

MINUTES

MONTANA HOUSE OF REPRESENTATIVES  
51st LEGISLATURE - REGULAR SESSION

HOUSE COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By Rep. Bob Pavlovich, on March 2, 1989, at 8:30 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Paul Verdon and Sue Pennington

Announcements/Discussion: None

HEARING ON SENATE BILL 76

Presentation and Opening Statement by Sponsor:

Sen. Regan stated that this bill will regulate a new product which is currently being sold in Montana. It is variable life insurance or a variable annuity contract. When you buy one of these products you inject quite a bit of risk. This was developed as a means of compensating for inflation. Currently this product is being sold in Montana, it is not specifically forbidden, so they sell it and we have no standards in place which regulate the kind of product being sold. There are only three other states having no regulations dealing with this product.

Testifying Proponents and Who They Represent:

Stuart Doggett, State Auditor's Office  
Larry Akey, MT Association of Life Underwriters

Proponent Testimony:

Mr. Doggett said equity investments are a major component of insurance coverage, and special regulation as provided in this bill is necessary. Variable products are currently available in Montana. We would like to see the requirements of this bill in place, they require obligations of disclosure to the applicant or insured and limitations on the handling of the separate accounts.

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Mr. Akey these are increasingly popular form of life insurance among the more sophisticated insurance consumers. We encourage a do pass recommendation for this bill.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Rep. Thomas ask Mr. Doggett what problem are we addressing with this bill? Mr. Doggett said these products are not prohibited to be sold in Montana, so insurance companies, 26 companies in Montana, are offering these and there are no laws or regulations on them in Montana law as the other 48 states to control the equity side of these life insurance contracts. Rep. Thomas asked if these 26 companies are foreign to Montana? Mr. Doggett referred the question to Tanya. Ms. Ask said they are foreign corporations.

Closing by Sponsor: Sen. Regan said she hopes the committee sees fit to give the bill a do pass.

DISPOSITION OF HOUSE BILL 76

Motion: Rep. Nelson moved BE CONCURRED IN.

Amendments, Discussion, and Votes: None

Recommendation and Vote: SB 76 BE CONCURRED IN unanimously.

HEARING ON SENATE BILL 310

Presentation and Opening Statement by Sponsor:

Sen. McLane, Senate District 42. SB 310 will revise certain provisions of the Montana electronic funds transfer act.

Testifying Proponents and Who They Represent:

Mark Staples, Exxon Company USA

Jan Cool, Exxon Company USA

Bob Enke, Town Pump

Laura Pelletier, Town Pump

Jim Manion, AAA

Charles Brooks, MT Retail Association

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Proponent Testimony:

See exhibit 1 for Mr. Staples's testimony.

See exhibit 2 for Ms. Cool's testimony.

See exhibit 3 for Mr. Enke's testimony.

See exhibit 4 for Ms. Pelletier's testimony.

See exhibit 5 for Mr. Manion's testimony

See exhibit 6 for Mr. Brooks's testimony.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Rep. Blotkamp asked Mr. Staples if the terminal Exxon wants to put in will be like the ones the banks use. Mr. Staples said they will be smaller. Rep. Blotkamp asked if there was a manufacturer in Montana making these terminals. Mr. Staples said he did not know, but hoped it might be that someone in Montana would start manufacturing them.

Rep. Nelson asked Mr. Staples if the personal identification would be similar to the way the bank does their pin numbers. Mr. Staples said you key in your pin number but it doesn't show on the screen like the bank terminals.

Rep. Simon asked Mr. Staples if this would save the merchant from taking checks that sometimes don't clear the bank? Mr. Staples said this would be a great benefit to the merchants.

Closing by Sponsor: Sen. McLane said there have been no opponents to the bill. This will be good for business and provides a convenience to the merchant and the consumer. My children have this system in Illinois and they said it has worked very well for that state.

DISPOSITION OF SENATE BILL 310

Motion: Rep. Thomas moved BE CONCURRED IN.

Amendments, Discussion, and Votes: None

Recommendation and Vote: SB 310 BE CONCURRED IN unanimously.

HEARING ON SENATE BILL 150

Presentation and Opening Statement by Sponsor:

Sen. Bishop stated that SB 150 is an act to generally revise the attorney-in-fact exemption from real estate broker and salesman license requirements; and amends Section 37-51-103, MCA.

Testifying Proponents and Who They Represent:

Martin Jacobson, Department of Commerce, Board of Realty Regulation  
Tom Hopgood, MT Association of Realty

Proponent Testimony:

Mr. Jacobson said the board of realty regulation made the request for this bill.

Mr. Hopgood stated that his association supports this bill.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: None

Closing by Sponsor: Sen. Bishop asked the committee to give the bill a do pass.

DISPOSITION OF SENATE BILL 150

Motion: Rep. Smith moved BE CONCURRED IN.

Amendments, Discussion, and Votes: None

Recommendation and Vote: SB 150 BE CONCURRED IN unanimously.

HEARING ON SENATE BILL 43

Presentation and Opening Statement by Sponsor:

Sen. Rapp-Svrcek said this bill will revise the itinerant merchant's license fee; defines temporary location; provides an exemption from the bond requirement; requires the licensee to display the license; and provides an effective date.

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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. Keller asked Sen. Rapp-Svrcek if people growing and selling their own fruit and vegetables need to get this license? Sen. Rapp-Svrcek said they are exempt from buying this license.

