

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1340

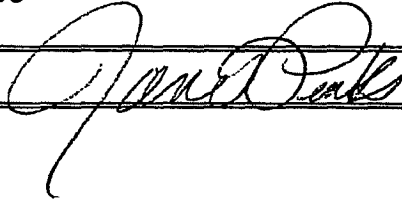
Senate Appropriations Committee

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Hearing Date: 03-16-07

Recorder Job Number: 5205

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on HB 1340.

David Nething, District 12, Jamestown, introduced HB 1340 indicating the bill creates other methods of operating a business with specific benefits to publicly held corporations. There are three publicly held corporations in ND but they will not be able to participate in this structure. The main difference between this and other types of ownership is that the current law favors management and this ownership would favor the shareholder. It gives the shareholder the opportunity to review management and if the shareholders choose they can elect officers. The dollars come from the fees that are paid. We don't know how many will elect this.

Senator Bowman questions the poison pill. The response was when talking about corporations and hostile takeovers that is the poison pill. This is designed for protection of the corporation from certain things.

Al Jaeger, Secretary of State, discussed HB 1340 indicated the bill has been in development for six months. This is an opportunity for public traded corporations. It must be specifically stated in the articles of corporation. This type of legislation is a choice. We have no idea how many companies will do this. Out of every fee, the Secretary of State keeps 10 percent to put in the operating fund and if it goes over big and there are many players, we will go to the emergency commission. The general services operating fund has a top amount of \$75,000 so

everything over that at the end of the biennium will go to the general fund. In doing it this way, the Secretary of State Office will have funds to cover expenses.

Senator Krebsback asked if she was right that this bill would give shareholders more rights.

The response was yes.

Senator Tallackson asked how the fees are set. The response was the formula is based on the number of stocks. If we have a very large company we could easily hit \$80,000 .

Senator Lindaas questioned if there is a downside and did anyone testify against the bill. The response was that in the House no one testified against the bill. In the Senate, there was one person testifying against the bill, but the testimony didn't make sense as it was not based on accuracy. We don't know of any downside.

Senator Mathern questioned there being only two corporations that are publicly traded in ND.

The response was those companies were incorporated under the laws in place at the time.

People will not leave ND in groves as we only have two publicly traded companies.

Senator Lindaas asked if other states have this. The response was other states have different forms of this but ND will have the only stand alone chapter that is very specific.

Cal Rolfson, representing non-profit corporations, testified in support of HB 1340. He believed the front page of the Wall Street Journal will feature ND and this legislation. It is the purest of the win win situation for ND. There is no risk to the corporations, only options and opportunities.

Chairman Holmberg closed the hearing on HB 1340.

Senator Mathern moved a do pass, Senator Christmann seconded. A roll call vote was taken resulting in 13 yes, 0 no, 1 absent. The motion passed and Senator Nething will carry the bill.