

2021 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1050

2021 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

HB 1050
1/6/2021

Definitions relating to business incentives, agreement & reports

Chairman Lefor: Opens the hearing on HB 1050 at (1:30). Roll Call taken. Members present:

Chairman Lefor, Vice Chairman Keiser, Rep Hagert, Rep Jim Kasper, Rep Scott Louser, Rep Nehring, Rep O'Brien, Rep Ostlie, Rep Ruby, Rep Schauer, Rep Stemen, Rep Thomas, Rep Adams, Rep P Anderson

Discussion Topics:

- The Bank of North Dakota's interest rate buy-down programs (PACE programs) from the reporting requirements of this section.
- Enhancing the Bank of North Dakota's efficiency
- Staff time on banking related programming.

Kelvin Hullet~Market Manager for Ed Finance & Government Programs (1:33).
Introduces the bill, attachment 65.

Rick Clayburg~ND Bankers Association (1:37).

Barry Haugen~Independent Community Banks of North Dakota (1:38).

Vice Chairman Keiser (1:41): Asked Kelvin Hullet to draft an amendment.

Additional written testimony: No additional written testimony.

End time (1:42).

Ellen LeTang, Committee Clerk

January 6, 2020

Kelvin Hullet, Market Manager for ED Finance and Government Programs

Testimony on House Bill 1050

House Industry, Business and Labor Committee

Chairman Lefor and members of the Committee. I am Kelvin Hullet, Market Manager for Economic Development Finance and Government Programs, here today representing Bank of North Dakota. House Bill 1050 was introduced on behalf of the Bank to amend NDCC 54-60.1-01 to exempt BND's interest rate buy down programs (PACE programs) from the reporting requirements of this section. We ask for your support of this proposal to enhance BND's efficiency and ability to use staff time on banking related programming.

PACE Program Use At BND

The reason for BND's request to the Legislature for the exemption from reporting requirements is based on a request from the BND loan processing department. This department consists of 12 people that touch every commercial and agriculture loan in which BND participates. Their hope is to gain back the hours to provide banking services as opposed to tracking forms.

Within the PACE programs, it is only the original, "PACE" program that utilizes job creation as a component to access the buydown. Flex PACE, Ag Pace and Biofuels PACE do not provide for a job creation requirement.

Fulfilling BIA Reporting Requirements

To give you an idea as what goes into the time requirements per loan, the following five steps are required by BND operations staff to fulfill the statutory requirements.

1. A Business Incentive Agreement (BIA) is created for every loan with buydown that needs to be sent to the borrower to sign along with an Accountability Information Release form.
2. When the BIA is returned, a designated individual reviews the document for completeness. This individual then enters the required information into the DOC tracking system. BND utilizes its' tracking item system to track loans that require annual recipient report tracking.
3. Annually, when it is time for the Recipient Report (RR) to be sent out, BND prepares a letter to be sent to the originating financial institution along with a copy of the Recipient Report which is provided by DOC. The letter and RR are sent, and a copy is scanned into the imaging system.
4. When BND receives the completed RR back, the updated goal information is entered into the DOC website. This same process happens each year for 2 years.
5. If the loan is a Flex PACE loan, after two years BND discontinues tracking. All other loans with an incentive to meet, even if not job creation, are continued to be tracked for the life of loan, along with sending out a separate confirmation to ensure they are meeting the goal of the program.

The initial process of preparing the BIA, sending it out and updating the DOC website when the BIA is returned takes approximately 15 minutes per loan. The annual recipient report verification takes approximately 10 minutes per year, per loan for BND. This does not include the time it takes for the lead financial institutions or the respondent to fill out the required forms.

Program	2016	2017	2018	2019	2020
PACE	3	5	11	12	11
Flex	238	272	117	144	141
Ag Pace	39	40	64	66	67
A.F. House	17	18	3	4	7
Biofuels	4	6	10	7	6
Total Loans	301	341	205	233	232
Hours Required	125.42	142.08	85.42	97.08	96.67

In 2019, BND provided over \$68.5m of incentive funding through its buydown programs. Of the 482 active agreements with BND, 464 did not have any job creation or retention requirements. As noted earlier, among the interest rate buydown programs, the original PACE program is the lone program offering a buydown component based on job creation.

Request to Legislature

Bank of North Dakota operations staff processes over \$1 Billion dollars in loans each year. The intent of exempting BND from the BIA reporting is to utilize the hours providing loan services to financial institutions across the state. The Bank asks for your support of HB1050.

2021 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

HB 1050
1/12/2021

Definitions relating to business incentives, agreement & reports

(2:48) Chairman Lefor opened the work session.

Representatives	Attendance
Chairman Lefor	X
Vice Chairman Keiser	X
Rep Hagert	X
Rep Jim Kasper	X
Rep Scott Louser	X
Rep Nehring	X
Rep O'Brien	X
Rep Ostlie	X
Rep Ruby	X
RepSchauer	X
Rep Stemen	X
RepThomas	X
Rep Adams	X
Rep P Anderson	X

Discussion Topics:

- Committee work.

(2:48) **Todd Steinwand~Bank of ND** Introduced the amendment # 630

(2:50) **Vice Chairman Keiser (2:49):** Move to adopt amendment 21.8017.01001.

(2:51) **Rep Schauer:** Second.

Voice vote, motion carries.

(2:51) **Vice Chairman Keiser:** Move a Do Pass as Amended.

(2:51) **Rep Nehring:** Second.

Representatives	Vote
Chairman Lefor	Y
Vice Chairman Keiser	Y
Rep Hagert	Y
Rep Jim Kasper	Y
Rep Scott Louser	Y
Rep Nehring	Y
Rep O'Brien	Y
Rep Ostlie	Y
Rep Ruby	Y
Rep Schauer	Y
Rep Stemen	Y
Rep Thomas	Y
Rep Adams	Y
Rep P Anderson	Y

(2:52) Roll call taken, 14-0-0 & Rep D Nehring is the carrier.

(2:56) Jon Godfread~ND Insurance Commissioner: Clarifies amendment questions.

(2:52) End time

Ellen LeTang, Committee Clerk

JP
1/12/21

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1050

Page 1, line 15, remove the overstrike over "~~Incentives resulting from Bank of North Dakota programs unless the incentive~~"

Page 1, line 18, after "program" insert "requires job creation to fulfill a requirement of the incentive"

Page 1, line 18, remove the overstrike over the overstruck period

Page 1, line 19, remove the overstrike over "e."

Page 1, line 22, remove the overstrike over "d."

Page 1, line 22, remove "c."

Page 2, line 3, remove the overstrike over "e."

Page 2, line 3, remove "d."

Page 2, line 5, remove the overstrike over "f."

Page 2, line 5, remove "e."

Page 2, line 6, remove the overstrike over "g."

Page 2, line 6, remove "f."

Page 2, line 7, remove the overstrike over "h."

Page 2, line 7, remove "g."

Page 2, line 8, remove the overstrike over "i."

Page 2, line 8, remove "h."

Page 2, line 9, remove the overstrike over "j."

Page 2, line 9, remove "i."

Page 2, line 10, remove the overstrike over "k."

Page 2, line 10, remove "j."

Page 2, line 11, remove the overstrike over "l."

Page 2, line 11, remove "k."

Page 2, line 13, remove the overstrike over "m."

Page 2, line 13, remove "l."

Page 2, line 16, remove the overstrike over "n."

Page 2, line 16, remove "m."

Page 2, line 18, remove the overstrike over "o."

Page 2, line 18, remove "n."

Page 2, line 21, remove the overstrike over "p."

Page 2, line 21, remove "o."

Page 2, line 23, remove the overstrike over "q."

Page 2, line 23, remove "p."

Page 2, line 25, remove the overstrike over "f."

Page 2, line 25, remove "q."

Renumber accordingly

Q#
11/2/21

REPORT OF STANDING COMMITTEE

HB 1050: Industry, Business and Labor Committee (Rep. Lefor, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1050 was placed on the Sixth order on the calendar.

Page 1, line 15, remove the overstrike over "~~Incentives resulting from Bank of North Dakota programs unless the incentive~~"

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Renumber accordingly

21.8017.01001
Title.

Prepared by the Legislative Council staff for
Representative Keiser
January 11, 2021

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1050

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2021 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1050

2021 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Fort Union Room, State Capitol

HB 1050
2/17/2021

relating to definitions relating to business incentives

Chair Klein opened the hearing at 9:00 a.m. All members were present. Senators Klein, Larsen, Burckhard, Vedaa, Kreun, and Marcellais.

Discussion Topics:

- Programs at Bank of North Dakota
- Reporting requirements

Todd Steinwand, Bank of ND introduced the bill, testified in favor and submitted testimony #6799 [9:01].

Senator Burckhard moved a DO PASS [9:28].

Senator Larsen seconded the motion [9:28].
[9:28]

Senators	Vote
Senator Jerry Klein	Y
Senator Doug Larsen	Y
Senator Randy A. Burckhard	Y
Senator Curt Kreun	Y
Senator Richard Marcellais	Y
Senator Shawn Vedaa	Y

Motion passed: 6-0-0

Senator Larsen will carry the bill [9:28].

Chair Klein closed the hearing at 9:29 a.m.

Isabella Grotberg, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1050, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1050 was placed on the Fourteenth order on the calendar.

February 17, 2020
Todd Steinwand, Chief Business Development Officer
Bank of North Dakota
Testimony on HB1050
Senate Industry, Business and Labor Committee

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Request to Legislature

HB1050 was amended in the House IBL Committee to require BND to continue reporting on those businesses utilizing job creation as the metric to receive a PACE incentive. HB1050 was recommended Do pass 14-0 from the House Industry Business and Labor Committee. The bill passed the full House 90-0. The Bank asks for your support of HB1050.