

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2370

2001 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2370

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2370

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date January 29, 2001

Tape Number	Side A	Side B	Meter #
1	x		40.6 to end
1		x	0 to 19.4
FEB. 07 3	x		18.8 to 30
MAR. 28 1	x		7.2 to 12.3
Committee Clerk Signature <i>Donna E. Perez</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on SB 2370 relating to licensing businesses to allow currency exchange services and to amend and reenact sections of the ND century code relating to the licensing of businesses under the Consumer Finance Act.

SENATOR GARY NELSON, District 22. Cosponsor, introduced the bill. The bill relates to the ability of merchants to cash checks. Drafting put it in the wrong section of the code, placed it in lending instead of check cashing. Some amendments will be proposed. The primary intent is check cashing nothing else.

DARYN KAPAUN, small business owner. In favor of this bill. The purpose of this bill is to allow check cashing for a fee to places other than banks. Written testimony attached.

SENATOR ESPEGARD: Fiscal note mentions loans, will you be lending?

D KAPAUN: No, loans are not in our intent.

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Senate Industry, Business and Labor Committee

Bill/Resolution Number SB 2370

Hearing Date January 29, 2001.

SENATOR MUTCH: Section 11 would allow you to make loans.

D KAPAUN: That is wrong, our only intent is to be able to cash checks for a fee.

SENATOR MUTCH:: The bill needs amendments to clean this up.

PARRELL D. GROSSMAN, Attorney General's Office. Neutral. Our primary concern is the loans section. We ask that this bill be significantly amended to exclude loans. We do not oppose check cashing.

SENATOR MUTCH: Another concern would be the amount of money charged for cashing checks.

P GROSSMAN: Yes.

GARY PRESZLER: Commissioner, Dept. of Banking and Financial Institutions, opposes this bill because it would allow check cashers to make loans. Written testimony attached.

SENATOR KREBSBACH: Right now it is illegal for a merchant to cash a check and charge a fee?

G. PRESZLER: Yes, without a fee it is allowable.

Hearing concluded. Committee recommended work on the amendment to clean up the bill.

Feb. 07/01 (Tape 3-A- 18.8 to 30) Committee reconvened, all members present except

SENATOR KLEIN.

KEN TUPA, ND PAWNBROKERS ASSN., introduced amendments discussed with attorney general's office and prepared by the legislative council, which in effect will replace the bill. It makes very clear that loans are not to be made, addresses the issue of postdated checks and adds a penalty.

Discussion held.

SENATOR KREBSBACH: Motion to adopt amendment. SENATOR D. MATHERN: Seconded

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Senate Industry, Business and Labor Committee

Bill/Resolution Number SB 2370

Hearing Date ~~January 29, 2001~~

2-7-01

Roll call vote 6 yes; 0 no; 1 absent not voting (SENATOR KLEIN).

SENATOR KREBSBACH: Motion: do pass as amended. SENATOR ESPEGARD: Seconded.

Roll call vote: 6 yes; 0 no; 1 absent. Carrier: SENATOR KREBSBACH

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Senate Industry, Business and Labor Committee

Bill/Resolution Number SB 2370

Hearing Date ~~January 29, 2001~~

March 28/01 Tape 1-A-7.2 to 12.3

Committee reconvened. All members present. Committee studied and discussed House amendments.

**Senator Krebsbach:** Ken Tupa worked with the sponsors and he agrees with the amendments, what they are doing is setting limits.

**Senator Espegard:** Motion to concur. **Senator Krebsbach:** Second.

Roll call vote: 7 yes; 0 no. Motion carried. Floor assignment: **Senator Krebsbach.**

# FISCAL NOTE

Requested by Legislative Council

02/09/2001

Bill/Resolution No.:

Amendment to: SB 2370

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				\$0		\$0
<b>Expenditures</b>				\$0		\$0
<b>Appropriations</b>				\$0		\$0

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2370, as engrossed, has no fiscal impact on the Department of Banking and Financial Institutions.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Gary D. Preszler	<b>Agency:</b>	Dept. of Banking and Financial Institutions
<b>Phone Number:</b>	328-9933	<b>Date Prepared:</b>	02/12/2001

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/26/2001

Bill/Resolution No.: SB 2370

Amendment to:

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				\$49,120		\$34,720
<b>Expenditures</b>				\$141,008		\$141,008
<b>Appropriations</b>				\$141,008		\$141,008

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Revenue will be generated by the number of license fees, investigation fees, and examination fees collected from licensees. The Department anticipates licensing approximately 53 companies as check cashers and anticipates approximately 20 of those will also offer loans.

Expenditures will consist of the cost to add an FTE to the Department to handle licensing, examinations, and investigate complaints. Additional expenditures will be travel involved in examining and investigating these companies.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

REVENUE

\$200 annual license fee- 53	\$21,200
\$300 Investigation fee- 53	\$15,900
Exam hours- 320	\$12,021
<b>TOTAL REVENUE</b>	<b>\$49,121</b>



**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenses

Salary/Benefits \$97,176  
General Operating \$10,088  
Travel \$7,200  
Legal hours \$10,523  
Exam hours 320 \$12,021  
Total Operating \$39,832  
Equipment \$4,000 (every 4 years per IT Plan)

TOTAL EXPENSES \$141,008

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The Department would need an appropriation of \$141,008 in order to administer and enforce the requirements of this statute. The expenditures exceed revenue by \$91,887

<b>Name:</b>	Gary D. Preszler	<b>Agency:</b>	Dept. of Banking and Financial Institutions
<b>Phone Number:</b>	328-9933	<b>Date Prepared:</b>	01/24/2001

February 7, 2001

PROPOSED AMENDMENTS TO SENATE BILL NO. 2370

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for authorization of currency exchange businesses; and to provide a penalty.

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

**SECTION 1. Currency exchange - Penalty.**

1. A nonbanking institution may engage in the business of a currency exchange if:
  - a. The institution does not contract with another person to manage the currency exchange business; however, this does not prohibit the business from employing individuals to operate a currency exchange business;
  - b. The institution displays in a prominent manner on the premises of the business the fees charged to exchange currency;
  - c. The maximum fees charged to exchange currency are limited to any direct cost of verification fees and:
    - (1) The greater of ten percent of the face amount or five dollars, for cashing a draft, personal check, traveler's check, or money order;
    - (2) The greater of five percent of the face amount or five dollars, for cashing a payment instrument such as a payroll check;
    - (3) The greater of six percent of the face amount or five dollars, for cashing a payment instrument such as a payroll check, without identification;
    - (4) The greater of three percent of the face amount or five dollars, for cashing a state public assistance check or a federal social security check; and
    - (5) The greater of four percent of the face amount or five dollars, for cashing a state public assistance check or a federal social security check, without proof of identification;
  - d. The institution does not accept money or currency for deposit or act as bailee or agent of persons to hold money or currency in escrow for others for any purpose; and
  - e. The institution does not exchange currency on the premises of a charitable gaming site.
2. For purposes of this section, "currency exchange" means cashing a check, draft, money order, or traveler's check or issuing a money order or traveler's check as an agent for another, for a fee. The term does not include providing these services incidental to a primary business if there is not a charge for cashing a check or draft.

3. This section does not authorize a business to make any type of loan, including a deferred presentment service transaction, payday loan, cash advance, payday cash advance, or motor vehicle title loan.
4. A nonbanking institution may not accept a postdated check in a currency exchange transaction.
5. A person violating this section is guilty of a class B misdemeanor."

Renumber accordingly

Date: 2/07/01  
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2370

Senate Industry, Business and Labor Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

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

Action Taken Adopt amendments

Motion Made By Sen Krebsbach Seconded By Sen Mathern

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman	✓		Senator Every	✓	
Senator Klein - Vice Chairman	A		Senator Mathern	✓	
Senator Espegard	✓				
Senator Krebsbach	✓				
Senator Tollefson	✓				

Total (Yes) 6 No 0

Absent 1

Floor Assignment S. Krebsbach

If the vote is on an amendment, briefly indicate intent:  
To eliminate loans, address past dated checks issued to add a penalty

Date: 2/07/05  
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2370

Senate Industry, Business and Labor Committee

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

or

Conference Committee

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

Action Taken DPA

Motion Made By Sen Krebsbach Seconded By Sen Espegard

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman	✓		Senator Every	✓	
Senator Klein - Vice Chairman	A		Senator Mathern	✓	
Senator Espegard	✓				
Senator Krebsbach	✓				
Senator Tollefson	✓				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Sen. Krebsbach

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

