

2013 SENATE POLITICAL SUBDIVISIONS

SB 2132

2013 SENATE STANDING COMMITTEE MINUTES

Senate Political Subdivisions Committee
Red River Room, State Capitol

SB 2132
January 17, 2013
17368

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the loan program; to provide an exemption; to provide for transfers; and to declare an emergency.

Minutes:

You may make reference to "attached testimony."

Chairman Andrist opened the hearing for SB 2132. All senators were present.

Senator Karen Krebsbach, Co-sponsor of SB 2132 and in support of SB 2132. See written testimony.

Senator Judy Lee: Would it be accurate to say that some of the folks who are looking at extending their time in the FEMA temporary housing units are waiting to find out whether or not they can rebuild on their old sites because of the plans aren't all finalized about what areas will permit rebuilding?

Senator Karen Krebsbach replied I would be guessing at that answer, but I think the flood plan has now been finalized so that answer should be clear to people.

Senator Howard Anderson: I am wondering on page 2, line 27, it seems to me September 30, 2013 is a date that is pretty close. Why wouldn't we put the date out for example into the next biennium, so that if you want to change something legislatively next time, you could do that? If you had another flood next spring, this legislation wouldn't apply obviously, because then you would have to wait for new legislation.

Senator Krebsbach replied that is very true. Much of that would depend upon the dollars that could be appropriated from the state bank so there are perhaps questions beyond what this would be able to answer.

Senator Ron Sorvaag: You were part of the Appropriations during the special session. But the intent of this was to be a temporary thing, not just a permanent revolving fund that goes on and on, etc, because other disasters might come up too. **Senator Krebsbach** replied it was strictly done for the flooded homes in all of the area, be it Bismarck, Minot, Devils Lake, or wherever there was flooding, temporary exactly. It wasn't a permanent or an continual program.

Representative Frantsvog District 40 Minot along with Senator Krebsbach. Our district encompasses most of north Minot, including a portion of the Minot Air Force Base, but we also do have a portion of our district that is located in the flood zone. So we did have constituents of ours that were flooded. SB 2132 provides for an opportunity for this legislature to continue a very successful loan program. The original Appropriation has not been completely extended and this would allow that to happen. The Rebuilders Loan Program did allow for renovations of flooded properties but one of the nice things about it, is that it also allowed that money to be used for the purchase of mobile homes or other homes in Minot outside the flood zone where properties were destroyed and people had to buy new houses. As a Representative in a portion of that flood zone, I urge your support for SB 2132.

Bob Humann. See written testimony referring to the Rebuilder Loans 1/11/13. Senior Vice-President of Lending from the Bank of North Dakota. I took a lot of trips to Minot to figure out after the flood basically what we're trying to accomplish. Working with the lenders in the Minot Community there was FEMA money out there; SBA money out there; potential buy-out money out there, but there was still unmet needs of people who did not have enough dollars to get their house finished or couldn't afford to refurbish their house. That is really the whole intent of what this program was about. When we had the special session this was put together where \$30 million dollars would come from the profits of the Bank of North Dakota and \$20 million dollars would come from the General Fund. At the Bank of North Dakota, a \$50 million dollar fund that was established as a Rebuilders Loan Fund. (Refer to Rebuilder loan handout). This program was available through September 30, 2012 and we had to approve any of the loans by then and then all loans had to be closed by the end of 2012. We have about \$10 million(unfunded) left in this program. What Senator Krebsbach and Rep. Frantsvog just talked about is proposing to open this up for people that hadn't used the program yet. They probably were in limbo on buyout and didn't know if they were going to start repair work or not; people that just simply cannot afford to go anywhere other than living in one of the temporary FEMA units. That is really what they are looking at doing here. It was a maximum \$30,000 loan, loan terms were repayment of 20 years, without any loan payments for the first two years of the loan, interest rate was 1% fixed for the entire 20 years. Terms are outstanding. Better than SBA loans at 2.56% but a fixed rate for 30 years. They could only qualify for so much under SBA. They could only qualify for so much under FEMA so there was still some unmet needs and program ended up taking care of those needs.

Chairman Andrist: Bob, have the repayments begun?

Bob Humann replied, no, they have not. These loans were just funded in 2012 so there are no payments for the first two years. The only payments we've received is a condition in the loan that if any time they sell their property they have to pay the loan off.

Senator Judy Lee: So, they are able to borrow under this program in addition to the other funding sources that you mentioned. If one of those other funding sources was inadequate to cover the needs that they had they could borrow here too or are you only lending to people who have not had access to those other funds?

Bob Humann replied they could access a FEMA grant, they could get an SBA loan and they still could end up getting a Rebuilders Loan. It was all based on the amount of damage they ended up having. FEMA was limited to \$30,400 and that was a grant that didn't have to be repaid but SBA they have a fancy formula that is about as secretive as the Coke formula. It is hard to figure out how people are actually eligible for what they are, but, they determine whether or not a resident has received any flood insurance proceeds. That is the first thing they look at; then they look at the FEMA award they received; determine how much they can receive from SBA; and in some cases what ended up happening is during a flooded event like that and you also got an oil boom going on, you have very inflated construction costs. What they actually thought they could rebuild their homes for in a lot of cases on paper, people couldn't end up getting it done for what they actually thought it would cost them, just due to the shortage of labor.

Senator Judy Lee: I see also that there would be denials for rental property, so were no rental properties eligible or is it was an owner/occupied duplex for example that rented out the other half. Tell me about the rental exemption here.

Bob Humann replied that rental properties as long as they were owner/occupied by the owner of the property living in it, they could qualify for this loan. We did a number of multi-family rental properties under a different program at the bank called Our Business Disaster Program. It was how we handled the multi-family residences. We came in and gave them a very low interest rate, fixed, for a long term period. It was in the 2% range. It wasn't the 1% money, but they also got a very attractive program to fix their properties up. That was different than the Rebuilders Loan.

Senator John Grabinger: This question refers to a previous question related to page 2, line 27-28 the loan application, why this is only extended to September 30th, 2013? Now I read that in Section 2, on page 3, line 9-11, it states that the unexpended funds which we are talking about is appropriated in this, continues the program until ending June 30, 2015. Why wouldn't we extend this whole thing, the application a lot further since the program is going to be available until then or put a limit because of the amount of the money is used up?

