



Legislative Update March 10, 2017

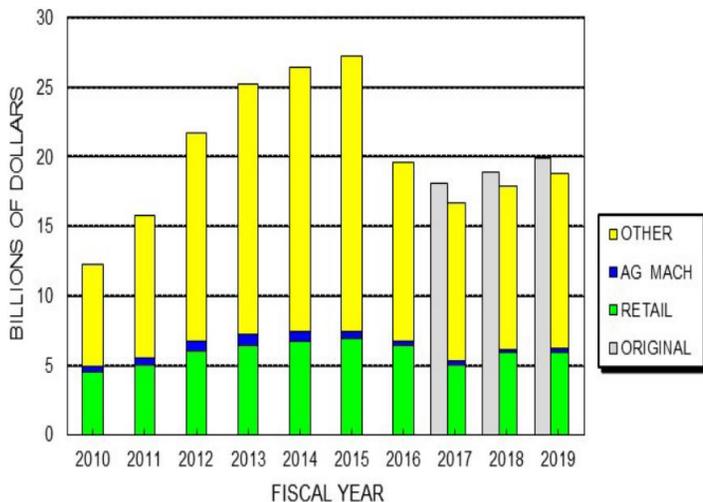
SECTION 1: GENERAL

It's been a busy week of policy issues at the Capitol with a number of ICBND priority bills working their way through committees. And, dare I say, it's been fairly productive - as oxymoronic as "progress with government" might sound. Details of those measures are described more fully in section 2 below.

All the while, a dark cloud lingered throughout the halls awaiting the updated revenue forecast which was delivered yesterday by Governor Burgum. Based on January's dismal revenue results, I think it was generally assumed that the updated General Fund revenue forecast would again fall short of the previous forecast. And, true to form, it did just that but not by as much as many legislators thought. Projections for the remainder of the current biennium ending June are \$46 million short of the last update while the shortfall for the next biennium is over \$103 million. Total General Fund revenue projections for the next biennium are \$3.6 billion which is \$1.2 billion less than what's predicted for the 2015-2017 period. The vast majority of the shortfall in both periods is sales and use taxes. Adding to the somber news is the lack of confidence many legislators have with Moody's Analytics' forecasts as they have repeatedly missed the mark (on the wrong side). From the cheap seats where I sit, forecasting revenues for a commodity-dependent state like North Dakota appears to be an unenviable task, but hopefully they're dialing that in a bit better now. Two of the presentation slides that I found of interest are below. If they're right, maybe we're bottoming out at least related to taxable sales and well drilling and completion activity.

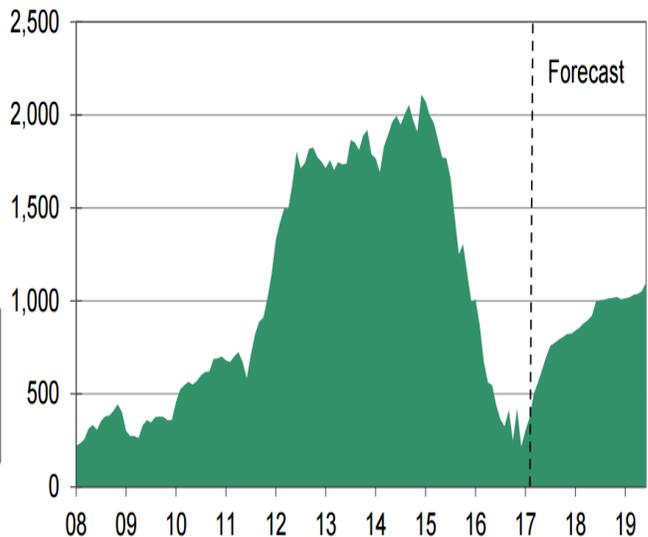
Taxable Sales and Purchases

(2017-2019 Forecast)



Turning a Corner...Slowly

Change in ND Producing Wells From Prior Year



Sources: ND Pipeline Authority, Moody's Analytics

SECTION 2: BILL UPDATES FROM ICBND “PRIORITY” TRACKING LIST

SB 2159 – relates to 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 also seeks retroactive treatment to July 30, 2015. ICBND supports this bill and the House IBL Committee gave it a unanimous “do pass” recommendation Monday morning. The measure ultimately passed on the House floor Thursday by a vote of 88-4.

