

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2008

2001 SENATE APPROPRIATIONS

SB 2008

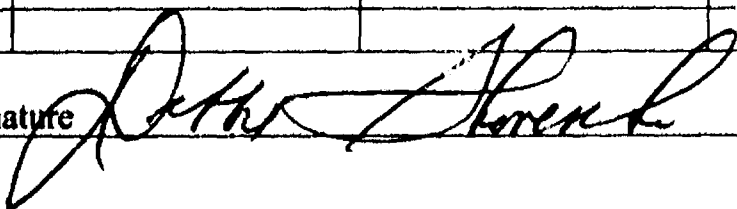
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2008

Senate Appropriations Committee

☐ Conference Committee

Hearing Date January 19, 2001

Tape Number	Side A	Side B	Meter #
1	Banking & Fin		0.00-48.4
Committee Clerk Signature 			

Minutes:

Senator Nething opened the hearing for the Banking & Financial Institutions.

Gary Preszler, Commissioner, Department of Banking and Financial Institutions, testified in support of this bill (testimony attached). Also, payday loans are not allowed in ND mainly with the pawn brokers and House Bill 1273 has been introduced to handle this issue.

Senator Nething: How are institutions doing? Can you categorize this please?

Gary Preszler: We are in better shape than two years ago; there is substantial equity and reserves in the agricultural sector; not as many charge offs; we are optimistic but manageable.

Senator Nething: When you state problems.

Gary Preszler: Our definition on camel ratings are set by regulations; asset quality on management ratings and earning equability rated 1-best, 5 fair; of this 3-5 problem rating. 6 to 9 institutions rated as problem rating. Management is are most common problem.

Senator Nething: Do you have applications pending for any new institutions?

Gary Preszler: We now have 94 which is down two; no new charters since 1996.

There are significant new bank applications with mergers and consolidations.

Senator Nething: Other states; easier to get banks?

Gary Preszler: FDIC set standard and these are all uniform.

Senator Lindaas: Where is your regulatory fund income from and how is this handled?

Gary Preszler: Banks pay annual assessment; as of 6/30/00 sufficient to cover moneys with license fees and examination fees; we bill banks and credit unions.

Senator Lindaas: Is there a fund build up?

Gary Preszler: We can't increase or accumulate; assessment formula and it works good.

Senator Thane: I see a lot of advertisement regarding second mortgages; is there a problem with these; are they controiled?

Gary Preszler: Yes and no; banks and credit unions have limitations only loaning up to value of the homes; most of these home equity and money brokers will lend up to 125% of equity.

Senator Thane: Do you look at selected statements for agricultural?

Gary Preszler: Yes that is the examiners job; the examiner accesses the quality of the loan as part of the portfolio.

Senator Schobinger: On page 5 of your testimony on payday lenders; how will your department regulate this?

Gary Preszler: This has been studied; In ND pawn shops are the main payday lenders whom are regulated more by city and law enforcement dealing with stolen property.

Senator Schobinger: What happens with the payday lender when it is time to cash these checks and they are not any good? Are they turned over to the States Attorney's office?

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Senate Appropriations Committee

Bill/Resolution Number 2008

Hearing Date January 19, 2001

Gary Preszler: Most are turned over to a collection agency; the agency usually buys the check from the lender and pursues collection; the annual percentage rate of these payday loans is from 600-3000%.

Senator Andrist: Examination importance; licensed brokers.

Gary Preszler: This is a struggle; collection agencies are not licensed money brokers; we have scam type brokers; money brokers have to be bonded.

Senator Andrist: How is the consumer protected; can these post dated checks be legally collected?

Gary Preszler: These checks are not legal and can't legally be collected; State's Attorney will not prosecute these checks; We have forced one of these collection agencies to refund the \$20 service charge and are pursuing another agency at this time.

Senator Solberg: In the budget, comment on the FTE position; 3.2 salary increase for salary.

Gary Preszler: Yes there is one additional FTE position mainly for travel, operating expenses and benefits are included for this.

Hearing Closed; Tape #1, Side A, 48.4.

January 31, 2001 Tape 1, Side A: 21.9-38.7

Hearing on SB2008 was reopened for Senate Appropriations Committee action, by Senator Nothing.

Senator Robinson moved a do pass; seconded by Senator Andrist. Discussion:

Senator Solberg: Appears to be a large percentage jump in the budget. If we approve the request for salary increase (equity) and an additional position -- perhaps a closer look at the overall budget would be appropriate.

Jan 31, 2001

Senator Bowman: If we approve the additional position, and they don't hire someone, is the money used for operating?

Senator Nething: It is a line item for salary/wages--can't use for operating.

Senator Solberg: No carry over on that position --reimbursement is for actual documented cost.

Senator Nething: Institutional approval.

Senator Tomac: Concern about the automatic salary increases --- didn't hear the rational ?

Dave Krabbenhoft, OMB Analyst: The study was done by the Fox firm in Minneapolis; the object is to move salaries closer to the market value...completed after noting a number of positions out of line with market.

Senator Tomac: The same scenario for the classified staff? OMB has dollars in the budget(s) to address this --- appropriated and/or general fund.

Senator Nething: 2 years ago the employees received a big jump?

Senator Tomac: Didn't others get the same big jump 2 years ago?

Senator Nething: It's the equity issue here.

Senator Tomac: Equity plus the 3/2 state approved ---both?

Senator Nething: Yes; provided budget is approved/allows it.

Senator Robinson: How many agencies -- is the number broad based? Number of people?

Dave Krabbenhoft: All agencies are involved; no number available; money in some budgets; the most serious problems need(ed) to be addressed.

Jim Smith, Legislative Council Analyst: Legislative Council did a separate memo earlier this month that shows the documentation you are seeking---if you are unable to find your copy, we will be happy to provide additional copies.

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Senate Appropriations Committee

Bill/Resolution Number 2008

Hearing Date ~~January 19, 2001~~

Jan 31, 2001

Senator Robinson: Realize there is a problem -- studies have indicated that entry level - state level dollars - and one qualifies for assistance!

Dave Krabbenhoft: Not sure what percent qualify -- on the budgets that I work on, personnel recommendation to move all minimum grades upward -- and they are being addressed.

Senator Tallackson moved the motion be withdrawn. Senator Holmberg seconded the motion.

Motion carried.

Senator Robinson moved a do pass as amended; Senator Andrist seconded. No additional discussion. Roll Call Vote:

13 yes, 0 no, 1 absent. Senator Robinson accepted the floor assignment.

Date: 1-31-01

Roll Call Vote #: _____

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2008

Senate Appropriations Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken As Passed

Motion Made By Sen Robinson Seconded By Sen Andrist

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman					
Ken Solberg, Vice-Chairman					
Randy A. Schobinger					
Elroy N. Lindaas					
Harvey Tallackson					
Larry J. Robinson					
Steven W. Tomac					
Joel C. Heitkamp					
Tony Grindberg					
Russell T. Thane					
Ed Kringstad					
Ray Holmberg					
Bill Bowman					
John M. Andrist					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

Date: 1-31-01

Roll Call Vote #: _____

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2008

Senate Appropriations Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number 18034.0101

Action Taken Do Pass as Amended

Motion Made By Sen Robinson Seconded By Sen. Andrist

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger	✓				
Elroy N. Lindaas	✓				
Harvey Tallackson	✓				
Larry J. Robinson	✓				
Steven W. Tomac	✓				
Joel C. Heitkamp	✓				
Tony Grindberg					
Russell T. Thane	✓				
Ed Kringstad	✓				
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total Yes 13 No 0

Absent 1

Floor Assignment Senator Robinson

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

REPORT OF STANDING COMMITTEE

SB 2008: Appropriations Committee (Sen. Nething, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2008 was placed on the Sixth order on the calendar.

Page 1, line 10, replace "2,708,878" with "2,707,820"

Page 1, line 14, replace "3,479,396" with "3,478,338"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2008 - Banking and Financial Institutions - Senate Action

	EXECUTIVE BUDGET	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$2,708,878	(\$1,058)	\$2,707,820
Operating expenses	701,818		701,818
Equipment	48,700		48,700
Contingency	<u>20,000</u>		<u>20,000</u>
Total all funds	\$3,479,396	(\$1,058)	\$3,478,338
Less estimated income	<u>3,479,396</u>	<u>(1,058)</u>	<u>3,478,338</u>
General fund	\$0	\$0	\$0
FTE	23.00	0.00	23.00

Dept. 413 - Banking and Financial Institutions - Detail of Senate Changes

	ADJUST MARKET EQUITY SALARY INCREASE 1	TOTAL SENATE CHANGES
Salaries and wages	(\$1,058)	(\$1,058)
Operating expenses		
Equipment		
Contingency		
Total all funds	(\$1,058)	(\$1,058)
Less estimated income	<u>(1,058)</u>	<u>(1,058)</u>
General fund	\$0	\$0
FTE	0.00	0.00

¹ This amendment reduces, from \$4,484 to \$3,426, the amount provided for a market equity salary increase for the commissioner. The amount included in the bill will provide for a salary increase of \$163 per month for the last 18 months of the biennium.

