MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

March 21, 1983

The meeting of the Business and Industry Committee was called to order by Chairman Allen Kolstad on March 21, 1983, at 10:03 a.m., in Room 405, State Capitol.

ROLL CALL: All members of the Committee were present.

CONSIDERATION OF HOUSE BILL 700: An act creating the Montana Economic Development Board; providing for the powers, duties, and compositions of the Board, providing authority to issue bonds to finance designated projects; creating necessary funds and accounts; and providing an immediate effective date.

Representative Jay Fabrega stated House Bill 700 is the umbrella bonding bill. There are several advantages to using these. These are limited to debt financing. By participation in this program small businesses can take advantage of the public bond market as an additional source of capital. Because they are tax exempt they get lower financing that would be available and the term may be longer. The costs associated must be paid by the company and are usually included on top of principal and interest. This is the reason for the umbrella on money issued under $500,000 you quickly begin to lose the advantage of tax free provisions of the bonds. The Federal tax law of 1982 allows states to create umbrella bonding up to $1 million per issue. This bill has an $800,000 limit. The idea is for small business. In tax financing the advantage is for ones needing fixed rate fixed term. Term is like 90 days and then the float is very important to small business to have their capital needs financed at a fixed rate over long term. How much can be financed? $800,000 is the limit. 90% of the appraised valuation is the maximum that can be considered. Of that 90% a local institution has to carry 10%. The application has to come to a financial institution that has to participate. That way the state is not involved in any of the judgments. What can be financed? We could refer to the tax act of 1982. There are certain things that cannot be financed. Franchises are totally excluded or if more than 25% of the space in a building is going to be used for automobiles, food and beverage, those are not financable, golf courses, massage parlors or racket club facilities. By setting up this we can establish a common bond pool even though each project has to fly on its own. The proposed sale of bonds would indicate the amount that is being financed. There is a capital reserve that is in $15. The idea in the capital reserve is to retain enough money to cover one years payment. 1% of the amount of the bond is to go into the capital reserve. A guaranty is created in section 19 and 20. That is where the state would get involved. This would not be general obligation bonds but it does carry the moral obligation. The state would come to the reserve of a capital account or guaranty account. We propose that the guaranty bond be funded by the general obligation bond. 10% would be funded by the House Bill 818 proposal. It proposes a general fund issue would cover House Bill 871 and House Bill 733. He would recommend that this is the way to give the insurance account proper funding. By involving the general obligation board of the state they have 70% of the value of the project at risk. If you apply general
banking criteria for loans the chances not recovering that from the
capital assets is practically negative. But by taking the general
obligation bond approach they have a clear statement of what extent
the state could be involved. The project would go under two reviews:
1) where the application is made and 2) House Bill 100 applies to
House Bill 700 as well. The state's risk is almost nonexistent. But
to get the best possible rate from the market today the capital reserve
and the insurance account we have then placed small businesses in
Montana in a comparable situation.

PROONENTS TO HOUSE BILL 700: Senator Joe Mazurek explained the workings
of the bill. Section 21 to 29 is how the bonding conditions will work.
Section 21 beginning on the bottom of page 24, starting there you see
the procedures. The board is required to set up a situation to set up
a criteria that will be used. This is an import bill. They look at
the applicant's net worth. The bill asks has the applicant had the
other criteria for training, reasonable prospects of succeeding and
must meet objectives. The state pledges it would not impair any
obligations. Section 24 insures any project taken under this bill
remain on the tax roll. Section 25 establishes that entities holding
securities money hold these as securities. Section 26 establishes five
criteria that the board must find before they can go forward with the
project, the board must find that these five points are met. 1) Financing
is in the public interest and is consistent with the legislative purposes,
2) financing cannot exceed $800,000 or 90% of the appraised value, which­
ever is less 3) a financial institution will participate in funding the
project, either directly or through a letter of credit to the extent of
10% provided by the Board 4) financing for the project must be insured
either privately or by the board and 5) adequate provisions must be
made for the payment of the debt. Determination of the proper interest
is set forth on page 29. This was also amended in the House. Section 27
is a valid pledge made by the board. The annual audit requirement is
set forth in Section 28. In Section 29, the development board is created.
It was amended in the House to apply that one: each must come from finan­
cial community, small business, agriculture, organized labor and the
general public. The powers of the Board in Section 31 is the Board of
Housing.

