



## Legislative Update April 28, 2023

### **SECTION 1: GENERAL**

Before I provide this final legislative update, I want to thank all of you who participated in the legislative process this session. We needed lots of your help. And you delivered. The first half of this session felt like a train wreck at times with several bills targeting community banks, not the least of which being the retailers' interchange bill and the credit unions' field of membership expansion bill. We licked our wounds and pouted for a minute, but we regrouped and defeated both aforementioned measures in the House after crossover and got nearly all of the other problematic bills to an acceptable place. Your calls, texts and emails to policymakers made the difference. I am proud of the outcome, and I hope you are as well!

The 68<sup>th</sup> Assembly of the North Dakota Legislature held its Sine Die party last night with hopes of adjourning today. Sine Die, by the way, is a latin phrase meaning "final adjournment without a reconvening day set". However, Conference Committee negotiations continue on two final budget bills – Health and Human Services and the Office of Management and Budget. Assuming they adjourn late tonight or tomorrow (today is legislative day 74), they will have saved at least five legislative days for future work or action if necessary. And while I'm a relatively social person I chose to skip the Sine Die party. We've all spent plenty of time together this session. Plus, it was sock-sorting night at the Haugen house, and I hate to miss that.

This legislature addressed nearly 1000 bills and resolutions over the last four months. It sure seems like it's been more than 74 working days. Probably because it has! An official day is only counted when at least one chamber gavel in their floor session to have legislative action occur. Committee work, including conference committee, does not count toward the 80 days and there have been several of them. Some might call it a loophole.

It's certainly been an interesting session. While Republicans hold a supermajority, it's certainly a divided majority. Culture war issues have consumed a great deal of legislators' time leaving the waning days packed with fiscal issues including tax relief for North Dakotans.

You may recall that the House and Governor Burgum were focused on income tax relief while the Senate dug its heels in on property tax relief. In the end, a mix of both prevailed as the House and Senate voted overwhelmingly on Wednesday to pass HB 1158. Governor Burgum happily signed the bill yesterday.

70 percent of the \$515 million price tag for the two-year budget cycle beginning in July will go towards income tax relief and the balance as property tax credits for homeowners. Income tax will be eliminated for single filers making less than \$44,725 and married couples making less than \$74,750. A 1.95 percent tax will be applied to income between \$44,725 and \$225,975 for single filers and between \$74,750 and \$275,100 for married couples. A 2.5 percent top bracket will be applied to any income earned beyond the second bracket's thresholds. Currently, the highest personal income tax bracket is 2.9 percent.

On the property tax side, all homeowners will be able to claim a \$500 property tax credit on their primary residences starting in 2024. Additionally, the package would expand eligibility for the Homestead

Property Tax Credit which applies to homeowners 65 and older. Homeowners will have to apply for the credits under both programs.

Closing North Dakota's public defined benefit pension plan has also been a monumental issue this session. It's not a new issue for the legislature, but it appears they've finally quit kicking the can down the road as HB 1040 is awaiting the governor's signature after Tuesday's 76-17 House vote. The Senate passed the same bill 28-19 late last week. Having been part of the decision-making process for a former Fortune 500 employer over ten years ago, I generally understand the complexity and heartache such a move involves. But it's well past time. Such plans are not sustainable. The bill closes the defined benefit plan to new hires beginning in 2025 and puts them in a defined contribution plan instead. Closing the plan is no small undertaking as it will take three decades of contributions for solvency not unlike a 30-year mortgage – an expensive one at that!

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

**HB 1008** – is the North Dakota Department of Financial Institutions (DFI) budget bill that was finally approved this week. It includes two full-time employees associated with HB 1068, which brings non-depository mortgage servicing companies under the purview of the department. Those staffing-related expenses will be covered by fees levied on those servicing companies. The measure passed 85-5 in the House Tuesday and 46-1 in the Senate Wednesday. The bill also includes a “shall consider” legislative management study to contemplate the appropriation procedures for the department of financial institutions. As you know, the DFI is a special funds agency that receives no support from the general fund but currently falls under the same appropriations review process as any other agency.

**HB 1371** – is the corporate farming bill that hopes to expand animal agriculture in the state. The bill allows livestock operations to be able to attract outside investment, but with several limitations including; (1) requiring the majority of shareholders in any livestock operation to be operators, (2) limiting the number of shareholders to 10, (3) limiting the amount of farmland the corporation can own to 160 acres, (4) one operator could be a partner in only four corporations, and (5) requiring that livestock corporations are subject to the same regulations and reporting requirements as family-owned farms. It passed the House with an emergency clause 72-20 Monday and 41-5 in the Senate the same day. It's fully expected that Governor Burgum will sign the bill as modernizing the corporate farming law was one of his top priorities for this session.

**HB 1429** – is the surviving anti-ESG bill that includes aspects of HB 1278 and HB 1345. It has been amended to the point where we are no longer opposed, including Conference Committee amendments. The bill passed the House last week by a vote of 89-1 and the Senate by a vote of 44-3. The bill now does include a study to be conducted by the Bank of North Dakota that will study environmental, social, and governance trends, laws, and policies that impact business and industries in the state. The study will include input from a broad array of stakeholders including community banks, so we look forward to participating in the study during the interim.

**HB 1487** – is the gun and ammunition tracking bill that would prohibit specific tracking of gun and ammunition purchases. The bill has been amended to the point where we did not oppose. We did however oppose the study that Senator Vedaa added in Senate Appropriations trying to revive the interchange issue (albeit just through a study). We were successful in getting that study language amended in Conference Committee so that it now reads “legislative management shall consider studying the cost to North Dakota retailers for the collection, remittance, and filing of North Dakota sales and use tax”. This was a win for us in the interchange battle after SB 2217's prime sponsor tried to revive aspects of it after we defeated it in the House. The House passed the bill 81-10 on Monday with the Senate passing it 45-2 Tuesday.

**SB 2206** – is a bill that originally sought an unlimited exemption for cash value of life insurance or annuity contracts from bankruptcy or other legal action. ICBND, BND, and NDBA testified in opposition to

the bill to the House Industry, Business and Labor Committee. After a number of Committee and Subcommittee gyrations, the House did remove the unlimited exemption for cash value of life insurance or annuity contracts but was compelled to change a number of the other exemption levels upward which apparently have been in place since 2009. We had some apparently misguided confidence that the Senate would refuse to concur so the bill would end up in Conference Committee and we could try to reduce some of those exemption thresholds. That did not happen as the Senate surprisingly (at least to me) concurred with the House and passed it 46-0 Monday afternoon.

**SB 2371** – is the surviving anti-foreign adversary ownership bill that has been the subject of a great deal of work by Representative Paul Thomas, the Attorney General's Office, the North Dakota Land Title Association, and the business community including ICBND. It integrates the Office of Foreign Asset Control (OFAC) database and provides for a divestiture process for real property that has been deemed to be owned or controlled by a foreign adversary. The bill has been amended to our satisfaction and on Wednesday passed the House 83-8 and the Senate 47-0. It was sent to the governor yesterday.

Thank you again for your participation in the legislative process. It has been an honor to represent the Independent Community Banks of North Dakota this session and I thank you for all the support and trust you've placed in me!

Sincerely,



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## ICBND BILL TRACKING LIST

Bill	Status	Title
HB 1008	House: PASSED Senate: PASSED 04/26 S Second reading, passed as amended, yeas 46 nays 1 04/27 S Signed by President	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions; to provide an exemption; and to provide for a legislative management study.
HB 1014	House: CONF. COMM Senate: CONF. COMM 04/17 S Conference committee appointed Schaible Sorvaag Meyer 04/27 S Appoint Sen. Bekkedahl to replace Sen. Meyer on conference committee	Relating to fuel production facility loan guarantee reserve funding, the housing incentive fund, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and an appropriation from the state fiscal recovery fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; to provide an effective date; 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: PASSED Governor: SIGNED 04/12 H Signed by Governor 04/11 04/14 Filed with Secretary Of State 04/12	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: PASSED Governor: SIGNED	Relating to the inclusion of comprehensive medication management services in health benefit plans.

	04/10 H Signed by Governor 04/07 04/13 Filed with Secretary Of State 04/10	
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: PASSED Governor: SIGNED 04/12 H Signed by Governor 04/11 04/14 Filed with Secretary Of State 04/12	Relating to the regulation of real estate appraisers; and to provide a penalty.
HB 1108	House: PASSED Senate: PASSED Governor: SIGNED 03/23 H Signed by Governor 03/22 03/24 Filed with Secretary Of State 03/23	Relating to international climate control regulations.
HB 1118	House: PASSED Senate: DEFEATED 04/19 S Rereferred to Finance and Taxation 04/26 S Second reading, failed to pass, yeas 0 nays 47	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: PASSED Governor: SIGNED 04/24 H Signed by Governor 04/20 04/25 Filed with Secretary Of State 04/21	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: PASSED 04/27 H Signed by Speaker 04/27 H Sent to Governor	Relating to an online tax portal for electronically accessible statewide property information and tax information.

HB 1227	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 a cost-benefit analysis for a measure or policy affecting the legacy fund.
HB 1267	House: PASSED Senate: PASSED Governor: SIGNED 04/25 H Signed by Governor 04/21 04/26 Filed with Secretary Of State 04/24	Relating to the disposition of proceeds from tax lien foreclosures.
HB 1278	House: PASSED Senate: DEFEATED 03/29 S Reported back, do not pass, placed on calendar 5 0 0 03/30 S Second reading, failed to pass, yeas 10 nays 36	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 Governor: SIGNED 03/31 H Signed by Governor 03/30 04/04 Filed with Secretary Of State 04/03	Relating to a claimant's right to maintain a construction lien for furnishing materials and improvements.
HB 1345	House: PASSED Senate: DEFEATED 03/28 S Reported back, do not pass, placed on calendar 5 1 0 03/30 S Second reading, failed to pass, yeas 12 nays 34	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: PASSED 04/25 H Signed by Speaker 04/26 H Sent to Governor	Relating to authorized livestock farm corporation and authorized livestock farm limited liability company requirements, and 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, livestock backgrounding and feedlot operations, raising or producing of livestock by persons that have limited landholdings, and required reporting for corporate

		farming; to provide a penalty; and to declare an emergency.
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: PASSED Governor: SIGNED 04/07 H Signed by Governor 04/06 04/13 Filed with Secretary Of State 04/10	Relating to the authority to deposit money into institution accounts at the Bank of North Dakota.
HB 1393	House: PASSED Senate: PASSED Governor: SIGNED 03/30 H Signed by Governor 03/29 04/04 Filed with Secretary Of State 03/30	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: 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: PASSED Governor: SIGNED 04/25 H Sent to Governor 04/27 H Signed by Governor 04/26	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 and subsection 10 of section 54-44.4-02 of the North Dakota Century Code, relating to the prohibition on social investments and restrictions on perpetual contracts; and to provide for a legislative management report.
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: PASSED 04/26 H Signed by Speaker 04/27 H Sent to Governor	Relating to financial entities use of merchant codes to track firearm and ammunition-related purchases; to provide a penalty; to provide a continuing appropriation; and to provide for a legislative management study.



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 Governor: SIGNED 03/15 S Signed by Governor 03/14 03/24 Filed with Secretary Of State 03/15	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 House: PASSED Governor: SIGNED 04/26 S Signed by Governor 04/25 04/27 Filed with Secretary Of State 04/26	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: PASSED Governor: SIGNED 03/15 S Signed by Governor 03/14 03/24 Filed with Secretary Of State 03/15	Relating to certificate of title to be allowed in electronic form.
SB 2118	Senate: PASSED House: PASSED Governor: SIGNED 04/13 S Signed by Governor 04/12 04/17 Filed with Secretary Of State 04/13	Relating to abandoned motor vehicles; and to declare an emergency.
SB 2119	Senate: PASSED House: PASSED Governor: SIGNED 03/16 S Signed by Governor 03/15 03/24 Filed with Secretary Of State 03/16	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: DEFEATED	Relating to the homestead tax credit; to provide an appropriation; and to provide an effective date.



	04/26 H Reported back, do not pass, placed on calendar 9 3 2 04/26 H Second reading, failed to pass, yeas 23 nays 69	
SB 2140	Senate: PASSED House: PASSED Governor: SIGNED 04/19 S Signed by Governor 04/14 04/20 Filed with Secretary Of State 04/18	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; and to provide an expiration date.
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: PASSED Governor: SIGNED 04/07 S Signed by Governor 04/06 04/13 Filed with Secretary Of State 04/10	Relating to the interstate insurance product regulation compact.
SB 2198	Senate: PASSED House: PASSED 04/26 S Signed by President 04/26 S Sent to Governor	Relating to state employee family medical leave.
SB 2206	Senate: PASSED House: PASSED Governor: SIGNED 04/25 S Sent to Governor 04/26 S Signed by Governor 04/26	Relating to insurance cash value exemptions and homestead exemption.
SB 2210	Senate: PASSED House: PASSED Governor: SIGNED 03/30 S Signed by Governor 03/29 04/04 Filed with Secretary Of State 03/30	Relating to individual retirement and employee benefit trusts.
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: PASSED House: PASSED Governor: SIGNED 04/13 S Signed by Governor 04/12 04/17 Filed with Secretary Of State 04/13	Relating to escrow accounts.
SB 2266	Senate: PASSED House: DEFEATED 04/05 H Reported back, do not pass, placed on calendar 9 5 0 04/06 H Second reading, failed to pass, yeas 39 nays 53	Relating to credit union membership.

SB 2296	Senate: PASSED House: DEFEATED 03/23 H Amendment adopted, placed on calendar 03/24 H Second reading, failed to pass, yeas 35 nays 52	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 03/15 S Signed by Governor 03/14 03/24 Filed with Secretary Of State 03/15	Relating to fees chargeable by abstracters.
SB 2330	Senate: PASSED House: PASSED 04/27 S Signed by President 04/27 S Sent to Governor	Relating to the infrastructure revolving loan fund, the legacy and budget stabilization fund advisory board, and legacy fund definitions; and to declare an emergency.
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: PASSED 04/27 S Signed by President 04/27 S Sent to Governor	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; to provide for a legislative management study; and to provide an expiration date.
SB 2392	Senate: PASSED House: PASSED Governor: SIGNED 04/21 S Signed by Governor 04/20 04/25 Filed with Secretary Of State 04/21	Relating to the definition of deposit account.
HCR 3036	House: PASSED Senate: PASSED 04/13 H Signed by Speaker 04/19 H Filed with Secretary Of State 04/18	Relating to the adoption of a Central Bank Digital Currency in the United States.