

MINUTES OF THE MEETING  
BUSINESS AND INDUSTRY COMMITTEE  
MONTANA STATE SENATE

February 13, 1981

The meeting of the Business and Industry Committee was called to order by Chairman Frank W. Hazelbaker on February 13, 1981, at 10:00 a.m. in Room 404.

All Committee members were present.

Senator Hazelbaker presented Senator Keating who introduced Senate Bill 338 which would allow restaurants to sell beer or wine for off-premises consumption. He explained that the Department of Revenue prepared the Amendment which is attached. He said that this Amendment would delete the error and add language to accomplish the purpose of the Bill. Senator Keating advised that several years ago the Legislature made it possible for a beer licensee to apply for an Amendment to the Beer License which would allow the consumption of wine on the premises if it were a supplementary to a restaurant or a food business. He explained that there are about 233 of these establishments in the State; many of which deal in specialty wines and beers. He said that they usually carry wines which are not offered in the grocery stores, but they are not permitted to sell these wines off the premises. Senator Keating advised that if this Bill is amended and passed, it will allow the restaurant operators to sell the wine for off-premise use.

PROPOSERS:

Bob Durkee, representing the Montana Tavern Association, urged the adoption of the Amendment.

OPPOSERS:

None.

Senator Blaylock moved the Amendment to Senate Bill 338, which passed unanimously. Senator Blaylock moved that Senate Bill 338 be given a "Do Pass" with the amendments - Motion passed.

Senator Blaylock presented Senate Bill 352, which he explained makes possible the inclusion of Mental Illness in the coverage of disability insurance. This will provide for the availability of benefits for treating mental illness. In winding up his presentation, Senator Blaylock said that this has long been needed in Montana, and it is as serious, if not more serious, than physical illness. He concluded with the comment that passage of this Bill would be a great benefit to the people of this state.

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PROPOSERS:

Jo Driscoll representing the Department of Insurance, said that they concur in this. She advised that they had assisted in the writing of the Bill, and she further advised that two years ago a Bill was passed for availability of coverage on Alcoholism. She explained that this is similar to the type of coverage for Mental Illness. She said that it was not mandated that you buy this. In conclusion she stated that the Department of Insurance supports this Bill.

Randy Cline appeared on behalf of Blue Shield and he said that both Blue Cross and Blue Shield currently offer this type of coverage for Mental Illness.

Jim Peterson appeared on behalf of the Eastern Community Mental Health Center. He stated that they support this Bill. He said that they would encourage the use of out-of-the-hospital coverage. He advised that current insurance premiums, when available, have options for providing in-patient care. He said that this type of treatment should be a matter of choice. He added that it is a myth that covering Mental Health services would cause insurance premiums to soar, as this type of coverage would result in a decrease of 30% in the actual outlay of costs. To support this statement he cited the Kayser Aluminum Foundation. He said that he wrote to 20 states which currently have such legislation, asking them about premium cost experiences in the states and availability of the programs, and in all but one state, acceptance of these premiums was high, with the payment increase ranging from no-cost to a high of \$3.00 per month in Minnesota. He added that New York has a premium of \$2.70 per month for a family with no restrictions. Harold Gerke then spoke on behalf of the Bill, representing the Community Mental Health Center Boards, and he said that they support the Bill. In conclusion he urged "Do Pass".

Jan Brown stated that she is a volunteer with the Mental Health Association, and she said that she is in favor of this Bill.

The next Proponent was Dick Baumberger, representing the Alcoholism Programs of Montana, said that they are not in opposition. However, they are in favor of the provision for Mental Illness being separate from that of Alcoholism. They are afraid that this might present a problem in regard to the coverage for Alcoholism, and they would like to have this amended.

OPPOSERS:

None.

QUESTIONS FROM THE COMMITTEE:

Senator Kolstad asked Mr. Gerke if he has any objections to this Amendment, and Mr. Gerke said that he does not. He said that the Bill was prepared by the Legislative Council, and he does not feel that this will affect another program.

Senator Goodover said that he feels that the alcohol program,

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together with the Mental Health Program, could be a detriment to one or the other, and he would like them separate.

Senator Lee stated that he agrees with Senator Goodover. He said that he would like the Staff Attorney to take a look at this, and Senator Hazelbaker asked the Staff Attorney to handle this question. He asked if the Bill could be amended, or if it requires a separate Bill, and the Staff Attorney said that it would be necessary to re-write the entire Bill under this title. He said that there is no problem with doing this. All that this Bill does is to make this coverage available, so he questioned the need for doing this.

Jo Driscoll said that all that they were trying to do was to save another three or four pages of the Law, but she understands his position. She said that they could add any changes, but they could also add another section. The Staff Attorney said that re-drafting the Bill would entail using the same legislation. He said that they would just use the words "mental illness" and not change words.

Senator Hazelbaker said that if this Bill were to pass, could it be readily amended, and the Staff Attorney said that it could be done at some future date.

The Hearing was then closed on this Bill. Senator Hazelbaker said that they would further discuss this with the Staff Attorney.

Senator Hazelbaker stated that Senate Bills 301 and 147 were drafted to accomplish the same thing. He said that possibly the Committee could amend Senate Bill 301 to take care of the problem, or at least it would be easier to take care of. Senate Bill 301 is prepared with approved Amendments. The Staff Attorney read the Bill with the adopted Amendments, and he said that the Consumer Council and Mr. Hughes had a meeting regarding this, and the only thing that is not yet done is setting a rate of interest on rebates.

Senator Lee asked if the Prime Rate had been lowered, and the Staff Attorney replied that at some point in time he is sure that it was, but since inflation the Prime Rate has always been substantially higher.