Gary Buchanan, Department of Commerce, stated this umbrella revenue
concept has been proven in other states. They have been working with
Colorado, Utah and Minnesota who are in the process of setting up this
program. It was set up by Congress as part of the 1982 tax laws. He
appointed in November a large committee over 50 people who discussed
I-95 and other finances. This is unrelated to I-95 except the Board
could oversee the pooled umbrella revenue bond. The issue is allow
access to large capital markets to small businesses. Montana is
dominated by small businesses.

John Oitzinger stated he chaired the subcommittee that dealt with this
issue and he is an attorney practicing law in Helena. He does not
have anything really to add except to emphasize this is a federally
subsidized program. If Montana does not use it it will be available
to other states. It is intended on a breakeven basis. It is a process
for administering a program under tax laws.
Senator Tom Towe stated he was a member of the Economic Development Committee that Mr. Buchanan established. There are four major bills that came out of that committee. House Bill 100 is the principal 1-95 bill. That deals with investing our coal tax monies to spur development in Montana. The offset is we should not be satisfied to use our own monies, we should bring in money from other states and this bill does that. If there is a way of attracting funds outside the state we should do that. It does have the guaranty provisions, the reserve funds, and participation from local banks and institutions to ensure that it is safe. It helps the smaller businesses who cannot themselves go on the market and sell a million dollar bond issue.

Ed Jasmin, President, Northwestern Bank, stated he served on the subcommittee. We have all heard of Beldon Daniels that brought along a lot of expertise from other states. He stated you cannot push a string up a wall. We are all concerned about that philosophy. This is just not a program that people come in the door and get money. The bank buys in. The individual comes up with some money on his own. Then they can go to a bonding company. I think it is a good program and another vehicle to get Montana on a better track.

Dr. William Crowley, G.T. Murray & Company, stated they are a securities firm and working to arrange financing for a lot of companies in the state. You might want to increase on page 10, line 6, the amount of outstanding bonds above the $25 million amount specified. You run across a lot of good solid loans that are not meeting the standards of the banks. He would like to see consideration to raising the limit above the $25 million limit and be supportive of this bill. They want to get the economic activity going in the state.

Steve Brown, Montana Independent Bankers, stated they support House Bill 700.

May Nan Ellingson, City of Missoula, stated she represents the cities of Missoula and Billings and the Montana League of Cities and Towns. They support this bill as it was amended to take into consideration local governments in determining the public interest. We believe there is a need for this kind of bill to allow businesses to participate in this tax free kind of financing. She offered one amendment that was overlooked when they were amending in the House. This amendment is attached to the minutes. (Exhibit No. 1)

Tom Staples, Montana International Trade Commission, stated he wanted to go on record in support of this bill.

Dave Goss, Billings Area Chamber of Commerce, stated they support this bill also.

Jim Murray, Montana State AFL-CIO, stated they support this bill. The people who have testified have spoken to the necessity of this bill. The issue of jobs and economic development, we feel, continues to be the states number one issue. His written testimony is attached to the minutes. (Exhibit No. 2)
Dick Bourke, DCCM, stated he wanted to go on record stating they support this bill.

Carol Daly, Economic Development Association, stated she supported this bill. Her written testimony is attached to the minutes. (Exhibit No. 3)

There were no further proponents and no opponents.

QUESTIONS FROM THE COMMITTEE: Senator Goodover asked could you explain what the bill does if you have four small businesses at $200,000 each and an $800,000 limit. If one of them should go bankrupt do the others accept the responsibility? Representative Fabrega stated no, the authority would assume this.

Senator Dover asked who is the authority? Representative Fabrega stated the Board created here. The reserve account that is created has a margin of profit just like the Board of Housing.

Senator Gage asked do you have any time frame in mind as to how long it would be before this Board would be in a position to start accepting applications? Mr. Buchanan stated we have an extensive rulemaking authority on all of this. We would move as fast as we could.

Senator Fuller asked on page 36, the concern is on line 11. Is the new Board acting in the same area regarding the Housing Board? Representative Fabrega stated they are the Housing Board in that section. We are amending that to establish the Montana Economic Guaranty Fund. That is an amendment to the present law of the Housing Board.

Senator Kolstad asked have you looked at these amendments? Representative Fabrega stated yes, they are fine.

