

# Legislative Update March 24, 2023

#### **SECTION 1: GENERAL**

It's official! Curling is now the official state sport of North Dakota. Governor Burgum signed the bill into law this week. In my 55-year residency of North Dakota, I've played a lot of sports. But never curling. Now I feel compelled to add that to my bucket list, maybe. Given the winter we're having (forget that it's technically spring), it seems like it should have been some kind of snow shoveling or ice chopping event. Or maybe a time trial of replacing shear pins on snowblowers. More of us can relate to that than curling. Good riddance, winter...whenever that might be.

I am happy to report that this will be your last update regarding SB 2217 which sought to prohibit charging interchange fees on the tax component of a credit or debit card transaction. The opposition coalition efforts in the House were successful in getting the bill watered down to a "shall consider" Legislative Management Study out of the House Finance and Taxation Committee. But that idea needed to die too, and we were able to convince enough lawmakers that no value would be derived from the study. The House voted 29-64 Tuesday on SB 2217 and it is dead! Hopefully, similar results are achieved in the many other states where retailers have brought such a measure. The interchange battle with retailers is far from over however as we know Senator Durbin is teeing it up again in Congress.

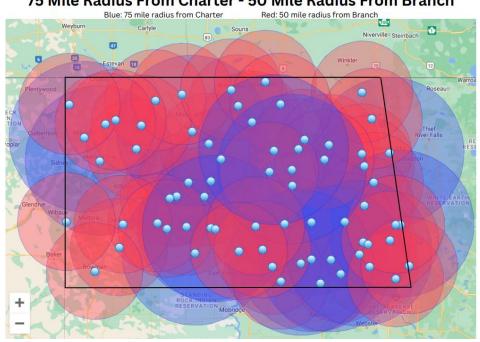
We've turned our sights now to opposing SB 2266 in the House. This is the credit union's field of membership expansion bill. After being heavily amended in our favor in the Senate, we still hate it and need to defeat it. It seeks to expand the current field of membership radius for a credit union charter (not branches) from 75 mile to 125 miles. Linearly, that's a 50-mile increase. But aerially, that's a near-tripling of their service area. The credit union association has spent a small fortune on this bill between lobby firms and a glitzy media campaign. It will be heard in the House Industry, Business and Labor Committee Wednesday morning at 9 am which will likely be a long hearing.

Testifying in opposition will be NDBA, Tim Karsky from Choice, Sarah Getzlaff from Security First, Jordan Nelson from Peoples State Bank of Velva, me and possibly others. The credit unions have disseminated gobs of sensational (and often false) propaganda about their sad story. As they repeat ad nauseum, "North Dakota is not open for business for credit unions", the graphic on the following page indicates otherwise. We are poised to try to convince the Committee and House members that this proposed expansion serves no good public policy need.

Our calculations estimate that in 2023 North Dakota-headquartered banks will pay an estimated \$175 million in federal income taxes and nearly \$30 million in state income taxes on their 2022 net income. The credit unions want to pick and choose the aspects of the century-old original mission that serves them best. They want to retain the exemption from state and federal taxes – who wouldn't? But they want to cast off the geographical limitations that were part of that bargain. We firmly believe they can't have it both ways. This battle will rightfully consume our activities for the next couple weeks.

If you've not already reached out to your Representatives, please do so by early next week! I guaranty they are hearing from credit unions across the state. Thanks for your help and have a great weekend!

### ND Chartered Credit Unions ONLY - Current Coverage 75 Mile Radius From Charter - 50 Mile Radius From Branch



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

HB 1082 – is the the Uniform Law Commission bill which addresses several Uniform Commercial Code amendments. Many of these are related to digital assets which bring certainty, clarity, and uniformity as to the definition of "digital assets" and how to perfect security interests in digital assets. ICBND, NDBA, and the North Dakota Bar Association supported this bill throughout the process. After crossing to the Senate, however, there was significant opposition expressing concerns that the bill somehow endorses a central bank digital currency (CBDC). We certainly don't believe that it does and even testified that ICBND and its members are on record opposing the idea of a CBDC controlled by the Federal Reserve. UCC laws are state laws that simply deal with the world as it is and has no part in determination by the federal government of any currency. Rather, it deals with providing a blueprint as to how to perfect a security interest in a digital asset if a bank chooses to accept digital assets as collateral. After passage in both chambers, the governor was heavily lobbied by certain far right groups to veto the bill. After deliberation, he signed the bill Monday. I'm convinced there is no boogeyman in this good legislation. By the way, that same far right group has now decided that FedNow is the devil. I'm not sure how these people sleep with all the conspiracy theories bouncing around in their heads.

HB 1107 – this bill was brought forth by the Appraiser Board and relates to regulation of appraisers. Our primary concern with this bill was 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. Through amendments brought by ICBND, we achieved that in the House. It was then heard in the Senate Workforce Development Committee a few weeks ago to a full crowd. The Appraiser Board testified in support of the bill but continues to express concerns with the BND exemption. The North Dakota Appraiser Association (NDAA) offered amendments that would allow appraisers to do evaluations. Lise Kruse from the DFI offered another amendment that would prohibit extension of the Appraiser Board's oversight to evaluations. I testified on the bill supporting the amendments offered by NDAA and DFI. After much discussion, the Committee amended the bill so that ICBND's original amendment carving out BND reads "review of appraisals" rather than "appraisal review". BND, ICBND and the DFI were fine with that change. The Committee did not accept the appraiser's proposed amendment which would allow appraisers to do evaluations. The amended bill received a 6-0 "do pass" recommendation last week and passed 46-0 on the Senate floor Wednesday. We spent way more time than I would have ever dreamed on this bill, but it's finally done!

HB 1285 – this bill was not originally on our tracking list but became of interest after it passed the House. The bill would basically prohibit state agencies from prefiling policy bills without having a legislative sponsor. While that originally seemed harmless enough, I now recognize that it might create undue burdens when we are trying to work with agencies such as the Bank of North Dakota or the Department of Financial Institutions on policy bills. Finding a legislator and getting them up to speed will unnecessarily complicate that process. Prefiled bills still go through the same committee and floor process that any other bill does so I don't see the existing process as an "end run". The bill was heard in the Senate State and Local Government Committee this morning with several agency heads opposing the bill. In a meeting yesterday with Governor Burgum and other business lobbyists, he expressed his disdain for this bill. I don't blame him. The Committee did not act yet.

**HB 1487** – is the 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 others in the payment card chain. On the House side, we testified in opposition to the original bill as it was problematic to community banks. The bill was amended in the House to our satisfaction and passed. Wednesday, it was heard in the Senate Judiciary Committee and further amendments were offered by Representative Koppelman that improved the bill further in our opinion. I testified neutral on the bill in Committee. As further amended, the Senate Judiciary Committee gave the bill a "7-0" do pass recommendation and re-referred it to Senate Appropriations as the Attorney General's office has added a fiscal note that it deems necessary to investigate potential claims.

**HB 1499** – is Representative Shannon Roers Jones bill to provide an interest rate buydown for purchases of primary residences. We didn't formally oppose this bill in the House, but we weren't disappointed when it got watered down to a study and passed out of the House. I just don't believe it's the government's job to try to intervene when we see fluctuations in markets. On the Senate side, Industry and Business Committee Chair Doug Larsen seemed initially to want to resurrect the concept. Ultimately, however, it was left as a study and received a 5-0 "do pass" recommendation on Tuesday. The full Senate, in my humble opinion, wisely defeated the bill 13-34 yesterday.

**HB 1503** – is the second of the three problematic bills prohibiting foreign ownership. More specifically, it prohibits ownership of real property and commercial assets by foreign adversaries and calls for a comprehensive Legislative Management Study. The bill was heard in the Senate Energy and Natural Resources Committee last week. The Committee recommended a "do not pass" on the bill by a 5-0 vote. This bill was killed 2-45 in the Senate Monday. SB 2371 will be the surviving foreign ownership prohibition bill and will be worked on in Committee next week.

**SECTION 3: BILL HEARINGS NEXT WEEK** 

Date and Time	Bill Number	Short Title	Committee
03/27/2023 09:00 AM	HB 1267	Relating to the disposition of proceeds from tax lien foreclosures.	Senate Finance and Taxation
03/27/2023 09:30 AM	<u>HB 1225</u>	Relating to an online tax portal for electronically accessible statewide property information and tax information.	Senate Appropriations - Education & Environ. Div.
03/28/2023 10:00 AM	<u>HB 1487</u>	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.	Senate Appropriations - Government Operations Division
03/28/2023 02:30 PM	SB 2172	Relating to the interstate insurance product regulation compact.	House Industry, Business and Labor
03/29/2023 09:00 AM	SB 2266	Relating to credit union membership.	House Industry, Business and Labor

Legislator contact information can be found at <a href="http://www.legis.nd.gov/contact-my-legislators">http://www.legis.nd.gov/contact-my-legislators</a> and you can check on any legislative activities through the Legislative Council's web page at <a href="https://www.legis.nd.gov">www.legis.nd.gov</a>.