Rep. Bachini asked Sen. Rapp-Svrcek if the farmer's markets around the state would be exempt? Sen. Rapp-Svrcek said they would be exempt.

Rep. Simon asked Sen. Rapp-Svrcek why the license fee was so high? Ten percent of a person's gross receipts is a pretty stiff license fee in my opinion. How do you feel about it Paul? Sen. Rapp-Svrcek said it was his understanding that this itinerant merchants fee was originally brought into place through the concern of grocers in communities across the state. The \$200 was an attempt to prohibit essentially traveling grocers from coming through and taking business away from the legitimate grocery stores. By having a graduated fee you are still assured that the folks who want to come in, in a big way, this would be sort of a disincentive. The small folks who want to sell out of their garage don't have to pay out a large portion of their receipts.

Rep. Bachini asked Sen. Rapp-Svrcek you have a person that sold garden produce last year and charge him 10 percent of his gross, but then a new merchant doing the same thing as the other merchant and only charge him \$150 for the first time? Sen. Rapp-Svrcek said they have no basis from the previous year on which to set the fee.

Rep. Keller asked if nonprofit groups that sell citrus fruit once a year to raise funds would have to have this fee or are they exempt? Roy Bjornson from the department of agriculture said this does cover out-of-state people that bring in produce and that is what the bill is designed for. The bill will allow people to get into the produce business in a small way, we are talking about back-yard gardens and only sell 1 or 2 truck loads of produce. Mr. Bjornson said

these organizations could petition the department of agriculture for an exemption and would have this granted on the volume of business conducted by them.

Rep. Simon asked if the person coming in from out of state would have to pay a fee in each city where they sold produce? Mr. Bjornson said the fee is based on the total amount of gross receipts in the state of Montana and they would only have to pay only one fee. If it would make you more comfortable, Rep. Simon, to have an amendment that indicates it is the gross receipts taken in Montana, I certainly would have no objection to this.

Closing by Sponsor: Sen. Rapp-Svrcek said that he appreciated the hearing the committee has given this bill and I hope you will act upon the bill favorably. I have no problem with the amendment Rep. Simon wants to put in the bill.

#### HEARING ON SENATE BILL 87

##### Presentation and Opening Statement by Sponsor:

Sen. Rasmussen, Senate District 22, this bill deals with a narrow point in our insurance law and was brought to my attention by one of my constituents who had a problem which she will tell you about. It does relate to the ability to be able to exclude a family member from an automobile insurance policy. Previously there had been the opportunity to exclude a family member. In March of 1988 there was a decision in the Montana Supreme Court that changed the ability to do this. It doesn't allow a parent to be able to exclude a member living in your home at the time. This bill essentially puts the law back to the way it was before the court decision and does allow the exclusion. There are several changes to the bill. We had to rewrite the bill to achieve what we were trying to achieve. There are a lot of one word changes. Much of it is cleanup language to bring the bill up to the type of language being used now.

##### Testifying Proponents and Who They Represent:

Mary Maynard, Helena  
Oliver Goe, Attorney, State Farm Mutual Insurance Co.  
Jackie Terrell, American Insurance Association  
Gene Phillips, National Assoc. Independent Insurers

##### Proponent Testimony:

Mrs. Maynard said the people of Montana are looking for justice. She had trouble with an insurance company this past summer that I think is injustice, because of no exclusionary clauses in insurance. I received a letter from my insurance company this summer that said they were cancelling my insurance because of my son's driving record.

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Jim has received 4 tickets, they are cancelling my insurance. I live in my house with my daughter, who is 16 years of age, and Jim, who is 24 years of age. They said as long as Jim lives in the house, you can't have insurance unless you want to pay an additional premium. That amount I had been paying for a 6-month period was \$367.40, but the proposed new insurance that I would have to carry if Jim continued to live in my house, was \$1,068 for 6 months. I can't afford that kind of increase in my insurance. They told me that as long as Jim is living in your house you cannot have insurance with this company. Jim had 4 tickets which I thought were minor infractions of the law. The insurance company said he has 4 tickets and we consider him a high risk individual and we are not going to give you insurance. Jim said it's okay Mom, I'll just move out, the provision is that if they are in your domicile. I can't kick my daughter out because she is just 16, but what if it had been her driving record? Jim moved, so my daughter and I received insurance. But I feel this was rather an injustice, this law is less than 10 years old, when it was first presented. There have been thousands of insurance policies cancelled since that time. I feel that this is an unjust law and should be changed. Put back the exclusionary rule in the law. This exclusion would be at the parents' consent. The parents would decide to exclude the child and tell them not to drive the car. This would relieve the hardships and anguish on the parents in Montana.

Mr. Goe said they support this bill. We believe that families should have the choice to exclude a family member from being insured on certain vehicles.

Ms. Terrell stated that her association supports this bill.

Mr. Phillips said his association supports this bill and believe it gives Montana families the opportunity to tailor their insurance to fit their needs without exorbitant costs.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Rep. Blotkamp asked Mr. Goe if the amendment you want to put in the bill would it be a misdemeanor if I let someone drive who was excluded? Mr. Goe said that if Johnny was excluded from driving the car and continually bugged you to drive the car, and you say okay Johnny go ahead and drive, knowing full well that you have excluded him from driving the car. It seems there

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should be some sort of ramifications for that kind of action to prevent or inhibit people from taking that sort of action. There is a need to prohibit or inhibit people from taking this kind of action.

