

DAILY ROLL CALL

BUSINESS & LABOR

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date January 21, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. LES KITSELMAN, CHAIRMAN	✓		
REP. FRED THOMAS, VICE-CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. RAY BRANDEWIE	✓		
REP. JAN BROWN	✓		
REP. BEN COHEN	✓		
REP. JERRY DRISCOLL	✓		
REP. WILLIAM GLASER	✓		
REP. LARRY GRINDE	✓		
REP. STELLA JEAN HANSEN	✓		
REP. TOM JONES	✓		
REP. LLOYD MCCORMICK	✓		
REP. GERALD NISBET	✓		
REP. BOB PAVLOVICH	✓		
REP. BRUCE SIMON	✓		
REP. CLYDE SMITH	✓		
REP. CHARLES SWYSGOOD	✓		
REP. NORM WALLIN	✓		

MINUTES OF THE MEETING
BUSINESS AND LABOR COMMITTEE
50TH LEGISLATIVE SESSION

January 21, 1987

The meeting of the Business and Labor Committee was called to order by Chairman Les Kitselman on January 21, 1987 at 8:00 a.m. in Room 312-F of the State Capitol.

ROLL CALL: All members were present.

HOUSE BILL NO. 179 - Prohibiting Acquisition of Insured Banks by Certain Companies sponsored by Rep. Tom Jones, House District No. 4, Kalispell. Rep. Jones stated that the purpose of the bill is to prohibit bank holding companies and commercial companies from acquiring half-banks in Montana, banks that do not offer both demand deposits and commercial loans. He commented that these are controversial institutions that are referred in the banking industry as nonbank banks, and are undermining the federal laws that have historically governed the banking industry. He said because the half-banks do not meet the definition of a bank as an institution that offers both demand deposits and commercial loans, they are able to escape the federal regulations through the definition loopholes.

PROPONENTS

Roger Tippy, representing the Montana Independent Bankers Association. Mr. Tippy stated that the purpose of the bill is to identify the "nonbank bank", or "half-bank" as it is called in the industry, and specify that neither a bank holding company nor any other company could own, control, and operate such half-banks. He said that Congress has tried to seal the loophole but have not succeeded, and the issue is whether the states will keep their regulatory powers over banking or lose them with a lax attitude. Mr. Tippy submitted a rewritten version of the bill that would amend the original version that would prohibit the holding company from owning any insured bank because that holding bank does not have checking accounts, etc., itself; the amendment would avoid that impact. Exhibit No. 1.

Ron Ahlers, Executive Vice President, First Security Bank, Bozeman, and Vice President of the Montana Independent Bankers Association. Mr. Ahler cited four reasons why the non-bank bank loophole is a bad public policy. He said that it breaches the separation between banking and commerce set forth in the Glass-Steagall and Bank Holding Company Acts; and the loophole destroys the limitations on interstate deposit-taking and bank ownership embodied in the McFadden

Act and the Douglas Amendment to the Bank Holding Company Act. He said the loophole takes credit away from small businesses, and it is an abuse of, and a threat to, the Federal Deposit Insurance System. Exhibit No. 2.

OPPONENTS

None.

QUESTIONS

Rep. Simon asked if the idea of the bill was to assure that there are no non-bank banks in Montana. Mr. Tippy responded that the purpose of the bill was to prevent any large source of capital, be it a bank holding company or commercial company, from owning or acquiring one.

Rep. Simon asked why doesn't the bill state that the non-bank banks are not wanted in Montana, why not prohibit them rather than addressing the ownership issue. Mr. Tippy responded that they had observed the course of action taken by the other states that legislated in terms of the bank holding companies, and they assumed that this language would be more effective than direct prohibition would be.

Rep. Wallin asked if D.A. Davidson, when buying bonds and actually loaning money, would they be excluded from doing that under this bill. Mr. Tippy responded if D.A. Davidson does not set up an institution that qualifies for FDIC Insurance in these types of money markets that they have been offering, then they are not operating as a non-bank bank. But, he further stated, if they do qualify for depositor insurance, then they are holding themselves out to be in the banking business and would be affected by the legislation.

Chairman Kitselman cited a situation of the Northwest Bank that later became Norwest and purchased Dial Finance in Billings, which became Norwest Finance, would this bill prevent Norwest which is the holding company of having their subsidiary, the finance company, take care of some of smaller loans among their customers. Mr. Tippy responded that the intent is to examine the type of institution that Dial Finance is and whether it is an insured bank for FDIC purposes. He stated that if they are not accepting deposits and just operating as an informal small loan business, they would not be eligible to become an insured bank and would not come under this prohibition.

