

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

January 28, 1987

The meeting of the Business and Labor Committee was called to order by Chairman Les Kitselman on January 28, 1987 at 8:00 a.m. in Room 312-F of the State Capitol.

ROLL CALL: All members were present with the exception of Rep. Driscoll who was excused.

HOUSE BILL NO. 264 - Extending to 10 Years, Period Bank May Hold Certain Real Estate, sponsored by Rep. Ron Miller, House District No. 34, Great Falls. Rep. Miller stated that this bill increases the time from 5 years to 10 years that a bank may hold certain real estate. He said this bill is needed because there are all kinds of loans in the banking business, commercial real estate, real estate homes, and farm real estate and eventually there is going to be a bad loan. He stated that there are times when the appraised value is more than the loan value. Bad loans are called classified loans, he added, and if you get too many classified loans, whether it is real estate, farms, or commercial, the doors of that bank will eventually close. He commented that banks will want to get rid of every piece of property as quickly as possible; their expertise is not in becoming home and land owners, they are money lenders and are not interested in property and holding it. He stated the farm property value is now below what the loans are because of depreciation in farm property, and when the property comes down to low levels the banks do not want to own that farm property. Ten years is a fair amount of time for the bank to either resell the property or try to allow the person that owns it to regain their property, he said.

PROPOSERS

John Cadby, representing the Montana Bankers Association. Mr. Cadby stated that this bill would give banks more breathing room as a result of the depressed economy, and would allow the banks to absorb the hit to their earnings that they are now incurring by being forced to take back property of all kinds that they do not want and cannot resell. He commented the object of this bill is to try to preserve as many banks that are in that situation as possible and prevent them from closure, because if you have to many hits to earnings you have to inject more capital into the bank, and if you can't find any capital, you are locked up. It is a matter of survival and this alone will not save

a bank, but it is another factor that has to be dealt with in today's economy, he said.

Robert Holding, representing the Montana Association of Realtors. Mr. Holding stated this bill would help stabilize the real estate business and would be good for business.

Dean Retz, President of the Valley Bank, Helena. Mr. Retz stated that to preserve capital earnings based on a \$10,000 real estate property, instead of having one loss or hit per month, their bank extends the loss or hits, so that from a bank's standpoint, it helps them to try to maintain that reserve by having a less hit on their earnings.

Fred Flanders, Commissioner of Financial Institutions, Department of Commerce. Mr. Flanders stated that the change in the law was requested by their department. He said there currently has been a lot of real estate held by banks that is approaching that five year term and this is the worse possible time to start liquidating that real estate.

Phil Johnson, President of the First National Bank and Trust Company, Helena. Mr. Johnson stated the Colorado legislature passed a bill last year of similar nature extending a holding period to 15 years. He agrees with the sentiments of all the proponents for this bill in that it gives the bank a longer term to dispose of the real estate without getting into a dumping action. He said because of the economies in the state of Montana, since 1979-80 there are banks approaching the five year deadline that is mandated by regulation, and there are pieces of real estate that need to be disposed of. He stated that the extension in time will lessen the impacts of any dumping action that might occur either in agriculture or commercial real estate.

OPPONENTS

Jean Charter, member of the Northern Plains Resource Council. Ms. Charter stated their local affiliate of operators in the Roundup area is the Musselshell Agriculture Alliance, made up of mostly medium to small operators. They oppose to extending the time limit because they feel that if there is a problem with selling land within five years it seems to them that the lenders' alternative is forbearance, if they wait a couple of more years and work with the owner they both may benefit from an improved situation.

She stated that in terms of the long term productivity of the industry, and whether they can stay in on cash loan and production values, things have to adjust and this is hiding in terms of agriculture of what the real values should be. If people are borrowing, they have to borrow on the merits,

and if they are going to borrow on an inflated area of land, there would be more people in trouble.

John Beck, a member of the Northern Plains Resource Council. Mr. Beck stated that this bill would result in the banks holding the land at artificially high level, propping the land beyond the productive capacity. He commented this would make it difficult if not impossible for the next generation of farmers and ranchers to enter agriculture. He said they sympathize with the banks, for the need to stabilize their assets, but they believe the disadvantages to the borrower outweigh the advantages to the banks. He said the current law prohibits the bank from holding foreclosed real estate for a period longer than 5 years, presumably the purpose for the law is to prevent the banks from speculating in real estate. They believe this is good public policy and they support the current five year limitation.

