

February 8, 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 Goodover and Senator Mehrens who were excused.

SENATE BILL 206. "An Act To Convert The Municipal On-Premises Beer License Quotas Into A Statewide Quota For Such Licenses; Authorizing The Board of Examiners To Recommend Compensation For Losses Realized As A Consequence."

Chairman Hazelbaker introduced Senator Bill Lowe, District 33, Chief Sponsor of SB 206. Senator Lowe handed to the Chairman some proposed amendments which are as follows:

1. Amend page 7, section 3, lines 19 and 20.  
Following: "may"  
Strike: "apply to the board of examiners for compensation"  
Insert: "take a credit against tax liability under  
Title 84, chapters 15 or 49,"
2. Amend page 7, section 3, line 20.  
Following: "The"  
Strike: "board of examiners"  
Insert: "department of revenue"
3. Amend page 7, section 3, line 21.  
Following: "shall"  
Strike: "award compensation"  
Insert: "allow this credit"
4. Amend page 7, section 3, line 25.  
Following: "rights."  
Strike: "The"
5. Amend page 8, section 3.  
Strike: lines 1 and 2 in their entirety.

6. Amend page 8, section 3, line 3.

Following: "(2)"

Strike: "Compensation"

Insert: "A tax credit"

7. Amend page 8, section 3, line 8.

Strike: subsection (3) in its entirety.

Senator Lowe offered a new Section 3. Attached. (Exhibit #1)

Senator Lowe made a motion that the amendments be moved. All in favor.  
Senator Lowe stated this bill amends two things:

(1) Amendment to the present system increasing the quota system. This is an amendment to the present law. (2) New section 3 to provide compensation for damages realized due to this act.

Senator Lowe stated that quota systems are set according to the census. He noted that the number of beer licenses is 409 which is the total allowed in the State. Of these 409 there have only been 234 issued. This leaves 174 available. He stated we are the only state in the west that has a quota on beer licenses. The bill provides that the 174 licenses be available by the Department of Revenue anywhere in the state. He stated most of today's places paid \$200.00 for the license and \$50.00 for the application. There is another \$200.00 added if they want wine too. If they paid over \$450.00 they should be allowed to take the loss as a deduction on their taxes.

#### PROPOSERS:

Nancy Morris, Bozeman, stated her interest in the bill is personal. She has been trying to open a restaurant in Bozeman. She wants to be able to sell wine with her meals. She would have to come up with \$13-\$15,000.00 for a license. The only one available in Bozeman would cost her \$25,000.00. She supports SB 206.

Tom Lithgoe, Helena, stated he is in the process of trying to put in a restaurant in the urban renewal area. About 60 days ago, he became aware of beer and wine licenses for sale. The person selling the license wanted \$10,000.00 for it. Since then, the person selling the license has decided not to sell it. He supports SB 206.

Gunnar Freivacos, Bozeman, stated he supports SB 206.

#### OPPOSERS:

Robert A. Durkee, Montana Tavern Association, stated he is opposed to SB 206. He stated there is always an attempt to "bust" the quota. He stated there have been a lot of bills before the Legislature for beer licenses for airports, etc. He stated the quota system is a measure of control for the state. He stated he didn't think there is a need at this time to expand on the quota. In 1980 a new census will automatically increase the quota and from then on a census will be taken every 5 years instead of every 10 years.

Tom Dowling, representing Montana Sheriff and Peace Officers Association stated he opposed SB 206.

Jerry Dunbar representing Chief of Police Association stated they opposed SB 206 also. They feel they have enough liquor establishments in their cities.

Penny Cull stated she operates The Cockpit in Billings. They have been trying to sell this business. They have had several prospects, but they have decided not to buy until this bill is settled. She opposes SB 206.

Mark Dalley, representing Yellowstone County Tavern Association stated he doesn't think the Internal Revenue Service is going to let anyone write anything off.

Russell Rapp, owner of the Wheel Inn in Billings stated he opposed SB 206.

Robert Kelly, owner of the Exit Bar in Billings stated if unlimited licenses are available, he thinks they are going to find that they can't compete.

David Reichert, owner of Echo Inn stated he opposed SB 206.

Alan McCarthy, Village Inn Pizza Parlors stated that they are a corporation in Montana owned by Montana people. He thinks the cost of beer licenses is a part of doing business.

Curt Lees, Yellowstone Tavern Association stated he didn't think there was anything wrong with this sytem, except that they haven't been taking the census often enough. He thinks there are going to be so many licenses available that there won't be enough people to pick up these licenses and therefore will devalue the rest.

Jeff Gifford, owner of The Scoop in Billings stated he opposed SB 206.

Neil Curtness, President of Tavern Association stated he opposed this bill.

Senator Lowe then closed. There being no further discussion the Hearing on SB 206 was closed. Senator Regan made a motion that they raise the beer license initial fee from \$250.00 to \$1,000.00.

