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Lo Costa Rickford
Operator's Signature

10/16/63
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1478

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Yolanda Rickford
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10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1478

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2/4/03

Tape Number	Side A	Side B	Meter #
3	x		13.2-49.6
Committee Clerk Signature <i>Maithu Hammer</i>			

Minutes: **Chairman Keiser** opened the hearing on HB 1478.

Rep. Kasper, District 46, introduced the bill and walked the committee through it. This deals with financial institutions and privacy laws. The intent of this bill is to clear up ambiguities within the law and add a few items of new information. We will continue the opt in financial privacy protection but clarify that banks will not be impeded in their course of business. Part 3 is the major part of the bill and pertains to those institutions operating within our state only, not branches that might be located outside our state borders.

Marilyn Foss, general counsel for North Dakota Bankers Association, testified in support of HB 1478 (See attachment #1)

Joel Gilbertson, representing Independent Community Banks of North Dakota, testified in support of HB 1478. (See attachment #2)

Earl Jarolimek, Community First Bank, testified in support of HB 1478. (See attachment #3)

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House Industry, Business and Labor Committee
Bill/Resolution Number HB 1478
Hearing Date 2/4/03

Greg Tschider, representing the North Dakota Credit Union League, testified in support of HB 1478. (See attachment #4). He stated that his organization can live with the "joint marketing" language. The private right of action is somewhat of a drawback.

As there was no one present who wished to testify in opposition to HB 1478, the hearing was closed.

Chairman Keiser appointed **Rep. Froseth** to chair a subcommittee comprised of **Representatives Ruby, Dosch and Ekstrom** to explore and determine how HB 1478 and HB 1038 can be combined into one piece of legislation.

Chairman Keiser appointed **Rep. Severson** to chair a subcommittee comprised of **Representatives Ruby, Tiegan and Boe** to combine HB 1477, 1179 and 1485 into a single piece of legislation.

Rep. Kasper will serve as advisory chair for both subcommittees.

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1478

House Industry, Business and Labor Committee

Conference Committee

Hearing Date February 11, 2003

Tape Number	Side A	Side B	Meter #
1	X		832-1636

Committee Clerk Signature Bern Leier

Minutes: **Chair Kelsner:** Opened discussion on HB 1478

Rep. Kasper: The amendment from Marilyn Foss puts the bill in compliance with Gramm-Leach-Bliley (handout). Need the amendment to make the bill final.

Rep. Kasper moved to adopt amendment. Seconded by Rep. Klein.

Rep. Thorpe: Who are we specifying with the "opt-out"? Rep. Kasper said no one is specified.

Rep. Kelsner: Is joint marketing out? Rep. Kasper said that it is in Section 3 of 1478.

Rep. Ruby: The banks and credit unions liked 1478 better than HB 1038.

Voice vote on amendment. Amendment carries.

Rep. Ekstrom: Would like consistency between this and the insurance bills.

Rep. Kasper: Insurance concern is not joint marketing. The concern is whether or not the agent has multiple licenses.

Rep. Ruby moved DP as amended. Seconded by Rep. Tieman.

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

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1478

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2/17/03

Tape Number	Side A	Side B	Meter #
1	x		0.0-6.2

Committee Clerk Signature *Judith Hammer*

Minutes: **Chairman Kelsner** opened the hearing on HB 1478 in order that the IBL committee be able to reconsider actions taken on 2/11/03.

Rep. Froseth moved to reconsider HB 1478.

Rep. Johnson seconded the motion. A voice vote carried the move to reconsider.

During further discussion on the motion, **Rep. Froseth** walked the committee through the new language drafted for the amendments. Amendment .0305 was drafted with input from a subcommittee: Jennifer Clark, Marilyn Foss, Tim Karsky, Joel Gilbertson and Greg Tschider.

Rep. Froseth thanked them for their participation. Eight exemptions are outlined in 502e. Lines 26 through 31 are removed on p. 3. After #12, insert "a disclosure of customer information under section 502(e) of the federal Financial Services Modernization Act of 1999[Pub. L. 106-102; 113 Stat. 1436; 15 U.S.C. 6802(e)]. A disclosure under this subsection must comply with the rules adopted under section 4 of this Act.". On the last page, remove 1-8, section 3 remains and section 4 is added after line 15: "SECTION 4. A new section to chapter 6-08.1 of the North Dakota

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10/16/03
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House Industry, Business and Labor Committee

Bill/Resolution Number HB 1478

Hearing Date 2/17/03

Century Code is created and enacted as follows: (See attached). The intent of these amendments is to specify the 8 opt out exemptions under Gramm-Leach-Bliley 505(e) that are needed for ND banking institutions to disclose customer information to non affiliated third parties. It allows the rules adopted by the bank board and the state credit unions to implement subsection 12.

Rep. Klein moved to adopt the amendments. **Rep. Severson** seconded the motion.

Rep. Kasper: The way I interpret this, what it is does, is it says that the banking and credit union boards will adopt the rules that presume that someone has chosen the opt out election, which means, they don't want their information shared. It makes it much easier for them to adopt the rules because the clear intent of this that the customer must do an opt in. I agree with the amendment.

Chairman Keiser: The original amendment was confusing. This clarifies the intent of the bill, it doesn't change the intent of the committee, but also it further clarifies that as rules are adopted, the rules can be more restrictive but cannot liberalize the opt in option. A voice vote carried the motion to adopt amendment .0305.

Rep. Severson moved a Do Pass As Amended. **Rep. Tieman** seconded the motion. The results of the roll call vote were 11-0-3.

Rep. Tieman will carry this on the floor.

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10/16/03
Date

30118.0305
Title.0400

Prepared by the Legislative Council staff for
Representative Froseth
February 17, 2003

VR
2/17/03

HOUSE AMENDMENTS TO HOUSE BILL NO. 1478 IBL 2-17-03

Page 1, line 1, replace "a" with "two" and replace "section" with "sections"

HOUSE AMENDMENTS TO HB 1478 IBL 2-17-03

Page 3, line 26, replace "If the financial institution has provided the customer with a clear notice of the" with "A disclosure of customer information under section 502(e) of the federal Financial Services Modernization Act of 1999 [Pub. L. 106-102; 113 Stat. 1436; 15 U.S.C. 6802(e)]. A disclosure under this subsection must comply with the rules adopted under section 4 of this Act."

Page 3, remove lines 27 through 31

HOUSE AMENDMENTS TO HB 1478 IBL 2-17-03

Page 4, remove lines 1 through 8

Page 4, after line 15, insert:

"SECTION 4. A new section to chapter 6-08.1 of the North Dakota Century Code is created and enacted as follows:

Rules. The state banking board and the state credit union board shall adopt rules to implement subsection 12 of section 6-08.1-02. The rules must provide at least as much customer protection as would be provided in the case of disclosure of information under circumstances where there has been an opt-out election under title V of the federal Financial Services Modernization Act of 1999 [Pub. L. 106-102; 113 Stat. 1436]."

Renumber accordingly

Date: 2/1/03
Roll Call Vote #: |

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1478

House INDUSTRY BUSINESS & LABOR Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DPas amended

Motion Made By Ruby Seconded By Tieman

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	✓		Boe	✓	
Vice-Chair Severson	✓		Ekstrom	✓	
Dosch	✓		Thorpe	✓	
Froseth	✓		Zaiser	✓	
Johnson	✓				
Kasper	✓				
Klein	✓				
Nottestad	✓				
Ruby	✓				
Tieman	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Tieman

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

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La Costa Richard 10/16/03
Operator's Signature Date

