

MINUTES OF THE MEETING  
BUSINESS & INDUSTRY COMMITTEE  
MONTANA STATE SENATE

February 8, 1985

The eighteenth meeting of the Business & Industry Committee met on February 8, 1985 in Room 410 of the Capitol Building. The meeting was called to order by Chairman Mike Halligan.

ROLL CALL: All committee members were present.

CONSIDERATION OF SENATE BILL 303: Senator Richard Manning, Senate District 18 from Great Falls, introduced Senate Bill 303 which will clarify the authority of the public service commission to assess fines for violations of the federal natural gas pipeline safety act.

PROPOSERS: Bob Gannon, with Montana Power Company, stated they are in favor of this bill with a proposed amendment. (EXHIBIT 1) He explained the law passed in 1969 did not do what it was intended to do and they are proposing the word "public utility" should be replaced with "person" in the bill. In subsection 2 they propose to add lists the circumstances which are to be considered when a fine is to be assessed or claimed and this is based on what is already in federal law. Eileen Shore, Attorney for the Public Service Commission, wants it clear in Montana statutes that the commission could enforce the federal pipeline safety act and could assess fines under this act. They support the amendments proposed by Montana Power. (EXHIBIT 2)

OPPOSERS: There were no opposers.

Questions were then called for. Senator Gage wanted to know when the fine would be assessed and was told it would be assessed for each day that the offense occurred and that they are assessed by the state only not both federal and state. Senator Manning was asked if he objected to this amendment and he stated he did not. Bob Gannon showed the committee the copy from the federal statute which they patterned their amendment after. (EXHIBIT 3) Senator Gage was concerned about whether or not a penalty could be assessed only during construction and Eileen Shore stated it is both for maintenance and during construction. Senator Manning closed the hearing on Senate Bill 303.

DISPOSITION OF SENATE BILL 303: Senator Christiaens made a motion that the amendments as proposed by Montana Power DO PASS. Motion carried. Senator Goodover then made a motion to PASS Senate Bill 303 AS AMENDED. Motion carried.

Senator Christiaens then moved that the statement of intent have the word public utility stricken out and insert any person instead and BE ADOPTED AS AMENDED. Motion carried. (EXHIBIT 4)

DISPOSITION OF SENATE BILL 212: Senator Halligan reiterated this bill will just allow the governor the authority to enter into agreements with other states and agencies to augment service of Amtrak. Senator Thayer felt it was just a waste of time and Senator Goodover reminded the committee of the problems of the bus service getting enough passengers to support themselves. If Amtrak wants to be here they will be he feels. They feel the governor has the authority already. Senator Halligan restated this just allows him authority if there is expansion of the southern route by Amtrak to negotiate. Senator Goodover then made a motion that Senate Bill 212 DO NOT PASS. The motion carried with Senator Boylan and Senator Halligan voting no.

DISPOSITION OF HOUSE BILL 195: Senator Christiaens then moved that House Bill 195 BE CONCURRED IN. Motion carried.

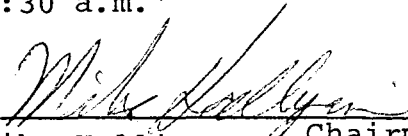
DISPOSITION OF SENATE BILL 239: An example of a typical loan was distributed by Brad Walterskirchen to the committee members. Senator Halligan stated he had checked this out with other senators and others and there were no objections to this bill. (EXHIBIT 5) Senator Christiaens wanted an explanation of the disclosure required and was told by Earl Johnson, of First Bank, Helena, that it was based upon their line of credit. Senator Thayer then moved that Senate Bill 239 DO PASS. The motion carried.

CONSIDERATION OF SENATE BILL 250: Senator Christiaens felt there were some problems with this bill as presented and particularly with the reinsurance issue. He felt it should be discussed in subcommittee. Mary McCue, Senator Christianes, Senator Goodover, and Senator Halligan will meet with Senator Mazurek to try and develop some amendments and report back to the committee.

DISPOSITION OF SENATE BILL 232: Senator Thayer felt the bill received a fair hearing and he personally feels it is a good bill and is not a branching bill as some opponents say. He feels it will bring in more money to the state and perhaps help out the agricultural banks. Senator Thayer then made a motion that Senate Bill 232 DO PASS. Senator Williams felt it warrants more discussion on the floor. Senator Gage and Senator Christiaens felt it would not save agricultural banks. Senator Halligan asked Steve Browning, First Bank, about the amendment discussed of putting something in the bill for "failing banks" and felt it was unfair to place the burden on three out-of-state holding company banks. Steve Brown felt if there were two failing banks in a community the more successful would be the one chosen. Senator Thayer quoted from an article in "The American Banker" concerning banking troubles. (EXHIBIT 6) The motion passed on a roll call vote 7 to 3 with senators Boylan, Gage and Kolstad voting no.

