

HOUSE BUSINESS AND INDUSTRY COMMITTEE

January 13, 1981

SUMMARY OF HB 30 -

Introduced by Rep. Roush, amends the campaign finances and practices law to give credit unions and building and loan associations opportunity equal with banks to serve as depositories for campaign funds. Amendment of federal law last year to allow these thrift institutions to offer demand accounts through share drafts and negotiable orders of withdrawal make this change of law possible.

AMENDMENT NEEDED - To conform with the usage in Title 32, line 21 should be amended after "or" by striking "savings" and inserting "building". Montana law uses "building and loan association" to include "savings and loan association."

HOUSE BILL 61 -

Introduced by Rep. Pavlovich, amends the state building construction standards to return the responsibility of inspecting plumbing installations to the board of plumbers.

This bill restores the inspection statute to the condition that existed prior to 1975 when the board of plumbers had responsibility for plumbing inspection, a duty that was then transferred to the Department of Administration.

HOUSE BILL 105 -

Introduced by Rep. Jacobsen by request, is new legislation providing that each royalty owner under a producing oil and gas lease is entitled to a monthly production statement from the operator.

HOUSE BUSINESS AND INDUSTRY COMMITTEE

The House Business and Industry Committee met in Room 129, Capitol Building, Helena, on January 13, 1981, to hear House Bills 30, 61, and 105. All members of the committee were present.

HOUSE BILL 30 -

REP. GLEN ROUSH, District 13, sponsor of HB 30, explained this bill amends the campaign finances and practices law to give credit unions and building and loan associations opportunity equal with banks to serve as depositories for campaign funds. Amendment of federal law last year to allow these thrift institutions to offer demand accounts through share drafts and negotiable orders of withdrawal make this change of law possible.

An amendment is to be made saying "building and loan association" instead of "savings and loan association" in order to conform to Montana law language.

JEFFRY M. KIRKLAND, Montana Credit Unions League, supports HB 30. His testimony EXHIBIT A is attached.

LARRY HUSS, Helena, representing the Montana Savings and Loan League, joined in Jeffry Kirkland's testimony.

There were no Opponents. The Committee had no questions.

Rep. Roush closed saying HB 30 allows candidates to place their campaign accounts where they choose.

HOUSE BILL 61 -

REP. ROBERT PAVLOVICH, District 86, sponsor of HB 61, explained this bill was introduced at the request of the board of plumbers to recombine licensing and inspection. Further explanation is given in his EXHIBIT A.

WILLIAM A. CHRISTMAN, public board member, feels HB 61, is in the best interests of the public health and to provide plumbing in accordance with administrative codes in both examination and licensing and the responsibility of policing the industry. The building codes do not have sufficient personnel to administer the codes. He feels there is too much lost time and too much duplication the way it is and that it would work much better the way it was in the past. See his testimony attached also.

MITCH MIHAILOVICH, Montana State Plumber's Association president, concurs with the statements of Mr. Pavlovich. Duplication could be avoided if the departments were put back together. Under the board would be the best.

JOSEPH J. MARTIN, Montana State Association of Plumbers, Great Falls, a member of the executive board, feels the combining of licensing and inspections under one department as it used to be in 1969 would be better for the public and more efficient. See his testimony attached.

R. L. PRUSSING, Board of plumbers, Dept. of Administration & Licensing, Billings, supports HB 61. See testimony attached.

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MICHAEL S. MIZENKO, Montana State Board of Plumbers, Great Falls, supports HB 61. See his testimony attached.

DAN ANTONIETTI, Board of Plumbers, supports HB 61. He is a public member on the board. See his testimony attached.

JOHN HARWOOD, Board of Plumbers consumer member also supports HB 61. His testimony is attached.

W. JAMES KEMBEL, Department of Administration, Building Codes Division, was neither in support nor opposition to HB 61. He appeared only to offer information to the committee. His testimony is attached.

OPPONENTS -

WILLIAM J. NOVAK, local home and modular home builders, Billings, is vague about the reason for the bill. He has been doing business with the Billings building codes department. There are lots of problems with homes built other than on-site homes. Recommends more discipline and leaving the bill the way it is. Testimony attached.

EUGENE O. CARMICHAEL, Boice Cascade Manufactured Housing, Billings, opposes HB 61, deals with the manufactured housing board and finds it more convenient to have a single source for inspections and less costly and less time consuming to have a single board to go through.

THOMAS W. CLAVEAU, Gallatin Homes, Belgrade, is a member of housing regulations board. He opposes HB 61. Gallatin Homes is going to enter the modular home manufacturing business. He feels this bill would add costs in time and paper work which would be passed on to the consumer. His testimony is attached.

CHARLES C. WINN, Kober Homes, Billings, opposes HB 61 saying it is superfluous to have two departments to deal with for inspections.

ED SHEEHY, representing the Montana Manufactured Housing Association, Helena, which consists of dealers and manufacturers in Montana of manufactured housing, opposes HB 61. They are concerned about having a different agency doing various inspections necessary on incoming mobile homes, since they don't know when it would be approved for sale and could be placed on a lot. It would be alright in a small local modular factory. The problem with that local inspection is that a state inspection would have to be made also. The language taken out will provide that the board of plumbers do the inspections. He is not sure how the board of plumbers should be the inspection authority when the Department of Administration would be doing the administering. He sees no need for changing from present law.

JOHN JOHNSTON, Montana Manufactured Housing Association, opposes HB 61 because of added cost. Testimony attached.

TOM HERZIG, National Electric Contractors Association, neither opposes or supports HB 61. He feels all phases of building inspections be brought under one department. See his testimony attached.

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QUESTIONS -

Rep. Kessler - Is the job being done by the Department of Administration?
Mr. Sheehy - You are not inspecting factory buildings. Not sure what complaints are based on. Mobile home dealers don't have to have plumbing licenses to hook up to water systems. The code is being enforced and compliance with the code is being enforced. Journeymen plumbers are doing inspections in some places now.

Rep. Pavlovich closed saying when the department met with the board of plumbers, they had no objection to HB 61.

HOUSE BILL 105 -

REP. GLENN JACOBSEN, House District #1, sponsored HB 105 at the request of some constituents. It would require oil and gas companies to report to royalty owners the amount of production from that well. They usually do get a report, but there is nothing in the statutes that gives them any protection. They do not know if the report is accurate or not, and would like to have the same protection as the state does on its oil and gas royalties.

OPPONENTS -

DON ALLEN, executive director of the Rocky Mountain Oil and Gas Division of the Montana Petroleum Association, said information is already being furnished in most cases by computer. The check stub shows gross barrels, gross value of shares. If the share is less than \$5 a month, the practice is that they would wait until it is \$10 per month, and in some cases payment is not made for up to one year. This could be done by computer perhaps even though it is expensive. If you mandated something and it was changed later on, it would seem unnecessary. Reports go to the board of Oil and Gas. If any royalty owner has questions they can ask that board.

If someone is losing something, the owner is losing much more. Everything is locked to keep the oil protected and not let the oil be stolen. Most operators take extreme caution to try to keep anything from being stolen. If there is a problem, it could be pursued with the Board of Oil and Gas or the owner.

BOB GANNON, Montana Power Company Oil and Gas Lease Department does provide information to the royalty owners. There may be some problem with the period stated in the bill. It requires more time to come up with these figures than the one month figure in the bill. There is a statutory framework already in Montana for royalty owners that provides attorneys fees and costs if there is a question as to how the royalty is being treated. If you lose, you pay - if you win, the fees are paid for.

