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Dennis Halliwell
Operator's Signature

10/3/03
Date

2003 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1386

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10/3/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1386

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 1-30-03

Tape Number	Side A	Side B	Meter #
1		x	23.5-end
2	x		0-0.4
Committee Clerk Signature <i>Joey Burke</i>			

Minutes: Chairman Klein: opened the hearing on HB 1386. All committee members were present.

Representative Schmidt: appeared in favor of HB 1386. This bill came about because of the auctioneers. Before you get a license you have to buy a bond, which the state requires. Over the years the fee has gone up a little bit, but the auctioneers have asked me to bring to you is to why those bonds we pay for are not companied in North Dakota. There are 2 companies that bond auctioneers and clerks, one of them is in South Carolina and the other is in South Dakota. Our bonds money is being sent out of state. The auction sale barns are bonded. People have to be bonded where is that money going to? As of yesterday they have 328 auction bonds at \$100.00 each. There are also 24 clerks at \$100.00 each. There were approximately 600 auctioneers last year. Every penny of that money went out of state. If you have to use your bond you have to pay it back, and right away and if you don't pay it back your out of business.

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10/3/03
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Page 2

House Government and Veterans Affairs Committee

Bill/Resolution Number HB 1386

Hearing Date 1-30-03

Representative Froelich: appeared in support of the bill and wants to amend it (SEE

ATTACHED TESTIMONY). I called Legislative Council and asked them to draft an

amendment, because this is not something that we can take care of this session. What is it going

to take to set this up, basically what we would like to see done is an interim study done, find out

how many bonds are in needed in the state. Even in the ranching industry you have to be bonded

all our money is going out of state. There is money in bonding. There is such a vast array of

people that need to be bonded. Legally this state could employ a lot of people in N.D.

I'm asking for an amendment, pass the amendment, pass the bill, and lets see if we can make the

state some money.

Representative Haas: Made a motion to AMEND HB 1386 as provided in testimony.

Representative Meier: SECOND the motion on the amendment.

Representative Tieman: made a motion to DO PASS AS AMENDED.

Representative Devlin: SECOND the motion.

VOTE 14 YES 0 NO 0 ABSENT.

Motion carried.

Representative Winrich: will carry the bill to the floor.

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Deanna Hall
Operator's Signature

10/3/03
Date

FISCAL NOTE

Requested by Legislative Council
02/03/2003

Amendment to: HB 1386

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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

The bill will not have any impact on the Insurance Department's appropriation or on the general fund.

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.*

N/A

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.*

N/A

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.*

N/A

Name:	Charles E. Johnson	Agency:	Insurance Department
Phone Number:	328-2440	Date Prepared:	02/03/2003

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10/3/03
Date

FISCAL NOTE
Requested by Legislative Council
01/20/2003

Bill/Resolution No.: HB 1386

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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

It appears that this bill limits a public employee to providing a bond from a surety located in this state. It is not believed that the bill will have any impact on the Insurance Department's appropriation or on the general fund.

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.*

N/A

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.*

N/A

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.*

N/A

Name:	Charles E. Johnson	Agency:	Insurance Department
Phone Number:	328-2440	Date Prepared:	01/24/2003

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10/3/03
Date

30431.0102
Title.0200

Adopted by the Government and Veterans
Affairs Committee
January 30, 2003

VR
1/30/03

HOUSE AMENDMENTS TO HOUSE BILL NO. 1386 GVA 1-31-03

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study of bonds required by law."

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE COUNCIL STUDY OF BONDS REQUIRED BY LAW. During the 2003-04 Interim, the legislative council shall consider studying North Dakota Century Code provisions requiring public officers and other individuals and entities to provide bonds, whether the state bonding fund is an appropriate entity to provide those bonds, whether private entities within the state provide bonds for public officials and other individuals and entities required to be bonded, and whether the bonds required by statute are appropriate and necessary. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-ninth legislative assembly."

Renumber accordingly

Page No. 1

30431.0102

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Deanna Hallworth
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10/3/03
Date

Date: 1-30-03
Roll Call Vote #: 1386

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House GOVERNMENT AND VETERANS AFFAIRS Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken move to amend

Motion Made By Rep Haas Seconded By Rep. Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman M.M. Klein	X		B. Amerman	X	
Vice Chairman B.B. Grande	X		L. Potter	X	
W.R. Devlin	X		C. Williams	X	
C.B. Haas	X		L. Winrich	X	
J. Kasper	X				
L.R. Klemin	X				
L. Meier	X				
M. Sitte	X				
W.W. Tieman	X				
R.H. Wikenheiser	X				

Total (Yes) 14 No 0

Absent

Floor Assignment

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

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Operator's Signature

10/3/03
Date

Date: 1-30-03
Roll Call Vote #: 1386

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House GOVERNMENT AND VETERANS AFFAIRS Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken DP as amended

Motion Made By Rep. Tieman Seconded By Rep. Devlin

Representatives	Yes	No	Representatives	Yes	No
Chairman M.M. Klein	x		B. Amerman	x	
Vice Chairman B.B. Grande	x		L. Potter	x	
W.R. Devlin	x		C. Williams	x	
C.B. Haas	x		L. Winrich	x	
J. Kasper	x				
L.R. Klemin	x				
L. Meier	x				
M. Sitte	x				
W.W. Tieman	x				
R.H. Wikenheiser	x				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Winrich

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

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10/3/03
Date

REPORT OF STANDING COMMITTEE (410)
January 31, 2003 12:13 p.m.