DISPOSITION OF SENATE BILL 146: Senator Fuller told the committee they had passed this bill with an amendment and he had referred it back to committee because of concern for the amendments causing the bill to fail. He stated the association of realtors had met to discuss the amendments proposed. Dan Schulte, Helena realtor, stated they were all overwhelmingly in favor of the pre-licensing bill and they would favor prescribing by rule continuing education requirements over each 2 year period not to exceed 15 hours. They would like the continuing education requirement to be grandfathered prior to 1963. (EXHIBIT 7) Discussion on the continuing education requirement. Senator Halligan suggested passing the bill out of committee, stripping the bill of the amendments except for the ethics clause. Senator Gage felt this education was just a loophole for a vacation. Ken Hoovestall felt their main concern in the realty industry was the pre-licensing and would hate to see the bill killed just because of the education requirement. Senator Goodover then MOVED to amend at the end of subsection 3 that the board may prescribe continuing education requirements applicable over a 2 year period not to exceed 15 hours. On a roll call vote, this motion failed 5 to 4 with Senator Christiaens, Fuller, Gage, Thayer and Williams voting no. Senator Fuller MOVED that the first two amendments regarding continuing education be stripped from the bill and the amendment regarding "and ethics" be included. This motion passed with Senator Halligan and Senator Neuman voting no. Senator Fuller then MOVED that Senate Bill 146 DO PASS AS AMENDED. The motion carried.

The meeting was adjourned at 11:30 a.m.

  
Mike Halligan, Chairman

cd

ROLL CALL

BUSINESS & INDUSTRY

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2/8/85

SENATE  
SEAT  
#

-----			
NAME	PRESENT	ABSENT	EXCUSED
Chairman Halligan	X		
V-chrm. Christiaens	X		
Senator Boylan	X		
Senator Fuller	X		
Senator Gage	X		
Senator Goodover	X		
Senator Kolstad	X		
Senator Neuman	X		
Senator Thayer	X		
Senator Williams	X		

Each day attach to minutes.



Senate Bill 303

Introduced Bill

1. Page 1, line 15.  
Following: "Any"  
Strike: "public utility"  
Insert: "person"
2. Page 1.  
Following: Line 24  
Insert: "(2) In determining the amount of the  
penalty the following shall be considered:  
the nature, circumstances, and gravity of the  
violation and, with respect to the person  
found to have committed the violation,  
the degree of culpability, any history  
of prior violations, the effect on ability  
to continue to do business, any good  
faith in attempting to achieve compliance,  
ability to pay the penalty, and such other  
matters as justice may require."  
Renumber: subsequent sections

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

NAME: Eileen Shore DATE: 2/8/85

ADDRESS: 2701 Prospect Ave.

PHONE: 441-6178

REPRESENTING WHOM? MT. PSC

APPEARING ON WHICH PROPOSAL: SB 303

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

EXHIBIT 2  
BUSINESS & INDUSTRY  
February 8, 1985

## RESEARCH GUIDE

EXHIBIT 3

BUSINESS &amp; INDUSTRY

February 8, 1985

Am Jur:

61 Am Jur 2d, Pipelines §§ 9, 10, 12.

## §§ 1678, 1679. [Repealed]

## HISTORY; ANCILLARY LAWS AND DIRECTIVES

These sections (§ 1678—Act Aug. 12, 1968, P. L. 90-481, § 9, 82 Stat. 725; § 1679—Act Aug. 12, 1968, P. L. 90-481, § 10, 82 Stat. 726) were repealed by Act Nov. 30, 1979, P. L. 96-129, Title I, Subtitle A, § 104(b), 93 Stat. 992. Section 1678 provided for injunctions and jurisdiction; and § 1679 provided for a civil penalty.

## Other provisions:

Effective date and application of repeal. For the effective date and application of repeal, see 49 USCS § 1671 note.

## § 1679a. Penalties

(a) Civil penalties. (1) Any person who is determined by the Secretary to have violated any provisions of section 10(a) [49 USCS § 1677(a)] or any regulation or order issued under this Act [49 USCS §§ 1671 et seq.], including any order issued under sections 10(b) and 12(b) [49 USCS §§ 1679(b) and 1677b(b)], shall be liable to the United States for a civil penalty of not more than \$1,000 for each violation for each day that violation persists, except that the maximum civil penalty shall not exceed \$200,000 for any related series of violations.

