

MINUTES

**MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By CHAIRMAN JOHN HERTEL, on March 16, 1995, at
8:00 a.m.

ROLL CALL

Members Present:

Sen. John R. Hertel, Chairman (R)
Sen. Steve Benedict, Vice Chairman (R)
Sen. William S. Crismore (R)
Sen. C.A. Casey Emerson (R)
Sen. Ken Miller (R)
Sen. Mike Sprague (R)
Sen. Gary Forrester (D)
Sen. Terry Klampe (D)
Sen. Bill Wilson (D)

Members Excused: N/A

Members Absent: N/A

Staff Present: Bart Campbell, Legislative Council
Lynette Lavin, Committee Secretary

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

Committee Business Summary:

Hearing: SB 411, HB 409
Executive Action: HB 409 BE CONCURRED IN
SB 411 TABLED
HB 543 BE CONCURRED IN AS AMENDED

HEARING ON SB 411

Opening Statement by Sponsor:

SEN. EVE FRANKLIN, SD 21, Great Falls, presented SB 411 and said this issue came to her from a constituent concerned about his granddaughter from Great Falls who was covered under the health plan of her father (parents were divorced). She related this child could not access her father's health care plan, despite the fact it was included in the court order of the divorce, because the plan was in Nevada and the child lived in Great Falls. She maintained the intent of this bill was to provide a child, who

had a child enforcement settlement from the court, with the health care no matter where the child resided.

SEN. FRANKLIN had talked to **Mary Ann Wellbank** and **Amy Pfeifer**, Department of Social & Rehabilitation Services, who put a lot of work into this bill. It had all been covered under another bill introduced by **SEN. DOROTHY ECK**. This bill had a larger scope. She had asked **Ms. Pfeifer** to draw up amendments that cleaned up this bill and made it do what we wanted it to do and also coordinate it with **SEN. ECK's** bill. She conveyed this bill was going to be heard on the House floor, it had been heard in the Senate, and it was probably going to pass. She would like the committee to hold this bill in abeyance until they saw what happened to **SEN. ECK's** bill. She hoped that would be acceptable with the committee. **SEN. FRANKLIN** had no proponents with her; however, she stated the intent of this bill was to provide acceptable health care for a child no matter which parent the child was living with after a divorce.

Informational Testimony:

Amy Pfeifer, Staff Attorney, Child Support Enforcement Division, Department of Social & Rehabilitation Services, said they had **SB 402**, which was a medical support reform bill. They drafted that bill as a result of requirements of the Federal Omnibus Budget Reconciliation Act (OBRA) of 1993. **Ms. Pfeifer** expressed that act made some sweeping changes in medical support requirements and enforcement. She related those provisions went into effect August 4, 1993 and needed to be in effect for everything not covered by Employee Retirement Income Security Act (ERISA) effective the first day of the quarter after the session ended. She said **SB 402** had gone through the Senate and they were waiting second reading in the House. They expected it to pass as it was a requirement to federal law for both provisions.

Ms. Pfeifer conveyed as **SEN. FRANKLIN** had stated, the intent of **SB 411** was that health insurance be available to children regardless of where they lived and with which parent they lived. Their department also considered allowing the custodial parent to provide the health insurance if the noncustodial parent did not have the ability to provide health insurance. She said **SB 402** covered those issues and in fact, there was a provision in **SB 402** that was even broader. She stated the federal requirement was a health benefit plan and could not deny coverage to a child or discriminate against the child because the child was not claimed as a dependent on the parents income tax return, born out of wedlock, not residing with the obligated parent, or did not reside in the health plan service area.

Ms. Pfeifer maintained the intent of **SB 402** was to make health insurance more available to more children. They had drafted amendments to help **SB 411** meet that purpose if for some reason **SB 402** did not pass. Additionally, they had prepared amendments that covered some coordination instructions because **SB 411**

amended sections that **SB 402** was repealing. **Ms. Pfeifer** related if **SB 402** did not pass, the committee should look favorably to **SB 411** with the proposed amendments.

Proponent's Testimony: None.

Opponents' Testimony: None.

Questions From Committee Members and Responses:

SEN. STEVE BENEDICT asked **Ms. Pfeifer** if present law allowed her department to purchase insurance and where did they purchase it? **Ms. Pfeifer** replied "yes"; however, it had not been done to her knowledge. The provision he referred to was 40-5-440 through 442, some of which were amended by this bill. **SEN. BENEDICT** stated all that did was add more obligees to the present law. He asked whether either the obligee or the department may purchase insurance? **Ms. Pfeifer** stated in **SB 411** it was adding the ability for the department under 40-5-208, section 3, insurance needed to be available for the child no matter where they resided.

