



## Legislative Update April 7, 2023

### **SECTION 1: GENERAL**

Congratulations, community bankers! You did it! Senate Bill 2266 is dead. The credit unions' glitzy ad campaign (including tv ads) and full-court lobbying press (they had 6 contract lobbyists working the Capitol this week) failed to get their field of membership expansion proposal across the finish line.

This has easily been the best week for community banking of this 68<sup>th</sup> Legislative Assembly. SB 2266 was the subject of Committee work by the House Industry, Business, and Labor Committee Tuesday morning. Surprisingly, the discussion was fairly limited and within 20 minutes the Committee placed a 9-5 "do not pass" recommendation on the bill. We were pleased of course with that result, but a 9-5 vote isn't really a mandate to the full chamber. That seems especially true with this legislative session as independent legislators don't seem necessarily compelled to follow Committee recommendations.

So, the race was on to secure votes from House members. If you're curious what this process looks like, it's honestly kind of slimy. The back of the House chamber looked a bit like a vulture den (I have no idea if that's the appropriate phrase for vultures) with lobbyists from both sides of SB 2266 lurking to catch the attention of each House member and give their pitch. Legislators hate industry fights like this, and I don't blame them. I firmly believe that human nature plays into this and there's a tendency for many policy makers to take the path of least resistance. That's precisely why your voices mattered so much in this process. If they hadn't heard from any banker constituents, it's much easier to vote against them. It's really that simple.

Fourteen ICBND member bankers attended the vote yesterday in an impressive show of opposition to the bill. Because so many House members were undecided, I didn't know if we had the votes. That's a horrible feeling. Representatives Austen Schauer, Jorin Johnson, Steve Swiontek, Paul Thomas, and Dan Ruby gave tremendous floor presentations in opposition to the bill. Representatives Matt Ruby, SuAnn Olson, Josh Boschee, and Pat Hatlestad provided less convincing supporting oratory. When the dust settled, the vote came out 39-53 in our favor!

In case you're wondering how your legislators voted on this issue, I've attached pictures of the voting board from the House (left graphic) and the Senate (right graphic). As you recall, SB 2266 ended up in the House because we lost by a heartbreaking single vote in the Senate. We're not vindictive, but votes have consequences particularly votes that have this much importance to the future of community banking in North Dakota. And as your PAC Committee considers monetary support in the future, we will certainly look back on this vote in our decision-making process.

I want to thank you again for your active participation in the defeat of SB 2266. It was truly a team effort. What a great way to start the Easter weekend. I hope you and your families have a blessed Easter holiday.



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

**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. It passed the Senate by a vote of 42-4 last week. It is destined for Conference Committee however as the House has indicated it does not plan to concur with the Senate’s changes.

**SB 2206** – is a bill that we totally missed on the Senate side. No excuses. It seeks 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. The Committee met again on this bill Tuesday to discuss potential amendments but did not take any action. It will again be the subject of Committee work Tuesday. We will be closely watching this bill because there were some really bad ideas discussed in the Committee this week.

**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 was the subject of House Ag Committee work last week and amendments were added that integrate the Office of Foreign Asset Control (OFAC) database and provide for a divestiture process for real property that has been deemed to be owned or controlled by a foreign adversary. The bill was again the subject of Committee work yesterday with a further amendment and the amended bill was given a 12-1 “do pass” recommendation and will be on the floor next week.

**SB 2392** – is a delayed bill that seeks to amend HB 1082 which has already been signed by the governor. You may recall that HB 1082 is 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 HB 1082 crossed 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. SB 2392 would specifically exclude “a central bank digital currency” from the definition of “Deposit Account”. The bill was heard Monday morning in the Senate Industry and Business Committee. We testified in a neutral capacity and stated we would support adding “United States” in front of “a central bank digital currency”. That amendment was added, and the bill received a 5-0 “do pass” recommendation from the Committee. It received 42-5 vote on the Senate floor on Tuesday and will be heard in House IBL this coming Tuesday.

### **SECTION 3: BILL HEARINGS NEXT WEEK**

<b>Date and Time</b>	<b>Bill Number</b>	<b>Bill Order</b>	<b>Hearing Description</b>	<b>Short Title</b>	<b>Committee</b>
04/10/2023 09:00 AM	<a href="#">SB 2330</a>		Committee Work: Committee work and action	Relating to the legacy and budget stabilization fund advisory board and legacy fund definitions	House Finance and Taxation
04/11/2023 09:00 AM	<a href="#">SB 2392</a>		Relating to the definition of deposit account	Relating to the definition of deposit account.	House Industry, Business and Labor
04/11/2023 09:30 AM	<a href="#">SB 2206</a>	1st Bill	Committee Work: Relating to the definition of deposit account.	Relating to insurance cash value exemptions.	House Industry, Business and Labor
04/11/2023 09:30 AM	<a href="#">SB 2198</a>	3rd Bill	Committee Work: Relating to state employee family medical leave.	Relating to state employee family medical leave.	House Industry, Business and Labor
04/11/2023 11:00 AM	<a href="#">HB 1014</a>		Committee Work: 1014 - Committee work	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 report; and to declare an emergency.	Senate Appropriations

Legislator contact information can be found at <http://www.legis.nd.gov/contact-my-legislators> and you can check on any legislative activities through the Legislative Council's web page at [www.legis.nd.gov](http://www.legis.nd.gov).

Thank you for your participation in the legislative process. Please call, email, or text me with any questions or concerns. If you'd like to be taken off this distribution list or if there are others in your organization that should be on the distribution list for the legislative updates, please let me know.

Sincerely,

A handwritten signature in blue ink that reads "Barry D. Haugen". The signature is written in a cursive style with a large, stylized 'B' and 'H'.

Barry D. Haugen

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## ICBND BILL TRACKING LIST

Bill	Status	Title
HB 1008	House: INTRODUCED Senate: PASSED 04/04 S Second reading, passed as amended, yeas 46 nays 1 04/05 H Returned to House (12)	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: 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; to amend and reenact sections 6-09.7-05 and 54-17.7-01, subsections 3 and 4 of section 54-17.7-04, and section 54-63.1-01 of the North Dakota Century Code and section 8 of chapter 42 of the 2021 Session Laws, 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: 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 04/05 S Second reading, passed, yeas 46 nays 1 04/05 H Returned to House	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 04/06 H Signed by Speaker 04/06 H Sent to Governor	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: PASSED 04/03 H Concurred 04/03 H Second reading, passed, yeas 88 nays 2	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: INTRODUCED 03/13 S Committee Hearing - 10:15 AM 04/03 S Reported back, do not pass, placed on calendar 6 0 0	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: INTRODUCED Senate: PASSED 04/04 S Second reading, passed as amended, yeas 47 nays 0 04/05 H Returned to House (12)	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 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: INTRODUCED Senate: PASSED 04/04 H Laid over one legislative day 04/05 H Laid over three legislative days	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: CONF. COMM Senate: PASSED 04/06 H Refused to concur 04/06 H Conference committee appointed Thomas Christy Prichard	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; 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: PASSED 04/03 H Signed by Speaker 04/04 H Sent to Governor	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; 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: CONF. COMM Senate: PASSED 04/04 H Refused to concur 04/04 H Conference committee appointed Warrey Schauer Tveit	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; to provide an appropriation; 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: INTRODUCED Senate: PASSED 04/06 S Second reading, passed as amended, yeas 46 nays 1 04/06 H Returned to House (12)	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: 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; 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; 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 03/15 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 04/06 S Concurred 04/06 S Second reading, passed, yeas 47 nays 0, Emergency clause carried	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: 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 04/04 H Laid over two legislative days 04/06 H Laid over two legislative days	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: PASSED 04/05 S Signed by President 04/05 S Sent to Governor	Relating to the interstate insurance product regulation compact.
SB 2198	Senate: PASSED House: INTRODUCED 02/17 H Introduced, first reading, referred Industry, Business and Labor Committee 04/03 H Committee Hearing - 10:00 AM	Relating to state employee family medical leave.
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 04/06 S Concurred 04/06 S Second reading, passed, yeas 47 nays 0	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 f State 03/15	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; 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.
SB 2392	Senate: PASSED House: INTRODUCED 04/05 H Introduced, first reading, referred Industry, Business and Labor Committee 04/11 H Committee Hearing - 09:00 AM	Relating to the definition of deposit account.