

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By CHAIRMAN STEVE BENEDICT, on February 2, 1993,
at 9:00 A.M.

ROLL CALL

Members Present:

Rep. Steve Benedict, Chair (R)
Rep. Sonny Hanson, Vice Chair (R)
Rep. Bob Bachini (D)
Rep. Joe Barnett (R)
Rep. Ray Brandewie (R)
Rep. Vicki Cocchiarella (D)
Rep. Fritz Daily (D)
Rep. Tim Dowell (D)
Rep. Alvin Ellis (R)
Rep. Stella Jean Hansen (D)
Rep. Jack Herron (R)
Rep. Dick Knox (R)
Rep. Don Larson (D)
Rep. Norm Mills (R)
Rep. Bob Pavlovich (D)
Rep. Bruce Simon (R)
Rep. Carley Tuss (R)
Rep. Doug Wagner (R)

Members Excused: Rep. Bob Pavlovich

Members Absent: None

Staff Present: Paul Verdon, Legislative Council
Claudia Johnson, Committee Secretary

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

Committee Business Summary:

Hearing: HB 269 and HB 305
Executive Action: None

HEARING ON HB 305

Opening Statement by Sponsor:

REP. MIKE KADAS, House District 55, Missoula, said HB 305
eliminates the requirement for an applicant that is applying for

a certificate to provide limousine service must prove public need. Essentially, this bill removes the standards of the competition or lack of competition requirements that are currently set by the Public Service Commission (PSC) for limousines. It will let the market determine how many limousine services are provided in a particular area. This issue came about because a couple wanted to start a limousine service in the urban area of Missoula. But the rules of the PSC and the other limousine services didn't want any more competition. The rules of the PSC allowed for the other services to pre-empt anyone else from providing a competitive service in their market area. There are 2 basic reasons for restricting competition: 1) a natural monopoly, i.e. a utility that would be beneficial for the rate payers to have a single institution to provide service rather than running two sets of telephone poles, etc.; and 2) for health and safety reasons. As a government, the Legislature intervenes in these issues for various reasons involving businesses. He said the question that comes up is should a limousine service be regulated for market reasons. He said there are clear rationale that health and safety is set in a certain criteria to meet these issues, and whether by law should the Legislature provide a monopoly to limousine services. He said this country has relied on markets in order to provide the lowest price of a product to the consumer. He said the government deviates from that rule in certain cases and usually have good reasons for it, but could not see any reason to control the limousine service. He said this bill will return the limousine services to a market economy. Rep. Kadas said the PSC has proposed amendments to clean up the bill and the people involved do not have a problem with them.

EXHIBIT 1**Proponents' Testimony:**

Debbie Bartlett, Camelot Limousine, Missoula, distributed letters addressed to her from Congressman Pat Williams, Congressman Ron Marlenee and Thomas Phillips, Chief Pilot/Director of Flight Operations, and her own written testimony. She reiterated the comments of Rep. Kadas. She said they applied for authority a year ago for the twelve counties, and had a 7½ hour meeting with the PSC and other owners of limousine services, but were denied. She asked the committee to help make limousine service a free enterprise. **EXHIBIT 2**

Bob Rowe, Commissioner of the Public Service Commission (PSC), said he was not representing the PSC, and was before the committee for himself. Mr. Rowe addressed several concerns: 1) Does a seller's or a buyer's monopoly or oligopoly exist; and 2) How important is this particular kind of transportation to the state's overall transportation system. He said limousines are not a monopoly and do not face a monopoly of buyers. There is a potential bargaining power on both sides. Therefore, it appears to support a less intrusive regulation. He said enlightening regulation will reduce regulatory barriers to entry and should be supported. Other commissioners and staff expressed legitimate

concerns about the effect "deregulation" may have on other kinds of transportation, i.e. taxicabs in rural towns, etc. **Mr. Rowe** said several commissioners expressed a preference for twenty-four hours advance notice rather than the two hours contained in the bill. He said transportation is a very important area in which the PSC is very much involved. The rates on limousines, intrastate transportation, solid waste, railroads and taxicabs generate about \$1.4 million per year in revenue for the state of Montana. He said limousine service is a luxury and makes them low in terms of their importance to the overall transportation system. **EXHIBIT 3**

Robin McHugh, Public Service Commission, Staff Attorney, said he is not an opponent nor a proponent in this issue. He said the PSC is neutral on HB 305. The commission is concerned about the spill-over affect that deregulating limousine service could have on taxi companies. The PSC feels the limousine service is not affected by the public interests, but the taxi cab companies are. In deregulating limousines it must be made clear not to damage the taxi companies. He defined what is referred to as destructive competition, i.e., if there are a number of companies trying to make a living doing the same thing, eventually a lot of them will go out of business. The PSC would like to see the two hour period of time in arranging a limousine service extended to a longer length of time, i.e., twenty-four hours.

