

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

HOUSE COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By Rep. Bob Pavlovich, on February 17, 1989, at
7:30 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Paul Verdon and Sue Pennington

Announcements/Discussion: None

DISPOSITION OF HOUSE BILL 600

Motion: Rep. Bachini moved DO PASS.

Amendments, Discussion, and Votes: None

Recommendation and Vote: HB 600 DO PASS.

DISPOSITION OF HOUSE BILL 626

Motion: Rep. Blotkamp moved DO PASS. Rep. Johnson moved an
amendment to the bill.

Discussion: Rep. Blotkamp stated that he would like to change
his vote to a DO PASS. Originally I did not want to send
out a message to MRL that we were antibusiness. Through
further testimony that I have heard and clarification, I
don't see any problem with the bill. If we can bring the
bill back so I can change my vote I would appreciate it.

Amendments, Discussion, and Votes: Rep. Johnson wants to make an
amendment to make the bill effective upon passage and
approval. The amendment DO PASS 10-5 vote.

Recommendation and Vote: HB 626 DO PASS as amended 9-7 vote.

DISPOSITION OF HOUSE BILL 696

Motion: Rep. Bachini moved DO PASS.

Discussion: Rep. Glaser said he has run for election three times and the first two times the Gazette didn't endorse me and the third time when the Gazette endorsed me I began to be concerned. It is rather foolish to pick a fight with someone who buys ink by the barrel and paper by the boxcar.

Rep. Kilpatrick said that from his experience the small newspapers don't make the stand, generally. I think we are aiming at the big newspapers. I think it is worthwhile at least to let them know we are concerned. I think it is a good bill.

Rep. Bachini said this bill is just a bill of fairness and on that basis I support the bill. I think that a newspaper with all the power and resources it has can really kill a candidate. I think both candidates should have equal space on the editorial page.

Amendments, Discussion, and Votes: None

Recommendation and Vote: HB 696 DO NOT PASS 10-6 vote.

HEARING ON HOUSE BILL 591

Presentation and Opening Statement by Sponsor:

Rep. Phillips said HB 591 will revise procedures for release to consumer credit reporting agencies of information concerning certain child and spousal support obligations; authorizes rulemaking; amends Sections 31-3-141; 31-3-151, 31-3-152, 40-5-206, and 53-2-504, MCA; and repeals Section 31-3-127, MCA.

Testifying Proponents and Who They Represent:

George Fleming, Montana Collections Association, Great Falls

Proponent Testimony:

Mr. Fleming stated that his association supports this bill. The credit bureaus will not have a problem with it. The advantage that the department of revenue is going to have with this computer system going into about 35 states is it will be easier to track these delinquent parents.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: None

Closing by Sponsor: Rep. Phillips closed.

DISPOSITION OF HOUSE BILL 591

Motion: Rep. Smith moved DO PASS and moved the amendments.

Amendments, Discussion, and Votes: Paul Verdon said the amendments need to be rewritten substantially. Paul went over the amendments and told how they should read to do what they are intended to do. See the attached copy of amendments. Rep. Bachini moved the amendments as changed by Paul. The amendments DO PASS.

Recommendation and Vote: HB 591 DO PASS as amended.

HEARING ON HOUSE BILL 669

Presentation and Opening Statement by Sponsor:

Rep. Marion Hanson said this bill will adopt laws regulating self-funded health care plans; amends Sections 33-1-102 and 33-2-708, MCA; and provides an immediate effective date and application date.

Testifying Proponents and Who They Represent:

Rick Larson, Billings
Roger Tippy
Gene Fenderson, MT Building Const. Council
Phil Campbell, MT Education Association

Proponent Testimony:

Mr. Larson said this idea is not new. The amendments to this plan specifically exclude under this bill any ERISA covered plans. Plans not affected by this are single employer plans, any ERISA recognized association plans. THIS legislation strictly deals with unrelated employers going together, pooling their resources for this insurance.

Mr. Fenderson stated that they believe this is a step in the right direction for self-insured plans. WE support this bill as amended.

Mr. Tippy submitted written testimony. See exhibit 2.

Mr. Campbell stated that he spoke to the insurance commissioner about a problem they encountered last year. I was hoping that this bill would take care of the problem. We have a situation where there was a trust, a self insurance program in a school district, at the end of a year there was a surplus in the account and the superintendent of schools took money from that trust account and used it for his general fund operations. We wrote to the commissioner who said she had no jurisdiction because there are no regulations for self insurance. No one seems to have jurisdiction over a problem like this. Something is wrong with the system when a superintendent is allowed to take that money that is set aside for those benefits and use it in the general fund operations of schools. It is not our intent to include a lot of extra burden on trusts that currently exist.

Testifying Opponents and Who They Represent:

Chip Erdman, MT Unified School Trust
Dirk Visser, President, Intermountain Administrators
Bill Stevens, MT Food Distributors Association
Chuck Stearns, City Clerk, Missoula
Dave Evenson, U of M, Missoula

Opponent Testimony:

Mr. Erdman stated that his association opposes this bill. There are problems and inconsistency with this bill. One of the problems is the language. It does not address multiple employer trusts. Our trust is a multiple trust, we have 63 different employers. Our biggest problem is that it exempts health trusts that are set up by federal governmental agencies, the state employees health plan, but doesn't exempt local government health plans.

Mr. Visser stated that the statement of intent indicates that the bill is principally to protect Montana insurance consumers while making insurance more available in the state. This is certainly a good intent, however, it would not as it is presently written really accomplish its objective. I don't believe it will make health insurance more available in this state, it will add significant layers of administrative and regulatory expense for the cost of starting and maintaining the self-funded plan.

Mr. Stevens stated that his association has sponsored an employer coverage since 1982. We urge you to do not pass this bill. It is inadequate for the intent and could become very costly to those plans in effect and any that may be contemplated in the future.

Mr. Stearns stated that Missoula's problem is with Section 14 which would allow the auditor to come in and examine our

books and charge for the exam. We have a third party administrator who administers our plan and who audits by a private CPA firm.

Mr. Evenson stated they have a proposed amendment which they would like the committee to consider. See exhibit 3. The affect of this amendment if accepted would be to exempt the university system from the provisions of the bill.

Questions From Committee Members: Rep. Thomas asked Ms. Ask what regulation is there now of such self-insured funds? Ms. Ask said the type of program Mr. Campbell referred to is a sub-division of the state. Those particular self-funded plans are currently exempt from state regulation. The insurance department does not regulate those plans.

Rep. Kilpatrick asked Ms. Ask if this bill would take care of any other problems like Mr. Campbell's? Ms. Ask said it may take care of problems like this. It will depend on the self-funded plan if it is one that would qualify for registration with our department. There will still be some plans exempt from qualifying.

Rep. Johnson asked Ms. Ask what is ERISA? Ms. Ask said that ERISA is the employee retirement income security act of 1974. It allows employers to form their own self-funded plan if they meet certain requirements...

Closing by Sponsor: Rep. Marion Hanson said the amendments she passed out take care of most of the concerns of the schools and local government. I ask you to give this bill a do pass.

HEARING ON HOUSE BILL 629

Presentation and Opening Statement by Sponsor:

Rep. Grady said this bill will provide a possessory lien on a mobile home by a landlord or lessor of land occupied by the mobile home in order to recover unpaid rent; and provides for the priority of the lien, enforcement of the lien, sale of the mobile home, and conditions of possession. Rep. Grady said he had amendments to the bill.

Testifying Proponents and Who They Represent:

Lee Reynolds, Mobile City Home Park
Ed McHugh, Helena
Brian McCullough, President, MT Landlord's Association

Proponent Testimony:

Mrs. Reynolds stated that they have a mobile home in their

park right now that was abandoned in December. They have called the lending institution many times to either get them to remove the trailer or pay the lot rent. They finally said they would pay the rent if she billed them. They lost the bill and I had to send another copy. The home is still sitting on our lot and I am out the lot rent.

See exhibit 2 for Mr. McCullough's written testimony.

Mr. McHugh said that the mobile home park business is a very valuable asset to the state of Montana. A lot of low income folks, like retired people, live in mobile homes. We serve an important need to a lot of people in Montana. Banks are good in helping us to collect our money, and seldom do we have a problem. WE need this bill and need it addressed to help us maintain our income and maintain the park in a good way so people enjoy staying in it. We pay taxes on every lot, that is the way we are taxed. We would like for you to pass this bill.

Testifying Opponents and Who They Represent:

Mike Varone, Vice President, Norwest Bank Helena
Greg MacDonald, Tamarack Properties, Billings
A. Blain, Blain's Mobile Home Park
Loyd Upton, Mgr. Mobile HOme Communities, Inc., Billings
Dennis Siegle, Greentree Acceptance Corp., Missoula
Bill Novak, Billings
Bill Pierce, Pierce Mobile Homes, Billings

Opponent Testimony:

See exhibit 3 for Mr. VARone's written testimony.

See exhibit 4 for Mr. MacDonald's written testimony.

See exhibit 5 for MR. Blains' written testimony.

See exhibit 6 for Mr. upton's written testimony.

Mr. Siegle said Greentree is one of the major financing companies for mobile homes in the state of Montana. From a lender's standpoint, the lenders are tired of being collection managers for the court owners. WE have no problem upon repossession of making agreements with the court owners to pay the lot rent from that time forward. This bill does not have any limitations on how far back a lot owner can charge back lot rent. They can go back 3 months, 6 months, or a year. Montana has enough housing problems right now. We would like to have protection on our loans too. It is a risky business, no one pays repossession costs. HAVING to pay 6 months or more back lot rent is just going to add to the cost of that mobile home and make the housing worse overall in Montana.

Mr. Novak said he has been in the mobile home business for 30 years. He owns 2 mobile home parks. All the problems are arising from repossessions. We had one a short while back, the payoff was around \$21,000, and the home is worth \$14,000. It is going to be simple for us to notify the owner Golden Meadow, to say come pay or loan off for \$21,000 and collect your lot rent. We only have Greentree today and they finance 90 percent of the homes in Montana. If the bill goes through you have killed all the dealers in Montana. If I don't have Greentree I can't get a home financed by a bank in Billings without me personally endorsing the sale. I personally have lost several hundred thousand dollars in the past five years on repossessions.

Mr. Pierce stated he is opposed to the bill. We have problems with our collections and financial institutions have problems with their collections. Asking us to be the party to have to take care of somebody else's collections is asking too much.

Questions From Committee Members: Rep. Simon asked Mr. Varone what his position is with the amendments? Mr. Varone said with those amendments, they protect our priority liens and that is our main concern with this bill.

Closing by Sponsor: Rep. Grady said it appears that all the risk has to be put on these people. The people in the mobile home business seem to think these people have to take all the risk. The court owners want some way to collect the back lot rent before the trailer is moved out.

HEARING ON HOUSE BILL 683

Presentation and Opening Statement by Sponsor:

Rep. Marks stated that this bill is the Science and Technology Financing Act. Rep. Marks went through the purpose of the bill.

Testifying Proponents and Who They Represent:

Steve Huntington, Science & Technology Board
D.A. Baker, MD, Spokane, WA
David Peffer, PResident, Health Incentives, Inc.
Larry Gianchetta, Dean, School of Business, U of M, Missoula
Bruce McLeod, Professor, Electrical Engineering, MSU,
Bozeman
Carol Daly, Exec. Director, Flathead Economic Development Corp.

Proponent Testimony:

See exhibit 1 for Mr. Huntington's testimony.

See exhibit 2 for Dr. Baker's testimony.

See exhibit 3 for Mr. Peffer's testimony.

See exhibit 4 for Mr. Gianchetta's testimony.

See exhibit 5 for Mr. McLeod's testimony.

See exhibit 6 for Ms. Daly's testimony.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: None

Closing by Sponsor: Rep. Marks closed.

DISPOSITION OF HOUSE BILL 683

Motion: Rep. Bachini moved DO PASS.

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: HB 683 DO PASS unanimously.

HEARING ON HOUSE BILL 690

Presentation and Opening Statement by Sponsor:

Rep. Spaeth said his bill provides for deduction from the taxable value of a title insurer or a title agent the value of its title plant; and amends Sections 15-6-201 and 15-24-602, MCA.

Testifying Proponents and Who They Represent:

Gene Phillips, Montana Land Title Association

Proponent Testimony:

Mr. Phillips said this bill will avoid litigation between title companies and the department of revenue over how you value the contents of the microfiche and microfilm that title companies use to keep track of the records in the county court house. That is what this bill is about.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Rep. Kilpatrick asked if this would need a fiscal note. Rep. Spaeth said it might at some point.

Closing by Sponsor: Rep. Spaeth closed.

DISPOSITION OF HOUSE BILL 690

Motion: Rep. Smith moved DO PASS.

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: HB 690 DO PASS unanimously.

HEARING ON HOUSE BILL 706

Presentation and Opening Statement by Sponsor:

Rep. Nelson said his bill would amend the laws relating to surplus lines insurers, agents, and insurance; provides for funding a surplus lines advisory organization by a stamping fee; and provides an applicability date.

Testifying Proponents and Who They Represent:

Bob Kocher, Butte
Helen Burke, President, Surplus Alliance, Great Falls
Roger McGlenn, IIAM

Proponent Testimony:

Mr. Kocher said surplus lines are for the more difficult and unusual types of risk and is very important. The more

availability we have of the markets in that area the better it is for the consumer. The language in this bill for the most part is housekeeping type language to clarify the intent and make compliance with the law easier.

Ms. Burke said they have worked the past year in conjunction with the insurance commissioner's office and her legal staff to draft and correct the wording of this bill. Everything has been covered and I recommend a do pass.

Mr. McGlenn said many of the Montana surplus lines agents are members in his association and we have been involved in working on this bill and strongly support it.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: None

Closing by Sponsor: Rep. Nelson recommends a do pass.

DISPOSITION OF HOUSE BILL 706

Motion: Rep. Bachini moved DO PASS.

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: HB 706 DO PASS unanimously.

HEARING ON HOUSE BILL 670

Presentation and Opening Statement by Sponsor:

Rep. Cody stated that her bill will revise the qualifications required for a master plumber's license. She said she had amendments to her bill.

Testifying Proponents and Who They Represent:

John Forkan, Anaconda

Proponent Testimony:

Mr. Forkan stated that he recommends with the amendments you give this bill a do pass.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Rep. Kilpatrick asked Rep. Cody if these amendments will take care of any opposition to the bill. Rep. Cody said they do.

Closing by Sponsor: Rep. Cody said she would appreciate a do pass.

DISPOSITION OF HOUSE BILL 670

Motion: Rep. Bachini moved DO PASS and moved the amendments.

Discussion: None

Amendments, Discussion, and Votes: The amendments DO PASS.

Recommendation and Vote: HB 670 DO PASS as amended unanimously.

HEARING ON HEARING ON HOUSE BILL 705

Presentation and Opening Statement by Sponsor:

Rep. Hannah stated that this is a bill to reestablish a usury limit under the Montana Retail Installment Sales Act by setting the maximum finance charge at 10 percent a year; and provides an applicability date. Rep. Hannah had amendments to the bill which he passed out to the committee.

Testifying Proponents and Who They Represent:

None

Proponent Testimony:

None

Testifying Opponents and Who They Represent:

John Cadby, MT Bankers Assoc.
Charles Brooks, MT Retail Assoc.