Jo Brunner, Executive Secretary of the Montana Water Development Association. Ms. Brunner stated that she neither opposes or supports this bill but wants the committee to know that lands on a Federal Irrigation Project are under the Reclamation Act of 1982, and that any lands over the prescribed legal holdings governed by that Act, may not have water delivered after the five years granted for disposal of a excess acreage. She stated that if a bank should accumulate more than the acreage limitation, the bank would be required to dispose of the excess within 5 years or have the choice of not having water delivered to the land, or pay the full cost of the water charges, which includes the cost of building the project. Exhibit No. 1.

Terry Carmody, representing the Montana Farmers Union. Mr. Carmody stated that the original purpose of this piece of legislation is to keep banks out of speculation. It has been alluded to that the reason they want to extend this is that they have a lot of land on the books, prices are down, and they have loans against this land that are a lot more than the present value. He said that Farmers Union appreciates their problem, and if the five years is too soon, they proposes an amendment that gives the banks the 10 years to hold property, but any profit that they make over and above what they foreclosed on would have to be returned to the owner they foreclosed on. They would support it with those amendments, he said.

Jo Brunner, Montana Cattle Feeders Association. Ms. Brunner stated they oppose this bill for the same reasons that the Farmers Union does and they appreciate the amendments that they have offered.

QUESTIONS

Rep. Brandewie asked if a piece of real estate is foreclosed on and sold at a profit, does the bank keep it or is anything beyond the expenses of the bank and their interest that they are entitled to, go back to the original person or owner that lost the property. Mr. Johnson responded that under the present law, the bank keeps everything it receives.

Rep. Swysgood asked if the national banks have a five year holding with an option for a five year renewal. Mr. Cadby responded that national banks can own property for five years and obtain approval on a case by case basis.

Rep. Swysgood stated that since the tool is already in place for the national banks to get a ten year holding period, and asked if this bill would bring state banks into that same component, if they don't have that same option now. Mr. Cadby responded that the state under a wildcard authority can match any federal law or regulation and the state can on a case by case basis extend the period of time to ten years.

Rep. Glaser asked that given the action that the banks are asking that the holding time be extended from five to ten years, are the banks making the assumption that real estate is at its low point and it is going to turn around and go the other way. Mr. Cadby responded that he did not know, and wanted to clarify that this bill was at the request of the Commissioner of Financial Institutions to alleviate the administrative problems in his office. He said that they as bankers endorsed this bill and hope that property values do escalate or at least stabilize in the next two or three years, but there is nothing saying that they won't depreciate further.

Rep. McCormick asked if the banks are governed by law what they could carry on its books and what foreclosure expenses they are allowed. Mr. Cadby responded that they have to carry the appraised value on the books and if the appraised value is in essence lower than the loan value and the costs that are incurred by foreclosure, then that difference has to be charged off immediately. He said the bank then can either charge off the entire balance of the loan, even if they hold the property over a five year period, or a bank can wait another five years and sell the property and charge out the loss at that time. He added that any recovery from the resell goes back into their reserves.

Rep. Cohen stated that the farm people are saying that the banks should be allowed to hold the land; why shouldn't they let it go so that it can be marketed and returned to its market value and productive value; and others are saying

that you can't let that land return to its market value and productive value. He asked if Rep. Miller or Mr. Cadby would explain that.

Mr. Cadby responded that it does allow the bank to release the property to the former owner for a longer period of time. He said they could enter into a six or seven year lease, if they are going to hold it for ten years, and give that farmer or land owner a greater opportunity to survive and recover as a tenant, and possibly under those terms at the end of ten years, he would have the option to buy the land back. Mr. Cady added that another reason why it is important to stabilize the market prize of any real estate particularly farm land, is that neighboring farmers borrow operating capital annually, and most of them are from the farm credit system or their banks, and all lenders are going to use the overall appraised market value of that land to determine whether or not there is sufficient collateral to make an operating loan to the farmers.

Rep. Swysgood asked if when a bank forecloses, and resells that property do they have to use a real estate agent to do it, or do the banks have that authority. Mr. Cadby responded that in foreclosures they do not have to use a realtor. Mr. Johnson responded that the law does not require a bank to use a realty firm; in fact when they do use a realtor that the six to ten percent commission may result in additional loss to the bank in terms of value of the property, but banks will use realty firms to dispose of real estate.