DAVE SHANNA, Billings, representing Warren Hancock, Industrial Oil and Gas operator, also owners, said already a statement on a monthly basis as to the amount of crude produced from that particular lease is made. He doesn't understand the purpose of the bill because the owner's check stub shows this information. Every company sends out one of these. See EXHIBIT A. It includes the number of barrels produced monthly, state tax withheld, the net value, and also the windfall tax that is withheld. It is not necessary under the law because it is already being done monthly for everybody now. It is necessary if there is an individual or a company to keep its records so as to ascertain if they are being paid fairly. The bill is really unnecessary.

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QUESTIONS -

All companies supply check stubs as indicated in Exhibit A. Only the crude purchaser knows if the actual amount being paid is correct. Every lease is assessed the windfall profit tax, and the royalty owners are taxed the same as the major oil companies.

Rep. Jacobsen explained HB 105 would put the private land owners under statutory protection the same as the state is at the present time. If a land owner wants to verify the statement, he has to go through legal channels, hire an attorney to do this. If he were treated the same as the state is, he could consider it as being accurate.

Verification requirement would make it hard on the small operator Mr. Allen said. It was suggested that a time period requirement rather than a month by month basis be required. Present statutes require monthly statements. HB 105 would only allow the private royalty owner the same type of report as is given to the state. Mr. Allen was not sure if the same report is sent to the state as to private royalty owners. No affidavits have to be issued.

Mr. Shanna repeated the stub shows the gross amount of production produced each month, their percent of interest, and the net amount attributable to their share. The time factor - this information has to be filed on the last day of the month. There are times when companies get held up on production and they don't pay on time, there are computer problems, windfall profit tax, etc. Sometimes they can't fit the requirements into that statute.

Everyone does know what his interest is. The sponsor said the monthly report shall be paid to the state for the month covered. Mr. Allen said the royalty payment goes for the month issued for.

Rep. Ellison - The statute has the affidavit language in it, but perhaps no one has ever sought to enforce it. It has the precise language in it. Mr. Allen - The information given to the state land department is not any more detailed than what the check stub would show here. The state doesn't require any special form.

Rep. Jacobsen closed saying he is not attempting to work any hardship on the industry. He doesn't know that there is really any problem with the present existing arrangement. He thinks the private sector is entitled to the same treatment as the state. Sometimes it is very difficult to find things out and it is necessary to hire an attorney to do this. He would like to see these people have a little time to digest this bill, and if there is something wrong with it, he doesn't want it to pass. He can't see where any hardship would be caused because if this information is already there, it would be available. It would put more emphasis on keeping the land owner informed properly. The researcher will do some research on what and how a royalty owner would have to proceed to know if he is being properly accounted to.

EXECUTIVE SESSION -

Rep. Ken Robbins moved HOUSE BILL 104 DO PASS, and it was unanimously adopted. Rep. Robbins thinks that a meeting should be able to be held in the best possible place, and should be able to be moved from place to place as required.

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Rep. Manning moved HOUSE BILL 14 DO PASS. After the following discussion, this motion carried by an 11-5 vote for adoption, with 3 members absent.

Rep. Andreason - Feels this would open up for more freedom of choice.

Rep. Schultz - Auditing for a federal credit union is like that of a bank. A credit union wants it more protected. He would be against auditing by the DCA.

Rep. Ellison - What is the difference if they can already do this under the federal and about as easily can get a federal license as for a state license. Is there a difference in auditing? Can't determine the need for HB 14. He was explained to that federal auditing is more strict. Rep. Manning - The DCA audits by hiring private auditing firms. Mr. Verdon said the auditing is done by the Business and Regulation Department, not by the DCA.

Rep. Jensen - Anyone wanting to organize a credit union can go through the state department. He thinks it is a good trend to go back to the state. He had no qualms about the kind of auditing that would be done.

Rep. Robbins - Are depositors insured in the same way as federal depositors are? They are the same.

Rep. Wallin - Thinks the management of credit unions needs to have more expertise in this field.

Rep. Ellerd - Thinks it is unfair because of taxation.

Rep. Fabrega - Subchapter S gives you protection from the exposure as an individual or as a partner, but are taxed the same as if you are a partner. He is satisfied they have to have insurance and those rates will become exorbitant if they are not prudent.

Rep. Metcalf moved HOUSE BILL 30 DO PASS. He further moved an amendment on page 1, line 21, following "or", strike "savings", and insert "building". The amendment was unanimously adopted. Rep. Metcalf reworded his first motion to HOUSE BILL 30 AS AMENDED DO PASS, and this motion carried unanimously.

The meeting adjourned at 10:30 a.m.

Josephine Lahti
Josephine Lahti, Secretary

Rep. W. Jay Fabrega by J. Lahti
REP. W. JAY FABREGA, CHAIRMAN

HOUSE Business & Liberty COMMITTEE

Date 11/13/81

ASOR 30-61-105

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

NAME LARR, Huos BILL No. 30
ADDRESS Bx 514, Helena DATE 1-13-81
WHOM DO YOU REPRESENT Mont Savings & Loan League
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

APPENDIX A

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Table 1. July 1, 1977 Population Estimates for the State, Counties, and Subcounty Areas

