



Legislative Update February 3, 2023

SECTION 1: GENERAL

Happy February, everyone! Exactly one month ago, the 68th Assembly of the North Dakota Legislature convened. It has been a busy and interesting session to say the least. You will see in Section 2 of this report that there were actions on a number of bills this week and we are starting to see some bad ones fall by the wayside in their chamber of origin (HB1347, HB1420, & HB1460). It's good to get these out of the way, but the bill that we're really zeroed in on right now is Senate Bill 2266.

You might already be tired of hearing from me on [SB 2266](#), but I can't overstate the magnitude of this bill and its importance to community banking. The credit unions are campaigning hard to expand their powers and geographic boundaries related to their field of membership. You've seen the talking points I provided Wednesday morning for you to share with your Senators so I won't repeat them, but here's what the bill seeks to do:

- **Adds “working or attending school” to the current language which states “residing”.**
- **Expands the current 75-mile radius field of membership to 250 miles.**
- **Deletes verbiage that states, “a branch office may not expand the geographic field of membership of a credit union”.**
- **Adds language stating, “subject to authorization by the credit union board, a state credit union may apply for the same field of membership as a federal credit union.”**

Everything about this bill is problematic. Credit unions are seeking unfettered growth boundaries in our state. The proposal flies in the face of the original intent of the credit union mission. They want to keep all the tax and regulation exemptions of the original intent but cast off any geographical limitations that provided for those exemptions.

SB 2266 was heard in the Senate Industry and Business Committee Tuesday afternoon for over three hours. The Credit Union Association of the Dakotas (CUAD) and representatives of the Flasher Community Credit Union, Towne and Country Credit Union, and North Star Community Credit Union testified in support of the bill as did the chief economist from the Credit Union National Association with testimony that seemed to drone on endlessly. The North Dakota Farmers Union also felt a need to veer outside their lane with supporting testimony.

Sarah Getzlaff, Tim Karsky, Rick Clayburgh and I provided opposition testimony. Sarah and Tim did an outstanding job, and we thank them for their time and effort. While I thought our opposing testimony was convincing, there's clearly some sympathy for the credit union cause in the Committee and the chamber. As expected, the Committee did not act on the bill, and we know firsthand that at least two members are working on amendments. We expect those amendments will be taken up by the Committee in the next couple weeks but don't expect they will be acceptable to our members.

At this point, we continue to work with the Committee while simultaneously meeting with and polling Senators seeking their opposition vote. One of the Committee members will be absent next week so we suspect the Committee Chair may wait until the following week for the Committee vote. Obviously, the floor vote will follow. We all need to keep the pressure on our Senators on this bill. Believe it or not, many

of them didn't know that credit unions don't pay state or federal income taxes. So, don't assume anything in your discussions with your legislators.

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

HB 1106 – would require employees of, or contractors to, appraisal management companies (AMC) 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 between the Appraiser Board and the AMC's, it was given a "Do Not Pass" by the subcommittee and the House IBL followed suit. On Wednesday, it received its final goodbye with a 3-90 vote on the House Floor.

HB 1107 – was also part of the aforementioned subcommittee process. Our primary concern with this bill throughout this 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's amendment ensuring that exemption was adopted by the Committee and the full chamber, and the amended bill passed 90-3 on the House floor Wednesday. This was a bit more of a struggle than it really should have been so we will keep a watchful eye on it in the Senate as the appraisers ultimately did not get what they wanted out of this one in the House.

HB 1347 – is one of the ESG bills 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 last week and ICBND opposed it. Representative Bernie Satrom introduced this bill as a prime sponsor and in his introduction admitted that it unintentionally targets state-chartered community banks and should be killed. The House IBL Committee honored his wish Tuesday with a 12-1 "Do Not Pass" recommendation and the bill was defeated 3-90 on the House floor Wednesday.

HB 1420 – sought 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 last week in House IBL Committee. ICBND opposed the bill as an unnecessary subsidization. This week the Committee acted on the bill and gave it a 10-3 "Do Not Pass" recommendation and it met its ultimate demise on the House floor Thursday by a 20-73 vote.

HB 1460 – seeks to create a paid family medical leave fund with a \$5 million fiscal note. It would allow employees to contribute 6 cents out of every \$10 of pay to the fund and then they could ultimately access the fund for paid leave related to a bevy of medical or family related reasons. Employers could contribute if they wished to the fund. ICBND opposed this bill viewing it as a mandate for employers who would be required to grant the leave. Surprisingly, it received more votes than I would have anticipated from the House IBL Committee which gave it a 7-5 "Do Not Pass" recommendation. It was soundly defeated on the House floor Thursday with a 16-77 vote. I would expect the proponents of this bill will try to salvage a study if the companion bill in the Senate also fails.

HB 1487 – would prohibit a financial institution from adopting or using a merchant code to track or record firearm or ammunition-related purchases and applies a \$10,000 civil penalty violation. It also directs the Department of Financial Institutions (DFI) to adopt any rules necessary to enforce the legislation. ICBND, NDDBA and the DFI testified in opposition to the bill but continue to work with Representative Koppelman on amendments that could make it palatable to us. My opposition testimony was narrowly targeted on its application to financial institutions. The Committee did not act on the bill in anticipation of amendments.

SB 2210 – is related to the Uniform Trust Code and sought to reinstate an exclusion that existed in NDCC. Current code excludes trusts related to employee benefits arrangements and IRA's. This bill reinstates them for this section of code. ICBND testified in support of this change. The Senate Industry and Business Committee gave the bill a 5-0 "Do Pass" recommendation Monday and it passed

unanimously on the Senate floor Thursday. Being the vulture that I am, I immediately solicited Ascensus for an associate membership!

SB 2320 – seeks to provide an escalator for abstractor fees rather than them coming in every session or two for increases for their fees. The bill ties the escalator to the Consumer Price Index as reported by the Department of Labor. ICBND monitored this bill but did not take a position. It passed on the Senate floor 47-0 Monday.

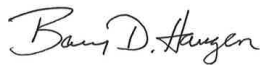
SECTION 3: BILL HEARINGS NEXT WEEK

Date and Time	Bill Number	Short Title	Committee
02/06/2023 09:30	<u>HB 1014</u>	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.	House Appropriations - Government Operations Division
02/07/2023 09:00	<u>HB 1505</u>	Relating to a prohibition on requiring a vaccination; and to provide a penalty.	House Human Services
02/07/2023 09:00	<u>HB 1082</u>	Relating to the adoption of the Uniform Commercial Code amendments (2022).	House Judiciary
02/07/2023 09:00	<u>SB 2330</u>	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.	Senate Industry and Business
02/08/2023 02:30	<u>HB 1008</u>	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.	House Appropriations
02/09/2023 08:30	<u>HB 1393</u>	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.	House Agriculture
02/09/2023 03:00	<u>SB 2198</u>	Relating to state employee family medical leave.	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,



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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 Reported back, do pass, place on calendar 18 0 5 01/27 H Rereferred to Appropriations	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 02/07 H Committee Hearing - 09:00 AM	Relating to the adoption of the Uniform Commercial Code amendments (2022)
HB 1083	House: PASSED 01/26 H Second reading, passed, yeas 92 nays 0 01/27 S Received from House	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: 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 02/01 H Amendment adopted, placed on calendar	Relating to the regulation of real estate appraisers; and to provide a penalty.

	02/02 H Second reading, passed, yeas 90 nays 3	
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 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: PASSED 02/01 H Signed by Speaker 02/01 H Sent to Governor	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 - 09:15 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 01/25 H Committee Hearing - 02:30 PM	Relating to execution of a judgment.

	02/01 H Reported back, do pass, place on calendar 12 0 1	
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: 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: 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 02/01 H Rereferred to Industry, Business and Labor 02/02 H Request return from committee	Relating to competition between the government and private industry; and to require a report to legislative management.
HB 1392	House: INTRODUCED 02/01 H Reported back amended, do pass, amendment placed on calendar 14 0 0 02/02 H Amendment adopted, placed on calendar	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 02/09 H Committee Hearing - 08:30 AM	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: 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: 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: 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 Rereferred to Human Services 02/07 H Committee Hearing - 09:00 AM	Relating to a prohibition on requiring a vaccination; and to provide a penalty.
HB 1507	House: INTRODUCED 01/30 H Committee Hearing - 09:00 AM 02/01 H Reported back, do not pass, placed on calendar 10 3 1	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; 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 01/26 S Second reading, passed, yeas 47 nays 0 01/27 H Received from Senate	Relating to the interstate insurance product regulation compact.
SB 2198	Senate: INTRODUCED 01/10 S Introduced, first reading, referred Workforce Development Committee 02/09 S Committee Hearing - 03:00 PM	Relating to state employee family medical leave.
SB 2210	Senate: PASSED 02/01 S Reported back, do pass, place on calendar 5 0 0 02/02 S Second reading, passed, yeas 47 nays 0	Relating to individual retirement and employee benefit trusts.
SB 2217	Senate: PASSED 01/26 S Second reading, passed, yeas 26 nays 21 01/27 H Received from Senate	Relating to the calculation of interchange fees for electronic payment transactions; and to provide a penalty.
SB 2263	Senate: PASSED 01/26 S Second reading, passed, yeas 47 nays 0 01/27 H Received from Senate	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: PASSED 01/30 S Second reading, passed, yeas 47 nays 0 01/31 H Received from Senate	Relating to fees chargeable by abstracters.
SB 2330	Senate: INTRODUCED 01/16 S Introduced, first reading, referred Industry and Business Committee 02/07 S Committee Hearing - 09:00 AM	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.