CLOSING

Rep. Miller stated that one of the reasons that the banks need this time to dispose of property, is that a large real estate development takes years to put together and increase in value. He added the city could then go into a slump, and the property or development would go back to the bank and the bank tries to move that real estate and mainly does it at a loss. That is one area when the bank would like to hold this property, he stated, to get a chance to get from out from under this indebtedness that they pick up because a contractor goes broke and the bank gets that property.

HOUSE BILL NO. 278 - Vehicle Liability--Process Cancelled Policy Pro Rata Basis; Return Unearned Premium, sponsored by Rep. Edward Grady, House District No. 47, Helena. Rep. Grady stated that this bill was because of the insurance problems recently experienced in the long haul trucking business. He said the deposit premium is usually about 40% of the total premium, and if a trucker fails to make his next installment on the premium, the company has the right to cancel and the unearned premium is returned. Most companies return this on a pro-rated basis, keeping only the

amount of premium actually earned while the coverage was in force, he said, but recently there has been situations where a company has short rated the refund. He added the difference between the pro-rate return premium and the short rate premium is substantial and for an independent owner operator the difference can be over a \$1,000 and the amount much higher for a fleet of trucks which amounts to a lot of cash for insurance.

PROPOSERS

Tanya Ask, Montana Insurance Department. Ms. Ask stated that because of the recent situation with the commercial liability market, they became aware that there were some companies who were cancelling short rate when the individual failed to make the next premium payment. She stated that normally it is an industry practice if someone misses a premium payment they will cancel on a pro-rata basis, meaning that only the time coverage that has been in place is paid for. The difference between the short rate cancellation and a pro-rata cancellation can be substantial, she commented, and they want all the companies to follow the general industry practice of cancelling pro-rata and returning the unearned premium to the individual. Exhibit No. 1.

OPPOSERS

None.

QUESTIONS

None.

CLOSING

Rep. Grady stated this bill would help the trucking industry with some of their problems. He said this is not a big problem, because most of the insurance companies are already calculating the return premiums on a pro-rata basis when cancelling, but there are a few that are not, and this will ensure that they all will.

HOUSE BILL NO. 249 - Workers' Compensation Division Charge Minimum Fee on Plan 3 Policy to Cover Administrative Cost, sponsored by Rep. Les Kitselman, House District No. 95, Billings. Rep. Kitselman stated the Workers Compensation Division were trying to find a way to take care of some of the expenses and cut some of the premiums for the rates of workers compensation. He commented that one practice the private industry does for life insurance policies is a policy adjustment fee, which is placed in such a manner that it takes care of administration costs of various companies

that provide that coverage; the pure rate or pure cost of insurance is that dollar figure that it costs to insure that person's life at that time, then they take that policy adjustment fee.

Rep. Kitselman stated that this bill provides the opportunity for the workers compensation division to adjust the rates, pull out the administration charges, and give a rate reduction to the people that have applied for the workers compensation. He explained the options listed in the fiscal note which were: option one - would be the calculations on all the anticipated policy owners; option two - for 2,156 new enrollments and reinstatements for the next year; option three - to administer the processing of issuance of certificate including the computerization of mailing and all the handling charges. He said the choices are offered and the committee could decide what option should be pursued and if the department should be allowed to have all the administration costs borne in a separate area. He also explained a proposed amendment which would change the definitions on page 3, lines 11-13--the division shall charge an enrollment renewal fee on each policy sufficient to cover the cost of administration on the contract.

PROPONENTS

Bob Robinson, Administrator, Workers Compensation Division. Mr. Robinson stated this issue came to his attention when they were establishing rates for fiscal year, 1987, and saw what it costs to operate certain parts of the Workers Compensation Division, and became clear that there were a number of policies that weren't contributing enough. He commented there are a number of policies that are zero premium policies, they never submit any payroll so they don't pay any premium, but every quarter they still have to be sent a bill, and a notice to submit their payroll. He said there is a cost in administering every policy; their policy service unit handles the policies, and these costs are actually borne by firms that pay premiums on the other end.

Mr. Robinson added that to provide some equity on this the policy holders should cover at least the cost of administering the policy, and if that could be done then the premium for losses would not have to be used for administration. He said the Division did not think they had the authority to do that, and this bill would provide that people that have a policy in effect and are given a service, whether they use it or not, should pay for the cost of that service, and beyond that the Division would establish a premium to cover losses on a pure premium, pure loss relationship.