Opponent Testimony:

Mr. Cadby stated that the bill came up so fast they had not had time to research it as well as they would like, particularly as it is amended. IT still appears to affect credit cards that re issued in Montana. Most banks and other financial institutions, as you know, endorse MasterCard and Visa that are issued in South Dakota, Colorado, or wherever. Bank of Montana system in Great Falls is one and there may be one other in Billings. But Bank of Montana systems for sure, I know, are originators of credit cards in Montana. They presently charge 1.75 percent over prime for their revolving interest rate cards which comes to about 16.25 percent today. They have a fixed rate card of 17 percent. They employ 7 people in Great Falls in their bank card center and this would shut them down.

Mr. Brooks stated that his association has worked very hard to get the current statute on the books. They have a number of retailers that have charge accounts and extend credit. That with a prime rate of 11 percent and the cap at 10 percent, we will have to reduce credit to consumers. The retailers just cannot afford to extend credit the way this bill is structured. I haven't had an opportunity to research the bill nor communicate with our people. It appears that this is very damaging to the retail community and we are vigorously opposed to this bill.

Questions From Committee Members: Rep. Kilpatrick asked Rep. Hannah if he would consider an amendment of 2 percent higher? Rep. Hannah said he would.

Rep. Hansen asked Mr. Cadby in comparison with other states, other retailers, say department stores, how does their percentage compare with ours? Are we high in that area too? Mr. Cadby said he did not know how our stores compare with the other stores.

Rep. Pavlovich asked Rep. Hannah if he would consider raising the percentage to 10? Would you get with Mr. Cadby and see if you can work out a happy solution? Rep. Hannah said he didn't know if there was a happy solution between proponents and opponents, but I will be happy to speak with him.

Closing by Sponsor: Rep. Hannah said he thinks there is a logical argument to be made and the interest rate law should be close to, maybe a little higher than what the prime rate is. I might look at a 12 percent cap. I don't think that there is any question that Montana consumers are paying

anywhere from 6 to 10 percent more for the cost of goods that they purchase in Montana than people living in Arizona, California, District of Columbia, and West Virginia are saying. I don't think we need to do this.

HEARING ON HOUSE BILL 711

Presentation and Opening Statement by Sponsor:

Rep. Cobb stated that this bill will clarify the authority of the department of commerce related to product testing, inspecting noncommercial weights and measures, and inspecting commercial time measuring devices; deleting the requirement that the state standard weights be submitted to the national bureau of standards every 10 years for testing; and changes references from the national bureau of standards to the national institute of standards and technology.

Testifying Proponents and Who They Represent:

None

Proponent Testimony:

None

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: None

Closing by Sponsor: Rep. Cobb closed.

DISPOSITION OF HOUSE BILL 711

Motion: Rep. Simon moved DO PASS.

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: HB 711 DO PASS unanimously.

HEARING ON HOUSE BILL 733

Presentation and Opening Statement by Sponsor:

Rep. Brooke said this bill will require certification of licensed clinical psychologists as professional persons for purposes of the mental health laws.

Testifying Proponents and Who They Represent:

None

Proponent Testimony:

None

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Rep. Simon asked Rep. Brooke if these people currently receive any reimbursement from insurance? Rep. Brooke said yes.

Closing by Sponsor: Rep. Brooke closed.

DISPOSITION OF HOUSE BILL 733

Motion: Rep. Kilpatrick moved DO PASS.

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: HB 733 DO PASS unanimously.

HEARING ON HOUSE BILL 652

Presentation and Opening Statement by Sponsor:

Rep. Brooke stated that HB 652 will require a lender to pay interest on a mortgage reserve account; requires the department of commerce to supervise and examine the accounts to assure interest is paid; and provides an applicability provision.

Testifying Proponents and Who They Represent:

Alan Wiener, Missoula
Rick Van Akin, Montana People's Action, Missoula

Proponent Testimony:

See exhibit 1 for Mr. Wiener's testimony.

Mr. Van Akin said he has had personal experience in this kind of a situation. He owned a 4-plex and went through some tremendous hassles with Security Pacific Mortgage Corporation. These people failed to send my coupons on time so I would know what my payments were supposed to be while at the same time tried to accuse me of not making my payment on time. I ask the committee to support the bill..

Testifying Opponents and Who They Represent:

John Cadby, MT Bankers Assoc.
Clarence Frisbee, Cut Bank
George Castleton, Butte
Chip Erdman, MT Savings & Loans

Opponent Testimony:

See exhibit 2 for Mr. Cadby's testimony.

See exhibit 3 for MR. Frisbee's testimony.

Mr. Castleton said in checking some of the factors involved found that there are 10-12 states now paying interest. Those interest rates in California, brought up by a proponent is 2 percent. WE have been very active in Butte and Anaconda area in providing Montana board of housing loans to low income people, many of these range from \$15,000 to \$20,000 and have very small tax and insurance escrows. We service these loans and those costs would have to be assumed by the banks in the state and not out of state mortgage companies which are the secondary markets.

Mr. Erdman said his association endorses the comments of the Montana Bankers.

Questions From Committee Members: Rep. Simon asked Mr. Frisbee what his costs were to handle escrow accounts per year? MR Frisbee said his cost to handle the escrow, first there are three checks to go out, one to each portion for the taxes and insurance reserve, the insurance, there is an analysis which has to take place at the end of the year which analyzes all of those deposits and withdrawals to the account. There is computer time to do this, there are 12 monthly payments which have to be separated when you pay a check to the bank. That payment has to be segregated as to

principal and interest. Our cost on these accounts is well over \$20 per year. Rep. Simon asked the same question of Mr. Castleton. Mr. Castleton said they had not actually done an analysis on their accounts. I would say that those accounts we do service range between \$25-\$50 per year with all the individual time as well as computer time. This cost is also involved in those sold in the secondary market. It increases their costs and makes Montana less desirable.

Closing by Sponsor: Rep. Brooke said there have been amendments made to the bill, the department of commerce will not be involved and she will bring the copies to the committee secretary.

HEARING ON HOUSE BILL 734

Presentation and Opening Statement by Sponsor:

Rep. Thomas stated that his bill would generally revise the insurance agent licensing laws; directs the code commissioner to change any reference to the term "enrollment representative", "insurance agent", or "agent" to "insurance producer", to change any reference to the term "surplus lines agent" or "surplus lines insurance agent" to "surplus lines insurance producer", and to change any reference to the term "title agent" or "title insurance agent" to "title insurance producer" wherever it appears in the Montana code annotated; prohibits the grant or extension of a controlled business license; provides that misappropriation of insurance premiums or return premiums constitutes theft; allows the commissioner to revoke an insurance producer license for up to 5 years; allows for the automatic suspension, revocation, or termination of a nonresident insurance producer license upon suspension, revocation, or termination in his state of residence.

Testifying Proponents and Who They Represent:

Andy Bennett, State Auditor
Tanya Ask, MT Insurance Dept.
Roger McGlenn, IIAM
Larry Akey, MT Association Life Underwriters

Proponent Testimony:

Ms. Bennett stated that this bill is major in changes but simplifies the system and allows for a single license; as it exists today it is quite a complicated licensing system. For the past three years I have been working with the national association on this model piece of legislation. In the last year I have been working with the local Montana association in making sure that it is palatable to the association.

See exhibit 1 for Ms. Ask's testimony.

Mr. McGlenn stated that his association stands in support of the proposed amendments.

Mr. Akey stated that his association participated along with other organizations in the task force to develop this single license bill. Like the other associations we would prefer to see the appointment process retained. We urge you to give HB 734 and HB 536 a do pass.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Rep. Hansen asked Ms. Ask since the appointment is a stumbling block, is there anything in the bill that prevents the parent company from doing this any way? Ms. Ask said the bill's repealer section lists sections that will be repealed. There is a provision that the appointments will be stricken from Montana law.

Rep. Glaser asked Mr. Akey if the appointments can't be left as they are, you want the bill dead? Mr. Akey said he could not speak for the other associations. Life underwriters would prefer to have the appointment process in the bill. There is, in fact, model language developed by NAIC for single licensure which includes appointments. This bill does not. I can't say we would like to see this bill dead. We prefer to see single licenses out, but prefer to have the appointment process left in.

Rep. Kilpatrick asked Ms. Bennett how she felt about not having the provision for appointments. Will it destroy the bill? Ms. Bennett did not think this would destroy the bill. I see the appointment process as a collection of paper that we seldom use. If an agent sells insurance without a contract because the appointment process is no longer there, he is a fool.

Closing by Sponsor: Rep. Thomas said that the changes are not tremendous in nature. There are a couple of small amendments which we can discuss in executive session.

DISPOSITION OF HOUSE BILL 652

Motion: Rep. Hansen moved DO PASS as amended. Rep. Hansen also moved the amendments.

Discussion: None

Amendments, Discussion, and Votes: See the attached copy for the amendments. The amendments DO PASS unanimously.

Recommendation and Vote: HB 652 DO PASS as amended 10-6 vote.

DISPOSITION OF HOUSE BILL 705

Motion: Rep. McCormick moved DO NOT PASS.

Discussion: None

Amendments, Discussion, and Votes: Rep. thomas moved to make an amendment to the bill on page 1, line 16, change the 10 percent to 18 percent. The amendment vote failed. Rep. Thomas moved Rep. Hannah's amendments. These amendments passed. Rep. McCormick made the motion to table the bill. The table motion failed.

Recommendation and Vote: HB 705 DO NOT PASS as amended 11-5.

DISPOSITION OF HOUSE BILL 669

Motion: Rep. Bachini moved DO PASS.

Discussion: Rep. Kilpatrick said when we vote on this bill he might have to disqualify himself. When Mr. Campbell was talking about the group that had the insurance that was me. I put a law suit against the superintendent. The money was in the bank and was not spent, and the superintendent spent the money on the schools. Rep. Simon made a substitute motion to table the bill.

Amendments, Discussion, and Votes: None

Recommendation and Vote: HB 669 was TABLED unanimously.

DISPOSITION OF HOUSE BILL 629

Motion: Rep. Kilpatrick moved DO PASS and moved the amendments.

Amendments, Discussion, and Votes: Rep. Simon said the mobile home people have not seen these amendments, and I gave these amendments to them so they would have an opportunity to see what the amendments do. They certainly improve the bill a great deal but I think there is still some concern. With

the permission of the committee I would like to ask one representative be allowed to give us a very short overview of how they see the amendments still affecting them.

The representative said there are too many loose ends and we are uncomfortable with several different areas and feel these have serious ramifications. The bill doesn't take into account how far back legally the lot owner can charge lot rent. The park owners should be able to work together and come up with a better solution. Greentree Acceptance does most of the financing in the industry for Montana. If the financing is affected it will jeopardize the housing industry further in Montana.

The amendments DO PASS.

Rep. Glaser said this bill is like a lot of bills hatched at the last minute and are not well thought out, they don't think about what they are doing to both parties involved. It is a bad bill.

Recommendation and Vote: HB 629 DO NOT PASS 11-5 vote.

DISPOSITION OF HOUSE BILL 617

Motion: Rep. DeMars moved DO PASS. Rep. McCormick moved the amendments.

Discussion: The credit union was not agreeable to the amendments. Paul said the credit union objected to being included in the bill through the amendments. He talked with Fred Flanders and Bob Pyfer and they arrived at this agreement. If you want to strike credit unions out of the amendments, change the amendments where depository institution or credit union appears, change that terminology to financial institutions. Then we have to add another section saying "as used in this act financial institution means a bank as defined in 32-1-102 or a building and loan association as defined in 32-2-101." That effectively eliminates the credit union from the bill and includes banks and savings and loan associations. Rep. McCormick withdrew his motion.

Amendments, Discussion, and Votes: Rep. Kilpatrick made a motion to adopt the amendments as they are and to adopt a second part of amendments referred to by Paul Verdon. Rep. Thomas asked why we would take credit unions out? Credit unions are so small it would be burdensome for some of them, Rep. Nelson said. Rep. Kilpatrick said his credit union in Laurel told him the paperwork for them would be tremendous. All amendments failed in the vote. Rep. Smith made a substitute motion to table the bill.

Recommendation and Vote: HB 617 was TABLED 11-5 vote.

DISPOSITION OF HOUSE BILL 536

Motion: Rep. Thomas moved DO PASS and moved the amendments.

Discussion: Rep. Thomas said this is the pre-education licensure bill. What this bill does is instead of adopting post education, it proposes pre-education.

Amendments, Discussion, and Votes: Rep. Thomas said there was an amendment offered to reduce the hours from 40 to 20 and I would move that amendment, wherever 40 hours is referred to, change it to 20 hours.

Recommendation and Vote: HB 536 DO PASS as amended 15-1 vote.

DISPOSITION OF HOUSE BILL 734

Motion: Rep. Thomas moved DO PASS.

Discussion: None

Amendments, Discussion, and Votes: Rep. Thomas moved to make some amendments to the bill. On page 4, line 13 and 14, strike \$300 and insert \$500. The appointment process right now requires a \$10 fee for the filing of that appointment with the commissioner's office, the language that the agents want to be reinstated would not reinstate the \$10 that the companies pay. By changing this to \$500, we make up the lost revenue for the appointment of \$10 for that filing fee. This amendment passed. Rep. Thomas said on page 16, line 6, where it has \$100, this is a renewal fee of an out-of-state agent. I would like to move to amend it to \$50 versus \$100, the reason for this is an in-state agent pays this under reciprocity. This amendment passed. Rep. THOMAS moved to amend on page 25, line 1 and 2, strike "but who is not authorized to affect policies of insurance". This is in the definition section on page 24, line 8, it says insurance producer, we are talking about the definition of an insurance producer. And on (b), line 22, page 24, it says this does not mean what we call a consumer service representative. Every thing this person does, the insurance producer is responsible for. This amendment passed. On page 14, line 15, change the \$300 on the annual continuation fee to \$500. This amendment passed. Refer to the front of the bill, page 2, line 7, this is the section for agent appointments by the company. The two insurance agency groups want appointments. I moved these amendments. Rep. Pavlovich asked how the department felt about the appointments? Rep. Thomas said Ms. Bennett did not want

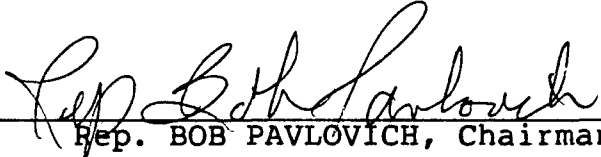
appointments. Rep. Stepler asked if we take away the appointment, how are we going to know if an agent is licensed by a company? Rep. Thomas said he is licensed, but he has to be appointed by a company before he can be licensed. Rep. Bachini asked why some agents are opposed to the appointments? Rep. Thomas said they felt the appointment process should be included because it sets up the agency relationship for the consumer's benefit. This amendment failed.

Recommendation and Vote: HB 734 DO PASS as amended unanimously.

Rep. Hansen made a motion to take HB 539 off the table. Rep. McCormick made a motion to table the motion by Rep. Hansen. The bill stays on the table.

ADJOURNMENT

Adjournment At: 1:15 P.M.


Rep. BOB PAVLOVICH, Chairman

BP/sp

4103.min

DAILY ROLL CALL

BUSINESS & ECONOMIC DEVELOPMENT COMMITTEE

51th LEGISLATIVE SESSION -- 1989

Date 2 17 89

NAME	PRESENT	ABSENT	EXCUSED
PAVLOVICH, BOB	✓		
DeMARS, GENE	✓		
BACHINI, BOB	✓		
BLOTKAMP, ROB	✓		
HANSEN, STELLA JEAN	✓		
JOHNSON, JOHN	✓		
KILPATRICK, TOM	✓		
MCCORMICK, LLOYD "MAC"	✓		
STEPPLER, DON	✓		
GLASER, BILL	✓		
KELLER, VERNON	✓		
NELSON, THOMAS	✓		
SIMON, BRUCE	✓		
SMITH, CLYDE	✓		
THOMAS, FRED	✓		
WALLIN, NORM	✓		
PAUL VERDON	✓		

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 626 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich	X	
Bob Bachini	X	
Rob Blotkamp	X	
Gene DeMars	X	
Bill Glaser		X
Stella Hansen	X	
John Johnson	X	
Vernon Keller		X
Tom Kilpatrick	X	
Lloyd McCormick	X	
Thomas Nelson		X
Bruce Simon		X
Clyde Smith		X
Don Stepler	X	
Fred Thomas		X
Norm Wallin		X

TALLY 9 7

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: Bob Blotkamp moved do pass
do pass as amended

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE _____ BILL NO. 626 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich	X	
Bob Bachini	X	
Rob Blotkamp	X	
Gene DeMars	X	
Bill Glaser	X	
Stella Hansen	X	
John Johnson	X	
Vernon Keller		X
Tom Kilpatrick	X	
Lloyd McCormick	X	
Thomas Nelson	X	
Bruce Simon		X
Clyde Smith		X
Don Stepler	X	
Fred Thomas		X
Norm Wallin		X

amendments

TALLY 10 5

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: _____

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 734 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich	↓	
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin		

TALLY

16 _____

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: moved do pass as
amended

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 538 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich	X	
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick	X	
Lloyd McCormick		X
Thomas Nelson	X	
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin	X	

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15 1

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION:

Thomas moved to pass as
amended

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 670 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich		
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin		

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Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: Bachini moved do pass & S
amended

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 652 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich	X	
Bob Bachini	X	
Rob Blotkamp	X	
Gene DeMars	X	
Bill Glaser	X	
Stella Hansen	X	
John Johnson	X	
Vernon Keller		X
Tom Kilpatrick	X	
Lloyd McCormick	X	
Thomas Nelson		X
Bruce Simon		X
Clyde Smith		X
Don Stepler	X	
Fred Thomas		X
Norm Wallin		X

TALLY

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6

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: Hansen moved do pass as amended.

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE

2/17/89

BILL NO.

591

NUMBER

NAME

AYE

NAY

NAME	AYE	NAY
Bob Pavlovich		
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin		

TALLY

16

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION:

Rep. Smith moved to pass
as amended

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 600 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich		
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin		

TALLY

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16

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: Bachini moved do pass

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE

2/17/89

BILL NO.

683

NUMBER

NAME

AYE

NAY

Bob Pavlovich		
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin		

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16

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION:

Bachini do pass

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 690 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich	↓	
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin		

TALLY

16 _____

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: Smith moved do pass

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 696 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich	X	
Bob Bachini	X	
Rob Blotkamp	X	
Gene DeMars	X	
Bill Glaser		X
Stella Hansen		X
John Johnson	X	X
Vernon Keller		X
Tom Kilpatrick	X	
Lloyd McCormick	X	
Thomas Nelson	X	X
Bruce Simon		X
Clyde Smith		X
Don Stepler		X
Fred Thomas		X
Norm Wallin		X

TALLY

6 10

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: Rep Bachini moved do pass
Failed

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 705 NUMBER 1

NAME	AYE	NAY
Bob Pavlovich		X
Bob Bachini		X
Rob Blotkamp	X	
Gene DeMars		X
Bill Glaser	X	
Stella Hansen	X	
John Johnson	X	
Vernon Keller	X	
Tom Kilpatrick		X
Lloyd McCormick	X	
Thomas Nelson	X	
Bruce Simon	X	
Clyde Smith	X	
Don Stepler		X
Fred Thomas	X	
Norm Wallin	X	

TALLY

11 5

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: McCormick moved do not pass
as amended

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 706 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich	↓	
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin		

TALLY

16 _____

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: Bachini moved do pass

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 711 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich	↓	
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin		↓

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16 _____

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION:

Simon moved do pass

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 733 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich		
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Stepler		
Fred Thomas		
Norm Wallin		

TALLY

14 _____

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: Kilpatrick moved duress

REVISED STANDING COMMITTEE REPORT

February 18, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that House Bill 626 (first reading copy -- white) do pass as amended .

Signed: Robert Pavlovich, Chairman

And, that such amendments read:

1. Title, line 7.

Following: "MCA"

Insert: "; AND PROVIDING AN EFFECTIVE DATE"

2. Page 2, Following: line 6.

Insert: "NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval."

STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 734 (first reading copy -- white) do pass as amended .

Signed: Robert Pavlovich
Robert Pavlovich, Chairman

And, that such amendments read:

1. Page 14, line 13.

Strike: "\$300.00"

Insert: "\$500.00"

2. Page 14, line 14.

Strike: "300.00"

Insert: "500.00"

3. Page 14, line 16.

Strike: "300.00"

Insert: "500.00"

4. Page 16, line 6.

Strike: "100.00"

Insert: "50.00"

5. Page 25, lines 1 and 2.

Following: "producer"

Strike: remainder of line 1 and through "insurance" on line 2

STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 536 (first reading copy -- white), with statement of intent included, do pass as amended .

Signed: _____
Robert Pavlovich, Chairman

And, that such amendments read:

1. Page 2, line 10.

Following: "the"

Strike: "40th"

Insert: "20th"

2. Page 3, lines 5 and 12.

Following: "complete" on each line

Strike: "40"

Insert: "20"

3. Page 14, line 10.

Following: "completed"

Strike: "40"

Insert: "20"

STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 670 (first reading copy -- white) do pass as amended.

Signed: Robert Pavlovich
Robert Pavlovich, Chairman

And, that such amendments read:

1. Page 1, line 14.
Following: "as a"
Insert: "licensed"

2. Page 1, line 16.
Following: "records"
Insert: "of actual plumbing experience"
Following: ","
Strike: "and"

3. Page 1, line 19.
Following: "~~(1)(a)~~,"
Insert: "evidence of 3 years' experience working with a licensed master plumber or in a supervisory capacity in the field of plumbing, which may run concurrently with the requirement in subsection (1) (a); and"

4. Page 1, line 20.
Following: line 19
Insert: "(c)"

5. Page 1, line 25.
Strike: "1,350"
Insert: "1,500"

STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 652 (first reading copy -- white) do pass as amended .

Signed: 
Robert Pavlovich, Chairman

And, that such amendments read:

1. Title, lines 5 through 7.
Strike: "REQUIRING" on line 5 through "PAID;" on line 7
2. Page 1, lines 19 and 20.
Strike: subsection (2) in its entirety
Renumber: subsequent subsections
3. Page 4, lines 5 through 13.
Strike: sections 3 and 4 in their entirety
Renumber: subsequent sections
4. Page 4, line 15.
Strike: "through 3"
Insert: "and 2"
5. Page 4, line 18.
Strike: "through 3"
Insert: "and 2"

STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 591 (first reading copy -- white) do pass as amended .

Signed: 

Robert Pavlovich, Chairman

And, that such amendments read:

1. Page 1, line 21.

Following: "institutions."

Insert: "The legislature intends that the department by rule provide for a fee to cover the costs of providing support debt information."

2. Page 6, line 16.

Following: "request."

Insert: "The department may charge a fee to recover the cost of responding to requests for support debt information."

3. Page 7, line 17.

Following: "shall"

Insert: "within 30 days"

2-17-89
2:55pm
LO

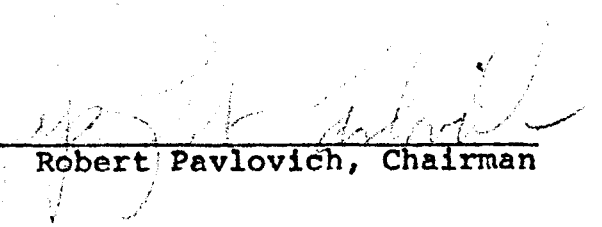
STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 600 (first reading copy -- white) do pass .

Signed:


Robert Pavlovich, Chairman

STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 629 (first reading copy -- white) do NOT pass as amended .

Signed: Robert Pavlovich
Robert Pavlovich, Chairman

And, that such amendments read:

1. Page 1, line 23.

Strike: "(1)"

2. Page 2, lines 2 through 23.

Strike: "unless" on line 2 through "act]" on line 23

3. Page 4, lines 23 and 24.

Strike: "the lien and"

4. Page 4, line 25.

Strike: "and enforcing the lien"

5. Page 5, line 3.

Strike: "the chattel mortgages or other"

6. Page 5, line 4.

Following: "record"

Insert: "or under [this act]"

STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 683 (first reading copy -- white) do pass.

Signed:


Robert Pavlovich, Chairman

STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 690 (first reading copy -- white) do pass .

Signed:


Robert Pavlovich, Chairman

STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 696 (first reading copy -- white) do NOT pass.

Signed: 
Robert Pavlovich, Chairman

STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 705 (second reading copy - yellow) do NOT pass as amended.

Signed: 
Robert Pavlovich, Chairman

And, that such amendments read:

1. Title, line 5.

Following: "ACT"

Insert: "ON RETAIL CHARGE ACCOUNTS"

2. Page 1, lines 15 and 16.

Strike: "may" on line 15 through "year" on line 16

Insert: "must be at a rate agreed upon by the retail seller and the buyer"

3. Page 3, line 6.

Strike: "retail installment contracts and"

217-37
STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic
Development report that HOUSE BILL 706 (first reading copy --
white) do pass.

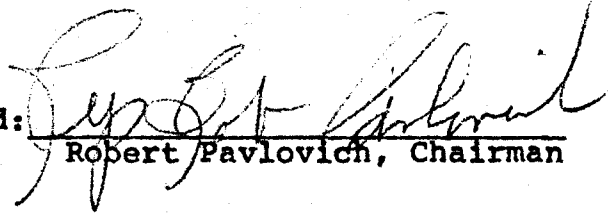
Signed: 
Robert Pavlovich, Chairman

2-17-89
2:55p.
70

STANDING COMMITTEE REPORT

February 17, 1989
Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 711 (first reading copy -- white) do pass .

Signed: 
Robert Pavlovich, Chairman

STANDING COMMITTEE REPORT

February 17, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Business and Economic Development report that HOUSE BILL 733 (first reading copy -- white) do pass.

Signed:


Robert Pavlovich, Chairman

Amendments to House Bill No. 536
First Reading Copy

For the Committee on Business and Economic Development

Prepared by Paul Verdon
February 17, 1989

1. Page 2, line 10.
Strike: "40th"
Insert: "20th"

2. Page 3, line 5.
Strike: "40"
Insert: "20"

3. Page 3, line 12.
Strike: "40"
Insert: "20"

4. Page 14, line 10.
Strike: "40"
Insert: "20"

Amendments to House Bill No. 652
First Reading Copy

For Committee on Business and Economic Development

Prepared by Paul Verdon
February 17, 1989

1. Title, lines 5 through 7.
Strike: "REQUIRING" on line 5 through "PAID;" on line 7

2. Page 1, lines 19 and 20.
Strike: subsection (2) in its entirety
Re-number: subsequent subsections

3. Page 4, lines 5 through 13.
Strike: sections 3 and 4 in their entirety
Re-number: subsequent sections

4. Page 4, line 15.
Strike: "through 3"
Insert: "and 2"

5. Page 4, line 18.
Strike: "through 3"
Insert: "and 2"

Amendments to House Bill No. 591
First Reading Copy

For the Committee on Business and Economic Development

Prepared by Paul Verdon
February 17, 1989

1. Page 1, line 21.

Following: "institutions."

Insert: "The legislature intends that the department by rule provide for a fee to cover the costs of providing support debt information."

2. Page 6, line 16.

Following: "request."

Insert: "The department may charge a fee to recover the cost of responding to requests for support debt information."

3. Page 7, line 17.

Following: "shall"

Insert: "within 30 days"

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 2/17/89 BILL NO. 629 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich	X	
Bob Bachini	X	
Rob Blotkamp		X
Gene DeMars		X
Bill Glaser		X
Stella Hansen		X
John Johnson		X
Vernon Keller		X
Tom Kilpatrick	X	
Lloyd McCormick	X	
Thomas Nelson		X
Bruce Simon		X
Clyde Smith		X
Don Stepler	X	
Fred Thomas		X
Norm Wallin		X

TALLY

5 11

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: Kilpatrick moved to pass as
amended

DO NOT PASS
Reverse Motion

Amendments to House Bill No. 629
First Reading Copy

Requested by Rep. Grady
For the Committee on Business and Industry

Prepared by Lee Heiman
February 16, 1989

1. Page 1, line 23.

Strike: "(1)"

2. Page 2, lines 2 through 23.

Strike: "unless" on line 2 through "act]" on line 23

3. Page 4, lines 23 and 24.

Strike: "the lien and"

4. Page 4, line 25.

Strike: "and enforcing the lien"

5. Page 5, line 3.

Strike: "the chattel mortgages or other"

6. Page 5, line 4.

Following: "record"

Insert: "or under [this act]"

Amendments to House Bill No. 705
First Reading Copy

Committee on Business and Economic Development

Prepared by Paul Verdon
February 17, 1989

1. Title, line 5.

Following: "ACT"

Insert: "ON RETAIL CHARGE ACCOUNTS"

2. Page 1, lines 15 and 16.

Strike: "may" on line 15 through "year" on line 16

Insert: "must be at a rate agreed upon by the retail seller and the buyer"

3. Page 3, line 6.

Strike: "retail installment contracts and"

#1
2/17/89
HB 669

AMENDMENTS TO HB 669
February 16, 1989

Section 6. (2)(d), Page 8, line 10

Change 30 days to 45 days.

Section 7., Page 8, line 21 and 22

Change "180 days after its completion" to "60 days from the completed application submittal."

Section 11. (1)(a), Page 12, line 11

After, ". . . American Academy of Actuaries . . ." Add: "annually after the first year"

Section 12 and 13., Page 13, line 4

Change "calendar" to "fiscal".

Section 12 and 13., Page 13, line 7

Change "calendar" to "fiscal".

Section 13. Page 13, line 20

Change "taxes" to "fees".

Section 13. (1), Page 13, line 20 through Page 14, line 3

Delete "each . . . state"

Section 13. Page 14, line 4

Change "(2)" to "(1)"

Section 13. (3), Page 14, line 13

Change "(3)" to "(2)"

Delete "tax herein levied together with the"

Section 13. (4), Page 14, lines 17 through 19

Delete: "The commissioner shall promptly remit all such tax payments received by him to the state treasurer for credit to the general fund of the state."

Section 13 (4) Page 14, line 17

Add: "Fees generated under Title 33, Chapter 2 shall be used by the commissioner to offset expenses incurred for the regulation of self-funded plans."

Section 15. (3)

Page 17, line 7: Delete "be in favor", Add: "protect the assets"

Page 17, line 7: Delete "and"

Page 17, line 8: Delete "penalty"

Page 17, line 12-13: Delete "to the trustee and the commissioner. The trust fund shall bear the cost of the bond.", Add "A blanket bond covering one trust but not more than one administrator will be acceptable."

Section 19. (2), Page 19, line 23

Replace "tax" with "fee".

Section 25., Page 25, line 13 through Page 27, line 9

Delete entire section.

Section 26.(1)(o)

Add: "(iii) Coincidentally with the filing of the annual statement with the commissioner, each registered self-funded plan shall pay a fee to the commissioner of 14 cents a month per employee covered by the self-funded plan during the fiscal year of the annual statement."

Section 26 renumbered to 25Section 27 renumbered to 26Section 28 renumbered to 27Section 27, Page 31, line 21

Add: "New Section 28 is intended to be codified as an integral part of Title 39."

Add Section 28 -- Use of Benefit Trust Funds -- Any benefit trust established by or for a state political subdivision or pool of subdivisions must be used exclusively for the purpose of providing benefits to trust beneficiaries.

Amendments to House Bill No. 734
First Reading Copy

For the Committee on Business and Economic Development

Prepared by Paul Verdon
February 17, 1989

1. Page 14, line 13.
Strike: "\$300.00"
Insert: "\$500.00"

2. Page 14, line 14.
Strike: "300.00"
Insert: "500.00"

3. Page 14, line 16.
Strike: "300.00"
Insert: "500.00"

4. Page 16, line 6.
Strike: "100.00"
Insert: "50.00"

5. Page 25, lines 1 and 2.
Following: "producer"
Strike: remainder of line 1 and through "insurance" on line 2

ROGER TIPPY

Attorney At Law

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

(406) 442-4451

#2
HB 669
2/17/89

M E M O R A N D U M

DATE: February 16, 1989
TO: Representative Marian Hanson
cc: Reps. Mac McCormick and Tom Nelson
FROM: Roger Tippy for the Montana Dental Association

CT

Amend House Bill 669, introduced bill, as follows:

Insert: "NEW SECTION. Section 25. Choice of dental care providers. Every self-funded plan issued or amended on or after [the effective date of this act] which offers a dental care assistance plan and restricts the covered persons in selecting the providers of dental services to a single provider or group of providers must also offer an alternative dental care assistance plan that permits the covered persons to obtain dental care services from any licensed dental care provider of their choice. The portion of the premium paid by the employer for the limiting plan shall be comparable to, but in no case greater than, the portion of the premium paid by the employer for the alternative plan."

Renumber: Following sections.

Explanation: This amendment would further the philosophy expressed in House Bill 225, just reported out of the Human Services Committee, that no health insurance plan should prevent the covered persons from seeing any dentist they choose for dental services.

Unfortunately, 225 had to be amended to leave in place the payment differential allowed under the preferred provider law, that the insurance would only pay a non-preferred dentist 75% of what it would pay a preferred dentist. We would hope we could avoid a similar problem arising under 669 and the self-funded plans by establishing a full freedom of choice policy at the beginning.

RT:ah



THE MONTANA UNIVERSITY SYSTEM

33 SOUTH LAST CHANCE GULCH
HELENA, MONTANA 59620-2602
(406) 444-6570

#3
HB 669
2/17/89

COMMISSIONER OF HIGHER EDUCATION

HB-669

Proposed Amendment

A BILL FOR AN ACT ENTITLED: "AN ACT ADOPTING LAWS REGULATING SELF-FUNDED HEALTH CARE PLANS; AND AMENDING SECTIONS."

1) Section 4, page 5. Line 11. Insert:

(g) "a self-insured health plan that is established, maintained and administered by the board of regents."

2) Section 25, page 27. Line 9. Insert:

(9) this code does not apply to the university system group insurance program authorized in 2-18-702.

#1
2/17/89
HB 620

Amendments to House Bill No. 629
First Reading Copy

Requested by Rep. Grady
For the Committee on Business and Industry

Prepared by Lee Heiman
February 16, 1989

1. Page 1, line 23.

Strike: "(1)"

2. Page 2, lines 2 through 23.

Strike: "unless" on line 2 through "act]" on line 23

3. Page 4, lines 23 and 24.

Strike: "the lien and"

4. Page 4, line 25.

Strike: "and enforcing the lien"

5. Page 5, line 3.

Strike: "the chattel mortgages or other"

6. Page 5, line 4.

Following: "record"

Insert: "or under [this act]"

F2
2/17/89
MS 629

To: Mr. Chairman and Members of the Committee

From: Brian McCullough, President *Brian McCullough*
Helena Chapter of the MT Landlords' Assoc.
Representative for the MT Landlords' Assoc.

Date: February 17, 1989

Subject: Support for HB 629

To provide property owners with the opportunity to recover for the cost of services provided, will be very appreciated.

It is commonly thought by some people that property owners have bottomless pockets, so who cares if you skip on paying rent to them. Of course bankers don't share that opinion about the mortgage payments due them. This legislation will give a strong message to mobile home owners that rent lots, that Montana Law supports the fact that to provide a lot for someone to place their mobile home on is a service that should be paid for.

Thanks for hearing this legislation that puts some teeth into collecting lot rent in mobile home parks whether they consist of 1 lot or 50 lots.

We will appreciate your support in voting for HB 629

OPPOSITION TO HOUSE BILL 629

F3
2/17/89
HB 629

Good morning, Mr. Chairman and members of the committee.

For the record I am Mike Varone, Vice President Norwest Bank Helena and Vice Chairperson of the Montana Bankers Association's retail committee representing 157 banks in Montana. I am - and we are - opposed to House Bill 629.

How far are we willing to go? If we put the burden of having financial institutions be a collector for private investors in mobile home real estate, what do you think it will do to the common consumer?

Well, I'll tell you!

First, it will drive the financial institutions out of financing housing for the common consumer that can afford to purchase a mobile home.

Second, it will drive the cost of credit on mobile homes upward because of the extended risk on mobile homes that the financial institutions will be taking if this bill should pass.

Third, without affordable housing, it will drive up the taxpayers subsidy of low income housing in the State of Montana.

America was built on a "free enterprise system". There should be no "free lunches" for the entrepreneurialship of investors. By allowing this bill to get off the ground, it not only is a dis-service to the financial institutions but also the common consumer. It will reduce the available housing of not only our community but the community of the whole state.

Under Statutes of Liens No. 71-3-1201 we have in place a statute called an Agister's Lien which allows every person or lawful claimant to protect their interest and file an Agister's Lien. Under Statutes No. 71-3-1202, priority under an Agister's Lien, it does not allow precedence over perfected chattel mortgages. I have attached a copy of the Agister's Lien statutes for your convenience.

What will House Bill 629 lead to if passed? The next thing you'll see is that financial institutions will be responsible for not only collecting mobile home back rent but also for collecting rents for apartment buildings, shopping malls, commercial buildings and agricultural lessors. We must let the investors operate their individual businesses like any entrepreneurship in America. We must not pass on the responsibilities of the free enterprise system to our financial institutions.

This is a bad bill and should not get out of this committee.

71-3-1116. Notice of lien — filing with clerk of court. If an action is commenced for recovery for injury, disease, or death, a copy of the notice of lien may be filed in the office of the clerk of court in which the action is pending, and the filing is notice to all parties to the action.

History: En. Sec. 6, Ch. 532, L. 1979.

71-3-1117. Liability for failure to recognize lien. If any insurer or person, after receiving notice of lien, makes payment on account of injury, disease, or death and the amount of the lien claimed by any physician, nurse, physical therapist, occupational therapist, chiropractor, person practicing dentistry, or hospital has not been paid, the insurer or person is liable to the physician, nurse, physical therapist, occupational therapist, chiropractor, person practicing dentistry, or hospital for the reasonable value of the services.

History: En. Sec. 7, Ch. 532, L. 1979; amd. Sec. 5, Ch. 85, L. 1987.

Compiler's Comments

1987 Amendment: In two places inserted "physical therapist, occupational therapist, chiropractor, person practicing dentistry".

71-3-1118. Applicability. (1) Except as provided in subsection (2), this part does not apply to compensation awarded to workers for injury, disease, or death pursuant to the Workers' Compensation Act or the Occupational Disease Act of Montana.

(2) This part applies to all payments awarded for medical, therapy, chiropractic, dentistry, and hospital services pursuant to the acts referred to in subsection (1).

(3) This part does not apply to any benefits payable under a policy of life insurance or group life insurance, a contract of disability insurance, or an annuity contract or to pension benefits payable under a qualified pension plan.

History: En. Sec. 8, Ch. 532, L. 1979; amd. Sec. 1, Ch. 496, L. 1983; amd. Sec. 6, Ch. 85, L. 1987.

Compiler's Comments

1987 Amendment: In (2), after "medical", inserted "therapy, chiropractic, dentistry".

Cross-References

Workers' Compensation Act, Title 39, ch. 71.
Occupational Disease Act, Title 39, ch. 72.

Part 12

Agisters' Liens and Liens for Service

Part Cross-References

Bailment, Title 70, ch. 6.

Acknowledgment of lien satisfaction — penalty, 71-3-131.

71-3-1201. Who may have lien. (1) If there is an express or implied contract for keeping, feeding, herding, pasturing, or ranching stock, a ranchman, farmer, agister, herder, hotelkeeper, livery, or stablekeeper to whom any horses, mules, cattle, sheep, hogs, or other stock are entrusted has a lien upon such stock for the amount due for keeping, feeding, herding, pasturing, or ranching the stock and may retain possession thereof until the sum due is paid.

(2) Every person who, while lawfully in possession of an article of personal property, renders any service to the owner or lawful claimant thereof by labor or skill employed for the making, repairing, protection, improvement, safe-keeping, or carriage thereof has a special lien thereon, dependent on possession, for the compensation, if any, that is due to him from the owner or lawful claimant for such service and for material, if any, furnished in connection therewith.

History: En. Sec. 3935, Civ. C. 1895; re-en. Sec. 5805, Rev. C. 1907; amd. Sec. 1, Ch. 117, L. 1921; re-en. Sec. 8383, R.C.M. 1921; Cal. Civ. C. Sec. 3051; Based on Field Civ. C. Sec. 1696; re-en. Sec. 8383, R.C.M. 1935; amd. Sec. 11-127, Ch. 264, L. 1963; R.C.M. 1947, 45-1106(part); amd. Sec. 5, Ch. 11, L. 1979.

Cross-References

Bailment, Title 70, ch. 6.

71-3-1202. Priority. (1) The lien hereby created shall not take precedence over perfected security interests under the Uniform Commercial Code—Secured Transactions or other recorded liens on the property involved unless, within 30 days from the time of receiving the property, the person desiring to assert a lien thereon shall give notice in writing to said secured party or other lienholder, stating his intention to assert a lien on said property, under the terms of this part, and stating the nature and approximate amount of the work performed or feed or other services furnished or intended to be performed or furnished therefor.

(2) Such service may be made either by personal service or by mailing by registered or certified mail a copy of said notice to the secured party or other lienholder at his last-known post-office address. Said service shall be deemed complete upon the deposit of the notice in the post office.

(3) Within 20 days after the date of such mailing or 10 days after such personal service, the secured party or other lienholder or his representative shall have the right to take possession of said property upon payment of the amount of the lien then accrued. A failure on the part of such secured party or other lienholder so to do shall constitute a waiver of the priority of such security interest or other lien over the lien created by this part.

History: (1), (2)En. Sec. 3935, Civ. C. 1895; re-en. Sec. 5805, Rev. C. 1907; amd. Sec. 1, Ch. 117, L. 1921; re-en. Sec. 8383, R.C.M. 1921; Cal. Civ. C. Sec. 3051; Based on Field Civ. C. Sec. 1696; re-en. Sec. 8383, R.C.M. 1935; amd. Sec. 11-127, Ch. 264, L. 1963; Sec. 45-1106, R.C.M. 1947; (3)En. Sec. 2, Ch. 117, L. 1921; re-en. Sec. 8384, R.C.M. 1921; Cal. Civ. C. Sec. 3052; re-en. Sec. 8384, R.C.M. 1935; amd. Sec. 11-128, Ch. 264, L. 1963; Sec. 45-1107, R.C.M. 1947; R.C.M. 1947, 45-1106(part), 45-1107; amd. Sec. 1, Ch. 308, L. 1983.

Cross-References

Secured transactions — U.C.C., Title 30, ch. 9.
 Rules of priority under U.C.C., Title 30, ch. 9, part 3.
 Priority in general, 71-3-113.
 Priority of purchase money mortgage, 71-3-114.
 Priority — farm laborers' liens, 71-3-401.

Priority — construction liens, 71-3-541, 71-3-542.
 Priority — loggers' liens, 71-3-602.
 Priority — liens for seed or grain, 71-3-702.
 Priority — threshers' liens, 71-3-804.
 Priority — liens for spraying or dusting, 71-3-904.
 Priority — laborers' and materialmen's liens on oil and gas wells and pipelines, 71-3-1007.

71-3-1203. Enforcement of lien — sale. If payment for such work, labor, feed, or services or material furnished is not made within 30 days after the performance or furnishing of the same, the person entitled to a lien under the provisions of this part may enforce said lien in the following manner:

71-3-1204. Lien not lost by fraudulent taking of property. The lien created by this part shall not be lost by reason of any forcible or fraudulent taking of the property from the possession of the person entitled to said lien, but in all such cases the person entitled to such lien shall be entitled to recover possession of the property by proper action instituted in court against any person in whose possession the property may be found.

History: En. Sec. 4, Ch. 117, L. 1921; re-en. Sec. 8386, R.C.M. 1921; re-en. Sec. 8386, R.C.M. 1935; R.C.M. 1947, 45-1109.

Part 13

Liens on Real Estate

Part Cross-References

Acknowledgment of lien satisfaction — penalty, 71-3-131.

71-3-1301. Lien of seller of real property — waiver. (1) One who sells real property has a vendor's lien thereon, independent of possession, for so much of the price as remains unpaid and unsecured otherwise than by the personal obligation of the buyer.

(2) Where a buyer of real property gives to the seller a written contract for payment of all or part of the price, an absolute transfer of such contract by the seller waives his lien to the extent of the sum payable under the contract; but a transfer of such contract in trust to pay debts and return the surplus is not a waiver of the lien.

History: (1)En. Sec. 3930, Civ. C. 1895; re-en. Sec. 5800, Rev. C. 1907; re-en. Sec. 8378, R.C.M. 1921; Cal. Civ. C. Sec. 3046; Field Civ. C. Sec. 1691; re-en. Sec. 8378, R.C.M. 1935; Sec. 45-1101, R.C.M. 1947; (2)En. Sec. 3931, Civ. C. 1895; re-en. Sec. 5801, Rev. C. 1907; re-en. Sec. 8379, R.C.M. 1921; Cal. Civ. C. Sec. 3047; Based on Field Civ. C. Sec. 1692; re-en. Sec. 8379, R.C.M. 1935; Sec. 45-1102, R.C.M. 1947; R.C.M. 1947, 45-1101, 45-1102.

71-3-1302. Purchaser's lien on real property. One who pays to the owner any part of the price of real property, under an agreement for the sale thereof, has a special lien upon the property, independent of possession, for such part of the amount paid as he may be entitled to recover back, in case of a failure of consideration.

History: En. Sec. 3934, Civ. C. 1895; re-en. Sec. 5804, Rev. C. 1907; re-en. Sec. 8382, R.C.M. 1921; Cal. Civ. C. Sec. 3050; Field Civ. C. Sec. 1695; re-en. Sec. 8382, R.C.M. 1935; R.C.M. 1947, 45-1105.

71-3-1303. Extent of liens. The liens defined in 71-3-1301 and 71-3-1302 are valid against everyone claiming under the debtor, except a purchaser and encumbrancer in good faith and for value.

History: En. Sec. 3932, Civ. C. 1895; re-en. Sec. 5802, Rev. C. 1907; re-en. Sec. 8380, R.C.M. 1921; Cal. Civ. C. Sec. 3048; Field Civ. C. Sec. 1693; re-en. Sec. 8380, R.C.M. 1935; R.C.M. 1947, 45-1103.

Part 14

Hotel Liens

Part Cross-References

Bailment — innkeepers, Title 70, ch. 6, part 5.

Acknowledgment of lien satisfaction — penalty, 71-3-131.

(1) He shall deliver to the sheriff or a constable of the county in which the property is located an affidavit of the amount of his claim against said property, a description of the property, and the name of the owner thereof or of the person at whose request the work, labor, or services were performed or the materials furnished.

(2) Upon receipt of such affidavit, the sheriff or constable shall proceed to advertise and sell at public auction so much of the property covered by said lien as will satisfy same.

(3) Such sale shall be advertised, conducted, and held in the same manner as prescribed in 25-13-701(1)(b).

(4) Before the sheriff or constable sells the property at public auction, he shall give notice of the sale to the owner or person at whose request the work, labor, or services were performed or the materials furnished.

(a) Notice to the owner must be given at least 10 days before the sale.

(b) The notice must state:

(i) the time and place of the sale;

(ii) the amount of the claim against the property;

(iii) a description of the property;

(iv) the name of the owner or person who contracted for the services or materials; and

(v) the name of the person claiming the lien.

(c) The notice may be given by personal service or by mailing by certified mail a copy of the notice to the last-known post office address of the owner or person who contracted for the services or materials.

(d) If the sheriff or constable is not able to effect personal service or service by mail because the location and mailing address of the owner or person who contracted for the services or materials are unknown, the sheriff or constable may give notice by posting notice of the sale in three public places in the county in which the property is located.

(5) The proceeds of the sale shall be applied by the sheriff to the discharge of the lien and the cost of the proceedings in selling the property and enforcing the lien, and the remainder, if any, or such part as is required to discharge the claims, shall be turned over by the sheriff to the holders, in the order of their precedence, of the chattel mortgages or other lien claimants of record against said property, and the balance of the proceeds shall be turned over to the owner of the property.

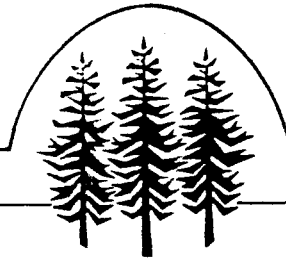
(6) However, before making seizure of any property under the provisions of this section, the sheriff may require an indemnity bond from the lienor that may not exceed double the amount of the claim against said property, said bond and the surety or sureties thereon to be approved by said sheriff.

History: En. Sec. 3, Ch. 117, L. 1921; re-en. Sec. 8385, R.C.M. 1921; amd. Sec. 1, Ch. 130, L. 1927; re-en. Sec. 8385, R.C.M. 1935; R.C.M. 1947, 45-1108; amd. Sec. 1, Ch. 87, L. 1987; amd. Sec. 10, Ch. 88, L. 1987.

Compiler's Comments

1987 Amendments: Chapter 87 in introduction substituted "this part" for "this section"; in (1) substituted "an affidavit" for "a statement"; in (2) substituted "affidavit" for "statement"; and inserted (4). (Note: amendment to (3) concerning public notice of sale was voided by Ch. 88.)

Chapter 88 at end of (3) substituted "prescribed in 25-13-701(1)(b)" for "provided by law for the sale of mortgaged personal property by sheriffs. Such notice shall be given for not less than 5 or more than 10 days prior to the date of sale"; and in (6), before "double the amount", substituted "that may not exceed" for "in not to exceed".



TAMARACK PROPERTIES

Suite 538 • 2929 3rd Avenue North • Billings, Montana • 59101 • (406) 252-3773

February 15, 1989

Legislative Committee

Re: HB 629

Dear Legislative Committee Members:

Regarding the above mentioned proposed legislation, I feel that approval of such a measure would generally be detrimental to affordable housing in the state of Montana. The proposal would virtually guaranty the loss of substantially all mobile home financing in the state by placing the first lien holder in jeopardy of losing his collateral in the event of delinquent rent. Mobile home financing is already very difficult for most borrowers to obtain in our area and this measure would remove the few remaining lenders still active in Montana.

I own and operate two mobile home parks in Billings containing 520 spaces and therefore feel reasonably aware of the problems facing the manufactured housing industry today. HB 629 is not reasonable, fair or practical and should not be approved. I urge you to examine the negative ramifications of the proposal. Thank you.

Sincerely,

Greg MacDonald
Gregory C. MacDonald

GCM/jw

February 16, 1989

Legislative Committee
Helena, Montana

RE: HB 629

Dear Legislative Committee Members:

This letter is in reference to House Bill #629, presently in your committee.

Our mobile home park consists of 217 spaces which fortunately is completely filled at this time.

We sincerely feel that HB 629 would be a severe detriment to everyone associated with the mobile home industry, and would eventually trickle down to the ultimate consumer.

The bill could cause our present financial sources to suspend any further financing due to their obligation on reimbursement of past due rent. The rent collection is and should remain a responsibility of the park owner.

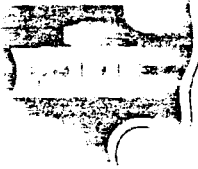
Please do not approve this bill.

Thank you for your consideration.

Very truly yours,

Aldonna Belcin owner

Blains Mobile Home Park



State Of Montana
Legislative Committee

Re: House Bill #629

HB 629, if approved, will negatively affect the Mobile Home Industry in Montana.

Mobile Home living is a necessary alternative housing program available to the people of Montana. HB 629 would dry up what little Mobile Home financing there is available in the State Of Montana at this time.

Mobile Home Communities, Inc. Manages approximately 12, 000 spaces throughout the U.S., 476 of which are in Casa Village in Billings. It is the policy of our Company that space rent collection is the direct responsibility of the Park Owner and should not be a burden on the lien holder!

I would request that HB 629 not be approved by the Legislature, and that the responsibility for collecting space rent remain in the hands of responsible Park Owner.

Sincerely,

Loyd Upton, Manager
Mobile Home Communities, Inc.
DBA Casa Village Mobile Home Park

THE MONTANA SCIENCE AND TECHNOLOGY FINANCING ACT
INTRODUCED BY REQUEST OF THE GOVERNOR

1
2/17/89
HB 683

CAPITAL AVAILABILITY IN MONTANA:

- Economic development depends on a number of factors, one of which is the availability of capital for new and expanding businesses.
- There is a need in Montana for investment capital for businesses which have economic potential, but which do not meet the traditional lending requirements of commercial banks.
- The Science and Technology Alliance is meeting that need through its process of identifying, developing, and financing businesses which utilize innovative technologies.

THE ACT HAS THREE MAJOR PURPOSES:

- It provides \$1.5 Million per year (\$7.5 million over a five year period) for the Seed Capital Financing Program.
- It establishes procedures for operation of the Seed Capital Financing Program.
- It establishes procedures for operation of the Research and Development Financing Program. (not funded by this act)

SEED CAPITAL PROGRAM FUND SOURCE:

- The fund source for the Seed Capital Program is the instate investment fund.
- A portion of the Coal Severance Tax Trust Fund which was established by the voters in 1982 for financing business development in Montana. (The fund has a \$24 million balance)

RETURN ON INVESTMENT:

- In addition to creating new jobs and expanding the state's tax base, the Seed Capital Program is structured to provide a monetary return of \$8.5 million to the coal trust and at least \$6.2 to the general fund.

CONSTITUTIONALITY OF THE ACT:

- The act specifically addresses the constitutional problems identified by the Montana Supreme Court in the White Decision:
 - * This act does not use bond proceeds.
 - * This act is very specific regarding the criteria by which financing decisions are made.

ADMINISTRATIVE PROVISIONS:

- The act establishes a nine member board appointed by the Governor.
- The act requires explicit return-on-investment agreements which protect the State's position and provide for monetary return.
- The act requires that all financings with State funds are matched by at least an equal amount of private financing.
- The act provides for two staff members to be exempt from pay plan regulations. All staff are to be hired by the Governor through the Department of Commerce.

LEGISLATIVE ACTION:

- The act provides for management of a portion of the instate investment fund - it does not appropriate funds.
- The act requires a simple majority for passage.

6
HB 6
2/17

D. A. Baker, M.D.

Baker Guardian
Holy Family Medical Clinic
E. 235 Rowan - Suite 109
Spokane, WA 99207
(509) 483-0158



February 9, 1989

Representative Bob Pavlovich
Chairman of the House Business & Economics Development Committee
Capitol Station
Helena, Montana 59620

I would like to encourage your support of the Montana Science & Technology Alliance Program. From 1984 - 1988 M.S. & T.A. evaluated my high tech developmental project and felt it and its' associated industry would be good for Montana's business and commerce. My development centers on miniaturizing and automating the fetal monitoring equipment currently being used by hospitals throughout the world. Converting this diagnostic equipment into a portable form has had the firm support of leading health agencies interested in cutting their medical diagnostic overhead expenses. It's technical development has had financial and promotional support from NASA and the National Institute of Health. Unfortunately the M.S. & T.A.'s support of the project was curtailed in a recent decision of the Montana Supreme Court.

If Montana hopes to maintain its' economic stability, investments for the future have to be made and institutions such as M.S. & T.A. must have your support. A number of other states have encouraged high tech development quite profitably in creating jobs and establishing the seeds for maintaining a technically trained work force which is so necessary for the economic health of its' state.

The State of Montana needs its Science and Technology Alliance office if jobs and industry are to be encouraged in Montana.

Sincerely,

D.A. Baker, M.D.

Health Incentives, Inc.

Containing Costs and Promoting Health

February 15, 1989

#3
2/17/89
HB68

Bob Pavlovich
Chairman
Montana House of Representatives
Business and Economic Development Committee
Helena, MT

Dear Mr. Pavlovich:

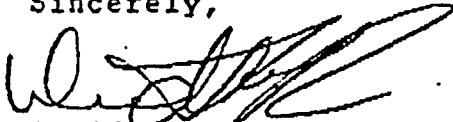
I am David Feffer, President of Health Incentives, Inc. and am writing in support of the proposed Montana Science and Technology Financing Act.

Expanding the business base in Montana is of critical importance to the positive economic and social future of the state. One of the keys to expanding this base, through the creativity and hard work of people willing to take an idea and grow it into a functioning business, is the availability of capital. Montana, is sadly lacking in capital for business development and expansion; and I feel that the proposed Montana Science and Technology Financing Act is a extremely important step in filling this capital void.

From a personal point of view, Michael Wood and I founded Health Incentives in 1983 with limited capital that we raised from family and friends. There was no other source available. With this we built a small successful business. Our business showed significant potential and after four years we required additional capital to expand. We sought financing from the Montana Science and Technology Alliance and we were successful in receiving \$100,000 to match monies that were invested by private individuals. This financing along with the technical assistance that we received from the Alliance staff and board were invaluable in helping Health Incentives achieve business success. Without the Alliance financing our expansion would have been seriously affected if not stopped altogether.

As an entrepreneur, I have been continually frustrated with the unavailability of capital for business development in Montana. There are hundreds of people in the state with good business ideas and the energy to make them a reality. This act will provide what I believe is an important source and catalyst for broad based and needed economic expansion in Montana.

Sincerely,



David A. Effer
President and CEO

DAF/lg

#4
2/17/89
HB68

Intra-campus MEMORANDUM

UNIVERSITY OF MONTANA
School of Business Administration

DATE: February 16, 1989
TO: House Business and Economic Development Committee
FROM: Larry Gianchetta, ^{JD} Dean
RE: Montana Science and Technology Financing Act

For the record, my name is Larry Gianchetta and I am Dean of the School of Business Administration at the University of Montana. Also, it should be noted that I was a member of the Financial Advisory Committee to the Montana Science and Technology Alliance when it was still in the seed capital business. This is a committee which looks at businesses in the early stages of development for possible seed capital funding.

Being a Professor of Management and Dean of the School of Business Administration, I am often engaged in working with businesses in the early stages of their development. There is plenty of statistical data to support that many well-managed businesses with an excellent product ultimately end in failure due to the lack of working capital. Most financial institutions are willing to make loans to businesses with their assets as collateral. Businesses in the early stages of their development have not had the opportunity to develop the necessary assets to qualify for loans at most loaning institutions. It is critical that the State of Montana provide a vehicle for capital infusion into these businesses in their early stages and I think the seed capital program provided by the Montana Science and Technology Alliance was working well. In fact I must say, having been involved in many similar processes, that there are none as streamlined and sophisticated as the seed capital program that existed within MSTA. When one considers the staff, the board of directors, and the members of the financial advisory committee, the people resource base there is outstanding. Coupled with the process that was in place, the seed capital made available to early stage companies was "well-invested." Two particular examples in the Missoula area I have worked with from almost day one are Health Incentives and ChromatoChem.

Statistics provided by our Bureau of Business and Economic Research regarding the out-migration in our state over the last decade indicate we should all be concerned. The Montana Science and Technology Financing Act is exactly "what the doctor ordered" to reverse that trend. I encourage you to support the

aforementioned act and let the Montana Science and Technology Alliance go back to providing seed capital to early stage businesses. It has an excellent, and proven, track record.

LG:CD

#5
2/17
HB 68

TESTIMONY IN SUPPORT
OF
HOUSE BILL 653

Mr. Chairman, and Members of the Committee

My name is Bruce McLeod. I am a Professor of Electrical Engineering at Montana State University and also President and CEO of Life Resonances Inc., a Montana corporation started, in part, with the help of a seed capital loan from the Montana Science and Technology Alliance (MSTA). I would like to submit this testimony in support of HB 656 which is being considered in this hearing.

Several years ago, my research at MSU developed to the point where it was suggested that I should consider its commercial potential. I wrote a proposal and submitted it to MSTTA. The MSTTA board reviewed the proposal, both internally and with the help of consultants from several other laboratories throughout the U.S., and eventually offered to commit a \$125,000 seed capital loan to our company. The offer was contingent upon our being able to attract two and one-half times this amount from outside sources. We were able to attract the outside capital, and our company was started in 1987. I would like to outline for you how MSTTA's initial loan has produced working dollars for Montana.

During the first year, Montana State University received \$182,000 as a research contract plus there was an additional \$30,000 spent with a local Bozeman electronics firm for prototypes of our first device. During year two, this year, an additional \$72,000 in research contracts have been placed with MSU, an additional \$30,000 to \$40,000 will be spent in manufacturing with the electronics firm, and about \$10,000 will be spent in Bozeman for cloth goods that will become part of our product. To date then, the initial \$125,000 loan from MSTTA has resulted in a total of \$324,000 being spent in Bozeman, Montana!

My company has commitments for at least three more years of research support at an anticipated level of about \$100,000 per year. During that same three years, the number of devices built in Bozeman will increase rapidly, resulting in an additional \$50,000 to \$100,000 per year being spent for manufacturing. There is a potential, then, for an additional \$450,000 being spent in Bozeman, for a five year total of almost \$800,000. Again, I point out that it is the initial \$125,000 loan from MSTTA that is the base for this entire scenario. It should also be pointed out that the loan will be paid back to MSTTA, with approximately \$187,000 in interest added to the original amount. Thus, it would appear that a leverage of nearly eight to one will be generated by this seed capital loan. That, of course, is exactly what MSTTA is all about.

