

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By REP. SHEILA RICE, VICE CHAIR, on February 8, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Bob Bachini, Chairman (D)
Sheila Rice, Vice-Chair (D)
Joe Barnett (R)
Steve Benedict (R)
Brent Cromley (D)
Tim Dowell (D)
Alvin Ellis, Jr. (R)
Stella Jean Hansen (D)
H.S. "Sonny" Hanson (R)
Tom Kilpatrick (D)
Dick Knox (R)
Don Larson (D)
Scott McCulloch (D)
John Scott (D)
Don Steppler (D)
Rolph Tunby (R)
Norm Wallin (R)

Members Excused: REP. BOB PAVLOVICH

Staff Present: Paul Verdon, Legislative Council
Jo Lahti, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: SB 89, SJR 8, HB 477; executive action on SJR 8.

HEARING ON SENATE BILL 89

SEN. BOB BROWN, SD 2, Whitefish, said he is the sponsor of SB 89. This bill was introduced at the request of the Department of Commerce. It is an Act including in the definition of "broker" one who, for a fee, refers a person to another to buy or sell real estate; and amending section 37-51-102, MCA. It is clear in the law that a license is necessary to conduct real estate activities. The purpose of the bill is to clarify that if a person receives a fee for providing a name, that person must have a real estate license.

Proponents' Testimony:

Marcia Allen, Member of the Board of Realty Regulation, Real Estate Broker, said she has been a realtor for 11 years. The Board of Realty Regulation is sponsoring this bill as a result of an Attorney General's opinion that says paying realty fees to unlicensed finders is allowable. The Board of Realty Regulation and licensees in the industry have always operated under the theory of Section 37-51-321 Revocation or Suspension of License, which prohibits paying a commission or fee in connection with a real estate transaction through an unlicensed individual. The industry is requesting this Legislation to eliminate potential bidding wars that could occur for leases or sales. This type of situation does not serve the best interests of the seller or the public. It asks for protection by incorporation into the Business Licensing Act.

Tom Hopgood, Montana Association of Realtors, said they stand in strong support of HB 89. In 1988 the Attorney General issued an opinion stating the statute that was then in place did not require a license "For Sale By Owner" or the referral fee situation. That prompted a House Bill in 1989 which cured both the "For Sale By Owner" and the referral fee situations. Subsequent to the enactment of that bill, a reading by the staff attorney of the Board of Realty Regulation stated that the bill did not, in fact, solve the referral fee problem. This bill adds language on page 2, lines 18-20 which leaves no doubt that one who refers the name of a seller or buyer of real estate has to be licensed by the State. This does not affect the situation where the real estate agent or broker gives a gift or gift certificate as a favor for referring names.

Opponents' Testimony: None

Questions from the Committee:

REP. BENEDICT asked why a gift would not come under this Section. Mr. Hopgood said this would cover a situation that was more contractual. REP. BENEDICT asked if other compensation could include a gift certificate. Ms. Allen said it could. The way to exclude a token gift, is to consider the intent of the referral. Was the person expecting compensation for the referral?

REP. SCOTT asked if an owner would be prohibited from selling his own property. Mr. Hopgood said this bill does not affect persons selling their own property. The bill addresses an organization that sells property.

REP. LARSON asked if a seller offers \$500 to anyone who could find a buyer, would this violate the law? Mr. Hopgood said that was a question for interpretation. He referred the question to Grace Berger, Administrative Assistant, who said she couldn't answer the question but she would check with the Realty Board.

REP. KNOX asked how this would work. Ms. Allen said the Board was taken by surprise by the Attorney General's opinion. For years the Board of Realty Regulation and the industries had always operated under the assumption that in order to receive a fee for any real estate transaction, a person needed a license. This opinion came about because there have been "By Owner" agencies opening up in cities that have been run by non-licensed individuals. There is a very fine line whether they were real estate agents or not. The Board's attorney said referral fees were still not addressed. It has never been the intent that people would be excluded from giving a dinner as a token of appreciation.

REP. BENEDICT asked if the definition of "broker" meant a person who has completed a two-year program and passed a state examination. Ms. Allen said yes. The broker then hires licensed sales people and those people do not have to have two year's experience. REP. BACHINI asked if a broker can license a person under him. Ms. Allen said the Board of Realty Regulation does the licensing. There are real estate sales people who are not brokers. REP. BENEDICT asked if the sales people would come under the definition of broker. Ms. Allen said the word "broker" came out of the statutes, and includes salespeople who are under the broker's supervision. REP. BENEDICT said that seemed confusing. Ms. Allen said it had been confusing for them. They had always operated one way and now are not sure if it is covered.

REP. ELLIS asked if they are trying to include those people who do this more than once. Ms. Allen said yes. REP. ELLIS asked if they had considered including that in the requirement. Ms. Allen said she was not involved directly in writing the bill. REP. ELLIS asked for a definition of real estate activities. SEN. BROWN said as a practical matter the Board of Realty Regulation may not hear about prices paid for referrals nor would they care. They are trying to address the situation where people are offering names for sale on a permanent basis. This bill might close the last remaining loophole. The impact isn't going to be very great.

REP. CROMLEY asked how "For Sale By Owner" applies to this bill. Ms. Allen said it is covered now. In a previous legislative session a bill was submitted to take care of the "For Sale By Owner" agencies where owners advertise their property, they are not licensed. Subsections (c) and (d) apply to this. The Board had many complaints because the agencies are not licensed. The new section doesn't apply to that. SB 89 just adds that it wouldn't cover referral people. They are referring these back to the seller. REP. CROMLEY said there would be no licensed broker or seller. Ms. Allen said they would need to be licensed now. These agencies calling themselves "For Sale by Owner" does not have anything to do with it.

REP. WALLIN said the real estate brokers in Bozeman don't want to have anything to do with rentals. Management people are listed in

the phone book and handle rental properties for college students and the general public. They get a commission from the owners for doing that. Would this exclude them? They are not licensed brokers. They provide a legitimate service. Ms. Allen said there is another bill going through that requires these people to be licensed just to buy or sell real estate property and not for property management. REP. WALLIN asked if it would be agreeable with her to eliminate the word "lease" in the bill on page 2, line 17. Ms. Allen said they wanted to insert subsection (f) which reads "receives a fee, commission, or other compensation for referring to a licensed broker or salesman the name of a prospective buyer or seller of real property; or".

REP. LARSON asked for rules and regulations for managing "For Sale By Owner" agencies. Ms. Allen said under the real estate license there are specific rules, but there are no specific rules for "For Sale By Owner". This is a new concept that has come into the area. REP. LARSON asked if they had rules requiring supervision by a broker. Ms. Allen said the broker has to follow the Real Estate License Act rules and regulations. There are specific rules and regulations that are to be followed.

REP. BARNETT asked if this legislation is an attempt to reduce competition. You don't want to make a decision to prevent someone from compiling a list and putting it out on bid. Ms. Allen said that was not her opinion. The Board of Realty Regulation has always operated under the idea that fees could not be received without a license. That theory has been challenged. HB 89 is pretty much to clean up the Realty Act.

REP. BARNETT asked if this legislation is designed to protect the public. Mr. Hopgood said the entire licensing statute is conceived on the notion that it is to protect the consumer. The purchase of a home is probably the most important investment most people ever make. For people who are not honest and upright with people selling and buying houses, the potential for disaster is great. The Real Estate Licensing Act is an act to regulate the people who are buying and selling houses. REP. BARNETT said they may penalize the individual who wants to provide a reference to someone who is a broker. Mr. Hopgood said something has to go into the interpretation of this. In the legal profession there is a rule that prohibits a lawyer from splitting fees with someone who is not a licensed attorney. When a friend refers a potential buyer to a real estate broker, if that person does so with the intent of receiving a fee from the broker, that would be clearly regulated under this bill. A gift in appreciation is not covered.

REP. STELLA JEAN HANSEN asked if someone who is not a licensed real estate broker receives a 2% commission, is that illegal? Mr. Hopgood said yes.

Closing by the Sponsor:

SEN. BROWN said it is a matter of public policy to regulate real

estate activities. If someone is in the business of selling names, then this bill pertains to that on an ongoing basis. The language might be tightened someday. He has no objections.

HEARING ON SENATE JOINT RESOLUTION 8

SEN. BOB BROWN, SD 2, Whitefish, said this joint resolution of the Senate and the House of Representatives of the State of Montana urges the Congress of the United States to broaden the base of bank deposits assessed for Federal Deposit Insurance Corporation (FDIC) premiums. At the current time bank deposits are assessed for insurance purposes and that policy applies to all domestic deposits. It hasn't and doesn't apply to all foreign deposits. There are instances of money from Japan, West Germany, etc. that are not assessed for insurance purposes and yet, if those banks fail, the foreign accounts would have to be bailed out by the United States. As a consequence of that, small banks in Montana are assessed a higher rate than would otherwise be the case because foreign deposits are not assessed in the large banks. If that were done it would have an impact on Citibank and other national banks. It would cause them to have to pay more for insurance but would probably lower the cost in places like Montana.

Proponents' Testimony:

Roger Tippy, Attorney, Montana Independent Bankers Association, said this is a non-controversial bill on bank structure. The basic thrust has been covered by Sen. Brown. Deposit insurance has been transformed from its original role as a safety net for small depositors to defending all depositors in large institutions. The insurance premium has gone from 8 cents to 19-1/2 cents and is going up to 23-1/2 cents per each hundred thousand dollars of insurance on deposits. A \$30 million dollar bank, which is a moderate, community-sized bank in Montana, would see its premium go from \$24,000 to \$70,000 without getting any more insurance. Montana doesn't have any really big banks. First Bank System is at the bottom of the table. **EXHIBIT 1**

These large banks have more deposits in overseas banks than in domestic. He didn't know if First Bank had deposits overseas. They paid \$10 million into the FDIC for insurance premiums. If these banks deposits are getting the benefits of the FDIC they should have to pay the insurance premiums. \$1.6 billion is no longer an operative figure. The FDIC stepped into the Bahamas Bank of New England Branch to protect \$600 million in uninsured deposits saying they would be covered because it is the national policy. This ought to be rectified. **EXHIBIT 2**

John Cadby, Montana Bankers Association, endorses the Resolution.

Opponents' Testimony: None

Questions from the Committee: None

Closing by Sponsor: SEN. BROWN closed. REP. STELLA JEAN HANSEN will carry SJR 8 on the House floor.

HEARING ON HB 477

REP. MIKE KADAS, HD 55, Missoula, said this is the Montana Microbusiness Act. It is similar to a bill introduced last session by Speaker of the House, John Vincent. That bill passed through the House, but died in the Senate and is back at the request of the Governor as one of his priorities. He has tried to find a larger consensus this time. He thanked the Administration for their work on it; it has bi-partisan cooperation. This bill tries to get some capital financing for very small businesses.

50% of the Coal Severance Tax goes into the Coal Tax Trust Fund. Since 1983, one-fourth of the money deposited in the permanent trust is designated as the Instate Investment Fund. This bill appropriates \$3.25 million from the Instate Investment Fund to the Department of Commerce for the Microbusiness Development Account. That action takes a 3/4 vote of the Legislature because of the Constitutional establishment of the Trust Fund. This is Trust Fund money.

The Department of Commerce under the guidelines established in the bill loans money to Microbusiness Development Corporations. These nonprofit local corporations serve multi-county regions in the state. They try to serve as large a cross section of the communities, minorities, women, local government people who are working on economic development businesses as possible. The Microbusiness Development Corporations are getting the money from the Microdevelopment Account as a loan and must pay interest of at least 3%/year which goes back to the Microdevelopment Account; 1-1/2% goes back to the Account, and 1/1/2% is used as operating funds for the Department of Commerce to administer the whole program. It involves 1.5 FTE. This would not impact the General Fund in a large way.

The Microbusiness Development Corporations then loan the money to microbusinesses. The microbusiness must have ten or fewer employees or have gross revenues of less than \$500,000. The loans may be up to \$20,000 per loan with interest at market rates which will range between 13% and 16%. The Microbusiness will have to pay interest on that loan back to the Microbusiness Development Corporation, the local body that made the loan. There will be a spread of 12% in return to the Instate Investment Fund.

The loans from the Department of Commerce to the Microbusiness Development Corporations are for up to an eight year term. If the local Microbusiness Corporation is not satisfying the requirements of the law, the Department of Commerce may recall that loan and set up an amortization schedule or put the borrower out of business.

The Microbusiness Corporations act as incubators assisting the businesses in various ways and training them for the specific microbusiness to make sure they are developing the skills required. Many loans will be going to new or small businesses whose experience level has been limited. This is an area where the banking area has not participated except in isolated circumstances. These loans are so small banks are not interested in making them. They are also not interested in doing any training.

The Coal Trust Fund is one of the most important things the State has ever done. There is legitimate concern with how to use the Trust Fund money. It is a cornerstone which can be used to build on. The principal should not be spent. The cornerstone would be eroded. Some people may argue that this would be spending the Trust Fund, but it is not, this is investing. It is the mechanism to loan the Instate Investment Fund capital to small businesses. The Constitutional restrictions on the Trust Fund are such that small loans may not be made directly out of the Trust Fund. The dividends will be significant and long term. This is the way the Trust Fund was intended to be used. This was reflected in the 1982 vote on Initiative 95 that established the Instate Investment Fund.

Proponents' Testimony:

SEN. DOROTHY ECK, SD 40, Bozeman, said she had worked with **REP. JOHN VINCENT** on this bill last session. Small businesses are providing the strength and the growth for Montana's economy. She supports the idea.

REP. LARRY GRINDE, HB 30, Lewistown, said in the past it has been the intent to garner large industries and it has not happened. The Committee has a chance to cast the first votes to set new direction and new focus for the economy of the State of Montana. There is a chance to create stability for both large and small communities. There is a chance for individuals to reach for new heights and dreams.

Chuck Brooke, Director, Department of Commerce, said this Bill has had an interesting history. It came close to passing during the last session. During the past year his staff has improved on this bill, and it reflects a bipartisan political effort and a unique private and public partnership. HB 477 reflects the very real need of over 80% of all business enterprises in the State which has accounted for nearly all of the State's jobs since 1980. The resources of the Business Development Division of the Montana Department of Commerce are primarily focused on small business economic development programs. They are focusing their energies and resources on promoting the creation and growth of Montana's small business enterprises. To that end, the programs at the state level are focused on opening new markets through international trade programs and providing technical assistance in the areas of marketing and finance. In the area of small

business finance HB 477 addresses a need and provides the kind of support needed.

Everett Snortland, Director, Department of Agriculture, said the Microbusiness and Development Act will complement the Montana Growth through Agriculture Act created by the 1987 Legislature. There is not a conflict with the intent of HB 477 since the Montana Growth through Agriculture Act targets only the agricultural segment of Montana's economy. HB 477 will complement these activities. He strongly supports this bill. **EXHIBIT 3**

Bob Heffner, Administrator, Business Development Division, Department of Commerce, said this program will be administered by the Department of Commerce Business Development Division. He handled the fiscal note on this Bill. **EXHIBIT 4**

SEN. TOM TOWE, SD 46, Billings, believes this Bill is consistent with I-95. He worked with **REP. DAN KEMMIS** on this Bill in 1982. It dealt with the Build Montana Program and Economic Development. One of the purposes of the Trust Fund and the Coal Tax is to encourage and develop economic development. Normally he would oppose anything that gets into the Trust. He accepts this because it is a loan program. The money is going into the income stream along with the other Trust. It is an economic loan program and is consistent with economic development. Small businesses provide more jobs. It is also coupled with assistance training which is very important for borrowers who might not have the background to make it work. This is something that can be pointed to as having a probability of success.

Dan Kemmis, Mayor of Missoula, said he had been in the Legislature in 1975 when **SEN. TOWE** sponsored the Coal Tax Trust Fund. He said he began bringing bills to the Legislature as early as the 1977 session to establish an Instate Investment Program. The bills failed in 1977, 1979 and 1981; the Senate always killed them. In 1982 **SEN. TOWE** and he wrote Initiative 95. This was adopted by over 70% of the people who thought at least 25% of the income from the tax on coal should be invested in Montana. One of the problems is that since it does operate out of the Trust Fund, it is restricted by the Prudent Man rule to the types of investments that can be made. The Trust Fund itself hasn't been able to help small businesses.

Missoula invested \$250,000 of City funds in exactly this kind of program and they have been extremely pleased. Loans have been repaid with a great deal of gain in employment and activity. Missoula is proud of their investment in this program. They have had amazing success. This really is an investment project. Maybe it should be said these are Prudent Man investments instead of asking for a three-fourth vote to get money out of the Trust Fund. **EXHIBITS 5**

Lynn Robson, Capital Opportunities, said the Capital Opportunities program has been operating in Bozeman for two

years. It has a Community Review Board that is made up of three community business people, bankers and representatives who make the loans. A staff of two monitors the loans. It is important that there are several ways to deliver this important legislation. Capital Opportunities has had a short but good experience. **REP. WALLIN** is on the Board of Directors of the Agency that oversees the Capital Opportunities Program, which has not only been funded by the U. S. Department of Health and Human Services but has enjoyed the match that was required to get federal dollars into the State. The Department of Commerce, the Department of Social and Rehabilitation Services and other departments across the state, and the Human Resource Development Councils have donated their efforts and resources to this program.

Judith Filbert, Owner, Laser Star, said her business serves small businesses, universities, and large corporations operating in Montana and North Dakota. Once she formulated a business plan, she approached several banks and the Small Business Administration. Four banks turned down her loan and she discovered that a loan in the \$15,000 - \$20,000 range is difficult to obtain. Capital Opportunities in Bozeman was just opening and she was the first client. Her loan was received in January 1990. After nine months in business, she grossed \$25,000. Currently, she employs two part-time people. She supports the strong technical assistance the DOC provides. She is very much interested in seeing business developed in the State which will create jobs. **EXHIBIT 6**

Chester Walsh, Dagmar, said they own a family business. He submitted testimony describing his business experience with the help of Capitol Opportunities. He is very pleased with the opportunity he was given. **EXHIBIT 7**

Karen S. Ward, First Bank, Bozeman, supports HB 477. Banks will not increase their market share of the businesses targeted for this legislation. This program will enable an entrepreneur to develop the history needed to make them "bankable" by a commercial bank. The required technical assistance is vital and is not provided by banks. **EXHIBIT 8**

Kelly Rosenleaf, WEDGo Development Fund, spoke about the successes and accomplishments of the Job Development Fund. **EXHIBITS 9**

Bill Chumrau, Finance Director, Missoula Community Business Incubator (MCBI), **EXHIBITS 10** explained their loan program. He said they have received grant and loan monies from the city and county. They have on deposit over \$250,000 in a local bank. They work in partnership with that bank in a loan guarantee program because of the advantages. They can loan on a three to one ratio so they can make \$750,000 worth of loans. The bank does the loan processing and servicing, which saves expense. It immediately establishes a relationship with the banking community for

microbusinesses. The client is responsible for developing a business plan and determine the amount of loan needed. The success is directly related to the amount of technical assistance MCBI is able to provide.

The maximum bank guarantee is \$15,000 per loan. A consultant works to make the business plan along with the credit bank which still has the final say about making the loan. If they approve the loan, they arrange an interview with the client. The bank charges a \$75 fee for processing and closing. The incubator charges a 2% fee that is set aside for future losses. They have over 50 loans to 47 businesses, almost \$600,000 with no losses. Their success is due to the primary and ongoing technical assistance. Once the loan is closed and the client is in business, that technical assistance continues on a monthly basis. The loans are made at market rate. They have had no losses. The Missoula community and both the city and county supports have been great, providing resources for all of the needs. It is essential for there to be capital access to help Montana's economy.

Barry Dustan, Natural Resource Consulting Firm, said his business of a variety of soils, ranch management activities in Western Montana was supported by MCBI. He was helped by the introductory system to get capital. Entrepreneurship is what will develop to strengthen Montana's economy if capital is accessible. He has expanded to a business employing three full-time and two part-time people. He expects to double that in the next year.

Tamara Lehuta, President, Landscape Architecture and Development, Inc., said her business has grown from eight employees to a corporate landscape firm in two years. It was due solely to the Economic Development group which gave her an opportunity to obtain assistance. It would have been difficult to acquire a loan without the microbusiness loan. She would like to see more people in Montana be able to be aware of the assistance that is available.

Martha Brown, Budgeting Company, said her Credit Service company works for 25 full-time clients. She has operated with a profit.

Bob Pancich, Assistant Investment Officer, Board of Investments, said they have the responsibility of managing the In-State Investment Fund program utilizing Coal Tax Trust Funds. EXHIBIT 11 The Board of Investments supports HB 477.

Keith Colbo, Montana Private Capital Network, said this group includes private financial firms and individuals formed to provide venture capital to support the State's Build Montana Program.

Gary Mason, Ravalli County Electric and Bitterroot RC & D, would very much appreciate support of HB 477.

Dave Desch, Montana Science and Technology Alliance, said the Alliance is a state agency connected to the Department of Commerce. They provide loans and funding to businesses that have outstanding growth potential. This Bill would fill a gap in the financial needs of small businesses in the state. It does not duplicate the efforts of the Alliance. The Alliance can loan up to \$750,000 in loans of not less than \$100,000. It would complement the activities of the Alliance.

John Rogers, Economic Development Administration, U.S. Department of Commerce, requires a 50% match for their funds. In the future they might be able to use funds from this program to match the required funds for their program. Each year they receive a grant of \$350,000-\$500,000 new money that can be used this year or the following year. Notes can be used; it doesn't require any money be set aside so they might have future use for their moneys. This could extend the effect of the appropriations.

Chris Gallus, Director, Butte-Silver Bow Small Business Development Center, supports HB 477.

Cal Cumin, Director of Economic Development, Yellowstone County, strongly supports HB 477. It is badly needed.

Ann Prunowski, MAAP, a Coalition of 7 Low Income Labor and Conservation groups, said this is one thing they agree on. She spoke in favor of HB 477.

Joyce Dillon, Bigfork, has seen a lot of businesses go out of State. They were local people who have just been earning a living. She appreciates the opportunity to support a bill like HB 477, which is truly a bill of Montana for Montanans.

Mollie Strong, Bigfork, thinks this type of loan assistance will help keep people from having to beg for financing.

REP. SHEILA RICE, HD 36, Great Falls, said she sat on a combined effort of the Chamber of Commerce in Great Falls and the Montana Extension Service called the Business Extension and Retention Project in Great Falls. They interviewed 101 businesses of all sizes in Great Falls and identified problems that were keeping them from starting up and expanding. One of the chief problems was that small loans were not available for start-up or expansion.

REP. WALLIN, member of the Supervising Board that takes care of an agency, said the agency hasn't operated long, but its success is proof the project does work. Loans to risky people have been very successful. It takes good management. There is a question of whether the money should come out of the Coal Tax Trust Fund but he thinks that is the way to go.

James Tutwiler, Montana Chamber of Commerce, said in the fall of this year, the Chamber took the bill and visited legislative

forums. They talked to business people, financial institution people, working people, etc., a very broad based segment of Montanans and concluded that there is now not a financial institution available to help small business people in Montana. He hoped the Committee will support HB 477.

Opponents' Testimony: None

Questions from the Committee:

REP. STELLA JEAN HANSEN asked where MCBI got the money to begin. Mr. Chumrau said the operational money came from a grant from Health and Human Services. The loan guarantee money came from the money from a block grant to the Sheraton Hotel. The City of Missoula loaned the money. Timing was right. REP. S.J.HANSEN asked if there is support in the community. Mr. Chumrau said in-kind services have been a great assistance. Some of the greatest assistance has come from people in the program who are willing to share their experiences. They are in a position to call on the University there which is very willing to share their experience and success with any people who come along.

REP. ELLIS said testimony was given that loans under \$100,000 were hard to get because there is not enough revenue off the small loans to provide the guarantee bank and the development company with sufficient compensation. Is \$20,000 enough to start a business? Mr. Chumrau said the loans in Missoula that are below \$50,000 are more difficult to provide. The Small Business Administration is the lender guarantee. The banks he works with sell the small loans to the SBA and recapture their capital. The majority of microbusiness clients are getting closer to borrowing in the \$50,000 range, although at the present time most of their loans are in the \$15,000 - \$20,000 category. The majority of their clients do use the lower amounts.

REP. ELLIS said it appears that communities are already providing the service without this bill. Mr. Chumrau replied that since their money comes from the city, they are limited to a 25 mile radius. They could act in partnership with close counties if they had \$250,000 from this project. REP. ELLIS asked Mr. Heffner if \$20,000 was enough to start a business. Mr. Heffner said yes, he was comfortable with that figure. This project would not solve all of Montana's problems. This is not a cure-all, it takes care of one specific market. This is about where their needs lie. This is a mid-sized, mid-risk financing range. These loans can be packaged together for a larger loan.