SEN. BENEDICT said he was just trying to find where the department purchased insurance. **Ms. Pfeifer** stated that under **SB 402**, because of the sweeping requirements of federal law instead of trying to get all that new language in what were section 2 and 3 of this bill, they created under **SB 402** a whole new scheme they codified somewhere else that applied to the orders they issued and orders the court issued. He said it was much broader and the reason they were repealing those sections and starting anew.

SEN. BENEDICT asked **SEN. FRANKLIN** how was it this bill did not meet transmittal? She stated it was by the good graces of the President.

SEN. GARY FORRESTER asked **SEN. FRANKLIN** about section 3, page 6, subsection 6, it looked like she was going ask the court to increase a person's child support to include health care costs, and he thought that would just add to the fight to collect funds. He asked how were they going to get the money out of this individual? as once there was fighting across state lines they could pass all kinds of laws. He said didn't this bill require an increase in support payments so the department could purchase health insurance? **SEN. FRANKLIN** responded the enforcement piece was not something she was familiar with, in terms of the mechanism of how obligated parents were then pursued; however, they were extending the obligation of that individual. **SEN. FRANKLIN** said she would like **Ms. Pfeifer** to speak to that issue as she was not clear about the enforcement mechanism.

SEN. FORRESTER asked **Ms. Pfeifer** to comment on that issue. She stated under current statute in this state, the court may and their department must consider ordering health insurance. She maintained the court could order either parent to have health

insurance. She said what happened under **SB 402**, were sections that went into more detail of what a medical support order had to contain. There were lots of provisions to help give a court, or the department if they were the tribunal, some guidance if that person had the insurance and it costs this much and here was what it covered, but the other parent had this, and how it figured into court obligation. **Ms. Pfeifer** said there was more guidance in **SB 402**. She asserted every state had to have child support enforcement agencies, and had the obligation to enforce medical support orders and to create medical support orders. They were in the business of creating and enforcing those orders. They had to cooperate with the other states. They had to send a referral to another state if the parents lived in different states and had them enforce it in Nevada if necessary.

SEN. FORRESTER wanted **Ms. Pfeifer** to tell him why he received several letters every session talking about parents who had gone across state lines. He said that parent was forced to hire an attorney in order to pursue any claims against the errant parent. He asked why did they still have problems when they moved out of state; child enforcement seemed to be almost nonexistent. **Ms. Pfeifer** asked if he meant medical support or child support? He was asking about medical support. **Ms. Pfeifer** said there was a difference as everyone knew what child support was; however, the federal mandates up to the time of OBRA (Omnibus Budget Reconciliation Act) had been that a medical support order had to be created and enforced. She said there were orders that stated they had to have health insurance, but they would split the uninsured 50/50 or they would pay some money for a special cost. They did not have the ability to enforce the dollar cost but had the ability to enforce the fact they had to have an order and must keep the child covered. She declared the medical support was more limited so that may be one reason why people would not be able to use them for medical support enforcement.

Ms. Pfeifer explained under COBRA and the definitions that were broader they could enforce the obligations all the way around, whether they were supposed to pay money toward the premium or the uninsured they had the ability to do that. She said on the child support issue the states were required to cooperate with each other and they were to have certain services available. She alleged state law was very similar as they were complying with federal mandates but certain states had some additional processes. She announced without knowing specific facts of a particular case, she couldn't tell him why child enforcement had not been effective for those individuals. They did send referrals. She was the attorney for the interstate region in Helena, and that was all their office did; received referrals from other states where the obligated parent lived in Montana and the custodial parent lived in the other state.

SEN. FORRESTER asked **Ms. Pfeifer** what the cost would be for a parent living out-of-state to furnish health insurance for a child living in Montana. She said that was a function of child

support guidelines. If those people were getting divorced in Montana, Montana child support guidelines had to be used and they were considering how much child support, what day care costs, and the issue of health insurance. She stated the health insurance premium that an obligated parent might be ordered to pay was figured into the child support guidelines. She said it increased the total cost for raising that child, but that parent received somewhat of a credit through the guideline process for assuming the obligation of paying the premium. She had to have actual numbers to tell him, as it depended on the actual cost of the premium, if out of pocket, or not. She explained this was all factored into the child support guidelines. She said they came out with a child support figure that had assumed they were paying the health insurance premium.

SEN. FORRESTER asked Ms. Pfeifer if a father, through his company health insurance, had assumed coverage for this child, how many extra dollars would it cost this individual. He wanted an example of a dollar figure, how much extra, as that would be added to his enforcement order. He said if a child could not access a parent's health maintenance organization out of state, the individual was forced to pay more in Montana. He wanted a dollar figure this person was forced to pay. Ms. Pfeifer said she couldn't give a dollar figure without knowing his income, the other parents income, and how the child support figured out; how much they had to pay was a function of the relative proportions of their income.

Ms. Pfeifer explained if they had relatively equal incomes, they had relatively equal obligations to pay child support and medical premiums. If he was paying 100% of the medical premium, he only owed 50% of it under the child support guidelines; the other 50% was a credit toward his child support obligations. She had to have numbers and said there was no way to answer without running a guideline calculation. She stated there was no reason to order a parent who had health insurance coverage out of state if it would be ineffective for the child in Montana. SB 402, because of the federal mandates, required the insurers to make available health insurance to a child who lived in a different jurisdiction and she said they had to find some way to cover that child.

SEN. MIKE SPRAGUE asked SEN. FRANKLIN to tell him what committee did SB 402 go through? She stated it went through Judiciary.

SEN. SPRAGUE questioned her why this committee was looking at SB 411 and she replied she "could not".

SEN. CASEY EMERSON questioned Ms. Pfeifer on the statement she made that the court could order this insurance, but the department must order it. Did she mean they must do it because the court had ordered it? She said federal law required any time there was a title 4-D case, which was a case they received an application for their services, they had to create a medical support order if there was not one. State law required the courts to consider during a divorce or a modification whether

health insurance was available to the parties and to consider ordering it if it was available. They didn't have to do it if it was not a 4-D case. She said in the same statute under state law it stated if the court was considering the issue and they were providing services, then the court must order health insurance.

SEN. EMERSON wanted to know when the government got into the business of selling or forcing people to buy health insurance? Mary Ann Wellbank, Administrator, Child Support Enforcement Division, SRS, stated the committee needed a little more background on SB 402. She maintained the purpose was to conserve Medicaid funds by requiring parents to be responsible for their own children. The provisions of SB 402 were geared toward making sure parents could pay before the state picked up the bill. She said what it did was order a parent, if insurance was reasonably available to that parent, perhaps through the employer, that would feed 25% of the support order and there were lots of reasons why they would not have to provide it, but that was the general rule and the parent needed to pick up the insurance. There was also a provision that stated either the custodial parent or the noncustodial parent could provide insurance, whoever had better access to it. She related if they couldn't provide insurance, but still could help offset the cost of the coverage for Medicaid, they could pay up to \$50 a month, or Medicaid if it was cost reasonable, could purchase insurance on behalf of the child. She contended that would be the type of coverage provided under SB 402.

Closing by Sponsor:

SEN. FRANKLIN said the issue SB 411 encompassed was very real in terms of the reality of social issues and the changes in the health care system. She stated the constituent who brought this issue to her, while perhaps not as sophisticated in the larger picture of what was going on in state government, had clearly picked up on that issue. She maintained the department had been working on it with another vehicle in a broader way. She declared in response to SEN. SPRAGUE, this bill came before this committee because the title suggested the best committee for an insurance bill would be Business and Industry.

SEN. FRANKLIN thought this was a very real issue in terms of impacting the state Medicaid budget. She maintained there were a lot of kids who needed adequate health insurance coverage. She said this was one attempt to set guidelines so individuals had a clear legal structure for their obligation. In regard to the other vehicle out there, she thought the committee could do whatever seemed appropriate. She said, as the sponsor, either the committee could hold this in abeyance until there was some outcome (and she would be happy to let the chairman know) or table it. She remarked the third option would be to pass it with the coordinating amendments.

HEARING ON HB 409Opening Statement by Sponsor:

REP. JOE BARNETT, HD 32, Belgrade, presented HB 409 at the request of the banking industry, enabling the detached banking facility to offer full banking services. He maintained the heart of the bill was found on Page 1, deleted lines 28 through 30, replaced by lines 2 through 4 on Page 2.

If HB 409 passed the committee, SEN. BENEDICT had agreed to carry it on the Senate floor.

Proponents' Testimony:

Riley Johnson, The Montana Banking Coalition, read his written testimony, EXHIBIT #1.

Bruce Gerlach, Senior Vice President, First Security Bank of Bozeman, stated their bank was a state chartered, locally owned community bank that recently celebrated their 75th anniversary. He stated their assets were approximately \$185 million. He said as Bozeman had grown over the years, so had they, as well as the Bozeman financial community. He stated there were at present nine commercial banks, savings banks and credit unions, plus a loan production office, and soon to be a full service branch of another savings bank. He asserted HB 409 allowed commercial banks to provide their customers convenience in banking by providing full banking services at detached facilities. Their main bank was located on the east end of Bozeman. Their detached facility was on the southwest side, close to MSU. Their customers had asked them why they couldn't receive full banking services at the detached facility and the customers were told because that was the law.

