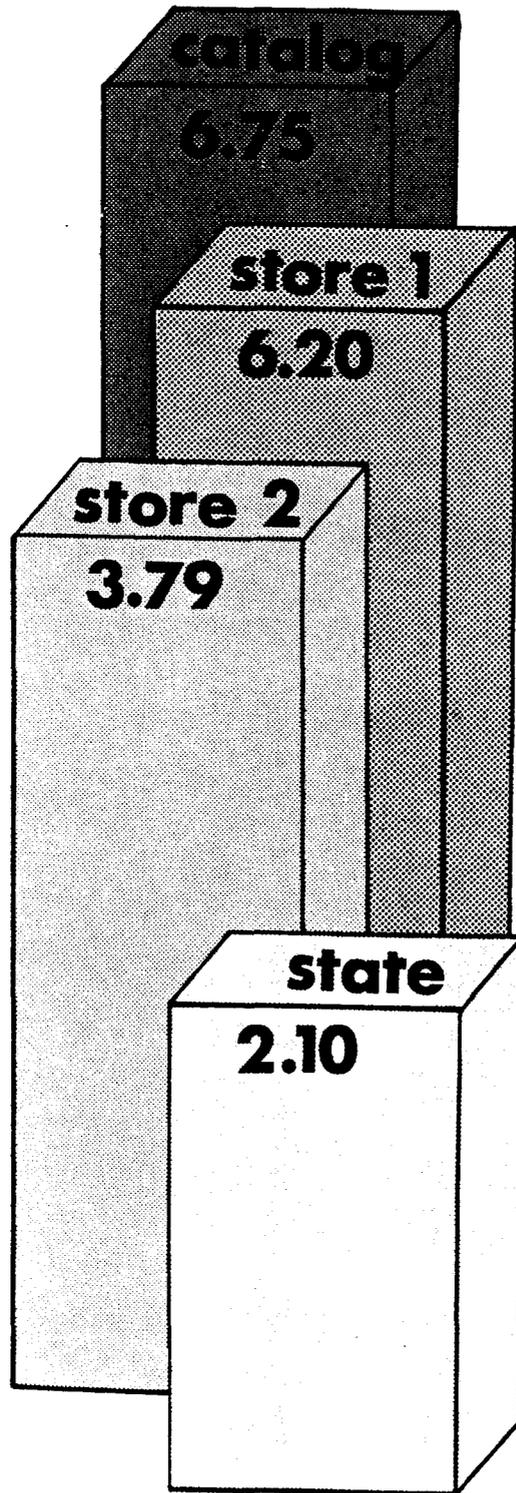
(LETTER 1/3 CUT-100 PER BOX SOLD BY THE BOX)



