

# STANDING COMMITTEE REPORT

February 10 19 77

MR. President

We, your committee on Business and Industry

having had under consideration SENATE Bill No. 34

Respectfully report as follows: That SENATE Bill No. 34 introduced bill be amended 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 on page 7.  
~~DO PASS~~ Strike: Section 10 in its entirety  
Renumber: All subsequent sections.

February 9, 1977

SENATE COMMITTEE ON BUSINESS AND INDUSTRY AMENDMENTS TO SB 84

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,"

AND AS SO AMENDED, DO PASS

# STANDING COMMITTEE REPORT

February 10

77

19

MR. President

## Business and Industry

We, your committee on

SENATE

170

having had under consideration Bill No.

SENATE

170,

Respectfully report as follows: That introduced bill, be amended as follows:

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"

~~DORASSY~~ 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 14, section 11, line 13.  
Following: "customer a"  
Strike: "written"
8. Amend page 14, section 11, line 17.  
Strike: "a written"  
Insert: "an"
9. Amend page 21, section 13, line 14.  
Following: "terminal"  
Insert: "other than a point of sales terminal"

AND AS SO AMENDED, DO PASS

February 10, 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.

SENATE BILL 205. "An Act To Require Mortgagees To Credit Interest Earned On Prepaid Reserve Fund To Credit Of Mortgagor."

Chairman Hazelbaker introduced Senator Larry Fasbender, District 17, Chief Sponsor of SB 205. He stated he asked that his proponents not appear due to the facilities and lack of time. He stated SB 205 requires interest to be paid for taxes and insurance paid into escrow accounts be paid by mortgagor to mortgagee. Various institutions handle their payments in different ways. Most instances the payments are set up and are considered as prepayments. In some instances it is a condition of the loan that they must be paid. It is a requirement of VA and FHA loans. There are those who consider this a service to the customer. They say the interest would be so minimal that it would not be worth it. As the cost of housing increases along with taxes and insurance we are seeing more and more that it would not be a small amount of interest that would be paid. If we take 50% of housing being purchased today you would come up with approximately 75,000 homes. You would have about \$500.00 worth of taxes and insurance on 75,000 homes. The savings and loans are realizing about \$2 million per year. He has additional amounts that will be submitted at a later date.

OPPONENTS:

Mr. John Cadby, Montana Bankers Association. His testimony is attached. (Exhibit #1)

Mr. Ernest A. Sandberg, President of the Montana Savings and Loan League. His testimony is attached. (Exhibit #2)

Mr. Paul Johnson, First Federal Savings and Loan, Great Falls. He handed out testimony written by Don Ninneman, Vice President and a brochure entitled "Real Estate Taxes." (Exhibits #3 & #4)

George Schroeder, Cascade County Treasurer's Office. He agrees with the people who have spoken in opposition to this bill. He finds the general census that if this bill passes, they will no longer collect the money to pay the insurance and taxes. The end result will be a greater percentage of delinquent taxes. Therefore, on behalf of the loan association, he is heartily in opposition to this bill and asked the committee to give SB 205 a Do Not Pass.

Ken Bridenstein, District Counsel, VA Center, Fort Harrison. He has extensive loan programs both guaranteed and direct. This bill would give them problems. In direct loan programs, they have to collect insurance and taxes. The difficulty he sees with this bill is it will involve the U.S. as it includes all the lenders in Montana. They will refuse to pay its borrowers any percentage. They may not pay out any without congressional approval first. In addition, the servicing cost to the VA, should they have to comply with this act, would be 1.2% more than they would now charge on T&I accounts. They would have to account on a quarterly basis the exact amount of money he or she would pay in and the interest they receive. He expressed opposition to the bill. He would suggest an amendment to the bill excluding the U. S.

Harold Pitts, Montana Independent Bankers Association. He is opposed to SB 205. He asked about out-of-state mortgage companies of which we have no control. He thinks there would have to be an effective date. Mrs. O'Leary authorized Mr. Pitts to speak for her. She sends out 15,000 tax notices a year. 42% of these are sent to savings and loans and banks. She is concerned about delinquency.

Gene Phillips, Conrad National Bank. He supports the statements previously made in opposition to SB 205.

Mike Abley, mortgagor. He is in opposition to the bill. He thinks he would lose more than he would stand to gain if this bill is passed. The maximum he would get would be \$40.00 per year. He thinks that seeing that his taxes and insurance is paid is worth more than that to him. He thinks in the long run he will have to pay for this service.

Senator Fasbender closed.

Senator Regan asked how many states have similar legislation. John Cadby said he believes there are nine states. Only one pays 4% interest and that is Oregon. Most of the states pay either 1% or 2%.

After some discussion, the hearing on SB 205 was closed.

SENATE BILL 172. "An Act Requiring A Two (2) Year Moratorium of Rail Service Abandonment; And Providing An Effective Date."

Senator Jack Galt, District 23, Chief Sponsor of this bill stated HB 525 has passed committee. He doesn't know what this bill is going to do to the railroads. He stated railroads are the cheapest way to move freight.

#### PROPOSERS:

Mr. Kenneth Clark, United Transportation Union. He stated SB 172 compliments HB 525. After listening to the testimony, he feels SB 172 is going to become more essential now that there are 28 lines that come under this act that could be abandoned in the next few years. There are 74 grain elevators located on these particular branches. They are interested in employment and the railroads. He has heard a lot of comments that people go to North Dakota to ship their wheat to the coast as it is cheaper than from Montana. He would like to see this bill held up until the find out what happens to HB 525. (Exhibit 5)

Jimmy Shea, Public Service Commission, stated the Commission agrees with the bill that has been proposed.

Dick Pemberton stated he would like to see this bill passed.

