

2013 HOUSE JUDICIARY

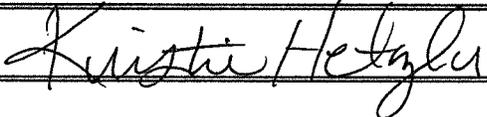
HB 1243

2013 HOUSE STANDING COMMITTEE MINUTES

House Judiciary Committee
Prairie Room, State Capitol

HB 1243
January 21, 2013
Job 17438

Conference Committee



Explanation or reason for introduction of bill/resolution:

Insurance of checks without sufficient funds or without an account.

Minutes:

Testimony 1

Chairman Koppelman: Opens.

Darren Neigebauer: Manager and President of the Credit Bureau of Bismarck. All we are doing is trying to get a \$5 increase on NSF checks. Main reason for this the cost of doing this is going up. And to get some clarifications.

Rep Hogan: When is the last time this was raised?

Darren: 4 years ago.

Chairman Koppelman: What was it prior to that?

Darren: \$30.

Mike Lefor: See testimony1. Supports HB 1243

Rep Hanson: How much total revenue are you expecting to raise from the \$5 increase?

Mike Lefor: Each my business, mine would be about \$20,000.

Rep Hanson: When do you estimate another increase will be in order again?

Mike Lefor: Check collection agencies will be going out of business, regardless of what the fee is I don't think many will be around much longer.

Chairman Koppelman: Is there a max dollar amount that you try to collect from a single individual?

Mike: It's all due to circumstances; we work with them and are extremely flexible to get the account settled.

Rep Steiner: Motion Do Pass

Rep Maragos: Second

Yes: 12

No: 1

Absent: 1

Carried by: Steiner

Date: 1-21-13
Roll Call Vote #: _____

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1243

House Judiciary Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Steiner Seconded By Rep. Maragos

Representatives	Yes	No	Representatives	Yes	No
Chairman Kim Koppelman	/		Rep. Lois Delmore		
Vice Chairman Lawrence Klemin	/		Rep. Ben Hanson	/	
Rep. Randy Boehning		/	Rep. Kathy Hogan	/	
Rep. Roger Brabandt	/				
Rep. Karen Karls	/				
Rep. William Kretschmar	/				
Rep. Diane Larson	/				
Rep. Andrew Maragos	/				
Rep. Gary Paur	/				
Rep. Vicky Steiner	/				
Rep. Nathan Toman	/				

Total (Yes) 12 No 1

Absent 1

Floor Assignment Rep. Steiner

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

REPORT OF STANDING COMMITTEE

HB 1243: Judiciary Committee (Rep. K. Koppelman, Chairman) recommends DO PASS
(12 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING). HB 1243 was placed on the
Eleventh order on the calendar.

2013 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1243

2013 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

HB 1243
March 18, 2013
Job Number 20022

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to issuance of checks without sufficient funds or without an account

Minutes:

Testimony Attached

Chairman Klein: Opened the hearing.

Representative Dockter: Introduced the bill.

Mike Lefor, President, DCI Credit Services, Inc.: Written Testimony Attached (1). The only thing this bill does is increase the current fee from thirty-five to forty dollars and clean up some of the language in the statute. (2:00-7:31)

Discussion

Robert Entringer, Commissioner of the Department of Financial Institutions: Said they don't have an issue with this. The number of check collection agencies is declining.

Chairman Klein: Asked if it was set by policy what the banks can charge.

Robert Entringer: Said there is no statutory limit for banks, it is set by policy. You are advised of that when you open an account. Annually they sent out their rules governing their accounts and they will disclose what the fees are at that time.

Chairman Klein: Closed the hearing.

Senator Sinner: Moved a do pass.

Senator Laffen: Seconded the motion.

Roll Call Vote: Yes - 7 No - 0 Absent - 0

Floor Assignment: Senator Sinner

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1243**

Senate Industry, Business, and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Sinner Seconded By Senator Laffen

Senators	Yes	No	Senator	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Laffen	x		Senator Sinner	x	
Senator Andrist	x				
Senator Sorvaag	x				
Senator Unruh	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Sinner

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

REPORT OF STANDING COMMITTEE

HB 1243: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1243 was placed on the Fourteenth order on the calendar.

2013 TESTIMONY

HB 1243

House Judiciary Committee

HB 1243

Testimony of: Mike Lefor, President, DCI Credit Services, Inc.

January 21, 2013

Good morning, Chairman Koppelman and members of the House Judiciary Committee. My name is Mike Lefor; I am the president of DCI Credit Services, Inc. a collection agency with offices in Bismarck, Dickinson and West Fargo. I have been in the collection business for over thirty years.

I am here to testify in support of House Bill 1243 which increase the NSF check fee from \$35.00 to \$40.00. In 1981, three people in our industry worked to get a service fee on NSF checks. These individuals were my dad, Bob Lefor, a gentleman from Jamestown, Chuck Axtman and I. Prior to that time, there wasn't a cost effective way for collection agencies to collect returned checks in North Dakota.

The state legislature did approve a service fee that year. Prior to that, businesses really didn't have anywhere to go. They tried to collect the checks themselves by sending out notices and making telephone calls. However, without collection experience and effective follow-up, these efforts were largely ineffective.

In August 1981, after the service fee became law, I was a salesman for our company and I sold this service to over 200 businesses within 18 months. There was a tremendous need for this service. I can remember the owner of the local McDonalds thanking me for the high recovery rate on his returned checks that his staff no longer had to handle.

In 1983, there were approximately 23 businesses that collected NSF checks in North Dakota. Now, there are just a handful. In fact, this year two more check collection agencies went out of business. The reason for this is because of declining check volumes and it is a low profit margin business. Check collection was much easier than it is today. More people would from a collection agency sending out a notice or making a telephone call. The baby boomer generation cared more about paying their accounts. Checks were the #1 form of payment.

Today, checks are third behind ACH and Electronic Fund Transfers. There are less checks being written. The use of debit cards, credit cards and online bill pay continues to skyrocket. The NSF check writer of today is different from the NSF check writer of 1981, in that there is an increasing number of these check writers who have no intention of making these checks good making check collection more difficult.

Today, consumers are more difficult to communicate with as a growing number of residences in this country no longer have a land line. The number of cell phones has exploded in the past few years. If our client does not get the cell phone number on the check and we do not have it in our data base, it is difficult to get that number. Less communication = Less chance for collecting the check.

This means we are putting more resources toward collecting checks and collecting less. Many businesses can increase their prices if they feel they need the revenue. In order to get an increase in revenue we need to the legislature to seek a fee increase. If my memory serves me correctly, this would be the third increase in twelve years.

No one likes fee increases, however, costs associated with our businesses has increased in the past twelve years. These increased expenses include salaries, health insurance, utilities, postage and other costs. We are in an environment where margins are low in the check collection business.

In the past twelve months, collection agencies have recovered nearly \$60 billion for our business clients. These are dollars that if they were not recovered, would have resulted in higher costs for the rest of us. Our organization also collects past due accounts, sells mortgage credit reports to financial institutions and a few other revenue streams, if we had to rely on the income we receive from our check collection activities, we would not be in the check collection business today.

Today, we are spending more time and resources trying to collect checks, which are narrowing our margins. We spend time trying to collect checks we ultimately do not collect. National statistics will show that if you collect 70% of the checks that come into your office you are doing a good job for your clients. That means you are spending time and resources on 30% where you will not get paid for your services.

Check collection agencies provide a much needed service, we need to generate more revenue in order to remain viable in the future. I ask you to support HB 1243 and I thank you for your time.

Senate IBL Committe
HB 1243

Testimony of: Mike Lefor, President, DCI Credit Services, Inc.
March 18, 2013

Good morning, Chairman Klein and members of the Senate IBL Committee. My name is Mike Lefor; I am the president of DCI Credit Services, Inc. a collection agency with offices in Bismarck, Dickinson and West Fargo. I have been in the collection business for over thirty years.

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Senate IBL Committee
House Bill 1243
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