Rep. Steppler asked Mr. Goe if the amendment is put in the bill and it passes, what happens if a minor is driving a car that he is excluded from. Mr. Goe said it depends, if he received consent from his parents to drive, based on the Horace/Mann decision, he would still be covered by the insurance, if he had just taken the car without consent he would not be covered.

Closing by Sponsor: Sen. Rasmussen thinks the amendment that has been proposed is a good amendment to deal with the situation. As far as the bill goes, I think it is obvious there is an injustice and is something that penalizes a lot of families. This is affecting families all over the state and is an opportunity to right something that has really got off track.

#### DISPOSITION OF SENATE BILL 179

Motion: Rep. Kilpatrick moved BE CONCURRED IN.

Discussion: Rep. Kilpatrick spoke with the superintendent of public instruction and she was upset because of page 2, line 4. The cosmetologists don't want this and public education doesn't want it in the bill and wants it taken out of the bill. She was also concerned about the high school diploma, the GED is so simple to get.

Rep. Hansen thinks a person that doesn't have the get-up and go about them to get the GED doesn't have the get-up and go to be a cosmetologist.

Rep. DeMars said he spoke with Rep. Strizich who is a juvenile probation officer, he said he walks a lot of kids through the GED program, that it is a simple thing to get.

Rep. Hansen said the greatest thing we can do is to require a kid to get their GED. Everything they go to do in life requires it.

Rep. Steppler wants to strike the part about the high school diploma or equivalent and put back in graduate of the eighth grade. If a kid has dropped out school they have a couple years of high school.

Rep. Johnson said taking the GED is not that involved. A high school or community college usually offers 1 or 2 hours an evening over a 6 week period of time, there are self-instructing books for the course, I don't think it is that much of a problem in getting the GED.

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Rep. Keller said there are those on this committee not present that have a concern in this that I believe should be here before any action is taken on this bill.

Rep. Simon said the bill was brought back to the committee for the purpose of just taking care of the one thing and I don't think it fair to the missing members to be dealing with the bill.

Rep. Pavlovich asked to hold the bill until in the morning to take action on the bill.

Reps. Steppler and Kilpatrick withdrew their motions.

Amendments, Discussion, and Votes: None

Recommendation and Vote: None

DISPOSITION OF SENATE BILL 43

Motion: Rep. Keller moved BE CONCURRED IN.

Discussion: Rep. Pavlovich said he thought Rep. Simon wanted to make an amendment to the bill. Rep. Simon said he didn't think the licensure should be based on receipts. When you speak of 10 percent of the gross receipts of a small business, I think this is an excessive amount of licensure fees and when they have not done business in Montana they are only charged \$50. I intend to offer a motion to simply set the fee for the license for everybody at \$50.

Amendments, Discussion, and Votes: The amendment failed.

Recommendation and Vote: SB 43 BE CONCURRED IN unanimously.

ADJOURNMENT

Adjournment At: 10:20 a.m.

  
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REP. BOB PAVLOVICH, Chairman

BP/sp

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**DAILY ROLL CALL**

## BUSINESS & ECONOMIC DEVELOPMENT COMMITTEE

51th LEGISLATIVE SESSION -- 1989

Date 3 2 89

## ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 3/2/89 BILL NO. SB30 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 Steppeler		
Fred Thomas		
Norm Wallin		

TALLY

16Sue Pennington  
SecretaryBob Pavlovich  
ChairmanMOTION: Thomas moved be concurred in  
Rep Spaeth will carry

## ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 3/2/89 BILL NO. SB43 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 Steppeler /	/	
Fred Thomas		
Norm Wallin		

TALLY

91Sue Pennington  
SecretaryBob Pavlovich  
Chairman

MOTION: Rip Keller moved be concerned in  
Rip Keller will carry

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## ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

DATE 3/2/89 BILL NO. 28150 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 Steppeler		
Fred Thomas		
Norm Wallin	✓	

TALLY

16Sue Pennington  
SecretaryBob Pavlovich  
ChairmanMOTION: Rep Smith moved be concurred in  
Rep Hansen will carry

## ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT

COMMITTEE

DATE 3/2/89 BILL NO. SB 76 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 Steppeler	/	/
Fred Thomas	/	/
Norm Wallin	/	/

TALLY

16Sue Pennington

Secretary

Bob Pavlovich

Chairman

MOTION: Rep Nelson moved be concurred in  
Rep Nelson will carry

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STANDING COMMITTEE REPORT

March 2, 1989

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Mr. Speaker: We, the committee on Business and Economic Development report that SENATE BILL 310 (first reading REFERENCE copy -- BLUE) be concurred in.

Signed:

Robert Pavlovich, Chairman

[REP. SPAETH WILL CARRY THIS BILL ON THE HOUSE FLOOR]

12:25 PM  
3/02/89  
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STANDING COMMITTEE REPORT

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Mr. Speaker: We, the committee on Business and Economic Development report that SENATE BILL 43 (first reading REFERENCE copy -- BLUE) be concurred in.

Signed:

Robert Pavlovich, Chairman

[REP. KELLER WILL CARRY THIS BILL ON THE HOUSE FLOOR]

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STANDING COMMITTEE REPORT

March 2, 1989

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Mr. Speaker: We, the committee on Business and Economic Development report that SENATE BILL 150 (first REFERENCE reading copy -- BLUE) be concurred in.