Duane Bartlett, Camelot Limousine, Missoula, reiterated Debbie's comments and added that the law to show necessity and convenience was written in the 1930's which pre-empts free enterprise for limousine service. He owns a mechanic shop also, but cannot stop another person from opening a mechanic shop across the street. He said the American dream was founded on competition and free enterprise. He urged the committee to pass HB 305.

Opponents' Testimony:

Ben Havdahl, representing the Montana Motor Carriers Association (MMCA), said they have great concern about the provision of HB 305, eliminating the requirement that an applicant for limousine authority show public need. He said the specific provision on page 4, section 2, subsection (2) (c) states "for purposes of issuing operating certificates for limousine service, a determination of public convenience and necessity does not include consideration of public need." The provision removes the standard of evidence required by the Motor Carrier Act for issuance of new authority necessary to support a health motor carrier transportation system. The present statutes require that the evidence show "that public convenience and necessity (public need) require the authorization of the service proposed". He said to remove the basic element of public need in granting an authority is to undermine the very intent of regulation. If public need is not to be considered in granting authority to limousines, then limousine transportation should be exempted

entirely from PSC regulation. **Mr. Havdahl** distributed written testimony. **EXHIBIT 4**

John Garrett and Shelly Berry, "A" Limousine, Billings, Mr. **Garrett** said the limousine service in Montana is fairly new, about 7 years that most companies have been in business. He said for the PSC to state that limousines are low on the scale for transportation service is unfair. He said HB 305 is trying to fix something that isn't broken. Anyone can receive a license in Montana with proof of need, and said this is the first time this law has worked in Montana, then someone tries to change it. **Mr. Garrett** said there are no standards to limit anyone from starting a limousine service and operate out of their garage. He said even 5 people "hacking" at the limousine business in Billings under this new bill would put him out of business. In the last five years they have purchased \$90,000 worth of limousines. He said there are three limousine services in Billings, and have a very healthy competition. **Shelly Berry** said there was not a monopoly of limousine service in Missoula at the time **Debbie Bartlett** applied. She felt the problem was in the procedure of application, whether **Debbie** had to apply three or four times, if she had been persistent she probably would have received her license. She addressed the bill on page 2, lines 6, 7 and 8, subsection 6, regarding the description of a limousine, it states, "that not more than nine passengers, including driver" is not true. The new stretch limousines that carry at least 13 passengers are arriving in Montana in the very near future.

Dean and Rose Holmes, Limousine of Montana, Helena, said they are in the florist business and the limousine service fits in very well. He said if four or five more limousine services were started in Helena, they would go out of business. The size of Helena cannot support even two limousine services. He said a limousine needs to be used many hours a week to be able to afford the insurance. The first year he was in business the insurance was in excess of \$3000. He said if HB 305 passes everyone will be out of business. He feels this is selfish legislation directed at a certain area of the state, but will cause considerable damage to the rest of the state.

Ron and Debbie Kindsfather, LimoScene, Billings, said they started their service eight years ago. They sympathize with **Duane and Debbie Bartlett**, because they have been there. **Ron** is also a mechanic and said if this bill passes and the "hackers" move in there will be a problem with the public's health and safety. The "hackers" will cut, chop and piece together an old car they paid \$2,500 for, start a business that would be a risk for the public in regard to fires, accidents, etc. **Mr. Kindsfather** said if this bill passes, they will be able to put the taxi companies out of business.

Leona Knutson, dba Valet Limousine Service, Kalispell, said the **Bartletts** were granted license to operate in seven other counties after a lot of hard work. She said that everyone would prefer to

have their business in the busiest area they could have. The way the PSC works, helps to keep people serviced throughout Montana and not just in the larger cities. **EXHIBIT 5**

Jacque Gale Thomas Christofferson, Valet Limousine, Missoula, said the PSC is here to protect their service from fraudulent or unsafe service providers, saturation in the market, discrimination, minimum insurance coverage required on the vehicles, and fixed rates for carriers and customers. The city issues the business permits, not the PSC. The idea is to protect the public from poor business practices and the reason laws are made. If everyone is self-policing, then why are there laws?