Chairman Kitselman stated that Sears, Roebuck and Company are basically a holding company, a retail business, an insurance business, a stock and bond company and a real

estate company, would they be prohibited from using their "discovery card". Mr. Tippy responded that the "discovery card" will not be affected by the bill, but once they start moving into checking accounts, they should comply with the bank holding company act and would be on the same level as the banks.

CLOSING

Rep. Jones made no further comments.

HOUSE BILL NO. 196 - Extending Jurisdiction of Medical-Legal Panel to Dentists sponsored by Rep. Joan Miles, House District No. 45, Helena. Rep. Miles stated that this was a proposal to include dentists under the existing Medical Legal Panel Act which was enacted about 10 years ago. She said the panel serves as a pretrial litigation panel when there are law suits involving malpractice claims against doctors or health care facilities, and the dentists' portion will be self-funded by the dentists.

PROPONENTS

Dr. John Lohman, Secretary Treasurer and Director of the Montana Dental Association, Butte. Dr. Lohman stated that they surveyed the 454 members of the Montana Dental Association and they are requesting inclusion under the Medical Legal Panel. He said they do not expect the inclusion under the Panel to lower their insurance premiums but they see it as a positive step toward keeping claims out of the court system. Exhibit No. 1.

Roger Tippy, representing the Montana Dental Association. Mr. Tippy stated that the Montana Medical Association had reviewed the bill and had suggested some amendments. Exhibit No. 2.

Jerry Loendorf, representing the Montana Medical Association. Mr. Loendorf stated that in 1977 the Montana Medical Association offered coverage under this act to health care facilities and professionals that wanted to be covered. He commented that the current law requires the panel administrator to help the claimant find an expert physician to consult with him on medical claims and the law should further provide that the administrator assist that person to find a dentist in case of dental claims. He said he was submitting amendments to accomplish this and was also submitting an amendment that would provide for dental records to be distributed to the parties involved.

OPPONENTS

None.

QUESTIONS

None.

CLOSING

Rep. Miles stated that this bill would help the dentists that are involved. She stated that regarding the statute that gave the Medical Legal Panel the authority to adopt rules of procedure that they would follow and not being a state agency, she wanted the researcher to check this to see if it was necessary to include it in the bill.

HOUSE BILL NO. 194 - Abolish State Department of Health and Environmental Sciences Approval of Certain Alcoholic Beverages Sales sponsored by Rep. Joan Miles of House District No. 45, Helena. Rep. Miles stated that this bill is a minor change in the rules regarding catering endorsement and temporary liquor licenses. She commented the intent of the bill is to reduce the paper work and procedures involved for the applicants. She stated that technically the law states that the applications must be signed by the State DHES and it does not mention the local boards of health or their designated representatives. She said it is her estimation that the local law enforcement agencies should be aware of an event where alcoholic beverages will be served, and the approval of the local health department is needed when food services are involved; but no purpose is served by having the State Department of Health approving the applications.

PROPONENTS

Tom Mulholland, Liquor Division, Department of Revenue. Mr. Mulholland stated they did not have a position on the bill, but they supported it and would be available to answer questions.

James Peterson, Chief of the Food and Consumer Safety Bureau, Department of Health and Environmental Sciences. Mr. Peterson stated that a review of the liquor catering practices and procedures over the past years indicates that these activities have few risks to the health and safety to the public. He believes there would be no significant impact on public health and safety should the requirement for the State Department of Health and Environmental approval of catered liquor activities be eliminated. Exhibit No. 1.

OPPONENTS

None.

QUESTIONS

Rep. Pavlovich asked if the local public health department issues a license for the catered parties, or is a license required. Mr. Peterson responded that a license would not be required, that it would be an extension of an already existing license, and not be necessary for any health agency review of the proposed activity.

Rep. Simon asked if the Department of Health and Environmental Sciences have actually been reviewing these applications. Rep. Miles said that in Lewis and Clark County they have sent people to the State Department for their approval.

Rep. Pavlovich asked if Rep. Miles would object to an amendment that would eliminate the approval of the State Department of Health and insert the local health department. Rep. Miles stated that if it was within the scope of the bill, she did not have any objections.

CLOSING

Rep. Miles made no further comments.

HOUSE BILL NO. 166 - Judgement for Unpaid Unemployment Insurance Not Arise When Contributions Due sponsored by Rep. Tom Jones of House District No. 4, Kalispell. Rep. Jones stated he would defer his comments to the witnesses that would testify.

PROPOSERS

Loren Solberg, Chairman of the Legislative Committee for the Montana Land Title Association, and in the title insurance business, Kalispell. Mr. Solberg stated that the state of Montana has the right as provided by law to secure its collection of contributions of its unemployment insurance. He said they have no argument that the state collect the contributions from the party owing it, but they only ask that the state be required to follow the same recording system to establish lien priorities as the rest of citizens of the state.

Gene Phillips, representing the Montana Land Title Association, Kalispell. Mr. Phillips stated this bill does not hurt the state but does protect the rights of the innocent third parties who have no knowledge of the debt owed to the state for unemployment contributions. He said it was unfair

for the state to be able to extract the money from a third person, and this bill states that the lien is a lien from the day it is filed and it isn't retroactive.

OPPONENTS

Charles Hunter, representing the Unemployment Insurance Division, Department of Labor and Industry. Mr. Hunter stated that like all taxing authorities the unemployment insurance program has difficulty with employers who refuse to pay their taxes. He said the filing of liens is one of the most productive techniques they have in securing delinquent taxes, however, they compete with federal and private creditors for these monies, and the simple filing of a lien is no guarantee of receiving payment. He commented that the 49th legislature amended the section in the law to include a priority for wage license associated with the unemployment program and gave the state a better chance of collecting the money due by establishing an early date of priority. By striking the priority section, as this bill proposes, the unemployment insurance program will lose a valuable tool for collecting the delinquent taxes, he said. Exhibit No. 1.

QUESTIONS

Rep. Smith asked Mr. Hunter if he is proposing to allow the Department of Labor to have a different set of rules for collecting a claim than any other citizen would have. Mr. Hunter responded that he is not proposing anything different than what is already established in the law, but believes that the law allows them some techniques that are not available to other groups.

Rep. Smith asked Mr. Hunter if there is no lien filed against a piece of property at the time a person buys it, could the Department, under the existing law, back date a lien and force the buyer to pay for it. Mr. Hunter responded that if that were a lien filed under their system, that back dating could happen.

Rep. Glaser asked Mr. Hunter if they were talking about taxes or premiums due. Mr. Hunter responded that for the Unemployment Insurance Program, these were contributions of taxes as opposed to the Workers Compensation Program which were premiums.

Rep. Glaser commented that he appreciates the various departments assisting them and giving them information and advise, but they do not have the right of taking a position on anything.

CLOSING

Rep. Jones made no further comments.

HOUSE BILL NO. 170 - Delete Provision Setting Lien Priority of Withholding Taxes sponsored by Rep. Tom Jones of House District No. 4, Kalispell. Rep. Jones stated this was an identical bill to House Bill No. 166 except this bill deals with withholding taxes.

PROPONENTS

Gene Phillips, representing the Montana Land Title Association, Kalispell. Mr. Phillips states that this bill serves the same purpose of House Bill No. 166 except it is in respect to the withholding taxes which are collected by the Department of Revenue. He said this bill would prevent the Department of Revenue from back dating the taxes and collecting money due to the state from people that do not owe it.

Loren Solberg, Chairman of the Legislative Committee for the Montana Land Title Association, and in the title insurance business in Kalispell. Mr. Solberg stated he is offering the same testimony as on the last bill; they have no argument with the state filing their lien to collect the money due, but with the date of priority, because it allows the state to collect from an innocent third party. He said this bill would put the state in the same position as the rest of the citizens to have a lien effective as to the date of filing and not have a reversion of priority which works to the detriment of third parties.

OPPONENTS

None.

Offering Information

Kim Morrison, Department of Revenue. Mr. Morrison stated that this bill deals with wage withholding or monies that employers withhold from the wages of their employees and hold in trust for the state of Montana. He said this is not a tax on the employer, it is money withheld from the employees for remittance to the state of Montana to cover those employees' taxes. He commented that the law that was passed last session was intended to insure that the state had a high priority in trying to collect the trust monies that were used for other purposes by the employer. He said they appreciate the concern of the title companies, but they are talking about the state trust monies and not about the normal tax.

QUESTIONS

Rep. Simon asked Mr. Morrison if taxes were due and are not received, do they have the right to file a warrant for restraint. Mr. Morrison responded that they have a waiting period, that notices are sent of the taxes due, and after the waiting period they file the warrant for restraint. He said an exception would be if the collection of the taxes would be in jeopardy if they didn't move immediately.

Rep. Simon asked if the taxes were not paid by a person owing the tax and the Department did not file the warrant, and in the meantime other people filed a lien against that person thinking there were no other liens, would the Department have priority if six months later they file a lien. Mr. Morrison responded they would have priority.

Rep. Simon asked what incentive the Department of Revenue would have to prepare the liens and these warrants to make sure they get filed in a timely manner. Mr. Morrison responded that their incentive is to collect the tax; the sooner they get there the better chance they have to collect the tax which is their job.

Rep. Glaser asked if the time frame could be several months before the Department files the warrant of restraint, the other people doing business with the individual owing the money would be aware that there may be a problem. Mr. Morrison responded that was correct.

Rep. Hanson asked if a title company that was searching the title for a piece of property would have access to records showing that a person is behind with their withholding taxes. Mr. Morrison responded that the records are not public, but a person could ask the seller to get a letter from the Department certifying that the taxes have been paid.

CLOSING

Rep. Jones made no further comments.

HOUSE BILL NO. 177 - Small Tract Financing Act Trustee Qualifications Revision sponsored by Rep. Tom Jones. Rep. Jones said that Mr. Solberg would comment.

PROPONENTS

Loren Solberg, title insurance business, Kalispell. Mr. Solberg stated this bill deals with the small tract financing act which was enacted in 1960 to provide a simpler method of securing financing on residential properties and by its terms allows a title to be conveyed to a trustee to secure a financial obligation. He said this bill is to

redefine those people in the land title business evidencing either being a title insurer or a title insurance agency or agent. He said that usually the title insurance agency is named as trustee on trust ventures, and they want to prevent the validity of that trusted venture being challenged because there is no statutory definition for abstract companies.

OPPONENTS

None.

QUESTIONS

None.

CLOSING

Rep. Jones made no further comments.

EXECUTIVE ACTION - January 21, 1987 - 9:50 a.m.

ACTION ON HOUSE BILL NO. 177

Rep. Nisbet moved that House Bill No. 177 DO PASS. The motion carried unanimously.

ACTION ON HOUSE BILL NO. 170

Rep. Brandewie moved that House Bill No. 170 DO PASS. The motion carried with Rep. Cohen, Rep. Nisbet, Rep. Driscoll and Rep. Hanson opposed.

Discussion on House Bill No. 177 and No. 170.

The Committee's discussion and intent on House Bills No. 177 and 170 was that they felt the Department of Revenue and the Division of Unemployment Insurance in the Department of Labor and Industry should not have lien priority and should not be able to retroactively collect on a lien from an innocent third party. The Departments should seek other means to file liens.

During the discussion on House Bill No. 170 Chairman Kitselman referred to the statute and said that it answered the questions, and he felt the intention of the bill was to prioritize the lien.

ACTION ON HOUSE BILL NO. 166

Rep. Brandewie moved that House Bill No. 166 DO PASS. The motion carried with Rep. Cohen and Rep. Driscoll opposed.

ACTION ON HOUSE BILL NO. 194

Rep. Pavlovich moved that House Bill No. 194 DO PASS. Rep. Driscoll moved an amendment to strike section 3, lines 12 through 16 on page 6. The motion carried with Rep. Cohen opposed.

Rep. Pavlovich moved that House Bill No. 194 DO PASS AS AMENDED. The motion carried with Rep. Cohen opposed.

ACTION ON HOUSE BILL NO. 196

Chairman Kitselman referred House Bill No. 196 to a subcommittee composed of Rep. Wallin, Rep. Brown, and Rep. Grinde with Rep. Wallin as chairman.

ADJOURNMENT

The meeting adjourned at 10:30 a.m.



REP. LES KITSELMAN, Chairman

STANDING COMMITTEE REPORT

January 21

19 87

Mr. Speaker: We, the committee on BUSINESS AND LABOR

report HOUSE BILL NO. 194

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☒ as amended
☐ statement of intent attached

REP. LES KITSelman

Chairman

ABOLISH DHS APPROVAL OF CERTAIN ALCOHOLIC BEVERAGES SALES

AMENDMENT AS FOLLOWS:

1) Page 6, lines 12 through 16
Strike: Section 3 in its entirety

STANDING COMMITTEE REPORT

January 21

19 37

Mr. Speaker: We, the committee on BUSINESS AND LABOR

report HOUSE BILL NO. 177

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☐ as amended
☐ statement of intent attached

REP. LES KITSelman

Chairman

SMALL TRACT FINANCING ACT TRUSTEE QUALIFICATIONS REVISION

FIRST

reading copy (**WHITE**)
color

STANDING COMMITTEE REPORT

January 21

19 87

Mr. Speaker: We, the committee on BUSINESS AND LABOR

report HOUSE BILL NO. 170

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☐ as amended
☐ statement of intent attached

REP. LEE KITSelman

Chairman

DELETE PROVISION SETTING LIEN PRIORITY OF WITHHOLDING TAXES

FIRST

reading copy (

WHITE

)
color

STANDING COMMITTEE REPORT

January 21

19 37

Mr. Speaker: We, the committee on BUSINESS AND LABOR

report HOUSE BILL NO. 194

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☒ as amended
☐ statement of intent attached

REP. LES KITSelman

Chairman

ABOLISH DUES APPROVAL OF CERTAIN ALCOHOLIC BEVERAGES SALES

AMENDMENT AS FOLLOWS:

1) Page 6, lines 12 through 16
Strike: Section 3 in its entirety

FIRST

reading copy (WHITE)
color

ROGER TIPPY

Attorney At Law

BOX 543
CAPITOL CENTER
208 N. MONTANA
HELENA, MONTANA 59624

(406) 442-4451

January 21, 1987

To: House Committee on Business and Labor

Re: House Bill 179

On behalf of: Montana Independent Bankers Association

Mr. Chairman and committee members, attached to my testimony on pink paper is a rewritten version of House Bill 179, phrased as Representative Jones sent it in to the Legislative Council.

The purpose of this bill is to single out the "nonbank bank", as it is called in the industry, or the "half-bank" as it could more aptly be called, and specify that neither a bank holding company nor any other company could own, control, and operate such half-banks.

A half-bank is one which either takes demand deposits (checking accounts), or makes commercial loans, but which doesn't do both. If the half-bank is insured by the FDIC, it is probably a demand-deposits-only type of operation.

Corporations outside of banking first began the non-bank banking business. Gulf and Western acquired a regular bank in Concord, California in 1980 and converted it into a half-bank by selling off all the bank's commercial loans and making no more commercial loans. Once the California institution became a half-bank, Gulf and Western was not a bank holding company under that federal law and did not have to divest itself of nonbanking interests.

Soon, the bank holding companies began to climb through the loophole as well. They saw opportunities to position themselves for the possible onset of nationwide branch banking. Congress has come close to sealing off the loophole but they have not yet. Thus, 24 states---as of last October---had acted to plug the gap. Citations to these states' codes or session laws appear on the yellow page attached to my statement, together with the texts of the Colorado, Connecticut and Wisconsin statutes.

The variety of states on this list shows that half-banks are seen as a problem in unit banking and branch banking states alike. The issue is whether the states will keep their regulatory powers over banking or lose them with a laissez-faire attitude. Weighty reasons have persuaded lawmakers to regulate banking closely for half a century. "Those who do not study history are condemned to repeat it." Reflect on history, committee members, and then give this amended bill a do pass.

HB BILL NO. 179

INTRODUCED BY

James C. Smith

A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING ACQUISITION OF INSURED BANKS-~~BY COMPANIES~~ THAT DO NOT ACCEPT DEMAND DEPOSITS AND MAKE COMMERCIAL LOANS." BY BANK HOLDING COMPANIES OR OTHER COMPANIES

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Prohibition of acquisition. Notwithstanding

any other provision of law, a bank holding company or any other company ~~that does not both accept demand deposits and engage in the business of commercial loans~~ may not acquire


or control an institution in this state that is an "insured bank" as defined in section 3(h) of the Federal Deposit Insurance Act (12 U.S.C. 1813(h)) or any institution

such institution does not both accept demand deposits and engage in the business of making commercial loans.

Section 2. Extension of authority. Any existing authority of the department of commerce or the state banking board to make rules on the subject of the provisions of this act is extended to the provisions of this act.

Section 3. Codification instruction. Section 1 is intended to be codified as an integral part of Title 32, chapter 1, part 3, and the provisions of Title 32, chapter 1, part 3, apply to section 1.

-End-

 MONTANA LEGISLATIVE COUNCIL

INTRODUCED BILL
HB-179

Colorado

- 11-6.3-101. Prohibition on acquisition or control - limited service banking institutions. (1) As used in this section:
- (a) "Bank holding company" means any company which has control over any banking institution.
 - (b) "Banking institution" means any institution organized or chartered under this code or under chapter 2 of title 12 of the United States Code.
 - (c) "Company" means any corporation, partnership, business trust, association, or similar organization.
 - (d) "Control" means that:
 - (I) Any company directly or indirectly or acting through one or more persons owns, controls, or has power to vote twenty-five percent or more of the voting securities of the banking institution; or
 - (II) The company controls in any manner the election of a majority of the directors, managers, or trustees of the banking institution.
- (2) Notwithstanding any other provision of law, no bank holding company or any other company may acquire or control any banking institution located in this state that does not both accept deposits that the depositor has a legal right to withdraw on demand and engage in the business of making commercial loans.