REP. BENEDICT asked if there is more demand in Missoula than they are able to take care of at this time. Mr. Chumrau said yes, they pretty much have a waiting list. They can only work and process with so many people at a time. They don't try to take on more than they can handle. REP. BENEDICT asked how many more requests there were. Mr. Chumrau said they have a waiting list. REP. BENEDICT asked Mr. Heffner if there could be conflicts between

this program and the local microbusinesses already in place. Mr. Heffner said that has been their concern for a long time. How to cover the whole state is a terrific problem. There are forty certified communities with under 40,000 people that are interested. There are already twelve legislatively approved substate planning areas in the state. The problem is how to get equal access to the smaller communities. Equal access in the Statement of Intent, page 2, line 16, reads: "The rules must require that the applicants to be certified as microbusiness development corporations submit cooperative proposals that propose to serve a multicounty region of the state and incorporate as partners or have the explicit approval of a significant number of development institutions and service providers within the communities to be served, including but not limited to local governments, certified community lead organizations, financial institutions, business incubators, business assistance groups, women, and representatives of low-income and minority populations." They will try to call together everyone from that region.

REP. BENEDICT asked if WEDGo were the recipient of this loan authority would there be some stipulations such as equal access so their interests would not be the only concerns. Mr. Heffner said the corporate review process by the State would involve such concerns. REP. BENEDICT asked if there would be a review process. Mr. Heffner said it would be almost continual. They are very closely monitored and do have the right to close them down and demand the money back.

REP. SCOTT asked if Billings was involved in the programs. Mr. Cumin said the program has just begun. They are working with the Department of Commerce to put in an Economic Development Corporation. There is a need for these loans in Billings. By putting together several small microbusiness loans they can get a lower rate of interest on a packaged larger loan. The small loans are the backbone of Montana's economy.

REP. BACHINI asked why there weren't any Legislative members on the 13-member Council appointed by the Governor. Mr. Heffner said there wasn't intent to exclude Legislative members. There are requirements that four members have to be representatives of certified community lead organizations and four have to be owners of qualified microbusinesses. They do need people with technical experience and some professional experts. Paul Verdon said there could be Constitutional problems if Legislators were on the Council. REP. BACHINI asked if \$64,000 would be needed up-front for the first year's operation. Mr. Heffner said yes. REP. BACHINI asked if this had to go to the Appropriations Committee. Mr. Heffner said yes.

REP. ELLIS asked how they plan to ensure the all important technical direction. How much funding will that require? Mr. Heffner replied an on-going Budget Appropriation would probably not be something that was likely to happen. There is the ability

to earn 10-12% interest at the local level. There is a match of at least \$1 from other sources to every \$3 they put in. There will be interest from that. That should be sufficient to fund one person to run the operation but not enough for training.

REP. ELLIS asked how they were able to afford the competency that is required to provide technical direction. How expensive is that compared to the funding, compared to the amount of money loaned? Ms. Rosenleaf said they have some staff members and a budget of about \$20,000 for consultants who are part of a bigger agency. That includes workshops. They have some people who volunteer certain amounts free and then charge less for the rest of the work. REP. ELLIS asked how expensive that is. Ms. Rosenleaf said WEDGo's total budget is \$102,000 per year. REP. ELLIS asked how that compares with the amount of money lent out. Ms. Rosenleaf said they had almost \$600,000 loaned.

REP. WALLIN asked if the loans could be used to refinance loans or are these loans only for new project loans. Mr. Heffner said the Legislation is silent on that point. It would have to come under the rule making as it now stands. The interest rate is slightly higher. They can say No. Monitoring is important. He would recommend only projects that would create new jobs. REP. WALLIN asked if he foresaw the problem of being able to make a bank loan. Mr. Heffner said they would be advocating no loans. That would be an appropriate administrative rule.

REP. BENEDICT asked if this plan did call for some flexibility to local authorities with the direction that if they don't make good loans they won't be in business. Mr. Heffner said they are not trying to put everyone in a straitjacket. A potential borrower tells them what he thinks he can do. They discuss other financing also. There are guidelines. REP. BENEDICT asked if it wouldn't be a good idea not to tie them down to having to create new jobs? Nobody wants to change a small loan. If the banks in an area are conservative might it not be wise to try to keep someone in business? Mr. Heffner said retention is very important.

REP. STELLA JEAN HANSEN said she doesn't see any mention of expansion. Is this just a one-time project? Can the project be expanded? Mr. Heffner said a person may have more than one loan, if the loans don't total over \$20,000.

REP. BACHINI asked about the success of this program. Mr. Heffner stated if they meet or exceed the promises that are made he would be delighted. REP. BACHINI suggested a sunset of five years. Mr. Heffner said five years would be fine. Two years is not long enough. They hope to use \$3.5 million in the biennium and do it right. It would be a revolving fund. They would be going slower on this. It may take them three or four years to get the \$3.5 million loaned out.

REP. STELLA JEAN HANSEN asked how he felt about a sunset provision. REP. KADAS said he preferred six years instead of

five, but he does have reservations about sunseting. He anticipates these loans turning over on a much faster rate than 5-6 years. After five years it would be seen what the results were, and hopefully that business would still be around.

REP. BACHINI said HB 477 would be put into the Economic Development Subcommittee.

Closing by Sponsor: REP. KADAS closed. He will work with the Subcommittee.

EXECUTIVE ACTION ON SJR 8

Motion/Vote: REP. BENEDICT moved SJR 8 Be Concurred in. Motion carried unanimously. REP. PAVLOVICH was absent.

ADJOURNMENT

Adjournment: 10:30 a.m.



REP. BOB BACHINI, CHAIRMAN



JO LAHTI, SECRETARY

BB/jl

HOUSE STANDING COMMITTEE REPORT

March 6, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that Senate Bill 89 (third reading copy -- blue) be concurred in .

Signed: 
Bob Bachini, Chairman

Carried by: Rep. Cody

2-8-91
7:28

HOUSE STANDING COMMITTEE REPORT

February 8, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that Senate Joint Resolution 8 (third reading copy -- blue) be concurred in .

Signed: _____

Bob Bachini, Chairman

Carried by: Rep. SJ Hansen

EXHIBIT
DATE 2/8/91
HB SJR 8

TABLE 8

**BIF ASSESSMENT INCOME FROM DOMESTIC AND FOREIGN DEPOSITS AND NON-DEPOSIT LIABILITIES
OF THE 30 LARGEST COMMERCIAL BANKS**

(in millions of dollars)

If the foreign deposits and non-deposit liabilities of these too-big-to-fail banks were assessed, over \$550 million of additional funds (\$355 million from foreign deposits; \$219 million from non-deposit liabilities) would be added to the Bank Insurance Fund to cover these de facto liabilities.

BANK NAME	TOTAL ASSETS	DOMESTIC DEPOSITS	INCOME TO FDIC	FOREIGN DEPOSITS	INCOME TO FDIC	NON-DEPOSIT LIABILITIES	INCOME TO FDIC	TOTAL INCOME
Citibank	158,535	43,536	52.24	65,849	79.02	20,632	24.76	156.02
Bank of America	84,755	51,284	61.54	19,143	22.97	6,028	7.23	91.75
Chase Manhattan Bank	82,711	27,987	33.58	32,882	39.46	10,885	13.06	86.10
Morgan Guaranty Trust	65,164	7,626	9.15	33,562	40.27	11,217	13.46	62.89
Security Pacific NB	56,724	31,075	37.29	6,981	8.38	11,214	13.46	59.12
Manufacturers Hanover	55,016	23,125	27.75	19,069	22.88	6,633	7.96	58.59
Bankers Trust Co.	50,314	12,842	15.41	18,663	22.40	7,663	9.20	47.00
Chemical Bank	49,353	25,602	30.72	8,399	10.08	10,586	12.70	53.50
Wells Fargo Bank	45,408	34,022	40.83	256	0.31	7,038	8.45	49.58
First NB of Chicago	37,724	12,895	15.47	14,526	17.43	7,558	9.07	41.97
Continental Bank	31,621	12,510	15.01	6,600	7.92	9,199	11.04	33.97
NCNB Texas NB	29,470	20,737	24.88	1,316	1.58	5,602	6.72	33.19
The Bank of New York	27,656	12,906	15.49	8,919	10.70	3,937	4.72	30.91
First NB of Boston	27,107	11,840	14.21	6,096	7.32	6,400	7.68	29.20
Irving Trust Co.	23,563	6,768	8.12	10,026	12.03	3,540	4.25	24.40
Mellon Bank	22,563	11,354	13.62	4,092	4.91	5,440	6.53	25.06
Marine Midland Bank	21,605	14,069	16.88	3,371	4.05	2,917	3.50	24.43
Republic NB of NY	21,363	5,592	6.71	9,058	10.87	3,821	4.59	22.17
First Interstate	20,780	16,223	19.47	1,187	1.42	1,594	1.91	22.80
NCNB of N. Carolina	18,085	10,468	12.56	1,210	1.45	5,087	6.10	20.12
First Union NB of NC	17,977	9,383	11.26	532	0.64	7,069	8.48	20.38
Nl Bank of Detroit	16,410	10,714	12.86	1,467	1.76	3,115	3.74	18.36
Pittsburgh NB	15,967	9,755	11.71	350	0.42	4,855	5.83	17.95
Union Bank	15,782	10,501	12.60	675	0.81	3,233	3.88	17.29
Wachovia B & T	14,974	11,169	13.40	336	0.40	2,456	2.95	16.75
Bank of New England	14,681	7,499	9.00	1,618	1.94	4,025	4.83	15.77
Southeast Bank	14,317	9,854	11.82	953	1.14	2,699	3.24	16.21
Ntl Westminster	14,241	10,005	12.01	1,709	2.05	2,027	2.43	16.49
First Bank	13,305	8,669	10.40	665	0.80	2,944	3.53	14.73
Sovran Bank	13,272	9,652	11.58	100	0.12	2,681	3.22	14.92
TOTAL	1,080,443	489,662	587.59	279,610	335.53	182,095	218.51	1,141.64

*0.12 Percent is used as the assessment rate
*figures are as of September 30, 1989 from the FDIC Office of Research and Statistics

SPECIAL SUPPLEMENT

[Article appearing in *The Washington Post*, January 9, 1991]

Bahamas Deposits Covered

FDIC: Bank of New England Branch Insured

By Peter G. Gosselin
Boston Globe

Federal regulators who seized the Bank of New England Sunday have agreed to protect \$600 million in uninsured deposits at the bank's foreign branch in the Bahamas—even though the coverage is not authorized by law and the bank did not pay for insurance on the funds.

Regulators acted despite the fact that some government and industry officials object to the practice, and the regulators themselves refuse to protect deposits over the \$100,000 insurance limit at small, failed institutions inside the United States, most recently at Capitol Bank & Trust Co. in Boston and Freedom National Bank in New York.

"It's outrageous, totally unfair," said Kenneth A. Guenther, executive vice president of the Independent Bankers Association, a Washington-based group representing smaller banks. "How can banks across the country be paying higher and higher [deposit insurance] assessments, and depositors in foreign branches of U.S. banks who don't pay for deposit insurance at all are fully covered?"

A top U.S. banking regulator conceded the unfairness of the government's decision yesterday, but bluntly warned that failure to act otherwise would have been courting disaster.

Asked to explain why regulators decided to protect offshore depositors while refusing to do the same for some onshore ones at other banks, L. William Seidman, chairman of the Federal Deposit Insurance Corp., said, "because I love my brothers in Massachusetts and I didn't want to see their whole financial system go down the tube."

Seidman said that if the government had not agreed to protect offshore depositors, many of them large corporations and foreign banks, they might have withdrawn their funds from both the Bank of New England and other major U.S. banks with foreign branches, setting off a financial chain reaction.

"Even if that didn't happen," Seidman warned, "there was such a great possibility of it happening that I did not want to experiment."

The deposits in the New Bank of New England's foreign branch do not necessarily all belong to foreign individuals or companies; the money may include funds kept offshore by a U.S. company.

But U.S. law does not allow for insurance premiums to be charged against offshore funds; not does it provide for them to be covered by the FDIC.

Seidman asserted that the FDIC routinely protects uninsured deposits at foreign branches of U.S. banks when it decides that it must protect similar domestic funds. But the last time the agency did so, in its seizure of the National Bank of Washington last August, the move set off a furor.

In that case, FDIC staff urged that foreign depositors not be fully protected, but Seidman overruled the recommendation. Key members of Congress also objected and sought to change the law to prohibit coverage or force banks to pay premiums on their overseas deposits, but both moves failed.

[IBAA NOTE: Although Bank of New England's Bahamas branch contained more than \$500 million in deposits at the beginning of December 1990, year-end withdrawals by panicked depositors left only \$55 million. This is still several times the \$8-10 million it would have cost the FDIC to cover all depositors at Freedom National Bank in Harlem.]