Ms. Christofferson said the PSC protects existing carriers from going out of business due to no further need. There is a code of ethics in any service that is provided if the company is legitimate. She said not only does the public need to be protected, but the people who are investing major dollars in these luxury services need to be protected. Communities suffer from the impact when a company files Chapter 13. The PSC works for both the consumer and the business. **Ms. Christofferson** said she believes in less government, but also believes in safe government. She urged the committee for a do not pass recommendation.

Darlene Cashman, Hall Transit, Helena, said she doesn't own a limousine, but is in the bus business. She opposes HB 305, because it will open the door to de-regulate the rules for the charter bus system.

Questions From Committee Members and Responses:

Rep. Ellis asked **Robin McHugh** if he could give the committee any statistics from other states in regard to the limousine service.

Mr. McHugh replied it is a mix, some states are more strict than others. He referred the question to **Dave Burchett, Enforcement Supervisor, PCS,** who replied that bus service does not operate under limousine authority.

Rep. Ellis asked how is a person protected by the PSC when they are licensed for a number of counties, and not be regulated by the current regulation. **Mr. McHugh** said when a person applies to the PSC for authority for a certain area for limousine service, the application would be granted if the PSC saw the need and no one else had authority to serve that area, in which case there would not be a protest or if someone else does have authority there, but does not mind the competition.

Rep. Mills asked **Robin McHugh** if he has ever seen a limousine service run a taxi or bus company out of business in Montana?

Mr. McHugh said he doesn't know of any, but there are some situations where the limousines do compete with them.

Rep. Larson asked if bus or taxi cab companies have limousine authority? **Robin McHugh** said they have to look at each situation. The authority is written in such a way that it could

be broad enough for these companies to invest in a limousine and start their own service. **Rep. Larson** asked if these people have to apply for application for each different authority they want. **Mr. McHugh** said yes they are class B passenger authorities. He could not clearly define it and asked if Dave Burchett could answer. **Dave Burchett, PSC** said as far as a bus company having a limousine service authority there is nothing to preclude them from applying and having a limousine service, but bus authority itself cannot be operated as limousine authority. He said some taxi cab authorities are broad enough to allow them to operate a limousine, but they would be charging per passenger and not per vehicle which is the way the limousines operate. **Rep. Larson** asked if the taxi cab companies wanted to operate a limousine, would they have to come before the PSC to show need? **Mr. Burchett** said if a taxi cab company wanted to have a limousine service they would have to specifically apply for that authority, and if they did, the tariff would show they would be charging per hour per vehicle.

Rep. Pavlovich wanted to know how many limousine services are in Montana? **Mr. Burchett** replied 10 to 15. **Rep. Pavlovich** asked how it is determined for limousine services to receive 12 counties, or more, etc. **Robin McHugh** said it is determined by the application. He said the applicant could apply for all 56 counties in Montana if they so desired.

Rep. Dowell asked **John Garrett** if he knew why the Bartletts had problems with their application procedure. **Mr. Garrett** felt they were not persistent enough. There are some services that apply 3 and 4 times before they get the district or county they applied for.

Rep. Simon said he was intrigued how the PSC determines the public need and wanted to know how it is done? **Dave Burchett** said it is puzzling to most people how the motor carrier regulations work. He said the regulation was made to protect existing carriers. The PSC receives application for authority, then notices are sent out to the existing carriers to let them know that application has been made for a certain area. The process is reviewed by the PSC and existing carriers, who then may protest if there is no need for that area and no need for another carrier. Usually an existing carrier that protests, has informed the PSC that the applicant should have contacted them first to see if there is need for another carrier for that area.

Rep. Simon wanted to know if the PSC does a followup after a license has been granted to see if the applicant is providing a quality service. **Robin McHugh** said the PSC no longer has the public safety enforcement program. The applicant has to show proof of insurance to the PSC, and other followup procedures.

Dave Burchett interjected stating there are enforcement officials that travel around the state to each of the carriers and reviews the rates they charge, and if they are operating according their

authority. The carrier will sign the audit report stating the corrections that need to be made to comply with the rules and regulations. If there are complaints from the public an enforcement officer is sent out, or if the PSC can tell if there is a pattern forming, the commission can "in order" to show cause, and send a letter to the carrier for violations for the following reasons. They have to show the PSC how they are going to correct those violations. If the carrier cannot show good cause in a certain period of time, the PSC will hold hearings to cancel that authority.

Rep. Wagner asked **Robin McHugh** if someone could lease the authority from an existing carrier? **Mr. McHugh** said they could.

