

MINUTES

MONTANA SENATE 55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By CHAIRMAN JOHN HERTEL, on February 4, 1997, at
9:00 A.M., in ROOM 410

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. Bea McCarthy (D)

Members Excused: Sen. Debbie Bowman Shea (D)

Members Absent: None

Staff Present: Bart Campbell, Legislative Services Division
Mary Gay Wells, Committee Secretary

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 193; HB 32; 1/24/97
SB 234; 1/28/97
Executive Action: HB 32

HEARING ON 234

Sponsor: SENATOR VIVIAN BROOKE, SD 33, MISSOULA

Proponents: Kathy Sewell, Public Outreach Coordinator, Montana
Coalition Against Domestic & Sexual Violence.
Marie Dunn, Park City
Russell LeVigne, MT Low Income Coalition & MT
Welfare Action Coalition
Barbara Booher, Executive Director, MT Nurses
Assoc.
Betty Waddell, MT Association of Churches
Gloria Hermanson, MT Psychological Assoc.
Kate Cholewa, MT Women's Lobby
Donetta Klein, Stevensville
Cory Laird, MT Catholic Conference
Tanya Ask, Blue Shield & Blue Cross of Montana
Frank Cote, Deputy Insurance Commissioner

Opponents: Larry Akey, Nat'l. Assoc. of Independent Insurers
 Jacqueline Lenmark, American Insurance Assoc.
 Tom Hopgood, American Council of Life Insurance
 Susan Good, MT Assoc. of Life Underwriters
 Greg Van Horssen, State Farm Insurance
 Ward Shanahan, Farmers Insurance

Opening Statement by Sponsor:

{Tape: 1; Side: A; Approx. Time Count: 9:02 AM; Comments: N/A.}

SENATOR VIVIAN BROOKE, SD 33, MISSOULA. I bring you SB 234. It is an act prohibiting discrimination against victims of abuse in all lines of insurance and providing for an independent cause of action. Many are wondering if there is a problem in Montana. If there is, what are we doing? Many questions arise out of this issue because it is subtle but more than that it is insidious. The issue of insurance discrimination in this area was brought to my attention at a national conference. At that time the Women's Law Project and The Pennsylvania Coalition Against Domestic Violence had discovered this subtle form of discrimination through surveys which reveal some alarming statistics. This study is presented as (EXHIBIT 1, EXHIBIT 1A, EXHIBIT 1B).

This bill, SB 234, does provide a clear definition of abuse and it prohibits insurers of health maintenance organizations or health service corporations from engaging in unfair discriminatory acts or practices against victims of abuse. Section 1 lays out the ground rules for this prohibition. Take note of Section 1, Subsection 6 on page 2. This outlines and clarifies the insurer's rights in this regard. Section 2 provides an independent cause of action if this discrimination were ever to occur. It provides relief to the victim of discrimination. Sections 3 through 6 provide the technical parts of the bill including an immediate effective date. SB 234 is a balanced approach to this problem. We have worked with the insurance industry on this bill. We have made concessions and added language to ease concerns. At this time I would like to hand out a variety of newspaper clippings (EXHIBIT 2).

Proponents' Testimony:

Kathy Sewell, Public Outreach Coordinator, Montana Coalition Against Domestic and Sexual Violence. I would like to hand in my written testimony (EXHIBIT 3). I would also like to hand in a fact sheet (EXHIBIT 4) and a statistics sheet (EXHIBIT 5).

Marie Dunn, Park City, Victim. I would like to hand in my written testimony (EXHIBIT 5A)

{Tape: 1; Side: A; Approx. Time Count: 9:17 AM; Comments: N/A.}

Russell LaVigne, MT Low Income Coalition & MT Welfare Action Coalition. I will hand in my testimony (EXHIBIT 6).

Barbara Booher, Executive Director, MT Nurses Assoc. We rise in strong support of SB 234. We see an alarming number of domestic abuse and violence. We do not believe it is appropriate or necessary to cause them further harm and pain by making them victims of discrimination from the insurance industry.

Betty Waddell, MT Association of Churches. I will submit my written testimony (EXHIBIT 7).

