

House Bill 31

In The House

January 6, 1981	Introduced and referred to Committee on Business and Industry.
January 7, 1981	Fiscal note requested.
January 18, 1981	Fiscal note returned.
April 23, 1981	Died in Committee.

1 HOUSE BILL NO. 31
2 INTRODUCED BY KITSRILMAN
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ESTABLISH
5 COORDINATED STATE LICENSING PROCEDURES FOR BUSINESSES; TO
6 PROVIDE FOR THE ADMINISTRATION AND ADOPTION OF RULES FOR
7 SUCH PROCEDURES; AND TO PROVIDE FOR OTHER ACTIONS TO IMPROVE
8 STATE LICENSING OPERATIONS."
9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11 Section 1. Short title. [This act] may be cited as the
12 "Montana Business Licensing Coordination Act."
13 Section 2. Purpose. The purpose of [this act] is to
14 establish coordinated procedures for business licensing that
15 are convenient and understandable for persons applying for
16 business licenses, that enable agencies to execute their
17 licensing responsibilities effectively and efficiently, that
18 minimize the total cost of licensing for businesses and the
19 state, and that fairly distribute the cost of licensing
20 between businesses and other taxpayers.
21 Section 3. Definitions. As used in [this act], the
22 following definitions apply:
23 (1) "Coordinated licensing procedures" means the
24 procedure established by the department for coordinating the
25 application for and issuance and renewal of designated

1 licenses to be applied for by persons operating designated
2 classes of businesses.
3 (2) "Department" means the department of business
4 regulation as provided for in Title 2, chapter 15, part 18.
5 (3) "License" means the whole or any part of an agency
6 permit, license, certificate, approval, registration,
7 charter, or any form or permission required by law or
8 administrative rule to engage in any activity.
9 (4) "Master license" means the document for public
10 display that is issued by the department and that certifies
11 individual state agency approval for licenses that are
12 listed thereon and that a person is required to apply for
13 through the coordinated licensing procedures established by
14 the department.
15 Section 4. Department duties and adoption of rules.
16 The director of the department shall adopt the rules
17 necessary in his judgment for the execution of the following
18 duties which are assigned to the department:
19 (1) the operation of a business licensing center that
20 administers the coordinated licensing procedures;
21 (2) the establishment, before July 1, 1982, of methods
22 to inform persons of all state licenses required to engage
23 in business in Montana and the locations for applying for
24 those licenses;
25 (3) the development, before July 1, 1982, of a common

1 system of identifying businesses by all state agencies; and
 2 (4) the implementation, before July 1, 1982, of the
 3 coordinated licensing procedures to issue and renew master
 4 licenses on the basis of a coordinated application form.

5 Section 5. Publication on licensing requirements.
 6 Among the methods established by the department to provide
 7 information on state licenses required to engage in business
 8 shall be a publication, which the office of the governor
 9 shall prepare in cooperation with the department. This
 10 publication shall detail state license requirements and
 11 other information helpful to the establishment and operation
 12 of a business in Montana.

13 Section 6. Coverage of coordinated licensing
 14 procedures. The rules adopted by the director of the
 15 department shall include a rule designating the licenses
 16 that may be issued through a master license and the business
 17 classification of the persons who apply for the designated
 18 licenses through the coordinated licensing procedures. The
 19 director may amend this rule at times he considers advisable
 20 to accomplish an orderly and phased expansion of the
 21 licenses and businesses covered by the coordinated licensing
 22 procedures.

23 Section 7. Protection of rights of privacy. In
 24 executing the coordinated licensing procedures, the
 25 department shall collect, store, retrieve, and exchange

1 information in a manner that does not violate laws
 2 protecting the rights to privacy of any person.

3 Section 8. Changes in renewal periods and expiration
 4 dates and proration of license fees allowed. All renewal
 5 periods and expiration dates for licenses specified by law,
 6 rule, or agency practice may be changed by rules adopted by
 7 the director of the department for the purpose of
 8 accomplishing an orderly schedule for license renewals
 9 through the coordinated licensing procedures. To allow for a
 10 staggered schedule for license renewals, the director, in
 11 his discretion, may adopt rules that specify different
 12 expiration dates at regular intervals for different persons
 13 who are required to have the same license. Fees for licenses
 14 issued for any periods of transition from one license period
 15 schedule to another license period schedule shall be
 16 prorated by the department according to the time each
 17 license is in force.

18 Section 9. Master license fee. A person applying for a
 19 master license shall pay a fee that is the sum of the fees
 20 for the licenses to be included in that person's particular
 21 master license and a processing charge. There is no
 22 processing charge for a master license that includes
 23 licenses for which the fees total \$50 or less. For a master
 24 license that includes licenses for which the fees total \$51
 25 or more, the processing charge is \$5 plus 5% of the total

1 amount of license fees in excess of \$50.

2 Section 10. Deposit of master license fee. The fees
3 collected for master licenses shall be deposited in the
4 general fund, except for any portion of the master license
5 fee represented by a fee required by law to be deposited in
6 a special fund. Such a portion of the master license fee
7 shall be deposited in accordance with the applicable law.

8 Section 11. Consultation with agencies. The department
9 shall consult on a regular basis with all state agencies
10 that administer licenses included in the coordinated
11 licensing procedures or are under study to be included in
12 the procedures. The department shall also consult on a
13 regular basis with the office of commerce and small business
14 development within the office of the governor on the
15 effectiveness of the coordinated licensing procedures in
16 reducing the administrative expense and inconvenience
17 associated with securing business licenses from the state.

18 Section 12. Duties of state agencies and officers --
19 resolution of conflicts. All state agencies and officers
20 shall execute their duties in a manner consistent with rules
21 adopted by the director of the department for the
22 coordinated licensing procedures, for distributing
23 information concerning state licensing requirements, and for
24 using a common system of identifying businesses. The
25 governor shall resolve any conflicts between the department

1 and other state agencies or officers concerning these
2 subjects that the department and the agencies or officers
3 cannot resolve by themselves. The decision of the governor
4 concerning such conflicts shall be final.

5 Section 13. Authority for issuance of licenses.
6 Irrespective of any authority of the department to implement
7 coordinated licensing procedures, the authority for
8 determining whether any requested license is to be issued
9 remains with the agency otherwise authorized by law to issue
10 the license.

11 Section 14. Severability. If a part of this act is
12 invalid, all valid parts that are severable from the invalid
13 part remain in effect. If a part of this act is invalid in
14 one or more of its applications, the part remains in effect
15 in all valid applications that are severable from the
16 invalid applications.

-End-

HB 31

STATE OF MONTANA

REQUEST NO. _____

FISCAL NOTE

Form BD-15

In compliance with a written request received 1-7, 19 81, there is hereby submitted a Fiscal Note for HB 31 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

*Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description of Proposed Legislation

HB 31 would create a coordinated licensing agency within the Department of Business Regulation. The agency would provide information necessary for the creation and licensing of businesses as well as creating a master license which would replace some individual licenses.

Assumptions

1. Creation of a Bureau within the Department for collection/dispersal of licensing information; creation of master license etc..

2. The Bureau would be staffed by 3 FTE's immediately (7/1/81) to provide for the requirements of HB 31.

3. Equipment necessary for completion of office include basic office equipment and a computer terminal as well as initial extensive programming costs. Programming costs are approximately \$50,000 including program design. Cost of de-bugging in FY 83 - \$5,000. Data processing services for approximately 12,000 licenses are estimated at \$5,000 for FY 82 and \$10,000 for FY 83. Rental and installation in FY 82 are \$4,800 and \$2,000 respectively, w/\$4,800 rental in FY 83.

4. Creation of a catalogue of business types for use by the state agencies/ private industry. 500 copies - cost per copy - app. \$3.50 - total cost - \$1,750.00. Handling and postage - \$.75/copy - app. \$375.00.

5. The booklet provided for in Section 5 of HB 31 should be available on first printing to all businesses and related agencies or groups assuming 12,000 businesses (retail), approximately 15,000 copies should be available for current and prospective businesses. At about \$5.00 per copy, \$75,000 printing costs plus \$1.50 handling costs per copy - \$22,500. Total \$97,500 in FY 83.

<u>Costs</u>	<u>FY 1982</u>	<u>FY 1983</u>
	\$149,121	\$181,338

It is difficult to imagine how many people will be necessary to process, register and divide the revenues for the different licensing agencies. We may have to process over 20,000 licenses each year and receive and log and allocate percentages of that many checks with two people.

Comment

The measure might reduce costs to those departments issuing the licenses included in the coordinated licensing procedures. It is impossible, however, to calculate the amount of those reduced costs.

David M. Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-19-81

Expenditure Impact:

Expenditure under proposed law	<u>FY 82</u>	<u>FY 83</u>
Personal services	\$ 798,263	\$ 842,155
Operating expenses	417,388	368,566
Capital outlay	<u>38,000</u>	<u>39,000</u>
Total expenditures under proposed law	<u>1,253,651</u>	<u>1,249,721</u>
Less: Expenditures under current law		
Personal services	783,263	842,155
Operating expenses	407,688	368,566
Capital Outlay	<u>38,000</u>	<u>39,000</u>
Total expenditures under current law	<u>1,228,951</u>	<u>1,249,721</u>
Increased expenditures under proposed law	<u>24,700</u>	<u>- 0 -</u>

Local Impacts:

There will be a continued impact on county clerks and recorders offices and clerk of district court offices by claimants wanting copies of filed appropriations and court decrees of record in those offices. Impact will vary from county to county and no one estimate of local effect would be valid statewide. All county offices would be involved with re-education of their local residents.

Long-Range Impacts:

This legislation would reduce the expected total revenue of the program from \$8,400,000 to \$4,620,000. Administrative difficulties will arise in the areas of fee refunds, re-education of the public, reprogramming of existing data bases, and the reprinting and distributing of claim forms. Earmarked revenues would then only support the program for an estimated four years. General fund monies would be requested at that time to continue the adjudication program. Costs would be approximately \$1.7 million per year for the duration of the project.

Technical Notes:

Current interpretation of 85-2-224 M.C.A. dictates that a single water right may have more than one point of diversion. The proposed legislation would only allow multiple uses from the same source, with the same date of priority and point of diversion to be filed for a single \$40 fee. Section (2)(b) as proposed could be deleted to allow a right with identical priority date and source but with more than one point of diversion to be filed for a single \$40 fee.

As proposed, 85-2-224 (1)(e) would necessitate redesigning the current claim form, since these forms are constructed for single uses. Amending 85-2-224 (1) to state:

- (1) The statement of claim packet for each right shall include substantially the following:

would allow the department to utilize existing claim forms for the approximately seven months of the filing period remaining after the law becomes effective.