Rep. Mills asked **Robin McHugh** if this bill will eliminate only one duty of the PSC which is to "define need". **Mr. McHugh** said that is correct.

Rep. Brandewie asked **Leona Knutson** how many people have come into the Bigfork area and applied for limousine service. **Ms. Knutson** said she is the only carrier at this time, but there are limousines in the area owned by private individuals.

Closing by Sponsor:

Rep. Kadas said the individuals that want to start a limousine service still have to come before the PSC to apply for authority and prove need. He said the PSC has to approve the tariff, if they feel that a carrier service has set their price too low to undercut competition, then the PSC will set a floor on prices. The question is public need if an existing carrier is providing that service in the area already, does it mean "no public need".

Rep. Kadas said the limousine service is a young growing industry, and if the laws stay as they are, the property rights for these licenses will be worth \$120,000, does Montana want to keep this concept of limiting services? He said if the committee wants to change the number of passengers from 9 to 13, he would not have a problem with it. He urged a do pass.

HEARING ON HB 269

Opening Statement by Sponsor:

REP. DON LARSON, House District 65, Seeley Lake, said HB 269 is an act revising the law concerning a change in the holder of a gambling operator's license for a premises with a video gambling machine, providing that the permit for the machine is valid for the remainder of the year for which it was issued, providing the new operator may not be charged a fee for the remainder of the permit year. He said this is a housekeeping bill and a fairness issue for the tavern industry. HB 269 will allow for a pro-ration fee charge of gambling machines. Currently, the state charges gambling operators \$200 per machine per year, whether the operator buys a new machine in the 2nd, 3rd or 4th quarter of the

year, the industry does not have a problem with that system. The problem comes when a business changes hands and a new operator assumes control of the liquor and gaming licenses. He said in this business a licensee is first granted a liquor license then they must reapply for a gaming license. When the new operator takes over the business they have to pay the full fee on the gambling machine again under current regulation.

Proponents' Testimony:

Mark Staples, representative of the Montana Tavern Association, said this bill came about from a situation where a tavern was sold in May, the new owners had to be checked out by the Department of Justice and was not approved until after July 1 and didn't receive their license until July 15. The seller had to pay the \$200 a year per machine on July 1, (end of the fiscal year), and when the new owners took over on July 15, had to pay the \$200 per year per machine again. He said all they ask is when a transaction happens during that first quarter starting July 1, the machines are already paid for by the previous owner for their fiscal year, then the pro-ration starts in the second quarter. He suggested an amendment that has been discussed with the Department of Justice who feels it will not be much of a financial impact because it is only happening during the first quarter to charge a \$25 fee per machine for the owner/transfer. The amendment is to strike lines 2 through 5 on page 2 after the word "changes" take out the comma and add, "during the first quarter of the permit year and the new operator has received an operator's license during that first quarter, then the permit remains valid for the remainder of the permit year after payment of the \$25 per machine transfer processing fee to the Department of Justice". The transfer/processing fees shall not be included in the distribution of other permit fees under section 3. He said this preserves the transfer fee of \$25 per machine for the department and makes a situation where the department does not have to share it with the cities and counties as they do all other fees and revenues from gaming. He said a reasonable compromise has been reached between the regulatory agency and the industry. He urged the committee to pass HB 269.

Dennis Casey, Executive Director of the Gaming Industry Association of Montana (GIA), said that GIA supports HB 269. Presently the permit purchased for video gambling machines can accompany the operator who purchased the permission if the operator is approved of for the business. He said HB 269 as introduced would provide the machine permits will be valid for the fiscal year in which the permit was purchased if it remains in the same location. He said they would prefer the bill in that form, however, the amendments offered by Mark Staples is supported by the GIA, and said it is a modification in the right direction. He said they recognize it is unfair to change it completely, thereby, reducing the funding for the department by that amount.

Janet Jessup, Administrator of Gambling Control Division, said the department is sole supported by permits and fees and is always concerned when there is potential for their revenue to go down. She stated her support of the amendments for the bill. She said the bill and amendments proposed is a compromise and addresses both parties' concerns. Ms. Jessup said they will take a revenue loss during the first quarter with the changes made by the amendments, but the loss will not be as great as it would have been as the bill was originally proposed. She does not know what the loss will be from that first quarter, but the department will absorb that loss. She said they will monitor this and work with the Legislature and the industry to see if any changes will need to be made in the future. The department is optimistic at this time and appreciates the changes the sponsor made.

Opponents' Testimony:

Gloria Hermanson, representing Don't Gamble with Montana's Future, said this group is primarily concerned with anti-gambling expansion. She said given the current condition of the state's budget it doesn't seem appropriate to pass legislation that would adversely effect licensee fees and having to come before an enforcing agency. She said all state agencies' budgets are being cut including the Department of Justice. Administering employees throughout state government are being asked to look for as many alternative sources of income as possible. She said that local government is having funding problems as well. The statute does not deal with location licenses or broaden operator licenses, if a person wishes to run a gambling operation they should be willing to pay the license fees that currently exists. The quarterly pro-ration of the permit fee was only enacted in 1991. She said the best they can figure money wise is \$90,000 on gambling machines that generate a gross of almost \$300,000 million in gross public wagers. She said this measure does not seem appropriate.

Questions From Committee Members and Responses:

None

Closing by Sponsor:

Rep. Don Larson closed. He said they do not mind paying the fee, and think it is a fair assessment against the machines not to pay the fee twice. Rep. Larson said the gambling industry pays the state \$400 for a liquor license, \$250 for federal, \$250 to the county, \$300 for city liquor license, and \$200 per machine, this is 15% of the net. He urged a do pass for HB 269.

HOUSE BUSINESS & ECONOMIC DEVELOPMENT COMMITTEE

February 2, 1993

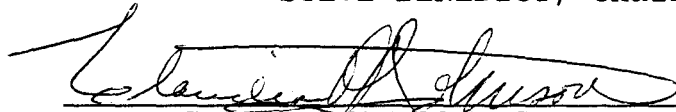
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ADJOURNMENT

Adjournment: 11:00 A.M.



STEVE BENEDICT, Chair



CLAUDIA JOHNSON, Secretary

SB/cj

HOUSE OF REPRESENTATIVES
53RD LEGISLATURE - 1993
BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

ROLL CALL

DATE

2-2-93

NAME	PRESENT	ABSENT	EXCUSED
REP. ALVIN ELLIS	✓		
REP. DICK KNOX	✓		
REP. NORM MILLS	✓		
REP. JOE BARNETT	✓		
REP. RAY BRANDEWIE	✓		
REP. JACK HERRON	✓		
REP. TIM DOWELL	✓		
REP. CARLEY TUSS	✓		
REP. STELLA JEAN HANSEN	✓		
REP. BOB PAVLOVICH			✓
REP. VICKI COCCHIARELLA	✓		
REP. FRITZ DAILY	✓		
REP. BOB BACHINI	✓		
REP. DON LARSON	✓		
REP. BRUCE SIMON	✓		
REP. DOUG WAGNER	✓		
REP. SONNY HANSON, VICE CHAIRMAN	✓		
REP. STEVE BENEDICT, CHAIRMAN	✓		

HR:1993

wp.rollcall.man

EXHIBIT 1
DATE 2-2-93
HB 305

PROPOSED AMENDMENT

HOUSE BILL NO. 305

1. Page 2, line 5.
Following: "motor"
Strike: "carrier"
Insert: "vehicle"

2. Page 2, line 14.
Following: line 13
Strike: "automobile"
Insert: "limousine"

EXHIBIT 2
DATE 2-2-93
HB 305

Dear Representative,

Representative Mike Kadas's bill H.B. # 305, deals with the Montana Public Service Commission.

In order to operate a limousine business in Montana a person must apply for Class B Interstate Certificate of Public Convenience and Necessity.

With Mike Kadas's bill it would take out the requirement to show necessity and need. Limousines are a luxury item that is totally optional. It should be treated like any other small business in the State. Right now it is a MONOPOLY system. A monopoly in the limousine business is not in the best interest of the people. When the people have the right to chose from competitive businesses then that is in the best interest of the people.

In February of 1992 we applied for 12 counties for a Class B Certificate. The way the law reads now is any other Class B certificate holders may protest the application. We had 5 protesters, two of which have no limousine. In May we had a public hearing with Ted Macy as Commissioner and hearing examiner. The hearing was 7 1/2 hours long. At our hearing we where protested by Valet Limousine from Kalispell, and Jones Brothers Trucking dba Executive Limousine in Missoula. In August 17, 1992 The Public Service Commission denied our application.

Through frustration I wrote people that I thought could help me, and they have. I believe that if I had not written these people, we would not have the 7 counties that we do have now. However, we are unable to operate our business in Missoula county where we live and have our other businesses. Because of the way current law is, we have been through a Motion of the reconsideration of the reconsideration of the reconsideration.

