

What Happened This Week

HB 1351 – Relating to Contractual Non-Compete Provisions

The Senate Industry Business and Labor Committee heard HB 1351 Tuesday, March 19. Representative Josh Boschee introduced the bill explaining a contract by which anyone is restrained from exercising a lawful profession, trade, or business is void in North Dakota. The purpose of the bill is to add an exception for the sale of a business in which the parties agree the seller refrain from carrying on a similar business within a reasonable geographic area and for a reasonable length of time. No one else testified in favor and there was no opposition. The hearing was closed and the committee gave the bill a 6 – 0 Do Pass Recommendation. The full Senate passed the bill 40-5 on Wednesday and it is now headed to the Governor for his signature.


HB 1351 – Relating to Exclusion of People from Coverage of Automobile Insurance

The Senate Industry Business and Labor Committee heard HB 1351 Tuesday, March 19. Representative Randy Schobinger introduced the bill explaining step-down insurance policies are auto policies that specify which drivers are covered or which drivers are excluded from coverage. With a step-down insurance policy, if the driver involved in an accident is not included in the policy, or is excluded in the policy, the driver is only covered by the statutory minimums for uninsured motorist coverage, underinsured motorist coverage, basic no-fault benefits coverage, or collision coverage. Schobinger explained his bill would provide that a personal automobile policy may not reduce or exclude the limits of liability for a driver who was given permission to use the insured vehicle. He stated step-down provisions are very rare and most states don't allow them. Two local attorneys testified in support of the bill; in their eyes, the bill adds a layer of protection for the excluded driver and for the policy holder in the event the policy holder was ever sued for negligence.

A number of attorneys representing the insurance industry testified in opposition, stating that currently, only two of the ninety auto insurance companies in North Dakota offer step-down insurance policies. To date there have been no issues with the coverage. Policy holders must opt-in to the coverage, so the policy holder knows their policy is a step-down policy. If the policy option were to be eliminated, policy rates would go up for those who currently have a step-down policy. The hearing was closed and the committee gave the bill a 5-1 Do Not Pass recommendation. The full Senate defeated the bill 9-37 on Thursday.

SB 2197 – Relating to Loans for Family Farmers

The House Agricultural Committee heard SB 2197 Thursday, March 21. Senator Jessica Unruh introduced the bill explaining the bill is intended to give Bank of North Dakota more flexibility in dealing with interest rates for the beginning farmer loan program. Todd Steinwand, BND's chief business development officer, testified in support of the bill. He explained the bill as amended by the Senate will allow BND to offer a 10-year fixed rate option for the Beginning Farmer Real Estate Program and the Family Farm Loan Program. Currently, BND can make a loan with an interest rate fixed at one percent below the Bank's then current base rate for the first five years with a maximum rate of six percent per year and variable at one percent below the Bank's then current base rate for the second five years. The bill will allow BND the option of a 10-year fixed rate at 1% below BND's base rate. NDBA's Rick Clayburgh and ICBND's Jack McDonald testified in support of the bill along with a number of commodity groups. There was no opposition, the hearing was closed and the bill was given a 15-0 Do Pass recommendation. It is now awaiting full House consideration.



*2019 North Dakota
Legislative Session*

HB 1165 – Nonconforming Structures

The Senate Political Subdivisions Committee heard HB 1165 Thursday, March 21. Representative Steve Vetter introduced the bill. He explained the bill only effects zoning code and not local building code. If a property was once legal and conforming to local zoning codes and is destroyed beyond 50%, this bill would allow for it to be repaired. Dennis Huber, who is a real estate appraiser from West Fargo, testified in support of HB 1165. The threat of buying a home and getting into a huge financial risk is real for many people. Residential neighborhoods are re-zoned and people's homes are unable to be re-built when natural disasters hit. He gave examples of many communities with nonconforming structures due to rezoning. Ken Vein from the City of Grand Forks testified in opposition. He explained homes that were destroyed from the flood in Grand Forks were allowed to re-build even though they didn't comply with zoning after the city's natural disaster. He said cities are willing to work with property owners when these types of things happen. The concern is these types of structures can remain nonconforming forever and they may have impacts to their property values or those around them. Bill Woken from ND League of Cities testified in opposition of HB 1165 stating the bill creates a mandate that restricts cities' rights at a local level. He noted cities evolve over time and there is a need to look 30 years down the road; you can't expect every house currently there to always be there. In order to balance the concerns of today with the concerns of 30 years from now, Woken said, this legislation shouldn't be passed at the state level; instead, communities deserve to be able to deal with this on a local level. The hearing was closed and no action was taken.

SB 2346 – Warehouse, Grain Buyer and Indemnity Fund

Last Friday, March 15, the House Agriculture Committee heard SB 2346. The bill was introduced by Senator Wanzek and relates to warehouse and grain buyer licensing, scale ticket conversions, claims distributions, assessments and refunds, subrogation, and unlicensed grain buyers. Wanzek explained the bill is trying to accomplish more oversight authority on the front end of licensing to prevent warehouse and grain buying insolvency and greater consumer protections resulting from insolvency. He specifically mentioned the need to look at roving grain buyer's licensing to try to address the problems that have recently been reported in the news. The bill gives additional reporting tool to the PSC and creates a confidentiality requirement for financial documents provided to the Commission. The bill also eliminates the Credit-Sale Contract Indemnity Fund and transfers the funds to the grain producer's indemnity fund. Public Service Commissioner Randy Christmann testified in support of the bill, noting there needs to be changes in the grain program. There needs to be a more thorough review of licensing to prevent individuals from getting into these situations, and additionally, there needs to be

more help available for individuals who do end up with insolvency. The hearing started late and it was past noon when Christmann finished his testimony. Due to a tight hearing schedule, Committee Chairman Johnson closed the hearing and rescheduled it. On Thursday, March 21, the House Agriculture Committee re-opened the hearing on SB 2346. NDBA's Rick Clayburgh and Tracy Kennedy testified in support of the bill and encouraged the committee to amend the bill to address some concerns. Kennedy suggested amendments to re-examine the protections of the North Dakota Credit-Sale Indemnity Fund as well as update and clarify the statutorily-defined terms of "Credit Sale" and "receipt." Clayburgh noted NDBA supports a clear, fair, adequate and accessible Grain Indemnity Fund and for laws that will allow bank members to better provide operating financing to both the growers and elevators. North Dakota has the statutory framework to provide true economic stability to the State's grain farmers and to those who do business storing and purchasing that grain but that framework needs to be updated. Farm Credit, the ND Soybean Growers, ND Corn Growers and a Wimbledon-area farmer testified in support of the bill. The North Dakota Grain Growers and Grain Dealers testified in opposition. They believed the whole issue should be studied by the legislature. The Grain Dealers felt the bill should be amended into a study and provisions added to move the oversight from the PSC to the Agricultural Department. Some of their comments raised the ire of PSC Commissioner Randy Christmann. The hearing was closed and no action was taken by the committee.

Bills Still on the NDBA Legislative Plate

The two bills sponsored by NDBA (HB 1220 - priority of agricultural supplier liens) and (SB 2262- use and possession of re-encoders and scanning devices) have passed both houses of the Legislative Assembly and have been signed by the Governor. However, there remain several bills which are of interest:

HB 1008 – DFI Appropriation Bill – still in Senate Appropriation Committee.

HB 1014 – Industrial Commission Bill, including BND – still in Senate Appropriation Committee.

HB 1106 - Invisible reinsurance pool, still in Senate Appropriation Committee.

SB 2271 – Housing Incentive Fund, still in House Appropriations Committee

Other Action

HB 1097, relating to repealing Sunday closing laws, passed the Senate 25-21 and is now headed to the Governor for his signature.




HB 1485, relating to the protection against the disclosure of personal information, passed the Senate as a study resolution 43-2.

HB 1241, relating to creating a new income tax deduction for North Dakota residents who set up a first-time home buyer savings account for the purpose of paying the eligible costs of buying a home in the state, defeated by the Senate 10-36.

SB 2357, provides for a Bank of North Dakota loan guarantee program for federal workers affected by the federal shutdown; and to declare an emergency, defeated by the House 18-71.

SB 2179, relating to the prevention of financial exploitation of an eligible adult, Passed the House with amendments 86 - 0. The bill now heads to the Senate for their concurrence on the amended bill.

Hearings for the Week of March 25

Date and Time	Bill Number	Hearing Description	Committee	Room
03/25/2019 09:00 AM 	HB 1507	Relating to human trafficking prevention training; and to provide a continuing appropriation.	Senate Judiciary	Fort Lincoln
03/27/2019 08:30 AM 	HB 1171	Skilled workforce scholarship program	Senate Appropriations	Harvest
03/28/2019 03:45 AM 	HB 1521	Relating to reporting campaign contributions and expenditures, restrictions on public officials and lobbyists, investigations of ethics violations, and implementing requirements of article XIV, rulemaking procedures, disqualification of agency heads in quasi-judicial proceedings, & Ethics Commission.	Ethics	Pioneer

NDBA Priority Legislation Tracking List

Bill	Status	Title
HB 1008	House: PASSED 78 – 14 NDBA Supports	A BILL for an Act to provide an appropriation for defraying the expenses of the department of financial institutions.
HB 1013	House: PASSED 67 – 26 NDBA Neutral	Relating to the investments of the state investment board; to amend and reenact subsection 2 of section 15-01-02 of the North Dakota Century Code, relating to the investments of the board of university and school lands; to repeal section 57-51-15.1 of the North Dakota Century Code, relating to the energy impact fund; to provide for transfers; to provide for distributions from permanent funds; to provide an exemption; to provide a report; to provide an effective date; and to provide a contingent effective date.
HB 1014	House: PASSED 86 – 7 NDBA Supports	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. Includes BND
HB 1106	House: PASSED 93 – 0 NDBA Supports with Amendments	Relating to the establishment of an invisible reinsurance pool for the individual health insurance market; to amend and reenact subsection 2 of section 26.1-03-17 of the North Dakota Century Code, relating to premium taxes and credits for insurance companies; to provide for a legislative management study; and to declare an emergency.
HB 1110	House: PASSED 92 – 0 Senate: PASSED 31-14 Governor: SIGNED NDBA Supports	Relating to the adoption of the Revised Uniform Law on Notarial Acts; and to amend and reenact sections 11-18-15, 44-06.1-01, 44-06.1-03, 44-06.1-18, and 47-19-26 of the North Dakota Century Code, relating to the adoption of the Revised Uniform Law on Notarial Acts.

HB 1217	House: DEFEATED 24 - 67 NDBA Opposed	Relating to competition between the government and private industry and to require a report to the legislative management.
HB 1220	House: PASSED 89 - 0 Senate: PASSED 44 - 1 Governor: SIGNED NDBA Supports with amendments	Relating to priority of agricultural supplier liens; and to provide for application. Amended in committee to study notice on SOS central filing system.
HB 1263	House: PASSED 86 - 5 Senate: PASSED 46 - 0 NDBA Neutral	Relating to right of an owner to reclaim an abandoned vehicle; to amend and reenact sections 23.1-15-01, 23.1-15-03, 23.1-15-05, 23.1-15-06, 23.1-15-07, 39-26-02, and 39-26-06 of the North Dakota Century Code, relating to custody and disposition of abandoned motor vehicles; to provide a penalty; and to declare an emergency.
HB 1467	House: PASSED 85 - 8 NDBA Neutral	Relating to the definition of agriculture commissioner; and relating to moving the authority over grain, grain buyers, warehousing, deposits, and warehousemen from the public service commission to the agriculture commissioner; to provide a penalty; and to provide a continuing appropriation.
HB 1485	House: PASSED 93 - 0 Senate: PASSED 43 - 2 NDBA Neutral as amended	Relating to protection against the disclosure of personal information; and to provide a penalty. <u>Amended into a Study Resolution – NDBA now Neutral</u>
HB 1524	House: PASSED 93 - 0 Senate: DEFEATED 46 - 1 NDBA Neutral as amended	Relating to the regulation of data brokers; and to provide a penalty. <u>Amended into a Study Resolution</u>
SB 2093	Senate: PASSED 47 - 0 House: PASSED 90 - 0 Governor: SIGNED NDBA Supports	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.
SB 2098	Senate: PASSED 47 - 0 House: PASSED 62 - 27 Governor: SIGNED NDBA Supports	Relating to the Bank of North Dakota residential mortgage loan program; and to declare an emergency.
SB 2179	Senate: PASSED 47 - 0 NDBA Neutral	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.
SB 2205	Senate: PASSED 43 - 2 House: PASSED 61 - 29 NDBA Supports	Relating to abandoned property; and to amend and reenact sections 28-23-11, 32-19-18, 32-19-19, 32-19-23, and 32-19-27 of the North Dakota Century Code, relating to foreclosure of real estate.
SB 2233	Senate: DEFEATED 11 - 35 NDBA Opposed without Amendments	Relating to health insurance coverage for infertility treatment; and to provide for application.

SB 2262	Senate: PASSED 47 - 0 House: PASSED 83 - 7 NDBA's Bill	Relating to the use and possession of re-encoders and scanning devices; to amend and reenact section 12.1-23-11 of the North Dakota Century Code, relating to the unauthorized use of personal identifying information; to repeal section 12.1-23-17 of the North Dakota Century Code, relating to the unlawful skimming of credit, debit, or other electronic payment cards; and to provide a penalty.
SB 2271	Senate: PASSED 44 - 3 NDBA Supports	Relating to the housing incentive fund; to provide a transfer; and to provide an appropriation.
SB 2346	Senate: PASSED 46 - 0 NDBA Supports with NDBA Amendments	Relating to records confidentiality for warehousemen and grain buyers and assessment refunds for grain producers; and relating to warehouse and grain buyer licensing, scale ticket conversions, claims distributions, assessments and refunds, subrogation, and unlicensed grain buyers; to provide a penalty; to provide a continuing appropriation; and to provide for reports.
SB 2357	Senate: PASSED 41 - 4 House: DEFEATED 18 - 71 NDBA Supports with BND Amendments	A BILL for an Act to provide for a Bank of North Dakota loan guarantee program for federal workers affected by the federal shutdown; and to declare an emergency.
HCR 3026	House: PASSED 88 - 0 Senate: PASSED Voice Vote NDBA Supports	A concurrent resolution urging Congress and the Internal Revenue Service to allow states to determine health benefit coverage requirements without jeopardizing health savings account eligibility.
SCR 4006	Senate: PASSED Voice Vote House: PASSED Voice Vote NDBA Supports	A concurrent resolution to recognize Monday, February 25, 2019, as "Bank of North Dakota Day" and to congratulate the Bank of North Dakota on its 100th anniversary.

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!