OPPONENTS

None.

QUESTIONS

Rep. Swysgood asked Mr. Robinson to explain the third item, under option 3 in the fiscal note which is estimating that there could be as high as 4,000 people who would not pay this minimum coverage and therefore become uninsured. Mr. Robinson responded that a number of those people would keep this policy in effect just to have it there and probably don't intend on using it. He said if they don't intend on having it there, the Division suspects they would probably cancel it since they don't have employees.

Rep. Swysgood asked Mr. Robinson to explain the fifth item, under option one in the fiscal note, which states that the minimum fee would be charged to all policies on an annual basis, even if the continuous coverage is maintained. Mr. Robinson explained that every policy would have an annual fee charged to it for the administrative cost of maintaining that policy. The calculations right now are about \$65; therefore, he said, on the first quarter of July of every year, every policy would be assessed at least \$65 for administrative costs and the premium over and above that.

Rep. Swysgood asked if everybody that has a policy would be charged the \$65, and if number 2 stated that those rates would be reduced to reflect this \$65 cost. Mr. Robinson responded that at present in their system the premiums charged for losses are used to cover administration costs also, as well as the cost of benefits. He said what the Division would prefer is that this cover the administration costs and everybody having to share that, and premium rates, rates that generate premium, would be directly related to benefits only.

Rep. Cohen asked if the \$65 annual fee was going to be charged the one time or divided over the four quarters. Mr. Robinson responded that they suggest it be charged once, and when a new firm comes into the system a minimum fee of \$65, would probably be charged at the beginning of each fiscal year, at least the first quarter.

Rep. Wallin asked if all the divisions in the Labor Department have enough in their premiums to maintain and pay for the operations of the Labor Department. Mr. Robinson said that right now the various divisions are paid for by the proceeds of the various functions, either insurance, etc., and in some of the divisions, with federal funds.

Rep. Bachini asked if administrative costs are in the rate base, and Mr. Robinson responded they were. Rep. Bachini then asked if the administrative costs were already within the rate base, why the follow-up with this additional cost. Mr. Robinson stated that what they were hoping to do is, have a small business, someone that has a zero premium, pay the \$65 under this proposal. He said these small businesses do not pay anything at the present but the Division is incurring the cost to administer and establish that policy. However, he added, a business that is paying \$10,000 in premium and is paying the cost to administer that policy might see a slight decrease in the cost of his premium. He stated that the Division is not anticipating additional income as a result of this, they are just shifting the cost of administering policies to policy holders and the premium would only be established to cover anticipated losses.

Rep. Swysgood asked if every policy holder is going to be charged \$65 to have a policy with workers compensation, and the rates lowered to adjust for the fee, wouldn't it be possible that the minimal reduction in fee would not equal the \$65 charge. Mr. Robinson responded that the minimal reduction depends on the particular firm; but what they want is to have a total neutral revenue. He said the firms that have policies that are paying significant amounts of premium are subsidizing those firms that have no premium or premium less than the cost of administering a policy.

Rep. Swysgood asked if there were problems with charging everybody the \$65 fee and they elect to incorporate one of the options into the bill, would the Department have any problems with that. Mr. Robinson stated that it probably was more equitable to have everybody pay the fair share of the administrative costs, but if the legislature changed the language to say that no premium shall be on an annual basis less than the cost of the administering a policy, then that would be covered too.

CLOSING

Rep. Kitselman stated that this bill removes the administration cost from that actuarial fund so the unfunded liabilities are known and the premiums per business can be projected and adjusted and the shared cost is known. He said the options and the reasons that they are available is that they are the policy making board, and as they identify and can manage those administration costs, there will be a reduction of the \$65. He said it is fair that that person that has zero contributions to the fund, but requires the same amount of administration paperwork in handling, computer time, etc., should pay the same as the other individual. He added that the logging industry or the garbage collector

industry should not have to subsidize a one store owner that files a certificate and suddenly has a workers compensation claim, and as Rep. Smith alluded to, there are the \$4,000 underinsured identified businesses that are not contributing at all to this plan. Rep. Kitselman said there are some faults in the system, and this bill is the vehicle to begin to shift those administration costs out of the actual fund to pay claims.