Valet Limousine in Kalispell has now sold to Gale Thomas also known as Jacque Christofferson " Christofferson Lodging CO.". It just shows that if you have the money you win, and the little people end up with nothing.

To say that I'm frustrated would be an understatement. My husband owns a automotive repair business and I own a car detailing business. We can not stop another automotive or car detailing business from opening nor, should we be able too. But that is what the current Montana Law allows to happen to new limousine applications. We are small business people and the law current is anti small business. I am not out change the P.S.C. All I ever want to do was open a Limousine Service. We have been turned into the P.S.C. for doing a free service for The Bon in Missoula for " Friends to Youth" and " Missoula Youth Homes".

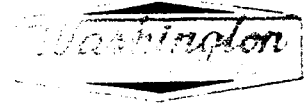
Please help us make limousine free enterprise. It will be best for the people in the State of Montana

Sincerely,
Debbie J. Bartlett
Debbie J. Bartlett
Camelot Limousine

EXHIBIT 2
DATE 2-2-93
HB 305

WASHINGTON CORPORATIONS

101 INTERNATIONAL WAY
POST OFFICE BOX 8182
MISSOULA, MONTANA 59807
TELEPHONE: (406) 523-1300
FAX: (406) 721-4794



2/1/93

To whom it may concern:

Deb Bartlett and her husband have done work for us for two years and I have known them as honest, and hard working entrepreneurs who provide quality service and deliver what they promise. I consider their concept of starting a competitive limo service in Missoula as a fine example of the spirit of free enterprise and the American dream.

I have difficulty understanding the logic of applying the strict interpretation of what sounds to me like an antiquated law to suppress the ambition of these fine people. The use of the Public Service Commission to enforce a monopoly is not a service to the public, and contrary to the spirit of free enterprise and the purpose for which it was established. As a private citizen, and the manager of an operation likely to use such a service, I would appreciate the opportunity to have a choice.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "TR Philips".

Thomas R. Philips
Chief Pilot/Director of Flight Operations

MAJORITY DEPUTY WHIP

COMMITTEES:

STEERING AND POLICY

INTERIOR

EDUCATION AND LABOR

CHAIRMAN:

LABOR-MANAGEMENT RELATIONS

SUBCOMMITTEES:

POSTSECONDARY EDUCATION

ELEMENTARY, SECONDARY AND

VOCATIONAL EDUCATION

SELECT EDUCATION

NATIONAL PARKS AND PUBLIC LANDS

PAT WILLIAMS
MONTANA, WESTERN DISTRICT



EXHIBIT 2
DATE 2-2-93
HB 305

2457 RAYBURN BUILDING
WASHINGTON, DC 20515
(202) 225-3211

DISTRICT OFFICES:

HELENA 59601

32 N. LAST CHANCE GULCH
(406) 443-7878

BUTTE 59701

FINLEN COMPLEX
(406) 723-4404

MISSOULA 59802
302 WEST BROADWAY
(406) 549-5550

Congress of the United States

House of Representatives

Washington, DC 20515-2601

October 9, 1992

Debbie Bartlett
Camelot Limousine Service
100 N. Johnson #8
Missoula, MT 59801

Dear Debbie:

Thank you for contacting me to ask for my assistance on your behalf with the PC.

I have been in touch with Commissioner Driscoll, who suggested that in his opinion, the legislature should take a look at the law that regulates limousine service. Since this service is considered to be a discretionary luxury, PSC regulation should not be necessary.

I understand that you have since been granted a license to operate your service in areas surrounding Missoula.

You may wish to contact your representatives to the Montana Legislature to discuss with them possible changes to the existing law.

Again, thank you for contacting me, do stay in touch. If you think I can assist you in the future, please don't hesitate to contact me again.

Best regards.

Sincerely,


Pat Williams

RON MARLENEE
MONTANA

WASHINGTON OFFICE:
465 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-1555

Congress of the United States
House of Representatives
Washington, DC 20515

MONTANA OFFICES:
111 5TH STREET, NORTH
GREAT FALLS, MT 59401
(406) 453-3264

103 NORTH BROADWAY STREET
BILLINGS, MT 59101
(406) 657-6753
TOLL FREE
800-332-5965

October 27, 1992

EXHIBIT 2
DATE 2-2-93
HB 305

Debbie J. Bartlett
dba Camelot Limousine Service
100 N. Johnson #8
Missoula, Montana 59801

Dear Debbie:

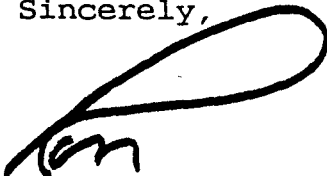
This is to acknowledge and thank you for your letter regarding your difficulties with the Public Service Commission.

