



## Legislative Update April 27, 2017

### GENERAL

This will be my last legislative update. It's been my honor to represent the members of this great association during this session and I thank you for your continued interest, participation and support. While I'm glad to see the session wrap up, I will miss our little weekly chats. Ok, they aren't really "chats"...but you know what I mean. Happy spring everyone and I hope to see you soon!

Last week I mentioned that Senate Majority Leader Wardner claimed that the legislature would be done no later than Tuesday night. Well, Tuesday night came and went with a bundle of work left on legislators' plates. But the 65<sup>th</sup> Assembly of the North Dakota Legislature did finally adjourn sine die this evening (Thursday, April 27<sup>th</sup>) with the Senate gaveling out at about 8:15 and the House at 8:30. As a result, three days have been saved if they need to reassemble absent a special session.

It probably didn't help timing matters that a standoff of sorts developed early in the week between the majority leaders relative to measures that were near-and-dear to their respective hearts. On one hand, the House wanted changes to the Public Employee Retirement System (PERS) budget including a self-insurance program for state employees which the Senate had roundly turned back. On the other hand, the Senate passed SB 1015 which is the Office of Management and Budget (OMB) budget Monday with some funding items to bail out some of Dickinson State University's (DSU) indebtedness. The House refused to accept the bill stating those specific funding items were not germane to the OMB bill. The irony of the House's refusal to accept the bill is that the OMB budget historically becomes a sort of omnibus bill with lots of cats and dogs in it that often don't relate to the OMB budget. And that's because this budget is typically the last one acted upon and becomes a bit of a catch all. Sometimes, it can also become home for measures that legislators keep in their back pocket and slide in at the eleventh hour.

By the end of the day Tuesday, a compromise in principal was reached regarding PERS-related issues while DSU special funding was moved to the Higher Education budget. The formality of adopting this compromise began Wednesday morning as the Senate reconsidered its actions on SB 1015 and adopted an amendment eliminating the DSU special funding references. Those references and corresponding dollars were moved Wednesday to the Higher Ed budget which was approved by the Senate Wednesday and the House Thursday including \$3.1 million for DSU to repay bank debt related to the Biesiot Activities Center. However, in the House, it took a reconsideration vote to get the two-thirds majority to carry the emergency clause. On the PERS front, the Senate reluctantly conceded in conference committee Wednesday night to the House demands for the six-year contract with Sanford to expire in mid-2019 rather than 2021 and for the PERS board to go out for bids for a new contract with a self-insurance plan being the primary bid. I'm not sure how altering bi-lateral contractual terms through legislative action works, but it seems dicey to me!

Interestingly, another amendment was added to the OMB bill by the Senate Wednesday adding the State Auditor's budget to the OMB budget. Why, you ask. Because Governor Burgum exercised his veto authority Tuesday night relative to the State Auditor's budget (HB 1004) taking issue with legislative intent to eliminate one specific staff position. Not knowing if the veto would be overridden, the Senate chose to amend the OMB budget to include the State Auditor's budget so there would be a placeholder

for those dollars. Ultimately, the House did override the Governor's veto of HB 1004 Wednesday night, but the Senate sustained it Thursday morning so the State Auditor's budget will remain with the OMB budget bill.

A fairly monumental piece of legislation was approved Monday that has been in the works for several sessions. SB 2206, as substantially amended, became a two-year statewide pilot program wherein the state will take over funding social services for the counties. The counties will then eliminate mill levies for county social services creating permanent property tax relief (assuming the pilot program becomes permanent next session). While the property tax relief will vary across counties, it will in all cases be less than the twelve percent property tax credit that has been funded by the state recently. Rather, that relief will reportedly range from four percent to nine percent. Along with the pilot program, the measure contains an interim study meant to identify the costs of providing those services, potential efficiencies, as well as mandating a plan for the 2019 legislature to make the program permanent. The ultimate goal is to get the state out of the property tax business and get the counties away from funding state-mandated social services. While it's a complicated bill, it conceptually makes sense. We'll find out how it works in practice as it was signed by the governor mid-week.

The legislature finally came to agreement on the governor's salary at the 11<sup>th</sup> hour Thursday. If you recall, one of Governor Burgum's campaign promises was to turn back his salary while in office. From there it seemed to get unnecessarily complicated. At the end of the day, the governor's budget bill includes legislative intent that he accept the governor's salary, but he can choose not to and then any salary dollars that he declines would be eliminated from the budget appropriation. Uffda!

And, last but not least, the voluminous OMB bill was passed first by the House and then the Senate during floor sessions Thursday evening starting at 7 pm. The 65<sup>th</sup> Assembly of the North Dakota Legislature is over!

### **BILL UPDATES FROM ICBND "PRIORITY" TRACKING LIST**

SB 2014 is the Industrial Commission budget including the Housing Finance Agency (HFA) and the Bank of North Dakota (BND) and the amended version was approved by both chambers this week following conference committee agreement and reports. The measure was approved to the satisfaction of ICBND after proposed House cuts to both HFA and BND were restored in the final bill.

HB 1024 was also approved out of conference committee by both chambers to ICBND's satisfaction with the final version restoring language articulating the state's repayment obligation of DAPL-related protest costs that were funded by the Bank of North Dakota.

Thank you again for your participation in the legislative process this session. While most of ICBND's advocacy efforts this session were of a defensive nature, I believe independent community banks fared well!

Sincerely,



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## ICBND PRIORITY LIST AND BILL STATUS DETAIL

Bill	Status	Title
HB 1024	House: PASSED Senate: PASSED 04/26 S Second reading, passed as amended, yeas 45 nays 2 04/26 S Emergency clause carried	Relating to Bank of North Dakota transfers to the state general fund; to provide for borrowing authority; to provide for transfers; to provide statements of legislative intent; and to declare an emergency.
HB 1126	House: PASSED Senate: PASSED Governor: SIGNED 04/13 H Signed by Governor 04/13 04/21 Filed with Secretary Of State 04/13	Relating to public warehouse and grain buyer licensing and insolvencies of public warehouses and grain buyers; to repeal sections 60-02-39 and 60-02.1-25 of the North Dakota Century Code, relating to warehouse closures; and to provide for a legislative management study.
HB 1162	House: PASSED Senate: DEFEATED 03/15 S Reported back, do not pass, placed on calendar 6 1 0 03/16 S Second reading, failed to pass, yeas 5 nays 41	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: PASSED Governor: SIGNED 03/24 H Signed by Governor 03/23 03/27 Filed with Secretary Of State 03/24	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: DEFEATED 04/13 S Amendment adopted, placed on calendar 04/13 S Second reading, failed to pass, yeas 1 nays 46	Relating to approval of property tax incentives granted by a city; to amend and reenact subsection 7 of section 40-57.1-03, section 40-58-20.2, and subsection 3 of section 54-35-26 of the North Dakota Century Code, relating to approval of property tax incentives granted by a city and evaluation of economic development tax incentives; to provide for a legislative management study; and to provide an effective date.

HB 1219	House: PASSED Senate: PASSED Governor: SIGNED 03/23 H Signed by Governor 03/22 03/27 Filed with Secretary Of State 03/23	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: PASSED Governor: SIGNED 03/22 H Signed by Governor 03/21 03/23 Filed with Secretary Of State 03/22	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	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: DEFEATED 03/20 S Reported back, do not pass, placed on calendar 6 0 0 03/21 S Second reading, failed to pass, yeas 0 nays 47	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: PASSED Governor: SIGNED 04/06 H Signed by Governor 04/05 04/13 Filed with Secretary Of State 04/05	Relating to custody and disposition of abandoned motor vehicles; and to declare an emergency.
HB 1382	House: PASSED Senate: DEFEATED 03/09 S Reported back, do not pass, placed on calendar 6 0 0 03/10 S Second reading, failed to pass, yeas 14 nays 32	Relating to the establishment of an education savings account program.
HB 1425	House: PASSED Senate: DEFEATED 03/31 S Amendment adopted, placed on calendar	A BILL for an Act to protect the rights and privileges granted under the United States Constitution.

	03/31 S Second reading, failed to pass, yeas 15 nays 29	
SB 2008	Senate: PASSED House: PASSED Governor: SIGNED 04/12 S Signed by Governor 04/12 04/13 Filed with Secretary Of State 04/12	AN ACT to provide an appropriation for defraying the expenses of the department of financial institutions; to provide for a study; and to provide for a report to the legislative management.
SB 2014	Senate: PASSED House: PASSED 04/26 H Signed by Speaker 04/26 S Signed by President	Relating to loan guarantee fees, suspension of recreational licenses, the housing incentive fund, North Dakota mill and elevator profits, coal development trust fund allocations, and a financial center project; 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 for reports; to provide exemptions; to provide an expiration date; and to declare an emergency.
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 Governor: SIGNED 03/17 S Signed by Governor 03/15 03/20 Filed with Secretary Of State 03/16	Relating to management of a limited liability company; and to provide for retroactive application.
SB 2160	Senate: PASSED House: PASSED Governor: SIGNED 03/14 S Signed by Governor 03/13 03/16 Filed with Secretary Of State 03/13	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	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.

	02/07 S Second reading, failed to pass, yeas 11 nays 33	
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: PASSED Governor: SIGNED 03/30 S Signed by Governor 03/29 03/31 Filed with Secretary Of State 03/30	Relating to residency requirements of bank directors.
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: DEFEATED 03/13 H Amendment adopted, placed on calendar 03/15 H Second reading, failed to pass, yeas 43 nays 48	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: PASSED Governor: SIGNED 04/10 S Signed by Governor 04/10 04/13 Filed with Secretary Of State 04/10	Relating to the prohibition of the diversion of restricted assets and the priority of those assets in a dissolution.
SB 2296	Senate: PASSED House: PASSED Governor: SIGNED 03/27 S Signed by Governor 03/24 03/31 Filed with Secretary Of State 03/24	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 2301	Senate: PASSED House: PASSED Governor: SIGNED 04/06 S Signed by Governor 04/05 04/13 Filed with Secretary Of State 04/05	Relating to specialty pharmacy services; to provide a penalty; and to provide for application.
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: PASSED Governor: SIGNED 04/10 S Signed by Governor 04/10 04/13 Filed with Secretary Of State 04/10	Relating to the definition and endangerment or exploitation of an eligible adult; and to provide a penalty.
SB 2340	Senate: PASSED House: PASSED Governor: SIGNED 04/10 S Signed by Governor 04/10 04/13 Filed with Secretary Of State 04/10	Relating to fees charged by a county recorder for filing mortgage disclosures.
SB 2344	Senate: PASSED House: PASSED Governor: SIGNED 04/18 S Signed by Governor 04/17 04/21 Filed with Secretary Of State 04/18	Relating to medical marijuana; to amend and reenact section 54-60-03, paragraph 3 of subdivision a of subsection 15 of section 57-02-08, and paragraph 2 of subdivision b of subsection 15 of section 57-02-08 of the North Dakota Century Code, relating to primary sector business certification and property tax exemptions for farm buildings and residences; to repeal chapter 19-24 of the North Dakota Century Code, relating to medical marijuana; to provide a statement of legislative intent; to provide for a report; to provide a penalty; to provide a continuing appropriation; and to declare an emergency.
HCR 3009	House: PASSED Senate: PASSED 03/22 H Signed by Speaker 03/22 H Filed with Secretary Of State 03/22	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.