Gloria Hermanson, MT Psychological Association. I will submit my written testimony (EXHIBIT 8).

Kate Cholewa, MT Women's Lobby. I will submit my written testimony (EXHIBIT 9).

Donetta Klein, Stevensville. I will submit my written testimony (EXHIBIT 10).

Cory Laird, I stand in support of SB 234 on behalf of the MT Catholic Conference. We urge your consideration.

Tanya Ask, Blue Cross & Blue Shield of Montana. As with several other pieces of legislation this bill with respect to health insurance addresses problems arising in other parts of the country. I would like to comment that Congress enacted the Health Insurance Affordability and Accountability Act, also known as Kennedy-Kassebaum. It has prohibited health benefit plans from discriminating based on an individual's status as a victim of domestic abuse. This applies to both insured plans and to self-insured plans. Montana, in implementing this federal legislation, should adopt a similar provision to allow this regulation at the state level. Blue Cross and Blue Shield supports the concept of prohibiting discrimination against victims of domestic abuse both in underwriting and benefit determination. As a local health insurer in business for 50 plus years, we are not aware of such practices having occurred in Montana with respect to benefit determination and I can tell you that most often we do not know why an individual is in the emergency room. We only know what the individual was treated for and how.

I need to raise one concern with this bill. There is a provision creating an independent cause of action in Subsection 2. In Section 1 there is already a cause of action included. I understand that there will be amendments introduced to remove this provision and would urge support of the bill with these amendments. Thank you.

Frank Cote, Deputy Insurance Commission. Does this discrimination against victims of abuse occur frequently? The answer is yes. An informal survey of the subcommittee of the U.S. House Judiciary Committee revealed that 8 of the 16 largest insurers were using domestic violence as a factor when deciding whether to issue and how much to charge for insurance. In

Pennsylvania and Kansas they have introduced facts for their states. I cannot give the committee a firm number of these cases here in Montana but I can tell you that in 1996 we had more than one case and less 100. Will SB 234 help stop this discrimination? Yes, I believe that it will. It will stop an insurer from underwriting a risk or handling a claim simply because the insured was a victim of domestic violence. SB 234 will not inhibit insurers from their quest for sound underwriting. Subsections A and B of Part 6 on page 2 state very clearly that (a) this section does not prohibit an insurer from underwriting, classifying risk, or administering a contract of insurance as otherwise allowed by law based on medical information that the insurer knows or should know is related to abuse as long as the insurer underwrites, classifies risk, or administers the contract of insurance on the basis of the applicant's or insured's medical condition and not on the applicant's or insured's status as a victim of abuse and (b) this section does not prohibit or otherwise limit an insurer's ability to elicit information from or about an applicant's or insured's medical history as otherwise provided by law. Simply stated that language allows an insurer to ask all the information that they would normally ask for but they must treat all risks the same. If they do not discriminate, they should not fear this bill. We urge this Committee to support SB 234.

{Tape: 1; Side: A; Approx. Time Count: 9:34 AM; Comments: N/A.}

Opponents' Testimony:

Larry Akey, National Association of Independent Insurers. We are not here to minimize the problems that occur with domestic violence. There may well be some discrimination in Montana and if this bill only addressed that issue, and nothing more, we would not rise in opposition. Our concern, however, is in attempting to deal with what is potentially a real problem. We reach far beyond what we need to with SB 234. You have heard substantial testimony on the extent of domestic violence and you have heard examples cited. Here is a poster board showing the same. But if you look at the fine print, you read the by-line is Miami Beach, FL. You have heard about problems in PA. and CT. We have asked the Insurance Commissioner to give us information on the extent and nature of discrimination problems related to domestic abuse in Montana and they have been unable to do so. We ask for that information because our trade association is very serious about this issue and will work with member companies within the trade association to deal with this issue without this kind of over-reaching statute.

A second problem we have with this legislation is with its timing. There is a growing recognition of the need for some kind of statutory framework at the National Association of Insurance Commissioners (NAIC). NAIC is comprised of all 50 insurance commissioners around the country. Part of their job is to develop model laws and model regulations that can spread across

the country and be adopted by each legislature. NAIC is still in the process of developing model laws for all types of insurance except for accident and health (disability insurance). There is a NAIC model law for health insurance. I would anticipate that in two years these model laws will be ready and available.

Thirdly, we oppose this bill because of specific problems with the legislation. **SEN. BROOKE** has worked diligently to address some of the industry's concerns. Unfortunately, we don't believe that her modifications have gone far enough in three specific areas. **SEN. BROOKE** has said there is a clear definition of abuse in this bill and in fact there is a definition of abuse. The difficulty we have with this definition is that it is applied only to insurance companies and goes far beyond what the definition of domestic violence and abuse in other parts of statute and in particular with respect to my property and casualty companies, we are concerned about Section 1, Subsection 2 (d) which defines abuse as purposely, knowingly, recklessly, or negligently causing or attempting to cause damage to property so as to intimidate or attempt to control the behavior of another person, including a minor child. The bulk of the testimony of the proponents dealt with bodily injuring and that is how domestic violence is defined in other parts of the statute. This would apply property damage to the definition of domestic violence. This is the only place in the statute where that occurs and we have some problems with that. If it is good for the goose it ought to be good for the gander. If you include property damage in the definition of domestic violence, amend the rest of the statute to do that. Let's not limit it to just insurance companies.

Ms. Ask indicated that we had some significant concerns with Section 2 of the bill which gives rise to an independent cause of action. I point out to you that the NAIC language on health insurance provides that unfair discrimination on health insurance based on abuse status is, in fact, unfair discrimination and gives the Commissioner the opportunity to enforce that statute. This bill would say that anyone who alleges that they have been discriminated against on the basis of domestic abuse, without going to law enforcement, without going to the Commissioner's office can go straight to district court and sue our company. And this bill shifts the burden of proof from the person alleging that they have been discriminated against to the company. That is in Subsection 4 of Section 1.

Finally, Subsection 6 of Section 1, a section that **SEN. BROOKE** added to the bill in response to our concerns say that an insurer may consider the medical information on a reported abuse victim in determining rates and in determining underwriting criteria, but it doesn't allow it to consider property and casualty risks. From the perspective of my companies, if we are going to move forward with this bill, Subsection 6 needs to allow us to consider not only medical information, but property and casualty risk as well. We would ask this Committee to hold action on this

bill in this session and look at the model laws that will come from NAIC.

{Tape: 1; Side: A; Approx. Time Count: 9:42 AM; Comments: N/A.}

Jacqueline Lenmark, American Insurance Association. Mr. Greg Van Horssen, representing State Farm Insurance, has also asked me to indicate his opposition to SB 234 as he is in another committee meeting. I will not repeat the comments that Mr. Akey presented. We have the same concerns about this piece of legislation as were raised by NAIC. I would like to focus the Committee's attention to two areas of the bill that cause particular problem. From my perspective as a defense lawyer and also as a representative of the property casualty industry, the definition of abuse raises concerns. If you look at the definition you will see included in that definition the negligent subjection or attempting to subject another person to: (a list of various acts are here). These are the very acts that defense lawyers defend against and everyday litigate on nearly every auto accident, accidents that have nothing to do with domestic violence. I would urge the Committee to look at the language of this bill. Throughout that definition there is overbreadth in terms of trying to attack this serious problem.

The other issue that we have with this legislation is the independent cause of action. It is important to know the history of this statute in Montana code. 33-18-242 was enacted as a specific compromise during court legislation a number of sessions ago to deal with only the unfair settlement of insurance claims. This statute should not be expanded to include new causes of action that don't have to do with that particular topic. The Insurance Commissioner has sufficient regulatory authority to address this problem. He has an adequate arsenal of other penalties and measures that he or she can use to enforce this kind of legislation should it become necessary. Using this particular section of code, however, is inappropriate for the problem that is being addressed here. With that, we would urge this Committee delay action on this bill until there is NAIC language to look at. If you go ahead with this bill, we would request Section 2 of the bill be stricken.

{Tape: 1; Side: B; Approx. Time Count: 9:47 AM; Comments: N/A.}

Tom Hopgood, American Council of Life Insurance. I would like to state it is the very firm announced policy of the ACLI to support legislation which prohibits discrimination based upon a person's status as a victim of abuse. I would like to pass out the ACLI amendments to SB 234 (EXHIBIT 11). We applaud the efforts of the sponsor and the Commissioner's office and believe SB 234 is a well-intentioned bill. The changes make it more palatable and closer in line with legislation which ACLI would be proud to support, but we're not quite there yet. If the amendments are not placed on the bill, we would like to see it tabled. We think it is imperative to avoid conflicts with other states in the

context of this law and would suggest the Legislature wait on this issue until a model act is enacted for all lines of insurance. The problem described by **Marie Dunn** seems to not be with discrimination based on being a victim of abuse but upon an insurance company's hesitance to pay the claim based upon the insured burning down his own house. I would also like to comment on **Frank Cote's** testimony there is more than one case but less than 100 -- that is a big range and I would suggest we are closer to one than 100. I would like to point out the following amendments corrections: (1) Amendment #25 -- change "underwrites" to "underwriting"; (2) Amendment #27 -- change "underwriters" to "administers". [Mr. Hopgood explained the rest of the amendments. ED.] We suggest the amendments be placed on SB 234 and I will be happy to discuss them with Committee members.

Susan Good, Montana Association of Life Underwriters. We understand the consequences of domestic violence and would abhor any discrimination which would occur. We listened to **Tom Hopgood's** amendments and we could support SB 234 with the amendments because we believe it goes to the actual intent of the sponsor.

Ward Shanahan, Farmers Insurance Group. I would like to echo **Larry Akey's** comments that we are a casualty and property insurer and we don't think SB 234 distinguishes the difference. We would be favorable to waiting until 1999 when the NAIC bill comes.

{Tape: 1; Side: B; Approx. Time Count: 9:58 a.m.; Comments: N/A.}

Questions From Committee Members and Responses:

SEN. BEA MCCARTHY asked if insurance discrimination included life, health and property insurance. **Larry Akey** said it encompassed all lines of insurance. **SEN. MCCARTHY** asked if the history of the abuse goes with the victim regardless of the change in circumstances. **Mr. Akey** said his property and casualty companies do not consider whether the person is a victim of domestic abuse in the underwriting decision. They will look at past claims history and other underwriting factors. If the past claims history indicates a higher risk than is acceptable to the company, coverage will be denied or written at a higher premium. The language of SB 234 raises a question of whether a claims history results in an unfair discrimination based on the assertion the applicant is a victim of domestic abuse. That's why we believe SB 234 is over-reaching. While on one hand we're allowed to look at medical information (and if SB 234 moves forward, we will ask for property and casualty risk as well) as part of our underwriting decision, we're forced to prove we didn't look at the information in a way to discriminate against a person who at one time claimed to be a victim of domestic abuse. **SEN. MCCARTHY** asked how long the history was kept. **Larry Akey** said he did not know.

SEN. WILLIAM CRISMORE asked for examples from the Insurance Commissioner. **Frank Cote** said their current computer system does not allow them to sort that information. The only way we know about a case is for someone in the policy holder services department to remember it was domestic abuse. That information comes from the numbers reported; however, many cases go unreported. **SEN. CRISMORE** commented the records would have to be sorted by hand in order to come up with any complaints. **Mr. Cote** said that was correct.

SEN. STEVE BENEDICT asked why more was not heard about domestic violence occurring with men. **Kathy Sewell** said her handout listed how many men; in fact, in the past year they worked with 170 men reported as victims of domestic violence. All of their programs serve men, though they can't house them in the same shelter as the women. Of all domestic abuse cases reported, 95% occur with women and 5% with men; however, men don't report because they don't like to admit they are beaten by a woman.

SEN. BENEDICT commented men had trouble admitting they were victims of either physical or psychological abuse. **Ms. Sewell** agreed, explaining it is hard to understand what men face when they admit to what is happening, and this is evident when considering the services offered to men. **SEN. BENEDICT** asked how that could be changed. **Ms. Sewell** said to continue with what we do now -- talk about victims and perpetrators, not male and female.