In a committee meeting held in these halls last week, an opponent stated that MSTTA was "playing with the State's money". It was further implied that what MSTTA has set forth as a set of goals cannot be done in Montana

VISITORS' REGISTER

Business

COMMITTEE

BILL NO. 591 652 683 629
669 670 690 705
706 711 733 734
736

DATE

2/17/89

SPONSOR _____

Please put the bill number. Thank

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Ray Smith - Alaska	MT Coy, GF	X	
Rich Hill	PIA	734	
Roger McLean	JIAT	706/734	
Robert R. Kooker	105 Sinton Lane Butte	706	
Ross Gibson	123 W Hillcrest Mtn	706	
Tanya Ask	MT. Ins. Dept	734	
Mike Young	Billings	669 Amnd	
Rick Larson	Billings	669 Amnd	
John C. Koch	Helena	Technical Advise	
CLARENCE S. FRISBER	CUT BANK		X 652
George Castleman	Butte		652
GEWE PHILLIPS	KALISPELL	HB 690	
Roger Tippy	Helena	669 Amnd	
MIKE VARON	Helena		629
RICHARD EMERY	HELENA	HB 733	
Leo Reynolds	HELENA	HB 629	
ALAN WIENER	MISSOULA	HB 652	
J CADBY	AMT BANKERS ASSN		HB 705 HB 652
Chuck Stearns	City of Missoula		HB 669 Unless amended

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

COMMITTEE

BILL NO. _____

DATE 2-17-89

SPONSOR _____

15629

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
BRIAN McElHough	2539 South Ridge Helena	✓	
Bruce W. Moerer	MSBA		669
Ann Ingels	MT Chamber of Commerce	669	705
Helen E. Burke	Simmo / Mt Falls MT	706	
Doug Paris	1410 MADISON HELENA		670
Jois Darley	102 Rolling Green 59805	652	
Ed McHugh	9 Cassman Dr	629	
Laurie Shaban	Bozeman Chamber	683	
CAROL DALY	P.O. Box 1597 KALISPELL, MT	683	
Becky N. Smith	P.O. Box 1114 D2, MT 59771	683	
IAN WALKER	560 N Park Ave Helena MT 59601	683	
Kay Foster	Billings Chamber	683	
Charles Brooks	Montana Retail Assoc.		705
Tom Staples	MT Int'l Trade Comm.	683	
Dirk Vissel	Intermountain Administration Assoc		669
A.W.E. Stevens	MT. FOOD DIST. ASSN.		669
Chip Bidman	MT UNIFIED SCHOOL TRUST MT. SCHOOL BOARD ASSN		669
H.L. (Hal) Millier	Asst City Mgr. Great Falls & Community Action Coalition	683	
Rep MARY McDONOUGH	HD 89 Billings	670 AS Amex.	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Bus. & Econ. Dev. COMMITTEE

BILL NO. _____

DATE 2-17-89

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Rick VanAken	Missoula - ^{Mont.} Rep. Assoc. ^{Assoc.}	652	
Juane Starnetz	Billings	670	
Don Adrepa	Missoula	670 ^{AS} Amended	
John Foreman	Anaconda	670 ^{AS} AMENDED	
Michael Mizenko	St. Paul	670 Amended	
Chip Eomron	McLeone Sov Inst		652
LARRY AKEY	MT ASSOC LIFE UNDERWRITERS	734	
Phil Campbell	Mont. El. Assoc	669	
LARRY AKEY	MT CAR RENTAL ASSOC	6 736	
Bill Pierce	Billings		629
Jenni Sigh ^{Dennis} _{Sicycle}	Missoula MT		629
ED BARTELT	Helena, MT		629
Paul Cape	Bozeman, MT		629
Paul Bon-Louis	MMH + RV		629
Bill Novak	MMH + RV - Billings		629
Victoria Novak			629

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

#1
2/17
HB7

WITNESS STATEMENT

NAME Tanya Ask BILL NO. HB 734

ADDRESS P.O. Box 4009 (444-5237)

WHOM DO YOU REPRESENT? Montana Insurance Dept.

SUPPORT OPPOSE AMEND

COMMENTS: Bill amends law to reflect the single license concept, doing away with current agent/solicitor/enrollment representative distinctions and introduces the concept of insurance producer. Customer service representatives are specifically excluded from licensure.

Insurance company appointments are removed.

Only one license will be needed for all lines of insurance. Current law requires one license for life & disability authority and a separate license for property & casualty.

Association licenses could be issued for life & disability producer associations. Currently only property/casualty associations can be licensed. (Association licenses are restricted to writing governmental entity insurance coverages.)

Grammatical revisions are made throughout the licensing chapter.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

#3
2/17/89
HB65c

TESTIMONY ON HB705652

By Clarence S. Frisbee, Vice President
First National Bank of Cut Bank
Past Chairman MBA Real Estate Committee

REAL ECONOMIC EFFECTS OF HB705652

A tax and insurance reserve account with a \$300.00 average balance paying interest at $5\frac{1}{2}$ percent would equal a cost of \$15.75 per year.

The present value of \$15.75 per year for thirty years at $5\frac{1}{2}$ percent equals \$235.36.

That means that the average cost per loan with a tax and insurance reserve would increase \$235.36.

All lenders will recognize this increased cost and

1. Cease making these home loans; or
2. Increase their loan interest rate to cover these costs.

As an example, I would have to increase my interest rate one-tenth of one percent to cover the increased costs.

CONCLUSION

I feel that this Bill would have these undesirable future effects:

1. It would discourage home mortgage lending in Montana;
2. It would increase lender costs;
3. It would increase the consumer's cost to buy a home; and
4. It would deceive the consumer into believing that he is getting something which he is not paying for.

INTEREST ON MORTGAGE RESERVES

1. Some borrowers may establish their own reserve accounts on conventional loans. Most, however, prefer the convenience of paying the principal, interest, taxes, and insurance on a monthly budgetable single payment. Further the discipline imposed by the budgeted monthly payment is attractive to some homeowners who do not exercise good savings habits to meet the debt when due.
2. HB-652 discourages establishment of reserve accounts for payment of taxes and insurance. Thousands of homeowners' taxes are now paid in one lump sum with a check by banks and S&L's. Without reserve funds, county tax collectors would have considerably more administrative expenses, more delinquent problems, higher collection costs, and require higher taxes.
3. The Farmers Home Administration does not require reserves for taxes and as a result counties have to sell houses to recover taxes due.
4. Interest on reserves may just be the straw that broke the camels back, as it would not be worth the hassle. HB-652 prohibits service charges making it even less attractive for all lenders in and outside of Montana.
5. An average house worth \$60,000 and average reserve balance of \$300 @ 5-1/4% = \$15.75 interest for borrowers. The banks administrative costs are higher than this. Further, the bank would have to complete a 1099 showing total interest paid for the IRS.
6. Interest on reserves penalizes the low income. Large reserve accounts earn a profit to the bank and S&L's, but small accounts are carried at a loss. The system is similar to a progressive income tax in that the large accounts on upper income carry the smaller accounts or low income borrowers. Small reserve balances do not yield sufficient interest to offset handling costs.
7. The VA, FHA, State Board of Housing, State Board of Investments, and other public and private insuring agencies require reserve funds for home mortgages to assure timely payment of taxes and insurance premiums. Banks cannot discontinue this service even if forced by HB-652 to operate at a loss.
8. HB-652's exemption for mortgage contracts previously entered into only if their is a written agreement allowing lenders to retain interest is unlikely. All previous contracts should be exempted as of the effective date.
9. What happens when the borrower is delinquent or if the reserve fund has a negative balance after payment of taxes and/or insurance? Can a lender impose service charges on the negative balance?

And this is without any interest! That is why most of us are probably sending our monthly mortgage payment to Shearson Lehman, Country Wide, or some other mortgage company who specializes in this business and handle billions of dollars in mortgages.

Mr. Chairman and Members of the Committee, due to all the problems and complicating factors with respect to this issue, we would suggest an interim study be made before we do any damage to our secondary real estate market. Some real estate loan officers tell me the secondary market is already nervous about buying Montana mortgages because of our depressed economy and property values as well as the adverse "Chunhapura" court decision. We don't want to make it any worse than it is. The Montana Bankers Association would be happy to cooperate with an interim study by obtaining as much statistics and data as possible on the subject.

(Statement by Montana Bankers Association)

The larger reserves by owners of more expensive homes probably earn interest in excess of the lenders administrative costs. On the other hand, borrowers who lives in small inexpensive houses where administrative costs probably exceed the interest receive a free service. Typically, most borrowers prefer the free service in preference to the few dollars they would get in interest.

The lender has to collect 12 payments, pay taxes and insurance premiums on time, verify payments and account balances to the borrower, and readjust the monthly premium payment when necessary to allow for increases in taxes and insurance premiums. Further, under Montana law, a lender cannot charge more than 110% of the actual taxes and insurance premiums. Federal law requires a 1099 form be completed on any of the lenders customers who receive more than \$10 in interest per year for the IRS.

Requiring computation and payment of interest in addition to all these other administrative costs, simply will result in higher costs to every homeowner. Even though the bill prohibits an administrative fee be charged, those costs are going to be offset with higher interest rates to borrowers. This is the same way all lenders are going to recover the additional tax that will probably be imposed on banks and savings and loans to offset the multi billion dollar loss by the savings and loans associations. I do not believe we want to contribute to higher interest rates to borrowers with HB-652.

Many banks in Montana have sold off their portfolio of real estate loans to secondary markets and mortgage companies because service fee income does not offset the administrative costs today.

#2
2/17/89
NB 650

TESTIMONY ON HB-652

INTEREST ON MORTGAGE RESERVES

Mr. Chairman and Members of the Committee:

The concept of accumulating annual taxes and insurance by setting aside specific monthly sums started in the 1930's. A very large number of lenders suffered losses as a result of tax foreclosures on mortgage properties during the Depression. To get lenders to return to the mortgage market, the Federal Housing Administration (FHA) created the requirement of an escrow account on all FHA insured mortgages. At the time, market interest rates were only about 2% and no one thought of requiring the lender to pay interest on these captive funds. Over the years, the practice of paying into non interest bearing escrow accounts became well established and was used by virtually all residential mortgage lenders, insuring agencies and secondary markets.

During the 1970's consumer movements questioned the free use of borrowers funds. Why shouldn't interest be paid on the borrowers escrowed funds? Obviously, it sounds good, but in practice there are some problems which are attached.

Lenders provide a valuable and expensive service to borrowers by accumulating escrow accounts and paying their taxes and insurance premiums. This service protects the homeowner against assessment and attachments for unpaid taxes. It is also a very efficient method of tax collection for local government.

Insurance premiums are paid on time as well guaranteeing there is a coverage in the event of a fire or other casualty.

PROBLEMS WITH HOUSE BILL 607

HOUSE BUSINESS AND INDUSTRY COMMITTEE

February 7, 1983

1. When mortgages are sold by a bank to the FNMA (Federal National Mortgage Association), reserve funds must be forwarded to them. How can a bank pay any interest on money they don't have in their possession?
2. The HUD (Federal Housing Administration) require reserve funds for home mortgages to assure timely payment of taxes and insurance premiums which preclude banks from discontinuing this service to their customers.
3. The Federal Home Loan Bank Board prohibits by regulation all federally chartered savings and loan associations from paying interest on reserve accounts or any mortgages contracted prior to June 16, 1975. Banks would not receive the same exemptions and thereby be placed at a competitive disadvantage.
4. HB 607 does not exempt mortgage contracts previously entered into which is an impairment of contract and legally questionable.
5. This bill does not include loans made or purchased by the State Housing Authority and State Investment Board. Would they be required to pay interest?
6. HB 607 does not define types of mortgages affected by the bill. Does it apply to only single family dwellings? multi-family dwellings? investment properties? commercial buildings? Some secondary markets require reserve funds on commercial property.
7. What happens when the mortgagor defaults on payment or if the reserve fund has a negative balance after payment of taxes and/or insurance? Can a bank impose interest charges on the negative balance?
8. Interest on escrows penalizes the poor and less fortunate. Large reserve accounts earn a profit to the bank and savings and loan associations but small accounts are carried at a loss. The system is similar to a progressive income tax in that the large accounts carry the smaller accounts or low to middle income homeowners. Studies show small reserve balances would not yield sufficient interest to offset handling costs.
9. Borrowers may establish their own reserve accounts on conventional loans if they so wish. Most prefer the convenience of paying the principal, interest, taxes, and insurance on a monthly budgetable single payment. Further the discipline imposed by the budgeted monthly payment is attractive to some homeowners who do not exercise good savings habits to meet the debt when due.
10. HB 607 discourages establishment of reserve accounts for payment of taxes and insurance. Thousands of homeowners' taxes are now paid in one lump sum with a check by banks and savings and loan associations. Without reserve funds, county tax collectors would have considerably more administrative expenses, more delinquency problems and higher collection costs.

A PROJECTION OF WHAT INTEREST BEARING MORTGAGE ESCROW ACCOUNTS COULD ANNUALLY PRODUCE IN THE HANDS OF MISSOULA COUNTY FHA, FmHA AND VA MORTGAGORS

IN TERMS OF A NOMINAL MONTANA FHA, FmHA, and VA MORTGAGE:

Estimated Annual Insurance:	\$400.00	30.77%
Estimated Annual Taxes:	900.00	69.23%
	<u>\$1300.00</u>	<u>100.00%</u>
Divided by 12 (ea. payment)	108.33	

	ESCROW ACCOUNT	PASSBOOK INTEREST @ 5.25%	PRIME RATE INTEREST @ 10%
	=====	=====	=====
First Monthly Impound	108.33	.47	.90
2nd " "	216.67	.95	1.81
3rd " "	325.00	1.42	2.71
4th " "	433.33	1.90	3.61
5th " "	541.67	2.37	4.51
6th " "	650.00	2.84	5.42
* 7th " "	308.33	1.35	2.57
8th " "	416.67	1.82	3.47
9th " "	525.00	2.30	4.37
10th " "	633.33	2.77	5.28
11th " "	741.67	3.24	6.18
** Last " "	850.00	3.72	7.08
		=====	=====
INTEREST DUE TO HOMEOWNER: ----->>>		25.16	47.92
AS A PERCENTAGE OF TOTAL IMPOUND:		1.94%	3.69%

* REDUCED AT END OF PRIOR MONTH BY HALF OF TAXES PAID (\$450.00)

** REDUCED AT END OF MONTH BY HALF OF TAXES
AND ALL OF INSURANCE PAYMENTS (\$850.00)

=====

IN MILLIONS OF DOLLARS

IN MISSOULA COUNTY THE AMOUNT OF TAXES PAID BY INSTITUTIONS ON BEHALF OF HOMEOWNERS IS:	\$	9.31
IF TAXES ARE 69% OF THE ANNUAL IMPOUNDED FUNDS, THEN THE TOTAL IMPOUNDS ARE:	\$	13.49
THUS TOTAL ANNUAL INTEREST PAYABLE TO AFFECTED HOMEOWNERS IN MISSOULA COUNTY WOULD BE:	\$.26 at 5.25%
	OR \$.50 at 10%

CONCLUSION: Interest payments on these impounded funds would generate **\$260,000.00 to \$500,000.00 yearly** into the economy of this one County. These monies would be distributed among tens of thousands of homeowners.

