

2009 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1096

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1096

House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 12, 2009

Recorder Job Number: 6777

Committee Clerk Signature

Ellen Retaney

Chairman Keiser opened the hearing on HB1096 relating to separate banking facilities.

Tim Karsky~Commissioner, Department of Financial Institutions. See attachment. In support.

Vice Chairman Kasper: What is the problem now that you are trying to correct?

Karsky: I can act instead of wait for a special meeting.

Representative Johnson: After the commissioner ok's would that go back to the board for approval or is your say so final?

Karsky: It would be fine.

Representative Ruby: Banks can't be shut down for two days without certain approval. There are certain limitations to shut down. Would this be used on temporary bases you would approve closures or when they are going to be closing for good?

Karsky: This is permanent closure.

Chairman Keiser: If you the independent decision. There is nothing here that requires you to notify the void, should that be a requirement?

Karsky: It's put on the internet. (Inaudible)

Marilyn Foss~General Council for the ND Bankers Assiciation. This is a good change and we support.

Jack McDonald~Independent Banks of North Dakota. We urge the support of this bill.

Chairman Keiser: Seeing none of opposition of HB 1096.

Chairman Keiser: Close the hearing on HB 1096. What are the wishes of the committee?

Representative Ruby: I move Do Pass.

Representative Schneider: Seconded it.

Chairman Keiser: Further discussions. Seeing no further discussion on HB 1096 I will ask the clerk to take the roll for HB 1096.

This is a Do Pass on HB 1096 13 yea, 0 no, 0 absent

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO.**

House Industry, Business and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number 1096

Action Taken Do Pass
~~HB @ request of Dept of Financial Institutions~~

Motion Made By Rep Ruby Seconded By Rep Schneider

Representatives	Yes	No	Representatives	Yes	No
Rep. George Keiser, Chairman	✓		Rep. Bill Amerman	✓	
Rep. Jim Kasper, Vice Chairman	✓		Rep. Tracy Boe	✓	
Rep. Donald Clark	✓		Rep. Edmund Gruchalla	✓	
Rep. Nancy Johnson	✓		Rep. Jasper Schneider	✓	
Rep. Darrell Nottestad	✓		Rep. Elwood Thorpe	✓	
Rep. Dan Ruby	✓				
Rep. Gary Sukut	✓				
Rep. Don Vigesaa	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Gruchalla

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

REPORT OF STANDING COMMITTEE (410)
January 12, 2009 11:16 a.m.

Module No: HR-05-0164
Carrier: Gruchalla
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1096: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HB 1096 was placed on the Eleventh order on the calendar.

2009 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1096

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB1096

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: February 16, 2009

Recorder Job Number: 9512

Committee Clerk Signature *Em Leibel*

Minutes:

Chairman Klein: We're going to start fresh here with some house bills. We will begin with House Bill 1096.

Timothy Karsky, Commissioner, and Department of Financial Institutions: Written testimony in favor of House Bill 1096.

Senator Behm: What happens when you close a bank?

Tim: If bank actually closed a chartered closed, we'd appoint the FDIC and they would liquate the bank, sell it or do something. In this case, what we're talking to do with this legislation though is some banks the charters the main offices have branches all over the state in some cases the towns are down to sixty people and it's not feasible to keep them open anymore because of the cost, security devices and things like that. They may elect to close these facilities and this would allow they bank to make an application to the commissioner and the commissioner could approve this application instead of waiting until the next board meeting for approval.

Chairman Klein: So up to this point you closed the bank you had to go to the bank board?

Tim: This is not for a bank closing this is for a branch closing, a facility closing.

Senator Andrist: Remind me of the structure of the banking board. How large it is how they are chosen and what their role is.

Tim: The state banking board consists of seven members, I am the chairman. All the other members are appointed by the governor and serve five year terms and they approve mergers applications, adopt administrative rules, approve rule changes and act on certain appeals process to an application that has been denied. They actually supervise. They are all bankers and we have one member at large.

Senator Horne: Is this a time issue, because the bank board doesn't meet all that much. You could approve a branch closing in between board meetings?

Tim: We've had some issues that have had to wait for a quarterly bank board meeting. So we would like to be a little faster so we can approve these applications. The public will still get notice and be able to send their comments in and if we had a lot of comments that objected we would just wait until the board met again.

Senator Nodland: Have you had a few of these?

Tim: We've had institutions that have closed small branches.

Senator Potter: This goes both ways. I know you wouldn't do this but a rouge commissioner. If the state banking board were to turn down the request of cancelation, then the bank could come to you. And get cancellation.

Tim: If the state banking board would take that action that is the final action.

Senator Horne: If the banking board wants to close a branch, they really have to keep it open some way or another until the board meets, it could be two to three months.

Tim: That's right two to three months, depending on the time of that application and the publication.

Senator Wanzek: Why would there be any objections from the general public?

Tim: We do get comments from people in small towns that don't want their bank, post office of schools closed.

Marilyn Foss, North Dakota Bankers Association: I am not concerned of the commissioners turning rouge on us. I am in support of House Bill 1096.

Jack McDonald, Independent Community Banks of North Dakota: We do support this bill and recognize the need for it.

Chairman Klein: We will close the hearing on 1096.

Senator Horne: I move a do pass.

Senator Wanzek: I second.

Roll Call Vote: Yes: 7 No: 0 Absent: 0

Floor Assignment: Senator Horne

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Date: 2/16/09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1096

Senate

Committee

Industry, Business and Labor

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken **Pass** **Do Not Pass** **Amended**

Motion Made By Senator Horne Seconded By Senator Wanzek

Senator	Yes	No	Senator	Yes	No
Senator Jerry Klein - Chairman	✓		Senator Arthur H. Behm	✓	
Senator Terry Wanzek - V.Chair	✓		Senator Robert M. Horne	✓	
Senator John M. Andrist	✓		Senator Tracy Potter	✓	
Senator George Nodland	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Horne

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

REPORT OF STANDING COMMITTEE

HB 1096: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1096 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

HB 1096

Same testimony given to Senate.

1-12-2009

TESTIMONY FOR HOUSE BILL NO. 1096

House Industry, Business and Labor Committee

Testimony of Timothy J. Karsky, Commissioner, Department of Financial Institutions in support of House Bill No. 1096

Chairman Keiser and members of the House Industry, Business and Labor Committee, my name is Tim Karsky, 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. 1096.

Mr. Chairman and members of the Committee, House Bill No. 1096 contains two amendments: adding the word "Commissioner" on line 16, which would give the Commissioner the authority to grant a bank the ability to discontinue a facility or branch.

Currently the Commissioner has the authority to approve facilities or branches. Because there are times when a bank decides it no longer needs a facility or branch, it would expedite the process to allow the Commissioner instead of the State Banking Board to approve this application. However, if the Commissioner would decide not to approve an application, it would go to the State Banking Board for action.

Also, the Department has amended the notice requirement by allowing the institution to provide notice of the application as required by the Board

by rule. The Department anticipates the new rule would parallel the federal rule which requires notice to the bank customers.

Mr. Chairman and members of the Committee I would urge your support of House Bill No. 1096, and would be happy to answer any questions that you may have.

Thank you.