

2013 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1185

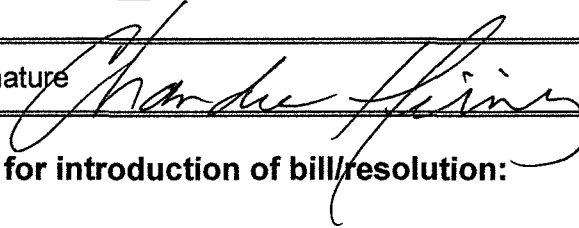
2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1185
January 22, 2013
Job 17488

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Extension of rebuilders loan program

Minutes:

No attachments

Hearing opened

Representative Louser: This bill is an extension of rebuilders loan program that was put in place during the special session during November 2011. It is a Bank of North Dakota product that is a \$30,200 loan mirroring the maximum FEMA assistance amount. It was a 1% loan but it required flood insurance. We allocated in the special session \$50 million for this program. In discussions with the Bank of North Dakota late last summer, there was approximately \$10 million left. The expiration of this program was September of 2012. So the proposed bill would reauthorize that program under the same terms, extended to September 2013 with the caveat of allowing nonowner-occupied residence landlords or investment property owners to utilize the program. There was a similar bill in the Senate SB 2132 that has already come out of committee and passed, 47-0. It's a similar bill, but it did not address nonowner-occupied property. It addressed the FEMA temporary living units. A change that happened since the special session is that FEMA, as of February if I understand right, is now charging rent to people using those temporary living units. The Senate bill would allow this same program to purchase those units if FEMA would allow that resident to purchase. Perhaps we need to merge these bills. Three groups of people who would benefit from this bill: the nonowner-occupied, the people living in a temporary unit, and people who would apply for this but missed the application deadline. We are not asking for any more money; there is still money left to be used from the \$50 million which was authorized.

3:10 **Representative Kreun:** The basic change is that it adds the nonowner-occupied property?

Representative Louser: This adds two changes: the addition of nonowner-occupied and the change of date to September 2013.

Representative Kreun: Have we been doing that in other locations, too? Has this problem with nonowner-occupied buildings taken place in other areas?

3:50 **Representative Louser:** Specific to this program, it was not intended originally to be for nonowner-occupied, and I think with the money that was left, now would be an opportunity for those people to be able to access that loan. As far as it being used in other areas, if the other of the state were qualified under this program, it would extend to them, too. It is specific to the federally-declared emergency areas.

4:33 **Chairman Keiser:** When the program was initiated, it was to help the people who had suffered significant damage either to rebuild the current house at the same site or to relocate and build a residential unit. Why do we want to use this fund, which was very specific in its design, to fund nonowner-occupied rental property? Why do we want to use these dollars for that?

5:00 **Representative Louser:** You are correct about the original intention. There is money left. This would help rehabilitate some of those properties to provide more rental units to people who are living in the temporary living units or are having a hard time paying the high rents in some of these areas. If the money was completely used, I think it would be a successful program and we'd be done with it, but there is money still available. I really do not think that opening this up to the nonowner-occupied and/or the use for the temporary living units is going to use the full balance. I think there is somewhere between \$9 million and \$10 million left.

5:55 **Chairman Keiser:** If I were to build a nonowner-occupied building and apply for this grant, does this property have to be in the area affected by the flood?

Representative Louser: Yes, in fact the wording was that you had to have owned it during the flood, so you could not go in and purchase and then build using the program.

6:22 **Representative Gruchalla:** We could look at it in two ways. We overly funded the program under the first parameters. And now because we didn't use it up, we're going to expand the parameters so we can use up the money.

Representative Louser: Yes, I think it's very difficult coming out of a disaster to determine how much money is going to be necessary. There are people who have said they just didn't get their application in on time. As far as the nonowner-occupied, those property owners did not qualify for FEMA assistance or FEMA grants because it was not the primary residence. So there are very limited programs available to rehab those properties. By the way, FEMA is the only entity that sells flood insurance, and FEMA is also the entity that determines if you're in the flood plain, so FEMA would have vested interest in saying that properties are in the flood plain because they sell the product to protect. Almost all the properties, at least in the Minot area, were deemed out of the flood plain by FEMA years and years ago. Most people did not have flood insurance because it was not required by the very entity that sells the insurance.

8:27 **Representative Becker:** This program, of which I partook, started for the purpose of rebuilding after the floods, which were a year and a half ago. Now I have a very slow contractor, and just now finished my house after the flood. Has most of the rebuilding that

will be done already been done and is not hinging on further funding, and in fact we'd only be repaying people for what they've already done?

9:15 **Representative Louser:** I do not believe all the rebuilding has been done. I agree with your assessment that there are slow contractors. There are also multiple layers of decisions that have to be made in Minot, in particular regarding flood protection, that have left numerous property owners in limbo as to whether or not they should rehab the property they have because they do not know if it's going to be bought out. This would allow some of those people the opportunity to rehab that property, potentially six to ten years from now, find out there's a voluntary buyout at fair market value, and repay the loan and allow that property owner to sell their property.

10:07 **Representative Becker:** There was a max of \$30,000 per residence, but now if you're doing nonowner-occupied, is that number changing?

Representative Louser: The terms of the loan would stay the same. It would require flood insurance and be a 1% loan and \$30,000 maximum.

10:35 **Representative Boschee:** The situation you've described is accurate. There are people waiting to get into their homes because they're waiting for the decision as far as the flood plan. Will your September 30, 2013, deadline for a loan application fit within that decision making timeline, or will we find that people are still waiting past that date to apply?

Representative Louser: I think that those decisions locally will not be made by September 2013. It would be my hope that by September 2013, the balance of the funds, or close to it, would be used. I think it's an appropriate date. I think it will be years before we have resolution in terms of the flood control project.

11:32 **Representative Vigesaa:** Are there a disproportionate amount of nonowner-occupied properties waiting to be rebuilt in relation to personal residential?

Representative Louser: No, I don't think there is a disproportionate amount. There are a number of properties that would probably be deemed as rental properties if they could be rehabilitated and used that way. There were a number of four-plexes, apartment complexes, that were inundated. Certainly \$30,200 would not be sufficient to cover the cost of rehabilitation of a large investment property. The intention of this was also to include commercial property, and you'll notice that was just residential, nonowner-occupied, and commercial was not included.

12:32 **Chairman Keiser:** If we were to put an amendment on this that said in effect that the only nonowner-occupied properties that could be funded were properties that were originally nonowner-occupied, so that someone who had a home there couldn't come in at this point, decide they didn't want to live there but did want to build a four-plex instead of a home. This program was designed for the home. Would that be problematic if we put that limit?

Representative Louser: No, I don't think it would be problematic. In order to do something similar to that, you'd have to get a zoning change. That would have to be approved. I don't see the intention of this to rebuild a four-plex on a single-family dwelling.

13:40 **Chairman Keiser:** The reason I ask that is, for all of those people who did meet the deadline, did everything we asked them to do, I don't want them saying that if they had had the option to build a twin home and lease it and live somewhere else, they would have.

Representative Louser: We're discussing I would read the bill to say that that property was owned as an investment property, and if it was designated multi-family prior to the flood, it would have to stay that way in order to qualify. I don't know how we would address that, though.

Chairman Keiser: We would need an amendment simply to clarify that to qualify for the nonowner-occupied multi, it could not have been a single-family dwelling prior to the flood.

Representative Louser: I do not see that as problematic.

