

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1056

2007 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1056

2007 HOUSE STANDING COMMITTEE MINUTES

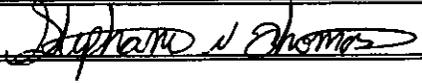
Bill/Resolution No. HB 1056

House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 15, 2007

Recorder Job Number: 1076

Committee Clerk Signature 

Minutes:

Chair Keiser opened the hearing on HB 1056.

Larry Anderson, Job Service ND: See written testimony #1.

Rep. Ruby: Uses that you can put this money to at this time, are the funds adequate for that, or is there money left over that you don't have a need for?

Larry: The funds are adequate, and this is enabling in the event that SB 2034 was passed. This bill proposes that we attach a fee for employers who designate individuals as return to employer as job attached. That would generate another revenue source, and SB 2034 as currently drafted proposes that those fees get deposited in this account. Half of those fees will go for the employers contribution, the other half will go into the Fair account, which then would be split half for unemployment insurance administration, and half re-inflated purposes.

Rep. Keiser: Job Service collects fees from employers in our state, and those fees are based upon fund, the cost associated with unemployment, correct? The federal government pays for our administration, and employers in the state paid for the services to the unemployed, correct?

Larry: Yes, I think an easy way to remember that, or think about that is our state employers pay 2 unemployment taxes, state unemployment tax and the federal employment tax.

Rep. Keiser: So, if the fund gets installed, that's when we get into trouble. That's when the feds will come in and lend us the money. The principle of that money must be collected from the employers of our state, and the interest on that borrowed money could be paid by Fair.

Larry: That is exactly correct. We would have no other source of revenue to turn to other than these fees that get collected to pay that interest.

Rep. Keiser: What happens if we put it into statute and SB 1034 doesn't pass?

Larry: Nothing. It really is no significance, it just would provide for another potential use of the funds for purposes.

Rep. Keiser: What is the current value in the fund.

Maren Daily, Job Service: I believe it's about 3 million. That fund is very tight, and we keep a minimum amount for the interest, so you have that in reservoir in the event the economy turns.

Rep. Ruby: I'm just confused yet as far as what assessments are given. Where is the revenue source for these funds?

Maren: It's primarily penalties and late fees.

Rep. Amerman: Back 2 or 3 years ago when you took the hit from the federal government, anything foreseen coming down the pipe?

Maren: We are very concerned about it. We are watching for kinks and direction with the change in Congress. I think there's going to be some domestic programs like ours that are vulnerable to hit.

Rep. Johnson: In your testimony, 47 FTE's were reduced in the agency. What area were they reduced?

Maren: They came from all over. We were not granted permission to close offices, but with staff reductions we took 15 FTE's out of central office and started with a voluntary retirement program.

Rep. Dosch: I move a do pass.

Rep. Thorpe: Second.

Roll call vote was taken. 14 Yeas, 0 Nays, 0Absent, Carrier: Rep. Gruchalla

Hearing Closed

FISCAL NOTE

Requested by Legislative Council

03/06/2007

Amendment to: HB 1056

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 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.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill allows Job Service to use moneys collected for reemployment programs to ensure the integrity of the unemployment insurance program. The bill retains the continuing appropriation status for all revenues and expenditures.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill retains the continuing appropriation status for all revenues and expenditures related to the specified services. Because of this status, there is no fiscal effect to estimate.

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	DeAnn Berg	Agency:	Job Service North Dakota
Phone Number:	701-328-3135	Date Prepared:	03/07/2007

FISCAL NOTE
 Requested by Legislative Council
 12/27/2006

Bill/Resolution No.: HB 1056

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 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.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill allows Job Service to use moneys collected to provide reemployment services to unemployed individuals and for the administration of the unemployment insurance program. The bill retains the continuing appropriation status for all revenues and expenditures.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The bill retains the continuing appropriation status for all revenues and expenditures related to the specified services. Because of this status, there is no fiscal effect to estimate.

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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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	DeAnn Berg	Agency:	Job Service
Phone Number:	701-328-3135	Date Prepared:	01/05/2007

Date: 1-15-07
Roll Call Vote #: _____

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1056

House Industry Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Rep. Dosch Seconded By Rep. Thorpe

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep. Amerman	X	
Vice Chairman Johnson	X		Rep. Boe	X	
Rep. Clark	X		Rep. Gruchalla	X	
Rep. Dietrich	X		Rep. Thorpe	X	
Rep. Dosch	X		Rep. Zaiser	X	
Rep. Kasper	X				
Rep. Nottestad	X				
Rep. Ruby	X				
Rep. Vigesaa	X				

Total Yes 14 No 0

Absent 0

Floor Assignment Rep. Gruchalla

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

REPORT OF STANDING COMMITTEE (410)
January 15, 2007 3:12 p.m.

Module No: HR-09-0591
Carrier: Gruchalla
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1056: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HB 1056 was placed on the Eleventh order on the calendar.

2007 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1056

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1056**

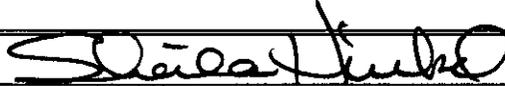
Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **February 21, 2007**

Recorder Job Number: **3549**

Committee Clerk Signature



Unemployment insurance Federal advance interest repayment

Larry Anderson, WSI – In Favor

TESTIMONY # 1 Went over testimony

S Klein: How did we pay the interest on these advances before?

Larry A: The state of ND, I don't think we've ever been in a position where we

S Klein: So what we're doing here is providing a mechanism so that if we SHOULD need any advances, we can use that money that is currently being given to us for other reasons, we could include in that paying the interest we've gotten in advance.

Larry A: Correct, as required by Federal Law to pay the interest on the advances that we get plus those other 5 reasons that are listed in the testimony, and adding for the potential use of reemployment and for other administration purposes.

S Klein: This spare account has been around awhile?

Larry A: Since the establishment of the coordination of state law with the federal law, yes.

S Potter: Did you make a request to the Governor's budget for the administration to fund this?

Larry A: No, we did not, we didn't anticipate that we would use the funds during this next biennium.

S Klein: With no fiscal note, you don't see any, you've indicated here there is no Fiscal impact.

Larry A: That's correct.

S Potter: So the only immediate use of this corresponds to the funding of reemployment efforts, do you have a program set up for that?

Larry A: It would be helpful to show you the amount of revenue that is generated from this account on an annual basis. Moneys generated from penalties and fees that we collect as a result of overpayment of benefits to claimants, or late payments from employers for taxes, generates the revenue. *[reviews what testimony shows]*

By the time we use it to pay the principal payments on the bonds that we have for the Bismarck and Grand Forks Job Service office, we pay our share of the state vehicle usage, there is not a tremendous amount of money there to use it for reemployment purposes.

S Klein: We may not have enough money to do anything, anyway.

Larry A: Exactly

S Klein: You talked about the dwindling amount of money coming in from the Federal Government, we're going to continue seeing that decline?

Larry A: We've had a first look and it would suggest, we aren't going to see any tremendous increases in federal revenue for the unemployment program or the reemployment programs.

S Klein: What I heard you say is that we are collecting enough in these to take care of our claimants?

Larry A: We've had to make many changes in the way we administer the unemployment program, with regards to ensure the eligibility compliance requirements are met by employment claimants. We've been able to maintain the level of service we currently have.

S Potter: One of the things you can currently do with this is to , "repay funds borrowed from other sources," than the Dept of Labor? Do you borrow money from other sources?

Larry A: No

Maren Daly, Executive Director of Job Service ND - In Favor

References S Potter's question:

Bonds for facilities, we can't pay for those out of our Federal grants, we can't pay for them out of unemployment insurance taxes, so this is the only source of payment for the facilities. We have bonds on the Grand Forks and Bismarck offices and have severely short of the facilities to serve the Fargo market. We don't have the cash flow to do anything. It would come from this account.

S Potter: If there are not sufficient funds to do what you currently authorized to do by code, why are you trying to expand the number of things you can do with the money?

Maren D: It is to prepare for the need in emergencies, the dollars aren't significant, but we are seeing federal cuts like we're seeing, that \$45,000 can mean A LOT if we need it for IT systems for integrity, it's to have the flexibility.

CLOSED

Motion for a DO PASS on 1056 by S Wanzek

Second by S Hacker

S Potter: I just don't see the need for it. If we have uses that currently under-funded and what we're talking about is providing more money for the administration, that's through our budget process, not through a separate bills that allow them tap small funds like this. I oppose the bill.

S Klein: They may be working out to the future in attempting to address the interest issue we heard about. They should need money for the claimants with their dollars that they need. We want them to borrow the money if they need to, that would get this covered. The last 2-3 sentences on page 2 as they relate to that re-employment, I think that's just a little frosting. I would be supportive of what they're trying to do.

S Potter: Maybe I misunderstand, I would think they already have the flexibility in code currently, that they can repay the funds that they borrow and can continue, borrowing is a whole other area, taking advances. This gives them the ability to fund re-employment and administration, right?

S Klein: Maybe I was lead to believe that, or certainly thought I heard that.

S Potter: If we refer to the law itself, bill itself, it's just the only changes are on the second page, 5 & 6 and 17 through 18 and they both say the same thing, this is for re-employment and administration.

S Klein: We'll hold off. We'll talk about this a bit more.

S Wanzek, would you withdraw the motion?

S Wanzek: I'll withdraw the motion.

S Hacker: Withdraw the second.

CLOSE

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1056 B**

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **February 21, 2007**

Recorder Job Number: **3551**

Committee Clerk Signature



Minutes:

S Klein: S Potter, you're correct, this is for funds for re-employment. I guess it would be whether or not we think it's important that; my question was, "Will this go to help claimants?" When the answer is, "Yes," it was providing some reason for me to want to move that forward.

S Potter: I don't have a great deal of heartburn over this, It's just a matter of procedures. It seems to be a "slush fund" and we want it to be "slushier." To open up more flexibility. It seems more appropriate to put it into your regular budget, that you'd want to do these things. I'll just vote no.

S Klein: To have a slush fund and for re-employment makes me feel better than a slush fund so that we can put murals on the wall in the director's office or something like that. This would provide some sort of help for the claimants.

S Wanzek: I would agree with that. I think of Job Service , one of their main purposes is to encourage the unemployed to be re-employed and have some flexibility to do that doesn't trouble me that much.

S Heitkamp: There will be plenty of opportunity to find out whether or not this fund is going to work out properly and seems to me that this is to get people back on their feet and back employed. At first glance, I thought, "Why not?"

Page 2

Senate Industry, Business and Labor Committee

Bill/Resolution No. **HB 1056 B**

Hearing Date: **February 21, 2007**

S Wanzek: I move a DO PASS.

Motion for a DO PASS from S Wanzek

Second by S Behm

Roll Vote for a DO PASS HB 1056 - 5-1-1 Passed

Carrier: S Wanzek

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1056 C**

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **February 27, 2007**

Recorder Job Number: **3942**

Committee Clerk Signature

Unemployment Insurance:

S Klein: HB 1056 was returned from the Senate floor, there was some discussion about the language and the words were, "and administration" and the reason it's back is, it was so desired to make changes.

S Wanzek: I move we reconsider our actions upon the bill

S Potter: Second the motion

Verbal vote: All YES – Passed

S Heitkamp: So you're just taking out "and administration?"

S Klein: That seems to be one of the heartburn issues.

S Heitkamp: So the bill would say, "monies in this fund are appropriated for the purposes of reemployment programs?" So the amendment would be, "and administration of?"

So move Mr. Chairman.

S Potter: On both lines 6 & 16, 17.

S Wanzek: Second

S Klein: Motion to remove the words, "and administration."

Roll Call for Amendments proposed by S Heitkamp HB 1056: 7 – 0 – 0 Passed

Motion for a DO PASS AS AMENDED by S Wanzek

Second by Hacker

Roll Call for DO PASS AS AMENDED HB 1056 – 7 – 0 – 0 Passed

Carrier: S Wanzek

REPORT OF STANDING COMMITTEE (410)
February 21, 2007 12:01 p.m.

Module No: SR-33-3587
Carrier: Wanzek
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1056: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (5 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1056 was placed on the Fourteenth order on the calendar.

REPORT OF STANDING COMMITTEE

HB 1056: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1056 was placed on the Sixth order on the calendar.

Page 2, line 6, remove "and administration of"

Page 2, line 16, remove "and"

Page 2, line 17, remove "administration of"

Renumber accordingly

2007 TESTIMONY

HB 1056

#1

House Bill 1056
Testimony of Larry D. Anderson
Job Service North Dakota
before the
House Committee On
Industry, Business and Labor
Representative George Keiser, Chairman
January 15, 2007

Mr. Chairman and Members of the Committee, I am Larry Anderson, Director of Workforce and Unemployment Insurance Programs with Job Service North Dakota. I am here today in support House Bill 1056. House Bill 1056 is a bill relating to the Federal Advance Interest Repayment Account, and provides for the use of moneys existing in the account for purposes of re-employment and to ensure the integrity of the unemployment insurance program.

The Federal Advance Interest Repayment (FAIR) Account is the account to which assessments collected by the Unemployment Insurance (UI) Program are deposited for the purpose of paying interest due on federal advances to the state UI Trust Fund. Other than UI taxes and moneys refunded to the UI program as a result of overpayments, all assessments collected by the UI program are deposited in the FAIR Account. These assessments include items such as interest due, penalties, and fees that may be collected by Job Service as a result of an overpayment of benefits to a claimant, and non-payment or late payment of taxes due by an employer.

The FAIR Account was established by direction of the United States Department of Labor (USDOL) in order to have a source of funds available to pay interest due on any advances made by the federal government to the North Dakota UI Trust fund. Advances may be made to states in cases where the state's UI Trust fund balance is not sufficient to pay benefits to the UI claimants of the state. These advances must be refunded to the USDOL, and interest is charged on all advances. The FAIR Account is necessary because federal law prohibits the use of both state UI trust fund dollars and administrative dollars provided by the USDOL for the purpose of paying interest on advances made to the state. The FAIR Account is held as an interest-bearing account at the Bank of North Dakota.

Other than the repayment of interest due on advances from the USDOL, North Dakota Century Code currently provides for five other uses of moneys held within the FAIR Account:

1. To repay funds borrowed from sources other than the USDOL.
2. To pay principle and interest costs associated with the acquisition and renovation of land and a building to be used by Job Service in Grand Forks.
3. To pay principle and interest costs associated with the acquisition and renovation of land and a building to be used by Job Service in Bismarck.
4. To pay for the costs of repair, renovation, or alteration of Job Service-owned office facilities.

5. To pay the replacement rate charged for use of state fleet vehicles.

House Bill 1056 seeks to expand these uses to include the funding of re-employment efforts of UI claimants by Job Service, and for the administration of the UI program to ensure the integrity of the program in North Dakota. Job Service has experienced extensive federal funding cuts in recent years. As a result of these cuts, 47 FTE's were reduced from the agency in 2006. Utilization of moneys from the FAIR Account could prove invaluable as Job Service continues to operate with diminishing federal funding while continuing to provide effective services to the unemployed claimants of the state.

By allowing expenditure of FAIR Account funds for re-employment purposes, Job Service will be better prepared to provide effective services to the UI claimants of North Dakota. Additionally, usage of FAIR Account funds in the administration of the UI program will help to ensure the integrity of the program, and provides Job Service additional assistance in maintaining the successful operations of the UI program.

House Bill 1056 does not provide for any additional costs or fees to employers or claimants of North Dakota. Additionally, a fiscal note for implementation and changes necessary as a result of this legislation is not required as our current systems are capable of processing the changes associated with the bill.

Mr. Chairman, this concludes my testimony. At this time I would be happy to answer any questions from the committee.

House Bill 1056
Testimony of Larry D. Anderson
Job Service North Dakota
before the
Senate Committee On
Industry, Business and Labor
Senator Jerry Klein, Chairman
February 21, 2007

Mr. Chairman and Members of the Committee, I am Larry Anderson, Director of Workforce and Unemployment Insurance Programs with Job Service North Dakota. I am here today in support House Bill 1056. House Bill 1056 is a bill relating to the Federal Advance Interest Repayment Account, and provides for the use of moneys existing in the account for purposes of re-employment and to ensure the integrity of the unemployment insurance program.

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#1
1056