

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1290

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1290

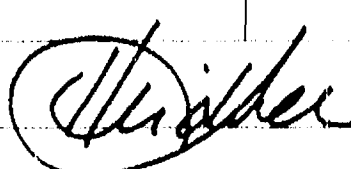
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1290

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Jan 29, 2001

Tape Number	Side A	Side B	Meter #
J	X		45
		X	-7
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe,
Rep Darryl Nottestad: I am sponsoring HB 1290.

Greg Tschider: *ND Credit Union League* **Written testimony in support of bill.**

Rep Klein: I'm concerned about dropping the percentage.

Tschider: The credit evaluation proves this will be safe and also necessary to stay competitive.

Rep Klein: Do you go by the dealer's word?

Tschider: The information is faxed to the creditor.

Rep Thorpe: Actual cash value, isn't this too open?

Tschider: We can threaten prosecution is money is not received. No one can guarantee 100% honesty and this won't increase the problem from current law.

Rep Lemieux: How do credit unions compare to banks?

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House Industry, Business and Labor Committee
Bill/Resolution Number HB 1290
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Tschider: Banks have no limits in statute but the FDIC regulates their policies.

Tim Karsky: *Dept. of Banking* We support this bill. The dept. has enforcement power to reduce exposure.

Chairman Berg: We'll close the hearing on HB 1290.

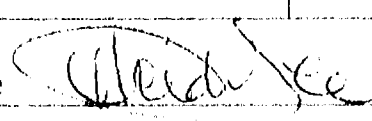
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1290 (B)

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Jan 31, 2001

Tape Number	Side A	Side B	Meter #
2		X	16-18
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Vice-Chairman Keiser: I recommend a do pass.

Rep Klein: I second.

15 yea, 0 nay, 0 absent

Carrier Rep Keiser

Date: 1-31-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. ~~Click here to type Bill/Resolution No.~~ 1290

House Industry, Business and Labor Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Keiser Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman- Rick Berg	✓		Rep. Jim Kasper	✓	
Vice-Chairman George Keiser	✓		Rep. Matthew M. Klein	✓	
Rep. Mary Ekstorm	✓		Rep. Myron Koppang	✓	
Rep. Rod Froelich	✓		Rep. Doug Lemieux	✓	
Rep. Glen Froseth	✓		Rep. Bill Pietsch	✓	
Rep. Roxanne Jensen	✓		Rep. Dan Ruby	✓	
Rep. Nancy Johnson	✓		Rep. Dale C. Severson	✓	
			Rep. Elwood Thorpe	✓	

Total (Yes) 15 No 0

Absent 0

Floor Assignment Keiser

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

REPORT OF STANDING COMMITTEE (410)
January 31, 2001 4:16 p.m.

Module No: HR-17-2042
Carrier: Keiser
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1290: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends DO PASS (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1290 was placed on the Eleventh order on the calendar.

2001 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1290

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1290

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date March 06, 2001.

Tape Number	Side A	Side B	Meter #
1		x	0 to 7.2
2	x		1.8 to 2.8
Committee Clerk Signature <i>Dono & Pires</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on HB 1290 relating to the limitation on credit union investment in certain notes or bonds.

Representative Darrell Nottestad, District 43, cosponsor. Introduced credit union members who will answer questions.

Greg Tschider, ND Credit Union League. In favor. Main changes in this bill relate to the deletion of "in the state" to eliminate lending restriction and the increase of the loan percentage from 75% to 90%. Written testimony attached.

Senator Mutch: Are all commercial banks going to 90%?

Senator Espegard: The main thing is creditworthiness, nothing in Century Code restricts how much they can finance.

Tim Karsky, Deputy Commissioner, Department of Banking and Financial Institutions. Endorse this bill.

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Senate Industry, Business and Labor Committee

Bill/Resolution Number HB 1290

Hearing Date March 06, 2001.

Senator Espegard: "in the state" has always been there? Credit unions have not been able to make loans other than in the state until now?

G Tschider: Since 1936. Any member, regardless of where they live can get a loan. This has to do only with dealer retail installment papers. This is an investment tool that deals with dealerships not members. There is the potential for it not to stay in the charter but usually doesn't happen.

Senator Mutch: If the dealer sells paper to you, do they have to be members of the credit union?

G Tschider: No, this is no different than buying treasury bills.

No opposing testimony. Hearing concluded.

Tape 2-A-1.8 to 2.8

Discussion held.

Senator Klein: Motion do pass. **Senator Espegard:** Second.

Roll call vote: 7 yes; 0 no. Motion carried. Floor assignment: **Senator Klein.**

REPORT OF STANDING COMMITTEE (410)
March 6, 2001 12:17 p.m.

Module No: SR-38-4885
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1290: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends
DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1290 was placed
on the Fourteenth order on the calendar.

2001 TESTIMONY

HB 1290

TESTIMONY IN SUPPORT OF HOUSE BILL NO. 1290

GREG TSCHIDER, ND CREDIT UNION LEAGUE

Mr. Chairman and Members of the Industry, Business and Labor Committee,
I am Greg Tschider and I represent the North Dakota Credit Union League.

House Bill 1290 would change two portions of subsection 5 of Section 6-06-06
NDCC:

First, at the present time credit unions may not invest in notes or bonds such
as dealer paper if the personal property securing the loan is not located in North
Dakota. This has substantial impact on credit unions located near the state borders
such as Fargo, Grand Forks, Wahpeton, Williston, and Dickinson. Consumers and
credit unions should not be restricted in their lending relationships simply because
the consumer resides in Moorhead versus Fargo or in East Grand Forks versus
Grand Forks.

Car dealers, implement dealers, motor home dealers, mobile home dealers,
and others often sell their products using a retail installment contract. The dealers
normally assign the contracts to financial institutions with the result that the
financial institutions own and service the loans as if the loans had originated at the
bank or credit union. As stated above, at the present time those contracts cannot be
transferred to the credit union if the vehicle, machinery, motor home, etc. is not
located in North Dakota.

The second proposed change would increase the loan percentage from 75% to 90%. With the increased cost of vehicles and machinery, a credit worthy consumer may not have the required 25% down payment. This proposed legislation would still require a 10% down payment.

I have discussed these changes with the Department of Banking and Financial Institutions and the Department has not raised any safety or soundness concerns regarding this proposed legislation.

This bill will provide greater flexibility to consumers and the credit unions in structuring debt that is secured by personal property.

Therefore, the North Dakota Credit Union League respectfully requests that the committee send this bill to the House floor with a "Do-Pass" recommendation.

TESTIMONY IN SUPPORT OF HOUSE BILL NO. 1290

GREG TSCHIDER, ND CREDIT UNION LEAGUE

Mr. Chairman and Members of the Senate Industry, Business and Labor Committee, I am Greg Tschider and I represent the North Dakota Credit Union League.

House Bill 1290 would change two portions of subsection 5 of Section 6-06-06 NDCC:

First, at the present time credit unions may not invest in notes or bonds such as dealer paper if the personal property securing the loan is not located in North Dakota. This has substantial impact on credit unions located near the state borders such as Fargo, Grand Forks, Wahpeton, Williston, and Dickinson. Consumers and credit unions should not be restricted in their lending relationships simply because the consumer resides in Moorhead versus Fargo or in East Grand Forks versus Grand Forks.

Car dealers, implement dealers, motor home dealers, mobile home dealers, and others often sell their products using a retail installment contract. The dealers normally assign the contracts to financial institutions with the result that the financial institutions own and service the loans as if the loans had originated at the bank or credit union. As stated above, at the present time those contracts cannot be transferred to the credit union if the vehicle, machinery, motor home, etc. is not located in North Dakota.

The second proposed change would increase the loan percentage from 75% to 90%. With the increased cost of vehicles and machinery, a credit worthy consumer may not have the present requirement of a 25% down payment. This proposed legislation would still require a 10% down payment. Most other financial institutions are not subject to any percentage limitation.

I have discussed these changes with the Department of Banking and Financial Institutions and the Department has not raised any safety or soundness concerns regarding this proposed legislation. In fact, the Department supported this bill at the House Industry, Business, and Labor Committee hearing.

This bill will provide greater flexibility to consumers and the credit unions in structuring debt that is secured by personal property.

Therefore, the North Dakota Credit Union League respectfully requests that this committee send this bill to the Senate floor with a "Do-Pass" recommendation.