Support:

Opposition:

Neutral:

15:40 **Bob Humann, Senior Vice President of Lending for the Bank of North Dakota:** The bank did testify in favor of SB 2132. That basically would take care of the undecided folks and the FEMA units. It's up to the legislature to decide if they want to take care of the nonowner-occupied units, and the bank is okay with that. A fiscal note was not presented due to a mix up. Representative Louser is accurate in his assessment. We are estimating of the \$50 million available for the fund, about \$10 million is remaining. I know at the previous hearing, North Dakota Housing talked about the temporary FEMA units. They had sent out a survey. There are roughly 500 FEMA units in the Minot area so far. About 180 of them have responded back that they'd be interested in buying the units. This has to happen by June 24 of this year. They are currently renting those units. One thing that is appealing about the way we've designed program is that even if we have undecided folks, they only have to submit applications by September 30, 2013. Once they have done that, they will have a full year to draw down the funds. As far as the nonowner-occupied units, if there was a homeowner that was in a house and also had a rental unit within that same house, say they were renting the basement, we allowed them to get the \$30,000. We did a few of those deals as part of the \$40 million that has gone out so far. One of my questions is this: With the rebuilders right now, you get only one loan. If an investor had four, five different properties in different areas, could they apply for multiple loans? We'd have to clarify that in here. Representative Louser clarified this for me that you have to have owned the property. There are a lot of moving parts.

19:09 **Representative M. Nelson:** Does it really specify that the nonowner had to be the nonowner at the time of the flood? Could investors have come in and bought nonowner property and be eligible for this loan?

Bob Humann: The way we read this is that you had to qualify. The first thing is that you had to be the owner of a flood-damaged property. You could only fix that property if you were the resident of that property. If you were in that flood-damaged and you owned two other rental properties, you could only get one \$30,000 loan. The reason we did that is that when we started in the special session, we didn't know how long that money would last. We didn't know if we had appropriated enough money.

20:40 **Representative M. Nelson:** In the new bill, how would you interpret the rebuilding the nonowner-occupied property? The way I read it, it does not really say whether the owner of the nonowner-occupied property had to be the owner at the time of the flood, whereas it's clear for the residential for his own home, that he had to be the owner at the time of the flood.

Bob Humann: That's just how we've interpreted it all along, but maybe I'm not looking at it properly. As I mentioned, you decide what you want to do; we'll figure out how to make it work.

21:44 **Representative Vigesaa:** What is the rent for a FEMA trailer, and what can they purchase the trailer for?

Bob Humann: There are 544 units in the Minot, Burlington, and Ward County area that still exist: 315 in Minot in group sites, 120 on private sites, 79 on commercial sites, 28 in the Burlington group site. A letter was sent out to determine who would be interested in purchasing a FEMA unit, and 150 said yes. Seven responded no, and 180 have not responded yet. FEMA has a formula to figure out what these things are worth now. They started off worth between \$20,000 and \$45,000 when they brought them here. They are now saying that the park model units have an average fair market value of \$4500 to \$5000, but the mobile home units are would have a value of \$30,000. We were figuring that most of these mobile home units would sell for about \$34,000. That's why this dollar amount of \$30,200 stayed in here at the time. Rental costs for the units are based on the amount of income that the actual tenants are making. The rents are ranging from \$456 a month to \$983 a month.

24:08 **Representative M. Nelson:** You said the rent was based income. How is that figured? Is it a percentage?

Bob Humann: The rent amount is based on the current fair market rent but can be adjusted based on the occupant's ability to pay.

Representative Kasper: What is the size of the FEMA trailers?

24:30 **Bob Humann:** The two-bedroom units were basically valued at \$14,000 a unit. The three-bedroom units, considered more of a permanent-type unit, were valued at \$34,000. I do not know the square footage. In my opinion, people who would want to live in these units for a period of several years would need to upgrade to the mobile home units. The sad thing is, many of these people have nowhere else to go and cannot afford to go anywhere else.

26:12 **Chairman Keiser:** Have we done an inventory of the number of properties that have not initiated redevelopment in the impacted area?

Bob Humann: Not that I am aware of. I'm sure we could get that from some of the Minot officials. What the concept was when we got to the special session was that we would take care of the people in the houses with the rebuilders loans, and we would do some of the larger multi-family, nonowner-occupied units with the bank's business disaster relief program, which we did. Our interest rate of 4% fixed for a five-year period and then will be readjusted. The terms of this bill are much better. It works better to fix up the smaller, single-family house types that are being rented as opposed to the multi-family units.

27:55 **Representative Louser:** There was a caveat on that program that you mentioned that the bank that had held the first mortgage had to service that loan. They had to agree to it.

Bob Humann: They had to be a participant in the loan.

Hearing closed

28:40 **Representative M. Nelson:** The bill would need an emergency clause. Otherwise, it won't take effect until July 1, and so people will just be sitting there, unable to apply or get these loans out.

Chairman Keiser: If the bill sponsor wishes, we can ask for an emergency clause amendment to be drafted.

Representative Kreun: We don't need any amendment other than the emergency clause, do we?

Chairman Keiser: I would like a clarification in an amendment that said that for the nonowner-occupied, multi-unit property, it was owned as a nonowner-occupied property prior to the flood so that you don't get a lot of pushback from people who say they would have done things differently had they known.

Representative Ruby: The question Representative Gruchalla asked about whether maybe it was initially overfunded... When I was going door to door this fall, a few people talked to us and said they were turned down for a loan or were told they did not qualify when they went to seek services from areas other than their bank or credit union. Some would have indeed qualified for a rebuilders loan but were given bad advice and did not go through the steps to check it out with someone. There is a certain percentage that would have qualified before, had they applied, and they will now take advantage of this extension. Provided example. There are actually very few things which would disqualify a homeowner. I don't think that it's the expansion that will use up the remaining dollars; I think it's people who could have qualified originally and for some reason did not apply. Some have been waiting for the city to develop a plan and finalize the buy outs.

2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1185
January 22, 2013 pm
Job 17555, beginning at minute 7:50
Recording begins with HB 1084

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Extension of rebuilders loan program

Minutes:

Attachment

7:55 **Chairman Keiser:** The one amendment we could put on that bill if the committee chooses is the emergency clause. Representative Louser, that's the bill you're carrying. Do you want the emergency clause?

Representative Louser: Yes, I do. That emergency clause was included in the related bill in the Senate.

Representative Louser moves that we amend HB 1185 to add the emergency clause. Representative Boschee seconds the motion.

Voice vote to add emergency clause carries. The emergency clause is now on the bill.

9:15 **Chairman Keiser:** We do have a proposed amendment which contains the emergency clause. It also has an insertion for text on page 2, line 10, after the period.

Chairman Keiser read the proposed amendment, Attachment 1.

Representative Louser: There potentially could be a problem in that you could have had a single-family residence that was held as an investment property. It would be zones single family. The proposed amendment ways that it must have been designated as a multi-family residence. I think that providing evidence of ownership prior to the flood would be sufficient. I think the bank would within their lending rules make that requirement anyway.

10:45 **Representative Becker:** Would Representative Louser's concern be taken care of if multi-family was changed out for nonowner-occupied?

11:38 **Chairman Keiser:** Doesn't that allow you, regardless of how you were utilizing the property, then to implement a nonowner, multi-family? If there are one or two cases where they were renting, it was being used as a single residence. The fact that it was rented, I don't know.

12:08 **Representative Ruby:** Recoding unclear.

Chairman Keiser: It would qualify as a single unit because it was a single unit. It doesn't stop them from building a single-family unit, but all those people who were single, if you don't require them to have been a multi, all the people who have built might have felt forced to build a single family when their preference was to build a twin home and to move out.

12:59 **Representative Louser:** That would have required a zoning change proactively, previous to this. My concern is if you have a single-family residence that was flooded, under this amendment you could not....

Chairman Keiser: You could build a single-family unit, not a multi. We are giving them money to restore, not to create a shopping mall or anything else.

Motion to adopt amendment (attachment 1) made by Representative Kreun and seconded by Representative Amerman.

14:15 **Representative Louser:** If our intention was to restore what was there in the first place, and you have a single-family property, and now we're saying it must have been designated as multi-family in order to qualify, that takes that single-family property out. So if we could word this such that it was for the similar use as prior to the flood....

14:58 **Representative Kasper:** The nonowner-occupied property would qualify only if it were a multi-family.

Chairman Keiser: No, you could always fix up an individual home, even if you weren't living in it.

Representative Louser: You would not qualify. It was only primary residence.

Chairman Keiser: That was the original law. Now we are expanding it to multi, and in my opinion to be consistent with the original law, it has to be multi to multi, just as it was primary residence to primary residence.