Senator Lee moved to accept the Amendment which allows for the percentage of return to the consumer in the event that they were overcharged equivalent to the rate of return on equity granted at the last rate case. The rate of return on equity granted by the Public Service Commission seems to be a fair rate of return; if not, the Public Service Commission should be more carefully checked.

The Staff Attorney advised that the position of the Consumer Council on this is still to use the Prime Rate. He said that you

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will insure that utilities are not financing their operation on consumers money. He advised that the rate of return on equity is around 13%, and that this would be a rate discouraging rebates according to the utilities. He added that this is a protective provision.

Senator Goodover asked, if we adopt this wording, then in two years we could address it again?

The Staff Attorney replied that the actual cost of processing the rebate would be an additional five to seven percent, and the consumers would only get the 13%.

It is moved by Senator Lee that the Committee accept the Amendments as given, and the Amendments were unanimously adopted.

In regard to Senate Bill 301, Senator Kolstad moved that this Bill be given a "Do Pass". Senators Blaylock, Lee, Hazelbaker and Goodover voted "yes, as amended", and Senator Kolstad voted "no". The Bill was "Do Pass as Amended".

Senator Hazelbaker then introduced Senator Towe, who introduced Senate Bill 357. This Bill is in regard to a small business investment corporation. It would authorize the investment by the State of Montana in stock of a small business investment corporation this is a creation of the Small Business Administration of the Congress, which is a part of the Law governing small business administrations. This is in regard to high-risk companies that have authorized the match on a Federal level on a four-to-one basis, investment of a small business investment corporation, which is a small company, as opposed to a large company, and this is a profit-making company. This is supposed to avoid setting up a number of Federal agencies, and the Government will lend them the money to set up the investment companies. This will attract people - those on the Board of Directors, for a start, and then others who have money and experience, and who can invest their money. This is to keep the Government as far away as possible by making the State more responsible for this type of thing, although in the beginning the Government will lend the money to get this business started. This is to help a company, usually an existing company, but it may be a new company, which wants to expand or to go into a new business. This will serve their need if they can either sell stock in the public market or get some form of financing; this is to cover the interim period. Sometimes this is served by giving the investors capitol stock. They have failures but they also have successes. The purpose of this Bill is whether or not the State can help. Senator Towe said that he doesn't know if there are enough people in the State of Montana to invest in this to get it started. Representative Fabrega has a Bill in the House which would give anyone who invests in this a tax credit of 50% of the investment.

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He wants to set up 11 of these in the State. He said that he thinks that this would be hard in Montana because Montana is not one of the wealthy states. It would, however, require that if the company makes it big, and starts paying dividends, that it will pay to the Preferred Stockholders interest in the rate of six percent. The preferred stock would extinguish, and the State would be out of this. He said that there are problems in this. Our Constitution is very limited in this regard. The Constitution says that you cannot invest State money in stock of a private company. There is another Bill in the House which provides for this in a Constitutional Provision. That Bill passed the House 98-0; it needs two signatures, that of Senator Blaylock and that of Senator Towe himself. The other problem is that our Constitution says that all investments must be under a unified investment program. John Hollow drafted the Bill, which is such that it is set up as an investment fund, which is new, and which would fit into the proposed Constitutional Amendment. He suggested an amendment for the purpose of promoting and assisting economic development in Montana.

He said that he had talked with John Lopach yesterday, and he feels that there is a good possibility that they could do this without having to go to stocks. He also said that he had talked with one of the officers of the Small Business Administration yesterday. Senator Towe advised that a person can apply for a Grant; you can repay the Grant on the condition that it is sub-bonded to any Federal interest.

Senator Towe suggested the addition of Section 2 - Authority to Make Grants. He is preparing a handout for the use of the Committee, the language of which will make it possible for the Committee to go ahead and not wait for the prevailing stock to be invested right away.

#### PROPONENTS:

Jack Hill, Executive Director of the Great Falls Economic Growth Council, appeared on behalf of the Bill. He stated that this is a private, not a public, institution. He said that he was notified as to this Bill and asked to appear to make several observations regarding this type of assistance, and to give his opinion on it. Mr. Hill said that the minimum capitalization that an SBIC can have is \$500,000, and there will be language introduced in the House of Representatives to try to structure this initial corporation. He advised that the City of Great Falls has had \$750,000 given to it by the Anaconda Copper Mining Company to start this type of a program. He added that they will try to raise \$750,000, which will be matched by the Federal Government; the interest rate on this will be 12%, which is considerably less than the Federal rate. Mr. Hill said that other parts of the state have difficulty in raising this type of money, but still have a real need to provide the type of assistance which this type of investment would provide. He said that there may be four or five

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types of SBICs which could be established without assistance. He explained that there will one in Great Falls, one in Billings, possibly one in Missoula and possibly one in Butte. There is a need for this type of thing in this state, advised Mr. Hill. He said that a survey of state banks showed that they have had to turn down many loans because the borrower did not have sufficient equity to invest in this. There is a need for interim assistance. He advised that in Great Falls they have a company which had gotten to the point where they needed some sort of bridge financing to make the step of a public offering. In this case, the money had to come from a large bank in Chicago. Senator Towe stated at this point that he would like to see this kind of assistance made possible in our own state.

Senator Goodover commented that he may join forces with Representative Fabrega on this Bill. He said that he feels that there are a lot of people in Montana who are looking for investment potentials, and this Bill lends itself to this type of thing.

Senator Towe commented that he plans to sign Representative Fabrega's Bill too.

