

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

4020

2007 SENATE INDUSTRY, BUSINESS AND LABOR

SCR 4020

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 4020**

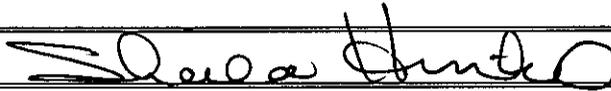
Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **February 6, 2007**

Recorder Job Number: **2905**

Committee Clerk Signature



Minutes:

Senator Aaron Krauter - District 31 - In Favor

Resolution is to study the regulation of time share agreements. Need defined scenario's in the state. We have invested a lot in the tourism industry and promotional dollars. An international company is looking at putting a time share destination lodge along the Enchanted Highway and need to look to protect the area. Need to study until next legislative session. What do we need to protect the local community? Need to protect investing in this, protect the consumer, to make the thing WORK. Working with the international company, they started to referring us to attorneys who do time share laws in other states. I started to get emails and mailings of the laws in other states and started to look at the Attorney General's office and the Securities Commission and see what we have, and came to the conclusion, we can put a bill draft in to model after another state and fight the issue through the session, and not understand it, and study it before the next session to do it right. Want consumers protected, people that want to do the time shares, a seller of timeshares properties, all those people at the table. In some states it is handled through the real estate commission. You have to have a real estate license to do this. We're putting a study in front of you to do it properly. There is no time shares in

ND, but SD, Black Hills, and MT, ski resorts do. We've got a lot to offer and people are willing to pay money for a destination time share.

Karen Tyler – Securities Commission - In Support

We support having to study regulations for time shares. A time share is real estate. Important that the study takes place. Element to a security: "An investment of money in a common enterprise with the expectation of profit solely from the effort of others." New opportunity and business and need consumer protection in the study. There has been a national time share scheme that lost \$400,000. There have been scams in Mexico and Panama and want to make sure ND is protected against this possibility.

S Klein: If we have a problem, who would we contact?

K Tyler: Could go to the Securities Commission or the Consumer Protection in the Attorney General office.

S Behm: So this is not a law, just a study?

K Tyler: Yes, requested by the Legislative Council.

S Potter: What we're looking at is the ability to regulate time shares that exist in ND, but you're not going to be able help NDakotans who have a time share in Mexico, or Cancun, or France or some place like that.

K Tyler: We're trying to find the right approach to a regulatory structure that does not yet exist in the state. Ex: FL –the time share capitol of the world, their structure that governs time share arrangements include comprehensive disclosure requirements, licensing requirements, licensing requirements for time share promoters, time share interests must be sold by licensed real estate agents, and a mechanism for resolution as well. We need to find the right way to build that regulatory structure here in ND.

S Heitkamp: Recognizing the sponsors and where they come from...this is more prevalent than the NE where people would like to go, isn't it?

K Tyler: When I called my colleague in Florida, they said, "What?, You've got to be kidding me."

Parrell Grossman – Director of Protection and Antitrust Division, Attorney General
Office - In Favor

TESTIMONY # 1 [covered testimony 10:50 – 12:19m]

Protection varies state by state. We will have all the regulations that related to the developer doing the filings, etc., to prevent misrepresentation either in the offering of the time share or sale of time share interest or cancellation periods or those sorts of things. It is a multi-layered regulatory approach. Did the script say one thing and the contract say another when the purchaser reviewed that time share in making that decision.

S Potter: Today, consumer protection can help with problems with time shares in another state. Can you see legislation that can help you?

P Grossman: Other states laws are more specific, our overall consumer protection would protect on working on a sale. May want to tweak it.

S Potter: A person seeking a time share in ND would feel more protected if the state had rules and regulations concerning that. In your review of other states, were these things that helped the time share get off the ground?

P Grossman: I didn't review any information that would be responsive to that.

S Potter: Somebody in Minneapolis would feel more comfortable about renting a time share in SE North Dakota if we had state laws regarding time shares.

P Grossman: They will feel more secure and have more confident.

S Behm: [told story about time share experience]

S Klein: I've had some time shares. There is a lot of pressure. There may be issues.

P Grossman: Have concerns in providing this protection, for people who want to buy a time share in your state, I fear will create some sense with the public that now we're doing more regulation of time shares that they purchase in Florida. We're already getting a significant number of complaints that relate to breach of contract. My concern is, "You have a law, why doesn't the Attorney General do something? I bought a time share in Branson, , etc." We have heard horror stories.

S Hacker: What resources is it going to take for the Attorney General office, how much time to work on this?

P Grossman: I called and queried some of my estates and oddly enough I spoke to my colleague in Montana, and he claimed as far as the Attorney General's involvement, had been minimal. The Real Estate involvement and RE Commission is represented by the AG in MT, he claimed there were not significant resources expended by the MT AG office. Not concerned this will have to be a HUGE resource issue, but concerned if the Legislature decided it was the AG responsibility to handle all these filings, that we think would typically be handled by a real estate commission, that could be a concern.

Favor?

Pat Jorgenson – Sec. Treas. Of Real Estate Commission - *In Support*

S Hacker: Does the commission get per diem for expenses for the state, correct?

P Jorgenson – No, totally from license fees.

F? O?

CLOSED

Motion to DO PASS by S Wanzek

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Senate Industry, Business and Labor Committee
Bill/Resolution No. **SB 4020**
Hearing Date: **February 6, 2007**

Second by S Potter

Vote for a DO PASS – 6-0-1

REPORT OF STANDING COMMITTEE (410)
February 6, 2007 11:48 a.m.

Module No: SR-25-2248
Carrier: Behm
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4020: Industry, Business and Labor Committee (Sen. Klein, Chairman)
recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
SCR 4020 was placed on the Eleventh order on the calendar.

2007 HOUSE POLITICAL SUBDIVISIONS

SCR 4020

2007 HOUSE STANDING COMMITTEE MINUTES

Bill No. SCR 4020

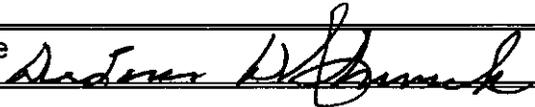
House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: March 9, 2007

Recorder Job Number: 4813

Committee Clerk Signature



Minutes:

Chairman Herbel opened the hearing on SCR 4020.

Senator Krauter: Sets up a system to study the time share agreements. We have no laws to set up timeshares. When I visited with the Attorney Generals office it was decided to get all parties together so people are informed and consumers and sellers are protected in setting up and purchasing time shares. Simply that is what the resolution does. Karen Taylor, from the securities department called me and said she could not make it, but she said here is a statement to read at the hearing. Says, "under certain circumstances timeshare interests are deemed as securities". The Securities Commission supports SCR 4020 because we think it is important to protect investors.

Parrell Grossman, Director, Consumer Protection and Antitrust Division: (see testimony #1)

Pat Jergenson: Secretary Treasurer, ND Real Estate Commission: Just to say we are in support of this bill.

Rep. William Kretschmar: Are there any timeshares in ND?

Pat Jergenson: Not that we know. If there are there are no statues to cover them so we do not know.

Opposition: None

Hearing Closed

2007 HOUSE STANDING COMMITTEE MINUTES

Resolution No. SCR 4020

House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: March 15, 2007

Recorder Job Number: 5110

Committee Clerk Signature



Minutes:

Chairman Herbel reopened the hearing on SCR 4020.

Do Pass Moton Made by Rep. Nancy Johnson; Seconded By Rep. Kari Conrad

Discussion:

Rep. Nancy Johnson: I visited with Senator Krauter after the hearing and he said that there was some interest in starting timeshares in Southwestern North Dakota.

Chairman Herbel: I was thinking about that when he was testifying in favor of the bill. I have a ranch in southwest North Dakota in a great location with two homes on it. One is an old Sears and Robuck home and if the young man on the place decides to quite I am not going to let anyone rent my ranch. I could take that home and remodel it inside and use it because it is in a beautiful location; the corrals and yard are in a horseshoe location and it would make a good place for this. It is something I have been thinking about because maybe I could make some money on this.

Vote: 14 Yes 0 No 0 Absent Carrier: Rep. Vonnie Pietsch

Put on Consent Calendar

Hearing closed.

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.**

House Political Subdivisions Committee _____

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Nancy Johnson Seconded By Rep. Kari Conrad

Representatives	Yes	No	Representatives	Yes	No
Rep. Gil Herbel-Chairman	X		Rep. Kari Conrad	X	
Rep. Dwight Wrangham-V. Chair	X		Rep. Chris Griffin	X	
Rep. Donald Dietrich	X		Rep. Lee Kaldor	X	
Rep. Patrick Hatlestad	X		Rep. Louis Pinkerton	X	
Rep. Nancy Johnson	X		Rep. Steve Zaiser	X	
Rep. Lawrence Klemin	X			14	
Rep. Kim Koppelman	X				
Rep. William Kretschmar	X				
Rep. Vonnie Pietsch	x				

Total (Yes) _____ No 9

Absent 0

Floor Assignment Rep. Vonnie Pietsch

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

ON CONSENT CALENDAR

REPORT OF STANDING COMMITTEE

SCR 4020: Political Subdivisions Committee (Rep. Herbel, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4020 was placed on the Tenth order on the calendar.

2007 TESTIMONY

SCR 4020

SENATE INDUSTRY, BUSINESS AND LABOR COMMITTEE
SENATOR JERRY KLEIN, CHAIRMAN
FEBRUARY 6, 2007

TESTIMONY BY
PARRELL D. GROSSMAN
DIRECTOR, CONSUMER PROTECTION AND ANTITRUST DIVISION
OFFICE OF ATTORNEY GENERAL
IN SUPPORT OF
SENATE CONCURRENT RESOLUTION NO. 4020

Mr. Chairman and members of the Senate Industry, Business, and Labor Committee. I am Parrell Grossman, Director of the Attorney General's Consumer Protection and Antitrust Division. I appear on the Attorney General's behalf in support of Senate Concurrent Resolution No. 4020.

I visited with Senator Krauter about timeshare legislation prior to the introduction of Senate Concurrent Resolution No. 4020. I briefly researched other states' timeshare laws. Many states have timeshare laws that are quite complicated. They define the relevant terms and the real property interests, provide for the developers' filings, obligations, and etc. These laws provide for registration and enforcement, typically by a state's real estate commission, and also provide for consumer protection authority by the Attorney General of the state.

While these laws typically provide comprehensive timeshare legislation, Senator Krauter related that he is concerned that such laws may be more comprehensive than would be required in the state of North Dakota. Our office does not have sufficient information, knowledge, or research at this time to conclude whether timeshare laws, including less comprehensive timeshare laws, would be appropriate in North Dakota. It is appropriate, however, to study timeshare legislation to determine whether such legislation is necessary. If so, it is important to determine the extent of such laws and regulations and which entities, such as the North Dakota Real Estate Commission, the Attorney General, or others, should regulate timeshares and enforce timeshare laws.

For these reasons, the Attorney General respectfully asks the Senate Industry, Business and Labor Committee to give Senate Concurrent Resolution No. 4020, a "Do Pass" recommendation.

Thank you for your time and consideration. I would be pleased to try and answer any questions.

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