Mr. Gerlach expressed HB 409 would change that law. The current language found in section 32-1-372 of the Montana Code was open to misinterpretation by all commercial banks regarding what services could be offered. He stated HB 409 clarified that code and insured no future misunderstandings or misapplications. He said HB 409 was a consumer bill and it enabled them to offer consumer and small business loans, new accounts of all types, as well as providing assistance to those customers with questions of existing loans or deposit accounts. He announced it gave them a choice of locations to use which meant convenience for them. He said it also facilitated Saturday banking and some holiday banking. He related most detached facilities were smaller and less expensive to operate than a main bank.

Mr. Gerlach stated they saw HB 409 as an opportunity for new jobs and increasing products and services at detached facilities. He said it required staffing and created opportunities for new positions. He remarked the real benefit would be to their community and local economy and finally, detached facilities were

only located in the community or city where the main bank resided. He contended they didn't infringe on banks in adjacent towns or communities in the state. First Security Bank of Bozeman respectfully asked the committee's support of **HB 409**.

Fred Flanders, President, Valley Bank of Helena, which was a state chartered, independently locally owned community bank, stated he was here to speak in favor of **HB 409**. He maintained through a simple change in existing law, Montana banks would be able to provide a full plate of banking services for their customers; services which were currently restricted from being offered. He said the existing law allowed banks to establish mini banks and the law called them detached facilities. He said historically, what had been seen around Montana, were mini banks set up in larger communities and suburbs where banks had attempted to reach out to their customers by putting banking facilities closer to their homes. He declared through the detached facilities, they could offer services that were very limited by law, basically transactions that tellers handled, i.e. taking deposits, cashing checks, etc. He said costs were high in operating those facilities. They needed to offer a complete array of services, safe deposit boxes, certificates of deposits, new accounts, car loans, house loans, business loans; services that were needed and demanded by their customers.

Mr. Flanders stated Valley Bank was located on the north edge of Helena, about three or four miles from the Capitol complex. They had many customers that worked in the southeastern quadrant of the city and as the town expanded and traffic volume increased, it became more difficult for those customers to reach their bank. About a year ago, they decided to come to this part of town and their new facility was being built near Eleventh Avenue, which would be ready for occupancy in April. They built according to the law to provide teller services; however, they had added some rental office space that could easily be converted to bank space if that law was changed. If they converted it to bank space, they would put loan officers on the premises and would be able to offer a complete array of services. **Mr. Flanders** urged the committee to favorably act upon **HB 409**.

Bob Waller, Vice Chairman, First Interstate Bank & Commerce in Billings, said it was a state chartered, locally owned bank and in addition to their offices in Billings, they operated banks in Missoula, Bozeman, Miles City, Colstrip and Hardin. To eliminate a lengthy redundancy of testimony, he said they supported **HB 409** for customer service, additional convenience and fairness on the playing field. They respectfully requested a do pass on **HB 409**.

Don Hutchinson, Commissioner, Banking & Financial Institution, Department of Commerce, stated he referred to state chartered banks. They regulated 90 of those banks and about 30 some branches. He maintained this bill clarified the detached facility situation and made it better for the banking community,

company located in Montana", which would be one way to level the playing field, get increased competition, work with consumers, etc. **SEN. SPRAGUE** again asked what would happen if both bills passed. **Mr. Browning** stated, operationally, they worked and would be legal; together, philosophically, they conflicted. Fairness and competition would also be questionable.

SEN. CASEY EMERSON questioned both **Mr. Waller** and **Mr. Cadby** about **HB 409**, if it loosened some of the restrictions on detached facilities and should other restrictions be added to loosen them more. **Mr. Waller** stated "no". **Mr. Cadby** said they could amend the bill to have broader applications; however, a different bill would have to be introduced if more physical restrictions were put on the ability of banks to branch. He didn't think this bill could be amended with the rules of the legislature to go beyond the amendments proposed by **Mr. Browning**. **Mr. Cadby** said, he believed, that would require a separate bill.

SEN. EMERSON questioned **Mr. Cadby** on requirements of the 200 or 300 feet away and another of only one facility until there were over 2,000 people and then there could be two, etc. **Mr. Cadby** expressed there were conflicting views between bankers again as some would agree wholeheartedly to change it to allow city-wide branching anyplace within a city, wherever they thought it would work. Others advocated county-wide the same; take off all the limitations. Some states had done that and some bankers advocated that; however, others did not and so it was a conflicting, controversial issue. **SEN. EMERSON** asked **Mr. Cadby** which he would prefer. **Mr. Cadby** stated according to their polls on those questions it was about a 50/50 split of the 80 bank owners within the state, most of whom were independent bankers.

