

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2008

**2001 SENATE APPROPRIATIONS**

**SB 2008**

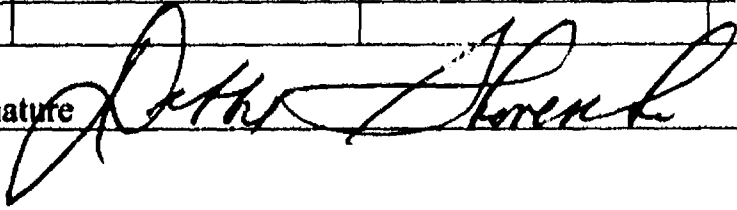
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2008

Senate Appropriations Committee

Conference Committee

Hearing Date January 19, 2001

Tape Number	Side A	Side B	Meter #
1	Banking & Fin		0.00-48.4
Committee Clerk Signature 			

Minutes:

Senator Nething opened the hearing for the Banking & Financial Institutions.

Gary Preszler, Commissioner, Department of Banking and Financial Institutions, testified in support of this bill (testimony attached). Also, payday loans are not allowed in ND mainly with the pawn brokers and House Bill 1273 has been introduced to handle this issue.

Senator Nething: How are institutions doing? Can you categorize this please?

Gary Preszler: We are in better shape than two years ago; there is substantial equity and reserves in the agricultural sector; not as many charge offs; we are optimistic but manageable.

Senator Nething: When you state problems.

Gary Preszler: Our definition on camel ratings are set by regulations; asset quality on management ratings and earning equability rated 1-best, 5 fair; of this 3-5 problem rating. 6 to 9 institutions rated as problem rating. Management is are most common problem.

Senator Nething: Do you have applications pending for any new institutions?

Gary Preszler: We now have 94 which is down two; no new charters since 1996.

There are significant new bank applications with mergers and consolidations.

Senator Nething: Other states; easier to get banks?

Gary Preszler: FDIC set standard and these are all uniform.

Senator Lindaas: Where is your regulatory fund income from and how is this handled?

Gary Preszler: Banks pay annual assessment; as of 6/30/00 sufficient to cover moneys with license fees and examination fees; we bill banks and credit unions.

Senator Lindaas: Is there a fund build up?

Gary Preszler: We can't increase or accumulate; assessment formula and it works good.

Senator Thane: I see a lot of advertisement regarding second mortgages; is there a problem with these; are they controiled?

Gary Preszler: Yes and no; banks and credit unions have limitations only loaning up to value of the homes; most of these home equity and money brokers will lend up to 125% of equity.

Senator Thane: Do you look at selected statements for agricultural?

Gary Preszler: Yes that is the examiners job; the examiner accesses the quality of the loan as part of the portfolio.

Senator Schobinger: On page 5 of your testimony on payday lenders; how will your department regulate this?

Gary Preszler: This has been studied; In ND pawn shops are the main payday lenders whom are regulated more by city and law enforcement dealing with stolen property.

Senator Schobinger: What happens with the payday lender when it is time to cash these checks and they are not any good? Are they turned over to the States Attorney's office?

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Senate Appropriations Committee

Bill/Resolution Number 2008

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Gary Preszler: Most are turned over to a collection agency; the agency usually buys the check from the lender and pursues collection; the annual percentage rate of these payday loans is from 600-3000%.

Senator Andrist: Examination importance; licensed brokers.

Gary Preszler: This is a struggle; collection agencies are not licensed money brokers; we have scam type brokers; money brokers have to be bonded.

Senator Andrist: How is the consumer protected; can these post dated checks be legally collected?

Gary Preszler: These checks are not legal and can't legally be collected; State's Attorney will not prosecute these checks; We have forced one of these collection agencies to refund the \$20 service charge and are pursuing another agency at this time.

Senator Solberg: In the budget, comment on the FTE position; 3.2 salary increase for salary.

Gary Preszler: Yes there is one additional FTE position mainly for travel, operating expenses and benefits are included for this.

Hearing Closed; Tape #1, Side A, 48.4.

January 31, 2001 Tape 1, Side A: 21.9-38.7

Hearing on SB2008 was reopened for Senate Appropriations Committee action, by Senator Nothing.

Senator Robinson moved a do pass; seconded by Senator Andrist. Discussion:

Senator Solberg: Appears to be a large percentage jump in the budget. If we approve the request for salary increase (equity) and an additional position -- perhaps a closer look at the overall budget would be appropriate.

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Senate Appropriations Committee

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*Jan 31, 2001*

Senator Bowman: If we approve the additional position, and they don't hire someone, is the money used for operating?

Senator Nething: It is a line item for salary/wages--can't use for operating.

Senator Solberg: No carry over on that position --reimbursement is for actual documented cost.

Senator Nething: Institutional approval.

Senator Tomac: Concern about the automatic salary increases --- didn't hear the rational ?

Dave Krabbenhoft, OMB Analyst: The study was done by the Fox firm in Minneapolis; the object is to move salaries closer to the market value...completed after noting a number of positions out of line with market.

Senator Tomac: The same scenario for the classified staff? OMB has dollars in the budget(s) to address this --- appropriated and/or general fund.

Senator Nething: 2 years ago the employees received a big jump?

Senator Tomac: Didn't others get the same big jump 2 years ago?

Senator Nething: It's the equity issue here.

Senator Tomac: Equity plus the 3/2 state approved ---both?

Senator Nething: Yes; provided budget is approved/allows it.

Senator Robinson: How many agencies -- is the number broad based? Number of people?

Dave Krabbenhoft: All agencies are involved; no number available; money in some budgets; the most serious problems need(ed) to be addressed.

Jim Smith, Legislative Council Analyst: Legislative Council did a separate memo earlier this month that shows the documentation you are seeking---if you are unable to find your copy, we will be happy to provide additional copies.

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Senate Appropriations Committee

Bill/Resolution Number 2008

Hearing Date ~~January 19, 2001~~

*Jan 31, 2001*

Senator Robinson: Realize there is a problem -- studies have indicated that entry level - state level dollars - and one qualifies for assistance!

Dave Krabbenhoft: Not sure what percent qualify -- on the budgets that I work on, personnel recommendation to move all minimum grades upward -- and they are being addressed.

Senator Tallackson moved the motion be withdrawn. Senator Holmberg seconded the motion.

Motion carried.

Senator Robinson moved a do pass as amended; Senator Andrist seconded. No additional discussion. Roll Call Vote:

13 yes, 0 no, 1 absent. Senator Robinson accepted the floor assignment.

Date: 1-31-01

Roll Call Vote #: \_\_\_\_\_

**2001 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 2008**

Senate Appropriations Committee

Subcommittee on \_\_\_\_\_

or

Conference Committee

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

Action Taken As Passed

Motion Made By Sen Robinson Seconded By Sen Andrist

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman					
Ken Solberg, Vice-Chairman					
Randy A. Schobinger					
Elroy N. Lindaas					
Harvey Tallackson					
Larry J. Robinson					
Steven W. Tomac					
Joel C. Heitkamp					
Tony Grindberg					
Russell T. Thane					
Ed Kringstad					
Ray Holmberg					
Bill Bowman					
John M. Andrist					

Total Yes \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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



Date: 1-31-01

Roll Call Vote #: \_\_\_\_\_

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB2008

Senate Appropriations Committee

Subcommittee on \_\_\_\_\_

or

Conference Committee

Legislative Council Amendment Number 18034.0101

Action Taken Do Pass as Amended

Motion Made By Sen Robinson Seconded By Sen. Andrist

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger	✓				
Elroy N. Lindaas	✓				
Harvey Tallackson	✓				
Larry J. Robinson	✓				
Steven W. Tomac	✓				
Joel C. Heitkamp	✓				
Tony Grindberg					
Russell T. Thane	✓				
Ed Kringstad	✓				
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total Yes 13 No 0

Absent 1

Floor Assignment Senator Robinson

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

**REPORT OF STANDING COMMITTEE**

**SB 2008: Appropriations Committee (Sen. Nething, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2008 was placed on the Sixth order on the calendar.**

Page 1, line 10, replace "2,708,878" with "2,707,820"

Page 1, line 14, replace "3,479,396" with "3,478,338"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2008 - Banking and Financial Institutions - Senate Action**

	EXECUTIVE BUDGET	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$2,708,878	(\$1,058)	\$2,707,820
Operating expenses	701,818		701,818
Equipment	48,700		48,700
Contingency	<u>20,000</u>		<u>20,000</u>
Total all funds	\$3,479,396	(\$1,058)	\$3,478,338
Less estimated income	<u>3,479,396</u>	<u>(1,058)</u>	<u>3,478,338</u>
General fund	\$0	\$0	\$0
FTE	23.00	0.00	23.00

**Dept. 413 - Banking and Financial Institutions - Detail of Senate Changes**

	ADJUST MARKET EQUITY SALARY INCREASE 1	TOTAL SENATE CHANGES
Salaries and wages	(\$1,058)	(\$1,058)
Operating expenses		
Equipment		
Contingency		
Total all funds	(\$1,058)	(\$1,058)
Less estimated income	<u>(1,058)</u>	<u>(1,058)</u>
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> This amendment reduces, from \$4,484 to \$3,426, the amount provided for a market equity salary increase for the commissioner. The amount included in the bill will provide for a salary increase of \$183 per month for the last 18 months of the biennium.

2001 HOUSE APPROPRIATIONS

SB 2008

