

VETOED MEASURES

CHAPTER 489

S. B. No. 91
(Morgan)

PROHIBITION OF DAYLIGHT SAVING TIME

AN ACT

To amend and reenact section 40-01-20 of the North Dakota Century Code, relating to the prohibition of daylight saving time.

Veto

March 13, 1967

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

Our nation's increasing population and the rapid changes in technology have brought about a new requirement of interdependence for all people and all activities in our nation. Business and industry is expanding rapidly. Communications by telephone, telegraph and radio have brought us to split second timing. Great mobility has been given our growing population by interstate highways, air travel and the conventional train and bus service. An increasing work force is finding more leisure time for travel and outdoor recreation.

All of these changes have cried out, with mounting urgency, for a standardization of time zones to replace the crazy-quilt local option time areas that have shackled this nation in recent years. Billions of dollars of lost production in wasted motion and man hours has been the cost of non-uniform time in our country.

Last year, Congress moved to lift this national burden of non-uniform time by passing the Uniform Time Act of 1966. This federal legislation permits states to exempt their entire state from uniform time by legislative action. Senate Bill 91 exempts North Dakota from provisions of the Uniform Time Act. Uniform time would simply have us move our clocks ahead one hour on the last Sunday in April and back one hour on the last Sunday in October. The practical effect of the Uniform Time Act is to provide, uniformly all over the nation, one

more hour of sunlight during the late spring, summer and early fall months.

I do not believe North Dakota can afford to be out of step with the rest of the nation. I do not believe our state should remain a small time island within a large time zone.

I believe it is in the best interest of our state to adopt Uniform Time for the following reasons:

- 1.) All common carriers in interstate traffic such as trains, railroads, buses and airlines must by federal law observe Uniform Time.
- 2.) Federal offices and services such as the Department of Agriculture, the Weather Bureau and the U.S. Post Offices must by federal law operate on Uniform Time.
- 3.) Communications such as telephone, radio, telegraph and television will operate nationwide on a schedule of Uniform Time.
- 4.) Uniform Time provides more hours of summer outdoor recreation for all people.
- 5.) The touring public would benefit by Uniform Time within time zones.
- 6.) Most marketing of North Dakota products is in an easterly direction into states which will be on Uniform Time. We would be handicapped if we were not in time conformity.
- 7.) Most other business and industries of service and supply to North Dakota are to the east of our state and will observe Uniform Time. Our businesses and industries would be seriously hampered if we were observing a different time.
- 8.) The North Dakota farmer needs Uniform Time so that his marketing or service center is observing the same time as his farm community.
- 9.) Prospective industry would look most favorably on a state which observes Uniform Time. We cannot afford to be backward in our quest for new business, new industry and new jobs for our people.
- 10.) The supplying of farm machinery parts on an emergency basis is done more and more from parts depots located in other states. A time lag of one hour in ordering could often mean a full day delay in receiving spare parts to a farmer.

- 11.) North Dakota's most heavily populated counties bordering Minnesota would be heavily disadvantaged if we did not observe Uniform Time. This can be illustrated best by pointing out the impossible situation which would exist in any town in North Dakota in which the citizens on one side of town observed one time while the citizens on the other side of town observed a time one hour earlier. This is precisely what would happen between eastern North Dakota and western Minnesota if one of our two states were to exempt itself from Uniform Time. The Red River is, in effect, the main street and people on either side of the river would suffer if they were not on the same time.

Hundreds of students live on one side of the river and go to school on the other. Thousands of men and women live on one side of the river and work on the other. Family hardships in scheduling such things as doctor or dentist appointments, meals, student lessons, care of youngsters by working mothers, and delivering children to school on one side of the river by parents working on the other side of the river would be rampant.

Farmers marketing products or buying supplies and repairs from businesses across the river would experience a constant frustration in time scheduling.

Over 32,000 public and parochial school students in 82 schools on both sides of the Red River are now served by Educational Television. If North Dakota were made a time island, this expanding education media would be severely damaged.

We should strongly support Uniform Time in this state and in the nation. It would be a step backward to exempt ourselves from the Uniform Time which will be observed in nearly every other state.

I have called many farmers, housewives, professional people and businessmen in all corners of the state to get their advice on the time issue. The overwhelming desire expressed was to be on a uniform time with the rest of the nation.

I am firmly convinced that after a fair trial of at least two years, there would be very few North Dakotans who would want to exempt our state from Uniform Time. I therefore veto Senate Bill 91.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 40-01-20 of the 1965 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

40-01-20. Daylight Saving Time Prohibited—Time Observed to Conform to Interstate Commerce Commission Regulations Governing Time Zones.) The state of North Dakota hereby exempts itself from the provisions of section 3 Public Law 89-387, relating to advancement of time. No city or other political subdivision within the state shall adopt daylight saving time. Every city and any other political subdivision within the state shall observe the standard of time necessary to conform to interstate commerce commission regulations governing standard time zones. On and after the effective date of this section, in all laws, statutes, orders, decrees, rules or regulations relating to the time of performance of any act by any officer or department of the state or of any county, city, township or district thereof, or relating to the time in which any rights shall accrue or terminate, or within which any act shall or shall not be performed by any person or corporation subject to the jurisdiction of this state, and in all public schools, and institutions of the state, or any county, city, township or district thereof, and in all contracts made or to be performed within this state and in all decrees, orders and judgments of the courts of this state it shall be understood that the time intended, referred to or used shall be the time necessary to conform to the interstate commerce commission's regulations governing standard time zones.

Disapproved March 14, 1967.

Filed March 14, 1967.

CHAPTER 490

S. B. No. 95

(Sands, Redlin, Ruemmele)

FOULING OF PUBLIC WATER

AN ACT

To amend and reenact section 61-01-14 of the 1965 Supplement to the North Dakota Century Code, relating to the fouling of public water.

Veto

February 27, 1967

The Honorable Charles Tighe
President of the North Dakota Senate
State Capitol
Bismarck, North Dakota

Dear Lt. Governor Tighe:

The pollution of air and water and the desecration of the original beauty of our countryside have become the hallmark of civilized man in the United States.

Already, it is too late to turn back the clock on some of the abuse we have caused to happen to this great country.

The dumping of sewage into streams is one of the most despicable practices of which our civilization has been guilty. In 1965, with an amendment to Section 61-01-14 of the North Dakota Century Code, communities were given two years to construct sewage treatment facilities just as cities which did not dump raw sewage into rivers had been constructing for years. Nearly all of our cities have moved rapidly to conform to this law.

I can see nothing to be gained by granting an extension of a practice which should have been outlawed years ago.

