

February 1, 1977  
11:00 a.m.

MINUTES OF THE MEETING  
BUSINESS AND INDUSTRY COMMITTEE  
MONTANA STATE SENATE

The meeting of the Business and Industry Committee was called to order by Chairman Frank Hazelbaker on the above date in Room 404 of the State Capitol Building at 11:00 a.m.

ROLL CALL: All members were present with the exception of Senator Lowe who arrived late due to presenting a bill in another committee.

SENATE BILL 170. "An Act Authorizing The Use Of Electronic Banking Facilities And Electronic Transfers Of Funds By Banks, Savings And Loan Associations, And Credit Unions."

Chairman Hazelbaker introduced Senator Jean Turnage, Chief Sponsor of SB 170. He stated EFT has been the subject of a number of studies and discussions throughout the entire country. It is already introduced in certain on-premise banks in Montana. The banks and credit unions need to be able to compete with the savings and loan associations. He thinks delay of EFTS would not help the small banks in Montana. He stated the bill before the Committee is an honest and carefully drafted piece of legislation to allow all facilities in the State of Montana to compete on an equal basis. The bill is designed to let the smallest merchant participate if he desires. Merchants should benefit from the decrease of insufficient funds and bad check losses. The act provides a year's lead time to allow financial institutions to get ready.

Harold Pitts, Montana Independent Bankers Representative gave an overall view of the history of EFT. He stated for as long as the Federal Reserve System has been in existence, we have had some sort of EFT. Back in the early 1960's it became apparent that something was going to have to be done to alleviate the burden of the number of checks being written. Today they are writing about 25 billion checks per year. In 1980 there will be over 30 billion. Because of all the paperwork something must be done to alleviate this tremendous amount of work. EFT is used in approximately 40 states today. 5-7 states are considering it for passage. It has been successful. No state has attempted to repeal the EFT.

Harold Pitts stated that some states have the power in the Department of Regulations to implement the use of these machines. Montana, however, does not. EFT has taken into consideration the protection and convenience of the consumer. He stated EFT would have to be started in some of the larger communities in Montana. He thinks EFT is here to stay. He stated Mr. Ferris from Indiana stated there would be strong recommendation in his report that the states go right ahead and implement the law and if the state doesn't do it by 1980, the Federal Government will. He stated if these machines and this service is used to a great extent as time proves it will be then the cost of processing a check will be reduced and that money will be used to work the machines. He recommended the bill Do Pass.

Senator Turnage then asked that the bill be amended as follows:

1. Amend page 12, section 9, line 4.  
Following: "disclosed"  
Insert: "unlawfully"
2. Amend page 14, section 11, line 13.  
Following: "customer a"  
Strike: "written"
3. Amend page 14, section 11, line 17.  
Strike: "a written"  
Insert: "an"
4. Amend page 21, section 18, line 14.  
Following: "satellite"  
Insert: "other than a point of sales"

Senator Turnage then introduced Les Alke, Administrator, Financial Division, Department of Business Regulation. He stated he wholeheartedly supported this legislation. He urged that this bill Do Pass.

John Cadby, Montana Bankers Association stated he wanted to reiterate one thing. Although the consumer is not represented today, this is a consumer bill. The customer will benefit from reduced costs and convenience. Savings will be passed on to the consumer.

James Kenyon representing Montana Bankers Association and Montana Independent Bankers Association stated he is one banker who has had experience with the ATM for several years. 7 of his banks deal closely and use these machines. He feels strongly that the opportunity to expand the present use beyond the ATM is in fact a service to the consumer of the State of Montana. He thinks it is appropriate to take this next step.

Jim Bennett, President of First Citizens Bank stated the last two weekends they have had about 50 transactions each weekend on the ATM. He stated the cost of drive-in windows are too expensive and ATMs are more economic than drive-in windows. An ATM enables a person to deposit their check in less than five minutes.

Dick Kjoss, President of Security Bank in Billings stated his bank is considered to be one of the largest in Montana. He is most anxious to be able to offer some of the same facilities that some of the other financial institutions now offer. He strongly urges that the Committee pass this bill.

Jerry Loendorf appearing for Montana Consumer Financing Company stated he would like to be recognized for inclusion of this particular bill. He offered one amendment and agreed to withhold any further amendments at this time. Amendment attached, Ex. 1.

