

HOUSE BILL NO. 482

INTRODUCED BY K. MCCARTHY

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3
4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A MONTANA PARTNERSHIP BANK GOVERNED BY
5 THE BOARD OF INVESTMENTS; CREATING A MONTANA PARTNERSHIP BANK REVOLVING LOAN
6 ACCOUNT; ALLOWING THE BOARD OF INVESTMENTS TO INVEST SHORT-TERM INVESTMENTS, THE
7 PUBLIC EMPLOYEES' RETIREMENT FUNDS, AND A PORTION OF THE PERMANENT COAL TAX TRUST
8 FUND IN THE MONTANA PARTNERSHIP BANK REVOLVING LOAN ACCOUNT FOR EITHER
9 CAPITALIZATION OR LOAN-MAKING PURPOSES; EXEMPTING CERTAIN BANK OFFICERS FROM THE
10 STATE CLASSIFICATION AND PAY PLAN; PROVIDING A STATUTORY APPROPRIATION; EXTENDING
11 RULEMAKING AUTHORITY; AND AMENDING SECTIONS 2-15-1808, 2-18-103, 17-5-1650, 17-6-101, 17-6-201,
12 17-6-305, 17-6-308, 17-6-322, AND 31-1-102, MCA."

13
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15
16 NEW SECTION. **Section 1. Establishment of Montana partnership bank.** (1) There is created an
17 independent public corporation designated as the Montana partnership bank, which is allocated to the department
18 of commerce for administrative purposes only as provided in 2-15-121, except that the president and employees
19 of the Montana partnership bank are to be hired by the board of investments.

20 (2) (a) The Montana partnership bank:
21 (i) has as its board of directors the board of investments, provided for in 2-15-1808; and
22 (ii) must meet all the requirements of a commercial bank as provided in Title 32, chapter 1, including
23 being subject to banking regulation under the division of banking and financial institutions as provided in 32-1-211
24 except as provided in subsection (2)(b) of this section.

25 (b) The Montana partnership bank is not subject to the following provisions of Title 32:
26 (i) 32-1-202, except that the state banking board may review and make recommendations regarding the
27 application for a certificate of authorization for the Montana partnership bank. However, a certificate of
28 authorization is final upon the board of investments making the final determination and meeting the requirements
29 specified by the division of banking and financial institutions.

30 (ii) 32-1-301, except that the bank shall file articles of incorporation as a public benefit corporation under

1 Title 32, chapter 2, rather than filing the articles of incorporation under 35-1-216; and
 2 (iii) 32-1-203, 32-1-204, 32-1-322, 32-1-335, 32-1-339, 32-1-340, 32-1-361, 32-1-363 through 32-1-365,
 3 32-1-370 through 32-1-372, 32-1-374 through 32-1-377, 32-1-381 through 32-1-384, and Title 32, chapter 1, parts
 4 4 through 10. However, the board of investments, in consultation with the division of banking and financial
 5 institutions, may specifically authorize application of certain provisions of Title 32, chapter 1, part 4.

6 (3) The Montana partnership bank has the authority and duties provided for in [sections 2 through 5].
 7

8 **NEW SECTION. Section 2. Short title -- purpose.** (1) [Sections 2 through 5] may be cited as the
 9 "Montana Partnership Bank Act".

10 (2) The purposes of [sections 2 through 5] are to:

11 (a) keep more dollars generated by taxes, fees, or other state or local government revenue invested in
 12 Montana, recognizing the prudent expert principle and that investments made locally may provide a greater
 13 stimulant effect to the Montana economy than investments with a greater nominal return made out of state;

14 (b) strengthen the state's economy by keeping in state more loans and interest earned; and

15 (c) support Montana-owned financial institutions, recognizing the importance of their role in
 16 understanding and meeting the needs of their communities and in providing access to capital funding for small
 17 businesses and family farmers.
 18

19 **NEW SECTION. Section 3. Montana partnership bank authority -- responsibilities -- rulemaking**
 20 **by board of investments.** (1) The Montana partnership bank, under the direction of the board of investments,
 21 may:

22 (a) enter into agreements or contracts to purchase participation interests in commercial loans or
 23 residential mortgage loans made or held by Montana-owned financial institutions or other financial institutions
 24 inside or outside the state;

25 (b) purchase, hold, or sell, but not originate, commercial loans or residential mortgage loans made to
 26 Montana businesses, including farms, and to residents. For the purposes of this section, the terms of
 27 17-6-201(3)(d) apply to the purchase of a loan or a portion of a loan originated by a financial institution.

28 (c) invest funds from the Montana partnership bank revolving loan account provided for in [section 4] in
 29 conformity with 17-6-103 and with the policies of the board of investments for all investments. In addition to other
 30 investments, deposits may be made in any bank or other financial institution.

1 (d) within the limitations provided by policies of the board of investments, perform all acts that are
2 necessary to carry out the purposes of [sections 2 through 5] through the Montana partnership bank's president
3 or employees or under contract with any person, firm, or corporation. The board of investments may determine
4 which mortgages or mortgage loans made under Title 17, chapter 5, part 15, or Title 17, chapter 6, parts 2 and
5 3, are to be made through the Montana partnership bank or through the board of investments.

6 (2) The Montana partnership bank shall:

7 (a) follow the prudent expert principle in determining acceptable credit risks for loans; and

8 (b) maintain prudent collateral ratios for all lending activities and for maintaining prudent reserve ratios
9 in the Montana partnership bank revolving loan account provided for in [section 4].

10 (3) (a) The Montana partnership bank may not create a state debt and is subject to the limitation on
11 investments as provided by the board of investments under its rules and policies.

12 (b) If a loan made from the Montana partnership bank results in a loan loss that exceeds what can be
13 recovered from collateral assigned to loans and bank equity, the board of investments may make a short-term,
14 no-interest loan to the Montana partnership bank. The sum required to restore the capitalization requirements
15 must be submitted as an appropriation request to the next legislature and must be repaid out of future Montana
16 partnership bank earnings. Until the legislature appropriates the necessary sums, the Montana partnership bank
17 is limited to engaging in financial activities approved by the board of investments in consultation with the division
18 of banking and financial institutions.

19 (4) The board of investments shall adopt rules and policies to implement the provisions of [sections 2
20 through 5].

21
22 **NEW SECTION. Section 4. Montana partnership bank revolving loan account.** (1) There is within
23 the permanent coal tax trust fund a Montana partnership bank revolving loan account to be managed by the
24 Montana partnership bank. The two purposes of the account are to serve as the capitalization for the Montana
25 partnership bank and to provide a pool of separate resources to be used for making loans by the Montana
26 partnership bank and covering any losses that may result. The funds used as capitalization may not be
27 commingled with the funds used as a pool of separate resources for use in making loans.

28 (2) The board of investments shall deposit into the account:

29 (a) any money appropriated to the account by the legislature;

30 (b) those proceeds from commercial loans or residential mortgage loans required to be deposited in the

1 account under terms developed by the board of investments for:

2 (i) retaining the principle of the permanent coal tax trust fund, including the capitalization for the Montana
3 partnership bank; and

4 (ii) providing the resource pool for the Montana partnership bank to use in making commercial loans or
5 residential mortgage loans;

6 (c) other deposits that the board of investments may allocate under Title 17, chapter 6, to the Montana
7 partnership bank for use in making commercial loans or residential mortgage loans, as provided in subsection
8 (2)(b)(ii); or

9 (d) amounts to be used as capitalization for the Montana partnership bank from the following sources,
10 with each amount determined by the board of investments and invested within the limitations of Title 17, chapter
11 6, and as required for bank capitalization, as specified by the division of banking and financial institutions:

12 (i) an amount not less than \$10 million of retirement funds invested as provided in 17-6-201; and

13 (ii) an amount, determined by the board of investments but not less than \$15 million, of the permanent
14 coal tax trust fund.

15
16 **NEW SECTION. Section 5. Application of other laws.** The provisions of 17-5-1603 through
17 17-5-1605, 17-5-1611, 17-5-1622 through 17-5-1624, 17-5-1641, 17-5-1642, 17-5-1645, and 17-5-1648 through
18 17-5-1650, as related to loans, also apply to the actions of the board of investments and the Montana partnership
19 bank under [sections 2 through 5].

20
21 **Section 6.** Section 2-15-1808, MCA, is amended to read:

22 **"2-15-1808. Board of investments -- allocation -- composition -- quasi-judicial.** (1) There is a board
23 of investments within the department of commerce.

24 (2) Except as otherwise provided in this subsection, the board is allocated to the department for
25 administrative purposes as prescribed in 2-15-121.

26 (3) (a) The board may employ a chief investment officer and an executive director who have general
27 responsibility for selection and management of the board's staff and for direct investment and economic
28 development activities. The board shall prescribe the duties and annual salaries of the chief investment officer,
29 executive director, and six professional staff positions. The chief investment officer, executive director, and six
30 professional staff serve at the pleasure of the board.

1 **(b) The board may employ a president and four professional staff of the Montana partnership bank**
 2 **provided for in [section 1]. The board shall prescribe the duties and annual salaries of the president and the four**
 3 **professional staff. The Montana partnership bank president and four professional staff serve at the pleasure of**
 4 **the board.**

5 ~~(3)~~**(4)** The board is composed of nine members appointed by the governor, as prescribed in 2-15-124,
 6 and two ex officio, nonvoting members. The members are:

7 (a) one member from the public employees' retirement board, provided for in 2-15-1009, and one
 8 member from the teachers' retirement board provided for in 2-15-1010. If either member of the respective
 9 retirement boards ceases to be a member of the retirement board, the position of that member on the board of
 10 investments is vacant, and the governor shall fill the vacancy in accordance with 2-15-124.

11 (b) seven members who will provide a balance of professional expertise and public interest and
 12 accountability, who are informed and experienced in the subject of investments, and who are representatives of:

13 (i) the financial community;

14 (ii) small business;

15 (iii) agriculture; and

16 (iv) labor; and

17 (c) two ex officio, nonvoting legislative liaisons to the board, of which one must be a senator appointed
 18 by the president of the senate and one must be a representative appointed by the speaker of the house. The
 19 liaisons may not be from the same political party. Preference in appointments is to be given to legislators who
 20 have a background in investments or finance. The legislative liaisons shall serve from appointment through each
 21 even-numbered calendar year and may attend all board meetings. Legislative liaisons appointed pursuant to this
 22 subsection ~~(3)(e)~~ **(4)(c)** are entitled to compensation and expenses, as provided in 5-2-302, to be paid by the
 23 legislative council.

24 ~~(4)~~**(5)** The board is designated as a quasi-judicial board for the purposes of 2-15-124."
 25

26 **Section 7.** Section 2-18-103, MCA, is amended to read:

27 **"2-18-103. Officers and employees excepted.** Parts 1 through 3 and 10 do not apply to the following
 28 officers and employees in state government:

29 (1) elected officials;

30 (2) county assessors and their chief deputies;

- 1 (3) employees of the office of consumer counsel;
- 2 (4) judges and employees of the judicial branch;
- 3 (5) members of boards and commissions appointed by the governor, the legislature, or other elected
4 state officials;
- 5 (6) officers or members of the militia;
- 6 (7) agency heads appointed by the governor;
- 7 (8) academic and professional administrative personnel with individual contracts under the authority of
8 the board of regents of higher education;
- 9 (9) academic and professional administrative personnel and live-in houseparents who have entered into
10 individual contracts with the state school for the deaf and blind under the authority of the state board of public
11 education;
- 12 (10) at the board of investments:
- 13 (a) an investment officer, an assistant investment officer, the executive director, and five professional
14 staff positions of the board of investments; and
- 15 (b) the Montana partnership bank president and four professional staff positions of the Montana
16 partnership bank;
- 17 (11) four professional staff positions under the board of oil and gas conservation;
- 18 (12) assistant director for security of the Montana state lottery;
- 19 (13) executive director and employees of the state compensation insurance fund;
- 20 (14) state racing stewards employed by the executive secretary of the Montana board of horseracing;
- 21 (15) executive director of the Montana wheat and barley committee;
- 22 (16) commissioner of banking and financial institutions;
- 23 (17) training coordinator for county attorneys;
- 24 (18) employees of an entity of the legislative branch consolidated, as provided in 5-2-504;
- 25 (19) chief information officer in the department of administration;
- 26 (20) chief business development officer and six professional staff positions in the office of economic
27 development provided for in 2-15-218;
- 28 (21) chief public defender appointed by the public defender commission pursuant to the Montana Public
29 Defender Act, Title 47, chapter 1, and the employees in the positions listed in 47-1-201(3)(a), who are appointed
30 by the chief public defender; and

1 (22) chief appellate defender in the office of appellate defender."
2

3 **Section 8.** Section 17-5-1650, MCA, is amended to read:

4 **"17-5-1650. Annual report.** (1) By December 31 of each year, the board shall publish a financial report
5 for distribution to the governor, the legislature, and the public. Distribution to the legislature is accomplished by
6 providing two copies to the legislative services division and a copy to a legislator on request.

7 (2) (a) The report must include a statement of the board's current financial position with respect to its
8 activities under this part, a summary of its activities pursuant to this part during the previous year (including a
9 listing of the eligible governmental securities purchased by the board, a listing of the bonds and notes sold by the
10 board, and a summary of the performance of any other investments of the board's funds received under this part),
11 an estimate of the levels of activities for the next year, and a comparison of the activities during the previous year
12 with the estimates of those activities that were made in the previous annual report.

13 (b) The report must include a review of rules and policies adopted to govern the Montana partnership
14 bank and a summary of the performance of loans and investments made by the Montana partnership bank."
15

16 **Section 9.** Section 17-6-101, MCA, is amended to read:

17 **"17-6-101. Deposit of funds in hands of state treasurer.** (1) Under the direction of the board of
18 investments, the state treasurer shall deposit public money in the treasurer's possession and under the
19 treasurer's control in solvent banks, building and loan associations, savings and loan associations, and credit
20 unions located in the state, except as otherwise provided by law, subject to national supervision or state
21 examination.

22 (2) If needed financial services are not available through solvent banks, building and loan associations,
23 savings and loan associations, and credit unions located in the state, the state treasurer may deposit public
24 money in out-of-state financial institutions subject to national supervision.

25 (3) The state treasurer shall deposit funds in banks, building and loan associations, savings and loan
26 associations, and credit unions in amounts that may be designated by the board of investments and shall
27 withdraw deposits when instructed to by the board of investments.

28 (4) When money has been deposited under the board of investments and in accordance with the law,
29 the state treasurer is not liable for loss on account of any deposit occurring from any cause other than the
30 treasurer's own neglect or fraud.

1 (5) The state treasurer shall withdraw all deposits or any part of the deposits from time to time to pay and
2 discharge the legal obligations of the state presented to the treasurer in accordance with the law.

3 (6) The state treasurer may contract with a financial institution to provide general depository banking
4 services.

5 (7) Deposits subject to subsections (2) and (3) may be made in the Montana partnership bank provided
6 for in [section 1].

7 (8) (a) The cost of contracting for banking services is statutorily appropriated, as provided in 17-7-502,
8 from the general fund.

9 (b) The Montana partnership bank's cost of providing banking services is statutorily appropriated, as
10 provided in 17-7-502, from the portion of the state special revenue account, established in [section 4], that is used
11 as a resource pool for loans."

12

13 **Section 10.** Section 17-6-201, MCA, is amended to read:

14 **"17-6-201. Unified investment program -- general provisions.** (1) The unified investment program
15 directed by Article VIII, section 13, of the Montana constitution to be provided for public funds must be
16 administered by the board of investments in accordance with the prudent expert principle, which requires an
17 investment manager to:

18 (a) discharge the duties with the care, skill, prudence, and diligence, under the circumstances then
19 prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters
20 exercises in the conduct of an enterprise of a like character with like aims;

21 (b) diversify the holdings of each fund within the unified investment program to minimize the risk of loss
22 and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so; and

23 (c) discharge the duties solely in the interest of and for the benefit of the funds forming the unified
24 investment program.

25 (2) (a) Retirement funds may be invested in common stocks of any corporation or in the Montana
26 partnership bank revolving loan account provided for in [section 4].

27 (b) Other public funds may not be invested in private corporate capital stock. "Private corporate capital
28 stock" means only the common stock of a corporation.

29 (3) (a) This section does not prevent investment in any business activity in Montana, including activities
30 that continue existing jobs or create new jobs in Montana.

1 (b) ~~The~~ In addition to the required investment under [section 4], the board is urged under the prudent
2 expert principle to invest up to 3% of retirement funds in venture capital companies. Whenever possible,
3 preference should be given to investments in those venture capital companies that demonstrate an interest in
4 making investments in Montana.

5 (c) In discharging its duties, the board shall consider the preservation of purchasing power of capital
6 during periods of high monetary inflation.

7 (d) The board may not make a direct loan to an individual borrower. The purchase of a loan or a portion
8 of a loan originated by a financial institution is not considered a direct loan.

9 (e) This section does not prevent investment in home loan mortgages by the Montana partnership bank
10 under the provisions of [sections 2 through 5] or under the provisions of the Montana veterans' home loan
11 mortgage program provided for in Title 90, chapter 6, part 6.

12 (4) The board has the primary authority to invest state funds. Another agency may not invest state funds
13 unless otherwise provided by law. The board shall direct the investment of state funds in accordance with the
14 laws and constitution of this state. The board has the power to veto investments made under its general
15 supervision.

16 (5) The board shall:

17 (a) assist agencies with public money to determine if, when, and how much surplus cash is available for
18 investment;

19 (b) determine the amount of surplus treasury cash to be invested;

20 (c) determine the type of investment to be made;

21 (d) prepare the claim to pay for the investment; ~~and~~

22 (e) keep an account of the total of each investment fund and of all the investments belonging to the fund
23 and a record of the participation of each treasury fund account in each investment fund; and

24 (f) govern the Montana partnership bank, allocate investment resources as provided in [section 4], and
25 provide direction to the Montana partnership bank pursuant to [sections 2 through 5]. The board shall distinguish
26 the duties of the board's executive director and investment officer from the duties of the Montana partnership bank
27 president.

28 (6) The board may:

29 (a) execute deeds of conveyance transferring real property obtained through investments. Prior to the
30 transfer of real property directly purchased and held as an investment, the board shall obtain an appraisal by a

1 qualified appraiser.

2 (b) direct the withdrawal of funds deposited by or for the state treasurer pursuant to 17-6-101 and
3 17-6-105;

4 (c) direct the sale of securities in the program at their full and true value when found necessary to raise
5 money for payments due from the treasury funds for which the securities have been purchased.

6 (7) The cost of administering and accounting for each investment fund must be deducted from the
7 income from each fund, other than the fund derived from land granted to the state pursuant to the Morrill Act of
8 1862, 7 U.S.C. 301 through 308, and the Morrill Act of 1890, 7 U.S.C. 321 through 329. An appropriation to pay
9 the costs of administering and accounting for the Morrill Act fund is provided for in 77-1-108."
10

11 **Section 11.** Section 17-6-305, MCA, is amended to read:

12 **"17-6-305. Investment of coal tax trust fund in Montana economy -- report by board.** (1) Subject
13 to the provisions of 17-6-201(1), 17-6-308, and board rules and policies implementing directions to the Montana
14 partnership bank as provided in [section 3], the board shall endeavor to invest 25% of the permanent coal tax
15 trust fund established in 17-6-203(6) in the Montana economy, with special emphasis on investments in new or
16 expanding locally owned enterprises. Investments made pursuant to this section do not include investments made
17 pursuant to 17-6-309(2). For purposes of calculating the 25% of the permanent coal tax trust fund, the board shall
18 include all funds listed in 17-5-703(1). The portion of the permanent coal tax trust fund contained in portfolios
19 formerly administered by the Montana board of science and technology development is included in the 25% of
20 the trust fund allocated to the board for in-state investment under this section. This subsection does not prohibit
21 the board from investing more than 25% of the permanent coal tax trust fund in the Montana economy if it is
22 prudent to do so and the investments will benefit the Montana economy.

23 (2) In determining the probable income to be derived from investment of this revenue, the long-term
24 benefit to the Montana economy must be considered.

25 (3) The legislature may provide additional procedures to implement this section.

26 (4) The board shall include a report on the investments made under this section as a part of the
27 information required by 17-7-111."
28

29 **Section 12.** Section 17-6-308, MCA, is amended to read:

30 **"17-6-308. Authorized investments.** (1) Except as provided in subsections (2) through ~~(5)~~ (6) and

1 subject to the provisions of 17-6-201, the Montana permanent coal tax trust fund must be invested as authorized
2 by rules adopted by the board.

3 (2) The board may make loans from the permanent coal tax trust fund to the capital reserve account
4 created pursuant to 17-5-1515 to establish balances or restore deficiencies in the account. The board may agree
5 in connection with the issuance of bonds or notes secured by the account or fund to make the loans. Loans must
6 be on terms and conditions determined by the board and must be repaid from revenue realized from the exercise
7 of the board's powers under 17-5-1501 through 17-5-1518 and 17-5-1521 through 17-5-1529, subject to the prior
8 pledge of the revenue to the bonds and notes.

9 (3) The board shall manage the seed capital and research and development loan portfolios created by
10 the former Montana board of science and technology development. The board shall establish an appropriate
11 repayment schedule for all outstanding research and development loans made to the university system. The
12 board is the successor in interest to all agreements, contracts, loans, notes, or other instruments entered into by
13 the Montana board of science and technology development as part of the seed capital and research and
14 development loan portfolios, except agreements, contracts, loans, notes, or other instruments funded with coal
15 tax permanent trust funds. The board shall administer the agreements, contracts, loans, notes, or other
16 instruments funded with coal tax permanent trust funds. As loans made by the former Montana board of science
17 and technology development are repaid, the board shall deposit the proceeds or loans made from the coal
18 severance tax trust fund in the coal severance tax permanent fund until all investments are paid back with 7%
19 interest.

20 (4) The board shall allow the Montana facility finance authority to administer \$15 million of the permanent
21 coal tax trust fund for capital projects. Until the authority makes a loan pursuant to the provisions of Title 90,
22 chapter 7, the funds under its administration must be invested by the board pursuant to the provisions of
23 17-6-201. As loans for capital projects made pursuant to this subsection are repaid, the principal and interest
24 payments on the loans must be deposited in the coal severance tax permanent fund until all principal and interest
25 have been repaid. The board and the authority shall calculate the amount of the interest charge. Individual loan
26 amounts may not exceed 10% of the amount administered under this subsection.

27 (5) The board shall allow the board of housing to administer \$15 million of the permanent coal tax trust
28 fund for the purposes of the Montana veterans' home loan mortgage program provided for in Title 90, chapter 6,
29 part 6.

30 (6) The board shall allow \$15 million of the permanent coal tax trust fund to be administered through the

1 Montana partnership bank revolving loan account established in [section 4]. Income earned on loans made from
2 the Montana partnership bank must be returned to the Montana partnership bank revolving loan account as
3 provided by board policy, which must meet the purposes for the revolving loan account and the permanent coal
4 tax trust fund.

5 ~~(6)~~(7) The board shall adopt rules to allow a nonprofit corporation to apply for economic assistance. The
6 rules must recognize that different criteria may be needed for nonprofit corporations than for for-profit
7 corporations.

8 ~~(7)~~(8) All repayments of proceeds pursuant to subsection (3) of investments made from the coal
9 severance tax trust fund must be deposited in the coal severance tax permanent fund."
10

11 **Section 13.** Section 17-6-322, MCA, is amended to read:

12 **"17-6-322. Report.** The board shall include in its annual report a section on the results of the previous
13 year's operations of the investment in the Montana economy from the permanent coal tax trust fund, as required
14 in 17-6-305, including:

- 15 (1) financial statements audited by independent auditors;
16 (2) a summary report of loan activity; ~~and~~
17 (3) a comparison of the performance of the investments in the Montana economy in relation to the
18 purposes contained in 17-6-303; and
19 (4) investments made by the Montana partnership bank.
20

21 **Section 14.** Section 32-1-102, MCA, is amended to read:

22 **"32-1-102. Institutions to which chapter is applicable.** (1) The word "bank" as used in this chapter
23 means any corporation that has been incorporated to conduct the business of receiving money on deposit or
24 transacting a trust or investment business, as defined in this chapter.

25 (2) The soliciting, receiving, or accepting of money or its equivalent on deposit as a regular business is
26 doing a commercial or savings bank business, whether the deposit is made subject to check or is evidenced by
27 a certificate of deposit, a passbook, a note, or other receipt. This section does not apply to or include money or
28 its equivalent left in escrow or left with an agent pending investment in real estate or securities for or on account
29 of the agent's principal.

30 (3) It is unlawful for any corporation, partnership, firm, or individual to engage in or transact a banking

1 business within this state except by means of a corporation duly organized for that purpose.

2 (4) Banks are divided into the following classes:

3 (a) commercial banks;

4 (b) savings banks;

5 (c) trust companies;

6 (d) investment companies.

7 (5) This chapter does not apply to any investment company or corporation established prior to March
8 8, 1927, under authority of the law of Montana not accepting, receiving, or holding money on deposit.

9 (6) This chapter does not apply to a student financial institution, as defined in 32-1-115.

10 (7) Except as specified in [section 1], this chapter does apply to the Montana partnership bank provided
11 for in [section 1]."

12

13 NEW SECTION. Section 15. Codification instruction. (1) [Section 1] is intended to be codified as
14 an integral part of Title 2, chapter 15, part 18, and the provisions of Title 2, chapter 15, part 18, apply to [section
15 1].

16 (2) [Sections 2 through 5] are intended to be codified as an integral part of Title 17, chapter 6, and the
17 provisions of Title 17, chapter 6, apply to [sections 2 through 5].

18 - END -