

HOUSE BUSINESS AND INDUSTRY COMMITTEE

Chairman, Rep. Jerry Metcalf, called the Business & Industry Committee to order on February 2, 1983, at 9:00 a.m. in Room 420 of the Capitol Building, Helena, Montana. All members were present.

HOUSE JOINT RESOLUTION 14

REP. MARY ELLEN CONNELLY, District 15, sponsor, opened by saying this bill requests the Congress to enact a bill requiring the Northwest Power Planning Council to review the annual budget of the Bonneville Power Administration. No one at the present time oversees their rate structure. She recently attended a conference on this matter and witness after witness expressed concern that they were not responsive to the people. This will require they submit a draft budget for review to the council. The council will be appointed by the governors from the four pacific states. The Federal Energy Regulatory Commission doesn't have any power at all to review any of the sales that BPA makes to California and other states.

PROPONENTS:

KEITH COLBO, one of two council members to the Pacific Northwest Conference, said the council and its eight members have not voted a position on this bill. They do not now have any kind of authority that is contemplated in the Baucus bill. Their authority comes from Congress. He wished to stress that they are not federal agents, they are a regional body. The council is requested to conduct a very open review process.

TIM STEARNS, Northwest Planning Resources Council, said we are not feeling the huge rate increase they have put on western Montana, and his organization strongly supports HJR 14.

OPPONENTS: none

REP. CONNELLY, in closing, said at the present time the BPA presents their budget and then sets their rates according to what is in the budget instead of the other way around. They make the rates set at what they want.

QUESTIONS:

REP. KADAS: Right now the council doesn't have any authority to change rates? Mr. Colbo: No, and the Baucus bill will not give that authority. Rep. Kadas: Do you think you should have authority or it should rest with the administrator? Mr. Colbo: The distinction between rate making process and the budget process: The budget process is setting the overall expenditures of Bonneville, those expenditures to be self financing which means they must be raised through the rate making process. It does have a direct bearing on the rates to be paid. The council would not be making the determination whether this utility is paying a higher rate.

FEBRUARY 2, 1983

Page 2

Business & Industry Committee

HOUSE BILL 503

REP. RON MILLER, District 42, sponsor, opened by saying this bill changes the banking law to remove the limitation of 10% of assets that may be invested in bonds other than government bonds and raises the limit to 50% of "unimpaired capital and assets." It will permit banks to be in a more competitive position.

PROPOSERS:

LES ALKE, Department of Commerce, said there were two words omitted from the bill in printing on line 16, following "except" there should be inserted "general obligation". The intent of this bill is to up-date and parallel our law with the national law. This will allow some communities that may have trouble selling bonds to sell more to the bank.

GRETCHEN TEA, Montana Banking Association, said her organization supports HB 503.

OPPOSERS: none

QUESTIONS: none

HOUSE BILL 480

REP. KELLY ADDY, District 62, sponsor, opened by saying this bill is at the request of the Department of Commerce. This bill reduces from 11 years to 8 years the maximum period a bank is required to keep records of customer accounts.

PROPOSERS:

LES ALKE, Department of Commerce, said the old law was very restrictive and said all records should be kept 11 years after Jan. 1 of the year they were developed. This will protect records for customers as they still have to be kept 8 years which is the general statute of limitations law.

GRETCHEN TEA, Montana Bankers Association, said her organization supports HB 480.

OPPOSERS: none

QUESTIONS:

REP. FABREGA: When a savings account is inactive for a number of years, when does it become unclaimed property? Mr. Alke: Seven years and if the bank tries to find the person and can't, it becomes property of the state and goes to the general fund or the Revenue Department's abandoned fund.

REP. METCALF: The statement of intent doesn't exempt out customer account records. Would you mind if we amend this to exclude customer accounts? Rep. Addy. That would be fine.

HOUSE BILL 523

REP. KERRY KEYSER, District 81, sponsor, opened by saying this bill is at the request of the Board of Crime Control. He read through the bill noting the changes in the law and new sections added.

PROPONENTS:

CLAYTON BAIN, Peace Officers Standards & Training Council, Board of Crime Control, said this bill came at the request of the County Attornies to look into the law regulating private investigators and to deal with some of the problems that have arisen from the last law which passed in 1974. They concluded the control of this industry should be at the state level. Chapter 70 places the regulating authority with the Department of Commerce under the director. There is no board regulating this industry. A board is necessary to do a efficient job. It not only requires the licensing of the firms but it also requires certain qualifications for the employees, especially the armed people. This way local law enforcement knows they are operating. You have a high turnover in this industry because of the low pay. A big thing it does is set strict standards for uniform and vehicle identification so they are not confused with an officer of the law.

BUTCH HARDING, Western Security Systems and Private Investigations, testified that he has worked in many aspects of the security business and there are many operations that need strict supervision. Many operations pay minimum wage, take on anyone, give them a gun and say, "go to it." He said we need controls to make sure they are qualified and we must upgrade the wages. Big companies have well trained security people and they pay good wages.

CHUCK O'REILLY, Sheriff, Lewis & Clark County, said he agreed with what Mr. Harding had to say. He saw a problem with the bill on Page 31, section 29. Law enforcement is well trained at the Law Enforcement Academy and this seems to be a duplication. Officers don't make that much money and they often use extra security jobs as a backup to their salaries and they shouldn't come under this bill. He asked that this section be stricken.

BILL WARE, Police Chief, Helena, said he supports this bill and agrees with Sheriff O'Reilly's proposed amendment.

MARY GARRETT, Department of Commerce, said they support HB 523 as under the current law they have had many problems, one being that it was never properly funded. Right now there are 208 licenses which are mostly firms. On Page 30 there should be a change to say "employer" instead of "licensee" and on page 24, section 19 change "must be charged" and insert "and collected" and delete "paid" and insert "deposited".

FEBRUARY 2, 1983

Page 4

Business & Industry Committee

MR. HARDING: There are twice as many security people on the streets than police officers in this state.

OPPONENTS: none

QUESTIONS:

REP. FABREGA: A peace officer is an officer seven days a week and if we require them to be licensed to perform this other duty then it becomes a requirement of the uniform only. Would you have a problem with this Sheriff O'Reilly? Sheriff O'Reilly: Personally, I would have no problem if you prohibited a peace officer from starting up his own business. That is a direct conflict of interest. Don't wipe out the reserve organizations who have separate functions.

Rep. Fabrega: A peace officer as an individual should be able to perform private duties but if they want to form a business you have no problem with restricting that? Sheriff O'Reilly: No problem.

Mr. Bain: Compliance as far as the licensing should apply to them but exempt them from other qualifications for employment.

REP. WALLIN: Why do people need these security people? Aren't the local officers doing their job? Mr. Ware: We do security checks but there are companies who want on-sight security at all times. Law enforcement has it's hands full as it is. Sheriff O'Reilly: A company will tell us they have been burglarized three times in two months and they want more security checks than anyone else. If I give to them, I have to give to everyone. These people, therefore, go to private agencies and contract with them. The biggest reason for private security is shop lifting. 90% is crime among employees.

REP. SCHULTZ: If 90% can't qualify, how are you going to get them all in there in 30 days? Mr. Bain: You would have 30 days to file an application with the board then they will have to set up the operation.

MS. GARRETT: Thirty days is too short. There is no way a board could come to a meeting. Most grandfather clauses on a board are 6 months or a year. REP. METCALF: You provide that any person filing a timely application could continue but there is no provision for those that do not file a timely application. Ms. Garrett: If they do not get in their application, they could file for a temporary permit.

REP. FABREGA: Page 2, line 13 says "resident of Montana and 25 years old." Ms. Garrett: Most professional boards say 18 years of age. Mr. Bain: I would like the 25 years to stay.

REP. HARPER: Page 9, line 8 says if a person owns a business and he hires a night watchman, will he now be subject to this act?

