

MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

March 23, 1983

The meeting of the Business and Industry Committee was called to order by Chairman Allen Kolstad on March 23, 1983, at 10:08 a.m., in Room 404, State Capitol.

ROLL CALL: All members of the Committee were present except for Senator Regan who was excused.

CONSIDERATION OF HOUSE BILL 213: An act requiring the seller of a condominium unit to notify prospective buyers of the existence of a controlling interest in the condominium project and of that control over the association bylaws and regulations; requiring the seller of any condominium unit or his agent to furnish a buyer with copies of the condominium bylaws, regulations, and governing law; allowing a prospective purchaser a period to withdraw without penalty.

Representative Robert H. Dozier stated Montana does have a condominium act on the books. What this bill does is makes some minor changes in it. When they buy a condominium it would be reported if the seller owns more than 50% of the units. It is important because the bylaws are defined and the board of directors are set up on a majority basis. The majority holder makes all the rules to the game. He feels condominiums are the way of the future and an excellent land use. He would like to see them encouraged. They are asking them to show receipts for reporting requirements. Presently when they are asking about what expenditures were made they are not getting a good look at the receipts. He feels it is only right that any prospective purchaser should know these things. He may want to buy in but he is still aware at that time.

PROPOSERS TO HOUSE BILL 213: Dennis Rehberg, Realtors Association, stated they support this bill. In the House they presented amendments to make it more technically correct. Sellers handle a lot of people going in and out. They have to make sure the person showing the unit gives adequate notice. Page 2, line 10, subsections 2 and 3 refer to signing any buy-sell agreement. Section 3 is a mandatory section. He hopes that in subsection 3 a year later they cannot come back in. The intention was giving them 72 hours at the time of the purchase.

There were no further proponents and no opponents.

QUESTIONS FROM THE COMMITTEE: Senator Dover stated on line 6 and line 8, page 2, this involves a seller or other person in the title. Representative Dozier stated the person that sells isn't necessarily the person that owns it. Mr. Rehberg stated the other person may be the seller of the actual unit or the other person may be the developer who owns some units.

Senator Goodover asked when you offer a condominium to a potential buyer no one will buy until they have seen the by-laws. If they want to buy under those conditions they buy. How do you reconcile an owner who has half of his property sold and economic conditions make it impossible to sell the other half? During the time he has it rented

he does not have any say? You are taking away property rights from the person that owns the property. In the by-laws you have so many votes based on the number of units you own. Representative Dozier stated the bill does not address this.

Senator Gage stated on page 2, subsection 3, lets assume that a person has not gotten into the buy-sell contract. Does he still have the 72 hours to back out? I assume he would not. Representative Dozier stated I assume he would. Maybe it should be whichever is later.

Senator Christiaens asked I think Senator Gage brought up a question and it is the purpose of this bill. If they had gotten a copy of the by-laws this would not have been needed.

Senator Goodover asked is there a great problem around the state with this? Mr. Rehberg stated in talking with their membership it is not a major problem. It just seems like good common sense that the purchaser would ask for and the seller would give it to him. Representative Dozier stated the point was if you have a majority of condominium developments we have a few shadies out there. I believe that condominiums are a good way to go because they are an excellent land use.

Senator Dover asked on this 72-hour delay is this going to supercede or is it going to be somewhere else in the law? Staff Attorney Petesch stated that is only on door-to-door soliciations.

Senator Gage asked on the request of the purchaser is he going to receive these documents prior to signing the buy and sell agreement? Representative Dozier stated yes.

The hearing was closed on House Bill 213.

CONSIDERATION OF HOUSE BILL 503: 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.

Representative Miller gave written testimony to the committee. This testimony is attached to the minutes. (Exhibit No. 1)

PROPOSERS TO HOUSE BILL 503: Les Alke, Department of Commerce, stated this is one of four bills that were introduced at the request of the Department to modify and update the banking laws. This whole section that is being amended was enacted with the 1927 banking laws. They are utilizing that as a vehicle to give banks expanded powers to invest in revenue bonds. The old limitation of 10% of assets is completely unreasonable for any bank to invest in one revenue bond. They have prevented banks from using such. This will give them the power to invest.

There were no further proponents and no opponents.

QUESTIONS FROM THE COMMITTEE: Senator Goodover asked does this benefit the banks or consumers? Mr. Alke stated it would benefit the political subdivisions. This would allow the bank to invest 50%.

Senator Goodover asked does that then remove the amount of money the bank has available for loans to people otherwise? Mr. Alke stated all banks presently in the state have about 60% or less in loans. The other 40% are in investments of all types. This is just a small part of their investment portfolio.

Senator Christiaens asked have national banks been given similar authority to invest in revenue bonds prior to this regulation being approved? Mr. Alke stated the regulation has not been promulgated in its final form yet. This seems like a reasonable level and it is not hazardous.

Senator Christiaens asked you say some have been approved? Mr. Alke stated at the present time national banks can only invest 10% of their capital in revenue bonds that is far too little.

Senator Christiaens asked is that now the law? Mr. Alke stated that is 10% of the assets.

Senator Kolstad asked was this bill amended in the House to remove the 10% of the assets? Mr. Alke stated the language is new which has nothing to do with total assets.

The hearing was closed on House Bill 503.

ACTION ON HOUSE BILL 503: Staff Attorney Petesch stated this bill needed to be amended with an effective date.

Senator Dover made the motion that the proposed amendment for an effective date Be Adopted. Senator Fuller seconded the motion.

The Committee voted unanimously, by voice vote, that the proposed amendment to HOUSE BILL 503 BE ADOPTED.

Senator Dover made the motion that House Bill 503 As Amended Be Concurred In. Senator Goodover seconded the motion.

The Committee voted unanimously, by voice vote, that HOUSE BILL 503 AS AMENDED BE CONCURRED IN.

Senator Dover will carry this bill on the floor.

CONSIDERATION OF HOUSE BILL 633: An act to require the Department of Commerce to establish the renewal dates for certain professional and occupational licenses by rule and providing an effective date.

Representative Gene Donaldson stated this bill allows the Department of Commerce to set license expiration dates. What we have now is most of the work load in January and July. This would allow them to set those expiration dates and will make the department more

efficient.

PROPOSERS TO HOUSE BILL 633: Shirley Miller, Bureau Chief, stated two years ago the Legislature finished a hearing audit. This contained 16 recommendations. Most of those have been addressed. House Bill 633 allows them to do this: 1) staggered renewal system, 2) consult with the boards and 3) to result in an even distribution of workloads. As it is now, it is inefficient. There are two graphs that describe the costliness of the system. (Exhibit No. 2) The Engineers Board Chairman agree to this. No rules will be written without the complete agreement of the board.

Roland Pratt, Montana Optometric Association, stated he is not opposed to the bill. They are opposed to them being included in it. The administrative assistant who handles optometry states there are 3800 licenses at this time. Of that number less than 200 are optometry. They are not contributing that much to the problem pointed out in the audit. They put out a chart on possible staggered systems and at no time do they refer to July 1st. By statute they are required to have 10 hours of continuing education that have to be completed by July 1st through June 30th. If they change the license date we are going to have a confused bunch of people wondering whether they will be licensed or not. They will not know whether they will need to have that continuing education by September to be licensed. We have no problems with their attempt. If we could be removed we could work with the Department but let's decide the continuing education and renewal dates the same. He asked that they amend optometry out of this bill.

There were no further proponents and no opponents.

QUESTIONS FROM THE COMMITTEE: Senator Fuller asked how would you address the problem Mr. Pratt has? Ms. Miller stated since optometry is such a small part of it she would not be upset if we amended them out. However, they could work with them and pro rate their fees. We would not do it without their o.k.

Senator Dover asked do you visualize you might have problems with others? Ms. Miller stated that is why a biennial licensing is a good idea for those Boards that have continuing education.

