

1999 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1048

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1048

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 1-14-1999

Tape Number	Side A	Side B	Meter #
1	X		6.5 - 44.0
Committee Clerk Signature			

Minutes: Some of the individuals testifying submit written testimony. When noted please refer to it for more detailed information.

Representative Klein, Chairman of the GVA Committee opened the hearing on January 14, 1999.

Summary of the Bill: Relating to debt collection by the state treasure.

Testimony in Favor:

Paul Kramer, Legislative Council appeared before the committee to explain the bill. This bill would create a state collection agency. He walked the committee through the bill, section by section. Please refer to the tape to hear him refer to this. It's a self funding entity.

Representative Klein, How is the debt collection taking place now?

Kramer, The committee looked at how Minnesota is doing it. The agencies for the most part go out on their own and contract to have this done. Some agencies do it themselves.

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Representative Klemin, The federal law now, the way it's written. How does it apply to this bill?

Was there a review done?

Kramer, I would presume so (review), they copied what Minnesota is doing and I would think they are following federal law. An attorney from our office drafted this bill.

Klemin, The answer is that you haven't done a review to see if ND is compliant with federal law.

Kramer, I guess not.

Klemin, Page 6, section 11, establishment of collection penalty. When is this effective? Date of the act?

Kramer, Probably not the date of the act.

Klemin, Are there penalty provisions in addition to interest provisions?

Representative Klemin, I guess I can't answer that. It's not an area the committee reviewed.

Representative Klemin, This would impose a penalty on top of the interests?

Kramer, Basically.

Representative Klemin, Section 12 on page 12 talks about fees. Expressly prohibited by law. Is there anywhere else where this is prohibited by law.

Kramer, Not where I am aware of. This is strictly state law.

Representative Klemin, Page 9, Burleigh county small claims court is 2500 dollars. Why was it 2500 versus the 5000? In ND we have or get 5000 in small claims court.

Kramer, I can't answer that, except that the attorney modeled it after the Minnesota case.

Representative Klemin, Page 10, line 28 it says the debtor has 28 days to request the venue.

Where in ND law do we do this?

Kramer, Once again I am not an attorney and I assume the attorney who drafted it modeled it.

Representative Thoreson, Time line, is this a half a million dollar budget, give or take?

Kramer, A little more.

Representative John Dorso, This is modeled after Minnesota law. I have asked for information from them and just haven't received it yet. Minnesota had put this agency together to collect bad debt. and it has recovered millions and millions of dollars. They had agencies also that didn't have standardized practices, it was a mess. Our state rights off millions of dollars of bad debt. some of it which, is never really pressed (the issue isn't pressed). That is why we want it and to provide a mechanism that is self funding. I don't think it would cost the state anything. The agencies within our state may have a turf issue with this. Every agency has their own way of doing this and one thinks it may be better than another. Keep an open mind on this, gather your information and take your testimony. I will get you as much information that I can from Minnesota on how they self funded it, and how much money they have collected. Maybe we can have some amendments drafted by legislative council to fit into this bill. It's time we in ND do pull it together. There are some people out there who do owe us money and we should try to collect this.

Representative Klein, How long has Minnesota been operating under this system?

Dorso, Five years.

Denise Lawson, North Dakota Newspaper Association appeared before the committee. She submitted written testimony and amendments which she read in its entirety (**please refer to this testimony and amendments**).

Testimony in Opposition:

Rich Clayburgh, I am here in a neutral compasity. I think you should do a study on this issue. It's got it's benefits but we shouldn't run into this to soon without knowing. I would support a collection agency but I believe and support a study resolution to make sure the legislature knows what their getting into.

Representative Winrich, In a number of places there are exemptions where things are prohibited under federal law. Does that prohibit or delay any of your concerns about the amendment offered by the newspaper association.

Clayburgh, Haven't seen it. There are strict confidentiality laws. My point is I don't object, but a lot more study has to be done before we make it law.

Rod Backman, OMB appeared before the committee to echo what the tax commissioner stated. How big of a problem is this in ND. Based on our limited review of this, we haven't found any wide spread problems. Were not talking about general fund dollars. My main point is that I believe we need to have some additional research to actually identify to what extent if any there is a problem

Representative Klein, 1.3 Billion in loans receivable and only 90 some thousand of that is out of the general fund.

Backman, That's part of the normal operating costs and the bulk of that is paid within that month. The large dollars are part of the on going process.

Pat Fricke, ND Housing and Finance appeared before the committee and stated that he is more neutral on this bill. We have a concern with page 2, line and line 28. The mandatory reporting of debt. receivable, is are normal course of business. There is also confidentiality involved here also.

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House Government and Veterans Affairs Committee

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Jack McDonald, ND Newspaper and Broadcasters Association appeared and stating what your really setting up here is a collection agency. Once you go to court and collect a debt., that name is public and this bill will do exactly that. There isn't anything wrong with the amendment we have proposed.

Representative Klein, Closed the hearing on HB 1048. Tape 1, Side A, Meter# 44. **(please refer to the tape for a more detailed analysis of the hearing).**


1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1048

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2-5-1999

Tape Number	Side A	Side B	Meter #
1		X	24.0 - 25.9
Committee Clerk Signature 			

Minutes: Chairman Klein instructed the committee to turn to this bill for committee work. We tried to come up with something, but it needs a lot more work. At this stage of the game, we are not ready to implement this program. It's a little bit before it's time.

Committee Action:

Representative Hawken, Made the motion for a Do Not Pass.

Representative Grande, Seconded the motion.

Motion Passes: Do Not Pass **14-0-1**.

Representative Brekke, Is the carrier for the bill.

DEC 17 1998

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: HB 1048 Amendment to: _____

Requested by Legislative Council _____ Date of Request: December 10, 1998

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative: The Office of State Treasurer would require two additional FTE's, one attorney and one paralegal, to oversee debt collection efforts and supervise case-load assignments. This is in addition to the attorneys and paralegals in other agencies that are currently involved in debt collection. Operating expenses, office equipment and furniture, and office space would need to be provided and a computerized docket system. Additionally, the Office of Attorney General estimates the possible impact on that office because the bill provides for passing billable hours through billable agencies. The coordinating is already being achieved through the Attorney General's Office and the collections committee. This fiscal note only shows the impact on the State Treasurer's Office.

- 2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	UNKNOWN		UNKNOWN		UNKNOWN	
Expenditures:	0.00		553,191	0.00	586,687	0.00


- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: 0.00
- b. For the 1999-2001 biennium: 553,191.
- c. For the 2001-03 biennium: 586,687.

- 4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed, attach a supplemental sheet.

Signed 

Typed Name KATHI GILMORE

Date Prepared: DECEMBER 17, 1999

Department STATE TREASURER

Phone Number 328-2643

Date: 2-5-99

Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1048

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO NOT PASS

Motion Made By HAWKEN Seconded By GRANDE

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP. WINRICH	✓	
VICE-CHAIR KLINISKE	✓				
REP. BREKKE	✓				
REP. CLEARY	✓				
REP. DEVLIN	✓				
REP. FAIRFIELD					
REP. GORDER	✓				
REP. GRANDE	✓				
REP. HAAS	✓				
REP. HAWKEN	✓				
REP. KLEMIN	✓				
REP. KROEBER	✓				
REP. METCALF	✓				
REP. THORESON	✓				

Total (Yes) 14 No 0

Absent 1

Floor Assignment BREKKE

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

REPORT OF STANDING COMMITTEE (410)
February 5, 1999 2:22 p.m.

Module No: HR-24-2092
Carrier: Brekke
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1048: Government and Veterans Affairs Committee (Rep. Klein, Chairman)
recommends **DO NOT PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
HB 1048 was placed on the Eleventh order on the calendar.

1999 TESTIMONY

HB 1048

DATE: January 14, 1999

**CHAIRMAN KLEIN AND MEMBERS OF THE GOVERNMENT AND
VETERANS AFFAIRS:**

My name is Denise Lawson, and I am here testifying today on behalf of the North Dakota Newspaper Association. We generally support HB 1048, but we would like your consideration of the following amendment:

Page 4, line 25, add:

“The name of the debtor, and the creditor agency and the amount of the debt shall not be confidential.”

Renumber accordingly

We believe the general information of money owed to the state should be public record and open to North Dakota's citizens as information. Our association continues to support the philosophy that as much government business as possible should be conducted in public.

I would be happy to answer any questions. Thank you for your consideration of this amendment.