Senator Towe commented that he cannot introduce an appropriation measure in the Senate. It is contemplated that they would be funded by an appropriation. He wants to get this on the books, and if Representative Fabrega's Bill works, we can see what kind of funding will be available in the next Session. Senator Towe said that he feels that this could be funded from income on the Coal Tax. Representative Nordtvedt's Bill is a Constitutional Amendment which would change the Constitution to allow us to invest in private stocks. Otherwise they cannot invest in common stocks or preferred stocks. This is separate from Representative Fabrega's Bill. He explained that these two Bills take two separate approaches. Once these are created, there is a four-to-one match of available Federal money.

Senator Hazelbaker asked if we need the Constitutional Amendment before changing can be accepted, and Senator Towe replied that the Amendment's already in the House.

Senator Lee asked Senator Towe how many SBIC's were you considering - four - 15? Senator Towe replied that Representative Fabrega's Bill provides for 11 SBICs throughout the State, and if the Bill passes, he thinks that there will be one in Great Falls and perhaps one in Billings. He said that with the money available he feels that they can have five of these in this state.

Senator Goodover commented that Representative Fabrega's Bill is for 11 - not to establish 11, but it starts it going, and the best potential to get this going is to allow any community which wishes to get involved with an SBIC to do so. This is the way to start this venture which will be for investors on a local

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level; this is strictly for private enterprise.

Senator Lee commented that our initial concern is that this might be in conflict with The Prudentman Rule; this excludes them from having to obtain the highest rate of return. He said that we are talking about the implementation of Federal dollars at a rate of four to one, and he wonders if the State Board of Investments is going to address these types of issues.

Jim Howeth, representing the State Board of Investments, said that if money is leaving the state, money is also coming back into the state, in the form of return, and he questions that we actually have that money invested back East. He said that we have \$6,000,000 invested in Standard Oil in Indiana, and they own the corporation which operates Cypress Mines which has the world's top mining operation in Three Forks, Montana. They employ people in Montana. This is also true of Safeway, J. C. Penny, Exxon and Conoco. They employ people and pay taxes in Montana.

Senator Kolstad asked Mr. Howeth, what was your average rate of investments last year, and Mr. Howeth replied 12-15%.

At this time the Staff Attorney stated that Senator Towe has a separate Bill which will allow for investments in the State.

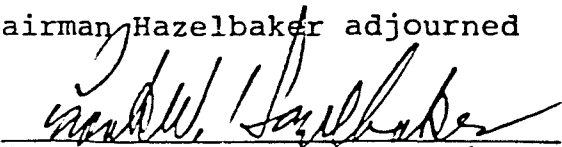
On Senate Bill 331, Senator Blaylock moved the Amendment, which was seconded by Senator Lee. Senator Kolstad moved the Bill as amended. Senate Bill 331 passed - 7 to 1 - Senator Regan opposed. (Senator Regan stated that we don't like the Bill any better than we did in the first place. You can't protect the consumer, but we don't have to encourage this type of legislation which brings this kind of insurance into the State. The insurance company doesn't have to get into the investment market and sell insurance - I DON'T LIKE IT!!! The Amendment to Senate Bill 331 removes sections from the Bill, which are placed in the Insurance Code.

Senate Bill 242 - Senator Dover moved the Amendments, and he moved the Bill as amended. Senate Bill 242 passed as amended, with Senators Dover, Goodover, Kolstad, Lee and Hazelbaker in favor, and Senators Regan, Blaylock and Boylan opposed.

On Senate Bill 352, Senator Blaylock moved the Amendment, page two, line 19 - change "illness" to "health" - Senate Bill 352 pass unanimously.

Senate Bill 301 passed: Senators Blaylock, Goodover, Lee and Hazelbaker in favor; Senator Kolstad opposed. Senators Regan, Dover and Boylan were absent; Senate Bill passed four to one.

There being no further business, Chairman Hazelbaker adjourned the meeting.

  
FRANK W. HAZELBAKER, Chairman

ROLL CALL

BUSINESS and INDUSTRY COMMITTEE

47th LEGISLATIVE SESSION -- 1981

Date Feb 13

[illegible]

Each day attach to minutes.



NAME: C. C. Winkler

2/3/8

ADDRESS: *15/222*

PHONE: 4-2-1700

REPRESENTING WHOM? State Dir of Motor Vehs

APPEARING ON WHICH PROPOSAL: 5.8 385

DO YOU:      SUPPORT?                                  AMEND?                                  OPPOSE?

COMMENT :

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

2

PHONE: 458-5752

APPEARING ON WHICH PROPOSAL: JD 352

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

DATE: 2/13/81

PHONE: 030-0234

APPEARING ON WHICH PROPOSAL: 352

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

Proposed Amendments to SB 242

1. Title, line 5.

Following: "INSURER"

Insert: "OR AN INSURER"

Following: "BY"

Strike: "A NONPROFIT"

Insert: "AN ASSOCIATION OR ORGANIZATION"

2. Title, line 6.

Following: line 5

Strike: "CORPORATION"

Following: "MAY"

Strike: "CANCEL OR"

3. Title, line 8.

Following: "TO THE"

Strike: "NONPROFIT CORPORATION"

Insert: "FARM MUTUAL, ASSOCIATION, OR ORGANIZATION"

4. Title, line 9.

Following: "AMENDING"

Strike: "SECTION"

Insert: "SECTIONS"

Following: "33-4-510"

Insert: "AND 33-18-102"

5. Page 1, line 22.

Following: line 21

Strike: "owned or controlled by a nonprofit corporation"

Insert: "transacting insurance under this chapter"

Following: "may"

Strike: "cancel or"

6. Page 1, line 24.

Following: "to the"

Strike: "nonprofit corporation"

Insert: "farm mutual insurer"

7. Page 1, line 25.

Following: "condition"

Strike: "to"

Insert: "for"

8. Page 2, line 2.

Following: line 1

Insert: "Section 2. Section 33-18-102, MCA, is amended to read:

"33-18-102. Unfair methods or deceptive practices prohibited -- exception. (1) No person shall engage in this state in any trade practice which is defined in this chapter as or determined pursuant to this chapter to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

(2) Nothing in this chapter shall be construed to prevent an insurer owned or controlled by an association or organization from refusing to renew a casualty or liability policy for nonpayment of dues to the association or organization if payment of dues is a condition for obtaining or continuing such insurance."

