



Legislative Update February 23, 2023

SECTION 1: GENERAL

The 68th Assembly of the North Dakota Legislature got to Crossover ahead of schedule. Senate floor votes wrapped up Tuesday and the House adjourned its activities at about 1:00 PM on Ash Wednesday. Adjournment was undoubtedly hastened by the winter storm threat. Thank you, Mother Nature!

This has been a short, but interesting week with most of the activity on the respective chamber floors. Monday in the House was gun and ESG day. If you recall, ESG stands for environmental, social, and governance and is a global progressive movement that has the energy and ag industries in its crosshairs. Policymakers brought several bills that are anti-ESG as a preemptive strike. Words matter, however, and some of the bill language was just bad for community banking. Fortunately, the problematic bills were defeated while others survived– see Section 2 of this report.

ICBND doesn't track the gun bills real closely, but they focused on who can have them and where they can carry them. The House largely held off on answering that question Monday by advancing a Legislative Management Study that will address where concealed weapons can or should be restricted.

Tax relief bills have been a primary subject of this legislature as well. It became apparent early on that the House supported income tax relief while the Senate preferred property tax relief. The Senate advanced two bills last week calling for property tax relief. On Tuesday, over 80 percent of the House members voted affirmatively on three income tax relief bills. Each of these five bills has its own specifics and its own price tag. Of course, five tax relief bills are not going to survive. But there will be tax relief! And the amount will likely exceed \$500 million for the coming biennium. Based on messages from leadership, we anticipate the ultimate product of this sausage-making will be a mix of each.

In the Governor's address to the legislature in early January, he called for changes to the state's restrictive corporate farming laws, especially as they relate to animal agriculture, to stimulate the rural economy. Representative Paul Thomas introduced House Bill 1371 which became the vehicle to try to do that. As you can imagine, this bill ripped the scab off and exposed the emotional wound of corporate farming. But it didn't play out as dramatically as I thought it might due largely to the Farmers Union heavy involvement in amending the bill. What started out as a fairly simple three-page bill became a 17-pager before it landed in the House chamber Tuesday. Ultimately it does loosen the restrictions by allowing outside investments in animal agriculture. As amended, the bill allows a corporation to own up to 160 acres of farmland and one operator would be limited to being a partner in four such corporations. It would limit the number of shareholders to ten and would require the majority of shareholders in any livestock operation to be operators. It would also require the livestock corporations be subject to the same regulations and reporting requirements as family-owned farms. After significant floor debate, it passed by a vote of 70-24.

Finally, in case you were wondering, the "raw milk" bill is alive and well to answer the question of whether dairy farms should be allowed to sell direct to consumers. After 30 minutes of debate involving a dozen floor speakers, it passed 83-10. By the end of it, I'm not so sure legislators even knew that a "raw milk" bill had gotten in the way of the philosophical debate!

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

HB 1278 – was one of the many ESG bills brought forward. It was heavily amended, and the result was a sort of “ESG investment watchdog” bill. It also calls for Legislative Management Study in the interim to study current ESG trends, issues, policies and impacts to citizens, businesses, and industries of the state. The study must include input from representatives from state government with industry-specific expertise in the areas of investment, insurance, economic development, and finance. It passed 92-1 on the House floor Monday.

HB 1283 – was the worst of the environmental, social, and governance (ESG) bills for community banks - think “bans on bans”. While the intent was to protect the energy industry in North Dakota, the language of the bill was extremely problematic in its reporting and penalty provisions along with the creation of a “blacklist” of banks that may have declined financial services to entities based on reasons other than prescribed in the bill. For example, a credit decision based on character could trigger a reporting event and potential blacklisting. The bill meant to target woke megabanks, but it missed the mark. Fortunately, the House Industry, Business and Labor Committee gave the bill a 12-1 “do not pass” recommendation and it was finally killed on the House floor Monday as well. This is a big win.

HB 1429 – became the surviving “catch all” ESG bill that was worked on extensively in the House Industry Business and Labor Committee. The first three sections of this amended legislation; (1) prohibits investments with ESG as the end goal, (2) prohibits insurability decisions being made on ESG factors, and (3) provides for the scrutinization of proxy voting services. The fourth part of the bill includes a prescriptive Legislative Management Study during the interim. It passed on the House floor Monday by a vote of 93-0.

HB 1469 – is another ESG bill that sought to blacklist financial institutions from being able to have public funds invested with them if that financial institution promoted any political, social, environmental, ideological, or other nontraditional goal or standard that conflicts with the state’s energy or agriculture industries. Here’s the problem – as defined by whom? And of course, we don’t believe blacklisting banks is the answer to pretty much anything. Community banks support ag and energy every day. We opposed the bill. Ultimately, this bill was killed by a 6-97 vote in the House.

