

HOUSE BUSINESS AND INDUSTRY COMMITTEE

March 29, 1977

The subcommittee meeting on Senate Bill No. 170 was called to order at 10:40 a.m. with all members present.

Mr. Pitts stated that the written receipts do not demand that a written answer would be needed.

Mr. Tippy said that one of the Retailer Association amendments would exclude glorified charge account systems with electronic accrediting of the account on a national basis.

Rep. Vincent stated he was concerned about the point-of-sale terminals in a store which is not in city limits.

Mr. Pitts stated that the retailer has to sign the receipt just as one would sign a Bank Americard receipt. Some of the large grocery stores will go to this point-of-sale terminal. Page 18 gives the customer the satisfaction of the copy.

Rep. Vincent stated that one of his concerns is that of a mistake being made. When a mistake is made in the computer system one way or another and the man does not have any knowledge of the computer system, what kind of satisfaction can he expect when he is talking about a computer operation rather than a paper operation.

Mr. Pitts stated that this is provided on page 14, section 12(2), lines 13 through 15.

Rep. Vincent made a summarization of the fears he had of the bill. He proposed amendments which would clarify certain sections. On page 17, line 4. This comes out of the National Commission on EFTS. He stated that he saw no reason why they would need to wait for the completion of the report. Fraudulent situations are covered, but erroneous ones are not covered. Therefore, following "unauthorized" on page 17, line 4, insert "or erroneous."

Mr. Tippy said that "erroneous" means computer error.

Rep. Vincent said that he did not plan on the subcommittee taking action on the amendments at this time.

Mr. Pitts said "financial institutions" should be inserted rather than the word "bank."

Mr. Cadby said that 4 to 4 1/2% interest is the implicit interest.

Mr. Tippy said the interpretation of extraordinary means over and above the ordinary. It is something that is punitive to design the over cost.

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Rep. Fabrega stated that the bank should be entitled to some profit as well, but not to make it so high that it would discourage the use of checks.

Rep. Vincent submitted another amendment on page 12, line 11, following "court of record", insert "with notice to the customer of such subpoena furnished to the institution."

Mr. Pitts said that would hurt the financial institution.

Rep. Vincent replied by saying this would at least make the institution call the customer to let him know.

Mr. Pitts said you have a conflict of where you are. They have the power and they use it. Mr. Cannon said that if an Internal Revenue agent subpoena's you, he does not see anything wrong with this.

Rep. Fabrega stated that maybe the reason there is this problem is due to copping out before it is even tended to. As long as you are acting on State law, I do not see how the banker could be held guilty for obeying the law.

Mr. Pitts stated that Federal law pre-empts State law. Rep. Fabrega said that for this reason Montana has a right to put it into their own law. A state should pass a law like this rather than surrender right now. Montana may be able to influence the Federal laws.

Rep. Vincent stated that one would go to court and comply with the Federal laws.

Mr. Cannon stated that the customer is entitled to be informed of a subpoena. If the customer wants to undertake the responsibility, he is entitled to that opportunity. Instruct the bank to attempt to notify that customer first.

Rep. Vincent stated that the float and stop-payment may be abolished under this system. It might not be a bad idea to indicate that this will be the case. Page 9, under customer information. Add subsection (9) The economic significance of having no float time and no stop-payment authority.

Rep. Fabrega stated that it is the exact same thing as dealing with cash.

Rep. Vincent then referred to value dating. On page 5, line 20, he inserted "A merchant may sell goods or merchandise."

Mr. Tippy stated that the merchant may offer electronic services and in his option as he wants to entice more consumers he can tell the computer to debit three days hence or he may want to enter option of instantaneous debit and credit. It is the same as post-dating a check. It is between the merchant and the customer.

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Mr. Pitts stated that he thought there would be computer problems with this amendment. Rep. Vincent stated that it would computer capability.

Mr. Pitts then stated that he thought it could be done, but what if the customer ran out of money. It would be like a bad check.

Rep. Vincent submitted another amendment on page 7, line 16, following, "customer's", insert, "deposit or share." This amendment caused no problem with the bankers.

Mr. Pitts submitted amendments proposed by Mr. Waterman. The amendments which have "NO" beside them were not acceptable to the bankers.

Mr. Cannon submitted an amendment on page 7, line 16 to include "share."

The meeting adjourned at 11:30 a.m.


JOHN C. VINCENT, Chairman