Signed:

Robert Pavlovich, Chairman

[REP. S.J. HANSEN WILL CARRY THIS BILL ON THE HOUSE FLOOR]

12:35 PM  
3/02/89  
JW

STANDING COMMITTEE REPORT

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Mr. Speaker: We, the committee on Business and Economic Development report that SENATE BILL 76 (first reading REFERENCE copy -- BLUE) be concurred in.

Signed:

Robert Pavlovich, Chairman

[REP. T. NELSON WILL CARRY THIS BILL ON THE HOUSE FLOOR]

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3/2/89  
SB 310What does the bill do?

SB 310 makes technical amendments to the existing Montana Electronic Funds Transfer Act, which place obligations on merchants and other nonfinancial institutions who issue and accept debit credit cards, as a consumer payment option for retail sales.

What is a debit card?

In many areas across the United States, retailers such as grocery stores and petroleum companies are issuing their own debit cards. These cards allow customers to pay by electronically transferring funds from their bank accounts to the retailer for goods purchased. This is called a debit transaction.

In the case of some gasoline retailers, for example, a customer may use the debit feature to obtain the cash discount price at participating retailers. In addition, the customer will receive a receipt which can be useful for business or income tax purposes. The debit feature can be added to some petroleum credit cards and the customer can then choose either the convenience of cash or credit.

Why are changes in the act necessary?

When the original law was enacted in the mid-1970s, the electronic transfer of funds was limited primarily to banks and other financial institutions. Since that time, the development and increasing use of point of sale terminals has permitted businesses to offer debit transactions for goods purchased. These amendments bring businesses and merchants under the requirements of the Montana Act in the following ways:

- 1) By requiring businesses to provide cardholders with disclosures which correspond to those required by the Federal government;
- 2) By requiring businesses to certify to the Montana Department of Commerce that a debit transaction is for the purchase of goods and services of commensurate value; and
- 3) By allowing the use of a personal identification number (PIN) in lieu of a signature, similar to the system in place for bank cards.

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TESTIMONY OF MR. MARK STAPLES  
ATTORNEY REPRESENTING EXXON COMPANY, U.S.A.  
ON SB-310  
BEFORE THE HOUSE BUSINESS AND INDUSTRY COMMITTEE  
OF MONTANA'S 51st LEGISLATIVE ASSEMBLY  
MARCH 2, 1989

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GOOD MORNING, MY NAME IS MARK STAPLES AND I REPRESENT EXXON COMPANY, U.S.A., WHO HAS TAKEN UPON THEMSELVES TO INITIATE THE AMENDING OF THE ELECTRONIC FUNDS TRANSFER ACT IN MONTANA SO AS TO BENEFIT NOT ONLY THEIR CUSTOMERS BUT ALSO CONSUMERS AND OTHER MERCHANTS AS WELL.

FIRST, I'D LIKE TO GIVE A FEW DEFINITIONS AND EXAMPLES SO THAT WE KNOW WHAT IT IS WE'RE DISCUSSING. THE TERM "DEBIT" AS USED TODAY SIMPLY DESCRIBES A TRANSACTION IN WHICH A CARD IS UTILIZED TO PAY FOR GOODS OR SERVICES OR TO WITHDRAW CASH BY ELECTRONICALLY TRANSFERRING FUNDS FROM YOUR BANK ACCOUNT TO THE PURVEYOR OF THOSE GOODS OR SERVICES. A VERY PREVALENT EXAMPLE OF THIS IS A BANK CASH CARD. IT'S IMPORTANT TO NOTE AND EMPHASIZE THAT IN NO WAY DOES OR WILL THIS DEBIT OPTION HAVE AN EFFECT ON CREDIT TRANSACTIONS AS WE NOW KNOW THEM AND UTILIZE THEM. IT SIMPLY ADDS ANOTHER OPTION OTHER THAN CREDIT AND CASH WHICH WILL BE EXPLAINED FURTHER.

ANOTHER TERM YOU'LL HEAR IS THE TERM "PIN". THIS STANDS FOR "PERSONAL IDENTIFICATION NUMBER" AND AN EXAMPLE OF IT IS THE NUMBER THAT YOU PUNCH IN AT THE END OF A TELEPHONE CREDIT CARD CHARGE.

AS SENATOR McLANE HAS STATED, THE COST OF THESE SYSTEMS AND PARTICULARLY THE SATELLITE TERMINALS THAT THE SYSTEMS UTILIZE

HAVE FALLEN DRAMATICALLY, THUS ENCOURAGING THE RETAILER TO CONSIDER THEIR USE. ALREADY MANY RETAILERS ARE BEGINNING TO USE THESE TERMINALS FOR CREDIT AUTHORIZATIONS OR TO CHECK FOR LOST OR STOLEN CARDS.

CUSTOMERS ARE BECOMING MORE AWARE OF THE SPEED AND BENEFITS OF ELECTRONIC FUNDS TRANSFER THROUGH EXPOSURE TO PROGRAMS SUCH AS THE U.S. TREASURY'S USE OF ELECTRONIC FUNDS TRANSFER FOR SOCIAL SECURITY PAYMENTS, BY USING ATM'S TO MAKE CASH WITHDRAWALS, OR BY AUTOMATIC DRAFTING OF BANK ACCOUNTS FOR REGULAR PAYMENTS SUCH AS INSURANCE PREMIUMS OR HEALTH CLUB DUES.

REGIONAL AND NATIONWIDE SYSTEMS CALLED AUTOMATED CLEARING HOUSE (ACH) HAVE COME INTO EXISTENCE TO FACILITATE THE TRANSFER OF FUNDS BETWEEN BANKS FOR CONSUMER TRANSACTIONS.

NOT ONLY DOES THIS SYSTEM PROVIDE CONVENIENCE FOR CONSUMERS BUT ALSO STRENUOUS PROTECTIONS. DISCLOSURES ARE REQUIRED EXPLAINING THE SYSTEM BEFORE ONE IS ALLOWED TO UTILIZE IT; STANDARDS ARE SET FOR PROCEDURES AND THE HANDLING OF RECEIPTS, AND THE FINANCIAL DIVISION OF THE DEPARTMENT OF COMMERCE HAS REGULATORY AUTHORITY OVER THE SATELLITE TERMINALS.

THE CONVENIENCE FOR THE RETAILER IS ALSO A CONSIDERATION. THE USE OF THE DEBIT FEATURE OPTION AT A POINT OF SALE TERMINAL IS BASICALLY AN ELECTRONIC CHECK. THOSE OF YOU WHO HAVE STOOD BEHIND A PERSON WRITING A CHECK FOR \$5.00 WORTH OF GROCERIES WHILE YOU AND TWENTY OTHER PEOPLE ARE WAITING IN THE LINE BEHIND CAN SEE THE ADVANTAGE OF AN AUTOMATIC SYSTEM. YOUR HOPE WILL BE THAT THEY CHOOSE TO USE THIS OPTION.

A SYSTEM THAT TECHNOLOGY HAS PROVIDED US OBVIOUSLY HAS

TECHNICAL FEATURES. TO INTRODUCE AND ELABORATE UPON THEM I DEFER TO A REPRESENTATIVE FROM EXXON, WHO IS WITH US TODAY. FOR MY PART, I URGE YOU TO GIVE A "DO PASS" RECOMMENDATION TO SENATE BILL 310 AND I THANK YOU FOR YOUR ATTENTION.

#2  
3/2/89  
SB310

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STATEMENT ON SB-310  
BEFORE THE  
MONTANA HOUSE BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE  
BY  
EXXON COMPANY, U.S.A.

MARCH 2, 1989

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MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, EXXON APPRECIATES THE OPPORTUNITY TO PRESENT ITS VIEWS ON SENATE BILL 310, WHICH MAKES TECHNICAL CHANGES TO THE MONTANA ELECTRONIC FUNDS TRANSFER ACT (EFTA). WE SUPPORT THE BILL BECAUSE IT MODIFIES CURRENT LAW TO RECOGNIZE ADVANCEMENTS IN ELECTRONIC FUND TRANSFER (EFT) TECHNOLOGY SINCE THE EFTA WAS ORIGINALLY ENACTED IN 1977 AND PROVIDES FOR ADDITIONAL CONSUMER PROTECTION.

ELECTRONIC FUNDS TRANSFERS BY CONSUMERS ARE CURRENTLY GOVERNED BY A FEDERAL STATUTE AND REGULATION AS WELL AS THE MONTANA ELECTRONIC FUNDS TRANSFER ACT, WHICH INCIDENTALLY, PRECEDED THE FEDERAL LAW. BOTH THE FEDERAL AND STATE RULES ARE DESIGNED TO PROVIDE PROTECTION FOR CONSUMERS AS WELL AS PROVIDE FOR AN ORDERLY IMPLEMENTATION AND USE OF THE DEBIT TECHNOLOGY.

SINCE THE ENACTMENT OF THE MONTANA EFTA HOWEVER, THIS TECHNOLOGY AS WELL AS RESULTING CONSUMER EXPECTATIONS HAVE RAPIDLY CHANGED. SB-310 RECOGNIZES THESE CHANGES AND MODIFIES THE EXISTING LAW TO INCORPORATE NEW TECHNOLOGY UNDER THE ACT. SPECIFICALLY IT:

- REQUIRES BUSINESSES OTHER THAN FINANCIAL INSTITUTIONS WHICH MAY CHOOSE TO ISSUE DEBIT CARDS TO PROVIDE CARDHOLDERS WITH DISCLOSURES WHICH CORRESPOND TO THOSE REQUIRED BY THE

FEDERAL GOVERNMENT;

- REQUIRES MERCHANTS WHO MAY CHOOSE TO ACCEPT DEBIT CARDS TO CERTIFY TO THE MONTANA DEPARTMENT OF COMMERCE THAT A DEBIT TRANSACTION IS FOR THE PURCHASE OF GOODS AND SERVICES;
- ALLOWS THE USE OF A PERSONAL IDENTIFICATION NUMBER (PIN) AT A POINT OF SALE TERMINAL IN LIEU OF A SIGNATURE TO IDENTIFY THE PURCHASER.

TODAY, IN MOST RETAIL TRANSACTION, CONSUMERS ARE GENERALLY LIMITED TO PAYING WITH CASH, CHECK OR CREDIT CARD. THE INTRODUCTION OF DEBIT CARDS PROVIDES THE CONSUMER ESSENTIALLY AN ELECTRONIC ALTERNATIVE TO A CHECK. THESE CARDS ALLOW CUSTOMERS TO ELECTRONICALLY TRANSFER FUNDS FROM THEIR BANK ACCOUNTS TO THE RETAILER FOR GOODS AND SERVICES THEY PURCHASE. CARDS MAY BE ISSUED BY FINANCIAL INSTITUTIONS OR BY INDIVIDUAL RETAILERS.

IN MANY AREAS ACROSS THE UNITED STATES, RETAILERS SUCH AS GROCERY STORES AND PETROLEUM COMPANIES ARE ACCEPTING DEBIT CARDS. EXXON NOW OFFERS DEBIT TRANSACTIONS IN MOST STATES WHERE WE MARKET TO PROVIDE CONSUMERS WITH AN ADDITIONAL PAYMENT ALTERNATIVE. SUCH AN ELECTRONIC ALTERNATIVE CAN BE ATTRACTIVE TO ALL PARTIES. FOR EXAMPLE, AT EXXON SERVICE STATIONS, CONSUMERS BENEFIT FROM DEBIT TRANSACTIONS BECAUSE THEY CAN RECEIVE THE CASH DISCOUNT PRICE AT PARTICIPATING STATIONS, YET STILL HAVE THE CONVENIENCE OF PAYING BY "PLASTIC." THUS, CONSUMERS CAN NORMALLY BENEFIT WITH A LOWER DISCOUNT FOR CASH PRICE FOR THEIR PURCHASE AND DO NOT HAVE TO CARRY CASH AND RISK IT BEING LOST OR STOLEN. THE SERVICE STATION DEALER CAN ACCEPT THE DEBIT PAYMENT WITH LESS RISK THAN A CHECK (WHICH MANY SERVICE STATIONS DO NOT ACCEPT). IN

MANY PARTS OF THE COUNTRY CONSUMERS ARE FINDING THIS A MORE ATTRACTIVE AND CONVENIENT ALTERNATIVE TO CASH AND PAPER CHECKS.

IN CONCLUSION, EXXON BELIEVES THAT THIS BILL MAKES THE CHANGES WHICH WILL ALLOW FOR THE IMPLEMENTATION OF RETAIL DEBIT AND EFT TECHNOLOGY IN MONTANA WHICH IS IN THE BEST INTEREST OF MONTANA CONSUMERS.

ACCORDINGLY, WE ASK YOU TO SUPPORT SB-310.

#3  
3/2/89  
SB3

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TESTIMONY OF MR. BOB ENKE  
ON SB-310  
BEFORE THE HOUSE BUSINESS AND INDUSTRY COMMITTEE  
OF MONTANA'S 51st LEGISLATIVE ASSEMBLY  
MARCH 2, 1989

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GOOD MORNING, LADIES AND GENTLEMEN. MY NAME IS BOB ENKE. I AM THE AREA REPRESENTATIVE FOR 10 STORES AND RETAIL GASOLINE OUTLETS OF TOWN PUMPS, INC. OF MONTANA. WE ARE THE LARGEST EXXON DISTRIBUTOR IN THE WESTERN UNITED STATES. MY STORES INCLUDE 3 STATIONS IN GREAT FALLS, 4 IN HELENA, 1 IN BOULDER, 1 IN TOWNSEND, 1 IN WHITE SULPHUR SPRINGS, AND 2 IN LIVINGSTON.

THE DEBIT FEATURE PURCHASE OPTION IS SOMETHING THAT OUR CUSTOMERS HAVE ASKED FOR AND WILL SERVE THEM WELL. IT WILL ALSO SERVE US, THE RETAILERS, WELL, BY SIMPLIFYING PROCESSES AND EXPEDITING TRANSACTIONS OTHER THAN CASH. OUR ENTHUSIASM AND DEMAND FOR THIS FEATURE IS SUCH THAT WE ARE IN THE PROCESS OF INSTALLING THE POINT OF SALE TERMINALS AT MANY OF OUR OUTLETS IN THE STATE AND WILL INITIALLY UTILIZE THEM FOR OUR CREDIT TRANSACTIONS UNTIL WE ARE HOPEFULLY AUTHORIZED BY LAW TO ALSO ADD THE DEBIT FEATURE.

WE EXIST FOR THE CONVENIENCE OF OUR CUSTOMERS. WE SPECIALIZE IN IT. IN FACT, MOST PEOPLE USE THE TERM "CONVENIENCE STORE" TO DESCRIBE OUR PLACES OF BUSINESS.

IT IS OUR SINCERE HOPE THAT WE WILL SOON BE ALLOWED TO OFFER TO OUR CUSTOMERS THE DEBIT TRANSACTION FEATURE. I URGE YOU TODAY TO RECOMMEND PASSAGE OF SENATE BILL 310 SO THAT WE MAY DO SO FOR THE CONVENIENCE OF OUR CUSTOMERS. A WRITTEN TESTIMONY FROM MY COUNTERPART REPRESENTATIVE IN EASTERN MONTANA CAN BE FOUND BENEATH MY TESTIMONY IN YOUR PACKETS.

THANK YOU.

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WRITTEN TESTIMONY OF LAURA PELLETIER  
ON SB-310  
BEFORE THE HOUSE BUSINESS AND INDUSTRY COMMITTEE  
OF MONTANA'S 51st LEGISLATIVE ASSEMBLY  
MARCH 2, 1989

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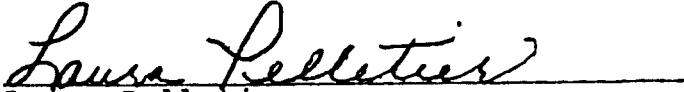
MY NAME IS LAURA PELLETIER. I AM THE REPRESENTATIVE FOR EASTERN MONTANA FOR THE STORES AND RETAIL GASOLINE OUTLETS OF TOWN PUMPS, INC. OF MONTANA. WE ARE THE LARGEST EXXON DISTRIBUTOR IN THE WESTERN UNITED STATES. MY 9 STORES INCLUDE 2 STATIONS IN BILLINGS, AND ONE EACH IN BIG TIMBER, COLSTRIP, FORSYTH, HARDIN, HARLOWTON, LAUREL AND LEWISTOWN.

