

MINUTES OF THE MEETING
AGRICULTURE COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

February 11, 1985

The meeting of the Agriculture Committee was called to order by Chairman Schultz on February 11, 1985 at 3:35 p.m. in Room 317 of the State Capitol.

ROLL CALL: Representatives Fritz and Howe were absent. Representative Rapp-Svrcek was excused by the Chairman.

CONSIDERATION OF HOUSE BILL NO. 621: Representative Holliday, District No. 31, sponsor of the bill, stated this bill would allow revising the law relating to asset valuation and bond requirements for grain dealers and warehousemen; permitting an alternative to the bonds; providing uniformity of the financial evaluation provisions for commodity dealers and warehousemen; requiring a 60-day notice of cancellation. She also stated that this is a very simple bill. She then went over the amendment which is;

Page 11, section 6, line 24

Strike: "or warehousemen"

PROPOSERS: Keith Kelly, Department of Agriculture, testified that this bill ran into problems last session. Sometimes bonding was hard to get. This bill allows for other financial instruments. The department would be allowed to accept from license applicants other financial alternatives such as certificates of deposits, in lieu of surety bonding. The proposed changes would provide to the public warehousemen/commodity dealers more options to meet license requirements. He handed the committee Exhibit A which is attached hereto.

Mons Teigen, representing the Montana Stockgrowers Association, testified that this is a bond of three bills. He was thinking that the three bills will correct the problem and that he hopes that it passes.

There being no further proponents present and there were no opponents to the bill, Representative Holliday closed.

DISCUSSION OF HOUSE BILL NO. 621: Representative Jenkins asked Mr. Kelly if on a C.D. can they touch the money without the departments name on it. Mr. Kelly replied that the departments name would also be on the C.D. Representative Jenkins asked Mr. Kelly who would be drawing the

interest off the C.D. He replied that the person whos name the C.D. is in would be.

Representative Ellison stated to the committee most cases a bond would cost a person if he has the assets the bond would cost less than the C.D.

There being no further questions from the committee, the hearing on House Bill No. 621 was closed.

EXECUTIVE SESSION

DISPOSITION OF HOUSE BILL NO. 621: Representative Holliday made a motion to pass the proposed amendment. A question was called for and the amendment PASSED UNANIMOUSLY. Representative Holliday moved to DO PASS AS AMENDED House Bill No. 621. A question was called for and the motion PASSED UNANIMOUSLY. Representative Ellison moved to adopt the statement of intent. The motion PASSED UNANIMOUSLY.

ADJOURN: There being no further business before the committee, the meeting was adjourned at 4:30.


JAMES SCHULTZ, Chairman

lcb

DAILY ROLL CALL

Agriculture COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2-11-85

NAME	PRESENT	ABSENT	EXCUSED
James Schultz, Chairman	X		
Gay Holliday, V-Chairman	X		
Bob Bachini	X		
Dorothy Cody	X		
Duane Compton	X		
Gerry Devlin			
Robert Ellerd	X		
Orval Ellison	X		
Harry Fritz		X	
Ramona Howe		X	
Loren Jenkins	X		
Vernon Keller	X		
Francis Koehnke	X		
John Patterson	X		
Bing Poff	X		
Paul Rapp-Svrcek			X
Gary Spaeth	X		
Dean Switzer	X		

STANDING COMMITTEE REPORT

February 11 19 85

MR. **SPEAKER**

We, your committee on **AGRICULTURE**

having had under consideration **HOUSE** Bill No. **621**

FIRST reading copy (**WHITE**)
color

**PERMITS ALTERNATIVE TO WAREHOUSEMAN'S AND COMMODITY
DEALER'S BONDS**

Respectfully report as follows: That **HOUSE** Bill No. **621**
BE AMENDED AS FOLLOWS:

1. Page 11, line 24.
Strike: "or warehouseman"

AND AS AMENDED,

DO PASS

STATEMENT OF INTENT ATTACHED

STATEMENT OF INTENT FOR HB 621

This statement of intent is required because rulemaking authority is granted to the department of agriculture in sections 1 through 3.

It is the intent of the legislature that the department of agriculture adopt rules to establish alternatives to bonds required for licensing of commodity dealers and warehousemen. The legislature intends that a certificate of deposit, an irrevocable letter of credit, or other similar financial assurance be given, with no right to withdraw the financial assurance without the approval of the department, in order to be an acceptable bond alternative.

It is the intent of the legislature that the bond be given to obligate the surety for only the face amount of the bond regardless of the number of licensing periods for which it continues in effect, unless the department requires an additional bond amount. Likewise, the alternative to the bond must be an amount not to be increased unless changes in operation require additional coverage. Upon termination of the license, the bond alternative may not be released by the department until the statute of limitations has run on the types of claims that could be made or until it can be demonstrated that no claims exist that may be made against it.

2/11/85

House of Representatives
Agriculture/Livestock/Irrigation Committee
Time 3:00 P.M., Room 317
Representative Gay Holliday
House Bill 621 - Alternative to bonds; uniform financial
evaluation; notice of cancellation

INTRODUCTION

House Bill 621 would allow the department to accept from license applicants other financial alternatives such as certificates of deposits, in lieu of surety bonding. The proposed changes would provide to the public warehousemen/commodity dealers more options to meet license requirements.

In Sections 80-4-506 and 80-4-601, House Bill 621 would standardize the method used to conduct financial evaluations for public warehousemen and commodity dealer. In Sections 80-4-506 and 80-4-601 language indicates that assets must be valued at original cost less depreciation. However, the director may allow asset valuations in accordance with a competent appraisal.

House Bill 621 in Sections 80-4-505 and 80-4-604 would eliminate the accumulative effect of the surety bond for public warehousemen/commodity dealers. The proposed change would limit the aggregate liability (not to exceed the sum of the bond).

In Sections 80-4-505 and 80-4-604, House Bill 621 would require a 60 day written "Notice of Cancellation" to the department by the surety company before any bond is cancelled.

AMENDMENT

Section 6
Section 80-4-604
Page 11, Subsection (2), Line 24, Strike: or Warehousemen

ADDITIONAL DATA

Minimum Bond Amount - \$20,000
Maximum Bond Amount - 1 million
Licenses Issued - 311
(includes PW/CD)

VISITORS' REGISTER

AGRICULTURE

COMMITTEE

BILL NO. HOUSE BILL 621

DATE FEBRUARY 11 1985

SPONSOR REP. HOLLIDAY

[illegible]

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.