Ross Cannon, Montana Savings and Loan League stated he is in support of this bill. He thinks it is a carefully thought through piece of legislation. From his point of view it may be useful and more economical to participate with other institutions. He offered the following amendments:

1. Amend page 9, section 7, line 15.

Following: "institutions"

Strike: "whose principal place of business is located within the geographic area that may use each type of satellite terminal"

Insert: "or branches thereof."

2. Amend page 11, section 8, line 7.

Strike: Entire section (2).

Mr. Pitts told Mr. Cannon that line 15 was put in purposely. He wanted to protect it so that no one would have any advantage over another.

Senator Turnage stated that Roger Tippy did a great deal of work on this bill.

There being no further proponents or opponents to the bill, the hearing was closed on SB 170.

SJR 5. "A Joint Resolution Of The Senate And The House of Representatives Of The State Of Montana Calling For An Interim Study Of Electronic Funds Transfer System."

Senator Pat Regan stated she was chief sponsor of SJR 5, calling for an interim study dealing with the EFTS. She isn't sure Montana should leap into this system. She thinks there are many strong points in the bill and there are some problems as well. She stated in Mr. Pitt's beginning testimony, he indicated 26 states had passed laws enabling legislation in order to permit the EFT system. That is true, but most have been done after exhaustive studies on the part of the states. She mentioned several states and also mentioned Utah has declared a moratorium. She thinks Montana should tailor the EFTS to Montana's need. She stated there has been some indication that we should do it now because savings and loans are going to get the upper hand. She understands that the cost of one terminal can be

\$50,000.00 to purchase and install. She thinks that before authorization should be given to a complete system, we should have the kind of study she has indicated. She can't see the great need "let's hurry and do it now." She thinks we should "take our time and do it right." She stated there have been a number of amendments offered this morning which indicates to her there is not complete satisfaction with this bill. She thinks the real bone of contention is how far out should they allow the terminals. She thinks this is an extremely important issue. She urged that the question of EFTS be assigned to an appropriate standing committee where they can study the issue, ask for testimony from all the community segments and use Senator Turnage's bill for the study. She thinks that is the thing to do.

Senator Devine stated that he shares Senator Regan's concerns. He stated there should be an investigation of the facts that pertain to the bill.

Harold Pitts stated that there is a considerable cost to the equipment but he thinks it is here to stay. He stated they permitted the institutions to go three miles out so they would be serving a majority of the customers.

John Cadby spoke in opposition to the Resolution and in support of the bill. Doing the study is going to cost the State some money. They have already had the advantage of the States that have already made the studies. So to do another study would be a waste of time and money.

There being no further proponents or opponents to the bill, the hearing was closed on SJR 5.

SENATE BILL 36. "An Act To Allow A Beer Wholesaler To Give Beer To Specifically Invited Guests In A Hospitality Room On His Property."

Senator Devine stated he feels he should be able to serve his customers. He is not going to compete with anyone.

The amendments to the bill are as follows:

1. Amend title, line 5.

Following: "BEER TO"

Strike: "SPECIFICALLY INVITED GUESTS"

Insert: "PERSONS LICENSED UNDER TITLE 4, R.C.M. 1947"

2. Amend page 1, section 2, line 23.


Following: "to"

Strike: "his specifically invited guests."

Insert: "persons holding and having a license under this code."

Senator Devine made a motion that the bill, As Amended, Do Pass. Roll call vote. Everyone voted yea with the exception of Senator Regan voting "nay."

ADJOURN: There being no further business, Chairman Hazelbaker adjourned the meeting at 12:20 p.m. •



