

**MINUTES**

**MONTANA SENATE  
53rd LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON BUSINESS & INDUSTRY**

**Call to Order:** By J.D. Lynch, Chair, on March 12, 1993, at 10:00 a.m.

**ROLL CALL**

**Members Present:**

Sen. J.D. Lynch, Chair (D)  
Sen. Chris Christiaens, Vice Chair (D)  
Sen. John Brenden (R)  
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. Bill Wilson (D)

**Members Excused:** Senator Hager

**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 314  
Executive Action: HB 637, HB 577

**HEARING ON SB 314**

**Opening Statement by Sponsor:**

Senator Chris Christiaens, Senate District 18, stated SB 314 would allow for each subdivision of issuer to pay portfolio registration fees. He stated SB 314 would help the Securities Commissioner regulate the securities industry by making all sellers of securities register and pay a fee with the state. He stated the registration would allow the Commissioner to review portfolios and possibly eliminate fraudulent sales of securities.

**Proponents' Testimony:**

Mark O'Keefe, State Auditor stated SB 314 would protect the Montana consumers and allow for the Securities Department to regulate the industry.

Ed Caplis, Montana Securities Commission, stated 50% of the victims of fraudulent securities sales are senior citizens. He stated SB 314 would make the sellers of securities present a disclosure on the security they are going to sell. He stated the disclosure would show the rate of return on the security and the background of the seller. He stated SB 314 would protect the investors in Montana.

**Opponents' Testimony:**

None.

**Questions From Committee Members and Responses:**

Senator Lynch asked Dave Hunter, Director, Securities Division, State Auditors Office, how the 2 additional full-time employees (FTE's) which are listed in the fiscal note would be financed. Mr. Hunter stated the 2 FTE's aren't guaranteed, but would be necessary to complete the registration of the securities agents. He stated the financing would come under HB 2 and they would lobby for funding when the time arose.

Senator Klampe asked Mr. Hunter to where income from SB 314 would be dispersed. Mr. Hunter stated the income would go into the state's special fund. Senator Klampe asked Mr. Hunter to explain how the annual renewal of the registration fee would operate. Mr. Hunter stated the annual renewal would either fall on the first day of October every year, which would be the passage date of SB 314, or the date on which the registration was paid.

**Closing by Sponsor:**

Senator Christiaens closed stating SB 314 would be a good consumer bill and would also help raise income for the state. He asked the Committee for favorable consideration of SB 314.

**EXECUTIVE ACTION ON HB 637****Motion/Vote:**

Senator Christiaens moved HB 637 BE AMENDED (Exhibit #1). The motion CARRIED UNANIMOUSLY.

**Motion/Vote:**

Senator Christiaens move HB 637 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 577

Motion/Vote:

Senator Christiaens moved HB 577 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 222

Motion:

Senator Christiaens moved HB 222 BE AMENDED TO ALTERNATIVE 1 (Exhibit #2).

Discussion:

Senator Lynch opened the floor to discussion.

Beth Baker stated the Department felt alternative 2 was a much more acceptable alternative to HB 222. She stated alternative 2 would not regulate the selling of fire extinguishers, just the servicing of them.

Motion:

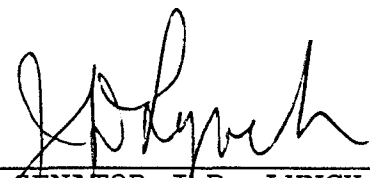
Senator Klampe made a substitute motion that HB 222 be AMENDED TO ALTERNATIVE 2 (Exhibit #2).

Vote:

Motion passed on Roll Call Vote.

ADJOURNMENT

Adjournment: 10:30 a.m.

  
\_\_\_\_\_  
SENATOR J.D. LYNCH, Chair

  
\_\_\_\_\_  
KRISTIE WOLTER, Secretary

# ROLL CALL

SENATE COMMITTEE Business & Industry DATE 3/12/93

NAME PRESENT ABSENT EXCUSED

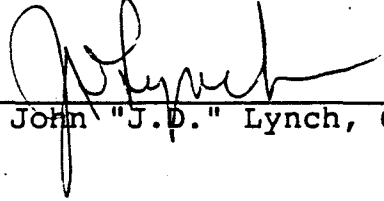
Senator Lynch	✓		
Senator Christiaens	✓		
Senator Brenden	✓		
Senator Gage	✓		
Senator Hager			✓
Senator Harding			✓
Senator Kennedy	✓		
Senator Klampe	✓		
Senator Koehnke	✓		
Senator Mesaros	✓		
Senator Rea	✓		
Senator Bruski-Maus	✓		
Senator Wilson	✓		

SENATE STANDING COMMITTEE REPORT

Page 1 of 2  
March 12, 1993

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration House Bill No. 637 (first reading copy -- blue), respectfully report that House Bill No. 637 be amended as follows and as so amended be concurred in.

