

HOUSE BUSINESS & INDUSTRY COMMITTEE

Chairman, Rep. Jerry Metcalf, called the Business & Industry Committee to order on March 14, 1983, at 9:00 a.m. in Room 420 of the Capitol Building, Helena, Montana. All members were present except Rep. Fabrega, Nisbet & Kitselman who were excused.

SENATE BILL 206

SEN. GAGE, District 7, sponsor, opened by saying this bill amends the banking laws to exclude from a bank's lending limit loans that are secured by pledged deposits in the lending bank and loans made to another bank for a term of not more than two business days. It has an immediate effective date. If they were at the top of a lending limitation, they would pledge for excess loans which would protect the other depositors in the bank in case the loans go bad.

LES ALKE, Commissioner of Financial Institutions, Dept. of Commerce: We support this bill.

QUESTIONS:

REP. HARPER: Why is there an immediate effective date? Mr. Alke: This is a housekeeping measure and there would be no reason for a delay. This condition has existed for years and should have been rectified.

SENATE BILL 207

SEN. GAGE, District 7, sponsor, opened by saying this bill is at the request of the Dept. of Commerce also. It allows banks to put 20% of their surplus and capital into bank service corporation investments, such as data processing. It doesn't put the other depositors in any more risk than if it were loaned out to a borrower. It conforms with what national banks do.

PROPONENTS:

LES ALKE, Dept. of Commerce: This is a bill that should have been enacted some years ago. We have banks that are involved in agriculture credit corporations that augment their bank's own operation. We have allowed this and it was probably against the law. Under the new expansion of electronic data processing and automatic teller machines, banks are considering organizing corporations for automated switching which will require a lot of money. The law is presently so restrictive that banks cannot invest in any corporation, but this will allow them to invest for the service of their customers. We had three banks go together to form a data processing center. We made the banks charge off that investment. That's ridiculous.

OPPONENTS: none

QUESTIONS: none

SENATE BILL 300

SEN. TURNAGE, District 13, sponsor, opened by saying this bill is at the request of the Montana Banker's Association. It's purpose is to eliminate the statutory requirement that at least one of a bank's vice presidents be a member of the board of directors. Some banks prefer to have directors from the community that are not active bank officers. The law does require that the president come from the board of directors. However, some banks resent a rancher or businessman who is not active in the bank becoming a vice president.

PROPONENTS: none

OPPONENTS: none

QUESTIONS: none

EXECUTIVE SESSION:

SENATE BILL 300

REP. METCALF: Would the immediate effective date cause problems with rulemaking? Rep. Harper: They don't consider these bills as having to do with rulemaking but the first two will be codified and that will give them rulemaking authority. They have lived without these changes for 90 years but suddenly they need an immediate effective date. They would go into effect October 1 without an effective date.

REP. ELLISON: It looks like it will be a procedure as soon as the bill is passed. I move SENATE BILL 300 BE CONCURRED IN.

QUESTION: The motion carried unanimously.

SENATE BILL 207

REP. BACHINI: I move SENATE BILL 207 BE CONCURRED IN.

QUESTION: The motion carried unanimously.

SENATE BILL 206

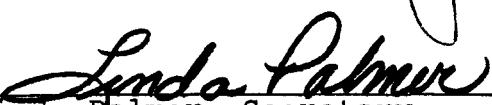
REP. WALLIN: I move SENATE BILL 206 BE CONCURRED IN.

QUESTION: The motion carried unanimously.

The hearing adjourned at 9:20 a.m.



REP. JERRY METCALF, CHAIRMAN



Linda Palmer, Secretary

STANDING COMMITTEE REPORT

MARCH 14

83

19

MR. SPEAKER:

We, your committee on BUSINESS & INDUSTRY

SENATE

206

having had under consideration

Bill No.

third reading copy (blue
color)

**A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING SECTION
32-1-432, MCA, TO PROVIDE EXCLUSIONS FROM A BANK'S LENDING
LIMIT FOR LOANS SECURED BY CERTAIN DEPOSITS; AND TO PROVIDE
A SIMILAR EXCLUSION FOR 2-DAY LOANS TO OTHER BANKS; AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE."**

SENATE

206

Respectfully report as follows: That..... Bill No.

XXOKASS BE CONCURRED IN

STATE PUB. CO.
Helena, Mont.

JERRY METCALF

Chairman.

COMMITTEE SECRETARY

STANDING COMMITTEE REPORT

MARCH 14.....19...83...

SPEAKER:

MR.

BUSINESS & INDUSTRY

We, your committee on.....

SENATE

Bill No. 207

having had under consideration

third reading copy (blue)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR
INVESTMENT BY BANKS IN THE CAPITAL STOCK OF BANK SERVICE
CORPORATIONS; AMENDING SECTION 32-1-422, MCA; AND PROVIDING
AN IMMEDIATE EFFECTIVE DATE."

SENATE

Bill No. 207

Respectfully report as follows: That.....

~~AMEND~~ PASS BE CONCURRED IN

STATE PUB. CO.
Helena, Mont.

JERRY METCALF

Chairman.

COMMITTEE SECRETARY

STANDING COMMITTEE REPORT

MARCH 14

83

19

SPEAKER:

MR.

BUSINESS & INDUSTRY

We, your committee on

SENATE

300

having had under consideration Bill No.

third reading copy (blue)
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO ELIMINATE THE REQUIREMENT THAT ONE VICE-PRESIDENT OF A BANKING CORPORATION BE CHOSEN FROM THE BOARD OF DIRECTORS; AMENDING SECTION 32-1-325, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Respectfully report as follows: That.....

SENATE

300

Bill No.

XXXXXX DO PASS BE CONCURRED IN