SENATE BILL 220. "An Act To Amend Section 40-3427, R.C.M. 1947, To Increase The Premium Tax On Independently Procured Coverages."

Chairman Hazelbaker introduced Senator Jean Turnage, Chief Sponsor of SB 220.

Senator Turnage stated this was a request by the Insurance Commissioners. He then introduced Chip Erdmann.

Chip Erdmann, State Auditor's Office, Department of Insurance stated this bill was requested by the insurance department to correct an inequity in the present premium tax coverage. Presently authorized insurers are taxed at a rate of 2 3/4% while independently procured insurance is taxed at a rate of 2%. Both originally enacted at 2% (40-2821) has increased while (40-3427) has not. He feels this was merely an oversight. This amendment would equalize the premium tax and not give foreign insurers an advantage.

Senator Peterson made a motion that SB 220 Do Pass. Senator Kolstad seconded. All were in favor.

SENATE BILL 223. "An Act To Authorize The Board Of Investments To Purchase Mortgages Insured By A Qualified Private Mortgage Insurer."

Senator John Devine stated he was chief sponsor of SB 223 and Ross Cannon would speak on the bill.

Ross Cannon, representing Montana Savings and Loan League spoke on the bill. Testimony attached. (Exhibit #2) He proposed the following amendments:

1. Amend title, line 6.  
Following: "INSURER"  
Insert: ", AND FIRST MORTGAGE PARTICIPATIONS; REVISING  
DOWN PAYMENT AND INSURANCE REQUIREMENTS FOR  
ELIGIBLE MORTGAGE PAPER"
2. Amend page 3, line 7.  
Following: "property"  
Insert: ", "  
Strike: "and"  
Following: "mortgages"  
Insert: "and participations in first mortgages"
3. Amend page 3, line 9.  
Following: "mortgage"  
Insert: "or mortgage participation"
4. Amend page 3, line 11.  
Following: "mortgage"  
Insert: "or mortgage participation"
5. Amend page 3, line 14.  
Following: "mortgage"  
Insert: "or mortgage participation"
6. Amend page 3, line 19.  
Strike: "~~thirty-percent-(30%)~~"  
Insert: "25%"  
Following: "loan"  
Insert: "or participation therein"
7. Amend page 3, line 24.  
Following: "loan"  
Insert: "or participation therein"

Steve Gross, President of Home Federal Savings stated he supported the bill in order to keep the money in Montana.

Vern Bitz, Bank of Montana, stated he supported the amendments to the bill.

Mike Griffith with Northwestern Bank of Helena stated the Montana Banker's Association supported the bill.

Harold Pitts, Montana Independent Banker's Association stated he supported the bill. He encouraged favorable consideration of SB 223 as amended.

Dick Fossum, First National Bank in Helena stated he supported the bill.

Jim Howe, Investment Officer with the State Board of Investments stated from the Board of Investments point of view, they support this bill.

Cliff Christian, Montana Realtors, stated he supported the bill.

Senator Devine made a motion that the amendment to the bill be moved. Seconded by Senator Kolstad. All were in favor.

Senator Devine then made a motion that SB 223, As Amended, Do Pass. Senator Kolstad seconded. All were in favor.

SENATE BILL 229. "An Act To Clarify The Order of Priorities For The Distribution Of The Assets Of Liquidated Insurance Companies And Giving The Receiver Earlier Access To The Use Of Assets Of Insolvent Insurance Companies."

Chairman Hazelbaker stated he was the chief sponsor of SB 229. He stated there was a need for this bill.

He introduced Chad Smith, American Mutual Insurance Alliance who spoke on the bill. His testimony is attached. (Exhibit #3)

Senator Lowe made a motion that SB 229 Do Pass. Senator Kolstad seconded. All were in favor.

ADJOURN: There being no further business, Chairman Hazelbaker adjourned the meeting at 12:30.

  
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FRANK W. HAZELBAKER, CHAIRMAN

SENATE

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COMMITTEE

BILL

VISITORS' REGISTER

DATE

3/5/79

NAME	REPRESENTING	BILL #	(check one) SUPPORT	OPPO
Harold Pitzer	Mont. Independent Bank	223	X	
Wm. J. Harty	Village Inn Pizzeria	206		X
Wm. Eastman	Wheeler	206		V
Art Quinn	Armstrong Club 90	206		X
Harold Long	Ante Lounge	206		X
Ronald Reichert	Echo Inn	206		X
John Kunkin	Yell City Furniture	206		X
Alvin Martin	Jubilee Bar	206		X
John (Bryce)	HOME FEDERAL SAVINGS	223	X	
John Sitz	Bank of Montana	223	X	
Bruce E. Rogers	Wheeler Inn	206		X
Henry N. Hall	COCKPOT	206		X
Robert M. Kelly	Exit	206		X
Robert A. Burke	Mont. Tavern Bar	206		X