(2) Any person who is determined by the Secretary to have violated any standard or order under section 6 or 7(b) [49 USCS § 1674a or 1674b(b)] shall be subject to a civil penalty of not to exceed \$50,000, which penalty shall be in addition to any other penalties to which such person may be subject under this subsection.

(3) The amount of the penalty shall be assessed by the Secretary by written notice. In determining the amount of the penalty, the Secretary shall consider the nature, circumstances, and gravity of the violation and, with respect to the person found to have committed the violation, the degree of culpability, any history of prior violations, the effect on ability to continue to do business, any good faith in attempting to achieve compliance, ability to pay the penalty, and such other matters as justice may require.

(b) Action by Attorney General to recover subsec. (a) penalty. A civil penalty assessed under subsection (a) may be recovered in an action brought by the Attorney General on behalf of the United States in the appropriate district court of the United States or, prior to referral to the Attorney General, it may be compromised by the Secretary. The amount of the penalty, when finally determined (or agreed upon in compromise), may be deducted from any sums owed by the United States to the person



49th Legislature

LC 1108

STATEMENT OF INTENT

\_\_\_\_\_ BILL NO. \_\_\_\_\_

A statement of intent is required for this bill because it grants the public service commission the authority to promulgate rules to administer 69-3-207. The public service commission is annually certified by the U.S. department of transportation to enforce the Natural Gas Pipeline Safety Act in Montana. The commission must adopt the department of transportation rules concerning the act and has done so through incorporation by reference.

The legislature intends to provide clear statutory authority for the public service commission to assess fines against public utilities for violations of the Natural Gas Pipeline Safety Act.

TO: SENATE BUSINESS & INDUSTRY COMMITTEE  
Senator Halligan, Chairman

FROM: BRAD WALTERSKIRCHEN, Chairman  
MBA Real Estate Committee

DATE: February 7, 1985

RE: SENATE BILL 239

As requested by Senator Halligan, I am enclosing an example of a "Home Equity Mortgage" to assist in explaining the proposed bill. But first it should be noted that Senate Bill 239 simply revises the existing State Statute Section 71-1-206 to clearly include revolving and fluctuating balance loans that are secured by mortgages. Not only does this include "Home Equity Mortgage" loan programs but also covers commercial and agricultural loans under a similar revolving structure as well.

Credit card revolving balance accounts would be a good example to compare too. All these loan programs presently exist within the state but opinions rendered by legal council advise lenders a liability does exist which does inhibit lenders from these specific types of credit presently in demand by consumers.

#### **How a Typical Home Equity Mortgage Works**

The lender typically does a credit analysis to determine that the applicant is a creditworthy customer, and then extends a line of credit based on 70% of the appraised value of the home. For example, if the home is worth \$100,000 and there is a \$50,000 first mortgage, the home could support a line of credit up to \$20,000.

Once the line of credit has been granted, the customer can draw on his account at any time up to the maximum. Usually this is done in increments that must be larger than \$500. The customer pays simple interest on the balance outstanding at a floating rate of interest. There is always a minimum monthly amount paid similar to Visa and Mastercard.

The customer receives an initial disclosure as required by the Federal Truth in Lending Act which tells him:

- 1) circumstances under which a finance charge will be imposed
- 2) the amount of fees
- 3) security interest the bank is taking
- 4) a statement of the customers billing rights
- 5) length of loan

In addition there are monthly disclosures to the customer which includes a complete accounting of all changes in principal and interest. Like a credit card, the customer may pay it off in full at any time.

The lien instrument in this case, a trust indenture, would be recorded showing the initial advance of \$500 with a \$19,500 future advance provision. The borrower may at any time during the term draw up to \$20,000.

If the borrower's line of credit reaches \$20,000, and he then reduces the principal balance by \$10,000, the borrower may again advance himself \$10,000 bringing the balance due again to \$20,000.

This type of credit will become an increasingly valuable source of consumer credit. It is becoming very popular throughout the nation. Consumers like the flexibility and ease of borrowing money when needed without a lot of hassle and time spent obtaining a loan.

