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February 3, 2015

Rep. Diane Russell Testimony in Support of LD 24 An Act to Create A State Public Bank

Senator Whitemore, Representative Beck and distinguished members of the Insurance and Financial Services Committee, My name is Diane Russell and I thank you for the opportunity to present to you LD 24, "An Act to Create a Public State Bank."

We have heard a lot since 2008 about how we can build an economy that works for everyone, that affords a level playing field where everyone gets a fair shot at a middle class. The reason we've talked about this ad nauseum since 2008 is that key Wall Street bankers built themselves rich bank accounts on the backs of lies that ultimately bankrupted the economy.

While my family watched my grandparents' four decades of careful planning go up in smoke practically overnight, most of the people at the heart of this malfeasance have yet to be brought to justice in any actionable way.

I'm not here to relive what happened. I'm here to talk to you about how to inoculate Maine's economy from the same kind of economic turmoil we have yet to recover from.

Here's the thing. The Wall Street collapse echoed across this country and around the world. As our stocks fell, so did economies near and far, with just a few notable exceptions: the State of North Dakota, and the BRIC Countries - Brazil, Russia, India and China. Russia is of course facing turmoil right now, but those are directly related to the sanctions and precipitous drop in oil prices.

What did those economies have in common? They were all based on a public banking system.

What is a Public Bank? Wikipedia defines it as "a bank, a financial institution, in which a state or public actors are the owners. It is a company under state control."

Public banks usually operate alongside private sector banks, in partnerships. You will hear that this bank would be in direct competition with local banks and credit unions already operating in Maine.

It is no more competition than would be the Finance Authority of Maine. Let me use the

Bank of North Dakota as an example because it is the closest model to what I envision happening in Maine.

First, let's explore the base mission of BND. According to their web site: the operating policy, established in 1919, stated that the Bank shall be "helpful to and to assist in the development of state and national banks and other financial institutions and public corporations within the state and not, in any manner, to destroy or to be harmful to existing financial institutions."

Again - to assist in the development of other banks, not to destroy or be harmful to existing financial institutions. I believe that point needs to be really understood. This bank *partners* with other financial institutions; it does not compete with them.

Second, the North Dakota does business as the Bank of North Dakota. All funds of the State and its agencies are required to be deposited in the bank. In short, that's where they house their treasury. That is very different than where Maine currently houses its treasury. While there are tens of millions of dollars housed in local banks, the vast majority of our money is held in short-term transactions with US Bank. Not long ago, it was Bank of America - one of the same banks largely credited with the "RoboSigning" scandal at the heart of the subprime mortgage crisis.

Again, Wikipedia explains this remarkably well:

Other entities may also open accounts at the Bank; however, BND offers fewer retail services than other institutions, and it has only one office. These limit its competitiveness in consumer banking. Instead, BND has taken a role more akin to a central bank, and has many functions, such as check clearing, that might be expected from a branch office of the Federal Reserve. The bank does have an account with the Federal Reserve Bank, but deposits are not insured by the Federal Deposit Insurance Corporation, instead being guaranteed by the general fund of the state of North Dakota itself and the taxpayers of the state.

So here's the thing. Profits of regular banks go back to their shareholders. In the case of credit unions, the profits are put back into the membership or benefits. (I know, I'm a loyal credit union member!) With a State Public Bank, however, the profits are put back into the General Fund.

In fact, as of December 2012, the bank had returned \$585 million back into its General Fund. Let me walk you through the math on that. The bank was instituted in 1945, which means 67 years of service were included in that number. That means that on average, \$8,731,343.28 was put back into the State Coffers in profits *every year*.

Now, there's a very real chance that the short-term investments I spoke of earlier pay us more than that each year. In fact, my dear friend Treasurer Hayes told me that recently, Maine had earned \$30,000 in one day. If that were to be a daily average, the State would bring in \$10,950,000 over the course of the year. I am not sure exactly what the average actually is, but that should give you a fair understanding of apples to apples.

So let's talk about the other reasons to consider a State Bank.

1. In 2011, a major flood swept through one of the towns in North Dakota destroying countless homes and decimating the downtown district. Instead of waiting for FEMA to step into help, the Bank went into the community, worked with local businesses and homeowners to provide low interest restoration loans. At the time, Gov. Dalrymple said, "The flood events of 2011 were life changing for thousands of North Dakota families. With this legislation, the Rebuilders Loan Program will continue to play an important role in our ongoing commitment to helping our residents rebuild their homes and lives."
2. North Dakota also happens to have the most community banks per capita of every state in the country, meaning we have our lenders closer to their communities.
3. Treasury Services:
 - a. **Investments.** The Bank's Federal Funds program includes 108 financial institutions in North Dakota averaging a daily volume of \$348 million. Safekeeping and Pledging Services cover 101 customers with assets of almost \$5.3 billion.
 - b. **Trust.** The Trust Department provides corporate trust services for the State of North Dakota and its political subdivisions, serving as trustee for 51 municipal issues with assets of \$316 million. The department also offers bond register, transfer agent and paying agent services for more than 380 municipal issues with outstanding principal balances exceeding \$938 million. It

I have traveled across the state talking to small business owners. The one thing I hear over and over again is that they are having a difficult time accessing affordable capital for their small businesses. While there is indeed "plenty of money to lend," it is not necessarily affordable for our small business owners. As we happen to be a tourist state, many of our businesses do not meet the traditional cash flow necessary to qualify for regular business loans.

For example, we have a bike and ski shop in Portland that has a difficult time gaining access to capital. They have to make a sizeable purchase in the spring to purchase their bikes with the understanding that they will sell those bikes throughout their summer season. In the fall, they make another sizable investment in skis for the winter season. The cash flow spikes make it difficult for them to access affordable capital through traditional means. Capitalized partnership loans could be helpful, so long as the prospective lendeer has strong credit. This keeps our small businesses in business, helps them grow their business and ultimately puts people back to work.

On the latter point, some would say "Doesn't FAME already do this?" To a large degree, they do. The difference is that they are not backed by the full faith and credit of the state, and they are certainly not backed up by the assets of the state, which the bank - by default - also owns. It's part of the bank's collateral.

This bill enhances what the Finance Authority of Maine is already doing with its partnership loans while ensuring better capitalization.

I included a link to a half-hour documentary on the bank done in 2005, at the bottom of the written testimony. I encourage you to watch it.

The public hearing is today and the work session is Thursday. The easiest thing in the world would be to scuttle this bill as "too big" under the guise that we "don't have enough time" to unpack it.

Before you do that, ask yourself - what could have happened differently in Millinockett? What could have happened differently in Bucksport? \$60 million in scrap metal is what Bucksport is now worth, none of which is really going to benefit the town or its people.

We will never rebuild that mill. It's gone.

The Bank of North Dakota was instituted in 1919 because their farms were being foreclosed upon over and over again. Their agricultural history was disappearing out from under them. The *same* thing is happening right now to our mills and I offer you a real chance to look at what another state has done to turn their economy around. It is not a silver bullet solution, but the people of that super conservative state would never let you take away their bank because of what it has done to stabilize and boost their economy.

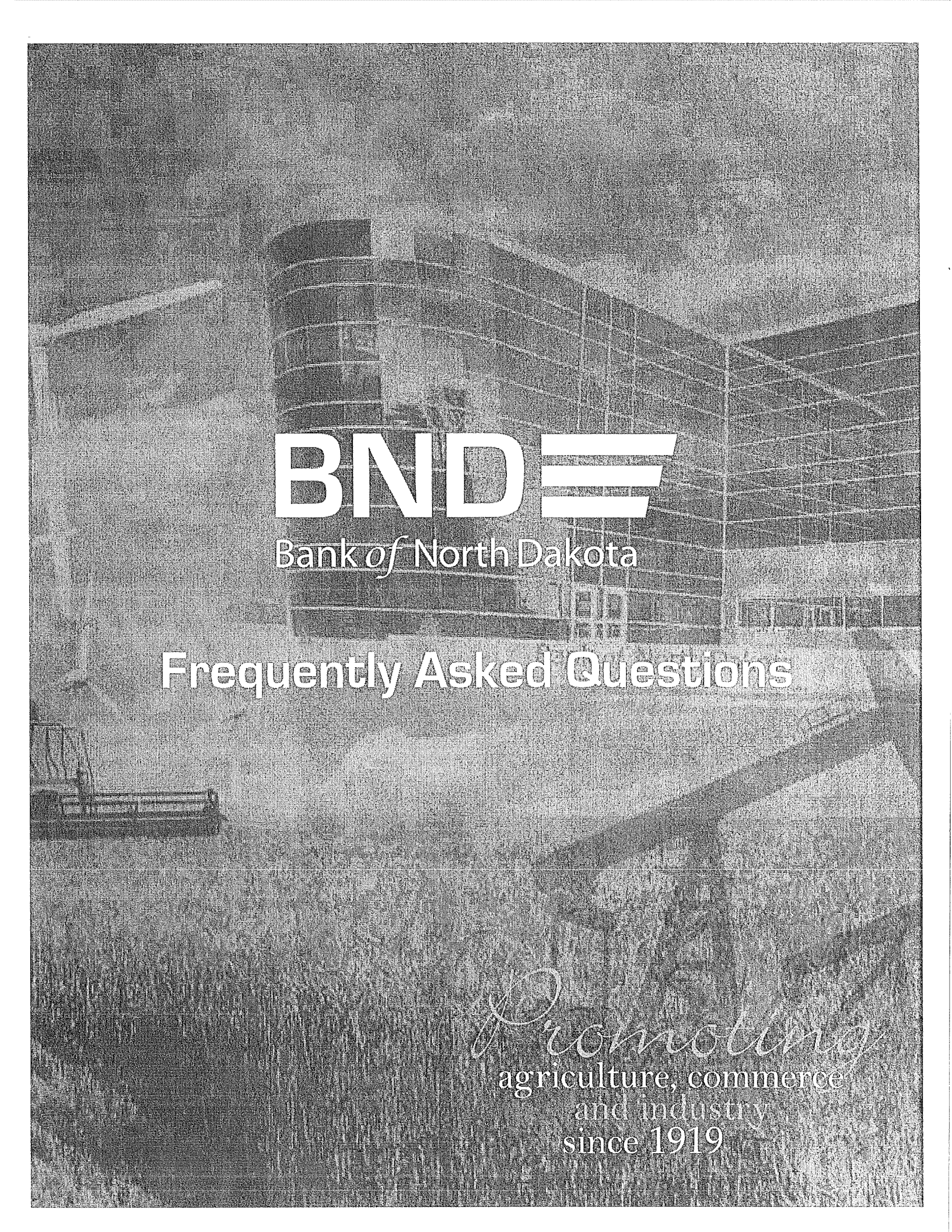
You will hear from folks today about how this is impossible, that it will compete with local banks and a whole host of other seemingly practical ways to make this bill seem remarkably *impractical*.

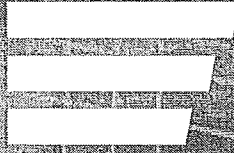
Over the next two days, I ask you to think about Millinockett. About Bucksport. I ask you to think about the next mill town. Is Rumford next? Jay? Baileyville?

Ladies and Gentlemen of the committee, I ask you to dare greatly. I ask you to give this proposal a second, and a third look and imagine what you would do if you could reinvent how we utilized our money.

In short, I ask you to think hard about two words: What If?

Thank you for your time. I have included numerous supporting documents.
Documentary (27 minutes): <http://www.prairiepublic.org/television/prairie-public-on-demand/bank-of-north-dakota>



BND 

Bank of North Dakota

Frequently Asked Questions

Promoting
agriculture, commerce
and industry
since 1919



Bank *of* North Dakota

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Mission

To deliver quality, sound financial services that promote agriculture, commerce and industry in North Dakota.

History

During the early 1900s, North Dakota's economy was based on agriculture. Serious in-state problems prevented cohesive efforts in buying and selling crops and financing farm operations. Grain dealers outside the state suppressed grain prices; farm suppliers increased their prices; and interest rates on farm loans climbed.

The Non-Partisan League gained control of the Governor's office and both Legislative bodies in 1918. Their platform included state ownership and control of marketing and credit agencies. In 1919, the state legislature established Bank of North Dakota (BND) and the North Dakota Mill and Elevator Association.

BND opened July 28, 1919, with \$2 million of capital. The State of North Dakota began using bank profits in 1945 when money was first transferred into the General Fund. Since that time, capital transfers have been approved by the Legislature to fund the State's budget when needed.

In partnership with more than 100 financial institutions in North Dakota, BND fulfills its mission to promote the development of agriculture, commerce and industry in North Dakota. The operating policy, established in 1919, stated that the Bank shall be "helpful to and to assist in the development of state and national banks and other financial institutions and public corporations within the state and not, in any manner, to destroy or to be harmful to existing financial institutions." The Bank's operating policy continues to serve as a guiding principle for the Bank's work in our state.

Bank of North Dakota has resided in Bismarck since it opened in 1919, moving to its current location in 2008. There are no branches of the Bank.

Organizational structure of the Bank

Industrial Commission

The 1919 State Legislature created the State Industrial Commission whose function was to conduct and manage, on behalf of the State of North Dakota, certain utilities, industries, enterprises, and business projects. The Industrial Commission was charged with the operation, management, and control of BND. The Industrial Commission is composed of the Governor who acts as Chairman, the Attorney General, and the Agriculture Commissioner of the State of North Dakota.

Advisory Board

Also joining the State Industrial Commission in overseeing the operations of BND is the BND Advisory Board of Directors, which was established by state statute in 1969. The Governor of North Dakota appoints Advisory Board members knowledgeable in banking and finance to the seven-member board. Duties of the Advisory Board include review of the Bank's operations and recommendations to the Industrial Commission concerning management, services, policies and procedures.

Executive Committee

Bank of North Dakota's Executive Committee consists of six members including the president and CEO, Chief Lending Officer, Chief Administrative Officer, Chief Business Officer, Chief Financial Officer, and Director of Student Loans North Dakota.

Employees: The Legislature has authorized 179.5 full time equivalents for employment at Bank of North Dakota.

BND is not FDIC Insured

In contrast to most commercial banks, BND is not a member of the Federal Deposit Insurance Corporation (FDIC). North Dakota Century Code 6-09-10 provides that all BND deposits are guaranteed by the full faith and credit of the State of North Dakota.

Minneapolis Federal Reserve Bank

BND is an online member of the Minneapolis Federal Reserve Bank. We do check processing, maintain a reserve requirement, safe keep all our Fed book entry securities and have discount window borrowing authority.

Bank profits are returned to the State

A portion of the Bank's profits are returned to the citizens of North Dakota through Legislative appropriation and economic development programs.

Legislative appropriation

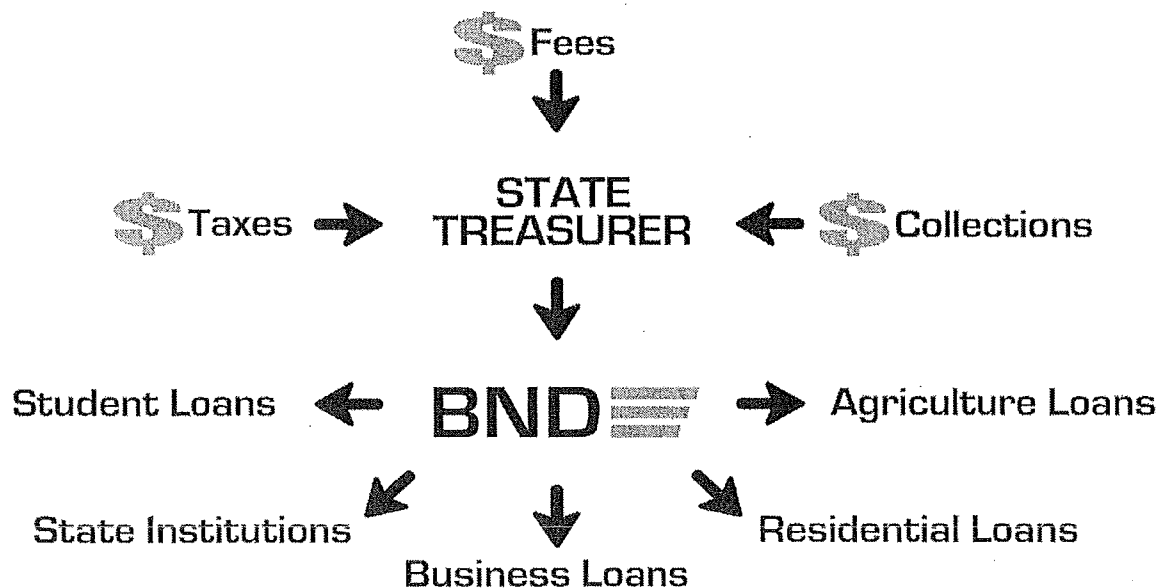
The ND Legislature can appropriate the transfer of funds to the State's General Fund. The first transfer occurred in 1945. As of December 31, 2012, \$585 million has been transferred to the State of North Dakota. The majority is given to the General Fund with the balance given to special State programs.

