



Legislative Update January 20, 2023

SECTION 1: GENERAL

Over 900 bills and resolutions have already been introduced during this 68th Assembly of the North Dakota Legislature. Monday was the last day for representatives to introduce bills and this coming Monday is the last day for senators to do the same. Thank goodness! By the time the introduced bills get through Legislative Council and posted to the bill tracking system, I'm quite confident we will exceed 1000 bills and resolutions which is well in excess of prior sessions. So much for less government!

Several emotionally-charged bills were heard this week at the Capitol. It's fairly typical that these get scheduled for hearing about this time in each session after legislators have acted on some of the "no-brainer" bills that are either killed on the floor or advanced to the next chamber. While every bill is near and dear to someone, certain subjects just garner an exponential amount of "the feels". Those high-tension topics heard this week included abortion, sanctuary cities, marijuana, drag shows, transgender bathroom access and sports participation, citizenship, and deer baiting. While these bills are not related to banking, they take a tremendous amount of the legislature's time in hearings and floor debates and have the effect of further compressing an already tight schedule for the session.

An overwhelming theme of this legislative session relates to environmental, social, and governance (ESG) concerns. Financial institutions have fallen right in the crosshairs of conservative legislators at least in part due to positions some Wall Street megabanks have taken. At the risk of oversimplifying the issue, these bills seek to ban bans by prohibiting businesses and government entities from discriminating against the energy and agricultural industries. Naturally, as North Dakotans, this seems reasonable and makes perfect sense. Community bankers fully embrace these industries every day. Unfortunately, that can't be said everywhere, and the intent of these bills is to understandably head that off.

However, as this concept translates to legislation it has become problematic by unfairly, and unintentionally in some cases, affecting community banks adversely. Community banking decision-making does not fit into a neat little matrix. The language in some of these bills tries to force that and at a minimum would create onerous reporting to the Department of Financial Institutions, possibly blacklisting community banks, and could actually have the opposite effect by limiting services to your customers. I'm fairly confident that we will be able to kill these or make them amenable to community banking. I want to be clear that we don't begrudge the intent of these bills, but words matter. You will see in Section 3 of this report that House Bill 1283 will be heard in the House Industry, Business and Labor Committee next week and is a prime example if your curious what the language looks like.

Another coming battle also reflected on next week's calendar will be Senate Bill 2217 which seeks to prohibit credit or debit interchange on the sales tax component of a card transaction. Financially this isn't a huge issue but it's a thinly veiled "nose under the tent" endeavor driven by the national retail lobby.

Finally, the youngest legislator in North Dakota history has introduced a bill defining milk as a lacteal secretion of a hoofed mammal. Testimony given in support of the bill told the committee that "it **behooves** you to support it". I so wish I would have thought of that one! Have a nice weekend.

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

HB 1008– is the Department of Financial Institutions budget for the 2023-2025 biennium and was brought again before the House Government Operations Division of the Appropriations Committee. Commissioner Kruse is requesting additional full-time (FTE’s) primarily for the licensure and examination of non-depository entities under the department’s supervision. ICBND testified in support of the budget proposal during the first week of the session and will continue to support the department. If you’ve ever seen the movie “Ground Hog Day” then you know how this hearing went. This committee is a head-scratcher.

HB 1106 – would require employees of, or contractors to, appraisal management companies to be permitted in North Dakota by the ND Real Estate Appraiser Qualifications and Ethics Board. In the House IBL Committee last week Chair Louser assigned a subcommittee to work with interested parties on this bill and HB 1107. A subcommittee hearing was held late Wednesday afternoon on both bills. Subcommittee Chairman Ben Koppelman spent a limited amount of time on this bill and directed the Appraiser Board and the appraisal management companies to work out language that would work for both.

HB 1107 – was also brought by the Appraiser Board and relates to regulation of appraisers as a “housekeeping” bill. Like a horse hearing the oats bucket, my ears always perk up when I hear “housekeeping” as it relates to changing North Dakota Century Code. Often, it’s benign - more often it’s not. Anyway, our primary concern with this bill has been to make sure that it exempts the Bank of North Dakota (BND) and its evaluation and appraisal review business from oversight of the Appraiser Board and ensures those activities performed by BND for community banks fall outside the board’s purview. A very productive subcommittee meeting went into the evening Wednesday with interested parties from the banking, realtor, appraiser, and homebuilding industries. ICBND introduced an amendment during the subcommittee meeting to clearly protect BND’s examination and appraisal review activities for community banks. Additional subcommittee meetings will be held.

HB 1345 – was heard in the House Agriculture Committee this morning. It’s another environmental, social, and governance (ESG) bill but doesn’t directly target banks. Instead, it would require that all contracts between a state entity and a vendor must include a provision indicating the vendor’s support of the state’s agriculture and energy industries. Representative Bernie Satrom introduced the bill as a primary sponsor. Opposing testimony noted some potential constitutionality issues which seems like a big hurdle to my feeble mind. ICBND has not taken a position on this bill and will continue to monitor it as the Committee did not act on it today.

HB 1347 – is another ESG bill that would directly affect community banking and includes reporting and demands for financial institutions who are viewed as “boycotting energy companies”. The bill was heard in the House IBL Committee on Wednesday afternoon. Representative Bernie Satrom also introduced this bill as a prime sponsor and in his introduction admitted that it unintentionally targets state-chartered community banks and should be killed. Furthering the problematic nature of the bill as admitted by Representative Satrom is the fact that it takes a hatchet to the banking chapter of the North Dakota Century Code (Title 6). ICBND and NDBA naturally oppose the bill and the DFI has also opposed the bill. There was no testimony in support of the bill beyond Representative Satrom’s introduction and Committee Chairman Scott Louser, in the interest of time, truncated oral testimony in opposition based on the bill sponsor’s conciliatory comments. The Committee did not act immediately on the bill so we will closely monitor but fully expect it to be killed.

SECTION 3: BILL HEARINGS NEXT WEEK

<u>Date and Time</u>	<u>Bill Number</u>	<u>Short Title</u>
01/23/2023 09:00	HB 1429	Relating to state contracts with certain companies that boycott energy, mining, and production agriculture.
01/23/2023 09:00	HB 1374	Relating to competition between the government and private industry; and to require a report to legislative management.
01/23/2023 02:00	HB 1014	A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; and to provide an exemption.
01/24/2023 08:00	HB 1283	Relating to fair access to financial products and services; and to provide a penalty.
01/24/2023 08:30	HB 1014	A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; and to provide an exemption.
01/24/2023 09:45	SB 2263	Relating to escrow accounts.
01/24/2023 02:30	HB 1146	Relating to public employee fertility health benefits; to amend and reenact section 26.1-36.6-03 of the North Dakota Century Code, relating to self-insurance health plans; to provide for a report; to provide for application; to provide an expiration date; and to declare an emergency.
01/25/2023 09:00	HB 1083	Relating to the adoption of the Revised Uniform Law on Notarial Acts (2021).
01/25/2023 09:00	SB 2217	Relating to the calculation of interchange fees for electronic payment transactions; and to provide a penalty.
01/25/2023 09:30	SB 2172	Relating to the interstate insurance product regulation compact.
01/25/2023 11:15	SB 2300	Relating to notice to owner and law enforcement of abandoned vehicles.
01/25/2023 02:00	SB 2320	Relating to fees chargeable by abstracters.
01/25/2023 02:30	HB 1291	Relating to execution of a judgment.
01/26/2023 09:00	HB 1225	A BILL for an Act to provide an appropriation to the tax commissioner for the development of an online portal for electronically accessible statewide property information and property tax information.
01/26/2023 10:00	HB 1068	Relating to residential mortgage loan servicers; and to provide a penalty.
01/27/2023 09:00	SB 2333	Relating to annually reconvened sessions of the legislative assembly.
01/27/2023 09:30	HB 1371	Relating to agricultural definitions, ownership exceptions for beekeeping, agriculture support services, cattle backgrounding and feedlot operations, and raising or producing of livestock by persons that have limited landholdings.
01/27/2023 09:30	HB 1008	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.

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,

A handwritten signature in blue ink that reads "Barry D. Haugen". The signature is written in a cursive style with a large, stylized 'B'.

Barry D. Haugen

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ICBND BILL TRACKING LIST

Bill	Status	Title
HB 1008	House: INTRODUCED 01/06 H Committee Hearing - 10:00 AM 01/17 H Committee Hearing - 03:00 PM	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.
HB 1014	House: INTRODUCED 01/12 H Committee Hearing - 08:30 AM 01/12 H Committee Hearing - 02:00 PM	A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; and to provide an exemption.
HB 1058	House: PASSED 01/13 H Second reading, passed, yeas 92 nays 0 01/16 S Received from House	Relating to small claims.
HB 1068	House: INTRODUCED 01/12 H Rereferred to Appropriations 01/26 H Committee Hearing - 10:00 AM	Relating to residential mortgage loan servicers; and to provide a penalty.
HB 1080	House: PASSED 01/10 H Second reading, passed, yeas 86 nays 6 01/11 S Received from House	Relating to allowing electronic proof of motor vehicle registration.
HB 1082	House: INTRODUCED 01/03 H Introduced, first reading, referred Judiciary Committee	Relating to the adoption of the Uniform Commercial Code amendments (2022)
HB 1083	House: INTRODUCED 01/03 H Introduced, first reading, referred Judiciary Committee 01/25 H Committee Hearing - 09:00 AM	Relating to the adoption of the Revised Uniform Law on Notarial Acts (2021).
HB 1095	House: INTRODUCED 01/11 H Rereferred to Human Services 01/17 H Committee Hearing - 09:30 AM	Relating to the inclusion of comprehensive medication management services in health benefit plans.
HB 1106	House: INTRODUCED 01/11 H Committee Hearing - 02:30 PM 01/18 H Committee Hearing - 03:30 PM	Relating to appraisal management companies.
HB 1107	House: INTRODUCED 01/04 H Committee Hearing - 11:00 AM 01/18 H Committee Hearing - 03:30 PM	Relating to the regulation of real estate appraisers; and to provide a penalty.
HB 1108	House: INTRODUCED 01/03 H Introduced, first reading, referred Energy and Natural Resources Committee 01/13 H Committee Hearing - 10:00 AM	Relating to international climate control regulations.
HB 1118	House: INTRODUCED 01/03 H Introduced, first reading, referred	Relating to an individual income tax credit; to provide an

	Finance and Taxation Committee 01/11 H Committee Hearing - 10:00 AM	effective date; and to provide an expiration date.
HB 1146	House: INTRODUCED 01/03 H Introduced, first reading, (emergency), referred Industry, Business and Labor Committee 01/10 H Committee Hearing - 09:00 AM	Relating to public employee fertility health benefits; to amend and reenact section 26.1-36.6-03 of the North Dakota Century Code, relating to self-insurance health plans; to provide for a report; to provide for application; to provide an expiration date; and to declare an emergency.
HB 1199	House: INTRODUCED 01/18 H Committee Hearing - 09:15 AM 01/19 H Reported back amended, do pass, amendment placed on calendar 21 0 2	A BILL for an Act to provide an appropriation to the department of career and technical education for the statewide area and career center initiative grant program; to authorize a Bank of North Dakota line of credit; to provide an exemption; to provide for a transfer; and to declare an emergency.
HB 1215	House: PASSED 01/18 H Second reading, passed, yeas 85 nays 6 01/19 S Received from House	Relating to the filing of business incentive reports; and to repeal chapter 54-60.1 of the North Dakota Century Code, relating to business incentives, agreements, and reports administered by the department of commerce.
HB 1225	House: INTRODUCED 01/11 H Rereferred to Appropriations 01/26 H Committee Hearing - 09:00 AM	A BILL for an Act to provide an appropriation to the tax commissioner for the development of an online portal for electronically accessible statewide property information and property tax information.
HB 1227	House: INTRODUCED 01/18 H Reported back amended, do pass, amendment placed on calendar 12 0 2 01/19 H Amendment adopted, placed on calendar	Relating to a cost-benefit analysis for a measure or policy affecting the legacy fund.
HB 1267	House: INTRODUCED 01/11 H Introduced, first reading, referred Finance and Taxation Committee 01/17 H Committee Hearing - 11:00 AM	Relating to the disposition of proceeds from tax lien foreclosures.
HB 1278	House: INTRODUCED 01/11 H Introduced, first reading, referred Government and Veterans Affairs Committee	Relating to the prudent investor rule; and to amend and reenact section 21-10-02, subsection 1 of section 21- 10-08.1, and subsection 2 of section 21-10-11 of the North Dakota Century Code, relating to the state investment board and the legacy fund.
HB 1283	House: INTRODUCED 01/11 H Introduced, first reading, referred Industry, Business and Labor Committee 01/24 H Committee Hearing - 08:00 AM	Relating to fair access to financial products and services; and to provide a penalty.
HB 1291	House: INTRODUCED 01/11 H Introduced, first reading, referred Judiciary Committee 01/25 H Committee Hearing - 02:30 PM	Relating to execution of a judgment.
HB 1323	House: PASSED 01/18 H Reported back, do pass, place on calendar 12 0 2 01/19 H Second reading, passed, yeas 91 nays 0	Relating to a claimant's right to maintain a construction lien for furnishing materials and improvements.
HB 1345	House: INTRODUCED 01/11 H Introduced, first reading, referred	Relating to state purchasing contracts.

	Agriculture Committee 01/20 H Committee Hearing - 09:00 AM	
HB 1347	House: INTRODUCED 01/11 H Introduced, first reading, referred Industry, Business and Labor Committee 01/18 H Committee Hearing - 02:30 PM	Relating to the state treasurer and financial institutions engaged in boycotts of energy companies; and to amend and reenact section 6-01-02 of the North Dakota Century Code, relating to definitions.
HB 1371	House: INTRODUCED 01/13 H Introduced, first reading, referred Agriculture Committee 01/27 H Committee Hearing - 09:30 AM	Relating to agricultural definitions, ownership exceptions for beekeeping, agriculture support services, cattle backgrounding and feedlot operations, and raising or producing of livestock by persons that have limited landholdings.
HB 1374	House: INTRODUCED 01/13 H Introduced, first reading, referred Industry, Business and Labor Committee 01/23 H Committee Hearing - 09:00 AM	Relating to competition between the government and private industry; and to require a report to legislative management.
HB 1392	House: INTRODUCED 01/16 H Introduced, first reading, referred Education Committee	Relating to the authority to deposit money into institution accounts at the Bank of North Dakota.
HB 1393	House: INTRODUCED 01/16 H Introduced, first reading, referred Agriculture Committee	Relating to grain and seed warehouses, grain buyers, insolvent grain warehousemen, uniform accounting for public elevators and warehouses, and credit-sale contracts indemnity from title 60; to amend and reenact subsection 4 of section 41-07-10 and section 51-23-04 of the North Dakota Century Code, relating to cross-references to repealed laws; to repeal chapters 60-02, 60-02.1, 60-04, 60-05, and 60-10 of the North Dakota Century Code, relating to grain and seed warehouses, grain buyers, insolvent grain warehousemen, uniform accounting for public elevators and warehouses, and credit-sale contracts indemnity; to provide a penalty; and to provide a continuing appropriation.
HB 1429	House: INTRODUCED 01/17 H Introduced, first reading, referred Industry, Business and Labor Committee 01/23 H Committee Hearing - 09:00 AM	Relating to state contracts with certain companies that boycott energy, mining, and production agriculture.
HB 1460	House: INTRODUCED 01/18 H Introduced, first reading, referred Finance and Taxation Committee	Relating to a paid family medical leave program and an income tax credit for contributions paid into the paid family medical leave fund on behalf of eligible employees; to provide an appropriation; to provide for a transfer; and to provide an effective date.
HB 1469	House: INTRODUCED 01/18 H Introduced, first reading, referred Industry, Business and Labor Committee	Relating to the investment and management of public funds.
HB 1487	House: INTRODUCED 01/18 H Introduced, first reading, referred Industry, Business and Labor Committee	Relating to financial institutions use of merchant codes to track firearm and ammunition-related purchases; and to provide a penalty.
HB 1505	House: INTRODUCED 01/18 H Introduced, first reading, referred Judiciary Committee	Relating to a prohibition on requiring a vaccination; and to provide a penalty.
HB 1507	House: INTRODUCED 01/18 H Introduced, first reading, referred	Relating to the state minimum wage.

	Industry, Business and Labor Committee	
SB 2090	Senate: PASSED 01/06 S Second reading, passed, yeas 43 nays 0 01/09 H Received from Senate	Relating to residential mortgage lenders; to amend and reenact sections of the North Dakota Century Code, relating to money brokers; to repeal section 13-04.1-16 of the North Dakota Century Code, relating to call reports; to provide a penalty; and to provide for application.
SB 2092	Senate: PASSED 01/06 S Second reading, passed, yeas 43 nays 0 01/09 H Received from Senate	Relating to voluntary liquidation of credit unions; to amend and reenact section 6-01-04.1 of the North Dakota Century Code, relating to the removal of officers, directors, and employees of financial corporations or institutions; and to repeal chapter 6-06.1 of the North Dakota Century Code, relating to voluntary liquidation of credit unions.
SB 2111	Senate: PASSED 01/11 S Second reading, passed, yeas 44 nays 3 01/12 H Received from Senate	Relating to certificate of title to be allowed in electronic form.
SB 2118	Senate: INTRODUCED 01/03 S Introduced, first reading, (emergency), referred Energy and Natural Resources Committee 01/12 S Committee Hearing - 09:30 AM	Relating to abandoned motor vehicles; and to declare an emergency.
SB 2119	Senate: PASSED 01/06 S Second reading, passed, yeas 43 nays 0 01/09 H Received from Senate	Relating to money transmitters; to amend and reenact subsection 1 of section 6-01-01.1 of the North Dakota Century Code, relating to money transmitters; to repeal chapter 13-09 of the North Dakota Century Code, relating to money transmitters; and to provide a penalty.
SB 2136	Senate: INTRODUCED 01/03 S Introduced, first reading, referred Finance and Taxation Committee 01/10 S Committee Hearing - 10:30 AM	Relating to the homestead tax credit; and to provide an effective date.
SB 2140	Senate: INTRODUCED 01/03 S Introduced, first reading, (emergency), referred Human Services Committee 01/11 S Committee Hearing - 10:00 AM	Relating to accident and health insurance coverage of diabetes drugs and supplies; to amend and reenact section 26.1-36.6-03 of the North Dakota Century Code, relating to public employees self-insurance health plans; to provide for application; to provide an effective date; and to declare an emergency.
SB 2160	Senate: INTRODUCED 01/11 S Request return from committee 01/11 S Rereferred to Human Services	Relating to health insurance coverage of telehealth.
SB 2172	Senate: INTRODUCED 01/09 S Introduced, first reading, referred Industry and Business Committee 01/25 S Committee Hearing - 09:30 AM	Relating to the interstate insurance product regulation compact.
SB 2198	Senate: INTRODUCED 01/10 S Introduced, first reading, referred Workforce Development Committee	Relating to state employee family medical leave.
SB 2210	Senate: INTRODUCED 01/11 S Introduced, first reading, referred	Relating to individual retirement and employee benefit

	Industry and Business Committee	trusts.
SB 2217	Senate: INTRODUCED 01/12 S Introduced, first reading, referred Finance and Taxation Committee 01/25 S Committee Hearing - 09:00 AM	Relating to the calculation of interchange fees for electronic payment transactions; and to provide a penalty.
SB 2263	Senate: INTRODUCED 01/16 S Introduced, first reading, referred Industry and Business Committee 01/24 S Committee Hearing - 09:45 AM	Relating to escrow accounts.
SB 2266	Senate: INTRODUCED 01/16 S Introduced, first reading, referred Industry and Business Committee	Relating to credit union membership.
SB 2296	Senate: INTRODUCED 01/16 S Introduced, first reading, referred Judiciary Committee	Relating to agency adjudications and judicial deference in administrative hearings.
SB 2300	Senate: INTRODUCED 01/16 S Introduced, first reading, referred Industry and Business Committee 01/25 S Committee Hearing - 11:15 AM	Relating to notice to owner and law enforcement of abandoned vehicles.
SB 2320	Senate: INTRODUCED 01/16 S Introduced, first reading, referred Industry and Business Committee 01/25 S Committee Hearing - 02:00 PM	Relating to fees chargeable by abstracters.
SB 2330	Senate: INTRODUCED 01/16 S Introduced, first reading, referred Industry and Business Committee	Relating to the legacy and budget stabilization fund advisory board and legacy fund definitions; and to repeal section 6-09-49.1 of the North Dakota Century Code, relating to the legacy infrastructure loan fund.
SB 2333	Senate: INTRODUCED 01/16 S Introduced, first reading, referred State and Local Government Committee 01/27 S Committee Hearing - 09:00 AM	Relating to annually reconvened sessions of the legislative assembly.