

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2228

2001 SENATE FINANCE AND TAXATION

SB 2228

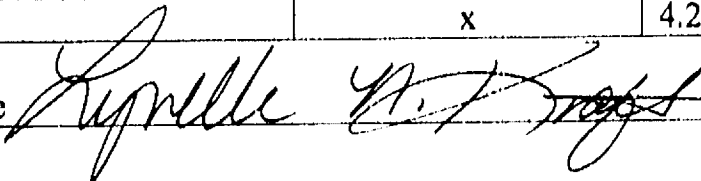
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2228

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 1/23/01

Tape Number	Side A	Side B	Meter #
1		x	8.6-24.5
		x	50-end
2	x		0-7.8
1/24/01 - 2		x	4.2-9
Committee Clerk Signature 			

Minutes:

Senator Urlacher: Opened the hearing on SB 2228, relating to fees for late payment of consumer debt.

Senator Karen Krebsbach: Introduced the bill, introduced presenter.

Cal Rolfson: ND Bankers Assoc., testified in support. Written testimony attached.

Senator Nichols: Are they notified that they are late? Does a late charge continue each month because they missed one?

Cal Rolfson: Most institutions notify. No, late charge does not continue.

Senator Urlacher: What if they make a partial payment?

Cal Rolfson: I'm not sure.

Greg Tschider: ND Credit Union League, testified in support. In regards to partial payment, the percentage is calculated on the unpaid amount. Gives examples. Asking for fairness for the consumers that make their payment on time. \$10 is not much of an incentive to pay.

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Senate Finance and Taxation Committee
Bill/Resolution Number 2228
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Jack McDonald: Independent Community Banks of ND, testified in support. Echoes the testimony of Cal Rolfson and Greg Tschider.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held later. Meter number 50-end, side B-tape 1 & 0-7.8, Tape 2, Side A.

AMENDMENT ACTION:

Motion made by Senator Nichols, Seconded by Senator Wardner, to amend.

Discussion held 1/24/01. Meter number 4.2-9.

AMENDMENT ACTION:

Motion made by Senator Christmann, Seconded by Senator Nichols, to move amendment to Pg 4, Line 26 changing 10 to 15. Voice Vote taken. All in favor, amendment adopted.

COMMITTEE ACTION: 1/24/01

Motion made by Senator Christmann for a DO PASS AS AMENDED, Seconded by Senator Wardner. Vote was 6 yeas, 0 nays, 0 absent and not voting. Bill carrier was Senator Christmann.

Date: 1/23/01
Roll Call Vote #: |

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2228

Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken To form amendment

Motion Made By Nichols Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman					
Senator Wardner-Vice Chairman					
Senator Christmann					
Senator Stenehjem					
Senator Kroeplin					
Senator Nichols					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 1/24/01
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2228

Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Voice Vote on amendments

Motion Made By Christman Seconded Nichols
By _____

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman					
Senator Wardner-Vice Chairman					
Senator Christmann					
Senator Stenchjem					
Senator Kroeplin					
Senator Nichols					

Total (Yes) 6 No 0

Absent 0

Floor Assignment _____

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

Date: 1/24/01
Roll Call Vote #: 23

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2228

Senate Finance and Taxation Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken do pass or amended

Motion Made By Christman Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman	✓				
Senator Wardner-Vice Chairman	✓				
Senator Christmann	✓				
Senator Stenehjem	✓				
Senator Kroeplin	✓				
Senator Nichols	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Christman

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

REPORT OF STANDING COMMITTEE (410)
January 25, 2001 2:06 p.m.

Module No: SR-13-1630
Carrier: Christmann
Insert LC: 18285.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2228: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2228 was placed on the Sixth order on the calendar.

Page 4, line 26, overstrike "ten" and insert immediately thereafter "fifteen"

Renumber accordingly

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2001 HOUSE FINANCE AND TAXATION

SB 2228

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2228

House Finance and Taxation Committee

Conference Committee

Hearing Date March 6, 2001

Tape Number	Side A	Side B	Meter #
1		x	3,306
Committee Clerk Signature <i>Jamie Stein</i>			

Minutes:

REP. AL CARLSON, CHAIRMAN Opened the hearing.

CAL ROLFSON, LEGISLATIVE COUNCIL FOR NORTH DAKOTA BANKER'S

ASSOCIATION, Testified in support of the bill. See attached written testimony.

REP. KELSH Is there anything in the law that regulates or defines what a late payment is?

CAL ROLFSON To my knowledge, I am not aware of a definition of that. Physically, in every contract, there is a grace period, generally, fifteen days, there are some grace periods set out in the law.

REP. KELSH Does this apply to charges on loans on services, like medical services?

CAL ROLFSON No

REP. CARLSON In summarizing, if the loan is less than two thousand dollars, then it would be fifteen percent of the installment or fifty dollars, whichever is less, so if I have an installment of

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House Finance and Taxation Committee

Bill/Resolution Number SB 2228

Hearing Date March 6, 2001

one hundred dollars, fifteen percent would be fifteen dollars, or fifty dollars, so they would have to pick the fifteen dollars?

CAL ROLFSON That is correct.

REP. CARLSON If it is over two thousand dollars, then it would be one hundred dollars and the fifteen percent still applies?

CAL ROLFSON No, if it's two thousand dollars or more than two thousand dollars, it would be up to one hundred dollars. If you look at the breaking point, under the two thousand dollars, actually, it is payments of three hundred and thirty three dollars, which would, essentially, be fifty dollars. Above that, between there and two thousand dollars, you would still have a fifty dollar payment as the maximum which could be charged. Over two thousand dollars, the one hundred dollar payment, would be five percent.

REP. KROEBER You are raising it from fifteen dollars, line 11 says it may not exceed fifteen dollars, and then on line 15, it may not exceed fifty dollars?

CAL ROLFSON Under current law, the maximum is ten dollars or ten percent, whichever is the lesser.

REP. KROEBER On line 11, are we not crossing out fifteen dollars or fifteen percent.

CAL ROLFSON The deleted language on line 11 and 13, page 1, is still the law, and that is reflected in the underlined language on line 13 through 15. That is just the style of language that the drafter made. That deals with commercial loans, mortgages or agricultural loans. The other ones deal just with retail installment contracts.

REP. CARLSON Why did you change the language on Section 1, on the commercial mortgages and agricultural notes or mortgages?

CAL ROLFSON It was just a style change, I did not draft the bill, but it puts in I believe, what the drafter believed as better language.

REP. KROEBER On page 3 of your testimony, you state that the result is that the delinquent borrowers would abuse the system, what percent do you think are these delinquent borrowers?

CAL ROLFSON I wish I knew that, the example I gave you of the fifteen thousand dollar tractor payment is a real example where payments were delayed, knowing for many many months that only a ten dollar charge could be leveled. It was essentially, free borrowing for that period of time. It is certainly the minority.

REP. CARLSON If you wrote a bad check, what would be your standard charges?

CAL ROLFSON My understanding is that charges that range, from bank to bank, are in the twenty nine dollar range for writing a bad check.

REP. CARLSON So in most cases, what we are doing here, for late payments, where the money is being spent, we are charging less than the charge for a bad check.

CAL ROLFSON Absolutely, significantly less.

REP. DROVDAL That is a charge the bank is going to make against the individual, it does not include a charge the business or its collection agency will charge.

CAL ROLFSON You are correct.

REP. WINRICH Your example dealt with retail installment contracts where, apparently, there was an annual installment of a significant sized payment, this would also apply to somebody who signs a retail installment contract for the purchase of a refrigerator and ends up with a seventy five dollar per month payment or something, would it not?

CAL ROLFSON Yes, it would.

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House Finance and Taxation Committee

Bill/Resolution Number SB 2228

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REP. WINRICH On page 4 of the bill, where you deal with the retail installment contract in line 26, it talks about fifteen percent of the delinquent installment payment or fifty dollars, whichever is less, and also in the language on page 1, which was stricken, on line 12, it said fifteen percent of the late payment, on line 16, it simply says, may not exceed fifty dollars or fifteen percent. There is no base for the fifteen percent. Is that an omission?

CAL ROLFSON I believe the introductory words are "a late fee" would perhaps, respond to that issue. The late fee, would be that amount.

JACK MCDONALD, INDEPENDENT COMMUNITY BANKS OF NORTH DAKOTA,

Testified in support of the bill for the same reasons that Cal Rolfson said.

REP. CARLSON Do any neighboring states raise the interest rate if you are delinquent?

JACK MCDONALD Somebody else more familiar may be able to answer that, I am not aware. There are states that do that.

GREG TSCHIDER, NORTH DAKOTA CREDIT UNION LEAGUE Testified in support of the bill. See attached written testimony.

REP. CARLSON The agreement you sign on an a loan with a consumer where the payment is in excess of two thousand dollars, what does that agreement say, obviously, now the law would say, when we do this, it could be up to one hundred dollars, do you put a percentage in as well as up to one hundred dollars, or what to you do?

GREG TSCHIDER What we do now, is quote the law as it is. The verbage you see here in this bill, is the verbage we would type on our contracts.

REP. CARLSON You would not establish a percentage, you would just say, if you are late, we are going to charge you one hundred dollars?