

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SEN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

14447

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1447

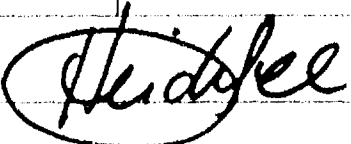
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1447

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Feb., 13, 2001

Tape Number	Side A	Side B	Meter #
1	X		0
		X	-31
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 Jim Kasper: Sponsor of bill on financial privacy. Reviewed and supplied GLB Act.

Rep George Keiser: I support this bill and the idea is catching on in other states. This bill goes into effect before the next session and this is very well defined on what can and cannot happen.

Cynthia Auen: **Written testimony in support.**

Syver Vinje: *Securities Commissioner* I'm neutral on the issue until further information.

Marilyn Foss: *NDBA* **Written testimony in opposition.**

Rep Kasper: When a financial institution receives info., who owns it?

Foss: The bank owns the records but its an open question.

Chairman Berg: When is the deadline?

Foss: July 1, 2001 notices have to be out and in compliance.

Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number HB 1447

Hearing Date Feb. 13, 2001

Pat Ward: *ND Domestics Ins. Co.* **Written testimony in opposition.**

Vice-Chairman Keiser: Why is medical data different?

Foss: People are more protective of medical data.

Chairman Berg: How do you know your information is not being shared?

Foss: There is no official way of knowing.

Rep Kasper: Isn't it easier under opt-in?

Foss: Yes but that would be closing down e-commerce.

Rep Pietsch: This does not allow trade with affiliates?

Foss: GLB says that they can, no current law covers it but HB 1447 prevents it.

Greg Morris: **Opposed** Banks have an exemption with affiliates that insurance companies don't get. The Insurance Department had to get GLB pushed back from November 2000 to July 2001.

Joel Gilbertson: *Independent Banks ND* **Written testimony opposed.**

Buell Reich: *ND Credit Union League* **Written testimony opposed.**

Gary Preszler: *Bank and Financial Inst.* **Written testimony neutral.**

Chairman Berg: We'll close the hearing on HB 1447.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1447(B)

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Feb. 14, 2001

Tape Number	Side A	Side B	Meter #
2		X	12.1-43.6
Committee Clerk Signature <i>Heidi Lee</i>			

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 Kasper: Provided and explained new amendments, chapter 6-08.1, and Title V.

Rep Keiser: I move the amendments.

Rep Ekstrom: I second.

Rep Kasper: I move a do pass as amended.

Rep Keiser: I second.

6 yea, 7 nay, 2 absent

Rep Severson: I move a do not pass as amended.

Rep Koppang: I second.

7 yea, 6 nay, 2 absent Carrier Rep Berg

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1447

Page 1, line 2, remove "; and to provide a penalty"

Page 1, replace lines 4 through 23 with:

"SECTION 1. Definitions. As used in this Act, unless the context otherwise requires:

1. "Affiliate" has the same meaning provided in section 509 of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102; 113 Stat. 1443; 15 U.S.C. 6809].
2. "Consumer" has the same meaning provided in section 509 of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102; 113 Stat. 1443; 15 U.S.C. 6809].
3. "Financial activities" includes lending, trust, and other banking activities; insurance activities; financial or economic advice or services; pooled investments; and securities underwriting and dealing.
4. "Financial institution" has the same meaning as provided in section 509 of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102; 113 Stat. 1443; 15 U.S.C. 6809]. The term includes any institution engaging in financial activities.
5. "Nonaffiliated third party" has the same meaning provided in section 509 of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102; 113 Stat. 1443; 15 U.S.C. 6809].
6. "Nonpublic personal information" has the same meaning provided in section 509 of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102; 113 Stat. 1443; 15 U.S.C. 6809] and includes a consumer's social security number, income amount, income source, net worth, employer, and occupation.

SECTION 2. Privacy of financial data - Exceptions. Except as expressly provided in this Act, every financial institution doing business in this state shall comply with the privacy provisions in title V of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102, title V, sec. 501 et seq.; 113 Stat. 1436 et seq.; 15 U.S.C. 6801 et seq.].

1. In the case of a financial institution regulated under chapter 6-08.1, the provisions relating to disclosure of customer information under chapter 6-08.1 supersede this Act.
2. In the case of a financial institution not regulated under chapter 6-08.1, the financial institution may not disclose nonpublic personal information about a consumer to any affiliate or nonaffiliated third party, including a disclosure described in section 502(b)(2) of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102; 113 Stat. 1437; 15 U.S.C. 6802], unless the disclosure is made pursuant to a consent granted by the consumer as provided under this Act. However, a financial institution regulated under this subsection may disclose nonpublic personal

Information about a consumer without a consent granted by the consumer if the disclosure is made:

- a. Pursuant to one of the general exceptions in section 502(e) of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102; 110 Stat. 1437; 15 U.S.C. 6802];
- b. For the purpose of reporting a suspected violation of law or rule to the appropriate state agency or law enforcement agency; or
- c. For the purpose of complying with state law or rule, including the sharing of information between the department of banking and financial institutions, insurance commissioner, and securities commissioner in the course of official duties."

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 9

Page 3, line 17, replace "five" with "two"

Page 3, line 24, remove "- Penalty - Civil penalty"

Page 3, line 25, remove "Any financial"

Page 3, remove lines 26 and 27

Renumber accordingly

Date: 2-14-01
 Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1447

House Industry, Business and Labor Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as amended

Motion Made By Kasper Seconded By Keiser

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 Pletsch		✓
Rep. Roxanne Jensen		✓	Rep. Dan Ruby		✓
Rep. Nancy Johnson		✓	Rep. Dale C. Severson		✓
			Rep. Elwood Thorpe	✓	

Total (Yes) 6 No 7

Absent 2

Floor Assignment Rep Keiser

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

Date: 2-14-01
Roll Call Vote #: 2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1447

House Industry, Business and Labor Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass as amended

Motion Made By Severson Seconded By Koppang

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) 7 No 6

Absent 0

Floor Assignment Rep Berg

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

REPORT OF STANDING COMMITTEE

HB 1447: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO NOT PASS (7 YEAS, 6 NAYS, 2 ABSENT AND NOT VOTING). HB 1447 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "penalty" with "contingent effective clause"

Page 1, replace lines 4 through 23 with:

"SECTION 1. Definitions. As used in this Act, unless the context otherwise requires:

1. "Consumer" has the same meaning provided in section 509 of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102; 113 Stat. 1443; 15 U.S.C. 6809].
2. "Financial activities" includes lending, trust, and other banking activities; insurance activities; financial or economic advice or services; pooled investments; and securities underwriting and dealing.
3. "Financial institution" has the same meaning as provided in section 509 of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102; 113 Stat. 1443; 15 U.S.C. 6809]. The term includes any institution engaging in financial activities.
4. "Nonaffiliated third party" has the same meaning provided in section 509 of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102; 113 Stat. 1443; 15 U.S.C. 6809].
5. "Nonpublic personal information" has the same meaning provided in section 509 of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102; 113 Stat. 1443; 15 U.S.C. 6809].

SECTION 2. Privacy of financial data - Exceptions. Except as expressly provided in this Act, every financial institution doing business in this state shall comply with the privacy provisions in title V of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102, title V, sec. 501 et seq.; 113 Stat. 1436 et seq.; 15 U.S.C. 6801 et seq.].

1. In the case of a financial institution regulated under chapter 6-08.1, the provisions relating to disclosure of customer information under chapter 6-08.1 supersede this Act.
2. In the case of a financial institution not regulated under chapter 6-08.1, the financial institution may not disclose nonpublic personal information about a consumer to any nonaffiliated third party, including a disclosure described in section 502(b)(2) of the Federal Gramm-Leach-Bliley Financial Services Modernization Act [Pub. L. 106-102; 113 Stat. 1437; 15 U.S.C. 6802], unless the disclosure is made pursuant to a consent granted by the consumer as provided under this Act. However, a financial institution regulated under this subsection may disclose nonpublic personal information about a consumer without a consent granted by the consumer if the disclosure is made:

