

## What Happened This Week

One of NDBA's sponsored bills now has a number and may easily be tracked.

### HB 1220 – Priority Lien Notice of Agricultural Supplier Liens

HB 1220 is a bill to require the agricultural supplier to give notice to a secured lien holder of record no later than 20 days from the date that the supplier delivers the ag products or services to the grower if the agricultural supplier's lien exceeds \$50,000. This bill would make larger supplier's liens more like purchase money finance of inventory and livestock and will hopefully protect growers from double financing their annual production as well as stabilize and create responsible agricultural credit while limiting collateral based lending.

### Bankers Day at the Capitol, Bank Management Conference and Legislative Dinner

NDBA's Bankers' Day at the Capitol will take place on Wednesday, January 23, starting at 9 a.m. in the Brynhild Haugland hearing room on the ground floor of the Capitol building. Attendees will hear from state officials and have opportunities to attend hearings, and spend time with their local legislators. If you are interested, check out [NDBA.com](http://NDBA.com) or contact [dorothy@ndba.com](mailto:dorothy@ndba.com).

*2019 North Dakota  
Legislative Session*

## NDBA's High Priorities to Date

Bill	Title
<a href="#">HB 1008</a>	A BILL for an Act to provide an appropriation for defraying the expenses of the Department of Financial Institutions.
<a href="#">HB 1014</a>	A BILL for an Act to provide for an appropriation for defraying the expenses of the Industrial Commission and the agencies under the management of the Industrial Commission; and to provide for a transfer.
<a href="#">HB 1106</a>	Relating to the establishment of an invisible reinsurance pool for the individual health insurance market; and to declare an emergency.
<a href="#">HB 1110</a>	Relating to the adoption of the Revised Uniform Law on Notarial Acts; and to amend and reenact sections 44-06.1-01, 44-06.1-03, and 44-06.1-18 of the North Dakota Century Code, relating to the adoption of the Revised Uniform Law on Notarial Acts.
<a href="#">HB 1220</a>	Relating to priority of agricultural supplier liens; and to provide for application.
<a href="#">HB 1263</a>	Relating to custody and disposition of abandoned motor vehicles; to provide a penalty; and to declare an emergency.
<a href="#">SB 2093</a>	Relating to the examination of technology service providers, the capital requirement for trust companies, the examination of trust companies, the definition of a financial institution, surety bond requirements for money brokers and collection agencies, notice requirement for deferred presentment service providers, fees for money transmitters, and reporting requirements for debt-settlement providers; and to repeal sections 13-04.1-05.1, 13-05-05.2, 13-08-05.2, and 13-09-10.1 of the North Dakota Century Code, relating to automatic renewal of license in 2009 for money brokers, automatic renewal of license in 2014 for collection agencies, deferred presentment service providers, and money transmitters.
<a href="#">SB 2098</a>	Relating to the Bank of North Dakota residential mortgage loan program; and to declare an emergency.
<a href="#">SB 2099</a>	Relating to the medical facility infrastructure loan fund; and to declare an emergency.
<a href="#">SB 2179</a>	Relating to the prevention of financial exploitation; and to amend and reenact section 6-08.1-03 of the North Dakota Century Code, relating to a financial institution's duty of confidentiality.

## Hearings and Other Action this Week

### HB 1008 – DFI Appropriation

The House Appropriation's Government Operations Division took its first look at the proposed appropriation for the state Department of Financial Institutions on Thursday morning. DFI Commissioner Kruse explained the details underlying Governor Burgum's suggested \$8,978,343 budget for the 2019-2021 biennium. The total budget would fund 31 full-time positions. NDBA, ICBND and the Credit Unions spoke in favor of the department's budget. The committee took no action and final House action on this and other budgets is not likely to occur until just before crossover at the end of February.

### SB 2093 – DFI Clean-up Bill

SB 2093 relates to the examination of technology service providers, the capital requirement for trust companies, the examination of trust companies, the definition of a financial institution, surety bond requirements for money brokers and collection agencies, notice requirement for deferred presentment. SB 2093 was introduced by the Department of Financial Institutions. Commissioner Kruse reviewed the various provisions of the bill including credit union technology service providers exam authority; increasing the minimum capital requirement for a trust company; to allow for advance exam notifications; extend privacy and disclosure requirement to institutions located outside North Dakota; increase the surety bond amount for money brokers; require surety bonds for collection agencies; increase in renewal fees for money transmitters and changing the due date of reports from debt settlement providers.

### SB 2098 – BND Residential Loan Program

The Senate IBL committee heard SB 2098 on Tuesday morning. Todd Steinwand testified on behalf of BND's legislation to remove some of the restrictions placed on the Bank's residential loan program. According to Steinwand, only 133 mortgages totaling about \$20 million in loans have been run through the program. The bank would like the restriction removed to allow them to treat rural customers similar to urban customers. He explained the program is designed to assist with mortgage loan origination services on property in locations where mortgage loan services are not reasonably available and require referral from a local financial institution. NDBA and ICBND testified in support of the legislation. The bill received a 6-0 do pass recommendation and passed the full Senate 47-0 on Thursday afternoon.

### HB 1097 – Sunday Opening

The House IBL committee heard HB 1097 on Wednesday morning. Representative Shannon Roers Jones introduced the bill to repeal state law which mandates certain business closure before noon on Sundays. Representative Roers Jones stated it should not be the role of the government to decide when stores are open or not. There are many carve outs for the law that have already been made and currently

the only individuals who can't work are those in retail. With all of the exemptions that have already been carved out, the retailers that are able to open (e.g. grocery stores) have taken advantage of it by selling items that are technically prohibited from sale, such as utensils, pots and pans, clothing. The Greater ND Chamber, ND Retail Association and Americans for Prosperity supported the legislation. The Catholic Conference and two local Bismarck pastors opposed. The committee took no action on the bill.

### HB 1110 - Revised Uniform Law on Notarial Acts

The House Judiciary committee heard testimony from Representative Larry Klemin. Rep Klemin is Chairman of the ND Commission on Uniform State Laws. HB 1110 is an amendment to the Revised Uniform Law on Notarial Acts adopted in North Dakota in 2011 and is intended to create new law to authorize remote notarizations through the use of an emerging technology. Nick Hacker, ND Guaranty & Title, presented amendments to the bill to ensure Remote Online Notary can be usable under the act. There was no opposition to his amendment.

## Blockchains and Ledger Technology

**The House Industry Business and Labor committee spent most of Tuesday listening to four bills and two study resolutions regarding blockchain and ledger technologies.**

**HB 1043** - relating to the exemption of an open blockchain token from specified securities transactions and dealings and to the definitions of an open blockchain token and virtual currency and excluding an open blockchain token and virtual currency from specified money transmission requirements. Rep. Nathan Toman introduced 1043 to foster permissive language in North Dakota so that companies can set up shop in North Dakota rather than going to bigger states. This bill would allow corporations and LLC to put their companies on the Blockchain so they are a legal company and on the "up and up" Representative Toman stated, "There is no problem but if we can find what those tokens are in that amendment, and find the spot in the Century Code where it belongs, it will provide surety to the companies that use this technology to come set up shop in our state." At the completion of the hearing, Chairman Keiser stated they would have another hearing to allow Representative Toman to bring amendments to fix concerns with the bill. That afternoon, Rep. Toman asked that the bill be defeated.

**HB 1045** - relating to electronic transaction definitions, blockchain technology and smart contracts, number of shareholders and series limited liability companies. Rep. Toman introduced HB 1045 to include Blockchain technology to be included in companies and LLCs under the authority of the Secretary of State. The hearing lasted nearly two hours with lots of questions and information regarding Blockchains

and Bitcoins. Jim Silrum, Deputy Secretary of State, testified in a neutral position drawing the committees attention to a section of the bill that creates a new type of business entity. He wanted to know if the committee would think it was wise to codify this type of LLC further in another part of the Century Code and give authority to regulate and make rules. The committee has not taken action on the bill.

**HB 1048** - Use of distributed ledger technologies. Rep. Toman introduced HB 1048 to allow the State of North Dakota to use distributed ledger technologies. Shaun Riley, the State Chief Information Officer, testified in support of the bill. He noted the state supports distributed technology. This technology is key to future projects because it increases security. This legislation would not require additional funds to implement. He demonstrated a simplified exercise about how Blockchain works with “block props.” The committee has not taken action on the bill.

**HB 1049** - relating to signatures secured through distributed ledger technology. Rep. Toman introduced HB 1049 to add distributed ledger or blockchain ledger technology for purposes of an electronic signature. Through questions, the committee felt that this technology was already included in the definition of electronic signature. The committee gave the bill a 14-0 do not pass recommendation and the full House defeated the bill 3 to 89 on January 9.

**HCR 3002** - a resolution requesting the Legislative Management to study the potential benefits of distributed ledger technology and blockchain for state government.

**HCR 3004** - a resolution to study the potential benefit value of blockchain technology implementation and utilization in state government administration and affairs. The committee took no action on either resolution.

## Hearings for the Week of January 14

DATE & TIME	BILL NUMBER	SHORT DESCRIPTION	COMMITTEE
01/14/2019 09:20 AM 	<a href="#">HB 1251</a>	Relating to property disclosure requirements.	House Judiciary
01/14/2019 10:45 AM 	<a href="#">SB 2179</a>	Relating to the prevention of financial exploitation; and to amend and reenact section 6-08.1-03 of the North Dakota Century Code, relating to a financial institution’s duty of confidentiality.	Senate Industry, Business and Labor
01/15/2019 08:00 AM 	<a href="#">HB 1106</a>	Relating to the establishment of an invisible reinsurance pool for the individual health insurance market; and to declare an emergency.	Senate Industry, Business and Labor
01/15/2019 10:00 AM 	<a href="#">HB 1066</a>	Relating to infrastructure funds; to amend and reenact subsection 5 of section 57-51-01 and sections 57-51-15, 57-51.1-07.3, and 57-51.1-07.5 of the North Dakota Century Code, relating to oil and gas tax revenue allocations; to provide a continuing appropriation; to provide for a report; and to provide an effective date.	House Finance and Taxation
01/16/2019 08:00 AM 	<a href="#">HB 1181</a>	Relating to the regulation of guaranteed asset protection waivers; to provide a penalty; and to provide for application.	House Industry, Business and Labor
01/16/2019 08:00 AM 	<a href="#">HB 1171</a>	Relating to the development and implementation of a skilled workforce student grant program; to provide a continuing appropriation; to provide for a transfer; to provide an expiration date; and to declare an emergency.	House Industry, Business and Labor
01/16/2019 08:30 AM 	<a href="#">HB 1014</a>	A BILL for an Act to provide for an appropriation for defraying the expenses of the industrial commission and the agencies under the management of the industrial commission; and to provide for a transfer.	House Appropriations - Government Operations Division
01/16/2019 09:00 AM 	<a href="#">SB 2115</a>	Relating to child support; and to repeal section 14-09-09.37 of the North Dakota Century Code, relating to child support.	Senate Human Services

## Hearings for the Week of January 14 continued

DATE & TIME	BILL NUMBER	SHORT DESCRIPTION	COMMITTEE
01/16/2019 10:00 AM 	<a href="#">HB 1235</a>	Relating to a corporate income tax credit and an employer deduction for reimbursement of employee child care expenditures; and to provide an effective date.	House Finance and Taxation
01/16/2019 10:30 AM 	<a href="#">HB 1241</a>	Relating to an individual income tax deduction for contributions made to a first-time home buyer savings account; and to provide an effective date.	House Finance and Taxation
01/17/2019 02:00 PM 	<a href="#">HB 1263</a>	Relating to custody and disposition of abandoned motor vehicles; to provide a penalty; and to declare an emergency.	House Transportation
01/17/2019 02:00 PM 	<a href="#">HB 1014</a>	A BILL for an Act to provide for an appropriation for defraying the expenses of the industrial commission and the agencies under the management of the industrial commission; and to provide for a transfer.	House Appropriations - Government Operations Division
01/18/2019 09:00 AM 	<a href="#">HB 1008</a>	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.	House Appropriations - Government Operations Division

### How to Contact Your Legislators

During a legislative session, a legislator can be reached at the State Capitol through:



#### [Contact My Legislators](#)

<http://www.legis.nd.gov/contact-my-legislators>



or by leaving a message with the legislative telephone message center at **1-888-NDLEGIS (635-3447)** or **701-328-3373** (local).

Otherwise, a legislator can be reached by mail, telephone or email at the address listed in the legislator's biography, or one of the lists provided below. Individual legislator contact information is listed here:



#### **Senate**

<http://www.legis.nd.gov/files/resource/miscellaneous/senateroster.pdf?20150106101229>



#### **House**

<http://www.legis.nd.gov/files/resource/miscellaneous/houseroster.pdf?20150106101310>

Over the course of the session, NDBA may ask you to call your Senator or Representative to talk to them about a particular bill or to ask them to support or oppose a particular bill.

**Legislator contacts from local bankers are extremely important, so, please, if we ask, contact your legislators!**

Also, local legislative forums are great to attend because they inform you about issues beyond banking and let you get to know your legislators at home where they are most responsive to your interests and concerns.

***Don't be a stranger; get to know your representatives in Bismarck!***