

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

4019

2001 SENATE JUDICIARY

SCR 4019

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4019

Senate Judiciary Committee

Conference Committee

Hearing Date 14 February 2001

Tape Number	Side A	Side B	Meter #
1	x	x	47.1-end/0-5.8
Committee Clerk Signature			

Minutes: **Senator Watne** opened the hearing on SCR 4019: A CONCURRENT RESOLUTION DIRECTING THE LEGISLATIVE COUNCIL TO STUDY MEDICAL AND FINANCIAL PRIVACY LAWS IN THIS STATE, THE EFFECTIVENESS OF MEDICAL AND FINANCIAL PRIVACY LAWS IN OTHER STATES, THE INTERACTION OF FEDERAL AND STATE MEDICAL AND FINANCIAL PRIVACY LAWS, AND WHETHER CURRENT MEDICAL AND FINANCIAL PRIVACY CONDITIONS MEET THE REASONABLE EXPECTATIONS OF THE CITIZENS OF NORTH DAKOTA.

Wayne Stenhjem, Attorney General of ND, testifies in support of the resolution. A lot of bills dealing with privacy. Concern of yours and your constituents. In addition to all bills, there have been federal regulations. These regulations are complex. We don't want this to conflict with federal regulations. I'm proposing a study resolution so an interim committee may look at these laws. (testimony attached)

Senator Watne, do you think this question has been opened by the Internet?

Page 2
Senate Judiciary Committee
Bill/Resolution Number SCR 4019
Hearing Date 14 FEBRUARY 2001

Wayne Stenchjem, yes, one of the major reasons.

Senator Nelson, do you see this covering things like the locked in locked out provision?

Wayne Stenchjem, yes, that is the hot topic?

Jack McDonald, representing the North Dakota Newspaper Association and North Dakota Broadcasters Association, supports the bill. (testimony attached)

Joel Gilbertson, Executive Vice President and General Council for the Independent Community Banks of North Dakota, supports the bill. (testimony attached)

Marilyn Foss, general counsel for the North Dakota Bankers Association, supports the bill.
(testimony attached)

Buell Riech, supports the bill.

Mike Lefor, supports the bill.

Senator Watne closed the hearing on SCR 4019.

**SENATOR BERCIER MOTIONED TO DO PASS, SECONDED BY SENATOR LYSON.
VOTE INDICATED 6 YEAS, 0 NAYS AND 0 ABSENT AND NOT VOTING. SENATOR
BERCIER VOLUNTEERED TO CARRY THE BILL.**

REPORT OF STANDING COMMITTEE (410)
February 15, 2001 8:35 a.m.

Module No: SR-28-3433
Carrier: Bercier
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4019: Judiciary Committee (Sen. Traynor, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SCR 4019 was placed on the
Eleventh order on the calendar.

2001 HOUSE JUDICIARY

SCR 4019

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4019

House Judiciary Committee

Conference Committee

Hearing Date 03-05-01

Tape Number	Side A	Side B	Meter #
TAPE I		x	1282 to 2161
Committee Clerk Signature <i>Joan Diers</i>			

Minutes: Chairman DeKrey opened the hearing on SCR 4019. A concurrent resolution directing the Legislative Council to study medical and financial privacy laws in this state, the effectiveness of medical and financial privacy laws in other states, the interaction of federal and state medical and financial privacy laws and whether current medical and financial privacy protections meets the reasonable expectations of the citizens of North Dakota.

Wayne Stenehjem: North Dakota Attorney General, We need to conduct a study to see what we have in North Dakota may be an enhancement, how it interplay's with federal legislation that is coming along. And whether in North Dakota we need additional legislation of some kind to bring us along.

Chairman DeKrey: Are there any questions, if none thank you for appearing before the committee.

Page 2

House Judiciary Committee

Bill/Resolution Number SCR 4019

Hearing Date 03-05-01

Jack Mc Donald: North Dakota Newspaper Association as well as The Independent Community Banks of North Dakota. Agreed with the Attorney General comments and stand in support of SCR 4019.

Chairman DeKrey: Are there questions, thank you for appearing.

Marilyn Foss: general counsel for the North Dakota bankers Association. (see attached testimony).

Chairman DeKrey: Any questions, thank you for appearing.

Hugh Wright: North Dakota Credit Union League. The North Dakota credit Union League strongly supports this bill.

Chairman DeKrey: Any questions, thank you for appearing before this committee.

Cal Rollson: attorney of Bismarek and I represent a Pharmaceutical Research Manufacture. in regard to the health areas of this bill, we would offer the resources of our organization to provide assistance in your research of this bill. We encourage the support of this bill.

Mr. Dan Almer: lobbyist for Blue Cross Blue Shield, me too.

Chairman DeKrey: Anyone else wishing to testify on SCR 4019, if not, we will close the hearing on SCR 4019.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4019b

House Judiciary Committee

Conference Committee

Hearing Date 03-07-01

Tape Number	Side A	Side B	Meter #
TAPE II		x	664 to 855
Committee Clerk Signature <i>Joan Diens</i>			

Minutes: Vice Chr Kretschmar called the committee to order. We will take up SCR 4019. What are the wishes of the committee.

COMMITTEE ACTION

Rep Disrud moved a DO PASS, seconded by Rep Kingsbury.

DISCUSSION

Vice Chr Kretschmar: the clerk will call the roll on a DO PASS motion on SCR 4019. The motion passed with 12 YES, 0 NO and 3 ABSENT. Rep Disrud will be the carrier. The resolution will be placed on the CONSENT CALENDAR.

Date: 03-07-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SCR-4019

House JUDICIARY Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep Disrud Seconded By Rep Kingsbury

Representatives	Yes	No	Representatives	Yes	No
CHR - Duane DeKrey					
VICE CHR --Wm E Kretschmar	✓				
Rep Curtis E Brekke	✓				
Rep Lois Delmore	✓				
Rep Rachael Disrud	✓				
Rep Bruce Eckre	✓				
Rep April Fairfield					
Rep Bette Grande	✓				
Rep G. Jane Gunter	✓				
Rep Joyce Kingsbury	✓				
Rep Lawrence R. Klemin	✓				
Rep John Mahoney					
Rep Andrew G Maragos	✓				
Rep Kenton Onstad	✓				
Rep Dwight Wrangham	✓				

Total (Yes) 12 No 0

Absent 3

Floor Assignment Rep Disrud

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

Consent

REPORT OF STANDING COMMITTEE (410)
March 7, 2001 4:40 p.m.

Module No: HR-39-5053
Carrier: Disrud
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4019: Judiciary Committee (Rep. DeKrey, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (12 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). SCR 4019 was placed on the Tenth order on the calendar.

2001 TESTIMONY

SCR 4019

Testimony in Favor of S.C.R. 4019
Joel Gilbertson, Executive Vice President
Independent Community Banks of North Dakota

Mr. Chairman, I am Joel Gilbertson, Executive Vice President and General Counsel for the Independent Community Banks of North Dakota. ICBND is a state association of 94 banks located in communities of all sizes located all over the state.

Gramm Leach Bliley has shaken up the privacy "globe" a lot. There is much public interest and there are many bills. We do have federal legislation that has passed and affects every state in some respect. We still don't know what the exact effect will be in North Dakota because of our unusual predicament. We want to let our community banks read all of the regulations sent out after Gramm Leach Bliley and know that if they meet those requirements they are ok. That is embodied in S.B. 2191, and that will get our banks through the biennium.

Other than that, we want to let things settle. Let's wait until the session is over and embark on a two year extensive study by those that are interested and take another look at the environment in two years. We support S.C.R. 4019, which does just that.

We must urge a Do Pass on this bill. We want to take a look at what is happening around the country and then jump into this task. Although rushing into implementation of new state laws may have some appeal, we believe the wiser course is to let the dust settle and undertake a comprehensive but deliberate study of this significant, but highly complex public policy matter.

consumer privacy vs. financial services: striking a balance can be tricky

March 2, 2000 (*Finance and Commerce*)

By Karen L. Grandstrand, Banking

Phone: (612) 347-7153

E-Mail: kgrandstrand@fredlaw.com

State legislatures should not feel pressured to quickly enact state privacy laws to protect financial data. Late in 1999, Congress passed a new privacy law that attempts to protect consumer privacy without overwhelmingly burdening financial institutions or consumers. Striking this balance is tricky and we do not know whether the new federal law has it right. Only time will tell – we need to operate under the new law to gain an understanding of its practical implications. Adding laws in 50 states, on top of an untested federal law, is not the way to approach this important public policy issue.

The federal financial modernization legislation, known as the Gramm-Leach-Bliley Act, includes a new privacy law, captioned Disclosure of Nonpublic Personal Information. This law limits the instances in which a financial institution may disclose nonpublic personal information about a consumer to nonaffiliated third parties. It also requires a financial institution to disclose to all of its customers the institution's privacy policies and practices with respect to information sharing with both affiliates and nonaffiliated third parties.

The federal law applies to any company engaged in financial services – whether or not the company is affiliated with a bank. Thus, the law not only covers banks, thrifts, and credit unions, it covers other companies that traditionally have not been considered financial institutions.

As explained by the Federal Trade Commission's ("FTC") proposed rule of February 24, personal property appraisers, real estate appraisers, retailers, career counselors for employees in financial occupations, real estate settlement services, manufacturers of computer hardware and software, and travel agencies operated in connection with financial services are considered financial institutions under the privacy act.

The FTC rule further explains, however, that while many of these entities come within the broad definition of financial institution, they will likely not be subject to many of the privacy rules because they do not provide services or products to "consumers." The law does not cover the provision of products or services to businesses. Also, not every product or service that a financial institution provides to a consumer is a financial product. Thus, a department store that issues its own credit card directly to consumers provides a financial service (credit) to consumers who use the card; but when it sells merchandise, it provides a nonfinancial product or service.

The law imposes three basic requirements:

- Financial institutions must provide an initial notice to consumers

