

2023 SENATE INDUSTRY AND BUSINESS

SB 2206

2023 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

SB 2206
1/24/2023

A bill relating to insurance cash value exemptions.

10:30 AM Chairman D. Larsen called the meeting to order. Members present: Chairman D. Larsen, Vice Chairman Kessel, Senator Barta, Senator Boehm, Senator Klein.

Discussion Topics:

- Life insurance
- Benefits
- Exemptions
- Other state policies
- Asset protection

10:31 AM Senator Piepkorn introduced SB 2206 and testified in favor. (verbal)

10:36 AM Dave Halverson, Licensed Life Insurance Agent, testified in favor of SB 2206.
#16375

10:58 AM Chrystal Bartuska, Life and Health Division Director, North Dakota Insurance Department, testified neutral. (verbal)

11:13 AM David Larsen answered questions of the Committee.

11:16 AM Chairman D. Larsen closed the hearing.

Brenda Cook, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

SB 2206
1/24/2023

A bill relating to insurance cash value exemptions.

3:35 PM Chairman D. Larsen called the meeting to order. Members present: Chairman D. Larsen, Vice Chairman Kessel, Senator Barta, Senator Klein, Senator Boehm.

Discussion Topics:

- Beneficiaries
- Cash value
- Premiums
- Bankruptcy

3:35 PM Chairman D. Larsen opened the meeting up for discussion..

3:52 PM Chairman D. Larsen closed the meeting on SB 2206.

Brenda Cook, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

SB 2206
1/25/2023

A bill relating to insurance cash value exemptions.

3:25 PM Chairman D. Larsen opened the meeting. Members present: Chairman D. Larsen, vice Chairman Kessel, Senator Barta, Senator Klein, and Senator Boehm.

Discussion Topics:

- Beneficiaries
- Creditors

3:26 PM Senator Klein discussed additional information.

3:32 PM Chairman D. Larsen closed the meeting.

Brenda Cook, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

SB 2206
1/31/2023

A bill relating to insurance cash value exemptions.

9:33 AM Chairman D. Larsen called the meeting to order. Members present: Chairman D. Larsen, Vice Chairman Kessel, Senator Barta, Senator Klein, Senator Boehm.

Discussion Topics:

- Committee action

9:38 AM Senator Barta moved DO PASS SB 2206.

9:38 AM Senator Boehm seconded the motion.

Roll call vote:

Senators	Vote
Senator Doug Larsen	Y
Senator Greg Kessel	Y
Senator Jeff Barta	Y
Senator Keith Boehm	Y
Senator Jerry Klein	Y

Vote: 5-0-0 Motion DO PASS SB 2206.

Senator Barta will carry the bill.

9:39 AM Chairman D. Larsen closed the meeting.

Brenda Cook, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2206: Industry and Business Committee (Sen. Larsen, Chairman) recommends DO PASS (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2206 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

2023 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2206

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Room JW327C, State Capitol

SB 2206
3/28/2023

Relating to insurance cash value exemptions.

Chairman Louser called meeting to order 9:27 AM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Member absence: Representative Christy

Discussion Topics:

- 401K
- Death benefit
- State data
- Consistency
- Underwritten

In Favor:

Senator Merle Piepkorn, District 44, Fargo, ND (no written testimony)
Patty Monilaws, Life Insurance and Financial Services Advisor, Absaraka, ND, #26888

Opposed:

Rick Clayburgh, President, ND Bankers Association (no written testimony)
Barry Haugen, President, Community Banks of ND (no written testimony)
Kirby Evanger, Chief Credit Officer, Bank of North Dakota (no written testimony)

Additional written testimony:

Dana Bohn, Executive Director, ND Farm Credit Council #26829

Chairman Louser adjourned the meeting 10:22 AM

Diane Lillis, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Room JW327C, State Capitol

SB 2206
4/4/2023

Relating to insurance cash value exemptions.

Chairman Louser called meeting to order 10:20 AM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Christy, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Discussion Topics:

- Bankruptcy dept
- Retirement planning
- Annuity assets
- Amendments

Chairman Louser presented a proposed amendment from Senator Piepkorn, #27289.

Discussion regarding dollar amounts and work on additional amendments.

Chairman Louser adjourned the meeting 10:39 AM

Diane Lillis, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Room JW327C, State Capitol

SB 2206
4/11/2023

Relating to insurance cash value exemptions.

Chairman Louser called meeting to order 10:04 AM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Member absent: Representative Christy

Discussion Topics:

- Tax exemptions
- Cash value

Chairman Louser, appointed a subcommittee of Chairman Ostlie, Representatives Kasper, Johnson, Warrey to meet at 3:30 PM

Chairman Louser adjourned the meeting 10:13 AM

Diane Lillis, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Room JW327C, State Capitol

SB 2206
4/11/2023

Subcommittee

Relating to insurance cash value exemptions.
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Chairman Ostlie called meeting to order 3:48 PM

Members Present: Chairman Ostlie, Representatives Kasper, Johnson, Warrey.

Discussion Topics:

- Homestead exemption
- Equity
- Bankruptcy
- Study

Rick Clayburgh, President & CEO, ND Bankers Association (no written testimony).

Committee discussion.

Chairman Ostlie adjourned the meeting 4:41 PM

Diane Lillis, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Room JW327C, State Capitol

SB 2206
4/12/2023

Relating to insurance cash value exemptions.

Chairman Louser called meeting to order 9:37 AM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Member absent: Representative Christy

Discussion Topics:

- Reliable transportation
- Cash value

Representative Ostlie went through the subcommittee work on amendment, #27502, LC #23.0872.01002

Chairman Louser adjourned the meeting 9:58 AM

Diane Lillis, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

SB 2206
4/12/2023

Relating to insurance cash value exemptions.

Chairman Louser called meeting to order 10:39 AM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Member absent: Representative Christy

Discussion Topics:

- Deposits
- Values

Committee discussion.

Representative Ostlie moved to amend #27524, and further amend, #27523, LC #23.0872.01003.

Representative Boschee seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	AB
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	Y
Representative Dan Ruby	N
Representative Austen Schauer	AB
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	AB

Motion passed 10-1-3

Representative Boschee moved do pass as amended.
Representative Thomas seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	AB
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	Y
Representative Dan Ruby	N
Representative Austen Schauer	AB
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	AB

Motion 10-1-3

Representative Ostlie will carry the bill.

Chairman Louser adjourned the meeting 11:13 AM

Diane Lillis, Committee Clerk

April 12, 2023

AG
4-12-23
(1-2)

PROPOSED AMENDMENTS TO SENATE BILL NO. 2206

- Page 1, line 1, replace "section" with "sections"
- Page 1, line 1, after "28-22-03.1" insert ", 47-18-01, 47-18-04, and 47-18-14"
- Page 1, line 2, after "exemptions" insert "and homestead exemption"
- Page 1, line 10, overstrike "ten" and insert immediately thereafter "twenty-five"
- Page 1, line 14, overstrike "two" and insert immediately thereafter "ten"
- Page 1, line 14, overstrike "nine hundred"
- Page 1, line 15, overstrike "fifty"
- Page 1, line 16, overstrike "thirty-two" and insert immediately thereafter "fifty"
- Page 1, line 20, overstrike "one" and insert immediately thereafter "ten"
- Page 1, line 20, overstrike "five hundred"
- Page 2, line 1, remove the overstrike over "~~The debtor's aggregate interest, not to exceed in value eight thousand dollars less any~~"
- Page 2, remove the overstrike over lines 2 through 4
- Page 2, line 5, remove the overstrike over "~~whom the debtor is a dependent~~"
- Page 2, line 5, remove "Any benefits, including cash value and proceeds of an"
- Page 2, remove lines 6 through 8
- Page 2, line 9, remove "individual"
- Page 2, line 9, after the period insert "Any cash deposit not previously scheduled to be made into a life insurance policy or non-qualified annuity over the previous twelve months is not exempt. Benefits are not exempt from enforcement of any order to pay spousal support, child support, or a qualified domestic order under section 15-39.1-12.2, 39-03-14.2, and 54-52-17.6."
- Page 2, line 14, overstrike the first "one" and insert immediately thereafter "two"
- Page 2, line 15, overstrike "two" and insert immediately thereafter "four"
- Page 3, after line 29, insert:

"SECTION 2. AMENDMENT. Section 47-18-01 of the North Dakota Century Code is amended and reenacted as follows:

47-18-01. Homestead exemption - Area and value.

The homestead of any individual, whether married or unmarried, residing in this state consists of the land upon which the claimant resides, and the dwelling house on that land in which the homestead claimant resides, with all its appurtenances, and all other improvements on the land, the total not to exceed one hundred fifty thousand

dollars in value, over and above liens or encumbrances or both. The homestead shall be exempt from judgment lien and from execution or forced sale, except as otherwise provided in this chapter. The homestead may not embrace different lots or tracts of land unless the lots or tracts of land are contiguous. For purposes of this section, "contiguous" means two or more tracts of real property which share a common point or which would share a common point but for an intervening road or right of way.

AG
4-12-23
(2-2)

SECTION 3. AMENDMENT. Section 47-18-04 of the North Dakota Century Code is amended and reenacted as follows:

47-18-04. When homestead subject to execution.

A homestead is subject to execution or forced sale in satisfaction of judgments obtained in the following cases:

1. On debts secured by mechanics', construction, or laborers' liens for work or labor done or performed or material furnished exclusively for the improvement of the same.
2. On debts secured by mortgage on the premises executed and acknowledged by both husband and wife, or an unmarried claimant.
3. On debts created for the purchase thereof and for all taxes accruing and levied thereon.
4. On all other debts when, upon an appraisal as provided by section 47-18-06, it appears that the value of the homestead is more than one hundred fifty thousand dollars over and above liens or encumbrances on the homestead, and then only to the extent of any value in excess of the sum total of the liens and encumbrances plus said one hundred fifty thousand dollars.

SECTION 4. AMENDMENT. Section 47-18-14 of the North Dakota Century Code is amended and reenacted as follows:

47-18-14. Proceeds of sale exempt - Disposition.

If the sale of a homestead is made as provided in section 47-18-13, the proceeds thereof to the amount of the homestead exemption must be paid to the claimant and the residue applied to the satisfaction of the execution. When the execution is against a married claimant whose spouse is living, the court may direct that the one hundred fifty thousand dollars be deposited in court to be paid out only on the joint receipt of the husband and wife, and it shall possess all the protection against legal process and voluntary disposition by either spouse as did the original homestead premises whether paid directly to the claimant or to the husband and wife jointly."

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2206: Industry, Business and Labor Committee (Rep. Louser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 1 NAY, 3 ABSENT AND NOT VOTING). SB 2206 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "section" with "sections"

Page 1, line 1, after "28-22-03.1" insert ", 47-18-01, 47-18-04, and 47-18-14"

Page 1, line 2, after "exemptions" insert "and homestead exemption"

Page 1, line 10, overstrike "ten" and insert immediately thereafter "twenty-five"

Page 1, line 14, overstrike "two" and insert immediately thereafter "ten"

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Page 2, line 1, remove the overstrike over "~~The debtor's aggregate interest, not to exceed in value eight thousand dollars less any~~"

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Page 2, line 5, remove "Any benefits, including cash value and proceeds of an"

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Page 2, line 9, after the period insert "Any cash deposit not previously scheduled to be made into a life insurance policy or non-qualified annuity over the previous twelve months is not exempt. Benefits are not exempt from enforcement of any order to pay spousal support, child support, or a qualified domestic order under section 15-39.1-12.2, 39-03-14.2, and 54-52-17.6."

Page 2, line 14, overstrike the first "one" and insert immediately thereafter "two"

Page 2, line 15, overstrike "two" and insert immediately thereafter "four"

Page 3, after line 29, insert:

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both. The homestead shall be exempt from judgment lien and from execution or forced sale, except as otherwise provided in this chapter. The homestead may not embrace different lots or tracts of land unless the lots or tracts of land are contiguous. For purposes of this section, "contiguous" means two or more tracts of real property which share a common point or which would share a common point but for an intervening road or right of way.

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1. On debts secured by mechanics', construction, or laborers' liens for work or labor done or performed or material furnished exclusively for the improvement of the same.
2. On debts secured by mortgage on the premises executed and acknowledged by both husband and wife, or an unmarried claimant.
3. On debts created for the purchase thereof and for all taxes accruing and levied thereon.
4. On all other debts when, upon an appraisal as provided by section 47-18-06, it appears that the value of the homestead is more than one hundred fifty thousand dollars over and above liens or encumbrances on the homestead, and then only to the extent of any value in excess of the sum total of the liens and encumbrances plus said one hundred fifty thousand dollars.

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If the sale of a homestead is made as provided in section 47-18-13, the proceeds thereof to the amount of the homestead exemption must be paid to the claimant and the residue applied to the satisfaction of the execution. When the execution is against a married claimant whose spouse is living, the court may direct that the one hundred fifty thousand dollars be deposited in court to be paid out only on the joint receipt of the husband and wife, and it shall possess all the protection against legal process and voluntary disposition by either spouse as did the original homestead premises whether paid directly to the claimant or to the husband and wife jointly."

ReNUMBER accordingly

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

SB 2206
4/17/2023

Relating to insurance cash value exemptions.

Chairman Louser called meeting to order 10:02 AM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Christy, Dakane, Johnson, Kasper, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Discussion Topics:

- Committee work

Representative Koppelman moved to reconsider the bill.
Representative Boschee seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	Y
Representative Dan Ruby	N
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 13-1-0

Representative Kasper moved to amend the \$8000 to \$100.
Representative Ostlie seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y

Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	Y
Representative Dan Ruby	N
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 13-1-0

Representative Kasper moved a do pass as amended.
Representative Thomas seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	Y
Representative Dan Ruby	N
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 13-1-0

Representative Ostlie shall carry the bill.

Chairman Louser adjourned the meeting 10:06 AM

Diane Lillis, Committee Clerk

April 17, 2023

Alt
4-17-23
(1-1)

PROPOSED AMENDMENTS TO SENATE BILL NO. 2206

That the amendments to Senate Bill No. 2206 as printed on pages 1923 -1925 of the House Journal be amended as follows:

Replace lines 7 and 8 with:

Page 2, line 1, remove the overstrike over "~~The debtor's aggregate interest, not to exceed in value~~"

Page 2, line 1, after "eight" insert "one hundred"

Page 2, line 1, remove the overstrike over "~~thousand dollars less any~~"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2206: Industry, Business and Labor Committee (Rep. Louser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2206 was placed on the Sixth order on the calendar.

That the amendments to Senate Bill No. 2206 as printed on pages 1923 -1925 of the House Journal be amended as follows:

Page 1924, replace lines 7 and 8 with:

Page 2, line 1, remove the overstrike over "~~The debtor's aggregate interest, not to exceed in value~~"

Page 2, line 1, after "eight" insert "one hundred"

Page 2, line 1, remove the overstrike over "~~thousand dollars less any~~"

Renumber accordingly

TESTIMONY

SB 2206

\$500,000
Death
Benefit

Insurance

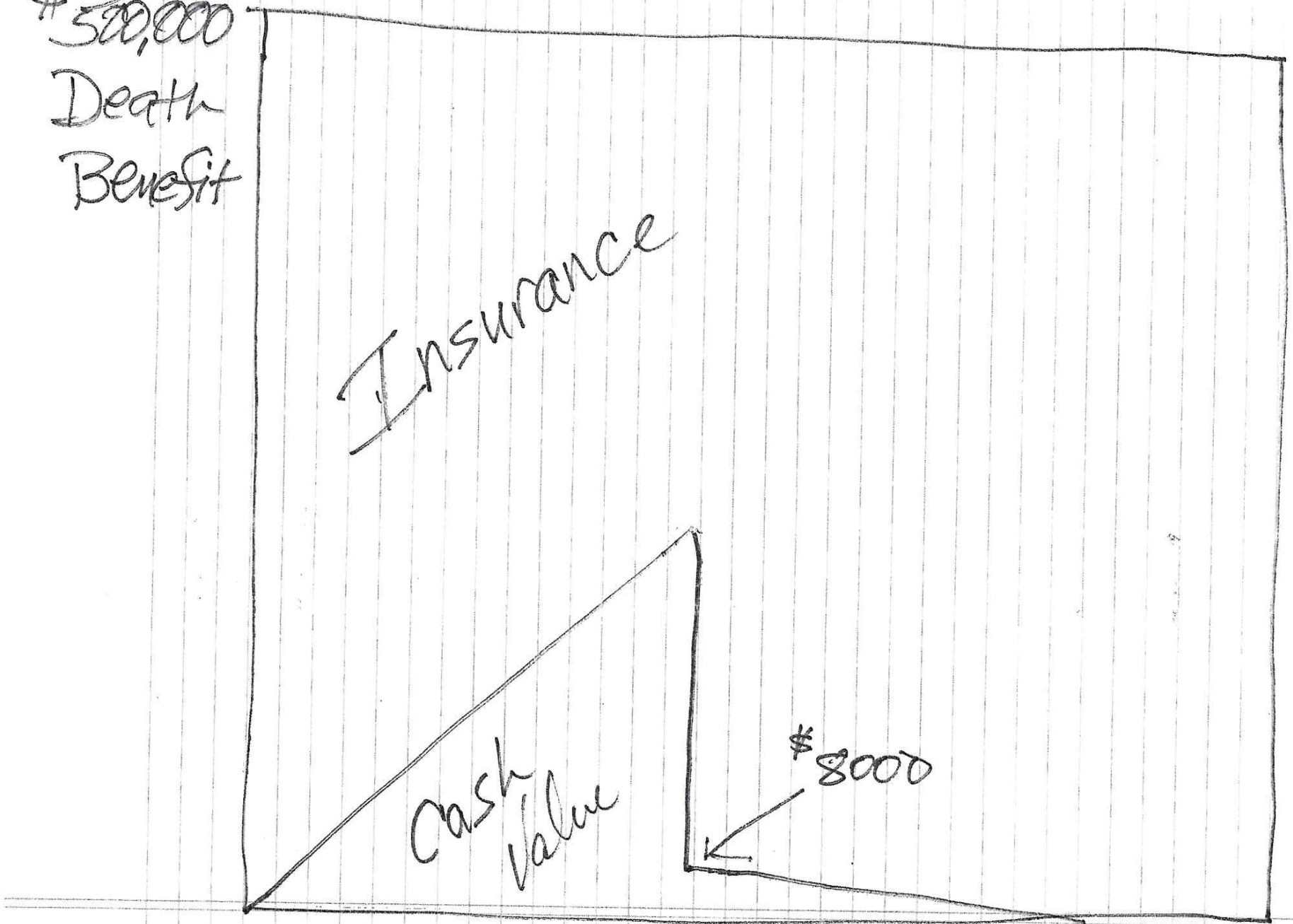
Cash
Value

\$8000

40

55

80



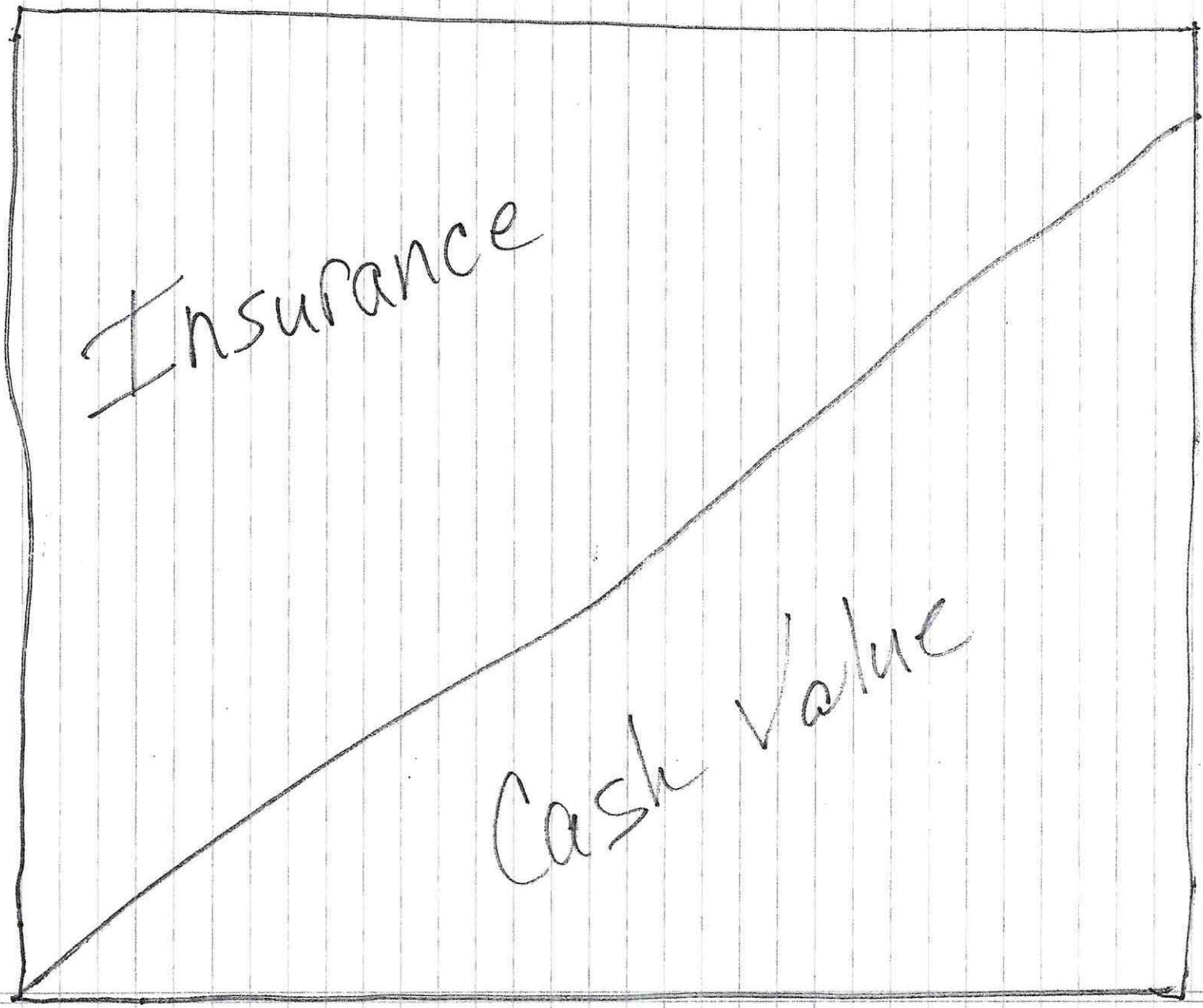
\$500,000
Death
Benefit

Insurance

Cash Value

40

80





North Dakota Farm Credit Council

AgCountry Farm Credit Services

Farm Credit Services of Mandan

**Testimony of Dana Bohn
North Dakota Farm Credit Council Executive Director
SB 2206
March 28, 2023**

Chairman Louser and members of the House Industry Business and Labor Committee, my name is Dana Bohn and on behalf of the North Dakota Farm Credit Council (NDFCC), I'd like to express our opposition to SB 2206.

NDFCC is comprised of two farmer/rancher-owned independent Farm Credit associations that provide credit and financial services to farmers, ranchers and agribusinesses of all sizes and income ranges in every county in North Dakota. North Dakota Farm Credit cooperatives provide about \$12.7 billion in loans to farmers, ranchers and agribusinesses and provide financial services to approximately 28,000 customers.

NDFCC is opposed to SB 2206, which would increase the exemptions from levy or sale, including in bankruptcy, for life insurance proceeds and their cash value amounts from \$8,000 to an unlimited dollar amount.

SB 2206 is a drastic change that affects loans already made by lending institutions, would give debtors a vehicle to avoid debt and retain an unlimited investment, would increase the cost of lending and decrease the availability of unsecured debt, and favors one class of assets over others by introducing the only unlimited exemption.

In closing, I respectfully ask you to oppose SB 2206. Thank you for your consideration.

Independently owned and operated associations serving North Dakota.

AgCountry FCS

1900 44th Street South, Fargo, ND 58108
701-282-9494 • 800-450-8933
www.agcountry.com

FCS of Mandan

1600 Old Red Trail, Mandan, ND 58554
701-663-6487 • 800-660-6487
www.farmcreditmandan.com

Chairman Louser, members of the committee, my name is Patty Monilaws. I am an advisor in life insurance and financial services from Absaraka, ND. I appreciate the opportunity to stand before you today in support of SB2206 for full protection of the cash value in life insurance.

As you may know, life insurance is a way to provide a financial safety net for loved ones at a time when they are most vulnerable. When life insurance first came about in the 1800's the language used in the development of the concept was – to protect our widows and orphans. This is also at the heart of this bill. --To protect our families in North Dakota.

Over the years, I've heard from countless people who were extremely grateful to have a financial lifeline in the form of life insurance. And sadly, also heard from those who didn't have life insurance to rely on when a loved one passed away.

When you're alive, protection of the cash value in a policy is important, and when you die the death benefit is important. If you find yourself in a situation where you are having financial difficulties and cannot pay your premiums out of pocket, the cash value may be used to pay these premiums, so the policy does not lapse. If structured properly, the cash value can also be accumulated for use later in retirement. If the policy is stripped of its cash value and the policy lapses, the consequences could be dire for the protection of the family. This can also impact riders on the policy too, such as long-term care planning as these have become more widely available on cash value policies. If the policy goes away so does the long-term care planning. At this point, the insured may not be able to get life insurance because of health issues.

Currently in North Dakota, the life insurance death benefit proceeds of a deceased person are exempt from the creditors if the beneficiary of the policy is the spouse and children, or a trust for the benefit of the spouse and children.

On the other hand, if the life insurance is a whole life or universal life policy with cash value, only \$8,000.00 of the cash value is exempt from creditors in a bankruptcy, even if the policy beneficiaries are the spouse and children. It does not matter what caused the bankruptcy, such as medical expenses, lawsuits, and any other things that could result in a bankruptcy. Also, because cash value in the policy keeps it more affordable at older ages, taking away all but \$8,000 will lead to the cancellation of the policy because it becomes unaffordable to most people over the age of 50, which is what happened to a client at our firm who went through bankruptcy because of the medical bills and related expenses that accumulated due to his wife's 2-year battle with cancer and ultimate death. He was unable to continue with the premiums and his policy lapsed.

In closing, currently 33 states support unlimited protection of cash value. A change in North Dakota to exempt the full cash value along with the already protected death benefit makes sense for all North Dakota families. I ask for your support in passing SB2206 and will stand for any questions.

23.0872.01002
Title.

Prepared by the Legislative Council staff for
Senator Piepkorn
March 29, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2206

Page 2, line 5, after the underscored comma insert "not to exceed five hundred thousand dollars."

Page 2, line 5, after "including" insert "the"

Page 2, line 5, remove "and proceeds"

Page 2, line 6, after the first "policy" insert "or annuity contract that has been in effect for at least one year"

Page 2, line 7, remove ", annuity, or"

Page 2, remove line 8

Page 2, line 9, remove "individual"

Renumber accordingly

I. NORTH DAKOTA EXEMPTIONS

North Dakota exemptions are found in the following sections and chapters of the North Dakota Century Code: Ch. 28-22 (General Comprehensive Exemption Statute); Ch. 47-18 (Homestead Exemption Statute); N.D.C.C. § 32-09.1-03 (Garnishment Wage Exemption Statute); and Ch. 28-24 (Redemption Rights Statute).

A. CHOSEN BY "HEAD OF FAMILY"

1. **All family pictures.**
2. **A pew or other sitting in any house of worship.**
3. **A lot or lots in any burial ground.**
4. **Family Bible or other family primary religious text**
5. **All schoolbooks and other books used as part of family library**
6. **Wearing apparel and clothing of debtor and family** (limited to \$5000)
(Wearing apparel includes jewelry and anything else worn on the body that is not clothing, while the term clothing goes from underwear out to the winter parka.)
7. **Food for one year, provided or growing, in kind** (2009 Legislature limited this exemption to food "in kind" meaning it must be in existence at the time it is claimed exempt and not represented by money, a bank account or something other than the food itself; to qualify as exempt, the food must be frozen in the deep-freezer, dry or canned in the pantry, or growing in the garden or field)
8. **Fuel for one year, in kind, for motor vehicle and for home heating** (2009 Legislature clarified that the fuel exemption is for *both* home heating *and* motor vehicle fuel, but it must be "in kind" fuel, meaning that money or a bank account representing fuel expenses will not be permitted as exempt, and the fuel must be in existence piled in the woodshed or stored in tanks at the time the exemption is claimed)
9. **Homestead up to \$100,000 equity over liens** (This type of homestead is the traditional stick built or brick built house affixed to real estate in which the debtor and his family live. Homestead claims must also be "contiguous" meaning that other tracts of land surrounding the house can be included in the \$100,000 exemption as long as those other tracts touch the tract on which the house is built. Also, the proceeds of the sale of the homestead are exempt for a period of one year after the sale and the proceeds get the same protection as the homestead itself.)

10. **Crops and grain growing on or harvested from 160 acres**
11. **Insurance proceeds from damage to exempt property** (limited to insurance proceeds which are still in cash or which have been invested in property which is, itself, exempt or capable of being exempted)
12. **Mobile home family residence, limited to \$100,000 equity over liens**
13. **\$7,500 "wild card" applicable to any personal property, but not to real estate**

CHOSEN BY "RESIDENT" OF STATE

14. **In lieu of homestead, \$10,000 additional "wild card" in any property** (but if one member of the family chooses the \$100,000 homestead exemption above, this exemption not available to another member of the family living in the same homestead)
15. **Motor vehicle \$2,950 equity over liens** (Remember this is a "resident exemption. Husband and Wife who are joint debtors can stack this to get \$5,900 applied as an exemption for a car. Exemption for a vehicle goes up to \$32,000 for a specially modified vehicle for a handicapped person with a permanent disability)
16. **\$1,500 in tools, implements, or professional books of the trade of the debtor**
17. **Professionally prescribed health aides for the debtor or the debtor's dependents**
18. **Unmatured life insurance contract owned by the debtor** (no dollar value limit); **debtor's aggregate interest in any accrued dividend or interest under, or loan value of, any unexpired life insurance contract owned by the debtor under which the insured is the debtor or an individual of whom the debtor is a dependent** (not to exceed \$8000)
19. **Retirement Pensions, annuities, IRAs, Keogh plans, and other qualified retirement plans and proceeds and values thereof, up to \$100,000 per item, aggregate maximum \$200,000 per debtor, must have been in existence for at least one year prior to execution or bankruptcy** (exception: these items are not exempt for spousal and child support claims)
20. **Wrongful death award necessary to support surviving debtor or dependents**
21. **Personal bodily injury award \$18,450 (does not include pain and suffering) plus award for loss of earnings to the extent necessary to support debtor and dependents**

22. **Social Security** (exception: child support claims)
23. **Veteran's disability** (exception: military retirement pay, child support claims)
24. **Alimony and support necessary for the support of debtor and dependents**
25. **Unemployment, disability, or illness benefits**
26. **Payment under a stock bonus, pension, profit-sharing, annuity, or similar plan or contract on account of illness, disability, death, age or length of service necessary for support of debtor and dependents** (unless the plan or contract was established by an insider that employed the debtor, the payment is on account of age or length of service, and the plan or contract does not qualify under IRC §§ 401(a), 403(a), 403(b), or 408)
27. **Award under crime victim reparation laws**
28. **40x federal minimum wage per week or, alternatively, 75% of take-home pay, whichever is greater**
29. **Redemption rights during foreclosure of real estate mortgage** (foreclosed debtor does not have to pay the foreclosing bank anything during the redemption period, and debtor has exclusive right to rents, profits, use and benefit of the real estate during the redemption period)

23.0872.01002

Sixty-eighth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2206

Introduced by

Senators Piepkorn, Klein, Weber

Representatives Louser, Mitskog, Ostlie

1 A BILL for an Act to amend and reenact section 28-22-03.1 of the North Dakota Century Code,
2 relating to insurance cash value exemptions.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 28-22-03.1 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **28-22-03.1. Additional exemptions for residents.**

7 In addition to the exemptions from all attachment or process, levy and sale upon execution,
8 and any other final process issued from any court, otherwise provided by law, a resident of the
9 state may select:

- 10 1. In lieu of the homestead exemption, up to ten thousand dollars. This exemption is not
11 available if the resident exemption claimant, the spouse of the resident exemption
12 claimant, or other head of the family of the resident exemption claimant has chosen
13 the homestead exemption provided for under subsection 7 of section 28-22-02.
- 14 2. A motor vehicle exemption in one vehicle not to exceed two thousand nine hundred
15 fifty dollars in value over security interests and liens upon that vehicle, or a motor
16 vehicle exemption in one vehicle not to exceed thirty-two thousand dollars for a motor
17 vehicle that has been modified at a cost of not less than one thousand five hundred
18 dollars to accommodate an individual with a permanent physical disability who is the
19 owner of that motor vehicle.
- 20 3. The debtor's aggregate interest, not to exceed one thousand five hundred dollars in
21 value, in any tools, implements, or professional books of the trade of the debtor or the
22 trade of a dependent of the debtor.
- 23 4. Any unmatured life insurance contract owned by the debtor, other than a credit life
24 insurance contract.

- 1 5. The debtor's aggregate interest, not to exceed in value eight thousand dollars less any
2 amount of property transferred in the manner specified in 11 U.S.C. 542(d), in any
3 accrued dividend or interest under, or loan value of, any unmatured life insurance
4 contract owned by the debtor under which the insured is the debtor or an individual of
5 whom the debtor is a dependent Any benefits, not to exceed five hundred thousand
6 dollars, including the cash value and proceeds of an insurance policy or annuity
7 contract that has been in effect for at least one year, to be provided to an insured or
8 beneficiary under an insurance policy or annuity contract issued by a life, health, or
9 accident insurance company, annuity, or benefit plan used by an employer or
10 individual insured exclusively to the benefit of that individual.
- 11 6. Professionally prescribed health aids for the debtor or a dependent of the debtor.
- 12 7. Retirement funds that have been in effect for at least one year, to the extent those
13 funds are in a fund or account that is exempt from taxation under section 401, 403,
14 408, 408A, 414, 457, or 501(a) of the Internal Revenue Code of 1986. The value of
15 those assets exempted may not exceed one hundred thousand dollars for any one
16 account or two hundred thousand dollars in aggregate for all accounts. The dollar limit
17 does not apply to the extent this property is reasonably necessary for the support of
18 the resident and that resident's dependents. Retirement funds are not exempt from
19 enforcement of any order to pay spousal support or child support, or a qualified
20 domestic relations order under sections 15-39.1-12.2, 39-03.1-14.2, and 54-52-17.6.
21 As used in this subsection, "reasonably necessary for the support" means required to
22 meet present and future needs, as determined by the court after consideration of the
23 resident's responsibilities and all the present and anticipated property and income of
24 the resident, including that which is exempt.
- 25 8. The debtor's right to receive:
- 26 a. A social security benefit, except that the benefit is not exempt for enforcement of
27 any order for the support of a dependent child.
- 28 b. Veteran's disability pension benefits, not including military retirement pay, except
29 that the benefits are not exempt from process levy or sale for enforcement of any
30 order for the support of a dependent child.
- 31 c. A disability, illness, or unemployment benefit.

- 1 d. Alimony, support, or separate maintenance, but not property settlements, to the
2 extent reasonably necessary for the support of the debtor and any dependent of
3 the debtor.
- 4 e. A payment under a stock bonus, pension, profit-sharing, annuity, or similar plan
5 or contract on account of illness, disability, death, age, or length of service, to the
6 extent reasonably necessary for the support of the debtor and any dependent of
7 the debtor, unless:
- 8 (1) That plan or contract was established by or under the auspices of an insider
9 that employed the debtor at the time the debtor's rights under that plan or
10 contract arose;
- 11 (2) That payment is on account of age or length of service; and
- 12 (3) That plan or contract does not qualify under section 401(a), 403(a), 403(b),
13 or 408 of the Internal Revenue Code of 1986.
- 14 9. The debtor's right to receive, or property that is traceable to:
- 15 a. An award under a crime victim's reparation law.
- 16 b. A payment on account of the wrongful death of an individual of whom the debtor
17 was a dependent, to the extent reasonably necessary for the support of the
18 debtor and any dependent of the debtor.
- 19 c. A payment under a life insurance contract that insured the life of an individual of
20 whom the debtor was a dependent on the date of that individual's death, to the
21 extent reasonably necessary for the support of the debtor and any dependent of
22 the debtor.
- 23 d. A payment, not to exceed eighteen thousand four hundred fifty dollars, on
24 account of personal bodily injury, not including pain and suffering or
25 compensation for actual pecuniary loss, of the debtor or an individual of whom
26 the debtor is a dependent.
- 27 e. A payment in compensation of loss of future earnings of the debtor or an
28 individual of whom the debtor is or was a dependent, to the extent reasonably
29 necessary for the support of the debtor and any dependent of the debtor.

23.0872.01003
Title.02000

Adopted by the Industry, Business and Labor
Committee

April 12, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2206

Page 1, line 1, after "28-22-03.1" insert ", to amend and reenact 47-18-01"

Page 1, line 10, overstrike "ten" and insert immediately thereafter "twenty-five"

Page 1, line 14, overstrike "two" and insert immediately thereafter "ten"

Page 1, line 14, overstrike "nine hundred"

Page 1, line 15, overstrike "fifty"

Page 1, line 16, overstrike "thirty-two" and insert immediately thereafter "fifty"

Page 1, line 20, overstrike "one" and insert immediately thereafter "ten"

Page 1, line 20, overstrike "five"

Page 2, line 1, remove the overstrike over "~~The debtor's aggregate interest, not to exceed in value eight thousand dollars less any~~"

Page 2, remove the overstrike over lines 2 through 4

Page 2, line 5, remove the overstrike over "~~whom the debtor is a dependent~~"

Page 2, line 5, remove "Any benefits, including cash value and proceeds of an"

Page 2, remove lines 6 through 8

Page 2, line 9, remove "individual"

Page 2, line 9, after the period insert "Any cash deposit not previously scheduled to be made into the policy or non-qualified annuity over the previous twelve months is not exempt. Benefits are not exempt from enforcement of any order to pay spousal support, child support, or a qualified domestic order under section 15-39.1-12.2, 39-03-14.2, and 54-52-17.6."

Page 2, line 14, overstrike the first "one" and insert immediately thereafter "two"

Page 2, line 15, overstrike "two" and insert immediately thereafter "four"

Page 3, after line 29, insert:

"SECTION 2. AMENDMENT. Section 47-18-01 of the North Dakota Century Code is amended and reenacted as follows:

47-18-01. Homestead exemption - Area and value.

The homestead of any individual, whether married or unmarried, residing in this state consists of the land upon which the claimant resides, and the dwelling house on that land in which the homestead claimant resides, with all its appurtenances, and all other improvements on the land, the total not to exceed one hundred fifty thousand dollars in value, over and above liens or encumbrances or both. The homestead shall be exempt from judgment lien and from execution or forced sale, except as otherwise provided in this chapter. The homestead may not embrace different lots or tracts of

land unless the lots or tracts of land are contiguous. For purposes of this section, "contiguous" means two or more tracts of real property which share a common point or which would share a common point but for an intervening road or right of way."

Renumber accordingly

23.0872.01002

Sixty-eighth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2206

Introduced by

Senators Piepkorn, Klein, Weber

Representatives Louser, Mitskog, Ostlie

1 A BILL for an Act to amend and reenact section 28-22-03.1 of the North Dakota Century Code,
2 relating to insurance cash value exemptions.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 28-22-03.1 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **28-22-03.1. Additional exemptions for residents.**

7 In addition to the exemptions from all attachment or process, levy and sale upon execution,
8 and any other final process issued from any court, otherwise provided by law, a resident of the
9 state may select:

- 10 1. In lieu of the homestead exemption, up to ten thousand dollars. This exemption is not
11 available if the resident exemption claimant, the spouse of the resident exemption
12 claimant, or other head of the family of the resident exemption claimant has chosen
13 the homestead exemption provided for under subsection 7 of section 28-22-02.
- 14 2. A motor vehicle exemption in one vehicle not to exceed two thousand nine hundred
15 fifty dollars in value over security interests and liens upon that vehicle, or a motor
16 vehicle exemption in one vehicle not to exceed thirty-two thousand dollars for a motor
17 vehicle that has been modified at a cost of not less than one thousand five hundred
18 dollars to accommodate an individual with a permanent physical disability who is the
19 owner of that motor vehicle.
- 20 3. The debtor's aggregate interest, not to exceed one thousand five hundred dollars in
21 value, in any tools, implements, or professional books of the trade of the debtor or the
22 trade of a dependent of the debtor.
- 23 4. Any unmatured life insurance contract owned by the debtor, other than a credit life
24 insurance contract.

- 1 5. ~~The debtor's aggregate interest, not to exceed in value eight thousand dollars less any~~
2 ~~amount of property transferred in the manner specified in 11 U.S.C. 542(d), in any~~
3 ~~accrued dividend or interest under, or loan value of, any unmatured life insurance~~
4 ~~contract owned by the debtor under which the insured is the debtor or an individual of~~
5 ~~whom the debtor is a dependent.~~ Any benefits, not to exceed five hundred thousand
6 dollars, including the cash value and proceeds of an insurance policy or annuity
7 contract that has been in effect for at least one year, to be provided to an insured or
8 beneficiary under an insurance policy or annuity contract issued by a life, health, or
9 accident insurance company, annuity, or benefit plan used by an employer or
10 individual insured exclusively to the benefit of that individual.
11 6. Professionally prescribed health aids for the debtor or a dependent of the debtor.
12 7. Retirement funds that have been in effect for at least one year, to the extent those
13 funds are in a fund or account that is exempt from taxation under section 401, 403,
14 408, 408A, 414, 457, or 501(a) of the Internal Revenue Code of 1986. The value of
15 those assets exempted may not exceed one hundred thousand dollars for any one
16 account or two hundred thousand dollars in aggregate for all accounts. The dollar limit
17 does not apply to the extent this property is reasonably necessary for the support of
18 the resident and that resident's dependents. Retirement funds are not exempt from
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20 domestic relations order under sections 15-39.1-12.2, 39-03.1-14.2, and 54-52-17.6.
21 As used in this subsection, "reasonably necessary for the support" means required to
22 meet present and future needs, as determined by the court after consideration of the
23 resident's responsibilities and all the present and anticipated property and income of
24 the resident, including that which is exempt.
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30 order for the support of a dependent child.
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2 extent reasonably necessary for the support of the debtor and any dependent of
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5 or contract on account of illness, disability, death, age, or length of service, to the
6 extent reasonably necessary for the support of the debtor and any dependent of
7 the debtor, unless:
- 8 (1) That plan or contract was established by or under the auspices of an insider
9 that employed the debtor at the time the debtor's rights under that plan or
10 contract arose;
- 11 (2) That payment is on account of age or length of service; and
- 12 (3) That plan or contract does not qualify under section 401(a), 403(a), 403(b),
13 or 408 of the Internal Revenue Code of 1986.
- 14 9. The debtor's right to receive, or property that is traceable to:
- 15 a. An award under a crime victim's reparation law.
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18 debtor and any dependent of the debtor.
- 19 c. A payment under a life insurance contract that insured the life of an individual of
20 whom the debtor was a dependent on the date of that individual's death, to the
21 extent reasonably necessary for the support of the debtor and any dependent of
22 the debtor.
- 23 d. A payment, not to exceed eighteen thousand four hundred fifty dollars, on
24 account of personal bodily injury, not including pain and suffering or
25 compensation for actual pecuniary loss, of the debtor or an individual of whom
26 the debtor is a dependent.
- 27 e. A payment in compensation of loss of future earnings of the debtor or an
28 individual of whom the debtor is or was a dependent, to the extent reasonably
29 necessary for the support of the debtor and any dependent of the debtor.

Site	ETAB	Add'l ETAB	Current Rent on Etabs	Current Rent Paid for Pull Tab Dispensing Devices	Total Current Rent all machines at Site	New Proposed Rent on Etabs	New Proposed Bar Assist	Total Proposed Rent on ETABS w/Bar assist	Difference of Rent on ETABS w/Bar Assist	Total proposed rent all machines at Site	Percent of change	Total Proposed annual rent
SITE 1	5	1	550	400	950	850	250	1100	550	1500	63%	\$18,000
SITE 2	4	0	400	400	800	600	200	800	600	1200	67%	\$14,400
					0	0	0	0	0	0		0
					0	0	0	0	0	0		0
					0	0	0	0	0	0		0
					0	0	0	0	0	0		0
					0	0	0	0	0	0		0
					0	0	0	0	0	0		0
Totals	9	1	950	800	1750	1450	450	1900	1150	2700	65%	\$32,400

*** Current RENT STRUCTURE

Etabs - \$100 per machine up to 5, after 5 it is \$50 per machine - Max rent of \$1,125 (Nothing for Bar Assist)

Dispensing Devices - Dispensing Only - can not exceed \$400

April 17, 2023

TESTIMONY IN OPPOSITION TO SB 2304

Submitted by Lisa Tonneson

Gaming Manager and Board member

NEWBURG COMMUNITY CLUB, Newburg, ND

The City of Newburg is a small town and had a population of 96 at the 2020 census. The Newburg Community Club is a small charity, and we donate to local programs as well as surrounding communities in Bottineau County and McHenry County. **The Newburg Community Clubs' mission is to work toward community betterment through aid and development.**

SECTION 2. AMENDMENT.

APPROVAL FROM THE LOCAL GOVERNING BODY FIRST:

The State of North Dakota already gave the local cities the authority to approve gaming sites and charities and now the current legislators want to take it back. Why I ask? Is it because of a couple bad apples at the local level that a bar was denied a certain charity? Why didn't the bar owner go to the Attorney General's office when they were denied at the local level? Do we have legislators that own bars and now want more control at the local level? I feel local city officials should have a say on what charities can come into the community that they serve. I feel the only viable reason a bar establishment owner would want to pick the charity is because of a back door payment over and above the rental agreement. A good charitable organization that cares about the communities it is involved with goes a long way and is respected by the bar establishments. A good bar owner that cares about the community and his patrons that live in that community also goes a long way and is respected by the charity and the city. Most small rural bar owners are happy to have a local charity in their establishment because it improves the foot traffic and their revenue by having the gaming machines in their establishment. The Newburg area residents and surrounding town folks all know that when they play the E-tab or pull tabs and they don't win a prize they know their \$20.00 is staying local because that is our mission.

Here's a hypothetical example if this bill was to pass and allow bar owners to pick a charity. The Newburg bar owner decides to sell his establishment. The new owner is from Bowman, ND and continues to reside in Bowman. He decides he doesn't want the Newburg Community Club Charity in his bar, and he wants The Roscoe Pico Train Charity whose mission is **exclusive** to horse rescue and is based out of Bowman, ND. I am not against horse rescue, but I don't see how they would be able to contribute to the local community when their mission is horse rescue.

SECTION 3. AMENDMENT.

ALCOHOLIC BEVERAGE ESTABLISHMENT:

An owner and spouse should not be allowed to play pull tabs or electronic E-Tabs because they always have access to redeemed vouchers. The owner can open the voucher drawer and look at winning vouchers at any time. Winning vouchers show the date, exact time to the seconds and which machine paid out. All machines have a specific number and that is printed on the redeemed voucher.

SECTION 4. AMENDMENT.

ALLOWABLE EXPENSES:

Right now, the State allows the charity to use 60% of adjusted gross proceeds to use on expenses and 40% to give to our non-profit missions. **This amendment takes 3% away from the Newburg Community Club's mission to support non-profits only to support paying higher rent to the bar. However, the rent increase with bar assist that is being proposed is a 63% and 67% rent increase for my two sites.** I have been watching hearings and only a couple bar establishments have introduced testimony in favor of the rent increase. Are legislators just trying to raise the rent for personal gain and political reasons.

SECTION 5. AMENDMENT.

RENT INCREASES:

The bars' profits have increased due to the charitable gaming in their establishments. We all know this even if they won't tell you how much their profits have increased. They would not invite a charitable organization into their establishment if it wasn't profitable. A bar establishment could cancel the contract with the organization if they were experiencing a loss because of the space the machines use.

A bar owner is not ever obligated to have gaming in his/her establishment, they choose to have gaming because it brings in more people to eat, drink, spend money and have fun with the machines.

I feel the rental increases will squeeze out the small charities so the big charities can spread out to the small rural towns. It is very difficult to find employees because we are in a rural community. My gaming people are working with gaming as a second job to make ends meet in this economy. We just raised our rental amounts to both bars sites to the maximum allowed in January 2023. We have a good relationship with the bars, however I'm sure if this bill passes, they will want the maximum rent. If we must remove our devices because of the maximum rent increase it would be detrimental not only to our charity and the programs, we support but also the small-town bar that needs our rent. I have attached a spreadsheet of what our rent would be if this bill passes as it is currently written. We really can't afford to cut the pay for our people and don't want to lose them. See proposed rent spreadsheet.

STAFF ASSIST:

Both of my sites are staff assisted and they haven't had any issues being short on the cash drawer even on a busy night. It was brought up in a hearing that bartenders redeem winning vouchers before serving a customer a drink because the E-Tab winner will give the bartender a better tip. All winning vouchers are required by the state to be paid out within 15 minutes of cashing out of an E-Tab machine. However, if a bar employee is neglecting the establishment's drinking/dining customers that sounds like an owner/employee issue. I have never heard or seen a winner give a bartender a tip from their winning ticket in my sites.

Most people do not realize this, but the bars are provided a scanner with a cash drawer behind the bar for electronic E-Tab voucher redemption to make it easy and safe. The customer brings the winning voucher to the bartender, they scan it to prove it's a valid voucher, then the drawer opens automatically and the bartender dates and initials the voucher, counts out the cash, and then again counts out the cash to the winner. Counting two times helps to avoid mistakes. The drawer starts with an amount of cash in the drawer and as the vouchers are scanned and money goes out it keeps a tally, and you print out a report at the end of night. The remaining cash and paid out vouchers go into the safe. Bar assist is not as complicated as what some people would like you to believe.