

MINUTES

**MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION
COMMITTEE ON BUSINESS & INDUSTRY**

Call to Order: By Chairman J.D. Lynch, on January 18, 1991, at 10:00 a.m.

ROLL CALL

Members Present:

J.D. Lynch, Chairman (D)
John Jr. Kennedy, Vice Chairman (D)
Betty Bruski (D)
Eve Franklin (D)
Delwyn Gage (R)
Thomas Hager (R)
Jerry Noble (R)
Gene Thayer (R)
Bob Williams (D)

Members Excused: None

Staff Present: Bart Campbell (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: None

HEARING ON HOUSE BILL 19

Presentation and Opening Statement by Sponsor:

Representative Hal Harper, district 44, sponsor of the bill stated that the bill correctly verifies an oversight. It attempts to provide a more accurate assessment of risk assets by including security loans. With this change it will allow credit unions to more accurately define their capital position.

Proponents' Testimony:

Bob Pyfer, vice president of the Montana credit union leagues, spoke in favor of the bill. Credit unions are non profit consumer financial cooperatives that are totally member

owned and controlled. In Montana there are eighteen state chartered credit unions, and eighty two federally chartered credit unions. House bill 19 would amend the state credit union act by correcting an apparent oversight when that law was enacted. It amends the definition of risk assets to exclude care security loans. Risk assets are those assets in the credit union that must be reserved against. Page 1 line 11-15 risk assets are defined, page two lines ten through twelve new language is added (See Exhibit 1). The language of the federal regulation language was simply inserted to the state law in order to provide parity between state chartered and federally chartered credit unions. The state regulator, the financial division of the department of commerce has reviewed the bill and indicated that they agree that it is a housekeeping type measure, and that they support the bill.

Ken Meske, president of the Great Falls Teachers credit union supports the bill.

Gene Bowen, manager of Helena community credit union supports the bill.

Larry Geggen, president Laurel federal credit union supports the bill.

Peggy Martin, manager Mile City federal credit union supports the bill.

Opponents' Testimony:

None

Questions From Committee Members:

Senator Thayer asked how many state chartered credit unions are there as opposed to federally chartered credit unions.

Bob Pyfer replied that they have eighteen state chartered credit unions and eighty two federally chartered credit unions.

Senator Thayer asked why some of the credit unions are state chartered and the other federally chartered.

Pyfer replied that they have a dual chartering system where there is a choice in chartering a new credit union, the person can also convert from state to federal very easily. It provides a choice in terms of the laws that regulate the credit unions. For a state charter it is easier to change the state laws, if it needs fine tuning. State regulators seem to be more accessible. All credit unions in Montana are insured by the national credit union share insurance fund administered by the national credit union administration.

Senator Thayer asked about the new language on page two, lines ten through twelve. How are the shares valued, is there a market.

Pyfer replied that the shares are in the nature of deposits in a savings account as opposed to capital stock. They're valued at exactly what the account is on the books at the credit union and they earn dividends, the equivalent of interest in a bank. But there is no capital stocks. There is a minimum share for membership in order to have the services and to have a vote. That's typically five to twenty five dollars.

Senator Williams asked if the insurance was one hundred thousand on each account.

Pyfer replied that this was correct. The rules for coverage

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of insurance is identical in the credit union insurance fund to the FDIC banks.

Senator Williams asked if it was strictly credit union operational.

Pyfer replied that it was strictly credit union operational.

Senator Hager asked if any of the people on the legislative board state chartered.

Pyfer replied that none of the people on the legislative board that were present for this meeting were state chartered.

Closing by Sponsor:

Representative Harper closed by saying that this bill has been adequately explained and if the committee should vote favorably on this bill it would be the pleasure to see who should carry the bill.

Senator Lynch commented that the executive action on SB 21 originally scheduled for today would be rescheduled for Tuesday, January 22, on request of Senator Gage. He asked if Geoffrey Brazier, a lobbyist for the united horse racing interest of Montana, would like to respond on the letters that he is getting from people saying that Brazier does not represent them.

Brazier replied that he had received a call from Mr. Koepplin saying that he may need help on a bill that was to be drafted. Brazier met twice in front of witnesses with Mr. Koepplin with twenty five witnesses. They assured him that they were a coalition of interests and originally they had hoped to have the horse breeders protective association and the quarter horse association. The quarter horse association is a group of farmers and ranchers around Montana. They are much greater in numbers than the horse breeders are. He did say before that he was amazed that he'd find at this point after eight years that this many people were able to get together. He didn't think that he left the impression that he represented Mr. Al Bell. He does not think he misrepresented to the committee in any way, he didn't say he represented any one person. He welcomes any kind of investigation.

Senator Lynch stated that he was not going to conduct any type of investigation, he simply wanted to give Mr. Brazier an opportunity to express himself.

Senator Thayer motioned that house bill 19 be concurred in and that he would be willing to carry it.

HB 19 passed unanimously and will be carried by Senator Thayer.

EXECUTIVE ACTION ON SENATE BILL 60

Senator Lynch commented that the motion to do pass senate bill 60 failed five to four. But they waited to fail the bill until Senator Gage, sponsor of the bill could be present.

Senator Gage motioned to amend senate bill 60.

The motion passed to amend senate bill 60, 8 votes to 1 with Senator Noble voting no.

Senator Gage motioned to do pass senate bill 60 as amended.

Senator Thayer spoke against the bill. He wasn't sure how many more agency stores would be included with the 20 mile radius

rather than the 15 mile radius with the proposed amendment from Senator Gage. If this bill passes there will probably be more bills in next time wanting to include all the rest of the stores. Whatever business is being done by package stores is being taken away from them. Even though the consumer would benefit business is tough enough as it is for businesses who rely on this business for survival.

Senator Franklin commented that she agreed with Senator Thayer and would oppose this bill.

A roll call vote was taken on the motion from Senator Gage that SB 60 do pass as amended.

The motion failed 6 to 3 votes.

Senator Hager moved that SB 60 do not pass.

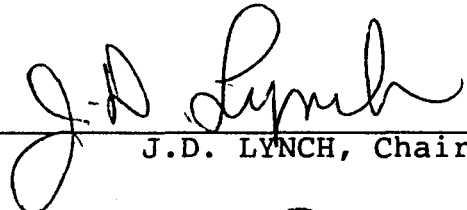
Senator Lynch asked if the motion should be entertained or should the vote be reversed.

It was agreed that the vote would be reversed of the previous motion. It will be reported out as an adverse committee report.

SB 60 failed.

ADJOURNMENT

Adjournment At: 10:30 a.m.



J.D. LYNCH, Chairman



DARA ANDERSON, Secretary

JDL/dia

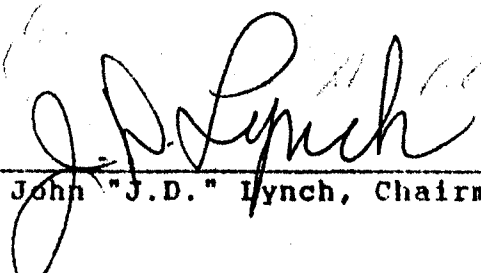
SENATE STANDING COMMITTEE REPORT

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MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration Senate Bill No. 60 (first reading copy -- white), respectfully report that Senate Bill No. 60 do not pass.

Signed:


John "J.D." Lynch, Chairman

JMA 1-16 11:30
Ad. Coord.

SB 1-18-91 1:55
Sec. of Senate