As you are probably aware, the Public Service Commission operates under Montana Law and as a Federal Legislator I have no jurisdiction over them. As a service to you, I have forwarded your letter to the appropriate officials for their response. When I receive and review the response to my inquiry, I will contact you.

I would like to commend you for your efforts to create a new business in Montana. Montana needs entrepreneurs like you to spur the economy.

Again, thank you for contacting my office.

Sincerely,



jf

COUNTIES

BIG HORN BLAINE CARBON CARTER CASCADE CHOUTEAU CUSTER DANIELS DAWSON FALLON FERGUS GARFIELD GOLDEN VALLEY HILL JUDITH BASIN
LIBERTY MCCONE MEAGHER MUSSELSHELL PETROLEUM PHILLIPS PONDERA POWDER RIVER PRAIRIE RICHLAND ROOSEVELT ROSEBUD
SHERIDAN STILLWATER SWEET GRASS TETON TOOLE TREASURE VALLEY WHEATLAND WIBAUX YELLOWSTONE

TESTIMONY OF BOB ROWE IN SUPPORT OF HOUSE BILL 305

Mr. Chairman and Members of the Committee:

I speak in support of House Bill 305 as an individual Commissioner, and not on behalf of the Public Service Commission. While there is additional support on the Commission, there are also several concerns, which I will address.

In general, I view the elements of transportation as part of a larger transportation system. However, in deciding what kind of regulation is appropriate, each kind of transportation must be examined individually as well.

As a starting point, I ask two questions:

1. Does either a seller's or a buyer's monopoly or oligopoly exist?
2. How important is the particular kind of transportation to the state's overall transportation system?

Limosines are not a monopoly, and do not face a monopoly of buyers. There is potential bargaining power on both sides. Limousines are also far from the core of Montana's transportation system. Both factors, therefore, appear to support less intrusive regulation.

Lightening regulation will reduce regulatory barriers to entry, and should be supported.

Other Commissioners and staff expressed legitimate concerns, however, about the effect "deregulation" may have on other kinds of transportation, especially taxicabs in rural towns, which are often essential transportation for the elderly and others. This makes it particularly important to define limousines as clearly distinct from taxicabs. In particular, the advance reservation requirement should limit "impulse" use of limousines for routine transportation where taxicabs are available. Several Commissioners expressed a preference for twenty-four hours advance notice, rather than two hours as contained in the bill.

Thank you for your attention.

Statement to House Business & Economic Development Committee
HB 305 - February 2, 1993
Montana Motor Carriers Association

Mr. Chairman. Members of the Committee. For the record I am Ben Havdahl, representing the Montana Motor Carriers Association. MMCA represents 440 motor carrier members and 180 supplier members. Included are members with intrastate bus authority including limousine authority.

MMCA, as a matter of policy which strongly supports the Montana Motor Carrier Act, has great concern about the provision of HB 305, eliminating the requirement that an applicant for limousine authority show public need.

The specific provision is on page 4 of HB 305, Section 2 (2) (c) which states, "for purposes of issuing operating certificates for limousine serviced, a determination of public convenience and necessity does not include consideration of public need."

This provision removes the standard of evidence required by the Motor Carrier Act for issuance of new authority necessary to support a health motor carrier transportation system. the present statutes require that the evidence shows "that public convenience and necessity (public need) require the authorization of the service proposed." (69-12-323 MCA)

This proposed provision in HB 305, may well impact all motor carriers if the element of public need is removed from the law for limousine service. We find no apparent rationale for eliminating a showing of public need for limousine service as opposed to the transportation of all other regulated commodities for which public need must be shown to obtain authority.

The role of the Public Service Commission is to encourage and promote a strong motor carrier industry to serve Montana. Through regulation, the public is assured that a sound transportation system exists for the benefit of all and not for the interests of a select few.

The criteria of public need has long been the basic standard for granting transportation authority. Public need is one of the very foundations of the Motor Carrier Act. Operating licenses are called Certificates of Public Convenience and Necessity, in effect certificates of "public need". To remove the basic element of public need in granting an authority is to undermine the very intent of regulation - that of maintaining a strong common carrier system to meet the needs of the shipping public.

If public need is not to be considered in granting authority to limousines, then limousine transportation should be exempted entirely from PSC regulation. It could be argued that limousines provide service to only a select few of the public, who are capable of obtaining the necessary service at an acceptable rate from carriers capable of providing safe, clean, well-maintained equipment, and as such, are not representative of the transportation industry as a whole.

Motor carrier regulation has served a useful purpose in Montana for many years, 61 to be exact...the act and I are same age, both born in 1931. Easing entry for limousines opens the door for piecemeal deregulation, case by case, special interest, by special interest, commodity by commodity. The issues of regulation, pros and cons, are complex in nature, and merit a much more thorough review that contemplated by HB 305.

MMCA would urge a do not pass recommendation for this bill. Failing that, alternatively, to entirely exempt limousine transportation from PSC regulation.

Thank you.

EXHIBIT 5
DATE 2-2-93
HB 305

House of Representatives
Business and Economic Development Committee
Capitol Station
Helena, MT 59620-0144

January 29, 1993

Dear Sir,

I am writting to you concerning house bill #305 that will soon be presented to the Business and Econinic Committee.

I am very concerned about this bill for many reasons, and will try to explain them clearly but briefly.

#1. I have been in the limousine business for nearly eight years. When I purchased the business I was paying almost totally for the State Authority, since the business was newly established and there was no existing cliental or profit record. This was a large investment for me but I felt it was worthwhile because of the protection it also offered. Knowing that I could depend on the PSC to regulate and only allow additional services where there was a public need, helped to make the investment somewhat less difficult to justify.

But with deregulation, my investment and many others such as me would not only still struggle tomake ends meet but will also lose the investment we made.

#2. This legislation is what I would concider a "selfish" legislation. Those whom have sought out and pushed for legislation have recently applied for a very extended authority, which included transportation throughtout the whole state of Montana and originating and terminating in any of 12 counties. This is very wide authority as compared to most other authorities already in exis-tance. Because of protests and lack of proof of public need they were restricted to seven counties that were not being serviced by a limousine business. But not being willing to service these counties granted to them, have decided to try to change the regulating system, with little or no concern for others involved.

#3. This brings about another point I would like to make. If the PSC loses the right to grant or deny authority according to public need, many areas which are more populated and wealthier, as far as economic and cultural value, would be over run with limousines and no one business would be able to be financially stable. While those smaller areas would be left unserved for occasions such as weddings, proms, holidays and many other special occasions which limousines are requested.

EXHIBIT 5
DATE 2-2-93
HB 305

#4. I am a member of National Limousines association and recieve many magazines and news letters. Lately, there has been alot of concern in deregulated states over the fly-by-night operations. In fact many states are now trying to pass legislation to help stop this problem. Without a substantial investment, many opperations could easily and inexpencively commence business during peak seasons, make bookings, recieve deposits, and not necessarily provide the type of quality transportation if any, expected of a limousine service. The National Limousine newsletter "Limoscene", published in their latest issue an article discribing just such operations.

In closing, I hope you and other legislators will take into view the concerns of the limousine services that are working very hard to provide luxury transportation at affordable rates, and at the same time trying to make a living in a sparcely populated state.

Thank you for your consideration.

Sincerely,



Lonnie I. and Leona I. Knutson
dba Valet Limousine Service
1520 Ashley Lk. Rd.
Kalispell, MT 59901
PSC # 7172

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Business & Economics COMMITTEE

BILL NO. HB 269

DATE 2-2-93

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HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Business & Economics COMMITTEE BILL NO. 305
DATE 2-2 SPONSOR(S) Rep Kadas

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Duane & Debbie Bartlett 100 N. Johnson #8 Missoula	CAMELOT LIMOUSINE SERVICE	✓	
339 Wicks Ln By MT 597105 John & Schell Berry	"A" LIMO		X
Ron & Debbie Kindsfater 1569 Rosebud Ln	Limo Scene		X
Dean & Rose Holmes 115 South main Liv. mt.	Limousine of mt.	✓	✓
Jacqueline Marie Thorne Christopherson MULCA, MT 59801	Vale Limosine, Inc.		✓
Florida Estes 12155001 147 59801	" "		✓
Heena Kuykhan 1520 Ashley St. Rd. Kal.	Valit Limousine Service		✓
Deb Kuykhan	VIP Limousine Service		X
Suzanne Cashman	Local Transit		✓
Robin McHugh	Public Service Comm.	—	
Bill Rowe	PSC	X	
Ben Hovdahl	MT Motor Carriers		✓

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