Representative Becker: I think the point of discrepancy is that the bill already allows for owner-occupied, and now we want to be able to have it be nonowner-occupied. Gave example. Proposed change to take care of the small loophole.

Representative Kreun rescinded motion, and Representative Amerman rescinds his second.

Representative Ruby: Provides clarification on changes which need to be made to the proposed amendment.

Chairman Keiser: We wanted to bring people who were impacted back to the area, not to create an economic opportunity.

Representative Ruby: The way it was worded here, we would probably catch it...it would be better to take nonowner out rather than catch it from people who had a single-family home they were renting and did not qualify but someone with a four-plex or duplex did. That would be an inconsistency that we were opening ourselves up to.

Chairman Keiser: We want to protect the people who have taken action, we want to protect those who missed the opportunity to take action, we want to give those people who were nonowner-operators in that area the opportunity to return.

21:39 **Jacob Geiermann, legislative intern for HIBL:** The specific language before you (attachment 1) would change after the word *and* on the third line. The language I have proposed is, *and the designation of the property rebuilt under this section must remain the same as before the Presidentially declared disaster*. The language before would have essentially precluded single-family rental units, so this new language would allow for that as long as the single-family rental stayed a single-family rental and a multi-family stayed a multi-family.

Representative Becker moves to adopt the amendment; seconded by Representative Kreun.

Voice vote in favor of adopting the amendment.

Chairman Keiser and Representative Kasper confer to ensure that emergency clause remains. It has already been adopted.

Motion to do pass as amended: Motion made by Representative Ruby and seconded by Representative Kreun.

Vote on Do Pass as amended: 12 yes, 2 no, 1 absent and not voting.

Carrier: Representative Louser

2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1185
January 23, 2013
Job 17654

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Extension of rebuilders loan program

Minutes:

Attachment

Chairman Keiser: Distributed attachment 1, the amendment from the Legislative Council which was crafted as a results of the committee's discussion on HB 1185. Does this amendment do what we wanted it to do?

0:59 **Representative Louser:** It clearly describes the intent we wanted, and I think it would be interpreted by the bank as to what we intend.

Chairman Keiser: If anyone has an objection, we can bring the bill back, but right now the bill is out of committee with this amendment on it.

Representative Kasper: Asks for clarification on understanding of amendment, page 2 line 10.

Chairman Keiser: Voiced concern that we are requiring those coming in now under the extension have to meet the same standards as those would came in under the program originally.

Chairman Keiser: If no one objects, this is on the bill, and the bill is out of committee.

2:59 **Representative Louser** commented about HB 1316 and who interprets good funds.

FISCAL NOTE
Requested by Legislative Council
01/22/2013

Amendment to: HB 1185

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(10,000,000)			
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Section 2 allows BND to carry forward any unexpended funds appropriated for the Rebuilders Loan Program. BND expects to carry forward \$10 million in the 2013-15 biennium.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 01/22/2013

FISCAL NOTE
Requested by Legislative Council
01/22/2013

Bill/Resolution No.: HB 1185

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(10,000,000)			
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

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- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

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Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 01/22/2013

January 22, 2013

1/23/13
TD

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1185

Page 1, line 2, remove "and"

Page 1, line 2, after "exemption" insert "; and to declare an emergency"

Page 2, line 10, after the period insert "In order for an owner of nonowner-occupied property to qualify for a loan under this section, the owner of the property must have been the owner at the time of the presidentially declared disaster and the number of households in the property rebuilt under this section must remain the same as before the presidentially declared disaster."

Page 3, after line 3, insert:

"SECTION 3. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

Date: 1-22-2013 pm

Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1185**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Louser Seconded By Boschee

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser			Rep. Bill Amerman		
Vice Chairman Gary Sukut			Rep. Joshua Boschee		
Rep. Thomas Beadle			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Marvin Nelson		
Rep. Robert Frantsvog					
Rep. Nancy Johnson					
Rep. Jim Kasper					
Rep. Curtiss Kreun					
Rep. Scott Louser					
Rep. Dan Ruby					
Rep. Don Vigesaa					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

add emergency

Date: 1-22-2013 PL

Roll Call Vote #: 2

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1185**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Kreun Seconded By Amerman

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser			Rep. Bill Amerman		
Vice Chairman Gary Sukut			Rep. Joshua Boschee		
Rep. Thomas Beadle			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Marvin Nelson		
Rep. Robert Frantsvog					
Rep. Nancy Johnson					
Rep. Jim Kasper					
Rep. Curtiss Kreun					
Rep. Scott Louser					
Rep. Dan Ruby					
Rep. Don Vigesaa					

motion rescinded

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

- Page 2, line 10 insert
- Page 3, after line 3 Emergency

(Attachment 1)

Date: 1-22-2013 pm

Roll Call Vote #: 3

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1185**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number 13-0330-01001

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Becker Seconded By Kreun

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser			Rep. Bill Amerman		
Vice Chairman Gary Sukut			Rep. Joshua Boschee		
Rep. Thomas Beadle			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Marvin Nelson		
Rep. Robert Frantsvog					
Rep. Nancy Johnson					
Rep. Jim Kasper					
Rep. Curtiss Kreun					
Rep. Scott Louser					
Rep. Dan Ruby					
Rep. Don Vigesaa					

Total Yes _____ No _____
Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
Via Take - designation of property remains as before disaster

Date: 1-22-2013pm

Roll Call Vote #: 4

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1185**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number 13-0330-01001

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Ruby Seconded By Kreun

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser	✓		Rep. Bill Amerman	✓	
Vice Chairman Gary Sukut	✓		Rep. Joshua Boschee	✓	
Rep. Thomas Beadle	✓		Rep. Edmund Gruchalla		✓
Rep. Rick Becker	✓		Rep. Marvin Nelson		✓
Rep. Robert Frantsvog		AD			
Rep. Nancy Johnson	✓				
Rep. Jim Kasper	✓				
Rep. Curtiss Kreun	✓				
Rep. Scott Louser	✓				
Rep. Dan Ruby	✓				
Rep. Don Vigesaa	✓				
	-				

Total Yes 12 No 2

Absent 1

Floor Assignment Louser

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

REPORT OF STANDING COMMITTEE

HB 1185: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1185 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "and"

Page 1, line 2, after "exemption" insert "; and to declare an emergency"

Page 2, line 10, after the period insert "In order for an owner of nonowner-occupied property to qualify for a loan under this section, the owner of the property must have been the owner at the time of the presidentially declared disaster and the number of households in the property rebuilt under this section must remain the same as before the presidentially declared disaster."

Page 3, after line 3, insert:

"SECTION 3. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

2013 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1185

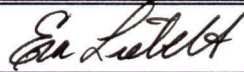
2013 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

HB 1185
March 6, 2013
Job Number 19500

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to extension of the rebuilders loan program; to provide an exemption; and to declare an emergency

Minutes:

Chairman Klein: Opened the hearing.

Representative Scott Louser: Said what this bill does is reauthorize the Bank of North Dakota to reoffer the rebuilders loan program as past in a special session a year ago in November. The original amount of money that was available at that time was fifty million dollars and it was offered only to primary residence of their presidentially declared natural disaster of the summer of 2011. The program application period ended in September of 2012. That program offered a maximum of thirty thousand dollars which mirrored what FEMA gave. What it did and did not do for the flood victims; on average it cost 15,000 dollars to gut the house, to gut and sanitize to get it back into condition to rebuild. The other 15,000 probably went to expenses to replace some personal items and living expenses. The thirty thousand and two hundred dollars did not go very far in rebuilding the property. Many of the property owners that were flooded had limited access to funds to repair their property. This bill would not only allow for those residents for whatever reason didn't get their application in on time, by September 2012, it expands the eligibility to non-owner occupied property owners, landlords. The Senate did pass a bill that reauthorized this program for access to funding for purchase of FEMA trailers, temporary living units. At the time when we were in a special session FEMA was not intending to sell those units. They have since reversed their decision and as of January of this year residents living in the units were required to pay rent based on their ability to pay. There has been some incentive to use the bill that you passed. Landlords did not have similar access, they weren't eligible for FEMA assistance and in a lot of cases the SBA loans weren't very advantages. This would provide an opportunity for those property owners to access those funds to rebuild those properties. There are a number of properties that are currently sitting as shells. (:10-7:41)

Senator Sorvaag: Asked if he was talking about thirty thousand per building, so if there are ten units is it just thirty.

Senator Louser: Said the original bill gave a lot of flexibility to the Bank of North Dakota to determine the terms. It is his intention and he discussed this with the bank, that if you have ten properties you have access to just one loan for thirty thousand.

Chairman Klein: Said we are not allocating any additional money we are just saying we have this money left over, let's create a little more flexibility in the program and take care of some additional needs that we may or probably didn't see early on. It isn't new funding it's just a way to provide some more help.

Senator Louser: Said that is right. We saw the need for this and I did propose this in the special session. We were looking at an appropriations committee that was trying to wrestle with forty or fifty amendments that were really policy amendments and it was defeated in the House appropriations. There was a need then and there continues to be a need now.

Chairman Klein: Said this is just going to use up the nine million, is that where we are at?

Senator Louser: Said on this bill yes. We are looking for an amendment to the bill that Senator Sorvaag mentioned, in looking for more funding for the original property owners that applied but this would stay at thirty thousand dollars for the balance of the nine million that is left.

Senator Laffen: Said it is strictly loan money and the interest rate would be what?

Senator Louser: Said yes the loan rate is one percent with a requirement of carrying flood insurance, which makes the affective rate a little under two percent. It's a maximum of thirty thousand dollars over twenty years at one percent.

Senator Andrist: Asked if after five or ten years the property is sold is there a required repayment or can that be transferred.

Senator Louser: Said there is a provision in the law that says that the loan must be repaid if the property is sold. I am not certain that every note that was signed by the property owner had that same provision and because the loan is not secured by the property there wouldn't be anyway in doing a title search to determine if there is an outstanding debt. I would like to propose as an amendment that any loan that is originated for a landlord would be required to be a mortgage. That way if the property is sold that debt would have to be paid off in order to transfer title.

Senator Poolman: Said she agrees with everything that Representative Louser has said.
(12:25-13:16)

Jeff Olson, Credit Union Association of the Dakotas: In support of the bill.

Senator Andrist: Asked if the loans are made by private lenders and guaranteed by the Bank of North Dakota.

Jeff Olson: Said yes there is a partnership between the banks and the credit unions wherever they would have a mortgage. They could work on this program and get assistance.

Bob Humann, Senior Vice President of Lending for the Bank of North Dakota: Said he is here to answer some questions and provide some clarifications on this. (15:00-26:45)

Shane Goettle, City of Minot: Retained by the City of Minot to work with them on flood recovery and other infrastructure issues. The city itself supports this as a tool for its residence to get back on their feet and supports the movement of the sunset provisions to give more time to its citizens to access the program.

Chairman Klein: Closed the hearing.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

HB 1185
March 13, 2013
Job Number 20019

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to extension of the rebuilders loan program; to provide an exemption; and to declare an emergency

Minutes:

Amendment and Discussion

Representative Louser: Presented amendment 13.0330.03002, attachment (1). He explained the amendment.

Senator Sorvaag: Said that Representative Louser had talked earlier about increasing the amount above thirty. You decided not to put that into your amendment?

Representative Louser: Said they are. He has worked with the Governor and the Bank of North Dakota to amend the senate bill that is in the house. That amendment has yet to be heard. It is another five million dollars of undivided profits from the bank and twenty thousand dollars to be added on to the thirty thousand original loan and that must be secured by the property as well.

Chairman Klein: Closed the hearing.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee Roosevelt Park Room, State Capitol

HB 1185
March 18, 2013
Job Number 20025

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to extension of the rebuilders loan program

Minutes:

Amendment and Vote

Representative Louser: Explained the amendment and answered questions, (Handed out on March 13).

Senator Laffen: Motioned to adopt the amendment.

Senator Sinner: Seconded the motion.

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

Senator Laffen: Motioned a do pass as amended Engrossed HB 1185.

Senator Sinner: Seconded the motion.

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

Floor Assignment: Senator Sinner

FISCAL NOTE
Requested by Legislative Council
03/21/2013

Amendment to: HB 1185

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(9,000,000)			
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Section 2 of Engrossed House Bill 1185 allows BND to carry forward unexpended funds appropriated for the Rebuilders Loan Program. BND expects to carry forward \$9 million in the 2013-15 biennium.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 of Engrossed House Bill 1185 allows BND to carry forward unexpended funds appropriated for the Rebuilders Loan Program. BND expects to carry forward \$9 million in the 2013-15 biennium.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Section 2 of Engrossed House Bill 1185 allows BND to carry forward unexpended funds appropriated for the Rebuilders Loan Program. BND expects to carry forward \$9 million in the 2013-15 biennium.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 701.328.5703
Date Prepared: 03/22/2013

FISCAL NOTE
Requested by Legislative Council
01/22/2013

Amendment to: HB 1185

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(10,000,000)			
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Section 2 allows BND to carry forward any unexpended funds appropriated for the Rebuilders Loan Program. BND expects to carry forward \$10 million in the 2013-15 biennium.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 01/22/2013

FISCAL NOTE
Requested by Legislative Council
01/22/2013

Bill/Resolution No.: HB 1185

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(10,000,000)			
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

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Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 01/22/2013



Handwritten signature and date: 3-12-13

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1185

Page 2, line 16, after the underscored period insert "The owner of nonowner-occupied property is eligible for only one loan for nonowner-occupied property under this section and that loan must be secured by the property for which the loan is made."

Page 2, line 21, after the period insert "For purposes of this section, "nonowner-occupied property" means property consisting of one or more rental dwelling units, none of which is occupied by the owner, and does not include hotel or motel accommodations or any other commercial property."

Page 2, line 24, after "fund" insert "to a homeowner to rebuild or replace that individual's flood-damaged home"

Page 2, line 25, after the period insert "There is no deferral of principal and interest payments for a loan for nonowner-occupied property."

Page 2, line 26, after "application" insert "for a loan for nonowner-occupied property"

Renumber accordingly

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1185**

Senate Industry, Business, and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number 13.0330.02002

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Laffen Seconded By Senator Sinner

Senators	Yes	No	Senator	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Laffen	x		Senator Sinner	x	
Senator Andrist	x				
Senator Sorvaag	x				
Senator Unruh	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

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

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1185**

Senate Industry, Business, and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider _____

Motion Made By Senator Laffen Seconded By Senator Sinner

Senators	Yes	No	Senator	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Laffen	x		Senator Sinner	x	
Senator Andrist	x				
Senator Sorvaag	x				
Senator Unruh	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Sinner

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

REPORT OF STANDING COMMITTEE

HB 1185, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1185 was placed on the Sixth order on the calendar.

Page 2, line 16, after the underscored period insert "The owner of nonowner-occupied property is eligible for only one loan for nonowner-occupied property under this section and that loan must be secured by the property for which the loan is made."

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Page 2, line 25, after the period insert "There is no deferral of principal and interest payments for a loan for nonowner-occupied property."

Page 2, line 26, after "application" insert "for a loan for nonowner-occupied property"

Renumber accordingly

2013 TESTIMONY

HB 1185

13.0330.01001
Title.02000

1-23-2013pm
① 1185

Adopted by the Industry, Business and Labor
Committee

January 22, 2013

1/23/13
TD

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1185

Page 1, line 2, remove "and"

Page 1, line 2, after "exemption" insert "; and to declare an emergency"

Page 2, line 10, after the period insert "In order for an owner of nonowner-occupied property to qualify for a loan under this section, the owner of the property must have been the owner at the time of the presidentially declared disaster and the number of households in the property rebuilt under this section must remain the same as before the presidentially declared disaster."

Page 3, after line 3, insert:

"**SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly