



LEGISLATIVE UPDATES



March 28, 2025

Update No. 12

It's starting to warm back up in Bismarck, and things are starting to get a little spicy in the Capitol. Last Friday, Governor Armstrong issued his first-ever veto on **SB 2261**. Interestingly, this was a bill that we had been keeping an eye on due to its relation to Roughrider Industries, a manufacturing program operated by the state prisons, and utilized by ICB Marketing Solutions. The bill offers a tax credit of up to \$45,000 for companies who do business with the entity. The Governor had vetoed the bill, arguing it creates an unfair advantage in the marketplace. When the Governor vetoes a bill, it first returns to its chamber of origin for an override vote. If 2/3 or more of the legislators or more vote affirmatively to override the veto, the bill then moves to the next chamber, where another override vote is taken, and the 2/3 threshold must be met a second time. In the Senate, a 2/3 majority requires 32 votes. In the House, the number is 63. If both chambers successfully override the veto, the bill stands and becomes law. If just one chamber does not obtain the necessary number of votes, the bill is successfully vetoed. Yesterday, the Senate easily overrode the veto with 45 votes. Often, a bill will get more votes in a veto override than it did initially due to a bit of us v. them mentality between legislative and executive branches. SB 2261 will now go to the House where they will vote to override or sustain the veto.

Last week we talked a little about **HB 1776**, the property tax bill that seems to be the chosen vehicle for the property tax relief promised by legislators and the Governor. At the end of last week, the Senate policy committee had sent the bill to appropriations without any changes to the House version, but there was chatter that they might change their minds and take it back into committee. That didn't happen, and the Senate Appropriations committee held a nearly two-hour hearing on it yesterday, March 27. Representative Nathe, the bill's prime sponsor, introduced the bill to a completely packed Harvest Room, explained all the components, and reminded the committee that there was a lot of support for the bill in its current state. These comments foreshadowed much of the discussion to come. Majority Leader Lefor and Governor Armstrong also testified. Senator Mathern, Senator Hogue, and Senator Weber proposed amendments. Senator Mathern's amendments simply eliminated the caps on local property taxes and were defeated.

Senator Weber's amendment related to when townships could hold elections to change their property tax levy. Currently, they're allowed to do so via an election at their annual meeting. This amendment would align the language in HB 1176 to continue to allow that practice. This amendment was also not adopted.

Before action could be taken on Senator Hogue's amendments, it was moved to divide them into four parts: 1) changes to the primary residence credit, 2) a legislative intent amendment, 3) reducing the local political subdivision caps to 2% for 2025 only, with the exception of school districts, and 4.) not allow

elections to surpass the caps until 2028. Each of the four parts would be discussed and voted on individually. Parts one and two would ultimately pass, while three and four would fail.

After all the discussion and amendments, the committee gave the bill a 16-0 Do Pass as Amended recommendation. The final version of the bill headed to the Senate floor includes:

- A property tax credit for primary residences. The minimum credit amount a homeowner will receive is \$500. The maximum credit amount a homeowner can receive is 75% of the levied tax up to \$1250. The 75% limit came as part of an amendment introduced by Senate Majority Leader Hogue and Senator Weber and described as necessary to ensure taxpayers have “skin in the game.” He believes that if property tax liability is eliminated for a large portion of homeowners, they won’t have an economic state in voting for future local property tax questions. These credits will be funded using Legacy Fund earnings.
- An amendment that adds legislative intent signaling to the 70th (2027) Legislative Assembly that Legacy Fund earnings should be used to provide broad-based tax relief beyond primary residences, like agriculture and other commercial property.
- A three percent cap on city, county, and school district budgets year over year.

It will now go to the Senate floor for a vote. Assuming the Senate adopts the bill, the House will have to decide whether to concur with the Senate bill. It is likely this bill will end up in conference committee. Governor Armstrong has been vocal that he is not a fan of the Senate’s amendments.

Despite all that disagreement, we still look to be on track to save at least 5 legislative days, if not more. A conversation with Senator Hogue this week indicated the main sticking points would likely be the Health and Human Services budget and the property tax package. If agreement can be reached on those two issues before late April, we could likely save 7-10 legislative days.

UPDATES FROM ICBND’S PRIORITY TRACKING LIST

We have just two hearings scheduled for next week: **HCR 3001** and **HB 1584**. **HB 1584** is the bill that regulates pharmacy benefits managers and would affect banks using both the North Dakota Banks Benefits Trust and those using their own self-funding benefits plans. It will be heard on Monday before the Senate Industry & Business Committee. ICBND and NDBBT plan to attend and oppose the bill.

On Tuesday, **HCR 3001** will be heard before the same committee. HCR 3001 is a concurrent resolution that encourages the State Treasurer and State Investment Board to invest certain state funds in digital assets and precious metals. ICBND is just monitoring this resolution. Here is what happened with our priority list issues week:

On Monday, **HB 1507** passed the Senate 44-0. HB 1507 is the cooperative bank charter bill that would allow credit unions and some federally chartered banks to convert their charters to state regulated cooperative charters. Once converted, these financial institutions would become banks. They would pay taxes like banks and be regulated like banks. If their original charters were credit union charters, they would not retain any of the exemptions previously granted to that charter. Because the Senate did not

further amend or change the House version of the bill, it will now go to Governor Armstrong for his signature.

Earlier the same day, the Senate Industry and Business committee was finally able to act on **HB 1354**, the appraiser bill. The amendments we had been working on and waiting for all week last week were finally ready to go, and the committee swiftly adopted the amendments in a 5-0 vote and then gave the bill a unanimous Do-Pass as Amended recommendation. The amendments ensure that bank employees continue to be able to provide 'statements of value' and evaluations and are not subject to the chapter of Century Code regulating licensed appraisers. The full Senate has adopted the amendments, and as of Friday morning the bill is waiting for a vote from the full Senate.

This week, the House calendar received concur messages for three of our remaining priority bills: **HB 1278** (cash management), **HB 1447** (crypto kiosks), and **HB 1127** (financial institution data security program for non-banks and DFI authority). This means that the chair of the House committees that dealt with the bills agrees with the Senate changes. If the House accepts the Senate versions of the bills, they will not have to go to conference committee and will instead go to the Governor for his signature before becoming law. As of Friday morning, the House hasn't acted on concur messages yet this week.

NEXT WEEK'S HEARING SCHEDULE

Monday, March 31

2:30 PM	HB 1584	Relating to pharmacy benefit managers	Senate I&B	Fort Union
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Tuesday, April 1

2:30 PM	HCR 3001	A resolution encouraging the State Treasurer and Investment Board to invest state funds in digital assets and precious metals	Senate I&B	Fort Union
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Wednesday, April 2

No committee hearings currently scheduled at this time.

Thursday, April 3

No committee hearings currently scheduled at this time.

Friday, April 4

8:30 AM	SB 2014	Committee Work: NDIC Budget (Includes BND Budget)	House Approps.	Brynhild Haugland
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LEGISLATIVE DEADLINES

May 9	Session limited to 80 legislative days.
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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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