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ROLL NUMBER

DESCRIPTION

1176

2007 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1176

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1176

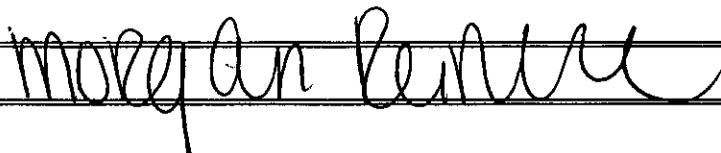
House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2645

Committee Clerk Signature



Minutes:

**Rep. Wolf:** I move a do not pass.

**Rep. Potter:** I second that

**Rep. Haas:** Is there any discussion?

**Rep. Froseth:** I just want to talk about reimbursement for the housing. I think Bill Shalhoob had a good point there. I don't know if the motels are going to sustain that \$900/month rate two years from now, probably not. That is an issue that can be let until next session to see what the market does in that period of time. I think it would be wrong to set that rate to this session. That can be handled next session. That value might fluctuate.

**Rep. Haas:** That is a very good point and I agreed with the comments that Rep. Kasper made this morning. Although this is in this section of the code, but it really wasn't dealing with the issues we were discussing with the mileage reimbursement and daily rate. I think there are two things, what Rep. Froseth said is a distinct possibility. We can be assured that if nothing is done this session it will be in the 2009 session. If this committee thinks it is important enough to act on in this session we will have ample opportunity to do that after crossover.

**Rep. Froseth:** We did pick up our bills from the hotels this morning. It was billed out at \$29 a day. There is going to be a point some time that hotels won't want to take legislatures at that

rate at all. The other cheapest rate other than the state rate is about \$62 a day. There will come a time when they say they can't afford this.

**Rep. Kasper:** Are you thinking that we have to amend this?

**Rep. Froseth:** No I just want you to make some mention of the amendment that was offered. I think he had more than enough reason to bring it in. I just think it should be considered two years from now.

**Rep. Kasper:** On page 6, line 30, The section that is repealed on there is the legislative compensation committee. That is the part I like about this bill.

**Rep. Haas:** Rep. Kasper, the thought behind that was if you tied the pay increases to public employees then its an automatic deal and you really don't have any need for the legislative compensation commission. With the other side of that coin being that if you don't tie it, someone has to come to the legislature and recommend an increase. That doesn't mean it would have to be that way. A legislator could simply introduce a bill at any time that would increase the pay.

**Rep. Kasper:** I know that it's the legislative cover right there. Some other body that is independent comes and recognizes a pay raise. Maybe we ought to just face the music.

**Rep. Haas:** How does the committee feel about that? Let's take a poll. If we want to do that, we can do it. All we have to do is reconsider our action.

**Rep. Kasper:** Or we could hog house this bill and put in what Mr. Shalhoob wanted and leave the repealer at the bottom of the bill. We could introduce the hotel thing and get it out in front of the body. We could have this as just one big bill.

**Rep. Dahl:** I would rather someone else do the research than have to deal with us having that on our shoulders. I think we should keep the commission.

**Rep. Haas:** Thank you. I think what we should do is keep both of those issues in mind for after crossover. We can find a way to do it in the second half. Is there any further discussion? If not I will ask for a roll call vote on a do not pass on HB 1176. The do not pass for motion HB 1176 passes with a vote of 12-0-1. Who would like to carry the bill? I will carry this so I can explain the three bills together.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1176

House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: February 2, 2007

Recorder Job Number: 2511

Committee Clerk Signature

*Morgan Reilly*

Minutes:

**Rep. Carlson:** *Since I've been in the legislature probably nothing has been a hotter debate than talking about compensation for legislators. People seem to go home and think they are going to be chastised because they voted for an increase and they got a raise. On the other hand we as political parties sometimes have a terrible time recruiting candidates. Part of the reason is that if a person has a job at home it is sometimes difficult to leave that job and to get much less compensation here than you get with your job at home, and if you work for someone else. I've always maintained that we should not be afraid to have an equitable fair salary for the people who work here. That will bring in more people. We don't do it to get rich and you all know that. This time the legislative compensation, I saw their recommendations and I guarantee there will be a lot of heartburn from members of both caucuses voting for a \$5 raise. It isn't even worth voting for that much. With the mechanics in this bill, it would take this issue off the table unless we decided to revisit it again. I'm sure there is people that are concerned about tying it to the first part of the bill. Look at page 3. There is a trap in that because it will scare a few people using the four and four. It is self serving. You only vote for a higher raise for the public employees so we get more money. The \$5, I don't really think so. The second thing is, and I've fought this since I've been here. When you drive a car in LA or in ND, the car costs*

