

2023 HOUSE EDUCATION

HB 1392

2023 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau AB Room, State Capitol

HB 1392
1/31/2023

Relating to the authority to deposit money into institution accounts at the Bank of ND

9:31 AM

Chairman Heinert opened the hearing. Members present: Chairman Heinert, Vice Chairman Schreiber-Beck, Representatives Conmy, Dyk, Hager, Hauck, Heilman, Hoverson, Jonas, Longmuir, Marschall, Murphy, Novak, and Timmons.

Discussion Topics:

- Fund raising events with donors
- Accept and disburse funds
- 501C-3 money
- Student organization funds
- Bank of ND
- Attorney General directive
- Anti-gifting
- Challenge grant
- Foundation limitation

Rep Dennis Johnson, Speaker of the House, District, 15, introduced HB 1392, Testimony 17955 and #18193

Doug Darling, President of Lake Region State College, oral testimony in support.

9:47 AM hearing closed.

Rep Murphy moved to adopt Rep Johnson's proposed amendment as follows:

The amendment would insert the following language after line 13 of the bill:

Student organization funds

Any student organization recognized by an institution under the control of the state board of higher education may deposit money into institution accounts in the Bank of North Dakota to be used for the benefit of students and student organizations, or for charitable purposes.

An expenditure made under this section is deemed to be made for a public purpose and may not be construed as a gift for purposes of section 18 of article X of the Constitution of North Dakota

Seconded by Rep Marschall. Voice vote. Motion carried.

Rep Murphy moved a Do Pass as Amended, seconded by Rep Jonas.

David Kresbach answered questions at the request of the committee.

Doug Darling answered questions at the request of the committee.

Roll Call Vote:

Representatives	Vote
Representative Pat D. Heinert	Y
Representative Cynthia Schreiber-Beck	Y
Representative Liz Conmy	Y
Representative Scott Dyk	Y
Representative LaurieBeth Hager	Y
Representative Dori Hauck	Y
Representative Matt Heilman	Y
Representative Jeff A. Hoverson	Y
Representative Jim Jonas	Y
Representative Donald W. Longmuir	Y
Representative Andrew Marschall	Y
Representative Eric James Murphy	Y
Representative Anna S. Novak	Y
Representative Kelby Timmons	Y

Yes 14 No 0 Absent 0 Motion carried. Rep Murphy is carrier.

9:56 AM Chairman Heinert closed the hearing.

Kathleen Davis, Committee Clerk

January 31, 2023

24
1-31-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1392

Page 1, line 1, replace "a" with "two"

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

Page 1, after line 13, insert:

"**SECTION 2.** A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Student organization funds.

Any student organization recognized by an institution under the control of the state board of higher education may deposit money into institution accounts in the Bank of North Dakota to be used for the benefit of students and student organizations or for charitable purposes. An expenditure made under this section is deemed to be made for a public purpose and may not be construed as a gift for purposes of section 18 of article X of the Constitution of North Dakota."

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1392: Education Committee (Rep. Heinert, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1392 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "a" with "two"

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

Page 1, after line 13, insert:

"SECTION 2. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Student organization funds.

Any student organization recognized by an institution under the control of the state board of higher education may deposit money into institution accounts in the Bank of North Dakota to be used for the benefit of students and student organizations or for charitable purposes. An expenditure made under this section is deemed to be made for a public purpose and may not be construed as a gift for purposes of section 18 of article X of the Constitution of North Dakota."

Renumber accordingly

2023 SENATE EDUCATION

HB 1392

2023 SENATE STANDING COMMITTEE MINUTES

Education Committee
Room JW216, State Capitol

HB 1392
3/15/2023

Relating to the authority to deposit money into institution accounts as the Bank of ND.

11:00 AM Chair Elkin opened the hearing. Present: Chair Elkin, Vice Chair Beard, Sen Axtman, Sen Conley, Sen Lemm, and Sen Wobbema.

Discussion Topics:

- Non-profit organizations
- Organization funds
- Non gifts definition

Rep D Johnson, Dist 15, bill sponsor testified in support #24978.

Doug Darling, Pres Devils Lake College, testified in support with no written testimony.

Additional written testimony:

Karla Mongeon-Stewart, Grand Forks, ND in support #24629.

11:16 AM Chair Elkin closed the hearing.

Pam Dever, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Education Committee
Room JW216, State Capitol

HB 1392
3/27/2023

Relating to the authority to deposit money into institution accounts at the Bank of ND.

3:14 PM Chair Elkin opened committee work. Present: Chair Elkin, Vice Chair Beard, Sen Axtman, Sen Conley, Sen Lemm, and Sen Wobbema.

Discussion Topics:

- Committee action

Lisa Johnson, ND University System answered a question. No written testimony.

Sen Axtman moved a DO PASS.

Sen Conley seconded the motion.

Senators	Vote
Senator Jay Elkin	Y
Senator Todd Beard	Y
Senator Michelle Axtman	Y
Senator Cole Conley	Y
Senator Randy D. Lemm	Y
Senator Michael A. Wobbema	Y

VOTE: YES – 6 NO – 0 Absent- 0 Motion PASSED

Sen Conley will carry the bill.

3:19 PM Chair Elkin adjourned the meeting.

Pam Dever, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1392, as engrossed: Education Committee (Sen. Elkin, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1392 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.

TESTIMONY

HB 1392

HB1392

House Education Committee

January 31, 2023

Dennis Johnson, Speaker of the House of Representatives

701.739.9328 | djohnson@ndlegis.gov

Chair Heinert and members of the House Education Committee. My name is Dennis Johnson, and I serve as Speaker of the House of Representatives and represent District 15. I am here to introduce HB1392 and to request your consideration of an amendment.

HB1392 provides our North Dakota higher education institutions the ability to deposit funds from its nonprofit organization or foundation into an institution's account at the Bank of North Dakota and subsequently disburse those dollars, without the funds being considered a gift under section 18 of Article X of the ND Constitution.

Currently, the foundations must spend those funds from the foundation's account. Many of the smaller institutions have limited foundation staff and would like to provide funds directly to the institution for the President to use in fund-raising activities with donors. This change would allow the institution to accept and subsequently disburse funds received from its foundation for the foundation-specified purposes.

I also request that you consider an amendment to provide this same flexibility for student organizations. Many of the smaller institutions have students on their campuses for less than a two-year period. This makes it difficult for the student organizations to maintain checking accounts due to frequent turnover. The proposed language would allow the institutions to deposit the student organization funds and subsequently disburse those funds for their intended purposes.

The amendment would insert the following language after line 13 of the bill:

Student organization funds

Any student organization recognized by an institution under the control of the state board of higher education may deposit money into institution accounts in the Bank of North Dakota to be used for the benefit of students and student organizations, or for charitable purposes. An expenditure made under this section is deemed to be made for a public purpose and may not be construed as a gift for purposes of section 18 of article X of the Constitution of North Dakota.

Thank you for your consideration of the bill & proposed amendment. I will stand for questions from committee members

23.0767.01000

Sixty-eighth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1392

Introduced by

Representatives D. Johnson, Richter, Sanford

Senators Bekkedahl, Meyer, Schaible

1 A BILL for an Act to create and enact a new section to chapter 15-10 of the North Dakota
2 Century Code, relating to the authority to deposit money into institution accounts at the Bank of
3 North Dakota.

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

5 **SECTION 1.** A new section to chapter 15-10 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Affiliated nonprofit organization funds.**

8 An affiliated nonprofit organization that provides support to and is organized and operated
9 for the benefit of an institution under the control of the state board of higher education may
10 deposit money into an institution account in the Bank of North Dakota for the purpose of
11 benefiting the mission and objectives of the institution. An expenditure made under this section
12 is deemed to be made for a public purpose and may not be construed as a gift for purposes of
13 section 18 of article X of the Constitution of North Dakota.

HB 1392

Senate Education Committee

March 15, 2023

Karla Mongeon-Stewart, VP for Finance and Administration, UND
701-777-3511; karla.stewart@und.edu

Chair Elkin and members of the Senate Education Committee. My name is Karla Mongeon-Stewart, and I serve as the Vice President for Finance and Operations and Chief Operating Officer for the University of North Dakota. I support HB 1392 and recommend a Do Pass.

HB 1392 provide North Dakota higher education institutions the ability to deposit funds from related organizations or foundations into the institution's financial account at the Bank of North Dakota. These funds may then be disbursed without being considered a gift under section 18 of Article X of the ND Constitution.

Foundations and student organizations are currently required to maintain their cash in separate bank accounts. UND does not have an issue with the current structure because we have a large enough foundation and related staffing to manage these accounts. However, we support our sister schools with significantly less staffing and resources to maintain these dollars in the institution's Bank of North Dakota account and subsequently disburse those dollars for their specified purpose.

Student organization accounts are particularly vulnerable under the current rules as the turnover in these organizations can be frequent and create additional risk for these organizations to be required to maintain separate bank accounts for their organizations.

The proposed language will allow a small foundation, student organizations or other related-entity to deposit funds and subsequently disburse those funds for their intended purpose.

Thank you for your consideration.

Engrossed HB1392

Senate Education Committee

March 15, 2023

Dennis Johnson, Speaker of the House of Representatives

701.739.9328 | djohnson@ndlegis.gov

Chair Elkin and members of the Senate Education Committee. My name is Dennis Johnson, and I serve as Speaker of the House of Representatives and represent District 15. I am here to introduce HB1392 and request your approval of the bill.

Section 1 of HB1392 would allow North Dakota higher education institutions to deposit funds received from their nonprofit organization or foundation in the institution's Bank of North Dakota account. Institutions would also be able to spend those dollars without the funds being considered a gift under Article X, Section 18 of the ND Constitution.

Currently, the foundations can only spend those dollars from the foundation's bank account. Many of the smaller institutions have limited foundation staff and would like to provide funds directly to the institution for the President to use in fund-raising activities with donors. This change would allow the institution to accept and spend funds received from its foundation for the foundation-specified purposes.

Section 2 provides the same flexibility for student organization funds. Many of the smaller institutions have students on their campuses for less than two years. This makes it difficult for the student organizations to maintain checking accounts due to frequent turnover. The proposed language would allow the institutions to deposit student organization funds and spend the dollars for the intended purpose.

Thank you for your consideration of this bill. I will gladly answer any questions you may have.