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

Bang D. Hangen

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## **ICBND BILL TRACKING LIST**

Bill	Status	Title
HB 1008	House: PASSED Senate: INTRODUCED 02/15 S Introduced, first reading, referred Appropriations Committee 03/09 S Committee Hearing - 02:30 PM	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: PASSED Senate: INTRODUCED 03/09 S Committee Hearing - 02:00 PM 03/10 S Committee Hearing - 08:30 AM	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 for a report; and to declare an emergency.
HB 1058	House: PASSED Senate: PASSED Governor: SIGNED 03/16 H Signed by Governor 03/15 03/23 Filed with Secretary Of State 03/15	Relating to small claims.
HB 1068	House: PASSED Senate: INTRODUCED 03/03 S Rereferred to Appropriations 03/15 S Committee Hearing - 10:30 AM	Relating to residential mortgage loan servicers; to provide a penalty; and to provide an appropriation.
HB 1080	House: PASSED Senate: PASSED Governor: SIGNED 03/16 H Signed by Governor 03/15 03/23 Filed with Secretary Of State 03/15	Relating to allowing electronic proof of motor vehicle registration.
HB 1082	House: PASSED Senate: PASSED Governor: SIGNED 03/21 H Signed by Governor 03/20 03/23 Filed with Secretary Of State 03/21	Relating to the adoption of the Uniform Commercial Code amendments (2022)
HB 1083	House: PASSED Senate: PASSED Governor: SIGNED 03/17 H Signed by Governor 03/15 03/23 Filed with Secretary Of State 03/16	Relating to the adoption of the Revised Uniform Law on Notarial Acts (2021).
HB 1095	House: PASSED Senate: INTRODUCED 02/20 S Introduced, first reading, referred Human Services Committee 03/07 S Committee Hearing - 09:00 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: INTRODUCED Senate: PASSED 03/22 S Second reading, passed as amended, yeas 46 nays 0 03/23 H Returned to House (12)	Relating to the regulation of real estate appraisers; and to provide a penalty.
HB 1108	House: PASSED Senate: PASSED Governor: SIGNED 03/21 H Sent to Governor 03/23 H Signed by Governor 03/22	Relating to international climate control regulations.
HB 1118	House: PASSED Senate: INTRODUCED 03/03 S Introduced, first reading, referred Finance and Taxation Committee 03/13 S Committee Hearing - 10:15 AM	Relating to an individual income tax credit; to amend and reenact sections 57-38-30.3 and 57-38-75 of the North Dakota Century Code, 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; to repeal section 57-38-01.28 of the North Dakota Century Code, relating to the marriage penalty credit; and to provide an effective date.
HB 1135	House: PASSED Senate: INTRODUCED 03/03 S Introduced, first reading, referred Energy and Natural Resources Committee 03/17 S Committee Hearing - 11:00 AM	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: PASSED Governor: SIGNED 03/17 H Signed by Governor 03/15 03/23 Filed with Secretary Of State 03/16	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 03/22 S Rereferred to Appropriations 03/27 S Committee Hearing - 09:30 AM	Relating to an online tax portal for electronically accessible statewide property information and tax information.
HB 1227	House: PASSED Senate: PASSED Governor: SIGNED	Relating to a cost-benefit analysis for a measure or policy affecting the legacy fund.

	03/17 H Signed by Governor 03/15 03/23 Filed with Secretary Of State 03/16	
HB 1267	House: PASSED Senate: INTRODUCED 02/10 S Introduced, first reading, referred Finance and Taxation Committee 03/27 S Committee Hearing - 09:00 AM	Relating to the disposition of proceeds from tax lien foreclosures.
HB 1278	House: PASSED Senate: INTRODUCED 03/03 S Introduced, first reading, referred Industry and Business Committee 03/15 S Committee Hearing - 11:00 AM	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: PASSED Governor: SIGNED 03/17 H Signed by Governor 03/15 03/23 Filed with Secretary Of State 03/16	Relating to execution of a judgment.
HB 1323	House: PASSED Senate: PASSED 03/21 S Reported back, do pass, place on calendar 5 0 0 03/23 S Second reading, passed, yeas 46 nays 1	Relating to a claimant's right to maintain a construction lien for furnishing materials and improvements.
HB 1345	House: PASSED Senate: INTRODUCED 03/03 S Introduced, first reading, referred Agriculture and Veterans Affairs Committee 03/16 S Committee Hearing - 09:45 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: PASSED Senate: INTRODUCED 03/03 S Introduced, first reading, referred Agriculture and Veterans Affairs Committee 03/24 S Committee Hearing - 09:00 AM	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 02/10 S Introduced, first reading, referred Education Committee 03/15 S Committee Hearing - 11:00 AM	Relating to the authority to deposit money into institution accounts at the Bank of North Dakota.

		Relating to grain and seed warehouses, grain buyers,
HB 1393	House: PASSED Senate: PASSED 03/22 H Returned to House 03/23 S Signed by President	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 Senate: INTRODUCED 03/03 S Introduced, first reading, referred Industry and Business Committee 03/15 S Committee Hearing - 10:30 AM	Relating to unfair discrimination in the business of insurance and the investment and management of public funds; to amend and reenact section 21-10-08.1 of the North Dakota Century Code, 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 03/22 S Committee Hearing - 10:30 AM 03/23 S Reported back amended, do pass, amendment placed on calendar 7 0 0	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 Senate: DEFEATED 03/17 S Reported back, do not pass, placed on calendar 5 0 1 03/20 S Second reading, failed to pass, yeas 2 nays 45	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: PASSED	Relating to residential mortgage lenders

	Governor: SIGNED 03/14 S Sent to Governor 03/15 S Signed by Governor 03/13	
SB 2092	Senate: INTRODUCED House: PASSED 03/13 H Second reading, passed as amended, yeas 93 nays 0 03/14 S Returned to Senate (12)	Relating to voluntary liquidation of credit unions, relating to the removal of officers, directors, and employees of financial corporations or institutions; to repeal chapter 6-06.1 of the North Dakota Century Code, relating to voluntary liquidation of credit unions; and to provide for a legislative management study.
SB 2111	Senate: PASSED House: PASSED Governor: SIGNED 03/14 S Sent to Governor 03/15 S Signed by Governor 03/13	Relating to certificate of title to be allowed in electronic form.
SB 2118	Senate: INTRODUCED House: PASSED 03/21 H Emergency clause carried 03/22 S Returned to Senate (12)	Relating to abandoned motor vehicles; and to declare an emergency.
SB 2119	Senate: PASSED House: PASSED Governor: SIGNED 03/14 S Sent to Governor 03/16 S Signed by Governor 03/15	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 02/17 H Introduced, first reading, referred Finance and Taxation Committee 03/15 H Committee Hearing - 10:00 AM	Relating to the homestead tax credit; to provide an appropriation; and to provide an effective date.
SB 2140	Senate: PASSED House: INTRODUCED 02/17 H Introduced, first reading, (emergency), referred Human Services Committee 03/07 H Committee Hearing - 02:30 PM	Relating to public employee insulin drug and supplies benefits; to amend and reenact subsection 2 of 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.
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 02/15 H Introduced, first reading, referred Industry, Business and Labor Committee 03/14 H Committee Hearing - 08:00 AM	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: PASSED	Relating to individual retirement and employee benefit trusts.

	03/22 H Second reading, passed, yeas 92 nays 0 03/23 S Returned to Senate	
SB 2217	Senate: PASSED House: DEFEATED 03/16 H Amendment adopted, placed on calendar 03/21 H Second reading, failed to pass, yeas 29 nays 64	Relating to the calculation of interchange fees for electronic payment transactions; and to provide a penalty.
SB 2263	Senate: INTRODUCED House: PASSED 03/13 H Second reading, passed as amended, yeas 93 nays 0 03/14 S Returned to Senate (12)	Relating to escrow accounts.
SB 2266	Senate: PASSED House: INTRODUCED 02/17 H Introduced, first reading, referred Industry, Business and Labor Committee 03/29 H Committee Hearing - 09:00 AM	Relating to credit union membership.
SB 2296	Senate: PASSED House: INTRODUCED 03/22 H Laid over one legislative day 03/23 H Amendment adopted, placed on calendar	Relating to adjudicative proceeding procedures.
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: PASSED Governor: SIGNED 03/14 S Sent to Governor 03/15 S Signed by Governor 03/13	Relating to fees chargeable by abstracters.
SB 2330	Senate: PASSED House: INTRODUCED 02/17 H Introduced, first reading, referred Finance and Taxation Committee 03/14 H Committee Hearing - 10:00 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: 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 02/21 H Introduced, first reading, (emergency), referred Agriculture Committee 03/16 H Committee Hearing - 10:00 AM	Relating to the power of counties and municipalities to prohibit local development by a foreign adversary; relating to the prohibition on ownership of real property by a foreign adversary; and to declare an emergency.