STAN STEPHENS
GOVERNOR

STATE OF MONTANA
DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR
AGRICULTURE/LIVESTOCK BLDG.
CAPITOL STATION
HELENA, MONTANA 59620-0201

EXHIBIT 3
DATE 2/8/91
HB 477

TELEPHONE:
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444-3144

FAX 406-444-5409

EVERETT M. SNORTLAND
DIRECTOR

FRIDAY, FEBRUARY 8, 1991
HOUSE BILL 477
HOUSE BUSINESS & ECONOMIC DEVELOPMENT COMMITTEE
TESTIMONY OF MONTANA DEPARTMENT OF AGRICULTURE
EVERETT SNORTLAND, DIRECTOR

Chairman Bachini and members of the committee. For the record I am Everett Snortland, Director of the Montana Department of Agriculture. The "Microbusiness Development Act" will compliment the "Montana Growth Through Agriculture Act" created by the 1987 legislature.

The goals of the "Montana Growth Through Agriculture Act", as they are stated in the enabling legislation, are "to strengthen and diversify Montana's agricultural industry by establishing a public-private sector partnership to assist the development of innovative agricultural business organizational improvements and the commercialization and marketing of new agricultural products in order to keep pace with a transforming agricultural industry and to create new jobs and expand small business opportunities". The program is administered through the Department of Agriculture by a seven-member Montana Agriculture Development Council.

The council uses criteria based on the above mentioned legislation in awarding agricultural project loans.

Ex. 3

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HB 477

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HB 477
February 8, 1991

There is not a conflict with the intent of house bill 477, since the "Montana Growth Through Agriculture Act" targets only the agriculture segment of Montana's economy, emphasizing innovative production and market alternatives. House Bill 477 will compliment these activities, therefore we support HB 477.

MICROBUSINESS AND JOBS

1. Most Montana companies are "micro".

The Small Business Administration defines "small" manufacturers as those with less than 500 employees. But, according to Dun & Bradstreet, over 82% of all Montana companies employ fewer than 10 people--a category that is "smaller than small", or "micro." Likewise, over 79% of all Montana companies have gross revenues of under \$500,000 per year, again, "smaller than small."

Microbusiness is the real Montana economy.

2. Most all job growth comes from companies that are locally-owned, young, and "micro." From "Analysis of Economic Change in Montana," by David Birch, of Cognetics, Inc. :

NET JOB GENERATION, 1981 - 1985

	<u>Net Jobs Created/(Lost)</u>
<u>Whole Montana Economy</u>	2,300
<u>By employment Size</u>	
0 - 19	6,191
all others	(3,905)
<u>By Ownership Type</u>	
local independent	3,688
all others	(1,402)
<u>By Age</u>	
0 - 4 years in business	20,240
all others	(18,043)

These figures argue that very small, young, locally-owned companies deserve priority attention in economic development.

3. "Micro" companies need help in FINANCE and MANAGEMENT.

New, micro companies produce most of our jobs, but they are also extremely volatile. Montana Department of Labor figures show that 52% of new companies fail in the first four years. Dun and Bradstreet's analysis of business failures points to two main causes: inadequate finance and management.

-Small companies need small loans, but commercial loans under \$20,000 to small, young companies are extremely difficult to get. Investigation and servicing costs too much for conventional commercial or public lenders to serve this market.

-"Micro" company managers often lack formal business training, can't hire specialized staff, and are unprepared to present a professional business plan and loan proposal.

4. The Microbusiness Development Act, HB 477, combines small, appropriate amounts of finance with (1) pre-loan training and business planning, and (2) post-loan oversight to solve both of the micro company's main problems: finance and management.

Ex. 4
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HB 477

SUMMARY

Survey of Montana Banks
on
Market for Microbusiness Lending

On March 2, 1989, a questionnaire was mailed to 175 Montana banks, to help determine if there is a market for small commercial loans (under \$25,000) to small companies, accompanied by management technical assistance and oversight. Forty-two banks have returned the questionnaire.

- 1. One third of the respondents agreed that there is some size below which commercial loans become impractical for a private lender. Twenty-nine percent said loans of \$25,000 or less were rare or unlikely.
- 2. More than 83% said there was a size below which SBA guaranteed loans become impracticable--and 50% said SBA guaranteed loans below \$25,000 were rare or unlikely.
- 3. Asked to identify commercial financing needs not met by current private and public lenders, respondents checked the following categories:

Equity capital	45.2%
Venture capital	83.3%
Risk capital	88.1%
Debt finance of working capital	52.4%

4. **Estimate of Micro-Lending Market.** Twenty-six banks responded to questions on the likely market size for an institution in their market area, specializing in commercial loans under \$25,000, and providing management training and oversight. These statistics are derived from their estimates:

- a. Number of loans closed per year (average): 32
- b. Dollars loaned annually (average): \$661,923
- c. Sum of dollars loaned (all responses): \$17,210,000
- d. Total population served (all responses): 370,500
- e. Annual micro-loan market per 1,000 population: \$46,451
- f. Annual micro-loan market, Montana: \$37,160,000

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2/8/91
HB 477

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THE MICROBUSINESS DEVELOPMENT ACT
Proposed Legislation

-SYNOPSIS-

The purpose of the Microbusiness Development Act is to assist in the finance and development of the small, locally-owned businesses that make up the majority of the Montana economy. The program will provide the capital for market-rate loans, administered at the community level, in amounts up to \$20,000, for firms having fewer than ten employees and gross revenues of less than \$500,000 per year.

Such businesses constitute 82.5% of all enterprises in the state, and produced virtually all job growth in Montana in the 1980's. But these companies have no institutional source of finance-- whether from banks or public programs. Average loan size for the SBA is over \$160,000; average loan size for the Coal Tax Loan Program is over \$230,000. The cost of credit investigation and servicing for loans under \$20,000 likewise prevents banks from being active in making the small loans that microbusiness needs.

Management training and oversight go together with the money, to make sure the loans are secure and the projects financed are successful. Clients who do not have a professional-quality business plan and finance proposal, together with proper record-keeping, accounting and other management systems, will have to complete a business training program (provided by the local corporation that administers the loans) designed to produce these critical elements for business success.

The combination of training and oversight with small and appropriate amounts of finance is a key feature of the program, which is modeled on years of successful experience by similar programs all across the U.S. (and, in particular, two Montana projects: the WEDGo fund in Missoula and the Capital Opportunities fund in Bozeman). The record of experience shows that revolving funds which combine management training with finance have loan-loss rates comparable to an average commercial bank. In addition, business start-ups using such programs have an 80% survival rate, compared to the 48% survival over 4 years that is normal in Montana.

The legislation requests a one-time appropriation of \$3.25 million dollars from the Instate Investment Fund of the coal tax trust to create a development loan fund administered by the Department of Commerce. Development loans (interest-only loans at a rate sufficient to cover State administrative costs), in maximum amounts of \$250,000, will be made to qualified microbusiness development corporations (MBDC's) to capitalize community-based revolving loan funds.

Microbusiness development corporations are defined to be nonprofit corporations whose function is to provide management training, technical assistance and access to finance to microbusinesses, and to monitor the performance of microbusiness loan recipients. Detailed qualifications, rules and guidelines for these corporations will be developed by the Department of Commerce, in conjunction with an advisory board of thirteen members representing the financial community, local development groups and microbusiness owners.

In general, MBDC's will be required to demonstrate their ability and plan to: 1) provide training and financial oversight; 2) administer a revolving loan fund; 3) investigate and qualify loan proposals; and 4) secure sufficient sources of operating income. MBDC's will also be required to demonstrate broad-based community support, and a sufficient market or client base to fully utilize the proposed revolving loan funds. In selecting among competing proposals, attention will also be given to geographic representation of and service to all areas of the state, including both rural and urban communities.

Development loan funds may be used by the MBDC's to make direct loans to microbusinesses, not to exceed \$20,000 to any one business; or funds may be deposited to guarantee loans made by financial institutions to microbusinesses, with the same dollar limitation per loan and per business. Development loan funds may not be used for any other purpose, including operating expenses of the MBDC. However, interest earned on deposits or loans from these funds may be used for operating expenses.

Matching contributions to the revolving loan funds will be required, on the ratio of one dollar from other sources to each three dollars of program funds. Upon a finding of nonperformance or noncompliance in administration of its revolving loan fund, a corporation may be declared in default and required to remit the full amount of the development loan. To this end, development loans will be secured against the corporation's receivables (its entire loan portfolio).

Support for this initiative has been strong among all those with whom the idea has been discussed, and who have aided in developing the draft legislation: bankers, business people, local development corporations, job training and educational organizations, and technical staff at the Business Assistance Division and Board of Investments.

Sufficient organizational experience, and financial and training expertise, exist in communities throughout the state to project that ten to twelve regional microbusiness development corporations can be qualified and capitalized within the first two years of program operation. Distributed across the state, the network will serve the state's entire microbusiness population, creating about 860 new jobs in the first biennium.

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2/8/91

AB 477

QUESTIONS AND ANSWERS
on the
MICROBUSINESS DEVELOPMENT ACT

1. What will the program cost, and how will it benefit the state?

a) Costs:

A small general fund appropriation will be needed to start the program, until enough development loans have been made for interest income to cover administrative costs. We estimate a need for \$64,600 in the 1st year, and zero thereafter.

The state will also lose interest earnings of 8.78% on the \$3.25 million appropriated from the Instate Investment Fund (IIF). Once the full appropriation is drawn, that amounts to \$285,350 per year.

b) Benefits:

For microbusiness, investment per job created is extremely low. At least one new job will result from every \$5,000 of development loan funds invested (micro-loans will leverage additional private investment, in many cases). In the first round of investment, a total of \$4.3 million in state funds plus local matching funds will create 866 new jobs. At even a below-average wage of \$15,000 each, that means:

- \$12.9 million in new personal income, producing
- a \$318,255 annual increase in state income tax revenues.

In addition, about 260 of these new jobs will be filled by people leaving the unemployment or welfare rolls. At an average of \$2,791 each, the state will realize a \$726,000 cost savings in benefits and claims.

More revenue gains will come from increases in excise and property taxes. Even without taking these into account, gains exceed costs by \$3 to \$1; and the loan pool will be invested not just once, but perpetually reinvested in small, locally owned Montana businesses, continuing to create new jobs and related benefits.

2. Is this trust-busting?

The principle author of the Instate Investment Act agrees that the use of funds contemplated here is entirely in accord with the original intent of the Act. What is being done is to free a small part of the Fund from the constraints of trust fund fiduciary regulations--constraints that prevent the money from being used to make small loans to truly small businesses. And the appropriation from the IIF is not to be spent: it is to be invested, over and over again, in small companies at the community level. Loan capital is sequestered from operating funds; is secured; and is recoverable.

[continued]

3. What about security?

Loss rates for combined training/finance/oversight programs are about the same as regular bank loss rates, and can be covered from loan loss reserve requirements placed on the MBDC's.

Capital (the development loan fund) will be strictly sequestered from operating funds at the state and local level; any repayments of principle to the state will go back into the development fund.

Principle on development loans will be secured by a first lien on all microbusiness loans of each MBDC: a minimum ratio of 1.3 : 1 of collateral to investment.

Principle can be recovered in two ways:

Through default, in case of nonperformance by an MBDC, in which case the corporation's receivables revert to the microbusiness development fund;

Through non-renewal of the interest-only feature of the development loans. These loans will be made on an interest-only basis for a set term. If it is decided not to renew at the end of the term, an amortization schedule can be negotiated, to recover principle in a gradual fashion that does not disrupt the income or operations of the MBDC.

4. Where will the MBDC's get their operating income?

About one-third will come from interest earnings on microbusiness loans. If development loans to MBDC's are made at 4% (enough to cover administration at the state level), and microbusiness loans are made at the current market rate of 13%, net interest earnings will be about \$22,000 per year. The remainder of a typical \$65,000 operating budget could come from interest earnings on matching funds, fee income for training and loan packaging, local government support, private foundations, federal grants, or the one mill levy for economic development available to Montana counties.

5. Why not low-interest loans to the microbusinesses? Why should they pay market rate plus a premium?

The intent of this program is to finance economically sound and competitive expansion or start-up projects that are too small to receive attention from existing public or commercial lenders. A competitive project, by definition, is one that can pay market rates. Premiums of 1% to 3% (\$100 to \$300 per year, on a \$10,000 loan) are needed to pay the costs of technical assistance and oversight provided by the MBDC's. What's more, a small premium over market is a sensible screening device: only those who actually cannot get conventional loans will apply to this program, if rates are slightly above market.