Closing by Sponsor:

CHAIRMAN HERTEL announced to the committee that **REP. BARNETT** had given up the right to close on **HB 409** as he was sponsoring another bill in front of a different committee.

EXECUTIVE ACTION ON HB 409

Motion: **SEN. SPRAGUE** MOVED **HB 409** BE CONCURRED IN.

Discussion: **SEN. EMERSON** stated some of the regulations left in the bill should be removed, and he thought if it were more free it would be better.

SEN. SPRAGUE said he agreed with **SEN. EMERSON**, but they didn't vote like each other. Perhaps this bill should be freed up to 1,000 miles, or 10,000 miles.

Vote: The motion **HB 409** BE CONCURRED IN CARRIED UNANIMOUSLY on voice vote. **SEN. BENEDICT** to carry the bill on the Senate floor.

EXECUTIVE ACTION ON SB 411

Motion/Vote: SEN. FORRESTER MOVED SB 411 BE TABLED. The motion CARRIED UNANIMOUSLY on voice vote.

EXECUTIVE ACTION ON HB 543

Motion: SEN. KEN MILLER MOVED TO ADOPT AMENDMENTS (HB054302-A.ABC), EXHIBIT #2.

Discussion: SEN. MILLER had a problem with HB 543 and hoped he addressed the problem with his amendments (EXHIBIT #2). His main concern was the bill stopped any possibility of any party seeking an injunction or restraining order because of parameters of the requirement to get a bond. His amendments put a limit on the amount required for security which was \$10,000. His feeling was that \$10,000 would stop the frivolous injunctions.

SEN. BENEDICT thought the \$10,000 threshold was too low for large companies. He thought \$50,000 would be a more logical amount.

SEN. EMERSON agreed with SEN. BENEDICT. He stated the \$10,000 was enough if it was an individual person trying to get an injunction; however to groups, the \$10,000 wouldn't make them blink an eye. He remarked this would not slow down the frivolous law suits; perhaps the \$50,000 or \$100,000 would stop those trivial suits.

SEN. SPRAGUE stated he would use caution on this amendment, although he knew the intent was good; however, a bond was really only a rental for 10%, bringing the \$10,000 down to \$1,000 and this bill would basically be destroyed. SEN. SPRAGUE thought this bill sent a warning about frivolous law suits and said the bill should be left as it was.

SEN. TERRY KLAMPE stated he supported the amendments.

SEN. BILL WILSON related he supported the amendments, but still didn't like the bill and didn't know if he would vote for HB 543. The amendments would make the bill more realistic. He asked SEN. SPRAGUE about the rental fee of 10% relating to the \$10,000. SEN. SPRAGUE said basically, a person must go to an insurance company and get a bond in whatever amount and they were putting that IOU in the court, but really no money was put up and all they were obligated for was the rental. SEN. WILSON stated if the bill were left wide open, he wouldn't take any of those people on. He related the amendments made it more fair.

SEN. MILLER asserted \$100,000 was way too much and he also thought \$50,000 was too much. He realized the intent was to cover payroll and there were many companies where \$100,000 wouldn't cover the payroll because it could go on for six months. When he did the amendments, he had talked to Linda at Hoiness

SEN. FORRESTER questioned Bob Waller about one of his banks in Billings that SEN. FORRESTER banked with and now, under this bill, Mr. Waller would be able to open the new detached facility and First Citizens Bank would be able to open their new detached facility and would be able to offer all banking services. SEN. FORRESTER didn't see the difference between this and branch banking. He thought it was branching anywhere they wanted to do it and now they were able to open a branch in Colstrip, Hardin, etc. Mr. Waller stated it helped them and also the community they served as well. The detached facility they were opening on the west end of Billings currently would offer services related to checking accounts and it seemed silly to make a customer drive three miles downtown to make application for a loan when they had a facility in that customers back yard.

SEN. FORRESTER asked John Cadby if HB 409 passed, what was the difference between branch banking and detached facility banking. Mr. Cadby said basically there was no difference between the branch banking or detached facility banking. Mr. Gerlach cited there were restrictions as to the placement of a branch vs. the detached facility. If SEN. FORRESTER was asking about decision making authority, whether it was a branch or a detached facility, decisions would be made at the main bank.

SEN. MIKE SPRAGUE asked Mr. Waller to interpret lines 9 through 12 on Page 2. Mr. Waller said they could not establish branches in any community already served by a financial institution. SEN. SPRAGUE asked him if they didn't already do that with the branch banking in Wyoming and/or branch banking in Montana. Mr. Waller said they had no branch banks in Wyoming. They had a free standing bank in Montana that was not part of First Interstate. SEN. SPRAGUE commented, in reality, it was. Mr. Waller conveyed they were part of the same holding company, but they were two free standing state chartered banks in different states with their own board of directors and their own capital structure.