State vs. Retail

Xerocopy Paper

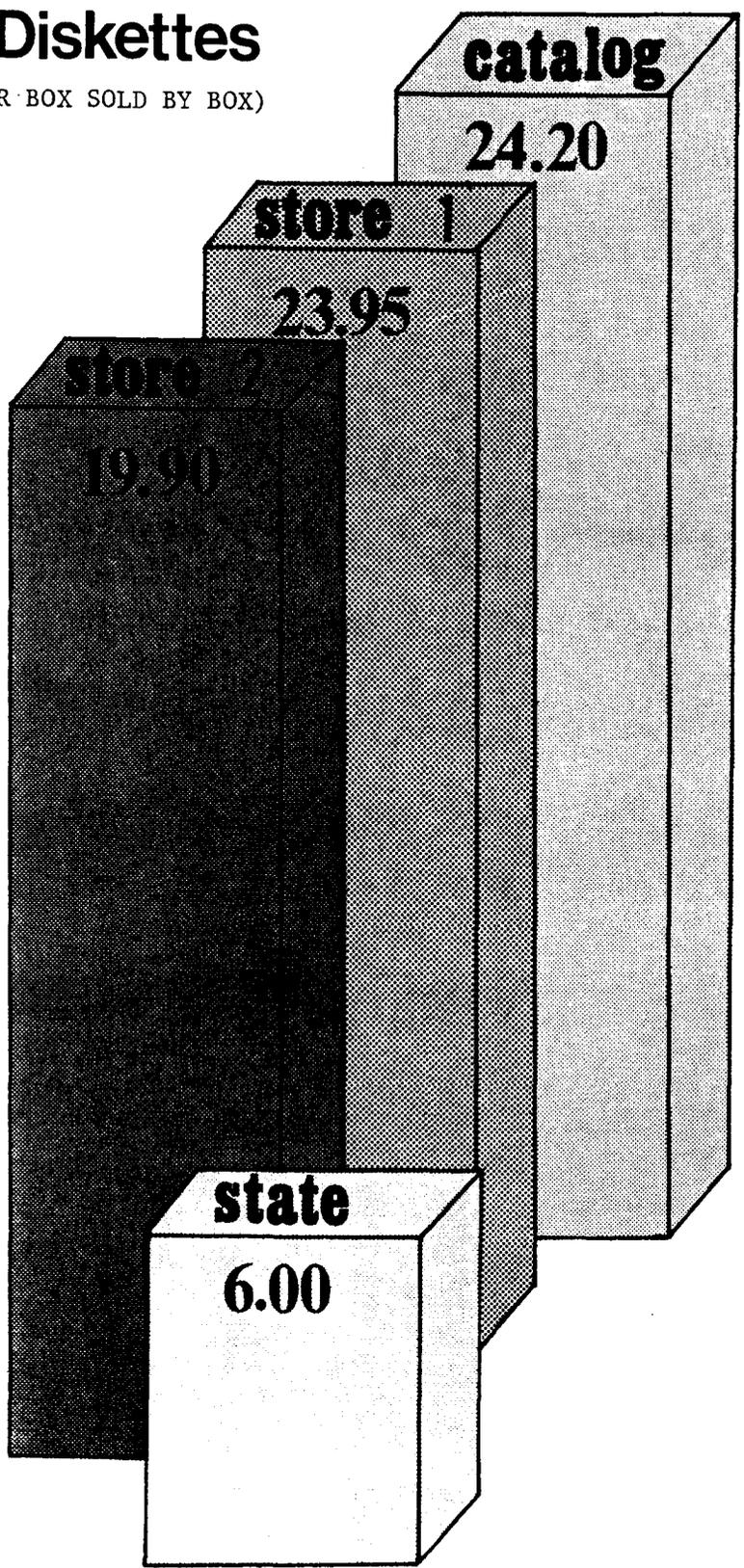
(8 1/2 x 11 White)