EXHIBIT 6  
BUSINESS & INDUSTRY  
February 8, 1985

# American Banker

003607760015 1/20/86 0003  
FIRST NATL BANK & TR CO  
EARL W JOHNSON  
P O BOX 1709  
HELENA MT 59601

## The Daily Financial Services Newspaper

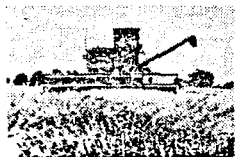
Monday, February 4, 1985

150th Year

## Farm Bankers Anguished by Fall from Pedestal

By ANDREA BENNETT

CHICAGO — Country bankers were once kings of their communities, resting on strong profits and good reputations. All that has changed. The crisis that hit agriculture in the 1980s has had its effect not only on farmers, but on bankers.



Harvesting  
Bad Loans



Agricultural bankers have watched their profits dry up and friendships crumble as the financial crisis worsens. Being an ag banker "is a very stressful job right now," says James L. Howe, president of First National Bank of David City, Neb.

"It changes your sleeping patterns," agreed James C. Stratton, president of Osmond State Bank in Osmond, Neb. He said he has spent sleepless nights worrying about customers, trying to

Second in a Series  
Back Page: A Banker's Defeat, Page 32

come up with solutions to seemingly insoluble problems.

Agriculture has slid into a financial crisis in the 1980s that some experts expect to continue throughout the decade. High interest rates, overexpansion in the inflationary 1970s coupled with plunging land and machinery values in the last several years, and poor weather in some parts of the country has led to the most "wrenching financial adjustment in a half century," according to Neil E. Harl, professor of

economics at Iowa State University.

Ag banks, which make up about 28% of all commercial banks, were "under-represented" among banks that failed until recently, according to a study by the board of governors of the Federal Reserve System. But from June through September of last year, 10 of the 27 banks that failed were ag banks.

Ag bankers say the current crisis is particularly stressful for them because many come from small, one-bank or two-bank towns where they know every borrower by name.

"It gets difficult because in a small town we live with these people day and night," said Mr. Stratton.

Mr. Howe of the David City bank said that he has had to foreclose on friends, which is particularly difficult because "maybe you went to school

➔ Stress: Page 28

EXHIBIT 7  
BUSINESS & INDUSTRY  
February 8, 1985

THE MOTION WAS MADE AND SECONDED THAT THE BOARD OF REALTY REGULATION MAY PRESCRIBE BY RULE CONTINUING EDUCATION REQUIREMENTS APPLICABLE OVER EACH 2 YEAR PERIOD NOT TO EXCEED 15 CLASSROOM HOURS WHICH WILL APPLY TO ALL LICENSEES. MOTION CARRIED WITH ONE OPPOSED VOTE BY IRENE HUMBER.

THE MOTION WAS MADE AND SECONDED THAT IF THE SENATE OR HOUSE LEGISLATORS CHANGE MAY TO SHALL, THAT TERRY WORK OUT A GUIDELINE THAT THE BOARD OF REALTY REGULATION WILL HAVE 2 YEARS TO IMPLEMENT THE PROGRAM. MOTION CARRIED.

THE MOTION WAS MADE AND SECONDED THAT THE LEGISLATIVE COMMITTEE RECOMMENDS THAT THE CONTINUING EDUCATION AMENDMENT BE GRANDFATHERED PRIOR TO 1963 WHEN THE REAL ESTATE LICENSING ACT WAS IMPLEMENTED. MOTION CARRIED.

# STANDING COMMITTEE REPORT

FEBRUARY 9

85

19

MR. PRESIDENT

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

having had under consideration..... **SENATE BILL** No. **303**

first reading copy ( white )  
color

## CLARIFY PSC AUTHORITY REGARDING NATURAL GAS PIPELINE SAFETY ACT VIOLATIONS

**SENATE BILL**

**303**

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

be amended as follows:

1. Page 1, line 15.

Following: "Any"

Strike: "public utility"

Insert: "person"

2. Page 1.

Following: line 24

Insert: (2) In determining the amount of the penalty the following shall be considered: the nature, circumstances, and gravity of the violation and, with respect to the person found to have committed the violation, the degree of culpability, any history of prior violations, the effect on ability to continue to do business, any good faith in attempting to achieve compliance, ability to pay the penalty, and such other matters as justice may require."

Renumber: subsequent subsections

AND AS AMENDED

DO PASS

~~CONCURRENCE~~

STATEMENT OF INTENT IS ADOPTED AND ATTACHED

Mike Halligan

Chairman.

# STANDING COMMITTEE REPORT

FEBRUARY 3

85

..... 19.....

MR. PRESIDENT

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

having had under consideration..... **SENATE BILL** **212**  
No.....

**first** reading copy ( **white** )  
color

## **AUTHORIZING AGREEMENTS TO AUGMENT AMTRAK SERVICE**

Respectfully report as follows: That..... **SENATE BILL** **212**  
No.....

~~DO NOT PASS~~

DO NOT PASS

**Mike Halligan**

Chairman.



# STANDING COMMITTEE REPORT

FEBRUARY 8 19 85

MR. PRESIDENT

We, your committee on.....**BUSINESS & INDUSTRY**.....

having had under consideration.....**HOUSE BILL**..... No. **195**.....

third reading copy ( blue )  
color

**REPLACING REFERENCES TO MOBILE HOMES WITH FACTORY-BUILT BUILDINGS**  
**(WILLIAMS)**

**HOUSE BILL** **195**

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

**BE CONCURRED IN**

~~XXXXXX~~

~~XXXXXXXX~~

**Mike Halligan**

Chairman.

# STANDING COMMITTEE REPORT

FEBRUARY 8

19 85

MR. PRESIDENT

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

having had under consideration **SENATE BILL** No. **239**

**first** reading copy ( **white** )  
color

**FUTURE ADVANCES; MORTGAGE TO SECURE LINE OF CREDIT; VARYING BALANCES**

Respectfully report as follows: That **SENATE BILL** No. **239**

DO PASS

~~X DO NOT PASS~~

**Mike Halligan**

Chairman.

# STANDING COMMITTEE REPORT

FEBRUARY 8

19. 85

MR. PRESIDENT

**BUSINESS & INDUSTRY**

We, your committee on.....

**SENATE BILL**

**232**

having had under consideration..... No.....

**first**

reading copy ( **white** )  
color

**MERGING BANKS MAY CONTINUE TO OPERATE MAIN OFFICES**

**SENATE BILL**

**232**

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

~~DO PASS~~

~~DO NOT PASS~~

**Nike Halligan**

Chairman.

# ROLL CALL VOTE

SENATE COMMITTEE BUSINESS & INDUSTRY

Date 2-8-85 Bill No. 232 Time \_\_\_\_\_

NAME	YES	NO
Chairman Mike Halligan	X	
V-Chrm. B. F. Christiaens	X	
Senator Paul Boylan		X
Senator David Fuller	X	
Senator Delwyn Gage		X
Senator Pat Goodover	X	
Senator Allen Kolstad		X
Senator Ted Neuman	X	
Senator Gene Thayer	X	
Senator Bob Williams	X	

Carol Duval  
Secretary

Mike Halligan  
Chairman

Motion: Motion to DO PASS SB. 232

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# STANDING COMMITTEE REPORT

FEBRUARY 8

85

19

MR. PRESIDENT

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

having had under consideration..... **SENATE BILL** No. **146**

**second** reading copy ( **yellow** )  
color

## EXPANDING LICENSING REQUIREMENTS FOR REAL ESTATE BROKERS AND SALESMEN

Respectfully report as follows: That..... **SENATE BILL** No. **146**

be amended as follows:

1. Title, line 7.  
Following: "TRAINING"  
Strike: "AND"

2. Title, line 9 and 10.  
Following: "EDUCATION"  
Strike: "TO ALLOW THE BOARD OF REALTY REGULATION TO PRESCRIBE BY RULE  
CONTINUING EDUCATION REQUIREMENTS"

3. Title, line 11.  
Following: "SECTION"  
Strike: "SECTIONS 37-51-204 AND"  
Insert: "SECTION"

4. Page 1, lines 14 through 25.  
Strike: Section 1 in its entirety  
Renumber: subsequent sections

### AND AS AMENDED

DO PASS

~~DO NOT PASS~~

Mike Halligan

Chairman.

ROLL CALL VOTE

SENATE COMMITTEE BUSINESS & INDUSTRY

Date 2-8-82 Bill No. 146 Time \_\_\_\_\_

NAME	YES	NO
Chairman Mike Halligan	X	
V-Chrm. B. F. Christiaens		X
Senator Paul Boylan		
Senator David Fuller		X
Senator Delwyn Gage		X
Senator Pat Goodover	X	
Senator Allen Kolstad	X	
Senator Ted Neuman	X	
Senator Gene Thayer		X
Senator Bob Williams		X

Carol Duval  
Secretary

Mike Halligan  
Chairman

Motion: Motion by Senator Goodover to amend at the end of subsection  
3, the board of realty regulation may prescribe continuing education  
requirements applicable over a 2 year period not to exceed 15 hours.  
This motion failed 5 to 4.