

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

March 4, 1987

The meeting of the Business and Labor Committee was called to order by Chairman Les Kitselman on March 4, 1987 at 8:00 a.m. in Room 312-F of the State Capitol.

ROLL CALL: All members were present.

SENATE BILL NO. 80 - Allow Individual to Buy Stock in Development Corp; Member No Part in Control, sponsored by Sen. Joe Mazurek, Senate District 23, Helena. Senator Mazurek stated the bill was at the request of the Development Corporation of Montana. He commented that the Development Corporation of Montana was the only venture capital company in the state. He said that members of the corporation were from financial institutions that extend lines of credit for venture capital loans to new businesses. He said the purpose of the bill would allow individual people to buy stock in the Development Corporations, and would eliminate the distinction between members and shareholders.

PROPOSERS

Dick Bourke, president of the Development Corporation of Montana. Mr. Bourke stated that the present statute allows them to sell stock to corporations, financial institutions, and trusts, but does not allow them to sell stock to individuals. He said this bill would allow them to sell stock to individuals by adding persons into the language relative to whom they could sell. He commented that the other amendment to the law relates to the governing powers of the corporation. He said there were two classes of entities that govern the corporation, members and shareholders. He pointed out that by law all members already had to be shareholders. He distributed information explaining the corporation and the bill. Exhibit Nos. 1 and 2.

OPPOSERS

None.

QUESTIONS

Rep. Wallin asked if by including individuals as shareholders meant that they were short of capital or demand, and they could not adequately fund it with the members they presently had. Mr. Bourke replied that they anticipated a

second offering of stock and would like to offer the stock to individuals.

CLOSING

Senator Mazurek made no further comments.

SENATE BILL NO. 83 - Changing Reporting Requirements for Economic Development Board, sponsored by Sen. Joe Mazurek, Senate District 23, Helena. Senator Mazurek stated that this bill was at the request of the Economic Development Board. He said the bill would make the dates consistent for the reports that the Economic Development Board has to submit. He said the Economic Development Board has to rely on audited information which is not always available in time to meet the September 30, and October 30 date. He said the reports both rely on the same information and the bill would allow the reports to be due on December 31. He added that the bill also repeals section 17-6-323 which requires the board to report on potential uses of the Coal Tax Trust Fund. He said the Economic Development Board has prepared in the past a report on potential uses of the Coal Tax Trust Fund, and pointed out the savings of money by not having the report done, which is not necessary.

PROPONENTS

Jerry Sullivan, Vice Chairman of the Economic Development Board. Mr. Sullivan stated the Board feels that its ability to cope with the problem of the use of the coal tax trust is too narrow a base for them to handle, and a dialogue should take place in a much broader environment than that board.

OPPONENTS

None.

QUESTIONS

None.

CLOSING

Senator Mazurek made no further comments.

SENATE BILL NO. 140 - Increasing Deposit in Loan Loss Reserve Fund by Economic Development Board, sponsored by Sen. Joe Mazurek, Senate District 23, Helena. Senator Mazurek stated that this bill was at the request of the Economic Development Board. He said the bill would correct a situation carried over from last session. He commented that the loan loss reserve fund was established to have been 25 basis points of interest. He said the effect of that would have been to allow \$2.50 for every \$1,000 of loan

amount that could be put into the loan loss reserve fund. He said the bill proposed to change the percentage from .25 percent to 2 percent of interest on coal tax loans. He said the intention was to allow a differential of .25 percent of the difference between a 9.75 percent loan and a 10 percent loan so the net amount deposited in the reserve fund could be as high as 2.50. He said the result of the statute has been .25 cents of interest on every \$1,000 loan so the loan loss reserve fund has not been building very rapidly. He said the board would like to increase the loan loss reserve fund and use up to 2 percent of the loan amounts deposited into the loan loss reserve fund. He said having a loan loss reserve fund is a prudent business and banking practice and the Economic Development Board has the authority to sell to ventures which are riskier loans. He said the Department of Commerce was concerned that it would have an impact on the general fund.

PROPOSERS

Jerry Sullivan, Vice Chairman of the Economic Development Board. He said there was a need for the reserve. He commented that at the present time without the reserve Montana would have to deduct losses from the Coal Tax Trust Fund.

OPPOSERS

Keith Colbo, Director of the Department of Commerce. Mr. Colbo stated they were not in opposition to the bill or the reserve, but were opposed to the budgetary problem and limits in terms of the priorities of the Department of Commerce and Administration. He said they do support the need for the reserve account.

QUESTIONS

Rep. Smith asked Mr. Sullivan if the bill would go from .25 to 2 percent. Mr. Sullivan said banks were trying to get 2 percent of outstanding loans. He said the Economic Development Board wanted 2 percent of the risk loans. He said the board is maintaining 75 percent of the Small Business Administration guaranteed loans so the risk loans were 25 percent of the portfolio.

Rep. Simon asked for clarification on the 2 percent of the interest that could be deposited. Mr. Sullivan replied that 2 percent of the interest could be set aside. He said the fund would represent 2 percent of the outstanding loans. Rep. Simon commented that the bill did not say how much the fund could build up to.

Rep. Wallin asked if it was 8 times the amount of reserve that they are now taking and setting aside, and if that was

what Mr. Colbo was referring to. Mr. Sullivan responded that at the present time the reserve amounts to \$70,000 and they have it projected to \$134,000. He said the Department of Commerce's objection was that under the present budget constraints, the allocation of money for the reserve rather than use for general fund, is not acceptable.

CLOSING

Sen. Mazurek stated that the intention is not to come in and ask for more money, but trying to get to where they intended to be when SB 143 passed last session. He said it was discretionary, it has increased to 2%, which is not a mandatory 2%, and it is prudent. He commented that Mr. Colbo, the Department of Commerce, did not object to the idea of a loan loss reserve because it is a prudent business practice, but he is saying that the interest that will be lost to the general fund as a result will have an impact on their budget. He added he understands that objection, but the purpose of the loan loss reserve is more important than the \$100,000 to the general fund.

EXECUTIVE ACTION

ACTION ON SENATE BILL NO. 80

Rep. Thomas moved that Senate Bill No. 80 BE CONCURRED IN. The motion carried unanimously.

Rep. Simon will carry the bill in the House.

ACTION ON SENATE BILL NO. 83

Rep. Swysgood moved that Senate Bill No. 83 BE CONCURRED IN. The motion carried unanimously.

Rep. Simon will carry the bill in the House.

ACTION ON SENATE BILL NO. 140

Rep. Wallin moved that Senate Bill No. 140 BE CONCURRED IN. The motion carried with Reps. Glaser and Bachini opposed.

Rep. Simon will carry the bill in the House.

SENATE BILL NO. 98 - MCA Subject to Resident Bidder Preference, sponsored by Senator J.D. Lynch, Senate District 34, Butte-Silver Bow, Anaconda-Deer Lodge. Senator Lynch stated this bill was at the request of the Legislative Council. He said in past years the bidding process for giving a 3 percent preference bid was exempted from the annotated codes. He said the reason was that no one could give the timeliness or quality wanted. He commented that since that

time technology has improved and there are about five places that could bid effectively and give the quality desired on the annotated codes. He said that the election certificates were not under that provision either, so they were included. He commented that all other printing that was contracted to private printers was under the 3 percent preference bid.

PROPOSERS

None.

OPPOSERS

None.

QUESTIONS

None.

CLOSING

Senator Lynch made no further comments.

EXECUTIVE ACTION

ACTION ON SENATE BILL NO. 98

Rep. Jones moved that Senate Bill No. 98 BE CONCURRED IN. The motion carried unanimously.

SENATE BILL NO. 73 - Regulating Cardtrol or Key Lock Delivery of Special Fuels, sponsored by Senator Ed. Smith, Senate District 10, Dagmar. Senator Smith stated this bill was sponsored on behalf of many of the fuel dealers in his area that have a cardtrol keylock dispensing system and the Fuel Division of the Department of Revenue. He said the bill is an act regulating the uses of a cardtrol key lock for delivery of special fuels from unattended pumps. He submitted testimony presented by Harold Ude on behalf of Cenex. Exhibit No. 4.

PROPOSERS

Steve Visocan, Vice President of the Western Petroleum Marketers Association. Mr. Visocan stated that they support this bill if section 2 is rewritten to its original format. He said the reason they want the bill returned to its original format is that without this it would not allow for farm use or agricultural purposes, and taxes would have to be paid upfront, which would have a negative impact on the cashflow. He added the fuel is bought for farm purposes and the diesel tax is paid, whereas the system works currently, if it is used for agricultural purposes, the tax is not paid. He commented that it would also be very

cumbersome to process for the Revenue Department. He said that currently since the tax is not paid on the fuel, there is no reason to refund the money to the farmer for his use in agricultural purposes. He added that the farmers that are able to take advantage of this fueling opportunity in order to keep their crops to work better in their own business, they would be unwilling to pay the tax upfront. He said this would cause more tanks to be taken out and put in farm areas, which, rather than reducing the problem of improper fueling, would actually enhance it.

OPPONENTS

None.

QUESTIONS

Rep. Thomas asked Norris Nichols, administrator of the Motor Fuels Tax Division, if there was anything he would like to add to the bill. Mr. Nichols responded that the bill had been clearly explained and that the cardtrol key locks were here to stay, but that they needed some control so not too many dollars were lost in fuel collections.

Rep. Simon asked Sen. Smith if both gas and diesel fuels were involved. Sen. Smith replied that it was diesel fuel only.

Rep. Simon asked if a farmer fills the tank on his truck with diesel fuel that does not have a tax, what would prevent him from using that in his truck. Senator Smith commented that people with a tank in the back of their pickup would have the same opportunity as those that have fuel delivered. He said if dispensed to any other unit there is a \$2,000 fine. He pointed out that the person would have to sign an affidavit listing the units they have that were diesel equipment. He said this would give the Department of Revenue an idea on whether they had other units.

Rep. Simon asked if the penalty section was in the current law. Mr. Nichols replied that the reference to penalty was in current law. He said the differences between the gasoline act and the diesel fuel act, was that with gasoline, the whole amount is paid and there are provisions for a refund; but with diesel, taxes are on the use of the fuel.

Rep. Driscoll asked if most agricultural operations were going mostly to diesel use. Sen. Smith replied that they were.

CLOSING

Sen. Smith stated that with the fuel tax increasing, those people using the service supplied by the fuel dealer should have the same privilege as one having bulk fuel delivered to a farm and ranch operation.

EXECUTIVE ACTION

ACTION ON SENATE BILL NO. 73

Rep. Swysgood moved that Senate Bill No. 73 BE CONCURRED IN.

Rep. Swysgood moved the amendment to insert section 2 back in the bill from line 10 through line 23 after "department" and strike the remainder of line 23 through line 2 on page 5. The motion carried with Reps. Glaser and Grinde opposed.

Rep. Smith moved that Senate Bill No. 73 BE CONCURRED IN AS AMENDED. The motion carried unanimously.

Rep. Smith said there would be no problems with trucks since they were operating under a fuel permit and filed reports every month.

SENATE BILL NO. 97 - Revise Economic Development Bond, Municipal Finance Consolidation Laws, sponsored by Senator Gene Thayer, Senate District No. 19, Great Falls. Senator Thayer stated this bill was an act that would change four things in existing law. He said it change the definition of financial institution, and that the Montana Economic Development Board currently requires that an approved financial institution maintain an office in the state of Montana. He said for the issuance of Industrial Development Bonds Montana Economic Development Board would like to change the definition of financial institutions and remove those requirements, and this change would allow out-of-state banks to issue letters of credit to out-of-state developers.

Senator Thayer said the bill would increase the limitation on the total outstanding indebtedness of the Montana Economic Development Board to raise the current limit from 25 million to 50 million. He said this was a program that helps local governments do funding with their bonding program. He said the bill would delete the annual examination by bank examiners of loans and investments to local government units. He said the Municipal Finance Consolidation Act authorizes the Montana Economic Development Board to issue tax exempt bonds, bond anticipation notes and other notes of the board. He said the program currently in place under the act includes the Montana Cash Anticipation Financing Program and the Intermediate Term Capital Pool. He added that under this, the board issues bonds to provide local governments with short-term financing in anticipation of tax revenue. He said the board's intercap program through the issuance of tax exempt bonds provides local governments with intermediate term financing through the use

of pool bond issues. The bank examiners at the Department of Commerce are currently required to conduct an annual audit of the loans and investments of the board under the Municipal Finance Consolidation Act, he added, and the Legislative Auditor's office is also required to conduct an annual audit of the programs under the act. He said the requirement of the bank examiners annual audit to the program under this act is unnecessary.

