

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By J.D. Lynch, Chair, on January 21, 1993, at 10:00 a.m.

ROLL CALL

Members Present:

Sen. J.D. Lynch, Chair (D)
Sen. Chris Christiaens, Vice Chair (D)
Sen. Betty Bruski-Maus (D)
Sen. Delwyn Gage (R)
Sen. Tom Hager (R)
Sen. Ethel Harding (R)
Sen. Ed Kennedy (D)
Sen. Terry Klampe (D)
Sen. Francis Koehnke (D)
Sen. Kenneth Mesaros (R)
Sen. Doc Rea (D)
Sen. Daryl Toews (R)
Sen. Bill Wilson (D)

Members Excused: None.

Members Absent: None.

Staff Present: Bart Campbell, Legislative Council
Kristie Wolter, Committee Secretary

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

Committee Business Summary:

Hearing: SB 155
Executive Action: SB 134

HEARING ON SB 155

Opening Statement by Sponsor:

Senator Judy Jacobson, Senate District 36, Butte, presented SB 155 stating it was a credit card bill which requires credit card solicitation disclosure requirements. Senator Jacobson was aware of a Federal Law which covers the requirements in SB 155. The reason behind SB 155 was for protection of college age people whom are solicited on campuses to sign up for credit cards when the students don't have any form of income to pay the credit

cards off. SB 155 provides for civil penalties at the state level for solicitors who break the credit card disclosure act in the presentation of credit card applications.

Proponents' Testimony:

None.

Opponents' Testimony:

John Cadby, Montana Bankers Association, spoke in opposition to SB 155 because it was duplicative of federal law and would not slow down the solicitation of credit cards. Mr. Cadby showed the Committee a copy of Regulation Z which is a truth in lending regulation. Regulation Z is over 500 pages thick and covers all credit regulations and disclosure acts. It is required under federal law for the company who sends a person a credit card or application to specify membership fees, other fees, the annual percentage rate, the variable rate information, the method of calculation of interest, the minimum finance charge, the grace period on purchases, the transaction fees for credit and cash advances and the late payment and over credit limit fees. The requirement under federal law covers everything in SB 155 plus the civil penalties. Mr. Cadby stated the passage of SB 155 would be an additional regulatory burden to the banks and private companies who issue credit cards. He added if there were any conflict in the state law with the federal law, the federal law would prevail. He closed by asking the Committee to please kill SB 155.

Tom Eisenhower, President, Bank of Montana, reiterated the testimony of Mr. Cadby and stated his opposition to SB 155 for the same reasons as given above. The section which concerned Mr. Eisenhower was the section on liability. Under federal law, the banks are given room to make mistakes, but must act in a prudent manner to correct any mistakes. Under SB 155, the banks could be fined by any account which they hold. The liabilities are heavily audited and the banks are already in compliance with the regulations. Mr. Eisenhower added that SB 155 would be redundant and add to the banks burden.

Roger Tippy, Independent Bankers Association, asked to be noted in opposition to SB 155 stating the federal reserve board already covers all of the points in SB 155. He said Governor Stephens appointed a Bank Code Advisory Council to work on the banking laws and to weed out surplus and outdated material, and SB 155 would be adverse to the work of the Advisory Council.

Questions From Committee Members and Responses:

Senator Kennedy asked Senator Jacobson if verbal solicitation was the concern of SB 155. Senator Jacobson responded SB 155 was concerned with the solicitors of the credit cards on campuses who didn't go through the information on the application form with

the students.

Senator Kennedy asked Mr. Cadby if the federal law covers verbal solicitation. Mr. Cadby referred the question to Mr. Eisenhower who answered if the solicitor misleads someone, then they are out of compliance with the federal law. He said the solicitor must provide the blocked and typed disclosure with the application. He said a complaint should be placed to the Consumer Complaint Bureau on anything that seems out of compliance.

