

HOUSE BUSINESS AND INDUSTRY COMMITTEE

March 12, 1981

SUMMARY OF BILLS TO BE HEARD TODAY

SENATE BILL 445 -

Introduced by Senator Hazelbaker by request of the Senate Business and Industry Committee, allows the board of trustees of a rural electric or telephone cooperative to set compensation of its members for attending meetings as representatives of the cooperative or at other meetings.

SENATE BILL 461 -

Introduced by Senator Goodover and others by request of the Senate Taxation Committee, removes various restrictions on floater liquor licenses. The bill provides that an all-beverage license may be floated into an area that is not more than 133% over quota; the limit in the present law is 125%. This bill endows the floater license with property rights five years after the transfer. Under present law a floater license may never be mortgaged and may be transferred only by inheritance. This bill provides that a floater license may not be transferred to a new quota area or back to the original quota area. The bill also clarifies the present prohibition against mortgaging, selling or moving a resort license.

SENATE BILL 247 -

Introduced by Senators Regan and Himsl, enlarges the power given a state bank to do anything that Congress allows a national bank to do. Specifically, the bill allows state banks to branch if Congress ever amends the McFadden Act to allow national banks to establish branches in states that prohibit branching.

HOUSE JOINT RESOLUTION 48 -

Introduced by Representative O'Hara and others, requests an interim study to determine how to improve the economic environment of Montana.

## HOUSE BUSINESS AND INDUSTRY COMMITTEE

The committee was called to order at 8:00 a.m., March 12, 1981, in room 129, Capitol Building, Helena, by Rep. Jay Fabrega, Chairman. Rep. Dick Manning was excused; all other members were present. SB 445, 461, 247 and HJR 48 were to be heard.

## SENATE BILL 445 -

SENATOR FRANK HAZELBAKER, District #41, Beaverhead County, sponsored SB 445 at the request of the Senate Business and Industry Committee. It would allow rural electric and telephone cooperatives to approve expenses for trustees when they represented the cooperative with the board's approval. It also authorizes them to have meetings any place within the cooperative's district. He thought this should be in the law.

OPPONENTS: None

## QUESTIONS -

Rep. Robbins remarked wives' expenses are not supposed to be paid for on these trips unless they are a trustee themselves.

## SENATE BILL 461 -

SENATOR BILL NORMAN, District #47, Missoula, co-sponsor of SB 461, explained this bill relates to the all-beverage liquor license quota system. In 1947 the Legislature first enacted the quota system based on population. In 1980 the federal census was taken showing the shift in population and it is on that basis that the Department of Revenue will make calculations as to the number of licenses allowed where. Over the years population changes and in some areas there are too many licenses and in others not enough. In 1975 a floater bill to correct this discrepancy was enacted to allow licenses from a too-many area to be floated into areas where there are not enough.

SB 461 would allow areas with 133% under quota to transfer licenses in from areas that have 133% over quota. At present the figure is 125% over and under supplied. These licenses could be transferred by inheritance, but they cannot be mortgaged or used as security for five years, and if transferred into a new area, they cannot be transferred again and certainly not back to the original area.

There was an interim study on abolishing the license quota system, which has defects. The Legislature got us into this and we have to go along with it. It is not fair to take these licenses away after people have invested a great deal of money in them. The state has a very tight rein on the sale of this product, and they don't want in any way to jeopardize this. It costs the state, and it grants a monopoly to some people.

See the Visitor's Register for other proponents.

3/12/81

Page 2

DONALD W. LARSON, lobbyist for the Montana Tavern Association, favors SB 461, saying through the years they have attempted to alleviate some of the problems, and this is a further attempt to alleviate some of the problems they have found with the quota system.

PHIL STROPE, Montana Tavern Association, will attempt to answer any questions.

OPPONENTS: None

QUESTIONS -

Rep. Robbins asked why the percentage was increased from 125% to 133%, and was told by Mr. Strobe this was done in order to change the formula enough so that a higher number of licenses would be allowed to go to Billings and Bozeman because of their rapid growth. Bozeman has 19 licenses at the moment and at the end of 1981 will have 4 new ones. Billings now has 56 and if this bill is passed, will increase by 8 this year. Harrington's bill will allow fast growing places to use the 5-year census figures and this will allow more to be issued. If this bill is killed by the committee, the 1980 census will allow Bozeman to get 3 from the previous quota system allowances.