2001 HOUSE APPROPRIATIONS

SB 2008

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2008

House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date February 14, 2001

Tape Number	Side A	Side B	Meter #
02-14-01 tape #2	803 - 3008		
Committee Clerk Signature <i>Kathie Hall</i>			

Minutes:

The committee was called to order, and opened the hearing on SB 2008. The banking and financial institutions budget. There were some amendments on the Senate side, that appear only to be the salary adjustments.

Gary Preszler, Commissioner of Banking and Financial Institutions: Provided prepared written testimony, and read from the written testimony beginning on page 3, Consumer Licenses.

Rep. Carlisle: On the payday lenders, did you say there were 26 operating? Every one shut down their operations except 2 though, right. You said they all continued right, but only 2 continued.

Gary Preszler: Two that we know of, right. He explains some more about the need for additional FTE's if there are only 40 licensed payday lenders. A significant amount of supervision will be to insure the laws are complied with, which will include those operating without a license. Those are not represented by the 40 estimated licensed lenders.

Rep. Koppelman: What happened to the two payday lenders that did not shut down?

Gary Preszler: First in anticipation of civil action, the department asked the emergency commission to transfer \$20,000 from the contingency fund to the consumer fund for potential legal costs. Following the initial meeting with the states attorney's office, a letter was sent out from the attorney general's office in August warning them. That resulted in the cessation of payday loans, except for those few. A civil lawsuit has been filed against Bob's Pawn Shop in Bismarck. The second one we are aware of is a guy operating out of his car in Fargo.

Rep. Koppelman: Have there been any criminal violations?

Gary Preszler: I have signed a criminal referral request with Burleigh County States Attorney because there is a class C felony associated with violating the consumer finance license law.

Rep. Koppelman: You talk about an increase in licensing in your office, and you have identified consumer finance, and money brokers, and collection agencies. Is it the money broker area that is really growing?

Gary Preszler: All of them actually. Many are from out of state. We process a significant number of new licenses. Those are cyclical and real property and mortgage lenders.

Rep. Koppelman: Do you have an examination procedure for those businesses or do you deal mostly with consumer complaints?

Gary Preszler: For the consumer finance companies we have to examine them once every 30 months. For the collection agencies and money brokers we examine them at the discretion of the commissioner, basically after a consumer complaint. There have been some complaints.

Rep. Koppelman: Are consumer complaints up, too? Is that increasing your work load, and if so, how is that going.

Gary Preszler: That is what is taking up the majority of the assistant commissioner's time. The level of complaints are increasing substantially. Most consumer complaints are resolved by our asking for a response.

Rep. Carlisle: HB 1273 came out with a DO PASS recommendation. I understand it has some amendments, where the broker agreed to increase licensing fees and annual fees. What does this do to the fiscal note?

Gary Preszler: The fiscal note was based on the bill originally submitted. We have had no request to amend the fiscal note because of amendments. He proposed to raise the license fee to make up a deficit.

Rep. Carlisle: Doesn't have exact numbers, but expects the bill to come to appropriations.

Roxanne, LC: Legislative Council will now ask for another fiscal note more than likely.

Gary Preszler: I had proposed last session a request to allow the commissioner to reduce the fee if our expenses were not so great. The payday lenders didn't accept my amendment, and proposed their own amendments.

Rep. Skarphol: In your testimony you talk about connection of department computers to a network. Weren't you connected before, and why is there this charge?

Gary Preszler: The IT plan that we had in the last biennium had several phases. The first was hardware, a server basically. Before that we had stand alone computers. The second phase was automated records, which is what we are looking for this biennium. We are now trying to tie it all together.

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Government Operations Division

Bill/Resolution Number SB 2008

Hearing Date February 14, 2001

Concludes his testimony saying that they have increased workload. ND financial institutions are in a healthy condition, but he is cautious. The better they appear, the longer between exams. If there are identified problems we exam more often.

The chairman closed the hearing on this bill.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2008

House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date March 14, 2001

Tape Number	Side A	Side B	Meter #
03-14-01 tape #1	3465 - 4410		
Committee Clerk Signature <i>Kathie Hall</i>			

Minutes:

The committee was called to order, and opened committee work on SB 2008, the budget for the Banking Commissioner.

Chairman Byerly: Rep. Carlisle has a problem because of the payday loan sponsors, the banking commissioner has now said he needed another FTE and more money.

Rep. Carlisle: The payday loan bill passed the house. There is the Senate hearing on Monday. The fiscal note was \$138,000. The Banking Commission is a special fund agency and they have the spending authority. The pawn brokers are to put up some money, and the net difference is needed. The question is whether or not the committee thinks the banking commissioner needs another FTE to do this.

Rep. Koppelman: Suspects the banking commissioner was not excited about the payday loan bill passing. Could this be a death by fiscal note attempt on his part, that the request for the additional FTE is legitimate?

Rep. Carlisle: The need for the additional FTE is dependent upon how many of the pawn brokers are intending to get licensed. The banking commissioner estimates up to 40, and there are only 24 potential. They have to pay a \$450 license fee, and a \$400 examination fee just to do business. It's a special fund agency, and they have the money if the need for a FTE is needed.

Chairman Byerly: One question he has, is in HB 1273, are they paying their fees in like the financial institutions are paying, through that same facility? Doesn't see that there would be any less income. Do they have enough spending authority as opposed to turnback?

Sandy, OMB: It isn't her budget, but she could find out for the committee.

Rep. Carlisle: Got some numbers from OMB, nonexpended appropriations in 1999-2001 is \$231,026.

Rep. Glassheim: Are you suggesting that you could give them another FTE without increasing the spending authority, and they would just have it? Or do we not want to give them one at all?

Rep. Carlisle: That's what we need to decide. We would need to okay that.

Chairman Byerly: Lets get the information by Monday, no Thursday or Friday, and we'll act on this early next week.

Rep. Skarphol: Requesting the vacant and not filled FTE document, handed out much earlier in the session.

The chairman closed the committee work on this bill.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2008

House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date March 15, 2001

Tape Number	Side A	Side B	Meter #
03-15-01 tape #1	2755 - 5038		
Committee Clerk Signature <i>Kristi Hall</i>			

Minutes:

The committee was called to order, and opened committee work on SB 2008.

Sandy, OMB: Handed out a memo on the total revenues and expenses in the Banking and Financial Institutions budget. Yes, there would be an impact to the general fund, because what they expect to bring in on the payday loan licenses and monitoring is going to be \$76,000 short of what expenses would be.

Rep. Carlisle: On the FTE, would there be a way to put the hiring authority off for a year? If after they get up and operational, and then find they need the extra person, they could hire them then. Why would they need to monitor from day one?

Sandy, OMB: I talked to them this morning. They told me that it has gotten very busy for them, and they would expect to have to put on another employee right away.

Rep. Koppelman: To Sandy, the items total about 20 weeks per year. It seems to say that that FTE would not be spending their whole time effort on this function. Are they trying to expand the staff for other reasons.

Sandy, OMB: I only talked to them for a short time, but she understood that that would be this persons full time job. 24 pawn shops, with a potential of 40. Depending on the number of shops involved, the revenue could go up, and the costs to the general fund could be smaller. It really is a gray area.

Rep. Koppelman: Looking at the numbers and the situation, I see no reason why this should be a state subsidized effort. We did pass the bill, however, and agreed to regulate the area. Could we do a ½ FTE funded completely by revenue generated?

Chairman Byerly: The commissioner believes strongly that if this goes through, he will need another employee.

Rep. Carlisle: He will have to come back here in two years and justify what was done.

Sandy, OMB: Remember this is not general fund money in that budget. They would just turn over less money to the general fund.

(Discussion regarding raising the fees, what their job is, what the Bank's turn back is. There is no appropriation on the payday loan bill. The chairman is not excited about making appropriations in one bill for another bill they don't know the ultimate status of. They discussed the possibility of putting in language regarding the passage of the other bill. They also discussed the passage of the bill from subcommittee to the full committee, and there they could make any needed changes. Discussed the option of half time FTE vs full time, benefits paid, and the costs associated make this not much of a savings.)

Rep. Thoreson: Moves DO PASS. Seconded by Rep. Carlisle.

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Government Operations Division

Bill/Resolution Number SB 2008

Hearing Date March 15, 2001

Vote on Do Pass : 5 yes, 1 no, 1 absent and not voting (Rep. Skarphol). Motion passes.

