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ROLL NUMBER

DESCRIPTION

1086

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1086

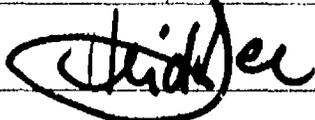
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1086

House Industry, Business and Labor Committee

Conference Committee

Hearing Date January 15, 2001

Tape Number	Side A	Side B	Meter #
1	X	X	29.25(A) to 01.85(B)
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Chairman Berg: Let's open the hearing on HB 1086.

Ray Gudajtes - Job Service: (see written testimony)

Chairman Berg: The reason this is in place if all of a sudden we have a company that in one quarter had a huge increase in their wages we are saying there might be a huge risk to the fund if all the people are laid off.

Gudajtes: Mr. Chairman, that is correct.

Chairman Berg: And so that is the original intent. Maybe you could be more specific and describe the company that's being triggered by this. Is this one company that has exceptional growth in one quarter or a seasonal company?

Gudajtes: I will show you a live account. The type of account in 1999 or 2000 that has been affected by this adjustment. In 1999 we had five accounts all from out of state. One was manufacturing products and selling them in state, the other was an energy corporation, the other was an auto glass company, the other two construction. In 2000 we had three accounts, all out of state employers again, an electrical contractor, the other was an employer service in health care.

Chairman Berg: It makes sense that out of state companies are coming into the state for one or two projects, so their payroll is relatively small so they come in for a project that triggers the 3 times average annual fee.

Gudajtes: We think that is what occurred in every situation. They were in state but had a smaller presence.

Rep. Keiser: Greg, I am a little bit confused. With your proposal we are going to collect 14,212.00 for the fund. We were collecting 51,300.00, but you are going to protect the fund more by collecting 14 vs. 50?

Gudajtes: We are saying that we are going to protect the fund from the ?. But we are going to reduce the effect on the positive balance account. The amount we are going to collect is a positive balance account.

Rep. Keiser: How are we going to protect it from the risk?

Gudajtes: We feel we are going to protect by having this rate adjustment in there and raising their rates.

Rep. Keiser: But Ray in your example you are going from 1.62 to 10 percent. So that's a big raise. So you are going to collect a lot more money to pay an insurance premium. In your proposal you

are only going up to 2 percent. Again, if the current statute is going to get me 51,000 for the fund, that seems to me to be a lot more protection than 14,000. What am I missing?

Gudajtes: We are collecting more dollars now with the present statute. We feel that the additional financial cost applied to the account is more than is necessary.

Rep. Keiser: So this isn't an argument that you are protecting the fund, but that we are collecting too much.

Gudajtes: So the fund will be protected.

Rep. Keiser: And we can back down the rate.

Gudajtes: So we can back down the rate on a positive balance.

Rep. Keiser: Now I am beginning to understand it. Thank you.

Chairman Berg: The other question I would have is - there is always companies that are at that level. Between positive and negative. Are we protected in here from a negative account employer saying, Okay I am five thousand in the negative, I will just pay that and get the lower rate, but maybe we should collect the higher rate.

Gudajtes: Are you referring to the voluntary contribution provision? They have to make the determination whether or not to make the contribution before April 30. It's possible they could know what their payroll would be by the end of April. They could use this to make the decision to pay a voluntary contribution to save money.

Chairman Berg: It may encourage people to become positive balance employers. Which would be positive.

Rep. Keiser: Looking at this sheet again, using your example - I got a payroll running between 112 - 168 thousand each month. I go out and get a new contract and hire a lot of new people so

my payroll is around 198 thousand. One month later, I get the job done, I lay off all my long term employees, they go on unemployment, I keep all the new employees because they don't qualify for benefits. I am going to save a lot of money, Right? You are saying that with the 6,145 you collected to the fund, Vs the 29,800 you would have collected. In that scenario are you going to be okay?

Gudajtes: I am not sure of which employees you laid off.

Rep. Keiser: They have to qualify first. If they were hired one month they don't have many benefits. If I have had them for five years, they qualify for the max. That is my point.

Gudajtes: Our research would indicate that the raise in the rate would be sufficient to cover the additional costs.

Rep. Froelich: What protection does this fund have?

Gudajtes: The only protection they have is the balance in their account.

Rep. Berg: We'll close the hearing on HB 1086 and we'll hold the bill.

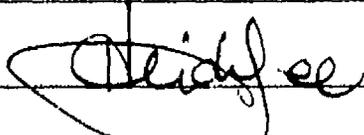
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1086 (B)

House Industry, Business and Labor Committee

Conference Committee

Hearing Date Jan 31, 2001

Tape Number	Side A	Side B	Meter #
2		X	20.4-30.1
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Rep Klein: I move the amendments.

Rep Ekstrom: I second.

Rep Keiser: I move a do pass as amended

Rep Klein: I second.

15 yea, 0 nay, 0 absent

Carrier Rep Johnson

FISCAL NOTE

Requested by Legislative Council
02/02/2001

Bill/Resolution No.:

Amendment to: HB 1086

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The amount of reduced contributions and affect on the Unemployment Insurance Trust Fund is negligible. The bill provides employers a more equitable tax assessment in the event their risk to the Unemployment Insurance Trust Fund increases as a result of significant increases in an employer's employment (payroll).

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Wayne Klndem	Agency:	Job Service North Dakota
Phone Number:	328-3033	Date Prepared:	02/05/2001

FISCAL NOTE
 Requested by Legislative Council
 12/14/2000

Bill/Resolution No.: HB 1086

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The amount of reduced contributions and affect on the Unemployment Insurance Trust Fund is negligible. The bill provides employers a more equitable tax assessment in the event their risk to the Unemployment Insurance Trust Fund increases as a result of significant increases in an employer's employment (payroll).

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Wayne Kindem	Agency:	Job Service North Dakota
Phone Number:	328-3033	Date Prepared:	01/05/2001

Prepared by Job Service
North Dakota for House
Industry, Business, and Labor
Committee

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1086

Page 1, line 11, remove "or a rate of one percent of the"

Page 1, line 12, remove "positive employer maximum rate in effect that year"

Renumber accordingly

Date: 1-31-01
 Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. ~~Click here to type Bill/Resolution No.~~ 1086

House Industry, Business and Labor Committee

- Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Ammend

Motion Made By Keiser Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman- Rick Berg	✓		Rep. Jim Kasper	✓	
Vice-Chairman George Keiser	✓		Rep. Matthew M. Klein	✓	
Rep. Mary Ekstorm	✓		Rep. Myron Koppang	✓	
Rep. Rod Froelich	✓		Rep. Doug Lemieux	✓	
Rep. Glen Froseth	✓		Rep. Bill Pietsch	✓	
Rep. Roxanne Jensen	✓		Rep. Dan Ruby	✓	
Rep. Nancy Johnson	✓		Rep. Dale C. Severson	✓	
			Rep. Elwood Thorpe	✓	

Total (Yes) 15 No 0

Absent 0

Floor Assignment Johnson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 1, 2001 11:26 a.m.

Module No: HR-18-2089
Carrier: N. Johnson
Insert LC: 18101.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1086: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1086 was placed on the Sixth order on the calendar.

Page 1, line 11, remove "or a rate of one percent of the"

Page 1, line 12, remove "positive employer maximum rate in effect that year"

Renumber accordingly

2001 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1086