#### OPPOSERS:

Mr. Gorham E. Swanberg, Montana Railroad Association, stated nothing can be abandoned without prior approval of the Public Service Commission. They do not have the right to govern branch lines. All branch lines are under the jurisdiction of the Interstate Commerce Commission. He handed out an exhibit entitled "Abandonments, etc., Completed Within Last Two Years." It is attached. (Exhibit #6)

He stated the railroads are making money in Montana. The number of closures have been few. He stated three spurs were closed. He stated to take the spurs out costs them money as the spurs are on private land. The railroad will remove spurs if you request it. There have been seven stockyards abandoned in the last two years. The facilities are not torn down, they are sold. He stated Congress passed the Quad R Bill to make abandonments of railroads easier. He stated the money under the Quad R Act goes to the railroad itself and is not mandated to its usage except it must be used on the branch line. It is usually used to improve trackage in Montana. The chances for the money to go to abandonments is very very small. He urged that SB 172 be given a Do Not Pass.

Senator Galt closed. He reminded the committee of two things he mentioned. (1) Energy crisis - might need more railroads than we have now. (2) Quad R rules and regulations are not finalized as yet. They don't know where the money is going to go yet.

Hearing closed on SB 172.

SENATE BILL 287. "An Act To Allow The Commissioner Of Investments To Waive The Residency Requirement For Securities Salesmen."

Senator Larry Aber, District 36, stated he was the Chief Sponsor of SB 287.

This bill is at the request of the Investment Commissioner. The bill was the same except for page 2, lines 11 and 12. He introduced Rick Tucker.

Rick Tucker stated the heading of the bill should be further amended to strike 1-year. This should also be done on page 2, line 12.

He stated the present law requires all persons who are offering, attempting or affecting transactions in securities to register as a salesman or a broker-dealer.

Chip Erdmann, Legal Counsel, added the act requires them to be registered.

Senator Aber closed. Hearing closed on SB 287.

After some discussion Senator Regan made a motion that we accept the amendments to strike 1-year in the title and on page 2, line 12. Senator Devine seconded. All were in favor. Senator Regan then made a motion that Senate Bill 287, As Amended, Do Pass. Senator Devine seconded. All were in favor.

SENATE BILL 230. "An Act Relating To Reports, Claims, Tax Returns, And Statements To Be Filed With And Payments Made To The State Of Montana Or A Political Subdivision Thereof; To Provide For Time Of Filing Or Paying Upon Mailing, For Proof Of Such Mailing, And For Filing Or Paying On Nonbusiness Days."

Senator George McCullum, District 14, was unable to appear.

Gordon McGowan, Montana R.R. Association, Proponent to the bill testified in favor of the bill. His testimony is attached. (Exhibit #7)

#### PROPONENTS

Howard Bronson, Administrator, Department of Revenue. He supports this bill.

#### OPPONENTS:

JoAnn Woodgard, Secretary of State's Office. She stated all filings in their office are made of the date of receipt, not the date of mailing. Her interest is seeing that the bill is worded in such a way that there would be no question that it would apply to anything applied in the Secretary of State's Office.

Roger Tippy will make an amendment to take care of this problem.

ADJOURN: There being no further business, Chairman Hazelbaker adjourned the meeting at 12:45.

  
FRANK W. HAZELBAKER, CHAIRMAN



SB 172  
205  
230  
BILL 287

SENATE

B + P

COMMITTEE

VISITORS' REGISTER

DATE 2-10-77

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOSE
Kenneth Clark	United Transportation Union	SB 172	<input checked="" type="checkbox"/>	
Jimmy Shea	P. S. Commission	SB 172-		
John Cadby	Mont Bankers Assn	SB 205		SB 205
Bruce Johnson	First Nat Bank - Helena	SB 205	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Gregory	Brookhaven Town Engineer	SB 172	<input checked="" type="checkbox"/>	
C. J. Hunter	Bw Mts. W. Eng.	SB 172	<input checked="" type="checkbox"/>	
Gene Phillips	Conrad National Bank	SB 205		<input checked="" type="checkbox"/>
PAUL A JOHNSON	FIRST FED SAVING & LOAN OF GREAT FALLS, MONT SV & LG	SP 205		<input checked="" type="checkbox"/>
Givara A. Lund	Haure Fed Sav & Loan	SB 205		<input checked="" type="checkbox"/>
K. H. Dickson	Veterans Admin	SB 205		<input checked="" type="checkbox"/>
RAYMOND L. WIRTH	Great Falls Federal Sav & Loan	SB 205		<input checked="" type="checkbox"/>
Ernest A. Sandberg	Empire Fed. Savings & Loan	SB 205		<input checked="" type="checkbox"/>
George Schroeder	Cascade County Treas.	SB 205		<input checked="" type="checkbox"/>
Michael Ables	Home owner - self	SB 205		<input checked="" type="checkbox"/>
Steve Brown	Home Federal Savings	SB 205		<input checked="" type="checkbox"/>
J. C. BULEN	CITY COMMISSIONER G F	SB 205		<input checked="" type="checkbox"/>
ROBERT W. HORNE	MONTANA SAVINGS AND LOAN LEAGUE	SB 205		<input checked="" type="checkbox"/>
Paul J. Chumrau	First Fed. Sth Missoula	SB 205		<input checked="" type="checkbox"/>
ROBERT L. PENNINGTON	AMERICAN FEDERAL SAVINGS	SB 205		<input checked="" type="checkbox"/>
Morton McHewan	Mont RR Assn	SB 230	<input checked="" type="checkbox"/>	
John Woodard	Sec of State	SB 230		<input checked="" type="checkbox"/>

Business & Industry COMMITTEE

Date 5-10-77

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