

1999 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1137

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1137

House Industry, Business, and Labor Committee

Conference Committee

Hearing Date January 11, 1999

Tape Number	Side A	Side B	Meter #
1		x	51-55
2	x		0-8.0
Committee Clerk Signature <i>Lisa Horner</i>			

Minutes:

CHAIRMAN BERG OPENED THE HEARING ON HB 1137; A BILL RELATING TO CONSUMER FINANCE COMPANY, MONEY BROKER, AND COLLECTION AGENCY ANNUAL FEES AND LICENSES.

GARY PRESZLER, Commissioner of Banking, introduced HB 1137. (See written testimony).

REP. JOHNSON asked if dveryone needs to apply every year?

GARY said yes.

REP. SEVERSON asked what the fees will be reduced to in the next biennium?

GARY said that it is likely to be reduced to a minimum amount.

REP. LEMIEUX asked what the other state fees are?

GARY said it varies. Some don't even require licensing.

REP. KEMPENICH asked how fast they can react to changes in the market to cover the costs.

Page 2

House Industry, Business, and Labor Committee

Bill/Resolution Number hb 1137

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GARY said that it doesn't fluctuate. On the expense side it is stable. On the revenue side it will vary a bit.

REP. GLASSHEIM asked what the biennial expenses are?

GARY said roughly \$70 to 80,000 dollars.

REP. KLEIN asked how many licenses are issued?

GARY said there are 96 state charter banks, 44 state charter credit unions, and 221 money brokers.

CHAIRMAN BERG CLOSED THE HEARING ON HB 1137.

COMMITTEE ACTION

REP. KLEIN moved a DO PASS on HB 1137. REP. JOHNSON seconded the motion. The motion carried.

ROLL CALL - 13 YEA, 0 NAE, 2 ABSENT AND NOT VOTING.

FLOOR ASSIGNMENT - REP. GLASSHEIM

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: HB 1137 Amendment to: _____

Requested by Legislative Council Date of Request: 12-29-98

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:

HB No. 1137 will have no effect on the expenditures incurred by the Department. There will also be no effect on the revenue, unless the commissioner determines accumulated revenue exceeds expenses, related to licensing and supervisory activities for money brokers, collections agencies and consumer finance companies, at which time renewal fees would be reduced, causing a reduction in revenue. However, fees would remain at a level adequate to handle Department expenditures.

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:		0		0		0
Expenditures:		0		0		0

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
- b. For the 1999-2001 biennium: 0
- c. For the 2001-03 biennium: 0

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
0	0	0	0	0	0	0	0	0

If additional space is needed,
Attach a supplemental sheet.

Date Prepared: 1-8-98

Signed Lori L. Laschkewitsch

Typed Name Lori L. Laschkewitsch
Department Department of Banking and Financial Institutions

Phone Number 328-9933

Date: 1-11-99
Roll Call Vote #: _____

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1137

House Industry, Business and Labor Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken do pass

Motion Made By Klein Seconded By Johnson

Representatives	Yes	No	Representatives	Yes	No
Chair - Berg	/		Rep. Thorpe		
Vice Chair - Kempenich	/				
Rep. Brekke	/				
Rep. Eckstrom	/				
Rep. Froseth	/				
Rep. Glassheim	/				
Rep. Johnson	/				
Rep. Keiser					
Rep. Klein	/				
Rep. Koppang	/				
Rep. Lemieux	/				
Rep. Martinson	/				
Rep. Severson	/				
Rep. Stefonowicz	/				

Total (Yes) 13 ~~12~~ No _____

Absent 2

Floor Assignment Glassheim

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

REPORT OF STANDING COMMITTEE (410)
January 11, 1999 5:09 p.m.

Module No: HR-05-0486
Carrier: Glasheim
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1137: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1137 was placed on the Eleventh order on the calendar.

1999 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1137

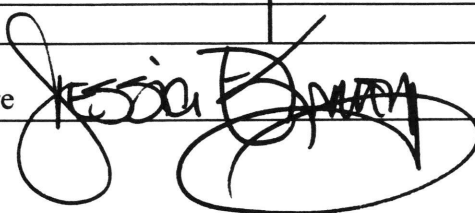
1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1137

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date February 9, 1999

Tape Number	Side A	Side B	Meter #
1		x	2600-end
Committee Clerk Signature 			

Minutes:

Senator Mutch opened the hearing on HB1137. All senators were present.

