

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1301

2007 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1301

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1301

House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 22, 2007

Recorder Job Number: 1491

Committee Clerk Signature

Stephan N Thomas

Minutes:

Chair Keiser opened the hearing on HB 1301.

Rick Clayburgh, ND Bankers Association: See written testimony #1.

Rep. Thorpe: Would this grant the same authority to the state Bank of ND?

Rick: It would not apply to the Bank of ND.

Don Forsberg, Independent Community Banking Association of ND: The bill is clarifying language for offering savings accounts, and we want to add our please do pass recommendation to this committee on this bill.

Rep. Keiser: What's the wildcard option?

Don: The wildcard option allows state chartered banks to have the same authority, or the same opportunities that a national chartered bank would have. Any bank that has national in the name, all of their rules and regulations are identified on the federal level, and so having to go out of our statute allows our state chartered banks to piggyback onto those product services that a national bank would have.

Rep. Keiser: Then why do you need this?

Don: Clarification.

Bob Entringer, Department of Financial Institutions: See written testimony #2.

Rep. Amerman: Can you give me an example of a health savings account?

Bob: What would happen is you would go to a 3rd party administrator. You have to have what's known as a high deductible healthcare plan. What you would do is you would start saving money to meet those deductible expenses, and that money would probably come directly from your employer to the custodian to go into a savings account. Then you would submit a request for payment to the bank as custodian, and they would pay the clinic or the hospital for those expenses.

Rep. Kasper: Would the bank be allowed to pay interest on the house saving accounts, and deposit that into the bank?

Bob: I believe they are.

Rep. Nottestad: I move a do pass.

Rep. Clark: Second.

Roll call vote was taken. 9 Yeas, 1 Nay, 4 Absent, Carrier: Rep. Kasper

Hearing closed.

Date: 1-22-07
Roll Call Vote #: _____

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1301

House Industry Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Nottestad Seconded By Rep. Clark

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep. Amerman	X	
Vice Chairman Johnson	X		Rep. Boe		
Rep. Clark	X		Rep. Gruchalla	X	
Rep. Dietrich	X		Rep. Thorpe		X
Rep. Dosch			Rep. Zaiser		
Rep. Kasper	X				
Rep. Nottestad	X				
Rep. Ruby					
Rep. Vigasaa	X				

Total Yes 9 No 1

Absent 4

Floor Assignment Rep. Kasper

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

REPORT OF STANDING COMMITTEE

HB 1301: Industry, Business and Labor Committee (Rep. Kelsner, Chairman)
recommends **DO PASS** (9 YEAS, 1 NAY, 4 ABSENT AND NOT VOTING). HB 1301
was placed on the Eleventh order on the calendar.

2007 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1301

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1301**

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **February 26, 2007**

Recorder Job Number: **3830**

Committee Clerk Signature

Health Savings Accounts, healthcare costs:

Representative George Kaiser, District 57, Bismarck - In Favor

Explained the bill that banks may be the custodian for health savings or similar health care costs funding accounts. Banks may legally be a depository in which health savings accounts are held and similar forms of accounts.

S Potter: Where are health savings accounts dollars stored now?

Rep. Kaiser: They are stored in banks, within corporate accounts. It may be through a 3rd party and we transfer money to them whenever the payments are coming out. Appropriate to make it statutory.

Rick Clayburgh – Pres. & CEO of NDBA - In Favor

TESTIMONY # 1 *Went over the testimony.*

S Klein: Do credit unions apply to this?

Rick C: This is specific to state banks.

S Behm: Is his for clarifying things?

Rick C: Currently state banks can serve as custodians of these accounts, now we've done it by the state banking boards interpretation of the incidental powers of 60302, subsection 7, and this specifically puts it into the statute.

S Klein: So it's no longer by rule, but by statute.

Rick C: Correct.

Tim Karsky - Dept. of Financial Institutions - In Favor

The state banking board did pass an order on one of the power sections saying that health savings accounts were into banking, but there were some problems when we got interpretations from the currently and federal reserve and thought we should make it clear by passing the law as statute.

S Andrist: Can Federal banks do this right now?

Tim K: Yes, national banks are doing this, state charter banks have asked us to do this, and we passed the ruling and think this will become very popular.

S Wanzek: Do you have to be specifically say what you're going to be depositing for?

Tim K: This is strictly for health savings accounts, I'm not familiar with what the farmers are doing, the farmer is eligible to enroll into this program; for anyone who is not entitled to participate in the plan through an employer.

S Wanzek: There is a lot of talk of a new program with farmers and, if they ever ultimately passed that in congress we'd have to have farm service savings accounts, do we have to do that all the time?

Tim K: I'm not totally familiar, but I think if it's a health savings account, this will be broad enough to include it, if it's not, you might have to look at the interstate banking board passing an order if the national bank doesn't use the wild card statute.

S Klein: By rule, we can take advantage of some of these things that are happening, issues, and we can bring them to the legislature and fix it.

Rick Clayburgh steps up

Rick C: Senator Wanzek, some of the research I've done in the farmers'-type savings program, most likely fall into that definition, under savings statutes. There is new language and terminology that had to be added.

S Wanzek: I didn't mean to muddy the waters, it is a proposed savings account and has nothing to do with health insurance, and if it would ultimately pass, when the farmer has a good year, they can put some money away, tax deferred, and then turn around and regulated by the Federal Government. As we adopt these new kinds of tools, I know it doesn't have anything to do with health savings other than it's another Federally, IRS, savings account.

Tim Karsky: That sounds like a deposit account at the bank or a credit union probably. There would be specific rules and specific advantages for individuals.

Don Forsberg, Lobbyist #65 – Exec. VP of Independent Community Bank - In Favor

Urge a Do Pass

F? O?

S Heitkamp: Issue came up, get the commissioner up there, the credit unions aren't allowed to do this?

Tim Karsky: I don't know if credit unions are allowed specifically to have health service accounts as of today.

S Heitkamp: If stopped in the hall, I just wanted to know what to answer.

CLOSE

REPORT OF STANDING COMMITTEE (410)
February 26, 2007 11:24 a.m.

Module No: SR-36-3838
Carrier: Potter
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1301: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1301 was placed on the Fourteenth order on the calendar.

2007 TESTIMONY

HB 1301

**TESTIMONY OF RICK CLAYBURGH
NORTH DAKOTA BANKERS ASSOCIATION
IN SUPPORT OF HB 1301**

Chairman Keiser, members of the Committee, for the record I am Rick Clayburgh, President of the North Dakota Bankers Association. I am appearing before you today in support of House Bill 1301. Representative Keiser has introduced this legislation at the request of NDBA.

This bill amends Chapter 6-03 of the Century Code relating to the "Powers, Management, and Operations of Banks". It specifically amends subsection 7 of section 6-03-02 by adding the authority of a state chartered bank to serve as a custodian for health savings accounts (HSAs). Currently, nationally chartered banks have this authority.

HSAs were created by the Medicare bill signed by President Bush in 2003 and are designed to help individuals save for future qualified medical and retiree health expenses on a tax-free basis. They are in essence a savings product that offers a different way for consumers to pay for their health care.

This amendment will add HSAs to the list of custodial accounts state chartered banks can offer their customers such as IRAs and pension programs. It is important to note that state chartered banks are currently serving as custodian for HSAs under an interpretation of the wild card statute¹ by the State Banking Board. However, in visiting with Commissioner Karsky, he suggested we should specifically add this provision to the statute.

Mr. Chairman and members of the committee, I thank you for your time and encourage your support of House Bill 1301.

I would be happy to answer any questions you may have.

¹ NDCC 6-03-38: The state banking board has power to authorize state banks to engage directly or indirectly in any activity in which such banks could engage were they operated as national banks at the time such authority is granted, notwithstanding any restriction elsewhere contained in this code.

1-22-2007

TESTIMONY FOR HOUSE BILL NO. 1301

House Industry, Business and Labor Committee

Testimony of Robert J. Entringer, Assistant Commissioner, Department of Financial Institutions in support of House Bill No. 1301

Chairman Keiser and members of the House Industry, Business and Labor Committee, my name is Bob Entringer, Assistant Commissioner for the North Dakota Department of Financial Institutions. I am here today to testify and urge your support in favor of House Bill No. 1301.

Mr. Chairman and members of the Committee, House Bill No. 1301 contains one simple amendment to the powers section of Title 6 of the North Dakota Century Code for banks. This amendment simply clarifies that state-chartered banks may act as custodian for health savings accounts, similar to the authorization for pension accounts. It is my understanding that health savings accounts require a bank as a custodian for the account and this amendment simply puts state-chartered banks on the same playing field as national banks.

Mr. Chairman and members of the Committee, I would be happy to answer any questions that you may have.

Thank you.

**TESTIMONY OF RICK CLAYBURGH
NORTH DAKOTA BANKERS ASSOCIATION
IN SUPPORT OF HB 1301**

Chairman Klein, members of the Committee, for the record I am Rick Clayburgh, President of the North Dakota Bankers Association. I am appearing before you today in support of House Bill 1301.

This bill amends Chapter 6-03 of the Century Code relating to the "Powers, Management, and Operations of Banks". It specifically amends subsection 7 of section 6-03-02 by adding the authority of a state chartered bank to serve as a custodian for health savings accounts (HSAs). Currently, nationally chartered banks serve as custodians for these types of accounts.

HSAs were created by the Medicare bill signed by President Bush in 2003 and are designed to help individuals save for future qualified medical and retiree health expenses on a tax-free basis. They are in essence a savings product that offers a different way for consumers to pay for their health care.

This amendment will add HSAs to the list of custodial accounts state chartered banks can offer their customers such as IRAs and pension programs. It is important to note that state chartered banks are currently serving as custodian for HSAs by order of the State Banking Board through its interpretation of the banking statutes. However, in visiting with Commissioner Karsky, he suggested we should specifically add this provision to the statute.

Mr. Chairman and members of the committee, I thank you for your time and encourage your support of House Bill 1301.

I would be happy to answer any questions you may have.

#1
1301