

HOUSE BILL NO. 616

INTRODUCED BY DEMARS, WILLIAMS, WEEDING, T. NELSON,
WESTLAKE, JENKINS, D. BROWN, STRIZICH, GERVAIS, CODY,
STEPPLER, DEBRUYCKER, PATTERSON, COMPTON, HARPER, SPAETH,
SCHYE, WHALEN, PAVLOVICH, RUSSELL

IN THE HOUSE

FEBRUARY 8, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON AGRICULTURE, LIVESTOCK & IRRIGATION.
FEBRUARY 9, 1989	FIRST READING.
FEBRUARY 18, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
FEBRUARY 20, 1989	PRINTING REPORT.
FEBRUARY 21, 1989	SECOND READING, DO PASS. ENGROSSING REPORT.
FEBRUARY 22, 1989	THIRD READING, PASSED. AYES, 81; NOES, 17. TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 28, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON AGRICULTURE, LIVESTOCK & IRRIGATION. FIRST READING.
MARCH 21, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
MARCH 22, 1989	SECOND READING, MOTION BILL BE CONCURRED IN. MOTION FAILED. SECOND READING, INDEFINITELY POSTPONED. RETURNED TO HOUSE.
MARCH 23, 1989	ON MOTION, PREVIOUS ACTION RECONSIDERED.

ON MOTION, SENATE REQUEST RETURN OF BILL
FROM HOUSE AND THAT HB 616 BE PLACED ON
SECOND READING THE 68TH LEGISLATIVE DAY.

IN THE HOUSE

MARCH 27, 1989

ON MOTION, REQUEST OF SENATE GRANTED FOR
RETURN OF HB 616 FOR FURTHER CONSIDERATION

IN THE SENATE

MARCH 27, 1989

SECOND READING, CONCURRED IN.

MARCH 29, 1989

THIRD READING, CONCURRED IN.
AYES, 25; NOES, 24.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

MARCH 31, 1989

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 1, 1989

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *616*
 2 INTRODUCED BY *Rep. Mans* *Willing* *Cluck* *DeLeon*
 3 *Westphal* *Dave Bran* *St. Henry* *Cady* *T. J.*
 4 *DeBrueker* *Carson* *Compton* *Forger* *Scott*
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW THE BOARD OF
 6 HAIL INSURANCE TO INCREASE THE AMOUNT OF COVERAGE FOR CROPS
 7 INSURED UNDER THE STATE HAIL INSURANCE PROGRAM; AMENDING
 8 SECTIONS 80-2-208 AND 80-2-244, MCA; AND PROVIDING AN
 9 IMMEDIATE EFFECTIVE DATE."

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

11 **Section 1.** Section 80-2-208, MCA, is amended to read:

12 "80-2-208. Maximum insurance. When the reserve fund is
 13 determined actuarially sound, as provided in 80-2-228, the
 14 board may write not more than \$24 \$36 insurance on each acre
 15 of grain which is on nonirrigated land and not more than \$48
 16 \$64 per acre on irrigated land. When more than one party
 17 desires hail insurance on the same crop, each party is
 18 entitled to the share of the maximum provided per acre as
 19 represented by his interest in the crop. Either party may
 20 insure his share in the crop for any amount up to and
 21 including the maximum per acre if the others waive their
 22 right to insure."

23 **Section 2.** Section 80-2-244, MCA, is amended to read:

24 "80-2-244. Payment of losses. (1) The board of hail
 25 insurance shall, as soon as practicable after the loss has

1 been sustained, arrange for the payment of the loss in the
 2 following manner. From the amount of the loss as adjusted
 3 for each claimant, the board shall deduct the amount the
 4 claimant then owes as delinquent hail insurance tax and the
 5 maximum amount assessed as hail insurance tax for the
 6 current year.

7 (2) The board shall on or before November 1 order
 8 payment for the amount so deducted, which payment shall be
 9 remitted to the county treasurer of the county in which the
 10 tax was assessed. The board shall then order payment for the
 11 balance of the adjustment to be sent to the claimant,
 12 provided that in no case may the payment for loss exceed \$24
 13 \$36 per acre for grain crops on nonirrigated lands, \$48 \$64
 14 per acre on irrigated lands. No claimant may receive payment
 15 for any loss incurred where the loss does not equal or
 16 exceed 5% of the total value of the crop insured. If the
 17 losses in any year exceed the current levy plus the reserve,
 18 if any, then the payment of all losses shall be prorated,
 19 share and share alike, among all grain growers having loss
 20 claims adjusted and approved, and the unpaid balance of the
 21 losses shall be paid out of the reserve without interest in
 22 such order as the board directs, when in the judgment of the
 23 board there are sufficient moneys to provide for the payment
 24 of the same and other items payable out of the reserve. In
 25 any year the board may by resolution authorize its chairman

LC 1189/01

1 and secretary to borrow as needed from any person, bank, or
2 corporation such sum or sums of money as the board may
3 consider necessary for the purpose of paying all warrants as
4 issued.

5 (3) For any moneys borrowed under the provisions of
6 this part, the board shall cause warrants to be drawn. The
7 warrants shall bear interest at not to exceed 6% a year, and
8 the warrants and the interest thereon shall be paid out of
9 funds from the state hail insurance program as they are
10 collected from the various counties in the state. The board
11 may not at any time borrow a total sum greater than the
12 amount of levies as made for taxes for the current year
13 together with such delinquent taxes as remain unpaid on the
14 books of the county treasurer."

15 NEW SECTION. **Section 3.** Extension of authority. Any
16 existing authority to make rules on the subject of the
17 provisions of [this act] is extended to the provisions of
18 [this act].

19 NEW SECTION. **Section 4.** Effective date. [This act] is
20 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB616, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

HB616 would allow the Board of Hail Insurance to increase the amount of coverage for crops insured under the state hail program.


ASSUMPTIONS:

1. There is no fiscal impact to the Department of Agriculture.
2. The increase will have little impact on the number of policies issued and the number of acres covered under the state plan because, historically, when coverage increased, the number of acres covered actually decreased slightly.
3. Because the program pays 1.5% of what it collects to the state general fund, the increased coverage may mean greater premiums collected and a slight increase to the general fund.
4. Likewise, because the counties receive 2% of what their officials collect annually, the proposed increased coverage may result in increased revenue to the counties which write state hail insurance.

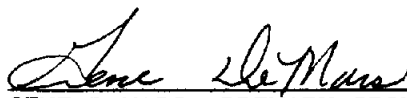
FISCAL IMPACT: None

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Increased coverage may increase revenue to the counties which write state hail insurance based on the 2% of collections which counties receive.


RAY SHACKLEFORD, BUDGET DIRECTOR
OFFICE OF BUDGET AND PROGRAM PLANNING

DATE 2/15/89


GENE DeMARS, PRIMARY SPONSOR

DATE 2-16-89

Fiscal Note for HB616, as introduced

HB 616

APPROVED BY COMMITTEE
ON AGRICULTURE LIVESTOCK
& IRRIGATION

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INSURED UNDER THE STATE HAIL INSURANCE PROGRAM; AMENDING
SECTIONS 80-2-208 AND 80-2-244, MCA; AND PROVIDING AN
IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 80-2-208, MCA, is amended to read:

"80-2-208. Maximum insurance. When the reserve fund is
determined actuarially sound, as provided in 80-2-228, the
board may write not more than \$24 \$36 \$32 insurance on each
acre of grain which is on nonirrigated land and not more
than \$48 \$64 \$56 per acre on irrigated land. When more than
one party desires hail insurance on the same crop, each
party is entitled to the share of the maximum provided per
acre as represented by his interest in the crop. Either
party may insure his share in the crop for any amount up to
and including the maximum per acre if the others waive their
right to insure."

Section 2. Section 80-2-244, MCA, is amended to read:

"80-2-244. Payment of losses. (1) The board of hail
insurance shall, as soon as practicable after the loss has
been sustained, arrange for the payment of the loss in the
following manner. From the amount of the loss as adjusted
for each claimant, the board shall deduct the amount the
claimant then owes as delinquent hail insurance tax and the
maximum amount assessed as hail insurance tax for the
current year.

(2) The board shall on or before November 1 order
payment for the amount so deducted, which payment shall be
remitted to the county treasurer of the county in which the
tax was assessed. The board shall then order payment for the
balance of the adjustment to be sent to the claimant,
provided that in no case may the payment for loss exceed \$24
\$36 \$32 per acre for grain crops on nonirrigated lands, \$48
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or exceed 5% of the total value of the crop insured. If the
losses in any year exceed the current levy plus the reserve,
if any, then the payment of all losses shall be prorated,
share and share alike, among all grain growers having loss
claims adjusted and approved, and the unpaid balance of the
losses shall be paid out of the reserve without interest in
such order as the board directs, when in the judgment of the

1 board there are sufficient moneys to provide for the payment
2 of the same and other items payable out of the reserve. In
3 any year the board may by resolution authorize its chairman
4 and secretary to borrow as needed from any person, bank, or
5 corporation such sum or sums of money as the board may
6 consider necessary for the purpose of paying all warrants as
7 issued.

8 (3) For any moneys borrowed under the provisions of
9 this part, the board shall cause warrants to be drawn. The
10 warrants shall bear interest at not to exceed 6% a year, and
11 the warrants and the interest thereon shall be paid out of
12 funds from the state hail insurance program as they are
13 collected from the various counties in the state. The board
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HB 0616/02

1 board there are sufficient moneys to provide for the payment
2 of the same and other items payable out of the reserve. In
3 any year the board may by resolution authorize its chairman
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SENATE STANDING COMMITTEE REPORT

March 20, 1989

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation, having had under consideration HB 616 (third reading copy -- blue), respectfully report that HB 616 be amended and as so amended be concurred in:

Sponsor: DeMars (Williams)

1. Page 1, line 17.

Strike: "\$32"

Insert: "\$28"

2. Page 1, line 19.

Strike: "\$56"

Insert: "\$52"

3. Page 2, line 16.

Strike: "\$32"

Insert: "\$28"

4. Page 2, line 17.

Strike: "\$56"

Insert: "\$52"

AND AS AMENDED BE CONCURRED IN

Signed: 

Thomas A. Beck, Chairman

**SENATE
HB 616**

HOUSE BILL NO. 616

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reserve without interest in such order as the board directs,

1 when in the judgment of the board there are sufficient
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3 items payable out of the reserve. In any year the board may
4 by resolution authorize its chairman and secretary to borrow
5 as needed from any person, bank, or corporation such sum or
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23 effective on passage and approval.

-End-



State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

STAN STEPHENS
GOVERNOR

April 10, 1989

The Honorable John Vincent
Speaker of the House
State Capitol
Helena, MT 59620

The Honorable Jack Galt
President of the Senate
State Capitol
Helena, MT 59620

Dear Representative Vincent and Senator Galt:

In accordance with the power vested in me as Governor by the Constitution and laws of the State of Montana, I hereby veto the adoption of House Bill 616, "AN ACT TO ALLOW THE BOARD OF HAIL INSURANCE TO INCREASE THE AMOUNT OF COVERAGE FOR CROPS INSURED UNDER THE STATE HAIL INSURANCE PROGRAM; AMENDING SECTIONS 80-2-208 AND 80-2-244, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE." for the following reasons.

House Bill 616 has been controversial during the course of legislative hearings. The bill raises the limits on hail insurance sold by the State Hail Board from \$24 per acre to \$28 per acre on dryland farms and from \$48 per acre to \$52 per acre on irrigated lands.

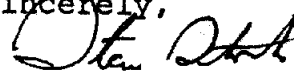
The State Hail Board is an example of government competing in the private market. The state hail program has grown from a 12% share of the total market in 1976 to over 32% of the market share in 1988. During this time, eight private insurance companies have left our state because they cannot compete with government. To further the government's insurance market, we will continue to see insurance companies exiting our state. Information provided to me indicates that there are 22 private companies employing over 600 independent agents in Montana's rural communities. Increased government will mean less agents, less private market employment and further erosion of our tax base.

The Honorable John Vincent
The Honorable Jack Galt
April 10, 1989
Page Two

The less free market insurance companies, the greater the reliance on government insurance. This trend cannot continue.

By vetoing this bill, the State Hail Board and our government's continued participation in providing insurance of this nature will continue and will be available to Montana farmers. It will also assure the continued availability of hail crop insurance from the private insurance companies as well.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stan Stephens", written over the word "Sincerely,".

STAN STEPHENS
Governor