

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 14, 1981

The twenty-seventh meeting of the committee was called to order at 8:00 a.m., Room 415, State Capitol Building, Senator Pat Goodover presiding.

ROLL CALL: All members were present.

CONSIDERATION OF COMMITTEE LIQUOR BILL (SB 461): Senator Norman presented the bill saying the committee has had before it several bills regarding this subject, some favorably received, some not. A sub-committee was appointed, and this bill is what we came up with. Essential features include the liquor quota system and floating licenses.

Because people attending from the Tavernowners' Association had not yet seen a copy of the bill, they were excused to look it over and asked to come back with their feelings about the bill content.

DISPOSITION OF SENATE BILL 134: Senator Elliott presented some suggested amendments to the bill. The committee gave a unanimous vote accepting the amendments.

Senator Elliott then moved that Senate Bill 134 be given a DO PASS, as amended. The vote was unanimously in favor of the motion.

DISPOSITION OF SENATE BILL 160: Senator Towe made a motion to amend Senate Bill 160 and went through his proposed amendments with the committee. The amendments got approval for adoption with the exception of Senator Eck.

Senator Towe then moved that SB 160 be given a DO PASS, as amended. Vote was unanimously in favor of passing the bill, except Senator Eck who dissented.

CONSIDERATION OF COMMITTEE LIQUOR BILL: Senator Norman asked Don Larson, Montana Tavernowners' Association, if he had objections to the committee bill.

Don Larson said section (c) on page 5 was not acceptable to them. Phil Strobe asked the committee what they were hoping to accomplish by section (c).

A committee member answered him that after the floater is released from all restrictions it is no longer counted in the quota. That will have the effect of loosening up the system so that more licenses will be available, and will also help the people with license value in Butte and Anaconda.

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February 14, 1981

Mr. Strobe said if we left the bill the way it is what we would be doing is set the stage for Billings to get 10 new floaters. If section (c) were out Billings would get 7 new licenses in the next 12 months. If you left (c) in Bozeman would get 2 regulars and two floaters. If you took (c) out, Bozeman would get 2 regular and 2 floaters.

Senator Eck said if we cut out (c) we are not going to pass this at all. Without some substantial increase in the quotas there is no way Senator Turnage would allow us just to "lift" the restrictions. It is not a matter of giving you everything you want--but a compromise.

Senator Crippen asked about going down to 125 and increasing years from 5 to 7. What we're doing is adding 40% more time to the 5 years by doing that.

Senator Towe said the problem is that there are certain places where the problem has become aggravated; Billings, Bozeman, Missoula. What this bill will do is address all of the aggravated areas. The problem is because the State controls and lets certain people have a minority. I think we have to eliminate it so that no one profits from minority of the state.

Senator Bob Brown said HB 21 came out of the Revenue Oversight Committee. If that passes, it will allow the Department of Revenue to use estimates made by the census bureau when they're made and use them to make new determinations of what the quota for licenses is on an annual basis.

Phil Strobe asked the committee to refer to page 4, line 7. By raising 25 to 30 you cut out a few communities that would let licenses float out of it. I don't think you intended to do that. If you take out (c) on page 5 and on page 4, line 10, increase to 33%, you will put the same amount in Billings this year that Senator Towe wants and we would be in a position to endorse the bill.

The hearing was closed on Committee Liquor Bill, SB 461.

DISPOSITION OF SENATE BILL 163:

Senator Towe wanted to go through amendments that he had proposed.

Steve Brown had an amendment that came from the audit committee. His amendment was voted on for acceptance unanimously.

Amendments were taken singly or in groups as they applied. All amendments were passed unanimously except for Amendment #17. Senator Steve Brown dissenting.

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Senator Towe moved the bill be adopted as amended. Motion passed by an 8-6 vote, to DO PASS, as amended.

The meeting was adjourned at 10:00 a.m.



PAT M. GOODOVER, CHAIRMAN

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 2/14/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓	✓	
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

DATE Feb. 14, 1981

COMMITTEE ON Integration

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

1 *Senate* BILL NO. ~~1434~~
2 INTRODUCED BY *Roman Gordon Davis*
3 *Mulvihill* BY REQUEST OF THE SENATE TAXATION COMMITTEE
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REMOVE THE
6 RESTRICTIONS ON ALL-BEVERAGES LIQUOR LICENSES TRANSFERRED
7 FROM ONE QUOTA AREA TO ANOTHER FIVE YEARS AFTER THE TRANSFER
8 AND TO ALLOW THE TRANSFERS OF ALL-BEVERAGES LICENSES TO
9 QUOTA AREAS THAT ARE LESS THAN 130 PERCENT OVER QUOTA, AN
10 INCREASE FROM 125 PERCENT; AMENDING SECTIONS 16-4-202,
11 16-4-204, AND 16-4-501, MCA."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 Section 1. Section 16-4-204, MCA, is amended to read:

15 "16-4-204. Contents of license -- posting -- privilege
16 -- transfer -- expiration. (1) Every license issued under
17 this part shall set forth the name of the person to whom
18 issued, the location, by street and number or other
19 appropriate specific description of location if no street
20 address exists, of the premises where the business is to be
21 carried on under said license, and such other information as
22 the department shall deem necessary. If the licensee is a
23 partnership or if more than one person has any interest in
24 the business operated under the license, the names of all
25 persons in the partnership or interested in the business

1 must appear on the license. Every license must be posted in
2 a conspicuous place on the premises wherein the business
3 authorized under the license is conducted, and such license
4 shall be exhibited upon request to any authorized
5 representative of the department or to any peace officer of
6 the state of Montana.

7 (2) Any license issued under the provisions of this
8 part shall be considered a privilege personal to the
9 licensee named in the license and shall be good until the
10 expiration of the license unless sooner revoked or
11 suspended.

12 (3) A license may be transferred to the executor or
13 administrator of the estate of any deceased licensee when
14 such estate consists in whole or in part of the business of
15 selling liquor under a license, and in such event the
16 license may descend or be disposed of with the business to
17 which it is applicable under appropriate probate
18 proceedings.

19 (4) In the event of a major loss or damage to licensed
20 premises by unforeseen natural causes or in case of
21 expiration of lease of the licensed premises or in the event
22 of eviction or increase of rent by the landlord (in case of
23 rented licensed premises) or in case of proposed removal of
24 license to premises as substantially suited for the retail
25 liquor business as the premises vacated, the licensee may

1 apply to the department for a transfer of the license to
2 different premises. The department may in its discretion
3 permit a transfer in such cases if it appears to the
4 department that such a transfer is required to do justice to
5 the licensee applying for the transfer. The department
6 shall in no event nor for any cause permit a transfer to
7 different premises where the sanitary, health, and service
8 facilities are less satisfactory than such facilities which
9 exist or had existed at the premises from which the transfer
10 is proposed to be made.

11 (5) Upon a bona fide sale of the business operated
12 under any license, the license may be transferred to a
13 qualified purchaser. No transfer of any license as to
14 person or location shall be effective unless and until
15 approved by the department, and any licensee or transferee
16 or proposed transferee who operates or attempts to operate
17 under any supposedly transferred license prior to the
18 approval of such transfer by the department, endorsed upon
19 the license in writing, shall be considered as operating
20 without a license and the license affected may be revoked or
21 suspended by the department. The department may, within its
22 discretion, permit a qualified purchaser to operate the
23 business to be transferred pending final approval, providing
24 the application for transfer has been filed with the
25 department.

1 (6) (a) A license may be transferred to a new
2 ownership and to a location outside the quota area for which
3 it was originally issued only when the following criteria
4 are met:

5 (i) the total number of all-beverages licenses in the
6 original quota area exceeded the quota for that area by at
7 least 25% ~~20%~~ in the most recent census;

8 (ii) the total number of all-beverages licenses in the
9 quota area to which the license would be transferred did not
10 exceed that area's quota by more than 25% ~~20%~~ in the most
11 recent census; and

12 (iii) the department finds, after a public hearing,
13 that the public convenience and necessity would be served by
14 such a transfer.

