

MINUTES

MONTANA SENATE  
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By CHAIRMAN JOHN HERTEL, on March 27, 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)

Members Excused: N/A

Members Absent: Sen. Bill Wilson (D)

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: HB 307, HB 602, SJR 21  
Executive Action: HB 307 BE CONCURRED IN  
HB 602 BE CONCURRED IN AS AMENDED  
SJR 21 DO PASS

HEARING ON HB 602

Opening Statement by Sponsor:

REP. SAM KITZENBERG, HD 96, Glasgow, presented HB 602, which had been renamed as the Montana Economic Incentive Act. He expressed this bill was very similar to SB 100, known as the Micron bill. He stated some people had called this bill "Son of Micron". He stated basically, SB 100 was made better and was now HB 602. He maintained this bill was a new tool that authorized the Board of Investments to make loans to local governments to create infrastructure for businesses that would create from 50 to 2,000 permanent full-time jobs in Montana.

REP. KITZENBERG had given HB 602, which would have created 2,000 jobs with Micron, to REP. RAY PECK to study and REP. PECK wanted to reduce it down so any community in Montana could participate, thus the "50" was initiated. He related when they brought it to the House Committee, they were concerned about the jobs created and desired permanent full-time jobs, so another change was made there. He conveyed when HB 602 went through the House, they further tightened it up. He explained they wanted "may" changed to "must" and they wanted it to have a cap on it, so the maximum amount would be \$20 million. He said when it was run by several more people, they believed it needed a few more amendments.

REP. KITZENBERG presented the committee with Suggested Amendments to HB 602, Working from 3rd Reading as Amended, EXHIBIT #1. He also wanted this committee to add four amendments that came from the House, hb060205.agp, EXHIBIT #1-A. To better explain amendment 2, 7-15-4288(4), REP. KITZENBERG presented a letter from Montana Economic Developers Association, EXHIBIT #2, see the back of the letter. He also presented the committee with an explanation of how the tax credit worked with a diagram on the other side, EXHIBIT #3. REP. KITZENBERG in addition, presented the Fiscal Note for HB0602, 3rd reading, EXHIBIT #4. He presented all four letters he had on testimony for HB 602.

REP. KITZENBERG said one of his goals in coming to the legislature was to create jobs. He was happy he had a part in SB 100 and was sorry it was defeated. He maintained what they were attempting to do with HB 602 was to make it more applicable to the entire State of Montana. He wanted to give the interested in all of the communities in Montana another tool for economic development and infrastructure. He did not want this bill to be a partisan issue; to create jobs in Montana was the main thrust. SEN. BECK agreed to carry it in the Senate if it would pass this committee. He declared HB 602 was an expanded version of SB 100, more flexible, with more safeguards on the coal funds as all money would be loans, not grants. He said all the money would go through the Board of Investments. He related the state was always in the first position, with first priority liens on the monies.

#### Proponents' Testimony:

Linda Reed, Economic Development Advisor, Governor's Office, asserted she was a proponent of HB 602. As REP. KITZENBERG had explained to the committee during the deliberations on SB 100, the various comments from communities and the Department of Commerce as to how valuable this concept would be in efforts to expand existing Montana businesses. She contended this bill also gave the flexibility of employment numbers down to the creation of 50 jobs. She maintained HB 602 was a valuable tool for the local communities in helping existing and new businesses to expand. She related the Board of Investments would be underwriting those loans. Ms. Reed encouraged the committee's favorable consideration on HB 602.

Opponents' Testimony: None.

Questions From Committee Members and Responses:

SEN. CASEY EMERSON inquired from REP. KITZENBERG if a bigger or better infrastructure would be required and REP. KITZENBERG said there might be some "infrastructure requirements" involved. He passed an article around to the committee from the Sunday's Billings Gazette that stated there was a case in Butte, which involved some infrastructure. He related there was a proposed carbide plant in Shelby, which involved some type of water facility to be added.

SEN. EMERSON also asked REP. KITZENBERG about companies needing investment money, operating capital, and infrastructure was usually a long way down the line. SEN. EMERSON wanted to know if HB 602 would be used to help the cities in the future, or be abused in other ways, and REP. KITZENBERG stated he was not worried because the Board of Investments was involved.

Closing by Sponsor:

REP. KITZENBERG stated HB 602 was a positive tool before this legislature that would be used in all of Montana's communities. He thought this would attract more industry and more jobs in Montana. He urged passage of HB 602 with the four proposed amendments, hb060205.agp (EXHIBIT #1-A).

HEARING ON HB 307

Opening Statement by Sponsor:

REP. DAN HARRINGTON, HD 38, Bozeman, presented HB 307, which was a bill to solve a long-term problem for new and used motor home vehicle dealers, brokers, and consumers. He stated it provided for an express "title only" procedure allowing dealers a quicker method of checking titles validity whether for the dealers purchase from the consumer, or in the process of a consumer who wished to trade vehicles. He maintained many states around Montana from Washington to Wisconsin would not accept Montana's current multiple assignments on the motor vehicle registration. He said this limited dealers ability to keep their inventory moving to better markets and limited their ability to provide the type of vehicles the consuming public in their areas desired.

REP. HARRINGTON stated HB 307 provided a solution to the problem. He maintained the new and used car district found this bill so important it was willing to pay a new \$5 fee to cover the cost of 3 new FTE's in the Justice Department, Motor Vehicle Division. He announced HB 307 generated \$260,522 more than the expected cost of the dealers' desk in Deer Lodge, where it went into the General Fund. He thought that was a real plus.

**REP. HARRINGTON** said the Montana Independent Auto Dealers Association, the Montana Automobile Dealers Association, the Motor Vehicle Division of the Justice Department, all supported **HB 307**. **REP. HARRINGTON** also urged the support of this committee for passage of **HB 307**.

**Proponents' Testimony:**

**Dave Brown, Montana Independent Auto Dealers Association (MIADA)**, reported he would walk the committee through the changes on **HB 307**.

Page 1, line 30, originally the fee was \$15, the House Business Committee lowered the fee to \$5.

Page 2, lines 7 through 17, it sets how the transfer and dealer reassignments sections would work.

Page 2, line 19, must have been stricken because it was just an extra word. The other changes in that area were just cleanup by the council, nothing had to do with changes of law.

Page 3, line 18, included trailers in this bill because they were licensed the same as cars and trucks. The rest of the changes on that page were cleanup by the council.

Page 4, lines 19 through 21, changed the appropriated amounts provided by the Justice Department to fund the 3 FTE's.

**Mr. Brown** declared on the fiscal note, as **REP. HARRINGTON** had pointed out, if the numbers on the fiscal note were divided by 3, i.e. in 1996 the \$405,000 became \$135,000 and in 1997 the \$810,000 became \$270,000 because of going from \$15 to \$5. He said it generated for the Department of Justice a little more than a quarter of million additional for the General Fund. He explained it provided a cushion to be sure if the Department was wrong in their guess, that there was sufficient funds to fund that activity.

**Mark Steffes, Owner, Auto Acres Trucks and Trailer Sales, Billings** and also representing **MIADA**, stated they were in strong support of **HB 307**. **Mr. Steffes** presented his written testimony, **EXHIBIT #5**.

**Scott Mitchell, MGM Auto Brokers, Butte**, declared he was here today to testify in favor of **HB 307**. He presented to the committee a list of dealers who had sent letters in support of **HB 307**, **EXHIBIT #6** and also offered the packet of additional letters and statements (total of 97) of support from both new and used car dealers from around the state, **EXHIBIT #7**. He stated because of the time being short of the Senate hearings, the letters were addressed to the House Business and Labor Committee and House Appropriations Committee. **Mr. Mitchell** also presented a letter addressed to **SEN. WILLIAM CRISMORE** signed by licensed car dealers of Missoula County and Ravalli County, **EXHIBIT #8**.

**Mr. Mitchell** announced this bill was a win/win situation for government, business and the consumer.

**Steve Turkeiwicz, Montana Auto Dealer's Association (MADA)**, declared they supported **HB 307**. He related the bill created another title that was available only to licensed dealers, whether they were used car or new car dealers, a process by Deer Lodge how it was rated, the same as if going from a dealer to an ultimate consumer and the need for this was the express title. Cars were a multi-state commerce, even in Montana. He maintained in the fiscal note they had over 500,000 title transactions a year. He declared there were 1,000's of cars that came into Montana that were sold at auction and the same went out of Montana that were sold at auction. **Mr. Turkeiwicz** insisted they would like the opportunity that many other states had and that was the express title to allow the vehicles ownership to be titled in the dealers name quickly. He stated they urged the committee's support of **HB 307**.

**Stuart Doggett, Manufactured Housing and RV Dealers**, expressed they had looked at the bill in recent weeks and had found it very favorable and urged passage of **HB 307**.

**Dean Roberts, Administrator of the Motor Vehicle Division, Department of Justice**, declared he was here to answer any questions regarding the fiscal note, or the bill, or titling transactions. Basically, they supported the bill, if they had people to do the job. **Mr. Roberts** passed around a Montana Title to show the committee. He stated that was the form Montana used and was becoming less popular in other states with the use of a dealer reassignment form which was shown on the back side of the title.

**Mr. Roberts** said in the automobile industry, both from states prospective and the federal governments, a car was controlled from it's birth to it's death. He stated the reassignment form that was now used was another piece of paper floating around out there. He asserted more and more states did not want to accept that type of form. He conveyed what **HB 307** provided was once the dealer reassignment forms were filled out, the dealer must re-title that vehicle. **Mr. Roberts** maintained the dealer did not need to re-title it if it wasn't filled up, but he must re-title it if it was. He said that would eliminate any type of dealer reassignment form.

**Opponents' Testimony:** None.

**Questions From Committee Members and Responses:**

**SEN. EMERSON** asked **Mr. Roberts** if there was a chance that this would make it easier for an unscrupulous dealer to move stolen vehicles either in or out of state. **Mr. Roberts** stated "no" because they were going to scrutinize those, as well as any title that came to them.

**SEN. TERRY KLAMPE** questioned **Mr. Roberts** about people buying cars out-of-state and selling them in Montana, would **HB 307** facilitate

that business. **Mr. Roberts** stated "no", that those people could become Montana dealers; otherwise, they had the right to title and register that automobile in Montana. He stated if they didn't, generally the MVD inspected all out-of-state vehicles, under those circumstances this bill would not effect what was going on out there at this time.

Closing by Sponsor:

**REP. HARRINGTON** conveyed the main goal of this legislation was to expedite the actual industry itself and in the way it handled the business. They thought it was very important and they were willing to accept the financial increase on it to do this. **REP. HARRINGTON** thought this was a win/win situation and he urged passage of **HB 307**.

**REP. HARRINGTON** stated **SEN. GARY FORRESTER** agreed to carry **HB 307** on the Senate floor if it was passed by the committee.

EXECUTIVE ACTION ON HB 307

Motion/Vote: **SEN. CRISMORE** MOVED **HB 307** BE CONCURRED IN. The motion **CARRIED UNANIMOUSLY** on voice vote. **SEN. FORRESTER** will carry the bill on the Senate floor.

HEARING ON SJR 21

Opening Statement by Sponsor:

**SEN. TERRY KLAMPE, SD 31, Missoula**, presented **SJR 21** stating this was an attempt to avert turf battles in the future and to make more sense of the present composition and structure of the "boards" in Montana. He said basically the bill did what the title stated which was to put together an interim study so they could continue the work that had already been done on **HB 518**. He related there was some good effort and good results if **HB 518** passed. The Governor's renewal committee had made suggestions about boards and the suggestions were not followed up on, other than **HB 518**. He claimed the renewal committee probably supported an effort such as this.

Proponents' Testimony:

**Lance Melton, Attorney, Department of Commerce (DOC)**, speaking on behalf of **SJR 21**. He related the DOC worked with the Governor's Task Force on Renewal of Montana Government between the last session and this session to develop a number of proposals effecting professional and occupational licensing boards. **Mr. Melton** stated one of the major proposals considered all the way

until almost the end of that task force's job was a proposal for composition of members on regulatory boards.

**Mr. Melton** said ultimately the task force did reject the proposal based upon the amount of heat they got from members of the professions who were concerned. He stated they were interested in trying to find some mechanism to reduce the turf wars that they had seen in professional and occupational licensing in the past. **Mr. Melton** related the DOC had some materials they had developed working with the task force and would share those with any committee appointed and would be willing to provide information and technical assistance.

Opponents' Testimony: None.

Questions From Committee Members and Responses:

**SEN. EMERSON** inquired if anyone knew so far how many joint resolutions calling for studies there were and **Bart Campbell** related he did not know the number; however, the Head of Research, Dave Boyer, was tracking that now. **Mr. Campbell** declared he could provide the committee with that answer at a later time.

**SEN. EMERSON** asked **Mr. Campbell** what the set fee, through the budgeting office, was to take care of the joint resolution studies. He had heard the amount was \$100,000. **Mr. Campbell** answered after a session a list was compiled of all the requested studies. He explained the list was then sent out to the legislators and the money funded for the studies was used until it ran out, based upon the priority of the study. **SEN. EMERSON** asked how many studies were funded out of the \$100,000. **Mr. Campbell** said 5, 10, 15, dependant upon the number of meetings needed for each study.

**SEN. CRISMORE** commented he agreed with the idea of prioritizing the joint resolution studies.

**SEN. MIKE SPRAGUE** commented to the committee that joint resolution studies were valuable to the legislative process since Montana's legislature only met every other year.

Closing by Sponsor:

**SEN. KLAMPE** stated it had been pointed out by **Mr. Melton** that a lot of the technical groundwork had already been done on this type of a study. He declared that would tend to reduce the cost and should bode well for this resolution. **SEN. KLAMPE** said he thought the boards effected all Montanans and the turf battles were continual, they were bitter, and there should be better methods of handling those matters. He urged the committee's approval of **SJR 21**.

EXECUTIVE ACTION ON SJR 21

Motion: SEN. SPRAGUE MOVED SJR 21 DO PASS.

Discussion: SEN. SPRAGUE asked what happened in the event that only 4 or 5 of those studies were actually studied even though they all had been approved by the full House and Senate. He asked, since there was a funding mechanism, did people then solicit private contributions. Mr. Campbell stated he didn't think that was possible under the rules of the legislative council. Mr. Campbell stated one of the things he had found that perhaps would be used more, as a holdover Senator could make a bill draft request and accomplish much of the same thing by having one of the staffers working on that during the interim as a bill draft request. He also stated the House could not do that, but the Senate holdovers could.

SEN. EMERSON commented to SEN. SPRAGUE if the SJR he had sponsored didn't get funded, he could personally request funding from interested parties and put some of the legislators on a committee and study it; that was complete freedom and people could solicit funding privately. SEN. SPRAGUE thought there may be some conflict in pursuing his resolution. Mr. Campbell stated he had never seen that done officially. He stated he had seen the Governor do that, but that was Executive Branch. SEN. EMERSON asked if that could be done unofficially and Mr. Campbell stated "yes".

Vote: The motion DO PASS SJR 21, CARRIED UNANIMOUSLY on voice vote.

EXECUTIVE ACTION ON HB 602

Motion/Vote: SEN. KLAMPE MOVED TO ADOPT THE AMENDMENTS hb060205.agp. The motion CARRIED UNANIMOUSLY by voice vote.

Motion: SEN. CRISMORE MOVED HB 602 AS AMENDED BE CONCURRED IN.

Discussion: SEN. FORRESTER asked Mr. Campbell to clarify amendment C. Mr. Campbell stated Page 3, the committee was striking the remainder of line 18 after "infrastructure" through "roads" on line 19 and inserting "as provided for in 7-15-4288(4)".

SEN. FORRESTER asked the committee, when REP. KITZENBERG presented the bill he had stated everything had been looked at and stated this was the son of SB 100, they included that infrastructure in SB 100 and now they were striking it. He asked if anyone had heard what the rationale was for striking the infrastructure portion and SEN. KEN MILLER stated they didn't



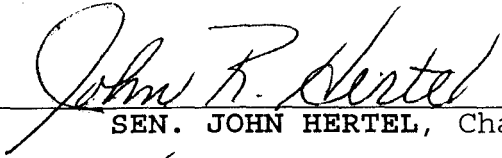
strike "infrastructure", but inserted "as provided for in 7-15-4288(4)", which gave a better definition of what infrastructure was.


SEN. SPRAGUE thought HB 602 was better than SB 100 because this was a loan vs. a grant and the loan process would discriminate in the sense that those people wouldn't be asking for loans unless they could justify receiving the loans.

Vote: The motion HB 602 BE CONCURRED IN AS AMENDED CARRIED UNANIMOUSLY by voice vote.

ADJOURNMENT

**Adjournment:** The meeting adjourned at 9:00 a.m.

  
SEN. JOHN HERTEL, Chairman

  
LYNETTE LAVIN, Secretary

JH/11

MONTANA SENATE  
1995 LEGISLATURE  
BUSINESS AND INDUSTRY COMMITTEE

ROLL CALL

DATE \_\_\_\_\_

3-27-95

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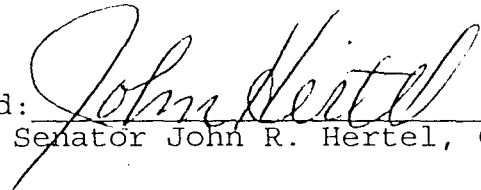
SENATE STANDING COMMITTEE REPORT


Page 1 of 1  
March 27, 1995

MR. PRESIDENT:

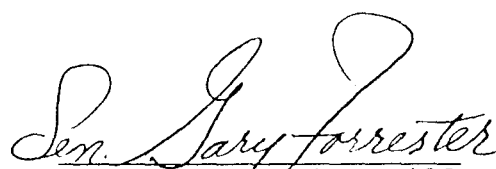
We, your committee on Business and Industry having had under consideration HB 307 (third reading copy -- blue), respectfully report that HB 307 be concurred in.

Signed:

  
Senator John R. Hertel, Chair

 Amd. Coord.

Sec. of Senate

  
Senator Carrying Bill

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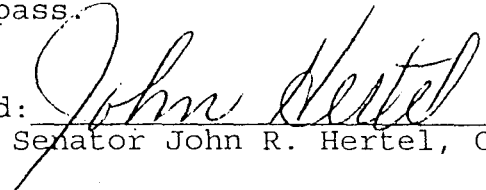
SENATE STANDING COMMITTEE REPORT

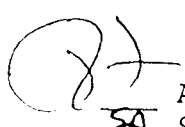
Page 1 of 1  
March 27, 1995

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration SJR 21 (second reading copy -- yellow), respectfully report that SJR 21 do pass.

Signed:

  
Senator John R. Hertel, Chair

 Amd. Coord.

SA Sec. of Senate

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SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
March 27, 1995

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration HB 602 (third reading copy -- blue), respectfully report that HB 602 be amended as follows and as so amended be concurred in.

Signed:   
Senator John R. Hertel, Chair

That such amendments read:

1. Page 3, line 16.

Insert: "(3) State participation in loans to nonprofit corporations may qualify for the job credit interest rate reductions under 17-6-318 if the interest rate reduction passes through to a for-profit business creating the jobs."

2. Page 3, lines 18 and 19.

Following: "infrastructure,"

Strike: remainder of line 18 through "roads" on line 19

Insert: "as provided for in 7-15-4288(4)"

3. Page 3, line 20

Following: "creation"

Insert: "or expansion"

4. Page 3, line 24.

Following: "."

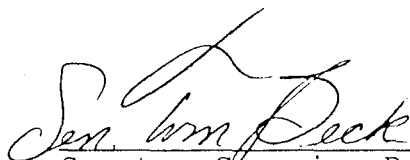
Insert: "Loans made pursuant to 17-6-309(2) qualify for the job credit interest rate reductions under 17-6-318 if the interest rate reduction passes through to the business creating the jobs."

-END-



Amd. Coord.

Sec. of Senate



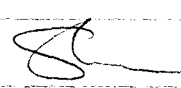
Senator Carrying Bill

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3/27/95

My proxy -

I vote: yes on - HB 602  
yes on HB 307  
yes on SJR 21

 Buehler

AND yes on Amendments

Amendments to House Bill No. 602  
Third Reading CopyRequested by Representative Kitzenberg  
For the Committee on Business and IndustryPrepared by Greg Petesch  
March 27, 1995

1. Page 3, line 16.

Insert: "(3) State participation in loans to nonprofit corporations may qualify for the job credit interest rate reductions under 17-6-318 if the interest rate reduction passes through to a for-profit business creating the jobs."

2. Page 3, lines 18 and 19.

Following: "infrastructure,"

Strike: remainder of line 18 through "roads" on line 19

Insert: "as provided for in 7-15-4288(4)"

3. Page 3, line 20

Following: "creation"

Insert: "or expansion"

4. Page 3, line 24.

Following: "."

Insert: "Loans made pursuant to 17-6-309(2) qualify for the job credit interest rate reductions under 17-6-318 if the interest rate reduction passes through to the business creating the jobs."



SENATE BUSINESS &amp; INDUSTRY

EXHIBIT NO. 1DATE 3-27-95BILL NO. HB 602

**Suggested Amendments to House Bill 602**  
**Working from HB 602 3rd Reading as Amended**

*(Presented  
by**Rep. Kitzenberg*

**Amendment 1.**

On page 3, line 15, following line 15, insert new subsection

"(3) state participation in loans to non-profit corporations may qualify for the job credit interest rate reductions under 17-6-318, provided that the interest rate reduction passes through to a for-profit business creating the jobs."

**Amendment 2.**

On page 3, line 18 and 19 delete

"such as water systems, sewer systems, water treatment facilities, sewage treatment facilities, and roads"

Insert

"as defined in 7-15-4288 (4)"

**Amendment 3.**

On page 3, line 20, following "creation", insert

"or expansion"

**Amendment 4.**

On page 3, line 24, following "infrastructure." insert

"loans made pursuant to 17-6-309(2) shall qualify for the job credit interest rate reductions under 17-6-318, provided that the interest rate reduction passes through to the business creating the jobs."

## Explanation of Amendments

### Amendment 1.

This amendment allows job creation interest rate reductions available for loans to for-profit corporations which create the jobs to be available to non-profit corporations that borrow money that directly relates the creation of jobs by a for-profit corporation. In his case, the Board of Investments may allow the interest reduction to the non-profit provided that the non-profit passes on fully the value of the interest rate reduction to the for-profit which has created the jobs.

This amendment meets the "spirit" of the existing law, but recognizes that sometimes for-profit/non-profit relationships can be used to create jobs in the state.

### Amendment 2.

This amendment provides a specific definition of infrastructure that has been used for many years under the Montana statutes. That definition is found in section 7-15-4288(4) and lists in detail the kinds of infrastructure that are fundable by local governments through tax increment districts. The amendment is submitted to provide a consistency of infrastructural support in various programs.

### Amendment 3.

This amendment is to provide a consistency within HB602. The Bill has been amended to provide that the infrastructure loans in HB602 can go to business expansions that create over 50 jobs as well as to new businesses. Expansion was left out of this particular section and the word is added here to provide consistency in the Bill.

### Amendment 4.

This amendment provides that the local government receiving the infrastructure loans under this Bill will receive the job creation interest rate reductions providing that they pass on the full value of that interest rate reduction to the company creating the jobs and paying for the state loan repayment.

# Montana Economic Developers Association

321 East Main, Suite 413

Bozeman, MT 59715

406-587-3113

*"Representing all of Montana's economic development community!"*

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 2

DATE 3-27-95

BILL NO. HB 602

March 21

March 21, 1995

*(Presented by  
Rep. Kitzenberg)*

Members of the Senate Business and Industry Committee  
Montana Senate  
State Capitol Building  
Helena MT 59620

Dear Chairman Hertel and Members of the Committee:

The Montana Economic Developers Association is an organization that includes over 60 individuals in the state of Montana who have economic development as their primary function.

These individuals represent every major community in the state and most smaller communities which are seeking to create economic growth and jobs for their areas.

The Montana Economic Developers Association strongly supports the passage of HB 602.

This bill will provide another economic development tool for the State of Montana. The MICRON project caused the passage of SB 100 because we all discovered that Montana needed to be able to help finance public infrastructure to support the development of larger industries. Of course, MICRON represented 3,500 jobs, and therefore, the bill was written to place a 2,000 job threshold on participation in the program.

It became clear to many of us that if the program was useful to help create 2,000 jobs, it could be much more useful (and perhaps more realistic) to use the program to help create businesses with 100 and 200 jobs -- a large economic development project by Montana terms.

The amendments in this bill make it a good tool for economic development for the state, and we urge its passage.

Thank you.

Sincerely,

*Dixie Swenson*

Dixie Swenson  
MEDA Legislative Committee

7-15-4288

## LOCAL GOVERNMENT

844

(3) Thereafter, the adjusted base value is used in determining the mill rates of affected taxing bodies unless the tax increment resulting from the adjustment is determined to be insufficient for this purpose. In this case, the governing body must reduce the base value to the amount originally determined or to a higher amount necessary to provide tax increments sufficient to pay all principal and interest due on the bonds.


History: En. 11-3921 by Sec. 1, Ch. 287, L. 1974; amd. Sec. 1, Ch. 452, L. 1975; amd. Sec. 2, Ch. 532, L. 1977; amd. Sec. 31, Ch. 566, L. 1977; R.C.M. 1947, 11-3921(6); amd. Sec. 8, Ch. 667, L. 1979.

7-15-4288. Costs that may be paid by tax increment financing. The tax increments may be used by the municipality to pay the following costs of or incurred in connection with an urban renewal project or industrial infrastructure development project:

- (1) land acquisition;
- (2) demolition and removal of structures;
- (3) relocation of occupants;
- (4) the acquisition, construction, and improvement of infrastructure or industrial infrastructure, which includes streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and offstreet parking facilities, sewers, sewer lines, sewage treatment facilities, storm sewers, waterlines, waterways, water treatment facilities, natural gas lines, electrical lines, telecommunications lines, rail lines, rail spurs, bridges, publicly owned buildings, and any public improvements authorized by parts 41 through 45 of chapter 12, parts 42 and 43 of chapter 13, and part 47 of chapter 14 and items of personal property to be used in connection with improvements for which the foregoing costs may be incurred;
- (5) costs incurred in connection with the redevelopment activities allowed under 7-15-4233;
- (6) acquisition of infrastructure-deficient areas or portions of areas;
- (7) administrative costs associated with the management of the industrial district;
- (8) assemblage of land for development or redevelopment by private enterprise or public agencies, including sale, initial leasing, or retention by the municipality itself at its fair value;
- (9) the compilation and analysis of pertinent information required to adequately determine the infrastructure needs of secondary, value-adding industries in the industrial district;
- (10) the connection of the industrial district to existing infrastructure outside the industrial district;
- (11) the provision of direct assistance, through industrial infrastructure development projects, to secondary, value-adding industries to assist in meeting their infrastructure and land needs within the industrial district; and
- (12) the acquisition, construction, or improvement of facilities or equipment for reducing, preventing, abating, or eliminating pollution.

History: En. 11-3921 by Sec. 1, Ch. 287, L. 1974; amd. Sec. 1, Ch. 452, L. 1975; amd. Sec. 2, Ch. 532, L. 1977; amd. Sec. 31, Ch. 566, L. 1977; R.C.M. 1947, 11-3921(part); amd. Sec. 1, Ch. 147, L. 1981; amd. Sec. 9, Ch. 712, L. 1989; amd. Sec. 1, Ch. 737, L. 1991; amd.

INFRASTRUCTURE  
DEF.

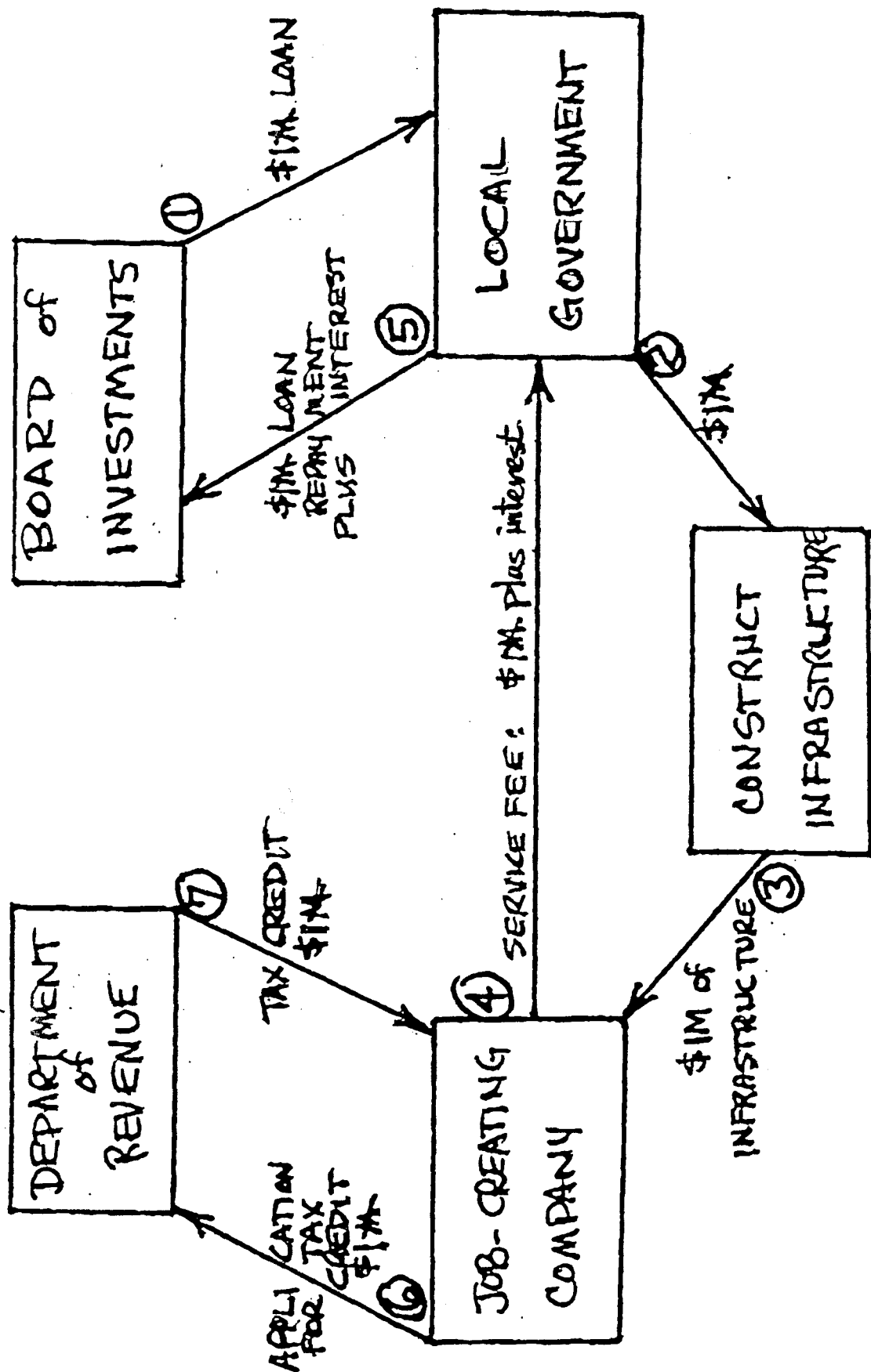


Infrastructure Loan/Tax Credit Procedure -- House Bill 602*Presented by  
Rep. Kitzenberg*

Example using \$1 million infrastructure loan to a city

- The Board of Investment loans \$1 million to the City
- The City constructs \$1 million of infrastructure
- The City makes the infrastructure available to the job-creating company
- The company pays a fee to the City for use of the infrastructure
  - Within that fee payment would be an amount equal to the principal portion of the loan pay off for the \$1 million infrastructure loan, as well as an amount to cover the interest portion of the loan pay off, and finally, a small fee to compensate for the actual use of the infrastructure.
- The City pays both the principal and interest amounts on the \$1 million loan to the Board of Investments
- The company then applies to the State of Montana for a Corporate Income Tax Credit equal to the amount of the fee attributable to the principal portion of the loan pay back. The cost of the interest portion is borne by the company.

# HB 602 - PROCESS SCHEMATIC



## STATE OF MONTANA - FISCAL NOTE

SENATE BUSINESS &amp; INDUSTRY

EXHIBIT NO. 4Fiscal Note for HB0602, 3rd readingDATE 3-27-95BILL NO. HB 602*Presented by Rep. Kitzenberg*DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing loans to local government for businesses estimated to employ at least 50 people; providing that loans must be used to provide infrastructure for a business; providing for repayment of the loans through infrastructure fees; providing a tax credit for infrastructure fees paid; and providing an immediate effective date.

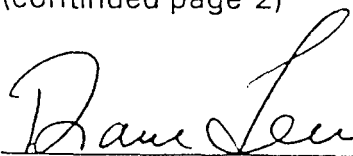
ASSUMPTIONS:

1. The Board of Investments (Board), through qualifying financial institutions, currently makes "economic development" loans from the Permanent Coal Tax Trust to qualifying businesses located in Montana.
2. Current law permits the Board to use up to 25.0 percent of the Permanent Coal Tax Trust (Trust) for these loans, and no individual loan may exceed 1.0 percent of the Permanent Coal Tax Trust. (The Trust has a book value of approximately \$540.0 million.)
3. HB602 would permit the Board to make loans from the Trust ranging from \$500,000 to \$20 million to local governments to fund infrastructure improvements necessary to accommodate businesses that would employ a minimum of 50 new employees. The infrastructure would serve as loan collateral.
4. The businesses for whom the infrastructure is developed would pay a fee to amortize the loan and receive a tax credit in the amount of the fees paid to amortize the loan.
5. The Board, when making the loans authorized in HB602, would be required to exercise the "prudent expert principle" as it does when making all "economic development" loans from the Trust.
6. Loans made under HB602 would not be considered part of the 25.0 percent of the Trust authorized for the "economic development" loans the Board currently makes.
7. Loans made from the Trust under HB602 would differ from the loans currently made by the Board in the following ways: 1) individual loans could exceed 1.0 percent of the Trust; 2) loans would be made to local governments, rather than private businesses; and 3) loans would be made directly to borrowers, rather than in participation with financial institutions that would service the loans. (The Board is currently prohibited from making direct loans to borrowers.)

FISCAL IMPACT:Expenditures:Department of Revenue

The addition of a new tax credit would require adding a line to the corporation tax form. This increases administrative expenses an estimated \$1,500 in FY96.

(continued page 2)

 3-24-95DAVE LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program PlanningNOT FOR  
DISSEMINATIONSAM KITZENBERG, PRIMARY SPONSOR DATE  
Fiscal Note for HB0602, 3rd reading

FISCAL IMPACT: (continued)

Expenditures:

Board of Investments

Whether enactment of HB602 would increase Board operating expenditures, depends upon the number of loan applications reviewed, the number of loans made, and the accounting workload required to service the loans. It is impossible to estimate in advance, the additional workload required of the Board to implement this legislation.

Revenues:

This bill allows the Board of Investments to make loans to local governments for infrastructure development in situations where the business that uses the infrastructure is estimated to create at least 50 new jobs. The local government will then charge the business user fees for use of the infrastructure. The business will then be allowed to claim any user fee paid as a tax credit against corporation licenses taxes.

To the extent that this provision is used in the future, there would be a reduction in corporate license taxes for user fees paid by the businesses paying these fees. It is not possible to accurately project the extent or use of these fees by future businesses.

Interest income on the Trust would not be impacted, based on the assumption that the Board would lend under the provisions of HB602 at an interest rate comparable to other loans it makes from the Trust.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

To the extent that local governments receive loans from the Board and construct infrastructure projects, local government expenditures would increase.



# MIADA

Montana Independent Auto Dealers Association

1001 1st. Ave N.  
Billings, Montana 59101  
(406) 245-7451 Mark Steffes

March 27, 1995

TESTIMONY IN SUPPORT OF HOUSE BILL-307  
SENATE BUSINESS AND INDUSTRY COMMITTEE

Mr. Chairman, my name is Mark Steffes. I own Auto Acres Trucks and Trailers in Billings, Montana. I appear here today as President of the Montana Independent Automobile Dealers Association. We are in strong support of House Bill 307 and appreciate Representative Dan Harrington sponsoring this bill on our behalf.

HB-307 will create an "Express Title Only" for a motor vehicle dealer, broker, or wholesaler to transfer ownership of a used motor vehicle to another motor vehicle dealer, broker or wholesaler by use of a dealer reassignment section on a certificate of ownership. This bill will also allow the Justice Department's Motor Vehicle Division to hire two additional employees to handle this effort. We, the dealers, are willing to pay the cost involved through a new fee because of the significant benefit to our industry.

Let me briefly explain the benefits this bill provides to our industry and to the consumer of used and new vehicles.

This bill will provide both new and used car dealers with a "Marketable or Negotiable" title. A negotiable title will allow Montana dealers more competitive outlets to sell their products. Because most dealers specialize in certain types or certain price ranges of vehicles, or simply may need to restructure his or her inventory, it is common practice for a vehicle to be sold to several different dealers before being sold to the consumer. Often these transfers create many off title dealer reassignments; however, most other states are moving toward issuing a standardized title, and do not allow off title reassignments. Although the new Montana title does have three dealer reassignments on the reverse side, the title has only been in use for a very short time. Furthermore, the majority of Montana titles in circulation only have one (1) reassignment and many older titles do not have any at all. To the credit of the Montana Motor Vehicle Division, Montana freely accepts foreign titles. However, selling a Montana vehicle with off title reassignments out of state in many aspects is like going to the grocery store with Russian Rubles. You are probably going to go home without anything to eat. Viewing this from a wholesaler's perspective, a marketable title is crucial. His livelihood depends on being able to sell vehicles out of state. Often the dealer depends on the wholesaler to sale certain types

of vehicles that do not sell well in Montana. By providing additional outlets to sell vehicles, dealers can pass the savings on to the consumer through higher trade in values and lower trade in differences.

Beyond marketability, HB 307 will allow dealers to obtain a title in a reasonable time between three (3) and five (5) business days. Under the current system dealers have to wait anywhere from six (6) to eight (8) weeks to receive a title. This can be devastating to consumers, smaller dealers, and wholesalers. Title delays also bring up legal issues. Typically the dealer has to sell a vehicle before receiving the title, and sometimes cause the dealer to take trade ins before receiving the title. This is a very gray area in the law. HB 307 could reduce these problems.

HB 307 will also allow dealers and the motor vehicle division to work more efficiently together by having a direct dealer phone line. Better dealer access to the Motor Vehicle Division will also reduce titling errors. This alone should greatly reduce the department's and the dealer's costs. By being able to correct problems as they occur and before the titles are submitted we can eliminate titles being sent back to the dealer two and three times for corrections. Government and Business working together to provide faster, more effective results for everyone. Thank you for your time and consideration.

City and town list of dealers submitting letters to the House Appropriations Committee in support of House Bill 307.

Miles City and eastern Montana:

Larry's Auto Sales and More	-Miles City
Boggs Chevrolet-Oldsmobile	-Forsyth
Boggs Used Autos	-Miles City
Dan's Used Cars	-Broadus
Glendive Sales	-Glendive
Chief Auto Sales	-Hardin
Frank's Body Shop	-Miles City
Action Auto	-Sidney
Rathert Fox	-Sidney
T.A.W., Inc.	-Miles City
Mac's Frontier Land	-Miles City
T & A Auto Sales	-Sidney

Northcentral and central Montana:

Chinook Wind	-Chinook
Central City Auto	-Lewistown
Terry Chevrolet	-Glasgow
Hertz Auto Sales	-Harlowtown
Car and Truck Exchange	-Plentywood
Ft. Benton Motor Company	-Ft. Benton
Luxury Auto Sales	-Havre
Bill's Sunrise Auto	-Lewistown
C & H Auto	-Denton
K & B Company	-Havre

Great Falls:

TnT, Inc.  
Pete's Auto Sales  
Taylor's Used Cars  
Auto Corner  
Gabe's Auto  
Holiday Motors  
Barney's Used Cars  
King Motors  
A & A Auto and Rental  
Way More Auto  
McMenamy Sunshine Auto  
Eli's Auto Sales

Page two - list of dealers and place of business

Great Falls continued:

Radian Motors  
Electric City Auction  
Executive Motors

Missoula:

Jim's Used Cars  
A-Auto Sales  
McVays Used Cars  
Bretz RV and Marine  
Nickel Cars  
Grizzly Auto Center

Northwestern Montana:

Double "W" Truck	-Hamilton
Bob's Auto	-Kalispell
Golden Wheels	-Kalispell
Pioneer Chevrolet	-Polson
Montana Auto Finance	-Kalispell
Credit Cars	-Kalispell
Nickel Cars	-Kalispell
Takalas Enterprises	-Columbia Falls
Jim Downen Nissan	-Kalispell

Butte-Helena-Bozeman:

M.G.M. Auto Brokers, Inc.	-Butte
Mining City Motors	-Butte
R & N Auto	-Bozeman
Low Cost Auto	-Butte
Kev' Auto Sales	-Helena
T & C Wholesale	-Helena
Mick O' Brien's Used Cars	-Butte
Marks-A-Lot	-Helena

Billings:

Montana Truck and Car	Pierce Truck and Equipment
CJ's Auto	Tour America RV
Auto Acres	Tour America Used Cars

Page three - list of dealers and place of business

Billings Auto Auction  
Northland Automotive  
Bob Smith Lincoln-Mercury  
N. Land Auto  
Auto Brokers of Montana  
J.R.'s Used Cars  
Red Barn Sales  
AAA Auto Rental  
Top Notch Trailers  
The Chassis Works  
D & D Automotive  
Car World  
ABC Auto Sales  
Montana Muatangs  
Leroy's Auto Sales

Avis Rent-a-Car  
Active Auto  
K & K Auto Brokers  
Where Your At Auto  
Frontier Chevrolet  
Homestead Hyundai-Subaru  
TAW Brokers  
Park Company Auto Sales  
Billings Truck Center  
The Big Sky Auto Auction  
Harris Auto Sales  
T & T Auto  
Interstate Motors  
Fisk Camper Sales

# AUTO ACRES

P.O. Box 960  
Billings, MT 59103  
(406) 245-7451

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 7

DATE 3-27-95

BILL NO. HB 307

Specializing in Quality Trucks  
And A Complete Trailer Line

(Mark Steffes

presented by)

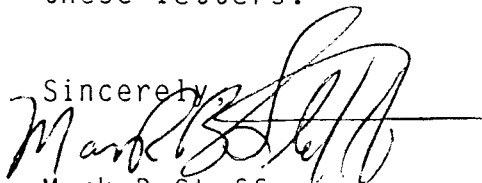
March. 13, 1995

Honorable Tom Zook  
Chairman of Appropriations  
House of Representative  
Helena, Montana

The enclosed packet of letters, I have prepared, are from new and used Auto Dealers across the State of Montana.

Some of these letters are addressed to Bruce Simon, Chairman of Business and Labor. In the interest of conservation ,postage , fax costs etc.,I have included these letters.

Sincerely,



Mark B Steffes  
President

Independent Auto Dealers Assoc of Montana

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

Honorable William S. Crismore (Libby)

We, the undersigned licensed Used Car Dealers of Missoula County, strongly support, and request your affirmative vote on House Bill 307.

This bill creates an express title for Automobile Dealers only, as well as a dealer department and dedicated telephone line at the Registrar's Bureau in Deer Lodge.

This program is desperately needed, not only in our business, but to also relieve the pressure from the overworked General Public phone lines & the Registrar's Bureau Staff.

Thank You For Your Support,

Avis Car Sales - Missoula

Larson Enterprises - Missoula

Nice Cars Only - Missoula

J.J.'s Auto Sales Missoula

Sunlight Sales & Consignment - Missoula

Montana Truck Brokers - Missoula

Missoula FCU - Missoula

Mel's Used Cars - Missoula

Jim's Cars - Missoula

Missoula Car & Truck - Missoula

Reed's Auto Mart - Stevensville

Anderson's 93 Auto Sales - Stevensville

TLN Enterprises - Missoula

Bob's Auto Mart - Pablo

North Country Motors

Missoula Car & Truck

Gardner's Auto Auction  
Sunshine Motors

Bakke Motor Co

Reserve St Auto Sales

Friendly Auto Sales

Bill's Auto Wholesale

Best Buy Auto Sales

Cars Unlimited

Big Sky Auto Sales

Nickel Cars

Reserve Street Auto

M & M Motors

Ravalli County

Professional Auto Sales

West Broadway Auto Sales

World Wide Motors

DATE

March 27, 1995

SENATE COMMITTEE ON

Business and Industry

BILLS BEING HEARD TODAY:

HB 307 Rep Harrington  
HB 602 Rep. Kitzenberg  
SJR 21 Senator Klampe

&lt; ■ &gt;

PLEASE PRINT

&lt; ■ &gt;

Check One

Name	Representing	Bill No.	Support	Oppose
DAVE BROWN	mt. Independent Automobile Dealers Association	HB307	X	
MARK STEFFES	MTIND AUTODLRS & AUTO ACRO	HB307	X	
SCOTT MITCHELL	MGM AUTO DEALERS MIADA	HB307	X	
Dean Roberts	Dep Justice - MVD	HB307		
Steve Turkiewicz	Mt. Auto Dealers Assn	HB307	X	
Linda Reed	Gov's office	HB602	X	
LANE MELTON	DEPT. OF COMMERCE	SJR21	X	
Stuart Daggett	mt manufactured Housing & RV Dealers	HB307	X	

## VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY