

2021 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1187

2021 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

HB 1187
1/19/2021

Creation of a Bank of North Dakota rebuilders loan program & rebuilders permanent loan fund, rebuilders loan program, a rebuilders home loan program & a rebuilders home loan fund.

Chairman Lefor opened the hearing on HB 1187.

Representatives	Attendance
Chairman Lefor	P
Vice Chairman Keiser	P
Rep Hagert	P
Rep Jim Kasper	A
Rep Scott Louser	P
Rep Nehring	P
Rep O'Brien	P
Rep Ostlie	P
Rep Ruby	P
Rep Schauer	P
Rep Stemen	P
Rep Thomas	P
Rep Adams	P
Rep P Anderson	P

Discussion Topics:

- Bank response to unforeseen events

Rep Louser~District 5: Introduces the bill.

Todd Steinwand~Chief Business Development Officer-Bank of ND: #1282.

(2:49) Chairman Lefor closes the hearing.

Rep Louser moved a Do Pass.

Rep Hagert second.

Representatives	Vote
Chairman Lefor	Y
Vice Chairman Keiser	Y
Rep Hagert	Y
Rep Jim Kasper	A
Rep Scott Louser	Y
Rep Nehring	Y
Rep O'Brien	Y
Rep Ostlie	Y
Rep Ruby	Y
Rep Schauer	Y
Rep Stemen	Y
Rep Thomas	Y
Rep Adams	Y
Rep P Anderson	Y

Roll call taken, motion carried 13-0-1 & Rep Louser is the carrier.

(2:53) End time.

Ellen LeTang, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1187: Industry, Business and Labor Committee (Rep. Lefor, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1187 was placed on the Eleventh order on the calendar.

January 19, 2021
Todd Steinwand, Chief Business Development Officer
Testimony on House Bill 1187
House Industry Business and Labor Committee

Chairman Lefor and members of the Committee, I am Todd Steinwand, Chief Business Development Officer here today representing Bank of North Dakota in support of HB1187. The proposal to create a Rebuilders Permanent Loan Fund builds on and adds capacity for Bank of North Dakota to respond to unforeseen events. This concept was first discussed at the end of last session when the Yellowstone Flooding occurred but there was not sufficient time to develop this proposal.

Over the last 100-years, Bank of North Dakota has provided the state a unique tool when responding to natural disasters and unforeseen economic difficulty. From paying teachers in the depression of the 1930's to holding farms and renting it back to the landowners in the 1940's. Bank of North Dakota was called on to assist in the economic recovery after the Grand Forks flood, the flooding in central North Dakota in 2011 and agriculture difficulties of the last decade.

More recently, BND worked with the Emergency Commission and Budget Section to deliver Covid-19 economic recovery programs. In 2020, BND delivered 2,288 loans and distributions through it's various CV19 and agriculture disaster programs. Through this process, BND added \$404 million in disaster loans to its balance sheet. A key component of delivering these loans was the utilization of \$70 million dollars in federal CARE's Act funding to support interest rate buydown programs.

Another \$50 million dollars was utilized from Bank of North Dakota capital for the Small Employer Loan Fund (SELF). In coordinating with the Industrial Commission, BND moved this loan fund off it's balance sheet and created a revolving loan fund to provide 1% loans, up to \$50,000, for 10-years. In this program, BND delivered 900 loans using \$30.4 million in funding.

