

STANDING COMMITTEE REPORT

February 9

19 77

MR. President

We, your committee on **Business and Industry**

having had under consideration **SENATE** Bill No. **220**

Respectfully report as follows: That **SENATE** Bill No. **220**

DO PASS

STANDING COMMITTEE REPORT

February 9,

1977

MR. President

We, your committee on
Business and Industry

SENATE

having had under consideration Bill No. **223**

Respectfully report as follows: That Bill No. **223**,
introduced bill, be amended as follows:

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, section 1, line 7.

Following: "property"

Insert: " ,"

Strike: "and"

Following: "mortgages"

Insert: "and participations in first mortgages"

3. Amend page 3, section 1, line 9.

Following: "mortgage"

Insert: "or mortgage participation"

4. Amend page 3, section 1, line 11.

Following: "mortgage"

DO PASS

DO PASS

Insert: "or mortgage participation"



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Senate Committee on Business and Industry Amendments to SB 223

5. Amend page 3, section 1, line 14.

Following: "mortgage"

Insert: "or mortgage participation"

6. Amend page 3, section 1, line 19.

Strike: "~~thirty-percent-(30%)~~"

Insert: "25%"

Following: "loan"

Insert: "or participation therein"

7. Amend page 3, section 1, line 24.

Following: "loan"

Insert: "or participation therein"

AND AS SO AMENDED, DO PASS

FRANK W. HAZELBAKER, CHAIRMAN

STANDING COMMITTEE REPORT

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MR. President.....

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having had under consideration **SENATE**..... Bill No. **223**.....

Respectfully report as follows: That..... **SENATE**..... Bill No. **220**.....

DO PASS



Editor

Section 3. There is a new R.C.M. section that reads as follows:

Compensation for losses. (1) A person who purchased a retail beer license between July 1, 1975, and January 1, 1977, may take a credit against tax liability under Title 84, chapters 15 or 49, for any damages realized due to this act. The department of revenue shall allow this credit, subject to subsection (2), for only such damages as are strictly due to diminution of the value of the license as a property right, excluding all consideration paid for tangible assets, goodwill, name recognition, or insurance or other contract rights.

(2) A tax credit for damages recognized under subsection (1) shall be 60% of the damages if the license was transferred between July 1, 1975, and December 31, 1975, and 80% of the damages if the license was transferred between January 1, 1976, and January 1, 1977.

S.B. 223

SB 223 is designed to facilitate the purchase of home and commercial mortgages by the board of investments. The bill:

1. permits the board to purchase 80% conventional mortgages which conforms to Federal Reserve and Federal Home Loan Bank rules with respect to mortgage lending;
2. permits the board to permit participations in such mortgages as well as the whole mortgages;
3. permits the board to purchase mortgages where the loans exceed 80% of the value of the mortgage to the extent that the excess is insured by private mortgage insurance (PMI insurance);
4. permits the board to buy government-insured (FHA and VA) mortgages when 25% or more of the loan is similarly insured; and
5. permits the board to buy participations in government-insured mortgages as well as the whole mortgage.

This measure is designed to conform board investing authority with bank and savings and loan association lending authority.

Enactment of this measure will enable the board of investments to purchase a larger number of home and commercial mortgages than is presently the case.

ROSS W. CANNON
1721 Eleventh Avenue
Helena, Montana 59601
ON BEHALF OF THE MONTANA SAVINGS
AND LOAN LEAGUE

MEMORANDUM IN SUPPORT OF
SENATE BILL NO. 229

A. Provision to amend Section 40-5127, R.C.M. to provide for priority status for policyholders and claimants, including guaranty funds

Present Situation: In most states today, policyholders and claimants, including the guaranty funds are included in the same level of priority to assets of an insolvent insurer as general creditors. We believe this to be inequitable.

Proposal: The State Rehabilitation and Liquidation Acts should be amended so as to place policyholders and claimants including the guaranty funds in a priority status higher than that of general creditors of an insolvent insurer.

Reasons: General creditors include commercial interests which assume the business risk of selling products or services to a potentially insolvent insurer. This same business risk is assumed whether the commercial interest sells the product or service to an insurer or some other business entity. On the other hand, individual policyholders and claimants purchase insurance for financial security. Commercial interests do not expect any particular security when providing products or services to an insurer which might become insolvent. Also, commercial interests selling to an insolvent non-insurance entity would be treated as general creditors upon the insolvency of such non-insurance entity. They should not receive the preference of being placed with policyholders and claimants when it is an insurance company insolvency.

February 9, 1977
3:30 p.m.

MINUTES OF THE MEETING

BUSINESS AND INDUSTRY COMMITTEE

MONTANA STATE SENATE

An executive meeting of the Business and Industry Committee was called to order by Vice Chairman Pat Regan on the above date in Room 404 of the State Capitol Building. Chairman Hazelbaker arrived about five minutes later.

