

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2128

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Operator's Signature

Date

Yubereca J. Lee 10-16-03

2003 SENATE FINANCE AND TAXATION

SB 2128

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Yubereca J. Ace  
Operator's Signature

10-16-03  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2128

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 13, 2003

Tape Number	Side A	Side B	Meter #
1	X		
Committee Clerk Signature <i>Mona Kay Lundy</i>			

Minutes:

Senator Urlacher (meter #3760)-opened the hearing on SB2128 relating to consumer finance, money broker, collection agency, and sale of check license fees. All committee members present.

Bob Entringer, Assistant Commissioner for the Department of Financial Institutions-testified in support of SB2128. Written testimony is attached. Urges a Do-Pass. SB2128 proposes to increase license fees for consumer finance, collection agency, money broker and sale of check applicants and current licensees. The fee increases would help mitigate the costs the Department has in supervision and regulation of the 42 consumer finance companies, 257 collection agencies, 280 money brokers and 12 sale of check companies we currently have licensed.

Senator Syverson-What does your applicant investigation involve?

Mr. Entringer- We review applicant information, credit bureau information and compare to the OFAC list.

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*10-16-03*  
Date

Page 2

Senate Finance and Taxation Committee

Bill/Resolution Number SB2128

Hearing Date January 13, 2003

Senator Nichols-To what extent do you answer questions on unlicensed groups?

Mr. Entringer-Very extensive part of our job. That is a fair amount of our business, along with answering consumer complaints.

Senator Urlacher-any other testimony on SB2128? Any testimony in opposition to SB2128?

Senator Urlacher closed the hearing on SB2128.

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Yvonne A. Lee  
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10-16-03  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2128

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 14, 2003

Tape Number	Side A	Side B	Meter #
1		X	260-360
Committee Clerk Signature <i>Mary Houghton</i>			

Minutes:

Senator Urlacher - Opened hearing on SB2128. All committee members present.

Senator Urlacher - This bill has a fiscal impact of \$139,600.00. Any discussion?

Since there is no discussion, we will let this bill rest for now.

Meeting Adjourned

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*10-16-03*  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2128

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date January 21, 2003

Tape Number	Side A	Side B	Meter #
1	X		5,051
Committee Clerk Signature <i>Margaret K. [Signature]</i>			

Minutes:

Senator Urlacher opened the hearing SB2128. All committee members are present. This bill relates to increasing the license fees for consumer finance, money broker, collection agency and sale of check licenses.

Senator Urlacher - reviewed written testimony that had been presented earlier.

Senator Nichols - Did they state that they would use these funds for increased staffing and workload?

Senator Wardner - Yes, they felt they needed in increase staffing to run the agency.

Senator Nichols - I do believe they have an increased workload. They are self funded. I would have no problem with this bill.

Senator Seymour motioned Do Pass. 2nd by Senator Syverson. Roll call vote 6 yea, 0 nay, 0 absent. Senator Seymour is the carrier.

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*Yubereca J. [Signature]*  
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*10-16-03*  
Date

**FISCAL NOTE**  
Requested by Legislative Council  
01/07/2003

**REVISION**

Bill/Resolution No.: SB 2128

**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	\$139,600	\$0	\$148,800
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.

This bill is to increase the license fees for consumer finance, money broker, collection agency, and sale of check licenses. The increase will affect the investigation fee for new applications as well as the annual license fee. The consumer division of the Department of Financial Institutions is self funded by collections of these fees.

**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.

The \$100.00 increase in these fees will be needed to fund the consumer division for the Department of Financial Institutions. The Department will need the increase to fund the 2003-2005 and 2005-2007 biennium. The revenue is used for salary for two FTE's and expenditures incurred by these two employees. The main expenditure incurred by these positions is travel for exams of consumer finance, money broker, collection agency, and sale of check licenses. Without the additional revenue there will be a small shortfall in the 2003-2005 biennium and large shortfall in the 2005-2007 biennium to fund the consumer division.

**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.

To addition exepentures.

**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.

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No additional appropriations.

Name:	Joan Becker	Agency:	Department of Financial Institutions
Phone Number:	328-9958	Date Prepared:	01/07/2003

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Operator's Signature

10-16-03  
Date



**FISCAL NOTE**  
Requested by Legislative Council  
01/03/2003

Bill/Resolution No.: SB 2128

**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	\$283,800	\$0	\$439,400	\$0	\$448,600
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.

This bill is to increase the license fees for consumer finance, money broker, collection agency, and sale of check licenses. The increase will affect the investigation fee for new applications as well as the annual license fee. The consumer division of the Department of Financial Institutions is self funded by collection of these fees.

**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.

The \$100.00 increase in these fees will be needed to fund the consumer division for the Department of Financial Institutions. The Department will need the increase to fund the 2003-2005 and 2005-2007 biennium.

**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.

No additional expenditures.

**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.

No increase in appropriations.

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Date

Name:	Joan Becker	Agency:	Department of Financial Institutions
Phone Number:	328-9958	Date Prepared:	01/07/2003

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Operator's Signature

10-16-03  
Date

Date: 1/21/03  
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2128

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. Seymour

Senators	Yes	No	Senators	Yes	No
Senator Herb Urlacher-Chairman	1		Senator Ronald Nichols	1	
Senator Rich Wardner-Vice Chair.	1		Senator Tom Seymour	1	
Senator John W. Syverson	1				
Senator Ben Tollefson	1				

Total (Yes) 6 No 0

Absent \_\_\_\_\_

Floor Assignment Senator Seymour

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

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Yherosa J. Lee 10-16-03  
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)  
January 21, 2003 11:07 a.m.

Module No: SR-11-0820  
Carrier: Seymour  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

SB 2128: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2128 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-11-0820

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*Y. Herrera*  
Operator's Signature

*10-16-03*  
Date

2003 SENATE APPROPRIATIONS

SB 2128

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10-16-03  
Date

# 2003 SENATE STANDING COMMITTEE MINUTES

## BILL/RESOLUTION NO. SB 2128

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 1-29-03

Tape Number	Side A	Side B	Meter #
1			0-1285
Committee Clerk Signature <i>Sandra Davison</i>			

Minutes: Chairman Holmberg opened the hearing to SB 2128. Attendance was called, a quorum was established. (Meter #134) Bob Entringer, Assistant Commissioner for the Department of Financial Institutions: See written testimony Exhibit 1. (Meter #591) Senator Mathern: Does this include the Pay Day Loan folks? How many are licensed here? (Meter #612) Bob Entringer: No, this increase does not included the Pay Day Lenders. They pay \$450 investigation fee and \$400 annual fee. Currently we have approximately 60 pay day lenders licensed. (Meter #640) Senator Kilzer: What are the fees for Montana and South Dakota? (Meter # 660) Bob Entringer: They do not require licenses for collection agencies. (Meter #678) Senator Grindberg: Follow up to Senator Mathern's question, referred back to prior legislation, at the time there was discussion of the need for additional FTEs to handle that load of increased pay day loan operations in the state, those FTEs were not awarded. Help me understand your testimony, what is the role of the additional FTEs? (Meter #760) Bob Entringer: We did get 1 1/2 FTEs last session with the option of converting the 1/2 FTE to a permanent position and declared an emergency commission and

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*Yuberica J. Lee*  
Operator's Signature

*10-16-03*  
Date

Page 2  
Senate Appropriations Committee  
Bill/Resolution Number SB 2128  
Hearing Date 1-29-03

requested another ½ FTE and that we are requesting to be converted into a permanent position. Right now we do have two full time consumer license investigator examiners in addition to the administrative assistants. (Meter # 812) Senator Grindberg: So you aren't adding new employees? (Meter #828) Bob Entringer: No, not with this lending no sir. (Meter #834) Senator Tallackson: Can you explain what exactly these agencies are? What's the sale of check licenses fees? (Meter #842) Sale of checks, for example are the money order or traveler's express. There are 12 sellers of these. (Meter 3899) Senator Tallackson: Are they money broker's? (Meter #907) Bob Entringer: Money brokers are primarily mortgage lenders. We have approximately 250 mortgage brokers. Banks are exempt from the mortgage lending statue. These are private firms that offer mortgage lending, i.e., REMI, in Bismarck. (Meter #568) Senator Krauter: Clarify the FTE issue. (Meter #1013) Bob Entringer: If I remember correctly, it was 1 ½ FTEs added last session, and that was primarily because of the pay day loan lenders, we came in the during emergency commission and converted the ½ position to a permanent position and then asked for another ½ time. This session we are asking for that ½ time to be converted to a FTE so we will have two full time equivalent positions. The only thing we are asking for this session is a ½ time be converted to full time. (Meter #1057) Chairman Holmberg requested OMB comment on that. Joe Morrisette responded the 1 ½ FTE that you are looking at, includes the conversion of the ½ time, which was section of intent on the last bill, that if they needed that extra ½ time, they could go to the emergency commission to get it, which they did. So because that was an emergency commission approval, that has to exactly be authorized by you to continue. The continuation of that existing position is shown as an increase because it wasn't legislatively authorized. The one FTE that you are seeing on the schedule is a new credit union examiner

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10-16-03  
Date

Page 3  
Senate Appropriations Committee  
Bill/Resolution Number SB 2128  
Hearing Date 1-29-03

position. (Meter # 1144) Senator Christmann: These people that pay this fee, how are they taxed? Do they pay income tax? (Meter #1170) Bob Entringer: No, they do not pay a bank tax because they are not banks. They pay a North Dakota corporate income tax. Many of these entities are not North Dakota corporation, they are foreign corporations. (Meter #1216) Chairman Holmberg: To add information to Senator Krauter's question, the FTE that is talked about is in HB 1008, that is why we do not have information about it at this point.

(Meter #1285) Senator Holmberg closed the hearing on SB 2128. (Meter #1305) A motion by Senator Tallackson for a do pass. Seconded by Senator Andrist. Total votes 14 ayes, 0 nays, 0 absent. This bill will be carried by the Finance and Tax on the floor.

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1-16-03  
Date



Date:  
Roll Call Vote #:

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

Senate Appropriations Committee

☐ Check here for Conference Committee

Finance + Tax

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Tallack Seconded By Andrist

Senators	Yes	No	Senators	Yes	No
Senator Holmberg, Chairman	✓				
Senator Bowman, Vice Chair	✓				
Senator Grindberg, Vice Chair	✓				
Senator Andrist	✓				
Senator Christmann	✓				
Senator Kilzer	✓				
Senator Krauter	✓				
Senator Kringstad	✓				
Senator Lindaas	✓				
Senator Mathern	✓				
Senator Robinson	✓				
Senator Schobinger	✓				
Senator Tallackson	✓				
Senator Thane	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Finance + Tax

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

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10-16-03  
Date

REPORT OF STANDING COMMITTEE (410)  
January 29, 2003 9:21 a.m.

Module No: SR-17-1239  
Carrier: Seymour  
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE  
SB 2128: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS  
(14 YEAS, 0 NAYS, ABSENT AND NOT VOTING). SB 2128 was placed on the  
Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-17-1239

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Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2128

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10-16-03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2128

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date February 26, 2003

Tape Number	Side A	Side B	Meter #
2		x	7.7-20.7
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: Chairman ~~Kelser~~ opened the hearing on SB 2128.

**Bob Entringer, Assistant Commissioner for the Department of Financial Institutions,** introduced the bill and testified in support of SB 2128. (See attached)

**Rep. Kasper:** How does this bill work with HB 1184 that pertains to money brokers and collection agency licensing renewals and late fees?

**Entringer:** That increased the late fee to \$50, in addition to licensing.

**Rep. Froseth:** Where do payday loan agencies fit in?

**Entringer:** They are their own entity, they are deferred presentment service providers. We are not proposing to increase their fees, they pay a \$400 investigation fee and a \$450 annual license fee.

**Rep. Nottestad:** What contingency plan do you have with the new employees you've hired, if this doesn't pass?

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*10-16-03*  
Date

Page 2  
House Industry, Business and Labor Committee  
Bill/Resolution Number SB 2128  
Hearing Date February 26, 2003

**Entringer:** We would let the second consumer position go and we'd out back on training opportunities.

**Chairman Keiser:** Where is that employee now? In an appropriations bill? Or is that FTE theoretically with this bill? Does this add a third FTE?

**Entringer:** In our appropriations bill, we have 1 1/2 FTE's, we went to the emergency commission, got a 1/2 FTE, that is in the appropriations bill. No, we are only asking for 2 FTE's.

**Rep. Ekstrom:** Where are the complaints originating? What kind of complaints? What kind of problems are you hearing about?

**Entringer:** Collection agencies. You've heard about the collection agency in Fargo. But when we issued that cease and desist order, it did result in better consumer protection in North Dakota. Mortgage lenders and money lenders are another source of inquiries.

**Rep. Nottestad:** There are no expenditures in this fiscal note. Is that because the FTE's are in another bill?

**Entringer:** The expenditures are included in the appropriations bill.

**Chairman Keiser:** Without a fee increase, there'd be a deficit of \$40,000. This is going to generate \$139,600. Why do we have to go up \$100, why not \$50?

**Entringer:** The Commissioner opted for \$100 because that was based on a survey of what surrounding states do.

**Rep. Kasper:** On page 1, line 22-23, is that the section where you can disqualify people for what is discovered in their background searches?

**Entringer:** I believe so.

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Operator's Signature

10-16-03  
Date

Page 3

House Industry, Business and Labor Committee

Bill/Resolution Number SB 2128

Hearing Date February 26, 2003

As there was no one else present to testify in support of or in opposition to SB 2128, the hearing was closed.

**Rep. Nottestad** moved a **Do Pass**.

**Rep. Severson** seconded the motion.

**Chairman Keiser** commented that he feels the \$100 is an extremely arbitrary figure.

**Rep. Klein** commented that they had a carryover. Some of the other fees are evidently covering this. Maybe they are anticipating continued carry over of \$104,000.

Results of the roll call vote were: **9-4-1**.

**Rep. Nottestad** will carry this on the floor.

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*10-16-03*  
Date

Date: 2/26/03  
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2128

House Industry, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Nottelstad Seconded By Severson

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. Nottelstad					
Rep. Ruby					
Rep.Tieman					

Total (Yes) 9 No 4

Absent 1

Floor Assignment Nottelstad

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

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**REPORT OF STANDING COMMITTEE (410)**  
February 27, 2003 11:10 a.m.

Module No: HR-35-3565  
Carrier: Nottestad  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**SB 2128: Industry, Business and Labor Committee (Rep. Kelser, Chairman) recommends  
DO PASS (9 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). SB 2128 was placed  
on the Fourteenth order on the calendar.**

(2) DESK, (3) COMM

Page No. 1

HR-35-3565

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*Yubereca J. Lee*  
Operator's Signature

*10-16-03*  
Date



2003 TESTIMONY

SB 2128

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1/13/2003

Senate Bill No. 2128

Good Morning Chairman Urlacher and members of the Senate Finance and Taxation Committee, my name is Bob Entringer and I am the Assistant Commissioner for the Department of Financial Institutions. I am here to urge your support for Senate Bill No. 2128.

The Department of Financial Institutions is responsible for the licensing and regulation of banks, credit unions, consumer finance companies, collection agencies, money brokers, deferred presentment service providers, and sellers of checks. Senate Bill No. 2128 proposes to increase license fees for consumer finance, collection agency, money broker and sale of check applicants and current licensees. The fee increases would help mitigate the costs the Department has in the supervision and regulation of the 42 consumer finance companies, 257 collection agencies, 280 money brokers and 12 sale of check companies we currently have licensed. At the present time a new applicant pays a \$300 investigation fee and a \$200 annual license fee. The annual license fee is required to be paid by all licensees at the time of renewal, which is on or before June 30 of each year. The proposed fee structure would increase the investigation fee and annual license fee by one hundred dollars each. In comparison, the Minnesota Department of Commerce charges new collection agency applicants a \$500 investigation fee and a \$500 license fee. The annual license fee in Minnesota for

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current licensees is \$400. The proposed fee structure keeps North Dakota fees comparatively inexpensive versus nearby states.

The supervision and regulation of these companies involves reviewing new applications and renewals, fielding questions from licensees as well as applicants and prospective licensees, investigating consumer complaints and conducting examinations of all licensees. Prior to the current biennium, the Department's only full-time consumer employee was an administrative assistant. With the growing number of licensees, the Department's responsibility to the consumer division was also increasing. It was apparent a more thorough review process for new applications and renewals needed to be implemented and we needed to start conducting examinations of current licensees.

To perform these additional duties, the last legislature authorized the Department to add two consumer positions to staff. Since the Department is self-funded we need to cover the costs of the additional responsibilities the Department has assumed. If the Department does not change the current fee structure, we will have projected revenues of approximately \$322,000 for the next biennium and expenditures of \$473,305 with a projected carryover of \$104,000 from the current biennium. This would leave a deficit of approximately (\$47,000) in the consumer division and no ability to offer continuing education and training opportunities to the consumer employees. With the new fee structure in place, the Department can

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expect a total increase in revenue of approximately \$139,600 for the next biennium which is derived from the current number of licensees and an estimate of how many new applications the Department will receive in the next biennium and applying the fee increase to those numbers.

To this point, I have addressed only the responsibilities and tasks the Department has in relation to current and prospective licensees. Frequently we encounter companies that do not follow applicable laws and regulations in the conduct of their business activities. The Department continuously receives calls from North Dakota residents and other state agencies inquiring as to the status of a company with the Department. In those cases where the company in question is not licensed, an investigation of their business practices is commenced. In many cases these investigations can result in the Department taking administrative action such as issuing an Order to Cease and Desist. With the issuance of the Order comes the responsibility of enforcing the Order. These investigations and administrative actions take considerable time and labor for which the Department does not receive any funding.

The Department needs to ensure we have the resources to continue protecting the interests of North Dakota consumers and ensuring all licensed companies are operating within the parameters of the law. All unlicensed

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companies must comply with the law or we must take action to stop them from reaching and potentially harming consumers with their business practices.

Finally a member of the Department's staff met with the North Dakota Collection Agency Association in November of 2002 regarding this proposed legislation. Representatives from various licensed collection agencies across North Dakota were present. None of the members of the association provided any objections to the proposed fee increases; in fact, many licensees are in support of the Department's ability to provide additional support and guidance by having employees readily available to answer questions and address their concerns. Many licensees also expressed their support of beginning the examination process as this will give them an opportunity to ask questions of the Department and find out if they are conducting business within the parameters of the law. We did not meet with the other licensees as we are not aware of a North Dakota association for consumer finance companies or money brokers.

Mr. Chairman, thank you for the opportunity to provide testimony on this bill and I would urge favorable consideration by the committee. If you or any members of the committee have any questions I would be happy to try to answer them.

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## MORTGAGE BROKER/LENDER AND COLLECTION AGENCY FEES

### Minnesota

#### Collection Agencies

New application	\$500 Investigation fee \$500 License fee
Renewal	\$400 Annual renewal fee

#### Mortgage Originator

New Application	\$850* Investigation and license fee
Renewal	\$450 Annual renewal fee

#### Mortgage Servicer

New Application	\$1000 <sup>+</sup> Investigation and license fee
Renewal	\$ 500 Annual renewal fee

### Wisconsin

#### Collection Agencies

New Application	\$1000 Investigation fee \$ 200 License fee
Renewal	\$ 200 Annual renewal fee

#### Mortgage Broker

New Application	\$750 Investigation and license fee
Renewal	\$750 Biannual renewal fee

#### Loan Originator

New Application	\$250 Investigation and license fee
Renewal	\$250 Biannual renewal fee

### Illinois

#### Mortgage Banker/Broker

New Application	\$ 800 Investigation fee \$1000 License fee
Renewal	\$1000 Annual renewal fee

\*New Minnesota mortgage originators whose license expires less than twelve months from the date of issuance of license would be charged \$425

\*New Minnesota mortgage servicers whose license expires less than twelve months from the date of issuance of license would be charged \$500.

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*Yuberead d. Lee*

10-16-03  
Date

Exhibit 1

Senate Bill No. 2128

Good Morning Chairman Holmberg and members of the Senate Appropriations Committee, my name is Bob Entringer and I am the Assistant Commissioner for the Department of Financial Institutions. I am here to testify in support of Senate Bill No. 2128.

As you know Senate Bill No. 2128 was referred to the Senate Finance and Taxation Committee after introduction. The Senate Finance and Taxation Committee reported the bill back do pass and was subsequently re-referred to this committee because of the fiscal note attached to the bill.

Senate Bill No. 2128 proposes to increase license fees for consumer finance, collection agency, money broker and sale of check applicants and current licensees. The fee increases would help mitigate the costs the Department has in the supervision and regulation of the various entities we license in the consumer division (42 consumer finance companies, 257 collection agencies, 280 money brokers and 12 sale of check companies). New applicant license fees currently consist of a \$300 investigation fee and a \$200 annual license fee. The annual license fee is required to be paid by all licensees at the time of renewal, which is on or before June 30<sup>th</sup> of each year. The proposed fee structure would increase the investigation fee and annual license fee by one hundred dollars each. I have attached for your review an informal survey our Consumer License Investigator/Examiner conducted noting the fees surrounding states charge for some of their licenses. As you can see, in comparison to the Minnesota Department of Commerce for example, our proposed fee increase would still remain competitive for new collection agency applicants versus Minnesota's \$500 investigation fee and a \$500 license fee. The annual license fee for current licensees in Minnesota is \$400. The proposed fee structure continues to keep North Dakota fees comparatively inexpensive relative to other states.

The supervision and regulation of these companies involves reviewing new applications and renewals, fielding questions from licensees as well as applicants and prospective licensees, investigating consumer complaints and conducting examinations of all licensees. Prior to this biennium, the only full time consumer employee was an administrative assistant. With the growing number of licensees, the Department's responsibility to the consumer division was also increasing. It was apparent more thorough review processes for new applications and renewals needed to be implemented and examinations of current licensees needed to be conducted.

To perform these additional duties, the Department added two consumer positions to staff. Since the Department is self-funded we need to cover the costs of the additional responsibilities the Department has assumed. If the Department does not change the current fee structure, we will have projected revenues of approximately \$322,400 for the next biennium and expenditures of \$473,305 with a projected carryover of \$104,000 from the current year. This would leave a deficit of approximately (\$47,000) in the consumer division and no ability to offer continuing education and training opportunities to the consumer employees. With the new fee structure in place, the Department can expect a total increase in revenue of approximately \$139,600 for the next biennium. This figure is derived from taking the current number of licensees and an estimate of how many new applications the Department will receive in the next year and applying the fee increase to those numbers.

To this point, I have addressed only the responsibilities and tasks the Department has in relation to current and prospective licensees. As you are aware, there are entities that do not follow applicable laws and regulations in the conduct of their business activities. The Department continuously receives calls from North Dakota residents and other state agencies inquiring as to the status of a company with the Department. In those cases where the company

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in question is not licensed, an investigation of their business practices is commenced. In many cases these investigations can result in the Department taking administrative action such as issuing an Order to Cease and Desist. With the issuance of the Order comes the responsibility of enforcing the Order. These investigations and administrative actions take much of the Department's time and labor for which we are not receiving any funding.

The Department needs to ensure we have the resources to continue protecting the interests of North Dakota consumers and ensuring all licensed companies are operating within the parameters of the law. All unlicensed companies must comply with the law or we must take action to stop them from reaching and potentially harming consumers with their business practices.

I would like to note for the record, the Commissioner did discuss this bill with the Governor's office before the Department pre-filed the bill. A presentation was also made to the North Dakota Collection Agency Association in November of 2002 regarding the Department's proposed legislation. Representatives from various licensed collection agencies across North Dakota were present. None of the members of the association provided any objections to the proposed fee increases. In fact, many licensees are in support of the Department having the ability to provide additional support and guidance in the form of having employees readily available to answer questions and address their concerns. Many licensees also expressed their support of beginning the examination process as this will give them an opportunity to ask questions of the Department and find out if they are conducting business within the parameters of the law. The Department is not aware of a North Dakota association for consumer finance companies or money brokers.

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Mr. Chairman, thank you for the opportunity to provide testimony on this bill and I would urge favorable consideration by the committee. If the members of the committee have any questions I would be happy to try to answer them.

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2-26-03

Senate Bill No. 2128

Good Morning Chairman Keiser and members of the House Industry, Business and Labor Committee, my name is Bob Entringer and I am the Assistant Commissioner for the Department of Financial Institutions. I am here to urge your support for Senate Bill No. 2128.

The Department of Financial Institutions is responsible for the licensing and regulation of banks, credit unions, consumer finance companies, collection agencies, money brokers, deferred presentment service providers, and sellers of checks.

Senate Bill No. 2128 proposes to increase license fees for consumer finance, collection agency, money broker and sale of check applicants and current licensees. The fee increases would help mitigate the costs the Department has in the supervision and regulation of the 42 consumer finance companies, 257 collection agencies, 280 money brokers and 12 sale of check companies we currently have licensed. At the present time a new applicant pays a \$300 investigation fee and a \$200 annual license fee. The annual license fee is required to be paid by all licensees at the time of renewal, which is on or before June 30<sup>th</sup> of each year. The proposed fee structure would increase the investigation fee and annual license fee by one hundred dollars each. In comparison, the Minnesota Department of

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Commerce charges new collection agency applicants a \$500 investigation fee and a \$500 license fee. The annual license fee for current licensees is \$400. As you will note, the proposed fee structure continues to keep North Dakota fees comparatively inexpensive compared to other states.

The supervision and regulation of these companies involves reviewing new applications and renewals, fielding questions from licensees as well as applicants and prospective licensees, investigating consumer complaints and conducting examinations of all licensees. Prior to this biennium, the only full time consumer employee was an administrative assistant. With the growing number of licensees, the Department's responsibility to the consumer division was also increasing. It was apparent more thorough review processes for new applications and renewals needed to be implemented and examinations of current licensees needed to be conducted.

To perform these additional duties, the Department added two consumer positions to staff. Since the Department is self-funded we need to cover the costs of the additional responsibilities the Department has assumed. If the Department does not change the current fee structure, we will have projected revenues of approximately \$322,400 for the next biennium and expenditures of \$473,305 with a projected carryover of

\$104,000 from the current year. This would leave a deficit of approximately (\$47,000) in the consumer division and no ability to offer continuing education and training opportunities to the consumer employees. With the new fee structure in place, the Department can expect a total increase in revenue of approximately \$139,600 for the next blennium which is derived from the current number of licensees and an estimate of how many new applications the Department will receive in the next year and applying the fee increase to those numbers.

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not aware of a North Dakota association for consumer finance companies or money brokers.

Mr. Chairman, thank you for the opportunity to provide testimony on this bill and I would urge favorable consideration by the Committee. If the members of the committee have any questions I would be happy to try to answer them.