about the same about of money and so is the price of gas. The federal government has over the years had a higher reimbursement rate than we have. The \$35,000 and \$40,000 vehicles, and you are burning them out. I put on almost 10,000 miles a session. If you figure out the depreciation of the vehicle by driving that much, it's not the same. Our compensation rate today is 37.5 cents I believe. Someone told me that the recommendation was 42 cents. The federal rate is 48.5 cents. This ties our mileage to a target date. That again, is something that is a fair number for the price of vehicles and the depreciation you have for the reimbursement of your vehicle. The compensation commission was 42. This doesn't just affect us. It affects anybody driving their own vehicle that works for a state agency. Most of the time these people access the state fleet. There are times when they use their own vehicle so they will be reimbursed at the same rate. That is the second part of the bill. The last part of the bill is on page 6. It deals with the interim committees that we serve on. Presently we are compensated \$100. What this bill does is bring the compensation up to the same pay that we receive during the session. I've never understood why that when I have to take a day off work and drive a special trip out here for one day, that I am worth less money than when I'm here in session. I've never understood it. Those are the three parts of the bill. I think that if we did this that you would be eliminating the legislative compensation commission. I've never understood it. Why pay anything if its \$5. I don't understand the logic for that. Most of the time, last session we raised our interim pay. The \$350 we get a month, would also apply to that four and four. I didn't address that, council put that in. It would adjust by the same as the public employees. I have not seen the fiscal note, I do not know what that is. \$659,000 the projection if this would go up. That is about a \$700,000 increase. I think it's a matter of getting the issue out in the open and dealing with the standard formula we work of. I guarantee the debate will be on the floor. There are people that will vote no because they don't want to go home and say they got a pay raise

*of \$5. That is the bill and I appreciate your committee listening to this. This affects all of us. We are voting on our own salaries here. I am a business man and it costs me money every time I drive out here. I don't want to be overcompensated, but I don't want to loose a lot of money going backwards and that is why I put the bill up.*

**Rep. Froseth:** The last pay increase was back in 2001 and it was raised to \$125. This \$5 increase in compensation is presenting a 2% increase, taking effect in 2009. That is a quarter of a percent a year.

**Rep. Carlson:** I would say a quarter of a percent a year is not enough. I would hate to run my business on there.

**Rep. Dahl:** What do you make of the argument that we are adults and that we shouldn't be revisiting our pay every session. We aren't the executive branch.

**Rep. Carlson:** That could be part of your argument. There is that part of the argument and then there is reality. Because if you take Rep. Froseth's question, are we only worth a quarter of a percent a year increase. If I would have brought you the same bill and said take four times four since 2001, what would that have been? I would have told you that I wanted the daily pay to be \$170. Not many of you would have voted for that. The argument is that we are a separate branch. On the other hand, do we have the courage to bring it up to speed where you are going to have more people such as yourself that are trying to get your career and get going, that can afford to take time off and do that? That is the question. Do we want the whole legislature to be filled with only people that are retired because they can afford to come do it. My answer is no. We want to be able to pay enough so that we can get a real broad span of people that work here. I have watched us defeat numbers because I can't vote for a \$10 raise. There are a lot of people sitting on that floor that use that logic. At least we will have someway to build something in. If I would have said to put an inflator in here, and use the cost of living

index, that would have been a 2 and 3 % raise. Maybe that's not a bad idea. On the other hand this assembly has fought and voted against most of the automatic inflators that are in the bill.

There is no right answer.

**Rep. Kasper:** When would the effective date of the increase come into play?

**Rep. Carlson:** August 1, 2007.

**Bill Shalhoob:** Testimony Attached.

**Rep. Meier:** How many slots do you keep open for legislators during the session?

**Bill Shalhoob:** The select inn keeps about 7, this year we have 2.

**Rep. Kasper:** The only problem that I have with the amendments is that its not really related to what the bill does. Your amendment is dealing with lodging expense. This bill deals with compensation that comes to legislators that we get to keep after taxes are paid. I think that you would find there are various opinions on what should or shouldn't be done on the lodging side. I'm not saying that I disagree with the bill like this.

**Bill Shalhoob:** I just picked it because it talked about compensation.

**Rep. Haas:** Is there any other testimony on HB 1176? If not we will close the hearing on HB 1176.

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/08/2007

Bill/Resolution No.: HB 1176

**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
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$659,877	\$523,907	\$994,265	\$523,907
<b>Appropriations</b>	\$0	\$0	\$659,877	\$246,826	\$994,265	\$246,826

**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

**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).*

HB1176 proposes to increase legislator salaries and state employee mileage reimbursement.

**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.*

Assumptions:

- 1) Based on Governor's recommendation of 4% + 4% salary increase.
- 2) GSA mileage rate of .485/mile has been proposed for January 2007 but still needs to be approved, which will happen in February 2007.
- 3) The estimated number of days for session and committee work were provided by Legislative Council.

**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.*

Mileage - includes state agencies and higher education.

**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.*

Mileage - includes state agencies and higher education.

<b>Name:</b>	Jeff Larshus	<b>Agency:</b>	OMB - Fiscal Management
<b>Phone Number:</b>	328-4902	<b>Date Prepared:</b>	01/12/2007

Date: 2-1-07  
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. "Click here to type Bill/Resolution No."

House Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number HB 1176

Action Taken Do not pass

Motion Made By Rep Wolf Seconded By Rep Potter

Representatives	Yes	No	Representatives	Yes	No
Rep. C. B Haas Chairman	X		Rep. Bill Amerman	X	
Rep. Bette Grande VC			Rep. Louise Potter	X	
Rep. Randy Boehning	X		Rep. Jasper Schneider	X	
Rep. Stacey Dahl	X		Rep. Lisa Wolf	X	
Rep. Glen Froseth	X				
Rep. Karen Karls	X				
Rep. Jim Kasper	X				
Rep. Lisa Meier	X				
Rep. Dave Weiler	X				

Total (Yes) 12 No 0

Absent 1

Floor Assignment Rep. Haas

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

**REPORT OF STANDING COMMITTEE (410)**  
February 1, 2007 4:20 p.m.

**Module No: HR-22-1852**  
**Carrier: Haas**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1176: Government and Veterans Affairs Committee (Rep. Haas, Chairman)**  
recommends **DO NOT PASS** (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).  
HB 1176 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

HB 1176

Testimony of Bill Shalhoob  
HB 1176  
February 1, 2007

Mr. Chairman and members of the committee, my name is Bill Shalhoob and I am here today representing myself as an owner and managing partner of the Select Inn Bismarck. I am offering amendments to HB 1176 for your consideration.

I apologize for not going through the interim legislative compensation committee with this proposal but I was not aware of the meeting dates. Some of you will recall we had a difficult time last session resolving the increase in legislative reimbursement for lodging during a session that eventually passed. My first amendment seeks to end this discussion by tying the reimbursement to an automatic adjustment, up or down, which will be calculated and applied each biennium. Based on the average increase in the CPI over the past 10 years the practical effect of this language would be to raise the reimbursement by about \$50.00 per month for the 2009 session. In the event the committee is reluctant to tie an increase to the CPI I would suggest tying it to the state per diem on a percentage basis. Both amendments seem to be consistent with the intent implied in Section 8 of HB 1176. Absent approval of either amendment I would ask the committee to consider a \$50.00 per month increase beginning in January of 2009.

The reasons for periodic increases are just as valid today as they were in 2005. In bypassing this session I am hoping to arrive at future rates that are acceptable to the legislature and reasonable for the industry. Thank you for your consideration and I would be happy to answer any questions.

Legislative Reimbursement  
Amendment One

Line 20, after "session." Add "At the conclusion of each biennium beginning June 30, 2007 the reimbursement for lodging must be adjusted for inflation as provided for under this section. No later than December thirty-first following the end of a biennium, the rate for reimbursement for lodging shall be increased or decreased in proportion to the changes, if any, in the United States city average consumer price index for all urban consumers for all items as prepared by the bureau of labor statistics for the United States department of labor. The calculation shall be rounded up or down to the nearest five dollars and become effective for the next legislative session."

Amendment Two

Page 1, Line 20 after "session" add "The reimbursement for lodging shall increase on a percentage basis rounded to the nearest five dollars in proportion to any increase in the state per diem after July 1, 2005"