DISPOSITION OF SENATE BILL 84. "An Act Relating To The Standards And The Regulation Of Manufacturer And Distribution Of Petroleum Products."

Senator Lowe made a motion that the amendments submitted by the Department of Business Regulation be adopted. Senator Kolstad seconded. All were in favor. They are as follows:

1. Amend page 4, section 5, lines 1 and 2.

Following: "products"

Strike: "to a consumer"

2. Amend page 4, section 5, line 11.

Strike: "\$15.00"

Insert: "\$10.00"

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

Following: "for"

Strike: "past"

Insert: "part"

4. Amend page 6, section 8, line 13.

Following: "distribution"

Strike: "to a consumer"

5. Amend page 6, section 10, line 23 through line 1, pg. 7.

Strike: Section 10 in its entirety

Renumber: All subsequent sections

6. Amend page 7, section 11, line 17.

Following: "F"

Strike: ","

Insert: "by means of an automatic compensating device which has been approved, calibrated and sealed by the Department,"

Senator Lowe then made a motion that SB 84 As So Amended, Do Pass. Senator Kolstad seconded. All were in favor.

SENATE BILL 85. "An Act Authorizing Grocery Stores And Others Licensed For Off-Premises Beer Sales To Sell Wine For Off-Premises Consumption."

Senator Pat Regan stated the subcommittee would get together with John LaFaver and Roger and meet once again to accept or reject proposed amendments. They will then bring the bill back to this Committee.

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 Systems."

Senator Regan feels it is imperative to hold this resolution until she finds out what happens to Senate Bill 170. They made need to call for a study. All agreed.

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

The following are the proposed amendments to the bill:

1. Amend page 4, section 3, line 15.

Following: "Title 5"

Strike: ", chapter 6,"

Insert: "of this code,"

2. Amend page 4, section 3, line 22.

Following: "Code"

Insert: "For purposes of this act only, a consumer loan company licensed under Title 47, Chapter 2, shall be considered a financial institution."

3. Amend page 5, section 3, lines 12 and 13.

Following: "institution"

Strike: "or solely to add to a customer's revolving credit account balance."

4. Amend page 7, section 5, line 22.

Following: "located"

Insert: "within or"

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

Following: "institutions"

Strike: "whose principal place of business is"

Insert: "or branches thereof"

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

Following: "located"

Insert: "within or"

7. Amend page 11, subsection (2), lines 7 through 11.
Following: Line 6
Strike: subsection (2), in their entirety.
Renumber: subsequent sections.

8. Amend page 12, section 9, line 4.
Following: "disclosed"
Insert: "unlawfully"

9. Amend page 14, section 11, line 13.
Following: "customer a"
Strike: "written"

10. Amend page 14, section 11, line 17.
Strike: "a written"
Insert: "an"

11. Amend page 14, section 11, line 17.
Strike: "a written"
Insert: "an"

11. Amend page 21, section 18, line 14.
Following: "terminal"
Insert: "other than a point of sales terminal"

Amendments 1, 3, 4, and 6 were submitted by L. W. Alke, Administrator, Financial Division, Department of Regulation. Amendment 1. Senator Lowe made a motion that this be adopted. Senator Goodover seconded. All were in favor. Amendment 3. Senator Goodover made a motion that this be adopted. Senator Kolstad seconded. All were in favor except Senator Devine and Senator Regan. Amendment 4 and 6. Senator Lowe made a motion that this be adopted. Senator Goodover seconded. All were in favor except Senator Regan.

Amendment 2, was submitted by Jerome T. Loendorf, Montana Consumer Finance Association. Senator Kolstad made a motion that this be adopted. Senator Lowe seconded. All were in favor.

Amendments 5 and 7 were submitted by Ross Cannon. Amendment 5. Senator Goodover made a motion that this be adopted. Senator Kolstad seconded. All were in favor except Senator Regan. Amendment 7. Senator Lowe made a motion that we do not accept this amendment. Senator Kolstad seconded. All were in favor except Senator Regan and Senator Devine.

Amendments 8, 9, 10, and 11 were submitted by Senator Jean Turnage. Amendment 8. Senator Regan made a motion that we do not accept this amendment. Seconded by Senator Devine. All were in favor. Amendments 9, 10, and 11, Senator Regan made a motion that these amendments be adopted. Senator Lowe seconded. All were in favor.

Senator Kolstad then made a motion that SB 170, As So Amended, Do Pass. Senator Goodover seconded. All were in favor except Senator Devine, Senator Mehrens and Senator Regan.

ADJOURN: There being no further business, Chairman Hazelbaker adjourned the meeting at 4:45 p.m.



FRANK W. HAZELBAKER, CHAIRMAN