



Legislative Update January 20, 2017

GENERAL

Early in the week, Governor Burgum met with legislative leadership to outline his executive budget proposals which call for \$159 million less in General Fund spending than former Governor Dalrymple proposed in December. Governor Burgum's proposal calls for an additional \$31 million cut to higher education as well as reducing state agency budgets another \$19 million. His budget would mean the elimination of over 630 full-time positions which is about 50 higher than Dalrymple's budget.

Governor Burgum's proposal eliminates the 1 percent state employee pay raise in the 2nd year of the biennium and also calls for state employees to pay 5 percent of their health insurance premiums. Interestingly though, the governor opposed a bill introduced this week that would prohibit state agencies and institutions from filling vacant full-time equivalent employee positions until April 30. HB 1303, which includes an emergency clause, was introduced by the majority leaders and appropriations committee chairs from both chambers in an effort to block any hiring in a time of government downsizing. Burgum opposed the bill arguing that agencies need flexibility to fill important positions.

Also on the chopping block are economic tax incentives. Some easy ones have already been cut in the House and a number of others are in the queue. Renaissance Zone incentives and the state's involvement in them are also under intense scrutiny. New "pet projects" are dead on arrival!

BILL HEARINGS AND UPDATES FROM THIS WEEK

SB 2160 – was introduced by Senator Bekkedahl primarily to get recovery of actual costs as they relate to the expense of serving notice of foreclosure of tax liens, and was heard Monday morning in the Senate Finance and Taxation Committee. The Association of Counties, however, made additional changes to the bill that, in our interpretation, would have eliminated the requirement to serve notice upon mortgagees and lienholders. ICBND testified in opposition to the bill and all involved believe the issues will be cleared up in amendments to the bill which have we've reviewed and approve.

SB 2159 – relates to the management of LLC's and cleans up an oversight from the last time the LLC statutes were revised. Basically, the bill articulates that "member consent" is not required for LLC management to pledge LLC assets as collateral or transfer LLC assets to other wholly owned organizations. The bill was also amended to add retroactive application back to July 30, 2015. ICBND testified in support of the bill and the amendment language to the Senate IBL Committee. The committee voted "do pass" 7-0 and the Senate unanimously approved the amended bill at Wednesday's floor session.

HB 1162 – was heard in the House IBL Committee on Monday afternoon. This bill would allow an individual directly affected by competition with a state agency or institution to petition the PSC to determine whether the agency or institution is in competition with private enterprise. While ICBND fully supports free enterprise and competition, we have expressed concerns about potential disruptions to BND programs and services if this bill were to become law.

HB 1177 – would extend collection of property by affidavit to include real property. As written, ICBND opposed this bill, but said we could support of it was amended so “unencumbered” preceded each “real property” reference. Others, including the ND Land Title Association and the County Recorders, opposed the bill because of the many issues that could result from attempting to transfer property by affidavit. The House Judiciary Committee voted 13-2 “do not pass”.

HB 1228 – is a very complex bill relating to the capacity of a settlor of a revocable trust, actions contesting the validity of a trust, and powers to direct a trustee. The House Judiciary heard the bill on Wednesday, but will not vote on this until next week at the earliest. ICBND supports the bill.

SB 2192 – would reauthorize ND Housing Finance Agency’s Housing Incentive Fund resetting the priority in the annual allocation for individuals and families of low or moderate income as opposed to “essential service workers”. The bill also capitalizes the fund with \$20 million from tax credits and \$20 million transfer from the General Fund. The bill received a unanimous “do pass” out of the Senate IBL Committee and now goes to the Senate Appropriations. Capitalization of HIF seems unlikely in this budget environment.

SB 2014 and SB 2074 – represent the legislature (SB 2014) and Governor Dalrymple’s (SB 2074) budgets for the Industrial Commission and the agencies under the Industrial Commission management including the Bank of North Dakota and the Housing Finance Agency. Eric Hardmeyer testified on the Bank of North Dakota’s recent restructuring, strategic plan, and budget stressing the importance of maintaining adequate capital to continue its programs. Jolene Klein testified for the ND Housing Finance Agency and discussed the importance of the Housing Incentive Fund and its reauthorization. If the Housing Incentive Fund is not reauthorized, it would sunset on June 30. Any fund commitments not disbursed by July 31 would then go to the General Fund. Jolene stated that there could be as much as \$10 million committed but not disbursed at June 30 which would cause significant project and lending issues.

BILL HEARINGS NEXT WEEK

<u>Date and Time</u>	<u>Bill Number</u>	<u>Short Title</u>	<u>Committee</u>
01/23/2017 02:00	<u>HB 1297</u>	Relating to creation of the affordable housing revolving loan fund; to provide a continuing appropriation; and to provide for a transfer.	House IBL
01/24/2017 09:00	<u>SB 2212</u>	Relating to residency requirements of bank directors.	Senate IBL
01/24/2017 09:30	<u>SB 2260</u>	Relating to exemptions from money broker regulation.	Senate IBL
01/24/2017 10:00	<u>HB 1382</u>	Relating to the establishment of an education savings account program.	House Education
01/26/2017 09:00	<u>HB 1169</u>	Relating to the possession of firearms and licensing of individuals to carry firearms; and to repeal sections 62.1-02-10 and 62.1-02-10.1 of the North Dakota Century Code, relating to the possession of firearms and licensing of individuals to carry firearms.	House Energy and Natural Resources
01/27/2017 08:30	<u>SB 2192</u>	Relating to the housing incentive fund tax credit; to amend and reenact sections 54-17-40 and 54-17-41 of the North Dakota Century Code, relating to the housing incentive fund and housing finance agency report; to provide a transfer; and to provide an appropriation.	Senate Appropriations
01/27/2017 09:45	<u>HCR 3009</u>	A concurrent resolution urging Congress to amend the 2014 farm bill to allow counties to use raw yield data from insurance	House Agriculture

		companies to supplement the national agriculture statistics survey to calculate payments under the Agriculture Risk Coverage program when an insufficient number of surveys are returned to accurately calculate payments.	
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Thank you for your participation in the legislative process. Please call, email or text me with any questions or concerns. If you'd like to be taken off this distribution list or if there are others in your organization that should be on the distribution list for the legislative updates, please let me know or contact the office at info@icbnd.com or 701.258.7121.

Sincerely,



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ICBND PRIORITY LIST AND BILL STATUS

Bill	Title
HB 1126	Relating to public warehouse and grain buyer licensing, conditions and attributes of licensure and accepting delivery of grain when a licensee is insolvent, the insolvency process, the credit-sale contract indemnity fund and the grain indemnity fund; to repeal sections 60-02-02, 60-02-25.1, 60-02-39, 60-02.1-02, 60-02.1-25, 60-04-03.2, and 60-10-03 of the North Dakota Century Code, relating to duties of the commission, receiptholders' lien, warehouse closure, grain of insolvent warehouseman as trust asset, and suspension of indemnity fund assessments; and to provide for a transfer.
HB 1162	Relating to competition between the government and private industry and to require a report to the legislative management.
HB 1164	Relating to a corporate income tax credit for reimbursement of employee child care expenditures; and to provide an effective date. BILL FAILED IN THE HOUSE 14-76.
HB 1169	Relating to the possession of firearms and licensing of individuals to carry firearms; and to repeal sections 62.1-02-10 and 62.1-02-10.1 of the North Dakota Century Code, relating to the possession of firearms and licensing of individuals to carry firearms.
HB 1177	Relating to the collection of property by affidavit and the effect of the affidavit.
HB 1219	Relating to the process for converting manufactured housing to real property.
HB 1223	Relating to allowing employers to purchase private insurance or self-insurer for worker's compensation coverage.
HB 1228	Relating to actions to contest the validity of a trust, trust decanting, and directed trustees; to amend and reenact sections 47-02-27.4, 59-04.2-03, and 59-16-13 of the North Dakota Century Code, relating to exclusions from the rule against perpetuities and a trustee's duty to inform; to repeal sections 59-14-01, 59-14-04, and 59-16-08 of the North Dakota Century Code, relating to the capacity of a settlor of a revocable trust, actions contesting the validity of a trust, and powers to direct a trustee; and to provide for retroactive application.
HB 1263	Relating to the state's minimum wage.
HB 1297	Relating to creation of the affordable housing revolving loan fund; to provide a continuing appropriation; and to provide for a transfer.
HB 1303	A BILL for an Act to prohibit state agencies from filling vacant employee positions; and to declare an emergency.
HB 1352	Relating to custody and disposition of abandoned motor vehicles.
HB 1382	Relating to the establishment of an education savings account program.
SB 2008	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.
SB 2014	A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under the management of the industrial commission; to provide for transfers; and to provide a statement of legislative intent.
SB 2068	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.

SB 2074	Relating to the infrastructure revolving loan fund, the housing incentive fund, the transfer of North Dakota mill and elevator profits to the general fund, and the coal development trust fund; to provide legislative intent; and to provide an exemption.
SB 2100	Relating to definitions under the North Dakota money transmitter Act. AMENDED BILL PASSED THE SENATE 46-0.
SB 2130	Relating to defaulted student loan collection; to amend and reenact sections 15-62.1-04, 15-62.1-06, 15-62.1-07, and 15-62.1-10 of the North Dakota Century Code, relating to defaulted student loan collection; and to provide for a retroactive application.
SB 2159	Relating to management of a limited liability company; and to provide for retroactive application. AMENDED BILL PASSED THE SENATE 45-0.
SB 2160	Relating to the duties of a recorder and providing notice of foreclosure of tax liens; and to provide an effective date.
SB 2167	Relating to the adoption of central standard time; and to repeal section 40-01-20 of the North Dakota Century Code, relating to daylight saving time.
SB 2192	Relating to the housing incentive fund tax credit; to amend and reenact sections 54-17-40 and 54-17-41 of the North Dakota Century Code, relating to the housing incentive fund and housing finance agency report; to provide a transfer; and to provide an appropriation.
SB 2212	Relating to residency requirements of bank directors.
SB 2260	Relating to exemptions from money broker regulation.
HCR 3009	A concurrent resolution urging Congress to amend the 2014 farm bill to allow counties to use raw yield data from insurance companies to supplement the national agriculture statistics survey to calculate payments under the Agriculture Risk Coverage program when an insufficient number of surveys are returned to accurately calculate payments.