

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1340

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1340

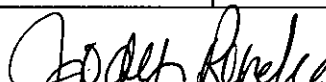
2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1340

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 2-2-05

| Tape Number | Side A | Side B | Meter # |
|---|--------|--------|-----------|
| 1 | x | | 22.4-35.0 |
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| | | | |
| Committee Clerk Signature  | | | |

Minutes:

Chairman Keiser: Opened the hearing on HB 1340. All committee members were present. Representative Ekstrom was absent.

Representative Dosch: Appeared in support of the bill amend also was a sponsor. The bill itself deals with locations of trust offices, it is my understanding that right now they have to be in the same building as the bank is right now and this bill will put it on the same ground of the national banks.

Marilyn Foss, General Counsel, ND Bankers Association: Appeared in support of HB 1340 which I would characterize as a simple housekeeping measure. If I have counted correctly we have 12 banks that have trust powers enabling them to offer trust services.

Greg Vetter, Executive Officer, American Trust Center: I'm here today in support of HB1340 for the following reasons, other ND chartered trust companies

not owned by a bank or banks are allowed to establish branch offices on approval of the state banking board. We are not allowed the same opportunity under the current law, there for we feel that we are at a competitive disadvantage. Recently our holding company purchased its third bank in ND. Under the current law American Trust Center will be unable to consider a branch with in this bank because the bank does not have an ownership interest in American Trust Center as a result the citizens in that community and trad area will not have sufficient access to the products that we offer, which are very beneficial to small business owners, including farmers and ranchers.

Bob Entringer, Assistant Commissioner Dept. of Financial Institutions:

Appeared in support of HB 1340.

Representative Kasper: I MOVE A DO PASS on HB 1340

Representative N. Johnson: SECOND the motion on a DO PASS on HB 1340.

Motion carried **VOTE: 12-YES 0-NO 2-Absent**

Representative Ruby will carry the bill on the floor

Roll Call Vote #: 1 Date: 2-2-05

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1340

House INDUSTRY, BUSINESS AND LABOR Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Kasper Seconded By Johnson

| Representatives | Yes | No | Representatives | Yes | No |
|--------------------------|-----|----|-----------------|-----|----|
| G. Keiser-Chairman | X | | Rep. B. Amerman | X | |
| N. Johnson-Vice Chairman | X | | Rep. T. Boe | X | |
| Rep. D. Clark | X | | Rep. M. Ekstrom | A | |
| Rep. D. Dietrich | X | | Rep. E. Thorpe | X | |
| Rep. M. Dosch | X | | | | |
| Rep. G. Froseth | X | | | | |
| Rep. J. Kasper | X | | | | |
| Rep. D. Nottestad | X | | | | |
| Rep. D. Ruby | X | | | | |
| Rep. D. Vigesaa | X | | | | |
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Total (Yes) 12 No 0

Absent (2) Rep. Froseth, Ekstrom

Floor Assignment Rep Ruby

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

REPORT OF STANDING COMMITTEE (410)
February 2, 2005 12:35 p.m.

Module No: HR-22-1679
Carrier: Ruby
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1340: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING).
HB 1340 was placed on the Eleventh order on the calendar.

2005 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1340

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1340

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 2-23-05

| Tape Number | Side A | Side B | Meter # |
|---|--------|--------|---------|
| 1 | xxx | | |
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| Committee Clerk Signature <i>Lisa VanBerkom</i> | | | |

Minutes: **Chairman Mutch** opened the hearing on HB 1340. **Senator Espegard** and **Senator Heitkamp** were absent. HB 1340 relates to locations for multiple offices of a subsidiary trust company.

Representative Mark Dosch, District 32, introduced the bill.

Rep. Dosch: This bill deals with locations of multiple trust offices and we have some individuals here who will give you the particulars on what they are trying to accomplish, but it's pretty much a house keeping issue.

Marilyn Foss, general counsel for the North Dakota Bankers Association, spoke in support of the bill. See written testimony.

Senator Nething: Could you explain the difference between an operating subsidiary trust company and an independent trust company?

Foss: An independent trust company is a trust company that is established under chapter 605 of the century code. It is a stand alone entity. It does not offer banking services and is not affiliated

with a bank holding company. A subsidiary trust company is owned by a bank holding company.

It is established under chapter 605.1 of the century code. That was enacted in the late '70's and it addressed some reorganizational plans of First Bank and Norwest. They wanted to spin off of trust organizations and into separate companies, and at that time, the law didn't accommodate that.

Senator Fairfield: There is no difference in the practice, the only difference is the ownership of the two?

Foss: Correct.

Senator Krebsbach: Line 10 and 11, the stricken language, "may be located anywhere within the corporate city limits in which the main office of any affiliated bank is located". Are we expending this beyond city limits?

Foss: Yes, we are. We are going to allow subsidiary trust companies to branch anywhere in the world, upon approval.

Greg Vetter, American Trust Center, spoke in support of this bill.

Greg: American Trust Center is a subsidiary trust company of Bank Center First, and American State Bank. The two banks are wholly owned by United Bank Corp. Limited. They purchased Trust Center of America from IFC Holdings in July of 2002. The name of the trust company was changed to American Trust Center in November, 2003. Currently, we are the only subsidiary trust company in North Dakota. First of all, other North Dakota chartered trust companies, not owned by a bank, are allowed to establish branch offices upon approval of the state banking board. We are not allowed the same opportunity under current law. Therefore, we feel we are at a competitive disadvantage. Second, recently our holding company purchased it's third bank in

North Dakota. Our products are beneficial to small business owners and can only be done by establishing a strong relationship with each client. This bill would allow us the opportunity to do just that. Finally, American Trust Center is unable to consider branching into other markets because our main office is not there. Our competitors are able to do so.

Senator Nething: Describe your ownership.

Greg: Two banks, Bank Center First and United Bank Corp. Limited.

Chairman Mutch: What is it you can't do now?

Greg: We cannot go beyond the main offices of the two banks that own us.

Chairman Mutch: Then you would be branching out into areas where you don't even have a bank?

Greg: Possibly, under the amended bill.

Chairman Mutch: And the other bank and trust companies can do that?

Greg: Correct.

Bob Entringer, Assistant Commissioner, Department of Financial Institutions, spoke in support of the bill. See attached testimony.

Chairman Mutch: Then the branch of the trust company, would they have full banking privileges?

Bob: They do not have banking privileges, but they do have all of the authority under the trust title.

There was no opposition to the bill.

The hearing was closed.

Senator Nething moved a DO PASS.

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Senate Industry, Business and Labor Committee

Bill/Resolution Number HB 1340

Hearing Date 2-23-05

Senator Klein seconded.

Roll Call Vote: 5 yes. 0 no. 2 absent.

Carrier: Senator Nething

Date: 2-23-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1340

Senate Industry, Business and Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Nothing Seconded By Klein

| Senators | Yes | No | Senators | Yes | No |
|------------------------------|-----|----|-------------------|-----|----|
| Senator Mutch, Chairman | X | | Senator Fairfield | X | |
| Senator Klein, Vice Chairman | X | | Senator Heitkamp | A | |
| Senator Krebsbach | X | | | | |
| Senator Nething | X | | | | |
| Senator Espegard | A | | | | |
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Total (Yes) 5 No 0

Absent 2

Floor Assignment Nothing

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

REPORT OF STANDING COMMITTEE (410)
February 23, 2005 3:22 p.m.

Module No: SR-33-3525
Carrier: Nething
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1340: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO PASS (5 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1340 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

HB 1340

February 2, 2005

TESTIMONY FOR HOUSE BILL NO. 1340

House Industry Business and Labor Committee

Testimony of Robert J. Entringer, Assistant Commissioner, Department of Financial Institutions in support of House Bill No. 1340

Chairman Keiser and members of the House Industry Business and Labor Committee, I am Bob Entringer, Assistant Commissioner of the Department of Financial Institutions. I am here to urge your support of House Bill No. 1340.

This bill is a result of the acquisition of an independent trust company which was chartered under Chapter 6-05 of the North Dakota Century Code in the early 90's. The company was acquired by two North Dakota banks and as a result it now falls under the jurisdiction of Chapter 6-05.1 NDCC because it is now by definition a "subsidiary trust company." The problem is that the Department of Financial Institutions has not had a subsidiary trust company under its supervision for a good number of years and consequently the statutes have not been updated. In 1995 the trust company statutes were amended allowing for multiple offices and this same amendment was not included in Chapter 6-05.1 NDCC; however, it is our position the same rights should pass on to subsidiary trust companies and that is why we are here today testifying in favor of this legislation.

Currently the Department of Financial Institutions has only 2 independent trust companies, one of which is a subsidiary trust company. We feel it is a competitive disadvantage for the subsidiary trust company not to be able to have multiple offices as can a 6-05 trust company.

Chairman Keiser and members of the Committee, thank you for the opportunity to testify and I would urge your favorable consideration of House Bill No. 1340. I would be happy to answer any questions you may have.

Thank you.

TESTIMONY OF MARILYN FOSS SUPPORTING HB 1340

Chairman Keiser, members of the IBL Committee, I am Marilyn Foss, general counsel for the North Dakota Bankers Association (NDBA). I appear before you today to urge a "Do Pass" for HB 1340, which I would characterize as a "housekeeping" measure.

North Dakota law permits fiduciary services to be provided by three types of entities- banks which have trust powers, independent trust companies, and "subsidiary" trust companies. If I have counted correctly, we have twelve banks which have trust powers enabling them to offer trust services, one independent trust company which offers trust services, federal savings bank that limits its activities to fiduciary services, and one operating subsidiary trust company, American Trust Center. Of these 15 active providers of fiduciary services in North Dakota, American Trust Center is the only one that isn't authorized to establish an office locations throughout North Dakota and outside North Dakota (subject to regulatory approval, of course.) HB 1340 corrects this anomaly and extends to subsidiary trust companies the same branching authority and standards for regulatory oversight as apply to other trust companies and bank providers of fiduciary services under the law . . . no more and no less .

Since I am telling you this is a simple bill, I won't obscure the point with lengthy testimony and will, instead, urge you to favorably recommend it to the full House and stand for questions. Thank you.

February 23, 2005

TESTIMONY FOR HOUSE BILL NO. 1340

Senate Industry Business and Labor Committee

Testimony of Robert J. Entringer, Assistant Commissioner, Department of Financial Institutions in support of House Bill No. 1340

Chairman Mutch and members of the Senate Industry Business and Labor Committee, I am Bob Entringer, Assistant Commissioner of the Department of Financial Institutions. I am here to urge your support of House Bill No. 1340.

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Currently the Department of Financial Institutions has only 2 independent trust companies, one of which is a subsidiary trust company. We feel it is a competitive disadvantage for the subsidiary trust company not to be able to have multiple offices as can a 6-05 trust company.

Chairman Mutch and members of the Committee thank you for the opportunity to testify and I would urge your favorable consideration of House Bill No. 1340. I would be happy to answer any questions you may have.

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This is a simple bill. I won't obscure that point with lengthy testimony and will, instead, urge you to favorably recommend it to the full ~~House~~ and stand for questions.

Thank you.

Senake