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SEN. SPRAGUE questioned Mr. Browning about existing law and how it related to deleted lines 28 through 30, Page 1, and line 1, Page 2. Mr. Browning stated banks, other than First Bank and Norwest, could branch in Montana in barren towns. That was the existing law. Mr. Browning asserted the language stricken on lines 28 through 30, came from the proponents of HB 207. Basically, they wanted language when it worked for them; however, when it no longer worked, they wanted to remove that language. They discovered those restrictions they put on the detached facilities now didn't work for them and so no longer wanted it. Norwest and First Bank had to live with that language.

SEN. SPRAGUE asked Mr. Browning how HB 409 differed from HB 207 and assumed both bills passed, would that be a conflict of intent. Mr. Browning said the committee could seek to amend Page 2, line 9, the phrase "other than a bank owned by a holding

the regulatory community, and the consumers. **Mr. Hutchinson** would recommend the committee's support of **HB 409**.

John Cadby, Montana Bankers Association, remarked he was trying to say something different in support of this bill that hadn't already been said. Their organization philosophically believed in removing as many restrictions as possible on commercial banks, so they could more readily compete with other financial service providers, mutual funds, insurance agents, stockbrokers, credit unions that branch anyplace, anytime, and savings banks which branch anywhere. He stated the person on the street didn't care where they received financial services if they were convenient, the service was good, and the price was right. **Mr. Cadby** conveyed anytime a bill was introduced to help commercial banks compete, MBA always supported it.

Steve Browning, Norwest and First Bank System, stated he was here to support this legislation. There were lots of stereotypes that happened in life and also the legislature. His two clients had been stereotyped for some years as the Minnesota Twins. Virtually all the proponents that had spoken in favor of this bill had referred to themselves as locally owned. He suspected for the non-bankers in this room and he was one, the only way one could own stock in a bank was to purchase it in a public traded stock. He was a local owner of his clients, First Bank and Norwest. He had owned their stock for some years. That was probably true with most people. If a person had a pension plan, that person may be a local owner of that bank.

Mr. Browning contended First Bank and Norwest supported reform and they supported **HB 409**. They didn't get any benefits from this bill. They had their facilities in the shape they wanted them. In looking at the proponents of **HB 409**, they were the fiercest opponents on interstate branching. They came in with the opt out bill. They also wanted the consumer bill, the fairness bill, economic bill, and leveling the playing field; Norwest and First Bank welcomed the competition. He urged the committee to pass **HB 409**.

Opponents' Testimony: None.

Questions From Committee Members and Responses:

SEN. GARY FORRESTER asked **Riley Johnson** what was the difference of a detached facility and a branch bank with passage of **HB 409**. **Mr. Johnson** referred that question to **Bruce Gerlach**, who stated a branch bank required an advisory board of directors; a detached facility required no advisory board. **Mr. Gerlach** said a branch bank must offer all the services that the main bank offered and the detached facility may offer the services, but it was not mandated in **HB 409**. The location of a detached facility, based on population, was the number of banks allowed in a community.

LaBar, which was quite a large bonding company in Montana and she stated they couldn't bond something like that as there was no end to it. He thought the intent of the bill was to stop the frivolous law suits, even though there were groups out there with lots of money, but they couldn't limit it to smaller groups. He thought that accomplished what the sponsor had desired.

Vote: The motion to **ADOPT AMENDMENTS, EXHIBIT #2, CARRIED 5-4** on roll call vote (#1).

Motion: **SEN. MILLER MOVED HB 543 BE CONCURRED IN AS AMENDED.**

Discussion: **SEN. EMERSON** stated the bill wasn't worth much now, but was better than nothing.

SEN. SPRAGUE said he would be curious about all those that wanted this bill amended, he would now like to see their votes.

SEN. WILSON contended it would still cost money, as on a \$10,000 bond, a person would be out \$1,000. To a small outfit with shallow pockets, that would be a hardship, so he thought this would dissuade the frivolous attacks.

SEN. BENEDICT stated he supported this bill; however, he didn't think what the committee did to the bill was right and this should go with a Conference Committee who would work on **HB 543**.

SEN. MILLER maintained in talking with Linda, it didn't sound like they would even bond the \$1,000 as they were looking at the prevailer. They would not do the 10% (\$1,000); it would be the \$10,000 people would need to put the injunction in place.

Vote: The motion **HB 543 BE CONCURRED IN AS AMENDED CARRIED 7-2** on voice vote with **SEN. WILSON** and **SEN. KLAMPE** voting "NO".