15 (b) A For 5 years after the transfer of a license
16 transferred between quota areas under this--section
17 subsection (6)(a), the license may not be mortgaged or
18 pledged as security and may not be transferred to another
19 person except for a transfer by inheritance upon the death
20 of the licensee. A license transferred between quota areas
21 under this section may be held only by natural persons for 5
22 years following the transfer. For the purpose of this
23 section, natural persons shall not include limited
24 partnerships or other business entities of any kind in which
25 each natural person is not a full participant in the

1 ownership and operation of the business authorized by the
2 license.

3 (c) After 5 years from the date of transfer of the
4 license under subsection (6)(a), the license may not be
5 considered to be issued under the quotas of 16-4-201. A
6 license that is no longer considered to be part of the quota
7 system may not be included in the computation to determine
8 whether a quota area is 30% over quota for purposes of
9 subsection (6)(a)(iii).

10 (d) Once a license is transferred to a new quota area
11 under subsection (6)(a), it may not be transferred to
12 another quota area or back to the original quota area.

13 (7) (a) Any all-beverage licensee is, upon the
14 approval and in the discretion of the liquor division,
15 entitled to a catering endorsement to his all-beverage
16 license to allow the catering and sale of alcoholic
17 beverages to persons attending a special event upon premises
18 not otherwise licensed for the sale of alcoholic beverages,
19 such beverages to be consumed on the premises where the
20 event is held.

21 (b) A written application for a catering endorsement
22 and an annual fee of \$250 must be submitted to the
23 department for its approval.

24 (c) A written application for each event for which the
25 licensee intends to provide catering services, the written

1 approval of the catering application by the sponsor of the
2 special event, and a fee of \$40 must be filed with the
3 department at least 10 days prior to the event and shall
4 describe the location of the premises where the event is to
5 be held, the nature of the event, and the period during
6 which the event is to be held. An all-beverage licensee who
7 holds an endorsement granted under this subsection (7) may
8 not receive approval to cater an event of which he is the
9 sponsor. The catered event must be within 100 miles of the
10 licensee's regular place of business. If obtained, the
11 licensee shall display in a prominent place on those
12 premises, the written approval from the department for each
13 event which is catered pursuant to this subsection.

14 (d) The licensee shall file with each application for
15 an event to be catered a written statement of approval of
16 the premises where the event is to be held issued by the
17 department of health and environmental sciences.

18 (e) The sale of alcoholic beverages pursuant to a
19 catering endorsement is subject to the provisions of
20 16-6-103.

21 (f) The sale of alcoholic beverages pursuant to a
22 catering endorsement is subject to the provisions of
23 16-3-306, unless entities named in 16-3-306 give their
24 written approval.

25 (8) Except as above provided, no license shall be

1 transferred or sold nor shall it be used for any place of
2 business not described in the license; provided, however,
3 that such license may be subject to mortgage and other valid
4 liens, in which event the name of the mortgagee, upon
5 application to and approval of the department, must be
6 endorsed on the license.

7 (9) All licenses shall expire at midnight of June 30
8 of each year."

9 Section 2. Section 16-4-501, MCA, is amended to read:

10 "16-4-501. License and permit fees. (1) Each beer
11 licensee licensed to sell either beer or table wine only, or
12 both beer and table wine, under the provisions of this code,
13 shall pay an annual license fee as follows:

14 (a) each brewer, wherever located, whose product is
15 sold or offered for sale within the state, \$500; for each
16 storage depot, \$400;

17 (b) each beer wholesaler, \$400; each table wine
18 distributor, \$400;

19 (c) each beer retailer, \$200; with a wine license
20 amendment, an additional \$200;

21 (d) for a license to sell beer at retail for
22 off-premises consumption only, the same as a retail beer
23 license; for a license to sell table wine at retail for
24 off-premises consumption only, either alone or in
25 conjunction with beer, \$200;

1 (e) any unit of a nationally chartered veterans'
2 organization, \$50.

3 (2) The permit fee under 16-4-301(1) is computed at
4 the rate of \$15 a day for each day beer is sold at those
5 events lasting 2 or more days but in no case be less than
6 \$30.

7 (3) The permit fee under 16-4-301(2) is \$10 for the
8 sale of beer only or \$20 for the sale of all alcoholic
9 beverages.

10 (4) Passenger carrier licenses shall be issued upon
11 payment by the applicant of an annual license fee in the sum
12 of \$300.

13 (5) The annual license fee for a license to sell wine
14 on the premises, when issued as an amendment to a beer-only
15 license, is \$200.

16 (6) The annual fee for resort retail liquor licenses
17 within a given resort area shall be \$2,000 for each license.

18 (7) Each licensee licensed under the quotas of
19 16-4-201 shall pay an annual license fee as follows:

20 (a) except as hereinafter provided, for each license
21 outside of incorporated cities and incorporated towns or in
22 incorporated cities and incorporated towns with a population
23 of less than 2,000, \$400;

24 (b) except as hereinafter provided, for each license
25 in incorporated cities with a population of more than 2,000

1 and less than 5,000 or within a distance of 5 miles thereof,
2 measured in a straight line from the nearest entrance of the
3 premises to be licensed to the nearest boundary of such
4 city, \$500;

5 (c) except as hereinafter provided, for each license
6 in incorporated cities with a population of more than 5,000
7 and less than 10,000 or within a distance of 5 miles
8 thereof, measured in a straight line from the nearest
9 entrance of the premises to be licensed to the nearest
10 boundary of such city, \$650;

11 (d) for each license in incorporated cities with a
12 population of 10,000 or more or within a distance of 5 miles
13 thereof, measured in a straight line from the nearest
14 entrance of the premises to be licensed to the nearest
15 boundary of such city, \$800;

16 (e) the distance of 5 miles from the corporate limits
17 of any incorporated cities and incorporated towns is
18 measured in a straight line from the nearest entrance of the
19 premises to be licensed to the nearest boundary of such city
20 or town; and where the premises of the applicant to be
21 licensed are situated within 5 miles of the corporate
22 boundaries of two or more incorporated cities or
23 incorporated towns of different populations, the license fee
24 chargeable by the larger incorporated city or incorporated
25 town applies and shall be paid by the applicant. When the

1 premises of the applicant to be licensed are situated within
 2 an incorporated town or incorporated city and any portion of
 3 the incorporated town or incorporated city is without a
 4 5-mile limit, the license fee chargeable by the smaller
 5 incorporated town or incorporated city applies and shall be
 6 paid by the applicant.

7 (f) an applicant for the issuance of an original
 8 license to be located in areas described in subsection (d)
 9 of this subsection shall pay a one-time original license fee
 10 of \$20,000 for any such license issued. The one-time license
 11 fee of \$20,000 shall not apply to any transfer or renewal of
 12 a license duly issued prior to July 1, 1974. All licenses,
 13 however, are subject to the annual renewal fee of \$800.

14 (3) The holder of a license issued under the quotas of
 15 16-4-201 but which, pursuant to 16-4-204(6)(c), is no longer
 16 considered to be a quota license shall pay an annual fee
 17 equal to the annual fee that would be due if the license
 18 were still a quota license.

19 ~~(8)(2)~~ The fee for one all-beverage license to a
 20 public airport shall be \$800. This license is
 21 nontransferable.

22 ~~(9)(10)~~ The license fees herein provided for are
 23 exclusive of and in addition to other license fees
 24 chargeable in Montana for the sale of alcoholic beverages."

25 Section 3. Section 16-4-202, MCA, is amended to read:

1 "16-4-202. Resort licenses. (1) It is the intent and
2 purpose of this section to encourage the growth of quality
3 recreational resort facilities in undeveloped areas of the
4 state and to provide for the orderly growth of existing
5 recreational sites by the establishment of resort areas
6 within which retail liquor licenses may be issued by the
7 department under the terms and as more particularly
8 prescribed below. In addition to the licenses as otherwise
9 set forth in [this act], the department may issue resort
10 retail liquor licenses in a resort area.

