

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/29/2015**

Amendment to: HB 1418

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 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).*

This bill would cause state issued warrants to be considered void and canceled if not presented for payment within two years of issue. There would be no fiscal impact for this bill.

- 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.*
- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Ryan Skor

**Agency:** Office of State Treasurer

**Telephone:** 701-328-4637

**Date Prepared:** 01/30/2015

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/19/2015**

Bill/Resolution No.: HB 1418

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 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).*

This bill would put a one year limit on warrants issued by the state before they would be presumed abandoned and available to be transferred to unclaimed property. There would be no fiscal impact for this bill.

- 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.*

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Ryan Skor

**Agency:** Office of State Treasurer

**Telephone:** 701-328-4637

**Date Prepared:** 01/22/2015

**2015 HOUSE INDUSTRY, BUSINESS AND LABOR**

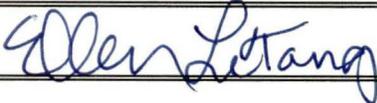
**HB 1418**

# 2015 HOUSE STANDING COMMITTEE MINUTES

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

HB 1418  
1/27/2015  
22679

- Subcommittee  
 Conference Committee



## Explanation or reason for introduction of bill/resolution:

Abandoned property presumption for uncashed checks issued by the state.

## Minutes:



**Chairman Keiser:** Opens the hearing HB 1418.

**Representative Stryele~District 3-Minot:** (Attachment 1). Explains the amendment is better language. This bill intends to do is right now there is no expiration date on a state issues check. After 3 years, they get turned over to abandoned property but they are still out there. In general business, 6 months is the general rule in the banking industry and is considered a stale check. The bank may or may not accept the check. The updated language on the amendment (attachment 1), is expires after 1 year yet if they take that in, they can get a new one. There is no expiration date; they are good until the paper falls apart. This clarifies and is better for accounting practices and we need some sort of date in the banking industry.

**Representative Ruby:** Why are you going with one year instead of two for checks to become abandon?

**Representative Stryele:** One year is more appropriate for budgeting standpoint but two years would be fine. We need something in code and the check shouldn't be good forever.

**Representative Amerman:** Can you explain what any warrant issues by the state?

**Representative Stryele:** It's a check, it's a legal term and there isn't any other form.

**Representative Ruby:** It mentions a new warrant issued, what if that has been in the unclaimed property division? Will it get removed from there?

**Representative Stryele:** After three years they turn it over to the abandoned property but the check is still good per say. It wouldn't change this, I think.

**Chairman Keiser:** Is it the case in subsection 1 that applies to the public and in subsection 2 applies to the state?

**Representative Stryele:** I think you are correct.

**Chairman Keiser:** We should be consistent and shouldn't give the state a better deal than our citizens.

**Representative Stryele:** That would be fine by me.

**Kelly Schmidt~State Treasurer:** (Attachment 2).

**Representative Amerman:** Any check in the new language issued by the state, within 365 days is considered, void and canceled. Do they have to present that within the 365 days or can they present it after?

**Schmidt:** This is the first step and work with state agencies to develop a process where you had a check longer than 365 days, you call and say, I found this old check, can you check into it for me? They would contact the issuing agency and therefore we would certify and be able to reissue you a check.

**Representative Amerman:** Is there a certain time where it's gets too long and if they represent it, it wouldn't be good anymore?

**Schmidt:** To date, no, if this law were to pass, it allows us to take any funds or any checks sitting in that suspended time between the date of the void and time that it goes to unclaimed property. It would put the responsibility on the state agency to work on the process to reissue that check.

**Representative Amerman:** Basically, within 3 years, they can reapply but once it goes 3 years, it goes to unclaimed property.

**Schmidt:** Yes, even after it goes to unclaimed property, they may have the original check in their hands and that original check has not expired, if they hold that for an extended period of time, they could cash a check through unclaimed property and still continue to hold that check for an extended period of time after record retention is done. It may be 7 years later they come in and they try to cash that original check. This is going to add another layer and this is going to bring government into the fold that private business does.

**Chairman Keiser:** Do you have an opinion if we should we make these two consistent. Does that first section apply to personal checks?

