

# MICROFILM DIVIDER

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ROLL NUMBER

DESCRIPTION

1232

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Dorena Hall  
Operator's Signature

10/2/03  
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1232

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*Dennis G. Ball*  
Operator's Signature

10/2/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1232

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/27/03

Tape Number	Side A	Side B	Meter #
1	x		52.5-end
1		x	0.00-13.0
4	x		6.9-10.0

Committee Clerk Signature *Judith Hammer*

Minutes: Chairman Keiser opened the hearing on HB 1232. Rep. Nancy Johnson, on behalf of Rep. Maragos, introduced Tom Wentz, Jr. who presented HB 1232, which related to security deposits for lease of real property and residential dwellings, (See attached) This bill allows that security deposits still be held for the benefit of the tenant but that they be held directly by the landlord. The reason for this proposed bill is to lessen the onerous accounting burden required for compliance under current law.

Rep. Ekstrom: What is the rate of forfeiture? If *shall* is changed to *may* on line 9, it would be permissive for a real estate trust or landlord could hold the money in a FDIC account or hold the money for the benefit of the tenant. Could we do both?

Wentz: I can't comment industry wide but about 15% of IRET's security deposits are forfeited. I believe changing *shall* to *may* would make that possible.

Rep. Dosch: How would you reconcile the difference between the 3% to 1% interest rate?

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*Dorinda Ballerich*  
Operator's signature

*1/27/03*  
Date

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House Industry, Business and Labor Committee  
Bill/Resolution Number HB 1232  
Hearing Date 1/27/03

**Wentz:** This is based on a Minnesota statute on which we based our legislation. Security deposit interest is only payable for residency of 9 months or longer.

**Rep. Forseth:** What are reporting requirements for the lessor?

**Wentz:** At the end of the lease, the landlord must provide an accounting and a damage statement or return to the tenant on a timely basis.

**Rep. Johnson:** What is Minnesota interest rate?

**Wentz:** Minnesota's rate is currently set at 3%, in 2004 it increases to 4%.

**Rep. Ekstrom:** If we decide to amend, we must be specific on lines 11 & 12, in terms of rate of interest that it is tied to this kind of arrangement, not the passbook rate of interest.

**Rocky Gordon,** Bismarck property owner and appearing today on behalf of ND Apartment Association, appeared in opposition to HB 1232. He stated that he is not strongly opposed to the first portion of the bill but would rather see a benchmark or no interest at all.

**Claus Lembke,** ND Association of Realtors, concurred with Mr. Lembke's points.

As there was no one else present to testify, the hearing was closed.

Prior to afternoon hearings, **Chairman Keiser** called for committee work on HB 1232.

**Rep. Dosch** will carry this bill on the floor. He said that we ought to redirect the amount of interest paid on the account rather than putting in a set amount or new legislation will come before this committee each session. The law stipulates that it must be an FDIC savings account, the bookkeeping is cumbersome. ~~May~~ it should be changed to be either a checking or a savings account.

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Operator's Signature

1/27/03  
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House Industry, Business and Labor Committee  
Bill/Resolution Number HB 1232  
Hearing Date 1/27/03

**Rep. Froseth:** If we change "shall" to "may" in line 9 it would allow a landlord do one or the other.

**Rep. Dosch:** So the amendment will change the "shall" to "may" and we'll index the rate of interest to a federal treasury note.

Committee work was concluded for today.

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*Dorinda Bell*  
Operator's Signature

*1/27/03*  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1232

House Industry, Business and Labor Committee

Conference Committee

Hearing Date February 10, 2003

Tape Number	Side A	Side B	Meter #
1	X		1920-2640

Committee Clerk Signature *Elizabeth R. Linn*

Minutes: **Chair Kelser:** Opened discussion on HB 1232. Discussed amendments handed out by Rep. Dosch. Keeps money in insured account. Money can be in savings or checking account. No longer requires account to be established solely for security deposit. Skirts the interest rate issue.

Rep. Klein moved to adopt amendments. Seconded by Rep. Zaiser.

Rep. Severson moved to recommend DP as amended. Seconded by Rep. Klein

Vote: 14 Yes 0 No 0 Absent and not voting Carrier: Dosch

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*Deanna Holbrook*  
Operator's Signature

*10/2/03*  
Date

30406.0101  
Title.0200

Adopted by the Industry, Business and Labor  
Committee

February 10, 2003

VR  
2/11/03

HOUSE AMENDMENTS TO HOUSE BILL NO. 1232 IBL 2-12-03

Page 1, line 9, remove the overstrike over "~~deposit the money in a federally insured~~"

Page 1, line 10, remove the overstrike over "~~interest-bearing savings or~~", after "passbook"  
insert "checking", and remove the overstrike over "~~account~~"

Page 1, line 11, remove "~~hold the money~~" and remove ". The interest on the deposit is"

Page 1, line 12, remove "~~deemed to be a simple noncompounded interest rate of three percent  
per annum~~"

Renumber accordingly

Page No. 1

30406.0101

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Operator's Signature

*Dorena Bell*

Date

10/2/03