Senator Dover stated he mentioned July 1st. Is there any reason you chose these dates? Ms. Miller stated no. This bill would enable us to study and see how we would do it.

Senator Dover asked do most have July 1st? Ms. Miller stated no.

Senator Lee asked are you going to have the concurrence of these various boards before you take any action? Ms. Miller stated yes.

Senator Lee stated if these were 500 individuals would you stagger them half one year and half in two years? Ms. Miller stated one of the proposals would be x number of licensees would be renewed in August. The Board of plumbers are staggered now.

Senator Kolstad asked does that satisfy your objection? Mr. Pratt stated it would if they would work with them. He would like to see if they could work out a biennial system; however, that would necessitate them going back to change those. If we knew they would stick to that yes it would.

In closing, Representative Donaldson, stated the heavy loads come in January and July. These are two bad dates. If we could stagger them it would be more efficient. The Department is very flexible and wants to work with them.

The hearing was closed on House Bill 633.

ACTION ON HOUSE BILL 633: Senator Dover made the motion that House Bill 633 Be Concurred In. Senator Fuller seconded the motion.

The Committee voted unanimously, by voice vote, that HOUSE BILL 633 BE CONCURRED IN.

Senator Fuller will carry this bill on the floor.

CONSIDERATION OF HOUSE BILL 814: An act to authorize financial institutions to hold annual meetings on any business day before April 15 of each calendar year.

Representative Mike Kadas stated under current law Montana banks have to have their annual board meetings on a Tuesday from January 1st to April. This is a bill to allow them to have it on any day up to April 15th.

OPPONENTS TO HOUSE BILL 814: Pat Hooks, Montana Savings and Loan League, and Attorney, Townsend, stated there are 12 savings and loans in Montana. All but two are federally chartered. This probably won't affect the federal ones. Their problem is the law reads that the building and loan association will have a meeting annually. Many of their associations are tied to fiscal years. We know of no one that feels there is any need to change the existing law. Everything works well. There are attorneys that think someone will raise heck if we change it and maybe tax consequences that are disadvantageous. He asked that Section 2 be deleted from the bill.

QUESTIONS FROM THE COMMITTEE: Senator Lee asked is there some reason we brought about the savings and loans? Representative Kadas stated he has no problems deleting Section 2. He does not want to cause problems.

Senator Dover asked why are you changing this? Representative Kadas stated so it does not have to be on a Tuesday.

ACTION ON HOUSE BILL 814: Senator Lee made the motion that in the title we strike "financial institutions" and insert "banks" change sections to section and strike 2208 and strike Section 2 in its entirety. Senator Gage seconded the motion.

The Committee voted unanimously by voice vote, that the proposed

amendments to HOUSE BILL 814 BE ADOPTED.

Senator Dover made the motion that House Bill 814 As Amended Be Concurred In. Senator Lee seconded the motion.

The Committee voted unanimously, by voice vote, that HOUSE BILL 814 AS AMENDED BE CONCURRED IN. Senator Gage will carry this bill on the floor.

CONSIDERATION OF HOUSE BILL 886: An act to generally revise the laws relating to the licensing and regulation of barbers, barber apprentices and barber schools and colleges and providing effective date and an applicability date.

Representative Bob Pavlovich stated this is a barbers bill simply revising the laws. On page 2, line 21, they took care of the cosmetologists so they have no problems with them. He handed the committee an amendment from the barbers. (Exhibit No. 3) They would like to have the present ones grandfathered in.

PROPOSERS TO HOUSE BILL 886: Gary Lucht, Big Sky College of Barber-Styling, Inc., stated he owns two barber colleges, one in Missoula and one in Billings. He is in favor of this bill. This grandfather clause would not be retroactive. They feel they are qualified under the present bill to receive an instructors license. The biggest part of this bill deals with review and instructor examinations. He urged the committee to pass on this bill as it is desperately needed. Some of the laws that they are revising were passed in 1939.