HRDC

HUMAN RESOURCE DEVELOPMENT COUNCIL, INC.
BOZEMAN HOTEL, SUITE 300 • 321 EAST MAIN • BOZEMAN, MT 59715
BOZEMAN (406) 587-4486 • LIVINGSTON (406) 222-0896
GALLATIN, PARK, MADISON AND MEAGHER COUNTIES

H.B. 477, The Microbusiness Development Act--Testimony

Before the Montana House Committee on Business and Economic Development

By Lynn Robson, Capital Opportunities

February 8, 1991

Chairman and Members of the Committee, I thank you for the opportunity to offer my support for House Bill 477, the Microbusiness Development Act, that you are considering this morning.

Capital Opportunities is a Montana micro-business loan program funded in May, 1989. The program was funded initially through the U.S. Department of Health and Human Services with a matching grant of \$250,000.00 for two years. The match was provided by the Montana Department of Commerce, the program Partner, the Montana State University Survey Research Center, the Bozeman Human Resource Development Council, Headwaters Entrepreneur Resources and Women's World Banking/Montana Affiliate.

The program offers loans supported by business technical assistance to a south-central Montana four county area with 10% of the loans annually offered state-wide. The Loan fund is the only revolving loan fund in the state:

- (1) making loans directly,
- (2) packaging the loans with participating commercial lenders and their SBA guarantee programs,
- (3) providing monthly loan monitoring,
- (4) facilitating on-going business technical assistance, and
- (5) advocating commercial lender refinancing to recycle the revolving loan funds.

In addition, Applicants must have two bank turn-downs, a complete business plan and need less than \$10,000.00 from Capital Opportunities. Full collateral value is sought and market rate interest is charged. Applicants must have family income and net worth of under 125% of poverty (family of 1 \$7,850, family of 2 \$10,525, family of 3 \$15,719, etc.).

Special client services are provided for Applicants requiring public assistance, i.e. gas and auto insurance from Job Service,

Food Stamps and Medicaid from SRS, and rent assistance through HRDCs. In response to Capital Opportunities proposals, the Montana Department of Social and Rehabilitative Services has just adopted administrative rules and provided training for its community offices supporting loans from Capital Opportunities and other self-employment programs.

As of October 1, 1990, Capital Opportunities received an unprecedented second award from the U.S. Department of Health and Human Services to expand the program to four other community areas. The communities selected were the four JOBS designated areas including the Bozeman area. This expansion added the Montana Department of Social and Rehabilitative Services as a second Partner in an innovative and unusual activity for state welfare programs (the state of Vermont, Washington and a few others have engaged in similar activities). The Montana Department of Social and Rehabilitative Services has pledged \$100,000 for the annual Capital Opportunities budget.

The expansion is very similar in design to the original demonstration program with the exception that the new communities have the latitude to design their loan and business technical assistance programs based on existing community resources and needs.

House Bill 477, the Microbusiness Development Act, is legislation that can build on, and take advantage, of C.O. statewide infrastructure. Business technical assistance exist across the state in a variety of forms, public, quasi-public, and private. This assistance has been indispensable to the success of the program. In addition, the program provides monthly individual business monitoring in order to insure business technical assistance is appropriate and expedient. The result of this combination is that borrowers develop enough business history to participate in normal business banking practices.

Capital Opportunities was developed based on voluminous information gathered from similar state programs in Vermont 12 year old JobStart program and the six year old Maine program. One of the most interesting results from these other state programs has been the high savings, for instance, the cost of the program in Maine was \$679,000 and public assistance savings were \$824,000.

One of the benefits to the state of Montana from such legislation will be the ability of communities to use this \$3.5 million to attract other economic development dollars from public and private source. Capital Opportunities experienced a match rate of two to one from outside sources.

I urge you to vote in support of H.B. 477. Essential goals of this legislation will create and retain permanent jobs, address the credit gap, and establish a permanent process for community economic expansion.

Exhibit # 5
HB 477
2/8/91

HRDC

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GALLATIN, PARK, MADISON AND MEAGHER COUNTIES

CAPITAL OPPORTUNITIES "a micro-business capital fund"

Loan Clients

JUDITH A. FILBERT, LASER STAR, LIVINGSTON

After residing in Park County for a year, Judith Filbert realized that her best opportunity for employment was a business of her own. As a college graduate with a solid work history, she conducted thorough research and decided to establish a business recharging LASER printer cartridges for firms in the Bozeman and Livingston area. Unable to obtain bank financing, Filbert obtained a Capital Opportunities loan (\$10,000) with a solid plan for the business and a clear desire to succeed. LASER Star is now almost a year old and has evolved to provide Filbert a solid monthly income with good prospects for growth.

CHESTER & JUNE WALSH, CJ'S COUNTRY STORE, DAGMAR

Chet and June Walsh resided in Medicine Lake for 18 years when they decided to establish a small grocery store in Dagmar. Although Chet was experienced in farming, he and June always supplemented their farm income with other work. Since the Dagmar coop store was forced to close, the community had no local grocery but had a building and facilities that could be rented. CJ's Country Store provided the Walshs an opportunity for their own business and the chance to continue operating their leased farm. Walsh found that his local bank was interested in providing financing, but would not provide the amount needed. Capital Opportunities provided a loan (\$10,000) supplemented by a smaller bank loan (\$6,000) to permit the Walsh's to open the store in Dagmar. After six months of operation, CJ's has exceeded income projections and provided a valuable service to this small community.

February 1, 1991

Little firms get financing help

By DENNIS GAUB
Of the Gazette Staff

Entrepreneurs, community agencies, lenders and people involved in economic development have been invited to learn about a program to help small businesses in Yellowstone County get financing and technical assistance.

The Capital Opportunities micro-enterprises capital and business technical assistance program is scheduled to be introduced during a meeting on Monday 4:30 p.m. to 6 p.m. at the Northern Hotel.

Stephen Hedger, director of the Vermont Job Start Program, will speak at the session about lessons from his state's program during its decade of existence. The Vermont program is the model for Montana's statewide Capital Opportunities program, funded by the U.S. Department of Social and Rehabilitation Services, the Montana Department of Commerce and five Community Action agencies.

The Bozeman Human Resources Development Council helped develop the proposal for the Yellowstone County program, which is being administered through the Billings-based District 7 Human Resources Development Council, a non-profit corporation that serves Yellowstone and surrounding counties.

Business

Carl Visser, District 7 HRDC director, said on Wednesday that the Bozeman council received a \$300,000 grant to help small business development statewide. The Bozeman council plans to subcontract with the District 7 council and allocate \$60,000 over a two-year period to local small-business projects.

Local economic development officials will seek matching private money to turn the program into a \$60,000-a-year effort for two years, Visser said.

He said the District 7 council has arranged to have the Billings Area Business Incubator/Small Business Development Center provide training and technical assistance to HRDC clients trying to start or improve small businesses of their own.

HRDC will refer people whose income is less than 125 percent of the federal poverty level, Visser said. Business owners will get help in drafting a business plan and other types of business planning.

The program includes a \$52,000 revolving-loan fund, restricted to \$16,000 per loan, Visser said.

Applications will be screened by a review committee of local bankers, lawyers and other business people. Loan recipients will have to have been turned down previously by banks.

The loans won't be offered at low interest but will be priced "pretty much at the market rate" so recipients don't get a distorted view of the true cost of capital, he said. HRDC will check on businesses that get loans to see how they are faring.

Visser described the Billings endeavor as a pilot project similar to ones underway in Kalispell, Helena, Bozeman, Missoula and Glendive.

"We're looking at being a partner, a player," he said, adding that the loan fund could grow beyond its initial \$52,000 level.

Those involved in the local loan program hope to approve 15 loans in a two-year period while keeping the default rate to 15 percent or less, Visser said.

"We feel pretty fortunate. There were at least eight other states that competed for these funds," he said.

The "bottom line" for the program is that it is bringing \$60,000 in new funds into the community, Visser said.

And, "the fact that it came from a human services agencies is indicative of the importance we put on finding people jobs," he said.

MORTON, JUNE
DISTRICT XI
617 S HIGGINS
Missoula

HT 59801

Exhibit # 5
2/8/91 HB 477

WALL STREET

102nd YEAR, NO. 10

TUESDAY, JAN. 15, 1991

HAMILTON, MONTANA

35 CENTS

Economic program will begin soon Chamber seeking orderly growth

By RUTH THORNING

The work done by the Bitterroot Chamber of Commerce to promote orderly economic growth in the valley was one of the reasons that Ravalli County was chosen as a site for a Capital Opportunities program, according to Ravalli County Commissioner Steve Powell. Powell told the Chamber's Economic Development Committee that the program will begin in the county this month under the sponsorship of the District XI Human Resource Council and in cooperation with the Bitterroot Development Corporation.

The Capital Opportunities program is designed to provide technical assistance and capital to low income entrepreneurs who would previously have access to business capital. The initial funding to Ravalli County will include \$12,500 in start-up monies to fund a half-time position in the Health and Human Services office in Hamilton. The program is funded by the U.S. Department of Health and Human Services, the Montana Department of Social and Rehabilitation Services, the Montana Department of Commerce and five community action agencies.

Jim Morton of the state Human Resource Council told the group, "You're trying to figure out your own economy. That means this was a good place for this project because of the interest here."

Morton said the program will run initially for two years and may be extended past that time. In another presentation at the same meeting, Jim Parker and Jim Freeman outlined steps they are taking to obtain a \$60,000 U.S. Forest Service grant to help plan economic diversification in the area.

See Economic, page 8



Fill 'er up — Ron Osborn, co-president of volunteers, fills a food bag at Haven House to be given to those with a need. (Ruth Thorning photo)

Caring

Haven House marks a decade of helping

By RUTH THORNING

Ten years ago Haven House was founded on the principal that no one in need should go hungry. Jan Pallmuik, who founded Haven House, died several years ago, but Haven House lives on as a memorial to

and the volunteers are completely non-judgmental. Everything is confidential at Haven House.

"Jan always said she would rather help someone who really didn't need it than turn away someone who did," Hard said. "We try to live by that and I think over the years very few people have taken advantage of us."

Haven House is open three days a week, Monday

Valley people to rally for peace

By PAT RHODES

Valley people interested in participating in the peace rally in Missoula today are carpooling from the Ravalli County Courthouse at 10:30 a.m., according to Bonnie Evans of Corvallis.

The Missoula rally participants will gather on the University of Montana mall at noon and then walk to the Missoula County Courthouse for a 24-hour peace vigil, according to Evans. Thousands of marchers are expected to turn out, she said.

About 30 local people have taken part in daily, one-hour peace vigils on the Ravalli County Courthouse lawn for the past week, Evans said. She added that a prayer vigil began at the Corvallis Methodist Church at 8 p.m. Monday and will continue until midnight today. A prayer service is scheduled at the Stevensville United Methodist Church on Thursday at 1 p.m.

Valley churches are being asked to ring their bells at 10 a.m. today in a powerful, nationwide

Gran...h said...in't yet spoken directly to de Cuellar. But where are our priorities? CBS News vice president Joe Peyronnin insists there was no conflict between his news and sports divisions over the decision to drop Dush and run with the game. "I was the only contact between sports and news," he said. "I made an editorial judgment on my own that at a certain point in the news conference we had enough on the

Emergency Management Agency funding, a loss of \$25,000, which would have purchased food from the state Food Bank. That money will have to be made up by local contributions if Haven House is to continue to provide the same level of support. FEMA funding may be returned to Haven House next year because of this year's high unemployment figures, but at this time there's no way to tell if that will happen, Hard said.

Ron Osburn, who is co-president of the Haven House volunteers with his wife, Nancy, said he has never seen a place which has such generosity. Donations in the form of food and money provide about half of Haven House's resources.

People give garden produce, game, entire beees and pork and lamb. If anyone wants to donate an animal, Haven House will gladly pay for the cutting and wrapping. Hard said, but that, too, often is do-

dimension mill owner from Colorado has contacted the GMU economic task force and is coming to the valley in late January to look at the possibility of relocating his operation here.

Jackson also told the committee that she has received a number of inquiries from businesses about coming to the Bitterroot and the Chamber has sent more than 45 letters and information packets to answer those inquiries.

Outgoing committee chairman Sam Noel said interest in the valley will continue to grow and he saw a future need for a full-time professional to answer inquiries and work with companies who indicate interest.

Noel, who is leaving the valley to take a new job in Washington, will be replaced as committee chairman by Emil Erhardt, who is also taking over as CEO at Citizens State Bank.

Continued from page 1
 a western Montana coordinator for the Ben Franklin Stamp Collecting program. She also directs the Ravalli County 4-H stamp project.

Economic
 Continued from page 1
 Bitterroot.

The grant proposal is titled "The Bitterroot Futures Study" and its stated purpose is to "establish a locally sustainable capability to manage economic growth to maintain and preserve the local quality of life." Its goal is to identify and support diversification opportunities and links to local, state and federal technical and financial assistance.

Components of the plan include a Bitterroot Economic Futures forecast, working with the Bitterroot Economic Development Corporation on a small business incubator, working with the local RC&D on commercial planning, working with Grassroots for Multiple Use on value-added diversification of wood products and developing a countywide skills bulletin board with the RC&D.

In a related report, Freeman told the committee that a small-

Post
 Continued from page 1
 cause she grew up in the small north-central Montana town of Turner. She has been in the Postal

commander-in-chief on two of the most important days since the gulf crisis began last August.

There are people with family members and friends in the gulf who are anxious to keep up with any and all developments, especially word from the commander-in-chief. After all, their futures are at stake.

Heaven forbid the gulf crisis continue into Super Bowl Sunday!

Hamilton High School's speech and debate place in the A division speech meet during the Saturday in Frenchtown. Speech and debate expressed pleasure with the team's finish. "I did well," Manley said. Because four debaters are expected "a real strong Hamilton presence for Matt Schlichter and Shannon Rennaker with Jim Craig and Greg Connell) were fifth and Whitmore were sixth in the same event.

German foreign exchange student Pia Peyer speaking while Yuke Shimada was sixth in the Donna King took third in impromptu speaking was sixth and Jennifer Fallows was fifth in impromptu speaking.

Twelve competitors traveled from Hamilton which was won by Polson. The team will be traveling this weekend for the state tournament.

Hamilton debaters

Obituaries

CC: LYNN
 CHARLIE
 JEFF
 ORIG: LINDA HOLD

**The Capital Opportunities
Loan Review Board**

**Alan Baquet
Ed Brandt
Marsha Goetting**

Capital Opportunities Staff

**Lynn Robson
Charles Hill**

**For further information:
Capital Opportunities
Bozeman Hotel, Suite 300
321 E. Main
Bozeman, Montana 59715
(406) 587-4486
Fax: (406) 585-3538**

Capital Opportunities is administered by
the Human Resources Development Council

H R D C

House Business & Econ. Dev.

EXHIBIT 5
DATE 2/8/91
HB 477

**Capital
Opportunities**

"a micro-business capital fund"

***In the American Tradition
of Entrepreneurship***



District IX, Human Resource Development Council, Inc.

Capital Opportunities

Loan Program APPLICATION

Thank you for your interest in Capital Opportunities. This program, funded by the U.S. Department of Health and Human Services, recognizes the importance of Small Business to Montana's economy.

Capital Opportunities is a loan program designed to provide the Small Business person with the necessary capital to start, strengthen or expand a business operation. Qualified applicants may borrow up to \$10,000. A reasonable length of time will be scheduled to allow the borrower to repay the loan. The interest rate on Capital Opportunities loans is a fixed rate set on the date the loan agreement is signed.

Capital Opportunities is a program available to residents of Gallatin, Park, Madison and Meagher Counties. Ten percent of the loans annually may go to businesses in other counties. The program is administered by the Human Resource Development Council.

If you would like more information about the program, please feel free to contact Capital Opportunities:

Capital Opportunities
Bozeman Hotel, Suite 300
321 East Main Street
Bozeman, Montana 59715
Phone: 406-587-4486
Fax: 406-585-3538

Exhibit # 5

EXHIBIT 5
DATE 2/8/91
HB 477





LASER STAR

EXHIBIT 6 *Filbert*
DATE 2/8/91
477

P.O. Box 1157 • Livingston, MT 59047 • 406-222-7577 • 406-587-3932

H.B. 477, The Microbusiness Development Act--Testimony

Before the Montana House Committee on Business and Economic Development

By Judith A. Filbert, Laser Star

Date: February 8, 1991

Good morning ladies and gentlemen.

It is indeed a pleasure and honor to come before you today to testify on House bill No. 477, The Microbusiness Development Act. My remarks involve looking at Laser Star - a micro business which came into existence as a result of just such a program as you are considering. Laser Star is a cartridge recharge service for laser printers and various copy machines in the Bozeman/Livingston area. I am the owner and sole proprietor of Laser Star. My customers are small business, universities and large corporations operating in Montana and North Dakota. I am pursuing with some encouragement regional service with the assistance of the Procurement Technical Assistance Personnel at the Department of Commerce.

At the time I began searching for financing for my business, little did I know the obstacles that would be encountered. I was then on unemployment, having been laid off. Previous to that I lost a job when Orionics, a high technology company in Bozeman, closed its doors. After two such experiences within a brief four year span and surveying the bleak career opportunities in my geographic area, I decided to begin my own company. It was our family tradition to own and operate your own business, my father operated a successful tree nursery during my childhood and youth. I grew up in the entrepreneurial spirit.

Once having made this decision, I formulated a business plan and approached several banks and the Small Business Administration. I was turned down by four banks and discovered that a loan in the \$15,000 to \$20,000 range was very difficult to obtain. My personal collateral was not sufficient to carry a loan of this size, and the business is not one which has a large inventory or office which could be used as collateral. The nature of this business is such that until it reaches a substantial gross income, it will not need to carry a large inventory, and can be operated from my home. Just what I wanted to have a safe, conservative start-up, but not sufficient to meet conventional banking requirements.

Ex. 6
2-8-91

HB 477

Capital Opportunities in Bozeman was just opening its doors in the fall of 1989. I approached them and was able to qualify for their program. Although their \$10,000 ceiling was not quite enough capital as I projected I would need to begin the business, it being the only ball game in town, I went through with the loan application and was the first recipient of a loan from them. My loan was received in January of 1990, but because of the technical nature of my business it was actually March before I was fully trained and ready to put out my first advertisement. Although I processed a few cartridges in March (literally, three), April was my first month of operation with 18 cartridges recharged. Sales doubled in May and I thought I was off to a good start. However, given the time of the year, with summer vacations, a general slow down in business activity and the processing of paper work, laser cartridges were not being used at a high rate resulting in no growth for a period of three months. The business was maintaining that level despite an active sales campaign. This resulted in cash flow problems.

Because of the flexible nature of the Capital Opportunities program, I was able to approach them with the problem and a solution. They agreed to defer my loan payments for three months. Without this option, I would not have been able to keep the business operating.

By the end of December, 1990, just nine months of active business, I grossed \$25,000 and was able to hire my first employee --- myself --- and a part-time telemarketing person.

Currently I have two part-time people helping me. I anticipate the need for a third part-time technical person within 3 to 6 months, possibly sooner. By the end of this year I am projecting that my business will double and I will need 2 full-time employees, as well as two part-time employees. Within two years, my projections are to have 4 to 6 full time employees.

These projections are based upon a conservative growth rate. However, there are a number of irons in the fire which could show a faster growth rate than this and if one or more of these avenues open up, I expect to have to hold onto my hat as well as my senses in order to keep up with the growth. This would, of course, require more employees.

During this year I have had monthly meetings with Capital Opportunities and the Department of Commerce, Small Business Development Center personnel. The technical assistance provided has been very valuable. I wholeheartedly support the need for technical assistance in this bill.

As an interesting side light, recently, the representatives of Capital Opportunities were approached by one of the banks that originally rejected my start-up loan. At the time I was in the midst of considering quoting on a deal that would bring \$150,000 into Montana and my business from outside of the state. Representatives of Capital Opportunities and myself met with the bank Vice President. The bank wanted to work with me on this particular deal. Although I was not successful in winning this bid, a business relationship is established for the next business venture of this nature that I enter into. I do believe that this level of financial backing would have taken me much longer to

2x. 6

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achieve in the course of my growing business than it has while under the umbrella of Capital Opportunities.

I would like to conclude with a statement of personal sentiments. I am very interested in seeing businesses developed in the State of Montana which will create jobs. I am also highly in favor of and feel very positive about the State's strong business assistance program in the Department of Commerce. I view the growth and development of my business as important not only in a personal framework for personal gain and accomplishment but I view the success and development of Laser Star as an opportunity to create jobs for those who may have had experiences such as I did and an opportunity to contribute to the overall economic development of this great state of which I am privileged to be a citizen. Thank you.

H. B. 477, ~~7~~

2/8/9 Walsh Exhibit #1
HB 477

I Thank you for the opportunity to speak
in support of Bill H.B. 477

Loan

I am Chester Walsh, I came here today to testify on behalf of myself, my family, the community of Dagmar and the ~~Human Resource Development Council~~. ^{Capital Opportunities}

We own and operate as a family business what is now CJS Country Store in Dagmar, ~~It~~. Dagmar also consists of a service station with bulk plant, a post office and a trucking company.

CJS is a restart of a previously existing business, owned and operated by a local cooperative association. This co-op was started in 1906 by area homesteaders, to service their everyday needs as it was and still is 30 miles to the nearest town. This is the only existing business of its kind for the community.

In years prior to the oil boom, business profited completely from local support. With this support plus the added oil industry ~~made~~ business prospered. Money was borrowed to build a new and more efficient building. Shortly following the completion of the new building the business began to lose money. This loss was due to high overhead and low sales. The high overhead being primarily the expense of the new building. There were various reasons for the low sales. The oil industry faded, the government implanted crop program, lack of rain and low prices, which resulted in families leaving the area, this eventually led to the closing of the co-op.

We felt that the community support was still there and given the opportunity people would still support a local business. This support would come from a long established farming community, containing the town of Dagmar, population 35 ~~and~~ a rural area approximately 10 miles in radius totaling about 100 households. Also in our area are two summer recreation sites, two area churches and a grade school.

We projected that if we could get funding to restock groceries, purchase minor equipment to incorporate a small coffee and deli shop and make necessary building improvements, we could make this business work. We calculated an investment of \$17,000.00 would be needed to finance this operation, and with proper repayment plans we could expand and repay our debt.

~~Due~~ ^{Early} to the fact that the only security we had was our experience and inventory that would be purchased, no funding could be obtained with any local banks or lending institutions. We just about figured it a lost cause until we met with ~~an~~ ^{representative} from Glendive and he helped us get in touch with Capital Opportunities ~~HRDC~~. With his help and the help of HRDC the next few months were spent putting together a BUSINESS PLAN. After doing this plan (which by the way is not easy) we were able to understand its importance, as it taught us a lot about business.

EX 7

2/8/91

HB 477

This plan was also the key security to our loan application. Our plan was sent to Capitol Opportunities HRDC and reviewed along with others. Ours was selected as one of the plans to be reviewed for loan application and we were invited to Bozeman for an interview. The only existing problem thus far was the \$10,000 loan limit from HRDC and a seconded source of funding would be needed. After our interview with HRDC our loan was approved with certain restrictions. One was we had to get a second source of funding before HRDC would approve any funds, also monthly records and reports would be sent to HRDC in Bozeman.

With the backing of Capitol Opportunities HRDC and our BUSINESS PLAN we again went to the local banks, this time for a second loan of either \$7,000 or \$5,500 and we would somehow add \$1,500 ourselves. Half the day was spent reviewing our business plan with bank personnel, the result being a second loan for the full amount needed on the security of our BUSINESS PLAN and inventory.

After completing the process of a loan of this type and after several months in business the great importance of all the work done in the BUSINESS PLAN started to make sense.

In our seven months of business, ~~we~~ following our plan we have been able to meet our expenses, increase our inventory, add new profit potential departments and show a profit. ~~We~~ we are gaining more and more community support all the time and we have become a center for social and community gatherings.

We have been able to add two small loans with the local bank to add these new profit potentials. ~~One of them~~

~~Being~~

At the beginning of 1990 things look slim for the community of Dagsmar not only the Co-op was being phased but ~~so was the Rex Station~~ due to much of the same reasons ~~the~~ so was the Rex station & Bulk Plant, which has operated as a Co-op over 40 yrs. The owner & operator of the only Farm Repair shop had passed away and the people who owned the Bar sold their license to Billings. After we opened the Rex station ~~from~~ merged with another. Billings and our Rooming helped in their decision.