AREA	JULY 1, 1977	APRIL 1, 1970 CENSUS	CHANGE, 1970 TO 1977		AREA	JULY 1, 1977	APRIL 1, 1970 CENSUS	CHANGE, 1970 TO 1977	
			NUMBER	PERCENT				NUMBER	PERCENT
STATE OF MONTANA.....	765 660	694 409	71 271	10.3	DENTON.....	383	598	-15	-3.8
BEAVERHEAD COUNTY.....	8 252	8 167	65	0.8	GRASS RANGE.....	188	181	7	3.9
DILLON.....	4 366	4 548	-182	-4.0	LEWISTOWN.....	6 723	6 437	286	4.4
LIMA.....	305	351	-46	-13.1	MOORE.....	237	219	18	8.2
BIG HORN COUNTY.....	10 675	10 057	618	6.1	WINIFRED.....	167	190	-23	-12.1
HARDIN.....	3 177	2 733	444	16.2	FLATHEAD COUNTY.....	46 937	39 460	7 477	18.9
LODGE GRASS.....	520	806	-286	-35.5	COLUMBIA FALLS.....	3 124	2 652	472	17.8
BLAINE COUNTY.....	7 092	6 727	365	5.4	KALISPELL.....	15 652	10 526	5 126	48.7
CHINOOK.....	1 718	1 813	-95	-5.2	WHITEFISH.....	3 674	3 349	325	9.7
HARLEM.....	1 299	1 094	205	18.7	GALLATIN COUNTY.....	38 803	32 505	6 298	19.4
BROADWATER COUNTY.....	3 149	2 526	623	24.7	BELGRADE.....	2 037	1 307	730	55.9
TOWNSEND.....	1 719	1 371	348	25.4	BOZEMAN.....	20 309	18 670	1 639	8.8
CARBON COUNTY.....	8 104	7 080	1 024	14.5	MANHATTAN.....	955	816	139	17.0
BEARCREEK.....	48	31	17	54.8	THREE FORKS.....	1 403	1 188	215	18.1
BRIDGER.....	605	717	-88	-12.3	WEST YELLOWSTONE.....	790	756	34	4.5
FROMBERG.....	468	104	364	28.6	GARFIELD COUNTY.....	1 763	1 796	-33	-1.8
JOLIET.....	559	412	147	35.7	JORDAN.....	553	529	24	4.5
RED LODGE.....	2 002	1 844	158	8.6	GLACIER COUNTY.....	11 055	10 783	272	2.5
CARTER COUNTY.....	1 846	1 956	-110	-5.6	BROWNING.....	1 894	1 700	194	11.4
EKALAKA.....	646	663	-17	-2.6	CUT BANK.....	3 765	4 004	-239	-6.0
CASCADE COUNTY.....	85 116	81 804	3 312	4.0	GOLDEN VALLEY COUNTY...	926	931	-5	-0.5
BELT.....	722	656	66	10.1	LAVINA.....	147	169	-22	-13.0
CASCADE.....	732	714	18	2.5	RYEGATE.....	241	261	-20	-7.7
GREAT FALLS.....	60 334	60 091	243	0.4	GRANITE COUNTY.....	2 714	2 737	-23	-0.8
NEIHART.....	121	109	12	11.0	DRUMMOND.....	466	494	-28	-5.7
CHOUTEAU COUNTY.....	6 460	6 473	-13	-0.2	PHILIPSBURG.....	949	1 128	-179	-15.9
BIG SANDY.....	792	827	-35	-4.2	HILL COUNTY.....	18 308	17 358	950	5.5
FORT BENTON.....	1 843	1 863	-20	-1.1	HAVRE.....	10 575	10 558	17	0.2
GERALDINE.....	364	370	-6	-1.6	MINGHAM.....	210	262	-52	-19.8
CUSTER COUNTY.....	13 072	12 174	898	7.4	JEFFERSON COUNTY.....	7 112	5 238	1 874	35.8
ISMAY.....	32	40	-8	-20.0	BOULDER.....	1 076	1 342	-266	-19.8
MILES CITY.....	9 691	9 023	668	7.4	WHITEHALL.....	1 360	1 035	325	31.4
DANIELS COUNTY.....	3 104	3 083	21	0.7	JUDITH BASIN COUNTY....	2 860	2 667	193	7.2
FLAXVILLE.....	164	185	-21	-11.4	HOBSON.....	181	192	-11	-5.7
SCOBEY.....	1 593	1 486	107	7.2	STANFORD.....	658	505	153	30.3
DAWSON COUNTY.....	11 389	11 269	120	1.1	LAKE COUNTY.....	17 607	14 445	3 162	21.9
GLENDALE.....	5 883	6 305	-422	-6.7	POLSON.....	2 977	2 464	513	20.8
RICHEY.....	392	389	3	0.8	RONAN.....	1 452	1 347	105	7.8
ANACONDA-DEER LODGE COUN	14 338	15 652	-1 314	-8.4	ST. IGNATIUS.....	958	925	33	3.6
ANACONDA-DEER LODGE.....	14 338	15 652	-1 314	-8.4	LEWIS AND CLARK COUNTY..	39 609	33 281	6 328	19.0
FALLON COUNTY.....	3 982	4 050	-68	-1.7	EAST HELENA.....	2 202	1 651	551	33.4
BAKER.....	2 636	2 584	52	2.0	HELENA.....	28 142	22 730	5 412	23.8
PLEVNA.....	174	189	-15	-7.9	LIBERTY COUNTY.....	2 627	2 359	268	11.4
FERGUS COUNTY.....	13 277	12 611	666	5.3	CHESTER.....	1 038	936	102	10.9
					LINCOLN COUNTY.....	16 686	18 063	-1 377	-7.6
					EUREKA.....	1 059	1 195	-136	-11.4

AREA	JULY 1, 1977	APRIL 1, 1970 CENSUS	CHANGE, 1970 TO 1977		AREA	JULY 1, 1977	APRIL 1, 1970 CENSUS	CHANGE, 1970 TO 1977	
			NUMBER	PERCENT				NUMBER	PERCENT
LIRBY.....	2 899	3 286	-387	-11.8	HIGHLAND COUNTY.....	10 280	9 837	443	4.5
REXFORD.....	149	243	-94	-38.7	FAIRVIEW.....	931	956	-25	-2.6
TROY.....	1 023	1 046	-23	-2.2	SIENEY.....	4 937	4 543	394	8.7
MECONE COUNTY.....	2 803	2 875	-72	-2.5	ROOSEVELT COUNTY.....	10 511	10 365	146	1.4
CIRCLE.....	1 095	964	131	13.6	BAINVILLE.....	167	217	-50	-23.0
MADISON COUNTY.....	5 687	5 014	673	13.4	BROCKTON.....	411	401	10	2.5
ENNIS.....	506	501	5	1.0	CULBERTSON.....	836	821	15	1.8
SHERIDAN.....	701	636	65	10.2	FROID.....	291	330	-39	-11.8
TWIN BRIDGES.....	697	613	84	13.7	POPLAR.....	1 512	1 389	123	8.9
VIRGINIA CITY.....	206	149	57	38.3	WOLF POINT.....	3 712	3 095	617	19.9
MEAGHER COUNTY.....	2 248	2 122	126	5.9	ROSEBUD COUNTY.....	10 503	6 032	4 471	74.1
WHITE SULPHUR SPRGS.....	1 359	1 200	159	13.2	FORSYTH.....	2 661	1 873	788	42.1
MINERAL COUNTY.....	3 483	2 958	525	17.7	SANDERS COUNTY.....	8 437	7 093	1 344	18.9
ALBERTON.....	446	363	83	22.9	HOT SPRINGS.....	631	664	-33	-5.0
SUPERIOR.....	1 019	993	26	2.6	PLAINS.....	1 255	1 046	209	20.0
MISSOULA COUNTY.....	67 034	58 263	8 771	15.1	THOMPSON FALLS.....	1 515	1 356	159	11.7
MISSOULA.....	29 221	29 497	-276	-0.9	SHERIDAN COUNTY.....	5 290	5 779	-489	-8.5
MUSSELSHELL COUNTY.....	4 619	3 734	885	23.7	MEDICINE LAKE.....	360	393	-33	-8.4
MELSTONE.....	311	227	84	37.0	OUTLOOK.....	110	153	-43	-28.1
ROUNDUP.....	2 480	2 116	364	17.2	PLENTYWOOD.....	2 284	2 381	-97	-4.1
PARK COUNTY.....	12 664	11 197	1 467	13.1	WESTBY.....	239	287	-48	-16.7
CLYDE PARK.....	354	244	110	45.1	BUTTE-SILVER BOW COUNTY.....	40 678	41 981	-1 303	-3.1
LIVINGSTON.....	7 097	6 863	214	3.1	BUTTE-SILVER BOW.....	39 704	40 884	-1 180	-2.9
PETROLEUM COUNTY.....	652	675	-23	-3.4	WALKERVILLE.....	974	1 097	-123	-11.2
WINNETT.....	236	271	-35	-12.9	STILLWATER COUNTY.....	5 394	4 632	762	16.5
PHILLIPS COUNTY.....	5 375	5 386	-11	-0.2	COLUMBUS.....	1 250	1 173	77	6.6
DODSON.....	196	196	-	-	SWEET GRASS COUNTY.....	3 087	2 980	107	3.6
MALTA.....	2 196	2 195	1	0.0	BIG TIMBER.....	1 752	1 592	160	10.1
SAGO.....	325	356	-31	-8.7	TETON COUNTY.....	6 472	6 116	356	5.8
PONDERA COUNTY.....	7 664	6 611	1 053	15.9	CHOTEAU.....	1 617	1 586	31	2.0
CONRAD.....	3 976	2 770	1 206	43.5	DUTTON.....	390	415	-25	-6.0
VALIER.....	750	651	99	15.2	FAIRFIELD.....	652	638	14	2.2
POWDER RIVER COUNTY.....	2 402	2 862	-460	-16.1	TOOLE COUNTY.....	5 547	5 839	-292	-5.0
BROADUS.....	778	799	-21	-2.6	KEVIN.....	196	250	-54	-21.6
POWELL COUNTY.....	7 494	6 660	834	12.5	SHELBY.....	3 089	3 111	-22	-0.7
DEER LODGE.....	4 980	4 306	674	15.7	SUNBURST.....	542	604	-62	-10.3
PRAIRIE COUNTY.....	1 857	1 752	105	6.0	TREASURE COUNTY.....	1 279	1 069	210	19.6
TERRY.....	909	870	39	4.5	HYSHAM.....	682	373	309	82.8
RAVALLI COUNTY.....	19 581	14 409	5 172	35.9	VALLEY COUNTY.....	12 348	11 471	877	7.6
DARBY.....	527	538	-11	-2.0	GLASGOW.....	4 933	4 700	233	5.0
HAMILTON.....	3 287	2 499	788	31.5	NASHUA.....	637	513	124	24.2
STEVENSVILLE.....	1 204	829	375	45.2	OPHEIM.....	365	306	59	19.3
WIBAUX COUNTY.....	1 454	1 465	-11	-0.8	WHEATLAND COUNTY.....	2 429	2 529	-100	-4.0
WIBAUX.....	671	644	27	4.2	HARLOWTON.....	1 264	1 375	-111	-8.1
YELLOWSTONE COUNTY.....	101 456	87 367	14 089	16.1	JUDITH GAP.....	184	160	24	15.0
					BILLINGS.....	72 303	64 407	7 896	12.3
					BROADVIEW.....	97	123	-26	-21.1
					LAUREL.....	5 395	4 454	941	21.1
					YELLOWSTONE NATIONAL PARK.....	89	64	25	39.1

*1970 CENSUS FIGURE INCLUDES 1970 CENSUS POPULATION RESIDING IN AREAS ANNEXED THROUGH DECEMBER 31, 1977.

Adapted from: Current Population Estimates, Series P-25, No. 78-26

Exhibit A

Mayer

Mayer

TESTIMONY OF
JEFFRY M. KIRKLAND
MONTANA CREDIT UNIONS LEAGUE
HOUSE BILL 30

HOUSE BILL 30
TESTIMONY OF JEFFRY M. KIRKLAND
DIRECTOR OF GOVERNMENTAL RELATIONS
MONTANA CREDIT UNIONS LEAGUE

BEFORE THE HOUSE BUSINESS & INDUSTRY COMMITTEE
ON TUESDAY, 13 JANUARY, 1981

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, FOR THE RECORD I AM JEFF KIRKLAND, DIRECTOR OF GOVERNMENTAL AND COMMUNITY RELATIONS FOR THE MONTANA CREDIT UNIONS LEAGUE. THE LEAGUE IS A TRADE ASSOCIATION REPRESENTING 133 MONTANA CREDIT UNIONS, AND WE STAND IN SUPPORT OF HOUSE BILL 30.

REFLECTING THE CONGRESSIONALLY-MANDATED AUTHORITY FOR CREDIT UNIONS AND SAVINGS AND LOAN ASSOCIATIONS TO OFFER CHECK-LIKE THIRD PARTY TRANSACTION ACCOUNTS, HOUSE BILL 30 SIMPLY INCLUDES CREDIT UNIONS AND SAVINGS AND LOAN ASSOCIATIONS IN THE STATUTORY DEFINITION OF CAMPAIGN DEPOSITORY AND THEN NAMES THE SPECIFIC TYPES OF TRANSACTION ACCOUNTS THOSE INSTITUTIONS ARE EMPOWERED TO OFFER.

ENACTMENT OF THE BILL INTO LAW WOULD ALLOW POLITICAL CANDIDATES AND POLITICAL ACTION COMMITTEES THE CHOICE OF MAINTAINING THEIR CAMPAIGN FUND ACCOUNTS IN CREDIT UNIONS AND SAVINGS AND LOAN ASSOCIATIONS AS WELL AS IN COMMERCIAL BANKS.

HOUSE BILL 30 AROSE FROM REQUESTS RECEIVED BY CREDIT UNIONS THROUGHOUT THE STATE FROM THEIR MEMBERS WHO WERE CANDIDATES FOR POLITICAL OFFICE IN LAST YEAR'S PRIMARIES. THOSE MEMBERS WANTED TO ESTABLISH THEIR CAMPAIGN FUND ACCOUNTS IN THE CREDIT UNIONS WHERE THEY MAINTAINED THEIR PERSONAL ACCOUNTS.

THE TRUSTEES OF MONTANA CUPAC, OUR CREDIT UNION POLITICAL ACTION COMMITTEE, ALSO PREFERRED TO MAINTAIN THE PAC FUNDS IN A CREDIT UNION RATHER THAN IN A COMMERCIAL BANK, SO WE CONTACTED JOHN HANSON, COMMISSIONER OF CAMPAIGN FINANCES AND PRACTICES, TO DETERMINE WHETHER HE WOULD SUPPORT THE IDEA OF CREDIT UNIONS SERVING AS CAMPAIGN DEPOSITORIES.

WE HAVE INCLUDED THE FULL TEXT OF COMMISSIONER HANSON'S LETTER RESPONDING TO OUR INQUIRY IN THE MISCELLANEOUS DOCUMENTATION SECTION OF OUR TESTIMONY. HOWEVER, I WOULD LIKE TO EXCERPT KEY PORTIONS OF HIS REPLY:

"AT THE TIME THE LAW WAS ENACTED, ONLY COMMERCIAL BANKS WERE ALLOWED TO HANDLE CHECKING ACCOUNTS, BUT RECENT DEVELOPMENTS HAVE ENABLED CREDIT UNIONS AND SAVINGS AND LOAN ASSOCIATIONS TO PROVIDE SUBSTANTIALLY EQUIVALENT SERVICES. I AM ASSURED THAT THE SAME REGULATIONS WITH REGARD TO RECORDING OF TRANSACTIONS APPLY TO THESE OTHER TYPES OF INSTITUTIONS WHEN THEY PROVIDE 'CHECKING' SERVICES.

"UNDER THOSE CIRCUMSTANCES, I BELIEVE THAT YOUR INSTITUTION IS THE SUBSTANTIAL EQUIVALENT OF A 'BANK' FOR THE PURPOSES OF THE CAMPAIGN PRACTICES ACT AND THAT THE LEGISLATIVE INTENT IS SATISFIED. I SEE NO REASON WHY THE CREDIT UNION, IF IT RECORDS NEGOTIABLE-INSTRUMENT TRANSACTIONS IN ACCORD WITH THE DISCUSSION ABOVE, CANNOT ACT AS A CAMPAIGN DEPOSITORY FOR A CANDIDATE OR COMMITTEE."

WE HAVE SUBSEQUENTLY MET WITH PEG KRIVEC, CURRENT COMMISSIONER OF POLITICAL PRACTICES CONCERNING JOHN HANSON'S OPINION. SHE FULLY SUPPORTS IT AND ALSO SUPPORTS HOUSE BILL 30.

AS WE SEE IT, THE ISSUE HERE IS FREEDOM OF CHOICE--THE FREEDOM OF A CANDIDATE FOR POLITICAL OFFICE OR OF A POLITICAL ACTION COMMITTEE TO CHOOSE THE TYPE OF FINANCIAL INSTITUTION IN WHICH TO MAINTAIN A CAMPAIGN FUND ACCOUNT.

THE BILL AND THE CONCEPT OF THE BILL ARE SUPPORTED BY BOTH THE FORMER AND THE CURRENT COMMISSIONERS OF POLITICAL PRACTICES AND REFLECT RECENT FEDERAL LEGISLATION EMPOWERING BOTH CREDIT UNIONS AND SAVINGS AND LOAN ASSOCIATIONS TO OFFER CHECK-LIKE THIRD PARTY TRANSACTION ACCOUNTS.

FOR THOSE REASONS, WE ASK THAT THIS COMMITTEE RECOMMEND THAT HOUSE BILL 30 DO PASS.