SEN. CASEY EMERSON asked for explanation of court problems with "emotional distress" and "psychological trauma". **Jacqueline Lenmark** said her purpose in bringing those examples to the Committee was to demonstrate the litigation which traditionally revolves around those terms and how it could also revolve in the other context. An example would be a typical auto accident whereby compensation was asked for physical damages as well as emotional distress and pain and suffering, or other types of psychological damages. When proving that in court, the party asking for those damages will bring expert witnesses to address both physical and emotional damages. Her purpose in bringing those terms before the Committee was to demonstrate breadth of the definition. It could be something which arises out of any "garden variety" lawsuit and not the serious problem SB 234 is attempting to address. **SEN. EMERSON** asked if SB 234 was overly broad and **Ms. Lenmark** said it was.

SEN. BENEDICT asked how **SEN. VIVIAN BROOKE** felt about the Hopgood Amendments and was told she really had not had time to consult with other people; however, some parts she had looked at made good sense while others were a concession which weakened the bill. In general, she would have to say "yes" and "no".

SEN. MCCARTHY said the definition referred to a minor child. Is there any documentation that a minor child had been discriminated against as he or she reaches maturity and tries to get insurance; in other words, has the history followed him or her. **Larry Akey**

said he was not aware of any such cases.

{Tape: 1; Side: B; Approx. Time Count: 10:27 a.m.; Comments:
N/A.}

Closing by Sponsor:

SEN. VIVIAN BROOKE closed. I thank the Committee for a good hearing and Marie Dunn for having the courage to come forward with her story of what we still consider insurance discrimination, particularly in the fact an innocent boy was not able to recover his possessions. Montana does not have many such examples but we are encouraging people to come forward with their stories; however, in Washington a child was denied health insurance because he had been sexually abused in a day care facility. I would like to review the amendments with the Committee in order to send SB 234 forward. I would like to address the argument we need to wait on this because this was not yet nationally approved; however, that argument is not consistent within the legislative arena -- we are a state and we want to protect our citizens. Another issue was the definition should be consistent with "partner and family assault" in the criminal codes. I would argue that definition goes to the perpetrator and SB 234 protects victims. Independent cause of action has caused a lot of debate and we will take another look at whether SB 234 can survive with it on or off. We want to enable people who have been discriminated against to "have their day in court" or have a way to appeal. The question frequently posed was, "Does this happen in Montana?" You have to realize the opponents represent companies who make many national policies and the surveys which came from other states also came from many of those companies represented by the opponents; therefore, the policies affect Montana. The absence of victims at the hearing does not indicate Montana has none. SB 234 covers a subtle form of discrimination which only public awareness and consciousness-raising will encourage victims to come forward to tell their story. I encourage the Committee to review SB 234 with that in mind.

{Tape: 1; Side: B; Approx. Time Count: 10:27 a.m.; Comments:
N/A.}

HEARING ON SB 193

Sponsor: SENATOR KEN MILLER, SD 11, LAUREL

Proponents: Charles Brumit, Western Valley Electric, Billings
Doug Breker, Townsend Electric
Jack McCleary, Mountain Electric, Billings
Max Griffin, Action Electric, Billings
Eugene R. Thomas, E. Thomas Electric & Supply

Opponents: Darrell Holzer, AFL-CIO
Gary Pemble, MT ST JATC

Harry Hatch, Nat'l Brotherhood of Elec. Workers
Lloyd Davison, IBEW #233, Helena
Roger Bonnes, Helena

Opening Statement by Sponsor:

SENATOR KEN MILLER, SD 11, LAUREL. SB 193 allows the electrical apprenticeship training program a 1:1 ratio for apprentices to journeymen and master electricians. The current rule is in a one-man shop there can be one apprentice but three more licensed electricians have to be added before there can be another apprentice. SB 193 would allow a company to have another journeyman or master electrician and another apprentice, if such a situation were feasible. I look at this as a jobs or training bill which would ease the restrictions in the training of electricians.

Proponents' Testimony:

Charles Brumit, Western Valley Electric, Billings. I have been in the electrical contracting business in Billings since 1975 and mine is not a very big shop. However, I feel the change in SB 193 is an improvement for the working environment because it offers more freedom and more people to be involved in the trade.

Doug Breker, Townsend Electric, Townsend. I look at SB 193 as a jobs bill. We are not a large shop either, usually 6-10 people at a time. The four journeymen who work for me have all been trained by us -- the apprentices who have started but not completed is very low. We have many young people who want a job but I have to say I can only take a certain number of apprentices and you will have to wait. At that time they do something else, which means I have lost a potentially good apprentice.

Jack McCleary, Mountain Electric, Billings. I have been in the business for 23 years and the purpose of my presentation is simple: We need more apprentices. Contractors are severely limited in their ability to train highly competent and future employees because of the law requiring three journeymen to one apprentice. SB 193 will allow the training of more of Montana's youth to achieve a good work ethic and secure a job with a high-paying future.

Max Griffin, Action Electric, Billings. I have been an electrician in Montana for about 22 years and I currently hold a master's license in both Montana and Wyoming. Montana needs to change its current ratio from 1:3 to that of 1:1 because it would reflect how training in the field actually occurs and how the majority of the nation views the electrical training requirements. Currently Montana youth are being denied access to a job which pays \$40,000+ a year because employers are unable to employ them under the existing ratios. Ten of the last 13 people employed have come from out of state, and those jobs could have been for Montana people. The electrical profession is a rapidly

changing field which is currently including fiberoptics, computer cabling, telephone low-voltage signaling, programmable logic controllers, fire alarm and utility line work. When those options are added to the traditional ones, new jobs are created for those who can complete the necessary training. Nationwide, there is a shortage of licensed people and if Montana does not train its people, other states will do it and Montana youth will be left in the cold. The fact is most training in the field takes place on a 1:1 basis because preparing an apprentice happens because of the direct exchange of ideas and work supervision. Opponents will say ratio changes will flood the market with people and apprentices will be hired for cheap labor and fired when wages become too high. I know of no one who would train someone for three years and then fire him or her. Most employers try to build long-term businesses and the above abuse would not make sense; however, if the abuse should occur, the apprenticeship office should be disciplining those programs accordingly. Other professions do just fine in states which have lower ratio requirements. If safety is a concern, all electrical installations are inspected by city or state inspectors. Another concern might be an additional cost to the apprenticeship budget. Currently, contractors pay 100% of the cost the first year and 60% for the following three years; however, it is my personal opinion contractors should pay the entire schooling cost because they benefit. Changing the ratios will not cause a stampede into the program but will allow career opportunities for Montana youth which are not available today. I strongly support approval of SB 193.

Eugene Thomas, E. Thomas Electric & Supply, Kalispell. I have been in the contracting business for 25 years and in the electrical trade for 37 years. I find SB 193 a training bill for Montana youth to get into the electrical trade, which would create jobs. The electrical trade, and some others as well, allows a youth to get an education at the same time he or she makes a living. I support SB 193.

Opponents' Testimony:

Darrel Holzer, AFL-CIO. We and our electrician affiliates voice opposition to SB 193 because it would simply allow a 1:1 ratio.

{Tape: 2; Side: A; Approx. Time Count: 10:43 a.m.; Comments: Missed one or two sentences when turning the tape.}

The title of the bill speaks to licensed journeymen and master electricians; however, on Section 1, Line 11, "licensed" is stricken. Did that mean the journeymen and masters would be unlicensed and training the new people? I don't think we want to set that precedent because one of the purposes of securing the license was the affirmation these folks have been trained and know what they're doing. SB 193 in some circumstances is a proposal for cheap labor. Another issue is getting a handle on Montana electricians who were unlicensed, especially as it refers

to my concerns. There is a reason for the industry-wide standard ratio of 3:1, i.e. many different aspects to be learned in the electrical trade, including safety in the work place. With potential influx into the field, I envision an increase in injury and potential fatalities, which would cause a big increase in Workers Compensation rates. When apprenticeship applications are opened by the union, we ask if there will be enough work to ensure the employment of the apprentice until he or she reaches journeyman status. I would encourage the Committee to reject SB 193.

Gary Pemble, Montana Electrical Joint Apprenticeship and Training Committee, read his written testimony (EXHIBIT 12) and presented written testimonies from the following:

Don Herzog, International Brotherhood of Electrical Workers,
(EXHIBIT 12A)

Jeff Hoffer, Helena, (EXHIBIT 12B)

Mike Schmidt, Reddi Electric, Billings, (EXHIBIT 12C)

R. Terry Hatch, National Electrical Contractors Association in Montana. I want to echo Gary Pemble's sentiments that continuity of employment is the most important. It is hard for a shop to project over three or four years the possibility of keeping the apprentices employed. If an apprenticeship indentures in a certain shop but cannot complete the program in that shop, he or she returns to the list and is apprenticed out to a different contractor so the apprenticeship can be completed. We believe the proposed ratios are unrealistic; 1:1 ratios are not being utilized in very many places of which we are aware so I wonder why the legislation is needed. The public's interests should be first and foremost -- to have ill-trained persons doing electrical work in Montana is a travesty.

Lloyd Davison, Helena. I oppose SB 193 because I am concerned for the industry and its projects currently going on around the state. You have to be very careful in the industry with the ratio this high because the people who are putting these projects together consider costs and not necessarily what Montana needs when it comes to the amount for ratio premises. I would oppose SB 193 as presented.

Roger Bonnes, Helena I oppose SB 193 because the system works and does not need fixing. When times are slow I've had to travel out of state to find work and Montana has lost many good journeymen in this way. As a contractor, it is not sensible for me to hire on a 1:1 ratio. We have two apprentices for ten journeymen and an outstanding apprenticeship schooling.

Questions From Committee Members and Responses:

SEN. WILLIAM CRISMORE asked the difference between an apprentice's and journeyman's wages. **Max Griffin** said journeymen start about 40-50% higher than an apprentice and escalate as they

hire out. **SEN. CRISMORE** asked if this would pass a savings on to consumers. **Mr. Griffin** thought maybe, but that was not the objective of SB 193; it was about training more people and creating more jobs.

SEN. CASEY EMERSON asked **Gary Pemble** if his was the only apprenticeship program in Montana and was told there were others. **Dan Miles, Supervisor of Montana's Apprenticeship and Training Program**, said they were the registration agency for apprenticeship programs. Some of the sponsors are individual employers who do not have a collective bargaining agreement so they administer their programs independent of the Joint Committee.

SEN. CRISMORE asked if a 1:1 apprentice would be more poorly trained than one in a shop. **Gary Pemble** said the training he alluded to was if there were three, you would get the knowledge of all three, but if it was one apprentice in a one-man shop the training would be excellent there as well. **SEN. CRISMORE** said he failed to see the difference if there would be three journeymen with three apprentices -- the ratio would still be 1:1. **Dan Miles** said both their standards and training provided for 160 hours of classroom training per year. The industry leaders are letting us know the 3:1 ratio was good because the knowledge was coming from three different sources.

SEN. EMERSON asked if the apprenticeship programs compared. **Dan Miles** said state apprenticeship laws require programs to have a minimum of 145 hours a year of related and supplemental instruction, in addition to the 8,000 hours of on-the-job training in this trade. Some sponsors are too small to have classroom teachers teaching the material so they use approved home study courses for the apprentices.

SEN. CRISMORE asked if there was a test at the end of the time. He was told the apprenticeship training program has an established set of requirements. At the end of the time the requirements are satisfied, the apprentice is issued a Certificate of Apprenticeship. Montana has another requirement; that is, under the Board of Electricians the persons who want to work as journeymen must pass an examination issued by the licensing board. If they pass, they become licensed journeymen and are allowed to work as such. **SEN. CRISMORE** asked if there was a difference in an apprentice being trained and tested in either shop when obtaining their license. He was told there was not.

SEN. JOHN HERTEL asked if SB 193 would eliminate the possibility of a contractor's sons working with him. **SEN. MILLER** said it would, but he could only have one apprentice under current law. **SEN. HERTEL** commented we were really not increasing jobs because of SB 193. **SEN. MILLER** said we were because now if a shop has three licensed journeymen or masters electricians, they can only

have one apprentice; however, SB 193 would allow up to three apprentices.

{Tape: 2; Side: A; Approx. Time Count: 11:17 a.m.; Comments: N/A.}

Closing by Sponsor:

SEN. KEN MILLER presented written testimonies from the following:

Independent Electrical Contractors, Billings Chapter (EXHIBIT 13A)

Kenneth Allen, A & A Electric, Miles City (EXHIBIT 13B)

David Kreiter, Kreiter Electric, Inc., Billings (EXHIBIT 13C)

Dexter Eaton, Eaton Electric, Inc., Billings (EXHIBIT 13D)

George Wyse, Wyse Electric, Billings (EXHIBIT 13E)

Scott Pancheau, Excel Electric, Inc., Billings (EXHIBIT 13F)

James Connor, High Lite Electric, Billings (EXHIBIT 13G)

Terry Becker, Glader Electric, Miles City (EXHIBIT 13H)

Elvin Hopper, Hop's Electric, Billings (EXHIBIT 13I)

C. Ned Ashcraft, A & S Electric, Billings (EXHIBIT 13J)

Randy Hand, I-D Corporation, Billings (EXHIBIT 13K)

Douglas Breker, Townsend Electric, Inc., Townsend (EXHIBIT 13L)

Jack McCleary, Mountain Electric, Billings (EXHIBIT 13M)

Max Griffin, Action Electric, Billings (EXHIBIT 13N)

Curt & Terry Hawley, Curt Electric & Supply, Boz. (EXHIBIT 13-O)

Douglas Mangen, Mangen's Electric, Inc., Miles City (EXHIBIT 13P)

Charles Brumit, Western Valley Electric, Billings (EXHIBIT 13Q)

Darrel Holzer had questions on SB 193. "License" was deleted because it was **Bart Campbell's** understanding we would make it to be only journeymen and master electricians who would have the ability to have an apprentice. He said current law said a two-year licensed electrician could do residential work. I don't want a two-year electrician having an apprentice; I want only journeymen and masters to have apprentices. As far as I know the only way to become a journeyman or masters is to be licensed. If "licensed" needs to be reinserted, I approve. **Dan Miles** talked about the schooling, that it would be better to have them in the classroom as opposed to home schooling. The whole idea of apprenticeship is he or she goes home and writes down questions. He shows up for work the next day with a licensed, trained electrician who can answer his questions, i.e. a 1:1 training situation. **Gary Pemble** mentioned one of the contractors had only one apprentice for nine journeymen and that is fine because SB 193 does not mandate an apprentice for each journeymen; it gives the capability. One of the opponents said very few states recognized the ratios. I would like to distribute copies of what surrounding states have in their law concerning this issue. (EXHIBIT 14) I would appreciate the Committee's DO PASS.

HEARING ON HB 32

Sponsor: REP. RAY PECK, HD 91, Havre

Proponents: Connie Griffith, Department of Administration

Opponents: None.

Opening Statement by Sponsor:

REP. RAY PECK, HD 91, Havre. This bill has passed every session since 1935. The state can choose to validate the bonding which occurred from session to session by acts of the Legislature or it could go to court to put this down. Montana chooses to have the Legislature pass legislation to validate the bonds which have been issued since the last legislative session.

Proponents' Testimony:

Connie Griffith, Department of Administration. My department works with the issuing of the general obligation bonds and what REP. PECK says is true -- this is done every session and is needed to validate the bonds issued since the last session. I would appreciate the Committee's support of HB 32.

Opponents' Testimony: None.

Questions From Committee Members and Responses: None.

Closing by Sponsor:

REP. RAY PECK expressed thanks for hearing HB 32.

EXECUTIVE ACTION ON HB 32

Motion/Vote: SEN. CASEY EMERSON MOVED DO CONCUR ON HB 32.

Motion CARRIED UNANIMOUSLY 6-0. SEN. DELWYN GAGE will carry HB 32 on the Senate floor.

ADJOURNMENT

Adjournment: 11:20 A.M.


JOHN HERTEL, Chairman


MARY GAY WELLS, Secretary

JH/MGW