

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1302

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1302

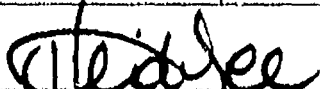
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1302

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Feb 7, 2001

Tape Number	Side A	Side B	Meter #
1		X	15.3-22.7
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Rep Ron Carlisle: Sponsor of bill **Written Testimony.**

Jay Couture: Supporter of bill **Written Testimony.**

Chairman Berg: Close the hearing on HB 1302

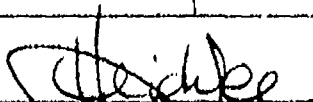
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1302(B)

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Feb. 14, 2001

Tape Number	Side A	Side B	Meter #
2	X		35.4-37.3
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Rep Keiser: I move a do pass.

Rep M. Klein: I second.

12 yea, 3 nay, 0 absent

Carrier Rep M. Klein

Date: 2-14-01  
 Roll Call Vote #: 1

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HB1302**

House Industry, Business and Labor Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Keiser Seconded By M. Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman- Rick Berg	✓		Rep. Jim Kasper	✓	
Vice-Chairman George Keiser	✓		Rep. Matthew M. Klein	✓	
Rep. Mary Ekstorm		✓	Rep. Myron Koppang	✓	
Rep. Rod Froelich		✓	Rep. Doug Lemieux	✓	
Rep. Glen Froseth	✓		Rep. Bill Pietsch	✓	
Rep. Roxanne Jensen	✓		Rep. Dan Ruby	✓	
Rep. Nancy Johnson	✓		Rep. Dale C. Severson	✓	
			Rep. Elwood Thorpe		✓

Total (Yes) 12 No 3

Absent 0

Floor Assignment M. Klein

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
February 14, 2001 12:53 p.m.

**Module No: HR-27-3326**  
**Carrier: M. Klein**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1302: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends DO PASS (12 YEAS, 3 NAYS, ABSENT AND NOT VOTING). HB 1302 was placed on the Eleventh order on the calendar.**

2001 SENATE FINANCE AND TAXATION

HB 1302

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1302

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 3/13/01

Tape Number	Side A	Side B	Meter #
1	x		0-6.4
Committee Clerk Signature <i>Sybillette</i>			

Minutes:

Senator Urlacher: Opened the hearing on HB 1302, relating to the application of state usury laws to licensed pawnbrokers.

Senators Kroeplin and Christmann absent from the hearing.

Senator Stenehjem: Co-sponsored the bill, testified in support. 1302 is a companion bill to a bill we will be hearing next week that has to deal with payday loans. This bill corrects technicalities which exist for pawnbrokers currently operating in our state. This legislation, if passed, would exempt pawnbroker transactions up to \$1,000 from North Dakota's usury provisions.

Ken Tupa: ND Pawnbrokers Assoc., testified in support. This bill deals specifically with language to exempt pawn transactions from the usury provisions.

Jay Couture: President, ND Pawnbrokers Assoc., testified in support. Written testimony attached.

Page 2  
Senate Finance and Taxation Committee  
Bill/Resolution Number 1302  
Hearing Date 3/13/01

Senator Nichols: Has there been some problems because of the fact that this is not in the Code right now?

Jay Couture: There hasn't really been a problem, however, as we begin to address regulations for payday loans, we recognize that there is a technical issue. By operating as we have, there could be a problem.

Senator Urlacher: Closed the hearing.

COMMITTEE ACTION:

Motion made by Senator Nichols for a DO PASS, Seconded by Senator Stenehjem.

Vote was 6 yeas, 0 nays, 0 absent and not voting. Bill carrier was Senator Stenehjem.

Date: 3/13/01  
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1302

Senate Finance and Taxation Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO PASS

Motion Made By Nichols Seconded By Stenehjem

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman	✓				
Senator Wardner-Vice Chairman	✓				
Senator Christmann	✓				
Senator Stenehjem	✓				
Senator Kroeplin	✓				
Senator Nichols	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Stenehjem

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
March 13, 2001 12:51 p.m.

**Module No: SR-43-5464**  
**Carrier: Stenehjem**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1302: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1302 was placed on the Fourteenth order on the calendar.**

2001 TESTIMONY  
HB 1302

**TESTIMONY FOR HB 1302**

**By Jay Couture  
President, NDPA**

**Chairman Berg & Members of the Committee, I want to thank you again for this opportunity to speak before you and ask for a "DO PASS" recommendation on HB 1302.**

**I am Jay Couture. I am the President of the NDPA. My wife and I also operate Jay's Pawn Shops in the Bismarck / Mandan area... we've done so for the past 15 years.**

**HB 1302 is something of a "house keeping" bill. While I can see that it updates language and makes it consistent with current law, I do not want to minimize its importance.**

**This bill will amend NDCC Section 47-14-09 and will serve to specifically exempt pawnbroker transactions up to \$1,000 from usury provisions. The passage of this amendment is critical if pawnbrokers are to continue to operate in ND.**

**I would like to point out several things as I ask for your support of this bill and let you know that this is a bit of a technical issue...**

- 1. NDCC, chapter 13-03 deals with small loans. In 13-03.1-02(2), it clearly & specifically states that this chapter does not apply to pawnbrokers.**
- 2. NDCC, chapter 40-05-01(26) authorizes municipal governments to license, tax & regulate pawnbrokers.**
- 3. If you visit the Department of Banking & Financial Institutions web site, you will see who this department does and does not regulate. This web site clearly states that the Department does not regulate pawnbrokers. More specifically, under the pawnbroker heading, the web site states that "Pawnbrokers are licensed and supervised by the municipality in which they are located."**

**While it is the intent of state law to allow local municipalities to license, regulate, tax, control & supervise pawnbrokers, the law of supremacy applies. In no case do local city ordinances supercede state code. Consequently, without a specific exemption for pawnbrokers, state law may apply. If pawnbrokers are to continue to conduct business in ND as they have since the days of Custer, they need to correct this technical oversight and write a specific exemption into section 47 of the NDCC.**

**Therefore, I respectfully ask for a "DO PASS" on HB 1302.**



# North Dakota Legislative Council

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JAY E. BURINGRUD  
Assistant Director

JIM W. SMITH  
Legislative Budget  
Analyst & Auditor

JOHN WALSTAD  
Code Revisor

January 15, 2001

*Fuld?*  
*1302*

Honorable Ron Carlisle  
State Representative  
P.O. Box 222  
Bismarck, ND 58502-0222

Dear Representative Carlisle:

This letter summarizes the amendments to North Dakota Century Code Section 47-14-09 provided in the attached bill draft. Section 47-14-09 defines usury and provides who is exempt from the usury provisions.

The attached bill draft clarifies that bona fide, licensed pawnbroking businesses may make bona fide pawnbroking transactions up to \$1,000 without violating the usury provisions. We understand the intent of the bill draft is to allow licensed pawnbrokers to continue to conduct business without threat of violating the usury laws.

Sincerely,

Jennifer S. N. Clark  
Counsel

JSNC/MRD  
Enc.

**Testimony for HB 1302**  
**By Jay Couture**  
**President, ND Pawnbrokers Association**

Chairman Urlacher and Members of the Committee, I want to thank you for the opportunity to speak before you and ask for a "DO PASS" recommendation on HB 1302.

I am Jay Couture, President of the North Dakota Pawnbrokers Association. My wife and I also operate Jay's Pawn Shops in the Bismarck/Mandan area.....we've done so for the past 15 years.

HB 1302 is something of a house-keeping bill. While it updates language and makes it consistent with current laws, I do not want to minimize its importance.

This bill will amend NDCC 47-14-09 and will serve to exempt pawnbroker transactions up to \$1,000 from usury provisions. The passage of this bill is specific to pawn transactions and seeks to recognize in state law that which is currently authorized by municipal governments and is critical if pawnbrokers are to continue to operate in ND.

This is a bit of a technical issue and I will point out a couple things about this legislation as I ask for your support:

1. NDCC, 13-03 addresses small loans. In 13-03.1-02(2), it states that Chapter 13 does not apply to pawnbrokers conducting a pawn transaction.
2. NDCC, 40-05-01(26) authorizes municipal governments to license, tax and regulate pawnbrokers.

While it is clearly the intent of state law to allow local municipalities to license, regulate, tax, control, and supervise pawnbrokers, in no case do local city ordinances supersede state code. Consequently, without a specific exemption for pawnbrokers in Section 47-14-09, state law may apply.

Therefore, if pawnbrokers are to continue to conduct business in ND, as they have since the days of Custer, this technical contradiction must be corrected.

Mr. Chairman and Members of the Committee, I respectfully ask for a "DO PASS" recommendation on HB 1302. I will be happy to answer any questions you may have.