Deposit base

The deposit base of Bank of North Dakota is unique. The original act of 1919 provided that all public funds were to be deposited with BND. An initiated measure in 1921 changed this by providing that all political subdivisions, with the exception of the state itself, make deposits either with private institutions or with BND. Because the law requires that all monies of the state and state institutions must be deposited with BND, the state is able to allocate funds to various financial institutions.

The majority of bank deposits come from tax collections and state fees. North Dakota city and county government entities, and North Dakota residents are able to make deposits at BND.

This graphic demonstrates the manner in which funds are received by BND and distributed to its citizens.

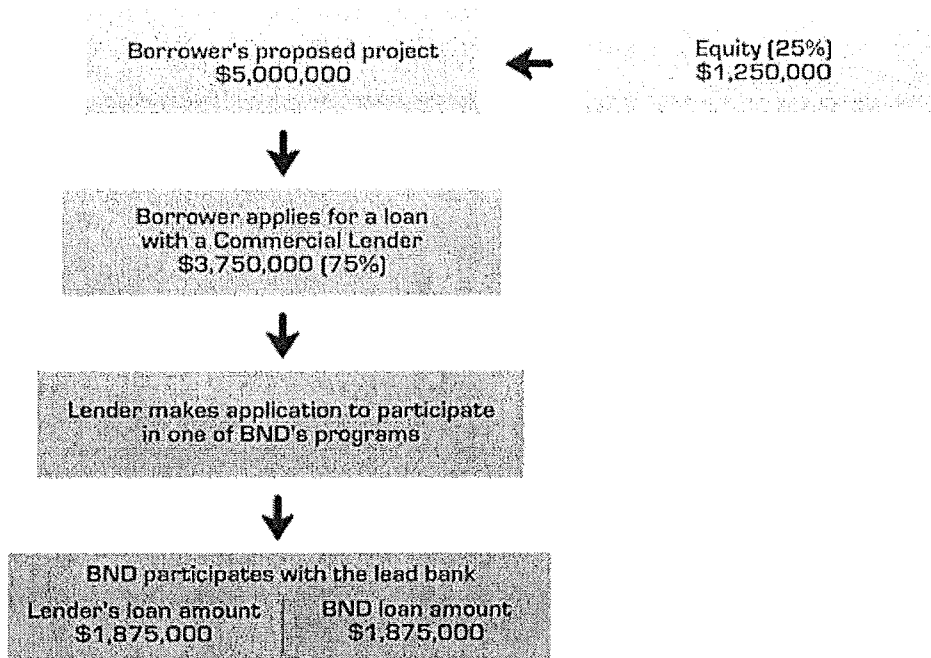


Economic development

Profits are used to fund BND's Lending Programs which promote economic development in North Dakota. Some programs can be accessed directly by consumers, and others are accessed through partnerships with community-based financial institutions.

BND is authorized to assist other financial institutions in providing financing to stimulate economic development in the state. The Bank works in partnership with them, offering a broad range of services and products. This efficient business model allows us to promote the state's programs and work with knowledgeable people who understand the communities they serve.

A typical loan transaction for a commercial loan is demonstrated with this graphic.



BND Services

Lending Services

On behalf of the State of North Dakota, the Bank administers programs that promote agriculture, commerce and industry. Lending programs finance economic development, housing development, student loans, and disaster relief.

BND is involved in two types of lending: direct lending and participation loans.

Legislative action has given express lending authority to BND for

- The purchase or acquisition of bank stock or the formation of a bank holding company
- The acquisition or refinancing of farm real estate by qualified individuals
- Assistance with post secondary educational costs i.e., student loans

All other lending by BND is through participation with a lead financial institution. This lead lender can be any qualified financial institution - most notably a bank, savings and loan, credit union or Farm Credit Services.

BND provides four types of loans

- Commercial loans
- Agricultural loans
- Residential loans
- Student loans

Student Loans

Since 1967, BND has been North Dakota's trusted source for high quality customer service and a range of valuable student loan options. The Bank works with individual borrowers, parents and colleges and universities to assist with the student loan process from applying through repayment, management and consolidation of a student loan.

Dakota Education Alternative Loan (DEAL)

BND first made the DEAL loan available to students in 1997. Originally intended for aviation, medical, and law students at the University of North Dakota who fell short in meeting their cost of attendance, it was quickly recognized that more students were in need of a student loan beyond federal programs. Borrowers must complete the FAFSA and are encouraged to use Federal Student Loan Programs first, meet credit criteria and choose between fixed or variable interest rate loans.

North Dakota students and students choosing to attend school in North Dakota do not pay the administrative fee. Consolidation is also an option for DEAL and alternative student loans.

Retail and Operations

Bank of North Dakota is a correspondent bank for most financial institutions in North Dakota. In this role, the Bank provides a secure, cost-effective service with high availability of funds. BND also provides services for state agencies.

Retail Banking

Bank of North Dakota offers checking and saving accounts to North Dakota residents, North Dakota state agencies and municipalities. For proof of ND residency, an individual must have a North Dakota driver's license and a physical address in North Dakota. At this time, deposits are not accepted from individuals whom reside out of state or do not meet these criteria. A business must have a physical address in North Dakota and at least one signatory on the account must be a North Dakota resident.

Because of our unique structure, it is the Bank's policy not to compete with the private sector for retail deposits. Therefore, convenience products such as ATM cards, debit cards, credit cards or online bill pay are not offered. Only standard checking and savings accounts are available to North Dakota residents.

Federal Banking Laws and Regulations mandate financial institutions to obtain and document the identification and other pertinent information of their customers. In order to meet these regulations, an individual must come to the Bank, located at 1200 Memorial Highway in Bismarck, to open an account. You will be asked to show your North Dakota driver's license and also may be asked to provide proof of your address as documented on an electric bill or other type of billing. At that time, we will review the request to open an account. Account opening is subject to approved credit.

Bank of North Dakota's Retail Banking provides coin and currency to financial institutions within the state of North Dakota that maintain accounts with the Bank. This enables financial institutions across the state to meet the coin and currency needs of their depositors.

Cash Management for Respondent Banks and State Agencies

BND offers a cash management system called BND Direct. This process enables customers from financial institutions, and other eligible corporate and state institutions, the ability to access or obtain information for managing BND accounts. Services include online wire transfers, transfers between multiple accounts, balance and account activity information, ACH origination and receipt, coin and currency ordering, on-line participation loan payments, retrieval of bank reports, and customized reports.

Correspondent Banking Services

- Automated Clearing House - BND Automated Clearing House (ACH) software is designed to electronically originate and receive automated clearing house items. Through our network system, any financial institution in the state can offer its customers the convenience of ACH. In addition, banks can receive their own ACH activity through BND.
- Check Clearing - BND serves as North Dakota's Central Clearing House for both in-state and out-of-state items and assures quick exchange of all checks and drafts. Services and products include Check Clearing (Image Exchange

Services), Paper Check Processing, Canadian check clearing, and Return Item Service.

- Federal Reserve Bank Settlement Program - BND participates in the Federal Reserve Bank Settlement Program. Under this program, respondent institutions can utilize BND's account at the Federal Reserve Bank for automatic charge or credit of services with the Federal Reserve Bank. BND, in turn, will charge or credit the respondent's account at BND. Banks can also receive their Fed cash letters through BND.
- Wire Transfers: BND offers both incoming and outgoing wire transfers. This includes domestic and international wires. BND notifies customers of the transaction in a secure manner.

Treasury Services

Investments

The Bank's Federal Funds program includes 108 financial institutions in North Dakota averaging a daily volume of \$348 million. Safekeeping and Pledging Services cover 101 customers with assets of almost \$5.3 billion.

Trust

The Trust Department provides corporate trust services for the State of North Dakota and its political subdivisions, serving as trustee for 51 municipal issues with assets of \$316 million.

The department also offers bond register, transfer agent and paying agent services for more than 380 municipal issues with outstanding principal balances exceeding \$938 million. It serves as an escrow agent for more than 575 accounts with assets of \$139 million.

Programs administered by Bank of North Dakota

Student Loans of North Dakota

Student Loans of North Dakota (SLND), founded in 1982, is a guaranty agency for student loans made under the Federal Family Education Loan Program and North Dakota state's Dakota Education Alternative Loan (DEAL) Program. SLND is dedicated to insuring student loans against death, disability and default, our core functions also include:

- promoting college access for all students,
- distributing loan information to educate borrowers,
- preventing student loan defaults for all borrowers,

- providing training and support services to industry partners,
- supporting community outreach activities,
- educating students on financial literacy,

SLND partners with the [College Planning Center](#) to provide you with quality resources for accessing and paying for college.

For more information, visit [SLND](#) or visit the [College Planning Center](#).

College SAVE

BND administers North Dakota's 529 plan, [College SAVE](#). This higher education savings plan provides many advantages for students and their families pursuing a college education. The North Dakota College SAVE plan offers valuable tax benefits, low minimums and generous maximum contributions, a range of investments from Vanguard and matching fund opportunities from the state of North Dakota.

North Dakota Dollars for Scholars (NDDFS)

BND administers the state chapter and absorbs expenditures for [NDDFS](#) so the 80-plus local North Dakota chapters and state chapter can disseminate more student scholarships. Dollars for Scholars chapters help hometown students achieve their educational goals by raising scholarship funds, establishing endowments, providing assistance with college readiness and the financial aid process, and distributing scholarships each year.

Access Information on the Web site

- [Annual Reports](#) (hyperlink)
- [Press Releases](#)
- North Dakota Century Code information
 - [Chapter 6-09 The Bank of North Dakota](#)
 - [Chapter 54-17 Industrial Commission](#)
 - [Title 6 Banks and Banking](#)

Research

- New England Public Policy Center Research Report 11-2 May 2011: [The Bank of North Dakota: A model for Massachusetts and other states?](#)
- Vermont Digger January 25, 2010: [Expert testimony: Should Vermont form a state-owned bank?](#)



INDUSTRIAL COMMISSION OF NORTH DAKOTA

Jack Dalrymple
Governor

Wayne Stenehjem
Attorney General

Doug Goehring
Agriculture Commissioner

For Immediate Release

October 29, 2014

S&P affirms credit ratings for Bank of North Dakota

BISMARCK, N.D. – The Bank of North Dakota (BND) continues to maintain its high credit ratings as noted in Standard & Poor’s (S&P) annual review of the bank released October 2, 2014.

“S&P’s reaffirmation of BND’s credit ratings reinforces the bank’s success and strength, as well as the integral role it plays in the continued growth of our economy and state,” said Gov. Jack Dalrymple. “BND’s stability is reflected in the continued use of its programs by financial institutions and residents across North Dakota to invest in infrastructure enhancements and to support efforts to address the impacts of rapid growth.”

BND’s long-term and short-term issuer credit ratings were affirmed at “AA-” and “A-1+,” respectively. The ratings have remained stable since being increased by S&P in 2011. S&P is a U.S.-based financial services company that publishes financial research. Financial institutions are typically reviewed annually, but S&P will review more frequently if a modification of the rating is needed.

“The S&P review recognizes BND’s role in helping the state fulfill its commitment to improve infrastructure in western and north central North Dakota,” said Attorney General Wayne Stenehjem. “The report acknowledges the bank for creating various lending programs to address needs created by the influx of new residents responding to the state’s abundant employment opportunities.”

“Agriculture’s significant contribution to the state’s economy was also noted in the report,” said Agriculture Commissioner Doug Goehring. “Many of the bank’s programs play a critical role in ensuring agriculture remains a vital industry in North Dakota.”

Following a 10th consecutive year of record earnings, BND looks to North Dakota’s strong economy for continued success. The report cites the bank’s strong link to the state and willingness to help financial institutions as reasons for its prosperity.

“BND values its partnerships with North Dakota’s financial institutions and its role as deposit agency for the state,” said Eric Hardmeyer, BND president. “We will continue to expand and develop programs to address North Dakota’s needs.”

The full report may be viewed at www.banknd.nd.gov.

The only state-owned bank in the nation, Bank of North Dakota is overseen by the Industrial Commission of North Dakota, consisting of Gov. Jack Dalrymple as chairman, Attorney General Wayne Stenehjem and Agriculture Commissioner Doug Goehring.

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Governor

Wayne Stenejem
Attorney General

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Agriculture Commissioner

For Immediate Release

April 21, 2014

Bank of North Dakota highlights partnerships in 2013 Annual Report

BISMARCK – Bank of North Dakota (BND) reported its 10th consecutive year of record profits in its 2013 Annual Report with \$94 million in net earnings. Total assets increased from \$6.1 billion in 2012 to \$6.8 billion in 2013. BND ended the year with capital of \$551 million. The state's return on its investment at the Bank was a healthy 17.1 percent.

This year's report theme, "Stronger Together," highlights the importance of partnerships in responding to the needs of North Dakotans and growing the economy of the state.

"Leveraging the Bank's resources to drive economic opportunity for North Dakotans demonstrates our commitment to economic growth," explained Gov. Jack Dalrymple "The cooperative nature of state government, business, economic development organizations and our residents is essential to the state's success."

BND's loan programs funded 309 new businesses in 2013 while working in partnership with local financial institutions. One of the top priorities of the 2013 Legislature was addressing day care issues in the state. As a result, two BND loan programs were expanded to encourage startup and increase capacity of child care facilities: Flex PACE and the Beginning Entrepreneur Program.

The Wolf Pup Daycare Center, a new child care center that will care for approximately 200 children in Watford City, took advantage of the Flex PACE program and is featured in the report. In addition to the Flex PACE loan, the new center worked with Watford City's Roughrider Fund and First International Bank and Trust.

"One of North Dakota's strengths lies in its ability for residents to work together and resolve issues," said Agriculture Commissioner Doug Goehring. "Child care availability is important so parents can make a living and support their family while feeling comfortable their children are in good hands."

Other businesses featured in this year's report include Coteau des Prairies Lodge near Havana, State Side Electric in Cavalier and Dakota Prairie Refinery near Dickinson. The success of the Hillsboro Dollars for Scholars chapter in supporting its students is highlighted as is a story about how a BND DEAL Loan benefitted the Roy Musland family of Gackle.

"BND's lending programs contribute to the economic vitality in our state, allowing many North Dakotans to reach their goals, whether by attending college, or starting and expanding a business that supports their community," stated Attorney General Wayne Stenejem.

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The Bank partners with local financial institutions to implement many of its programs. This role was established with the Bank's first set of operating guidelines in 1919. Additionally, BND works closely with economic development organizations to ensure programs meet the community's needs. Other examples of essential partnerships include the North Dakota Legislature and high school and college counselors.

"This operating model has served us well into the 21st century," shared Eric Hardmeyer, BND president. "The 2013 Annual Report emphasizes the value we place on relationships we have with stakeholders across the state. These partnerships allow us to identify issues and respond with solutions that fulfill the Bank's mission to support agriculture, commerce and industry in North Dakota."

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A complete copy of the 2013 Annual Report is available at www.banknd.nd.gov.

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FOR FURTHER INFORMATION, CONTACT
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North Dakota
Office of the Governor
Governor Jack Dalrymple
Lt. Governor Drew Wrigley

Dalrymple Signs Legislation to Enhance, Extend Assistance for Residents Hard Hit by 2011 Flooding

April 25, 2013

BISMARCK, N.D. – Gov. Jack Dalrymple today signed legislation to enhance and extend the terms of a well-utilized state loan program for property owners hard hit by major flooding in 2011. With the governor's signature, Senate Bill 2132 became law and will provide about \$13.5 million for additional loans to residents impacted by 2011 flooding.

Senate Bill 2132 and House Bill 1185, an accompanying bill signed by Dalrymple last week, also expand the eligibility for the Rebuilders Loan Program and extend the loan application deadline until Sept. 30, 2013.

"The flood events of 2011 were life changing for thousands of North Dakota families," Dalrymple said. "With this legislation, the Rebuilders Loan Program will continue to play an important role in our ongoing commitment to helping our residents rebuild their homes and lives."



The 2011 Mouse River flood damaged or destroyed more than 4,000 homes and other structures in Minot and Ward County. That same year, major flooding along the Missouri River damaged or destroyed about 1,000 homes in Burleigh and Morton counties.

Legislation signed by Dalrymple expands the loan program's eligibility to include residents who are living in temporary housing units located within a community approved group housing site. The legislation also expands the loan program's eligibility to include owners of rental property damaged by flooding.

Dalrymple signed SB 2132 during a ceremony in the Capitol's Memorial Hall. Joining Dalrymple for the bill signing were: Senate Majority Leader Rich Wardner, Rep. Scott Louser, Sen. Karen Krebsbach, Rep. Mike Nathe, Sen. Randy Burckhard, Sen. David Hogue, Rep. Robert Frantsvog, Rep. Andrew Maragos, Rep. Dan Ruby, Sen. and Rep. Roger Brabandt, Attorney General Wayne Stenehjem, Agriculture Commissioner Doug Goehring and Bank of North Dakota President and CEO Eric Hardmeyer.

Following Dalrymple's recommendation, the Legislature established the Rebuilders Loan Program during the 2011 Special Legislative Session. The Legislature appropriated \$50 million and the Bank of North Dakota has since administered nearly \$41 million in low-interest loans.

Senate Bill 2132 extends spending authority on about \$8.5 million and includes an additional \$5 million so that displaced residents can continue to access the loan program to finish repairing their flood-damaged homes or purchase new housing. Home owners don't have to begin repaying on a Rebuilders loan for two years and 20 percent of a loan's value can be used to satisfy other credit obligations.

Beginning Oct. 1, residents who previously received a loan can apply for a Supplemental Rebuilders Loan of up to \$20,000 to cover additional flood-related expenses. The loan terms include a one-percent, fixed interest rate. Residents impacted by major 2011 flooding can contact their local lender to apply.

To date, the state has proposed or appropriated more than \$200 million to assist Minot and Ward County with flood recovery and protection efforts.

The state has appropriated about \$140 million to help Minot and Ward County recover from the 2011 flood and to develop flood protection measures. The funding includes \$50 million for home buyouts; \$21 million in state flood impact grants; \$55 million for the Rebuilders Loan Program; \$9 million for residential rehabilitation and retention and \$4.5 million for Mouse River flood studies. The state also provided Burleigh County \$1.45 million in flood impact grants.

Additionally, the State Water Commission is requesting that the Legislature provide another \$61 million for flood recovery and retention during the 2013-2015 biennium. The Legislature also is considering providing \$2.75 million to help cover flood repair costs at the State Fairgrounds in Minot. The state also expects to pay a share of public assistance and hazard mitigation grants.

For more information, contact: Jeff Zent or Jody Link at 701.328.2200.



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Agriculture Commissioner

For Immediate Release

April 23, 2013

BND Records Ninth Consecutive Year of Record Profits Annual Report Details Strong Business Support

BISMARCK – The newly-released 2012 annual report of Bank of North Dakota (BND) shows a ninth consecutive year of record profits with \$81 million in net earnings.

Total assets increased to \$6.1 billion in 2012, an increase from \$5.3 billion in 2011. BND ended the year with capital of \$463 million. The state's return on its investment at the bank was 17.6 percent.

"Bank of North Dakota plays a key role in our state by supporting state operations, by supporting business development and by returning profits to our citizens," Gov. Jack Dalrymple said. "The 2012 annual report shows that Bank of North Dakota continues to generate record profits while administering loan programs for flood relief, greater housing development and continued economic development."

Businesses that have benefited from BND programs are featured in the annual report.

"Scott Jacob is a 22-year-old, fourth-generation farmer from Kintyre, who used BND's Beginning Farmer Loan programs to keep the family farm alive and well," said Agriculture Commissioner Doug Goehring. "The partnership between community banks, BND, and the agriculture community benefits everyone."

Five Beulah businesses and the city's Job Development Authority are also featured. Their stories highlight the role that the Flex PACE Loan Program plays in economic development.

"Flex PACE has become an important tool for communities responding to the infrastructure needs in western North Dakota," said Attorney General Stenehjem. "The interest buydown feature helps the business sector thrive and allows community banks to participate in growing the local economy."

Other featured businesses include Diverse Energy Systems, Grafton; the Legacy Center, Jamestown, and 3 Amigos Restaurant, Williston.

"Every day, BND lives out its mission to promote agriculture, commerce, and industry in our state," said Eric Hardmeyer, BND president. "This is accomplished through strong partnerships with community banks and credit unions, economic developers, and the citizens of North Dakota."

The only state-owned bank in the nation, Bank of North Dakota is overseen by the Industrial Commission of North Dakota which consists of Gov. Jack Dalrymple as Chairman, Attorney General Wayne Stenehjem, and Agriculture Commissioner Doug Goehring.

A complete copy of the 2012 Annual Report is available at www.banknd.nd.gov.

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INDUSTRIAL COMMISSION OF NORTH DAKOTA

Jack Dalrymple
Governor

Wayne Stenehjem
Attorney General

Doug Goehring
Agriculture Commissioner

News

Sept. 13, 2012

BND provides disaster relief loans for farmers and ranchers

BISMARCK – North Dakota farmers and ranchers impacted by the dry weather conditions can replenish working capital, lower their interest rate or reamortize loan terms with low interest, disaster relief loans now available through Bank of North Dakota (BND) in partnership with local financial institutions.

"We have directed the Bank of North Dakota to immediately implement this low-interest loan program so that the state can assist North Dakota farmers and ranchers who suffer losses due to drought conditions," said Gov. Jack Dalrymple, chairman of the state Industrial Commission

"Farmers and ranchers statewide can qualify for disaster relief loans," said Agriculture Commissioner Doug Goehring. "Producers should visit their local financial institution to begin the loan process."

"The disaster loan program will provide much needed assistance at a vital time," said Attorney General Wayne Stenehjem. "Being able to provide a low interest loan in order to keep farmers and ranchers operating is crucial."

BND partners with local financial institutions to implement the program. BND can participate in up to 75 percent of the loan up to \$500,000.

More information about the program is available on BND's website at www.banknd.nd.gov.

"BND has structured the program to provide the needed funding with minimal processing time and cost to the borrower in order to meet the needs of farmers and ranchers," said Eric Hardmeyer, BND president.

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INDUSTRIAL COMMISSION OF NORTH DAKOTA

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For Immediate Release

June 17, 2011

New BND loan programs reach out to weather-affected businesses, farmers

Bismarck -- Bank of North Dakota (BND) has implemented new, low-interest, disaster relief loan programs to help businesses and agricultural producers impacted by 2011 weather-related events.

"These loan programs are part of a larger effort to provide the financing that people and businesses need to recover from flooding and other major weather-related events," Gov. Jack Dalrymple said. "We continue to work with the Federal Emergency Management Agency to get federal funding approved that will help businesses and residents cover some of their costs for flood damages."

BND will provide loan funding and work with local community financial institutions to assist residents in North Dakota counties listed in a Presidential Disaster Declaration. BND will coordinate the loan programs.

"Business owners, farmers and ranchers in the impacted counties who are interested in these new programs should contact their local financial institutions to begin the loan process," said Eric Hardmeyer, BND president. "BND has designed the programs to minimize processing time and costs to the borrower."

The program will provide funding for replacement or repair of equipment and real estate, to replenish capital and restructure existing bank term loans at a fixed interest rate of 4 percent for five years, or a variable interest rate at BND base rate less .5 percent. Collateral on all loans must be adequately secured.

"Heavy snowfall this winter and spring, extended periods of cold wet weather, muddy and washed-out roads, wet fields and flooding in many parts of the state mean many farmers may need relief," said Agriculture Commissioner Doug Goehring. "The weather has prevented or delayed planting in many parts of the state, buildings and fences have been damaged or destroyed, and livestock losses are larger than usual."

"This program is designed to help business or farm and ranch owners as they recover from weather and flood related damage," said Attorney General Wayne Stenejem. "Bank of North Dakota can assist in this process by participating up to a maximum of 75 percent of the loan amount or a maximum of \$500,000."

The disaster relief loan programs will be available through Dec, 31, 2011.

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COVER SHEET

127th Maine State Legislature

Committee: Insurance and Financial Services

LD: 24

Title: An Act To Create a Public State Bank

Testimony Submitted By:

Name:

Rep Beavers

Organization:

House of Rep. Southern Berwick

Policy Area:

Topic:



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February 3, 2015

Greeting to the Honorable Chairs, Senator Whittemore and Representative Beck, and the esteemed members of the Joint Standing Committee on Insurance and Financial Services, I am Representative Roberta Beavers. I serve the people of District 2, which includes Eliot and parts of South Berwick and Kittery.

Thank you for the opportunity to stand before you as the mandatory co-sponsor of **LD 24, which proposes to create a public state bank** in Maine. My research for this bill began in March of 2011 when one of my constituents emailed me the article, *The Growing Movement for Publicly Owned Banks*, by Ellen Brown, as posted online by YesMagazine.org on March 17, 2011.

The potential of a public state bank include (1) revenue creation, (2) business/job generation, (3) business-public partnership building, and (4) cost-cutting. For almost 100 years, rural North Dakota with its small population and abundant natural resources, like Maine, has had a state bank. It has worked so well that it has returned millions to their state, even before oil was discovered and exploited there - and it has protected them from the recent financial crises. Many other states are exploring the same concept for the same reasons.

I also see the possibility for coordinating the quasi state bank organizations we have in Maine, for reducing the redundancies and increasing efficiencies. FAME is an excellent model for a state bank - its expansion would benefit Maine in all the ways mentioned earlier.

The time has come. LD 24 is a potential win-win bill for the State of Maine.

Thank you!