Connecticut

Sec. 36-563. Acquisition of certain financial institutions by bank holding companies prohibited. Enforcement. (a) No bank holding company, as defined in 12 U.S.C. Section 1841(a), as in effect on June 8, 1983, shall (1) directly or indirectly own, control or hold with the power to vote, five per cent or more of the voting shares of, or (2) control in any manner, directly or indirectly, the selection of a majority of the directors of any bank or association, as defined in section 36-419, that is not also a bank as defined in 12 U.S.C. Section 1841(c), as in effect on June 8, 1983. The provisions of this section shall not apply to the ownership of any such bank or association by any bank holding company if such ownership or the ownership of any predecessor of such bank or association by said bank holding company was approved by the commissioner under section 36-420 or 36-425 on or before May 8, 1984.

(b) The commissioner may issue such orders as are necessary to enforce the provisions of this section, including an order to any bank holding company to cease and desist from engaging in any activity that is in violation of this section.

(c) The commissioner shall enforce the provisions of this section and any order made hereunder and may make application for injunction or other appropriate relief to the superior court for the judicial district of Hartford-New Britain, which court shall be vested with exclusive jurisdiction over such proceedings.

(P.A. ...)

Wisconsin

224.04. Control of limited service banking institutions

(1) Definitions. In this section:

- (a) "Bank" means any company that accepts deposits in this state that are insured under the provisions of the federal deposit insurance act, 12 USC 1811 to 1832.
- (b) "Bank holding company" has the meaning given under 12 USC 1841(a).
- (c) "Company" has the meaning given under 12 USC 1841(b).
- (d) "Control" has the meaning given under 12 USC 1841(a)(2) and (3).

(2) Prohibited acts. (a) A bank holding company may not control a bank unless the bank both accepts deposits that the depositor has a legal right to withdraw on demand and engages in the business of making commercial loans.

(b) A company that is not a bank holding company may not control a bank.

Source:

1985 Act 325, § 24, eff. May 9, 1986.

STATE NONBANK BANK STATUTES
October 1986

States Prohibiting Nonbank Banks

Arkansas	67 (2117-2120)
Colorado	T 11 Art 6.3-101
Connecticut	36-563 Banking Law of Connecticut
Georgia	7-1-608
Florida	658.296
Hawaii	Ch. 403
Kansas	CH 84 (Substitute for SB No. 42)
Kentucky	287.14
Louisiana	Act 108 LRS 6:521
Mississippi	81-5-28
New Jersey	Ch. 39
New Mexico	(extended to 1/87) NMSA 58-1-2.(1)(2)(3)
North Carolina	53-229, 53-210
North Dakota	6-01-02
Oklahoma	OS 6 Sec.1416
Oregon	Senate Bill 357 Sec. 10
Pennsylvania	Sec. 115
Tennessee	Ch 262 Title 45 (45-2-107)
Texas	Art 13 (342-913)
Utah	7-3-3(2)
Vermont	U VSA Ch 55-6 Sec. 1021-1022
Virginia	Secs. 6.1-381, 6.1-383.1, 6.1-398
West Virginia	31A-8A.4(d)
Wisconsin	224.04



DATE _____
#3 179

Montana Independent Bankers

2030 11th Ave, Suite 22
Helena, MT 59601
(406) 449-3811

OFFICERS

PRESIDENT

A F Wiedeman, Jr.
First National Bank
Butte Bank, MT 59427

1ST VICE PRESIDENT

Sidney K Brubaker
State Bank of Terry
Terry, MT 59349

2ND VICE PRESIDENT

Ron Ahlers
First Security Bank
Bozeman, MT 59715

TREASURER

M E Olson
Farmers State Bank
Conrad, MT 59425

EXECUTIVE SECRETARY

Joe Thares
2030 11th Ave, Suite 22
Helena, MT 59601

EXECUTIVE COUNCIL

John Caven
First Security Bank
Bozeman, MT 59501

Robert J. Goss
Richland National Bank
Bozeman, MT 59270

Robert J. Goss
Richland National Bank
Bozeman, MT 59270

Larry L. Wiedebush
Security State Bank
Bozeman, MT 59254

J.R. Sullivan
First Security Bank
Helena, MT 59601

Wendell McAtee
First Madison Valley Bank
Ennis, MT 59729

Wendell Harris
Yellowstone Bank
Bozeman, MT 59044

Frank Stock
Security State Bank
Bozeman, MT 59860

Gene Coombs
First Interstate Bank of Billings, N.A.
Billings, MT 59101

John Barz
First Interstate Bank - West
Billings, MT 59102

PAST PRESIDENT

G S. Nichols
Western National Bank
Wolf Point, MT 59201

IBAA DIRECTOR

Phil Sandquist
First Security Bank
Bozeman, MT 59715

TESTIMONY OF RON AHLERS, FIRST SECURITY BANK, BOZEMAN

There are four reasons why the non-bank bank loophole is bad public policy:

-First, it breaches the separation between banking and commerce set forth in the Glass-Steagall and Bank Holding Company Acts. Anyone, from securities firms to fast-food outlets, could go into the banking business. We in this country decided long ago that credit-granting decisions should be made at arm's length by banks that have no direct ownership interest in borrowers.