Module No: HR-19-1433
Carrier: Winrich
Insert LC: 30431.0102 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1386: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1386 was placed
on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a
legislative council study of bonds required by law.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

**SECTION 1. LEGISLATIVE COUNCIL STUDY OF BONDS REQUIRED BY
LAW.** During the 2003-04 Interim, the legislative council shall consider studying North
Dakota Century Code provisions requiring public officers and other individuals and
entities to provide bonds, whether the state bonding fund is an appropriate entity to
provide those bonds, whether private entities within the state provide bonds for public
officials and other individuals and entities required to be bonded, and whether the
bonds required by statute are appropriate and necessary. The legislative council shall
report its findings and recommendations, together with any legislation required to
implement the recommendations, to the fifty-ninth legislative assembly."

Renumber accordingly

2003 SENATE FINANCE AND TAXATION

HB 1386

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Operator's Signature

10/3/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1386

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 5, 2003

Tape Number	Side A	Side B	Meter #
1	X		898-2680
Committee Clerk Signature <i>Mary Kay Walney</i>			

Minutes:

Senator Urlacher opened the hearing on HB1386. All committee members are present. This bill relates to providing for a legislative council study of bonds required by law.

Representative Arlo Schmidt (mtr #913) - Introduced the bill and explained its intent. Testimony included the lack of a bonding company in North Dakota along with the number of people that carry some to of a bond. Also talked about his business, auctioneer, the amount of fees paid for a bond and the number of times a bond has been used (none). Feels a fund in North Dakota for the bonding fee would grow over time. Feels this could be a way to keep money in North Dakota. Urges support of this bill.

Senator Urlacher (mtr #1512) - Do other groups/entities have a bonding company is this state.

Representative Schmidt (mtr #1520) - Just know that within the auctioneers, we can not find a bonding company within the state.

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10/3/03
Date

Page 2

Senate Finance and Taxation Committee

Bill/Resolution Number HB1386

Hearing Date March 5, 2003

Senator Urlacher (mtr #1555) - You are suggesting a mechanism similar to the fuel tank issue, where they were not able to buy insurance for liability purposes. Where a portion of your licensing fee sent in towards a fund to build for the purpose of bonding?

Representative Schmidt (mtr #1590) - That was changed, that organization no longer buys a bond, they buy errors and omissions insurance. Talked about a fund for auctioneers for the bond. Auctioneers do not like to use their bond as they would be out of business.

Senator Wardner (mtr #1741) - Example, if I started a bonding company, would I have to be bonded?

Representative Schmidt (mtr #1753) - Not sure of that. It is hard to find a company that sells bonds. Western Surety of SD is the bonding company most use. We are sending youth, cattle, and money out of state.

Senator Wardner (mtr #1861) - Regarding the North Dakota risk insurance fund, is that what you envision?

Representative Schmidt (mtr #1881) - The ND Insurance Reserve Fund has been mentioned, but we as auctioneers don't know the direction to take. Decided to put a bill together to address.

Senator Urlacher (mtr #1944) - If part of the license fee went to a bonding fund with a reasonable cap, then you would envision building your own fund out of your own industry.

Representative Schmidt (mtr #1980) - Feel the fund would build. Would take a lot of study to put this together.

Representative Rod Froelich (mtr #2065) - Testified in support of HB1386. Gave an example of how the bonding issue works for him. Feels millions of dollars are going out of state for bonds.

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Senate Finance and Taxation Committee

Bill/Resolution Number HB1386

Hearing Date March 5, 2003

Have talked to Ins. Commissioner, Jim Poolman and the Bank of North Dakota, no one really understands how bonding works. Lets study to see if it is feasible.

Senator Urlacher (mtr #) - Given no further testimony, closed the hearing on HB1386.

Senator Syverson moved a Do Pass. Second by Senator Wardner.

Roll call vote 5 yea, 0 nay, 1 absent. Senator Urlacher held the vote open for Senator Nichols as he stepped out of the room for a minute.

At Senator Nichols return, final roll call vote 6 yea, 0 nay, 0 absent. Carrier is Senator Syverson.

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Operator's Signature

10/3/03
Date

Date: 3.5.03
Roll Call Vote #: \

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1386

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen. Seymour Seconded By Sen. Wardner

Senators	Yes	No	Senators	Yes	No
Senator Urlacher - Chairman	/		Senator Nichols	/	
Senator Wardner - Vice Chairman	/		Senator Seymour	/	
Senator Syverson	/				
Senator Tollefson	/				

Total (Yes) 6 No 0

Absent _____

Floor Assignment Sen. Syverson

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

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Dorinda Hallmark
Operator's Signature

10/3/03
Date

REPORT OF STANDING COMMITTEE (410)
March 5, 2003 12:02 p.m.

Module No: SR-39-3945
Carrier: Syverson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1386, as engrossed: Finance and Taxation Committee (Sen. Urlacher, Chairman)
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1386 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-39-3945

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10/3/03
Date

2003 TESTIMONY

HB 1386

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10/3/03
Date

328 AUCTIONEER BONDS AS OF 1-29 -03

bonds - 328X \$100.00-----\$32,800

214- CLERKS BONDS AS OF 1-29-03

clerks - 214X \$100-----\$21,400

\$54,200

MONEY THAT LEAVES THE STATE

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