

**House Government and Veterans Affairs
67th Legislative Session
Representative Jim Kasper-Chair**

Chairman Kasper and House Government and Veterans Affairs Committee,

Please accept this testimony in support of HB 1211. This bill will...

- Amend NDCC 37-14-03 Veterans' aid fund and NDCC 37-14-14 Veterans' Post War Trust Fund (PWTF) to allow the state treasurer investment authority of these clearing account funds. Cash funds are held in fund 368 (loan fund) and fund 410 (PWTF clearing account).
- Allow the North Dakota Department of Veterans Affairs (NDDVA), the Administrative Committee on Veterans Affairs (ACOVA) and Treasurers office to be good stewards of these funds by ensuring they are securely invested to gain the best interest rate.

Currently the ACOVA authorizes the NDDVA to invest the cash balance of the Veterans aid fund or Loan Fund, which is held at the Bank of North Dakota in Fund 368, in CD's which mature every quarter to ensure the funds are available as needed for the loan program. As of January 1, 2020 the balance of fund 368 was \$363,198.44 of which \$103,198.44 was in cash earning about \$22 in interest per month. \$260,000 was invested in four 1-year CD's earning about \$220 in interest per month. These are invested in CD's at the Bank of ND as per NDCC 6-09-07.

6-09-07. State funds must be deposited in Bank of North Dakota - Income of the Bank.

All state funds and funds of all state penal, educational, and industrial institutions must be deposited in the Bank of North Dakota by the persons having control of such funds **or must be deposited in accordance with constitutional and statutory provisions...**

Other funds invested by the State Treasurer allow the purchase of CD's outside the Bank of North Dakota due to the language of the NDCC such as the ND Wheat Commission or the ND Veterans Cemetery Trust Fund under NDCC 39-04-10.10

NDCC39-04-10.10 (2)... **Investment of the fund is the responsibility of the state treasurer who shall have full authority to invest the fund only in the same manner as the state investment board is authorized to make investments...**

From the State Treasurers CD report for January 2020...

Investment Group Label: Veteran's Aid Loan

| Maturity Date | Purchase Date | Financial Institution | CD Number | Rate | Purchase Amount | Term in Days |
|--------------------------------|---------------|-----------------------|-----------|--------|----------------------|--------------|
| 03/31/2020 | 03/31/2019 | Bank of ND, Bismarck | 10542 | 1.000% | \$ 65,000.00 | 366 |
| 06/30/2020 | 06/30/2019 | Bank of ND, Bismarck | 10655 | 1.050% | \$ 65,000.00 | 366 |
| 09/30/2020 | 09/30/2019 | Bank of ND, Bismarck | 10754 | 0.950% | \$ 65,000.00 | 366 |
| 12/31/2020 | 12/31/2019 | Bank of ND, Bismarck | 10869 | 0.900% | \$ 65,000.00 | 366 |
| Investment Group Total: | | | | | \$ 260,000.00 | |

Investment Group Label: Wheat Commission

| Maturity Date | Purchase Date | Financial Institution | CD Number | Rate | Purchase Amount | Term in Days |
|--------------------------------|---------------|---|------------|--------|----------------------|--------------|
| 02/26/2020 | 02/26/2019 | KodaBank, Drayton | 651895 | 2.660% | \$ 99,000.00 | 365 |
| 04/24/2020 | 04/24/2019 | Choice Financial Group, Langdon | 240055632 | 2.550% | \$ 100,000.00 | 366 |
| 04/25/2020 | 04/25/2019 | First Community Credit Union, Jamestown | 96449-15 | 2.550% | \$ 99,000.00 | 366 |
| 05/10/2020 | 05/10/2019 | First State Bank, Grand Forks | 66182120 | 2.350% | \$ 249,000.00 | 366 |
| 05/10/2020 | 05/10/2019 | First Western Bank and Trust, Minot | 87221 | 2.500% | \$ 249,000.00 | 366 |
| 06/03/2020 | 06/04/2019 | First Community Credit Union, Jamestown | 96449-16 | 2.550% | \$ 99,000.00 | 365 |
| 07/10/2020 | 07/10/2019 | Plains Commerce Bank, Bismarck | 1200010863 | 2.350% | \$ 99,000.00 | 366 |
| Investment Group Total: | | | | | \$ 994,000.00 | |

Investment Group Label: Veteran's Cemetery Trust Fund

| Maturity Date | Purchase Date | Financial Institution | CD Number | Rate | Purchase Amount | Term in Days |
|--------------------------------|---------------|--------------------------------------|-----------|--------|---------------------|--------------|
| 10/03/2020 | 10/03/2019 | State Bank & Trust- Kenmare, Kenmare | 37762 | 2.200% | \$ 99,000.00 | 366 |
| Investment Group Total: | | | | | \$ 99,000.00 | |

| Investment | Rate | Month | Year | Biennium | Difference |
|---------------|-------|-----------|-------------|--------------|-------------|
| \$ 260,000.00 | 1% | \$ 216.00 | \$ 2,600.00 | \$ 5,200.00 | |
| \$ 260,000.00 | 2.2% | \$ 476.00 | \$ 5,720.00 | \$ 11,440.00 | \$ 6,240.00 |
| \$ 260,000.00 | 2.66% | \$ 576.00 | \$ 6,916.00 | \$ 13,832.00 | \$ 8,632.00 |

What is the impact? Fund 410 is used for the NDDVA unmet medical needs grants for hearing, optical, dental, dentures, housing and transportation to medical appointments. The grant limit is \$4,000 per year. This is 2 more Veterans that can be helped.

About funds 410 and 368:

FUND 410: The spendable income from the PWTF (\$7,321,806 balance as of 12/1/2020) is transferred to fund 410 at the end of each biennium for use in the following biennium. The average is about \$240,000 per biennium. The ACOVA appropriates these funds for the benefit of ND Veterans and their eligible dependents. The funds are held in fund 410 and invested in CDs which mature every quarter of the biennium.

Investment Group Label: Veteran's Postwar Trust Fund (Fund 410)

| Maturity Date | Purchase Date | Financial Institution | CD Number | Rate | Purchase Amount | Term In Days |
|--------------------------------|----------------------|------------------------------|------------------|-------------|------------------------|---------------------|
| 12/31/2019 | 09/11/2019 | Bank of ND, Bismarck | 10723 | 0.370% | \$ 30,000.00 | 111 |
| 03/31/2020 | 09/11/2019 | Bank of ND, Bismarck | 10725 | 0.600% | \$ 30,000.00 | 202 |
| 06/30/2020 | 09/11/2019 | Bank of ND, Bismarck | 10726 | 0.600% | \$ 30,000.00 | 293 |
| 09/30/2020 | 09/11/2019 | Bank of ND, Bismarck | 10728 | 1.000% | \$ 30,000.00 | 385 |
| 12/31/2020 | 09/11/2019 | Bank of ND, Bismarck | 10730 | 1.000% | \$ 30,000.00 | 477 |
| 03/31/2021 | 09/11/2019 | Bank of ND, Bismarck | 10729 | 1.000% | \$ 30,000.00 | 567 |
| 06/30/2021 | 09/11/2019 | Bank of ND, Bismarck | 10727 | 1.000% | \$ 30,000.00 | 658 |
| 09/30/2021 | 09/11/2019 | Bank of ND, Bismarck | 10724 | 1.150% | \$ 30,000.00 | 750 |
| Investment Group Total: | | | | | \$ 240,000.00 | |

FUND 368: The Veterans Aid Loan fund (368) are the cash funds available for loan to Veterans. Loans are limited to \$5,000, unsecured and an 8% interest rate. Half the interest is refunded if paid in full by maturity date. NDDVA currently has 56 active loans with a balance of \$168,986. Fund 368 has \$363,000 available for new loans. \$103,000 in cash and \$260,000 invested in CD's maturing every quarter.

The simple intention of HB 1211 is to allow the NDDVA, ACOVA and State Treasurer to purchase CD's outside the BND in order to gain the best interest rate.

Thank you for your consideration.

Lonnie Wangen
 Commissioner-NDDVA