

February 17, 2020  
Todd Steinwand, Chief Business Development Officer  
Bank of North Dakota  
Testimony on HB1050  
Senate Industry, Business and Labor Committee

Chairman Klein and members of the Committee. I am Todd Steinwand, Chief Business Development Officer for the Bank of North Dakota. House Bill 1050 was introduced on behalf of the Bank to amend NDCC 54-60.1-01 to exempt BND's interest rate buy down programs (PACE programs) from the reporting requirements of this section. We ask for your support of this proposal to enhance BND's efficiency and ability to use staff time on banking related programming.

**PACE Program Use At BND**

The reason for BND's request to the Legislature for the exemption from reporting requirements is based on a request from the BND loan processing department. This department consists of 12 people that touch every commercial and agriculture loan in which BND participates. Their hope is to gain back the hours to provide banking services as opposed to tracking forms.

**Fulfilling BIA Reporting Requirements**

The initial process of preparing the BIA, sending it out and updating the DOC website when the BIA is returned takes approximately 15 minutes per loan. The annual recipient report verification takes approximately 10 minutes per year, per loan for BND. This does not include the time it takes for the lead financial institutions or the respondent to fill out the required forms.

In 2019, BND provided over \$68.5m of incentive funding through its buydown programs. Of the 482 active agreements with BND, 464 did not have any job creation or retention requirements. The original PACE program is the only program offering a buydown component based on job creation.

Program	2016	2017	2018	2019	2020
PACE	3	5	11	12	11
Flex	238	272	117	144	141
Ag Pace	39	40	64	66	67
A.F. House	17	18	3	4	7
Biofuels	4	6	10	7	6
<b>Total Loans</b>	<b>301</b>	<b>341</b>	<b>205</b>	<b>233</b>	<b>232</b>
<b>Hours Required</b>	<b>125.42</b>	<b>142.08</b>	<b>85.42</b>	<b>97.08</b>	<b>96.67</b>

**Request to Legislature**

HB1050 was amended in the House IBL Committee to require BND to continue reporting on those businesses utilizing job creation as the metric to receive a PACE incentive. HB1050 was recommended Do pass 14-0 from the House Industry Business and Labor Committee. The bill passed the full House 90-0. The Bank asks for your support of HB1050.