Senator Thayer said the fourth change in the existing bill is to change the due date of the board's annual financial report. The Legislative Auditor's report is not provided early enough to accommodate the deadline for the Montana Economic Development Board annual report. He added that the board would like to change the date from September 30 to December 31 of each year.

PROPOSERS

None.

OPPOSERS

None.

QUESTIONS

Rep. Glaser asked if the increasing potential indebtedness would need a two-thirds vote of the Legislature to do this. Sen. Thayer responded that there was no mention in the Senate of needing a two-thirds vote. Rep. Wallin commented it would only take a majority vote.

CLOSING

Sen. Thayer stated that there is a great demand from the local governments, because they are in need of money. He said by utilizing this program the local governments have been able to save money for capital expenditures, rather than paying exorbitant fees in leasing. He commented that this program is being utilized to the extent now that, if they don't make a change, they will drop out and exceed the limit already there.

EXECUTIVE ACTION

ACTION ON SENATE BILL NO. 97

Rep. Jones moved that Senate Bill No. 97 BE CONCURRED IN.

Rep. Driscoll moved an amendment on page 2, line 6 and 7 to reinsert the stricken language referring to "Montana banks". The motion failed.

Rep. Glaser commented out that he has no problem with the bill, but the Constitution states that no state debt shall be created unless authorized by a two-thirds vote of the members of each House of the Legislature or the majority. Senator Thayer stated that he did not know if this was a full obligation of the state because these are revenue bonds backed by the local governments. He said the state would not contribute unless there was a total collapse of the local government system. He added the state is only putting the program together.

Rep. Thomas suggested that an opinion be asked from the Legislative Council on the subject.

Rep. Jones's motion that Senate Bill No. 97 BE CONCURRED IN was voted on, and the motion carried unanimously.

ADJOURNMENT

The meeting was adjourned at 9:00 a.m.



REP. LES KITSELMAN, Chairman

DAILY ROLL CALL

BUSINESS & LABOR

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date MARCH 4, 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	✓		



DEVELOPMENT CORPORATION OF MONTANA

350 North Last Chance Gulch • Post Office Box 916 • Helena, Montana 59624 • Telephone (406) 442-3850

DATE 3-4-87
#B 80

DECEMBER 1986

GENERAL INFORMATION

HISTORY

Profit corporation organized in 1970 under the provisions of the Montana Development Corporation Act.

OWNERSHIP

Shareholders consist of 134 financial institutions and corporations with economic interests in Montana; the Montana Board of Investments and the Long-Term Credit Bank of Japan.

ENABLING LEGISLATION

The corporation's actions are subject to the provisions of the Montana Development Corporation Act and Montana Capital Company Act.

PAID IN CAPITAL

\$1,384,500

OBJECTIVES

To facilitate the flow of risk capital to businesses operating in Montana with the potential for growth, through direct investments, and, in select cases, assisting in raising capital on a negotiated fee basis.

GOVERNANCE

- 18 member Board of Directors - meets annually
- 7 member Executive Committee - meets every 4-6 weeks; responsible for policy setting on behalf of Board of Directors
- 6 member Investment Committee - meets every 4-6 weeks; responsible for investment decisions

MANAGEMENT

Richard L. Bourke - President
Sharon Gelvick - Executive Assistant
Jacque Fultz - Secretary (part time)



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DECEMBER 1986

DIRECTORS AND OFFICERS 1986

Officers

Phillip R. Sandquist, Chairman of the Board
*Richard L. Bourke, President
George D. Ruff, Vice President
Frank W. Shaw, Secretary/Treasurer
Earl W. Johnson, Asst. Secretary/Treasurer

Board of Directors

<u>Term Expires</u>		<u>Term Expires</u>	
1987	Lee Carothers Division Manager Pacific Power & Light P.O. Box 250 Kalispell, MT 59901 752-7461	1989	**George D. Ruff Montana Vice President Mountain Bell 560 North Park Helena, MT 59601 441-2338
1987	John N. Etchart Vice President Burlington-Northern 36 N. Last Chance Gulch Suite 200 Helena, MT 59601 442-1296	1989	Masahito Saigusa General Manager & Agent The Long Term Credit Bank of Japan, Ltd. Los Angeles Agency 444 S. Flower St., Suite 370 Los Angeles, CA 90071 213-629-5777
1988	Lynn D. Grobel President First National Bank P.O. Box 191 Glasgow, MT 59230 228-8231	1987	**Phillip R. Sandquist Chairman & President First Security Bank P.O. Box 910 Bozeman, MT 59715 587-0641
1987	W. A. "Bill" Groff President Farmers State Bank P.O. Box 190 Victor, MT 59875 642-3431	1987	Thomas W. Scott Chairman & President Security Banks of Montana P.O. Box 30918 Billings, MT 59116 255-5301
1988	Randolph Jacobs, Jr. President Montana Bank of Billings P.O. Box 958 Billings, MT 59103 248-2345	1988	**Wilbur Scott Member, Montana Board of Investments 3021 8th Avenue South Great Falls, MT 59405 453-1932
1988	**Earl W. Johnson Chairman First Bank Helena P.O. Box 1709 Helena, MT 59624 442-2540	1989	**Frank W. Shaw President Norwest Bank Great Falls P.O. Box 5011 Great Falls, MT 59403 727-3000
1988	**L. Bruce Madsen President D.A. Davidson & Co. Davidson Building Great Falls, MT 59403 727-4200	1987	Raymon F. Thompson President Semitool, Inc. P.O. Box 2169 Kalispell, MT 59901 752-2107
1989	**Alan D. Nicholson President Nicholson, Inc. P.O. Box 472 Helena, MT 59601 443-2160	1989	Frank V. Woy Executive Vice President of Finance Montana Power Company Butte, MT 59701 723-5421
1989	John L. Olson President Blue Rock Products Co. P.O. Box 166 Sidney, MT 59270 482-3403	1988	Shareholder Seat Vacant

**Member of Executive Committee and Loan/Investment Committee
*Member of Executive Committee



DECEMBER 1986

OPERATIONS

- Due diligence regarding investment inquiries.
- Negotiation of investments; in and out.
- Monitoring portfolio companies.
- Providing financial advisory services.
- Managing the Montana Community Finance Corporation, an SBA 504 statewide Certified Development Corporation.

An inquiry resulting in an investment commitment will follow the procedure outline below:

1. Initial inquiry received by DCM Office.
2. If prepared, a Business Plan is submitted to DCM.
- 2a. If a Business Plan has not been prepared, DCM requests preliminary information.
3. After the requested information is furnished, DCM will respond within 3 weeks regarding its interest in the investment request.
4. If DCM is interested, it will prepare general, preliminary terms for the investment. However, the commitment to invest is still contingent on further due diligence.
5. If these terms are agreeable, a due diligence research effort will be conducted.
6. The results of this research, and staff recommendation, will be submitted to the DCM Investment Committee for their review.
7. After approval by the Investment Committee, the investment terms will be proposed to the firm seeking financing.
8. Upon completion of negotiation, a Letter of Intent, listing principal terms, will be signed by the respective parties.
9. An Investment Agreement is signed between the respective parties, setting the terms of the investment, and obligations and rights of the parties.
10. A final closing is held after the documentation is completed.



DEVELOPMENT CORPORATION OF MONTANA

350 North Last Chance Gulch • Post Office Box 916 • Helena, Montana 59624 • Telephone (406) 442-3850

DECEMBER 1986

INVESTMENTS

- 1. AMERICAN TELEPHONE ADVERTISING CORP., INC., Great Falls, MT

Business - ATA contracts with regional Bell Operating Companies to sell advertising space on their pay phones.

Amount Security
\$94,494 (6% ownership) Common Stock

Status - The company has contracted for sole marketing rights to 230,000 pay phones in 17 states. It has merged with a publicly traded company, and projects revenues of \$15 million in 1989.

- 2. EXPEDITIONS INTERNATIONAL, INC., Hamilton, MT

Business - Design and manufacture outdoor clothing, recreational products, and uniforms.

Amount Security
\$62,400 (24% ownership) Common Stock

Status - The company had revenues of \$560,614 in FY 1986, and was profitable. Year to date revenues are 34% ahead of last year, and profits are similarly ahead.

- 3. CHROMATOCHEM, INC., Missoula, MT

Business - Developed, manufacture and market proprietary products to aid in the processing and purification of biochemical products.

Amount Security
\$78,000 Subordinated Convertible Debenture
(convertible to 10% ownership)

Status - The company is seeking to raise additional capital, and has received a tentative offer of \$500,000 for a one-third ownership interest. Patent applications will be filed in January 1987.

- 4. MILLWOOD SYSTEMS, INC., Missoula, MT

Business - Manufactures commercial, office and school furniture.

Amount Security
\$260,000 Loan with 80% participation by the MEDB

Status - The company is moving into its new facility this month. The company had revenues of \$3.5 million in FY 1986, and a net profit of \$62,016.

5. MOUNTAIN MEADOWS, INC., Lewistown, MT

Business - Developed, and manufactures a wheat straw based cat litter.

Amount
\$100,000

Security
Subordinated loan with warrants to purchase stock and revenue participation

Status - The company has 15% of the Montana market, and is beginning to enter the southern California and Utah markets.

6. WSM, INC., Billings, MT

Business - Designed and manufactured sensor and instrument systems for the measurement of weight and pressure.

Amount
\$80,000

Security
Secured loan with warrants to buy stock

Status - The company is in liquidation. We expect to incur a loss of \$50,000.

7. Fixed asset loans made in cooperation with the SBA 502 program:

a. Capital Courts and Health Club, Helena, MT
\$50,000
Current

b. Edwards, IGA, Stevensville, MT
\$49,400
Current



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DECEMBER 1986

INVESTMENT PHILOSOPHY

Eligibility

1. Investments must enhance the general economic welfare of the state of Montana.
2. Priority will be given to investments in basic, or primary, economic sectors.
3. Projects involving the following use of funds are ineligible:
 - a. agriculture production operations.
 - b. residential real estate.
 - c. land speculation.
4. Minimum and maximum investment amounts are \$25,000 and \$100,000, respectively.

Criteria

1. Expertise and experience of owners, directors and key management.
2. Product marketability and marketing plan.
3. Growth and profit potential of the business.
4. Financial condition of the business.
5. Return on investment, and liquidity.

Structuring and Pricing

1. Return on investment objective of 20-35% per annum, depending on security obtained.
2. DCM will seek equity and/or income participation on all investments.
3. DCM will seek a below market current return on all investments.
4. DCM will seek liquidity on all equity investments.

5. DCM will seek either senior or subordinated security on all investments.

6. DCM is an active investor, and as such will seek a position on the Boards of Directors of investee companies, and will closely monitor the companys' performance.



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DECEMBER 1986

ECONOMIC IMPACT OF OPERATIONS

DEVELOPMENT CORPORATION OF MONTANA

<u>DCM Funds Invested</u>	\$571,620
<u>Total Funds Leveraged</u>	\$3,832,000
<u>Jobs Retained or Created</u>	152
<u>DCM Dollars Per Job</u>	\$3,760
<u>Montana Tax Credits Per Job</u>	\$1,290

MONTANA COMMUNITY FINANCE CORPORATION (SBA 504)

<u>Loans Approved</u>	\$1,410,000
<u>Total Funds Leveraged</u>	\$4,715,000
<u>Jobs Retained or Created</u>	174



DEVELOPMENT CORPORATION OF MONTANA

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EXHIBIT 2
DATE 3-4-87
#B SB80

2 1/2

March 3, 1987

BOARD OF DIRECTORS

Lee Carothers
Pacific Power & Light
Kalispell, Montana

John N. Elchart
Burlington-Northern, Inc.
Helena, Montana

Lynn D. Grobel
First National Bank
Glasgow, Montana

W.A. "Bill" Groff
Farmers State Bank
Victor, Montana

Randolph Jacobs, Jr.
Montana Bank of Billings
Billings, Montana

Earl W. Johnson
First Bank Helena
Helena, Montana

L. Bruce Madsen
D.A. Davidson & Co.
Great Falls, Montana

Alan D. Nicholson
Nicholson, Inc.
Helena, Montana

John L. Olson
Blue Rock Products Co.
Sidney, Montana

George R. Ruff
Mountain Bell
Helena, Montana

Masahito Saigusa
The Long Term Credit Bank
of Japan, Ltd.
Los Angeles, California

Phillip R. Sandquist
First Security Bank
Bozeman, Montana

Thomas W. Scott
Security Banks of Montana
Billings, Montana

Wilbur Scott
Montana Board of Investments
Great Falls, Montana

Frank W. Shaw
Norwest Bank Great Falls
Great Falls, Montana

Raymon F. Thompson
Semitoal, Inc.
Kalispell, Montana

Frank V. Way
Montana Power Company
Butte, Montana

TESTIMONY IN SUPPORT OF
SENATE BILL 80

PURPOSE OF THE BILL

1. TO ALLOW THE DCM TO SELL STOCK TO INDIVIDUALS.

Explanation

Presently, our enabling statute does not specifically allow for individuals to buy stock. The statute allows financial institutions, corporations and trusts to buy stock. We want to be able to sell stock to the public in the future.

2. TO DELETE "MEMBERS" GOVERNING POWERS. "MEMBERS" ARE SHAREHOLDER FINANCIAL INSTITUTIONS WHO MAY PROVIDE LINES OF CREDIT TO THE DCM. ALL "MEMBERS" ARE SHAREHOLDERS.

Presently, governing powers are split between shareholders and members. These powers were conferred when the DCM was an active borrower of funds from members. Today, our policy is to seek leverage from other sources. Being shareholders, members retain all voting rights provided shareholders by the corporation.

SB 80 IS SUPPORTED BY OUR FULL BOARD OF DIRECTORS

17-6-323



17-6-323. Report on potential uses of coal tax trust fund. The board shall prepare for each regular session of the legislature a report on potential uses of the coal tax trust fund to develop a stable, strong, and diversified Montana economy that meets the needs of present and future generations of Montanans while maintaining and improving a clean and healthful environment as required by Article IX, section 1, of the Montana constitution.

History: En. Sec. 15, Ch. 677, L. 1983.

17-6-324. Rulemaking authority. The board may adopt rules to implement the provisions of this part and 17-6-211(2). Rules adopted by the board may include definitions of small- and medium-sized businesses, a method of committing funds to financial institutions, types of service fees, and types of investments to be made. The board may also adopt procedural rules to govern its proceedings.

History: En. Sec. 16, Ch. 677, L. 1983; amd. Sec. 8, Ch. 418, L. 1985.

Compiler's Comments

1985 Amendment: At end of first sentence substituted "17-6-211(2)" for "17-6-211(5)".

Cross-References

Adoption and publication of rules, Title 2, ch. 4, part 3.

17-6-325. Preference of Montana labor. Any contract to construct a project financed pursuant to this part must require all contractors to give preference to the employment of bona fide Montana residents, as defined in 18-2-401(4), in the performance of the work on the projects if their qualifications are substantially equal to those of nonresidents. "Substantially equal qualifications" means the qualifications of two or more persons among whom the employer cannot make a reasonable determination that the qualifications held by one person are significantly better suited for the position than the qualifications held by the other persons.

History: En. Sec. 3, Ch. 653, L. 1985.

17-6-326 through 17-6-330 reserved.

17-6-331. Establishment of a Montana economic development fund. A Montana economic development fund is created. A portion of the interest income from the permanent coal tax trust fund created in 17-6-203(5) shall be deposited in the fund as determined by the legislature. Monies, if any, appropriated by the legislature from the economic development fund shall be used only for programs consistent with the objectives in 17-6-304.

History: En. Sec. 4, I.M. No. 95, approved Nov. 2, 1982.

CHAPTER 7

BUDGETING AND APPROPRIATIONS

Part 1 — Budget Systems and Program Plans

Section

17-7-101. Short title.

17-7-102. Definitions.

17-7-103. Governor chief budget officer — appointment of budget director.

EXHIBIT 7
DATE 3-4-87
HB SB 73



CENEX • Post Office Box 21479 • 1601 Lewis Ave. • Billings, Montana 59104 • (406) 245-4747

THIS BILL CORRECTS PROBLEMS PETROLEUM DEALERS PRESENTLY HAVE WITH SALES OF TAXABLE AND NON-TAXABLE DIESEL FUEL FROM CARDTROL OR KEYTROL FACILITIES.

THESE KEY OR CARD CONTROL SYSTEMS ARE UNATTENDED, 24 HOUR PETROLEUM DISPENSING FACILITIES. THEY ARE A CONVENIENCE FOR THE USER, BUT ALSO MAKE IT IMPOSSIBLE FOR THE DEALER TO POLICE SALES OF TAXABLE OR NON-TAXABLE FUELS, AS REQUIRED UNDER PRESENT LAW.

THIS BILL TAKES THE RESPONSIBILITY FROM THE DEALER AND PLACES IT ON THE ULTIMATE USER.

WE FEEL THAT THE TREND TOWARD UNATTENDED FUEL DISPENSING FACILITIES WILL CONTINUE, AND GROW, BECAUSE OF THE CONVENIENCE, AND COST SAVINGS, TO THE USER.

WE STRONGLY SUPPORT THIS BILL.

Testimony given on March 4, 1987,
for Senate Bill 73, Helena, Montana,
by Harold Ude, on behalf of CENEX

STANDING COMMITTEE REPORT

MARCH 4

19 37

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

report SENATE BILL NO. 33

- do pass
- do not pass

- be concurred in
- be not concurred in

- as amended
- statement of intent attached

REP. LES KITSELMAN

Chairman


THIRD

reading copy (

BLUE

color)

STANDING COMMITTEE REPORT

MARCH 4

19 37

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

report SENATE BILL NO. 140

- do pass
- do not pass

- be concurred in
- be not concurred in

- as amended
- statement of intent attached

REP. LES KITSELMAN

Chairman



THIRD

reading copy (BLUE)

color

STANDING COMMITTEE REPORT

MARCH 4

19 87

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

report SENATE BILL NO. 93

- do pass
- do not pass

- be concurred in
- be not concurred in

- as amended
- statement of intent attached

REP. LES KITSELMAN

Chairman

MS.

THIRD

reading copy (BLUB)

color

STANDING COMMITTEE REPORT

MARCH 4

19 37

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

report SENATE BILL NO. 97

- do pass
- do not pass

- be concurred in
- be not concurred in

- as amended
- statement of intent attached

REP. LES KITSELMAN

Chairman

MS
THIRD

reading copy (**BLUE**)

color

STANDING COMMITTEE REPORT

MARCH 4

19 37

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

report SENATE BILL NO. 80

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

REP. LES KITSELMAN

Chairman


THIRD

BLUE

reading copy (_____)
color

STANDING COMMITTEE REPORT

MARCH 4

19 87

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

report SENATE BILL NO. 73

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

REP. LES KITSELIAN

Chairman

AMENDMENTS AS FOLLOWS

1) Page 4, line 23, through Page 5, line 1
Following: "DEPARTMENT" on page 4, line 23

Strike: the remainder of line 23, lines 24 and 25 on page
4, and line 1, page 5, in their entirety, and "fuel" on
line 2, page 5

Insert: "Affidavit required of cardrol or keylock
purchaser -- inspection by department.

(1) A person who uses a cardrol, keylock, or similar
device to obtain delivery of special fuel tax free from
an unattended pump or dispensing unit shall sign and
furnish to the special fuel dealer an affidavit, on a
form prescribed and furnished by the department,
stating the type of equipment in which the special fuel
will be placed and stating that no special fuel will be
placed into the supply tank of a motor vehicle to be
operated on the public roads and highways of this
state.

(2) The special fuel dealer shall keep all such
affidavits and make them available for inspection by
the department"


THIRD

BLUE

reading copy ()

color

VISITORS' REGISTER

BUSINESS AND LABOR COMMITTEE

BILL NO. SENATE BILL NO. 80 DATE March 4, 1987

SPONSOR SENATOR JOSEPH MAZUREK

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
DICK BOJAKS	DEPT. CLERK OF MT.	X	
F.H. McCABES	MOUNT CHAMBERLAIN	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. SENATE BILL NO. 73

DATE March 4, 1987

SPONSOR SENATOR ED SMITH

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
<i>Harold Ude</i>	<i>CS-116 X</i>	<input checked="checked" type="checkbox"/>	
<i>George Alexandar</i>	<i>M. Petroleum Markets</i>	<input checked="checked" type="checkbox"/> <i>with Amend</i>	<input checked="checked" type="checkbox"/>
<i>Steve Viscosa</i>	<i>M. Petroleum Markets</i>	<input checked="checked" type="checkbox"/> <i>with amend</i>	<input checked="checked" type="checkbox"/>
<i>Ken Thompson</i>	<i>M. Petco Markets</i>	<input checked="checked" type="checkbox"/> <i>with amend</i>	<input checked="checked" 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. SENATE BILL NO. 140 DATE March 4, 1987

SPONSOR SENATOR JOSEPH MAZUREK

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Keith Colbo	Commerce		✓
Danny R. Sullivan	MSDB	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FOR
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.