State vs. Retail

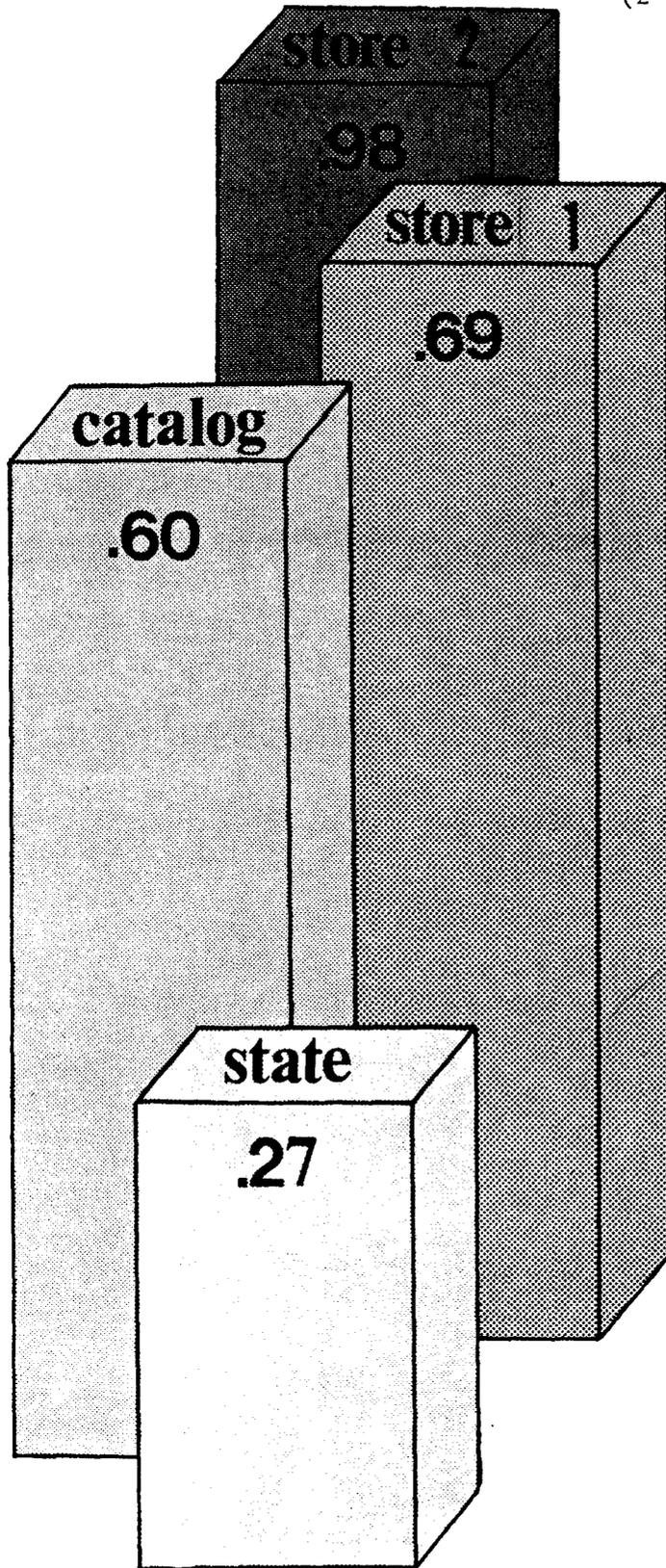
Computer Diskettes

(5 1/4" DS, DD 10 PER BOX SOLD BY BOX)



State vs. Retail

Adding Machine Tape



State vs. Retail

Legal Tablets

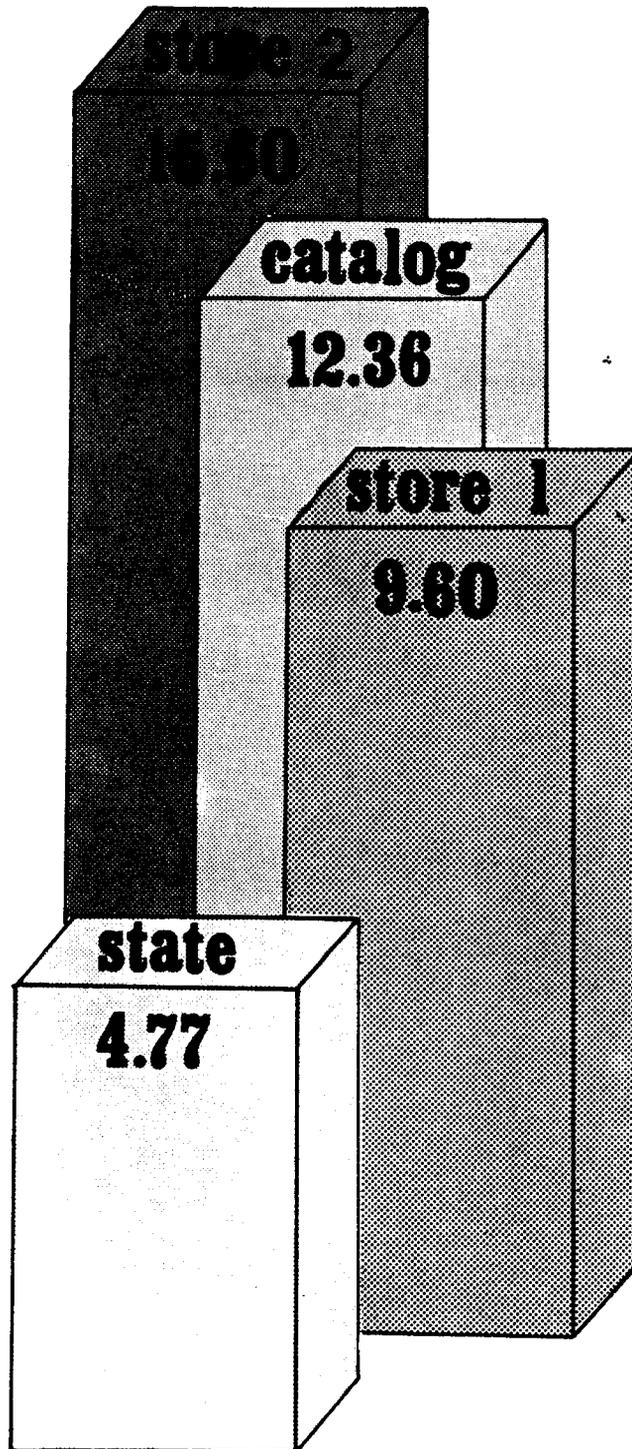
(LETTER SIZE 12 PADS/PKG. SOLD BY PKG.)