HAVE OFF + ON SALE BEER. WE ALSO HAVE ADDERS ^{JOBS}
 VIDEO TAPES, WPS SERVICE AND WE HAVE ONE CORNER SET ^{WIFE}
 UP FOR LOCAL CRAFTS + HANDIWORKS. THIS ^{GIVE BOTH MYSELF} BUSINESS ^{WILL}
 ALSO ^{IT IS} BEEN GOOD EXPERIENCE FOR OUR TWO SONS + ~~AND~~
 GIVES THEM SUMMER JOBS. WE ALSO HAVE 2 PART TIME HELPERS

There is a need of this type of loan availability for small business in our state. There are many advantages and a much better chance to succeed compared to a complete bank loan. When working through an economic business development council you must learn not just the business but business itself. Loans are only made after they are fairly certain you have the training and knowledge to succeed and repayments are structured to fit your ability to function as a profitable business. Any help or training you need either before or after you start your business they are there to assist you and so far with us they have been there. Summary

~~In my opinion I would like to see more economic development councils like ^{CAPITOL OPP.} ERDC through out our state, and I can't think of many better uses of our funds than to invest them into one of the highest forms of employment in Montana, THE SMALL BUSINESSES."~~

~~Thank you~~

AND STILL BE FLEXIBLE
 ENOUGH TO OPERATE ^{OUR} FAMILY
 FARM

IN SUMMARY

Key Points

1. NO LOAN WAS POSSIBLE AT BANKS BUT AFTER APPROVAL OF LOAN FROM CAPITOL OPPORTUNITIES A SECOND LOAN WAS MADE
 2. BANK LOANS ARE MADE TOO BLACK + WHITE YOU HAVE TO HAVE THE SECURITY TO COVER THE LOAN + NO PERSONAL FEELINGS ARE INVOLVED AS TO WHETHER OR NOT YOU SUCCEED ~~OR WHERE DEVELOPMENT CORP TAYLOR~~
- Plus The LOAN AMOUNT IS SMALL ENOUGH THAT ONLY SHORT TERMS ARE AVAILABLE PUTTING PAYMENTS ABOVE REACH. DEVELOPMENT CORP. ARE TAYLORED TO THE INDIVIDUAL BUSINESS SO

EX. 7

2/8/91

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IN Closing The Key Points I would like to make
are these:

1. This Business was vital to the survival of our community.
2. For the amount ~~of~~ loan we needed, no loan was available at local banks or lending institutions.
After working with Capitol opportunities and with their loan support we were able to get funding at the same establishments that turned us down before.
3. BANK LOANS ARE SO BLACK & WHITE, They need as much or more security than the amount you need to borrow. If you had that type of security you wouldn't need to search for funds. ~~After bank loans are made there doesn't seem to be much~~

Even if you could get a bank loan to finance a small business with low security, the amount that you borrow would be on a short term basis putting repayment cost higher than you could afford, ~~even~~ ^{and} though interest rates are higher through Economic Development Councils the repayment schedule is ~~set~~ flexible enough to stretch payments ~~so you can~~ affordable to the business.

In my opinion I would like to see more Economic Development Councils like Capitol opp. through out our state, and I can't think of many better uses of our funds than to invest them into one of the highest forms of employment in Montana, the small businesses.

Thank you



First Bank Bozeman
P.O. BOX 730, BOZEMAN, MONTANA 59771-0730

EXHIBIT 8
DATE 2/8/91
HB 477

Exhibit # 8

Testimony for House Bill 477, the Microbusiness Development Act, for the House Committee on Business and Economic Development.

By Karen S. Ward, Account Officer, First Bank, Bozeman and Member, Loan Review Board, Capital Opportunities.

February 8, 1991

Chairman and Members of the Committee, I come before you in support of H.B. 477, the MicroBusiness Development Act.

My support for this legislation emanates from my thirteen years experience in banking, my experience as a small business owner, and as a member of the Loan Review Board for Capital Opportunities, a micro-business loan program. Due to the national lending environment, it is safe to say that banks will not increase their market share of the businesses targeted for this legislation. A program like this will enable a new entrepreneur to develop the history needed to make them "bankable" by a commercial bank. The required technical assistance in this legislation is vital and is not a service banks can afford to provide.

In summary, there are many sound reasons to support this legislation: Creation and retention of permanent jobs; addressing the credit gap; and local economic expansion.

I urge you to vote in support of this bill.

EXHIBIT 9
DATE 2/2/91
NO 477 Exhibit # 9

Joint Development Fund Accomplishments

The Joint Development Fund has been in operation for two and a half years. From its inception through December 30, 1990, 53 loans were guaranteed to 47 businesses in the Missoula area for a total of over \$560,000. The Joint Development Fund, funded by the city and county of Missoula, is limited to the Missoula area. In November WEDGo obtained additional money, a loan from the MT Board of Investments to operate a loan fund serving women and men throughout the state. Although the WEDGo Development Fund has generated extensive interest and many proposals are being developed, we do not have enough history with this program to offer any data at this time. We receive two or three inquiries per day from all over Montana, two loans have been approved and we have several proposals ready for February loan committee.

WEDGo commissioned a study of the Missoula area loan portfolio to see if we are serving those who are unable to obtain traditional financing, if the mix of businesses are similar to business growth in the state and the nation, how many jobs were created and the default and delinquency rates. I would like to share some of our findings with you today.

Our program is designed to help those who can not obtain financing from a bank on their own. Generally, this is a result of lack of adequate collateral and equity. Most of our clients have low to moderate incomes. Some of them were making good wages but had recently lost their job due to a lay off or injury. In fact, 27 of the 47 loan clients, 53% were making less than \$10,000 per year prior to starting the business. 33% were making less than \$5,000 per year. 27 loan guarantees, 57%, were made to start up businesses, another barrier to overcome when seeking capital.

Women have particular problems obtaining capital. This is in part related to low wages in female dominated professions and lack of personal credit experience. Almost half of the 47 business loans were made to female sole proprietorships; just under one-third were made to male sole proprietorships. Approximately one-fourth of the clients are either couples or female partnership. We have only one loan to a corporation. Share holders originally were both men and women, however, it is now headed by female owners.

We serve a wide mix of businesses, in fact some quite unusual ideas come before our loan committee. Mirroring the growth in the national and state economy, most of the businesses that have received loans, about 70%, are in the service sector. 4 clients have animal commodities such as tropical fish, tropical birds, and low cholesterol pork. Another 15% have craft or light manufacturing businesses. About one quarter of our clients are in wholesale sales and another quarter are in retail sales.

We encourage business owners to get out of the local economy and sell to a larger market whenever possible. 8 1/2 % have a state wide market; 17% serve a regional market; another 15% serve a national market; about 6% of our clients are serving an international market. These figures total more than 100% because businesses may be coded in more than one category.

Our loan guarantee limit is \$15,000. It is not surprising that this is the most frequent loan amount requested. However, we have guaranteed loans for as little as \$2,000 and participated in deals, partially guaranteeing loans up to \$30,000. The average loan amount is about \$12,000 and the average term is 3.8 years. The loans were most commonly used for working capital, equipment or machinery, inventory and renovations.

To date, the Joint Development Fund has not experienced any defaults or business failures. Our delinquency rate is 4% which compares quite favorably with other alternative loan funds around the county and to bank delinquency rates. We believe this is in large part attributable to the technical assistance provided to clients prior to obtaining the loan and throughout the loan period.

Job creation is a critical interest of our programs and the state government. We looked at both the jobs created and those retained by businesses after receiving loans. 127.5 FTE positions were created or retained by these 47 businesses. Most of the businesses have one or two positions, but one has 14.5 positions. So the average amount of loan per job created or retained is \$4351. This compares very favorably with the national average and other job training and creation programs in this state.

WEDGo and MCBI wanted to demonstrate that the Joint Development Fund would create jobs and that the loans would be repaid as promised, while serving clients that would otherwise be unable to start or expand their businesses. We are very pleased by our success. The Micro Business Development Act provides a mechanism to increase this opportunity and to create more jobs around the state.

Testimony to the House Business and Economic Development Committee

by: Kelly Rosenleaf
MT WEDGo Client Services Manager

February 8, 1991

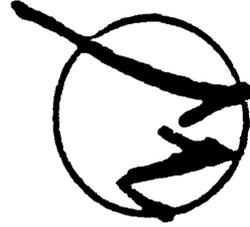
The Loans

Loans are guaranteed for amounts up to \$15,000. Occasionally direct loans are made. Both expansions and start-ups are funded. No loans are made to businesses that have multi-level sales structures, or for new product development.

Application Process

1. The borrower's decision The borrower must decide to be part of a unique partnership between the bank, WEDGo, and the borrower. WEDGo guarantees the loans and works with borrowers both before and after the loan. The bank accepts this "technical assistance" as partial assurance of the merits of the loan. The borrower needs to decide to make a considerable time commitment to the process.

WEDGo Development Fund
127 North Higgins
Missoula, Montana 59802



127 North Higgins
543-3550 728-9234

The WEDGo Development Fund

2. The loan package

WEDGo will assist you in linking up with a local consultant to help build a loan package. The package includes a business plan, personal financial statement, credit report, loan recommendation from your consultant, loan guarantee agreement, and management assistance agreement.

3. Loan committee WEDGo staff will present your application package to the fund's loan committee, a group of experienced small business owners. They can approve it, ask for extra conditions, or turn it down.

4. The bank Once WEDGo approves a guarantee, a participating local bank will consider the loan. The bank can approve it, ask for conditions or turn it down. Terms and conditions will be communicated by a bank loan officer.

5. Follow-up The fund's agreement with the bank is that we will continue to work with the borrower throughout the loan payback period. This includes cash flow monitoring and help with individual business concerns.

Micro Business Lending in Montana

The WEDGo Development Fund serves microbusiness owners with loans in amounts less than \$15,000. The fund is usually used to guarantee loans through a participating Montana bank. The fund can also make direct loans.

Montana Women's Economic Development Group (WEDGo) administers the fund. We ask borrowers to assemble a complete business plan in order to apply for loans under the WEDGo Development Fund. We'll help you link up with a local consultant for assistance.

WEDGo loans for business expansions, equipment and facility upgrades, and working capital for both existing and new businesses. Our clients include seasoned small business owners as well as first-time business owners.

Microbusiness loans have been the key to success for many entrepreneurs. We encourage you to consider one for your business, too.

In the loan process. Past credit problems don't automatically exclude you from the loan fund.

Supporting documents

Serving as appendices to your business plan will be a loan recommendation from your consultant, a personal financial statement, a management assistance agreement, and the loan guarantee agreement.

The Business Plan

Many borrowers underestimate the job of writing a business plan. It doesn't have to be long, but it has to be complete. The business plan is the key to your loan application's success and includes:

- Business description
- Marketing plan
- Operations plan
- Financial plan

You'll need to tell about your industry and its trends, and how your product or service fits in. Your marketing plan tells exactly who your customers are and how you plan to reach them. It reflects good knowledge of the competition.

Your financial plan shows that you can meet business expenses, pay yourself, and pay back your loan.

Other Documents

Credit report WEDGo will check your credit report as the first step

Management Assistance

WEDGo Development Fund's goal is to create successful businesses in Montana. Follow-up assistance to borrowers is the key to meeting this goal.

Part of your loan package is a Management Assistance Agreement. This is a contract concerning the size and purpose of the loan, use of the funds, and follow-up consulting.

The fund requires monthly follow-up contact with WEDGo. We'll review your actual cash flow with the projections made in the business plan.

WEDGo or local consultants are available, however, for all types of business questions throughout the loan period and beyond.

Fees, Rates and Terms

WEDGo Development Fund loans are at market rate: 2-3 % above

prime. The interest rate runs for the life of the loan, usually two to three years (maximum five years).

Closing cost, any filing fees, and minimum interest costs are set by the bank making the loan. A 2% loan reserve fund fee is collected to help offset defaults.

These fees can be included in your loan request.

You may be charged \$5 to \$40 per hour for your consultant, depending on your income and local services.

Sponsors

The WEDGo Development Fund is made possible by Montana's State Board of Investments. SBI, cooperating with Missoula County, provided \$100,000 for WEDGo to guarantee microbusiness loans at banks throughout the state. WEDGo management assistance services are funded by Northwest Areas Foundation, US West and other private donors.



IT'S HER BUSINESS

A Newsletter of the Montana Women's Economic Development Group

Vol. 3, No. 1.

Winter 1991

Loans Now Available for Micros Statewide

Microbusiness owners from Absarokee to Zurich now have access to the loans that WEDGo has been making available in the Missoula area for the past year. Montana's State Board of Investments loaned WEDGo \$100,000 to guarantee bank loans up to \$15,000 to micro-business owners across the state.

Any Montana microbusiness with a viable start-up or expansion project is eligible. However, no research and development projects will be considered. Loans are made at participating banks, with WEDGo guaranteeing repayment. Interest rate is 2% above prime, about 12% at the time of this newsletter. An additional 2% is assessed for a loan default fund. The payback period can go up to five years.

The program, called the WEDGo Development Fund, is a model in which state money leverages private money for microbusinesses. The state money allows WEDGo to guarantee microbusiness loans, making them more attractive to Montana banks. Then, once a microbusiness establishes a lending relationship with a bank, future credit and capital needs are more likely to be met. The success of the WEDGo Development Fund will influence state legislators this winter, when they vote on a similar, larger-scale proposal for microbusiness loan guarantees called the Microbusiness Development Act.