MISCELLANEOUS DOCUMENTATION

FOR

HOUSE BILL 30

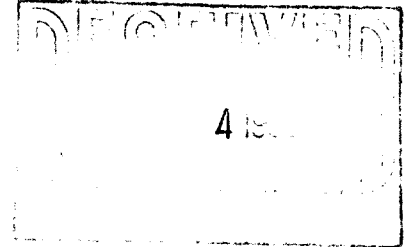


The Big Sky Country
COMMISSIONER OF
CAMPAIGN FINANCES AND PRACTICES

JOHN N. HANSON
COMMISSIONER
CAPITOL STATION
HELENA, MONTANA 59601
(406) 449-2942

John Greenfield
Valley Credit Union
P.O. Box 20417
Billings, Montana 59104

May 8, 1980



Dear Mr. Greenfield:

This will respond to your recent request for information concerning the campaign depositories required of candidates and political committees by §13-37-205, MCA.

The statute requires "a bank authorized to transact business in Montana," a phrase unchanged since the law was originally enacted in 1975. I believe that the intent of the legislature was to take advantage of the record-keeping procedures imposed by certain federal laws and regulations at that time; specifically, such laws require that items over a certain amount be photocopied and the pictures retained for a period of time. Since it has not proved practical for the average bank to separate items over the limit from those under it, in practice banks generally photocopy all items submitted for payment or handling. This is the feature of the depository requirement that is of importance to the Campaign Practices Act.

At the time the law was enacted, only commercial banks were allowed to handle checking accounts, but recent developments have enabled credit unions and savings-and-loan institutions to provide substantially equivalent services. I am assured that the same regulations with regard to recording of transactions apply to these other types of institutions when they provide "checking" services.

Under those circumstances, I believe that your institution is the substantial equivalent of a "bank" for purposes of the Campaign Practices Act, and that the Legislative intent is satisfied. I see no reason why the credit union, if it records negotiable-instrument transactions in accord with the discussion above, cannot act as a campaign depository for a candidate or committee.

If we may be of further service, please do not hesitate to contact us at any time.

Sincerely yours,
John N. Hanson

JOHN N. HANSON
Commissioner

JNH/as



THIRD PARTY TRANSACTION ACCOUNTS

ON 31 MARCH 1980 PRESIDENT CARTER SIGNED PUBLIC LAW 96-221, THE DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY CONTROL ACT OF 1980.

AMONG NUMEROUS OTHER FINANCIAL REFORM MEASURES, P.L. 96-221 AUTHORIZED CREDIT UNIONS AND SAVINGS AND LOAN ASSOCIATIONS TO OFFER CHECK-LIKE INTEREST-BEARING THIRD PARTY TRANSACTION ACCOUNTS. FOR CREDIT UNIONS, THOSE ACCOUNTS ARE CALLED SHARE DRAFT ACCOUNTS. FOR S&LS, THOSE ACCOUNTS ARE CALLED NEGOTIABLE ORDER OF WITHDRAWAL (NOW) ACCOUNTS.

BOTH SHARE DRAFTS AND NOWs FUNCTION LIKE CHECKS AND, LIKE CHECKS, CLEAR THROUGH THE FEDERAL RESERVE SYSTEM. BOTH CREDIT UNIONS AND S&LS ARE COVERED BY THE VERY SAME RESERVING REQUIREMENTS FOR THOSE TYPES OF ACCOUNTS AS COMMERCIAL BANKS.

BOTH SHARE DRAFTS AND NOWs RESEMBLE CHECKS. SHARE DRAFTS ARE TRUNCATED, WHICH MEANS THAT THE CANCELLED ITEMS ARE NOT RETURNED TO THE ACCOUNT HOLDER. INSTEAD, THE ACCOUNT HOLDER HAS A CARBON-LESS COPY OF EACH DRAFT WRITTEN. THE ORIGINALS ARE MICROFILMED JUST LIKE CHECKS ARE TO PROVIDE A LEGAL, PERMANENT RECORD OF TRANSACTIONS. TRUNCATION IS AN INNOVATION DEVELOPED BY CREDIT UNIONS AND SAVES CONSIDERABLY IN THE CLEARING PROCESS.

	ROBERT W. LARKIN 123 MAIN STREET ANYWHERE, U.S.A. 12345	283
PAY TO THE ORDER OF _____		_____ 19 _____ 99-999/999
_____ \$		
_____ DOLLARS		
	ABC Friendly Federal Credit Union YOUR CITY, YOUR STATE, YOUR ZIP CODE PAYABLE THROUGH YOUR CLEARING BANK	SAMPLE
119999999999 734567890128 0283		

House Bill 61 is being introduced on behalf of the Board of Plumbers to recombine licensing and inspection.

The Board office has received complaints from plumbers in the state that the permit fees are being paid and the inspections are not being completed by the Building Code Division, Department of Administration or when they are being done, they are being done when all work is completed and covered with walls, etc., making it hard to determine if there are code violations.

The Board found in the past when licensing and code enforcement were combined the board had better control over those persons who were not licensed. Under the present system when the Department of Administration goes out on a code inspection, they usually relay information to the board on unlicensed individuals. However, the time delay in the board receiving this information and sending an inspector into the area to check on the unlicensed individuals sometimes results in the work being completed and the board being unable to obtain proof that the unlicensed individual actually completed the work.

Currently the Department of Administration, Building Codes, is requesting the Board of Plumbers to take action to revoke the licenses of individuals who do not take out the necessary permits. The board currently sends a letter requesting the permits be obtained within a certain period of time to prevent action against a license. However, if action would have to be taken, the board cannot revoke a license without a hearing. The Board would be incurring the expenses of a hearing, while the Department of Administration would not be expending money for collection of the permit fees which would ultimately be placed in Department of Administration funds.

The Board is willing to cooperate with the Department of Administration in these matters, but feels the entire program would be more effective and more economically handled if inspection and licensing were again combined under the Board of Plumbers, Department of Professional and Occupational Licensing.

4861

Dreyer, Applicants and Appellants, v. The Board of Trustees of
Mid-Rivers Telephone, Inc., Respondents and Defendants
36 St. Rep. 1396

COUNT THREE

With respect to count three, Mid-Rivers is the cross-appellant contending that the District Court erred in requiring meetings of the cooperative to be held in Circle, McCone County, Montana.

Here again, we face a matter of statutory interpretation. Section 35-18-303(3) MCA provides:

"Meetings of members shall be held at such place as may be provided in the bylaws. In the absence of any such provision, all meetings shall be held in the city or town in which the principal office of the cooperative is located."

The principal office of the cooperative in this case is in Circle, Montana. The trustees proposed to hold the meeting of September 27, 1978 in Winnett, Petroleum County, Montana. Dreyer and Townley contend that this was improper. The District Court found such a proposed meeting place was improper and we agree.

Art. IV, Section 1 of the cooperative bylaws does not name the town in which the annual meeting of the members is to be held but does provide that the annual meeting shall be held at such place in the project area as shall be determined by the Board of Trustees. The District Court concluded that because the bylaws failed expressly to name the place in which the annual meeting is to be held, the statutory provision controls the place of meeting and it must therefore be held in Circle, Montana. Section 35-18-303(3) MCA, supra.

The District Court is correct on this point. As the District Court stated in its conclusions, nothing prevents the members of the cooperative from amending the bylaws so as to provide specifically for other places for the annual meeting.

The appeals of Dreyer and Townley are denied; the cross-appeal of Mid-Rivers is denied. No costs to either party.

NAME Tom Herzis BILL No. HB 61
ADDRESS PO Box 1249 Helena DATE 13 Jan 80
WHOM DO YOU REPRESENT National Elec Contractors assn.
SUPPORT Neither OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

We have a bill that is similar in nature for electricians. The point I would like to make is that all phases of inspection and licensing for the building trades be brought under one department. The benefits for enforcing both the codes and the licensing laws would be considerable and would make state government more efficient and ~~stronger~~ easier for the building industry to deal with.

Thomas Herzis

NAME

John Johnston

BILL NO.

61

ADDRESS

12650 N. Montrose Ave.

DATE

1/13/81

WHOM DO YOU REPRESENT

Mont. Indus. Housing Assn.

SUPPORT

OPPOSE

AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

*this bill would incur increased cost
to the industry and unnecessary duplication
of service.*

Thank You,

NAME Ed Sheehy BILL NO. 21861
ADDRESS 2031 14th Ave Helena DATE 1/13/81
WHOM DO YOU REPRESENT MT Manufactured Housing Assoc
SUPPORT _____ OPPOSE LC AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NAME Charles C. Wind BILL No. 61
ADDRESS 1070 Babcock Blvd. DATE 1-13-81
WHOM DO YOU REPRESENT ROBERT HOAMES
SUPPORT _____ OPPOSE ✓ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NAME Thomas W. CLARKE BILL No. 61
ADDRESS 219 Cooke Dr., Swampscott DATE 1-13-81
WHOM DO YOU REPRESENT Coastal Homes, Revere, MA
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

THE formation of additional depart.
to the codes div is costly in time,
money, effectiveness; AS A END
result cost the MIT people additional
money in housing cost

NAME Eugene O. Carmichael BILL No. HB-61
ADDRESS 1816 Lewis Billings, Mt. DATE 1/13/81
WHOM DO YOU REPRESENT Boise Cascade Mfg. Housing
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NAME William J. Novak BILL No. #61
ADDRESS 4750 Underpass DATE 1-12-81
WHOM DO YOU REPRESENT Self
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

There is absolutely no
need shown for this bill
or reason to change
present law.

W. J. Novak

NAME W. James Kembel BILL No. 6.1
ADDRESS 1100 Knight DATE 1/13/81
WHOM DO YOU REPRESENT Dept of Admin.
SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The Department neither supports or opposes the bill. we only wish to point out that since we are currently using the plumbing inspectors to perform mechanical inspections we will not be reducing the number of FTE's and will have to raise the fees charged for mechanical inspections to support that service.

NAME

John Harwood

BILL NO.

61

ADDRESS

DATE

WHOM DO YOU REPRESENT

Board of Plumbers

SUPPORT

☒

OPPOSE

AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

as the consumer member of the Plumbers
Board I feel this is a good start from
the taxpayers and consumers point of interest.

Thank you

John Harwood

NAME DAN ANTONIETTI Bill No. 61
ADDRESS 5 WOOD COURT DATE 1.13.81
WHOM DO YOU REPRESENT BOARD OF PLUMBERS
SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

REASONS of efficiency and economy
and avoid duplication which now
exists.

PRESENTLY the Dept. of Administration
is assigning inspections to qualified
Master Plumbers in the Butte area
because they are unable to make
inspections when called. This problem
did not exist when inspections were
done by the Plumbing Board.

NAME MICHAEL S. MIZENKO

BILL No. HB-61

ADDRESS 3233- 8TH AVE SO.
GREAT FALLS, MONT. 59405

DATE 1-13-81

WHOM DO YOU REPRESENT MONT. STATE BOARD OF PLUMBERS

SUPPORT



OPPOSE

AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

There is a Duplication of The system
as it stands now. one inspects for
permits the other for license. Due
to the large area of the State of Montana
the cost factor is tremendous to
accomplish the same inspection.

I believe the Board of Plumbers should
do both as it has proven its accomplish-
ments in the past.

Michael S. Mizenko
Board of Plumbers

NAME J. L. Prussing BILL No. HB 61
ADDRESS Bellingham DATE 1-18-71
WHOM DO YOU REPRESENT Dept of Marine & Fisheries - Bl. of Bellingham
SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The Bellingham board's main function is to conduct examinations of applicants for the Bl. of Bellingham. The main function is to designate up to the first successful candidate administration to assist them in their administration of the Bl. of Bellingham. I to assist them with their work with any other need of assistance.

J. L. Prussing

NAME Joseph J. Martin BILL NO. H. B. 61
ADDRESS P.O. Box 1703 - GT. FALLS, MONT. DATE 1-13-81
WHOM DO YOU REPRESENT MONTANA STATE ASSN. OF PLUMBERS
SUPPORT yes OPPOSE _____ AMEND _____
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

at present the Dept. of Administration
inspects the plumbing and the Board of
Plumbers checks for license. This is a
duplication of manpower and is costly
to the public. H. B. 61 would put the
inspections and license under the Board
of Plumbers as it had been prior to the
1979 legislature. This would be more
efficient and avoid duplication, which
would save the public money and time.

Joseph J. Martin

NAME Mitch Mihailovich Bill No. HB 61
ADDRESS 1900 ELM DATE 1-13-81
WHOM DO YOU REPRESENT MT. STATE PLUMBER'S ASSOC
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NAME William A. Christman Bill No. H 61
ADDRESS 8163 Canyon Ferry Road DATE 1-15-51
WHOM DO YOU REPRESENT Public Board member
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

I believe that it is in the best interest of the public to have the inspection and licensing combined under the Board of Members as it will give the public and the industry a better opportunity to provide an input into the improvement of both licensing and inspection.

Sincerely,

W. A. Christman

AMENDMENTS TO HOUSE BILL 61

Section 2. Section 50-60-504, MCA, is amended to read:

"50-60-504. Department to prescribe minimum standards. The department of administration shall by rule prescribe minimum standards which are uniform and which are thereafter effective for all plumbing installation or maintenance, except where exempt by 50-60-503."

(An amendment is no longer proposed to this section)

Section 12. Section 50-60-202, MCA, is amended to read:

"50-60-202. Department to be sole state agency to promulgate building regulations. No state agency except the department may promulgate building regulations as defined in 50-60-101, except the state fire marshal may promulgate regulations relating to use of buildings and installation of equipment. The state fire marshal shall review building plans and regulations for conformity with rules promulgated by the department."

(An amendment is no longer proposed to this section.)

114

HOUSE BUSINESS AND INDUSTRY

Reps. O'Hara, Andreason, and Pavlovich, who had been appointed as members of a subcommittee to study HBs 61 and 168, met in room 129, Capitol Building, January 26, at 7:00 pm. Rep. O'Hara was chairman.

DON KEMBEL estimated receipts from plumbing licenses were in the neighborhood of \$700,000. In order for the Department of Administration to be able to handle plumbers' licensing, inspection and enforcement two mechanical inspectors would be needed. At the present time plumbing inspectors are doing mechanical inspections because the mechanical inspectors are not getting to inspection sites when they are needed. Since 1977 it has been routine practice for the plumbing inspectors to do both jobs. Mr. Kembel would like to see all the inspections in one department located in one agency so they could be coordinated. Other than that he had no strong feelings.

TOM HERZIG, electric contractors' representative, said if all the inspectors were under one agency there would only be one place to go to get licenses that were required.

DON ANTIONETTI, who is on the board of plumbers, said the board has been receiving complaints that there is a layer of bureaucracy established by law with the Department of Administration doing the inspections. The problem is the delay between the time the complaint comes to the board of plumbers from the Department of Administration. They feel it would be more efficient if it comes from the board of plumbers who are doing the licensing.

The board of plumbers have to answer calls all around the state to do inspections. It was suggested that several small communities go together and have one inspector for their area to expedite inspections and handle minor complaints. Mr. Antonetti said there is no duplication of inspections. It is the responsibility of the board to suspend and revoke licenses, and it would be quicker if it were all under the board.

Mr. Kembel advised control of licenses is not within their power, and it is turned over to the board of plumbers if any licensing violations are found. As far as doing inspections more rapidly, current funds really only support two inspectors. Fees are the source of their funding for inspections. The two inspectors the department has travel steadily every week and try to make it when they can and are called. Fees are getting higher and higher and the public is unhappy.

ED SHEEHY had testified it would be a problem for the manufactured home builder because of having two agencies because they would have to have more inspectors in their plant. The inspector that does the plumbing inspection is also doing the mechanical, electrical inspections. Through HB 61 you would have four inspectors - one for each category. It would cost double fees to have an inspector for electric, building, mechanical and plumbing inspections. Two sets of plans would have to be sent in - one to each agency. You are still dealing with two entities. Licensing and inspection are two different things. The problem is with plumbing licensing.

A question about inspections and licensing of modular homes coming into the state was troubling the plumbers.

Mr. Mihailovich explained this bill was asked to be introduced by the board of plumbers because they feel the expertise lies within the board of plumbers to make inspections of codes; also there have been a great many complaints within the industry that there is a lack at the present time of inspectors in the field to inspect plumbing. They tried to get four or five smaller cities together to have an inspector of their own, but the smaller cities said the state would do the inspections for them. He suggested having the same man inspect for the building code at the same time.

Mobile home people are exempt from the licensing part of the state law but have to live up to the code. The code is not enforced nor done as fast as it should be done. They feel it belongs where the expertise is and should be done quicker. More inspectors will have to be hired to get this job done quicker. Some cities have inspectors of their own. Great Falls has their own inspectors. Butte has an electrical inspector who makes all the inspections in Butte. The faster way would be for each locality to have their own inspector. The delay comes in when they have to wait for an inspector. This holds the building up all along the line.

Mr. Kembel explained they don't have a bill in to give it back to the cities. It was changed in 1977. If a city becomes certified, the state stays out. They have the option of enforcing the codes they desire and leaving the others to the state. This causes problems with the Department. Forty-five or six cities now involved in code enforcement. The small ones are just doing the building inspections. The county can do the same. The state is doing most of the plumbing inspections. If a local government is certified, the state stays out of it if someone wishes to take it over.

As far as the public is concerned, they would like having one agency to complain to. Code enforcement functions were moved over to licensing. An advisory council gives input from the various groups and has removed a lot of problems from the state. The state fire department promulgated the code.

Under HB 61 applicants will have to send plans and spec to the board and the department. Mr. Sheehy doesn't think this will be done quicker by putting this under the board of plumbers. He feels there is simply no justification for this bill.

Mr. Antonetti gave a short history of the board of plumbers saying it was established in 1947 for code and licensing requirements. The plumbing industry supported the bill and assessed themselves fixture fees installed by them to see that the inspection was done. In 1975 a permit system was established which is in operation now. In 1977 code enforcement and issuance of permits were put under the Department of Administration. They showed at that time there would be considerable savings to the state, but it has not been so. The board found it was more efficient when licensing and inspection was under the board, and they had better control.

The board is finding that when an unlicensed person is found and reported to the Department of Administration, by the time the complaint gets to the board who does the inspection to check licenses, the walls are up and it is all closed up. There is no knowing what is there.

The City of Glasgow is certified, and so the state does not do inspections there. The board of plumbers has nine members.

HOUSE BILL 168 -

REX MANUEL and TOM HERZIG advocate bringing the licensing into the Department of Administration. The proponents and the board have worked together to arrive at agreeable amendments that Mr. Kembel feels the department can work within.

The difference between the way it is being done now would be that the electrical inspectors would be doing mechanical, and plumbing inspections also. This puts the board of electricians in one organization and the complaints would be handled with the board and the department. The board of electricians has five members - a master contractor, two licensed journeymen and two from the public, one of which is a private utility representative.

There was objection to the board promulgating building codes - there should be one source of code rules. Mr. Herzig advised the board and department will adopt one code as a joint decision. Then it will be run thru the advisory council. It was felt the establishment of a code might be difficult if the board of plumbers and the department were not in agreement. The way the bill is drafted now, that would be left with the board. Both the department and the board have to work under the governor.

KENNETH J. KRONEBUSCH, President of the North Central Electrical Contractors, Conrad, said they are trying to get some authority and get everything back together the way it was when the electric law was originally set up. At that time there was one board and that board was in charge of the issuance of the licenses and also permits and inspections, and if this could be done he feels they would be able to function and give the public more of what they should be getting at the present time. As members of the electric board, licensing is sent to the licensing board which is under the Professional Occupational and Licensing Department and they issue a yearly license fee. Permits go into the state building codes and they do the inspections. An inspector goes out and he has no authority to ask anybody if he has an electrician's license, and very little when it comes to enforcing the inspections. They want more teeth in this and Mr. Kembel is working on the wording so that they can enforce the inspections a little more than they are at the present time.

ED SHEEHY said he had never heard of a rule-making procedure being done before a board and a department at the same time. A hearing officer might conduct the hearing, but he questions who is going to make the decision.

The odds would be against the department wishes, and also this would tend to give the board department status. He is very much concerned with amendment #25. He is concerned about modular housing inspections and licensing. Licensing and inspecting are two different things, but now HB 168 is statutorily defining them as the same thing. This will be in violation of the licensing laws also. Question of violation enforcement if you are doing the work in your own home and you are unlicensed, but your work is not up to code requirements, what steps can be taken to correct the problem. This puts a board and a state agency on the same level. They are more opposed to this bill as amended.

Mr. Herzig explained the intent is to allow a home owner to work on his own home without getting an electrician's license. Persons building 4-5 houses are considered to be contractors. A person can only build one house for himself in a year in order not to be licensed. The language is not quite clear about this. Mr. Kembel said a person building his own home and doing his own work is not liable for permits or inspections.

Mr. Herzig said registration of electrician apprentices is being done by the Labor and Industry Division of Training and take care of all the grievances. The Department of Occupational Licensing also are registering apprentices - two state agencies doing the same function. Those apprentices who are veterans, if they are registered with the Professional and Occupational Licensing Department are eligible for special consideration. This is essentially what the plumbers have in their bill as far as registering apprentices is concerned.

Mr. Antonetti explained the apprenticeship division of the Montana State Department of Labor and Industry is the only state registration agency responsible for registering apprentices. Apprenticeship is a voluntary situation. As far as veterans are concerned, they are not the registering agency under the GI bill. They were until the start of this year. The Veterans' Administration is handling that now, and they will pay - they do not have to be registered by any other than the Veterans Administration.

They can register if they meet the minimum requirements for apprenticeship and answer about 17 items, and must sign an agreement on this. The plumbing law has his experience credited and will recognize anyone who is registered with the Montana State Labor and Industry Department and allows them to take the examination.

ED CARNEY, Department of Occupation Licensing director, said if it is the intent that a veteran must be registered with the Department of Labor and Industry, the state electricians' board has today said you may be registered with the board and if you say that they must be registered with the Department of Labor, there is no sense allowing the "may" to be in there - in one case it is permissive and in the other case it is a mandatory thing. The board might want an apprentice registered with them. Apprentice rules will see that he is working with a registered electrician.

AL BERSANTI, state board member for electricians, says their hands are tied on the electricians board. They have had a lot of duplication of functions as far as application, inspections, enforcement are concerned. in trying to make these things work. He sees no difference in putting them together - the state law stays the same.

Josephine LaBelle

DEPARTMENT OF PROFESSIONAL & OCCUPATIONAL LICENSING

TED SCHWINDEN, GOVERNOR

LALONDE BUILDING
42½ NORTH LAST CHANCE GULCH

STATE OF MONTANA

(406) 449-3737

HELENA, MONTANA 59601

January 27, 1981

To: Representative Robert J. Pavlovich
From: Ed Carney *Ed Carney*
Re: House Bill No. 61 (Plumbers) and House Bill No. 168 (Electrical)

It is not my policy to become involved in various bills in the Legislature unless requested to supply information by a member of the Legislature or one of the board members involved with the legislation. Dan Antonietti, a public member of the Board of Plumbers has requested me to supply you with any information which would be relative to these two bills. I will do my best.

First, I believe some history is essential and it might help understand the continuing problem involved with these two bills. The plumbing law was created in the 1949 Legislature as well as the board. The electrical law was created in 1965 as well as the board. The legislative changes relating to the functions of licensing and inspections are as follows:

Bd. of Plumbers

Has remained the same, with licensing and inspection being a board function from 1949 to 1977 when the Legislature in Senate Bill No. 401 moved the inspection function to Dept. of Administration. This bill was a result of work done by Office of Budget and Program Planning and separated the inspection function from the board. My understanding is that the work was done to answer complaints from the construction industry so that they would only need to deal with one agency in all facets of the construction industry. It was done with the idea that this change in 1977 was the beneficial change needed.

State Electrical Bd.

Inspection and licensing was together from the creation in 1965 to Sept. 1, 1972 when the Dept. of Law Enforcement (now Justice) was created under Executive Reorganization Law and inspection was split off and given to Law Enforcement. The 1971 Legislature felt this was the way to go. The 1973 Legislature moved the inspection function back to the State Electrical Bd. This was done with the idea that splitting up licensing and inspection did not work. The 1977 Legislature passed SB. 401 moving inspection to Dept. of Administration with the idea that this change was for the best.

Now in 1981 you have two bills requesting that the licensing and inspection be moved back together. A realization must exist that government must change with the times, but the question can be asked is this much change, especially in the case of the State Electrical Board, necessary? This is the question really before your Committee. Whichever way you go, you can certainly say that you have a precedent in past legislative actions. I think it is obvious that board members believe that the licensing and inspection functions should be together. I wish I had the wisdom to know which approach is best. It has been my observation that if you want to slow down the implementation of a law, then place two departments or three departments in charge or responsible for various parts of the law.

Comments on House Bill No. 61--It is my understanding from Dan that this bill has been changed to leave the code function with the Department of Administration. Essentially, this bill moves the inspection of plumbing installations from the Department of Administration to the Board of Plumbers and the permit money would be placed in the earmarked account of the Bd. of Plumbers to finance the inspection program. This would place the inspection function for plumbing back to its location prior to enactment of the 1977 Legislature by passing Senate Bill 401.

Under the Building Codes Division the mechanical inspections are performed by the plumbing inspectors. The mechanical inspection permits bring in \$2307. so apparently is only an add work situation to the work of the plumbing inspectors. It would seem logical that this mechanical inspection could easily be assigned to the electrical inspectors if HB 61 were to pass. The fiscal note refers to the statement that mechanical inspections will create an additional state cost if plumbing inspection are moved to the Board of Plumbers. It could be that what is involved would be a shift of the mechanical inspection from plumbing inspectors to electrical inspectors.

Due to the fact that plumbing inspection permit money is much less than electrical inspection permit money, it is obvious that much less plumbing inspection work is done. This is because of the way the respective laws are written and the plumbing inspection work is done in areas where the city or county have not taken over the inspection function. The cities have taken over the plumbing inspection work where a number of inspections are concentrated in a small area and it can be done on the revenue received for permits. The plumbing inspection work assigned the state is in the areas where many miles exist between inspections and revenue will really not pay the cost of the inspections. It is a situation where the cities get the "cream" and the state gets the "skim milk". Whichever agency is assigned the plumbing inspection function, it will not be easy to make the revenue balance with the expenditures. Either agency will be getting complaints on inspections not being timely. This is because of the few inspections and therefore revenue available to match the travel cost and pay of inspectors to travel the many miles between inspections. Keeping the inspection and licensing function together will assist the boards responsibility is seeing to it that plumbing installations are being done by licensed plumbers.

The assumption in 3. is hardly realistic to think that 2 FTE would be needed to do mechanical inspections when the revenue is \$2307. in FY 80.

Comments on House Bill No. 168--This bill moves the State Electrical Board from the Department of POL to the Department of Administration. This moves the inspection function back with the licensing function. Rules will be adopted by the board and department, this could be a problem. 2-15-121 (a), MCA provides that a board shall "exercise its quasi-judicial, quasi-legislative (rulemaking), licensing, and policy making functions independently of the department and without approval or control of the department." You have a conflict in an existing law and this proposed law. Section 3 changes the status of residential electrician in my opinion because of the use of the term "residential electrician" which is defined by law. To achieve what the authors want, the wording should be changed. Suggested wording would be: However, an individual performing under this exemption on more than one residence in a one year period shall be required to be licensed. Other wording is possible, just so the intent is clear. Section 4 has problems with the department and board jointly adopting rules. In Section 5, if an apprentice must be registered with the department of labor and industry, little need exists for the board to make rules in the apprentice area. It would be duplication for two agencies to keep names, addresses and employers. The change in Section 6 would statutorily define what is present practice. A question may be asked on Section 8, if a conviction forfeits the license without a hearing before the board? It appears that this is discretionary on the part of a Judge (24 months of forfeiture). This section may need clarification. I understand that Sections 9 and 10 are deleted. Section 11 has the problem of joint adoption of rules, it could be a problem.

I hope these comments may be of some value. If you have any questions, please let me know and I will try and explain or answer.

HB 168461 Subcommittee 1/26

Kenneth J. Dranebusch President -
+ gm representing the North-Central
Electrical contractors which covers the Golden
Triangle area North central Montana.

Our reasons for giving support to this bill
~~is~~^{is} the safety of the public? The licence now
by the inspection department, at the present time, are
just not working in a satisfactory manner. When you
consider the licensing is under one department & the
the inspection is under another department. In the present
state you'll see our need for change.

We ask that the Board, as stated in the
bill be given authority over licensing & testing.
We also ask that it be placed in charge of
Wardens (inspectors) & the administration of
permits. The inspectors in the field do not have
sufficient authority to check on licensing & are
absolutely no authority over inspections.

With the State Electrical Board in control
of the Electrical Wardens (inspectors) the public,
licensed electrical ~~inspectors~~ contractors, master
& journeyman workers - will have a Board to which
they will air their complaints, problems & questions.

Exhibit A

ALL FEDERAL AND STATE TAXES HAVE
BEEN PAID WHERE REQUIRED

HUNT ENERGY CORPORATION — ROYALTY STATEMENT

WHEN WRITING ABOUT YOUR INTEREST
PLEASE REFER TO OWNER NUMBER

DUPLICATES CANNOT BE FURNISHED

DETACH THIS STATEMENT AND KEEP FOR TAX PURPOSES

PROD TYPE	ST.	FIELD	DIVISION ORDER NUMBER	PROD TYPE	OWNER DECIMAL	BARRELS OR MCF	TAX DEDUCTED	NET VALUE	YOUR INTEREST
1-0			95743845-050	1 2	.0100000	169.79	123.78	14.58/14.27	
1-0			95743845-051	1 2	.0100000	WPT RT .7	4.01	2,351.76	23.
1-0			95743845-090	1 2	.0100000	144.64	242.13	76.13	
1-0			95743845-091	1 2	.0100000	WPT RT .7	140.10	4,600.42	46.
								2,661.87	18
								37.48/20.60	

Rec'd 12/8

NAME Don L. Allen Bill No. 105
ADDRESS 2030-11^R (17) DATE 1/13/81
WHOM DO YOU REPRESENT Marina R. Allen
SUPPORT _____ OPPOSE ✓ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NAME Bib Cannon BILL No. 4/B105
ADDRESS Montana Power DATE 1-13-81
WHOM DO YOU REPRESENT 40 E. Broadway - Butte
SUPPORT _____ OPPOSE ✓ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: