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Richard Costa
Operator's Signature

10/16/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1475

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Yolanda Richardson
Operator's Signature

10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1475

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 2/04/03

Tape Number	Side A	Side B	Meter #
2	x		0.0-16.0
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: Chairman Keiser opened the hearing on HB 1475.

Rep. Kasper, District 46, introduced the bill and distributed hog house amendments regarding a Legislative Council feasibility study for authorizing the Bank of North Dakota to administer a credit card program. The intent is not to compete with ND banks or credit unions, it is to enhance and enter into a private/public partnership. This would provide new sources of revenue for BND.

Rep. Thorpe: Does the bank charter forbid or not allow credit card business?

Rep. Kasper I'll defer that question to Mr. Hardemeyer?

Rep. Ekstrom: Would BND be a servicing agent for major credit cards or competition for them?

Rep. Kasper: They'd be a servicing agent. There are some hurdles to overcome. BND is not FDIC regulated or insured which is a requisite for Visa, MC and Discover.

Rep. Iverson appeared in support of HB 1475. A credit card portfolio could bring money into the state without raising taxes.

Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number HB 1475

Hearing Date 2/4/03

Marilyn Foss, representing the ND Banker's Association as General Counsel, appeared in support of HB 1475. (See attached #1) The banks were opposed in its original form but do support a legislative council study..

Joel Gilbertson, representing the Independent Community Banks of North Dakota, appeared in support of a legislative council study.

Greg Tschider, representing the North Dakota Credit Union League, appeared in cautious support of HB 1475. His major concern is that servicing not be in competition with existing banks and credit unions.

As there was no one present who wished to testify in opposition to HB 1475, the hearing was closed.

Rep. Johnson moved to adopt the amendments (.0301) **Rep. Severson** seconded the motion. A voice vote carried this motion.

Rep. Severson moved a Do Pass As Amended. **Rep. Zaiser** seconded the motion.

Rep. Thorpe asked if the bank can indeed issue credit cards under its charter.

Eric Hardemeyer, President of Bank of North Dakota, explained that their legal counsel has informed him that BND has the powers of any bank, in essence we could issue credit cards without enabling legislation.

The results of the roll call vote for a **Do Pass as Amended** were 11-2-1.

Rep. Ruby will carry this on they floor.

30165.0301
Title.0400

Prepared by the Legislative Council staff for
Representative Kasper
January 27, 2003

VR
2/7/03

HOUSE AMENDMENTS TO HOUSE BILL NO. 1475 IBL 2-10-03

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 the feasibility and desirability of a Bank of North Dakota credit card program."

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

"SECTION 1. BANK OF NORTH DAKOTA CREDIT CARD PROGRAM - LEGISLATIVE COUNCIL STUDY. The legislative council shall consider studying, during the 2003-04 interim, the feasibility and desirability of authorizing the Bank of North Dakota to administer a credit card program, with services that may include credit card processing, servicing, and issuing. If the study is selected by the legislative council, 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

Date: 2/4/03
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1475

House Industry, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Motion Made By

Seconded By

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	✓		Rep.Boe	✓	
Rep.Severson, Vice-Chair	✓		Rep.Ekstrom		✓
Rep.Dosch	✓		Rep.Thorpe		
Rep. Froseth	✓		Rep. Zaiser	✓	
Rep. Johnson	✓				
Rep.Kasper	✓				
Rep. Klein	✓				
Rep. Nottlestad	✓				
Rep. Ruby	✓				
Rep.Tieman	✓				

Total (Yes) 11 No 2

Absent 1

Floor Assignment Ruby

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

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Operator's Signature

Date

REPORT OF STANDING COMMITTEE (410)
February 10, 2003 8:46 a.m.

Module No: HR-25-2076
Carrier: Ruby
Insert LC: 30165.0301 Title: .0400

REPORT OF STANDING COMMITTEE

HB 1475: Industry, Business and Labor Committee (Rep. Kelsner, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1475 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 the feasibility and desirability of a Bank of North Dakota
credit card program.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

**"SECTION 1. BANK OF NORTH DAKOTA CREDIT CARD PROGRAM -
LEGISLATIVE COUNCIL STUDY.** The legislative council shall consider studying,
during the 2003-04 Interim, the feasibility and desirability of authorizing the Bank of
North Dakota to administer a credit card program, with services that may include credit
card processing, servicing, and issuing. If the study is selected by the legislative
council, 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 INDUSTRY, BUSINESS AND LABOR

HB 1475

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Salvatore Riccardi
Operator's Signature

10/16/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1475

Senate Industry Business and Labor Committee

☐ Conference Committee

Hearing Date 03/10/03

Tape Number	Side A	Side B	Meter #
Tape 1		x	4575-to end
Tape 2	x		0
Committee Clerk Signature <i>Lisa VanBerkom</i>			

Minutes:

Senator Mutch opens HB 1475. Senators Krebsbach, Every, and Heitkamp are absent.