1 \_\_\_\_\_ BILL NO. \_\_\_\_\_

2 INTRODUCED BY \_\_\_\_\_

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT A FARM  
5 MUTUAL INSURER OR AN INSURER OWNED OR CONTROLLED BY A  
6 ~~NONPROFIT~~ AN ASSOCIATION OR ORGANIZATION ~~CORPORATION~~ MAY  
7 ~~CANCEL-OR~~ REFUSE TO RENEW A CASUALTY OR LIABILITY POLICY FOR  
8 NONPAYMENT OF DUES IF PAYMENT OF DUES TO THE ~~NONPROFIT~~  
9 ~~CORPORATION~~ FARM MUTUAL, ASSOCIATION, OR ORGANIZATION IS A  
10 CONDITION TO OBTAINING OR CONTINUING THE INSURANCE; AMENDING  
11 ~~SECTION~~ SECTIONS 33-4-510 AND 33-18-102, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-4-510, MCA, is amended to read:

"33-4-510. Rates -- filing -- discrimination. (1) A farm mutual insurer is not required to file any of its insurance rates with the commissioner. No such rate shall be unfairly discriminatory as between subjects of insurance covered for like perils under like policies and having substantially the same insuring, exposure, and underwriting characteristics.

(2) Notwithstanding any provision of subsection (1) or chapter 18, part 2, of this title, a farm mutual insurer owned-or-controlled-by-a-nonprofit--corporation TRANSACTIONING INSURANCE UNDER THIS CHAPTER may cancel-or refuse to renew a

LC 1262/01

casualty or liability policy upon nonpayment of dues to the  
nonprofit-corporation FARM MUTUAL INSURER if payment of dues  
is a condition to FOR obtaining or continuing such  
insurance."

SECTION 2. SECTION 33-18-102, MCA, IS AMENDED TO READ:

"33-18-102. Unfair methods or deceptive practices prohibited -- exception. (1) No person shall engage in this state in any trade practice which is defined in this chapter as or determined pursuant to this chapter to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

(2) Nothing in this chapter shall be construed to  
prevent an insurer owned or controlled by an association or  
organization from refusing to renew a casualty or liability  
policy for nonpayment of dues to the association or  
organization if payment of dues is a condition for obtaining  
or continuing such insurance."

-End-

EXECUTIVE SUMMARY

As of December 1978, twenty states had some form of mental health insurance mandate. Ten states require insurers to include a minimum set of mental health benefits in group and/or individual policies; ten states require insurers to offer a minimum set of mental health benefits. An additional nine states are anticipating the introduction of this legislation in 1979.

In reviewing the various benefit packages of the twenty state mandates, the consultant team has not found any significant differences in benefits between those states requiring coverage and those requiring that coverage be offered on an optional basis.

Most of the legislated benefit packages cover at least 30 days of inpatient care in a private mental hospital, a general hospital, or a state hospital. Those states that make reference to partial hospitalization commonly allow two days of partial hospitalization as the equivalent for every day of inpatient care, or include partial hospitalization benefits in the outpatient package.

Most states with mandated outpatient benefits have deductibles on par with those for other major medical benefits, copayments no greater than 50 percent, and a minimum coverage of \$500 expenses per year after deductibles and copayments.



GLS ASSOCIATES, INC.  
June 29, 1979

FINAL REPORT  
NIMH #278-78-0040 (MH)

Thirty-three states have passed legislation which defines the terms for provider reimbursement, primarily consisting of coverage for licensed or certified mental health practitioners who are providing services in organized settings of care with some type of mechanism for peer review. The vast majority of states have limited private practice coverage to licensed physicians or psychologists. Five states mandate the reimbursement of social workers in private practice.

Of key interest to the consultant team in the legislative process was the general absence of union, business, or public support/opposition to legislation; that is, those responsible for absorbing the cost of the proposed benefits were conspicuously absent from the debates and hearings, thereby leaving most of the advocacy efforts for the legislation up to providers and consumer associations, with the insurers offering their opposition.

None of the major insurers interviewed could provide meaningful data on mental health claims. The consultant team, therefore, had to rely heavily on information obtained from extensive interviews and readily available and relevant data. The following findings emerge:

- Individuals suffering from short-term mental disability are incurring an increasing number of episodes, and are utilizing outpatient settings more frequently.
- Utilization of inpatient and outpatient mental health services is predictable within given ranges and controls, as demonstrated by a wide variety of health plans throughout the country.
- The utilization of mental health services has resulted in decreased utilization and cost of physical health services, primarily in organized settings of care.
- The percentage of mental health costs to total health claims costs is predictable over time.
- Agencies which rely heavily on public funding do not actively seek out private insurer payments and, as a result, play minimal roles in promoting mandatory legislation.
- There is widespread acceptance and support for reasonable systems of copayments and deductibles.
- The only facilities showing increases in the number of psychiatric beds have been general hospitals and private nonprofit hospitals; these have also been the two types of facilities most reliant on private insurer payments.
- There has been no general agreement as to which providers, e.g., psychologists, social workers, should be reimbursed in what settings, e.g., private office practices, organized settings of care.

SENATE

Date \_\_\_\_\_

Mr. President

We, your committee on Business and Industry, having had under consideration Senate Bill No. 331, respectfully report as follows: That Senate Bill No. 331, introduced (white), be amended as follows:

1. Page 2.  
Following: "under"  
Strike: "32-2-806"  
Insert: "33-2-806"

And as so amended recommend that the same DO PASS.

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Frank W. Hazelbaker,  
Chairman

Amendments to SB 301

1. Title, line 5.

Following: "IN A"

Insert: "GENERAL"

2. Page 2, line 8.

Following: "in a"

Insert: "general rate"

3. Page 2, line 14.

Following: "rate of return"

Insert: "or rate of recovery"

4. Page 2, lines 17 and 18.

Following: "rebate"

Strike: remainder of line 17 through "subsection (2)" on line 18.

Insert: "with interest at the rate of return on equity granted  
in the last general rate order"

Amendments to SB 331

1. Page 2, line 5.

Following: "under"

Strike: "32-2-806"

Insert: "33-2-806"

2. Page 6, line 8.

Following: "through"

Insert: "33-20-207 and 33-20-211 through"

~~Proposed~~ Amendments to Introduced Senate Bill 338.

1. ~~Amend~~ Title, lines 5 through 8.

Following: "MCA, TO"

Strike: "remainder of lines 5 through 8 in their entirety"

Insert: "PERMIT THE HOLDER OF A WINE LICENSE AMENDMENT TO  
SELL WINE FOR BOTH ON AND OFF PREMISES CONSUMPTION."

2. ~~Amend~~ Page 4, line 18.

Following: "on"

Insert: "or off"

3. ~~Amend~~ Page 5, lines 2 through 5.

Following: "Store"

Strike: ", a bona fide restaurant or prepared food business,  
including a restaurant or prepared food business holding a  
license to sell beer or beer and wine at retail for on-premises  
consumptions,"

Amendment to SB 352

1. Page 2, line 19.  
Following: "mental"  
Strike: "illness"  
Insert: "health"

~~accepted~~

~~Proposed~~ Amendments to SB 49:

1. Page 2, line 4.

Following: "incurred"

Insert: "under group"

2. Page 2, line 5.

Following: "under"

Insert: "group"

3. Page 2, line 6.

Following: "contracts,"

Strike: "the level of"

Following: "benefits"

Strike: "specified in [section 3]"

4. Page 2, line 7.

Following: "care"

Strike: "subject to the right of the applicant"

Insert: ". Applicants"

5. Page 2, lines 8 and 9.

Following: "group"

Strike: "or individual"

Following: "contract"

Strike: remainder of line 8 through "or to" on line 9.

Insert: "may"

6. Page 2, line 9.

Following: "any"

Strike: "alternative"

7. Page 2, line 11 through line 20.

Strike: section 3 in its entirety.

Renumber: subsequent sections.

8. Page 2, line 24.

Following: "blanket"

Insert: ", short term travel, accident only, limited or specified disease,"

9. Page 2, line 25.

Following: "contracts"

Insert: ", or to policies or contracts designed for coverage under Title XVIII of the Social Security Act, known as Medicare, or any other similar coverage under federal governmental plans"



~~Proposed~~ Amendments to SB 242

1. Title, line 5.

Following: "INSURER"

Insert: "OR AN INSURER"

Following: "BY"

Strike: "A NONPROFIT"

Insert: "AN ASSOCIATION OR ORGANIZATION"

2. Title, line 6.

Following: line 5

Strike: "CORPORATION"

Following: "MAY"

Strike: "CANCEL OR"

3. Title, line 8.

Following: "TO THE"

Strike: "NONPROFIT CORPORATION"

Insert: "FARM MUTUAL, ASSOCIATION, OR ORGANIZATION"

4. Title, line 9.

Following: "AMENDING"

Strike: "SECTION"

Insert: "SECTIONS"

Following: "33-4-510"

Insert: "AND 33-18-102"

5. Page 1, line 22.

Following: line 21

Strike: "owned or controlled by a nonprofit corporation"

Insert: "transacting insurance under this chapter"

Following: "may"

Strike: "cancel or"

6. Page 1, line 24.

Following: "to the"

Strike: "nonprofit corporation"

Insert: "farm mutual insurer"

7. Page 1, line 25.

Following: "condition"

Strike: "to"

Insert: "for"

8. Page 2, line 2.

Following: line 1

Insert: "Section 2. Section 33-18-102, MCA, is amended to read:

"33-18-102. Unfair methods or deceptive practices prohibited -- exception. (1) No person shall engage in this state in any trade practice which is defined in this chapter as or determined pursuant to this chapter to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

(2) Nothing in this chapter shall be construed to prevent an insurer owned or controlled by an association or organization from refusing to renew a casualty or liability policy for nonpayment of dues to the association or organization if payment of dues is a condition for obtaining or continuing such insurance."

SENATE BILL NO. 301

INTRODUCED BY DOVER, ANDREASON

A BILL FOR AN ACT ENTITLED: "AN ACT PERMITTING A PUBLIC UTILITY IN A GENERAL RATE PROCEEDING TO IMMEDIATELY FILE AND CHARGE RATES TO COVER KNOWN AND MEASURABLE CHANGES IN COST OR EXPENSE ITEMS; AMENDING SECTION 69-3-302, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 69-3-302, MCA, is amended to read: "69-3-302. Changes in schedule. (1) No change shall be made in any schedule, including schedules of joint rates, except as approved by the commission or upon the passage of 9 months.

(2) Notwithstanding any provision of this title to the contrary and notwithstanding the existence of and authorization for the office of consumer counsel, the rates, tolls, or charges set forth in any schedule filed with the commission pursuant to 69-3-301 shall become effective and be lawful rates, tolls, or charges for the utility service rendered 9 months after the date upon which the schedule was filed under the rules of practice and procedure for filing as adopted by the commission or upon commission approval, whichever shall occur first. However, if the rates, tolls, or charges become effective because of the passage of 9 months' time, the revenues collected thereunder shall be subject to rebate, plus interest at the rate of 10% per year, to the extent that the rates, tolls, or charges ultimately approved by the commission in its final decision produce revenues which are less than those collected under the filed schedule.

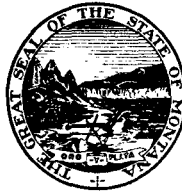
(3) Notwithstanding any provision of this title to the contrary,  
if, in a general rate proceeding to increase utility rates, a public  
utility has filed a verified application setting forth known and  
measurable changes in an item or items of cost or expense, the  
public utility may immediately file and charge a schedule of rates,  
tolls, and charges that will cover such known and measurable changes  
computed upon the rate of return or rate of recovery found  
appropriate by the commission by its last order setting rates for  
the public utility. The commission shall proceed to hear and  
determine all matters raised by the application and may order credit  
or rebate as ~~provided in subsection-(2)~~ plus interest at \_\_\_\_\_  
as part of its final order.

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# Montana Legislative Council

State Capitol  
Helena, 59601

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DIRECTOR, ACCOUNTING DIVISION

ROBERT C. PYFER  
DIRECTOR, LEGAL SERVICES

February 12, 1981

TO: Senate Business and Industry Committee  
FROM: Greg Petesch, Staff Attorney  
RE: Public Service Commission - Rate Making Periods

The Committee requested research into the time periods other states allow their public service commissions for rate making. I have compiled the time periods for the other western states. The periods are as follows:

<u>State</u>	<u>The Commission Must Act Within:</u>
Alaska	6 months
Arizona	120 days of filing with a possible 6-month extension
California	120 days of filing with a possible 6-month extension
Colorado	120 days of filing with a possible 90-day extension
Idaho	30 days of the time a rate is scheduled to take effect; they can request a 5-month extension with an additional 60 days for good cause shown
Nevada	150 days beyond the time a rate was scheduled to take effect
New Mexico	9 months
North Dakota	7 months
Oregon	6 months

Senate Business and Industry Committee

Page Two

February 12, 1981

State

The Commission Must Act Within:

South Dakota

12 months

Utah

120 days of filing with a possible  
extension of 120 days

Washington

10 months

Wyoming

6 months with a possible 3-month  
extension

GP:ee

February 14, 1981

PROPOSED AMENDMENTS TO SB 357

1. Page 1, line 11.

Following: "fund"

Insert: "for the purpose of prompting and assisting economic development in the state of Montana"

2. Page 2, line 1.

Following: line 25 on page 1

Insert: "Section 2. Authority to make grants. The economic development division of the department of commerce may grant funds available for this purpose to small business investment corporations created under the Small Business Investment Program, Title 15, Chapter 14B, USC, provided any such corporation agrees to repay such funds with interest at a rate not to exceed 6% on the earnings of the corporation. Repayment may be subordinated to any obligation to the United States on subordinated bonds or other instruments used to obtain federal matching funds.

Renumber: all subsequent sections accordingly

## STATEMENT OF INTENT RE: SB 331

A statement of intent is required for Senate Bill 331 in that it delegates rulemaking authority to the commissioner of insurance in section 5.

Although 33-1-313, MCA, delegates to the commissioner of insurance rulemaking authority to effectuate any provisions of the code, as Senate Bill 331 substantively increases this power, a statement of intent is required.

Section 5 empowers the commissioner of insurance with the sole authority to regulate the issuance and sale of variable contracts and allows the commissioner to promulgate rules to carry out the provisions of Senate Bill 331. The commissioner's authority to promulgate rules shall be limited in scope to the following areas:

1. Rules relating to maintaining reserves for guaranteed benefits and funds in a separate account;
2. Rules relating to valuation of assets allocated to a separate account;
3. Rules relating to the transfer of cash or securities among a life insurance company's accounts; and
4. Rules relating to the requirements of doing business under this act.

All rules promulgated under this act are subject to the provisions of the Montana Administrative Procedure Act.

First adopted by the SENATE COMMITTEE ON BUSINESS AND INDUSTRY on February 11, 1981.

Proposed Amendments to Introduced Senate Bill 338.

1. Amend Title, lines 5 through 8.

Following: "MCA, TO"

Strike: "remainder of lines 5 through 9 in their entirety

Insert: "PERMIT THE HOLDER OF A WINE LICENSE AMENDMENT TO  
SELL WINE FOR BOTH ON AND OFF PREMISES CONSUMPTION."

2. Amend page 4, line 18.

Following: "on"

Insert: "or off"

3. Amend page 5, lines 2 through 5.

Following: "Store"

Strike: ", a bona fide restaurant or prepared food business,  
including a restaurant or prepared food business holding a  
license to sell beer or beer and wine at retail for on-premises  
consumptions,"



### Bill Summaries

SB 324 raises to 35 the number of people in the state to whom a securities transaction may be offered in a period of 12 months and still be exempt from filing and registration requirements.

SB 338 would allow restaurants to sell beer or wine for off-premises consumption.

SB 352 includes mental illness in the coverage of disability insurance so as to provide for the availability of benefits for treating mental illness.

SB 357 would create an economic development fund and allow the board of investments to invest money from the fund in the preferred stock of small business investment corporations if the federal government provides matching funds.



2-13

BILL NO.

# VISITOR'S REGISTER

[illegible]

(Please leave prepared statement with Secretary)

# STANDING COMMITTEE REPORT

February 13

1921

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration Senate Bill No. 49

Respectfully report as follows: That Senate Bill No. 49  
be amended as follows:

1. Page 2, line 4.  
Following: "incurred"  
Insert: "under group"
2. Page 2, line 5.  
Following: "under"  
Insert: "group"
3. Page 2, line 6.  
Following: "contracts,"  
Strike: "the level of"  
Following: "benefits"  
Strike: "specified in (section 3)"

~~DO PASS~~

February 13

1981

4. Page 2, line 7.

Following: "care"

Strike: "subject to the right of the applicant"

Insert: ". Applicants"

5. Page 2, lines 8 and 9.

Following: "group"

Strike: "or individual"

Following: "contract"

Strike: remainder of line 8 through "or to" on line 9.

Insert: "may:

6. Page 2, line 9.

Following: "any"

Strike: "alternative"

7. Page 2, line 11 through line 20.

Strike: section 3 in its entirety.

Re-number: subsequent sections.

8. Page 2, line 24.

Following: "blanket"

Insert: ", short term travel, accident only, limited or specified disease,"

9. Page 2, line 25.

Following: "contracts"

Insert: ", or to policies or contracts designed for coverage under Title XVIII of the Social Security Act, known as Medicare, or any other similar coverage under federal governmental plans"

And, as so amended, DO PASS.

*P.A.*

# STANDING COMMITTEE REPORT

February 13

1981

MR. **PRESIDENT**

We, your committee on **BUSINESS AND INDUSTRY**

having had under consideration **Senate** Bill No. **242**

Respectfully report as follows: That **Senate** Bill No. **242**  
be amended as follows:

1. Title, line 5.  
Following: "INSURER"  
Insert: "OR AN INSURER"  
Following: "BY"  
Strike: "A NONPROFIT"  
Insert: "AN ASSOCIATION OR ORGANIZATION"
2. Title, line 6.  
Following: line 5  
Strike: "CORPORATION"  
Following: "MAY"  
Strike: "CANCEL OR"
3. Title, line 8.  
Following: "TO THE"  
Strike: "NONPROFIT CORPORATION"  
Insert: "FARM MUTUAL, ASSOCIATION, OR ORGANIZATION"

DO PASS

February 13

19 81

## 4. Title, line 9.

Following: "AMENDING"

Strike: "SECTION"

Insert: "SECTIONS"

Following: "33-4-510"

Insert: "AND 33-18-102"

## 5. Page 1, line 22.

Following: line 21

Strike: "owned or controlled by a nonprofit corporation"

Insert: "transacting insurance under this chapter"

Following: "may"

Strike: "cancel or"

## 6. Page 1, line 24.

Following: "to the"

Strike: "nonprofit corporation"

Insert: "farm mutual insurer"

## 7. Page 1, line 25.

Following: "condition"

Strike: "to"

Insert: "for"

## 8. Page 2, line 2.

Following: line 1

Insert: "Section 2. Section 33-18-102 MCA, is amended to read:

"33-18-102. Unfair methods or deceptive practices prohibited --  
exception. (1) No person shall engage in this state in any  
trade practice which is defined in this chapter as or determined  
pursuant to this chapter to be an unfair method of competition  
or an unfair or deceptive act or practice in the business of  
insurance.

(2) Nothing in this chapter shall be construed to prevent an  
insurer owned or controlled by an association or organization  
from refusing to renew a casualty or liability policy for nonpayment  
of dues to the association or organization if payment of dues is a  
condition for obtaining or continuing such insurance."

And, as so amended, DO PASS.

# STANDING COMMITTEE REPORT

February 13, 1

81

19

MR. ~~President~~:

We, your committee on Business and Industry

having had under consideration Senate Bill No. 338

Respectfully report as follows: That Senate Bill No. 338

be amended as follows:

1. Title, lines 5 through 8.

Following: "MCA, TO"

Strike: "remainder of lines 5 through 8.in their entirety

Insert: "PERMIT THE HOLDER OF A WINE LICENSE AMENDMENT TO  
SELL WINE FOR BOTH ON AND OFF PREMISES CONSUMPTION."

2. Page 4, line 18.

Following: "on"

Insert: "or off"

3. Page 5, lines 2 through 5.

Following: "Store"

Strike: ", a bona fide restaurant or prepared food business,  
including a restaurant or prepared food business holding a  
license to sell beer or beer and wine at retail for on-premises  
consumptions."

And as so amended.

DO PASS

HAZELBAKER

Chairman.



# STANDING COMMITTEE REPORT

February 13, 1901

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration SENATE BILL Bill No. 352

Respectfully report as follows: That SENATE BILL Bill No. 352

be amended as follows:

1. Page 2, line 19.  
Following: "mental"  
Strike: "illness"  
Insert: "health"

And, as so amended,  
DO PASS

# STANDING COMMITTEE REPORT

February 13,

1981

MR. PRESIDENT

We, your committee of BUSINESS AND INDUSTRY

having had under consideration SENATE

Bill No. 301

Respectfully report as follows: That SENATE

Bill No. 301

be amended as follows:

1. Title, line 5.

Following: "IN A"

Insert: "GENERAL"

2. Page 2, line 8.

Following: "in a"

Insert: "general rate"

3. Page 2, line 14.

Following: "rate of return"

Insert: "or rate of recovery"

4. Page 2, lines 17 and 13.

Following: "rebate"

Strike: remainder of line 17 through "subsection (2)" on line 18.

Insert: "with interest at the rate of return on equity granted  
in the last general rate order"

And, as so amended,

DO PASS

# STANDING COMMITTEE REPORT

February 13, 19 01

MR. **PRESIDENT:**

We, your committee on **BUSINESS & INDUSTRY**

having had under consideration **SENATE**

Bill No. **331**

Respectfully report as follows: That  
be amended as follows:

**SENATE**

Bill No. **331**

1. Page 2, line 5.

Following: "under"

Strike: "32-2-806"

Insert: "33-2-806"

2. Page 6, line 8.

Following: "through"

Insert: "33-20-207 and 33-20-211 through"

And as so amended

DO PASS

Statement of Intent attached

*Hazel Baker*  
**HAZELBAKER,**

*Pa*  
Chairman.

# STANDING COMMITTEE REPORT

February 13, 1981

## PRESIDENT:

MR. ....

## BUSINESS & INDUSTRY

We, your committee on .....

## STATEMENT OF INTENT

## SENATE

331

having had under consideration ..... Bill No. ....

## STATEMENT OF INTENT

## SENATE

331

Respectfully report as follows: That .....  
be adopted.

## STATEMENT OF INTENT RE: SB 331

A statement of intent is required for Senate Bill 331 in that it delegates rulemaking authority to the commissioner of insurance in section 5.

Although 23-1-313, MCA, delegates to the commissioner of insurance rulemaking authority to effectuate any provisions of the code, as Senate Bill 331 substantively increases this power, a statement of intent is required.

Section 5 empowers the commissioner of insurance with the sole authority to regulate the issuance and sale of variable contracts and allows the commissioner to promulgate rules to carry out the provisions of Senate Bill 331. The commissioner's authority to promulgate rules shall be limited in scope to the following areas:

1. Rules relating to maintaining reserves for guaranteed benefits ~~XXXXX~~ and funds in a separate account;  
DO PASS
2. Rules relating to valuation of assets allocated to a separate account;

(continued).....

3. Rules relating to the transfer of cash or securities among a life insurance company's accounts; and

4. Rules relating to the requirements of doing business under this act.

All rules promulgated under this act are subject to the provisions of the Montana Administrative Procedure Act.

First adopted by the SENATE COMMITTEE ON BUSINESS AND INDUSTRY on February 11, 1981.

*P.A.*

SENATE COMMITTEE BUSINESS AND INDUSTRY

Date 2-13-81

Bill No. 49

Time 11:45 a.m.

NAME	YES	NO
Hazelbaker	x	
Goodover		x
Dover	x	
Kolstad		x
Lee		x
Blaylock	x	
Boylan	x	
Regan		

M. Miller  
Secretary

Frank W. Hazelbaker  
Chairman

Motion: Senator Regan was not present. Senate Bill 49 voted

"Do Pass as Amended" - four to three.

(include enough information on motion—put with yellow copy of committee report.)

SENATE COMMITTEE BUSINESS AND INDUSTRY

Date 2-13-81

Bill No. 242

Time 11:10 a.m.

NAME	YES	NO
Hazelbaker	x	
Goodover	x	
Dover	x	
Kolstad	x	
Lee	x	
Blaylock		x
Boylan		x
Regan		x

M. Miller  
Secretary

Frank W. Hazelbaker  
Chairman

Motion: Senator Dover moved the Amendments; he also moved the  
Bill as amended. Senate Bill 242 passed, as amended - five  
to three. Moved "Do Pass as Amended".

(include enough information on motion—put with yellow copy of committee report.)

SENATE COMMITTEE BUSINESS AND INDUSTRY

Date 2-13-81

Bill No. 352

Time 11:20 a.m.

NAME	YES	NO
Hazelbaker	x	
Goodover	x	
Dover	x	
Kolstad	x	
Lee	x	
Blaylock	x	
Boylan	x	
Regan	x	

M. Miller  
Secretary

Frank W. Hazelbaker  
Chairman

Motion: Senator Blaylock moved the Amendment, page two, line 19.

Senate Bill 352 passed unanimously. Moved "Do Pass as  
Amended".

(include enough information on motion—put with yellow copy of committee report.)



SENATE COMMITTEE BUSINESS AND INDUSTRY

Date 2-13-81

Bill No. 301

Time 11:40 a.m.

NAME	YES	NO
Hazelbaker	x	
Goodover		
Dover		
Kolstad		x
Lee	x	
Blaylock	x	
Boylan	x	
Regan		

M. Miller  
Secretary

Frank W. Hazelbaker  
Chairman

Motion: Moved "Do Pass". Senators Goodover, Dover and Regan  
were absent. Passed - four to one.

(include enough information on motion—put with yellow copy of  
committee report.)

SENATE COMMITTEE BUSINESS AND INDUSTRY

Date 2-13-81

Bill No. 301

Time 11:40 a.m.

NAME	YES	NO
Hazelbaker	x	
Goodover	x	
Dover		
Kolstad		x
Lee	x	
Blaylock	x	
Boylan		
Regan		

*J. Miller*  
Secretary

Chairman

Motion: Senators Regan, Dover and Boylan were absent during the  
action on this Bill. Senate Bill 301 passed four to one.

(include enough information on motion—put with yellow copy of  
committee report.)

SENATE COMMITTEE BUSINESS AND INDUSTRY

Date 2-13-81

Bill No. 331

Time 11:00 a.m.

NAME	YES	NO
Hazelbaker	x	
Goodover	x	
Dover	x	
Kolstad	x	
Lee	x	
Blaylock	x	
Boylan	x	
Regan		x

M. Miller  
Secretary

Frank W. Hazelbaker  
Chairman

Motion: Senator Blaylock moved the Amendment; seconded by

Senator Lee. Senator Kolstad moved the Bill, as amended -

Senate Bill 331 passed 7 to 1 - Senator Regan voting "no".

Moved "Do Pass as Amended".

(include enough information on motion—put with yellow copy of committee report.)