SENATE BUSINESS & IND

EXHIBIT NO. 3

DATE 3-13-87

BILL NO. H.B. 1



State vs. Retail

FISCAL YEAR 1986 DOLLAR SAVINGS TO THE STATE
CENTRAL STORES

	IN 1986 DOLLARS SPENT BY AGENCIES	PURCHASED RETAIL SAME QUANTITY & QUALITY	TOTAL SAVINGS THROUGH STORES
BINDERS	\$ 55,242	\$ 136,392	\$ 81,150
FASTENING SUPPLIES	\$ 54,872	\$ 181,496	\$ 126,624
PAPER PRODUCTS OFFICE SUPPLIES	\$ 183,441	\$ 480,286	\$ 296,845
WRITING MATERIALS	\$ 66,473	\$ 167,454	\$ 100,981
MISCELLANEOUS OFFICE SUPPLIES	\$ 74,323	\$ 154,849	\$ 80,526
RIBBONS	\$ 65,001	\$ 189,370	\$ 124,369
DISKETTES	\$ 36,057	\$ 118,700	\$ 82,643
COPIER SUPPLIES	\$ 38,772	\$ 73,628	\$ 34,856
FINE PAPER	\$ 536,738	\$1,402,122	\$ 865,384
COARSE PAPER	\$ 388,768	\$1,034,973	\$ 646,205
JANITORIAL	\$ 220,456	\$ 319,103	\$ 98,647
COMPUTER PAPER	\$ 380,027	\$ 868,676	\$ 488,649
SOFTWARE	\$ 54,435	\$ 94,061	\$ 39,626
TOTAL SAVINGS THROUGH STORES*	\$2,154,605	\$5,221,110	\$3,066,505

*items not available from retail sources are excluded from totals

Analysis of In State/Out
of State Purchases by Central Stores FY-86

Category	Dollars Purchased	%	No. of Active Vendors %
I. Office Supplies:			
Out of State:	294,748.83	36.68%	41 37.96%
In State:	508,800.65	63.32%	67 62.04%
Total:	803,549.48		08
II. Computer Paper:			
Out of State:	342,685.58	99.46%	18 58.06%
In State:	1,845.59	0.54%	13 41.94%
Total:	344,531.17		31
III. Fine Paper:			
Out of State:	0.00	0.00%	3 20.00%
In State:	213,846.34	100.00%	12 80.00%
Total:	213,846.34		15
IV. Forms:			
Out of State:	0.00	0.00%	0 0.00%
In State:	49,515.24	100.00%	7 100.00%
Total:	49,515.24		7
V. Coarse Paper:			
Out of State:	4,057.90	0.88%	6 27.27%
In State:	454,595.56	99.12%	16 72.73%
Total:	458,653.46		22
VI. Janitorial:			
Out of State:	0.00	0.00%	16 36.36%
In State:	107,650.63	100.00%	28 63.64%
Total:	107,650.63		44
VII. Software:			
Out of State:	36,682.96	82.99%	18 48.65%
In State:	7,517.34	17.01%	19 51.35%
Total:	44,200.30	37	
VIII. Total Purchases:			
Out of State:	678,175.27	33.54%	102 38.64%
In State:	1,343,771.35	66.46%	162 61.36%
Total:	2,021,946.62		264

STOCK NO.	DESCRIPTION	STORES PRICE 12/86	RETAIL PRICE 12/86	% STORES INCR/DEC 11/84-12/86	RETAIL INCR/DEC 11/84-12/86	% OFF RETAIL 12/86
OFFICE SUPPLIES						
7001-0803	BINDERS 3 RING RED 2" CAP	\$2.253	\$8.95	-8.79%	15.48%	74.83%
7004-1200	DATA BINDER, PRESSEBOARD	\$1.803	\$4.45	21.82%	3.49%	59.48%
7006-0200	SHEET PROTECTOR	\$0.090	\$0.20	28.57%	0.00%	55.00%
7007-0200	REPORT COVER	\$0.098	\$0.33	-24.62%	0.00%	70.30%
7201-0900	ADHESIVE, ALL PURPOSE, WHITE	\$0.431	\$1.29	2.62%	0.00%	66.59%
7203-0200	FASTENER, PRESSEBOARD BINDER	\$2.205	\$7.50	-23.97%	47.06%	70.60%
7203-1500	FASTENER, ROUNDHEAD, BRASS	\$1.472	\$7.59	-24.12%	4.98%	80.61%
7207-3100	STAPLES, FIT 7207-0206	\$1.560	\$3.10	-23.15%	0.00%	49.68%
7304-2000	FILE FOLDER, MANILLA	\$4.964	\$10.85	-12.91%	-8.23%	54.25%
7306-1200	FILE POCKETS, LETTER SIZE	\$19.610	\$34.65	4.25%	5.00%	43.41%
7307-3100	HANGING FILE FOLDERS	\$1.100	\$3.16	-9.84%	-2.17%	65.19%
7308-4100	INDEX CARDS, 3 X 5" WHITE	\$0.485	\$0.95	-6.73%	0.00%	48.95%
7402-0108	LABELS, FILE FOLDER	\$1.446	\$3.86	-7.31%	2.66%	62.54%
7502-1500	FILE BOARDS, ARCH-TYPE	\$4.106	\$4.96	1.89%	0.00%	17.22%
7507-4604	TABS, ADHESIVE NAME	\$2.625	\$3.75	29.31%	13.64%	30.00%
7604-0200	FILE, HORIZONTAL - VERTICAL	\$20.055	\$35.70	1.13%	12.44%	43.82%
7604-2000	MAGNETIC CADDY, PLASTIC CASE	\$1.158	\$2.60	-16.69%	0.00%	55.46%
7702-0400	MAILING BAGS, CUSHIONED	\$0.434	\$1.20	-32.19%	2.56%	63.83%
7704-6800	SCRATCH PADS, 4" X 6"	\$0.200	\$0.38	-20.00%	-11.63%	47.37%
7704-8211	WRITING PADS, CANARY, RULED	\$5.400	\$15.24	-27.42%	10.43%	64.57%
7705-8000	ENVELOPES, WHITE 6-3/4"	\$5.466	\$11.61	0.85%	-2.44%	52.92%
7705-8700	ENVELOPES, MANILLA 7-1/2 X 10-1/2"	\$6.222	\$15.94	0.03%	3.24%	60.97%
7705-9100	ENVELOPES, MANILLA 12 X 15-1/2"	\$10.395	\$29.12	-4.46%	3.26%	64.30%
7802-2000	PENCIL ERASER, "FANTASTIC"	\$0.300	\$0.35	50.00%	16.67%	14.29%
7805-0201	PENS, BLACK BALL PT., EX. FINE	\$2.790	\$9.48	-32.93%	0.00%	70.57%
7805-3001	MARKERS, BLACK FELT TIP, MEDIUM	\$0.165	\$0.95	-13.16%	0.00%	82.63%
7805-4004	MARKING PENS, HI-LITERS, BLUE	\$0.300	\$0.79	36.36%	5.33%	62.03%
TOTAL AVERAGE PERCENTAGE OF INCREASE OR DECREASE				-4.13%	4.51%	56.72%
FINE PAPER						
7706-0100	8-1/2 X 11" XEROX PAPER, 20#	\$21.020	\$67.50	-20.08%	0.00%	68.86%
7706-0200	8-1/2 X 14" XEROX PAPER, 20#	\$28.060	\$86.00	-16.98%	0.00%	67.37%
7707-0100	8-1/2 X 11", 2 PART, NCR BLUE PRT.	\$38.969	\$66.50	3.89%	-6.47%	41.40%
7707-0200	8-1/2 X 11", 3 PART, NCR BLUE PRT.	\$44.016	\$74.75	0.40%	-6.60%	41.12%
TOTAL AVERAGE PERCENTAGE OF INCREASE OR DECREASE				-8.19%	-3.27%	54.69%
COMPUTER CONTINUOUS PAPER						
7709-0101	14-7/8 X 11" WHITE, 1/2" BAR	\$26.565	\$61.60	-21.98%	2.41%	56.88%
7709-0302	14-7/8 X 8-1/2" WHITE, 1/8" BAR	\$23.143	\$52.00	-7.13%	-2.80%	55.49%
7709-0501	9-1/2 X 11" WHITE CARBON, 1 PART	\$17.335	\$42.90	-38.46%	2.26%	59.59%
7709-2101	4-1/2 X 15/16", 1 ACROSS LABELS	\$11.764	\$42.85	-26.15%	3.88%	72.55%
TOTAL AVERAGE PERCENTAGE OF INCREASE OR DECREASE				-23.43%	1.44%	61.13%
COARSE PAPER						
9300-0100	TOLIET TISSUE	\$29.114	\$135.68	NA	NA	78.54%
9301-0200	TOWELS, SINGLE-FOLD	\$10.969	\$78.44	NA	NA	86.02%
9301-0210	TOWELS, MULTI-FOLD	\$13.561	\$56.91	NA	NA	76.17%
9300-0200	FACIAL TISSUE	\$9.820	\$38.08	NA	NA	74.21%
9307-0100	CUPS, STYROFOAM	\$9.684	\$27.80	NA	NA	65.17%
TOTAL AVERAGE PERCENTAGE OF INCREASE OR DECREASE				NA	NA	76.02%

JANITORIAL*

9409-0700	WRINGER	\$33.076	\$80.80	NA	NA	59.06%
9409-0800	WRINGER	\$38.476	\$92.00	NA	NA	58.18%
9409-0100	26 QT. BUCKET WITH 2" CASTERS	\$19.320	\$37.70	NA	NA	48.75%
9409-0200	35 QT. BUCKET WITH 2" CASTERS	\$23.150	\$44.60	NA	NA	48.09%
9406-0700	12" DUST PAN, BRONZE PLASTIC	\$1.716	\$3.40	NA	NA	49.53%
9407-0600	MOP STICK	\$5.065	\$8.71	NA	NA	41.85%
9411-0600	ADJUST-O-SPRAY TRIGGER SPRAYER HEAD	\$0.399	\$1.06	NA	NA	62.36%
9411-0700	22 OZ. BOTTLE ONLY	\$0.221	\$0.38	NA	NA	41.84%
9408-0100	24" STRAIGHT SQUEEGEE	\$7.807	\$15.60	NA	NA	49.96%
9408-0200	24" REFILL FOR #9408-0100	\$3.575	\$8.10	NA	NA	55.86%
9411-1000	32 GAL. "HUSKEE" RECEPT. W/O LID	\$10.660	\$24.50	NA	NA	56.49%
9411-1001	LID ONLY FOR 32 GAL. "HUSKEE"	\$2.912	\$5.90	NA	NA	50.64%
9411-1200	DOLLY FOR "HUSKEE"	\$16.650	\$32.40	NA	NA	48.61%
9411-1100	44 GAL. "HUSKEE" W/O LID	\$17.952	\$37.10	NA	NA	51.61%
9411-1101	LID ONLY FOR 44 GAL. "HUSKEE"	\$6.500	\$10.60	NA	NA	38.68%
TOTAL AVERAGE PERCENTAGE OF INCREASE OR DECREASE				NA	NA	50.77%

*RETAIL PRICE LIST MAY OF 1985

TOTAL AVERAGE PERCENTAGE OFF RETAIL 59.86%

DEPARTMENT OF ADMINISTRATION

ACCOUNTING DIVISION

TED SCHWINDEN, GOVERNOR

ROOM 255, MITCHELL BUILDING



STATE OF MONTANA

(406) 444-3092

HELENA, MONTANA 59620-0102

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 4

DATE 3/13/87

BILL NO. HB 180

January 28, 1987

George Allen
Executive Vice President
Montana Retail Association
Helena, MT 59601

Dear Mr. Allen:

Since I provided copies of Montana's Comprehensive Annual Financial Report and Supplemental Financial Schedules for 1985 and 1986 to assist in your analysis of Central Stores, I thought I should inform you that the \$168,000 loss reported for Central Stores in Montana's 1985 Comprehensive Annual Financial Report is an error. A \$339,000 adjustment for surplus property inventories was made to an expenditure (Supplies & Materials) category instead of an adjustment to beginning fund balance. If the adjustment had been made correctly in 1986, Central Stores would have shown a net income of \$171,000 (\$339,000-\$168,000).

I apologize for any inconvenience this error may have caused you. Please call me at 444-4669 if I can provide further explanation for the above discrepancy.

Sincerely,

Teresa Timm

Teresa Timm, Supervisor
Accounting Principles/Financial Reporting Section

cc: Mike Muszkiewicz, Administrator
Purchasing Division

TESTIMONY SUPPORTING HB 626EXHIBIT NO. 5DATE 3-13-87BILL NO. HB-626

At times tenants move out before a long-term lease has expired, or by giving less than 30 days notice to a Landlord. A Landlord is entitled to his full lease term or 30 days notice. Under present law if a Tenant moves out early, the Landlord is entitled to rent for the remainder of the period, or until the premises is re-rented, whichever comes first.

70-24-422 MCA provides remedies for Landlords against their Tenants in certain situations. A reading will show the statute was drafted to cover Tenants who were intentionally destroying or defacing the property, keeping it in an unhealthy or unsafe condition, or if the Tenant fails to pay rent. None of this is a problem, it gives Landlords the same types of rights Tenants have for similar violations. The problem arises under subsection (4) of 70-24-422.

This subsection allows "triple damages" when the Tenant's noncompliance is purposeful. Certainly if a Tenant purposely destroys the premises, or keeps it purposely in an unhealthy or unsafe condition, this remedy is fair. However, Landlords are beginning to use the provision to sue for triple damages solely based upon the Tenant's moving out.

Let us take an example. If a Tenant is supposed to give 30 days notice, and for financial or compelling personal reasons, only gives 15 days notice. Even though the Landlord tries to rent it, the place stays vacant for 2 full weeks before it is rented. It is clear the Landlord may retain 2 weeks rent from the Security Deposit, or sue for two weeks rent. However, some Landlords are using subsection (4) to sue for triple the amount (eg six weeks rent).

I would hold that the subsection was intended to cover the sort of intentional, irresponsible, and destructive conduct by Tenants that Landlords occasionally encounter.

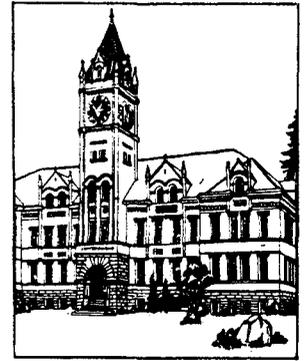
The problem is not limited to Landlords choosing to sue for triple when Tenants move out early. In certain cases where the Landlord is facing a legitimate suit for wrongfully withholding a deposit, or charging for questionable damages, the Landlord can "up the ante" by countersuing for triple the amount. This makes it very risky for Tenants to sue to contest unfair damage charges. The possible consequences get too high for Tenants to try.

Bruce B. Barrett, Attorney
March 13, 1987



ASUM
Student Legislative Action

University Center 105
University of Montana
Missoula, Montana 59812
(406) 243-2451



ASUM IS IN STRONG SUPPORT OF HOUSE BILL 626

WHAT HB 626 DOES

HB 626 seeks to make a small change in the landlord-tenant law to protect renters from unfair and exorbitant, punitive damages when they move from a rental early or without 30 days notice.

WHAT HB 626 DOES NOT DO

HB 626 does not take away any of the protections landlords deserve in the case they are treated unfairly or their property is damaged:

Landlords must receive 30 days notice prior to a tenant moving or full compliance with their lease. In the case these requirements are not met, the landlord is entitled to rent paid for every day the rental is vacant for the remainder of the agreement or until the space is re-rented, whichever comes first.

Landlords can require a damage deposit, and can hold this deposit for any damage caused by the renter or any unpaid rent.

Landlords can sue for "triple damages" in cases of purposeful, destructive conduct, or the intentional withholding of rent.

WHY HB 626 IS IMPORTANT TO STUDENTS

Most Montana college students live off campus, and are financially vulnerable. Approximately 6000 students at UM rely on the rental market for housing, and it is common for a student to move out early for financial reasons.

While moving out early is purposeful, it is not a malicious act such as the destruction of property or withholding of rent, which a landlord should be entitled to sue for "triple damages".

Recently, some landlords have begun to use the present law to sue for 3 times the rent due them when the only wrong committed by the tenant is moving out.

ASUM urges you to make this law clearer, and protect renters from unjust damages while giving landlords the full protection they deserve. Please give HB 626 a "do pass". Thank you. Matt Thiel, ASUM Lobbyist.

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 6

DATE 3/13/87

BILL NO. HB 626

Matt Thiel

EXHIBIT NO. 7DATE 3-13-87BILL NO. HB 626

Affidavit

I am writing to support a change in 70-24-422. I think the proposed amendment would help to remedy a serious problem in the landlord tenant law.

In September of 1985 I moved into an apartment in Missoula, Montana. My roommate and I signed a one year lease. Because of money problems, my roommate had to move away. I did not have enough money to pay the whole rent by myself so I had to move out of the apartment.

I knew that under the law I would have to pay the landlord rent until he could re-rent the apartment. I also knew that if I left the apartment dirty or damaged I would be responsible and have to pay. I knew these damages could be taken out of my deposit. However, the landlord felt he could sue me for three times the damages because of 70-24-423(4).

A landlord is entitled to his unpaid rent and his damages, of course. However under the present law the landlord, if he feels, the tenant moved on purpose, can sue for triple.

This is unfair because the landlord is already guaranteed his rent under the law. Allowing him to get triple the rent when a tenant moves out early is unfair and gives the landlord money he did not really earn. Just moving out of an apartment early should not be the kind of conduct that can cost you triple damages.



Angela Fuhrmann

subscribed before me on

2-10, 1987.

my commission expires
7-29-89

STANDING COMMITTEE REPORT

MARCH 13, 19 37

MR. PRESIDENT

We, your committee on..... **BUSINESS AND INDUSTRY**.....

having had under consideration..... **HOUSE BILL**..... No. **180**.....

THIRD reading copy (BLUE)
color

FRITZ (WILLIAMS)

**ALLOW AGENCY TO BUY SUPPLIES USING ADVERTISED/CATALOG PRICES
IN SOME CASES**

Respectfully report as follows: That..... **HOUSE BILL**..... No. **180**.....

BE CONCURRED IN

RECEIVED

RECEIVED

..... **ALLEN C. KOLSTAD,**.....

Chairman.

STANDING COMMITTEE REPORT

MARCH 13, 1987

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE BILL No. 242

THIRD reading copy (BLUE)
color

HARPER (~~MCCLANE~~)

**EXPENDS UTILITY CONSERVATION EXPENDITURES ELIGIBLE FOR RATE
BASE INCLUSION**

Respectfully report as follows: That HOUSE BILL No. 242

BE CONCURRED IN

~~XXXXXX~~
DO PASS

~~XXXXXXXXXX~~
DO NOT PASS

..... ALLEN C. NOLSTAD, Chairman.

STANDING COMMITTEE REPORT

MARCH 13, 19 87

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration SENATE BILL No. 308

SECOND reading copy (YELLOW)
color

ALLOW BLACKJACK IF AUTHORIZED BY VOTERS OF LICENSING JURISDICTION

Respectfully report as follows: That SENATE BILL No. 308

be amended as follows:

1. Title, line 10.
Strike: "GOVERNING BODY OR"
2. PAGE 1, line 25.
Following: "if"
Insert: "if,"
Following: "upon"
Strike: ":"
3. Page 2, lines 1 through 3.
Strike: subsection (I) in its entirety
4. Page 2, line 4.
Strike: "(II)"
5. Page 2, line 5.
Strike: "AND"
6. Page 3, lines 8 through 10.
Strike: "AN" on line 8 through "REVENUE" on line 10.
Insert: "been licensed for the sale of liquor, beer, food, cigarettes, or any other consumable products"
7. Page 3, lines 19 through 21.
Strike: "DOES NOT" on line 19 through "REVENUE" on line 21.
Insert: "have been licensed for the sale of liquor, beer, food, cigarettes, or any other consumable product without such license having first been obtained"

~~DO NOT PASS~~

~~DO NOT PASS~~

AND AS AMENDED,
DO PASS

ALLEN C. KOLSTAD,

Chairman.

STANDING COMMITTEE REPORT

MARCH 13, 19 87

MR. PRESIDENT

We, your committee on..... **BUSINESS AND INDUSTRY**

having had under consideration..... **HOUSE BILL** No. **389**

THIRD reading copy (BLUE)
color

BRANDENIE (WEEDING)

**PROVIDE PROCESS FOR REAL ESTATE LICENSEE TO RENEW LICENSE
AFTER LAPSE**

Respectfully report as follows: That..... **HOUSE BILL** No. **389**

BE CONCURRED IN

~~XXXXXX~~
DO PASS

~~XXXXXXXXXX~~
DO NOT PASS

..... **ALLEN C. KOLSTAD,**
Chairman.

STANDING COMMITTEE REPORT

MARCE 13, 19 37

MR. PRESIDENT

We, your committee on..... **BUSINESS AND INDUSTRY**

having had under consideration..... **HOUSE BILL** No. **473**

THIRD reading copy (BLUE)
color

BRANDWIE (WILLIAMS)

LICENSE, REGULATE REAL ESTATE PROPER TY MANAGEMENT BROKERS

Respectfully report as follows: That..... **HOUSE BILL** No. **473**

BE CONCURRED IN

~~XXXXXX~~
~~DO NOT PASS~~

~~XXXXXXXXXX~~
~~DO NOT PASS~~

..... **ALLEN C. KOLSTAD,**
Chairman.

STANDING COMMITTEE REPORT

MARCH 13 19 87

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE BILL No. 574

THIRD reading copy (BLUE)
color

PAVLOVICH (LYNCH)

REQUIRE CERTAIN LIQUOR VENDORS & BROKERS TO EMPLOY RESIDENT REPRESENTATIVES

Respectfully report as follows: That HOUSE BILL No. 574

BE CONCURRED IN

~~XXXXXX~~
~~DO PASS~~

~~XXXXXX~~
~~DO NOT PASS~~

ALLEN C. KOLSTAD,
Chairman.