Mr. Strobe responded to Rep. Fabrega's question asking for an example of a license being floated out of an area by saying if an area has 5 licenses but only has enough population to be allowed 4, one could be floated out into an area that was 133% under its quota allocation. About a dozen licenses have been floated in the state. Billings has 3 and Bozeman has 4 which came in under the 1975 law which came from areas where there was a surplus of licenses because population had collapsed. The most conspicuous areas are Butte, Anaconda, White Sulphur, Hardin, and along the Milwaukee track for having more licenses than their population warrants. Negotiations are made between communities having too many licenses and those having too few to float the extras into those who are 133% under quota. The Department of Revenue doesn't use fractions to figure allowances.

After five years a license floated in with all its restrictions will qualify as a regular license with all its privileges, except that it cannot be floated out again. Persons owning a floated license usually go with the license. Licenses floated into Billings and Bozeman are worth \$12-18,000. Rep. Ellerd was interested in the value of such licenses after they become regular licenses. Mr. Strobe said he thought it would be a buyer's market because there are more eligible to float than buyers for them. It will increase in value after five years.

Resort licenses stay the same. They are outside the quota system. A certain capital investment in a certain site are required to get a resort license. They cost \$2,000 and renewal fee is \$800. If the resort sells out the license wouldn't transfer and the new owner would come in under the resort law and could get a license anyway - it costs the same. A resort license can be used in a little broader sense than a regular license and can cover two or three facilities, say one at the top of a hill and another at the bottom of a hill and that is how the \$2,000 fee is justified rather than the \$800 license fee.

3/12/81

Page 3

Mr. Strobe left with the committee a Status of Floater Capabilities for incorporated cities and towns based on the 1980 preliminary census.  
EXHIBIT A.

Sen. Norman closed.

#### HOUSE JOINT RESOLUTION 48 -

REPRESENTATIVE DAVID O'HARA, District #62, Yellowstone County, chief sponsor of HJR 48, said this bill would recommend an appropriate committee be appointed to study how to improve the economic environment in Montana, and how to develop solutions and a policy to improve the economy of Montana. This would have people from various areas come in with ideas for improving the economy of Montana. It has been made broad so it could cover as much of the area of Montana economy so that it would not be limited to any one area.

GARY BUCHANAN, Director of the Department of Business Regulation, is putting together the new Department of Commerce. He backs the statements made and wants this to be done - they need all the help that they can get in the work in the new department. They want to have an economic development plan for 1983, and will be glad to cooperate.

OPPONENTS: None

#### QUESTIONS -

Rep. Harper asked Mr. Buchanan to respond to the proposal that an advisory council be appointed to help advise the small business council already appointed. Mr. Buchanan thought the advisory council should have some legislators on it. Rep. Harper said this has been resisted because of combining the executive and legislative branches.

In answer to Rep. Jacobsen's question as to how the selection for a study is made, Rep. Vincent said there is a difference between the way it is now and it is probably different in the Senate. Right now the legislative council conducts a survey to see who is interested and they make the selection of what study is to be made. If this study were selected, the membership of the committee would be taken from the Business and Industry Committees in the House and Senate. They would be selected by the speaker and the president of the senate. It would be limited to those members if the bill passes.

#### SENATE BILL 247 -

SENATOR MATT HIMSL, District #9, Flathead County, co-sponsor, said SB 247 would allow state banks to branch if national banks are allowed to do so. The deregulation act opened this whole financing program up and it is recognized that branching is coming. National interests are not allowed to buy banks, but foreign interests can. We will get some form of international banking.

3/12/81

Page 4

JOHN SCULLY, representing the Independent Bankers, supports the bill. The federal McFadden Act which allows the state to operate a dual charter system, prohibits branching in a state where the state prohibits it. If the McFadden Act is altered to allow branching, the state banks would have the same privilege.

OPPONENTS: None

QUESTIONS -

Rep. Jacobsen asked if that is in complete agreement with the state banks, and Mr. Scully said the Independent Bankers Group would oppose altering the McFadden Act. There are some real problems - other countries have bought up 15% of the banks in the nation and are basically operating credit card banking. Whether the answer is to do away with the dual banking system is the question. He thinks there should be a handle on credit card banking. The Montana Bankers Association was not represented.

Rep. Kitselman mentioned state banks are individually chartered, and there are national banks who are members of the Independent Bankers Association also. There is no prohibition one way or the other. Holding companies are formed mostly for tax reasons.

EXECUTIVE SESSION -

REP. ROBBINS moved SENATE BILL 445 BE CONCURRED IN and the motion carried unanimously. Rep. Meyer was excused.

REP. KITSELMAN moved SENATE BILL 461 BE CONCURRED IN. Discussion brought out that floater licenses bought for \$16,000 will be worth \$100-125,000 if this bill passes. How to get rid of this quota system has never been addressed, Rep. Schultz said. Rep. Ellerd didn't understand why the resort is in there, and Rep. Fabrega answer it is a retail license that goes with a resort. Rep. Harper said the only way to get out of the quota system fairly is to compensate people for the property value of their license. If we are going to add value to a license by passing this bill, it will cost us many millions of dollars to get out of the quota system.

Rep. Fabrega explained this system was initiated to limit the availability of alcohol and a monster was created. Under the census Bozeman will be getting four more licenses at \$20,000 each from the state. Two more can still be floated in. With 133% figure about another five licenses can be floated into Bozeman. Lowering the population figure would decrease the value of licenses in time. Rep. Ellerd thinks this is unfair because it allows an unlicensed monopoly. This bill allows you to find a license and move it and doesn't allow for an increased number of licenses. It is a small relaxing of the very, very tight control over licensing. Rep. Vincent remarked you buy one of these licenses for \$20,000 and in five years, it could be worth a great deal more.

A rollcall vote 11-6 with 2 absent CONCURRED IN SB 461 being passed.

REP. ELLERD moved SENATE BILL 247 BE CONCURRED IN and it was by a

3/12/81

Page 5

vote of 16 for with Rep. Jacobsen abstaining, and Reps. Kessler and Manning absent.

REP. O'HARA moved HOUSE JOINT RESOLUTION 48 DO PASS. Rep. Harper thought it would be fine if legislators who are interested would show up at their own expense. Rep. O'Hara moved an amendment on page 1, line 13 after the word "has" to strike "lost 10,000 jobs in the past year" and insert "20,000 workers unemployed"; this amendment was adopted.

Rep. Vincent said it is thought there will be about 40 resolutions for studies to select from. Five will be selected. Selection of members of such committees comes after you know what studies are going to be done. Rep. Ellerd said he hasn't seen any real good come out of these studies. Rep. Fabrega said the study on taxes produced some real good. Rep. Vincent feels the studies are an educational process, and when finished you have eight legislators who are much more educated along that line.

HJR 48 received a DO PASS AS AMENDED recommendation with Rep. Ellerd voting No, and Rep. Manning being absent.

REP. KITSELMAN moved SENATE BILL 129 BE CONCURRED IN. Proposed amendments were also moved adopted by Rep. Schultz, and they were unanimously adopted. SB 129 was unanimously voted BE CONCURRED IN AS AMENDED. Reps. Manning and Ellison were absent.

REP. TONI BERGENE moved SENATE BILL 352 BE CONCURRED IN with an amendment indicating \$1,000 be a benefit for each mental health and alcoholism treatment. Rep. Harper moved the amendments be adopted and they were unanimously. Rep. Vincent thought \$2.50 would be the cost of such extra coverage and it is optional insurance. SB 352 was voted unanimously to BE CONCURRED IN AS AMENDED. Reps. Pavlovich, Ellison, Manning, Jacobsen, Andreason were absent.

Senate Bill 242 was discussed. This would limit Farm Bureau insurance to members only, but they can handle other lines of insurance. Rep. Metcalf said SB 242 is a slight pressure to make members stay or join the organization. Rep. Kitselman said it is against the law to offer enticements to get people to buy insurance. This would set a precedent wherein you can't renew your casualty insurance without being a member. They are saying that if you are going to have the less expensive group insurance, you have to belong to the group. This bill was to be discussed further at a later date.

Meeting adjourned at 10:00 a.m.

*W. J. Fabrega*  
REP. W. J. FABREGA, CHAIRMAN

*Jo Lahti*  
Jo Lahti, Secretary

## VISITORS' REGISTER

HOUSE

COMMITTEE

BILL

Date \_\_\_\_\_

SPONSOR

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

NAME D. H. Larson BILL No. 576  
ADDRESS Helena, MT DATE 3/12/80  
WHOM DO YOU REPRESENT \_\_\_\_\_  
SUPPORT ✓ OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:



STATUS OF FLOATE CAPABILITIES - INCORPORATED CITIES & TO. *Strope A*

(BASED ON 1980 PRELIMINARY CENSUS)