Gary Preszler testified in support of HB1137. His testimony is included. Senator Mutch asked him what would happen if they didn't make change in this. Mr. Preszler told him that he would be breaking the law. Senator Thompson asked if they had any problem with the \$200. Mr. Preszler said that no they did not.

Senator Mutch closed the hearing on HB1137.

Committee discussion took place on March 10, 1999.

Senator Klein motioned for a do not pass committee recommendation on HB1137. Senator Krebsbach seconded his motion. The motion carried with a 5-0-2 vote.

Senator Mutch will carry the bill.

Date: 3/10
Roll Call Vote #: 01

SR444514

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
HOUSE BILL/RESOLUTION NO. 1137

Senate INDUSTRY, BUSINESS AND LABOR COMMITTEE Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO NOT PASS

Motion Made By KLEIN Seconded By KREBSBACH

Senators	Yes	No	Senators	Yes	No
Senator Mutch	X				
Senator Sand	X				
Senator Krebsbach	X				
Senator Klein	X				
Senator Mathern	X				
Senator Heitkamp					
Senator Thompson					

Total (Yes) 5 No 0

Absent 2

Floor Assignment MUTCH

REPORT OF STANDING COMMITTEE (410)
March 11, 1999 9:49 a.m.

Module No: SR-44-4514
Carrier: Mutch
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1137: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends **DO NOT PASS** (5 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1137 was placed on the Fourteenth order on the calendar.

1999 TESTIMONY

HB 1137

TESTIMONY FOR HOUSE BILL NO. 1137

House Industry, Business, and Labor Committee

Testimony of Gary D. Preszler, Commissioner, Department of Banking and Financial Institutions in support of House Bill No. 1137.

House Bill No. 1137 grants authority to the banking commissioner to reduce the annual renewal license fee for consumer finance companies, money brokers, and collection agencies when these fees will exceed projected Department of Banking and Financial Institutions' expenses for the supervision of these entities.

Generally, the Department of Banking and Financial Institutions supervises three types of entities: state-chartered banks and trust companies, state-chartered credit unions, and consumer licensees consisting of consumer finance companies, money brokers, and collection agencies. As a special funded agency, the Department of Banking and Financial Institutions has established a separate cost center item for each category of supervision. The Department of Banking and Financial Institutions assesses the amount of time devoted to the supervision of each particular category and assesses a cost attributable to the supervision. For example, I spend approximately 85% of my time supervising banks, 10% supervising credit unions, and 5% supervising the regulation of consumer licensees. Accordingly, these cost centers are allocated the expense of my salary on a proportional basis.

House Bill No. 1137 authorizes the Commissioner to reduce the annual consumer license fee for money brokers, consumer finance companies, and collection agencies to be in closer proximity to the expected costs of supervising these entities.

The annual license fee of two hundred dollars is unchanged in the statute and is the maximum amount a licensee will continue to pay unless the Commissioner reduces the fee under the proposed House Bill No. 1137.

Department revenues in the consumer license cost center have accumulated to beyond what is needed to administer and supervise license activity. This is primarily due to an increase in money broker licenses issued to mortgage brokers caused by a strong housing market and the continued steady mortgage refinancing business.

House Bill No. 1137 provides flexibility for the Commissioner to adjust the fee up to two hundred dollars if the house and refinancing market slows resulting in reduced revenues.

The fiscal note indicates no impact to the Department revenue. This is due to the fact that any reduction in the renewal fee made by the Commissioner will be offset by a continued increase in the number of licenses.

Based on the above, the Department stands in support of House Bill No. 1137 and requests a favorable "Do Pass" from the Committee.

TESTIMONY FOR HOUSE BILL NO. 1137

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House Bill No. 1137 grants authority to the banking commissioner to reduce the annual renewal license fee for consumer finance companies, money brokers, and collection agencies when these fees will exceed projected Department of Banking and Financial Institutions' expenses for the supervision of these entities.

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Department revenues in the consumer license cost center have accumulated to beyond what is needed to administer and supervise license activity. As of the end of November, we estimate the accumulated fees are approximately \$200,000 more than what we will need to pay expenses through June 30, 1999. The annual license runs for a July 1 to June 30 fiscal year. This is primarily due to an increase in money broker licenses issued to mortgage brokers caused by a strong housing market and the continued steady mortgage refinancing business.

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