HOUSE BILL NO. 257 - Revise Licensing Requirements for Land Surveyors, sponsored by Rep. Ray Brandewie, House District No. 49, Bigfork. Rep. Brandewie stated this bill would provide the requirement for licensure for the professional land surveyor. He said this allows a land surveyor graduate to take the test as soon as he completes his coursework in school and prior to getting his required field experience.

PROPONENTS

Robert Custer, representing the Montana Association of Registered Land Surveyors. Mr. Custer stated that the changes they are proposing in this legislation came about through a legal interpretation of the changes that were made in 1985 and they felt as surveyors that some of the problems created at that time needed to be corrected in the law. He explained the proposed amendments. Exhibit No. 1.

David Tyler, member of the faculty at the Civil and Agricultural Engineering at Montana State University. Mr. Tyler stated that the bill recognizes the reality that a civil engineering degree today may not include any education at all in surveying. He said it is quite possible to go through a program in an accredited school, get a degree in civil engineering and never having taken a surveying course. He said they don't feel that the civil engineering degree, although it is from an accredited program, should be given the equivalent status of an educational program that does involve at least 40 credit hours of coursework in surveying and surveying related courses. Exhibit No. 2.

Lou Fontana, member of the Board of Professional Engineers and Land Surveyors. Mr. Fontana stated that a majority of their board is willing to accept the changes that are proposed. They feel that a person should have the chance to take the test after he completes the 40 credit hours in surveying because that is when he is most knowledgeable for that particular test.

OPPONENTS

None.

QUESTIONS

Rep. Simon asked if taking 40 credit hours in surveying related courses would be equivalent to taking 40 credit hours in surveying and is the curriculum offered at Montana State. Mr. Tyler responded the courses are in surveying and surveying related areas and they are not all in plain surveying courses that Rep. Simon was referring to. Mr. Fontana stated it means exactly 40 credit hours of surveying, there are three schools in the state that would give you 40 credit hours.

Rep. Wallin asked if the surveyor in training, as proposed in this bill, be authorized to sign a plat. Mr. Fontana responded that he could not sign a plat until he received a professional land surveyors license.

Rep. Brown asked Mr. Fontana to define the term "progressive" experience on pages 5 and 6 of the bill. Mr. Fontana responded that progressive experience means working your way up and getting the proper experience.

Rep. Simon asked if any examples could be given of cases where people have not had the necessary qualifications that necessitated this bill. Mr. Fontana stated that this bill is a step in the right direction, and thinks that a person in surveying that graduates from school should have the right to take the preliminary test, which is the best time to take the test instead of working for four years and then taking the test which is more difficult.

Rep. Brown asked if there were any reciprocity provisions in the law. Mr. Fontana said that reciprocity would be given as long as those people meet our qualifications, have the educational requirements, and pass the 16 hours of examination given by the National Council of Engineering Examiners and Land Surveyors.

CLOSING

Rep. Brandewie stated that it is not in the best interest of the state to lower the standards for surveyors. He said it is a profession that requires specialized training, but there are a lot of things that a surveyor needs to know such as state statutes and other things that are related to surveying.

EXECUTIVE ACTION - January 28, 1987 - 10:10 a.m.

ACTION ON HOUSE BILL NO. 257

Rep. Nisbet moved that House Bill No. 257 DO PASS. The motion carried unanimously.

ACTION OF HOUSE BILL NO. 278

Rep. Pavlovich moved that House Bill No. 278 DO PASS. The motion carried unanimously.

ACTION ON HOUSE BILL NO. 179

Rep. Brandewie moved that House Bill No. 179 DO PASS.

Rep. Brandewie moved the amendments. The motion carried unanimously.

Rep. Brandewie moved that House Bill No. 179 DO PASS AS AMENDED. The motion carried unanimously.

ACTION ON HOUSE BILL NO. 264

Rep. Simon moved that House Bill No. 264 DO PASS.

Rep. Simon moved the amendments, page 2, line 4, strike ten and insert 7 years. The motion carried with Rep. McCormick opposing.

After considerable discussion, the committee was not convinced that the bill was advantageous.

Rep. Cohen moved that House Bill No. 264 DO NOT PASS AS AMENDED. The motion failed 6 to 11, with Rep. Driscoll being absent. Roll call vote No. 1.

Rep. Pavlovich moved that House Bill No. 264 be tabled. The motion carried 11 to 6, Rep. Driscoll being absent. Roll call vote No. 2.

ACTION ON HOUSE BILL 67

Rep. Pavlovich moved that House Bill No. 67 DO PASS.

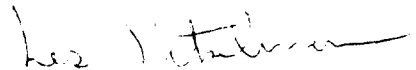
Rep. Pavlovich moved the amendments as proposed by the Department of Revenue. The motion carried with Rep. Driscoll being absent.

Rep. Glaser moved an amendment to add "or association with organized crime" to Section 1 (3) and to Section 4. The motion failed.

Rep. Pavlovich moved that House Bill No. 67 DO PASS AS AMENDED. The motion carried with Rep. Driscoll being absent.

ADJOURNMENT

The meeting adjourned at 11:10 a.m.



REP. LES KITSELMAN, Chairman

DAILY ROLL CALL

BUSINESS & LABOR

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date January 28, 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	✓		

ROLL CALL VOTE

BUSINESS & LABOR

COMMITTEE

DATE January 28, 1987 BILL NO. 264

NUMBER 1

NAME	AYE	NAY
REP. LES KITSELMAN, CHAIRMAN		<u>L</u>
REP. FRED THOMAS, VICE-CHAIRMAN		<u>L</u>
REP. BOB BACHINI	<u>L</u>	
REP. RAY BRANDEWIE		<u>L</u>
REP. JAN BROWN		<u>L</u>
REP. BEN COHEN	<u>L</u>	
REP. JERRY DRISCOLL absent		
REP. WILLIAM GLASER	<u>L</u>	
REP. LARRY GRINDE		<u>L</u>
REP. STELLA JEAN HANSEN	<u>L</u>	
REP. TOM JONES		<u>L</u>
REP. LLOYD MCCORMICK	<u>L</u>	
REP. GERALD NISBET	<u>L</u>	
REP. BOB PAVLOVICH		<u>L</u>
REP. BRUCE SIMON		<u>L</u>
REP. CLYDE SMITH		<u>L</u>
REP. CHARLES SWYSGOOD		
REP. NORM WALLIN		<u>L</u>
		<u>L</u>

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Cicie Sebent Armstrong
Secretary

Les Kitse
Chairman

MOTION: Rep. Cohen moved DO NOT PASS AS AMENDED

ROLL CALL VOTE

BUSINESS & LABOR

COMMITTEE

DATE Jan 28, 1987 BILL NO. 264

NUMBER 2

NAME	AYE	NAY
REP. LES WITSEMAN, 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	✓	

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Elaine DeFene Armstrong
Secretary

Lo Hultman
Chairman

MOTION: Rep. Pavlovich moved to table HB 264.

STANDING COMMITTEE REPORT

January 28

19 87

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

report HOUSE BILL NO. 257

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☐ as amended
☐ statement of intent attached

REP. LES KITSSELMAN

Chairman

REVISE LICENSING REQUIREMENTS FOR LAND SURVEYORS


FIRST

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STANDING COMMITTEE REPORT

January 28

19 37

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

report ~~HOUSE~~ BILL NO. 278

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☐ as amended
☐ statement of intent attached

REP. LES KITSELMAN

Chairman

MS

FIRST

reading copy (WHITE)
color

STANDING COMMITTEE REPORT

January 28

19 37

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

report **HOUSE BILL NO. 179**

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☒ as amended
☐ statement of intent attached

REP. LES KITSHAM

Chairman

AMENDMENTS AS FOLLOWS:

1) Page 1, line 5
Following: "BANKS"
Strike: "BY COMPANIES"

2) Page 1, line 6
Following: "LOANS"
Insert: "BY BANK HOLDING COMPANIES OR OTHER COMPANIES"

3) Page 1, lines 11 and 12
Following: "company" on line 11
Strike: the remainder of line 11 and line 12 through "loans"

4) Page 1, line 16
Following: "therein"
Insert: "if the institution does not both accept demand deposits
and engage in the business of making commercial loans"


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Proposed Clarifying Language - HB67

Section 1

(3) The department may not suspend, revoke, deny or place a condition on a license except for reasonable cause. Reasonable cause may include but is not limited to conviction for violation of a local gambling ordinance.

Section 4

1(b) Each applicant for a license shall on the application form disclose to the department any previous experience or involvement as an owner or operator of a gambling device or establishment. Previous experience or involvement shall include 1) controlling of such devices as an owner or operator 2) employment with the owner or operator of such devices 3) employment in establishments where gambling has been offered to the public, and 4) conviction for violation of state or local gambling laws in any jurisdiction.

STANDING COMMITTEE REPORT

January 28

19 37

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

report HOUSE BILL NO. 67

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☒ as amended
☐ statement of intent attached

REP. LES KITSELMAN

Chairman

AMENDMENTS AS FOLLOWS:

1) Page 1, line 22

Following: line 21

Strike: "conviction"

Insert: "Reasonable cause includes, but is not limited to, conviction"

2) Page 1, line 23

Following: "ordinance"

Strike: "constitutes reasonable cause"

3) Page 6, line 23

Following: "shall"

Insert: "on the application form"

4) Page 6, line 24

Following: "department"

Strike: "upon his application form his"

Insert: "any"

5) Page 6, line 25

Following: "involvement"

Strike: "with"

Insert: "as an owner or operator of"

(6) Page 7, line 1 through line 3

Following: page 6, line 25

Strike: lines 1 and 2 in their entirety and line 3 through "violations"

Insert: "Previous experience or involvement includes: (i) controlling of gambling devices as an owner or operator;

(ii) employment with the owner or operator of gambling devices;

(iii) employment in establishment where gambling is offered to the public; and

(iv) conviction of violation"


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7) Page 9, line 4
Following: "hearing"
Strike: "(1)"

8) Page 9, line 5
Following: "department"
Strike: "finds reasonable cause to believe"
Insert: "determines after a hearing conducted pursuant to the Montana Administrative Procedure Act that"

9) Page 9, line 7
Following: line 8
Strike: "(a)"
Insert: "(1)"
Renumber: subsequent subsections

10) Page 9, line 16
Following: "(1)"
Strike: "(a)"
Following: "through"
Strike: "(1)(d)"
Insert: "(4)"

11) Page 9, lines 17 through 22
Following: line 21
Strike: subsection (2) in its entirety

NAME Jo Brunner Date 1/18/87

Address 2015 1/2 9th Avenue, Helena, Mt. 59601

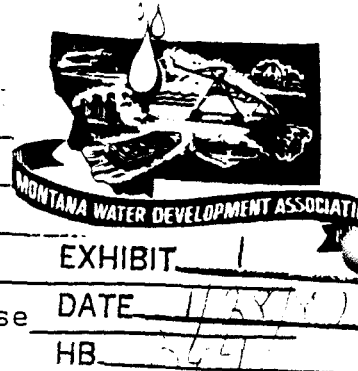
Telephone 442-2654

Representing Montana Water Development Association

Appearing on Which Proposal HB 264

Support Amend Oppose

Comments:



Mr. Chairman, members of the committee for the record my name is Jo Brunner and I am the Executive Secretary of the Montana Water Development Association.

I am here to neither support or oppose HB 264, but to offer information that might be helpful.

And lands on a Federal Irrigation Project are under the Reclamation Act of 1982.

Without going into great detail, it is important that you be aware that any lands over the prescribed legal holdings governed by that Act, may not have water delivered after the 5 years granted for disposal of excess acreage.

If, due to foreclosures, a bank should accumulate more than the acreage limitation, whether on one irrigation Project or several, and supposedly in more than one state, the bank would be required to dispose of the excess within 5 years or have the choice of not having water delivered to the land, or pay the full cost of the water charges which includes the cost of building the project, R&Bs whatever.

Thank you.

TESTIMONY HB 278

Tanya Ask
Montana Insurance Department
January 28, 1987

We support HB 278. The insurance industry generally views cancellation for nonpayment of premium as cancellation by the company since they are the ones sending out the notice. Return premium is therefore calculated on a pro rata basis meaning the insured pays for the actual time coverage was in place.

In the commercial auto insurance market (primarily long-haul truckers) a deposit premium of 40% is required of the insured. The balance is then due on an installment basis. If an installment is missed, the company cancels, and the insured gets back the balance of the premium paid.

We have recently run into situations where a company does not go along with the general industry practice and short rates the cancellation. (This means the individual pays an amount greater than the earned premium for the time coverage was in place.) The difference between pro-rata and short rate on some of these commercial auto policies is over a thousand dollars. We want to see all members of the insurance-buying public treated equally, and think this bill would benefit our trucking industry.

Explanation of Proposed Amendments to the
Requirements for Registration as a Professional Land Surveyor
and Land Surveyor in Training 37-67-308, 309, & 310 MCA

A. Separation of Engineering & Land Surveying

The professions of engineering and land surveying while appearing to be similar because they use the same tools are in fact quite separate and distinct. An engineer is directed by the laws of physics, chemistry and mathematics in his design. A surveyor is directed by statutes, case law, and title history when determining property ownership.

B. Changes to the Requirements to become a Professional Land Surveyor

37-67-309 (1) Removes the civil engineering language and inserts the 40 credit hours of survey with a bachelor of science degree along with 4 years of experience.

This language is a return to the pre-1985 conditions.

37-67-309 (2) The specific addition of the 40 credit hours with the 2 year associate degree along with 6 years of experience.

This was necessary because the 40 credit hour requirement was removed from 37-67-308 (2).

37-67-309 (3) New section - for a person with a bachelor of science degree and 6 years of experience.

This method does not require the 40 credit hours of survey.

37-67-309 (4) Same as previous Section (3); 10 years of experience

C. Changes in Requirements to become a Land Surveyor in Training.

Those individuals who pursue a career in land surveying by successfully completing a 2 or 4 year degree program containing the 40 credit hours of surveying would be allowed to take the LSIT test upon graduation. This would allow them to take the test while their schooling is fresh in the mind and further direct them in pursuit of their goals.

The total experience required to become a registered professional land surveyor would not be changed. The only change would be at which point in the experience process the LSIT test could be taken.

A new section to correspond to the new section in 37-67-309 (3) was added. This section requires 2 years of experience before taking the test.

D. These proposed changes were developed through a cooperative effort with those who brought about the changes in the 40 credit hour requirements in the 49th Legislature.

Submitted by: Robert S. Custer on behalf of the Montana Association of Registered Land Surveyors



Montana State University
Bozeman, Montana 59717-0007

EXHIBIT _____
DATE 1-27-87
HB 257

Department of Civil and Agricultural Engineering
College of Engineering

Telephone (406) 994-2111

TO: Members, Business and Commerce Committee

FROM: Dr. David A. Tyler *DAT*
Assistant Professor
Department of Civil and Agricultural Engineering
Montana State University

DATE: January 14, 1987

SUBJECT: Proposed amendments to the Requirements for Registration as a Professional Land Surveyor and Land Surveyor in Training, 37-67-308, 309, and 310, MCA

Prior to 1985, an individual with a B.S. degree in Civil Engineering who wished to become a registered Land Surveyor was required to have 40 credit hours of education in surveying in addition to the B.S. degree in order to use education to reduce the experience requirement from ten to four years. The current law allows an individual with a B.S. in Civil Engineering and no courses in surveying to take the L.S. exam and become registered after four years of experience. The currently proposed amendments will return the requirement for 40 credit hours of surveying courses and a B.S. degree for an applicant to become registered with only four years of experience, but will allow the civil engineer or graduate of other approved curriculum to take the exam and become registered after six years of experience.

In my opinion, the proposed amendments is logical and should be passed. The education and practice of civil engineering is quite separate and distinct from that in land surveying. While the two professions were once very close together and a graduate civil engineer knew a considerable amount about surveying, they have grown apart and it is not uncommon for accredited civil engineering programs to not require any courses in surveying. At Montana State University, only one four credit course is required. Civil engineering students may elect to take more courses in surveying and those who plan to become registered surveyors are advised to do so.

A four year program in civil engineering, or in any technical or scientific curriculum, should develop an analytical ability and approach to solving problems that will certainly be useful in the practice of land surveying. Thus the amendment calls for requiring six years of experience instead of ten years experience for those graduates.

BUSINESS AND LABOR

BILL NO. House Bill No. 264

DATE January 28, 1987

SPONSOR Rep. Ron Miller

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. House Bill No. 257DATE January 28, 1987SPONSOR Rep. Raymond J. Brandewie

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
DAVID TYLER	BOZEMAN	X	
Bob Custer	Helena	X	
LOUIS FONTANA	GT FALLS	X	

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VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. House Bill No. 249DATE January 28, 1987SPONSOR Rep. Les Kitselman

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
DAN GLENNY	Onion Group		
Bob Palmer	Workers Comp Div	X	

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VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. House Bill No. 278DATE January 28, 1987SPONSOR Rep. Edward J. Grady

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Tanya Ask	MT. Ins Dept	✓	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.