

June 2007

TITLE 6

Banks and Banking

Summary of Bills Enacted by 2007 Legislative Assembly

This memorandum summarizes 2007 legislation primarily affecting North Dakota Century Code (NDCC) Title 6. Bills primarily affecting other titles also affect this title, and relevant provisions of those bills are summarized in this memorandum.

The legislation relating to banks and banking may be classified in these subject areas: programs; financial institutions and credit unions; and miscellaneous.

PROGRAMS

House Bill No. 1014 provides that a biodiesel production facility or ethanol production facility that receives interest rate buydown from the biofuels partnership in assisting community expansion fund is not eligible to receive interest buydown from the partnership in assisting community expansion fund for the same project during the same biennium.

Senate Bill No. 2180 amends the biodiesel partnership in assisting community expansion fund program, renaming the fund the biofuel partnership in assisting community expansion fund; temporarily expanding the program to include assistance to biofuel retailers and grain handling facilities; expanding the program to include assistance to ethanol production facilities and livestock operations; removing the program references to community involvement in program applications; providing the fund is not subject to the turnback provisions of NDCC Section 54-44.1-11; and authorizing the Bank of North Dakota to transfer unobligated money between the biodiesel partnership in assisting community expansion fund and the partnership in assisting community expansion fund.

House Bill No. 1135 allows the Bank of North Dakota to transfer up to \$1 million per biennium of unobligated funds from the revolving loan fund for beginning farmers to the value-added agriculture equity loan program for the purpose of interest buydown on loans made for investment in feedlots or dairy operations.

House Bill No. 1341 provides the types of parties that are eligible to use the services of the North Dakota agricultural mediation services and increases the per diem of Credit Review Board members from \$65 to \$75 per day.

House Bill No. 1342 removes the duties of the Credit Review Board relating to the adult farm management program and the farm management delivery system.

House Bill No. 1100 modifies the definition of farmer as the term applies to the Family Farm Survival Act; increases the maximum loan amount under the financial assistance for family farmers program; and removes the interest rate provisions from the agriculture partnership in assisting community expansion program.

House Bill No. 1061 removes the July 31, 2007, expiration date from the Bank of North Dakota's agricultural real estate loan guarantee program and increases from \$5 million to \$8 million the maximum amount the Bank may have in outstanding loan guarantees under the program.

Senate Bill No. 2104 expands the Bank of North Dakota's livestock loan guarantee program to include dairy farming and removes the requirement that the Bank adopt rules that the program require payment of an administrative fee and that equity requirements may not exceed 15 percent.

Senate Bill No. 2120 modifies the definition of beginning entrepreneur for purposes of the beginning entrepreneur loan guarantee program and increases the amount the Bank of North Dakota may guarantee in loans outstanding under the program from \$4 million to \$8 million.

House Bill No. 1088 allows the Bank of North Dakota to invest up to \$200,000 per biennium in North Dakota-based venture capital entities that make investments in companies located outside the state.

House Bill No. 1091 allows the Bank of North Dakota to charge an administrative fee to participants of the North Dakota higher education savings plan; provides such administrative fees are appropriated to the Bank on a continuing basis; and provides an individual income tax deduction for contributions to the North Dakota higher education savings plan.

FINANCIAL INSTITUTIONS AND CREDIT UNIONS

Senate Bill No. 2295 directs the Credit Union Board to adopt rules applicable to state credit union conversion to a building and loan association; provides that effective August 1, 2009, a state credit union may convert to a building and loan association; and removes references to the repealed NDCC Title 7 relating to building and loan associations.

House Bill No. 1062 increases the per diem of members of the State Banking Board and of members of the Credit Union Board from \$50 to \$100; expands the parties with which the commissioner of the Department of Financial Institutions may enter sharing agreements; lengthens the period within which financial institutions must be examined from 30 months to 36 months; and authorizes the commissioner to make determinations regarding interstate branches of state-chartered banks.

Senate Bill No. 2176 modifies the laws relating to financial institutions and credit unions, providing local governments may not adopt ordinances regulating financial institutions and credit unions; clarifying the State Banking Board may grant state banks the same powers as national banks; and clarifying the Credit Union Board may grant state credit unions the same powers as federal credit unions.

House Bill No. 1253 increases the fees financial institutions may charge governmental agencies for the purpose of conducting record searches.

Senate Bill No. 2182 allows a bank to adjust the bank's operations if there is an epidemic or other emergency that would jeopardize the bank's customers, employees, assets, or business.

House Bill No. 1301 allows a bank to solicit and receive deposits in the nature of a custodial account for the purpose of health savings or similar health care cost funding accounts.

Senate Bill No. 2300 provides a bank may not establish or maintain a branch in this state on the premises of or within one mile of the premises of an affiliate that engages in commercial activities.

House Bill No. 1369 expands the class of people that may use the words "bank," "banker," "banking," "trust," or "trust company" as it relates to business activities to include bona fide financial institution trade associations and their affiliates and allows the commissioner of the Department of Financial Institutions to grant exemptions from the limitations on the use of these terms.

MISCELLANEOUS

House Bill No. 1096 provides for confidentiality of certain commercial or financial information held by the Public Finance Authority and extends the Public Finance Authority program limits established by the 59th Legislative Assembly through the 2007-09 biennium.

Senate Bill No. 2151 increases the collection fees or costs for issuing a check without sufficient funds or for issuing a check without an account from \$25 to \$30.

Senate Bill No. 2156, for purposes of the Public Finance Authority law, expands the definitions of the terms "political subdivision" to include a qualified borrower under the federal clean renewable energy law and "municipal security" to include a clean renewable energy bond issued under federal law.

Senate Bill No. 2214 clarifies the Bank of North Dakota's power to acquire property through the exercise of eminent domain is subject to the limitations of NDCC Chapter 32-15, the state's eminent domain law.

Senate Bill No. 2192 provides legal recognition of electronic records and electronic signatures and provides definitions for terms related to this recognition.