Rep. Byerly is assigned to carry this bill to the full committee.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2008

House Appropriations Committee

☐ Conference Committee

Hearing Date March 28, 2001

Tape Number	Side A	Side B	Meter #
03-28-01 tape #2	220 - 850		
Committee Clerk Signature <i>Kelli Hall</i>			

Minutes:

The committee was called to order, and opened committee work on SB 2008.

Rep. Byerly: This is the budget for the department of banking and financial institutions.

All this is special fund dollars. Subcommittee made no changes to the Senate version of the bill.

Rep. Carlisle: Has an amendment, handed it out and explained it, dealing with the payday loan businesses. Moved to adopt the amendment. Seconded by Rep. Martinson.

Voice vote adopted the amendment.

Rep. Byerly: Moves DO PASS AS AMENDED. Seconded by Rep. Carlisle.

Vote on Do Pass as Amended : 19 yes, 0 no, 2 absent and not voting.

Rep. Byerly is assigned to carry this bill to the floor.

Date: 3-15-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. S132008

House Appropriations - Government Operations Division Committee

☒ Subcommittee on Appropriations Govt Ops.
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken 100 PASS

Motion Made By Rep. Hansen Seconded By Rep. Carlisle

[illegible]

Total (Yes) 5 No 1

Absent _____

Floor Assignment Rep. Byrd

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

PROPOSED AMENDMENTS TO SENATE BILL NO. 2008

Page 1, line 10, replace "2,707,820" with "2,800,996"

Page 1, line 11, replace "701,818" with "742,786"

Page 1, line 12, replace "48,700" with "52,700"

Page 1, line 14, replace "3,478,338" with "3,616,482"

Renumber accordingly

Done
3-28-01

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2008 - Banking and Financial Institutions - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$2,706,978	\$2,707,820	\$93,178	\$2,800,996
Operating expenses	701,818	701,818	40,968	742,786
Equipment	48,700	48,700	4,000	52,700
Contingency	<u>20,000</u>	<u>20,000</u>		<u>20,000</u>
Total all funds	\$3,478,396	\$3,478,338	\$138,144	\$3,616,482
Less estimated income	<u>3,478,396</u>	<u>3,478,338</u>	<u>138,144</u>	<u>3,616,482</u>
General fund	\$0	\$0	\$0	\$0
FTE	23.00	23.00	1.00	24.00

Dept. 413 - Banking and Financial Institutions - Detail of House Changes

	ADD FTE AND RELATED FUNDING FOR HB 1273 ¹	TOTAL HOUSE CHANGES
Salaries and wages	\$93,178	\$93,178
Operating expenses	40,968	40,968
Equipment	4,000	4,000
Contingency		
Total all funds	\$138,144	\$138,144
Less estimated income	<u>138,144</u>	<u>138,144</u>
General fund	\$0	\$0
FTE	1.00	1.00

¹ House Bill No. 1273 provides for the licensing and regulation of deferred presentment service providers by the Department of Banking and Financial Institutions. The fiscal note indicates that as a result of the bill, the department will collect additional revenue of \$91,978 per biennium, but will incur additional costs of \$138,144 per biennium.

Date: 3-28-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2008

House APPROPRIATIONS Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number

18034.0201

Action Taken

to adopt amendment

Motion Made By

Rep. Carlisle

Seconded
By

Rep. Martinson

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman					
Wald - Vice Chairman					
Rep - Aarsvold			Rep - Koppelman		
Rep - Boehm			Rep - Martinson		
Rep - Byerly			Rep - Monson		
Rep - Carlisle			Rep - Skarphol		
Rep - Delzer			Rep - Svedjan		
Rep - Glassheim			Rep - Thoreson		
Rep - Gulleason			Rep - Warner		
Rep - Huether			Rep - Wentz		
Rep - Kempenich					
Rep - Kerzman					
Rep - Kliniske					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

adopted

Date: 3-28-01
Roll Call Vote #: 2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2008

House APPROPRIATIONS

Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number

18834.0201

Action Taken

Do Pass As Amended

Motion Made By

Rep. Byerly

Seconded
By

Rep. Carlisle

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman	✓				
Rep - Aarsvold	✓		Rep - Koppelman	✓	
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol	✓	
Rep - Delzer	✓		Rep - Svedjan		
Rep - Glassheim	✓		Rep - Thoreson	✓	
Rep - Gulleon			Rep - Warner	✓	
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman	✓				
Rep - Kliniske	✓				

Total (Yes) 19 No 0

Absent 2

Floor Assignment Rep. Byerly

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

Dept. 101 - Supreme Court - Detail of House Changes

	INCREASE FUNDING FOR JUDGES' SALARY INCREASES 1	DECREASE FUNDING FOR OPERATING EXPENSES 2	TOTAL HOUSE CHANGES
Supreme Court Justices	\$46,394	(\$81,720)	\$46,394
Chief Justice			\$46,394
Justices			(\$81,720)
Total all levels	\$46,394	(\$81,720)	\$46,394
Law-related items			
General fund	\$46,394	(\$81,720)	(\$46,394)
FTE	0.00	0.00	0.00

1 The amendment provides additional funding for Supreme Court Justices' salaries of \$2,500 per year above the Senate level which results in total salary increases of approximately \$46,394 for the first year of the biennium and eight percent for the second year of the biennium.

2 The reduction in operating expenses relates to funds which were originally appropriated to be used for an enhanced records management project.

Senate Bill No. 2002 - District Courts - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Supreme and Justices	\$28,140,000	\$28,140,000	\$28,140,000	\$28,140,000
Operating expenses	\$28,140,000	\$28,140,000	\$28,140,000	\$28,140,000
Justices' salaries	\$28,140,000	\$28,140,000	\$28,140,000	\$28,140,000
Justices' expenses	\$28,140,000	\$28,140,000	\$28,140,000	\$28,140,000
Law-related items	\$28,140,000	\$28,140,000	\$28,140,000	\$28,140,000
General fund	\$28,140,000	\$28,140,000	\$28,140,000	\$28,140,000
FTE	191.50	191.50	0.00	191.50

Dept. 102 - District Courts - Detail of House Changes

	INCREASE FUNDING FOR JUDGES' SALARY INCREASES 1	DECREASE FUNDING FOR OPERATING EXPENSES 2	TOTAL HOUSE CHANGES
Supreme and Justices	\$28,140,000	(\$28,140,000)	\$28,140,000
Chief Justice			\$28,140,000
Justices			(\$28,140,000)
Total all levels	\$28,140,000	(\$28,140,000)	\$28,140,000
Law-related items			
General fund	\$28,140,000	(\$28,140,000)	(\$28,140,000)
FTE	0.00	0.00	0.00

1 The amendment provides additional funding for district court judges' salaries of \$2,500 per year above the Senate level which results in total salary increases of approximately \$28,140,000 for the first year of the biennium and eight percent for the second year of the biennium.

2 The reduction in operating expenses relates to funds which were originally appropriated to be used for an enhanced records management project.

Senate Bill No. 2002 - Other Changes - House Action

The following schedule provides information regarding Supreme Court and district court judges' salaries including current salaries, salaries proposed in the judicial branch budget request, salaries proposed in Engrossed Senate Bill No. 2002, and salaries proposed in the amendment.

	SUPREME COURT CHIEF JUSTICE	OTHER SUPREME COURT JUSTICES	DISTRICT COURT PRESIDING JUDGES	OTHER DISTRICT COURT JUDGES
July 1, 2000	\$97,895	\$85,483	\$84,725	\$76,887
July 1, 2001	\$97,895	\$85,483	\$84,725	\$76,887
July 1, 2002	\$97,895	\$85,483	\$84,725	\$76,887

Proposed salary schedule for the 2001-03 biennium. The 2001-03 judicial branch budget request.

Proposed salary schedule for the 2001-03 biennium. The 2001-03 judicial branch budget request.

REPORT OF STANDING COMMITTEE

SB 2013, as engrossed: Appropriations Committee (Rep. Timm, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (19 YEARS, 0 DAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2013 was placed on the Sixth order on the calendar.

Page 1, replace lines 23 and 24 with:

"SECTION 4. DISTRIBUTIONS TO STATE INSTITUTIONS. Notwithstanding section 15-03-05.2, during the biennium beginning July 1, 2001, and ending June 30, 2003, the board of university and school lands shall distribute the following amounts, or so much income as may be available, from the permanent funds managed for the benefit of the following entities:

North Dakota state university	\$1,330,974
University of North Dakota	995,011
Youth correctional center	502,823
School for the deaf	465,000
North Dakota state college of science	392,994
State hospital	374,856
Veterans' home	320,000
Valley City state university	310,199
School for the blind	290,000
Mayville state university	217,891
Minot state university - Bottineau	38,900
Dickinson state university	38,864
Minot state university	38,850
Total	\$5,316,362

Page 2, remove lines 1 through 5

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Dept. 226 - Land Department - House Action

This amendment removes Section 4 of the engrossed bill, which provided legislative intent that during the 2001-03 biennium, the Land Department sell all parcels of land not producing a profit for the trust funds managed by the department.

