

HOUSE BUSINESS AND INDUSTRY

March 6, 1981

SUMMARY OF BILLS TO BE HEARD TODAY -

SENATE BILL 106 -

Introduced by Sens. Hims1 and Galt, amends the current law to broaden the powers of trustees by add demand time savings accounts and time certificates of deposit in any bank as allowable investments.

SENATE BILL 178 -

Introduced by Sens. Lee and Kolstad, allows additional exceptions to the minimum distance requirement of 600 feet from a church or school to a place of business licensed to sell liquor at retail. The license may be renewed under the current law if the establishment was located on the site before the school or church opened, was located in a bona fide hotel, restaurant, or fraternal organization building at the site since January 1, 1937. This bill provides that a business may renew a license if the school or church gives written approval, and the bill provides that the distance limit does not apply to licenses for the sale of beer or table wine for off-premises consumption.

SENATE BILL 233 -

Introduced by Sen. Hofferma1 and others, revises the Montana Consumer Loan Act concerning receipts given to a consumer loan borrower to allow for the use of mechanical data processing equipment. The bill requires a receipt be given for every payment made in cash and allows the Department of Business Regulation to approve any mechanical data processing system that contains information equivalent to that required on a loan ledger or card endorsed manually under the current system.

HOUSE BUSINESS AND INDUSTRY

The committee was called to order by Chairman Rep. W. J. Fabrega March 6, 1981, in room 129, Capitol Building, Helena, at 8:00 a.m. Rep. Ellison was excused; other members were present most of the time. Bills to be heard were SB 106, 233, 178.

SENATE BILL 106 -

SENATOR MATT HIMSL, District 9, Kalispell, said SB 106 would amend current law to allow a bank with a trust department to invest trust funds, including investments in demand time savings accounts and time certificates of deposit, in any bank, including a bank operated by the trustee. See EXHIBIT A.

The banks accumulate \$10,000 in trust accounts, and then put that money into money market certificates which are hooked to the money market rates. The trust department sees no reason why the department should have to do this outside their parent bank. If Montana would put this into the statutes, the comptroller would have no problem.

OPPONENTS: None

QUESTIONS -

Rep. Fabrega advised a distinction is made when funds are invested for a period longer than six months; it is then called an investment. Many trusts are for widows whose accounts accumulate up to \$10,000. They always want the best security and earnings, so the trust department puts their money in money market certificates which are hooked to the money market rates. When they are renewed the second year, they say that becomes an investment.

Rep. Himsl closed saying the subject had been well covered.

SENATE BILL 178 -

SENATOR GARY LEE, District 17, Cascade County, chief sponsor of SB 178, allows for exemptions in the 600 foot proximity law wherein taverns have to be 600 feet from schools and churches. The present law applies to new construction or remodeling. SB 178 would allow taverns that are remodeling who already own enough property upon which they can expand to operate within the 600 foot rule. Rep. Ellerd's House Bill 138 is very similar. It allows for remodeling in a building to come within the 600 foot rule. Two such cases are involved in this problem at the present time. If an existing building is remodeled, they will still be able to continue their business if SB 178 is adopted. If both HB 138 and SB 178 were passed, they could not be combined by codification satisfactorily.

PHIL STROPE, Montana Tavern Association, Helena, endorses SB 178, as they also did HB 138 which came out of the State Administration Committee. He recommended amending Rep. Ellerd's bill into this one because it might present a problem with respect to an effective date. They are

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not the same, and you might amend out the very language you will put in. He suggested meshing both bills. Rep. Ellerd graciously agreed this was acceptable to him as long as the problem was solved.

ROGER TIPPY explained that a research project which combined 3 separate liquor statutes done in 1975 combining them ended up to be a very large bill. This provision was overlooked and not included. By adding subsection (c), the Senate restored that distinction to the code.

BOB DURKEE, Montana Tavern Association, Helena, supports SB 178.

CINDY PRICE, Missoula Co. Tavern Association, supports SB 178.

OPPONENTS: None

QUESTIONS -

Rep. Ellerd said he just wanted, one way or another, to eliminate this problem. Phil Strobe whose testimony is attached, said Lois Menzie had rephrased the language which became Rep. Ellerd's HB 138, and most of that is in SB 178. Her language could be put into SB 178 and contain all the provisions of both bills.

Sen. Lee requested that an immediate effective date be added. A store in Billings and another in Ronan are under construction at the present time, and will be in violation if this bill doesn't pass. Prior to 1975, this was the law - package stores were not subject to the 600 foot rule at that time. The 600 foot rule was established to provide a reasonable separation between school and churches and taverns. By having permission from either a school or church, a tavern could remodel and be closer than the allowed 600 feet.

SENATE BILL 233 -

SENATOR BILL HAFFERMAN, District 11, Lincoln County, sponsored SB 233 at the request of the Department of Business Regulation. The bill was proposed by members of the consumer loan industry to allow the use of data processing equipment where payment is made in cash. A receipt must be given the borrower immediately upon payment. The borrower will still get a periodic statement showing payments and balances. SB 233 just allows the use of mechanical processing of receipts upon written approval of the department.