Senator Fuller asked on page 25, lines 8 and 9, can you share why they did that? Representative Fabrega stated it appeared to be language to be put into the bill. The applicant is lacking the ability to get the long-term fixed rate. He proposed an amendment that if they lacked the ability to secure fixed rate long-term financing but they opted to just taking the language out.

Senator Christiaens asked about Dr. Crowley's comment regarding raising the limits. Mr. Buchanan stated the Ad Hoc Committee of finance thought the first biennium they should be limited to $25 million until it gets going. The select committee deliberated as well and left it alone. There is some message to move slowly the first biennium. Representative Fabrega stated in some ways we are trying to parallel with the Board of Housing. They started with $50 million and $200 million was added a few years later and they are up to $500 million. If we go too high it will require much more in the oversight area. House Bill 871 is very important and that created another $50 million authority. We needed to have a state industrial revenue board authority as well. The state does not have this now. We should get in cautiously. We should not at this time go into more funding than is necessary to get the program started.
Mr. Buchanan stated they had two technical amendments which he submitted to the committee. These amendments are attached to the minutes. (Exhibit No. 4)

Senator Fuller asked on the appointment of the Board, do you remember what the standard appointment process is? Does that include confirmation of the Senate? Mr. Buchanan stated yes it does.

Senator Christiaens asked since banks will be handling 10% of these loans do you foresee any difficulty in a business that would qualify for these types of loans without a track record? Mr. Jasmin stated we are going to be doing a credit evaluation for the project. The private sector does the loan evaluation. If they think this is money good they will pass it on, if not no.

Senator Severson asked with this type of financing what kind of price advantage can you get money for? Mr. Buchanan stated about November when he called Connecticut they had combined an issue of around 30 small industrial bonds into a pool bond at 10 1/4%. After taking the spread to run the program, they were able to pass 11 or 11 1/4% fixed rate and 20 year financing. It is still competitively attractive. If they went on their own they could have paid 3-4 points higher. Dr. Colbert stated he would concur with that.

Senator Fuller asked on the existing statute for eligible projects under this we could renovate the State Senate? Mr. Oitzinger stated he doubts that. Technically that could apply. There would have to be some kind of revenue source. Mr. Buchanan stated he doesn't see any intent going beyond business and industrial firms in general.

Senator Goodover asked wouldn't the experience that Montana has in the Board of Housing over the years have a beneficial effect? Mr. Buchanan stated yes, by pooling housing loans, housing mortgages have enjoyed favorable rates. This allows us to have considerable access to the market. One of the things bonding companies look at is the growth. Yes, they enjoy very satisfactory relationship in the bond market.

The hearing was closed on House Bill 700.

ACTION ON HOUSE BILL 700: Senator Goodover made the motion that all amendments proposed be adopted. Senator Dover seconded the motion.

The Committee voted unanimously, by voice vote, that the proposed amendments to HOUSE BILL 700 BE ADOPTED.

CONSIDERATION OF HOUSE BILL 818: An act to authorize the issuance and sale of general obligation bonds of the State of Montana; to provide for an agreement between the Board of Examiners and the Montana Economic Development Board; and providing for an immediate effective date.

Representative Esther Bengston stated this ties in with all the umbrella bonding. The reason she is carrying this bill is she also
carried House Bill 733 which dealt with umbrella bonding for public entities. This bill she does not want to authorize to the board over $10 million. There are a small percentage of those bonds that may be at risk. This forms that guaranty account. It authorizes the state to sell $10 million worth of general obligation bonds to cover these three bills, this one, Representative Fabrega's and Representative Fagg's. $2 1/2 million of these bond funds guarantee the umbrella bonds for small businesses and $5 million covers Representative Fagg's bill and $2 1/2 million guarantees those bonds which covers the public sector. They discussed whether the bills could pass on their own merit without the guaranty from the state. She felt in order to make the interest rates lower and to have the bonds rated at a higher rate it was probably necessary. They approved this and the people on the task force approved it but it is general obligation bonds. 7% would probably be at risk but very unlikely. There would be no problem with the housing bonds. It is additional security. They would need to cover the whole program.

PROPONENTS TO HOUSE BILL 818: Senator Tom Towe stated House Bill 818 is really the companion bill to House Bill 733. It deals with the sale of municipal bonds. It is an umbrella bonding bill for municipalities. That is a very important thing that we do not presently have. It is a valuable thing to the cities. In order to make it work effectively it needs a guaranty. That will make the bonds sell even better. If we can get more attractive rates on municipal bonds you may see more sales. It really is essential and an important part of the "Build Montana Program." This would set up the guaranty fund. They would sell the bonds at a state level. None of these other bills obligate the full faith and credit of the state. They stand on their own. This proposes to make a guaranty fund by making a general obligation bond and using the proceeds to fund the reserve. If there is a fund already in existence the bonding company will bid on it and you get more interest. It was originally limited to $2 million. It has now increased $10 million in authority. The Board of Examiners would make the decision if they would sell that much. There would hopefully be adequate repayment to pay off the general obligation bonds. That is a part of these together. The House did take reference of the Board of Investments out. This is a helpful bill that will help them sell the bonds. It does obligate the state. It will require a 2/3rd vote of both Houses.

Representative Jay Fabrega stated it is important that the $2 1/2 million of $10 million that pertains to House Bill 700 be put in place. Besides giving that alternative position for the first three years you can invest those monies and earn about 3 points difference. By selling those bonds through this bonding authority we will be able to earn three points on $10 million which will help fund some of those operations. All the laws under this program will need to carry mortgage insurance. It is a way where the state can sell the general obligation bonds and get a better credit rating and allow the authority to earn some money to help with the expenses in the bonding.

Gary Buchanan stated a number of states use different techniques. Connecticut issues a G.O. bond. This would set up a 10% ratio in terms of a fund. This approach is from the select committee in the House.
There were no further proponents and no opponents.

QUESTIONS FROM THE COMMITTEE: Senator Dover stated on this fiscal note we have it for $2 1/2 million what is going to be the difference? Representative Bengston stated that should be changed to $10 million. I think the fiscal note has to be updated.

Senator Dover asked is that from the general fund? Senator Towe stated what they are talking about is the interest that would have to be paid on the bond issue. This would be gained from the Board authority. Hopefully, they would pay this and have no cost to the state.

Senator Kolstad asked has there been a new fiscal note asked for? Senator Towe stated not that he knows of. The point is not that these bonds are issued but is that we pass the bill and authorize it. These other bonds will sell better if House Bill 818 is passed but the fact that they have authority to sell the bonds is what really helps.

Senator Gage asked if I understand this bill correctly and looking back on the way I-95 was sold to the public that initiative was sold on the basis that the State of Montana was not going to be on the books. It appears to be a sneaky way of saying to those bondholders by obligating the state under House Bill 818. Mr. Buchanan stated this like House Bill 700 is not coming from the initiative. It is coming from a number of ideas regarding additional revenue financing. I think it is important to make sure what is directly related to I-95. The only relation is the same Board would oversee development financing in general would be this board.

In closing, Representative Bengston stated a lot of these ideas did not start with I-95 but in creating jobs and building schools, streets, water and sewer sorts of things on the public sector. She did not realize she was going to be selling obligation bonds. They probably won't have to sell them. It may fly on its own.

The hearing on House Bill 818 was closed.

CONSIDERATION OF HOUSE BILL 871: An act creating an Economic Development Board creating an economic guaranty fund; providing for the issuance of bonds to finance projects; designating types of projects to be funded; creating accounts necessary for carrying out the program; and providing rulemaking authority.

Representative Harrison Fagg stated if Montana is genuinely concerned about economic development I-95 is a portion of it. He sat on the special committee on economic development in the House. This was requested by the Economic Development Committee. The businesses that seem to be wanting the most and needing the money the worst never came up in any bill. He pointed out some businesses that if they cannot get their money they will be selling or moving on to California. This type of funding will keep them in business. It became apparent that $800,000 simply was not the last word and it was the determination of the select committee that the best thing to do was come up with a
companion bill that would take $800,000 on up to $10 million. They didn't want to jeopardize one bill or the other so they decided to have two bills. You could amend Representative Fabrega's bill up or pass both bills. He doesn't feel that talking about loans up to $800,000 is really going to help an average business in Montana. You need more base. He heard testimony in the House indicating a near bankruptcy, failure to operate or leaving the state so that is why this bill is before you. It does fit with Representative Bengston's bill. There is $50 million for this bill, $2 1/2 million for House Bill 700 and $2 1/2 million for House Bill 733.