This amendment adds a new section to specify the maximum permanent fund distributions to various state agencies for the 2001-03 biennium. The amounts specified are the amounts included in the executive budget recommendation. This section provides that 2001-03 biennium distributions are not subject to North Dakota Century Code Section 15-03-05.2 which prohibits the retention of income for future distributions if the result would be a reduction in income distributed to the trust fund beneficiary from the amount distributed the previous year.

REPORT OF STANDING COMMITTEE

SB 2008, as engrossed: Appropriations Committee (Rep. Timm, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (19 YEARS, 0 DAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2008 was placed on the Sixth order on the calendar.

Page 1, line 10, replace "2,707,820" with "2,800,996"

Page 1, line 11, replace "701,818" with "742,786"

Page 1, line 12, replace "48,700" with "52,700"

Page 1, line 14, replace "3,478,338" with "3,616,482"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate SB No. 2288 - Banking and Financial Institutions - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$2,761,000	\$2,761,000	\$81,176	\$2,842,176
Operating expenses	761,000	761,000	43,088	804,088
Commuting	43,700	43,700	4,000	47,700
Contingency	28,000	28,000		28,000
Total all items	\$3,473,700	\$3,473,700	\$128,144	\$3,601,844
Less estimated savings	3,071,000	3,071,000	58,144	3,129,144
Current total	80	90	30	90
FTE	23.00	23.00	1.00	24.00

Dept. 413 - Banking and Financial Institutions - Detail of House Changes

	ADD FTE AND RELATED FUNDING FOR HB 1273 1	TOTAL HOUSE CHANGES
Salaries and wages	\$81,176	\$81,176
Operating expenses	43,088	43,088
Commuting	4,000	4,000
Total all items	\$128,144	\$128,144
Less estimated savings	58,144	58,144
Current total	30	30
FTE	1.00	1.00

1 House SB No. 1273 provides for the financing and implementation of selected presentment services provided by the Department of Banking and Financial Institutions. The funding amounts indicated herein are in respect of the bill. The Department will collect additional revenue of \$61,876 per biennium, but will incur additional costs of \$128,144 per biennium.

REPORT OF STANDING COMMITTEE

SB 2287, as engrossed: Natural Resources Committee (Rep. Rennerfeldt, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (14 YEARS, 0 DAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2287 was placed on the Sixth order on the calendar.

Page 1, line 16, replace "two" with "one"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2328, as engrossed: Finance and Taxation Committee (Rep. Carlson, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEARS, 1 DAY, 1 ABSENT AND NOT VOTING). Engrossed SB 2328 was placed on the Sixth order on the calendar.

Page 1, line 1, after the comma insert "a new section to chapter 57-15, a new section to chapter 58-01,"

Page 1, line 3, after "to" insert "the definition of the term freeholder of a township, the relevy of property taxes omitted by mistake, and to the" and after "townships" insert "; to provide for retroactive application; and to provide an expiration date"

Page 1, line 8, replace "3" with "5"

Page 1, after line 8, insert:

"SECTION 2. A new section to chapter 57-15 of the North Dakota Century Code is created and enacted as follows:

Mistake in levy - Levy increase the following year - Levy reverts.

1. Notwithstanding sections 57-15-01.1 and 57-15-14, if a mistake occurred in the 2000 tax year which would result in ten percent or more of the amount a taxing district intended to be levied, as of the October tenth deadline under section 57-15-31.1, not being levied and the mistake is brought to the attention of the county auditor or county treasurer of any county with land in the taxing district by February 1, 2001, the taxing district may include half of the amount which was mistakenly not levied in the taxing district's budget and general fund levy for the 2001 tax year, and the other half that was mistakenly not levied in the taxing district's budget and general fund for the 2002 tax year.

2. If the resulting general fund levy for the 2001 or 2002 tax year is above one hundred eighty-five mills, the taxing district need not comply with chapter 57-16.

3. After the 2002 tax year, the taxing district's general fund levy must revert to the general fund levy for the 1999 tax year plus any increase authorized by law.

4. The 2001 and 2002 taxable years may not be used as a "base year" under section 57-15-01.1, and may not be considered a "prior school year" under section 57-15-14.

SECTION 3. A new section to chapter 58-01 of the North Dakota Century Code is created and enacted as follows:

Freeholder defined. As used in this title, unless the context or subject matter requires otherwise, "freeholder" means the legal title owner of the surface estate in real property.

Page 1, line 11, replace "3" with "5"

Page 1, line 19, replace "written notice" with "petition" and replace "freeholder electors" with "freeholders"

Page 2, line 7, after "supervisors" insert "shall provide thirty days' written notice by first-class mail to each freeholder within the improvement district at the address shown on the records of the county treasurer and"

Page 2, line 10, replace "Protest bar to" with "Election for"

Page 2, line 11, replace "freeholder electors" with "freeholders"

Page 2, line 13, replace "township freeholder electors voting on the question" with "votes cast" and after "meeting" insert "or votes filed with the township clerk within fifteen days after the meeting"

Page 2, line 14, after the period insert "A freeholder affected by the project is entitled to one vote for each dollar of the proposed special assessment against the freeholder's property within the proposed improvement district. If there is more than one owner of a parcel of property, the votes available for the parcel must be prorated among the owners in accordance with each owner's percentage interest in the property," and replace "township freeholder" with "the votes cast or filed"

Page 2, line 15, remove "electors voting"

Page 2, line 24, replace "Invalid or insufficient protest" with "Election approval of project", replace "Tax" with "Assessment", and replace "protests presented are found to be" with "election under this chapter results in approval of a project"

Page 2, line 25, remove "insufficient or invalid"

Page 2, after line 26, insert:

"Appeal notice - Special meeting - Assessment determination - Limitations. Any aggrieved freeholder may appeal the special assessment against the freeholder's real property by providing the township clerk a written notice of appeal, stating the grounds upon which the appeal is based, within twenty days after the special township meeting. The clerk shall notify the township board of supervisors of the appeal and schedule a special meeting to hear the appeals by publishing a notice of the special

2001 SENATE APPROPRIATIONS

CONFERENCE COMMITTEE

SB 2008

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2008

Senate Appropriations Committee

☒ Conference Committee

Hearing Date April 9, 2001

Tape Number	Side A	Side B	Meter #
Tape #1	x		0.0 - 34.4
Committee Clerk Signature <i>Donnie Dietrich</i>			

Minutes:

Senator Holmberg, Chair of the Conference Committee on SB2008 - Banking and Financial Institutions, opened the session at 4:00 p.m., Monday, April 9, 2001, in the Harvest Room. Attendance taken by clerk; all members present: Senator Holmberg, Chair; Senator Andrist; Senator Robinson; Representative Carlisle; Representative B. Thoreson; and Representative Glassheim.

Representative Carlisle went through the amendments (18034.0201) as approved by the House. He reviewed the information regarding HB1273 as noted on page one of the amendments; as well as the House changes: addition of 1 fte along with salary/wages/benefits, office and travel expenses, as well as equipment dollars -- a total of \$138,144.

Senator Holmberg: The Senate did review the pay day lenders, felt no additional personnel needed -- even though it was from special funds.

Senator Andrist: Skeptical of the need to regulate those few pay day lenders. Bank using special funds -- credit unions etc -- help to subsidize it.

Senator Robinson: Some concerns regarding number of operations in 1273 -- wondering if enough for a full time position.

Senator Holmberg: Did the House discuss the possibility of allowing for contracting, while getting the program up and running? First year work vs fle was a concern -- others subsidizing other 40 at the most.

Representative Carlisle: 24 now -- if all participate. Comfortable with the 138,144.

Senator Andrist: Contracting may be difficult. Half time staff perhaps better -- but how can regulation of 40 people take a full time employee?

Senator Holmberg: Ask the agency which way preferred?

Representative Carlisle: It's unknown whether 24 or 40; felt that dollar amount adequate.

Senator Andrist: Looking at that -- it would seem banks, credit unions work with separate lenders, and should pay own way? Not sure it's appropriate use of dollars to take banking and credit union to regulate.

Senator Holmberg: Seems a handful of people for 64 thousand

Representative Carlisle: Would the Senate look at a figure between 0 and the 138,144? Consider part time?

Senator Holmberg: Did you investigate consulting -- does it save -- yet doesn't grow the agency? We have said regulate -- is that why they need more dollars, personnel?

Representative Carlisle: House put on dollars felt needed to work.

Senator Andrist: Appropriate to ask Banking personnel in the audience?

Senator Holmberg: Difficult --- only if we as committee members or the legislative council staff, or OMB staff are unable to answer technical question(s).

Jeff Larshus, OMB Analyst: Difficult in using contracting -- bank dollars and credit union dollars are used in the cost for audits. Excess from money brokers, collection agencies are different. Would be difficult to do the job in consulting role.

Senator Robinson: Mr. Presser -- perhaps could address contracts? HB1273 has 60 thousand - 2 years?

Joe Morrisette, Legislative Council Staff: Could not answer.

Senator Holmberg allowed this to be an extreme technical question--and requested Mr. Presser take the podium and address this.

Gary Preszler, Department of Banking and Financial Institutions: We have looked at contracting -- but it would cost more dollars; built in firm dollars in addition to salary and expenses. Better to have our own people.

Senator Holmberg: Half time position? Middle number?

Representative Carlisle: Half time reduction perhaps but believe the equipment dollars would need to remain intact.

Senator Holmberg: Half FE would do if not planning 40 licenses.

Representative Carlisle: It's not only 40 -- there are denials asking for hearings, a significant number of (50%) pay day lenders don't comply -- need to be enforced which is not being done now.

Senator Holmberg: Look at half FTE plus benefits, and expenditures as well as equipment -- have Legislative Council do exact figures -- using appropriate benefits percentage?

Representative Carlisle: Willing to look in the spirit of compromise.

Senator Andrist: Okay.

Senator Holmberg: The department has no track record, next session they will have documentation.

Representative Carlisle: 24 ND now if all participated. House comfortable with 138,144.

Senator Andrist: Contracting might be difficult -- half time staff better --- but to regular 40 people it takes a full FTE?

Representative Carlisle: House comfortable with 138,144. Responsibilities for the FTE are unknown, there's some 24-40.

Senator Andrist: Looking at that -- seems banks and credit unions could separate; lenders should pay own way, aren't going to pay own this way.

Senator Holmberg: Seems like 64 thousand for such few people.

Representative Carlisle: Has Senate looked at a figure? Thought about the FTE?

Senator Holmberg: Did the House investigate the possibility of consulting -- check with the agency to see if it would save dollars -- not grow the agency?

Representative Carlisle: Thought we needed to put the dollars there if it were to work out.; didn't question consulting as I recall.

Senator Andrist: Advisable to consult with Banking Commissioner in the audience?

Senator Holmberg: Call on people only if we the committee members or our legislative staff, OMB staff are unable to answer a technical question. OMB?

Jeff Larshus, OMB Analyst,: Using bank dollars --- used for credit union and banks for the cost for audits. Excess money from brokers, collection agencies --- different, not credit unions or banks. Unable to answer about the consulting.

Senator Robinson: Legislative Council or perhaps Mr. Presser could address this, as well as HB1273?

Joe Morrisette, Legislative Council Staff, No, can't answer.

Senator Holmberg: Ruled this to be an extreme technical question --allowed Mr. Presser to address the committee.

Gary Presser, Banking Commissioner: Looked at contracting -- but it would cost more money--- firms build in profit. Better to have own people.

Senator Holmberg: Half FTE --- middle range?

Representative Carlisle: Believe salary could be there, plus benefits -- but shouldn't reduce equipment and travel?

Senator Holmberg: Half FTE would travel, use office budget dollars much the same -- doesn't support 40 licenses?

Representative Carlisle: Not just 40 --- there are denials asking for hearings. Significant number (perhaps 50%) of pay day lenders not complying now -- need enforcement. In effect HB1273.

Senator Holmberg: House willing to look at half FTE and appropriate fringes, operating --30 thousand - and equipment?

Representative Carlisle: In the spirit of compromise, yes.

Senator Andrist: Go for that.

Senator Holmberg: They do not have a track record -- which they will have next session. It's currently overwhelming --- data will be available to convince us next session.

Representative Carlisle: 24 North Dakota pawn brokers have formed an association -- they are ready to be regulated. In 2 years we'll know more --- know the number doing business in state.

Senator Robinson: On the practical side: does the department have a position that could have split duties? Not easy to find someone who wants to work part-time.

Representative Carlisle: Special funds -- could look at this during the interim?

Senator Holmberg: If legislature says they qualify for half time, they can't go for another half time position in the interim.

Senator Andrist: 20-24 legitimate operators want the program -- couldn't it be structured to turn into self-enforcing -- up to them to handle violations? Do away with in 2 years or the fees double? Get more cooperation then?

Senator Holmberg: Honest ones want it to go.

Representative Carlisle: Have formed an association.

Senator Robinson: Can OMB give examples of other FTE's where this has worked, not worked?

Jeff Larshus, OMB Analyst: Where it works for split appointments -- happens mostly in the clerical positions within agencies. The regulatory position at half time would be difficult. Not aware of any such positions in any agency.

Senator Holmberg: Salary at 30 thousand plus fringes of?

Representative Carlisle: 31 plus 29% is current -- plus travel -- plus operating.

Senator Holmberg: Agree, travel cannot be cut.

Representative Carlisle: Leave ample operation dollars -- 30 thousand?

Representative Carlisle moved that the House recede from amendments and further amend to 1/2 fee, benefits, 30 thousand operating budget, equipment dollars same at 52,700.

Representative B. Thoreson seconded the motion.

Discussion.

Representative Glassheim: Compromise okay but not sure of the work involved.

Page 7

Senate Appropriations Committee

Bill/Resolution Number SB2008

Hearing Date April 9, 2001

Representative B. Thoreson: Support the motion.

Senator Robinson: It's a struggle.

Representative Carlisle: It's self policing.

Senator Robinson: Half of them not in compliance --- that's the nature of the business?

Representative Carlisle: Data from the state of Tennessee.

Senator Holmberg: Can vote, go back to discussion -- workable? Find out in 2 years.

Representative Carlisle: Can Legislative Council read the motion back?

Joe Morrisette, Legislative Council Staff, .5 FTE salary of 31,000 plus benefits, operating of 30,000; plus equipment dollars to remain same.

Representative Glassheim: Any way to do a reversal? Starts out here -- then come back to the budget section say in 6 months --needs documented? Intent language regarding attempt to do the work with moderate supervision -- and in six months know additional FTE necessary?

Joe Morrisette: Could authorize put in a section of intent -- regarding emergency and budget interim committee.

Senator Andrist: Emergency includes authorization of fees?

Representative Carlisle: Already 61 thousand.

Senator Andrist: Need for full FTE?

Representative Carlisle: Compromise -- come to emergency commission, then budget section --- one year out we'll know more.

Senator Robinson: Lean to language -- shouldn't have been involved if we don't provide funds -- don't spend if not successful.

Representative Carlisle: Further amend?

Senator Holmberg: Call for the vote: Roll Call Vote: 6 yes; 0 no; 0 absent and not voting.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2008

That the House recede from its amendments as printed on pages 1073 and 1074 of the Senate Journal and pages 1173 and 1174 of the House Journal and that Engrossed Senate Bill No. 2008 be amended as follows:

Page 1, line 10, replace "2,707,820" with "2,759,337"

Page 1, line 11, replace "701,818" with "731,818"

Page 1, line 12, replace "48,700" with "52,700"

Page 1, line 14, replace "3,478,338" with "3,563,855"

Page 1, after line 14, insert:

"SECTION 2. ADDITIONAL FULL-TIME EQUIVALENT POSITION - DEFERRED PRESENTMENT SERVICE PROVIDER REGULATION. The department of banking and financial institutions shall assess the need for additional staff relating to the licensing and regulation of deferred presentment service providers during the biennium beginning July 1, 2001, and ending June 30, 2003. If determined necessary by the department, the department is authorized an additional .5 full-time equivalent position for the licensing and regulation of deferred presentment service providers, upon approval of the emergency commission and the budget section of the legislative council."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2008 - Banking and Financial Institutions - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$2,708,878	\$2,707,820	\$51,517	\$2,759,337	\$2,800,996	(\$41,659)
Operating expenses	701,818	701,818	30,000	731,818	742,786	(10,968)
Equipment	48,700	48,700	4,000	52,700	52,700	
Contingency	<u>20,000</u>	<u>20,000</u>		<u>20,000</u>	<u>20,000</u>	
Total all funds	\$3,479,396	\$3,478,338	\$85,517	\$3,563,855	\$3,616,482	(\$52,627)
Less estimated income	<u>3,479,396</u>	<u>3,478,338</u>	<u>85,517</u>	<u>3,563,855</u>	<u>3,616,482</u>	<u>(52,627)</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	23.00	23.00	0.50	23.50	24.00	(0.50)

Dept. 413 - Banking and Financial Institutions - Detail of Conference Committee Changes

	ADD FTE AND RELATED FUNDING FOR HOUSE BILL NO. 1273 1	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	\$51,517	\$51,517
Operating expenses	30,000	30,000
Equipment	4,000	4,000
Contingency		
Total all funds	\$85,517	\$85,517
Less estimated income	<u>85,517</u>	<u>85,517</u>
General fund	\$0	\$0

FTE

0.50

0.50

¹ House Bill No. 1273 provides for the licensing and regulation of deferred presentment service providers by the Department of Banking and Financial Institutions. The fiscal notes indicate that as a result of the bill, the department will collect additional revenue of \$61.978 per biennium. The House added \$138,144 for one FTE and other costs relating to House Bill No. 1273. The conference committee amendment adds \$85,517 for a .5 FTE and related costs.