Here's how you can apply for a WEDGo Development Fund loan guarantee:

Contact WEDGo for a brochure. It will explain who is eligible and what the loan packaging process is like.

Send \$3 for the WEDGo Development Fund loan packet, after reading the brochure and determining that you are eligible. The packet will guide you in preparing a business plan and other necessary documents.

Contact WEDGo and write your business plan. In the Missoula area and many other areas of Montana, WEDGo can provide or refer you to a consultant to help with this process. Please be in touch with us while writing your plan. We will be presenting your business plan to our loan committee, and we need to be familiar with you and your business.

Submit your proposal to the loan committee. A committee of three business owners, an accountant and an attorney review all applications. They can either approve, turn down, or approve with conditions your proposal. They meet the third Tuesday of each month, and complete business plans must be reviewed in the WEDGo office by the second Tuesday in order to be considered.

If your application is approved, WEDGo will work to have the loan made at a local bank. Once the loan is made, the terms of the guarantee require you to review your cash flow and business progress monthly with a WEDGo consultant.

One key section to prepare in your business plan for a loan is the cash flow. WEDGo looks for cash flows based on real-world research. For instance, sales rarely increase a set amount like 10% per month in real businesses, and they shouldn't in your projected cash flow.

Cracking the Catalog Market

by Sally Mullen

Getting your products into the booming catalog industry is a real morale and financial boost to a small manufacturer or production craftsman. It opens up markets and distribution channels that otherwise would be unattainable to most small operations, and can decrease the amount of time and money spent marketing and shipping.

Assuming you can produce enough to meet the catalog's needs, there are several approaches to selecting a suitable

Pay attention to patents and trademarks. Know your production capabilities and your lead time.

-Anita Golden, Wind Related

catalog. It is important to try for a mutually-beneficial fit between your product and the prospective catalog. This fit involves your product's quality and style, the right volume for you and the buyer, and a workable price for both. Just as in other marketing efforts, you need to market toward a niche.

There are several catalog directories, including *The Directory of Mail Order Catalogs* and *The National Directory of Catalogs*. Local libraries should have catalog information in their small business section, or at least information on how to contact the directory publishers.

The quarterly *Catalog Product News* runs pictures and descriptions of products. You pay a small fee to list your product the first time and a more substantial fee thereafter. This magazine goes to buyers for thousands of catalog companies, television shopping companies and direct marketing firms. This subscription service then matches up interested catalogers with producers by forwarding information to suppliers from interested catalogers.

Another way to select potential cata-

make someone, even, development

INCUBATOR STAFF



Bill Chumrau, Finance Director, has 20 years local experience in the banking, real estate, savings and loan, and mortgage banking industries. He has been with MCBI since 1988.



Tess Whalen, Program Director, Business Assistance Center, has over 16 years experience in community program development, counseling and training programs, micro-business training programs, employee development and assistance, and economic self-sufficiency through home-based ventures



Judy Smith, IWW Training Program Coordinator, has taught Incubator-Without-Walls classes for four years and has assisted over 75 micro-business owners with feasibility studies, planning and start-ups. She is also Program Director of Options Unlimited, a project of the Women's Opportunity and Resource Development (WORD) training program.



Judy Frey, Program Assistant, has a background in business communications, sales, and marketing, and over 7 years experience with small-business start-ups and computer systems consulting. She is active in several community organizations.

MCBI

127 N. Higgins Missoula, MT 59802
(406) 728-9234

WANT TO GROW A BUSINESS?

Call Missoula's Business Incubator
Guaranteed Loans
Technical Assistance
Training



"People starting out in business need all the help they can get, and the Business Incubator is a real valuable place to get it."

Jace Laakso
Owner, The Crystal Theater

to help you build a loan package, including a business plan, personal financial statement, credit report, loan recommendation from your consultant, income verification and loan guarantee agreement.

3. Loan committee
Your consultant will present your application package to the fund's loan committee. They can approve it, ask for extra conditions, or turn it down.

4. The bank Fund staff will present the approved loan to the bank, which can also approve it, ask for conditions or turn in down. A loan officer will inform the borrower of the decision and the terms.

5. Follow-up The fund's agreement with the bank is that we will continue to work with the borrower throughout the loan payback period. This includes cash flow monitoring and help with individual business concerns.

The Loans

Loans are guaranteed for amounts up to 15,000. Occasionally direct loans are made. Both expansions and start-ups are funded. Loans are made to businesses that have multi-level sales structures.

Application Process

1. The decision These loans are possible because of a unique partnership between the bank, the fund and the borrower. The fund guarantees the loans and works with borrowers on business plans, before and after the loan. The bank accepts this "technical assistance" as partial assurance of the merits of the loan. Borrowers should make a considerable time commitment for this process.

2. The loan package
A WEDGo or MCBI consultant will be assigned

WEDGo/MCBI
127 North Higgins
Missoula, Montana 59802

DATE 2/2/77
HB 477

The Joint Development Fund



127 North Higgins
543-3550 728-9234

Micro Business Lending in Missoula

The Joint Development Fund was created to help microbusiness owners with loans in amounts less than \$15,000. The fund is usually used to

guarantee loans through a local bank. The fund can also make direct loans.

Women's Economic Development Group (WEDGo) and the Missoula Community Incubator (MCBI) administer the fund.

Their business consultants work with potential borrowers to assemble a complete business plan in order to apply for loans under the Joint Development Fund.

We loan for business expansions, equipment and facility upgrades, and working capital for both existing and new businesses. Our clients include seasoned small business owners as well as first-time business owners.

The Joint Development Fund has been the key to micro-business success for many entrepreneurs. We encourage you to consider it for your business, too.

The Business Plan

Many borrowers underestimate the job of writing a business plan. It doesn't have to be long, but it has to be complete. The business plan is the key to your loan application's success and includes:

- Business description
- Marketing plan
- Financial plan

You'll need to show research into your industry and its trends and how your product or service fits in. Your marketing plan tells exactly who your customers are and how you plan to reach them. It reflects good knowledge of the competition.

Your financial plan shows that you can meet business expenses, pay yourself, and pay back your loan.

Other Documents

Credit report Your consultant will check your credit report as the

first step in the loan process. Past credit problems don't automatically exclude you from the loan fund.

Supporting documents

Serving as appendices to your business plan will be a loan recommendation from your consultant, a personal financial statement, a management assistance agreement, income verification, and the loan guarantee agreement.

Timeframes

The loan committee meets on the third Tuesday of each month. Loan packages are due one week in advance.

How much time should you allow to assemble your package? At least two weeks, often two to three months, and sometimes longer, depending on your experience with business planning and business loans.

Allow two to three weeks for loan committee and bank processing.

Management Assistance

Part of your loan package is a Management Assistance Agreement. This is a contract concerning the size and purpose of the loan, use of the funds, and follow-up consulting.

The fund requires monthly contact with one of our business consultants. You'll review your actual cash flow with the projections made in the business plan.

As the business stabilizes, the borrower and the consultant may communicate by phone or through the mail, with less frequent meetings.

The consultants are available, however, for all types of business questions throughout the loan period and beyond. WEDGo and MCBi have helped dozens of microbusinesses with production, marketing, and financial issues.

The Joint Development Fund's goal is to create successful businesses in the community. Follow-up assistance to borrowers is the key to meeting this goal.

Fees, Rates and Terms

Joint Development Fund loans are at market rate: 2% above prime. The interest rate will be set for the life of the loan, usually two to three years. Minimum interest charged is \$10. Closing cost is \$75 plus any filing fees. There is an additional 2% loan reserve fund fee, which helps offset defaults.

You'll be charged \$ to \$40 per hour for you consultant, depending on your income. Fees can be included in the loan request.

Sponsors & Supporters

Funders for the program include: the city and county of Missoula, the federal Department of Health and Human Services, Northwest Air Foundation, US West Communications, Missoula Bankers Clearinghouse and other community supporters.

EXHIBIT 11
DATE 2/24/91
477

MICROBUSINESS DEVELOPMENT ACT

TESTIMONY

My name is Bob Pancich, Assistant Investment Officer, Board of Investments. I was the Administrator for the Montana Economic Development Board prior to its merger with the Board of Investments in 1987. The Board of Investments administers the In-State Investment program investing Coal Severance Tax Trust Funds by purchasing loans originated by lenders approved by the board. The average loan purchased by the Board is \$240,000 --- the smallest is \$28,000 which is rare and the largest was \$8 million. The reason that loans under \$75,000 are not offered to the Board by Lenders is that the cost is inefficient to split the payment between the Lender and the Board. Therefore, the Lenders do not allow access to the Board for small loans made to borrowers. Many times borrowers are frustrated because they are unable to obtain a small loan as envisioned in H.B. 477 and call the Board hoping to obtain a Direct loan which is appropriately prohibited by law. As of December 31, 1990 the In-State Investment Fund balance was \$63.5 million of which \$40.6 million was used to purchase or committed to purchase in-state loans; \$7.5 million is earmarked for Montana Science and Technology Alliance and \$1.1 million is in the Water Bond escrow account leaving a balance of \$14.3 million which could be used as proposed in H.B.477. It should be pointed out that S.B.26 passed the Senate and if passed by the House will make available 25% of the entire Permanent Trust for in-state investment or \$112.5 million. The Board of Investments supports H.B.477.

2-8-91

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME Yvonne Thacker BUDGET _____

ADDRESS Great Falls

WHOM DO YOU REPRESENT? Women's World Banking

SUPPORT OPPOSE _____ AMEND _____

COMMENTS: H.B. 477

WWB provides community banks assist
+ guarantees. This funding is needed

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

1062

Business & Econ Dev

COMMITTEE

BILL NO. SB. 89

DATE Feb. 8, 1991

SPONSOR(S) Sen. Bob Brown

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NAME AND ADDRESS	REPRESENTING	BILL	OPOSE	SUPPORT
MARCIA ALLEN	MT BOARD OF REALTY REG	SB 89		✓
Tom Hoggood	MT ASSOC REALTORS	SB 89		✓
RD Wheaton	MANU	HB 177		
Grace Berger	Dept. of Commerce	information		
Judith Filbeck	Leser Star.	N.B. 477		

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Business & Econ Dev. COMMITTEE BILL NO. SJR-8
 DATE Feb. 8, 1991 SPONSOR(S) Sen. Bob Brown

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Karen Ward	First Bank/capital opp.	477		X
Chester Walsh	CJ'S Country Store/capitol opp.	477		X
Lynn Robson	Capitol Opportunities	477		x
Regina Tyson	MT Indep Bankers	SJR 8		x
JOHN CADDY	MT BANKERS ASSN	SJR 8		X
Kelly Rosenleaf	MT WEDGO	477		X
Barbara Burke	MT WEDGO	477		X
Martha Brown	MT WEDGO + MCB I	477		X

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HOUSE OF REPRESENTATIVES

1 of 2

VISITOR'S REGISTER

Business & Econ Dev.

COMMITTEE

BILL NO. HB 477

DATE Feb. 8, 1991 SPONSOR(S)

Rep. Mike Kadas

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
JAMES TWITLER	Mt Chamber	HB 477		✓
Bob Panch	Board of Investments	HB 477		✓
GARY MASON	RAVALLI COUNTY ELECT. CO-OP BETTERROOT RCTD	HB 477		✓
TONY PREITE	Bear Paw Dev. Corp. HAURE	HB 477		✓
RD Wheaton	NUHMT	HB 477		✓
Everett Shottland	Mt Dept of Ag	477		✓
Kay Foster	Business Chamber	477		✓
Keith L. Colbo	Private Capital Network	477		✓
DON HUTCHINSON	FINANCE DIV. D.D.C.	477		✓
Daniel Kemmis	City of Missoula	477		✓
CAL CUMIN	YELLOWSTONE CO	477		✓
Chuck Brooke	Dept of Commerce	477		✓
Karen Peske	HAEDCo	477		✓

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2062

VISITOR'S REGISTER

Biz & Econ

COMMITTEE

BILL NO.

HB 477

DATE

2-8-91

SPONSOR(S)

Rep. Mike Kadas

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Bill Chumrau	MISSOULA Community BUSINESS Incubator			✓
Riley Johnson	NFIB			✓
Dore Judge	MT STATE AFA-CIO			X
Ann Prusky	MAPP			✓
Diane SANDS	MT Women's Lobby			✓
JUDY CARLSON	HRDCS			✓
CHRIS GALLUS	BUTTE-SILVER BOW BUS. DEV. CNTY			✓
TAMRA LEHTIA P.O. BOX 3445 MISSOULA, MT 59806	LANDSCAPE ARCHITECTURE & DEVELOPMENT INC.			

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