-Second, the loophole destroys the limitations on interstate deposit-taking and bank ownership embodied in the McFadden Act and the Douglas Amendment to the Bank Holding Company Act. These limitations were not put in place to protect small banks, but to ensure a diverse and competitive financial marketplace. This protects against an undue concentration of financial and political power that would result if banking becomes dominated, as it is in other countries, by just a few major institutions.

-Third, the loophole takes credit away from small business. Our current system helps ensure that local money is deposited in local banks for use by, among others, local businesses. The key to most of the nonbank banks is that they do not make commercial loans. Think about that. The nonbank bank takes deposits of all kinds, but cannot make loans to businesses. Do we really need another kind of federally-insured, specialized financial institution with these limitations?

-Fourth, it is an abuse of, and a threat to, the federal deposit insurance system. Commercial corporations using nonbank banks or thrifts to obtain insured deposit-taking capability and gain access to the payments system clearly threatens the separation of banking and commerce and the competitive position of free-standing banks and thrifts. The federal deposit insurance safety net was never intended to support ordinary commercial enterprises. Do you think that the federal government should, through the deposit insurance system, guarantee the solvency of every commercial enterprise that decides to buy a bank?

Please join the 24 states which have closed this loophole by amending and then passing HB179.

Montana Dental Association

P. O. Box 513

Butte, Montana 59703

Phone (406) 782-9333

Constituent: AMERICAN DENTAL ASSOCIATION

EXHIBIT 1
DATE 2/1/87
HB 196

January 20, 1987

TO: House Business and Labor Committee
Montana Legislature

FROM: John W. Lohman, D.D.S., Secretary-Treasurer
Montana Dental Association

Dear Mr. Chairman and Committee Members:

I am Dr. John Lohman. I am a dentist from Butte and am the Secretary-Treasurer and Director of the Montana Dental Association.

I am here to represent the officers and members of the Montana Dental Association and speak in support of HB 196. We have followed closely the work of the Montana Medical-Legal Panel since its creation in 1977. Having surveyed our 454 members we are requesting inclusion under the panel as a result of unanimous acceptance by our membership.

We do not expect our inclusion under the panel to lower our insurance premiums, but see it as a positive step toward keeping claims out of the court system.

We respectfully request passage of HB 196.

Officers — 1986-1987

President
Donald O. Nordstrom, D.D.S.
3817 Stephens
Missoula, MT 59801

President Elect
Leonard L. Dailey, D.D.S.
2703 11th Avenue No.
Billings, MT 59101

1st Vice-President
Lorence R. Flynn, D.D.S.
414 Hilltop Ave.
Kalispell, MT 59901

2nd Vice-President
Roger L. Kiesling, D.D.S.
121 No. Last Chance Gulch
Helena, MT 59601

Secretary-Treasurer
John W. Lohman, D.D.S.
P.O. Box 513
Butte, MT 59703

ROGER TIPPY
Attorney At Law
BOX 543
CAPITOL 1 CENTER
208 N. MONTANA
HELENA, MONTANA 59624
(406) 442-4451

January 23, 1987

Rep. Norm Wallin
Business & Labor Committee
House of Representatives
State Capitol
Helena, MT 59620

Re: House Bill 196

Dear Rep. Wallin:

I visited with the Montana Medical Association about the case of state line practitioners, doctors or dentists, and whether they should be under or be able to come under the Medical Legal Panel.

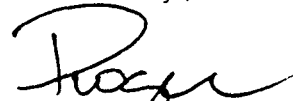
The short answer is that the language of the law and bill - as is - will handle the situation if the doctor or dentist lists his Montana office address, e.g. a one-day-a-week office in West Yellowstone, with his Montana licensing board.

The doctor or dentist can claim the coverage of the Panel Act by virtue of the definition's reference to a physician/dentist who maintains his principal residence or his place of medical/dental practice. It doesn't say "principal" place of practice, just place of practice.

The MMA's position is that the present language has been worked out over the years and covers the situation most effectively. If a North Dakota or Idaho doctor or dentist did not want to pay the annual fee for the Medical Legal Panel, the MMA would rather leave him or her out than try to collect the fee. The North Dakota or Idaho practitioner who wants to come under the panel and pay its fee can do so simply by using the address of the part-time Montana office.

In summary, no further amendment of HB196 is needed to cover the situation you identified.