Don Hawkinson stated he is in support of this bill. The last time the barber laws were updated was in 1939. Since the sunset review the legislature waived the apprentice program and it has worked to a great advantage. When a person gets out of school he can take a test and he has a license to go to work. The way it was before he had to study with another barber for one to two years. Then he had to be retested. With that increase in curriculum those people are now qualified to do it. He supports the amendment for the grandfather clause.

Les Haugen, Great Falls, stated he supported this bill. He would like the grandfather clause included in the bill.

There were no further proponents and no opponents.

QUESTIONS FROM THE COMMITTEE: Senator Gage stated on page 4, line 16, indicates the person is a graduate of the 8th grade. Is there a reason why they would indicate this? Representative Pavlovich stated not for any particular reason. Most of the states have it.

The hearing was closed on House Bill 886.

ACTION ON HOUSE BILL 886: Senator Goodover made the motion that the proposed amendment to House Bill 886 Be Adopted. Senator Gage seconded the motion.

The Committee voted unanimously, by voice vote, that the proposed amendment to HOUSE BILL 886 BE ADOPTED.

Senator Dover made the motion that House Bill 886 As Amended Be Concurred In. Senator Goodover seconded the motion.

The Committee voted unanimously, by voice vote, that HOUSE BILL 886 AS AMENDED BE CONCURRED IN.

ACTION ON HOUSE BILL 871: Dale Harris, Department of Commerce, stated they had an amendment to this bill which they would like inserted into the bill. (Exhibit No. 4)

Senator Dover made the motion that we amend page 15, lines 22 and 23, to coincide and put it back to the original language. Senator Gage seconded the motion.

The Committee voted unanimously, by voice vote, that the proposed amendments to HOUSE BILL 871 BE ADOPTED.

ADJOURN: There being no further business, the meeting was adjourned at 11:35 a.m.



ALLEN C. KOLSTAD, CHAIRMAN

STANDING COMMITTEE REPORT

March 23,

19 83

MR. **PRESIDENT**

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

having had under consideration **HOUSE** Bill No. **503**

MILLER (DOVER)

Respectfully report as follows: That **HOUSE** Bill No. **503**
be amended as follows:

1. Title, line 1.

Following: "MCA"

Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

2. Page 1, line 20.

Following: line 19.

Insert: "Section 2. Effective date. This act is effective on
passage and approval."

AND, AS SO AMENDED,
BE CONCURRED IN

~~DOCKASCK~~

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STANDING COMMITTEE REPORT

March 23,

19 83

MR. **PRESIDENT**

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

having had under consideration **HOUSE** Bill No. **633**

DONALDSON ((FULLER))

Respectfully report as follows: That **HOUSE** Bill No. **633**

BE CONCURRED IN

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STANDING COMMITTEE REPORT

March 23

19 83

MR. **PRESIDENT**

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

having had under consideration **HOUSE** Bill No. **814**

KADAS (GAGE)

Respectfully report as follows: That **HOUSE** Bill No. **814**
be amended as follows:

1. Title, line 4.
Following: "AUTHORIZE"
Strike: remainder of line 4 through "INSTITUTIONS" on line 5.
Insert: "BANKS"

2. Title, line 6.
Following: "AMENDING"
Strike: "SECTIONS"
Insert: "SECTION"

3. Title, line 7.
Strike: "AND 32-2-208"

4. Page 2, line 18 through line 8 on page 3.
Strike: section 2 in its entirety.

AND, AS SO AMENDED,

BE CONCURRED IN

~~NO PASS~~

g/c.

STANDING COMMITTEE REPORT

March 23

19 83

MR. **PRESIDENT**

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

having had under consideration **HOUSE** Bill No. **886**

PAVLOVICH (JACOBSON)

Respectfully report as follows: That **HOUSE** Bill No. **886**
be amended as follows:

1. Page 14, line 9.

Following: "at"

Strike: remainder of line 9 through "year" on line 10.