I therefore veto Senate Bill 95.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Section 61-01-14 of the 1965 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

61-01-14. Fouling Public Water—What Included.) The provisions of section 61-01-13 shall be construed to include:

1. Privies and privy vaults;
2. Any stable, shed, pen, yard, or corral wherein is kept any horse, bovine, sheep, or swine and located nearer than sixty feet from the top of the bank of such lake or stream; and
3. Any slaughterhouse, grave, graveyard, or cemetery located nearer than eighty feet from any lake or stream.

The provisions of this section shall not be construed to prevent any city within this state from discharging untreated sewage or waste into any river temporarily on an emergency basis, provided that such discharges are determined by the state department of health not to be detrimental to public health and safety. The provisions of this section shall not be construed to prevent any city within this state from discharging untreated sewage or waste into any river prior to July 1, 1969.

Disapproved February 27, 1967.

Filed March 7, 1967.

CHAPTER 491

S. B. No. 299

(Ruemmele, Redlin, Roen, Trenbeath, Berube)

STUDENTS ATTENDING SCHOOLS IN BORDERING STATES

AN ACT

To create and enact section 15-27-20 and to amend and reenact section 15-40-15 of the North Dakota Century Code, relating to students affected by attachment and reorganization of school districts who historically attended schools in bordering states and reciprocal agreements of the superintendent of public instruction with educational agencies of other states.

Veto

March 16, 1967

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

Senate Bill 299 highlights one of the tragedies in primary and secondary education which occur occasionally in our quest

for better schools for North Dakota's students. Senate Bill 299 in effect would prevent the continuation of students going across our state line to an accredited high school in South Dakota and forces them to go to a non-accredited high school in North Dakota.

While this bill was written in an attempt to help one specific non-accredited high school in North Dakota, its effects would be felt on all three of our state's borders where we have children going to schools in adjoining states.

We must judge school legislation on the basis of what it does in the way of improving the education for our North Dakota children. Oftentimes legislation which enhances the opportunities for some children at the same time reduces the education opportunities for other children. Senate Bill 299 is that kind of legislation.

I have talked with educators and some legislators who served on the legislative education committees about this bill. They readily admit some grave misgivings about the fairness and the effect of this bill on the quality of education and hardship to students in some school districts along our state boundary. I have held this bill until the last because I wanted to get as much background as to its effect as possible.

Because this bill raises more problems than it solves for school districts along our state borders, I have decided I must veto Senate Bill 299.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 15-40-15 of the 1965 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-40-15. Reciprocal Agreement for Payment from County Equalization Fund.) The superintendent of public instruction may enter into reciprocal agreements with the state educational agencies or officers of bordering states in regard to the attendance of elementary and high school pupils in a bordering state and payments from the county equalization fund for high school and elementary students attending public schools in a bordering state and payments from the county equalization fund for high school and elementary students attending public schools in a bordering state. Such agreements may provide for

the payment from the county equalization fund for students from North Dakota attending schools in adjoining states in sums equal, on a per student basis, to payments from the county equalization fund received by North Dakota schools. The superintendent of public instruction by certificate to the department of accounts and purchases may authorize such payments, from the appropriation for state school aid to the county equalization fund, to schools in adjoining states for the attendance of such high school and elementary students. The payment by the district of residence for each student shall not exceed the payments established by reciprocal agreement less the amounts otherwise paid for such student under the provisions of this chapter. The department of accounts and purchases, within the limits of legislative appropriation, shall make such payments to the appropriate public school, school district or agency of the adjoining state. Such reciprocal agreements may include but shall not be limited to payments for tuition and transportation costs connected with the education of such children in bordering states.

§ 2.) Section 15-27-20 of the North Dakota Century Code is hereby created and enacted to read as follows:

15-27-20. Certain Students Attending Schools in Border States Not Affected by Reorganization or Annexation.) Students from areas of any former school district historically attending school because of proximity or terrain in a bordering state and residing in a district annexed to or reorganized with another district or districts within North Dakota shall be permitted to continue attending school in a district in a bordering state. Any parent or the guardian of a child who is denied the right to attend a school in a school district in a bordering state by the school board of the district may appeal such decision to the county committee, consisting of the county superintendent of schools, county judge, and state's attorney, and the decision of such county committee may be appealed by the school board or such parent or guardian of the child to the state board of public school education, whose decision shall be final. For the purposes of this section "historically" shall mean a previous attendance by students of any such area for a period of seven years or more prior to the annexation or reorganization of such district.

Disapproved March 16, 1967.

Filed March 16, 1967.

CHAPTER 492

S. B. No. 315
(Holand, Robinson)

PUBLICATION OF INDUSTRIAL COMMISSION NOTICES

AN ACT

To amend and reenact subsection 4 of section 38-08-11 of the North Dakota Century Code, relating to publication of notices by the industrial commission.

Veto

March 6, 1967

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

A 1953 law requires that any notice given in crude oil matters by the Industrial Commission "shall be given at the election of the Commission either by personal service or by **one publication in a newspaper of general circulation in the state capital** and in a newspaper of general circulation in the county where the land affected is situated."

For 14 years, the Bismarck Tribune has enjoyed a monopoly on publishing Industrial Commission notices as a "newspaper of general circulation in the state capital."

In the fall of 1966, the Attorney General ruled that there were several newspapers that could qualify to run Industrial Commission notices as newspapers having "general circulation in the state capital."

Now, I find an amazing piece of legislation in the form of Senate Bill 315, which would grant the Bismarck Tribune a lawful monopoly to publish Industrial Commission notices to the exclusion of any other newspapers, even though they are newspapers of general circulation in the State Capital.

It is my firm belief that the contract to publish Industrial Commission notices should be alternated annually among the several newspapers that now legally qualify. This kind of legislation of such narrow application as to benefit only one newspaper to the exclusion of all others is especially objection-

able to me. It is not only unnecessary legislation, but is grossly unfair legislation.

I therefore veto Senate Bill 315.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Subsection 4 of section 38-08-11 of the 1965 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

4. Any notice required by this chapter shall be given at the election of the commission either by personal service or by one publication in the official county newspaper of Burleigh county and in a newspaper of general circulation in the county where the land affected, or some part thereof, is situated. The notice shall issue in the name of the state, shall be signed by the chairman or secretary of the commission, and shall specify the style and number of the proceeding, the time and place of the hearing, and shall briefly state the purpose of the proceeding. Should the commission elect to give notice by personal service, such service may be made by any officer authorized to serve process, or by an agent of the commission, in the same manner as is provided by law for the service of summons in civil actions in the courts of the state. Proof of the service by such agent shall be by the affidavit of the person making personal service.

Disapproved March 6, 1967.

Filed March 6, 1967.

CHAPTER 493

S. B. No. 386

(Hernett, Roen, Chesrown, Stroup, Luick)

BANK INTEREST RATES

AN ACT

To amend and reenact section 47-14-09 of the North Dakota Century Code, relating to maximum interest rate on loans.

Veto

March 14, 1967

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

During the 1966 election campaign, Republican candidates for Congress and the State Legislature were loud in deploring the high rates of interest that existed at that time. Tight money, inflation and high rates of interest seemed to be the theme around which the Republican Party had built its campaign.

If I may interpret the election results, it would appear that the Republican Party was very effective in holding the Democratic National Administration responsible for high interest rates. I am therefore amazed that the 1967 Legislature, completely dominated by the same Republicans who only three months before were deploring high interest rates, would now take action to raise interest rates even higher.

But we should not let partisan politics decide an issue of such far-reaching importance to borrowers and lenders as is the proposed 14% increase in the maximum allowable interest rate.

We need to ask: Who needs this interest rate increase? Does the state need it? The answer is no. If interest rates climb, the willingness of borrowers to invest money in productive expansion diminishes and the state suffers economically. Our agricultural production is this state's heaviest user of borrowed money. To increase the cost of credit to our basic industry would be adding an unnecessary cost to a cost-price squeeze situation that is already so critical it is driving farmers from the land.

To increase the permissible rate of interest to the non-farm economy will slow economic expansion and diminish the chances of creating new jobs for North Dakotans. To increase the permissible rate of interest from 7% to 8% will cause a proportionate increase in all interest rate contracts that were heretofore pegged to the 7% maximum.

Do banks need this increase in the permissible rate of interest from 7% to 8%. All of the evidence indicates that most of them do not. Most banks in this state are not involved in a cost-price squeeze. Furthermore, their tax structure is very reasonable. They are taxed at a rate of 5% of their net profits. This is about one-half of the tax imposed by our neighboring state of Minnesota.

Banks pay no sales tax; they pay no personal property tax; and their bank dividends are exempt from state income tax to their stockholders. The 5% tax on net profits that banks pay is approximately the rate that North Dakota corporations pay in state corporate income taxes. This low tax is in lieu of local personal property taxes and in effect banks pay no taxes to the state, nor are bank stockholders taxed by the state on their dividends. Banks, therefore, are in a more favorable tax position than are North Dakota corporations or North Dakota cooperatives.

No, it cannot be said that increased taxes require increased maximum rates of permissible bank interest.

Banks pay interest on their deposits at a rate in relationship to the interest rate the bank charges on loans. It has been said that if the loan interest rate is not raised to 8%, bank deposits will flow out of North Dakota and into those investments and banks in other states which have a higher permissible loan rate of interest. If this were taking place, and North Dakota banks were actually losing deposits, their ratio of loans to deposits would be very high, reflecting this outflow of deposits. Such is not the case. The average ratio of loans to deposits for North Dakota banks in 1966 was 48% compared to over 60% for the nation. There is no evidence that an outflow of money is causing a shortage of money to lend.

It is significant that Senate Bill 386 was passed in a period when the prime rate of interest in the eastern financial centers is receding, indicating a gradual loosening in the tight money situation.

Are average bank profits being held down by the 7% maximum permissible interest in North Dakota? No, they are not. The 1966 report of the State Bank Examiner of our 124

state chartered banks reveals that these banks averaged, after all expenses, salaries and all taxes, a return of 10.69% on their investment.

This was an increase of 28.58% in 1966 over 1965. In most businesses, a return of 10.69% would be considered quite good. Because of the increased volume and size of the 42 national banks in North Dakota, it can be assumed that their profit and salary position equals or exceeds that of the state banks.

It is interesting to note that of the 166 banks in North Dakota, 33 are owned or controlled by out-of-state corporations.

I think it is a serious situation when the Legislature, in which at least 23 members are listed as bank officials or directors, should approve a special interest bill such as this increase in the permissible rate of interest. This bill would be adverse to the North Dakota economy. It would work a hardship on farmers, businessmen and young homeowners. It would cut down on the investment necessary for the creation of new jobs and would cause all other forms of credit to follow in the wake of this increase from 7% to 8%.

This increase is not warranted by the records of high profits and adequate salaries prevalent in North Dakota banking circles today.

I therefore veto Senate Bill 386.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 47-14-09 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

47-14-09. Usury — Definition — Maximum Contract Rate — Prohibition.) Except as otherwise provided by the laws of this state, no person, copartnership, association, or corporation, either directly or indirectly, shall take or receive, or agree to take or receive, in money, goods, or things in action, or in any other way, any greater sum or greater value for the loan or forbearance of money, goods, or things in action than eight percent per annum, and in the computation of interest the same shall not be compounded. No contract shall provide for the payment of interest on interest overdue, but this section shall

not apply to a contract to pay interest at a lawful rate on interest that is overdue at the time such contract is made. Any violation of this section shall be deemed usury.

Disapproved March 14, 1967.

Filed March 15, 1967.

CHAPTER 494

H. B. No. 591
(Bier, Giffey)

DISTRIBUTION OF MOTOR VEHICLE USE TAX

AN ACT

To amend and reenact section 39-04-39.1 of the 1965 Supplement to the North Dakota Century Code, relating to the distribution of motor vehicle use tax to local highway funds.

Veto

February 24, 1967

The Honorable Gordon S. Aamoth
Speaker of the House of Representatives
State Capitol
Bismarck, North Dakota

Dear Speaker Aamoth:

House Bill 591 was introduced at the request of the State Treasurer to clarify confusing language in existing law relating to the distribution of motor vehicle use taxes to counties and the State General Fund. I emphasize that it was designed to clarify problems relating to motor vehicle use taxes, but not to the distribution of motor vehicle registration funds. It merely amended Section 39-04-39 of the North Dakota Century Code to agree with an official interpretation of this Section by the Attorney General.

House Bill 591 would be desirable if House Bill 580 were not also in the legislative process. House Bill 580 not only takes care of the problem of distribution of motor vehicle use taxes, but it goes even further and solves problems involving the distribution of motor vehicle registration funds.

If House Bill 580 is passed and becomes law, House Bill 591 would be unnecessary. If House Bill 580 does not pass and become law, the State Treasurer can continue to make motor vehicle use tax distributions according to the Attorney General's ruling, just as he has done in the past. A future legis-

lative session could then resolve any remaining problems in the distribution of motor vehicle use taxes to counties and the State General Fund.

In the interest of maintaining clarity in our state law, I veto House Bill 591.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 39-04-39.1 of the 1965 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

39-04-39.1. Distribution to Local Highway Funds.) Prior to any disbursement out of the motor vehicle registration fund, under subsections 1 and 2 of section 39-04-39, a sum equal to the amount of motor vehicle use tax deposited in the motor vehicle registration fund shall be distributed by the state treasurer to the county highway funds and special municipal highway funds of each county in such manner as prescribed in subsection 3 of section 39-04-39.