THE DEBIT FEATURE PURCHASE OPTION IS SOMETHING THAT OUR CUSTOMERS, PARTICULARLY OUR OUT-OF-STATE ONES, HAVE ASKED FOR AND WILL SERVE THEM WELL. IT WILL ALSO SERVE US, THE RETAILERS, WELL, BY SIMPLIFYING PROCESSES AND EXPEDITING TRANSACTIONS OTHER THAN CASH. OUR ENTHUSIASM AND DEMAND FOR THIS FEATURE IS SUCH THAT WE ARE IN THE PROCESS OF INSTALLING THE POINT OF SALE TERMINALS AT MANY OF OUR OUTLETS IN THE STATE AND WILL INITIALLY UTILIZE THEM FOR OUR CREDIT TRANSACTIONS UNTIL WE ARE HOPEFULLY AUTHORIZED BY LAW TO ALSO ADD THE DEBIT FEATURE.

WE EXIST FOR THE CONVENIENCE OF OUR CUSTOMERS. WE SPECIALIZE IN IT. IN FACT, MOST PEOPLE USE THE TERM "CONVENIENCE STORE" TO DESCRIBE OUR PLACES OF BUSINESS.

IT IS OUR SINCERE HOPE THAT WE WILL SOON BE ALLOWED TO OFFER TO OUR PATRONS THE DEBIT TRANSACTION FEATURE. I URGE YOU TODAY TO RECOMMEND PASSAGE OF SENATE BILL 310 SO THAT WE MAY DO SO FOR THE CONVENIENCE OF OUR CUSTOMERS.

THANK YOU

  
Laura Pelletier  
Field Representative  
Eastern Montana  
Town Pumps, Inc. of Montana

IS  
SB 31  
3/2/89

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TESTIMONY OF MR. JIM MANION  
ON SB-310  
BEFORE THE HOUSE BUSINESS AND INDUSTRY COMMITTEE  
OF MONTANA'S 51st LEGISLATIVE ASSEMBLY  
MARCH 2, 1989

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MY NAME IS JIM MANION. THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE. I AM THE EXECUTIVE VICE PRESIDENT OF THE AUTOMOBILE ASSOCIATION OF AMERICA IN MONTANA, KNOWN TO YOU AS AAA. WE WHOLEHEARTEDLY SUPPORT SENATE BILL 310 BECAUSE THE FACILITATION OF A "DEBIT FEATURE" PURCHASE OPTION FOR THE MOTORISTS OF MONTANA WILL NOT ONLY PROVIDE A GREAT CONVENIENCE FOR THEM IN THIS STATE, BUT IN THE NUMEROUS OTHER STATES IN THIS COUNTRY THAT ALREADY OFFER THEIR MOTORISTS THIS CONVENIENCE. IT WILL ALSO PROVIDE OUR OUT-OF-STATE CLIENTS THE SAME PRIVILEGE IN MONTANA THAT THEY ENJOY ELSEWHERE.

WE CAN SEE NO NEGATIVES CONNECTED WITH THIS BILL AND ONLY POSITIVE EFFECTS FOR OUR CONSTITUENTS, THE AUTOMOBILE DRIVERS AND GASOLINE BUYERS OF THE STATE OF MONTANA AND THOSE WHO VISIT US.

WE THEREFORE STRONGLY URGE THAT THIS COMMITTEE VOTE "DO PASS" ON SENATE BILL 310.

THANK YOU.

#6  
SB 31  
3/2/89

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TESTIMONY OF MR. CHARLES BROOKS  
EXECUTIVE DIRECTOR  
MONTANA RETAIL ASSOCIATION  
ON SB-310  
BEFORE HOUSE BUSINESS AND DEVELOPMENT COMMITTEE  
MARCH 2, 1989

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MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. MANY OF OUR RETAILERS HAVE HAD OUT-OF-STATE CUSTOMERS INQUIRE - AND WISH TO USE - THE DEBIT SYSTEM IN THEIR ESTABLISHMENTS.

THIS IS AN IDEA WHOSE TIME HAS CLEARLY COME AND TO WHICH THERE IS NO NEGATIVE SIDE, JUST EASE AND SECURITY FOR THE CONSUMER AND THE SAME FOR THE RETAILER.

THE MONTANA RETAIL ASSOCIATION SUPPORTS SENATE BILL 310 AND URGES YOU TO AS WELL.

**MONTANA  
ASSOCIATION OF  
COUNTIES**

1802 11th Avenue  
Helena, Montana 59601  
(406) 442-5209

March 3, 1989

Dear Representative Pavlovich,  
Chairman -- House Business and Economic Development Committee:

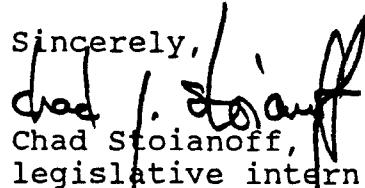
I write to you concerning HB 736. As I stated in my testimony on March 1, the bill would exclude current local option vehicle tax applicability as stated in MCA 61-3-537. This code refers back to MCA 61-3-504 which HB 736, Section 3 amends.

Currently, as MCA 61-3-537 and 61-3-504 dictate, counties are allowed to impose this local option vehicle tax. MCA 61-3-537 states, "A county may impose a local vehicle tax on vehicles subject to a property tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-404(2)." This code does not refer back to the amendment in section 3 of HB 736.

As the above 61-3-537 states, counties can presently tax up to 0.5%. Thus, because HB 736 breaks this tax period for rental fleets into two 6-month periods at 1% each, the bill should be amended to give counties the option to tax up to 0.25% each period. Therefore, subsection 3 of Section 3, should be amended after "...of (section 1) is 1% of the value determined under 61-3-503" to add, "or 1.25% if the local vehicle option tax is exercised."

In use in thirteen Montana counties, this bill would cut the revenue generated from this tax by 20%. Having spoken with the sponsor, Representative Gould, this is not his intent. He has no qualms with this amendment.

Included with this letter is a copy of MCA 61-3-537. Please give copies of this letter to each committee member and to the committee's legislative council, Paul Verdon. Also, please feel free to contact the Montana Association of Counties if you have any questions.

Sincerely,  
  
Chad F. Stoianoff,  
legislative intern

**MACo**

(4) The department shall adopt rules to implement the mail reregistration procedure.

History: En. Sec. 5, Ch. 614, L. 1981; amd. Sec. 1, Ch. 32, L. 1985; amd. Sec. 13, Ch. 503, L. 1985; amd. Sec. 1, Ch. 420, L. 1987; amd. Sec. 33, Ch. 611, L. 1987.

**Compiler's Comments**

1987 Amendments: Chapter 420 in (1), near beginning after "The department shall", deleted "develop a procedure to"; substituted present language in (3) for "The procedure for mail reregistration must be in effect by January 1, 1982" (also deleted by Ch. 611); and in (4) substituted "shall" for "may".

Chapter 611 in (1), after "light vehicles", inserted "and other vehicles subject to tax under 61-3-504(2)"; and in (2), after "appropriate", inserted "tax and".

**Cross-References**

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

Duties of County Treasurer, 7-6-2111.

**61-3-536. Repealed. Sec. 38, Ch. 611, L. 1987.**

History: En. Sec. 6, Ch. 614, L. 1981; amd. Sec. 2, Ch. 115, L. 1983; amd. Sec. 10, Ch. 708, L. 1983; amd. Sec. 3, Ch. 702, L. 1985; amd. Sec. 2, Ch. 1, Sp. L. 1985; amd. Sec. 7, Ch. 30, Sp. L. June 1986.

**61-3-537. (Temporary) Local option vehicle tax.** (1) A county may impose a local vehicle tax on vehicles subject to a property tax under 61-3-504(2) at a rate of up to 0.5% of the value determined under 61-3-503, in addition to the tax imposed under 61-3-504(2).

(2) A local vehicle tax is payable at the same time and in the same manner as the tax imposed under 61-3-504(2) and is distributed in the same manner, based on the registration address of the owner of the motor vehicle.

(3) The governing body of a county may impose a local vehicle tax for a fiscal year by adopting a resolution before July 1 of the fiscal year, after conducting a public hearing on the proposed resolution. (Terminates July 1, 1989—sec. 40, Ch. 611, L. 1987.)

History: En. Sec. 36, Ch. 611, L. 1987.

**61-3-538 through 61-3-540 reserved.**

**61-3-541. Repealed. Sec. 38, Ch. 611, L. 1987.**

History: En. Sec. 2, Ch. 516, L. 1985.

**61-3-542. Repealed. Sec. 38, Ch. 611, L. 1987.**

History: En. Sec. 3, Ch. 516, L. 1985.

**Part 6**

**Penalties — Enforcement**

**61-3-601. Penalty for violations.** Except as otherwise provided, a violation of any of the provisions of this chapter is a misdemeanor and is punishable by a fine not exceeding \$25. Nothing contained herein prevents the state or county from assessing a fine or imprisonment for an offense committed under any other law.

## VISITORS' REGISTER

Business

## COMMITTEE

43 76 87

BILL NO. 150 310 DATE 3/2/89

Sponsor Baapp - Surcek Regan Rasmussen  
Bishop McLanePlease put the bill  
number. Thanks

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Charles R. Brooks	MT REINSURANCE ASSOC. HOL	SB 150	
Martin Jacobson	Bo. of Realty Reg.	SB 150	
Dawn Lee	wholly State Fair	SB 87	
Mary OLA MAYNARD	27 OLIVE ST. HELENA	SB 87	
Jim Marion	Helema	SB 310	
Tom Hopsgood	Mont. Assoc. ReIns.	SB 205	
Jan Cool	EXXON Company USA	SB 310	
Bob Enke	Town Pump	SB 310	
Mark Staples	Exxon Company USA	SB 310	
LARRY AKEY	MT ASSOC OF LIFE UNDERWRITERS	SB 76	
KATHY ANDERSON	IND. INS. AGENTS ASSOC OF MT	SB 87	<del>SB 76</del>
Howard Payette	St. L. Ins. Co. of America	SB 76	
PATRICK DRISCOLL	AMERICAN COUNCIL OF LIFE INSURANCE	SB 76	
GENE PHILLIPS	NAT'L ASSOC. INDEPENDANT INSURERS	SB 87	
Roger McGlen	INDEPENDENT INS. AGENTS ASSOC. OF MT.	SB 87	
Jacqueline Terrell	Amer. Ins. Assoca.	SB 87 w/andt	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.