The conference committee amendment adds a section authorizing an additional .5 FTE position for licensing and regulating deferred presentment service providers, if determined necessary by the agency and approved by the Emergency Commission and the Budget Section.

Date: 4-9-01

Roll Call Vote #: 1

2001 CONFERENCE COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2008

CONFERENCE COMMITTEE-Banking & Financial Institutions

Legislative Council Amendment Number _____

☒ recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) 1073 - 1074

☐ having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

Action Taken & further amend to 1/2 fee, expend. 30th
figuring same.

Motion Made By
Senator/Representative Carlisle

Seconded By
Senator/Representative Shover

Senators	Yes	No	Representative	Yes	No
Senator Holmberg	✓		Representative Carlisle	✓	
Senator Andrist	✓		Representative B. Thoreson	✓	
Senator Robinson	✓		Representative Glassheim	✓	

Total Yes 6 No 0 Absent 0

REPORT OF CONFERENCE COMMITTEE

SB 2008, as engrossed: Your conference committee (Sens. Holmberg, Andrist, Robinson and Reps. Carlisle, B. Thoreson, Glasshelm) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1073-1074, adopt ~~furthor~~ amendments as follows, and place SB 2008 on the Seventh order:

That the House recede from its amendments as printed on pages 1073 and 1074 of the Senate Journal and pages 1173 and 1174 of the House Journal and that Engrossed Senate Bill No. 2008 be amended as follows:

Page 1, line 10, replace "2,707,820" with "2,759,337"

Page 1, line 11, replace "701,818" with "731,818"

Page 1, line 12, replace "48,700" with "52,700"

Page 1, line 14, replace "3,478,338" with "3,563,855"

Page 1, after line 14, insert:

"SECTION 2. ADDITIONAL FULL-TIME EQUIVALENT POSITION - DEFERRED PRESENTMENT SERVICE PROVIDER REGULATION. The department of banking and financial institutions shall assess the need for additional staff relating to the licensing and regulation of deferred presentment service providers during the biennium beginning July 1, 2001, and ending June 30, 2003. If determined necessary by the department, the department is authorized an additional .5 full-time equivalent position for the licensing and regulation of deferred presentment service providers, upon approval of the emergency commission and the budget section of the legislative council."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2008 - Banking and Financial Institutions - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$2,708,878	\$2,707,820	\$51,517	\$2,759,337	\$2,800,998	(\$41,659)
Operating expenses	701,818	701,818	30,000	731,818	742,788	(10,968)
Equipment	48,700	48,700	4,000	52,700	52,700	
Contingency	20,000	20,000		20,000	20,000	
Total all funds	\$3,479,396	\$3,478,338	\$85,517	\$3,563,855	\$3,616,482	(\$52,627)
Less estimated income	<u>3,479,396</u>	<u>3,478,338</u>	<u>85,517</u>	<u>3,563,855</u>	<u>3,616,482</u>	<u>(52,627)</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	23.00	23.00	0.50	23.50	24.00	(0.50)

Dept. 413 - Banking and Financial Institutions - Detail of Conference Committee Changes

	ADD FTE AND RELATED FUNDING FOR HOUSE BILL NO. 1273	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	\$51,517	\$51,517
Operating expenses	30,000	30,000

REPORT OF CONFERENCE COMMITTEE (420)
April 10, 2001 4:10 p.m.

Module No: HR-63-8324

Insert LC: 18034.0202

Equipment	4,000	4,000
Contingency		
Total all funds	\$85,517	\$85,517
Less estimated income	<u>85,517</u>	<u>85,517</u>
General fund	\$0	\$0
FTE	0.50	0.50

¹ House Bill No. 1273 provides for the licensing and regulation of deferred presentment service providers by the Department of Banking and Financial Institutions. The fiscal notes indicates that as a result of the bill, the department will collect additional revenue of \$61,978 per biennium. The House added \$138,144 for one FTE and other costs relating to House Bill No. 1273. The conference committee amendment adds \$85,517 for a .5 FTE and related costs.

The conference committee amendment adds a section authorizing an additional .5 FTE position for licensing and regulating deferred presentment service providers, if determined necessary by the agency and approved by the Emergency Commission and the Budget Section.

Engrossed SB 2008 was placed on the Seventh order of business on the calendar.

2001 TESTIMONY

SB 2008

Department 413 - Department of Banking and Financial Institutions
Senate Bill No. 2008

	FTE Positions	General Fund	Other Funds	Total
2001-03 Schafer Executive Budget	23.00		\$3,479,396	\$3,479,396
1999-2001 Legislative Appropriations	22.00		2,960,666	2,960,666
Increase (Decrease)	1.00	\$0	\$518,730	\$518,730

2001-03 Hoeven Executive Budget	23.00		\$3,479,396	\$3,479,396
Hoeven Increase (Decrease) to Schafer	0.00	\$0	\$0	\$0

The 1999-2001 appropriation includes \$4,284 of other funds for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees. The appropriation also includes \$22,702 of spending authority for equipment appropriated as an emergency measure by the 1999 Legislative Assembly and spent during the 1997-99 biennium.

Major Schafer Recommendations Affecting Department of Banking and Financial Institutions 2001-03 Budget

	General Fund	Other Funds	Total
1. Provides funding for an equity salary increase of \$163 per month for the commissioner effective January 1, 2002 (the amount included in the executive budget is \$1,058 more than the required amount of \$3,426).		\$4,484	\$4,484
2. Increases funding for operating expenses from \$529,272 to \$701,818 to reflect the following increases:			
Increased fees paid to the Information Technology Department and implementation of a records automation system		\$96,683	\$96,683
Increased motor pool rates		18,006	18,006
Rent increase		10,677	10,677
Anticipated increase in legal services provided by the Attorney General's office		20,321	20,321
Other		26,859	26,859
Total recommended increases		\$172,546	\$172,546
3. Decreases funding for equipment from \$64,082 to \$48,700.		\$15,382	\$15,382
4. Adds 1 FTE financial institution examiner I position and provides the following amounts for the examination of consumer finance companies and the investigation of consumer complaints:			
Salaries and wages		\$97,358	\$97,358
Operating expenses		9,700	9,700
Equipment		4,000	4,000
Total recommended appropriation		\$111,058	\$111,058

Major Hoeven Recommendations Affecting Department of Banking and Financial Institutions
2001-03 Budget Compared to the Bill as Introduced (Schafer Budget)

The Hoeven budget recommendation does not change the Schafer executive budget recommendation for this agency.

Major Legislation Affecting the Department of Banking and Financial Institutions

Senate Bill No. 2164 - This bill changes the name of the Department of Banking and Financial Institutions to the Department of Financial Institutions.

Department 413 - Department of Banking and Financial Institutions
Senate Bill No. 2008

	FTE Positions	General Fund	Other Funds	Total
2001-03 Schafer Executive Budget	23.00		\$3,479,396	\$3,479,396
1999-2001 Legislative Appropriations	22.00		2,960,666	2,960,666 ¹
Increase (Decrease)	1.00	\$0	\$518,730	\$518,730

2001-03 Hoeven Executive Budget	23.00		\$3,479,396	\$3,479,396
Hoeven Increase (Decrease) to Schafer	0.00	\$0	\$0	\$0

¹ The 1999-2001 appropriation includes \$4,284 of other funds for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees. The appropriation also includes \$22,702 of spending authority for equipment appropriated as an emergency measure by the 1999 Legislative Assembly and spent during the 1997-99 biennium.

Major Schafer Recommendations Affecting Department of Banking and Financial Institutions 2001-03 Budget

	General Fund	Other Funds	Total
1. Provides funding for an equity salary increase of \$163 per month for the commissioner effective January 1, 2002 (the amount included in the executive budget is \$1,058 more than the required amount of \$3,426). (The Senate reduced this amount by \$1,058.)		\$4,484	\$4,484
2. Increases funding for operating expenses from \$529,272 to \$701,818 to reflect the following increases:			
Increased fees paid to the Information Technology Department and implementation of a records automation system		\$96,683	\$96,683
Increased motor pool rates		18,006	18,006
Rent increase		10,677	10,677
Anticipated increase in legal services provided by the Attorney General's office		20,321	20,321
Other		26,859	26,859
Total recommended increases		\$172,546	\$172,546
3. Decreases funding for equipment from \$64,082 to \$48,700.		\$15,382	\$15,382
4. Adds 1 FTE financial institution examiner I position and provides the following amounts for the examination of consumer finance companies and the investigation of consumer complaints:			
Salaries and wages		\$97,358	\$97,358
Operating expenses		9,700	9,700
Equipment		4,000	4,000
Total recommended appropriation		\$111,058	\$111,058

Major Hoeven Recommendations Affecting Department of Banking and Financial Institutions
2001-03 Budget Compared to the Bill as Introduced (Schafer Budget)

The Hoeven budget recommendation does not change the Schafer executive budget recommendation for this agency.

Major Legislation Affecting the Department of Banking and Financial Institutions

House Bill No. 1273 - This bill provides for the licensing of deferred presentment service providers by the Department of Banking and Financial Institutions. The fiscal note indicates 2001-03 biennium other funds expenditures of \$138,144, other funds revenue of \$42,978, and the need for an additional FTE position for the department.

Senate Bill No. 2164 - This bill changes the name of the Department of Banking and Financial Institutions to the Department of Financial Institutions. This bill has passed the Senate.

Summary of Legislative Changes to Bill as Introduced

See attached Statement of Purpose of Amendment.

STATEMENT OF PURPOSE OF AMENDMENT:**Senate Bill No. 2008 - Funding Summary**

	Executive Budget	Senate Changes	Senate Version
Banking & Financial Institutions			
Salaries and wages	\$2,708,878	(\$1,058)	\$2,707,820
Operating expenses	701,818		701,818
Equipment	48,700		48,700
Contingency	20,000		20,000
Total all funds	<u>\$3,479,396</u>	<u>(\$1,058)</u>	<u>\$3,478,338</u>
Less estimated income	<u>3,479,396</u>	<u>(1,058)</u>	<u>3,478,338</u>
General fund	\$0	\$0	\$0
FTE	23.00	0.00	23.00
Bill Total			
Total all funds	\$3,479,396	(\$1,058)	\$3,478,338
Less estimated income	<u>3,479,396</u>	<u>(1,058)</u>	<u>3,478,338</u>
General fund	\$0	\$0	\$0
FTE	23.00	0.00	23.00

Senate Bill No. 2008 - Banking & Financial Institutions - Senate Action

	Executive Budget	Senate Changes	Senate Version
Salaries and wages	\$2,708,878	(\$1,058)	\$2,707,820
Operating expenses	701,818		701,818
Equipment	48,700		48,700
Contingency	20,000		20,000
Total all funds	<u>\$3,479,396</u>	<u>(\$1,058)</u>	<u>\$3,478,338</u>
Less estimated income	<u>3,479,396</u>	<u>(1,058)</u>	<u>3,478,338</u>
General fund	\$0	\$0	\$0
FTE	23.00	0.00	23.00

Department No. 413 - Banking & Financial Institutions - Detail of Senate Changes

	Adjust Market Equity Salary Increase ¹	Total Senate Changes
Salaries and wages	(\$1,058)	(\$1,058)
Operating expenses		
Equipment		
Contingency		
Total all funds	<u>(\$1,058)</u>	<u>(\$1,058)</u>
Less estimated income	<u>(1,058)</u>	<u>(1,058)</u>
General fund	\$0	\$0
FTE	0.00	0.00

This amendment reduces, from \$4,484 to \$3,426, the amount provided for a market equity salary increase for the commissioner. The amount included in the bill will provide for a salary increase of \$163 per month for the last 18 months of the biennium.

1-19-01

TESTIMONY FOR SENATE BILL NO. 2008

Senate Appropriations Committee

Testimony of Gary D. Preszler, Commissioner, Department of Banking and Financial Institutions in support of Senate Bill No. 2008.

Chairman Nething, and members of the Senate Appropriations Committee, I am Gary Preszler, Commissioner of the Department of Banking and Financial Institutions. I am here to testify in support of the appropriation of \$3,479,396 for the Department's 2001-03 budget.

DEPARTMENT SUPERVISORY AUTHORITY

The Department of Banking and Financial Institutions supervises state-chartered banks, building and loan associations (currently there are no state-chartered savings and loan associations), credit unions, and trust companies; and licenses consumer finance companies, collection agencies, money brokers, sellers of checks, and agents for deposit. Additionally, the Department has examination responsibilities for the Bank of North Dakota.

The Department is a special fund, self-supporting agency. The Department's budget consists of three cost centers: (1) banks, (2) credit unions, and (3) consumer licensees. Banks and credit unions pay annual assessments that cover all direct examination costs and allocated overhead for each cost center

respectively. The State Banking Board and State Credit Union Board have not raised the assessment formula since the Financial Institutions Regulatory Fund was created in 1989, and often returns any excess assessments in the form of a credit to the assessment rate. Additionally, consumer licensees pay investigation, annual license fees, and examination fees when an examination is performed, for the processing and supervisory responsibilities related to consumer license activity.

STATE-CHARTERED BANKS

Presently there are 94 state-chartered banks, plus the Bank of North Dakota, which compares with 96 two years ago. The number of banks continues a downward trend due to mergers and consolidations, a trend which is expected to continue. Further, there have not been any new de novo state bank charters issued since 1996. Despite the continued reduction in the number of banks, assets continue to grow, increasing the Department's responsibilities and time needed to conduct examinations. As of September 30, 2000, total assets held by state banks has grown to \$5.4 billion, excluding the Bank of North Dakota, which represents a 12.5 percent increase from September 30, 1998. Loan growth also continues at a large rate. Loans as of September 30, 2000, total \$3.8 billion, an increase from \$3 billion two years ago. Examiner review of loan quality demands the largest use of examiner time in conducting examinations.

STATE-CHARTERED CREDIT UNIONS

Currently there are 42 state-chartered credit unions, a reduction of three from two years ago. Credit unions also continue to show significant growth with total assets increasing from \$773 million on September 30, 1998, to \$876.5 million on September 30, 2000.

The Department has primary examination responsibility for state-chartered credit unions, utilizing two examiners to conduct examinations.

STATE TRUST COMPANIES

Presently there are three state-chartered trust companies. This is a reduction of one from two years ago due to the conversion of Frontier Trust Company, Fargo, North Dakota, to a federally chartered savings and loan association.

CONSUMER LICENSES

The number of consumer licenses issued by the Department also continues to increase. Currently, the Department has 61 consumer finance companies licensed, 206 collection agencies, and 279 money brokers (a 38 percent increase in total licenses in two years). The number of licenses has increased the amount of revenue the Department collects from license fees, investigation fees, and examination fees, but also increases the amount of time and resources needed to administer license renewals, and conduct mandatory or discretionary examinations.

The Department conducts examinations of consumer finance companies by reassigning examiners who perform bank examinations. Further, bank examiners may also assist in complaint investigations for money brokers or collection agencies. The additional licenses granted and increased workload have resulted in the reallocation of an Administrative Assistant, Assistant Commissioner, and Commissioner's time. The Administrative Assistant's time is now allocated as 95 percent for administration of license application processing. The Assistant Commissioner's time has now been allocated to consist of 35 percent spent reviewing license applications and for consumer complaint resolutions.

The Department is requesting an additional FTE so that bank examiners, the Administrative Assistant, and the Assistant Commissioner's time can be more fully utilized for other primary responsibilities. The FTE position in the executive budget recommendation will assist in licensing, consumer complaint investigation, mediation and resolution, and examination of consumer finance companies. This will result in increased efficiency, due to one person handling and specializing in all areas of the consumer license responsibilities. Bank examiner hours spent on consumer finance company examinations are better utilized in bank examinations to cover increased demands for our responsibilities as a result of continued asset growth.

Salaries, benefits, and travel expenses for the additional FTE is budgeted at \$106,876.

On a related matter, House Bill No. 1273, if enacted, expands the Department's licensing and supervisory responsibility to include "payday" lenders. A draft fiscal note asks for an FTE position for this activity. This FTE is in addition to the FTE position already included in the executive budget request.

INFORMATION TECHNOLOGY PLAN

The increase in the 2001-03 biennium budget request is partially attributable to the continued implementation of the Department's IT Plan. The budget contains \$104,700 for the development and installation of the software program to automate Department records.

The first project of the Department's IT Plan, which has been implemented, consisted of the purchase and connection of Department computers to a network system. The second project in our budget is for the full automation of Department records. Once the Department records have been fully automated increased efficiencies will be achieved from the storage and transfer of information from field examiners to the Department office, retrieval of complaint status to better inform North Dakota citizens, as well as for improved storage and retrieval of all office records. Efficiencies will also be gained in the consumer license application submission and processing, and provide for more efficient access to Department

data and records that will be accessible to all staff in the main office, and eventually available to examiner field staff.

DEPARTMENT ACCREDITATION

In September 1998, the Department received re-accreditation from the Conference of State Bank Supervisors (CSBS) Performance Standards Committee. Annual reports to maintain accreditation are submitted to demonstrate the Department's continued meeting of the Committee's stringent accreditation standards.

An accreditation application was also submitted in May 2000 to the National Association of State Credit Union Supervisors (NASCUS) Performance Standards Committee. Formal accreditation was awarded in September for the Department's supervision of state-chartered credit unions. The NASCUS accreditation process and standards are similar to the CSBS accreditation process.

CONCLUSION

The Department's responsibilities have not diminished, but rather have increased substantially due to continued growth by banks and credit unions, and by the significant increase in responsibilities for administration of the consumer licensee administration. North Dakota financial institutions continue to be well run and operate in a healthy condition, and although I am cautiously optimistic that any

economic problems can be weathered by the financial institutions, the agricultural sector and any corresponding impact to loan quality must be monitored closely.

I urge your favorable consideration for the Department's requested budget appropriation.

I would be happy to answer any questions.

Thank you.

2-14-01
SB 2008

2-14-01

TESTIMONY FOR ENGROSSED SENATE BILL NO. 2008

House Appropriations Committee - Government Operations Division

Testimony of Gary D. Preszler, Commissioner, Department of Banking and Financial Institutions in support of Engrossed Senate Bill No. 2008.

Chairman Byerly, and members of the Government Operations Division, I am Gary Preszler, Commissioner of the Department of Banking and Financial Institutions. I am here to testify in support of the appropriation of \$3,478,338 for the Department's 2001-03 budget.

DEPARTMENT SUPERVISORY AUTHORITY

The Department of Banking and Financial Institutions supervises state-chartered banks, building and loan associations (currently there are no state-chartered savings and loan associations), credit unions, and trust companies; and licenses consumer finance companies, collection agencies, money brokers, sellers of checks, and agents for deposit. Additionally, the Department has examination responsibilities for the Bank of North Dakota.

The Department is a special fund, self-supporting agency. The Department's budget consists of three cost centers: (1) banks, (2) credit unions, and (3) consumer licensees. Banks and credit unions pay annual assessments that cover all direct examination costs and allocated overhead for each cost center

respectively. The State Banking Board and State Credit Union Board have not raised the assessment formula since the Financial Institutions Regulatory Fund was created in 1989, and often returns any excess assessments in the form of a credit to the assessment rate. Additionally, consumer licensees pay investigation, annual license fees, and examination fees when an examination is performed, for the processing and supervisory responsibilities related to consumer license activity.

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Presently there are 94 state-chartered banks, plus the Bank of North Dakota, which compares with 96 two years ago. The number of banks continues a downward trend due to mergers and consolidations, a trend which is expected to continue. Further, there have not been any new de novo state bank charters issued since 1996. Despite the continued reduction in the number of banks, assets continue to grow, increasing the Department's responsibilities and time needed to conduct examinations. As of September 30, 2000, total assets held by state banks has grown to \$5.4 billion, excluding the Bank of North Dakota, which represents a 12.5 percent increase from September 30, 1998. Loan growth also continues at a large rate. Loans as of September 30, 2000, total \$3.8 billion, an increase from \$3 billion two years ago. Examiner review of loan quality demands the largest use of examiner time in conducting examinations.

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The Department conducts examinations of consumer finance companies by reassigning examiners who perform bank examinations. The Department also has cross-trained one bank examiner to assist with credit union examinations. Further, bank examiners may also assist in complaint investigations for money brokers or collection agencies. The additional licenses granted and increased workload have resulted in the reallocation of an Administrative Assistant, Assistant Commissioner, and Commissioner's time. The Administrative Assistant's time is now allocated as 95 percent for administration of license application processing. The Assistant Commissioner's time has now been allocated to consist of 35 percent spent reviewing license applications and for consumer complaint resolutions.

The Department is requesting an additional FTE so that bank examiners, the Administrative Assistant, and the Assistant Commissioner's time can be more fully utilized for other primary responsibilities. The FTE position in the executive budget recommendation will assist in licensing, consumer complaint investigation, mediation and resolution, examination of consumer finance companies, and will also be trained to assist with credit union examinations. This will result in increased efficiency, due to one person handling and specializing in all areas of the consumer license responsibilities. Bank examiner hours spent on consumer finance company examinations and credit union examinations are better utilized in

bank examinations to cover increased demands for our responsibilities as a result of continued asset growth. The Department left two examiner positions unfilled in January 1996, then, as you may recall, requested the 1997 legislature to reduce the number of FTE's by two bank examiner positions. Better economic conditions and the improved condition of banks allowed us to operate with fewer examiners. Since that time bank growth has increased significantly and economic concerns have resulted in some accelerated examination scheduling which corresponds to additional work for examiners.

Salaries, benefits, and travel expenses for the additional FTE is budgeted at \$106,876.

On a related matter, House Bill No. 1273, if enacted, expands the Department's licensing and supervisory responsibility to include "payday" lenders. A Fiscal Note asks for an FTE position for this activity. This FTE is in addition to the FTE position already included in the executive budget request.

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I urge your favorable consideration for the Department's requested budget appropriation.

I would be happy to answer any questions.

Thank you.

SB 2008
-3-15 01

Total Revenue **\$61,977.60**

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.

Expenses

Salary/Benefits **\$93,176.00**

General Operating	\$ 7,266.65	
Travel	\$ 7,200.00	
Training	\$ 2,000.00	
Legal hours - 192	\$10,523.52	
Exam hours - 640	\$13,977.60	
<i>Total Operating</i>		\$40,967.77

Equipment **\$ 4,000.00 (every 4 years per IT Plan)**

Total Expense **\$138,143.77**

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

The department would need an appropriation of **\$138,143.77** in order to administer and enforce the requirements of this statute. The expenditures exceed the revenue by **\$76,166.17**.

Name: Gary D. Preszler
Phone Number: 328-9933

Agency: Banking and Financial Institutions
Date: 02/20/2001
Prepared:

Consumer
License Fund

76,000

FISCAL NOTE

Requested by Legislative Council
02/19/2001

Bill/Resolution No.:

Amendment to: HB 1273

1A. 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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$61,978		\$61,978
Expenditures				\$138,144		\$138,144
Appropriations				\$138,144		\$138,144

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

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Revenue will be generated by the number of license fees, investigation fees and examination fees collected from licensees. The Department anticipates licensing approximately 40 companies.

Expenditures will consist of the cost to add an FTE to the Department to handle licensing, examinations, and complaints. Additional expenditures will be travel involved in investigating these and unlicensed companies; due to the nature of this business, and based on the experiences of other states who have licensed such companies, we have included costs for potential administrative enforcement.

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.*

Revenue

\$450 License Fees - 40:	\$36,000.00
\$400 Investigation Fees - 30:	\$12,000.00
Exam hours - 640:	\$13,977.60

1 An agency may provide average salary increases of up to 3.0 percent for the second
2 year of the 2001-03 biennium only to the extent that the increases can be paid without an
3 increase in the agency's appropriation.

4 **SECTION 6. STATE AGENCIES - LINE ITEM TRANSFER AUTHORITY.**

5 Notwithstanding the provisions of chapter 54-16, the director of the office of management and
6 budget shall make transfers of funds between line items of an agency or institution upon the
7 request of the agency or institution in order to provide for an average of 3.0 percent employee
8 salary increase for the second year of the 2001-03 biennium as provided in section 5 of this
9 Act.

10 **SECTION 7. INTENT.** Within the authority included in subdivision 1 of section 1 of this
11 Act, are the following grants and special items:

12 Boys and girls clubworks	\$53,000
13 State contingencies	600,000
14 State memberships and related expenses	333,200
15 Firemen's association	126,000
16 Unemployment insurance	1,200,000
17 Capitol grounds planning commission	25,000
18 State consultant	120,000

2001
NB 1015

19 **SECTION 8. TRANSFER.** During the biennium beginning July 1, 2001, and ending
20 June 30, 2003, the director of the office of management and budget is authorized to transfer
21 special funds to the general fund as follows:

22 Land and minerals trust fund	\$3,545,102
23 Financial institutions regulatory fund	300,000

24 **SECTION 9. DEVELOPMENTAL DISABILITIES REVOLVING LOAN FUND -**

25 **AUTHORITY TO SELL LOANS - TRANSFERS.** At the request of the director of the office of
26 management and budget, the executive director or the department of human services shall sell
27 such loans in the developmental disabilities revolving loan fund created under North Dakota
28 Century Code section 6-09.6-01, as may be necessary to the Bank of North Dakota to provide
29 \$2,700,000, or so much thereof as may be necessary, with the proceeds to be deposited in the
30 general fund.