Disapproved February 24, 1967.

Filed March 7, 1967.

CHAPTER 495

H. B. No. 604
(Johnson(23), Giffey, Sandness)

FEDERAL FUNDS FOR VOCATIONAL EDUCATION

AN ACT

To amend and reenact section 15-20-01 of the North Dakota Century Code, relating to federal funds for vocational education.

Veto

March 7, 1967

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

The great increase in the federal government grant funds in recent years has made the state-federal relationship very complex. The Legislature has discovered that federal grants are now going directly to an ever-increasing number of state agencies and local units of government.

It has become almost impossible for the State Legislature to carry out its constitutional obligation to appropriate each biennium all state expenditures including federal grant funds obtained by state agencies. The Executive Office of the Budget has attempted to remedy this situation by listing all anticipated federal grants in the Executive Budget presented to each session of the Legislature. The Legislature can then approve or disapprove the expenditure of these anticipated federal grant funds.

Some federal grant programs might obligate future Legislatures for state matching funds. This could become a serious matter for Legislatures in the years ahead.

The 40th Legislative Assembly has moved to improve the handling of federal grant funds in its House Bill 553, which has been signed into law. This law gives the Emergency Commission the authority to approve federal funds for new programs during the biennium even though these funds were not anticipated and were not appropriated by the Legislative Assembly. This new law will bring about an orderly processing of funds for new or expanded programs.

After the passage of House Bill 553, House Bill 604 was passed, which gives the State Board of Vocational Education

of North Dakota the authority to accept all federal grant funds for programs directly or indirectly contributing to the promotion and expansion of vocational education.

Since this authority which is granted to the State Board of Vocational Education in House Bill 604 was previously granted to the State Emergency Commission in House Bill 553, a conflict of legislative intent exists.

Because House Bill 604 is a departure from improved centralized state administration of all new federal grant programs, and because all of the needs of federal grant programs in vocational education can be served under the new provisions of House Bill 553, this additional legislation is unnecessary and would create confusion if enacted into law.

I emphasize that a veto of House Bill 604 does not jeopardize funding of new or existing vocational education programs. I will continue to seek federal financial aid to vocational education.

However, in the interests of maintaining clarity of legislative intent and in order to improve and coordinate the approval of new and expanded federal grant programs, I veto House Bill 604.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 15-20-01 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

15-20-01. Vocational Education—Acceptance of Benefits of Federal Acts.) The state board of vocational education of the state of North Dakota may accept all of the provisions and benefits of all federal grant programs directly or indirectly contributing to the promotion and expansion of vocational education.

Disapproved March 7, 1967.

Filed March 7, 1967.

CHAPTER 496

H. B. No. 655
(Halcrow, Connolly)

CONFERENCES OF COMMISSIONER OF LABOR

AN ACT

To amend and reenact sections 34-06-09, 34-06-11, and 34-06-12 of the North Dakota Century Code, relating to conferences to consider investigation by the commissioner of labor.

Veto

March 15, 1967

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

For several decades, the Commissioner of Agriculture and Labor has had the authority under state law to call a conference of equal numbers of representatives of employers, employees and the public to report on unreasonably long hours, unhealthful working conditions and inadequate wages for women or children in any occupation. In 1965, this law was broadened to include all employees whether man, woman or child. Only a few such conferences have ever been called, though the law was made much more useful in 1965 than it was formerly.

In 1965, the legislature established the elective office of Commissioner of Labor to be filled on January 1, 1967. House Bill 655 seeks to limit the administrative flexibility of the newly elected Commissioner of Labor almost before he takes office. House Bill 655 forbids the Commissioner of Labor to use his own discretion in selecting a conference membership to report on hours, working conditions and wages in any given occupation.

This bill forces the Commissioner to select conference members from the three population strata of rural, medium size towns and cities. The Commissioner may do this under present law, but is not required to do so. House Bill 655 arbitrarily requires the Commissioner to appoint representatives of employers, employees and the public from cities even though the occupation being reported on is predominantly rural, and vice versa.

We DO need conferences to report on working conditions and wages in North Dakota. But the law should not give the new Commissioner of Labor the authority and responsibility and, at the same time, limit his power of discretion and determination as to the best procedure.

House Bill 655 does not add anything of a constructive nature to state law and it would weaken the administration of the new Commissioner of Labor.

I therefore veto House Bill 655.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Section 34-06-09 of the 1965 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

34-06-09. Conference to Consider Investigation by Commissioner—Members, Quorum, Report.) If, after he has investigated the matter, the commissioner is of the opinion that any substantial number of employees in any occupation are working for unreasonably long hours, are working under surroundings or conditions detrimental to their health or morals, or are receiving wages inadequate to supply them with the necessary cost of living and to maintain them in good health he may call a conference for the purpose of considering and reporting on such subject as may be submitted to it. The conference shall be composed of three representatives of the employers in said occupation, three representatives of the employees in said occupation, and three disinterested persons representing the public, with one of each of the aforementioned employers, employees, and disinterested persons to be chosen from the rural area or cities of under seven hundred fifty population, one each from cities of over seven hundred fifty but under twenty-five hundred population, and one each from cities of over twenty-five hundred population, and of the commissioner or his representative. The commissioner shall name and appoint all the members of such conference and shall designate the chairman thereof. Two-thirds of the members of any such conference shall constitute a quorum. The commissioner shall present to such conference all information and evidence in his possession or under the control of his department which relates to the subject of the inquiry and shall cause to be brought before

such conference any witness whose testimony he deems material thereto. After completing its consideration of any inquiry submitted to it by the commissioner, such conference shall make and transmit to the commissioner a report containing its findings and recommendations on the subject.

§ 2. **Amendment.)** Section 34-06-11 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

34-06-11. Consideration of Report by Commissioner—Hearing Upon Approval.) Upon the receipt of any report from any conference held as provided in section 34-06-09, the commissioner shall consider and review the recommendations contained in the report, and he may approve or disapprove any of such recommendations. The commissioner may resubmit to the same conference or to any new conference any subject covered by any recommendations which he has disapproved. If the commissioner approves any recommendations contained in any such report, he shall publish a notice in at least two newspapers of general circulation in this state at least once each week for four successive weeks stating that a public hearing will be had thereon and specifying the date and place thereof and that all persons in favor of or opposed to the recommendations may appear and be heard. The commissioner may, in his discretion, make use of other news media in order to ensure that proper notice of the public hearing is adequately disseminated to the public.

§ 3. **Amendment.)** Section 34-06-12 of the 1965 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

34-06-12. Order Issued by Commissioner—Effective Date—Posting.) After the hearing provided for in section 34-06-11 has been held, the commissioner may make and render such order as may be necessary and proper to adopt such recommendations and to carry the same into effect and to require all employers in the occupation affected thereby to observe and comply with such recommendations and order. The order made by the commissioner shall become effective on the sixtieth day following its rendition. After the order has become effective, no employer shall violate or disregard the terms or provisions thereof or employ any employee in any occupation covered thereby for longer hours or under different conditions or at a lower wage scale than are authorized therein. All effective orders shall be reviewed annually. A copy of such order shall be mailed by the commissioner to every employer affected thereby, and each such employer shall keep a copy of the order posted in a conspicuous place in each room of his

establishment in which employees work. Included with such copy shall be an explanation or summary of the order written in such a manner as to be understood by the layman. No order of the commissioner shall permit the employment of any employee for more hours per day or week than the maximum fixed by this chapter.

Disapproved March 14, 1967.

Filed March 15, 1967.

CHAPTER 497

H. B. No. 727

(Brown, Johnson(23), Strinden, Kingsbury, Erickson(26),
(Seibel, Mathiason)

EXEMPTION OF ITEMS OF PERSONAL PROPERTY

AN ACT

To create and enact subsection 23 of section 57-02-08 of the North Dakota Century Code, relating to items of personal property exempt from taxation, and to amend and reenact section 57-02-04 of the North Dakota Century Code, relating to the definition of real property, allocating moneys to counties and their political subdivisions, making an appropriation, providing an effective date, and to repeal sections 18-03-09, and 37-01-27, subsections 9, 10, and 11 of section 57-02-05 and section 57-15-23 of the North Dakota Century Code, relating to the definition of personal property and imposition of the per capita school tax and exemptions thereto.

Veto

March 2, 1967

The Honorable Gordon S. Aamoth
Speaker of the House of Representatives
State Capitol
Bismarck, North Dakota

Dear Mr. Speaker:

Two years ago, this state's personal property tax on inventories, machinery, equipment, livestock and household goods was completely wiped from the books. Mr. McCarney, with help from other quarters, succeeded in bringing the personal property tax back on the books through the referral of the tax program passed in the last legislative session.

Now, in this session, House Bill 727 seeks partial removal of personal property in the form of exemption of household goods, musical instruments, miscellaneous farm machinery

and young calves. This bill was very hastily drawn and floated to the surface late in this session.

I must fault this bill from two standpoints:

- 1.) It is philosophically wrong and detrimental to our state.
- 2.) It is so incompletely thought out that glaring deficiencies exist, making it mechanically unacceptable to administer.

To those who say we cannot do away with the personal property tax completely, I say that we did do away with the personal property tax completely in the 1965 session. We could do it in this session if there were the desire.

The next most acceptable alternative would be to do away with the personal property tax on inventories, machinery, equipment and livestock. This is the portion of the personal property tax which weighs so heavily on our economy. This is the portion that retards economic growth in our state. This is the portion of the personal property tax which discourages investment in new enterprises and in new jobs for North Dakotans. This is the one disadvantage which the North Dakota economy has which could be treated by legislation for total personal property tax removal.

This is the most vicious, unfair part of the personal property tax, for it taxes a man for having to own personal property in order to make a living. It levies a tax on a certain class of people before any income is made. In many instances, the personal property tax on inventories, equipment, machinery and livestock eats up a substantial portion of all of the net profit that could have been made in a given year.

The test for paying taxes should be the ability to pay taxes and the services rendered for those taxes. The man who can earn his income without owning personal property should not have a position of tax advantage over the man who must own personal property to earn that living.

A second alternative to what you propose in House Bill 727 would be to take a percentage reduction in all classes of personal property.

The alternative that you have chosen to eliminate personal property taxes on household goods, miscellaneous farm machinery and young calves is not acceptable to me. If there is any fairness in the personal property tax, it would probably be in that part of the tax on household goods which you propose to eliminate because this tax has some relationship, though not a perfect relationship, to the taxpayer's ability to pay taxes.

I believe if you eliminate the personal property tax on household goods, you will eliminate most of the support for total personal property tax elimination and the most unfair and undesirable part of the tax will remain forever.

I must fault this hastily drawn bill for not having an adequate mechanism for replacing to local political subdivisions the funds that would be lost. The farm-back provision favors those counties which are assessing property above the state average at present and penalizes those counties which are assessing property at less than the state average. The farm-back formula falls short by one and one-half million dollars per year of replacing the revenue lost by the elimination of this portion of the personal property tax. The failure to provide sufficient replacement funds and the inequity in the valuations between counties on which farmed-back funds would be based could not help but throw some severe strains causing higher taxes on real estate and that large and important part of personal property which you have not chosen to repeal.

It is rather pathetic that this legislature should be desperately casting around for a makeshift personal property tax repeal program along with a program for replacing personal property tax revenues that would be lost to the political subdivisions.

House Bill 728 sets up a commission to study the personal property tax in the coming biennium. Quite often, a study proposal is a thinly veiled excuse for doing nothing. How much study has already gone into personal property tax repeal without noticeable results?

I can supply you with copies of a 1920 report of the North Dakota Tax Commissioner who adequately demonstrated 47 years ago that the personal property tax should be eliminated. The Tax Commissioner in 1920 in his report refers to a 1910 resolution of the National Tax Association and a 1916 report of the Wisconsin Tax Commission concluding that personal property taxes should be eliminated.

The North Dakota Legislative Research Committee in 1957, in 1959, in 1961, in 1964, in 1965, and in 1967 have published reports containing a substantial amount of hand-wringing about the need for personal property tax repeal and reform. The 1965 LRC recommended a resolution directing the Legislative Research Committee to continue to study the subject. The 1965 legislative session did direct such a study, but the study didn't amount to much.

A 1967 report states: "The committee was directed to study and review problems of replacement of personal property tax

revenues. Although the committee did not find the opportunity to study replacement revenues in detail, it did study etc., etc." (a subject known as the Canadian business tax).

I hope that House Bill 728 will establish a committee which is interested in complete elimination of the personal property tax rather than a study to find out all of the reasons why the personal property tax should not or cannot be repealed.

I think there is as much danger in this committee's distorting its mission in order to prove that personal property taxes cannot be eliminated as there is that they will accept the mission to try to find replacement revenue for the elimination of personal property taxes. However, since I can see no reason to challenge the effectiveness of such a committee without knowing its composition, I will sign into law House Bill 728.

However, since House Bill 727 is not in the best interests of the taxpayers of North Dakota, falls so short of the mark, and contains such serious mechanical weaknesses, I hereby disapprove it by veto.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Section 57-02-04 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-02-04. "Real Property" Defined.) Real property, for the purpose of taxation, includes the land itself, whether laid out in town lots or otherwise, and, except as otherwise provided, all buildings, structures, and improvements except plowing and trees, and all rights and privileges thereto belonging or in any-wise appertaining, and all mines, minerals, and quarries in and under the same and shall expressly include all improvements made by persons upon lands held by them under the laws of the United States, all such improvements on land the title to which still is vested in any railroad company and which is not used exclusively for railroad purposes, and improvements to land belonging to any other corporation whose property is not subject to the same mode and rule of taxation as other property.

