

MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

March 6, 1981

The meeting of the Business and Industry Committee was called to order by Chairman Hazelbaker at 10 a.m. in room 404 of the Capitol Building on Friday, March 6.

ROLL CALL: All members were present.

HOUSE BILL 30:

Representative Roush, District 13, presented the bill. This bill revises the law relating to campaign depositories by allowing savings and loan associations and credit unions to be campaign depositories. He commented about the change on lines 21 and 22 and on page 2, lines 10, 15, 16 and 17.

PROPOSERS:

JEFF KIRKLAND: Montana Credit Unions League. This is the third bill I have testified on in here this week. House Bill 30 simply includes credit unions and savings and loan associations in the statutory definition of campaign depositories and then names the specific types of transaction accounts those institutions are allowed to offer. He went on to explain his reasoning, copy attached. Exhibit A. The bill and the concept of the bill are supported by both the former and the current commissioners of political practices and reflect recent federal legislation empowering both credit unions and savings and loan associations to offer check-like third party transaction accounts. He read two sections of a letter from John Hanson, former Political Practices Officer, also attached copy.

LARRY HUSS: Montana Savings and Loans. To abbreviate the testimony, I will say "me too".

NO OPPONENTS:

QUESTIONS FROM THE COMMITTEE:

SENATOR DOVER: Is it true that savings and loans only send a statement quarterly. Going back to the letter from John Hanson I wonder if that is enough accounting.

MR. HUSS: I would think you might be at a disadvantage. It is not necessary to have the accounts available except for your own records.

With no further discussion the hearing closed on House Bill 30.

HOUSE BILL NO. 104: Representative Manuel, District #11 stated this is a housekeeping bill to correct a situation that has developed. The bill would allow the board of trustees of rural cooperative utilities to determine the meeting place for membership meetings. The meeting place would have to be confirmed by the membership. The bill also revises the requirements for a quorum at membership meetings. He discussed the wording on line 21. As it is now the meetings would be illegal if held elsewhere, but some of these small towns don't have the facilities to handle large numbers of people. He mentioned that on page 2, line 7, the number of the quorum is changed. He discussed an amendment on page 1, line 24, to strike "and confirmed by the membership".

NO PROPONENTS:

NO OPPONENTS:

QUESTIONS FROM THE COMMITTEE:

SENATOR DOVER: Why is the legislature telling these people how to run their meetings.

RILEY CHILDERS: I am in favor of this bill, that's why I am here. There is a court case that now mandates it. I am from the Montana Associated Utilities. The court says that we can no longer do that.

SENATOR DOVER: Why can't we just do away with the law and we don't have the problem. General discussion followed.

ACTION ON HOUSE BILL NO. 104:

SENATOR DOVER moved to amend page 1, line 24, to strike "AND CONFIRMED BY THE MEMBERSHIP". The motion carried with the vote unanimous.

SENATOR DOVER moved do pass as amended. The motion carried with the vote unanimous. Senator Lee will carry.

ACTION ON HOUSE BILL NO. 30"

SENATOR DOVER moved that House Bill No. 30 do not pass. SENATOR KOLSTAD offered a substitute motion do pass. The motion carried with Senator Dover voting no. Senator Kolstad will carry.

HOUSE BILL NO. 141: Representative Thoft, District #92 read through the bill. This bill raises the maximum amount of insurance which a farm mutual insurer may retain on a single risk to \$50,000 or 10% of the assets of the insurer, whichever is larger.

PROPONENTS:

VALENCIA LANE: Montana Insurance Department. We are trying to modernize the legislation, and increase the amount. All farm mutuals can be assessed. We would support the bill.

NO OTHER PROPONENTS AND NO OPPONENTS:

ACTION ON HOUSE BILL NO. 141:

SENATOR DOVER moved House Bill No. 141 do pass. The motion carried with the vote unanimous. Senator Dover will carry.

ACTION ON HOUSE BILL NO. 14:

SENATOR DOVER moved that House Bill No. 14 do pass. The motion carried with the vote unanimous. Senator Lee will carry.

HOUSE BILL NO. 309: Representative Hurwitz, District #45, introduced the bill at the request of the Livestock Department. The Livestock Department is required to file this information. It would change the five year period to an annual period. It would increase the fee. It is not mandatory. They are covered by the UCC mortgage codes.

SENATOR REGAN: I don't understand it. Would you explain further.

SENATOR DOVER commented that they have to record security agreements every year.

LES GRAHAM: Montana Department of Livestock. For the past 18 months I have taken this bill to the agriculture lenders to get their ideas and input. It changes nothing of what we do. It just says that they renew annually instead of on a five year period. He elaborated on what could happen and cited court cases of fraud. He mentioned that you could file a security against a brand, and explained how this would work.

SENATOR DOVER: How does this bill address the different brand.

MR. GRAHAM: It doesn't. He went on to explain how the securities are filed whether by name or by brand. We were involved in a lawsuit last fall that cost the department about \$15,000. He discussed the need to maintain proper records.

SENATOR DOVER: What caused this problem.

DEPARTMENT SPOKESMAN: The man involved sold the cattle under a fraudulent name. He went on and discussed what had happened. This recording had been on our books for four years. I don't think people realize what happens. We have such a turnover with beginning inspectors that it has created quite a problem.

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SENATOR DOVER: Questioned what could happen in the future with the banks.

SENATOR LEE: I also wonder what are the concerns of the bankers.

DEPARTMENT SPOKESMAN: The paper work and the annual filing fee. We can use that for a revenue source. We are putting it into a data system to handle the fees.

SENATOR KOLSTAD: I feel there is a need for it. It would handle all of the problems.

SENATOR BOYLAN commented that he thought the banks should handle their own problems.

There was no further discussion and the hearing closed on House Bill No. 309.

COMMITTEE ACTION ON HOUSE BILL NO. 309:

SENATOR KOLSTAD moved "do pass". The motion carried with the vote unanimous. Senator Kolstad will carry on the floor.

The meeting adjourned at 10:35 a.m.



Frank W. Hazelbaker, Chairman



Mary Ellen Connelly, Secretary

ROLL CALL

BUSINESS and INDUSTRY

COMMITTEE

47th LEGISLATIVE SESSION -- 1981

Date

3/6/81

| NAME | PRESENT | ABSENT | EXCUSED |
|-------------------------------|---------|--------|---------|
| Goodover, Pat - Vice Chairman | ✓ | | |
| Hazelbaker, Frank - Chairman | ✓ | | |
| Blaylock, Chet | | | |
| Boylan, Paul | ✓ | | |
| Dover, Harold | ✓ | | |
| Kolstad, Allen | ✓ | | |
| Lee, Gary | ✓ | | |
| Regan, Pat | ✓ | | |
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Each day attach to minutes.

DATE March 6, 1981

COMMITTEE ON _____ BILL NO. 30

BILL NO. 30

Rep. Roush

VISITOR'S REGISTER

[illegible]

(Please leave prepared statement with Secretary)

NAME: Valencia Lane DATE: 3-2-81

ADDRESS: Helena, MT

PHONE: 9-2996

REPRESENTING WHOM? Mr. John Galt

APPEARING ON WHICH PROPOSAL: H. 315

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

DATE 7 March 6, 1981

COMMITTEE ON _____ BILL NO. 141

BILL NO. 141

Rep. Thoft

VISITOR'S REGISTER

[illegible]

(Please leave prepared statement with Secretary)

DATE March 6, 1981

COMMITTEE ON _____ BILL NO. 309

BILL NO. 309

Rep. Harwitz

VISITOR'S REGISTER

[illegible]

(Please leave prepared statement with Secretary)

NAME :

DATE :

ADDRESS :

PHONE :

REPRESENTING WHOM?

