

MINUTES

**MONTANA SENATE
56th LEGISLATURE - REGULAR SESSION
COMMITTEE ON BUSINESS AND INDUSTRY**

Call to Order: By **CHAIRMAN JOHN HERTEL**, on January 7, 1999 at 9:00 A.M., in Room 410 Capitol.

ROLL CALL

Members Present:

Sen. John Hertel, Chairman (R)
Sen. Mike Sprague, Vice Chairman (R)
Sen. Dale Berry (R)
Sen. Vicki Cocchiarella (D)
Sen. Bea McCarthy (D)
Sen. Glenn Roush (D)
Sen. Fred Thomas (R)

Members Excused: None.

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 51, 1/4/1999; SB 26,
1/4/1999
Executive Action: None

HEARING ON SB 51

Sponsor: SENATOR THOMAS KEATING, SD 5, Billings

Proponents: Annie Bartos, Chief Legal Counsel

Opponents: None

Opening Statement by Sponsor:

SENATOR TOM KEATING, SD 5, Billings, said **SB 51** was a repealer requested by the Department of Commerce. He said a long time ago the Department of Commerce was assigned to regulate the unit sales of condominiums prior to construction -- the law required the builder to make a deposit with the Department who then had to oversee the construction and finally make the inspection, etc. **SEN. KEATING** further informed the Committee cuts in budget and personnel currently imposed a hardship on the Department to carry out that obligation; therefore, the law wasn't being performed as it should have been. He said **SB 51** repealed that law so the Department of Commerce could continue not doing what it hasn't been doing. He said the six (6) sections to be repealed are in the title of **SB 51**, starting with Section 70-23-201, which is Part II of the Unit Ownership Act -- Condominiums. The repealer language is not in the bill; however, the reference to those sections in the title are in the last section of the bill, Section 3. He asked for a DO PASS from the Committee.

Proponents' Testimony:

Annie Bartos, Department of Commerce, said the Department supported the passage of **SB 51**. She said the Department was not conducting inspections of the unit condominiums projected to be developed and built, which exposed the state of Montana to liability. She stated **SB 51** would minimize that exposure and urged its passage.

Questions from Committee Members and Responses:

SENATOR MIKE SPRAGUE asked **Annie Bartos** if the inspections were necessary. **Annie Bartos** said current law required the inspection to be a two-stage process: (1) Preliminary report with preliminary inspection of the books and accounts of the developer, as well as the project's construction plans; (2) Final inspection report once the developer decided when to disperse the funds from the account from unit owners who had purchased the sale of the condominiums. When the final bills, including taxes, etc., had been paid, the Department would issue the final report to the public for inspection and review.

SEN. SPRAGUE asked **Annie Bartos** if he were buying a condominium how would he know the title was free and clear if **SB 51** were repealed. **Annie Bartos** said one of the bill's purposes was to hand a free and clear title; however, the potential purchasers place money in an escrow fund prior to the project being

completed and the purpose of the report and inspection of the Department is to ensure all expenses have been paid.

Closing by Sponsor:

SENATOR TOM KEATING reminded the Committee the Ownership Act was not being repealed entirely; rather, only Part II. He suggested the original intent of that part of the bill was consumer protection; however, it had been found to be unnecessary. He expressed appreciation to the Committee for the hearing.

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HEARING ON SB 26

Sponsor: SEN. DON HARGROVE, SD 16, BOZEMAN

Proponents: Mary Bryson, Department of Revenue
Ralph Peck, Department of Agriculture
Mark Simonich, Department of Environmental Quality
Bill Stevens, Montana Food Distributors
Kathleen Martin, Department of Public Health and
Human Services
Angela Fulton, Office of Secretary of State
Jack Kane, Department of Commerce
Webb Brown, Montana Chamber of Commerce
Riley Johnson, National Federation of Independent
Businesses
Charles Brooks, Billings Area Chamber of Commerce
Steve Visocan, Self

Opponents: None.

Opening Statement By Sponsor:

SENATOR DON HARGROVE, SD 16, Bozeman, said **SB 26** was concerned with one-stop business licensing, i.e. one-stop shop -- a concept with which it was hard to find fault. He said its purpose was to allow a business to handle the requirements for multiple state licensing and registration through one agency. He further explained there was one point of contact, one master form and one check to write, which resulted in less paperwork and labor. **SEN. HARGROVE** said the project was put into effect on July 1, 1988, and was centralized but at this point the Administration had six (6) licenses and two (2) registrations; it did involve six (6) government agencies but at this point provides for expansion of licenses, registrations and number of agencies involved. He

explained this pilot project provided 1,000 grocery stores, convenience stores and gas stations as well as over 2,000 other businesses obtaining cigarette and nursery licenses. He informed the Committee that Montana had gotten national recognition for efficiency in government and friendliness toward business. **SEN. HARGROVE** urged the Committee's favorable consideration of **SB 26**.

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Proponents' Testimony:

Mary Bryson, Department of Revenue distributed **EXHIBIT (bus04b01)** and **EXHIBIT (bus04b02)** and said one-stop licensing was an example of good government because the cost of licensing activities would be decreased. The rest of her testimony was either read or taken from **EXHIBIT (bus04b03)**.

Ralph Peck, Department of Agriculture, said his Department had worked hard with the Department of Revenue and they stood in full support of **SB 26**.

Mark Simonich, Department of Environmental Quality, said **SB 26** was a very good bill which his Department fully supported. He also said he had been privileged to participate in one-stop licensing because he was a member of the Board of Review. He said DEQ was originally included because the underground storage tanks program could be included in the one-stop licensing. He further explained owners and operators of underground storage tanks annually re-registered and paid fees; therefore, one-stop licensing would be very good for them because the Department of Revenue would do the collecting and licensing. **Mr. Simonich** informed the Committee that when this idea was introduced two(2) years ago, many state agencies were somewhat cautious about getting into the program; however, the Department of Revenue worked hard to work with them to answer their concerns, questions, etc. He said **SB 26** offered opportunity for future licensing agencies within the Departments to come before the Board of Review to seek provision for a particular program, rather than needing to come before the Legislature to get the whole bill amended. He again stated **SB 26** was a favorable bill.

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Bill Stevens, Montana Food Distributors, said members of his agency were a major part of the pilot program. He said he had heard absolutely nothing from his members so he proposed the Committee pass **SB 26**.

Kathleen Martin, Department of Public Health & Human Services, said her Department stood in support of **SB 26**, explaining it was part of the pilot project with the food purveyors' licenses of restaurants and grocery stores. She said **SB 26** would allow the rest of the food purveyor licenses to be part of the program; therefore, it would be a great benefit to their customers. **Ms. Martin** admitted there had been some computer problems with her Department interfacing with the Department of Revenue but both Departments were working very hard to eliminate those problems. She again expressed support for **SB 26**.

Angela Fulton, Office of Secretary of State, said her office was in support of **SB 26**, explaining Mike Cooney had long been a supporter of one-stop business licensing; in fact, he had tried for many years to get it into the process. She said her office was very happy to see it was here and happening. **Ms. Fulton** stated the involvement of the Secretary of State's office had been minimal, in that it was mostly businesses filing as a corporation; however, **SB 26** would allow expansion of its services. She had one caution -- Section 2, No. 4 -- and explained fees would come from fees charged businesses for doing business in Montana. She suggested the Committee check with other states (Washington, for one) to see how the problem was handled. She expressed concern that because current fees are based on actual costs, the fees might have to be raised in order to implement the program because they receive no general fund monies. **Ms. Fulton** reiterated her office was encouraged by **SB 26** and felt it was headed in the right direction; also, they were pleased to be on the Board of Review and hoped to expand in the long term. She cautioned that expansion, however, would be based on cost.

Jack Kane, Department of Commerce, said two years ago when his director had informed him he was to put half his licenses into the one-stop program he didn't participate willingly. However, he now stood as a strong proponent of **SB 26**.

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Webb Brown, Montana Chamber of Commerce, said they also appreciated **SEN. HARGROVE'S** efforts to streamline Montana's business licensing. He said some members indicated it was a plus for them while others said they wished they had better streamlining. He urged DO PASS for **SB 26**.

Riley Johnson, National Federation of Independent Businesses, said NFIB stood in strong support of the bill and participated in several focus groups. He said it was the most significant reform of government regulation in more than two (2) decades in Montana.

He illustrated by saying there was a purveyor from Butte who had 255 outlets, at six (6) licenses apiece -- 1,530 licenses and 1,530 checks to write, etc. He reaffirmed his members appreciated **SB 26** and stood in support; however, his caution was the Department of Revenue shouldn't "jump in with both feet" because they wanted it to continue to work and work well -- eventually they'd like to see all agencies covered.

Charles Brooks, Billings Area Chamber of Commerce, said he was in retail for about 20 years and at that time his business required 10-12 different licenses from about 4 locations; therefore, he would have been delighted if **SB 26** had been in effect. He shared from the position paper of the Billings Area Chamber of Commerce and said "cutting red tape and removing excessive regulations remain a high priority of the Billings Area Chamber of Commerce. The Chamber supports elimination of unnecessary governmental regulation and services." He went on to say **SB 26** fit perfectly into the philosophy and position of the Billings Area Chamber of Commerce and fit very well into the retailers with whom he still communicated closely. He said he commended the government agencies for their cooperation -- **SB 26** was a perfect fit for business and government.

Steve Visocan, Self, said he had three (3) convenience stores involved in this project and also was part of the task force that worked on the organization of the program. He commended the Department for involving some of the retailers. He said this was the first year he received one (1) invoice for all the bills for his three (3) locations; however, there were still some licenses which were not presently included -- he hoped **SB 26** would change that.

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Questions from Committee Members and Responses:

SENATOR MIKE SPRAGUE asked **Mary Bryson** if she suspected something was wrong and therefore garnered the strong support. **Ms. Bryson** said she didn't; rather, they believed the program was very good and had broad and significant support.

SENATOR GLENN ROUSH asked **Mary Bryson** if the Department of Revenue would have any regulation over the industries regarding inspections and enforcement. **Ms. Bryson** said the program administration stayed with the applicable department.

SENATOR VICKI COCCHIARELLA asked **Mary Bryson** to address the issue of raising the fees. **Ms. Bryson** said during the interim the Board of Review evaluated the costs associated with the one-stop

licensing -- there would be a fiscal note attached; however, it was not yet completed. She said the Department of Revenue's analysis and presentation to the Board of Review was that as volume increased, their charge to the agencies would go down. **Ms. Bryson** said they had considered a provision which would have allowed the Department to charge a specific fee to the licensee as well as the agency -- the money would be split 50/50 between the two (2) groups of entities; however, they didn't include that in the bill because of the passage of CI-75. She further said they so strongly believed in the bill that the agencies were willing to absorb the costs for at least the next two (2) years. At that time, each agency would determine the necessity of increasing the fees.

SENATOR JOHN HERTEL referred to Section 2, Part 4, and asked **Mary Bryson** if CI-75 was the reason that part was included and wondered if there could be a change during the coming session. **Ms. Bryson** said it was included because it was necessary for the Department to charge the other agencies, irregardless of whether or not CI-75 passed. She said they would have included in the provision the ability to charge the licensing and administration fee, but because of CI-75 the provision was removed.

SEN. COCCHIARELLA referred to the brochure on Old Fund Liability Tax and wondered if, since the tax is gone, the brochure would need to be reproduced. She wondered if there were a problem in informing people the tax was gone. **Mary Bryson** said the brochure was printed before the certainty of the removal of OFLT was evident. She said the purpose of the brochure was to provide information and didn't go to existing licensees; rather, it was sent in an auditing packet to entities who were pursuing establishing businesses with the state. She further explained the Department would be making changes to the brochure as new licenses were added.

SEN. HERTEL asked **Mary Bryson** which agencies would not fit into the program. **Ms. Bryson** said there were over 500 types of licenses in statute today. She said this bill focused on licenses which were obtained specifically to do business in Montana. Examples of businesses which would not fit neatly into the program are on-premise liquor consumption licenses or gambling or lottery licenses. She also said the Department of Commerce exclusions at this time included profession occupational licenses; however, that will be considered later -- **SB 26** allowed that opportunity.

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Closing by Sponsor:

SEN. HARGROVE said the Board, which was appointed, would make decisions regarding the purpose for membership and its serving, etc. If an agency became a member of one-stop, it would be represented by a member, normally the director of that agency. He said there would be a transfer of funds; however, the agencies were willing to provide some of the funding themselves because they felt so strongly about **SB 26**. **SEN. HARGROVE** said the bill was such a good idea, it seemed to be very simple and logical. He said if a person had a small business which needed approval for certain things or licensing or registration, the requirements were there for a good reason; therefore, it could be rather complicated to get everything together because nobody was in charge of all the commercial enterprises in the state. He applauded the agencies in state government for going to the trouble of putting the pilot project together. **SEN. HARGROVE** suggested **SB 26** was very timely in that this legislature and administration are focusing on making environment for small businesses better so they can operate more efficiently and better serve the people of Montana.

ADJOURNMENT

Adjournment: 9:45 A.M.

SEN. JOHN HERTEL, Chairman

MARY GAY WELLS, Secretary

JH/MGW

EXHIBIT (bus04bad)