§ 2.) Subsection 23 of section 57-02-08 of the North Dakota Century Code is hereby created and enacted to read as follows:

23. All household goods, clothing, and other personal belongings; musical instruments including but not limited to pianos, radios, television sets, and record players; and all calves under one year of age and all farm machinery, tools, and equipment except tractors, combines, beet harvesters, and potato harvesters; but the provisions of this subsection shall not exempt any such items when included as a part of stock of goods or merchandise held for resale, nor shall any items exempted from taxation under this subsection be exempt from assessment or taxes levied during the year 1967 and collected in the year 1968.

§ 3. Distribution by Tax Commissioner to Counties.) The moneys appropriated by this Act shall be distributed by the state tax commissioner on or before March 1, 1969, and on or before March first of each year thereafter the tax commissioner shall distribute to each county in this state the pro rata share of the moneys appropriated by this Act in the proportion that the total assessed real and personal property in a county for the previous calendar year bears to the total assessed real and personal property in the state for the previous calendar year. Within each county the county treasurer shall allocate and distribute the amount received from the state tax commissioner to the county, cities, villages, school districts, and organized and unorganized townships, a pro rata share of such moneys in the proportion that each such political subdivision's total amount of real and personal property taxes levied in the previous calendar year, measured in dollar amounts, bears to the total amount of real and personal property taxes levied in the county in the previous calendar year, measured in dollar amounts. The revenues received in accordance with this section by the political subdivisions shall be replacement funds for personal property tax revenues which would normally have been received if personal property exempted under the provisions of subsection 23 of section 57-02-08 had been subject to ad valorem personal property taxes, and shall first be apportioned to the sinking fund for any outstanding bonded indebtedness in that proportion that the mill levy for such sinking fund bears to the total mill levy levied in the previous calendar year by such political subdivision, and the balance shall be placed in the general fund of such political subdivision.

§ 4. Appropriation.) There is hereby appropriated out of any moneys in the state treasury, not otherwise appropriated, the sum of \$3,500,000.00 or so much thereof as may be necessary, to the state tax commissioner for the purpose of remitting funds to counties of this state and their political subdivisions as provided by this Act, for the biennium beginning July 1, 1967, and ending June 30, 1969.

§ 5. Provisions of Act to Remain in Effect—When.) The provisions of this Act shall become effective and remain in effect only if and so long as the provisions of Senate Bill Number 403 as approved by the Fortieth Legislative Assembly become effective or remain in effect. If the provisions of Senate Bill Number 403 as approved by the Fortieth Legislative Assembly should be suspended or terminated or should not go into effect, the provisions of this Act shall likewise be suspended or terminated or shall not go into effect.

§ 6. Repeal.) Sections 18-03-09 and 37-01-27, subsections 9, 10, and 11 of section 57-02-05, and section 57-15-23 of the North Dakota Century Code are hereby repealed.

Disapproved March 2, 1967.

Filed March 7, 1967.

CHAPTER 498

H. B. No. 780
(Aas)

TAX RETURNS

AN ACT

To provide a method of determining amount of tax liability when mathematical errors are made on returns filed with the tax commissioner.

Veto

March 6, 1967

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

The use of the electronic computer has created the problem of how to deal with the thousands of mathematical errors which are disclosed in sales tax reports and income returns.

House Bill 780 requires the North Dakota Tax Department to notify taxpayers of mathematical errors by certified mail. It is estimated that the certified mail would result in at least \$15,000 in additional postage each biennium, plus the additional clerical expense of attaching return receipts and maintaining the necessary records.

The North Dakota Tax Department does use certified mail, but only in those few cases in which a taxpayer does not respond to the regular mail notice. Therefore, in order to save the state a substantial amount of postage expense, I veto House Bill 780.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Mathematical Error on Tax Return—Determination of Amount of Tax Due.) In the event that the amount of any tax that is administered by the tax commissioner is understated on a return due to a mathematical error, the tax commissioner shall give notice in writing with return receipt required to the person filing the return that an amount of tax in excess of that shown on the return is due. Such notice shall fix the additional amount of tax finally and irrevocably unless the person within thirty days after the giving of the notice of error shall apply to the tax commissioner for a hearing regarding the matter.

Disapproved March 6, 1967.

Filed March 6, 1967.

CHAPTER 499

H. B. No. 791

(Aas)

MEETING AND DUTIES OF GAME AND FISH
ADVISORY BOARD

AN ACT

To amend and reenact section 20-02-31 of the North Dakota Century Code, relating to meetings and duties of the game and fish advisory board.

Veto

March 14, 1967

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

House Bill 791 takes from the governor the authority to issue State Game and Fish Department proclamations on hunting, fishing and trapping seasons and regulations. This bill gives the authority now held by the governor to a State Game and Fish Department Advisory Committee composed of appointed laymen.

This dilution of executive responsibility to non-governmental persons would separate accountability from the governor and his administration. It would leave the responsibility of state administration with the governor, but it would take away his authority to act in the important area of hunting, fishing and trapping regulation.

House Bill 791 places the judgment of a lay board of advisers in a position superior to the professional judgment of the Game and Fish Department personnel, who are directly under the governor's office.

House Bill 791 would create a mechanical problem in getting approval of this far-flung advisory board before a proclamation could be signed.

Several years ago, the legislature made progress by establishing a layman advisory board to the State Game and Fish Department. However, House Bill 791, which makes this advisory board an administration board, is a step backward in

our constant effort to make a more efficient, effective and responsible state government.

I therefore veto House Bill 791.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.**) Section 20-02-31 of the 1965 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

20-02-31. Meetings and Duties.) Each member of the game and fish advisory board shall hold a public meeting at least twice each fiscal year, one meeting to be held in March and one meeting to be held in July, in his respective district to make their presentations and to determine the needs and the opinions of those interested in such activities. The state game and fish advisory board shall meet at least twice each fiscal year, one meeting to be held in August and one meeting in April. Each meeting shall be held at the state capitol and four members shall constitute a quorum. The advisory board shall have the authority to advise the state game and fish commissioner regarding any policy of hunting, fishing, and trapping regulations. No proclamation shall be submitted to the governor by the department unless the contents of the proclamation have first been approved by a majority of a quorum of the advisory board. The advisory board may make general recommendations in regard to the operation of the state game and fish department and the programs thereof, which the commissioner may carry out. The provisions of this section may not be construed as limiting or restricting the powers, duties, and authority of the governor in the issuance of orders and proclamations as provided in chapter 20-08.

Disapproved March 14, 1967.

Filed March 14, 1967.

CHAPTER 500

H. B. No. 862

(Moquist, Halcrow, Hensrud)

MOTOR VEHICLE SPEED LIMITATIONS

AN ACT

To amend and reenact section 39-09-02 of the North Dakota Century Code, relating to motor vehicle speed limitations, and providing a termination date.

Veto

March 13, 1967

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

House Bill 862 provides unlimited speed on our interstate highways.

The North Dakota fatality toll from highway accidents in 1966 set a new and appalling record. Does this bill contribute to greater highway safety? No, it does not. If this bill were allowed to become law, would it be an enforceable statute? No, it would not be.

All evidence indicates that unlimited speeds on our interstate would cause a rising accident rate and death toll. The Superintendent of the North Dakota Highway Patrol states that legal unlimited speed on the interstate highways would be an unenforceable statute.

We are told that highway engineering has provided safer highways today than ever before. Yet, nowhere in the United States has an interstate highway been engineered for unlimited speeds. Our interstate highways are not the Salt Flats of Utah or Daytona Beach, nor should they be regarded as such.

We are told that automobiles are safer than ever before. Yet, a March 11, 1967 news release stated that 670,000 cars, trucks and buses, most of which are 1967 models, have been recalled by the manufacturer to check for a wide variety of possible safety defects involving brake parts, steering shaft alignment and other potentially dangerous faults. Obviously, if 1967 models can have these possible defects, then we can ask how much more critical the possible defects are which exist in older model automobiles and worn tires.

It is said that the driver of today is better trained and more experienced than ever before. This may be true, but we find a wide variation in driver age, experience, reflexes, judgment, sight, physical condition, emotional stability and mental capacity. It is possible that a small percentage of our drivers on the road are capable of driving at unlimited speeds. It is also possible that some of the vehicles on the highway in the hands of that small percentage of capable drivers are also safe at unlimited speeds. It is also possible that the condition of traffic, the weather, and the engineering of the interstate system make possible certain stretches of highway which could handle unlimited speed. However, the likelihood of combining the capable driver with the safe vehicle under ideal highway and weather conditions diminishes drastically the time and circumstances in which unlimited speed could be tolerated on our interstate system.

In 1955, there were eight states that still had the antiquated law of unlimited speed on their highways. Today, only Montana and Nevada have retained such a law. It is interesting to note that per 100,000 miles of travel, Montana's Highway death toll rate has exceeded that of North Dakota in eight out of the last ten years.

A study of the Kansas and Oklahoma turnpikes indicates that a legal speed difference of only 10 miles per hour, 70 miles per hour versus 80 miles per hour, produces twice as many accidents and more than twice as many deaths on a per mileage basis. These two highways were built to the same design standards and pass through the same type of terrain in the same general weather belt.

A safety study by the Roswell Park Memorial Institute of Buffalo, New York, has found that a motorist who achieves a 13% savings in time by increased speed on a low density highway, increases his chances of getting killed by at least 400%.

The Federal Highway Safety Act of 1966 has established some minimum rules of the road in its Uniform Vehicle Code. These will be the standards with which states will be expected to comply.

North Dakota at present has in our state law the Uniform Vehicle Code provisions on speed. House Bill 862 does not comply with the Uniform Vehicle Code and is in fact a radical departure from the provisions of the Uniform Vehicle Code.

I have consulted many Highway Patrolmen and experts in highway safety in this matter. Highway Patrolmen point out that this law would be unenforceable and any charges they might place for speeding would be a matter of the driver's word against the Patrolman's word. Patrolmen anticipate that

thousands of vehicles which are mechanically unfit, or have unsafe tires, or are driven by drivers of questionable ability and judgment would suddenly be beyond the reach of any speeding restrictions. The most prevalent accident on the interstate, is the rear-end collision between moving vehicles. The type of accident would become much more prevalent and severe with unlimited speed.

The Highway Department is presently studying the possibility of raising the interstate speed limit from 70 to 75. But to move from 70 miles per hour to any speed that an automobile can achieve is not consistent with our need to cut down accidents and fatalities on our highways.

We must ask ourselves: Which is more important, saving time or saving lives? The answer, of course, is obvious.

Therefore, I veto House Bill 862.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Section 39-09-02 of the 1965 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

39-09-02. Speed Limitations.)

- a. Subject to the provisions of section 39-09-01 and except in those instances where a different speed is specified in this chapter, it presumably shall be lawful for the driver of a vehicle to drive the same at a speed not exceeding:
 1. Twenty miles an hour when approaching within fifty feet of a grade crossing of any steam, electric, or street railway when the driver's view is obstructed. A driver's view shall be deemed to be obstructed when at any time during the last two hundred feet of his approach to such crossing he does not have a clear and uninterrupted view of such railway crossing and of any traffic on such railway for a distance of four hundred feet in each direction from such crossing;
 2. Twenty miles an hour when passing a school during school recess or while children are going to or leaving school during opening or closing hours;

3. Twenty miles an hour when approaching within fifty feet and in traversing an intersection of highways when the driver's view is obstructed. A driver's view shall be deemed to be obstructed when at any time during the last fifty feet of his approach to such intersection, he does not have a clear and uninterrupted view of such intersection and of the traffic upon all of the highways entering such intersection for a distance of two hundred feet from such intersection;
 4. Twenty miles an hour when the driver's view of the highway ahead is obstructed within a distance of one hundred feet;
 5. Twenty-five miles an hour on any highway in a business district or in a residence district or in a public park, unless a different speed limit is designated and posted by local authorities; and
 6. Except as provided in subsection e of this section sixty miles an hour under other circumstances, unless otherwise permitted, restricted, or required by conditions.
- b. Except as provided in subsection e of this section the highway commissioner may designate and post special areas of the state highways where the maximum speed limit of seventy miles an hour is permitted for passenger vehicles from sunrise to sunset. For the purposes of this section a pickup truck not exceeding a gross weight of eight thousand pounds shall be regarded as a passenger vehicle. The highway commissioner may also designate and post special areas of state highways where lower speed limits shall be observed as he shall deem warranted by conditions.
 - c. Except as provided by law it shall be unlawful for any person to drive a vehicle upon a highway at a speed that is unsafe or at a speed exceeding the speed limit prescribed by law or established pursuant to law.
 - d. In charging a violation of the provisions of this section, the complaint shall specify the speed at which the defendant is alleged to have driven and the speed which this section prescribes shall be prima facie lawful at the time and place of the alleged offense.

- e. Four lane controlled access highways constituting a portion of the state highways known as the interstate system are hereby designated as special areas where every person operating or driving a motor vehicle of any character on such highway shall drive the same at a rate of speed no greater than is reasonable and proper under the conditions existing at the point of operation, taking into account amount and character of traffic, condition of brakes, weight of vehicle, grade and width of highway, condition of surface, and freedom of obstruction to view ahead. Where no special hazard exists that requires lower speed for compliance with this section the speed of any vehicle not in excess of the limits specified in this section or established as authorized by this chapter, shall be lawful, but any speed in excess of the limits specified in this section or established as authorized in this chapter shall be unlawful.

§ 2. **Effective Date.**) This Act shall terminate and be of no further effect on June 30, 1969.

Disapproved March 13, 1967.

Filed March 13, 1967.

CHAPTER 501

H. B. No. 904
(Dick, Hoghaug, Kingsbury)

BANK INSTALLMENT LOANS

AN ACT

To amend and reenact section 13-04-01 of the 1965 Supplement to the North Dakota Century Code, relating to bank installment loans.

Veto

March 15, 1967

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

In 1963, the Legislature passed a law to permit banks to make installment loans up to \$3600 for as long as three years and thirty-two days, at a rate not exceeding \$6 per \$100 per

year upon the total amount of the loan irregardless of how much of that loan had been paid back. This installment bank loan bill permitted an interest charge of from 11.08% to as high as 13.38% depending upon the length of the loan and whether the interest was discounted or added on to the principal at the time the loan was made.

Now, four years later, in House Bill 904, the banks have requested that their installment bank loan law be drastically liberalized from \$3600 to \$10,000 and that the term be extended from three years to ten years, with the rate remaining the same at \$6 per \$100 borrowed per year, no matter how much of the original loan has been repaid. This would permit an interest range of 10.21% to 11.90%.

This new legislation embodied in House Bill 904 does have one good feature in that it abolishes the discount provision of the 1963 law and thereby eliminates an abuse.

Spokesmen for the banking industry say that this new bank installment loan bill is desired so that banks can finance directly many borrowers who must now go to installment loan finance companies operating under a different law to obtain sufficient credit to make large purchases such as trailer houses, combines, automobiles and the like. They also point out that the rising price of items since 1963 makes the \$3600 limitation unrealistic with today's prices.

Banks point to the fact that much larger loans at higher installment rates of interest now may be made by installment loan finance companies than are permitted by banks.

However, it should be noted that banks are involved heavily in the repurchase of these installment loan finance company contracts and are thereby able to do indirectly what they cannot do directly under our present bank lending law.

It is disturbing to me that while we try to hold down the maximum rate of interest, we see laws passed on every hand to increase the rate of interest on small loans, revolving charge accounts and installment loan financing.

From the standpoint of the economic situation of the North Dakota banking industry, our banks are not pressed to increase their profits. Profits of 124 state chartered banks in 1966 were 10.69% on their investment.

It is obvious that if House Bill 904 were to pass, there would be many costly items that would come under the high interest rates of the installment bank loan law which now are protected by our simple 7% maximum interest law.

To those who would argue that since the small loans act and the law governing revolving charge accounts and finance company installment lending permit excessive rates of interest, the banks should be allowed to do likewise, I would take strong exception.

It appears to me that the interest rates charged on the small loans, revolving charge account rates and finance company installment loan rates have reached a point of near scandal. We would be far better off to examine the justification of the excessive interest rates in the other three fields than we would be to shrug them off and say that the banks should be able to carry out the same interest abuse as do some of the other forms of lending.

There is no denying that certain forms of lending carry a higher risk and require more servicing and must, therefore, charge relatively high rates of interest. But there is strong evidence in North Dakota today that the high rates of interest in the small loan field, the revolving charge accounts and finance company installment lending exceed a reasonable return considering their risks and costs.

It is also true that the banks of the state still offer the most dependable service and lowest interest rates of all the plans for financing installment purchases or any other lending on non-real estate security. But I cannot see justifying excessive interest rates by some lenders simply by making it possible for all lenders to charge excessive interest rates.

Perhaps, a moderate adjustment in the installment bank loan law would be justifiable. However, I believe House Bill 904 goes too far.

It is my belief that those who must borrow money with small security, and those who must pay by installments because of their inability to make large repayments, deserve the state's protection far more than do the lenders need an increase in the amount that can be loaned at excessive interest as is proposed in this bill.

I therefore veto House Bill 904.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 13-04-01 of the 1965 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

13-04-01. Installment Bank Loan Charges.) Any bank organized under the laws of this state and under the jurisdiction and supervision of the state banking board, or any national banking association doing business in the state, making any loan of money not exceeding ten thousand dollars repayable in installments, may make a charge for such loan computed at a rate not exceeding six dollars per one hundred dollars per annum upon the total amount of the loan from the date thereof until the stated maturity date of the final installment thereof, which shall not exceed ten years and thirty-two days from the date of the loan, notwithstanding that such loan is required to be repaid in installments or that the loan is secured by mortgage, pledge, or other collateral, except that this chapter shall not apply to loans secured by realty. Any charge authorized by this chapter may be included in the principal amount of the note or other instrument evidencing said loan and the aggregate amount thereof be payable in installments.

Disapproved March 15, 1967.

Filed March 16, 1967.

CHAPTER 502

H. B. No. 917
(Moquist)

ALTERNATIVE TAXATION OF CERTAIN CORPORATIONS

AN ACT

To amend chapter 57-38 of the North Dakota Century Code by creating and enacting a new section thereto, relating to the election of a corporation to have its undistributable taxable income included in the gross income of its shareholders; and to provide an effective date.

Veto

March 15, 1967

The Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota

Dear Mr. Meier:

House Bill 917 authorizes small corporations which might choose to file as partnerships under Subchapter S of the Internal Revenue Code to file in the same manner for determining their North Dakota income tax liability.

These same provisions are contained in more precise and accurate language in Senate Bill 393, which has already been signed into law. House Bill 917 then is in conflict with a superior bill already passed by this session.

I therefore veto House Bill 917 in favor of the same intent which is found in Senate Bill 393.

Sincerely yours,
WILLIAM L. GUY
Governor

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Chapter 57-38 of the North Dakota Century Code is hereby amended by creating and enacting a new section thereto to read as follows:

Subchapter S of United States Internal Revenue Code—Election by Corporation for State Income Tax Purposes.) Any corporation which exercises its right under subchapter S of the United States Internal Revenue Code of 1954, as amended, to have its undistributed taxable income included in the gross income of its shareholders is hereby authorized to make a similar election for the purposes of this chapter. The tax commissioner shall prescribe rules and regulations for the administration of this section which will, so far as consistent with the provisions of this chapter, provide for treatment of such income in a manner similar to that provided for federal income tax purposes.

§ 2. Effective Date.) The provisions of this Act shall become effective only upon the repeal of subsection 8 of section 57-38-21.

Disapproved March 15, 1967.

Filed March 15, 1967.