BOB WOOD, Department of Business Regulation, was present to answer questions.

There were no opponents, and no questions were asked. Senator Hafferman felt no need to close.

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EXECUTIVE SESSION -

SENATE BILL 233 -

REP. MANNING moved SB 233 be concurred in. Motion carried unanimously with three members absent - Reps. Vincent, Ellison, O'Hara.

SENATE BILL 106 -

REP. WALLIN moved SB 106 be concurred in. Motion carried unanimously - three members absent.

SENATE BILL 178 -

SB 178 was further discussed - Mr. Strobe said the department wants subsection (c), page 2, in there so they can go to a school or church and get their opinion. Rep. Ellerd raised the question about the situation if a church builds within 600 feet of an existing tavern. It appears that existing law says no tavern may move within 600 feet of a church or school, but a church or school could be constructed within 600 feet of the tavern, and then the tavern would be in violation of the 600 foot rule.

Subsection (c) was added because if it weren't, grocery stores would also be violating the law. The department wanted language saying that a tavern could remodel and be closer than 600 feet if they had the permission of the school or church in that close proximity.

Rep. Andreason felt there was a possibility of destroying the distance factor and could, in essence, allow a tavern to be located next to a school or church. Strobe explained subsection (c) is an isolated license allowing only already existing licensees to remodel in such a manner.

An amendment would allow an immediate effective date. Paul Verdon, committee researcher and Phil Strobe were to work out amendments incorporating HB 138 into SB 178, and adding an immediate effective date.

SENATE BILL 338 -

REP. MANNING moved SB 338 be removed from tabling. Motion carried unanimously. He then moved SB 338 be concurred in, which was unanimously adopted. Reps. Vincent and Ellison were absent.

The meeting adjourned at 9:00 a.m.

Jo Lahti
Jo Lahti, Secretary

REP. W. J. FABREGA, Chairman

Senate Bill 106 would amend the powers of a trustee allowing a bank with a Trust Department to invest trust funds including investments in demand time savings accounts and time certificates of deposit in ~~any~~ ^{any} bank including a bank operated by the trustee.

The purpose of this amendment is to clarify the position of a Trust Department which now, under audits, finds the Department and the comptrollers ^{auditors} ~~people~~ in a conflict about where a Trust Department can invest the money. The auditors have criticized trust departments for making anything but a less than a years investment in the banks time certificates --in effect forcing them to buy time certificates in another bank.

At the present time these short term investments earn at the money market rates which are standard and the certificates are all guaranteed to the limit of \$100,000 so ~~there is no risk, nor is there competition in the rates.~~ There is no reason why the Trust Department should not be able to purchase the certificates in their parent bank, and this amendment, it is suggested, would clarify the authorization and remove the trustees from criticism by the Trust Department examiners. That is all the amendment does.

I would urge your acceptance of the amendment as a reasonable and sensible approach.

VISITORS' REGISTER

HOUSE

Bus & Ind.

COMMITTEE

BILL

SB 178

Date _____

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SPONSOR

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[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

#38

NAME

Bob Durbin

BILL No.

SB 178

ADDRESS

DATE

WHOM DO YOU REPRESENT

MTA

SUPPORT

OPPOSE

AMEND

X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

30

NAME Mr. STROBE BILL NO. SB 178
ADDRESS ATLANTA DATE 3 6 81
WHOM DO YOU REPRESENT More Than 455
SUPPORT ☒ OPPOSE ☐ AMEND ☒

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

SB 178 AMENDS 16-3-306 BY
ADDING NEW MATERIAL.

HB 138 (HUMAN) AMENDS
16-3-306 BY ADDITION
THE SECTION THE
STATE SOCIETY SECRETARY
WILL GIVE LISTS TO DEPT
EFFECTIVE DATE.

THE TWO BILLS SHOULD BE
COMBINED TO AVOID REDUNDANT
DIFFICULTY. THIS RELIEF
LEGISLATION SHOULD BE
BECAUSE THE TWO BILLS ARE
COMMITTEE AMENDMENTS TO HB 178.

Amendments to Senate Bill 178.

1. Title, line 7.

Following: "WORSHIP"

Insert: "AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

2. Page 1, line 13.

Following: "(3),"

Strike: "A"

Insert: "no"

Following: "retail"

Strike: "licensee"

Insert: "license"

Following: "may"

Strike: the remainder of line 13.

Insert: "be issued pursuant to this code to any business
or enterprise whose"

3. Page 1, line 14.

Following: "premises"

Insert: "are"

4. Page 1, line 23.

Following: "section"

Insert: ", provided the licensee does not relocate his
premises to a noncontiguous site or relocate his entrances
any closer than the existing entrances,"

5. Page 2.

Following: line 10.

Insert: "Section 2. Effective date. This act is effective
on passage and approval."