Note: These interest payments would represent discretionary income, which in all likelihood can be assumed to immediately appear in circulation within the county.

**THE DOLLAR IMPACT OF PROPOSED LEGISLATION
TO REQUIRE THE PAYMENT OF INTEREST
ON IMPOUNDED FUNDS PURPORTED TO
ENSURE THE PAYMENT OF INSURANCE AND TAXES
ON MORTGAGED PROPERTY**

The attached charts are based upon two assumptions. The first is that a 'nominal' mortgage would involve a home that is valued between \$75,000 and \$100,000 which would entail an annual insurance premium of \$400, and an annual tax bill of \$900. Each Legislator can personally verify the credibility of these figures by a comparison with the tax and insurance bills on his or her own homestead.

The second assumption is that while property tax bills are paid twice a year in this state (half in May and half in November), for purposes of clarity the first chart shows these two payments being made in January and June so that the year starts with the impounded funds at zero, with a half property tax payment being made at the end of June, and the other half property tax payment plus the full insurance premium being paid at the end of December.

Thus, it can be determined that such impoundments could generate annual interest payments of \$25.16 to each householder if the interest rate were set at the current level of Passbook Savings Accounts. If the interest rate were set at the current Prime Interest Rate, the interest payments would total \$47.92.

Both of these interest payment amounts are based on a "nominal" bill of \$1300 annually for insurance and property taxes. When divided into twelve payments this amounts to \$108.33 per month. The amount in the ESCROW ACCOUNT column is incremented by \$108.33 each month. The June total of \$650 is then reduced by one-half the taxes, or \$450, and then incremented by \$108.33 to reach the July total.

In the second chart, which is in rounded millions to two decimal points, the first amount is based upon information from the public records. Approximately \$9.31 million of the annual county receipts from property tax payments are paid by institutions on behalf of property owners. By extrapolation: if 69% of the total equals \$9.31 million, 100% of the total would equal approximately \$13.49 million.

To extrapolate further, multiply the total impounds in the county by the interest percentage of the annual impound (1.94% of \$13.49 million or 3.69% of \$13.49 million) and it can be determined that this legislation would generate between one-quarter to one-half million dollars, before taxes, into the economy of this county each and every year.

There are two ways to estimate the statewide impact of these figures. Both methods reveal figures that are so close as to imply that the one verifies the other.

The first method is to use the approximate percentage of the population of Montana inhabiting Missoula County, which is 8.39%. Thus, \$.26 million divided by .0839 equals \$3.10 million at the Passbook Rate of interest; and \$.50 million divided by .0839 equals \$5.96 million at the Prime Rate of interest.

The second method is to multiply the Missoula interest totals by the number of counties, which is 56, and divide by 4.7, which represents the factor between the average county population in Montana and that of Missoula County. Thus, \$.26 million times 56 and divided by 4.7 equals \$3.10 million at the Passbook Rate of interest; and \$.50 million times 56 and divided by 4.7 equals \$5.96 million at the Prime Rate of interest.

COUNTRYWIDE

FOR SKYLARK BANK

155 North Lake Avenue
P.O. Box 7137
Pasadena, California 91109-7137
For Inquiries: 818 304-8400x3525

Annual Mortgage Statement 1987

Prepared for **ALAN J. WIENER**
LOIS M. DARLEY
Account No. **1700915**

1/5/88/432-8800

**PLEASE RETAIN
FOR YOUR RECORDS**

Beginning Principal Balance	130,000.00	Beginning Escrow Balance	.00
Ending Principal Balance	129,198.38	Escrow Deposited	2,687.21
Principal Paid	801.62	Hazard Ins. Disbursed	638.00
Last Installment Paid	12/01/87	FHA/PMI Ins. Disbursed	.00
Accrued Late Charge	.00	Misc. Disbursement	.00
Fees Due	.00	Real Estate Tax Disbursed	1,594.34
INTEREST PAID	*12,315.70	Interest Paid To You On Escrow *	.00
		Ending Escrow Balance **	454.87

INCLUDES INT PD TO W. FED S/L

This information is being furnished to the Internal Revenue Service. The amount shown is deductible by you on your federal income tax return only to the extent it was actually paid by you and not reimbursed by another person.

*** INTEREST PAID TO YOU ON ESCROW, MUST BE REPORTED AS INTEREST INCOME.**

**** THE BALANCE DOES NOT REPRESENT AN OVERAGE. THE AMOUNT IS FOR FUTURE TAX & INSURANCE PAYMENTS.**

COUNTRYWIDE

FUNDING CORPORATION
155 N. LAKE AVE. • P.O. BOX 7137 • PASADENA, CA 91109-7137

* SEE OTHER SIDE FOR IMPORTANT
* TAX INFORMATION

LOAN NUMBER 1700915

TAX ID NDR 044-16-7522

PROPERTY 102 ROLLING GREEN PLACE
ADDRESS MISSOULA, MT 59810

TOTAL INTEREST YOU PAID IN 1988	\$	12232.32
PROPERTY TAX YOU PAID IN 1988	\$	1586.04
INTEREST PAID TO YOU ON ESCROW FUNDS HELD IN 1988	\$.00
PRINCIPAL BALANCE ON 12/31/88	\$	128246.55
ESCROW BALANCE ON 12/31/88	\$	201.51

TO ALAN J. WIENER
LOIS M. DARLEY
LOIS M. DARLEY
102 ROLLING GREEN PLACE
MISSOULA MT 59803

purported that such a bill would inundate the county treasurers. How? Again, these interest payments would not be within the purview of county treasurers. What bank or thrift in Montana invests in 9 to 13% mortgages in the face of 21.5% credit card interest. They all sell their mortgages on the after-market to out-of-state mortgage investment companies. Pat Hooks of the Montana Savings and Loan League purported that the mortgagees served by his organization would put the biggest investment of their lives at jeopardy because of sloth and indolence. These are the same people who voted to put you all into office. Would you portray them in that way? Bill Gowen of Helena Abstract and Title did not know whereof he spoke, \$25 a year in interest is not a small potatoes account. David Brown of First Bank, Helena, talked about fictitious "service charges" on savings accounts. Where does that happen? Lyle Olson of Helena said he does business with five lending institutions out-of-state. Look at my statement from one of the largest of these. Why do they have a line to record interest on Escrow Accounts? In interrogation, Representative Ellison picked up on the fallacious idea of service fees on Escrow Accounts. His interchange with Mr. Cadby is incomprehensible to a thinking voter. But then Mr. Cadby made the biggest boner of all. He said that banks and thrifts offer this service to Escrow Accounts for free. On the most "nominal" of such Escrow accounts they handle up to \$1300 a year, totally, and impound monies for insurance premiums which are none of their business, and pay no interest on these funds, and the larger accounts are subsidizing the smaller ones. Can you buy that? Do you on this Committee feel that the tens of thousands of mortgagee voters who supported you think that you can buy that?

By contrast, Mr. Chairman, HB652 gives you an opportunity to increase the deposits in these Montana bank and thrift institutions by millions of dollars a year. Help them to see the light, and you will help them improve their business. I wish to thank the Chair and the Committee for their indulgence, and urge them to unanimously endorse this small modicum of protection to tens of thousands of property owners in the state by bringing in these millions of dollars into our economy each and every year henceforth.

to 1975 were at such low interest rates that any capable banker would have sold them on the after-market to out-of-state investment companies.

4. HB652 is not an impairment of existing contract. It only makes the mortgagors sit up and do right. It protects Montana property owners.

5. Why shouldn't the State Housing Authority and the State Housing Board do the right thing by their mortgagees?

6. All mortgagees in the state need this kind of legal protection.

7. If a mortgagor defaults on the payment of taxes and insurance from funds held in Escrow it won't take the State of Montana to put them out of business. However, if the reserve fund has a negative balance it would be because of poor business practices in that impoundments are refigured every year.

8. This thinking is fallacious. No Escrow Account can be put at risk. Interest amounting to \$25 a year could not be described as small potatoes. Why those very banks pay interest on checking accounts in amounts as low as \$5 to \$10 a year.

9. Would the banks rather not give interest to the Conventional mortgagees who voluntarily submit themselves to the discipline of budgeted monthly payments?

10. HB652 does not discourage impoundments in any way, shape or form. Now as to the county tax collectors, their administrative expenses would not be increased one iota under this bill. The payment of interest on the Escrow Accounts would be out of their purview.

Mr. Cadby portrayed this type of legislation as an anti-consumer bill. Actually, it is a **pro-bank and thrift bill**. Doesn't the banking community have an idea of where these tens of thousands of interest payments would go? Discretionary income like this almost always end up in checking and savings accounts. So these same bank and thrift institutions in our state would be the richer because of HB652.

Lastly, Mr. Chairman, let me refute and rebut the comments of some of the other bankers that were made in 1983. Agnes Hoffman of the Security Bank in Billings

The reason I took such low figures was to point out the impact on the poorest farm, home and ranch owners in our State. Thus, you might assume that the three to six million dollars a year flowing into the economy of our state would more probably be five to eight million dollars a year. Not so much because Montanans are richer people, but rather because so much property in Montana is farm and ranch type holdings. So, let me explain just the basic mathematics in my projections to assure you of their validity.

Finally, Mr. Chairman, I would like to rebut and refute the earlier testimony of the Montana banking community. John Cadby of the Montana Bankers Association said that, "He doesn't think that any county would like to rely upon each home owner to pay these taxes." Was he assuming that these tens of thousands of Montana farm, home and ranch owners would put the biggest investment of their lives, and the physical base of their family's heritage, in jeopardy by not paying the taxes, in the face of sure foreclosure? Was he saying that Montanans cannot be trusted? He said that, "Banks make direct payments to counties twice a year that covers thousands of homeowners." What he didn't say was that these payments were on VA, FHA and FmHA mortgages where impoundment was required by Federal Legislation. What about the Conventional mortgages. No self-reliant Montanan who was so well off as to be able to get a Conventional mortgage would likely submit to impoundment. Mr. Cadby's ten comments which were Exhibit Three in 1983, are Exhibit Four in my testimony. Let me rebut and refute them one by one.

1. HB652 does not require a bank to pay interest on funds they don't hold. The out-of-state mortgagor would be required to do so.
2. HB652 does not conflict with HUD regulations, nor does it interfere with the required impoundments. It only says pay interest on those Escrow Accounts.
3. The Federal Home Loan Bank Board regulation on loans prior to 1975 would not put banks at a competitive disadvantage, because most of their mortgages taken out prior

The 1983 bill was poorly written, it had only three paragraphs, and there were no enabling provisions. In contrast HB652 which you are considering today was very well researched by the Legislative Council, and compared with similar enacted legislation in a number of other western states. Recognition of such existing legislation and the growing number of states that have enacted it can be seen on Exhibit One, appended to my testimony. The two annual statements of my mortgage activity, as required by the IRS, have a line on them entitled: INTEREST PAID TO YOU ON FUNDS HELD IN ESCROW. Ask yourselves, why would they have that line entry, except that they do pay such interest according to the laws of the states that have enacted such legislation.

HB652 was not only compared with existing enactments in other states, but the Legal Counsel of the Legislative Council had the Legal Counsel of the Regional Office of HUD, in Denver, look at the bill. That office said in effect that they would have no problems with HB652! Thus, we have a Bill with enabling language that puts some teeth in it. Compare that with the already existing legislation in the Montana Code that says that funds held in Escrow cannot be for more than 110% of the amounts to be covered, and there are no teeth in the Act, no qualified State Agency oversees the matter, and no one in Montana gets any benefit from that Act. That is what I call **public relation reasons**, the kind that effected the tabling of HB607 in 1983.

May I now call your attention to Exhibit Two and Three appended to my testimony. They are meant to give you an indication of the **impact of HB652 upon the economy of Montana**. The projection I gave you of three to six million dollars a year flowing into the economy of our state is purposely low because I took such low figures for the "nominal" tax and insurance bills. In my own case, my wife and I pay an insurance bill that is 160% higher, and a tax bill that is 177% higher. As an example, and with your permission Mr. Chairman, I would ask the Members of the Committee to indicate whether their own tax and insurance bills are at least 150% higher than the "nominal" figures I have given?

concerned citizen, that this problem cannot be resolved by Legislation. However, if HB652 were enacted, and some enablement were included to make the matter covered therein to come under the surveillance of a qualified State Agency, the lending institutions would be put on notice to straighten up their acts. After such a first step, controls could be effected upon this kind of cheating in concert with other states that have already passed legislation similar to HB652.

With these insights, let us now discuss the implications of HB652. It is impressive to note that this bill was proposed by Representative Vivian Brooke, who as a former President of the Missoula League of Women Voters and as a homemaker, is very sensitive to concerns about protective legislation for all the people of Montana and about legislative protection for the household pocketbook. As you may already know, similar legislation was proposed under HB607 of the 1983 Legislature. For your convenience I will supply your Committee Clerk with a copy of the minutes of the House Business and Industry Committee hearing of February 7, 1983. That bill was "tabled in committee for public relation reasons." I am here to say that this was a misnomer, and could more probably have been identified as PAC reasons. In view of the misleading testimony offered to that Committee by six members of the Montana banking community it is not hard to read that meaning into the Motion to Table. I will shortly offer some rebuttal and refutation of that body of testimony.

It was stated in 1983, by Representative Jan Brown that her motivation to offer that Bill was due to a survey taken by the **HELENA INDEPENDENT RECORD** just the month before which asked the readers to submit ideas for legislation they would like to see enacted. Two very heartfelt letters from homeowning mortgagees were included in that testimony. I would point out that they represent the feelings of tens of thousands of farm and ranch owners and householders in this State. For public relation reasons, may I point out to the Committee that these tens of thousands of mortgaged property owners really don't like to feel that they have been ripped off.

in Missoula, whose mortgage is held by the same company in Pasadena. He's paying that buffer charge every month because he didn't think to object on the same grounds that half of his tax bill was fixed by the second half payment due in May, and not subject to any so-called estimated increase. Finally, the mortgagor was not operating with any recognition of the Constitutional Amendment that was recently passed in our State which prohibits property tax increases.

At the same time that I was making this objection to the mortgagor, we had just qualified for a 5% decrease in our insurance premium on the homeowner insurance coverage because of an AARP insurance program which extends such savings to those homeowners who also insure their automobiles with the same company. I began to think about this insurance premium impound, and realized that the mortgagor wanted to impound our entire premium. But one third of this premium was none of their business! That portion had to do with our liability coverage and our personal property coverage. Now let me explain, every Homeowners Policy, no matter which insurance company you go to, not only includes Hazard Insurance on the building, which indeed protects the mortgagor, but also includes Liability Insurance and Personal Property Insurance. These latter two coverages are not required under the terms of any Mortgage Instrument. Why then, should they be included in an impoundment?

To my way of thinking this kind of practice is a form of cheating by the lending institutions. It becomes particularly obnoxious when one realizes that the Federal Laws which require impoundments of funds for taxes and insurance on all VA, FHA and FmHA mortgages state that these funds must be held in Escrow. Now Escrow is defined as the holding of funds in Trust Accounts, which has been interpreted by the Courts as monies kept in separate accounts, and not to be invested "at risk" for profit. As an example of this type of situation, let me call your attention to a report in **THE WALL STREET JOURNAL** of August 20, 1982 (a copy of which is included in the material which I will provide to the Clerk of your Committee.) It appears to me, as one

TESTIMONY IN SUPPORT OF HB 652

Before the House Business and Economic Development Committee

1989 MONTANA LEGISLATURE

February 17, 1989

#1
2/17/89
HB 652

My name is Alan Wiener, and I am a homeowner in Missoula. I am also a mortgagee, which means that I have given my "mort gage" (from the Norman and old English), or death promise to a mortgagor which is a lending institution that takes up my "mort gage." Two years ago my wife and I refinanced our mortgage through a savings and loan association in Missoula. We shopped for a VA mortgage for \$130,000 because of the savings on the interest rate and "points" which were afforded under that program. Within one month after completing the mortgage instrument, it was sold to a large investment firm in Pasadena, California. We had been advised that this would happen during the negotiations. This is perfectly understandable in that the lending institutions in our state have a limited amount of funds to invest in 9.25% mortgages, especially when they can earn up to 21.5% interest in credit card transactions, and other investments.

I became interested in this legislation two years ago, when our mortgagor attempted to add an extra amount to the monies they wanted to impound for insurance and taxes because of what they said were anticipated increases in those items. However, at that point in time, which was the end of 1987, they were sitting with an actual second half of 1987 tax bill which was due in May of 1988. To my great surprise the mortgagor immediately gave in on this so called buffer amount. I began to smell something fishy. Lending institutions are not known to be so amenable. Well, the same thing happened a year later, in 1988. Again the mortgagor gave in without hesitation on adding a buffer to the impound funds. So I asked myself the question, "What about all those people in the state, whose mortgages they hold, who don't raise this objection?" Just the other day I verified what happens here, by discussing the matter with a gentleman

#1
2/17/89
NIB 711

EXPLANATION OF HOUSE BILL NO. 711

House Bill No. 711, by request of the Legislative Audit Committee, clarifies the authority of the Department of Commerce relating to product testing, inspection of commercial and noncommercial weighing devices, and corrects references to the National Institute of Standards and Technology.

Section 1 adds a definition of "commerce", "trade", or "commercial" to the existing law. The definition is to clarify throughout the law the department's responsibilities and distinguish between commercial and noncommercial transactions.

Sections 2, 3 and 5 change references from the "national bureau of standards" to the now correct reference of "national institute of standards and technology".

Section 3 also deletes the requirement that the state standard weights be submitted to the national institute of standards and technology every ten years for certification. This procedure is no longer recommended.

Section 4 clarifies that the department's primary duties relate to commercial weights and measures as distinguished from noncommercial weights and measures.

Section 6 requires the department to adopt rules to implement a schedule of inspection for packages and commodities. At the present time the department has no formal procedure to carry out their statutory function of inspecting packaging in the state.

Section 7 authorizes the department to inspect noncommercial weighing and measuring devices, but only subject to the availability of resources, and only upon payment of a fee commensurate with the costs of inspection.

Sections 8 and 9 are respectively an extension of rulemaking authority and a codification instruction.

EXXON RETAIL INSTALMENT CREDIT AGREEMENT
(Exxon Credit Sale Agreement)

#1
#B 7-
2/11

I agree with Exxon Company, U.S.A. (a division of Exxon Corporation) (Exxon), P.O. Box 3505, Houston, Texas 77001, that I will pay for all charges on my Exxon credit card account by me or with my permission, according to the terms set out below.

- Charge Privileges.** Any single credit card purchase which totals \$40.00 or more is eligible for revolving charge privileges and is payable in accordance with the schedule shown in Section 2 (Payment Terms) below. Single credit card purchases under \$40.00 are not eligible for revolving charge privileges and are payable in full each month. All single credit card purchases under \$40.00 will be included in the "Minimum Payment" on my monthly billing statement.
- Payment Terms.** I will make a "Minimum Payment" each month of (a) the total amount of all current purchases which are not eligible for revolving charge privileges plus (b) the minimum amount due on purchases which are eligible for revolving charge privileges, according to the following schedule, plus (c) all amounts past due.

Revolving Charge Balance
\$0 to \$30
Over \$30 to \$300
Over \$300

Minimum Due
Payable in Full
\$30
\$30 plus all over \$300

I MAY AT ANY TIME PAY MY TOTAL INDEBTEDNESS.

Payment must be received by the due date shown on the statement. Exxon may specify on my monthly billing statement or on accompanying material reasonable requirements with respect to the form, amount, manner, location, and time for receipt of payments.

Cost of Credit. A FINANCE CHARGE not in excess of that permitted by law will be assessed on the outstanding balance(s) from month to month at the rate of _____ per year, my state of residence as shown below. No FINANCE CHARGE will be imposed for a billing period in which there is no Previous Balance or in which Payments and Credits received within 27 days of the Closing Date shown on my monthly billing statement equal or exceed the Previous Balance.

State	Periodic Rate	ANNUAL PERCENTAGE RATE	Portion of Average Daily Balance to Which Applied	State	Periodic Rate	ANNUAL PERCENTAGE RATE	Portion of Average Daily Balance to Which Applied
CT, FL, HI, IN, LA, MA, ME, NC, ND, OH, RI, TN, VA, WA	1.5%	18%	entire	DC	1.5%	18%	\$500 or less over \$500
				KS	1.75% 1.2%	21% 14.4%	\$300 or less over \$300
NE, OK, SC	1.75%	21%	\$500 or less over \$500	MD	1.5% 1%	18% 12%	\$700 or less over \$700
	1.5%	18%		MI	1.7%	20.4%	entire
AK, MO	1.5%	18%	\$1,000 or less over \$1,000	MN	1.33%	16%	entire
	1%	12%		PA	1.25%	15%	entire
IA, VT	1.5%	18%	\$500 or less over \$500	SD	1.66%	19.92%	entire
	1.25%	15%		WI	1.5% 1.25%	18% 15%	\$1,000 or less over \$1,000
AL	1.75%	21%	\$750 or less over \$750	WV	1.5% 1%	18% 12%	\$750 or less over \$750
	1.5%	18%		ALL OTHER	1.75%	21%	entire
AR	.83%	10%	entire				
CA	1.6%	19.2%	\$1,000 or less over \$1,000				
	1%	12%					

Method of Figuring FINANCE CHARGE. The FINANCE CHARGE is figured on my account by applying the periodic rate to the "average daily balance" of my account. To get the "average daily balance" you take the beginning balance of my account each day, add any new purchases (except in the states of MA, ME, MN, MS, RI, NE, NM, and RI), and subtract any payments or credits, unpaid FINANCE CHARGES and unpaid Exxon Travel Club dues. This gives you the daily balance. Then, you add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle. This gives you the "average daily balance".

Obtaining and Furnishing Credit Information. I give Exxon permission to investigate my credit standing by obtaining a credit report, or by directly contacting others who have this information, in connection with my application for credit or later in connection with an update, renewal or extension of credit under this Agreement. Upon my request, Exxon will tell me if a credit report was asked for and, if it was asked for, will give me the name and address of the credit bureau that furnished the report. I agree that Exxon may furnish information about my account to credit bureaus and others who, in its discretion, may properly receive such information.

8. Cancelling or Limiting My Credit. Exxon has the right at any time to limit or terminate the use of this account without giving me notice in advance. Upon Exxon's request, I will return any Exxon credit card issued for my account and pay what I owe under the terms of this Agreement.

7. Default and Collection Costs. If I do not pay any minimum payment when due, Exxon has the right to demand immediate payment of the full amount outstanding on my account subject to any rights I have under state law to correct my non-payment. If the account is referred for collection to a lawyer who is not Exxon's salaried employee, I agree to pay, in addition to the full amount owed, a reasonable attorney's fee as set by the court if suit is filed and court costs, if allowed by the law of my state of residence.

Changing this Agreement. Exxon has the right to change this Agreement at any time by giving me notice at my last known address of the intended change, or as otherwise allowed by law. If I do not agree to the change, I may end this Agreement before the effective date of the change by notifying Exxon. If I end this Agreement for any reason, I will return all Exxon credit cards issued for my account and pay what I owe under the terms of this Agreement.

Questions About My Bill. Questions about billing errors may be directed to Exxon Company, U.S.A., P.O. Box 3505, Houston, Texas 77001 (Phone 713-680-6500). I must write to preserve my billing dispute rights under Federal law.

NOTICE: ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

NOTICE TO THE BUYER: 1. DO NOT SIGN THIS CREDIT AGREEMENT BEFORE YOU READ IT OR IF IT CONTAINS ANY BLANK SPACE. 2. YOU ARE ENTITLED TO A COMPLETELY FILLED IN COPY OF THIS CREDIT AGREEMENT AT THE TIME YOU SIGN. KEEP IT TO PROTECT YOUR LEGAL RIGHTS. 3. YOU HAVE THE RIGHT TO PAY IN ADVANCE THE FULL AMOUNT DUE WITHOUT INCURRING ANY ADDITIONAL CHARGE FOR PREPAYMENT. 4. FINANCE CHARGES WILL BE MADE IN AMOUNTS OR AT RATES NOT IN EXCESS OF THOSE PERMITTED BY LAW.

ADDITIONAL NOTICE FOR WASHINGTON RESIDENTS:

YOU MAY CANCEL ANY PURCHASES MADE UNDER THIS CHARGE AGREEMENT IF THE SELLER OR HIS REPRESENTATIVE SOLICITED IN PERSON SUCH PURCHASE, AND YOU SIGN AN AGREEMENT FOR SUCH PURCHASE, AT A PLACE OTHER THAN THE SELLER'S BUSINESS ADDRESS SHOWN ON THE CHARGE AGREEMENT, BY SENDING NOTICE OF SUCH CANCELLATION BY CERTIFIED MAIL RETURN RECEIPT REQUESTED TO THE SELLER AT HIS ADDRESS SHOWN ON THE CHARGE AGREEMENT, WHICH NOTICE SHALL BE POSTED NOT LATER THAN MIDNIGHT OF THE THIRD DAY (EXCLUDING SUNDAYS AND HOLIDAYS) FOLLOWING YOUR SIGNING OF THE PURCHASE AGREEMENT. IF YOU CHOOSE TO CANCEL THIS PURCHASE, YOU MUST RETURN OR MAKE AVAILABLE TO SELLER AT THE PLACE OF DELIVERY ANY MERCHANDISE, IN ITS ORIGINAL CONDITION, RECEIVED BY YOU UNDER THIS PURCHASE AGREEMENT.

ADDITIONAL NOTICE FOR MASSACHUSETTS RESIDENTS:

YOU MAY CANCEL A PURCHASE UNDER THIS AGREEMENT IF IT HAS BEEN CONSUMMATED BY A PARTY THERETO AT A PLACE OTHER THAN THE ADDRESS OF THE SELLER WHICH MAY BE HIS MAIN OFFICE OR BRANCH THEREOF PROVIDED, YOU NOTIFY THE SELLER IN WRITING AT HIS MAIN OFFICE OR BRANCH BY ORDINARY MAIL POSTED, BY TELEGRAM SENT OR BY DELIVERY, NOT LATER THAN MIDNIGHT OF THE THIRD BUSINESS DAY FOLLOWING A PURCHASE UNDER THIS AGREEMENT.

HAVE READ, AGREE TO, AND ACKNOWLEDGE RECEIPT OF A COPY OF THIS RETAIL INSTALMENT CREDIT AGREEMENT.

Amendments to House Bill No. 705
First Reading Copy

Requested by Rep. Tom Hannah

February 17, 1989

1. Title, line 5.

Following: "ACT"

Insert: "ON RETAIL CHARGE ACCOUNTS"

2. Page 1, lines 15 and 16.

Strike: "may" on line 15 through "year" on line 16

Insert: "shall be at a rate agreed upon by the retail seller and the buyer"

3. Page 3, line 6.

Strike: "retail installment contracts and"

Currently I am working with several entrepreneurs with good business plans, well developed prototypes, identified markets, and lots of potential. One of them was working closely with MSTA just before it ceased its investment activities, and felt very optimistic about his chances of obtaining financial support from the Alliance. I have been trying to help him fill that gap, but this week he is in Idaho talking with investors there. If they decide to go with the project, it will be commercialized in Boise.

Meanwhile, at our machine shop, entrepreneurs come to us to have prototype and pre-commercialization work done. Frankly, undercapitalized as they are, many of these customers represent a real risk to us. Even if we get material costs paid up front, labor charges may remain unpaid for months -- or forever. We are a relatively small firm ourselves, and cannot afford to provide this type of supplier financing to new businesses, when we are ourselves paying market rate interest on our own borrowed funds. Thus, it is not only new firms that are hampered by the lack of adequate seed capital resources in Montana, but existing manufacturers and suppliers as well. All of us would be healthier if the seed capital financing gap were filled.

The Flathead Economic Development Corporation urges your support for passage of House Bill 683.

2/17/89
HB683

TESTIMONY OF
Carol Daly, Executive Director
Flathead Economic Development Corporation

PREPARED FOR THE
House Business & Economic Development Committee
February 17, 1989

on
HB683
"The Montana Science and Technology Financing Act"

Mr. Chairman, members of the Committee, for the record my name is Carol Daly. I am executive director of the Flathead Economic Development Corporation, a private non-profit organization working to stimulate and support new and expanded business opportunities in the Flathead Valley.

I also am wearing two other hats today -- as one of the original board members of the Montana Science and Technology Alliance, and as the co-owner (with my husband) of a precision machine shop in Kalispell specializing in defense and aerospace component manufacturing.

As an economic developer, I try to help businesses and entrepreneurs with high technology products they are seeking to commercialize. Most of these people have exhausted their personal resources in bringing their ideas to the commercialization stage. They have little left to offer for collateral. They are facing heavy start-up expenses with, in the early months, low cash flows. Their ability to access conventional financing sources is almost nil. What they need is equity or near-equity (patient) financing. They cannot start paying back the debt the day after they incur it, BUT they have the potential to generate many, many times the payback amount in the future.

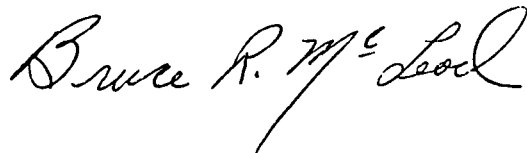
When the Montana Science and Technology Alliance was making seed capital investments, these businesses and entrepreneurs had an opportunity to develop in Montana, if their products and processes were sound. The rigorous due diligence review of MSTTA was designed to filter out unsound deals, and to help good deals develop into better ones. Not only the money, but the technical assistance provided were badly needed, and gratefully received.

Without the MSTTA seed capital program, however, I have no place to send the technologically and commercially exciting deals I find. I have tried to find private individuals willing to invest their funds in such projects, but unless they have some due diligence capability themselves, such investors are very reluctant to expose themselves to the higher risk of new technology projects. In five months of trying, I have placed only one high tech project with private investors.

since we are too far out in the backwoods and no real research talent exists in Montana. I believe what I have submitted to you today shows how far wrong both those ideas are. MSTA is not "playing" at all. They are seriously and successfully working to help small, high technology companies such as mine get started here in Montana. I submit the level of the talent and ideas available in Montana can be ascertained by the amount of money that out-of-state venture capitalists have been willing to commit in the State. These people are betting real dollars that Montana ideas and talents are unique, and worth money in the international market place.

I would like to thank you for this opportunity to address the committee. I would further ask you to cast your votes in favor of House Bill 656. Thank you.

Bruce R. McLeod, PhD
President and CEO
Life Resonances Inc.

A handwritten signature in cursive script that reads "Bruce R. McLeod". The signature is written in dark ink and is positioned below the typed name and title.