Representative Jim Kasper, sponsor of the bill goes over bill. It is now a study resolution not a bill. North Dakota has to keep competitive advantage like no other state. We have a state bank. The idea is to look at ways to generate revenue for the state. We have a aging and stagnate population. This bill would be to study the advantages of a credit card program for the Bank of ND. There are some problems and that is what the study would look into.

Donald Frosberg, Executive President, Independent Community banks: the original bill we did have problems. Since then it has been changed into a study, that we are in support of now.

Senator Espegard: based of the fact you have to be FDIC insured and because of our privacy laws this study wouldn't take very long.

Frosberg: You don't have to be FDIC insured just insurable.

He also goes over what it would take to start this program up.

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Senate Industry, Business, and Labor Committee

Bill/Resolution Number HB 1475

Hearing Date 03/10/03

Marilyn Foss, ND Banker's Association (Testimony attached)

Dana Brandenburg, in opposition, I think this is a form of communism. I am opposed to the study and if it were to become a bill. Communism is defined as business controlled by a state or government. The Bank of ND is a state bank.

Senator Klein: Where is the fiscal note on this, where does the money come from to conduct the study.

Senator Nething: Unless there is a specific appropriation for it it comes out of the budget for the legislative council.

Senator Mutch: It says they shall consider, so that leaves it open, the council would make a determination to decide to take this on or not.

Closed HB 1475

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Operator's Signature

Richard Costa

10/6/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1475

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 03-24-03

Tape Number	Side A	Side B	Meter #
1	xxx		3870-4100
Committee Clerk Signature <i>Lisa M. Berkman</i>			

Minutes: Chairman Mutch opened the discussion on HB 1475. All Senators were present.

HB 1475 is a BILL for and Act to provide for a legislative council study of the feasibility and desirability of a Bank of North Dakota credit card program.

Senator Espgaard: This is a bill allowing a study to see whether the Bank of North Dakota should have a credit card program. Not the least of which it is not FDIC insured. This is risky business.

Senator Espgaard moved a DO NOT PASS. Senator Klein seconded.

Roll Call Vote: 6 yes. 1 no. 0 absent.

Carrier: Senator Espgaard

Date: 3-24-03
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1475

Senate _____ Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Kate Espegard Seconded By Klein

Senators	Yes	No	Senators	Yes	No
Senator Mutch	X				
Senator Klein	X				
Senator Krebsbach	X				
Senator Nething	X				
Senator Heitkamp		X			
Senator Every	X				
Senator Espegard	X				

Total (Yes) 6 No 1

Absent 0

Floor Assignment Espesgard

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

REPORT OF STANDING COMMITTEE (410)
March 24, 2003 12:57 p.m.

Module No: SR-45-5542
Carrier: Espogard
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1475, as engrossed: Industry, Business and Labor Committee (Sen. Mutch,
Chairman) recommends **DO NOT PASS** (6 YEAS, 1 NAY, 0 ABSENT AND NOT
VOTING). Engrossed HB 1475 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-45-5542

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Salvatore Riccio
Operator's Signature

10/16/03
Date

2003 TESTIMONY

HB 1475

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La Costa Richard
Operator's Signature

10/16/03
Date

TESTIMONY OF MARILYN FOSS (NDBA) ON HB 1475

Mr. Chairman, members of the committee, I am Marilyn Foss, general counsel for the North Dakota Bankers Association. NDBA opposed HB 1475 in its original form. We support the amendments to the bill, without endorsing the concept of the Bank of North Dakota entering the credit card business on either a retail or secondary level, because we feel it would not be responsible for the legislative assembly to consider enabling legislation on the subject without having first given serious study to the issues which are involved. Frankly, we don't feel the compressed nature and limited duration of North Dakota's legislative sessions would be conducive to a meaningful examination of the subject. If this resolution is adopted by legislative council all interested parties will be able to address such things as whether it is appropriate for the state to go into direct business competition with private, taxpaying financial institutions; whether the state could actually rely on achieving a net return from a credit card operation; and whether any return would be commensurate with the required investment and risk to BND and the state general fund.

Thank you.

Salvatore Riccio
Operator's Signature

10/16/03
Date

TESTIMONY OF MARILYN FOSS (NDBA) ON HB 1475

Mr. Chairman, members of the committee, I am Marilyn Foss, general counsel for the North Dakota Bankers Association. NDBA opposed HB 1475 in its original form. We supported the House amendments to the bill which converted it to a study resolution, without endorsing the concept of the Bank of North Dakota entering the credit card business on either a retail or secondary level. We feel it would be irresponsible for the legislative assembly to consider enabling legislation for the Bank of North Dakota to enter the credit card business without having first given serious study to the issues which are involved. Frankly, we don't feel the compressed nature and limited duration of North Dakota's legislative sessions would be conducive to a meaningful examination of the subject. If this resolution is adopted by legislative council all interested parties will be able to address such things as whether it is appropriate for the state to go into direct business competition with private, taxpaying financial institutions; whether the state could actually expect to realize a net return from a credit card operation; and whether any return would be commensurate with the required investment and risk to BND and the state general fund.

Thank you.