Insert: "a new school"

2. Page 16, line 4.

Following: "to"

Insert: "(a) any person engaged as an instructor in a barber college on October 1, 1983, upon payment of the certification fee; or

(b)

~~XXXXXX~~

AND AS SO AMENDED
BE CONCURRED IN

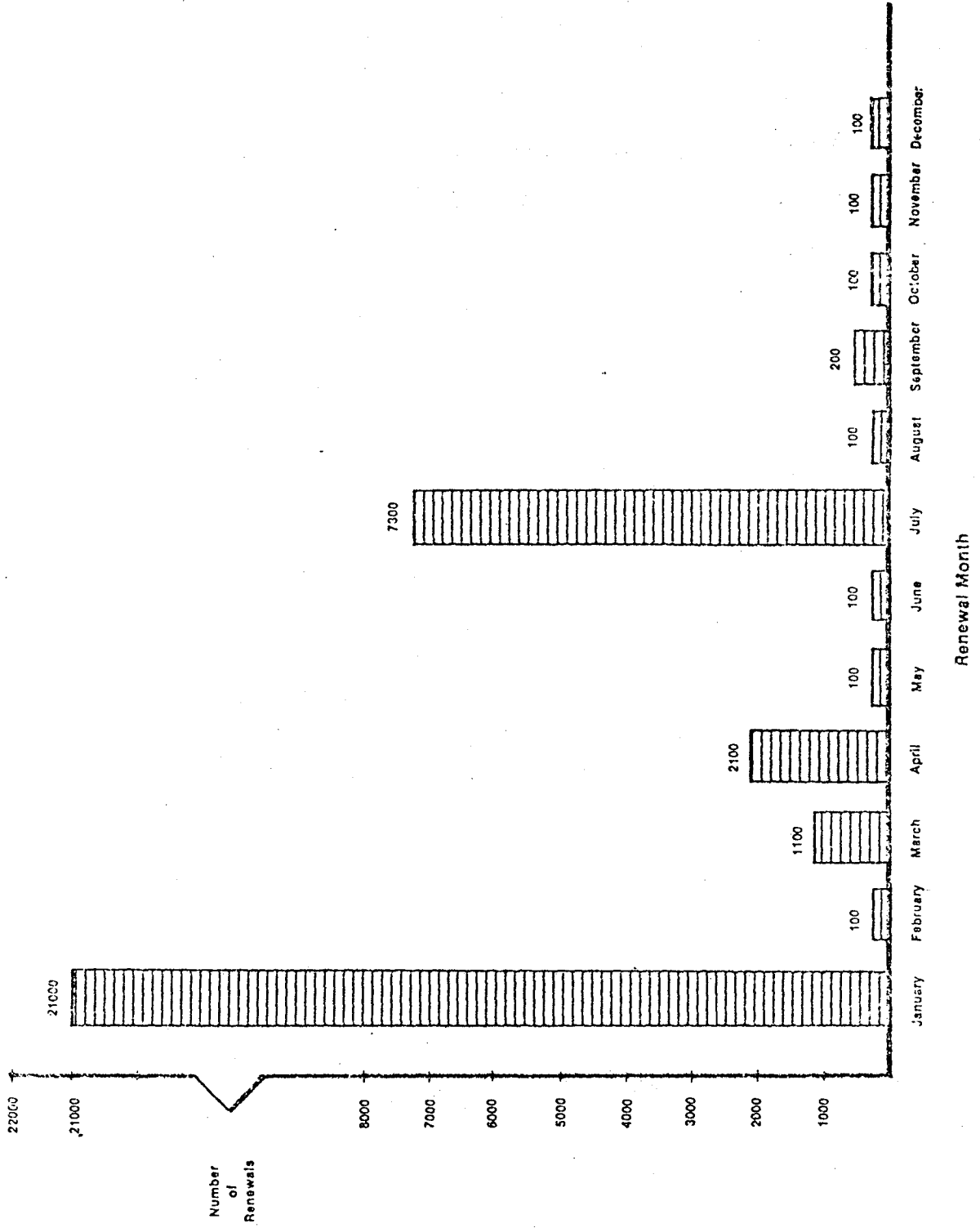
NC

HOUSE BILL NO. 503

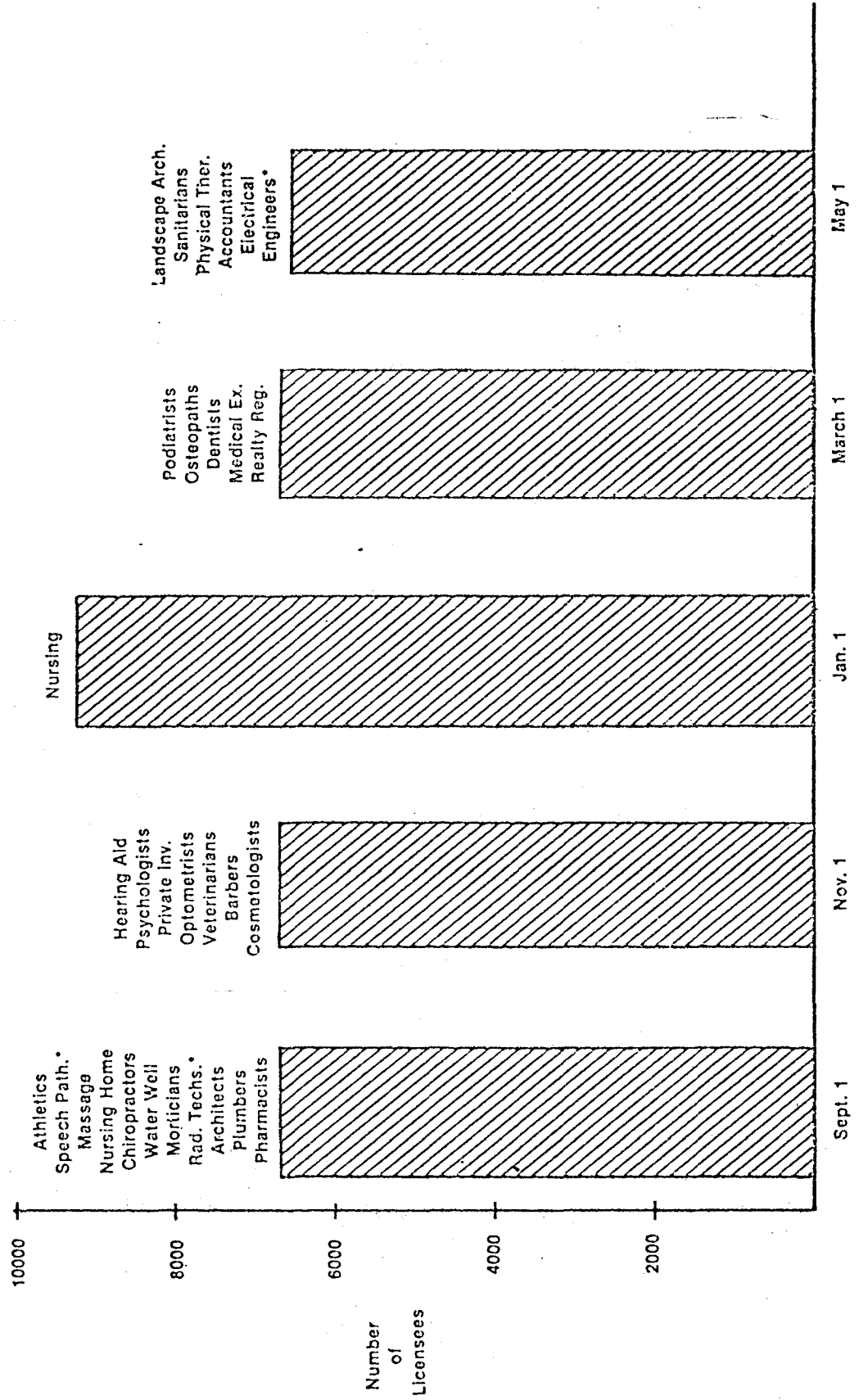
This bill is an attempt to reactivate an old statute that has, by administrative interpretation and legal advice, become obsolete. The Department of Commerce has determined that the wording of the legal lending limitation statute, which restricts obligations to a bank by any one entity of twenty percent of capital and surplus, applies to a revenue bond issue, which is not a general obligation of a political subdivision and which involves more risk to the investor.

By federal law and new regulations which are being or have been approved, national banks are given similar expanded authority to invest in revenue bonds. This bill will permit state banks to have a similar competitive position. It should also benefit our political subdivisions by expanding the market for new issues of revenue bonds, which source is an increasingly large portion of government financing of services and building programs.

APPROXIMATE MONTHLY RENEWALS BY DPOL (1979)



POSSIBLE STAGGERED SYSTEM FOR ANNUAL RENEWALS



*Presently Renew Biennially

Renewal Date

Illustration 10

TO: Senate Business and Industry

Amendment to House Bill 886

Page 14-

Line 9-

Following "at"

Strike: "the beginning of a school year"

Insert: "a new school"

Sentence will then read: "(f) may not begin instruction at
at a new school with less than
7 students."

Proposed Amendments to HB 871

1. Page 2, line 8.

Following: line 7

Insert: "(5) "Major project" means a project whose cost or appraised value exceeds \$800,000."

Renumber: subsequent subsections

2. Page 15, line 22.

Following: "26]."

Strike: remainder of line 22 through line 6 on page 16 in their entirety

3. Page 27, line 18.

Following: "project"

Insert: "if the cost or appraised value is \$800,000 or less,"

4. Page 27, line 21.

Following: "project"

Insert: ", if the cost or appraised value is \$800,000 or less,"

3-23-83

BUSINESS AND INDUSTRY

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Sylvia Warren		HB213		
Lindy Waters		HB213		
Don Hankinson	Barber	886	✓	
Byron Crabbe		HB213		
Peter Coyne		HB213		
Bob Kalweras		HB213		
Ingie Olson	observing	HB213		
Lana Brewer	"	HB		
Renée Gillespie	"	HB		
Pat Hooks	596000 hrayer	414		✓
D. Rehberg	Realtors	213		
GARY LUHT	BIG SKY COLLEGE OF BARBER-STYLING	HB886		
Roland D. Platt	MT Optometric Assoc.	HB633		✓
Les Haugen				

(Please leave prepared statement with Secretary)

(This sheet to be used by those testifying on a bill.)

NAME: L. W. Aike DATE: 3/23/83

ADDRESS: 1424 9th Ave

PHONE: 449-3163

REPRESENTING WHOM? Dep't of Commerce

APPEARING ON WHICH PROPOSAL: H. B. 503

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Shirley M Miller DATE: 23 MAR 83

ADDRESS: Dept of Commerce

PHONE: 449-5737

REPRESENTING WHOM? Dept of Commerce

APPEARING ON WHICH PROPOSAL: H.R. 33

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENT: Will give brief statement
of support & distribute a paper
to committee

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Roland D Pratt DATE: 3/23/83

ADDRESS: Box 908 Helena

PHONE: 442-1432

REPRESENTING WHOM? MT Optometric Association

APPEARING ON WHICH PROPOSAL: HB 633

DO YOU: SUPPORT? AMEND? ✓ OPPOSE?

COMMENT: Remove optometrist from the bill
because of conflict with continuing
education requirement in statute.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: PA7 Hooks DATE: 3/22/83

ADDRESS: Townsend, MT

REPRESENTING WHOM? MONT. S & L LAGOR

APPEARING ON WHICH PROPOSAL: HB. 914

DO YOU: SUPPORT? _____ AMEND? ✓ OPPOSE? _____

COMMENT: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.