11 (2) For the purposes of this section, a resort area is
12 defined as a recreational facility meeting the
13 qualifications determined by the department as hereinafter
14 provided.

15 (3) The department shall determine that the area for
16 which licenses are to be issued is a resort area, such
17 determination to be made under and pursuant to rules to be
18 first promulgated on or before December 31, 1975.

19 (4) In addition to the other requirements of this
20 code, a resort area, for the purposes of qualification for
21 the issuance of resort retail liquor license, must have a
22 current actual valuation of resort or recreational
23 facilities, including land and improvements thereon, of not
24 less than \$500,000, at least half of which valuation must be
25 for a structure or structures within the resort area, and

1 must be under the sole ownership or control of one person or
2 entity at the time of the filing of the resort area plat
3 referred to in subsection (5) of this section. The word
4 control shall mean lands held under lease, option, or
5 permit.

6 (5) The resort area must be determined by the resort
7 developer or landowner by a plat setting forth the resort
8 boundaries, designating the ownership of the lands within
9 the resort area, which plat must be verified by the resort
10 developer or landowner and filed with the department prior
11 to the filing of any applications by individuals for
12 licenses within the resort area. Such plat must show the
13 location and general design of the buildings and other
14 improvements to be built in said area in which resort retail
15 liquor licenses are to or may be located. A master plan for
16 the development of the area may be filed by the resort
17 developer in satisfaction of this section.

18 (6) Upon such filing the department shall forthwith
19 schedule a public hearing to be held in Helena, Montana, to
20 determine whether the facility proposed by the resort
21 developer or landowner is a resort area within the meaning
22 of the rules of the department. At least 30 days prior to
23 the date of the hearing, the department shall publish notice
24 thereof, with a description of the location of the proposed
25 resort area, in a newspaper published in the county or

1 counties in which the resort is located, once a week for 4
2 consecutive weeks. Each resort developer or landowner
3 shall, at the time of filing his application, pay to the
4 department an amount sufficient to cover the costs of said
5 publication.

6 (7) Persons may present statements to the department
7 at the hearing in person or in writing in opposition or
8 support of the plat.

9 (8) Within 30 days of the hearing, the department
10 shall accept or reject the plat. If rejected the department
11 must state its reasons and set forth the conditions, if any,
12 under which the plat will be accepted, and the decision of
13 the department may be reviewed pursuant to the review
14 procedure set forth in 16-4-406.

15 (9) Once filed with the department, the boundaries of
16 a resort may not be changed without full hearing as above
17 provided and the prior approval of the department, which
18 approval shall be according to public convenience and
19 necessity.

20 (10) (a) When the department has accepted a plat and a
21 given resort area has been determined, applications may then
22 be filed with the department by persons for the issuance of
23 resort retail liquor licenses within the resort area.

24 (b) Each applicant must submit plans showing the
25 location, appearance, and floor plan of the premises for

1 which application for a license is made.

2 (c) If an applicant otherwise qualifies for a resort
3 license but the premises to be licensed are still in
4 construction or are otherwise incomplete at the time of such
5 application, the department shall issue a letter stating
6 that the license will be issued at such time as the
7 qualifications for a licensed premises have been met,
8 setting forth such time limitations and requirements as the
9 department may establish.

10 (11) ~~A resort license may not be mortgaged or pledged~~
11 ~~as security and may not be transferred to another person~~
12 ~~except for a transfer by inheritance upon the death of the~~
13 ~~licensee.~~ In addition to--the--restrictions--on--sale--or
14 ~~transfer--of--a--license--as--provided--in--16-4-204,~~ no resort
15 retail liquor license may be sold or transferred for
16 operation at a location outside of the boundaries of the
17 resort area.

18 (12) A resort retail liquor license shall not be
19 subject to the quota limitations set forth in 16-4-201, and
20 if the requirements of this section have been met, a resort
21 retail liquor license shall be issued by the department on
22 the basis that the department has determined that such
23 license is justified by public convenience and necessity, in
24 accordance with the procedure required in 16-4-207."

-End-

STANDING COMMITTEE REPORT

February 14

1931

PRESIDENT:

MR.

TAXATION

We, your committee on

Senate

134

having had under consideration Bill No.

Respectfully report as follows: That **Senate** Bill No. **134**

be amended, as follows:

1. TITLE, lines 8, 9, and 10

Following: "TIME"

Strike: "EXCEPT FOR MEMBERS OF THE MILITARY AND PERSONS LIVING OR
TRAVELING OUTSIDE THE UNITED STATES OR PUERTO RICO"

2. Page 2, line 11

Following: "department."

Strike: the rest of subsection (2)

And, as so amended,

DO PASS.

P. Q.

STANDING COMMITTEE REPORT

February 14

81

19.....

MR. **PRESIDENT:**.....

We, your committee on **TAXATION**.....

having had under consideration **Senate** Bill No. **160**.....

Respectfully report as follows: That..... **Senate** Bill No. **160**.....
be amended, as follows:

1. TITLE, line 4

Following: "TO"

Strike: "INCREASE THE"

Insert: "EXEMPT"

2. TITLE, line 5

Following: "INSURANCE"

Strike: "EXEMPTION"

3. TITLE, lines 5 through 9

Following: "PURPOSES"

Strike: "FROM" on line 5 through "INSURED" on line 9

~~XXXXXX~~
~~DO PASS~~

(CONTINUED)

4. Page 1, line 13
Following: "Insurance"
Strike: "proceeds part of estate"
5. Page 1, lines 15 through 21
Following: "person"
Strike: Remainder of Section 1.
Insert: "is exempt"

And, as so amended,

DO PASS

J.A.

STANDING COMMITTEE REPORT

February 14 1981

MR. **PRESIDENT:**

TAXATION

We, your committee on

having had under consideration **Senate** **163**
Bill No.

Respectfully report as follows: That..... **Senate** Bill No. **163**
be amended, as follows:

1. Page 3, line 15

Following: "(f)"

Strike: "one member of the legislature"

Insert: "one member who is not engaged in farming or affiliated with a
commercial lending institution or farm credit association."

2. Page 4, line 20.

Following: "functions;"

Strike: "and"

3. Page 4, line 23.

Following: "land"

Strike: "."

Insert: "; and"

STATEMENT OF INTENT ATTACHED

XXXXXX
DO PASS

(CONTINUED)

4. Page 4

Following: line 23

Insert: "(h)" utilize the assistance and services of the farmers' home administration, the production credit association, the federal land bank, or private lenders in processing applications for loans and servicing loans authorized by the act."

5. Page 6, line 9

Strike: Line 9 in its entirety

Renumber: subsequent subsections

6. Page 6, line 12

Following: "by"

Insert: "an appropriate committee such as but not limited to"

7. Page 6, lines 13 and 14

Following: "administration"

Strike: the remainder of line 13 and all of line 14

Insert: ", the production credit association, the federal land bank, private lenders, or other similar organizations."

8. Page 7, line 4.

Following: "secure"

Insert: "adequate"

9. Page 7, line 5.

Following: "sources"

Insert: "at an interest rate that will allow a reasonable prospect for repayment"

10. Page 7, lines 15 and 16.

Following: "of"

Strike: "the state director of"

Insert: "such lenders as"

Following: "administration"

Insert: ", the production credit association, the federal land bank, private lenders, and similar organizations"

11. Page 7, lines 17 and 18.

Following: "through"

Strike: "the farmers home administration"

Insert: "such organizations"

12. Page 7, line 20.

Following: "of"

Strike: "general obligation"

13. Page 7, lines 21 through 24.

Following: "state"

Insert: "not"

Following: "(1)"

Strike: all following language through "thereon the" on line 24

Insert: "The"

(CONTINUED)

February 14 1981

14. Page 8, line 7.
Following: "payable"
Strike: "in the first instance"

15. Page 8, line 10
Following: "its"
Strike: "lease agreement and sales"
Insert: "loans"

16. Page 8, lines 11 and 12.
Following: "program."
Strike: "In addition, the"
Insert: "The"

17. Page 8, line 13.
Following: "are"
Insert: "not"

18. Page 9, lines 20 through 22.
Strike: subsection (3) in its entirety
Renumber: subsequent subsections.

19. Page 15, line 13.
Following: line 12
Strike: "twenty"
Insert: "30"

20. Page 15, lines 13 and 14.
Following: "farmer"
Strike: "who qualifies under (Section 8)"
Insert: "at 9% or less interest on a long-term contract"

21. Page 15, line 17.
Following: "\$50,000"
Insert: ", provided the transaction is first approved by the authority
for this purpose"

22. Page 15, line 25 through line 3 on page 16.
Following: "audited"
Strike: the remainder of Section 25.
Insert: "at least once each year by the legislative auditor or by a
contract auditor as directed by the legislative audit committee.
The cost of the audit shall be paid by the authority."

And, as so amended,

DO PASS

PAT M. GOODOVER,

Chairman.

STANDING COMMITTEE REPORT

February 14 1981

MR. **PRESIDENT**

We, your committee on **TAXATION**

having had under consideration **Statement of Intent, SENATE** Bill No. **163**

Respectfully report as follows: That **Statement of Intent** Bill No. **163**
be adopted.

STATEMENT OF INTENT RE: SB 163

Section 1: This statement of Intent is required by the rule making authority granted to the Montana Agricultural Loan Authority in Section 4 (c) and Section 9 (a).

Section 2: It is the intent of the Legislature that the Montana Agricultural Loan Authority adopt rules for the orderly handling and processing of applications under the authority granted in this act to grant farm acquisition loans and to grant loans under the second loan program. The rules under Section 9 are intended to be sufficiently specific to allow for an objective determination by the department of which applicants should receive a farm acquisition loan from the authority. The same criteria should be established by rule for the second loan program with special emphasis on need of the applicant and the applicant's possible prospects for success.

XXXXXX
DO PASS

(CONTINUED)

February 14 19 81

Section 3: It is the specific intent of the legislature that the Montana Agricultural Loan Authority shall coordinate all loans made pursuant to Senate Bill 163 through the Farmer's Home Administration, the Production Credit Association, the Federal Land Bank, and private lenders, or some other similar organization or organizations. The state director of the Farmers' Home Administration has indicated to the Senate Taxation committee that the FHA could screen worthy applicants, participate with a subordinated loan of its own, participate with a guaranteed loan, and fully service the loan. This would include taking care of any defaults in the event there are defaults by either paying off the state in full or working with the state, foreclose on the farm land and immediately re-sell it to apply the proceeds to the defaulted loan. It is the intent of the Legislature that this program coordinate with the Farmers' Home Administration or other similar organizations including private lenders to the maximum extent possible so that the Montana Agricultural Authority will not itself need to service the loan or take care of any defaults.

SENATE COMMITTEE TAXATION

Date 2/14/81 Bill No. 163 Time 9:45 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)	✓	
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN	✓	
SEN. ECK	✓	
SEN. ELLIOTT	✓	
SEN. HAGER		✓
SEN. HEALY	✓	
SEN. MANLEY		✓
SEN. NORMAN	✓	
SEN. OCHSNER	✓	
SEN. SEVERSON	✓	
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓
	11	3

Betty Dean
Secretary
Motion:

Pat M. Goodover
Chairman

*To adapt subsection (1) on page 4 of
SB 163.*

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

SENATE COMMITTEE TAXATION

Date 2/14/81 Bill No. 163 Time 10:00

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN		✓
SEN. ECK	✓	
SEN. ELLIOTT		✓
SEN. HAGER		✓
SEN. HEALY	✓	
SEN. MANLEY		✓
SEN. NORMAN	✓	
SEN. OCHSNER	✓	
SEN. SEVERSON	✓	
SEN. TOWE	✓	
SEN. GOODOVER (CHAIRMAN)		✓
	8	6

Betty Dean
Secretary
Motion:

Pat M. Goodover
Chairman

To pass SB 163, as amended.

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