PROPONENTS TO HOUSE BILL 871: Gary Buchanan stated House Bill 700 is aimed at the small businesses but he has well outlined his own bill. He wanted to regard this as help. He gave the committee information entitled "Montana Economic Development Board" which shows the companion-ship nature of House Bill 700, House Bill 871 and House Bill 733 to put these bills in context. (Exhibit No. 5) It explains House Bill 700 and emphasizes smaller business loans. He hopes it shows that House Bill 818 would enhance all three programs.

Representative Fabrega-stated he thinks this bonding authority is very important and by the State giving the guaranty this could be 2-3 points lower. The State will benefit if we can get a loan at a lower rate. He likes the G.O., but the federal securities are at the same rate that you sold your bonds at. For the first three years that $10 million can be invested by the State 3 points above what it would cost to issue it. We sell tax anticipation loans because we can sell them at such a good rate we can make money on them. He doesn't see how the State would be at risk. He recommends the committee pass these bills. It is important that we can finance those businesses on a fixed rate fixed term.

Senator Tom Towe stated he supports this bill as well. We originally got into it because the assumption was we didn't need this larger bonding authority. If you want to go to an industrial bond you can issue a stand alone. They don't have the benefit of the securities or the other things he put in the other bills. This bill so closely parallels that the same amendments need to be made here.

Dr. William Crowley stated in a lot of those there is a limbo area. A lot of cases you can get funding from the banks. What Representative Fagg's bill allows here is more access to the market maybe up to $10 million. The real gap in helping Montana industry is up to the million and 1/2 range.

Dave Goss stated they support this bill. It balances out the entire package.

Tom Staples stated they support this bill.

John Oitzinger stated this bill expands the state's ability to take advantage of the federal law. He recommends that we pass on the full benefit of what is allowed under federal law.
There were no further proponents and no opponents.

QUESTIONS FROM THE COMMITTEE: Senator Boylan asked why is this still going on? They have been here this long and lasted this long? Why would they go to California? Representative Fagg stated they would have to sell their business with financial abilities in California.

Senator Boylan stated agriculture for years in the 1930's started with the PCA, got into FHA and now SBA, those are ways of funding agriculture. The federal government put a lot of money into those entities to get under the cooperative laws so they don't have to pay taxes. With all that help, agriculture is in a lot of problems today. By these methods what we are doing is down the road are we going to save companies? We are not particularly saving agriculture even with the subsidies. Representative Fagg stated there is a couple of differences. The businesses he mentioned are in trouble now and they do need some help. Mr. Buchanan stated what we are doing is allowing Montana to have the same access as other states. We are creating a mechanism so that small businesses have access to the same federal program in other states. It puts Montana in a more competitive framework with the other states.

Senator Fuller asked do the same restrictions apply to House Bill 871 in regard to franchises, etc? Representative Fagg stated yes.

Senator Fuller asked how quickly if they pass would you be in business? Mr. Buchanan stated it depends on how many of these pass. They have to have a lot of rulemaking procedures implicated. Representative Fagg and Fabrega would need to reconcile this in the end with the federal tax laws. Many bonds over a million have to stand alone. They would not have to pool there would be some federal tax law that would override. There will be a federal tax law that will mandate what is done.

Representative Fabrega stated the reason is each factor of the business is guaranteed an amount funded. One of the problems the House saw is there are $25 million for small businesses. He urged the committee to keep the two separate.

Senator Fuller asked can you give me assurance that the Board of Investments would not be a part of this? Senator Towe stated I can only give you that assurance if you pass House Bill 100, 700, or 871 and then I can assure you that the Board of Investments have no activity in these bills.

Senator Fuller asked where is all that money going that establishes I-95? Senator Towe stated the Economic Development Board is also created in House Bill 100 and used as the same Board for House Bills 685, 700, 871 and 733. All those bills rely on the same Board. The reason the general funding for the operation of the Board is supposed to come out of House Bill 100 which is the I-95 implementation portion, there should be some administrative expenses coming out which should also help offset some of those costs. Mr. Buchanan stated we have been working hard to try to correlate this. House Bill 100 is coming
up tomorrow for hearing. That should answer some of these questions.