FRANK W. HAZELBAKER, Chairman

DATE June 1, 1959COMMITTEE ON Business & IndustryBILL NO. 511

## VISITOR'S REGISTER

NAME	REPRESENTING	Check One	
		Support	Oppose
Eric L. Korbach	Montana Independent Bankers		
Paul H. Korbach	1st National Bank, <sup>(director)</sup> Butte		
James J. Mack	Security State Bank of Helena		
James W. Anderson	N. W. Bank of Helena		
Paul L. Coors	Mont. Savings & Loan Assoc.		
Gregory O. Engelbaut			
Jordan W. Nelson	First System Services, FBS		
James Board of	1st Comm. Fin. 1959		
Harold Pitts	Mont. Independent Bankers		
W. H. Stephenson	Mont. Ind. Bankers		
John H. Stephenson	Mont. Bankers & Loan Assoc. 1959		
W. H. Graham	" " 1959		
John G. Gally	1st Bankers Assoc.	SB 170	SB 170
Jim Burnett	First Citizens Bank - Billings	SB 170	SB 170
RICHARD KROSS	SECURITY BANK BILLINGS	SB 170	
W. R. Tait	1st National Bank Butte	SB 170	
B. H. Thompson	First Natl Bank - Helena	SB 170	
John Kiehl	First Natl Bank Butte	SB 170	
Ken Menlozoff	Dept of Bus. Regulation		
John G. Gally	First National Bank Anaconda	SB 170	
John Kowney	Downey Drug Butte	SB 170	
Therese A. Pileman	Mont Food Dist Helena		
Edith Johnson	First Natl Bank - Helena	SB 170	
John H. Gally	First Bank System, Inc		
John H. Gally	Bank of Montana - Helena	SB 170	
David L. Gally	1ST SEC BANK HELENA	SB 170	

SB-170



ROLL CALL

Business & Industry COMMITTEE

45th LEGISLATIVE SESSION - - 1977

Date 2-1-77

NAME	PRESENT	ABSENT	EXCUSED
Pat Regan, Vice Chairman	✓		
Allen Kolstad	✓		
Pat Goodover	✓		
Bill Lowe	✓		
Jack Devine	✓		
Sandy Mehrens	✓		
Bob Peterson	✓		
Frank Hazelbaker, Chairman	✓		

*Arrived late due to  
presenting a bill  
to the committee*



SENATE COMMITTEE Business & Industry

Date 2-1-77 Senate Bill No. 36 Time \_\_\_\_\_

NAME	YES	NO
Pat Regan, Vice Chairman		✓
Allen Kolstad	✓	
Pat Goodover	✓	
Bill Lowe	✓	
Jack Devine	✓	
Sandy Mehrens	✓	
Bob Peterson	✓	
Frank Hazelbaker, Chairman	✓	

James C. [Signature] Secretary [Signature] Chairman

Motion: As Amended to Pass

(include enough information on motion--put with yellow copy of committee report.)

# STANDING COMMITTEE REPORT

February 1

19 77

MR. President

We, your committee on Business and Industry

having had under consideration SENATE Bill No. 33,

Respectfully report as follows: That SENATE Bill No. 33,  
introduced bill be amended as follows:

1. Amend title, line 5.

Following: "BEER TO"

Strike: "SPECIFICALLY INVITED GUESTS"

Insert: "PERSONS LICENSED UNDER TITLE 4, R.C.M. 1947"

2. Amend page 1, section 2, line 23.

Following: "to"

Strike: "his specifically invited guests."

Insert: "persons holding and having a license under this code."

AND AS SO AMENDED, DO PASS

~~DO PASS~~



Amendment submitted by Jerome T. Loendorf  
Montana Consumer Finance Assn.

SENATE BILL 170

The following amendments are proposed to Senate Bill 170.

Amend page 4, Section 3, line 22, by inserting after the word "code." the following: "For purposes of this act only, a consumer loan company licensed under Title 47, Chapter 2, shall be considered a financial institution."

Further amend Section 3, page 4, line 1, by inserting after the word "transfers" the following: "except as provided in subsection (d)."

Further amend Section 3, page 5, line 20, by deleting the colon after the word to, and amend line 21, by deleting the following: "(i)", and in line 22, by deleting the following: ";or".

Further amend Section 3, page 25, by deleting lines 23, 24 and 25, and substituting in lieu thereof the following: "(d) The definition of "satelite terminal" shall also include an automated clearing house or any equivalent system, whether located on or off the premises of a financial institution, designed to transfer funds between financial institutions."

Further amend Section 3, page 6, by deleting lines 12 through 16, and substituting in lieu thereof the following: "(6) "Cardholders", in relation to a financial institution, means a holder of an account or deposit; in relation to a merchant, it means a purchaser of goods or services."

Further amend Section 4, page 7, in line 5, by deleting the words "satelite terminals" and substituting in lieu thereof: "automated teller machines and point of sale terminals."

And further amend Section 4, page 7, in line 6, by deleting the words "satelite terminals" and substituting in lieu thereof the words "automated teller machines and point of sale terminals."