SB 2212 – was originally introduced by Senator Jonathon Casper on behalf of BlackRidge Bank and relates to the residency requirements of bank directors and was heard in the House Industry Business and Labor (IBL) Committee Monday morning. Current NDCC states that two-thirds of a North Dakota chartered bank’s directors must be residents of North Dakota. SB 2212 would have added “or reside within 100 miles of the main office”. The purpose of the bill was to include Minnesota lake-dwelling directors of a North Dakota chartered bank to be included in the “two-thirds” calculation. During Senator Casper’s introductory testimony on the bill, there was much discussion amongst the committee regarding the 100 mile limitation and even debate about whether residency limitations should be loosened even further given changing times. South Dakota, for instance, simply requires that three-fourths of bank directors be citizens of the United States. While BlackRidge is not a member of our association, I testified in support of the bill stating we were fine with the added flexibility and that we would also be open to loosening residency requirements for directorship. The committee met again on Wednesday morning to consider amendments that would eliminate any mileage references and instead state “at least two-thirds of the directors must be citizens of the United States”. The House IBL approved the amendments and gave the amended bill a unanimous “do pass recommendation”. The bill will hit the House floor early next week and, if approved, will be sent back to the Senate for concurrence.

SB 2266 – was not originally of interest to us as it related to the insurance commissioner taking over the duties of the department of securities, but via a “hohouse” amendment was turned into an interim study of possibly merging the state securities agency and the Department of Financial Institutions and got through the Senate by a vote of 43-2. Tuesday the measure was heard in the House IBL Committee. For a “study” bill, it became a fascinating hearing. I provided testimony in opposition to the bill stating that we did not believe significant cost savings or efficiencies could be gleaned by the proposition, that the regulatory dynamics of the two agencies were very different, and more importantly, we were concerned by potential dilutive and/or distractive effects to what we deem a highly functioning state agency in the DFI. This is where it got interesting! I won’t belabor the details, but six votes later (on various proposed amendments and motions), an amended version of the bill received a “do not pass” recommendation by a vote of 9-4 and now moves to the House floor to approve the amendment and ultimately vote on the measure.

HB 1219 – is a good piece of legislation easing the process of converting manufactured housing to real property by eliminating the need to transfer the certificate of origin or certificate of title once the process of affixing manufactured housing to real property is consummated. Ultimately, this will help alleviate secondary market financing issues for these types of properties. The measure requires the DOT to maintain a website an interested person may use to supply a vehicle identification number in order to confirm the status of a manufactured home as real estate and to confirm the department retired the manufacturer’s certificate of origin or certificate of title. ICBND, the other financial institution trade associations, the ND Land Title Association, and the ND Realtors Association all testified in strong support of the bill which was heard in the Senate Government and Veterans Affairs Committee yesterday morning. There was no opposing testimony and the bill received a unanimous “do pass” recommendation.

HB 1228 – is a complex trust bill introduced by a group of trust professionals that relates to exclusions from the rule against perpetuities and trustee’s duty to inform; to repeal certain sections of the NDCC relating to the capacity of a settlor or a revocable trust, actions contesting the validity of a trust, and

powers to direct a trustee; and to provide for retroactive application. The bill was heard in the Senate Judiciary Committee Tuesday morning and ultimately received a unanimous “do pass” recommendation.

HB 1352 – has been referred to as the “towing bill” and relates to the custody and disposition of abandoned motor vehicles. ICBND testified in opposition to this bill, but as previously reported, the bill has been satisfactorily amended. The measure was heard in the Senate Transportation Committee Thursday. Minor proposed amendments by the property and casualty insurance folks and the unclaimed property division are being drafted and will be considered by the committee. I’m certain this legislation will ultimately pass as legislators seem to love it.

SECTION 3: BILL HEARINGS NEXT WEEK

<u>Date and Time</u>	<u>Bill Number</u>	<u>Short Title</u>	<u>Committee</u>
03/14/2017 08:30	<u>HB 1169</u>	Relating to carrying a handgun; to amend and reenact sections 62.1-04-02 and 62.1-04-04 of the North Dakota Century Code, relating to carrying concealed firearms or dangerous weapons; and to provide a penalty.	Senate Judiciary
03/15/2017 08:30	<u>SB 2014</u>	Industrial Commission Budget	House Approps
03/15/2017 10:00	<u>HB 1162</u>	Relating to competition between the government and private industry and to require a report to the legislative management.	Senate IBL
03/15/2017 10:30	<u>SB 2008</u>	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.	House Approps
03/16/2017 09:30	<u>SB 2296</u>	Relating to pledge of security in place of depository bond; and to repeal section 21-04-11 of the North Dakota Century Code, relating to records of securities.	House Political Subdivisions
03/16/2017 10:00	<u>SB 2340</u>	Relating to fees charged by a county recorder for filing mortgage disclosures.	House Political Subdivisions
03/17/2017 09:00	<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 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.	Senate Agriculture
03/17/2017 09:30	<u>HB 1303</u>	A BILL for an Act to prohibit state agencies from filling vacant employee positions; to provide for a report; and to declare an emergency.	Senate Government and Veterans Affairs

Legislator contact information can be found at <http://www.legis.nd.gov/contact-my-legislators> and you can check on any legislative activities through the Legislative Council’s web page at www.legis.nd.gov.

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.

Sincerely,



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ICBND PRIORITY LIST AND BILL STATUS DETAIL

Bill	Status	Title
HB 1126	House: PASSED Senate: INTRODUCED 02/22 S Introduced, first reading, referred Agriculture Committee 03/16 S Committee Hearing - 09:00 AM	Relating to public warehouse and grain buyer licensing and insolvencies of public warehouses and grain buyers; and to repeal sections 60-02-39 and 60-02.1-25, of the North Dakota Century Code, relating to warehouse closures.
HB 1162	House: PASSED Senate: INTRODUCED 02/17 S Introduced, first reading, referred Industry, Business and Labor Committee 03/15 S Committee Hearing - 10:00 AM	Relating to competition between the government and private industry and to require a report to the legislative management.
HB 1164	House: DEFEATED 01/16 H Reported back, do not pass, placed on calendar 11 2 1 01/19 H Second reading, failed to pass, yeas 14 nays 76	Relating to a corporate income tax credit for reimbursement of employee child care expenditures; and to provide an effective date.
HB 1169	House: PASSED Senate: INTRODUCED 02/22 S Introduced, first reading, referred Judiciary Committee 03/14 S Committee Hearing - 08:30 AM	Relating to carrying a handgun; to amend and reenact sections 62.1-04-02 and 62.1-04-04 of the North Dakota Century Code, relating to carrying concealed firearms or dangerous weapons; and to provide a penalty.
HB 1177	House: DEFEATED 01/19 H Amendment adopted, placed on calendar 01/23 H Second reading, failed to pass, yeas 9 nays 81	Relating to the collection of property by affidavit and the effect of the affidavit.
HB 1182	House: PASSED Senate: INTRODUCED 02/20 S Introduced, first reading, referred Finance and Taxation Committee 03/01 S Committee Hearing - 02:00 PM	Relating to renaissance zone tax credits and exemptions; to repeal sections 40-63-06 and 40-63-07 of the North Dakota Century Code, relating to renaissance zone income tax credits; and to provide an effective date.
HB 1219	House: PASSED Senate: INTRODUCED 02/17 S Introduced, first reading, referred Government and Veterans Affairs Committee 03/09 S Committee Hearing - 09:30 AM	Relating to the process for converting manufactured housing to real property.
HB 1223	House: DEFEATED 01/27 H Amendment adopted, placed on calendar 01/31 H Second reading, failed to pass, yeas 19 nays 72	Relating to allowing employers to purchase private insurance for worker's compensation coverage.
HB 1228	House: PASSED Senate: INTRODUCED 03/07 S Committee Hearing - 11:00 AM 03/09 S Reported back, do pass, place on calendar	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,

	6 0 0	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	House: DEFEATED 01/31 H Reported back, do not pass, placed on calendar 12 2 0 02/06 H Second reading, failed to pass, yeas 13 nays 77	Relating to the state's minimum wage.
HB 1297	House: WITHDRAWN 01/20 H Request return from committee 01/20 H Withdrawn from further consideration	Relating to creation of the affordable housing revolving loan fund; to provide a continuing appropriation; and to provide for a transfer.
HB 1303	House: PASSED Senate: INTRODUCED 02/02 S Introduced, first reading, (emergency), referred Government and Veterans Affairs Committee 03/17 S Committee Hearing - 09:30 AM	A BILL for an Act to prohibit state agencies from filling vacant employee positions; to provide for a report; and to declare an emergency.
HB 1327	House: DEFEATED 02/03 H Reported back, do not pass, placed on calendar 13 1 0 02/10 H Second reading, failed to pass, yeas 24 nays 66	Relating to exceptions from inspections for home repairs performed by a homeowner.
HB 1352	House: PASSED Senate: INTRODUCED 02/22 S Introduced, first reading, (emergency), referred Transportation Committee 03/09 S Committee Hearing - 10:30 AM	Relating to custody and disposition of abandoned motor vehicles and deposit of funds; to provide for a continuing appropriation; and to declare an emergency.
HB 1382	House: PASSED Senate: INTRODUCED 03/06 S Committee Hearing - 10:00 AM 03/09 S Reported back, do not pass, placed on calendar 6 0 0	Relating to the establishment of an education savings account program.
HB 1425	House: PASSED Senate: INTRODUCED 02/22 S Received from House 02/22 S Introduced, first reading, referred Judiciary Committee	A BILL for an Act to protect the rights and privileges granted under the United States Constitution.
SB 2008	Senate: PASSED House: INTRODUCED 03/02 H Committee Hearing - 08:30 AM 03/15 H Committee Hearing - 10:30 AM	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.
SB 2014	Senate: PASSED House: INTRODUCED 03/09 H Committee Hearing - 03:15 PM 03/15 H Committee Hearing - 08:30 AM	Relating to the essential service worker home ownership program, housing incentive fund tax credits, and essential service worker home ownership fund tax credits; to amend and reenact sections 15-62.1-07, 28-25-11, 54-17-40, and 57-62-02 of the North Dakota Century Code, relating to loan guarantee fees, suspension of

		occupational or professional licenses, the housing incentive fund, and coal development trust fund allocations; to repeal section 54-17-41 of the North Dakota Century Code, relating to housing incentive fund reports; to provide statements of legislative intent; to provide exemptions; to provide an effective date; and to provide an expiration date.
SB 2068	Senate: DEFEATED 01/26 S Reported back, do not pass, placed on consent calendar 14 0 0 01/27 S Second reading, failed to pass, yeas 0 nays 45	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.
SB 2074	Senate: DEFEATED 01/26 S Reported back, do not pass, placed on consent calendar 14 0 0 01/27 S Second reading, failed to pass, yeas 0 nays 45	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	Senate: PASSED House: DEFEATED 02/23 H Reported back, do not pass, placed on calendar 14 0 0 03/01 H Second reading, failed to pass, yeas 4 nays 84	Relating to definitions under the North Dakota money transmitter Act.
SB 2130	Senate: DEFEATED 01/27 S Amendment adopted, placed on calendar 01/30 S Second reading, failed to pass, yeas 8 nays 37	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	Senate: PASSED House: PASSED 03/06 H Reported back, do pass, place on calendar 12 0 2 03/09 H Second reading, passed, yeas 88 nays 4	Relating to management of a limited liability company; and to provide for retroactive application.
SB 2160	Senate: PASSED House: PASSED 03/07 S Signed by President 03/09 S Sent to Governor	Relating to the duties of a recorder and providing notice of foreclosure of tax liens; and to provide an effective date.
SB 2167	Senate: DEFEATED 02/03 S Reported back, do not pass, placed on calendar 6 0 0 02/07 S Second reading, failed to pass, yeas 11 nays 33	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	Senate: DEFEATED 02/16 S Reported back, do not pass, placed on calendar 14 0 0 02/17 S Second reading, failed to pass, yeas 0 nays 45	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	Senate: PASSED House: INTRODUCED	Relating to residency requirements of bank directors.

	03/06 H Committee Hearing - 09:00 AM 03/09 H Reported back amended, do pass, amendment placed on calendar 13 0 1	
SB 2234	Senate: DEFEATED 02/16 S Reported back, do not pass, placed on calendar 14 0 0 02/17 S Second reading, failed to pass, yeas 0 nays 45	Relating to the establishment of an essential service worker home ownership incentive program and essential service worker home ownership incentive fund; to amend and reenact subsection 3 of section 54-17-40 of the North Dakota Century Code, relating to the housing incentive fund; to provide an appropriation and transfer; and to provide a continuing appropriation.
SB 2260	Senate: DEFEATED 01/25 S Reported back, do not pass, placed on calendar 6 0 1 01/26 S Second reading, failed to pass, yeas 0 nays 46	Relating to exemptions from money broker regulation.
SB 2266	Senate: PASSED House: INTRODUCED 02/20 H Introduced, first reading, referred Industry, Business and Labor Committee 03/07 H Committee Hearing - 09:00 AM	Relating to the insurance commissioner taking over the duties of the department of securities and the securities commissioner; to provide for correction of statutory references; and to provide appropriation transfers.
SB 2276	Senate: PASSED House: INTRODUCED 02/20 H Introduced, first reading, referred Judiciary Committee 03/15 H Committee Hearing - 10:00 AM	Relating to the prohibition of the diversion of restricted assets, the priority of those assets in a dissolution, and judgments imposing fines or assessing costs.
SB 2296	Senate: PASSED House: INTRODUCED 02/22 H Introduced, first reading, referred Political Subdivisions Committee 03/16 H Committee Hearing - 09:30 AM	Relating to pledge of security in place of depository bond; and to repeal section 21-04-11 of the North Dakota Century Code, relating to records of securities.
SB 2305	Senate: DEFEATED 02/06 S Reported back, do not pass, placed on calendar 5 1 0 02/07 S Second reading, failed to pass, yeas 12 nays 32	Relating to a corporate income tax credit for reimbursement of employee child care expenditures; and to provide an effective date.
SB 2317	Senate: DEFEATED 02/15 S Reported back, do not pass, placed on calendar 4 3 0 02/17 S Second reading, failed to pass, yeas 13 nays 32	Relating to insurance producer charges for fees for services.
SB 2335	Senate: PASSED House: INTRODUCED 02/17 H Received from Senate 02/20 H Introduced, first reading, referred Judiciary Committee	Relating to the definition and endangerment or exploitation of an eligible adult; and to provide a penalty.
SB 2340	Senate: PASSED House: INTRODUCED 02/22 H Introduced, first reading, referred Political Subdivisions Committee 03/16 H Committee Hearing - 10:00 AM	Relating to fees charged by a county recorder for filing mortgage disclosures.
SB 2344	Senate: PASSED	Relating to implementation of the North Dakota

	<p>House: INTRODUCED 02/23 H Received from Senate 03/01 H Introduced, first reading, (emergency), referred Human Services Committee</p>	<p>Compassionate Care Act to authorize medical marijuana; to amend and reenact sections 19-24-01, 19-24-02, 19-24-03, 19-24-04, 19-24-05, 19-24-06, 19-24-07, 19-24-08, 19-24-09, 19-24-10, 19-24-11, 19-24-12, and 19-24-13 of the North Dakota Century Code, relating to implementation of the North Dakota Compassionate Care Act to authorize medical marijuana; to provide a report to the legislative management; to provide a penalty; to provide a continuing appropriation; and to declare an emergency.</p>
<p>HCR 3009</p>	<p>House: PASSED Senate: INTRODUCED 02/20 S Introduced, first reading, referred Agriculture Committee 03/17 S Committee Hearing - 09:00 AM</p>	<p>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.</p>