Senator Fuller stated I am still not clear. It is 25% of the future profits into the constitutional trust fund? Have we been spending that money or not? Senator Towe stated you will be hearing that tomorrow in House Bill 100. What we are doing is setting up an economic development board which will manage that fund. There are some priorities set up in House Bill 100 which do not now exist by the Board of Investments. House Bill 100 uses Montana money that is saying let’s try to pull money into the State. These bonding bills will do that.

In closing, Representative Fagg stated there is need in Montana for programs such as this. We need legislation to help them expand.

The hearing was closed on House Bill 871.

ACTION ON HOUSE BILL 871: Senator Goodover made the motion that the proposed amendments to House Bill 871 Be Adopted. Senator Dover seconded the motion.

The Committee voted unanimously, by voice vote, that the proposed amendments to HOUSE BILL 871 BE ADOPTED.

ACTION ON HOUSE BILL 465: Staff Attorney Petesch stated they have come up with a definition of "public adjustor" which is the same as the insurance commissioner proposed then they gave them rulemaking authority. (Exhibit No. 6) If we adopt amendment #7 you need the Statement of Intent. (Exhibit No. 7)

Since amendments number 1, 3, 4, 5, 8 and 9 had already been adopted Senator Regan made the motion that the proposed amendments number 2 and 7 Be Adopted. Senator Christiaens seconded the motion.

The Committee voted 9-1 with Senator Dover voting no that the proposed amendments to HOUSE BILL 465 BE ADOPTED.

Senator Dover made the motion that House Bill 465 As Amended and with the Statement of Intent Be Concurred In. Senator Fuller seconded the motion.

The Committee voted 9-1 with Senator Goodover abstaining, that HOUSE BILL 465 AS AMENDED AND WITH THE STATEMENT OF INTENT BE CONCURRED IN.

ADJOURN: There being no further business, the meeting adjourned at 11:45 a.m.

ALLEN C. KOLSTAD, CHAIRMAN
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STANDING COMMITTEE REPORT

March 21 .................................................. 1983

MR. ..............................................................

PRESIDENT

We, your committee on ..........................................................

BUSINESS AND INDUSTRY

having had under consideration ........................................................................

HEMSTAD (GAGE)

Respectfully report as follows: That ..............................................................

be amended as follows:

1. Title, line 10.
   Following: "WRITTEN;"
   Strike: Remainder of line 10 through line 11 in its entirety.

2. Title, line 14.
   Following: "ORGANIZATIONS;"
   Insert: "DEFINING AND PROVIDING FOR THE REGULATION OF "PUBLIC
   ADJUSTERS;"

3. Title, line 20.
   Strike: "33-2-707;"

   Following: line 3.
   Insert: "form of renewal"
   Strike: "of insurance"

... CONTINUED...

Chairman.
   Following: Line 8.
   Insert: "(7) As to group insurance policies effectuated and
delivered outside this state, but covering persons resident
in this state, group certificates which are delivered or
issued for delivery in this state shall be filed with the
commissioner upon his request."

   Strike: Section 4 in its entirety.
   Renumber: subsequent sections

7. Page 13, line 25.
   Insert: "(c) A "public adjuster" is an adjuster employed by
and representing the interests of the insured. The commissioner
may adopt rules providing for the examination, licensure, bonding
and regulation of public adjusters."

   Following: "decision"
   Insert: "and the individual is advised of the source of the
information"

   Following: "mechanism"
   Insert: "and the individual is advised of the source of
information"

"STATEMENT OF INTENT IS ATTACHED"

AND, AS SO AMENDED,

BE CONCURRED IN
March 21, 1983

HOUSE BILL 465

STATEMENT OF INTENT

A statement of intent is required for this bill because it delegates rulemaking authority to the insurance commissioner to adopt rules regarding public adjusters. It is the intent of the Legislature that rules adopted by the commissioner be aimed at protecting the consumer who chooses to use the services of a public adjuster. The rules should provide for an examination prior to licensing to ensure the competency of the adjuster. The rules may also provide regulation and bonding requirements to ensure that the consumer contracting with the public adjuster is protected in the event the public adjuster does not fulfill his contractual obligation to the consumer.

STATE PUB. CO.
Helena, Mont.