Mr. Bain: If he doesn't have a fire arm, he doesn't need a license.

REP. BACHINI: Will Burlington Northern need instruction and training when they are already qualified? Mr. Bain: They have NRA certification.

EXECUTIVE SESSION:

HOUSE JOINT RESOLUTION 14

REP. KADAS moved HJR 14 DO PASS. Question: Motion carried unanimously.

HOUSE BILL 503

REP. KITSELMAN moved the proposed amendment. Question: Passed unanimously. REP. KITSELMAN moved HOUSE BILL 503 DO PASS AS AMENDED. Question: Motion carried unanimously.

HOUSE BILL 480

REP. JENSEN moved HOUSE BILL 480 DO PASS. Question: Passed unanimously.

REP. METCALF moved the Statement of Intent should be amended to exclude customer account records. A discussion developed questioning the intent of the bill and if there was, in fact, an 8 year minimum on keeping customer accounts. No decision could be reached on the issue. Rep. Metcalf volunteered to ask Les Alke to come for another meeting on this bill to clarify some questions. REP. FABREGA made the motion that the committee reconsider it's action on HB 480. Motion carried unanimously.

HOUSE BILL 73

REP. SCHULTZ said an amendment would be offered in the Senate on HB 73 that would say "no license may be issued by the PSC until they have a chance to check the structure of the company to determine if they are operating at cost." This amendment might protect the hauler from conglomerates. REP. SCHULTZ made the motion that the amendments discussed be passed. (Exhibit #1) Question: Motion carried 17 yes and Rep. Saunders and Rep. Ellerd voting no. REP. FABREGA made the motion that HOUSE BILL 73 DO PASS AS AMENDED. Question: Motion carried with 17 voting yes and Rep. Saunders and Rep. Ellerd voting no.

HOUSE BILL 186

REP. FABREGA made the motion to TABLE HOUSE BILL 186. Question: Motion carried unanimously.

The hearing adjourned at 11:15 a.m.



REP. JERRY METCALF, CHAIRMAN



Linda Palmer, Secretary

STANDING COMMITTEE REPORT

February 2

83

19.....

SPEAKER

MR.

BUSINESS & INDUSTRY

We, your committee on

HOUSE

503

having had under consideration Bill No.

first reading copy (white)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR INVESTMENT
BY BANKS OF 50 PERCENT OF THEIR UNIMPAIRED CAPITAL AND SURPLUS
IN BONDS THAT ARE NOT GENERAL OBLIGATION BONDS OF THE UNITED
STATES OR A POLITICAL SUBDIVISION OF THE STATE OF MONTANA;
AMENDING SECTION 32-1-433, MCA."

HOUSE

503

Respectfully report as follows: That Bill No.

BE AMENDED AS FOLLOWS:

1. Line 16
Following: "except"
Insert: "general obligation"

AND AS AMENDED

DO PASS

STANDING COMMITTEE REPORT

February 2 19 83

MR. **SPEAKER:**.....

BUSINESS & INDUSTRY

We, your committee on

HOUSE

73

having had under consideration Bill No.

first reading copy (white)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT IN MAKING A DECISION ON AN APPLICATION FOR A CLASS D MOTOR CARRIER'S CERTIFICATE, THE PUBLIC SERVICE COMMISSION MUST CONSIDER THE FURTHERANCE OF PUBLIC CONVENIENCE AND NECESSITY AND THE PROMOTION OF COMPETITION; AMENDING SECTION 69-12-323, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Respectfully report as follows: That..... HOUSE Bill No. 73
BE AMENDED AS FOLLOWS:

1. Title, line 6
Following: "COMMISSION"
Strike: "MUST"
Insert: "MAY"
2. Title, line 7
Following: "CONSIDER"
Strike: remainder of line 7 through "AND" on line 8
3. Page 1, line 20
Following: "for a"
Strike: "remainder of line 20 through "C" on line 21.
4. Page 2, line 12
Following: "(b)"
Strike: line 12 through issued on line 18
Insert: "For purposes of class D certificates, a determination of public convenience and necessity may include a con- sideration of competition?"

~~XXXXXX~~
AND AS AMENDED
DO PASS

STANDING COMMITTEE REPORT

February 2,

83

19.....

SPEAKER:

MR.

BUSINESS & INDUSTRY

We, your committee on

HOUSE JOINT RESOLUTION

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

first

reading copy (**white**)
color

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES
OF THE STATE OF MONTANA URGING THE UNITED STATES CONGRESS TO ENACT
LEGISLATION THAT PROVIDES FOR ANNUAL BUDGET REVIEW OF THE
BONNEVILLE POWER ADMINISTRATION BY THE PACIFIC NORTHWEST ELECTRIC
POWER AND CONSERVATION PLANNING COUNCIL.

HOUSE JOINT RESOLUTION

14

Respectfully report as follows: That Bill No.

DO PASS

STANDING COMMITTEE REPORT

Exhibit #1

FEBRUARY 2

19 83

Journal

MR. Speaker:

We, your committee on Business & Industry

having had under consideration House Bill No. 73
first reading copy (white)

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT IN MAKING A DECISION ON AN APPLICATION FOR A CLASS D MOTOR CARRIER'S CERTIFICATE, THE PUBLIC SERVICE COMMISSION MUST CONSIDER THE FURTHERANCE OF PUBLIC CONVENIENCE AND NECESSITY AND THE PROMOTION OF COMPETITION; AMENDING SECTION 69-12-323, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Respectfully report as follows: That HOUSE Bill No. 73
BE AMENDED AS FOLLOWS:

1. Title, line 6
Following: "COMMISSION"
Strike: "MUST"
Insert: "MAY"
2. Title, line 7
Following: "CONSIDER"
Strike: remainder of line 7 through "AND" on line 8
3. Page 1, line 20
Following: "for a"
Strike: "remainder of line 20 through "C" on line 21.
4. Page 2, line 12
Following: "(b)"
Strike: remainder of line 12 through line 18 in their entirety.
Insert: "For purposes of class D certificates, a determination of public convenience and necessity may include a consideration of competition."

~~DO PASS~~
AND AS AMENDED
DO PASS

VISITOR'S REGISTER

HOUSE

COMMITTEE

BILL H13 503 DATE 2-2

SPONSOR

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE

COMMITTEE

BILL H.B. 480

DATE 2-2

SPONSOR _____

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE

COMMITTEE

BILL HB 523

DATE 2-2

SPONSOR

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITOR'S REGISTER

HOUSE

COMMITTEE

BILL

DATE **2-2**

SPONSOR

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

Name Mary Lou Garrett Committee On Bus & Ind.
Address 1424 9th Ave Date 2-2-82
Representing Dept of Commerce Support ✓
Bill No. HB 523 Oppose _____
Amend ✓

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. amendments to Secretary

2.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

48523
PRIVATE SECURITY TASK FORCE

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Move to Professionalism: Security Guard Standards

Fighting crime is not solely a police function.

WHILE privately employed security personnel are not policemen, when properly trained and equipped, and adequate safeguards are taken to assure high moral character, they are crime prevention and deterrent aids to law enforcement.

Unfortunately, most law enforcement agencies are required to operate with a budget not related to desired police coverage of the community or private enterprise. The security officer can afford that specific crime suppression function, offering each community a little added protection that the overworked, understaffed police agencies cannot.

There are, of course, some negative aspects to hiring private security firms. Large security companies require background checks, training in law enforcement, criminal code, first aid, safety, *ad infinitum*. But, those small "bootstrap" operation companies that operate out of private homes or small offices may not be organized to provide a complete training program, nor are their facilities such to provide an adequate background examination. Exceptions to the rule may exist, but on the norm, a small security company does not provide a level of professionalism and supervision that should be required.

The security officer should have a background in law enforcement prior to employment. He then should receive

specialized training in security work such as electronic surveillance techniques, lock and key controls, physical training, fire-fighting and prevention, and safety.

It is felt in many security and law enforcement circles that the adoption by all states of a proposed model code for private security could upgrade security officer standards to the extent that law enforcement agencies would tend to rely more heavily on them for assistance of a limited nature. The Committee of National Security Companies has been attempting for two years to complete such a code for submission to the Private Security Advisory Commission of the federal Law Enforcement Assistance Administration (LEAA). Ultimately, it would, with the LEAA imprimatur, hopefully be adopted and codified by all states for regulation of security company operations. If law enforcement agencies were confident that all private security officers were well qualified, trained, of good moral character, and competently supervised, a liaison would be established whereby the police officer would tend to seek out information and assistance to build up that much needed store of police intelligence material.

Fighting crime is not solely a police function. All the support assistance obtainable should be amassed from any source available and used by that agency responsible for area crime suppression.



NOEL F. ROGERS is Director of Security, Western Forge Corporation, Colorado Springs, Colorado 80907, and an instructor and member of the Criminal Justice Department Advisory Board, Colorado Technical College, Colorado Springs. He is a retired special agent, Army CID, whose last assignment was personal security officer to the Supreme Allied Commander, General Alexander M. Haig, Jr. He graduated with a B.S. degree in law enforcement and corrections from the University of Nebraska and earned his M.S. in education at the University of Southern California.

Private security agencies can provide a wealth of information to law enforcement agencies if only they were assured of the reliability of this information. These companies maintain logs and reports of suspicious persons and vehicles at the business locations they are hired to protect. Also, they have developed personal contact with adult and juvenile citizenry resulting from daily contact at one job site. As an example, a situation has been reported where a security officer was able to obtain information on a runaway juvenile from other juveniles at a gameroom where he worked. The information was relayed to the local police department and resulted in the juvenile being returned home. A rash of office burglaries was stopped with information provided by a security officer who diligently recorded vehicle license numbers during his tour of duty at a large office complex.

Industrial security programs that employ their own security officers have somewhat of an advantage over contract security companies in that they can set their own standards. Typically, such companies will set salaries at a much higher scale than the contract security company, resulting in a higher caliber security officer. There is also a trend towards a higher stature of security managers in recent years. There was a period when a security manager ranked quite low on the corporate totem pole; and usually, the job of security was in addition to the primary position, normally safety or personnel. The trend now is toward security managers with a background and education in law enforcement, security, and management and who are well placed and well paid.

Lloyd Singer, president of Motorola Teleprograms, Inc., commented,

The solution of the accelerating growth of crime in America is beyond the power of public law enforcement agencies by themselves. The rapid growth of security personnel is in direct response to this situation, but an increase in the number of security personnel alone will not get business-related losses under control without adequate training of security forces. The U.S. Chamber of Commerce recently estimated such losses at more than \$20 billion per year — about 17 percent of all after-tax corporate profits.

The crime situation is progressively deteriorating even with advanced law enforcement methods, equipment, personnel, and support. As police agencies concentrate on a specific high-crime rate and start an abatement of reported crimes in one area, the rate of reported crimes in another area begins to rise. It seems to be a never-ending circle. Private security firms must follow the lead of police agencies and upgrade all standards to the best of their ability. A conscientious effort must be made by all for the good of all. ★

DEPARTMENT OF COMMERCE



TED SCHWINDEN, GOVERNOR

1424 9TH AVENUE
CAPITOL STATION

STATE OF MONTANA

HELENA, MONTANA 59620

The Department of Commerce supports H.B. 523 creating a Board of Private Security Patrolmen and Private Investigators.

Current law only provides for licensing the business and owners or partners of the business. There have been many irregularities and violations to the current law and with passage of H.B. 523, these problems will be resolved.

However, we are submitting an amendment to Section 19, page 24. A copy of the amendment has been presented to the Secretary with copies for all members of the Committee.