Signed: 

Senator John "J.D." Lynch, Chair

That such amendments read:

1. Page 2, lines 11 through 13.

Strike: "(1)" on line 11 through "1995." on line 13

Re-number: subsequent subsections

2. Page 3, line 5.

Strike: "and"

Insert: ", "

3. Page 3, line 6.

Following: "sentences"

Insert: ", and personal style"

4. Page 3, line 7.

Following: "words"

Insert: "and everyday conversational language consistent with the policy's standing as a contract"

5. Page 3, line 8.

Following: "technical"

Insert: "and"

Following: "terms"

Insert: "and words with special meanings"

6. Page 3, line 14.

Following: "contents"

Insert: "and notice section"

7. Page 4, lines 1 through 6.


Strike: "The" on line 1 through "possible." on line 6

Insert: "Policy exclusions may use technical terms, terms with special meanings, and court-interpreted terms to ensure policy clarity."

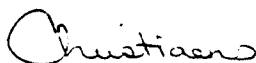
8. Page 6, following line 20.

Insert: "

NEW SECTION. Section 8. Liability and coverage not

  
The

Amd. Coord.  
Sec. of Senate



Senator Carrying Bill

561050SC.San

imputed. The existence or nonexistence of coverage or liability under a policy may not be construed from policy approval by the commissioner."

Renumber: subsequent subsections

9. Page 6, line 25 through page 7 line 2.

Strike: "Insurers" on page 6, line 25 through "by" on page 7, line 2

Insert: "[Sections 1 through 8] apply to all policies issued or renewed on or after"

10. Page 1, lines 15, 18, 21, 23(two occurrences), and 25.

Page 2, lines 4 and 17

Page 3, line 3

Page 5, line 25

Page 6, lines 2, 22, and 24

Strike: "7"

Insert: "8"

-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
March 12, 1993

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration House Bill No. 577 (first reading copy -- white), respectfully report that House Bill No. 577 be concurred in.

Signed: J.D. Lynch  
Senator John "J.D." Lynch, Chair

LD Amd. Coord.  
Sec. of Senate

Sen. Wilson  
Senator Carrying Bill

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## ROLL CALL VOTE

SENATE COMMITTEE Business and Ind. BILL NO. HB 222

DATE 3/12/93 TIME 10:00 A.M. P.M.

NAME

YES

NO

Senator Gage		✓
Senator Hager		
Senator Harding	✓	
Senator Mesaros		✓
Senator Brenden		✓
Senator Wilson	✓	
Senator Rea	✓	
Senator Klampe	✓	
Senator Koehnke		✓
Senator Bruski-Maus	✓	
Senator Kennedy	✓	
Senator Christiaens	✓	
Senator Lynch		✓

Kristen White  
SECRETARY

J D Lynd  
CHAIR

MOTION: HB 222 Be Amended to Alternative #2



Amendments to House Bill No. 637  
Third Reading Copy

Requested by Representative Ryan  
For the Committee on Business and Industry

Prepared by Bart Campbell  
March 10, 1993

1. Page 2, lines 11 through 13.

Strike: "(1)" on line 11 through "1995." on line 13

Renumber: subsequent subsections

2. Page 3, line 5.

Strike: "and"

Insert: ", "

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 1

3. Page 3, line 6.

Following: "sentences"

Insert: ", and personal style"

DATE 3/12/93

BILL NO. HB 637

4. Page 3, line 7.

Following: "words"

Insert: "and everyday conversational language consistent with the  
policy's standing as a contract"

5. Page 3, line 8.

Following: "technical"

Insert: "and"

Following: "terms"

Insert: "and words with special meanings"

6. Page 3, line 14.

Following: "contents"

Insert: "and notice section"

7. Page 4, lines 1 through 6.

Strike: "The" on line 1 through "possible." on line 6

Insert: "Policy exclusions may use technical terms, terms with  
special meanings, and court-interpreted terms to ensure  
policy clarity."

8. Page 6, following line 20.

Insert: "

NEW SECTION. Section 8. Liability and coverage not  
imputed. The existence or nonexistence of coverage or liability  
under a policy may not be construed from policy approval by the  
commissioner."

Renumber: subsequent subsections

9. Page 6, line 25 through page 7 line 2.

Strike: "Insurers" on page 6, line 25 through "by" on page 7, line  
2

Insert: "[Sections 1 through 8] apply to all policies issued or  
renewed on or after"

10. Page 1, lines 15, 18, 21, 23 (two occurrences), and 25.

Page 2, lines 4 and 17

Page 3, line 3

Page 5, line 25

Page 6, lines 2, 22, and 24

Strike: "7"

Insert: "8"

DATE 3/12/93

SENATE COMMITTEE ON Business and Industry

BILLS BEING HEARD TODAY: SB 314

Name	Representing	Bill No.	Check One	Support	Oppose
Ed Caplis	MSCA		<input checked="" type="checkbox"/>		
HARRY AKEY	INT ASSOC OF LIFE UNDER WRITERS		<input checked="" type="checkbox"/>		

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY