

Minutes of the

**LEGISLATIVE COMPENSATION COMMISSION**

Tuesday, June 25, 2002  
 Roughrider Room, State Capitol  
 Bismarck, North Dakota

Mr. Charles Axtman, Chairman, called the meeting to order at 10:00 a.m.

**Members present:** Charles Axtman, Rosie Black, Jim Gerl, Steve Gorman

**Member absent:** Tish Kelly

Mr. Jim W. Smith, Legislative Budget Analyst and Auditor, said Ms. Roxanne Woeste, Fiscal Analyst, Legislative Council, would staff the commission in the absence of Mr. Joe R. Morrisette, who recently resigned from the Legislative Council to accept a position with the Office of Management and Budget.

**BACKGROUND INFORMATION**

The Legislative Council staff distributed and reviewed copies of North Dakota Century Code (NDCC) Sections 54-03-19.1 and 54-03-19.2. Section 54-03-19.1 provides that the Legislative Compensation Commission shall:

- Develop recommendations for a long-term policy on legislative compensation, expense allowance, and insurance benefits.
- Recommend appropriate levels of legislative compensation, expense allowance, and insurance benefits.

North Dakota Century Code Section 54-03-19.2 provides that the Legislative Compensation Commission must meet at least once each biennium to

determine levels of legislative compensation, expense allowance, and insurance benefits which permit citizens to hold legislative office without undue financial sacrifice or disadvantage. The commission may consult with the leadership of the Legislative Assembly and review compensation, expense allowance, and insurance benefits for legislative service in other states and in other areas. The commission is to report its findings and recommendations regarding legislative compensation to the Legislative Assembly, and the commission may file with the Legislative Council a bill incorporating its recommendations.

In response to a question from Commissioner Gerl regarding NDCC Section 54-03-19.2, the legislative budget analyst and auditor said the section provides that expense and per diem reimbursement for commission members are paid from the appropriation for the Legislative Assembly.

The Legislative Council staff presented a memorandum entitled *Legislative Compensation and Expense Reimbursement - Background Memorandum* regarding the history of the Legislative Compensation Commission and legislative compensation and expense reimbursement rates in North Dakota. The following schedule summarizes legislative compensation and expense reimbursement rates from 1889 to 2001:

Year	Compensation for Each Calendar Day During Session	Expense Reimbursement During Session			Expense Reimbursement or Compensation for Each Month During Term of Office	Compensation for Each Day Attending Interim Meetings
		Per Session	For Each Day During Session	For Each Month During Session		
1889	\$5	10 cents per mile				
1945	\$5	\$300				\$5.00
1949	\$5	\$600				\$10.00
1957	\$5	\$1,200 <sup>1</sup>				\$10.00
1965	\$5	\$1,200 <sup>2</sup>			\$35 <sup>2</sup>	\$10.00
1967	\$5		\$25		\$35	\$20.00
1969	\$5		\$35		\$35	\$30.00
1971	\$5		\$40		\$50	\$30.00
1973	\$5		\$50		\$50	\$30.00
1975	\$5		\$60		\$75	\$45.00
1977	\$5		\$60		\$150	\$45.00
1979	\$5		\$70		\$150	\$52.00
1981	\$5		\$85		\$180	\$62.50
1983	\$40 <sup>3</sup>		\$50 <sup>3</sup>		\$180	\$62.50
1985	\$90			\$600 <sup>4</sup>	\$180 <sup>5</sup>	\$62.50
1997	\$111			\$650	\$250	\$62.50
1999	\$111			\$650	\$250	\$75.00
2001	\$125			\$650	\$250	\$100.00

- <sup>1</sup> Section 54-03-20 was amended in 1959 to provide that the \$1,200 payment was reimbursement for expenses incurred during the interim and during the session.
- <sup>2</sup> Section 54-03-20 was amended in 1965 to provide that the \$1,200 payment was reimbursement for expenses incurred during the session only and to provide for payments of \$35 per month during each legislator's term of office for uncompensated expenses.
- <sup>3</sup> Bismarck legislators received \$90 per day during session as compensation and did not receive any amount for daily expense reimbursement.
- <sup>4</sup> Section 54-03-20 was amended to provide that legislators receive reimbursement for lodging or mileage at the rates provided for state employees, to a maximum of \$600 per month.
- <sup>5</sup> House Bill No. 1243 (1985) amended Section 54-03-20 to provide that the monthly amount paid to legislators during the interim was compensation, not reimbursement for expenses.

The following schedule, also included in the background memorandum, summarizes the current compensation and expense reimbursement rates provided to members of the Legislative Assembly:

#### **Compensation for Regular, Special, or Organizational Sessions**

Salary (Section 54-03-20)	\$125 per calendar day
Additional compensation (Section 54-03-10)	
Speaker of the House	\$10 per calendar day
House majority leader	\$10 per calendar day
Senate majority leader	\$10 per calendar day
House minority leader	\$10 per calendar day
Senate minority leader	\$10 per calendar day
Chairmen of substantive standing committees	\$5 per calendar day
House assistant majority leader	\$5 per calendar day
Senate assistant majority leader	\$5 per calendar day
House assistant minority leader	\$5 per calendar day
Senate assistant minority leader	\$5 per calendar day

#### **Expense Reimbursement for Regular, Special, or Organizational Sessions**

Lodging expenses (Sections 44-08-04 and 54-03-20)	\$45 plus tax per calendar day up to \$650 per month
Mileage (Sections 54-03-20 and 54-06-09)	Thirty-one cents per mile for one round trip each calendar week going to and from the meeting of the Legislative Assembly. If travel is by common carrier, reimbursement must be at coach fare and may not exceed 1.5 times the amount the legislator would be entitled to receive as mileage reimbursement for travel by motor vehicle. Legislators who live in districts outside Bismarck are allowed daily round trip mileage reimbursement of 31 cents per mile or lodging reimbursement of up to \$45 per night plus any applicable state or local taxes, or a combination of mileage and lodging reimbursement up to a maximum of \$650 per month.

#### **Compensation During Term of Office**

Compensation paid to legislators during their term of office, either monthly or every six months at the legislator's option (Section 54-03-20)	\$250 per month
Additional compensation for majority and minority leaders and Legislative Council chairman (Section 54-03-20)	\$250 per month

#### **Compensation for Interim Meetings**

Compensation for attendance at meetings of the Legislative Council and its committees (Section 54-35-10)	\$100 per day
Additional compensation for:	
Council chairman (Section 54-35-10)	\$5 per day
Committee chairmen (Section 54-35-10)	\$5 per day

<p><b>Expense Reimbursement for Interim Meetings</b>                  Meals (Section 44-08-04)</p> <p>Lodging (Section 44-08-04)</p> <p>Mileage (Section 54-06-09)</p>	<p>Up to \$20 per day in state; an amount equal to the federal per diem meals rate for out-of-state travel</p> <p>Actual expenses not to exceed \$45 per day, plus any applicable state or local taxes in state; actual expenses out of state</p> <p>Thirty-one cents per mile by motor vehicle; 18 cents per mile by motor vehicle 300 miles beyond the state border; 70 cents per mile by private airplane</p>
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The legislative budget analyst and auditor said the 2001-03 biennium appropriation for the Legislative Assembly of \$9,070,163 includes funding of \$1,305,816 for the estimated cost of legislators' health insurance. He said the estimate was calculated based on the premium cost of \$409.09 per month for 133 legislators. Due to legislative redistricting and the reduction of legislative districts from 49 to 47, there will be savings related to the cost of the 2003 Legislative Assembly estimated to be approximately \$169,000. He said the legislative compensation increases approved by the 2001 Legislative Assembly were effective January 1, 2001; however, because the emergency clause was not approved, the increase for the 2001 legislative session was applied retroactively and paid in August 2001.

In response to a question from Commissioner Axtman regarding recent changes in the amount of legislative compensation, the Legislative Council staff said the 2001 Legislative Assembly amended NDCC Section 54-03-20 to provide that each member of the Legislative Assembly attending a meeting of a legislative committee between the organizational session and the regular session, as authorized by legislative rule, is entitled to compensation at the session rate.

In response to a question from Commissioner Axtman, the legislative budget analyst and auditor said pursuant to House and Senate Rules 505, the Appropriations Committees for the 2001 Legislative Assembly met for four days prior to the convening of the regular legislative session to receive budget overview and agency testimony. He said due to the timing of the start of the 2003 Legislative Assembly, the Appropriations Committees may decide not to meet prior to the start of the legislative session.

In response to a question from Commissioner Axtman, the legislative budget analyst and auditor said the Public Employees Retirement System estimates that the health insurance premium costs will increase by approximately 17 percent for the 2003-05 biennium.

The Legislative Council staff presented a document prepared by the National Conference of State Legislatures entitled *2002 Compensation and Benefits for State Legislators*, a copy of which is on file in the Legislative Council office. The information presented includes legislative compensation, expense reimbursement, and other benefits provided to legislators in each of the 50 states.

Commissioner Gerl said the commission may want to consider reviewing other states' appropriations for the legislative branch at future meetings.

Chairman Axtman said the comparison of legislative branch appropriations may be difficult due to the different nature of legislatures in other states, as some are really full-time legislatures.

In response, the legislative budget analyst and auditor said the Legislative Council staff will consider providing information regarding other states' appropriations for the legislative branch at future meetings.

The Legislative Council staff presented a memorandum entitled *Legislative Compensation Increases Compared to Inflation and State Employee Salary Increases - 1981 Through 2002*. The following schedule compares actual calendar year 2002 legislative compensation rates to 1981 rates adjusted annually for inflation and percentage salary increases provided to state employees:

	Actual 2002 Compensation Rates	1981 Compensation Rates Adjusted for Inflation	1981 Compensation Rates Adjusted for Salary Increases Provided to State Employees
Interim daily compensation	\$100	\$123.53	\$114.27
Session daily compensation	\$125	\$177.88	\$164.50
Monthly compensation during term of office	\$250	\$355.80	\$329.05

In response to a question from Commissioner Gerl regarding reimbursement for telephone and other expenses, the legislative budget analyst and auditor said the compensation paid to legislators during the term of office of \$250 per month is intended to be used for telephone and other expenses. He said each of the legislators is provided a computer for legislative-related use. A legislator may pay a monthly fee to use the computer for personal use.

The legislative budget analyst and auditor distributed a document prepared by the Office of Management and Budget entitled *North Dakota Rev-E-News* dated May 2002, a copy of which is on file in the Legislative Council office. He said the Office of Management and Budget's December 2001 revised

revenue forecast for the 2001-03 biennium is \$1.691 billion, \$15 million less than the \$1.706 billion forecast estimated at the close of the 2001 Legislative Assembly. For the month of April 2002, the general fund revenue was approximately \$99.8 million, \$5.6 million less than the forecasted amount of \$105.4 million. He said the decrease was primarily in the area of individual and corporate income taxes.

In response to a question from Commissioner Axtman, the legislative budget analyst and auditor said the estimated general fund balance reported to the Legislative Council's Budget Section in April 2002 was approximately \$10.4 million.

### COMMISSION DISCUSSION

Commissioner Black said in relation to other states, the state of North Dakota has made great strides in the area of legislative compensation in the last six years.

Commissioner Gerl said the commission may want to consider legislation to increase the mileage reimbursement rate.

In response to a question from Commissioner Black regarding mileage reimbursement, the legislative budget analyst and auditor said any change in the mileage reimbursement would affect many state agencies; however, state employees are encouraged to use Department of Transportation's Fleet Services vehicles rather than receive reimbursement for using their own vehicle.

The commission recessed for lunch at 11:00 a.m. and reconvened at 1:15 p.m. in the Harvest Room to discuss legislative compensation and reimbursement issues with the Legislative Management Committee.

### MEETING WITH LEGISLATIVE MANAGEMENT COMMITTEE

At the request of Senator Bob Stenehjem, Chairman, Legislative Management Committee, Chairman Axtman addressed the committee. He said the commission has discussed the duties of the Legislative Compensation Commission and reviewed compensation rates provided in other states. He distributed copies of the memorandum entitled *Legislative Compensation Increases Compared to Inflation and State Employee Salary Increases - 1981 Through 2002*.

In response to a question from Representative Timm, the Legislative Council staff said the memorandum provides a comparison of actual legislative compensation rates and legislative compensation rates adjusted for inflation and state employee salary increases for the period 1981 through 2002.

In response to a question from Representative Timm, Chairman Axtman said at the present time, the

commission has no recommendations regarding legislative compensation.

### COMMISSION DISCUSSION AND STAFF DIRECTIVES

At 1:30 p.m. the Legislative Compensation Commission resumed its meeting in the Roughrider Room.

**It was moved by Commissioner Gerl that the Legislative Compensation Commission request the Legislative Council staff to prepare a bill draft to amend NDCC Section 54-06-09 to increase the state mileage reimbursement rate from 31 cents to 34.5 cents per mile.** The motion died for lack of a second.

Commissioner Gorman said he is concerned with increasing the state mileage reimbursement rate due to the impact on several state agency budgets.

In response to a question from Commissioner Axtman regarding the in-state lodging reimbursement rate, the legislative budget analyst and auditor said the 2001 Legislative Assembly increased the in-state lodging reimbursement rate from \$42 to \$45 per day, plus any applicable state or local taxes.

Chairman Axtman said the commission may consider increasing the in-state meals reimbursement of \$20 per day in a future biennium.

**It was moved by Commissioner Gorman, seconded by Commissioner Black, and carried on a voice vote that the commission recommend no legislative compensation changes to the 2003 Legislative Assembly due to the decreased revenue projections and that the chairman of the commission and the staff of the Legislative Council be requested to prepare a report and present the report to the 2003 Legislative Assembly.**

Chairman Axtman said he does not plan to call for another meeting of the Legislative Compensation Commission during the 2001-02 interim.

The meeting was adjourned subject to the call of the chair at 1:45 p.m.

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Roxanne Woeste  
Fiscal Analyst

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Jim W. Smith  
Legislative Budget Analyst and Auditor