Bob Humann responded the reason for that is and this is the rationale for doing this the first time around too, and it is the same answer for the second time around is the City of Minot, the state; they want people to make decisions. They want them to rebuild. They want to get those properties rebuilt. It's really tough when you have a neighborhood where two houses are refurbished, and then a house on each end of them that nothing has been done to it. They want to really encourage people to make a decision to rebuild or not rebuild and the other purpose here for what we're looking at with this bill is that this is going to be available for the purchase of the FEMA units which Senator Krebsbach mentioned. That is going to be a decision to be made by June 24, 2013. That \$10 million dollars if this all gets put together it going to go out pretty fast. What we're looking at is they only have to make their application by September 30, 2013, they then have an entire year to draw down the funds. The funds are available for the whole biennium but the rules that the bank put into place is they make their application by September which is what the law says, and then we say they have a whole year to fund the loan. Basically, this is to keep things moving so the

city planners and people can figure out who is going to refurbish this property and who is not going to.

Chairman Andrist: You said you expect a run out of money on this program with the passage of this bill, who extends it?

Bob Humann replied but based on the dollars or the number of those people it does look like that. There is a good chance it will get used up.

Bob Humann continued talking about the two previous legislators who did not talk about in Section 3. During the special session, one of the things that got missed is that as the \$50 million dollars Rebuilders' Fund when it is fully funded, as the payments start coming in over time, that the Bank of North Dakota wants to get their \$30 million dollars back. So, that was missed in the special session and that is in Section 3 now, and that will allow the BND as the payments are made they will get their \$30 million dollars back and once they get paid back the additional \$20 million will get repaid back to the state.

Senator Howard Anderson: Now in Section 3, I don't see any underlined which would indicate any additions in Section 3. **Bob Humann** replied it is basically Section 3, which is a new section. It wasn't addressed at all during the special session and it should've been.

Senator Howard Anderson: It should've been underlined if it was a new section.

Chairman Andrist: No, it should have been noted I think that it was a new section, but if it is a new section you aren't amending anything. The underlining only occurs where your amending an existing section. **Bob Humann:** For example, up in Section 1 where we're amending we are adding in the language where we can provide funding for the FEMA units, that is underlined because that is taking existing century code and were changing it.

Chairman Andrist: In the special session what he's saying is we forgot to provide that the Bank of North Dakota is supposed to get this money back again.

Mike Anderson, Executive Director for North Dakota Housing Finance Agency. See written testimony.

Senator Judy Lee: To whom would Minot either the city or the Housing Authority donate these units after they take over the ownership? **Mike Anderson** responded the city after one year can basically do what they want with them. They can continue to rent them as a housing project; they could sell them. Talking with the Minot Housing Authority, the city has said if we're going to do this we need to turn it over to the Minot Housing Authority. But the city is still involved in this process trying to figure this out. Today I can tell you they likely will be cycling these units out as they wear out and our deemed no longer habitable. That is in their plan at this point in time if this happens.

Senator Ron Sorvaag: If we extend this then that will probably be the debt they have to purchase, that will be the only loan they will be using with this Rebuilders money to purchase these houses. Correct? **Mike Anderson** replied, yes that is pretty much it. I don't think they would be looking at debt other than what is through the Banks program or however else they would be able to finance it. This would probably be the only debt.

Senator Ron Sorvaag: Which is very affordable option for them then; I would guess it would qualify a lot more people using this than trying to finance them any other way.

Mike Anderson replied definitely!

Chairman Andrist: Mike, do most of the people who opt to buy these units have to move them? **Mike Anderson** replied, today the group site may not be available to them. FEMA is currently negotiating with the current land owner that the FEMA lease for these units reside as whether or not they can continue to stay and be subject to a private lease with that landowner. So it is not necessarily known today. As long as they can create a relationship at the current site with the current owner of that site, they don't have to relocate them if they is not the case then they will be obligated to move them someplace else.

Chairman Andrist: Do they install water and sewer lines in this group sites? **Mike Anderson** replied that is correct. When FEMA entered into the lease agreement with the property owner, first thing they did was site development. They developed this just like any other mobile home park in terms of lot, utilities and so on that goes with it.

Chairman Andrist asked whether the people that owned the land, when this thing is over, do they get these improvements or do those people have to pay for them to. **Mike Anderson** replied that it is turned back to the owner when the lease goes away. **Chairman Andrist:** So he has some considerable value to consider when it comes to whether or not to close it out. **Mike Anderson** replied, that is correct, that consideration has been built into the lot rent that FEMA currently has been paying and whoever owns these units after the donation is complete. That cost has already factored into that.

Senator Jim Dotzenrod asked Mr. Humann about the emergency clause on page 3, line 20. It looks like on that same page, line 11, we start the Rebuilders Program with July 1, 2013 and we go through the June 30, 2015 so I am going to assume that there is already law that covers the period up to July 1st of 2013, so is the only reason the emergency clause on is for that line on page 2 where we have September 20, 2012? Is that why the emergency clause is on here?

Bob Humann: replied that really the reason the emergency clause is put in there is because of what Mike just talked about. Regarding the FEMA units, people have to make a decision by June 24, 2013. This law wouldn't take effect until July 1, 2013 based on line 11 that you just talked about on page 13. So we need the emergency clause in there so that this program could start before that. Right now it is shut down for this biennium and it has to be reopened up again and that is what the emergency clause would do.

Senator Jim Dotzenrod: In the shut down; there must have been a date in the legislation that we passed during the special session that something has expired.

Bob Humann replied, well really what has expired is that nobody can apply for a loan anymore after September 30, 2012. That's how the old legislation was written. So that is what really closes it down.

Chairman Andrist closed the hearing on SB 2132.
Senator Sorvaag moved for do pass

Senate Political Subdivisions Committee

SB 2132

January 17, 2013

Page 6

2nd by Senator Grabinger

6 Yeas, 0 No, 0 Absent

Carrier: Senator Ron Sorvaag

FISCAL NOTE
Requested by Legislative Council
01/09/2013

Revised
 Bill/Resolution No.: SB 2132

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(10,000,000)			
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Section 3 of SB 2132 allows after June 30, 2013 an annual transfer of repayments to the Rebuilders Loan Fund to replenish \$30 million from Bank of N.D. profits. There is no fiscal impact projected in the 2013-15 or 2015-17 biennium's as loan repayments by borrowers are delayed for the first 2 years.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Section 2 allows BND to carry forward any unexpended funds appropriated for the Rebuilders Loan Program. BND expects to carry forward \$10 million in the 2013-15 biennium.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 01/22/2013

REPORT OF STANDING COMMITTEE

SB 2132: Political Subdivisions Committee (Sen. Andrist, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2132 was placed on the Eleventh order on the calendar.

2013 HOUSE INDUSTRY, BUSINESS, AND LABOR

SB 2132

2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

SB 2132
March 19, 2013
Job 20134

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to the rebuilders loan program; to provide an exemption; to provide for transfers; and to declare an emergency.

Minutes:

Handout, attachment 1
Proposed amendment, attachment 2

Representative Scott Louser, District 5: Introduced bill and its history. Will bring forward proposed amendments.

2:42 **Chairman Keiser:** Question regarding funds left at end of previous biennium, requested funds, allocation, and FEMA trailers

3:00 **Representative Louser:** Spoke of fiscal note. This is whatever was left in that fund. The Bank of North Dakota has calculated more exactly. Distributed and explained handout, attachment 1.

3:50 **Chairman Keiser:** As far as appropriations, this will be a new appropriation because the biennium ends (audio unclear) out of the general fund.

4:04 **Representative Louser:** If I recall correct, under the original program the first \$30 million went to repay the bank, and the next \$20 million went to the general fund.

4:22 **Representative Becker:** How does this differ in substance from what we passed already as a house bill?

4:31 **Representative Louser:** What we passed as a House bill was the same reauthorization of the program and allowed for non-owner occupants to receive a loan that were originally not qualified or privy to the program. This does the same exact thing and allows for the program to be used to purchase the FEMA units. It is an estimation that of the \$8.5 million, there is going to be probably a couple million towards the FEMA trailers, maybe up to three or four million for non-occupants. I testified at the Senate IBL yesterday. There were some concerns about how the reauthorization was worded on the bill that we passed. That bill in the Senate got amended to say that no matter how many properties you have, you can get only one loan. That was really the intent. However, if your primary residence was in the flood and you got one of these, you could get one more for your other

properties. It also required that the loan on the rental property be secured against the property, and the two-year grace period was waived. So that is the difference that was amended in the Senate.

6:11 **Chairman Keiser:** Right now, we have \$8.5 million left that was not expended. We now have two bills that will be vying for money. Is there any measure of the demand that will occur once these get signed?

6:42 **Representative Louser:** I think the bank has an indication of how many they may do. The average valuation of those units is around \$15,000. It goes from below \$10,000 and up to \$30,000. I think the demand was around 150 potential FEMA purchases using this program. We don't have an accurate number on the non-owner occupied. However, I think that demand is going to be slightly higher than the FEMA. I don't think the two combined will exceed \$5 million, which would allow the balance to go to those who did not apply on time.

7:53 **Representative Louser:** Distributed **proposed amendment, attachment 2.** Provided context behind the proposed amendment. Walked through proposed amendment, including rationale for the proposed changes.

12:24 **Representative M. Nelson:** Are the supplemental loans limited to the \$5 million from the Bank of North Dakota? What about people doing new loans and the FEMA trailers? Is there a potential that there won't be enough money for them?

12:48 **Representative Louser:** There is plenty of money in the \$8.5 million left the way we are looking to reauthorize the original program. I do not think it will be exhausted including the landlords and the occupants who did not get their applications in on time. Gave examples of how the bank finds out if a home as been sold.

13:54 **Chairman Keiser:** If they take the second \$20,000, they are securing all \$50,000?

Representative Louser: Correct.

14:05 **Chairman Keiser:** The other question that occurred was why would this be an advantage to them. The financing is relatively low. We had talked about when the payments start. We are trying to give them the lowest possible interest rate so that nearly the full payment goes into the principle.

Representative Louser: I ran an amortization schedule to get an idea. Gave examples. Given the grace period, these loans are not even payable yet, so we can restructure it so that they have one payment, and it's secured with the property.

15:50 **Senator Krebsbach:** Read testimony from the city manager of Minot. Relayed story of another resident of Minot. Voiced support of this bill.

21:13 **Chairman Keiser:** Are you aware of Representative Louser's amendment to your bill for extending the loan program beyond the \$30,000?

Senator Krebsbach: Increasing it to \$50,000? Yes. That is perfectly okay with me.

Chairman Keiser: It's your bill, so I wanted you to know about it and not object to it.

Senator Krebsbach: Any additional help is appreciated.

Support:

Eric Hardmeyer, president and CEO of the Bank of North Dakota: The Bank of North Dakota supports the bill and the amendments.

22:04 **Chairman Keiser:** Would you look at the fiscal note as it was written? We'll need a new one. They're indicating in the language that it should not have much impact. But we'll have to account for the additional dollars, and it does look like it's coming out of the general fund. This is a loan program. I don't know how it relates on your balance sheet.

22:43 **Eric Hardmeyer:** This is a \$50 million program: \$30 million came from the bank, from our capital, and \$20 million came from the general fund. Already about \$40 million has gone out, so we've already spent the bank's money and are now into the general fund money. So we will spend the additional \$8.5 million and then go to the Bank of North Dakota for another \$5 million. This sits off, away from the bank, so it is a transfer from our bank capital to a program. So it does not impact our loan ratios. It is all off the balance sheet. This bill says that once the loans get paid back, the money gets transferred back to the bank. For whatever reason, we failed to do that when we initially set this up. That allows the bank to treat this as a receivable. You also had a question about continuing appropriation. That does carry over; it's in the bill.

24:01 **Representative Kreun:** Have you been in Minot working with the city on some home funds or NSB funds or anything of that nature to help alleviate some of that?

24:21 **Mike Anderson, ND Housing Finance Agency:** We have been involved in the housing recovery aspect for the flood in Minot since the flood happened. Gave examples of programs. In terms of the home program, we do not administer that.

Representative Kreun: Thanks for being there to help out.

Opposition:

Neutral:

Hearing closed.

Representative Frantsvog moved to adopt amendment 13.0493.01002, attachment 2. Seconded by Representative M. Nelson.

Voice vote on adoption of amendment. Voice vote carries.

Representative Louser **moved Do Pass as Amended with Re-referral to Appropriations.** Seconded by Representative Frantsvog.

26:45 **Chairman Keiser:** We are attempting to develop, maybe gradually, a policy for North Dakota to deal with federally-declared disasters. This is not a Minot bill. This could be other flooding, a tornado, whatever happens in the future. We have to have the funding for it for future disaster, but maybe in some future legislature we will give the Bank of North Dakota some authority to move the money as required.

Representative Ruby: (Audio unclear)

Chairman Keiser: It would include any federally-declared disaster emergency.

27:55 **Representative M. Nelson:** While I agree with you, the legislation as written still requires the disaster to have been declared in 2011, so it would not automatically open if we had spring flooding this year.

Roll call on motion for a Do Pass as Amended and Re-Referral to Appropriations. Motion carried.

Yes = 11

No = 1

Absent = 3

Carrier: Representative Louser

FISCAL NOTE
Requested by Legislative Council
01/09/2013

Revised
 Bill/Resolution No.: SB 2132

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Name: Robert A. Humann

Agency: Bank of North Dakota

Telephone: 328.5703

Date Prepared: 01/22/2013

March 19, 2013

VK
3/19/13

PROPOSED AMENDMENTS TO SENATE BILL NO. 2132

Page 2, line 19, after "~~dollars~~" insert "A supplemental loan of up to twenty thousand dollars may be made to a homeowner who has received an initial loan under this section if the full amount of the initial loan and supplemental loan is secured by the property and does not exceed the actual amount of documented damage not paid by flood insurance."

Page 2, line 27, after "application" insert "for an initial loan to a homeowner or for a federal emergency management agency temporary housing unit"

Page 2, line 28, after "2013" insert ". A loan application for a supplemental loan to a homeowner may not be accepted before October 1, 2013, nor after December 31, 2013"

Page 3, line 2, after the period insert "If the rebuilders loan borrower provides financial evidence satisfactory to the Bank of North Dakota to show that the borrower does not have the financial ability to repay the rebuilders loan in full upon sale of the property, after the sale of the property the Bank of North Dakota may allow the borrower to continue to make payments based on the loan terms."

Page 3, line 13, after the boldfaced period insert "The Bank of North Dakota shall transfer the sum of \$5,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the rebuilders loan program fund during the period beginning with the effective date of this Act and ending June 30, 2015."

Page 3, line 16, after "Laws" insert "and after that amount has been replenished, repayments to the rebuilders loan program fund must be transferred to replenish \$5,000,000 of the Bank of North Dakota's current earnings and undivided profits which was transferred to the rebuilders loan program fund under this section"

Page 3, line 18, replace "\$30,000,000" with "\$35,000,000"

Renumber accordingly

Date: 3-19-2013

Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2132**

House Industry, Business, and Labor Committee

Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment ⁵⁰¹⁰⁰²

Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Frantsvog Seconded By Nelson

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser			Rep. Bill Amerman		
Vice Chairman Gary Sukut			Rep. Joshua Boschee		
Rep. Thomas Beadle			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Marvin Nelson		
Rep. Robert Frantsvog					
Rep. Nancy Johnson					
Rep. Jim Kasper					
Rep. Curtiss Kreun					
Rep. Scott Louser					
Rep. Dan Ruby					
Rep. Don Vigesaa					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

Louser's 13.0493.01002
(attachment 2)

Date: 3-19-2013

Roll Call Vote #: 2

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2132**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number B-0493-01002

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

Motion Made By Louser Seconded By Frantsvog

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser	✓		Rep. Bill Amerman	✓	
Vice Chairman Gary Sukut	✓		Rep. Joshua Boschee	✓	
Rep. Thomas Beadle	✓		Rep. Edmund Gruchalla	✓	
Rep. Rick Becker		ab	Rep. Marvin Nelson	✓	
Rep. Robert Frantsvog	✓				
Rep. Nancy Johnson	✓				
Rep. Jim Kasper		ab			
Rep. Curtiss Kreun	✓				
Rep. Scott Louser	✓				
Rep. Dan Ruby	✓				
Rep. Don Vigesaa		✓			

Total Yes 11 No 3

Absent 3

Floor Assignment Louser

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

REPORT OF STANDING COMMITTEE

SB 2132: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (11 YEAS, 1 NAYS, 3 ABSENT AND NOT VOTING). SB 2132 was placed on the Sixth order on the calendar.

Page 2, line 19, after "~~dollars~~" insert "A supplemental loan of up to twenty thousand dollars may be made to a homeowner who has received an initial loan under this section if the full amount of the initial loan and supplemental loan is secured by the property and does not exceed the actual amount of documented damage not paid by flood insurance."

Page 2, line 27, after "application" insert "for an initial loan to a homeowner or for a federal emergency management agency temporary housing unit"

Page 2, line 28, after "2013" insert ". A loan application for a supplemental loan to a homeowner may not be accepted before October 1, 2013, nor after December 31, 2013"

Page 3, line 2, after the period insert "If the rebuilders loan borrower provides financial evidence satisfactory to the Bank of North Dakota to show that the borrower does not have the financial ability to repay the rebuilders loan in full upon sale of the property, after the sale of the property the Bank of North Dakota may allow the borrower to continue to make payments based on the loan terms."

Page 3, line 13, after the boldfaced period insert "The Bank of North Dakota shall transfer the sum of \$5,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the rebuilders loan program fund during the period beginning with the effective date of this Act and ending June 30, 2015."

Page 3, line 16, after "Laws" insert "and after that amount has been replenished, repayments to the rebuilders loan program fund must be transferred to replenish \$5,000,000 of the Bank of North Dakota's current earnings and undivided profits which was transferred to the rebuilders loan program fund under this section"

Page 3, line 18, replace "\$30,000,000" with "\$35,000,000"

Re-number accordingly

2013 HOUSE APPROPRIATIONS

SB 2132

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

SB 2132
3/26/13
Job 20455

Conference Committee

Committee Clerk Signature

Meredith Trachsel

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 6-09-46 of the North Dakota Century Code, relating to the rebuilders loan program; to provide an exemption; to provide for transfers; and to declare an emergency.

Minutes:

You may make reference to "attached testimony."

Rep. George Keiser, District 47: Introduced the bill.

06:30

Chairman Delzer: What have you done with the repayment schedule for these new loans?

Rep. Keiser: We talked about starting the repayment schedule further out, but after lengthy discussion decided to leave it the same.

Chairman Delzer: So they will have possibly a \$30,000 unsecured loan, some of them close to starting payments, and then they would have a \$20,000 loan on top of that that wouldn't start payments for two years?

Rep. Keiser: No, they would start payments when the 30 did.

Chairman Delzer: If they took the second, it keys off of the first one?

Rep. Keiser: Correct.

Chairman Delzer: What about those buying the FEMA trailers?

Rep. Keiser: Under the \$30,000 loan, they would come in under the 9 that's left. The additional 20 is for people who have already received a loan. FEMA trailer purchases would not qualify, because they wouldn't hit the 30.

Chairman Delzer: You are doing FEMA purchases in here, how are you handling the repayment schedule on that?

Rep. Keiser: That is staying the same; we simply extended the deadline for applications.

Chairman Delzer: Why did you go out two years on this? The FEMA trailers are around \$7000.

Rep. Keiser: We are simply following the same pattern we followed for the other loans.

Rep. Monson: Can't you change the rules from a certain point forward for new loans that are made to buy these, out of the first \$30,000 loans?

Rep. Keiser: That's exactly what this bill does. If you take \$1 over the \$30,000, the 30+ are now secured.

Rep. Monson: What if they have no loan whatsoever right now? Can you say, if you sign up after this date, it's going to be a secured loan?

Rep. Keiser: We could do that, but we did not. These FEMA trailer purchases were not allowed in the original legislation we passed. What we have done is extend the application date for the original legislation, and also said if you want the FEMA trailer and that's your only solution, that now can be a qualified purchase. After discussion, I'm not sure we want to though securitizing a FEMA trailer.

Chairman Delzer: If someone wants to come into the program for the original \$30,000, shouldn't we be securitizing that, the same as the additional 20?

Rep. Keiser: We could, and we discussed it, but the only need that was identified was for FEMA trailers, it was not for houses, so we didn't think it was necessary to do that.

Chairman Delzer: But you did in essence open it up for somebody who wants to do some work on a house to get the \$30,000. How long is the application extension?

Rep. Keiser: September 30, 2013 is the extended deadline.

12:05

Rep. Monson: Are there people that are looking at buying multiple trailers for business purposes?

Rep. Keiser: The original legislation states you have to be the property owner in the area to qualify. You could not be a developer or somebody outside the area.

Rep. Brandenburg: You had \$9M carryover, added \$5M, are we dealing with 50 + 14?

Rep. Keiser: We put in \$50M. Of the original \$50M, there is \$9M left. We also propose in this legislation adding \$5M to the current \$9M.

Rep. Brandenburg: So we are dealing with \$14M?

Rep. Keiser: At this point in time; \$9M was already approved. It is \$55M total.

Chairman Delzer: I think it was \$20M general fund, and 30 Bank of ND profits. This is another 5 BND profits. This pays the bank back first. What happens to the money after the bank is paid off, if they get paid off?

Rep. Keiser: I don't know; I assume the bank continues to collect.

Chairman Delzer: Legislative Council, please check on that.

Rep. Brandenburg: Is it possible for the bank to file judgments on these?

Rep. Keiser: If you don't securitize the loan, what are you going to file for judgment on?

Rep. Brandenburg: Maybe they'll inherit some money.

Rep. Keiser: The loan is on the property, this is not a personal guarantee.

Chairman Delzer: I don't know about that.

Rep. Nelson: In regard to the FEMA trailers, in Minot some were placed on the property where the home was, and some were placed in parks. What's the situation of the practical matter of which ones would be utilizing this provision?

Rep. Keiser: We had a lengthy discussion on FEMA trailers. Bottom line, you have two options. One, you rebuild your property and move back into that. Two, it is impossible for you at this time, given that you are making mortgage payment on something truly underwater, and the only option you have is a FEMA trailer. The committee did not care where that FEMA trailer is; if it is their 'permanent residence' at this time, and they want to buy it, we felt it should be opened up, whether it is on the original site, in a trailer park, or anywhere. If that is their option, they can qualify for this money. In our amendment to clarify whether or not it is securitized, if the borrower demonstrates to BND financial evidence that they cannot repay the loan in full, upon sale of the property, BND may allow the borrower to continue to make payments based on the loan terms.

19:10

Rep. Skarphol: Can't the bank do that now?

Rep. Keiser: When BND came in and talked to us on this legislation, they requested this additional language to give them the authority to negotiate with these property owners to continue to collect. This is not a standard transaction.

Rep. Dosch: Was BND in support of the additional \$5M?

Rep. Keiser: Yes.

Rep. Dosch: How many people are actually still living in these FEMA trailers?

Rep. Keiser: I don't know. It's the option of last resort. It was projected that if they were to apply for funding, it would take less than half of the \$9M currently available.

Rep. Brandenburg: These houses are going to be upside down for a number of years. There needs to be a commitment by the people doing this to stay there in that home through the tough times.

Rep. Keiser: Every case is unique. There are many people who just abandoned their houses; young people who had a full mortgage are out, and there is nothing we can do. This is designed to help those people who had equity in the home and are forced to basically refinance a home after it's been all or mostly paid off. We are trying to give them the assistance of minimizing the interest rate so the majority of their payment goes into principle, so the equity gets built up as quickly as it can.

Rep. Streyle: The number still in FEMA trailers is dwindling quickly, it's 250-400. The land they are on is being developed, so they won't be staying there. As far as the \$5M goes, we are talking three cases that have walked away. It's not right, but it's not an epidemic problem right now. In our bank, we have a dozen loans that are already repaying before the required date, and a number that are already paid off. It's not a major problem now, but it certainly could be. Securing the additional loan will solve the problem and put the bank in a much better position.

Chairman Delzer: Anything further for Rep. Keiser? We'll have Rep. Brandenburg, Rep. Monson, and Rep. Streyle, and possibly Rep. Nelson, look at this bill a little bit and see if we need to do anything further with it. We'll continue to the next bill.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

SB 2132
4/4/13
Job 20904

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 6-09-46 of the North Dakota Century Code, relating to the rebuilders loan program; to provide an exemption; to provide for transfers; and to declare an emergency.

Minutes:

You may make reference to "attached testimony."

Chairman Delzer: SB 2132 dealt with the rebuilders loan program. We had some questions on this bill when we last discussed it.

Rep. Streyle: I think all the details are worked out. Rep. Louser worked with the governor's office and the Bank of North Dakota for quite a while on this. We feel this is fine. I move Do Pass. **Rep. Kempenich** seconded.

Chairman Delzer: This is a bill that added \$5M of Bank profits to the \$50M for the program and allows them to purchase FEMA trailers, or get further loans on their rebuilding process. If they do that, it secures the additional and original loan.

Rep. Kempenich: The way it sits right now, there is no guarantee. We've already crossed that bridge. This does tie up the works if they take the second loan. It's what reality is.

Chairman Delzer: I also visited with Rep. Louser, and he said HB 1185, which will be a concur, allows for non-occupant owners to get some of the loan money, part of the original 9 left over from the 50. This 5000 is strictly for the FEMA trailers and the \$20,000 extra. Further discussion? Seeing none, a roll call vote was done. The motion carried 20 Yes, 0 No, 2 Absent. **Rep. Streyle** will be the carrier, but we'll send it back to Rep. Louser on the policy committee.

FISCAL NOTE
Requested by Legislative Council
03/20/2013

Amendment to: SB 2132

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(9,000,000)	\$(5,000,000)		
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2132 with House Amendments continues and expands the Rebuilders Loan Program

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

\$9 million of initial \$20 Million from General Fund reauthorized for Rebuilders Loan Program. \$20 Million from General Fund and \$30 Million from BND undivided profits = \$50 Million originally authorized. Section 3 House Amendments authorize BND to transfer additional \$5 million of undivided profits to program.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

\$9 million of initial \$20 Million from General Fund reauthorized for Rebuilders Loan Program. \$20 Million from General Fund and \$30 Million from BND undivided profits = \$50 Million originally authorized. Section 3 House Amendments authorize BND to transfer additional \$5 million of undivided profits to program.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Section 2 allows BND to carry forward any unexpended funds appropriated for Rebuilders Loan Program and BND expects to carry forward \$9 Million in the 2013-15 Biennium. There will be continuing appropriation of \$9 Million from General Fund and new funds of \$5 Million provided from BND undivided profits.

Name: Robert A. Humann

Agency: Bank of North Dakota

Telephone: 328.5703

Date Prepared: 03/22/2013

FISCAL NOTE
Requested by Legislative Council
01/09/2013

Revised
 Bill/Resolution No.: SB 2132

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(10,000,000)			
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Section 3 of SB 2132 allows after June 30, 2013 an annual transfer of repayments to the Rebuilders Loan Fund to replenish \$30 million from Bank of N.D. profits. There is no fiscal impact projected in the 2013-15 or 2015-17 biennium's as loan repayments by borrowers are delayed for the first 2 years.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Section 2 allows BND to carry forward any unexpended funds appropriated for the Rebuilders Loan Program. BND expects to carry forward \$10 million in the 2013-15 biennium.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 01/22/2013

Date: 4/4/13
 Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2132**

House Appropriations 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. Streyle Seconded By Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Streyle	X	
Vice Chairman Kempenich	X		Rep. Thoreson	X	
Rep. Bellew	X		Rep. Wieland	X	
Rep. Brandenburg	X				
Rep. Dosch	X				
Rep. Grande	X		Rep. Boe	X	
Rep. Hawken			Rep. Glassheim	X	
Rep. Kreidt	X		Rep. Guggisberg	X	
Rep. Martinson	X		Rep. Holman	X	
Rep. Monson			Rep. Williams	X	
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford	X				
Rep. Skarphol	X				

Total Yes 20 No 0

Absent 2

Floor Assignment Rep. Streyle

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

REPORT OF STANDING COMMITTEE

SB 2132, as amended: Appropriations Committee (Rep. Delzer, Chairman) recommends **DO PASS** (20 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2132, as amended, was placed on the Fourteenth order on the calendar.

2013 CONFERENCE COMMITTEE

SB 2132

2013 SENATE STANDING COMMITTEE MINUTES

Senate Political Subdivisions Committee Red River Room, State Capitol

SB 2132
April 16, 2013
21157

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the rebuilders loan program; to provide an exemption; to provide for transfers; and to declare an emergency

Minutes:

You may make reference to "attached testimony."

Chairman Andrist opened the conference committee on SB 2132. Senators Andrist, Sorvaag, and Dotzenrod, Representatives Louser, Ruby and Gruchalla were present.

Chairman Andrist The Senate did not concur with this bill, not necessarily because we disagreed with it, but we thought we should have an explanation because there is some pretty significant changes. It seems like all the parties involved are brought into this conference committee.

Representative Louser The amendments are both fiscal and policy and so what we have is an amendment to add an additional \$5 M dollars to the Home Rebuilders Program under the same terms that we had the original, what amounted to \$50 M, after the special session in November of 2011. What this would allow, is for those that receive the \$30,000 loan to apply for an additional \$20,000 making the total \$50,000, but requiring if they do get the extra \$20,000, that the \$50,000 in total would be secured against the property. Currently the loans that are outstanding are not secured by the property however the law that we passed states that if the property owner sells the property, the law says they have to repay the loan. In three cases, during this session, there has been sales where there wasn't sufficient funds to cover the loan. (Ex. cited.) One of the other sections or amendments would allow the bank to continue to set up a loan repayment schedule after closing if necessary. We did work with the Bank of North Dakota and with the Governor's office, and the \$5M comes out of the undivided profits of the bank, so there is no General Fund money. This works hand in hand with HB 1185 which was passed in both chambers and the wording is intended to marry these two bills together. You could not apply for the new \$20,000 until October 1, 2013. We are extending the old program to September 30, 2103 for the FEMA trailers and the other people who didn't get in the original \$30,000 that may have otherwise qualified and for whatever reason did not apply. This new program would start October 1, 2013 until December 31, 2013 with any leftover money from the original loan that we passed in 2011.

Senator Sorvaag Their not going to have to qualify. If you get \$50,000, but there is only \$30,000-\$40,000 worth of collateral in the home they still can be approved for this. That was the initial one because they were all upside down. Is there going to be a different qualifying standard or can you just elaborate on that?

Representative Louser The Bank of North Dakota is going to do these loans as opposed to one of the local lenders so they are going to be originating in and there is going to be a stipulation is that if there is flood insurance the amount of money that they would be borrowing, would not exceed what the damages were minus the flood insurance. They are not necessarily looking at equity on the property; they are looking at how much in necessary repairs versus how much potentially was paid in flood insurance. The vast majority of people that applied for this loan didn't have flood insurance in the first place.

Senator Sorvaag But they were upside down. They will still be able to qualify if they had enough damage, even if the loan is beyond the equity that they have to keep the original intent of the loan in the first place was to help people.

Representative Louser The bank understands there is property that will not have some substantial equity to cover the difference. What we're doing then in the event of a sale, is to allow the bank to continue to set up payments. This would allow the bank to continue receiving payments over time.

Bob Humann Chief Lending Officer Bank of North Dakota (6:21-8:25) explained their position on the bill.

Chairman Andrist The bottom line is you're likely to lose some money, but you're okay with it. You probably are not going to lose more than in the original program.

Bob Humann agreed with Senator Andrist (8:38- 9:20)

Senator Sorvaag moved that the Senate Accede to the House Amendments
2nd Representative Ruby
Role call vote 6 Yea, 0 No, 0 Absent
Carrier Senator Sorvaag

FISCAL NOTE
Requested by Legislative Council
03/20/2013

Amendment to: SB 2132

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SB 2132 with House Amendments continues and expands the Rebuilders Loan Program

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Name: Robert A. Humann

Agency: Bank of North Dakota

Telephone: 328.5703

Date Prepared: 03/22/2013

FISCAL NOTE
Requested by Legislative Council
01/09/2013

Revised
 Bill/Resolution No.: SB 2132

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

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	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
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School Districts			
Townships			

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- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Robert A. Humann
Agency: Bank of North Dakota
Telephone: 328.5703
Date Prepared: 01/22/2013

Date 4-16-2013

Roll Call Vote # 1

**2013 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. SB. 2132 as (re) engrossed

Senate Political Subdivision Committee

- Action Taken**
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows
 - Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Sen. Sovaag Seconded by: Rep. Ruby

Senators	4/16		Yes	No	Representatives	4/16		Yes	No
<i>Chairman Andrus</i>	✓		✓		<i>Rep. Lousier</i>	✓		✓	
<i>Sen. Sovaag</i>	✓		✓		<i>Rep. Ruby</i>	✓		✓	
<i>Sen. Dotson</i>	✓		✓		<i>Rep. Bruchalla</i>	✓		✓	
Total Senate Vote					Total Rep. Vote				

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

REPORT OF CONFERENCE COMMITTEE

SB 2132: Your conference committee (Sens. Andrist, Sorvaag, Dotzenrod and Reps. Louser, Ruby, Gruchalla) recommends that the **SENATE ACCEDE** to the House amendments as printed on SJ page 1175 and place SB 2132 on the Seventh order.

SB 2132 was placed on the Seventh order of business on the calendar.

2013 TESTIMONY

SB 2132

Krebsbach, Karen K.

From: Dave Waind <waind@minotnd.org>
Sent: Wednesday, January 16, 2013 3:46 PM
To: Krebsbach, Karen K.
Cc: Frantsvog, Robert; Maragos, Andrew G.; Mayor Curt Zimbelman
Subject: SB 2132 - City of Minot testimony - Sen. Pol Subdiv Comm. Hearing - 10:15am
-1/17/2013 - Red River

Testimony to the Senate Political Subdivisions Committee

Chairman Sen. John Andrist

Prepared by David Waind, City Manager

City of Minot

waind@minotnd.org

SENATE BILL 2132

Chairman Andrist, Senate Political Subdivisions Committee members, my name is David Waind, and I am the City Manager for the City of Minot. I am submitting this written testimony in support of Senate Bill 2132 which relates to the Rebuilders Loan Program; provides an exemption; provides for transfers; and declares an emergency.

As all of you know, the City Minot and it's citizens suffered great losses as a result of the historic and catastrophic Mouse River flood of 2011. To our great appreciation the ND State Legislature met in special session later that year to enact a number of measures that have afforded our community relief in a number of ways. One of those ways was the Rebuilders loan Program through the Bank of North Dakota which afforded flood victims the ability to secure loans which were available to ND residents affected by a presidentially declared disaster in our state for the purpose of the resident rebuilding their flood damaged home or purchasing a new home in our disaster impacted community.

While this was only one tool, it has been used in our community to help those who had the need to borrow additional funds for their rebuilders qualified project up to the maximum limit of \$30,000. Not all of our residents who suffered flood damage needed the additional hand up, but for those who did it was an important part of their recovery. For the community it was critical to find ways to help keep residents in our community who wanted to stay. This loan program for some, made that difference.

Senate Bill 2132, which was introduced by Sen. Krebsbach and Representatives Frantsvog & Maragos makes a couple of changes that we again think could make a difference for some of our residents who are yet trying to find ways to rebuild their homes. First it extends the time that the funding is available for the purposes first set by the legislature. Recently our City Assessor was tasked with doing a review of our housing stock in the flood affected valley and found that we had approximately 600 homes on which work had not yet commenced. Of those, more than half are either currently being bought out by the City or are expected to be bought out as we move forward with our needed property acquisitions in the two diversion areas and other critical areas found within the City Council approved Mouse River Enhanced Flood Protection Plan footprint. However, there are still nearly 300

homeowners who may yet move forward with a rebuilding project and could have need of this loan program if the loan timeline is extended as proposed.

Additionally, the bill also would allow rebuilders funds to be accessed by someone who wants to buy a Temporary Housing Unit (THU) to place in a community-approved housing site. For those qualifying residents who need this funding to help them secure a housing alternative it would be a helpful resource. In Minot our FEMA THU Housing Mission will end on June 24th, 2013. The City is working with FEMA and the state of ND (NDDDES) to try to find longer term housing solutions for those who have not yet been able to find viable alternatives. For some, the possibility of being able to acquire their THU and have it be in the community approved housing site along 55th St SE may be their only alternative. Passing this Bill will make these funds available to help those citizens who have had a most difficult time in finding a long term plan for housing.

While this Bill will not take care of all of the significant housing issues faced by our citizens, it will be another tool in the toolkit to help us rebuild. Thank you for your consideration of this matter. Again, we would sincerely appreciate your approval of a "DO PASS" on SB 2132.

REBUILDER LOANS

01/11/13

Closed	1382	\$	39,957,207	Disbursed	\$36,937,657
Approved-Not Closed	61	\$	1,615,625		
Waiting for SBA (e)	0	\$	-		
Waiting for Information (e)	18	\$	-	Amount	\$516,000
Waiting for Review (e)	0	\$	-		
Rejected/Cancelled (e)	<u>62</u>	\$	-		
	1523	\$	41,572,832		

Mobile Homes-Included in Above Totals

Closed	72	\$	1,344,764		
Approved-Not Closed	12	\$	152,100		
Waiting for Information (e)	<u>1</u>	\$	-	Amount	\$6,000
	85	\$	1,496,864		

Reasons for Denial

Covered by Flood Ins	7
No Damage	4
No Property Ownership	4
Rental Property	1
Moved From Area	2
Cancel	44

Total of 1443 Approved Loans

Bismarck	58	4%
Mandan	19	1%
Minot Area	1366	95%



Michael A. Anderson Executive Director

INDUSTRIAL COMMISSION

Jack Dairymple Governor

Wayne Stenehjem Attorney General

Doug Goehring Agriculture Commissioner

SB 2132

Thursday, January 17, 2013

**North Dakota Housing Finance Agency
Division of the State Industrial Commission
Michael Anderson, Executive Director
Senate Political Subdivisions Committee**

FEMA Trailer Sales Project - Ward County

Currently there are 544 FEMA trailers occupied throughout Minot, Burlington, and Ward County and disbursed as follows: 315 in Minot group sites; 120 on private sites; 79 on commercial sites; 28 in the Burlington group site.

FEMA has sent letters of interest to purchase to all occupants. One hundred and fifty have positively responded; 7 responded no; 180 have not responded; the balance of the letters were returned and FEMA is currently seeking valid addresses. Of the positive responses, 25 sales have been completed; 16 are pending closing documents; and remaining are still being negotiated.

FEMA's initial offer to sell is at adjusted fair market value (FMV). Factors used for determining FMV include initial cost of the unit (ranges from \$20,000 to \$45,000 depending on type and size of unit) and cost to transport it; depreciation based on the total number of months the unit has been occupied; and deactivation costs (fixed at \$2,500). The average FMV thus far for park models is \$4,500 to \$5,000 and for mobile home units is \$30,000.

Occupant can petition to negotiate the initial price. The negotiated price will be based on the occupant's ability to pay. Factors FEMA uses for determining this are occupant's income, assets, capital investments, and proper use of FEMA repair or replacement dollars. The minimum negotiated price is 25% of FMV. The occupant is responsible for securing a site for the purchased unit if it must be moved and the cost of relocation. The occupant is also responsible for securing financing for the purchase, if necessary.

Current occupants of trailers located in the group and commercial sites were required to begin paying rent to FEMA effective January 1, 2013. The rent amount is based on current fair market rent (FMR), but can be adjusted down based on occupant's ability to pay. Current FMRs for Ward County range from \$456 to \$983 depending on the number of bedrooms.

FEMA is currently working with the City of Minot and the Minot Housing Authority (MHA) to donate occupied units that cannot be sold to the occupant. FEMA is estimating 274 units will likely be unsold as of June 24, 2013, and would be subject to the donation program. This estimate is based on their current knowledge of occupant's income. The City of Minot and/or the MHA must agree to continue to rent said units to the current occupant for at least one year. In order to be eligible for this, the existing occupant must go through the sale process described above. My understanding is if they do not, they will be evicted as of the June 24th deadline.

① \$132132
3-19-2013

REBUILDER LOANS

03/15/13

Closed	1413	\$	40,812,532	Disbursed	\$37,640,635
Approved-Not Closed	24	\$	675,450		
Closed-Not Submitted for Funding	4	\$	107,000		
Waiting for Information (e)	15	\$	-	Amount	\$426,000
Waiting for Review (e)	0	\$	-		
Rejected/Cancelled (e)	<u>62</u>	\$	-		
	1518	\$	41,594,982		

Mobile Homes-Included in Above Totals

Closed	76	\$	1,420,264		
Approved-Not Closed	8	\$	76,600		
Waiting for Information (e)	<u>1</u>	\$	-	Amount	\$6,000
	85	\$	1,496,864		

Reasons for Denial

Covered by Flood Ins	7
No Damage	4
No Property Ownership	4
Rental Property	1
Moved From Area	2
Cancel	44

Total of 1441 Approved Loans

Bismarck	59	4%
Mandan	19	1%
Minot Area	1363	95%

PROPOSED AMENDMENTS TO SENATE BILL NO. 2132

Page 2, line 16, after the period insert "A supplemental loan of up to twenty thousand dollars may be made to a homeowner who has received an initial loan under this section if the full amount of the initial loan and supplemental loan is secured by the property and does not exceed the actual amount of documented damage not paid by flood insurance."

Page 2, line 27, after "application" insert "for an initial loan to a homeowner or for a federal emergency management agency temporary housing unit"

Page 2, line 28, after "2013" insert ". A loan application for a supplemental loan to a homeowner may not be accepted before October 1, 2013, nor after December 31, 2013"

Page 3, line 2, after the period insert "If the rebuilders loan borrower provides financial evidence satisfactory to the Bank of North Dakota to show that the borrower does not have the financial ability to repay the rebuilders loan in full upon sale of the property, after the sale of the property the Bank of North Dakota may allow the borrower to continue to make payments based on the loan terms."

Page 3, line 13, after the boldfaced period insert "The Bank of North Dakota shall transfer the sum of \$5,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the rebuilders loan program fund during the period beginning with the effective date of this Act and ending June 30, 2015."

Page 3, line 16, after "Laws" insert "and after that amount has been replenished, repayments to the rebuilders loan program fund must be transferred to replenish \$5,000,000 of the Bank of North Dakota's current earnings and undivided profits which was transferred to the rebuilders loan program fund under this section"

Page 3, line 18, replace "\$30,000,000" with "\$35,000,000"

Renumber accordingly