HB 1487 – is a gun and ammunition tracking bill that would prohibit specific tracking of gun and ammunition purchases. This would broadly apply to entities including financial institutions and the others in the payment card chain. We testified in opposition to the original bill language as it was problematic to community banks. ICBND and others were heavily involved in amending the bill. As amended, we did not oppose the bill and it passed on the House Floor late last week by a vote of 83-9. I bring this up because I think this bill still probably needs some tweaking as we see what other states have done with it during their legislative sessions.

SECTION 3: BILL HEARINGS NEXT WEEK

Date and Time	Bill Number	Short Title	Committee
03/01/2023 01:00 PM	<u>HB 1014</u>	Relating to a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.	Senate Appropriations
03/01/2023 01:00 PM	<u>HB 1068</u>	Relating to residential mortgage loan servicers; to provide a penalty; and to provide an appropriation.	Senate Industry and Business

03/02/2023 10:00 AM	<u>SB 2111</u>	Relating to certificate of title to be allowed in electronic form.	House Transportation
03/03/2023 11:00 AM	<u>HB 1107</u>	Relating to the regulation of real estate appraisers; and to provide a penalty.	Senate Workforce Development

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,



Barry D. Haugen
barryh@icbnd.com
 cell: 701.955.4308
 office: 701.258.7121



ICBND BILL TRACKING LIST

Bill	Status	Title
HB 1008	House: PASSED Senate: INTRODUCED 02/14 S Received from House 02/15 S Introduced, first reading, referred Appropriations Committee	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions; and to provide an exemption.
HB 1014	House: INTRODUCED 02/21 H Reported back amended, do pass, amendment placed on calendar 20 1 2 03/01 S Committee Hearing - 01:00 PM	Relating to a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.
HB 1058	House: PASSED Senate: INTRODUCED 02/13 S Introduced, first reading, referred Judiciary Committee 02/20 S Committee Hearing - 11:01 AM	Relating to small claims.
HB 1068	House: PASSED Senate: INTRODUCED 02/20 S Introduced, first reading, referred Industry and Business Committee 03/01 S Committee Hearing - 01:00 PM	Relating to residential mortgage loan servicers; to provide a penalty; and to provide an appropriation.
HB 1080	House: PASSED Senate: INTRODUCED 02/08 S Introduced, first reading, referred Transportation Committee 02/17 S Committee Hearing - 09:00 AM	Relating to allowing electronic proof of motor vehicle registration.
HB 1082	House: PASSED Senate: INTRODUCED 02/16 S Received from House 02/17 S Introduced, first reading, referred Judiciary Committee	Relating to the adoption of the Uniform Commercial Code amendments (2022)
HB 1083	House: PASSED Senate: INTRODUCED 01/27 S Received from House 02/13 S Introduced, first reading, referred Judiciary Committee	Relating to the adoption of the Revised Uniform Law on Notarial Acts (2021).

HB 1095	House: PASSED Senate: INTRODUCED 02/17 S Received from House 02/20 S Introduced, first reading, referred Human Services Committee	Relating to the inclusion of comprehensive medication management services in health benefit plans.
HB 1106	House: DEFEATED 01/31 H Reported back, do not pass, placed on calendar 13 0 1 02/01 H Second reading, failed to pass, yeas 6 nays 87	Relating to appraisal management companies.
HB 1107	House: PASSED Senate: INTRODUCED 02/10 S Introduced, first reading, referred Workforce Development Committee 03/03 S Committee Hearing - 11:00 AM	Relating to the regulation of real estate appraisers; and to provide a penalty.
HB 1108	House: PASSED Senate: INTRODUCED 02/15 S Received from House 02/16 S Introduced, first reading, referred Energy and Natural Resources Committee	Relating to international climate control regulations.
HB 1118	House: PASSED 02/21 H Amendment adopted, placed on calendar 02/21 H Second reading, passed, yeas 87 nays 7	Relating to an individual income tax credit, relating to the imposition of a flat income tax rate of one and ninety-nine hundredths percent for individuals, estates, and trusts and rounding rules; relating to the marriage penalty credit; and to provide an effective date.
HB 1135	House: PASSED 02/20 H Second reading, passed, yeas 93 nays 0 02/21 S Received from House	Relating to exceptions to the acquisition of agricultural land by foreign governments.
HB 1146	House: DEFEATED 02/07 H Reported back, do not pass, placed on calendar 8 4 2 02/09 H Second reading, failed to pass, yeas 39 nays 54	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: PASSED Governor: SIGNED 02/03 H Signed by Governor 02/02 02/07 Filed with Secretary Of State 02/02	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 Senate: INTRODUCED 01/19 S Received from House 02/13 S Introduced, first reading, referred Industry and Business Committee	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: PASSED Senate: INTRODUCED 02/14 S Received from House 02/15 S Introduced, first reading, referred Finance and Taxation Committee	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 Senate: INTRODUCED 01/23 S Received from House 02/13 S Introduced, first reading, referred Industry and Business Committee	Relating to a cost-benefit analysis for a measure or policy affecting the legacy fund.
HB 1267	House: PASSED Senate: INTRODUCED 01/25 S Received from House 02/10 S Introduced, first reading, referred Finance and Taxation Committee	Relating to the disposition of proceeds from tax lien foreclosures.
HB 1278	House: PASSED 02/20 H Second reading, passed, yeas 92 nays 1 02/21 S Received from House	Relating to the powers and duties of the state investment board, restrictions on perpetual contracts, required reports, and the prohibition on social investments; and to provide for a legislative management study.
HB 1283	House: DEFEATED 02/17 H Laid over one legislative day 02/20 H Second reading, failed to pass, yeas 8 nays 85	Relating to fair access to financial products and services; and to provide a penalty.
HB 1291	House: PASSED Senate: INTRODUCED 02/06 S Received from House 02/13 S Introduced, first reading, referred Judiciary Committee	Relating to execution of a judgment.
HB 1323	House: PASSED Senate: INTRODUCED 01/20 S Received from House 02/13 S Introduced, first reading, referred Industry and Business Committee	Relating to a claimant's right to maintain a construction lien for furnishing materials and improvements.
HB 1345	House: PASSED 02/20 H Second reading, passed, yeas 85 nays 8 02/21 S Received from House	Relating to state purchasing contracts.
HB 1347	House: DEFEATED 01/31 H Reported back, do not pass, placed on calendar 12 1 1 02/01 H Second reading, failed to pass, yeas 3 nays 90	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: PASSED 02/21 H Amendment adopted, placed on calendar 02/21 H Second reading, passed, yeas 70 nays 24	Relating to authorized livestock farm corporation requirements, initial and annual reporting requirements for authorized livestock farm corporations, and authorized livestock farm limited liability companies; relating to agricultural definitions, ownership exceptions for beekeeping, agriculture support services, cattle backgrounding and feedlot operations, raising or producing of livestock by persons that have limited landholdings, and required reporting for corporate farming; and to provide a penalty.
HB 1374	House: DEFEATED 02/02 H Request return from committee 02/06 H Second reading, failed to pass, yeas 14 nays 79	Relating to competition between the government and private industry; and to require a report to legislative management.

HB 1392	House: PASSED Senate: INTRODUCED 02/07 S Received from House 02/10 S 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: PASSED Senate: INTRODUCED 02/15 S Received from House 02/16 S Introduced, first reading, referred Agriculture and Veterans Affairs Committee	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: DEFEATED 02/01 H Reported back, do not pass, placed on calendar 10 3 1 02/02 H Second reading, failed to pass, yeas 20 nays 73	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: PASSED 02/20 H Second reading, passed, yeas 93 nays 0 02/21 S Received from House	Relating to unfair discrimination in the business of insurance and the investment and management of public funds; relating to the prohibition on social investments; and to provide for a legislative management study.
HB 1460	House: DEFEATED 02/01 H Reported back, do not pass, placed on calendar 7 5 2 02/02 H Second reading, failed to pass, yeas 16 nays 77	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: DEFEATED 02/17 H Laid over one legislative day 02/20 H Second reading, failed to pass, yeas 6 nays 87	Relating to the investment and management of public funds.
HB 1487	House: PASSED Senate: INTRODUCED 02/17 S Received from House 02/20 S Introduced, first reading, referred Judiciary Committee	Relating to financial entities use of merchant codes to track firearm and ammunition-related purchases; to provide a penalty; and to provide a continuing appropriation.
HB 1503	House: PASSED 02/21 H Amendment adopted, placed on calendar 02/21 H Second reading, passed, yeas 93 nays 0	Relating to ownership of real property and commercial assets by foreign adversaries; to provide for a legislative management study; and to provide an expiration date.
HB 1505	House: DEFEATED 02/13 H Laid over one legislative day 02/14 H Second reading, failed to pass, yeas 31 nays 60	Relating to a prohibition on requiring a vaccination; and to provide a penalty.
HB 1507	House: DEFEATED 02/01 H Reported back, do not pass, placed on calendar 10 3 1 02/03 H Second reading, failed to pass, yeas 13 nays 80	Relating to the state minimum wage.
HB 1527	House: DEFEATED 02/07 H Reported back, do not pass, placed on calendar 13 0 1 02/09 H Second reading, failed to pass, yeas 5 nays 88	A BILL for an Act to create and enact chapter 34-16 of the North Dakota Century Code, related to illegal aliens and private employment; and to provide a penalty.
SB 2090	Senate: PASSED House: INTRODUCED	Relating to residential mortgage lenders; relating to money brokers; to repeal section 13-04.1-16 of

	01/09 H Received from Senate 02/16 H Introduced, first reading, referred Industry, Business and Labor Committee	the North Dakota Century Code, relating to call reports; to provide a penalty; and to provide for application.
SB 2092	Senate: PASSED House: INTRODUCED 01/09 H Received from Senate 02/16 H Introduced, first reading, referred Industry, Business and Labor Committee	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 House: INTRODUCED 02/16 H Introduced, first reading, referred Transportation Committee 03/02 H Committee Hearing - 10:00 AM	Relating to certificate of title to be allowed in electronic form.
SB 2118	Senate: PASSED 02/20 S Second reading, passed, yeas 47 nays 0, Emergency clause carried 02/21 H Received from Senate	Relating to abandoned motor vehicles; and to declare an emergency.
SB 2119	Senate: PASSED House: INTRODUCED 01/09 H Received from Senate 02/16 H Introduced, first reading, referred Industry, Business and Labor Committee	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: PASSED House: INTRODUCED 02/16 H Received from Senate 02/17 H Introduced, first reading, referred Finance and Taxation Committee	Relating to the homestead tax credit; to provide an appropriation; and to provide an effective date.
SB 2140	Senate: PASSED House: INTRODUCED 02/15 H Received from Senate 02/17 H Introduced, first reading, (emergency), referred Human Services Committee	Relating to public employee insulin drug and supplies benefits; 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.
SB 2160	Senate: DEFEATED 02/16 S Amendment adopted, placed on calendar 02/16 S Second reading, failed to pass, yeas 4 nays 43	Relating to public employee telehealth benefits; to provide for a report; to provide for application; to provide an expiration date; and to declare an emergency.
SB 2172	Senate: PASSED House: INTRODUCED 01/27 H Received from Senate 02/15 H Introduced, first reading, referred Industry, Business and Labor Committee	Relating to the interstate insurance product regulation compact.
SB 2198	Senate: PASSED House: INTRODUCED 02/13 H Received from Senate 02/17 H Introduced, first reading, referred Industry, Business and Labor Committee	Relating to state employee family medical leave.

SB 2210	Senate: PASSED House: INTRODUCED 02/03 H Received from Senate 02/17 H Introduced, first reading, referred Industry, Business and Labor Committee	Relating to individual retirement and employee benefit trusts.
SB 2217	Senate: PASSED House: INTRODUCED 01/27 H Received from Senate 02/17 H Introduced, first reading, referred Finance and Taxation Committee	Relating to the calculation of interchange fees for electronic payment transactions; and to provide a penalty.
SB 2263	Senate: PASSED House: INTRODUCED 01/27 H Received from Senate 02/17 H Introduced, first reading, referred Industry, Business and Labor Committee	Relating to escrow accounts.
SB 2266	Senate: PASSED House: INTRODUCED 02/10 H Received from Senate 02/17 H Introduced, first reading, referred Industry, Business and Labor Committee	Relating to credit union membership.
SB 2296	Senate: PASSED 02/21 S Amendment adopted, placed on calendar 02/21 S Second reading, passed, yeas 45 nays 2	Relating to limiting judicial deference to governmental entities; and to provide for a legislative management study.
SB 2300	Senate: DEFEATED 02/17 S Reported back, do not pass, placed on calendar 4 0 1 02/20 S Second reading, failed to pass, yeas 0 nays 47	Relating to notice to owner and law enforcement of abandoned vehicles.
SB 2320	Senate: PASSED House: INTRODUCED 01/31 H Received from Senate 02/17 H Introduced, first reading, referred Finance and Taxation Committee	Relating to fees chargeable by abstracters.
SB 2330	Senate: PASSED House: INTRODUCED 02/16 H Received from Senate 02/17 H Introduced, first reading, referred Finance and Taxation 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: DEFEATED 02/16 S Reported back, do pass, place on calendar 9 7 0 02/17 S Second reading, failed to pass, yeas 21 nays 26	Relating to annually reconvened sessions of the legislative assembly.
SB 2371	Senate: PASSED House: INTRODUCED 02/17 H Received from Senate 02/21 H Introduced, first reading, (emergency), referred Agriculture Committee	Relating to the power of counties and municipalities to prohibit local development by a foreign adversary; to amend and reenact section 47-01-09 of the North Dakota Century Code, relating to the prohibition on ownership of real property by a foreign adversary; and to declare an emergency.