

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1080

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1080

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Jan 17, 2001

Tape Number	Side A	Side B	Meter #
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Committee Clerk Signatu	rectleral!	00	

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.

Gary Preszler: Dept. of banking and Financial Institutions Written testimony

Rep Thorpe: What prompted this legislation?

<u>Preszler:</u> Not one specific incident, just overall need.

Rep Thorpe: Did the Renaissance Zone have an impact?

Preszler: No

Chairman Berg: Might a bank temporarily move somewhere with the intent not to stay?

Preszler: Not really possible but if in that case, the board could still object.

Rep Keiser: Are ATM's going to cause a problem?

Preszler: There is still enough need for open banks.

Page 2 House Industry, Business and Labor Committee Bill/Resolution Number HB 1080 Hearing Date Jan 17, 2001

Rep Koppang: Have you considered whether other banks will be seriously injured in your

approval process?

Preszler: That has not been a recent issue.

Marilyn Foss: ND Banker's Association We don't object and remain neutral on this bill.

Chairman Berg: We'll close the hearing on HB 1080.

Rep Klein: I move a do pass.

Rep Kusper: I second.

13 yeas, 0 nays, 2 absent Carrier Rep Keiser

Date: /-/7-0/
Roll Call Vote #: /

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. Click here to type Bill/Resolution No. // 80

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Representatives	Yes	No	Representatives	Yes	No	
Chairman- Rick Berg	V		Rep. Jim Kasper			
Vice-Chairman George Keiser	V		Rep. Matthew M. Klein	V		
Rep. Mary Ekstorm	V		Rep. Myron Koppang			
Rep. Rod Froelich			Rep. Doug Lemieux			
Rep. Glen Froseth			Rep. Bill Pietsch			
Rep. Roxanne Jensen	1		Rep. Dan Ruby		1	
Rep. Nancy Johnson			Rep. Dale C. Severson			
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If the vote is on an amendment, brief						

REPORT OF STANDING COMMITTEE (410) January 17, 2001 4:44 p.m.

Module No: HR-07-1177 Carrier: Keiser Insert LC:. Title:.

REPORT OF STANDING COMMITTEE

HB 1080: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends

DO PASS (13 YEAS, NAYS, ABSENT AND NOT VOTING). HB 1080 was placed on
the Eleventh order on the calendar.

2001 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1080

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1080

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date February 13, 2001

Tape Number	Side A	Side B	Meter #		
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Committee Clerk Signature Dono & Percz					

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on HB 1080 relating to factors the state banking board must consider for a banking facility relocation.

Tim Karsky, Assistant Commissioner, Dept. of Banking in lieu of Gary D Preszler,

Commissioner Dept. of Banking. Written testimony attached. Urges do pass.

Senator Espegard: This is a fairly flawed practice, applications to move are never rejected and cause financial hardship to those that move. How do you defend yourself?

T Karsky: 99.9% of the time approvals are almost automatic. If there is no opposition from other banks or anyone in the community then the board grants the request. In the case of already established banks wanting to relocate, we will look only at its financial strength.

No opposing testimony. Hearing concluded.

Senator Espegard: Motion: do pass. Senator Tollefson: Second

Roll call vote: 7 yes; 0 no. Motion carried. Floor assignment: Senator Espegard

Date: 2/13/01 Roll Call Vote #: /

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

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Senator Krebsbach		/			
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REPORT OF STANDING COMMITTEE (410) February 13, 2001 1:42 p.m.

Module No: SR-26-3212 Carrier: Espegard Insert LC: Title:

REPORT OF STANDING COMMITTEE

HB 1080: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1080 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

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TESTIMONY FOR HOUSE BILL NO. 1080

House Industry, Business, and Labor Committee

Testimony of Gary D. Preszler, Commissioner, Department of Banking and Financial Institutions in support of House Bill No. 1080.

Banks establishing or moving a facility to another location must demonstrate in the application (1) the convenience, needs, and welfare of the people and community in the area served; (2) the financial strength of the bank in relation to the cost of establishing and maintaining such facility; and (3) whether other banks will be seriously injured by the approval of the application. House Bill No. 1080 provides that in the case of applications to relocate an existing facility within the same city the State Banking Board may consider only the financial strength of the bank in relation to the cost of establishing and maintaining such separate facility. Relocations are commonly requested when a new building is constructed. In the case of the bank relocating a facility within the same community, the convenience, needs, and welfare of the community and whether other banks are seriously injured have already been established by the bank in the initial application at the time approval was received to establish the facility. Consequently, the State Banking Board is generally only concerned as a matter of safety and soundness with the cost of the facility and any impact on the financial strength of the bank.

House Bill No. 1080 does not limit the State Banking Board from considering the need or competition factors if the Board believes it to be necessary.

Applications to relocate facilities to another city must still demonstrate all three factors. The need and competition factors for relocations to a different city remain appropriate since the factors have similar relevance to applications to establish a new facility.

House Bill No. 1080 reduces the burden upon an applicant bank in submitting applications to relocate a facility. The State Banking Board also recognizes that the primary responsibility for determination as to whether a relocation of a facility makes economic sense rests primarily with the bank's Board of Directors. From a regulatory standpoint, the amount of money invested in brick and mortar increases the amount of non-earning assets and the Board appropriately is concerned that fixed asset investments do not compromise the bank's solvency.

The Department urges a favorable "Do Pass" on House Bill No. 1080 from the Committee.

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