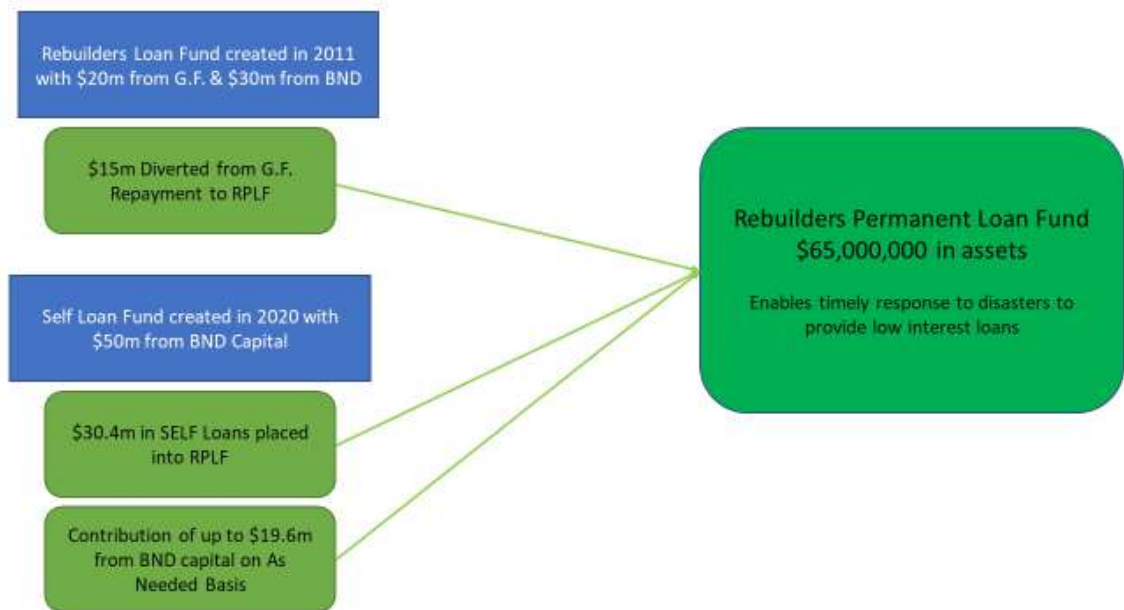
As proposed in HB1187, the SELF Loan program funding is transferred into the Permanent Rebuilders Loan Fund. This provides a base of \$30.4 million in loans that will repay over the next 10-years. In addition, the remaining \$19.6 million of BND capital dedicated to the program would be infused as needed providing liquidity to respond to disasters.

The Rebuilders Loan Program in NDCC 6-09-46 was created to provide low-interest loans to North Dakota residents affected by the floods in 2011. SB2371 in the 2011 Legislature provided for a transfer of \$30 million from BND profits and \$20 million from the state's general fund. The structure provided for BND to receive repayment of its \$30 million in loans first.

- As of 12/31/20, BND's portion of the outstanding loans in the Rebuilders loan program is \$4,985,666. It is anticipated BND's repayment will conclude in September of 2022.
- HB1187 proposes to transfer the existing Rebuilders program loans and divert future General Fund repayments of \$15 million into the Rebuilders Permanent Loan Fund.

By making these loan transfers and directing repayments, a revolving loan fund of \$65 million is established facilitating the creation of loan programs to respond to disasters in the state. Bank of North Dakota supports HB1187 as it enables a timely response with dedicated funding and asks for your support of this proposal.

HB1187 Establishes The Rebuilders Permanent Loan Fund



2021 HOUSE APPROPRIATIONS

HB 1187

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1187
2/2/2021

Relating to a rebuilders loan program, a rebuilders home loan program

10:40 Chairman Delzer Called the meeting to order;

Attendance	P/A
Representative Jeff Delzer	P
Representative Keith Kempenich	A
Representative Bert Anderson	P
Representative Larry Bellew	P
Representative Tracy Boe	P
Representative Mike Brandenburg	P
Representative Michael Howe	P
Representative Gary Kreidt	P
Representative Bob Martinson	P
Representative Lisa Meier	P
Representative Alisa Mitskog	P
Representative Corey Mock	P
Representative David Monson	P
Representative Mike Nathe	P
Representative Jon O. Nelson	P
Representative Mark Sanford	P
Representative Mike Schatz	P
Representative Jim Schmidt	P
Representative Randy A. Schobinger	P
Representative Michelle Strinden	P
Representative Don Vigesaa	P

Discussion Topics:

- Disaster relief Program

10:41 Representative Louser- Introduces HB 1087

10:48 Todd Steinwand- Chief Business Development Officer- Bank of ND; Further answers some questions about the bill.

Additional written testimony: No written testimony

10:56 Chairman Delzer Closed work session for 1087

Risa Berube, House Appropriations Committee Clerk

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1187
2/19/2021

Relating to creation of a Bank of North Dakota rebuilders loan program and a rebuilders permanent loan fund

10:42 Chairman Delzer- Opened the meeting for HB 1187

Attendance	P/A
Representative Jeff Delzer	P
Representative Keith Kempenich	P
Representative Bert Anderson	P
Representative Larry Bellew	P
Representative Tracy Boe	A
Representative Mike Brandenburg	P
Representative Michael Howe	P
Representative Gary Kreidt	P
Representative Bob Martinson	P
Representative Lisa Meier	P
Representative Alisa Mitskog	P
Representative Corey Mock	P
Representative David Monson	P
Representative Mike Nathe	P
Representative Jon O. Nelson	P
Representative Mark Sanford	P
Representative Mike Schatz	P
Representative Jim Schmidt	P
Representative Randy A. Schobinger	P
Representative Michelle Strinden	P
Representative Don Vigesaa	P

Discussion Topics:

- Repaying the State General Fund

10:43 Chairman Delzer- Reviews the bill and explains the amendment 21.0309.01001

10:45 Representative Kempenich Move the amendment

Representative Sanford Seconds the motion

Further discussion

Voice Vote- Motion Carries

10:47 Representative Kempenich Makes a motion for a Do Pass as Amended

Representative Brandenburg Second

10:47 Roll Call Vote was taken;

Representatives	Vote
Representative Jeff Delzer	N
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Tracy Boe	A
Representative Mike Brandenburg	Y
Representative Michael Howe	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Jim Schmidt	Y
Representative Randy A. Schobinger	Y
Representative Michelle Strinden	Y
Representative Don Vigesaa	Y

10:48 Motion Carries 19-1-1 Representative Brandenburg

Additional written testimony: Written testimony passed out, not addressed (#11621)

10:49 Chairman Delzer- Closes the meeting for 1187

Risa Berube,

House Appropriations Committee Clerk

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1187

Page 2, line 6, replace "The Bank of North Dakota" with "Excluding the rebuilders and rebuilders home loans transferred to the fund, the Bank of North Dakota shall deposit in the fund all principal and interest paid on the loans made from the fund. The Bank"

Page 2, line 23, remove "Current loans in"

Page 2, remove lines 24 through 27

Page 2, line 28, replace "permanent loan fund." with "On July 1, 2021, the Bank of North Dakota shall transfer any outstanding loans and other moneys in the rebuilders home loan and rebuilder loan programs to the rebuilders permanent loan fund. Principal and interest payments from the rebuilders and rebuilders home loans that are transferred to the rebuilders permanent loan fund must be used to replenish the Bank's current earnings and undivided profits and to repay the state general fund pursuant to section 3 of chapter 83 of the 2013 Session Laws and subsection 5 of section 20 of chapter 14 of the 2019 Session Laws."

Page 2, line 30, after the period insert "Payments of principal and interest from the small employee loans that are transferred to the rebuilders permanent loan fund must be deposited in the rebuilders permanent loan fund."

Page 3, line 1, remove ", or so much as may be required, on an as-needed basis"

Page 3, line 2, after "fund" insert "in the amounts and at the times determined by the Bank"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment clarifies the repayment process for loans transferred from the rebuilders and rebuilders home loan programs to the newly created rebuilders permanent loan fund. The repayment of the rebuilders and rebuilders home loans must be used to repay the Bank of North Dakota's profits and the general fund, the same as the original repayment requirements. Repayments on small employee loans transferred to the fund and on new loans from the fund must be deposited in the fund.

REPORT OF STANDING COMMITTEE

HB 1187: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1187 was placed on the Sixth order on the calendar.

Page 2, line 6, replace "The Bank of North Dakota" with "Excluding the rebuilders and rebuilders home loans transferred to the fund, the Bank of North Dakota shall deposit in the fund all principal and interest paid on the loans made from the fund. The Bank"

Page 2, line 23, remove "Current loans in"

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Page 2, line 30, after the period insert "Payments of principal and interest from the small employee loans that are transferred to the rebuilders permanent loan fund must be deposited in the rebuilders permanent loan fund."

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STATEMENT OF PURPOSE OF AMENDMENT:

This amendment clarifies the repayment process for loans transferred from the rebuilders and rebuilders home loan programs to the newly created rebuilders permanent loan fund. The repayment of the rebuilders and rebuilders home loans must be used to repay the Bank of North Dakota's profits and the general fund, the same as the original repayment requirements. Repayments on small employee loans transferred to the fund and on new loans from the fund must be deposited in the fund.



North Dakota Legislative Council

Prepared for Representative Delzer
LC# 21.9653.01000
February 2021

HOUSE BILL NO. 1187 - PROPOSED CHANGES

The schedule below provides a comparison of House Bill No. 1187, as introduced, and proposed amendment [21.0309.01001]. The marked-up version of House Bill No. 1187 with proposed amendment [21.0309.01001] is attached as an appendix.

House Bill No. 1187 as Introduced [21.0309.01000]	House Bill No. 1187 with Proposed Amendment [21.0309.01001]
Rebuilders permanent loan fund <ul style="list-style-type: none"> Creates a new loan program to assist North Dakota residents affected by extraordinary losses as a result of a disaster or emergency in the state Transfers <ul style="list-style-type: none"> Transfers outstanding loans from the rebuilders and rebuilders home loan programs to the newly created rebuilders permanent loan fund Requires the repayments from the rebuilders home loans be used to repay the Bank of North Dakota Requires repayments on new loans to be deposited in the newly created rebuilders permanent loan fund Transfers \$30,374,209 issued from Bank profits as a part of the small employee loan program approved by the Emergency Commission and Budget Section to the newly created rebuilders permanent loan fund (outstanding loans that will be repaid to the fund) Transfers \$19,625,791 from Bank profits designated for the small employee loan program approved by the Emergency Commission and Budget Section to the newly created rebuilders permanent loan fund (Unused Bank profits under the small employee loan program) 	Rebuilders permanent loan fund <ul style="list-style-type: none"> Same as introduced version Clarifies loan repayments must be deposited in the fund, excluding the repayments associated with previously issued rebuilders and rebuilders home loans Transfers <ul style="list-style-type: none"> Clarifies the timing of the transfer of outstanding loans and other remaining funds Requires the repayments from the rebuilders and rebuilders home loans be used to repay the Bank and the general fund pursuant to the original legislative intent Clarification added under the rebuilders permanent loan fund (see second bullet above) Same as introduced version Same as introduced version Clarifies the repayments on the small employee loans must be deposited in the newly created rebuilders permanent loan program

ATTACH:1

2021 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1187

2021 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Fort Union Room, State Capitol

HB 1187
3/15/2021

relating to a rebuilders loan program

Chair Klein opened the hearing at 2:29 p.m. All members were present. Senators Klein, Larsen, Burckhard, Vedaa, Kreun, and Marcellais.

Discussion Topics:

- Bank of North Dakota
- Disaster funds
- Original bill

Representative Scott Louser introduced the bill [14:29].

Todd Steinwand, Bank of North Dakota testified in favor and submitted testimony #9031 [14:34].

Senator Vedaa moved a DO PASS and Rerefer to Appropriations [14:47].

Senator Burckhard seconded the motion [14:47].
[14:49]

Senators	Vote
Senator Jerry Klein	Y
Senator Doug Larsen	Y
Senator Randy A. Burckhard	Y
Senator Curt Kreun	Y
Senator Richard Marcellais	Y
Senator Shawn Vedaa	Y

Motion passed: 6-0-0

Senator Burckhard will carry the bill [14:50].

Chair Klein ended the hearing at 2:50 p.m.

Isabella Grotberg, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1187, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1187 was rereferred to the Appropriations Committee.

March 14, 2021

Todd Steinwand, Chief Business Development Officer
Testimony on House Bill 1187
Senate Industry Business and Labor Committee

Chairman Klein and members of the Committee, I am Todd Steinwand, Chief Business Development Officer here today representing Bank of North Dakota in support of HB1187. The proposal to create a Rebuilders Permanent Loan Fund builds on and adds capacity for Bank of North Dakota to respond to unforeseen events. This concept was first discussed at the end of last session when the Yellowstone Flooding occurred but there was not sufficient time to develop this proposal.

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More recently, BND worked with the Emergency Commission and Budget Section to deliver Covid-19 economic recovery programs. In 2020, BND delivered 2,288 loans and distributions through it's various CV19 and agriculture disaster programs. Through this process, BND added \$404 million in disaster loans to its balance sheet. A key component of delivering these loans was the utilization of \$70 million dollars in federal CARE's Act funding to support interest rate buydown programs.

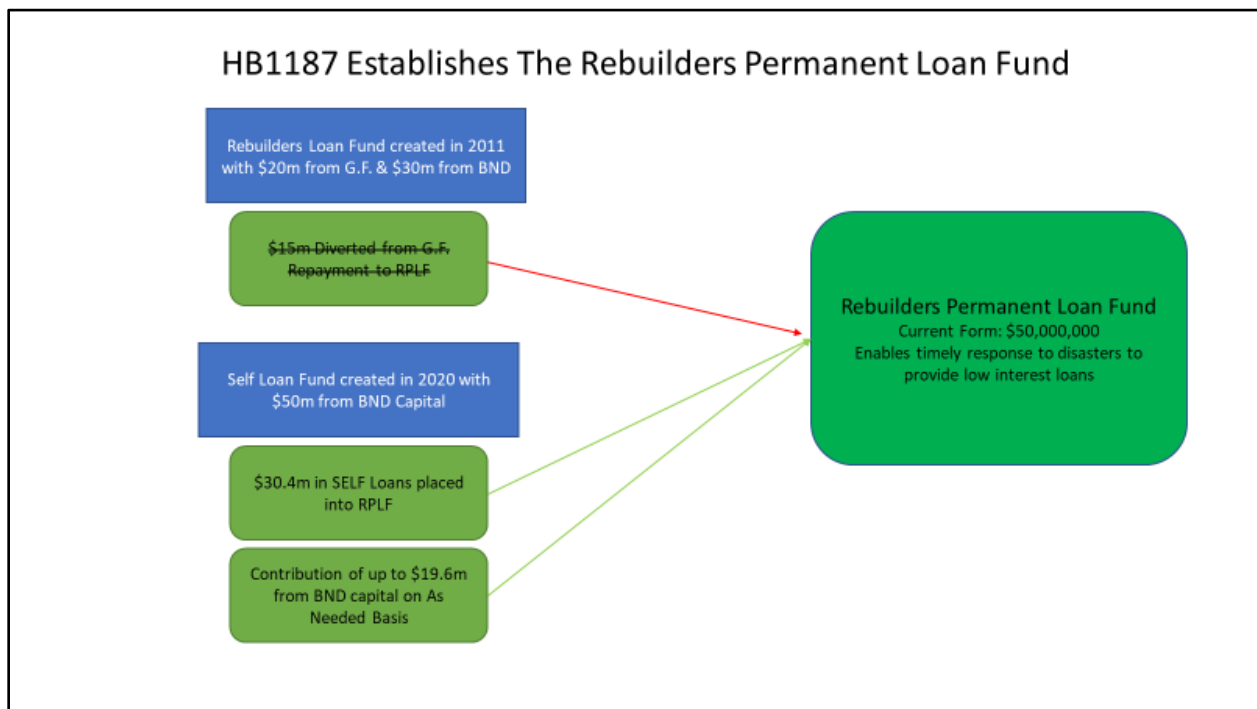
Another \$50 million dollars was utilized from Bank of North Dakota capital for the Small Employer Loan Fund (SELF). In coordinating with the Industrial Commission, BND moved this loan fund off it's balance sheet and created a revolving loan fund to provide 1% loans, up to \$50,000, for 10-years. In this program, BND delivered 900 loans using \$30.4 million in funding.

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- As of 12/31/20, BND's portion of the outstanding loans in the Rebuilders loan program is \$4,985,666. It is anticipated BND's repayment will conclude in September of 2022.
- As introduced, HB1187 proposed to transfer the existing Rebuilders program loans and divert future General Fund repayments of \$15 million into the Rebuilders Permanent Loan Fund. This provision was removed by the House.

By making these loan transfers and directing repayments, a revolving loan fund is established facilitating the creation of loan programs to respond to disasters in the state. Bank of North Dakota supports HB1187 as it enables a timely response with dedicated funding and asks for your support of this proposal.



2021 SENATE APPROPRIATIONS

HB 1187

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1187
3/25/2021
Senate Appropriations Committee

Relating to creation of a Bank of North Dakota rebuilders loan program and a rebuilders permanent loan fund.
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Senator Krebsbach opened the hearing at 11:00 a.m.

Senators present: **Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.**

Discussion Topics:

- Fund Source
- Minot Flood 2011

Scott Louser, Representative, District 5, introduced the bill.

Todd Steinwand, Bank of North Dakota, answered questions of the committee

Senator Holmberg closed the hearing at 11:14 a.m.

Skyler Strand, Committee Clerk

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1187
3/30/2021
Senate Appropriations Committee

A BILL for an Act to create and enact section 6-09-46.2 of the North Dakota Century Code, relating to creation of a Bank of North Dakota rebuilders loan program and a rebuilders permanent loan fund; to repeal sections 6-09-46 and 6-09-46.1 of the North Dakota Century Code, relating to a rebuilders loan program, a rebuilders home loan program, and a rebuilders home loan fund; to provide a continuing appropriation; and to provide for a transfer.

Chairman Holmberg opened the hearing at 9:55 a.m.

Senators present: Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.

Discussion Topics:

- **Vote**

Senator Heckaman moved DO PASS

Vice-Chair Krebsbach seconded the motion

Senators			Senators	
<i>Senator Holmberg</i>	Y		<i>Senator Hogue</i>	Y
<i>Senator Krebsbach</i>	Y		<i>Senator Oehlke</i>	Y
<i>Senator Wanzek</i>	Y		<i>Senator Poolman</i>	Y
<i>Senator Bekkedahl</i>	Y		<i>Senator Rust</i>	Y
<i>Senator Davison</i>	Y		<i>Senator Sorvaag</i>	Y
<i>Senator Dever</i>	Y		<i>Senator Heckaman</i>	Y
<i>Senator Erbele</i>	Y		<i>Senator Mathern</i>	Y

Roll Call Vote – 14-0-0

Chairman Holmberg closed the hearing at 9:55 a.m.

Rose Laning, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1187, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1187 was placed on the Fourteenth order on the calendar.