**Schmidt:** I believe it does. It probably less confusing for the public if they were both the same.

**Chairman Keiser:** Anyone else here to testify in HB 1418, opposition, neutral, closes the hearing. What are your wishes committee?

**Representative Ruby:** Before we move the amendment I would like to change the 365 days to two years to the amendment presented 15.0670.02001 and remove line 10. (See attachment 1 again)

**Representative Ruby:** The private and public check would be that the public check the payee would have the option to present the check to the agency and get another one reissued.

**Chairman Keiser:** That is correct.

**Representative Ruby:** Move the adoption of the amendment discussed above.

**Vice Chairman Sukut:** Second.

**Chairman Keiser:** Further discussion?

**Representative Devlin:** Does the canceled check being void, does it still go into abandoned property?

**Chairman Keiser:** I believe the abandon property is a different section as the canceled section.

**Schmidt:** Nothing would change.

**Voice vote on the amendment 15.0670.02001 with changes, motion passed.**

**Chairman Keiser:** What are the wishes of the committee?

**Representative Boschee:** Moves a Do Pass as Amended.

**Representative Ruby:** Second.

**Roll call was taken for a Do Pass as Amended on HB 1418 with 14 yes, 0 no, 1 absent and Representative Amerman is the carrier.**

Jan 27, 2015

15.0670.02001  
Title.

Prepared by the Legislative Council staff for  
Representative Streyle  
January 23, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1418

Page 1, line 10, replace "Any checks issued by the state which remain uncashed by the owner for more than three hundred sixty-five days after becoming payable are presumed abandoned." with "Any warrant issued by the state which the payee or legal holder fails to present for payment within three hundred sixty-five days of issue is considered void and canceled. If the payee or legal holder presents the void or canceled check for payment, the original issuing agency may issue a new warrant and the state treasurer is authorized to pay the new warrant."

Renumber accordingly

change to 2 years

Remove

January 28, 2015

8/1  
1-28-15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1418

Page 1, line 10, remove "Any checks issued by the state which remain uncashed by the owner for more than"

Page 1, replace line 11 with "Any warrant issued by the state which the payee or legal holder fails to present for payment within two years of issue is considered void and canceled. If the payee or legal holder presents the void or canceled check for payment, the original issuing agency may issue a new warrant and the state treasurer is authorized to pay the new warrant."

Renumber accordingly

Date: Jan 27, 2015

Roll Call Vote: 1

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1418

House Industry, Business & Labor Committee

Subcommittee  Conference Committee

Amendment LC# or Description: 15.0670.02001

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Rep Ruby Seconded By Rep Sukut

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Representative Lefor		
Vice Chairman Sukut			Representative Louser		
Representative Beadle			Representative Ruby		
Representative Becker			Representative Amerman		
Representative Devlin			Representative Boschee		
Representative Frantsvog			Representative Hanson		
Representative Kasper			Representative M Nelson		
Representative Laning					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

a dopt amendment <sup>change</sup> 365 to two years  
15.0670.02001 add

voice vote - motion carried

Date: Jun 27, 2015

Roll Call Vote: 2

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1418

House Industry, Business & Labor Committee

Subcommittee  Conference Committee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Rep Boschee Seconded By Rep Ruby

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	x		Representative Lefor	x	
Vice Chairman Sukut	x		Representative Louser	x	
Representative Beadle	x		Representative Ruby	x	
Representative Becker	x		Representative Amerman	x	
Representative Devlin	x		Representative Boschee	x	
Representative Frantsvog	Ab		Representative Hanson	x	
Representative Kasper	x		Representative M Nelson	x	
Representative Laning	x				

Total (Yes) 14 No 0

Absent 1

Floor Assignment Rep Amerman

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

**REPORT OF STANDING COMMITTEE**

**HB 1418: Industry, Business and Labor Committee (Rep. Keiser, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1418 was placed on the Sixth order on the calendar.

Page 1, line 10, remove "Any checks issued by the state which remain uncashed by the owner for more than"

Page 1, replace line 11 with "Any warrant issued by the state which the payee or legal holder fails to present for payment within two years of issue is considered void and canceled. If the payee or legal holder presents the void or canceled check for payment, the original issuing agency may issue a new warrant and the state treasurer is authorized to pay the new warrant."

Renumber accordingly

**2015 SENATE INDUSTRY, BUSINESS AND LABOR**

**HB 1418**

# 2015 SENATE STANDING COMMITTEE MINUTES

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

HB 1418 Engrossed  
3/16/2015  
Job Number 24859

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Eva Lubelt*

### Explanation or reason for introduction of bill/resolution:

Relating to an abandoned property presumption for uncashed checks issued by the state

### Minutes:

Attachment

**Chairman Klein:** Called the committee to order.

**Representative Streyle:** This bill has to do with checks issued by the state. Right now if there is a state issued check it never expires. This would say after two years it will be considered void and canceled, however there is a caveat to this, if the person who received the check brought it in three or four years later the agency could issue them another check or that person could go to abandoned property and receive those funds. (:10-1:59)

**Senator Murphy:** Asked if this is necessary.

**Representative Streyle:** The problem is there is a security risk to this, there are budgeting issues where it is taken off of their books after three years and moved to abandoned property, where this after two years they can simply cash the check in and send it to abandoned properties. It's not a huge issue but we need something in statute to say when the checks are stale. (2:15-3:00)

**Kelly Schmidt, State Treasurer:** Written Testimony Attached (1). (5:08-7:26)

**Chairman Klein:** Closed the hearing.

**Senator Burckhard:** Motioned a do pass.

**Senator Poolman:** Seconded the motion.

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

**Senator Burckhard will carry the bill.**

**2015 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 HB 1418 Engrossed**

Senate Industry, Business and Labor Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar

Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Senator Burckhard Seconded By Senator Poolman

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Campbell	x		Senator Sinner	x	
Senator Burckhard	x				
Senator Miller	x				
Senator Poolman	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Burckhard

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

**REPORT OF STANDING COMMITTEE**

**HB 1418, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1418 was placed on the Fourteenth order on the calendar.**

**2015 TESTIMONY**

**HB 1418**

Jan 27, 2015

15.0670.02001  
Title.

Prepared by the Legislative Council staff for  
Representative Streyle  
January 23, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1418

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Renumber accordingly

change to 2 years

Remove

Jan 27, 2015

2



STATE OF NORTH DAKOTA  
**OFFICE OF STATE TREASURER**  
Kelly L. Schmidt, State Treasurer

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House Industry Business and Labor

Kelly Schmidt

State Treasurer

IN SUPPORT of

HB 1418

Technology has changed the way we do business both in the public and provide sectors. Today, new technology has eliminated much of the time and effort of the past by turning a paper check into an electronic transfer, also known as an electronic check or e-check. Also used in the distribution process is the automated clearing house (ACH) an electronic transfer from one provider to another. These changes have brought efficiencies in processing, distribution and cost.

These technology changes have prompted us to take a look at how we do business in North Dakota. HB 1418 would bring an additional layer of security to the state check process. To date, checks (warrants) issues by the State of North Dakota never expire.

In many states checks or warrants not presented for payment within 180 or 365 days of the issue date are automatically cancelled per state law. We sent an inquiry through the National Association of State Treasurers and received responses from 16 states including MN and SD. See results below:

120 days – 1 state (MN) 180 days – 8 states (SD) 365 days – 5 states

Never expire – 2 states

After much discussion we felt 365 days would be appropriate for North Dakota. The Office of State Treasurer would work with state agencies to establish policies and procedures necessary to implement this change.

pg 1



STATE OF NORTH DAKOTA  
**OFFICE OF STATE TREASURER**  
 Kelly L. Schmidt, State Treasurer

Senate Industry Business and Labor

Kelly Schmidt

State Treasurer

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HB 1418

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120 days – 1 state (MN) 180 days – 8 states (SD) 365 days – 5 states

Never expire – 2 states

After much discussion we felt 365 days would be appropriate for North Dakota, however, the House amended this bill to 2 years. We can work with the time frame. The Office of State Treasurer would work with state agencies to establish policies and procedures necessary to implement this change.

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