

2009 SENATE POLITICAL SUBDIVISIONS

SB 2145

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2145

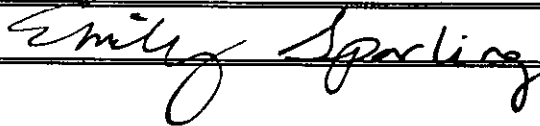
Senate Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: 01/08/2009

Recorder Job Number: 6690

Committee Clerk Signature



Minutes:

Lawrence Hopkins: Deputy Treasurer for the Office of State Treasurer. Spoke in support of SB 2145. See attachment #1.

Chairman Andrist: Thank you very much. Are there any questions?

Senator Dotzenrod: There are currently no bonds that the State Treasurer is serving in this capacity, how long has it been since this section was used?

Hopkins: Possibly back in the late 60's or 70's

Senator Anderson: There is no fiscal note attached, would there be any costs to the local subdivisions?

Hopkins: No

Senator Bakke: What if a one appeared, what department would do it?

Hopkins: We would still be involved if there was a general obligation involved as far as transferring the funds. More than likely the state would choose the Bank of North Dakota.

Chairman Andrist: Ok, are we satisfied? Is there is anyone else who want to appear in support of SB 2145? Any opposed? Anybody neutral? Anyone want to make a motion?

Senator Lee: I move that SB 2145 be moved forward with a Do Pass recommendation.

Chairman Andrist: We have a motion for **Senator Lee** do I have a second? Second from **Senator Anderson**. Any further discussion on this?

Senator Dotzenrod: In regards to the last line of testimony about trustees, would there be some fees?

Chairman Andrist: I would anticipate there would be.

Senator Dotzenrod: And who would pay that?

Chairman Andrist: Do you want to ask that question of Lawrence?

Hopkins: I will defer to Sather

Ed Sather: Senior Vice President of the Bank of North Dakota. I will try to answer that question. Basically in today's bond environment they charge a fee for services but the administrative cost is so low compared to what it once was due to the electronic system that cuts down on the cost.

There was no opposition to SB 2145

Chairman Andrist: Thank you Ed. We have a motion for a **do pass**. I will have the Clerk call the roll.

A roll call vote was taken. **Yes: 6, No: 0, Absent: 0.**

Senator Lee will carry the bill.

Chairman Andrist closed the hearing on SB 2145

Date: 1/8/09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2145

Senate Political Subdivisions Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do pass Do not pass Amendment

Motion Made By See Seconded By Anderson

Senators	Yes	No	Senators	Yes	No
Chairman John M. Andrist	✓		Senator Arden C. Anderson	✓	
Vice Chairman Curtis Olafson	✓		Senator JoNell A. Bakke	✓	
Senator Judy Lee	✓		Senator Jim Dotzenrod	✓	

Total (Yes) 6 No 0

Absent _____

Floor Assignment Senator See

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

REPORT OF STANDING COMMITTEE

SB 2145: Political Subdivisions Committee (Sen. Andrist, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2145 was placed on the Eleventh order on the calendar.

2009 HOUSE POLITICAL SUBDIVISIONS

SB 2145

2009 HOUSE STANDING COMMITTEE MINUTES

Bill No. SB 2145

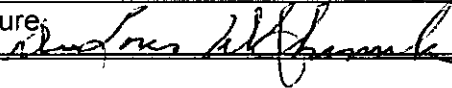
House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: February 27, 2009

Recorder Job Number: 9848

Committee Clerk Signature



Minutes:

Chairman Wrangham opened the hearing on SB 2145.

Lawrence Hopkins-Deputy Treasurer: (see testimony #1). We are a small agency. We serve three new functions: 1) we collect all deposits for all state agencies. 2) We distribute the checks to the state agencies 3) we make for sure the funds are available for the state of ND. Every Tuesday I have \$17 million on hand from various services. The first of every month our state payroll needs \$30 million. We want that money in the Bank of ND as soon as we can.

Rep. Zaiser: Is that done by the State Treasurer's office or is it contracted out?

Lawrence Hopkins: Money passes through the Bank of North Dakota. Our world changes with world of ACH. I someone wrote a \$500 we have a couple days time on that; now today we need that funding today. Fortunately we don't do this those every month.

Rep. Conrad: when is the last time we had a General Obligation Bond?

Lawrence Hopkins: It was in the 70s or 80s. It has been a long time.

Rep. Hatlestad: If the treasury department did it before; what has changed that you can't do it now?

Lawrence Hopkins: It is not that we couldn't do it. The abilities and software that we need to purchase would have to be nationwide is \$500 million in bonds today and they have the software and staff. Yes we could do it.

Rep. Hatlestad: Could we just authorize you to contract with the Bank of ND to do it?

Lawrence Hopkins: I don't see any reason why we couldn't use the Bank of ND, unless there is some specialized circumstance.

Rep. Koppelman: General obligation bonds, as you indicated, haven't been used for a long time. Are they totally obsolete; are they used anywhere?

Lawrence Hopkins: They are not viable. They might be used later on.

Rep. Koppelman: When and if that time occurs we have statute that this seeks to repeal which currently sets out how that works. You are saying you are not really set up for that anymore. Is that really the answer or should we be taking a look at modern times and saying if your office isn't the right one. You state in your testimony the Bank of ND or a private sector firm could be chosen to serve as a trustee. If we remove this section who does the choosing. There is nothing in law dictating how that works any more.

Lawrence Hopkins: Explained that they are involved because they transfer the funds and we are involved now. It has to do with the register of the bonds. There are mechanics in place where to go and do that throughout the state.

Rep. Koppelman: You are saying that you would follow the investor commission if this statute were repealed but that would be a sort of default thing because nothing in law at that point would address it since we are the policy making branch of government and if we would policy in the replace your policy and if we were to do that what would be the best course?

Lawrence Hopkins: In most cases our technology changes all the time.

Rep. Koppelman: If we had a change in the law that said if we ever have general obligation bonds they will be handled by the industrial commission; this task will be delegated to the Bank of ND. You would probably be hearing from Mr. Hard line or someone from the bank and it would be nice to know.

Lawrence Hopkins: I did get the impression there are things in place now. Maybe we should clarify that.

Chairman Wrangham: If this is truly and unneeded section I applaud you for bringing it forward.

Hearing closed.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill No. SB 2145

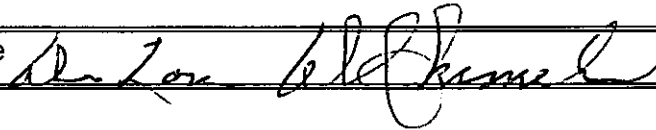
House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: February 27, 2009

Recorder Job Number: 9849

Committee Clerk Signature



Minutes:

Chairman Wrangham reopened the hearing on SB 2145. I should make clear the reason I did not ask for more testimony was that there was no one else in the room.

Rep. Kretschmar: I hope the people who run the state governments would have enough sense to figure out something without having something in law.

Do Pass Motion Made By Rep. Kretschmar: Seconded By Rep. Conrad

Discussion:

Rep. Hatlestad: I would like to hear from the Bank of North Dakota and someone from the Industrial Commission to say yes we will take on this. If not, if is just hanging out there. That is not a way to run state government.

Rep. Zaiser: I agree. Revenue bonds are the big bonds right now. To do away with the process not knowing for sure that there is an alternative process out there I think if foolish. I would also like to hear from the Bank of North Dakota.

Rep. Conrad: Bank of North Dakota has been doing it so I don't see any problem.

Rep. Headland: I am going to support the do pass. This bill did have a hearing in the senate.

The Bank of ND was there. I am not sure why they are not here now, but I believe as Mr.

Hopkins stated the process is already in place. We can take time from this committee to make sure it is in place, but I already have had hearings.

Larry Hopkins: The house has looked at this other half. So I would encourage a do pass.

Vote: 9 Yes 3 No 1 Absent **Carrier: Rep. Conrad:**

Hearing closed.

Date: 2/27
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2175

HOUSE POLITICAL SUBS COMMITTEE

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DP DNP DP AS AMEND DNP AS AMEND

Motion Made By Rep. Kretschmar Seconded By Rep. Conrad

Representatives	Yes	No	Representatives	Yes	No
Ch. Wrangham	✓		Rep. Conrad	✓	
Vice Chair Rep. Headland	✓		Rep. Kelsh	✓	
Rep. Hatlestad		✓	Rep. Kilichowski	✓	
Rep. N. Johnson	✓		Rep. Mock	✓	
Rep. Klemin	0		Rep. Zaiser		✓
Rep. Koppelman		✓			
Rep. Kretschmar	✓				
Rep. Pietsch	✓				

Total (Yes) 9 No 3

Absent 1

Floor Carrier: Rep. Conrad

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

REPORT OF STANDING COMMITTEE

SB 2145: Political Subdivisions Committee (Rep. Wrangham, Chairman) recommends **DO PASS** (9 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). SB 2145 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

SB 2145

SB2145 Testimony – Support of SB 2145

*Same given
to House
2-27-09.*

#1

Mr. Chairman, members of the committee:

For the record, I am Lawrence Hopkins, Deputy Treasurer for the Office of State Treasurer. I am here in support of Senate Bill 2145 relating to the duties of the State Treasurer.

Section 1 of this bill removes the duty of bond registration from the Office of State Treasurer. At the present time the State of North Dakota does not have any general obligation bonds. If such bonds were to be issued in future the Office of State Treasurer would no longer serve in this capacity. As the bond industry has evolved and regulatory requirements have increased duties such as these would be performed by a trustee with appropriate trust powers. The Bank of North Dakota or a private sector firm could be chosen to serve as trustee.

There is no fiscal note attached to this bill.