

2009 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1143

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1143

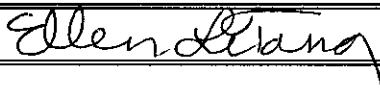
House Industry, Business and Labor Committee

☐ Check here for Conference Committee

Hearing Date: January 13, 2009

Recorder Job Number: 6859

Committee Clerk Signature



Chairman Keiser: Opened the hearing on HB 1143

Tim Karsky~Commissioner, Department of Financial Institutions. Attachment 1.

Representative Thorpe: This will get their attention of the credit unions.

Karsky: It delays the whole process.

Representative Clark: If you have credit unions filing late, have you actually penalized them?

Karsky: Yes we have penalized them \$200.

Representative Amerman: For clarification, reading lines 10 & 11, is there a big significance of that?

Karsky: NCA is 24 days, ours has always been 30.

Representative Amerman: How comprehensive is this report?

Karsky: A call report is a balance sheet, income statement on various financial institutions, reports, schedules, loans, past due loans, type of deposits, capital ratio and things like that.

Representative Clark: Is the bill aimed at the small credit unions?

Karsky: It's for the bigger institutions where \$200 isn't much of a fine.

Chairman Keiser: Instead of amending the \$1000 to \$500, what about the \$500 if late and after grace period it goes to \$1000?

Karsky: Whatever you want to do.

**Anyone here in to testify in opposition of HB 1143?**

**Neutral?**

**Greg Tschider~Mid America Credit Union Association.** Obviously, our preference would be no fines, but we have to be realistic. The commissioner has the discretion go up to it. So for the small credit unions, the commissioner can fine something less than the \$500 per day. The issue is, when is the time? It's imposed on us by federal standards. Goes on to explain with examples. We can live with the \$500.

**Representative Boe:** We are not going from \$200 to \$500 but we are also putting in each day. We didn't have each day in the report.

**Tschider:** No, we did not. Just the \$200. However there is a limit of \$5000.

**Representative Thorpe:** Were they fine for different circumstances or were they habitually late?

**Tschider:** I don't have the answer; you will have to ask Mr. Karsky.

**Chairman Keiser:** How valuable are call reports to the financial world.

**Tschider:** I don't think any members look at call reports. I get more calls from bankers than from anyone else. It's really a public document.

**Representative Nottestad:** Is this only state chart credit unions involved in this?

**Tschider:** That correct. State can only control state chartered credit unions.

**Vice Chairman Kasper:** About how long does it take for the financial institution to fill out the information on this form that they are required to submit?

**Tschider:** Different for each financial institution. We have the discretion.

**Representative Thorpe:** What are the reasons for some to file late?

**Karsky:** Sometimes it poor planning or management, it's a low priority.

**Representative Ruby:** What will you do with the funds?

**Karsky:** Goes into the special fund.

**Vice Chairman Kasper:** Would you be willing to move \$500 a day or \$2500 maximum?

**Karsky:** Yes, I just want it make it somewhat painful.

**Representative Amerman:** The report on call, answers four times a year? Could that be quite a few more time than that.

**Karsky:** It's is quarterly, but in trouble more.

**Representative Nottestad:** How many credit unions have been in default in the last biennium? Of that number, how many have set a pattern of not getting it in?

**Karsky:** We have had four or five that have filed late. One was three times in a row.

**Representative Thorpe:** Personally, I would like line 20 strike out day of; is there a reason for the fine for each day?

**Karsky:** Currently its \$200, whether you are one day late or ten days late, it's \$200.

**Chairman Keiser:** Why was there not a fiscal note on this?

**Karsky:** I don't know.

**We will close the hearing on HB 1143. Members, what are your wishes.**

**Vice Chairman Kasper:** I would like the amendment to go down to \$500 to a maximum of \$2500.

**Representative Gruchalla:** Threat this like a criminal statue with offenses.

**Representative Ruby:** The commission has the flexibility to be more lenient on the first and move up to the maximum?

**Chairman Keiser:** Can everyone live with that?

Everyone else said yes.

**Vice Chairman Kasper:** I purpose to amend the bill to reduce on line 20 from \$1000 to \$500 and line 21 maximum we would strike out \$5000 and add \$2500.

**Representative Boe:** Seconded

**Voice vote and there was all yeas. The HB 1143 is amended as proposed. What are the wished of the committee?**

**Representative Thorpe:** I motion a DO Pass as Amended.

**Representative Nottestad:** Second.

**Committee Roll Call was taken with 12 yeas, 1 no, & 0 absent to Do Pass HB 1143 as Amended. The carrier is Representative Amerman.**

January 13, 2009

YK  
1/13/09

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1143

Page 1, line 20, replace "one thousand" with "five hundred"

Page 1, line 21, replace "five" with "two" and after "thousand" insert "five hundred"

Renumber accordingly

Date: Jan 13, 2009  
Roll Call Vote # 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1143

House House, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98200.0101 Title 020

Action Taken ☒ Do Pass ☐ Do Not Pass ☒ As Amended

Motion Made By Rep. Thorpe Seconded By Nottestad

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Representative Amerman		
Vice Chairman			Representative Boe		
Representative Clark		<input checked="" type="checkbox"/>	Representative Gruchalla		
Representative N Johnson			Representative Schneider		
Representative Nottestad			Representative Thorpe		
Representative Ruby					
Representative Sukut					
Representative Vigasaa					

Total (Yes) 12 No 1

Absent 0

Floor Assignment Rep Amerman

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

**REPORT OF STANDING COMMITTEE**

**HB 1143: Industry, Business and Labor Committee (Rep. Kelser, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (12 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1143 was placed on  
the Sixth order on the calendar.

Page 1, line 20, replace "one thousand" with "five hundred"

Page 1, line 21, replace "five" with "two" and after "thousand" insert "five hundred"

Renumber accordingly



2009 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1143

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1143

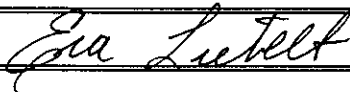
Senate Industry, Business and Labor Committee

☐ Check here for Conference Committee

Hearing Date: February 16, 2009

Recorder Job Number: 9515

Committee Clerk Signature



Minutes:

Timothy Karsky, Commissioner of the Department of Financial Institutions: In support of House Bill 1143. Written testimony attached.

Chairman Klein: This wasn't your doing necessarily this is something that credit union groups had looked at and decided to be more proactive on their part?

Tim: this is our bill. We need to get those call reports on banks on the credit union they are called 5300 reports. Essentially the same form. We request that credit unions file this report and there is a do date and a call date that the information needs to be in to us. So we can down load it into the system and the industry has access.

Chairman Klein: What does the call report do?

Tim: If you want to go and look up any financial institution, especially a credit union in this case you can go on the computer and get their last financial statement. So it would be a balance sheet, assets, and liabilities and various schedules about their deposits, and investments.

Senator Andrist: What the engrossed bill does it softens the penalty some what? Do you see the violations amongst banks as much as credit unions?

Tim: We're more familiar with credit unions.

Senator Horne: I forget how many credit unions are in the state?

Tim: I believe there is thirty six, thirty three states chartered credit unions and there is a mid west corporate credit union and we also have twelve or fourteen federal chartered credit unions.

Senator Horne: Out of these this issue is not violated not often and most get the call reports in on time. You are trying to clean up the slow reporters?

Tim: Yes that's exactly correct. It's one or two that we deal with consistently.

Senator Wanzek: The last change at the discretion of the commissioner, I am trying to understand how this is different from the current law. In the current law did you have to wave it all or none?

Tim: The laws that the commissioner past issued a penalty, so if there was a valet reason; it's a first time offender I'd like to have the ability to wave the penalty in those situations.

Senator Wanzek: Didn't the old language over striking the commissioner may waive the penalty; I am trying to understand what the difference is in the way it is worded.

Tim: My engrossed bill that's added language at the very end, it says at the discretion. So there is a grace period of three days.

Senator Wanzek: The language right ahead of that that is over struck says the commissioner can waive the penalty for reports filed late not exceeding three days beyond the due date.

Senator Andrist: We repealed these requirements for these call reports to be published in the community newspaper a few years ago. I was wondering if the problem has been exasperated by that.

Tim: I hope now with them being on the internet and so accessible people are going out and looking at those financial statements and usually that's why they do get them filed. If you do have a lot of money people are going out and looking at those as soon as the information

becomes available and if you do have a lot of loses and whether it's a bank or credit union of savings and loans they do monitor those.

Ervin Mund: We are good with the amendments to lower the fines.

Chairman Klein: We will close the hearing on House bill 1143.

Senator Wanzek: I move a do pass.

Senator Nodland: I will second that.

Roll Call Vote: Yes: 6 No: 1 Absent: 0

Floor Assignment: Senator Andrist.

Date: 2/16/09  
Roll Call Vote #: 1

Roll Call Vote #: \_\_\_\_\_

**2009 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1143**

## Senate

Committee

## Industry, Business and Labor

☐ Check here for Conference Committee

**Legislative Council Amendment Number**

### Action Taken

☒ **Pass**☐ **Do Not Pass**☐ Amended

Motion Made By Senator Wanzenk Seconded By Senator Nodland

[illegible]

Total (Yes) 6 No 1

Absent 0

Floor Assignment Senator Andrist

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

**REPORT OF STANDING COMMITTEE**

**HB 1143, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING).**  
Engrossed HB 1143 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

HB 1143

1-13-2009

TESTIMONY FOR HOUSE BILL NO. 1143

House Industry, Business and Labor Committee

Testimony of Timothy J. Karsky, Commissioner, Department of Financial Institutions in support of House Bill No. 1143

Chairman Keiser and members of the House Industry, Business and Labor Committee, my name is Tim Karsky, Commissioner for the North Dakota Department of Financial Institutions. I am here today to testify and urge your support in favor of House Bill No. 1143.

Mr. Chairman and members of the Committee, House Bill No. 1143 relates to the filing of call reports or NCUA 5300 reports with the Department of Financial Institutions and the National Credit Union Administration. The Department is deleting on line 10 of the bill the language that states the reports must be received by the Commissioner within thirty days of the call. The Department is also amending this Section to allow credit unions to submit their call reports by electronic means of transmission. The Department has also stated the call reports are due within thirty days of the call or according to the deadlines published on the NCUA 5300 form, whichever comes first.

Mr. Chairman and members of the Committee, the Department has had several credit unions that have failed to file their call reports in a timely



manner and the current penalty does not seem to entice credit unions to file the call reports in a timely manner. When a credit union fails to file in a timely manner it delays the ability of NCUA to gather data on credit unions and make it available for public and industry use. We feel by increasing the fee we will entice the credit unions to file their call reports in a timelier manner.

The last sentence of this bill also states "at the discretion of the commissioner, all or part of this penalty may be waived if the reports are submitted within three days after the due date required by this section". Essentially, we could allow for a grace period if it was a one-time offender and not have to charge the penalty.

Mr. Chairman and members of the Committee, I'd be happy to answer any questions that you may have.

Thank you.

2-16-2009

TESTIMONY FOR HOUSE BILL NO. 1143

Senate Industry, Business and Labor Committee

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Thank you.