## SENATE BILL NO. 306

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# INTRODUCED BY HAFFEY, TOWE, NEUMAN, HALLIGAN, ECK, HARPER, KRUEGER

# BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD

## IN THE SENATE

	-,	1985	Introduced and referred to Committee on Business and Industry.
February	5,	1985	Fiscal Note requested.
February	8,	1985	Fiscal Note returned.
February	16,	, 1985	Committee recommend bill do pass as amended. Report adopted.
February	18,	, 1985	Bill printed and placed on members' desks.
February	19,	<b>,</b> 1985	Second reading, pass consideration.
February	20	, 1985	Second reading, do pass.
February	21,	, 1985	Considered correctly engrossed.
February	22	, 1985	Third reading, passed, Ayes, 48; Noes, 0.
			Transmitted to House.
			IN THE HOUSE

February 27, 1985	Introduced and referred to Committee on State Administration.
March 20, 1985	Committee recommend bill be concurred in. Report adopted.

March 23, 1985 Second reading, concurred in. March 25, 1985 Third reading, concurred in. Returned to Senate. IN THE SENATE

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March 25, 1985	Received from House.
March 26, 1985	Sent to enrolling.
	Reported correctly enrolled

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INTRODUCED BY Aliferty For Prairie, Hally 1 2 BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD З - Hann KRUEGEN A BILL FOR AN ACT ENTITLED: "AN ACT REOUIRING AUDITS OF THE 5 LOANS AND INVESTMENTS OF THE MONTANA ECONOMIC DEVELOPMENT 6 BOARD BY THE BANK EXAMINERS OF THE DEPARTMENT OF COMMERCE 7 AND THE LEGISLATIVE AUDITOR; AND AMENDING SECTIONS 8 17-5-1529, 17-5-1649, AND 17-6-321, MCA." 9 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 11 Section 1. Section 17-5-1529, MCA, is amended to read: 12 "17-5-1529. Annual audit audits. (1) At least once 13 each year, the bank examiners of the department shall 14 examine loans and investments of the board. 15 (2) The board's books and records must be audited at 16 17 least once each fiscal year by or at the direction of the legislative auditor. The actual costs of the audit shall be 18 paid from the board's funds."

Section 2. Section 17-5-1649, MCA, is amended to read: 20 "17-5-1649. Annual audit audits. (1) At least once 21 each year, the bank examiners of the department shall 22 23 examine loans and investments of the board.

(2) The board's books and records must be audited at 24 least once each fiscal year by or at the direction of the 25



legislative auditor. The actual costs of the audit shall be 1 2 paid from the board's funds."

Section 3. Section 17-6-321, MCA, is amended to read: 3 "17-6-321. Audit-and--performance--evaluation Audits. 4 (1) The--board--shall--contract--for--an-annual-independent 5 financial-audit--of--the--board--and--the--Montana--in-state 6 investment-fund- At least once each year, the bank examiners 7 8 of the department shall examine loans and investments of the 9 board. 10 (2) The--board-shall-contract-for-biennial-independent operational-and-performance-evaluations-of-the-board-and-the 11 Montana-in-state-investment--fund- The board's books and 12 13 records must be audited once each fiscal year by or at the 14 direction of the legislative auditor. The actual cost of 15 this audit must be paid from the board's funds." 16 NEW SECTION. Section 4. Extension of authority, Any existing authority of the Montana economic development board 17

to make rules on the subject of the provisions of this act 18

is extended to the provisions of this act. 19

-End-

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### STATE OF MONTANA

#### FISCAL NOTE

REQUEST NO. FNN332-85

Form BD-15

In compliance with a written request received <u>February 5</u> Fiscal Note for <u>S.B. 306</u> 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:

This bill will require annual examinations of the loans and investments of the Montana Development Board. These examinations will be performed by bank examiners from the Department of Commerce.

#### **ASSUMPTIONS:**

The Board will have 90-100 loans outstanding at the FY86 examination and 140-150 loans outstanding at the FY87 examination. About 25% of the loans will be guaranteed by a federal agency and will require less time to analyze. Because of the unusual nature or complexity of many of the loans, the most skilled examiners will be used. Examination will require 3 examiners for 2 weeks each and a secretary for 1 day.

#### FISCAL IMPACT:

Expenditures for personal services are estimated at \$2,700 per year during the biennium.

#### LONG-RANGE IMPACT:

If the number of loans made by the Economic Development Board grows as projected, the bank examiners will be spending an appreciable amount of time examining this Board, and the audit costs will also rise.

#### TECHNICAL NOTES:

This bill does not appear to provide for recovery of the bank examiners' costs. If this is the intent of the bill, the personal services costs would be absorbed by the general fund that currently supports the salaries of bank examiners.

David L Hunter

BUDGET DIRECTOR Office of Budget and Program Planning

Date: Feb 8, 1985 5B306

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SB 0306/02

# APPROVED BY COMM. ON BUSINESS & INDUSTRY

Montana Legislative Council

1	SENATE BILL NO. 306	1	OF
2	INTRODUCED BY HAFFEY, TOWE, NEUMAN,	2	
3	HALLIGAN, ECK, HARPER, KRUEGER	3	lea
4	BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD	4	leç
5		5	pa i
6	A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING AUDITS OF THE	б	
7	LOANS AND INVESTMENTS OF THE MONTANA ECONOMIC DEVELOPMENT	7	
8	BOARD BY THE BANK EXAMINERS OF THE DEPARTMENT OF COMMERCE	8	(1)
9	AND THE LEGISLATIVE AUDITOR; AND AMENDING SECTIONS	9	£±r
10	17-5-1529, 17-5-1649, AND 17-6-321, MCA."	10	źny
11		11	of
12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	12	boa
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14	*17-5-1529. Annual audit audits. (1) At least once	14	
15	each year, the bank examiners of the department shall	15	ope
16	examine loans and investments of the board. THE ACTUAL COST	16	Mon
17	OF THIS EXAMINATION MUST BE PAID FROM THE BOARD'S FUNDS.	17	rec
18	(2) The board's books and records must be audited at	18	dir
19	least once each fiscal year by or at the direction of the	19	<u>thi</u>
20	legislative auditor. The actual costs of the audit shall be	20	
21	paid from the board's funds."	21	exi
22	Section 2. Section 17-5-1649, MCA, is amended to read:	22	to
23	"17-5-1649. Annual audit audits. (1) At least once	23	is
24	each year, the bank examiners of the department shall		
25	examine loans and investments of the board. THE ACTUAL COST		

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2	(2) The board's books and records must be audited at
3	least once each fiscal year by or at the direction of the
4	legislative auditor. The actual costs of the audit shall be
5	paid from the board's funds."
6	Section 3. Section 17-6-321, MCA, is amended to read:
7	"17-6-321. Audit-andperformanceevaluation .Audits.
8	(1) Theboardshallcontractforan-annual-independent
9	financial-auditoftheboardandtheMontanain-state
10	investment-fund; At least once each year, the bank examiners
11	of the department shall examine loans and investments of the
12	board. THE ACTUAL COST OF THIS EXAMINATION MUST BE PAID FROM
13	THE BOARD'S FUNDS.
14	(2) Theboard-shall-contract-for-biennial-independent
15	operational-and-performance-evaluations-of-the-board-and-the
16	Montana-in-state-investmentfund- The board's books and
17	records must be audited once each fiscal year by or at the
18	direction of the legislative auditor. The actual cost of
19	this audit must be paid from the board's funds."
20	NEW SECTION. Section 4. Extension of authority. Any
21	existing authority of the Montana economic devalopment brand

isting authority of the Montana economic development board make rules on the subject of the provisions of this act extended to the provisions of this act.

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SB 306 SECOND READING

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#### SB 0306/02

Montana Legislative Council

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1	SENATE BILL NO. 306
2	INTRODUCED BY HAFFEY, TOWE, NEUMAN,
3	HALLIGAN, ECK, HARPER, KRUEGER
4	BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD
5	
6	A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING AUDITS OF THE
7	LOANS AND INVESTMENTS OF THE MONTANA ECONOMIC DEVELOPMENT
8	BOARD BY THE BANK EXAMINERS OF THE DEPARTMENT OF COMMERCE
9	AND THE LEGISLATIVE AUDITOR; AND AMENDING SECTIONS
10	17-5-1529, 17-5-1649, AND 17-6-321, MCA."
11	
12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
13	Section 1. Section 17-5-1529, MCA, is amended to read:
14	"17-5-1529. Annual audit audits. (1) At least once
15	each year, the bank examiners of the department shall
16	examine loans and investments of the board. THE ACTUAL COST
17	OF THIS EXAMINATION MUST BE PAID FROM THE BOARD'S FUNDS.
18	(2) The board's books and records must be audited at
19	least once each fiscal year by or at the direction of the

legislative auditor. The actual costs of the audit shall be 20 paid from the board's funds." 21

Section 2. Section 17-5-1649, MCA, is amended to read: 22 "17-5-1649. Annual audit audits. (1) At least once 23 each year, the bank examiners of the department shall 24 examine loans and investments of the board. THE ACTUAL COST 25

OF THIS EXAMINATION MUST BE PAID FROM THE BOARD'S FUNDS.

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8	(1) Theboardshallcontractforan-annual-independent
9	financial-auditoftheboardandtheMontanain-state
10	investment-fund. At least once each year, the bank examiners
11	of the department shall examine loans and investments of the
12	board. THE ACTUAL COST OF THIS EXAMINATION MUST BE PAID FROM
13	THE BOARD'S FUNDS.
14	(2) Theboard-shall-contract-for-biennial-independent
15	operational-and-performance-evaluations-of-the-board-and-the
16	Nontana-in-state-investmentfund- The board's books and
17	records must be audited once each fiscal year by or at the

18 direction of the legislative auditor. The actual cost of

19 this audit must be paid from the board's funds."

20 NEW SECTION. Section 4. Extension of authority. Any 21 existing authority of the Montana economic development board 22 to make rules on the subject of the provisions of this act is extended to the provisions of this act. 23

-End-

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SB 306

THIRD READING

SB 0306/02

1	SENATE BILL NO. 306	1	OF THIS EXAMINATION MUST BE PAID FROM THE BOARD'S FUNDS.
2	INTRODUCED BY HAFFEY, TOWE, NEUMAN,	2	(2) The board's books and records must be audited at
3	HALLIGAN, ECK, HARPER, KRUEGER	3	least once each fiscal year by or at the direction of the
4	BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD	4	legislative auditor. The actual costs of the audit shall be
5		5	paid from the board's funds."
6	A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING AUDITS OF THE	6	Section 3. Section 17-6-321, MCA, is amended to read:
7	LOANS AND INVESTMENTS OF THE MONTANA ECONOMIC DEVELOPMENT	7	"17-6-321. Audit-andperformanceevaluation Audits.
8	BOARD BY THE BANK EXAMINERS OF THE DEPARTMENT OF COMMERCE	8	(1) Theboardshallcontractforan-annual-independent
9	AND THE LEGISLATIVE AUDITOR; AND AMENDING SECTIONS	9	financial-auditoftheboardandtheMontanain-state
10	17-5-1529, 17-5-1649, AND 17-6-321, MCA."	10	investment-fund. At least once each year, the bank examiners
11		11	of the department shall examine loans and investments of the
12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	12	board. THE ACTUAL COST OF THIS EXAMINATION MUST BE PAID FROM
13	Section 1. Section 17-5-1529, MCA, is amended to read:	13	THE BOARD'S FUNDS.
14	"17-5-1529. Annual audit audits. (1) At least once	14	(2) Theboard-shall-contract-for-biennial-independent
15	each year, the bank examiners of the department shall	15	operational-and-performance-evaluations-of-the-board-and-the
16	examine loans and investments of the board. THE ACTUAL COST	16	Montana-in-state-investmentfund- The board's books and
17	OF THIS EXAMINATION MUST BE PAID FROM THE BOARD'S FUNDS.	17	records must be audited once each fiscal year by or at the
18	<ul> <li>(2) The board's books and records must be audited at</li> </ul>	18	direction of the legislative auditor. The actual cost of
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20	legislative auditor. The actual costs of the audit shall be	. 20	NEW SECTION. Section 4. Extension of authority. Any
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24	each year, the bank examiners of the department shall		-End-
	examine loans and investments of the board. THE ACTUAL COST		
25	examine found and investments of the board, the actors cost		

Montana Legislative Council

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SB 306 REFERENCE BILL