



Security First Bank
OF NORTH DAKOTA

Presented by: Sarah Getzlaff, CEO
Security First Bank of North Dakota

Before: Senate Industry and Business Committee
Senator Doug Larsen, Chairman

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Chairman Larsen and members of the IBL Committee, my name is Sarah Getzlaff. I am the Chief Executive Officer of Security First Bank of North Dakota with offices in Center, New Salem, Almont, Mandan and Bismarck. I am a 3rd generation community banker, born and raised in Center, ND following in the steps of my grandfather who lived in New Salem and my dad who has lived in each community I just mentioned. I live in Bismarck, drop my kids off at school in Bismarck and drive over to work in our Mandan office. As a North Dakotan, a local small business owner and a community banker, I strongly oppose Senate Bill 2266 and respectfully request a “Do Not Pass” recommendation from the Committee.

A little background – our bank is the only financial institution in all of Oliver County. Growing up in Center, the only town in Oliver County, I watched my dad support our community by donating his time to economic development boards, the housing authority, the 4H Premium Sale and many other local organizations. I saw the impact of the financial donations he directed to our school, to every church in town regardless of denomination and to almost every community event firsthand. I watched my dad meet with customers whenever and wherever they needed him. I clearly remember him leaving our house late one night to lend a customer cash out of his own wallet for a medical emergency. Just last summer, a friend of his complained about dancing in the dirt at the Oliver County Fair, so our bank donated a concrete dance floor. Stories like this were a constant part of my childhood and a tradition I am honored to continue. Stories like this happen daily at community banks all across North Dakota.

When you look at the services offered, there are very few modern-day differences between a bank and a credit union. We both offer deposit accounts, credit cards, consumer loans and business loans. Many credit unions even use the terms “banker” and “bank” in some of their every-day lingo. Historically, credit union members had to have a common-occupation or common-association to join. Over the years, credit unions have successfully lobbied to change their membership restrictions to simple and arbitrary geographic restrictions – significantly expanding their potential customer base. Today, the main difference between credit unions and banks – is that banks pay state and federal income taxes and credit unions do not.

Dakota Credit Union Association’s “Welcome Back General Assembly” email stated they “keep money in their communities instead of shipping profits off to Wall Street” implying we North Dakota bankers ship our profits off to Wall Street, which is simply not true. This statement is misleading and does not apply to community banks. All but a handful of banks in North Dakota are community banks. Wells Fargo and US

Bank might be the only exceptions and their presence is diminishing. Our bank is a family-owned S Corporation with only a few shareholders – every one of us pay Federal and North Dakota state income taxes totaling at least a third, if not more, of our income. My bank's local ownership and payment of taxes to the Treasury and North Dakota's Tax Commissioner is not unique – there's the Beall family in Minot, the Streifel's in Powers Lake, the Marchell's in Grand Forks, the Pahlke's in Mandan, the Hoeven's in Minot, the Hoffner's in Beulah, the Stenjeheem's in Watford City – these are just a few examples of local families who own community banks. Other local banks, such as Bravera Bank and Commercial Bank of Mott, are employee-owned, which means their profits stay in their communities as well.

Another historical distinction between banks and Credit Unions is the required mission for a credit union to serve people of low-to-modest means and provide services in underserved areas. Although our dedication to support low-to-modest means is not required by statute, it's every community bank's mission is to serve its community and we do so every day regardless of income levels. It's the North Dakota way and the right thing to do. While federal examiners have pushed for us to make credit decisions based on set criteria, we always have and always will push back for our customers and our communities. I recently approved a \$2,000 credit card for a ninety-year-old man without a credit score after another financial institution denied him, simply because he didn't have a credit score. We have made countless loans under \$500.00 to consumers so customers can pay their rent, buy their prescriptions or repair their vehicle – all without a loan fee and at a fair rate, regardless of credit score, simply because we know these people – they live in our communities and have strong character, just not the best financial situation.

Do banks make a profit? Absolutely. We need to make a profit to grow, to invest in and support the communities we serve, to increase our reserves for loan losses and like any other for-profit small business, for shareholder return. Like most industries, we have plenty of competition, between other community banks, online banks and credit unions, to keep pricing competitive. And, as a for-profit small business, we have an incentive to manage our expenses. With a 25-40% tax advantage, how do we really know if credit union returns are flowing through to members and not to increased salaries and unessential expenses?

While at first glance, increasing membership requirements from a 75 to a 250-mile radius seems like an arbitrary number, it is clearly meant to cover the entire state of North Dakota without simply stating membership will be open to anyone who lives or breathes in North Dakota. If this bill were to pass, credit unions will still offer the same services as North Dakota community bankers, but they still won't pay taxes. It's simply not fair. Can you imagine if Target had to pay taxes, but Walmart didn't? If Senators had to pay taxes, but House members didn't? Or, if certain dentists, farmers, home builders, teachers, or nurses had to pay taxes, while others providing the same exact same services didn't? It's simply not right.

Chairman Larsen and members of the Senate Industry and Business Committee, as a local, tax-paying North Dakota business owner, I respectfully request a "do not pass" on Senate Bill 2266.

Thank you for your time and attention.

Sarah Getzlaff, CEO
Security First Bank of North Dakota