Senator Christiaens asked Senator Jacobson if there was any way the authorities of the campus could put a stop to the solicitation through the requirement of a script by solicitors. Senator Jacobson answered that was a possible solution. Mr. Eisenhower added the admission of a script may alleviate the problem. Senator Christiaens then asked for clarification on what kinds of firms were soliciting on the campuses. Senator Jacobson responded they were major credit card companies.

Senator Mesaros addressed Senator Jacobson about the number of complaints coming from college students. Senator Jacobson replied the college students weren't aware of the problem and she didn't have a number.

Senator Rea asked Mr. Cadby why the passage of SB 155 wouldn't slow down the marketing of credit cards. Mr. Cadby replied the truth in lending act preempts state law and to overrule the federal government would take a lot of work.

Senator Lynch asked Senator Jacobson if there was any way there could be a resolution drafted in place of SB 155. Senator Jacobson replied a resolution was possible. Senator Lynch then asked Senator Jacobson if she thought a possible solution would be a resolution directing the Board of Regents on campuses to require a script stating what the solicitors would present. Senator Jacobson responded a resolution was a great idea and would leave it up to the Committee to handle.

Closing by Sponsor:

Senator Jacobson asked the Committee to table SB 155 and thanked the Committee for its time and interest.

EXECUTIVE ACTION ON SB 155

Motion/Vote:

Senator Kennedy moved a SENATE JOINT RESOLUTION be drafted by Bart Campbell, Legislative Council. Motion CARRIED UNANIMOUSLY.

Motion/Vote:

Senator Bruski-Maus moved SB 155 BE TABLED. Motion CARRIED UNANIMOUSLY.


EXECUTIVE ACTION ON SB 134

Motion/Vote:

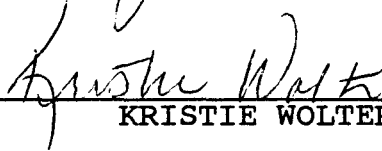
Senator Gage moved SB 134 DO PASS. Motion CARRIED UNANIMOUSLY.

ADJOURNMENT

Adjournment: 10:32 a.m.



SENATOR J.D. LYNCH, Chair



KRISTIE WOLTER, Secretary

JDL/klw

ROLL CALL

SENATE COMMITTEE Business & Industry

DATE Jan. 21, 1993

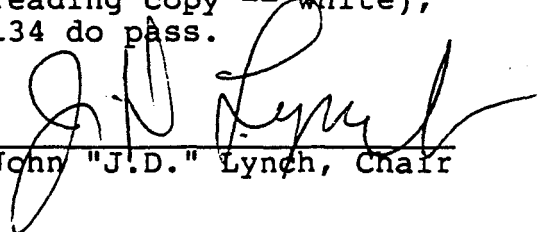
NAME	PRESENT	ABSENT	EXCUSED
Senator Lynch	✓		
Senator Christaens	✓		
Senator Bruski-Maus	✓		
Senator Gage	✓		
Senator Hager	✓		
Senator Harding	✓		
Senator Kennedy	✓		
Senator Klampe	✓		
Senator Koehnke	✓		
Senator Mesaros	✓		
Senator Rea	✓		
Senator Toews	✓		
Senator Wilson	✓		

SENATE STANDING COMMITTEE REPORT

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January 21, 1993

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration Senate Bill No. 134 (first reading copy -- white), respectfully report that Senate Bill No. 134 do pass.

Signed: 

Senator John "J.D." Lynch, Chair

DATE Jan. 21, 1993

SENATE COMMITTEE ON Business & Industry

BILLS BEING HEARD TODAY: SB 132, SB 1161, SB 155

Name	Representing	Bill No.	Check One	
			Support	Oppose
<u>Tom Eisenhauer</u>	<u>Bank of Montana</u>			
<u>Roger Vigor</u>	<u>MT INDEP BANKERS</u>	<u>155</u>		<u>X</u>

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY