



LEGISLATIVE UPDATES



February 14, 2025

Update No. 6

What a week! A huge thank you to the over 40 community bankers who attended ICBND Day at the Capitol this week. Attendees heard from Governor Armstrong, legislative leaders, Commissioner Kruse, and BND President/CEO Don Morgan before taking it some committee work and House and Senate Floor Sessions. We were ecstatic to have such a great turnout and can't wait to do it again in 2027. I have said it before, but it is worth repeating: the most powerful tool in ICBND's advocacy toolbox is the voices of its members and your individual relationships with your legislators. That strength is never more visible than when we are all together in the halls of the Capitol.



While ICBND members were in town this week, legislators were Busy with a capital B. Most bill hearings for "the first period" have concluded, but many House committees are swamped with committee work in order to get policy bills to the floor for votes. Many of these bills were put aside last week while they worked to get bills with fiscal notes out of committee so that they could be rereferred to the Appropriations committee by Monday of this week. Now that the rest of the bills have started to really move out of committee, the House has been putting in extra-long hours during floor sessions. Evening sessions were held in the House on Tuesday, Wednesday, and Thursday this week, with Thursday's session lasting until nearly 8 p.m. Remember, the House introduced nearly 650 bills they'll need to get through before the Crossover deadline on February 28. The Senate seems to be in better shape with many committees nearly finished with much of their work. We are hearing the Senate expects to adjourn by Wednesday the week of Crossover – this would mean they are anticipating only about 1.5 more weeks of work to complete before the break. After the Crossover break, we'll begin "the second period," where bills that survived their House of origin will go through the hearing and vote process all over again in the second body. The legislative session is more of a hockey game than basketball in that it has three periods rather than two halves as many assume. As we near mid-April we'll hit that "third period." In the third period, bills that have passed both bodies but in different forms will be sent to conference committees. Conference committees will include members from both the

Senate and the House and be tasked with working out the differences in the two versions of the same bill. If they can reach an agreement that both bodies accept, the bill will be adopted a final time by both the Senate and House before being sent to the Governor. If they cannot reach an agreement, it's possible for a bill previously passed by both bodies to be lost.

If you're following along with the property tax debate, you'll recall from last week that the Governor's bill, **HB 1176**, was sent out from committee with a significant number of amendments. After heavy debate on the floor, some of the amendments were adopted before the bill was sent to Appropriations. The body split the amendment into three divisions in a move called "dividing the question." This means that the body voted three separate times to approve or defeat groupings of the amendments. Divisions A and C passed. Division B contained only the amendments pertaining to income tax reduction, and it was lost. The bill once again focuses only on property tax. There is much frustration surrounding the bill, but it continues to move forward.

One other thing I'd like to note before moving into our tracking list: as you may know, the advocacy work ICBND does at the Capitol isn't just limited to banking-specific issues. I don't have to tell you that banks are businesses and employers. Quite often we are collaborating with our business association colleagues to tag-team bills that have an impact on North Dakota's overall economy and business-climate. These issues can ebb and flow, but for a long time North Dakota has boasted about its great business climate. While that may be true in some ways, it's starting to feel like death by a thousand cuts as we've seen a rash of anti-business and anti-employer type bills this session. Many, like insurance and employee leave mandates, would drive up costs for employers. Others set a dangerous precedent of regulatory uncertainty by specifically targeting unpopular business or projects. While the worst of these have not directly targeted the banking industry (yet), and we've had relative success in defeating these issues (thanks leadership from the Greater North Dakota Chamber and numerous association and private industry partners), it's something we want to keep an eye on. As you're chatting with your local legislators – maybe attending a forum they host while back home over crossover in a couple weeks– don't *just* ask them about banking issues. Ask them about what they're doing to ensure the strength and longevity of North Dakota's business climate for you and your customers.

UPDATES FROM ICBND'S PRIORITY TRACKING LIST

Our hearing list is light again this week, but we'll spend plenty of time tracking our remaining bills through committee work and onto the floor for votes. The two hearings on our list are for House bills that have made their way to the Senate. The first, **HB 1080**, was originally heard in the House the very first week of session. The bill updates the appraisal management company section of the Century Code to better align with federal statutes. Most notably, it defines federally regulated appraisal management companies to clarify their exemption from state regulation. We're comfortable with the bill as it stands but tracking it to ensure it doesn't become something else. It was brought at the request of the ND Real Estate Appraiser Qualifications and Ethics Board and passed the House 90-0.

HB 1278

Late this week, **HB 1278**, the cash management bill passed the House 85-0 as amended. The bill was amended as reported last week with a couple of changes. The first change is to the 8th member of the board: the previous version stated, ‘a member appointed by the governor,’ but the adopted version was amended to ‘the governor or the governor’s designee.’ This change ensures that the Governor can serve on the board himself should he wish to. This may seem like a small shift, but Leader Lefor had intended for this member to be a member of the public. In the original version the board makeup would have been three executive branch representatives (I’m counting BND here), four legislators, and a member of the public. This amendment makes the power balance between the branches an even 4-4. We’re still keeping an eye on this one.

SB 2364

On Tuesday Senate Judiciary heard an hour of testimony on **SB 2364**, the bill related to UCC Article 8 and investment securities. After Senator Enget, the bill’s prime sponsor, introduced the bill, three other individuals testified in support. The bill would amend Supporters believe that UCC Article 8 allows securities intermediaries to assume ownership of customers’ investment property in the event of insolvency. This belief is based on misinformation perpetuated by an author named David Webb (one of the support testifiers) and untrue. Entitlement holders receive first priority except in two exceptions: 1) when the investor agrees by contract to pledge the investor’s securities as collateral for an extension of credit, and 2) in the case of secured creditors of clearing corporations in order to provide liquidity that might be needed to prevent one firm’s failure from spreading and harming more investors. The bill would strike these codified exemptions from North Dakota Century Code, causing North Dakota to become a “non-uniform state.” The likely fallout from this would affect both individual and institutional investors by disincentivizing securities intermediaries from doing business with customers in North Dakota. An expert representative from the Uniform Law Commission and DFI Commissioner Kruse testified in opposition to the bill. Other opposition testimony included ND Securities Commissioner Tim Karsky, ICBND, and NDBA.

NEXT WEEK’S HEARING SCHEDULE

Monday, February 17

9:00 am	HB 1152	Relating to the definition of residential property	Senate Finance & Tax	Ft. Totten
3:30 pm	HB 1080	Relating to the regulation of appraisal management companies	Senate I&B	Ft. Union

Tuesday, February 18

No hearings scheduled at this time.

Wednesday, February 19

No hearings scheduled at this time.

Thursday, February 20

No hearings scheduled at this time.

Friday, February 21

No hearings scheduled at this time.

LEGISLATIVE DEADLINES

February 28	Crossover date for bills
March 3-4	Recess
March 5	Reconvene from crossover break.
March 12	Crossover date for resolutions
May 2	Session limited to 80 legislative days.

Legislator contact information can be found at <https://ndlegis.gov/contact-my-legislators>, and you can check on any legislative activities through the Legislative Council's web page at ndlegis.gov.

Thank you for your participation in the legislative process. Please call, email, or text me with any questions or concerns. If you'd like to be taken off this distribution list or if there are others in your organization that should be receiving these updates, please let me know.

Sincerely,

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