ALLEN C. KOLSTAD, Chairman
Page 3
Following: line 6
Insert: "(5) 'Local government' means the City in which the project is located, if the project is located within an incorporated municipality, or the County if the project is located within the county but outside the boundaries of an incorporated municipality.

Renumber: all subsequent subsections of Section 3.
I am Jim Murry, executive secretary of the Montana State AFL-CIO. We support House Bill 700, which sets up the Montana Economic Development Board.

This idea grew out of the discussions initiated by the Governor after Initiative 95 passed with such a large margin. The Governor called together several committees, including representatives from the financial institutions, from businesses, from labor, and from other interested groups.

It was clear that the idea of investing Montana money in Montana to create jobs was exceedingly popular. Not only had it been supported by the Montana State AFL-CIO and other citizen groups, but it had the backing of many businesses and business groups, including the small banks.

The problem arose in how the Board of Investments was to oversee the I-95 money, which had investment goals which were slightly different from the investment goals of the rest of the public funds. With the concurrence of some of the members of the Board of Investments, the idea was created to have a new board of Economic Development to oversee the money and other economic development functions which might be given to it, if other parts of the economic development package passed.
Even if the current optimistic signs at the national level are really forerunners of a general economic improvement, the issue of jobs and economic development on Montana's terms will continue to be the state's number one issue.

We ask you to support House Bill 700 and the other parts of the economic development package.
Industrial development revenue bonding has long been an important source of support for larger businesses and industries nationwide. The cost of entry into the bond market has generally been prohibitive for smaller firms, and where that hurdle could be overcome it was often difficult to sell issues for newer or less well known firms.

Recognizing that these problems were closing out of the IDR bond market many of those firms which most needed bond financing, the federal government some years ago acted to permit umbrella bonding of smaller projects. Up until now, however, Montana has not had the necessary mechanism to put together such issues. The passage of the legislation now before you would remedy that defect.

The principal benefits of umbrella bonding are:

1. It enables firms to finance land, plant, and equipment (long-lived assets) with long-term debt;

2. It provides smaller firms with funds at rates and terms comparable to those generally offered only to the larger national corporations;

3. It provides the mechanism to import investment capital into Montana to support Montana businesses;

4. It enhances the ability of conventional financial institutions in the state to help their credit-worthy customers meet the full range of their financing needs; and

5. It encourages and supports economic development activities in the state.

For all of these reasons, we urge your favorable consideration of this measure.
Page 29 line 1 following "private" insert "or"

Page 28, line 19 follow "the" insert "cost or"
Montana Economic Development Board*

(7 members)

<table>
<thead>
<tr>
<th>HB 700</th>
<th>HB 871</th>
<th>HB 733</th>
</tr>
</thead>
<tbody>
<tr>
<td>Umbrella Industrial Revenue Bonds</td>
<td>Large Industrial Revenue Bonds</td>
<td>Pooled Municipal Bonds</td>
</tr>
<tr>
<td>- 800,000 loan limit</td>
<td>- 10 million loan limit</td>
<td>- 500 thousand limit</td>
</tr>
<tr>
<td>- 25 million in bonds authorized</td>
<td>- 50 million in bonds authorized</td>
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<tr>
<td>- Moral obligation on reserve &amp; guarantee funds</td>
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<td>- Moral obligation on guarantee fund</td>
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</tbody>
</table>

HB 818

Loan Guarantee Fund
- $10 million GO bonds authorized to fund guarantee programs of HBs 700, 733 or 871

* The Montana Economic Development Board will also administer two other programs:
- Instate investment of 15% of the Coal Tax Trust Fund
- Certification of Montana Capital Companies as eligible for tax credits
1. Title, line 10.
Following: "WRITTEN;"
Strike: Remainder of line 10 through line 11 in its entirety

2. Title, line 14
Following: "ORGANIZATIONS;"
Insert: "DEFINING AND PROVIDING FOR THE REGULATION OF "PUBLIC ADJUSTERS";"

3. Title, line 20
Following: "33-2-705;"
Strike: "33-2-707;"

4. Page 2, line 4
Following: line 3
Insert: "Form of renewal"
Following: "Certificate"
Strike: "of insurance"

5. Page 4, line 9
Following: line 8
Insert: "(7) As to group insurance policies effectuated and delivered outside this state, but covering persons resident in this state, group certificates which are delivered or issued for delivery in this state shall be filed with the commissioner upon his request."
Strike: Section 4 in its entirety
Renumber: subsequent sections

7. Page 13, line 25
Following: line 24
Insert: "(e) A "public adjuster" is an adjuster employed by and representing the interests of the insured. The commissioner may adopt rules providing for the examination, licensure, bonding and regulation of public adjusters."

8. Page 17, line 21
Following: "decision"
Insert: "and the individual is advised of the source of the information"

9. Page 18, line 2
Following: "mechanism"
Insert: "and the individual is advised of the source of the information"
STATEMENT OF INTENT

FOR

HOUSE BILL NO. 465

A statement of intent is required for this bill because it delegates rulemaking authority to the insurance commissioner to adopt rules regarding public adjusters. It is the intent of the Legislature that rules adopted by the commissioner be aimed at protecting the consumer who chooses to use the services of a public adjuster. The rules should provide for an examination prior to licensing to ensure the competency of the adjuster. The rules may also provide regulation and bonding requirements to ensure that the consumer contracting with the public adjuster is protected in the event the public adjuster does not fulfill his contractual obligation to the consumer.
<table>
<thead>
<tr>
<th>NAME</th>
<th>REPRESENTING</th>
<th>BILL #</th>
<th>Check One</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martin Ellingson</td>
<td>City of Minnea</td>
<td>HB 700</td>
<td></td>
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<tr>
<td>John Otvig</td>
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<tr>
<td>Cari R. Christian</td>
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<tr>
<td>Carol Davey</td>
<td>Mt. Com.徽州. Asst.</td>
<td>HB 700</td>
<td>X</td>
</tr>
<tr>
<td>Steve Brown</td>
<td>Mt. Indep. Bankers</td>
<td>HB 700</td>
<td></td>
</tr>
</tbody>
</table>

(Please leave prepared statement with Secretary)
NAME: EP JASMIN          DATE: 3-21-83

ADDRESS: 626 Monroes, Hill:

PHONE: 442-5401

REPRESENTING WHOM? Northwestern Bank - Helena

APPEARING ON WHICH PROPOSAL: H.B. 700

DO YOU: SUPPORT?  □  AMEND?  □  OPPOSE?  □

COMMENTS: Will provide an additional vehicle for capital in Montana

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.
NAME: DR. William Crowley DATE: 3/21/63
ADDRESS: 22 Sixth Ave. West, Helena, MT 59601
PHONE: 443-4300
APPEARING ON WHICH PROPOSAL: HB 700
DO YOU: SUPPORT? X AMEND? X OPPOSE?
COMMENTS: In favor of bill. However, on page 15, line 6, the amount of outstanding bonds should be raised above the $25 million amount specified.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.
NAME:  Mr. H. Ellington  DATE:  3-31-83
ADDRESS:  201 W. Spruce, Yreka, Calif.
PHONE:  721-4700
REPRESENTING WHOM?  City of Yreka
APPEARING ON WHICH PROPOSAL:  AB 792
DO YOU:  SUPPORT?  X  AMEND?  X  OPPOSE?
COMMENTS:  A copy of any amendment
so attached.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.
NAME: Tom Staples

ADDRESS: 612 Power Block, Helena

PHONE: 443-2910

REPRESENTING WHOM? Mt. Int'l Trade Commission

APPEARING ON WHICH PROPOSAL: HB 200+871

DO YOU: SUPPORT? ✓ AMEND? OPPOSE?

COMMENTS: ____________________________________________________________

______________________________________________________________

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.
NAME: Dave Goss  DATE: 3/21/83

ADDRESS: P.O. Box 2319 Billings, MT 59103

PHONE: 295-4111

REPRESENTING WHOM? Billings Area Chamber of Commerce

APPEARING ON WHICH PROPOSAL: HB 700 & HB 871

DO YOU: SUPPORT? X AMEND? ___ OPPOSE? ___

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.
NAME: James W. Murray                  DATE: 3-21-83
ADDRESS: P.O. Box 1176                State: AFL-CIO
                                                Nebia, Mont.
PHONE: 442-1708                          Mont.
REPRESENTING WHOM? State: AFL-CIO
                                                Mont.
APPEARING ON WHICH PROPOSAL: HB 700
DO YOU: SUPPORT? X                        OPPOSE?
AMEND?              
COMMENTS: ____________________________________________________
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PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.