

HOUSE BUSINESS AND INDUSTRY COMMITTEE

March 16, 1977

The meeting was called to order at 10:10 a.m. with all members present with the exception of Rep. Bradley, who was excused.

Senate Bill No. 207 was discussed. Mr. Harold Pitts presented the bill. He gave a brief explanation of the bill stating that the bank holding companies have to be registered with the Federal Reserve Bank in Minneapolis. Holding companies in Montana have been prohibited from using the word "bank." He recommended that the committee concur in this piece of legislation.

Mr. Chuck Lovell, proponent, stated that Mr. Pitts covered the bill well. He stated that it was simply a housekeeping bill. It is an archaic law which needs change. He stated that he had three bank holding companies operating in Montana using in their name or title "bankcorporation." It is misleading to the public. The statute should be changed.

There were no opponents or questions.

Senate Bill No. 202 was discussed. Mr. Ross Cannon presented the bill. He said the intent is to preclude interstate branching between Montana Savings and Loans and loans chartered in other states (testimony attached).

The following people testified as proponents: Mr. Paul Johnson, Mr. Steve Gross, Mr. Ernest Sandburg, Mr. Jack Bulan, Mr. Bob Penington, Mr. I. Lund, Mr. Jack Reber, Mr. Ray Worth, Mr. Bob Henny, Mr. Harold Pitts, and Mr. Gene Phillips (testimonies attached).

Mr. Pitts stated that it is necessary for approval of the Director of the Department. Also, the bill was introduced because of the decision on Gate City.

Mr. Phillips stated that banks in Montana are prohibited by law to branch, but federally-chartered savings and loans are legal. He said this is why they are in support of the bill, or it is harmful to Montana.

Mr. Pat Hooks and Mr. Ken Neill testified as opponents to the bill (testimonies attached). Mr. Neill stated that the directors and people are involved in fidelity and they are public-operated people in that community. A person will receive only the return shown on passbook or deposit. He said that he saw an association in Gate City which had an excess of capital which provided lending money to his community. Had this bill been law at that time, they would not have been able to do this. He said he would be at a competitive disadvantage in that they cannot branch. Also, other state-chartered savings and loans in the future that will want to compete will not be financially able to do so. The bill also creates an inconsistency between federal and state law. State law as it exists now creates branching.

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Mr. Cannon stated in closing that everyone is not here to rehash the issue. There is a great need for this bill for you will indeed have Prudential trying to put a branch in every city or area in the State.

Mr. Bob Pyfer stated the reason for the amendment is to clarify the intent of the bill. The branching "de novo" by a state-chartered savings and loan is being prohibited out of the state savings and loan. Mr. Cannon stated that branching de novo is when the home institution creates a branch. You are not branching between institutions.

Senate Bill No. 270 was discussed. Mr. Ed Carney presented the bill stating that there is one inspector which works statewide. This will help get people in business. The renewal of the license every two or three years will help save paper and time. He gave a brief explanation of the bill.

The committee then went into executive session.

Rep. Fabrega moved that Senate Bill No. 207 BE CONCURRED IN. The motion carried unanimously.

Rep. Tower moved that Senate Bill No. 219 BE CONCURRED IN. The motion carried unanimously.

Rep. Tropila moved that Senate Bill No. 223 BE CONCURRED IN AS AMENDED. The motion carried unanimously.

Rep. Nathe asked the committee to pass consideration on Senate Bill No. 241 until Friday. All members agreed.

Rep. Harrington moved that Senate Bill No. 258 BE CONCURRED IN. The motion carried unanimously.

Rep. Fabrega moved that Senate Bill No. 277 BE CONCURRED IN. The motion carried unanimously.

Rep. Fabrega moved that Senate Bill No. 283 BE CONCURRED IN. The motion carried unanimously.

Rep. Fabrega moved that Senate Bill No. 287 BE CONCURRED IN. The motion carried unanimously.

Rep. Tropila moved that Senate Bill No. 270 BE CONCURRED IN. The motion carried unanimously.

Rep. Fabrega moved that Senate Bill No. 202 BE CONCURRED IN. Rep. Tropila made a substitute motion to pass consideration. The members present agreed with the substitute motion.

The meeting adjourned at 11:30 p.m.

  
JOHN C. VINCENT, Chairman