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*La Costa Rickford*  
Operator's Signature

10/3/03  
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1286

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10/2/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1286

House Industry, Business and Labor Committee

Conference Committee

Hearing Date January 28, 2003

| Tape Number | Side A | Side B | Meter #  |
|-------------|--------|--------|----------|
| 2           | X      |        | 0.2-2399 |
|             |        |        |          |
|             |        |        |          |

Committee Clerk Signature *Elizabeth R. Fein*

Minutes: **CHAIR KEISER:** Opened hearing on HB 1286

**REP. KASPER:** Described bill

**REP. EKSTROM:** Do I assume this applies to both in- and out-of-state financial institutions?

Rep. Kasper said that yes, it is meant to be all encompassing.

**REP. KEISER:** Asked how we enforce this outside of ND. Rep. Kasper said that you can't, but the legislation will say they should and hopes they would comply. Keiser than asked about a penalty for noncompliance and Rep.Kasper replied that although it is not in the bill, the committee should consider a penalty.

**REP. RUBY:** Will this be the duty of the Bank Commissioner? Rep Kasper answered that the bank commissioner would take care of the banks and the insurance commission will do the insurance reports.

**REP. NOTTESTAD:** Why is there not a fiscal note? Rep. Kasper stated that if one is necessary, then the committee should look into it.

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*10/2/03*  
Date

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House Industry, Business and Labor Committee

Bill/Resolution Number 1286

Hearing Date 1-28-03

**MARILYN FOSS (ND Bankers Assoc. General Counsel):** Opposes with written testimony.

**REP. RUBY:** Is the concern that this will make banks reporting agencies and then they are liable? Is it not understood that they would get the report from a non-bank source and they go to that agency with questions? Foss noted that the customer is already notified of where to get the report and that the banks she spoke with say that few people ask for the report. Rep. Ruby then said that it takes 60 days to get it through the agency when the bank already has it. Foss corrected that it takes 3 weeks. The 60 days is the period where the customer contacts the agency and gets the report.

**REP. KEISER:** The bill is a service issue. Are the banks concerned with legal issues and the shift of liability? Foss stated three areas of concern: the legal aspect, the contractual provisions which shift liability to the banks, and the idea of consumers misunderstanding how you fix what problems and forego the route to fix them.

**REP. KASPER:** What is the report, where do you get it? How do you separate the bank from the report? Foss stated that banks do discuss adverse decisions, but the banks cannot, nor is it their responsibility to discuss credit reports with the customer.

**MARILYN FOSS:** Also stated that she has been authorized to speak on behalf of the Independent Community Banks. They also take the position of the ND Bankers Association.

**PAT WARD (State Farm and American Family Insurance):** Agrees with Foss. This also applies to insurance companies. Underwriters are not always in ND and agents do not then have the credit reports. And if there is a \$10 charge, how to the insurance companies enforce that if someone doesn't want to pay. Creates more problems than it solves because more people end up seeing your credit report than are now. Privacy issue.

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10/2/03  
Date

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House Industry, Business and Labor Committee  
Bill/Resolution Number 1286  
Hearing Date 1-28-03

**REP. KEISER** asked which insurance company wouldn't charge the \$10? Ward said that it is not actuarially sound

**TIM KARSKY (Commissioner of Financial Institutions):** Neutral position. There are no teeth to this bill. What do you do with national banks in ND? This bill doesn't include Savings and Loans and other institutions. This would be tough to enforce.

**REP. NOTTESTAD** questioned if a fiscal note is necessary. Karsky had no idea how many complaints they would receive or whether or not additional staff would be required.

**CHAIR KEISER:** Closed hearing on HB 1286

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1286

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/29/03

| Tape Number | Side A | Side B | Meter #   |
|-------------|--------|--------|-----------|
| 2           |        | x      | 21.3-28.0 |
|             |        |        |           |
|             |        |        |           |

Committee Clerk Signature *Juan Hammer*

Minutes: Chairman Keiser called for committee work on HB 1286.

**Rep. Kasper:** This bill deals with being denied credit by a financial institution and that institution's responsibility for providing you with a copy of that report.

**Rep. Klein:** What was Marilyn Foss' take on this?

**Rep. Kasper:** I think her concern was that the consumer might be confused that it's the bank's information causing the denial of a loan as opposed to the credit union report.

**Rep. Severson:** She was opposed to the bank becoming the service body..

**Chairman Keiser:** Federal law states that a consumer can get a free copy. But that may not be true because banks are not consumer reporting agencies. By charging a \$10 fee and distributing a credit report that they become de facto a consumer reporting agency.

**Rep. Ruby:** This insults the intelligence of the customer.

**Chairman Keiser:** Pat Ward and Tim Karsky commented on the penalty clause. And this bill doesn't include Pay Day Loan Centers, Savings & Loans, etc.

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House Industry, Business and Labor Committee

Bill/Resolution Number HB 1286

Hearing Date 1/29/03

**Rep. Ekstrom:** This is unenforceable. With those reports coming to the bank, it increases the risk of a breach of confidentiality.

**Rep. Kasper:** Banks don't get credit reports, they get credit scores, according to Pat Ward.

**Rep. Ekstrom** moved a Do Not Pass.

**Rep. Froseth** seconded the motion.

The roll call vote results were: **11-3-0.**

**Rep. Ekstrom** will carry this on the floor.

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10/2/03  
Date

Date: 1/29/03  
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1286

House Industry, Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass

Motion Made By Eckstrom Seconded By Froseth

| Representatives           | Yes | No | Representatives | Yes | No |
|---------------------------|-----|----|-----------------|-----|----|
| Chairman Keiser           | ✓   |    | Rep.Boe         | ✓   |    |
| Rep. Severson, Vice-Chair | ✓   |    | Rep. Ekstrom    | ✓   |    |
| Rep. Dosch                | ✓   |    | Rep. Thorpe     |     | ✓  |
| Rep. Froseth              | ✓   |    | Rep. Zaiser     | ✓   |    |
| Rep. Johnson              | ✓   |    |                 |     |    |
| Rep. Kasper               | ✓   | ✓  |                 |     |    |
| Rep. Klein                | ✓   |    |                 |     |    |
| Rep. Nottlestad           | ✓   | ✓  |                 |     |    |
| Rep. Ruby                 | ✓   | ✓  |                 |     |    |
| Rep. Tieman               | ✓   |    |                 |     |    |
|                           |     |    |                 |     |    |
|                           |     |    |                 |     |    |
|                           |     |    |                 |     |    |
|                           |     |    |                 |     |    |

Total (Yes) ~~10~~ 11 No 3

Absent \_\_\_\_\_

Floor Assignment Eckstrom

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

~~Handwritten scribbles~~

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Operator's Signature Lu Costa Rickford Date 10/3/03



**REPORT OF STANDING COMMITTEE (410)**  
January 30, 2003 10:44 a.m.

Module No: HR-18-1339  
Carrier: Ekstrom  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
**HB 1286: Industry, Business and Labor Committee (Rep. Kelsner, Chairman)**  
recommends **DO NOT PASS** (11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING).  
HB 1286 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-18-1339

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*10/3/03*  
Date

10

2003 TESTIMONY

HB 1286

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