Motion: **SEN. BENEDICT MOVED TO FURTHER AMEND HB 543.**

Discussion: **Bart Campbell** stated Page 2, lines 10 through 13, to strike the subsection and put new language in, they thought it was a clarification.

SEN. BENEDICT stated he thought this would help the opponents somewhat, in the fact it put more direction in as far as those that did have to come up with a bond.

SEN. KLAMPE asked if this was the amendment and **SEN. BENEDICT** reiterated "case law", so it really wasn't necessary.

Vote: The motion **CARRIED UNANIMOUSLY** by voice vote.

Motion: **SEN. BENEDICT MOVED TO FURTHER AMEND HB 543** to change the \$10,000 passed on the previous amendment to \$50,000.

Discussion: SEN. WILLIAM CRISMORE stated he liked the idea of getting it up as he thought the \$10,000 was too low. He thought, if he wanted to do it, the cost would be very low to get a \$10,000 letter of credit.

SEN. MILLER asked if SEN. CRISMORE would be willing to put \$10,000 up knowing he was probably going to lose; was it worth it to him to spend \$10,000 to harass the company.

SEN. CRISMORE said they had one going on at present in Lincoln County and he was sure this would fall into it. He contended this was regarding a subdivision, which included a group of people that were "not in their back yard".

SEN. MILLER declared it wouldn't apply as there were no "employees" and not an "operation". He said this only applied to an operation with employees. He related it had nothing to do with projects planned for the future. He said that was another subject.

SEN. SPRAGUE declared it basically did apply because in that particular case they could have started preplanning, bid letting, contracts, etc.

Vote: The motion to FURTHER AMEND HB 543 from \$10,000 to \$50,000 CARRIED 5-4 on roll call vote (#2).

ADJOURNMENT

Adjournment: The meeting adjourned at 9:35 a.m.


SEN. JOHN HERTEL, Chairman


LYNETTE LAVIN, Secretary

JH/11

SEN:1995
wp.rollcall.man
CS-09

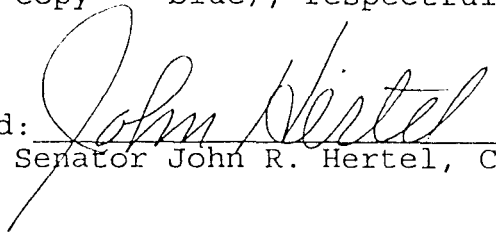
SENATE STANDING COMMITTEE REPORT


Page 1 of 1
March 16, 1995


MR. PRESIDENT:

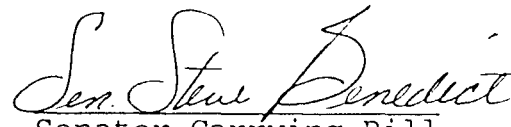
We, your committee on Business and Industry having had under consideration HB 409 (third reading copy -- blue), respectfully report that HB 409 be concurred in.

Signed:


Senator John R. Hertel, Chair

 Amd. Coord.

 Sec. of Senate


Senator Carrying Bill

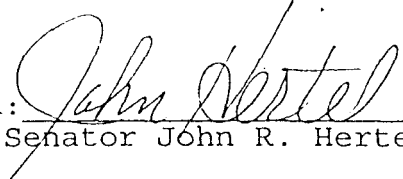
611150SC.SRF

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 16, 1995

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration HB 543 (third reading copy -- blue), respectfully report that HB 543 be amended as follows and as so amended be concurred in.

Signed: 

Senator John R. Hertel, Chair

That such amendments read:

1. Title, line 7.

Following: "SECURITY"

Insert: "IN AN AMOUNT NOT EXCEEDING \$50,000"

2. Page 1, lines 27 through 29.

Strike: "that" on line 27 through "effect" on line 29

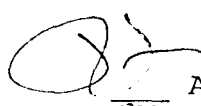
Insert: "not exceeding \$50,000"


3. Page 2, lines 10 through 13.

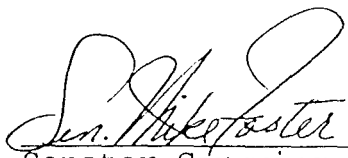
Strike: "A" on line 10 through "order" on line 13

Insert: "This section does not prohibit a person who is wrongfully enjoined from filing an action for any claim for relief otherwise available to that person in law or equity and does not limit the recovery that may be obtained in that action"

-END-

 Amd. Coord.

 Sec. of Senate


Senator Carrying Bill

611152SC.SRF

MONTANA SENATE
1995 LEGISLATURE
BUSINESS AND INDUSTRY COMMITTEE
ROLL CALL VOTE

DATE 3-16-95 BILL NO. HB 543 NUMBER 1

MOTION: Sen. Miller's Amendment to HB 543

[illegible]

SEN:1995
wp:rlclvote.man
CS-11

MONTANA SENATE
1995 LEGISLATURE
BUSINESS AND INDUSTRY COMMITTEE
ROLL CALL VOTE

DATE 3-16-95 BILL NO. HB 543 NUMBER 2

MOTION: Amendments: \$ 10,000 to \$ 50,000 (change)

HB 054302.ABC 5-years HB 054303.ABC
R.C.V. #1 4-years

[illegible]

SEN:1995
wp:rlclvote.man
CS-11

MITSI
corporation

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 1

DATE 3-16-95

BILL NO. HB 409

A COMMUNICATIONS MANAGEMENT COMPANY

(406) 443-3797

(406) 442-2107

FAX (406) 449-4218

TESTIMONY

before

**BUSINESS & INDUSTRY COMMITTEE
MONTANA SENATE**

March 16, 1995

by

Riley Johnson

on behalf of

THE MONTANA BANKING COALITION

Mr. Chairman and members of the committee:

My name is Riley Johnson and I rise before you this morning on behalf of the Montana Banking Coalition. The coalition consists of five small and intermediate banks in the communities of Kalispell, Helena, Bozeman and Billings. These members ask for your favorable consideration of HB 409.

This bill is a consumer bill. HB 409 will give people easier and more time-efficient access to their neighborhood banking facilities. Under current banking law, in a detached facility you can't open a new checking account, take out a simple credit-card loan or conduct any financial business that would require a specialized bank individual. This mandates that consumers needing to conduct any such normal banking business to schedule their time, get into their cars and travel to the main office of their family bank. In today's high-tech, convenience-oriented and time conscious society, that is asking a lot of our customers, not to mention the crippling effect it can have on the competitiveness of our community banks. Another example is weekend and extended hour banking. Consumers are demanding such services of their financial institutions in Montana, but they want full service, not just the services they can obtain in any ATM machine at the local Mini-Mart or grocery store.

HB 409 is also a fairness bill. Any savings and loan office or credit union has the privilege of offering full service in any of their detached facilities. In today's competitive financial world, this doesn't make for a very level playing field. HB 409 will give our community banks the defensive tool to compete and to play in the same ball game as any other financial institution in Montana. That's fairness! The day is upon us in Montana where savings and loans and credit unions are opening small, more economically operated detached facilities with extended hours and full service and surrounding our commercial banking facilities. This is developing into a very

formidable competitive problem. We do not decry this competition. We merely ask for justice in the banking laws of Montana.

And, finally, this is an economic bill. To aggressively compete with the savings and loans and credit unions extended services and hours, we need the ability to offer the same hours and services without having to shoulder the burden of opening our main bank offices and be subjected to all the extra personnel and overhead costs to meet this competition. I might point out, too, that HB 409 doesn't mandate that every detached facility offer full banking services. It merely allows those community banks that find the consumer demand for full service to easily and economically satisfy those needs.

Remember, HB 409 is a consumer bill, it is a fairness bill and it is an economic bill. HB 409 will level the playing field and offer better service and better banking in Montana.

The Montana Banking Coalition asks that you give HB 409 a favorable "Do Pass" this morning.

-30-

Amendments to House Bill No. 543
Third Reading Copy

Requested by Sen. Miller
For the Committee on Business and Industry

Prepared by Bart Campbell
March 15, 1995

1. Title, line 7.

Following: "SECURITY"

Insert: "IN AN AMOUNT NOT EXCEEDING \$10,000"

2. Page 1, lines 27 through 29.

Strike: "that" on line 27 through "effect" on line 29

Insert: "not exceeding \$10,000"

DATE March 16, 1995

SENATE COMMITTEE ON Business and Industry

BILLS BEING HEARD TODAY: SB 409 Rep. Barnett
SB 411 Senator Franklin

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PLEASE PRINT

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Check One

Name	Representing	Bill No.	Support	Oppose
JOHN CADBY	MT BANKERS ASSN	409	✓	
FRED FLANDERS	VALLEY BANK HELENA	409	✓	
BOB WALLER	1ST INTERSTATE BILLINGS	409	✓	
Kelly Johnson	MT. BANKING Coalition	409	✓	
D.W. Hutchinson	BANKING & FIN. DIV	409	✓	
Bruce Gerlach * 1st Security Bank Bozeman		409	✓	
ZUIA Wellbank	SRS-CSED	411	✓	
Amey Pfeifer	SRS-CSED	411	✓	
Steve Browning	First Bank / Northwest	409	✓	
* Gerlach				

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY