



## Legislative Update January 27, 2023

### **SECTION 1: GENERAL**

I had predicted in last week's update that we would surpass 1000 bills. I was wrong. With filing deadlines passed, we are at 959 bills introduced in the 68<sup>th</sup> Legislative Assembly. That number will grow however as there will certainly be delayed bills coming from the delayed bills committee later in the session.

This was probably the busiest week of hearings for community banking-related bills in my 8-year history with ICBND. The most significant bills were House Bill 1283 and Senate Bill 2217. They are both bad. House Bill 1283 is an anti-ESG bill. ESG stands for environmental, social and governance and has been a hot topic this session with several ESG bills being introduced. The oversimplified theme of these bills is an attempt to combat "wokeness" in dealing with the energy industry. As I reported in last week's update, HB 1283's intent is to make sure financial institutions don't discriminate against the energy industry. But the problematic language in the bill has a number of unintended consequences that can really only affect state-chartered institutions because that's where the long arm of North Dakota law ends. The bill would create onerous reporting for community banks and calls for nothing short of a "blacklist" of community banks who've made decisions outside "quantitative, impartial, risk-based financial standards".

House Bill 1283 was heard before the House Industry, Business and Labor (IBL) Committee Tuesday morning. Representative Anna Novak is the prime sponsor of several ESG bills including this one. She testified in support of the bill along with Bette Grande and the Lignite Energy Council. Department of Financial Institutions (DFI) Commissioner Lise Kruse, ICBND, NDBA, Bank of North Dakota and the credit unions all testified in opposition to the bill. I think crabby might be a diplomatic word to describe the committee's mood relative to the opposition testimony. Conservative legislators are pushing hard against the ESG movement. I can understand that, but I don't know how you legislate that. It certainly doesn't work in this bill. Representative Novak did introduce some amendments, but they didn't make the bill much better. It was a long hearing at which the Committee took no action. Committee work or additional hearings are not on the schedule yet. This is not the only ESG bill that affects community banking, but it's by far the worse one in my opinion.

Senate Bill 2217 was an incredibly frustrating experience which still stings. The bill would prohibit financial institutions from charging interchange fees on the sales tax portion of a credit or debit card transaction. The hearing was held Wednesday morning in the Senate Finance and Taxation Committee. Senator Shawn Vedaas is the prime sponsor of the bill and introduced it. Additional testimony in support was offered by the North Dakota Retailers Association, the North Dakota Grocers Association, the National Federation of Independent Businesses, and several grocers and convenience store owners. The national retail lobby is all-in as well. Angie Olson and I testified in opposition to the bill as did NDBA and the credit unions. The primary issue is that the payments system network simply does not support what this legislation seeks to do. The systems that process credit and debit card transactions only recognize the final purchase amount. Long story short, the committee met that same afternoon and arrived at a 3-3 tie and sent the bill to the Senate Floor without recommendation. This is a rare occurrence. Ultimately, the bill passed on the Senate Floor Thursday afternoon by a vote of 26-21. We knew it was going to be close, but we thought we had the votes.

The three financial institution trade groups (ICBND, NDBA, CUAD) met with Senate Majority Leader Hogue this morning to discuss bringing the bill back to the floor for reconsideration with the intent of sending the bill back to committee to get more expert testimony. Those discussions were not fruitful. The same group met with House Majority Leader Lefor to discuss the bill and committee assignment in the House. We will put on a full court press in the House as we know the retailers will as well.

Next week presents an even bigger battle as the credit unions, through Senate Bill 2266, are seeking field of membership expansion from a 75-mile radius to a 250-mile radius along with new language in code that would allow the state credit union board to grant to a state-chartered credit union the same field of membership as a federal credit union. It's going to be a busy weekend!

## **SECTION 2: BILL UPDATES FROM ICBND "PRIORITY" TRACKING LIST**

**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. As reported before, this bill was sent to subcommittee and after much wrangling, was given a “do not pass” recommendation from the subcommittee Wednesday evening.

**HB 1107** – was also part of Wednesday's subcommittee meeting. Our primary concern with this bill throughout this somewhat lengthy process 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. ICBND offered another amendment ensuring just that and the amendment was adopted by the subcommittee and as amended the bill received a “do pass” recommendation to the full committee which will take up both HB 1106 and HB 1107 next week.

**HB 1225** – seeks to develop an online portal for electronically accessible statewide property information and property tax information. This is already done in about 30 counties, but this bill would create a mandate and the appropriate funding to implement statewide. ICBND supports this bill as we believe it would be very helpful for internal evaluations and could speed up appraisal timeframes as well. It was heard in House Appropriations on Thursday with a price tag of about \$300,000 for the biennium. No action was taken Thursday.

**HB 1420** – seeks to create a small business revolving loan fund for women, minority and veteran owned businesses directly through BND for loans of \$10,000 to \$45,000 carrying an interest rate of 0.5 percent. It was heard Monday morning in House IBL Committee. ICBND opposes the bill as does BND. The Committee did not take any action Monday. I am relatively confident that this bill will not proceed further than the House.

**HB 1429** – is another ESG bill that would prohibit governmental entities from contracting with businesses unless those businesses disclose their support of the state's energy and agricultural industries. This is not necessarily a banking issue and we've not taken a position but continue to monitor as it works its way through the system.

**SB 2263** – finally a fun one to talk about. And we won! This is ICBND's bill that seeks to align North Dakota Century Code with the Real Estate Settlement Procedures Act (RESPA) as it relates to the handling of escrow account surplus following the annual computational review. Senator Scott Meyer and Representative Scott Louser co-sponsored this bill and Senator Meyer did an excellent job introducing it to the Senate Industry and Business Committee Tuesday morning. This occurred at the same time that HB 1283 was heard in House IBL Committee, so I was scrambling about the Capitol a bit. I testified in support of bill as did the North Dakota Housing Finance Agency. The North Dakota Land Title Association and NDBA also supported the bill. It received a 5-0 “do pass” recommendation out of Committee Tuesday and passed unanimously on the Senate Floor Thursday afternoon.

**SECTION 3: BILL HEARINGS NEXT WEEK**

<b><u>Date &amp; Time</u></b>	<b><u>Bill Number</u></b>	<b><u>Short Title</u></b>	<b><u>Committee</u></b>
01/30/2023 08:30	<a href="#"><u>HB 1014</u></a>	A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission.	House Appropriations - Government Ops
01/30/2023 09:00	<a href="#"><u>HB 1460</u></a>	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.	House Industry, Business and Labor
01/30/2023 09:00	<a href="#"><u>HB 1507</u></a>	Relating to the state minimum wage.	House IBL
01/30/2023 09:00	<a href="#"><u>HB 1199</u></a>	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.	Senate Appropriations
01/30/2023 10:30	<a href="#"><u>SB 2210</u></a>	Relating to individual retirement and employee benefit trusts.	Senate Industry and Business
01/31/2023 09:30	<a href="#"><u>HB 1392</u></a>	Relating to the authority to deposit money into institution accounts at the Bank of North Dakota.	House Education
01/31/2023 02:00	<a href="#"><u>SB 2266</u></a>	Relating to credit union membership.	Senate Industry and Business
02/01/2023 08:00	<a href="#"><u>HB 1487</u></a>	Relating to financial institutions use of merchant codes to track firearm and ammunition-related purchases; and to provide a penalty.	House Industry, Business and Labor
02/01/2023 03:00	<a href="#"><u>SB 2296</u></a>	Relating to agency adjudications and judicial deference in administrative hearings.	Senate Judiciary
02/02/2023 10:00	<a href="#"><u>HB 1278</u></a>	Relating to the prudent investor rule; and to amend and reenact sections of the North Dakota Century Code, relating to the state investment board and the legacy fund.	House Government and Veterans Affairs
02/02/2023 04:00	<a href="#"><u>HB 1008</u></a>	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.	House Appropriations - Government Ops

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](http://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 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 01/26 H Committee Hearing - 10:00 AM 01/26 H Reported back, do pass, place on calendar 18 0 5	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: PASSED 01/25 H Reported back, do pass, place on calendar 11 0 2 01/26 H Second reading, passed, yeas 92 nays 0	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	Relating to international climate control regulations.

	Energy and Natural Resources Committee 01/13 H Committee Hearing - 10:00 AM	
HB 1118	House: INTRODUCED 01/03 H Introduced, first reading, referred Finance and Taxation Committee 01/11 H Committee Hearing - 10:00 AM	Relating to an individual income tax credit; to provide an 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: PASSED Senate: INTRODUCED 01/23 S Introduced, first reading, (emergency), referred Appropriations Committee 01/30 S Committee Hearing - 09:00 AM	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: PASSED 01/20 H Second reading, passed, yeas 89 nays 0 01/23 S Received from House	Relating to a cost-benefit analysis for a measure or policy affecting the legacy fund.
HB 1267	House: PASSED 01/24 H Second reading, passed, yeas 52 nays 41 01/25 S Received from House	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 02/02 H Committee Hearing - 10:00 AM	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 01/19 H Second reading, passed, yeas 91 nays 0 01/20 S Received from House	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 Agriculture Committee 01/20 H Committee Hearing - 09:00 AM	Relating to state purchasing contracts.
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 01/31 H Committee Hearing - 09:30 AM	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 1420	House: INTRODUCED 01/17 H Introduced, first reading, referred Industry, Business and Labor Committee 01/23 H Committee Hearing - 09:00 AM	Relating to a small business diversity revolving loan fund; to provide a continuing appropriation; to provide an appropriation; and to provide a transfer.
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 01/20 H Rereferred to Industry, Business	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

	and Labor 01/30 H Committee Hearing - 09:00 AM	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 02/01 H Committee Hearing - 08:00 AM	Relating to financial institutions use of merchant codes to track firearm and ammunition-related purchases; and to provide a penalty.
HB 1505	House: INTRODUCED 01/20 H Request return from committee 01/20 H Rereferred to Human Services	Relating to a prohibition on requiring a vaccination; and to provide a penalty.
HB 1507	House: INTRODUCED 01/18 H Introduced, first reading, referred Industry, Business and Labor Committee 01/30 H Committee Hearing - 09:00 AM	Relating to the state minimum wage.
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 13-04.1-01, 13-04.1-02.1, 13-04.1-03, 13-04.1-08, 13-04.1-08.1, 13-04.1-09, 13-04.1-09.3, 13-04.1-10, 13-04.1-13, 13-04.1-14, and 13-04.1-17 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: RECONSIDERED 01/24 S Reconsidered 01/24 S Rereferred to Energy and Natural Resources	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 01/26 S Request return from committee 01/26 S Rereferred to Human Services	Relating to health insurance coverage of telehealth.
SB 2172	Senate: PASSED 01/25 S Reported back, do pass, place on calendar 5 0 0 01/26 S Second reading, passed, yeas 47 nays 0	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 Industry and Business Committee 01/30 S Committee Hearing - 10:30 AM	Relating to individual retirement and employee benefit trusts.
SB 2217	Senate: PASSED 01/25 S Reported back without recommendation 6 0 0 01/26 S Second reading, passed, yeas 26 nays 21	Relating to the calculation of interchange fees for electronic payment transactions; and to provide a penalty.
SB 2263	Senate: PASSED 01/25 S Amendment adopted, placed on calendar 01/26 S Second reading, passed, yeas 47 nays 0	Relating to escrow accounts.
SB 2266	Senate: INTRODUCED 01/16 S Introduced, first reading, referred Industry and Business Committee 01/31 S Committee Hearing - 02:00 PM	Relating to credit union membership.
SB 2296	Senate: INTRODUCED 01/16 S Introduced, first reading, referred Judiciary Committee 02/01 S Committee Hearing - 03:00 PM	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 01/25 S Committee Hearing - 02:00 PM 01/26 S Reported back amended, do pass, amendment placed on calendar 5 0 0	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.