	Can Float OUT (25%)	Can Float IN (33%)		Can Float OUT (25%)	Can Float IN (33%)
ALBERTON		1	HAMILTON	6	
BAINVILLE		1	HARDIN	5	
BAKER	1		HARLEM		1
BEARCREEK	-	-	HARLOWTON	2	
BELGRADE		2	HAVRE	5	
BELT	1		HELENA/EAST HELENA	15	
BIG SANDY	1		HINGHAM		1
BIG TIMBER	2		HOBSON		1
BILLINGS		8	HOT SPRINGS	-	-
BOULDER	-	-	HYSHAM		1
BOZEMAN (*)		2			
(*) Plus 2 regular licenses for a total of 4)			ISMAY (**)	-	-
BRIDGER	1		JOLIET		1
BROADUS	-	-	JORDAN	-	-
BROADVIEW		1	JUDITH GAP		1
BROCKTON (**)	-	-			
BROWNING	-	-			
SCADE	1		KALISPELL	6	
CHESTER	2		KEVIN	-	-
CHINOOK	3				
CHOTEAU	-	-	LAUREL		1
CIRCLE	1		LAVINA		1
CLYDE PARK		1	LEWISTOWN	3	
COLUMBIA FALLS	4		LIBBY	1	
COLUMBUS		1	LIMA		1
CONRAD		1	LIVINGSTON	10	
CULBERTSON	-	-	LODGE GRASS (**)	-	-
CUT BANK	4				
DARBY	-	-	MALTA	4	
DEER LODGE	1		MANHATTAN	-	-
DENTON		1	MEDICINE LAKE		1
DILLON	7		MELSTONE		1
DODSON		1	MILES CITY	7	
DRUMMOND	1		MISSOULA	23	
DUTTON		1	MOORE		1
EKALAKA	-	-	NASHUA	-	-
ENNIS	1		NEIHART		1
EUREKA		1			
			OPHEIM	-	-
FAIRFIELD	-	-	OUTLOOK (**)	1	
FAIRVIEW		1			
FLAXVILLE		1	PHILIPSBURG	2	
FORSYTH	5		PLAINS		1
FORT BENTON	2		PLENTYWOOD	1	
FROID		1	PLEVNA		1
FROMBERG	-	-	POLSON	4	
			POPLAR	2	
GERALDINE		1			
GLASGOW	3		RED LODGE	9	
GLENDALE	1		REXFORD		1
GRASS RANGE		1	RICHEY (**)	-	-
GREAT FALLS	23		RONAN	3	
			ROUNDUP	9	
			RYEGATE		1

	Can Float OUT (25%)	Can Float IN (33%)		Can Float OUT (25%)	Can Float IN (33%)
CO		1	VALIER	-	-
ST. IGNATIUS	2		WESTBY		1
SCOBEE	2		WEST YELLOWSTONE	5	
ELBY	3		WHITEFISH	3	
SHERIDAN	1		WHITEHALL	1	
SIDNEY	-	-	WHITE SULPHUR SPGS.	3	
ANFORD	-	-	WIBAUX	2	
EVENSVILLE	1		WINIFRED		1
SUNBURST		1	WINNETT		1
SUPERIOR	1		WOLF POINT	1	
				212	50
TERRY	-	-			
OMPSON FALLS		1			
REE FORKS	1				
TOWNSEND	1				
TOY	2				
IN BRIDGES	-	-			

NOTE: Cities marked (\*\*) still have unused regular licenses.

#### COUNTIES ABLE TO FLOAT IN OR OUT

	Can Float OUT (25%)	Can Float IN (33%)		Can Float OUT (25%)	Can Float IN (33%)
EAVERHEAD	10		MEAGHER	3	
BLAINE		2	MINERAL	7	
BROADWATER	2		PARK	6	
ARBON	2		PHILLIPS		1
CHOUTEAU		2	PONDERA		1
DANIELS	1		POWELL	6	
DEER LODGE/ANACONDA	19		ROSEBUD		3
ALLON		1	SANDERS	1	
GARFIELD		1	SHERIDAN	1	
GRANITE	2		SILVER BOW/BUTTE	58	
JUDITH BASIN	2		STILLWATER	2	
LIBERTY		1	TETON	1	
LINCOLN		5	TOOLE	7	
MCONE	1		VALLEY	1	
JOHNSON	8			140	17

NOTE: Remaining counties either have unused regular licenses available or numerically can float neither in nor out.

## VISITORS' REGISTER

HOUSE COMMITTEE

BILL SB 247

Date 3-12-81

SPONSOR Regency

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.