APPEARING ON WHICH PROPOSAL:

DO YOU :

SUPPORT?

AMEND?

OPPOSE?

COMMENTS :

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: James L. Kirkland DATE: 1/1/71

ADDRESS: 1847 Fenton St.

PHONE: 2-1111

REPRESENTING WHOM? 101st Airborne Division

APPEARING ON WHICH PROPOSAL:

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

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

BEFORE THE SENATE BUSINESS & INDUSTRY COMMITTEE
ON FRIDAY, 6 MARCH, 1981

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, FOR THE RECORD I AM JEFF KIRKLAND, DIRECTOR OF GOVERNMENTAL AND COMMUNITY RELATIONS FOR THE MONTANA CREDIT UNIONS LEAGUE. THE LEAGUE IS A TRADE ASSOCIATION REPRESENTING 133 OF MONTANA'S 136 CREDIT UNIONS, AND WE STAND IN SUPPORT OF HOUSE BILL 30.

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

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

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

THEY ALSO MAINTAINED THEIR PERSONAL ACCOUNTS.

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

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

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

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

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

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

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

FOR THOSE REASONS, WE ASK THAT THIS COMMITTEE RECOMMEND THAT HOUSE BILL 30 BE CONCURRED IN. THANK YOU.



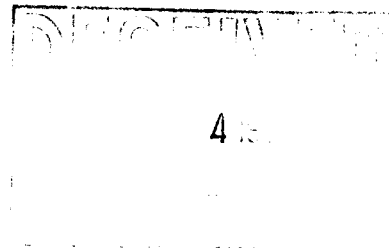
JOHN N. HANSON
COMMISSIONER
CAPITOL STATION
HELENA, MONTANA 59601
(406) 449-2942

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

The Big Sky Country

COMMISSIONER OF
CAMPAIGN FINANCES AND PRACTICES

May 8, 1980



Dear Mr. Greenfield:

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

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

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

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

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

Sincerely yours,

John N. Hanson

JOHN N. HANSON
Commissioner

JNH/as

THIRD PARTY TRANSACTION ACCOUNTS

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

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

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

STANDING COMMITTEE REPORT

March 6,

19 81

MR. **PRESIDENT:**

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

having had under consideration **HOUSE** Bill No. **14**

Manuel (Senator Lee)

Respectfully report as follows: That **HOUSE** Bill No. **14**

BE CONCURRED IN

XXXXXX
DO PASS

STANDING COMMITTEE REPORT

March 6, 1921

PRESIDENT:
MR.

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

having had under consideration **HOUSE** Bill No. **30**

Roush (Senator Kolstad)

Respectfully report as follows: That **HOUSE** Bill No. **30**

BE CONCURRED IN

DO PASS

STANDING COMMITTEE REPORT

March 6,

19 81

MR. **PRESIDENT:**

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

having had under consideration **HOUSE**

Bill No. **104**

Manuel (Senator Lee)

Respectfully report as follows: That **HOUSE** Bill No. **104**,

~~third reading~~ (bills) be amended as follows:

1. Page 1, line 24.

Following: **"cooperative"**

Strike: **"AND CONFIRMED BY THE MEMBERSHIP"**

And, as so amended,
BE CONCURRED IN

XXXXX
DO PASS

STANDING COMMITTEE REPORT

March 6,

19 81

PRESIDENT:

MR.

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

having had under consideration

HOUSE

Bill No. **141**

Thoft (Senator Dover)

HOUSE

141

Respectfully report as follows: That.....

Bill No.

BE CONCURRED IN

~~XXXXXX~~
~~DO PASS~~

STANDING COMMITTEE REPORT

March 6,

19⁹¹

MR. **PRESIDENT:**

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

having had under consideration **HOUSE** Bill No. **309**

Hurwitz (Senator Dover)

Respectfully report as follows: That **HOUSE** Bill No. **309**

BE CONCURRED IN

~~XXXXX~~
DO PASS