

SENATE BILL NO. 306

INTRODUCED BY HAFNEY, TOWE, NEUMAN,  
HALLIGAN, ECK, HARPER, KRUEGER

BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD

IN THE SENATE

February 2, 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, 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 concurrent in. Report adopted.

March 23, 1985

Second reading, concurred in.

March 25, 1985

Third reading, concurred in.

Returned to Senate.

IN THE SENATE

March 25, 1985

Received from House.

March 26, 1985

Sent to enrolling.

Reported correctly enrolled.

Senate BILL NO. 306

INTRODUCED BY

*Philip W. Thomas, Allya, etc*

BY REQUEST OF THE MONTANA ECONOMIC DEVELOPMENT BOARD

*Harje Krueger*

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING AUDITS OF THE LOANS AND INVESTMENTS OF THE MONTANA ECONOMIC DEVELOPMENT BOARD BY THE BANK EXAMINERS OF THE DEPARTMENT OF COMMERCE AND THE LEGISLATIVE AUDITOR; AND AMENDING SECTIONS 17-5-1529, 17-5-1649, AND 17-6-321, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-5-1529, MCA, is amended to read:

"17-5-1529. Annual audit audits. (1) At least once each year, the bank examiners of the department shall examine loans and investments of the board.

(2) The board's books and records must be audited at least once each fiscal year by or at the direction of the legislative auditor. The actual costs of the audit shall be paid from the board's funds."

Section 2. Section 17-5-1649, MCA, is amended to read:

"17-5-1649. Annual audit audits. (1) At least once each year, the bank examiners of the department shall examine loans and investments of the board.

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

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

Section 3. Section 17-6-321, MCA, is amended to read:

"17-6-321. ~~Audit and performance evaluation~~ Audits.

(1) ~~The board shall contract for an annual independent financial audit of the board and the Montana in-state investment fund. At least once each year, the bank examiners of the department shall examine loans and investments of the board.~~

(2) ~~The board shall contract for biennial independent operational and performance evaluations of the board and the Montana in-state investment fund. The board's books and records must be audited once each fiscal year by or at the direction of the legislative auditor. The actual cost of this audit must be paid from the board's funds.~~

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

-End-



STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN332-85

Form BD-15

In compliance with a written request received February 5 19 85, there is hereby submitted a Fiscal Note for S.B. 306 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:

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:

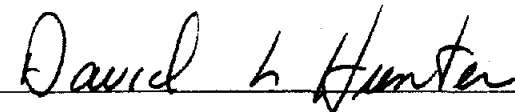
Expenditures for personal services are estimated at \$2,700 per year during the biennium.

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.



BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Feb 8, 1985

SB 306

APPROVED BY COMM. ON  
BUSINESS & INDUSTRY

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Section 3. Section 17-6-321, MCA, is amended to read:

"17-6-321. Audit-and--performance--evaluation .Audits.

(1) The--board--shall--contract--for--an-annual-independent financial-audit--of--the--board--and--the--Montana--in-state investment-fund. At least once each year, the bank examiners of the department shall examine loans and investments of the board. THE ACTUAL COST OF THIS EXAMINATION MUST BE PAID FROM THE BOARD'S FUNDS.

(2) The--board--shall--contract--for--biennial-independent operational-and-performance-evaluations-of-the-board-and-the Montana-in-state-investment--fund. The board's books and records must be audited once each fiscal year by or at the direction of the legislative auditor. The actual cost of this audit must be paid from the board's funds."

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