



Legislative Update January 8, 2021

SECTION 1: GENERAL

The 67th General Assembly of the North Dakota Legislature convened Tuesday, January 5, 2021 under a whole new protocol. Governor Burgum delivered his State of the State address to the joint session of the Legislature (the Senate watched from its chamber) which has grown its Republican supermajority to 80-14 in the House and 40-7 in the Senate. The Governor used the platform to convey optimism about the state's fight against the pandemic while encouraging lawmakers to endorse his budget proposals which were unveiled last month during the Legislature's Organization Session. Burgum's \$15 billion budget for the biennium increases state spending by two percent and includes a \$1.25 billion bonding package. We know that each party will separately introduce bonding packages, but it appears there's an appetite by the legislature and administration to take advantage of the low interest rate environment. What that ultimate budget and bonding package might look like is months away.

Hearings at the Capitol began Wednesday in full force which is a bit unusual. 14 bills on ICBND's tracking list had hearings between Wednesday and today with oral testimony provided at four of them. Hearings, as you can imagine, are also under a whole new protocol. In each of the hearing rooms, there is a bunch more technology, a lot fewer chairs, some ill-fitting masks and shields, and we're all just trying to adjust. I wasn't early enough for the Senate IBL hearing at which I testified Wednesday morning. There were only five chairs allowed for non-committee members. I wasn't there in time to get one, but Senator Jerry Klein allowed me to stand in the corner at a safe social distance. It felt like being in old-man timeout. It all worked out fine, but I suspect I won't let that happen again.

As in the past, my weekly Legislative Updates will generally be comprised of the following:

- General discussion of the week's activities
- Bill hearings and results of the current week
- Bill hearings of interest for the following week (taken from the ICBND Tracking List); and
- The ICBND Tracking List. This is a moving target as bills will continue to be dropped over the next several weeks but is provided as a reference.

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

SB 2008 – is the Department of Financial Institutions (DFI) budget bill which was heard in Senate Appropriations this morning. The majority of DFI's budget (82 percent) is payroll related and the department is not requesting any additional full-time equivalents. The budget as proposed is slightly higher than the current biennium. There was also an amendment offered to the budget bill that would ensure the confidentiality of personal and granular borrower information in the event of an open records request or state auditor action. I testified in support of the budget and the amendment.

SB 2101 – is DFI's bill to modernize some banking statutes and replace outdated language. Among other things, it would allow the department to carryover all funds from biennium to biennium rather than turn back any excess over 20 percent to the General Fund. None of these funds should ever have to go to the General Fund. It would also allow for semi-annual (rather than annual) assessments. Importantly, it provides some flexibility (at least in the way of credit ratings) for banks to invest in corporate bonds and it

allows for expanded investment in service corporations (United States vs. just North Dakota). ICBND testified in support of this bill. It passed unanimously out of Senate IBL Committee on Wednesday and passed unanimously on the Senate Floor this afternoon.

SB 2102– relates to the DFI Commissioner and the State Banking Board’s authority relative to dissolution, insolvency, receivership and liquidation of financial institutions under DFI supervision. The bill would allow the department more flexibility to act in the event of an emergency (ransomware attack for instance) or the necessary closure of an institution. Commissioner Kruse presented this bill and SB 2101 conceptually to the ICBND Legislative Committee in October. ICBND testified in support of the bill and it received a 6-0 Do Pass vote from the Senate IBL Committee.

HB 1026 – relates to financial criteria for grain buyers, grain brokers, grain processors, and warehousemen licenses. This bill has been in the works since well before the last session and is the result of a great deal of work in the interim. Vulnerabilities in the law and practices have existed forever but was really brought to light with the Hunter Hansen debacle a couple years ago. With jurisdiction now under the Ag department as opposed to the PSC, it appears progress is being made. ICBND and others met with House Ag Committee Chairman Dennis Johnson, Ag Commissioner Doug Goehring, and others from the Ag Department Tuesday afternoon to discuss issues with an amendment that was being planned to submit. The financial services working group proposed alternative language that would still allow flexibility for the Ag Commissioner to order a facility to cease operations, but better clarified the assets under the department’s control. The amendments that were ultimately introduced included the changes satisfactory to us. The House Ag Committee took no action on the bill Thursday.

HB 1050 – is a bill introduced by the Bank of North Dakota that would exempt it from some of the business incentive accountability reporting for PACE loans. The business accountability reporting as implemented over a decade ago really relates to entities having to report back to the state when incentives were designed to add jobs. Most of the PACE loans don’t have a “jobs” requirement and it just ends up amounting to unnecessary administrative work for BND employees and ultimately community bank employees who were also involved in the projects. ICBND testified in support of the Bill. House IBL Committee Vice Chairman Keiser asked that BND draft an amendment where they would still have to report for those incentive situations that actually did have a “jobs” requirement.

SECTION 3: BILL HEARINGS NEXT WEEK

Date and Time	Bill Number	Short Title	Committee
01/08/2021 09:00	<u>HB 1002</u>	A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.	House Appropriations - Education and Environment Division
01/08/2021 10:00	<u>HB 1011</u>	A BILL for an Act to provide an appropriation for defraying the expenses of the securities department.	House Appropriations - Government Operations Division
01/08/2021 11:00	<u>SB 2008</u>	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.	Senate Appropriations
01/11/2021 11:00	<u>HB 1005</u>	A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.	House Appropriations - Government Operations Division
01/12/2021 08:00	<u>HB 1062</u>	Relating to the confidentiality of insurance filings relating to insurance company records held by the insurance commissioner.	House Industry, Business and Labor
01/12/2021 08:30	<u>SB 2072</u>	Relating to unfair trade practices and the use of rebates in the business of insurance; and to declare an emergency.	Senate Industry, Business and Labor

01/12/2021 10:30	<u>SB 2034</u>	Relating to written advisory opinions regarding ethics.	Senate Judiciary
01/12/2021 11:00	<u>HB 1022</u>	A BILL for an Act to provide an appropriation for defraying the expenses of the retirement and investment office; and to provide an exemption.	House Appropriations - Government Operations Division
01/12/2021 01:45	<u>HB 1087</u>	Relating to third-party reinsurance; relating to premium taxes and credits for insurance companies and the establishment of an invisible reinsurance pool for the individual health insurance market; to provide for a study; to provide a penalty; to provide an appropriation; and to declare an emergency.	House Industry, Business and Labor
01/13/2021 08:30	<u>SB 2014</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 contingent funding; to provide for a transfer; and to provide an exemption.	Senate Appropriations
01/13/2021 10:30	<u>SB 2048</u>	Relating to the Revised Uniform Unclaimed Property Act; relating to abandoned and unclaimed property; to repeal chapter 47-30.1 of the North Dakota Century Code, relating to the uniform unclaimed property act; to provide for a report; to provide a penalty; and to provide a continuing appropriation.	Senate Industry, Business and Labor
01/13/2021 10:45	<u>HB 1004</u>	A BILL for an Act to provide an appropriation for defraying the expenses of the state auditor.	House Appropriations - Government Operations Division
01/13/2021 02:00	<u>SB 2127</u>	Relating to the housing incentive fund; and to provide an appropriation.	Senate Industry, Business and Labor
01/13/2021 02:30	<u>HB 1010</u>	A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; and to provide an appropriation for the distribution of funds from the insurance tax distribution fund.	House Appropriations - Government Operations Division
01/14/2021 11:00	<u>HB 1024</u>	A BILL for an Act to provide an appropriation for defraying the expenses of the ethics commission.	House Appropriations - Government Operations Division

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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INDEPENDENT COMMUNITY BANKS
of NORTH DAKOTA

ICBND BILL TRACKING LIST

<u>Bill</u>	<u>Status</u>	<u>Title</u>
<u>HB 1002</u>	House: INTRODUCED 01/05 H Introduced, first reading, referred Appropriations Committee 01/08 H Committee Hearing - 09:00 AM	A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.
<u>HB 1004</u>	House: INTRODUCED 01/05 H Introduced, first reading, referred Appropriations Committee 01/13 H Committee Hearing - 10:45 AM	A BILL for an Act to provide an appropriation for defraying the expenses of the state auditor.
<u>HB 1005</u>	House: INTRODUCED 01/05 H Introduced, first reading, referred Appropriations Committee 01/11 H Committee Hearing - 10:30 AM	A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.
<u>HB 1010</u>	House: INTRODUCED 01/05 H Introduced, first reading, referred Appropriations Committee 01/13 H Committee Hearing - 02:30 PM	A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; and to provide an appropriation for the distribution of funds from the insurance tax distribution fund.
<u>HB 1011</u>	House: INTRODUCED 01/05 H Introduced, first reading, referred Appropriations Committee 01/08 H Committee Hearing - 10:00 AM	A BILL for an Act to provide an appropriation for defraying the expenses of the securities department.
<u>HB 1022</u>	House: INTRODUCED 01/05 H Introduced, first reading, referred Appropriations Committee 01/12 H Committee Hearing - 11:00 AM	A BILL for an Act to provide an appropriation for defraying the expenses of the retirement and investment office; and to provide an exemption.
<u>HB 1024</u>	House: INTRODUCED 01/05 H Introduced, first reading, referred Appropriations Committee 01/14 H Committee Hearing - 11:00 AM	A BILL for an Act to provide an appropriation for defraying the expenses of the ethics commission.
<u>HB 1026</u>	House: INTRODUCED 01/05 H Introduced, first	Relating to financial criteria for grain buyer, grain broker, grain processor, and warehousemen licenses, and licensing and bonding for

	reading, referred Agriculture Committee 01/07 H Committee Hearing - 09:00 AM	grain brokers and grain processors; to amend and reenact sections 60-02-01, 60-02-07, 60-02-09, 60-02-11, 60-02-12, 60-02-19.1, 60-02-24, 60-02.1-01, 60-02.1-07, 60-02.1-08, 60-02.1-10, 60-02.1-11, 60-02.1-13, 60-02.1-14, 60-02.1-15, 60-02.1-17, 60-02.1-19, 60-02.1-21, 60-02.1-23, 60-02.1-29, 60-02.1-32, 60-02.1-41, subsection 2 of section 60-04-01, and section 60-10-16 of the North Dakota Century Code, relating to definitions of grain brokers and processors, the duties and powers of the commissioner, confidentiality records, scale ticket contents, credit-sale contracts, reports, annual licenses, fees, and bonds for grain buyers, grain brokers, grain processors, and warehousemen; to repeal sections 60-02.1-06, 60-02.1-07.1, 60-02.1-26, 60-02.1-27, and 60-10-15; and to provide a penalty.
<u>HB 1037</u>	House: INTRODUCED 01/05 H Introduced, first reading, referred Appropriations Committee	Relating to a legacy earnings fund; and to amend and reenact subsection 1 of section 21-10-06 of the North Dakota Century Code, relating to funds invested by the state investment board.
<u>HB 1043</u>	House: INTRODUCED 01/05 H Introduced, first reading, referred Judiciary Committee 01/06 H Committee Hearing - 01:00 PM	Relating to the ethics commission delegation of duties and advisory opinions; to amend and reenact subsection 2 of section 54-66-01 and sections 54-66-05, 54-66-06, 54-66-07, 54-66-08, 54-66-09, and 54-66-12 of the North Dakota Century Code, relating to ethics commission complaint procedures.
<u>HB 1050</u>	House: INTRODUCED 01/05 H Introduced, first reading, referred Industry, Business and Labor Committee 01/06 H Committee Hearing - 01:30 PM	Relating to definitions relating to business incentives, agreements, and reports.
<u>HB 1062</u>	House: INTRODUCED 01/05 H Introduced, first reading, referred Industry, Business and Labor Committee 01/12 H Committee Hearing - 08:00 AM	Relating to the confidentiality of insurance filings; and to amend and reenact section 26.1-03-10, subdivision a of subsection 5 of section 26.1-03-19.4, and subsection 6 of section 26.1-03-19.4 of the North Dakota Century Code, relating to insurance company records held by the insurance commissioner.
<u>HB 1087</u>	House: INTRODUCED 01/05 H Introduced, first reading, (emergency), referred Industry, Business and Labor Committee 01/12 H Committee Hearing - 01:45 PM	Relating to third-party reinsurance; to amend and reenact sections 26.1-03-17, 26.1-36.7-01, 26.1-36.7-02, 26.1-36.7-03, 26.1-36.7-04, 26.1-36.7-05, 26.1-36.7-06, 26.1-36.7-07, 26.1-36.7-08, 26.1-36.7-09, and 26.1-36.7-10 of the North Dakota Century Code, relating to premium taxes and credits for insurance companies and the establishment of an invisible reinsurance pool for the individual health insurance market; to provide for a study; to provide a penalty; to provide an appropriation; and to declare an emergency.
<u>SB 2003</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Appropriations Committee	A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to provide for a report; and to provide an exemption.
<u>SB 2008</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Appropriations Committee 01/08 S Committee Hearing - 11:00 AM	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.

<u>SB 2014</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Appropriations Committee 01/13 S Committee Hearing - 08:30 AM	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 contingent funding; to provide for a transfer; and to provide an exemption.
<u>SB 2018</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Appropriations Committee	A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.
<u>SB 2019</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Appropriations Committee 01/07 S Committee Hearing - 01:30 PM	A BILL for an Act to provide an appropriation for defraying the expenses of the department of career and technical education.
<u>SB 2020</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Appropriations Committee	A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota state university extension service, northern crops institute, upper great plains transportation institute, main research center, branch research centers, and agronomy seed farm; to provide for a report; and to provide an exemption.
<u>SB 2021</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Appropriations Committee 01/06 S Committee Hearing - 02:30 PM	A BILL for an Act to provide an appropriation for defraying the expenses of the information technology department; and to provide an exemption.
<u>SB 2034</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Judiciary Committee 01/12 S Committee Hearing - 10:30 AM	Relating to written advisory opinions regarding ethics.
<u>SB 2048</u>	Senate: INTRODUCED 01/06 S Committee Hearing - 01:45 PM 01/13 S Committee Hearing - 10:30 AM	Relating to the Revised Uniform Unclaimed Property Act; to amend and reenact sections 9-12-29, 10-19.1-123, 10-33-114, and 15-02-05.2, subsection 3 of section 23.1-15-07, subsections 8 and 9 of section 26.1-55-02, sections 26.1-55-04, 27-05.2-04, and 30.1-20-14, subsection 3 of section 35-20-17, sections 35-36-05, 38-13.1-03, 38-18.1-03, and 44-04-18.25, subsection 3 of section 47-16-07.1, section 54-27-15.1, subsection 6 of section 57-38-57, subsection 8 of section 57-39.2-23, and section 60-01-34 of the North Dakota Century Code, relating to abandoned and unclaimed property; to repeal chapter 47-30.1 of the North Dakota Century Code, relating to the uniform unclaimed property act; to provide for a report; to provide a penalty; and to provide a continuing appropriation.
<u>SB 2072</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, (emergency), referred Industry, Business and Labor Committee 01/12 S Committee Hearing - 08:30 AM	Relating to unfair trade practices and the use of rebates in the business of insurance; and to declare an emergency.
<u>SB 2098</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Judiciary	Relating to abandoned vehicles.

	Committee 01/06 S Committee Hearing - 11:15 AM	
<u>SB 2101</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Industry, Business and Labor Committee 01/06 S Committee Hearing - 08:45 AM	Relating to credit union loans; to amend and reenact subsection 3 of section 6-01-01.1, sections 6-01-04.3, 6-01-09, and 6-01-17, subsection 1 of section 6-03-05, sections 6-03-11, 6-03-13.3, and 6-03-15.1, subsection 1 of section 6-03-47.2, sections 6-03-49.1, 6-05-15.4, and 6-06-06, subsection 4 of section 6-06-08, and sections 6-06-11 and 6-08-08.1 of the North Dakota Century Code, relating to the regulatory fund, assessment of civil money penalties, appointment of receivers, supervision and examinations, assessments, real estate loans, bank mergers, bank branches, bank investments, trust branches, credit union powers, credit union board notice, and sale or purchase of banking institutions or holding companies; to repeal section 6-06-14 of the North Dakota Century Code, relating to credit union loans; and to provide a penalty.
<u>SB 2102</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Industry, Business and Labor Committee 01/06 S Committee Hearing - 10:00 AM	Relating to dissolution, insolvency, suspension, emergency receivership, and liquidation of institutions under the department of financial institutions' supervision; to amend and reenact subsection 4 of section 6-01-04.2 and sections 6-01-04.4, 6-02-05, 6-03-12, 6-03-57, 6-03-67, 6-05-34, and 6-06-08.4 of the North Dakota Century Code, relating to financial institutions cross references, cease and desist orders, and prompt corrective action; and to repeal chapter 6-07 of the North Dakota Century Code, relating to dissolution, insolvency, suspension, emergency receivership, and liquidation of institutions under the department of financial institutions' supervision.
<u>SB 2103</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Industry, Business and Labor Committee 01/06 S Committee Hearing - 11:00 AM	Relating to money broker charges; to amend and reenact sections 13-04.1-02.1, 13-05-02.3, and 13-08-12 of the North Dakota Century Code, relating to money broker exemptions, collection agency exemptions, and deferred presentment service transaction procedures; to repeal section 13-04.1-09.2 of the North Dakota Century Code, relating to money broker charges; and to provide a penalty.
<u>SB 2127</u>	Senate: INTRODUCED 01/05 S Introduced, first reading, referred Industry, Business and Labor Committee 01/13 S Committee Hearing - 02:00 PM	Relating to the housing incentive fund; and to provide an appropriation.