Sincerely,


ROGER TIPPY

cc: Jan Brown
Larry Grinde

HOUSE BUSINESS AND LABOR COMMITTEE

Testimony concerning
HB 194

MR. CHAIRMAN AND MEMBERS OF THE HOUSE BUSINESS AND LABOR
COMMITTEE:

My name is James M. Peterson and I am Chief of the Food & consumer Safety Bureau, Department of Health and Environmental Sciences (DHES). The administration of the DHES liquor catering approval program is within my bureau.

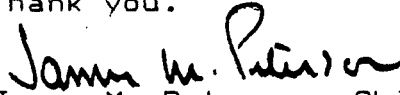
A review of the liquor catering practices and procedures as we have found them over the past years indicates that these activities have few risks to the health and safety of the public. Those that existed early in the program have been largely eliminated through health agency advice and guidance and industry corrective action.

We believe there would be no significant impact on public health and safety should the requirement for DHES approval of catered liquor activities be eliminated.

Accordingly, DHES believes this requirement on business can be eliminated and supports passage of HB 194.

I would be happy to respond to questions.

Thank you.


James M. Peterson, Chief
Food & Consumer Safety Bureau
Department of Health & environmental Sciences

TESTIMONY: HOUSE BILL 166

Like all taxing authorities, the Unemployment Insurance Program has difficulty with employers who refuse to pay their taxes. Currently, the Unemployment Insurance Division has an accounts receivable balance of over 5 million dollars, and the amount of delinquent taxes is growing by approximately 20% each year.

The amount of delinquency is important to all businessmen of this state, for each dollar that is uncollected reduces the amount of money in the unemployment trust fund. Over time, these uncollected funds have the effect of raising taxes for all employers. As a result, responsible businesses are saddled with higher costs because of the few that seek to avoid paying their fair share. Additionally, businesses who don't pay their taxes operate at a competitive advantage over businesses that live up to their legal obligations.

The filing of liens is one of the most productive techniques we have in securing delinquent taxes. However, we compete with both federal and private creditors for these monies, and the simple filing of a lien is no guarantee of receiving satisfaction. Members of the 49th legislature recognized this competition, and also recognized the need to protect the interests of responsible businesses. They amended this

section, 39-51-1304, to include a priority for wage liens associated with the unemployment program. *the bill*
which is by striking the priority
By striking the priority section, as this bill proposes to do, the unemployment insurance program will lose a very valuable tool for collecting delinquent taxes. Responsible businessmen, and the unemployment trust fund, will be the losers.

DATE 1-21-86
HB 166

WITNESS STATEMENT

NAME CHARLES L. H. L. BILL NO. 166
ADDRESS 212 E. 85th St. DATE 1/21/86
WHOM DO YOU REPRESENT? DEPT. OF HEALTH & HUMAN SERVICES
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WITNESS STATEMENT

NAME JAMES W. PETERSON BILL NO. 194
ADDRESS 709 LOGAN HELENA, MT. DATE 21 JAN 87
WHOM DO YOU REPRESENT? DEPT. OF HEALTH & ENVIRONMENTAL SCIENCES
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

EXHIBIT _____
DATE _____
H3 _____

WITNESS STATEMENT

NAME John Lehman BILL NO. 4819
ADDRESS Beth DATE 12/1/97
WHOM DO YOU REPRESENT? Mr. David Green
SUPPORT / OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. HB 166

DATE January 21, 1987

SPONSOR Rep. Tom L. Jones

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
GENE PHILLIPS	KALISPELL	X	
CHUCK HUNTER	HELENA		X
Kenn Fitch	Kalispell	X	
BRAD STRATTON	Buzeman	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. HB 196DATE January 21, 1987SPONSOR Rep. Joan Miles

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>John T. Zuercher</i>	<i>Bellevue, N.H.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>FRANK ZINS</i>	<i>Hillina</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Bonnie Wood</i>	<i>Bellevue</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Robert Tupper</i>	<i>Bellevue</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>John M. Lerman</i>	<i>Bellevue</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. HB 194

DATE January 21, 1987

SPONSOR Rep. Joan Miles

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Tom Blackbourn	Helen DOR	✓	
James W. Peterson	Helen DHES	✓	
Phil Stroger	Helen MTA	✓	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. HB 170DATE January 21, 1987SPONSOR Rep. Tom L. Jones

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Gene Phillips	KALISPELL	X	
Don Morrison	Helena		X
John Gellman	KALISPELL	X	
BRAD STRATTON	Bozeman	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

COMMITTEE

SPONSOR Rep. Tom L. Jones

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. HB 177DATE January 21, 1987SPONSOR Rep. Tom L. Jones

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
GENE PHILLIPS	KALISPELL	X	
Theron J. Galt	Philips	X	
BRAD Stratton	Bozeman	X	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.