

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2035

2007 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2035

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2035**

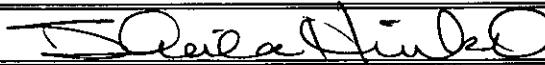
Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **January 10, 2007**

Recorder Job Number: **#874** **#897 is vote :30**

Committee Clerk Signature



Minutes:

Senator Karen Krebsbach

Noted that the maximum that required a few sessions ago from the Insurance Trust Fund sooner than anticipated. Good dilemma for state. Have excess dollars, had to determine if some need to be given back to employers. Three options, the one ended up with eliminated any refund to any negative balance employer. i.e. more claims than they take in. Wanted to see a system in place where the negative balance employers COULD receive a refund.

Review if their could be a refund or reduction in premiums paid by employers.

Addressed 2034: Deals with re-employment process, or return to employer status for job-attached claimants. HB 1198 last session, required study, the identified claimant is temporarily laid off from employment and likely to be reemployed upon the completion of the necessary layoff period and who would not be required to actively seek work for a period not exceed 20 weeks. Job service and council examined all possibilities and tried many ways to

accommodate the request. Bill 2034 before passed by the interium Senate Industry, Business & Labor committee with the understanding of the condition of approval by the Dept. of Labor.

That approval was denied, so you are being presented with a Hog House Bill. Have the more simplified bill.

S Klein: Obviously you've spent a lot of time with this.

S Krebsbach: You won't have to study as much as you will have to examine the options that are available and get more input from organizations that are affected by it.

Q?

John Bjornson – Legislative Council Staff –Neutral

Gave everything on 2035, have to study determination on rates in general.

Discussion on whether negative balance employers should benefit from any rate reductions due to achieving the solvency goal. Make clear that negative balance employers will not receive any additional benefit that the positive balance employers were allowed.

S Andrist: What is a "negative balance employer?" I presume it's employers where more money has come out of the fund than has going in.

J Bjornson: Yes, that's correct.

S Klein: We may ask Job Service an overview of positive and negative and why they are.

Larry Anderson, Director of Workforce and Unemployment Insurance Programs with Job Service ND

TESTIMONY #1

Worked with interim committee, study policies, practices, procedures. Overview provided in testimony.

TESTIMONY # 2 Spreadsheet

S Heitkamp: didn't we try this last session?

L Anderson: We did, we closed the gap, less of a reduction to the negative rate group and more of a reduction to the positive rate group. This closes the reduction entirely from the negative rate group and gives it to the positive rate group.

S Behm: This is contrite to insurance. How do you calculate the positive and negative end of it?

L Anderson: Based on individual experience and benefits paid out on your behalf.

S Klein: Talk about positive and negative employers, construction for example, construction generally falls into the negative, correct, where the grocery business falls into the positive, is that how we arrive at these groups?

L Anderson: We have 20 thousand plus employers in the tax rating system, Around 17, 074 are in the negative group, so the ratio – 61 to 991

Vast amount of business are in a positive rate. Greater percentage of employers in construction in the negative rate group, not fair to say the negative rate group is ALL construction industry. 34% of the 17,074 are construction employees.

S Andrist: Are all employers individually experience rated? Not by group?

L Anderson: They are all experience rated with exception of schools, political subdivisions.

S Potter: Who sets the trust fund target? Legislature? Job Service?

L Anderson: Legislature

S Hacker: How does this affect negative balance employers over a long period of time, not concerned with rate reduction or money paid back to positive balance employers, this or next year. Look 15 or 20 years, when you've hit that target, go above and below, the negative balance employers are getting bumped up, how do you intend to ever get these negative balance employers back under that mark? Seems to me you're going to dig a deeper and deeper hole everytime you bounce around the target mark.

L Anderson: Stated fairly.

S Wanzek: The other exception to having personal history is when you're new, right? You start new, you get categorized. I would need a formula. Construction, ag processing, whatever.

L Anderson: Right. We have a new rate for new employers – [refers to the rate chart]

TESTIMONY #2

S Heitkamp: Question. Are we seeing construction workers stay? EXAMPLE: road builders in the summer. Are you seeing at Job Service those workers stay?

L Anderson: Decision is whether or not you're an employer who is in a circumstance uncontrollable by you causes you to temporally lay people, but depend on them returning versus those who don't have that circumstance.

S Heitkamp: We're going to hear from them.

S Klein: When the negative balance was considerably lower, in construction trade, they are capable, trained workers who run equipment; don't want to lose them to Arizona.

S Andrist: Addresses small employers as from rural district. At a time when trust fund not at great shape, caused by economic situations which made more negative balance employers, often resented the fact that I didn't lay anyone off, but my rates still went up. Effort to minimize this if you don't have any layoffs, keeps the trust fund healthy, they get the reductions first. They've helped carry the negative balance during the bad times.

L Anderson: Yes, fair characterization.

Q? Favor? Will be Negative?

Maren – Job Service

Other states look at our states and are in admiration in how we are able to achieve and sustain an adequate reserve. Seeking to improve it. Senator Hacker reference to shifting back and forth, the current system so denied so well, that the move toward adequacy target is done over 5 years. A few years ago, our negative balance rate were in the nosebleed category, we were the highest in the nation at 10.09 %. Now have reduced them down to range 5.18 % - 8.09. we were up to 10.09%. Paying 10% over and above your wages is a stiff tax, so got them to a

level and giving the tax reduction benefit to the positives appealed to a broad majority of those studied and surveyed and interim committee.

Job Service has great differences from Workforce Safety. When we saw there was an amount in the trust fund over and above the target, we do not reimburse or rebate the money back to employers. Federal Law prohibits that, would eliminate tax credit to all tax employers to that excess reserve. Option to refund is not available. The only thing the trust fund can be used for is to pay benefits.

S Hacker: Are there employers out there who are challenged to get a positive balance because of the industry they're in? So maybe their negative balance is on a scale of 100%, say for their company maybe they could get to -20% instead of 40. That's just because of the environment they work in, great for them. They're trying and they're doing better, how should that work?

Maren: Rate reduction will come in a decrease in benefits paid in a build up in their reserve ratio. If they operate and build up their reserve ratio they will move up from the highest negative balance rate and get lower rates. We've seen many employers do this.

There are a few employers that will never get out of the negative rate group, but there are a few that have surprised them by be significant in construction business in paying high rates, in voluntary contribution have jumped up to the positive side.

S Potter: Interest being earned on the trust fund? Where does the interest go?

Maren: Trust fund under federal law has requirements. Yes pay interest, get a fairly good rate, collect significant interest over 1 ½ million a year.

S Potter: So the trust fund can only pay benefits, is that true of the interest as well?

Maren: Absolutely.

S. Klein: Any more in favor 2035?

Marv Scarr – President of EW Wylie, Fargo, ND – Motor Carrier Association – Support

Support because treats positive employers better than system we have now.

Negative balance employers do not contribute to the balance increase in the fund balance.

2005, positive balance tax rates went up 300% - My tax rates went up \$11,000 to \$30,000

Didn't raise negative balance employers percentage to help build the fund, why do we want to give them money back if they haven't built the fund. This takes care of that.

17,074 negative balances, this whole issue, job attachment is a social policy. Not good for economics. Support anything that supports overtaxation back to the people.

Q? more Positive?

Russ Hanson – Associated General Contractors of ND – Support

TESTIMONY #3

Sheds light on who negative balance employers are. Chart by industry. Associated GC agrees with bill.

S Heitkamp: Good see testify for this. Will be competitive in keeping construction workers HERE. You have to compete pretty close, are staying in that realm?

R Hanson: We'd be competitive, yes.

S Wanzek: Every business personal rating is updated annually? I'm assuming that's not ag.

Q? more Positive?

Doreen Redman – ND Association of Builders – Support

TESTIMONY #4

Q? more Positive? Opposition? Neutral? Hearing closed.

Senator Heitkamp made a motion for a **Do Pass**. Second by **Senator Andrist**.

Roll call vote 7-0-0 Passed. Floor carrier was **Senator Heitkamp**

SB 2035 as placed on the Eleventh order on the calendar.

FISCAL NOTE
 Requested by Legislative Council
 12/26/2006

Bill/Resolution No.: SB 2035

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	\$22,155	\$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 amends existing legislation, and provides a change to the calculation of Unemployment Insurance tax rates providing a minimum multiplier of 100% for the negative rate tax structure.

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 changes in this bill will have no impact on revenue.

The expenditures associated with this bill relate to the creation of a second tax rate multiplier. The existing multiplier will continue to be used for the positive tax rate array, and the new multiplier will be used for the negative tax rate array. Several areas of the Tax system will need modification.

Due to limited Job Service North Dakota programming staff availability, it is expected that a contractor will be needed to complete the required programming. Contractor programming costs are estimated as follows:

- \$16,240 - 56 Programmer/Analyst hours
- \$ 5,000 - Developer software costs
- \$ 175 - Network hookup
- \$ 450 - Emulation software
- \$ 290 - Office Suite software
- \$22,155 - Total Cost

If the project can be worked into the IT Plan, Job Service North Dakota IT staff would complete the programming at a cost of \$3,248 (56 Programmer/Analyst hours).

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.*

The expenditure would be to enter into a contract with external programmers. The projected expenditure would affect the operating expense line item and would be charged to the agency's federal funds.

If the programming is done by Job Service North Dakota IT staff, the number of FTEs would not be changed.

The expenditures, if any, would be offset against another planned expenditure in order to stay within the available federal resources.

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.*

Because the agency would not be receiving any additional federal resources to fund this expenditure, an offsetting decrease in another budgeted operating expense item would need to be accomplished. Therefore, there would not be any impact on the agency's appropriation.

Name:	Larry Anderson	Agency:	Job Service
Phone Number:	701-328-2843	Date Prepared:	01/05/2007

REPORT OF STANDING COMMITTEE (410)
January 11, 2007 11:15 a.m.

Module No: SR-07-0437
Carrier: Heitkamp
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2035: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2035 was placed on the Eleventh order on the calendar.

2007 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2035

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2035

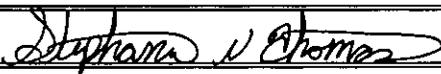
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: February 12, 2007

Recorder Job Number: 3348

Committee Clerk Signature



Minutes:

Chair Keiser opened the hearing on SB 2035.

John Bjorenson, Legislative Council: The committee was headed for 3 studies related with Job Service ND. One of them dealt with rates, and that's what this bill deals with. Back in 1999, there was a significant change in policy that was an attempt to get the infinite Insurance Reserve Fund up to a solvency level, and was done over a term of this many years. There was an option that related to when the fund became solvent and the surplus existed, and still had a negative balance employers benefit with any rate reduction impermeable to that, because of the solvency, and the surplus. The interim committee, in a policy decision had a general consent that negative balance employers, because they didn't contribute to the profit of coming to a solvency level, should not benefit in any rate reductions do to that. That's exactly what this bill does.

Rep. Keiser: Under current law, what would have happened is that both the positive balance, and negative balance, once we hit target would have benefited in the premium with a reduction. This bill says the negative didn't contribute to the surplus, therefore when we do distribute any surplus, it would be limited to the positive balance employers, correct?

John: That's correct. As you recall, last session we had a bill that made it one step in that direction, and this followed through and made action in its entirety.

Larry Anderson, Job Service ND: Support SB 2035. See written testimony #1.

Rep. Keiser: The \$3.3 million, is that a reduction in rates that is passed on? How does that come into play for the positive balance, is that a refund for them, or a discount?

Larry: If this bill had been in affect that would have been the amount discounted applied to the positive rate group, versus the negative rate group. It's a reduction in the tax rate, because the tax rate formula sets out, and generates a certain amount of revenue.

Rep. Keiser: Without SB 2035, since 2005 they have paid that much more than they would have if this had been in affect, or is this prospective from this point forward?

Larry: This would be prospective.

Rep. Ruby: According to your chart in the back of your testimony, under the new way of calculating the negative rate employers, the lowest rate is \$10.02, and the lowest under the new formula would be \$9.91. Does it actually lower their rate within the calculation, because of the way the multiplier works still resulting in more revenue from it?

Larry: That's exactly right, because SB 2035 establishes the rate capital at a minimum of 100% for the negative rate group. So, what would have ended up happening is we're in a situation where we're using taxes, because of the way the numbers worked for the negative rate groups, and they were experiencing a greater rate reduction than the positive rate groups. This bill SB 2035 corrects that.

Russ Hanson, Association of General Contractors: Support SB 2035. This makes sense, because it's a fairness issue for those who most built upon getting the greater reward, and we agree with that concept.

Bill Shalhoob, Chamber of Commerce: Support SB 2035. This follows the policy of the Chamber where positive balance employers are rewarded when times are really good and the fund is in good shape, and it still keeps the concept of the insurance fund, which is important for all returns.

Rep. Johnson: I move a do pass.

Rep. Nottestad: Second.

Roll call vote was taken. 13 Yeas, 0 Nays, 1 Absent, Carrier: Rep. Kasper

Hearing closed.

Date: 2-12-07
Roll Call Vote #: _____

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2035

House Industry Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Johnson Seconded By Rep. Nottestad

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		
Rep. Dosch	X		Rep. Zaiser	X	
Rep. Kasper	X				
Rep. Nottestad	X				
Rep. Ruby	X				
Rep. Vigesaa	X				

Total Yes 13 No 0

Absent 1

Floor Assignment Rep. Kasper

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

REPORT OF STANDING COMMITTEE

SB 2035: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2035 was placed on the Fourteenth order on the calendar.

2007 TESTIMONY

SB 2035

Senate Bill 2035
Testimony of Larry D. Anderson
Job Service North Dakota
before the
Senate Committee On
Industry, Business and Labor
Senator Jerry Klein, Chairman
January 10, 2007

*same
given to
the House*

Mr. Chairman and Members of the Committee, I am Larry Anderson, Director of Workforce and Unemployment Insurance Programs with Job Service North Dakota. Senate Bill 2035 amends and reenacts subdivision d of subsection 5 of section 52-04-05 of North Dakota Century Code, and provides for a change to the calculation of Unemployment Insurance tax rates. The bill provides for a minimum multiplier of 100% for all rates within the negative tax rate structure.

This bill was introduced based upon the results of a report on the Reemployment Policies and Practices of Job Service North Dakota as directed by HB 1198 of the 59th Legislative session.

In reviewing the information gathered during the course of the study, it became evident that an effective method of shifting the costs of the UI Program to those employers within the negative rate category was desired. Negative rate category employers are those employers whose tax contributions have been exceeded by the amount of unemployment insurance benefits paid to their employees.

Prior to 2005, tax rates were calculated using an addition/subtraction formula. This type of calculation was used in an effort to achieve the UI Trust Fund target. While this method provided an avenue to hit the target, it also provided that increases or decreases in rates would affect both negative and positive balance employers in relatively equal addition/subtraction amounts. In 2005, an effort was made to spread more of the cost burden across the negative employer group. The rate calculation formula was changed to a format in which a multiplier was used to adjust rates up or down, the result being that when rates were increased, there would be a greater monetary increase for negative balance employers.

This method of tax rate calculation appeared to provide a more equitable distribution of tax rate burden, however, at the end of 2005, the UI Trust Fund target was met, and the multiplier became less than 100%, which gave the negative balance employers a higher rate reduction for CY 2006. Based upon the desire to shift more of the costs of the UI program to negative balance employers, further refining of the rate calculation method was identified as a priority.

Senate Bill 2035 provides for a modification that would provide for a shifting of costs to the negative tax rate category employers by modifying the way in which the negative tax rates are calculated. This modification only affects the negative tax rates and would provide that when the UI Trust Fund is above the target, and rate reductions were applied,

positive balance employers would see a greater reduction in tax rates than negative balance employers. This is achieved because the multiplier for the negative rate categories would remain at a minimum of 100%. At times when the UI Trust Fund is below the target, both positive and negative balance employers would see tax rate increases based upon the tax rate calculation formula established in 2005.

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

Calendar Year 2007 Tax Rate Schedule		Tax Rate		Percentage of Taxable Wages		Projected Income	
Description	Number of Employers	Tax Rate Before	Tax Rate After 80.70% Multiplier	Percentage of Taxable Wages	Percentage of Taxable Wages	Projected Income	Projected Income
		Multiplier	Multiplier	per Group	per Group		
10 groups = 100% of positive employer taxable wages	5,232	0.42%	0.34%	88.78%	10.000%	\$1,285,000	\$945,000
	2,536	0.52%	0.42%	88.78%	10.000%	1,587,000	1,247,000
	1,584	0.62%	0.50%	88.78%	10.000%	1,890,000	1,549,000
	1,046	0.72%	0.58%	88.78%	10.000%	2,192,000	1,852,000
	1,297	0.82%	0.66%	88.78%	10.000%	2,494,000	2,154,000
	861	0.92%	0.74%	88.78%	10.000%	2,797,000	2,456,000
	915	1.02%	0.82%	88.78%	10.000%	3,099,000	2,759,000
	1,304	1.12%	0.90%	88.78%	10.000%	3,401,000	3,099,000
	1,328	1.22%	0.98%	88.78%	10.000%	3,703,000	3,401,000
	1,880	1.32%	1.07%	88.78%	10.000%	4,044,000	3,703,000
Positive	17,983					\$26,492,000	\$23,165,000
10 groups = 100% of negative employer taxable wages	172	6.42%	5.18%	5.50%	10.000%	1,213,000	1,477,000
	108	6.82%	5.50%	5.50%	10.000%	1,288,000	1,571,000
	115	7.22%	5.83%	5.50%	10.000%	1,365,000	1,665,000
	78	7.62%	6.15%	5.50%	10.000%	1,440,000	1,758,000
	88	8.02%	6.47%	5.50%	10.000%	1,515,000	1,852,000
	226	8.42%	6.79%	5.50%	10.000%	1,590,000	1,946,000
	121	8.82%	7.12%	5.50%	10.000%	1,667,000	2,039,000
	43	9.22%	7.44%	5.50%	10.000%	1,742,000	2,133,000
	131	9.62%	7.76%	5.50%	10.000%	1,817,000	2,226,000
	439	10.02%	8.09%	5.50%	10.000%	1,894,000	2,320,000
Negative	1,521					\$15,531,000	\$18,987,000
Positive & Negative	19,504					\$42,023,000	\$42,152,000
Negative - construction		10.02%	8.09%	0.15%	100.000%	517,000	633,000
Negative - non-construction		6.42%	5.18%	0.15%	100.000%	331,000	403,000
New - non-construction		1.98%	1.60%	4.58%	100.000%	3,119,000	2,846,000
New - construction		10.02%	8.09%	0.84%	100.000%	2,893,000	2,860,000
Rounding							-11,000
Total						\$48,883,000	\$48,883,000
Average Tax Rate							1.15%

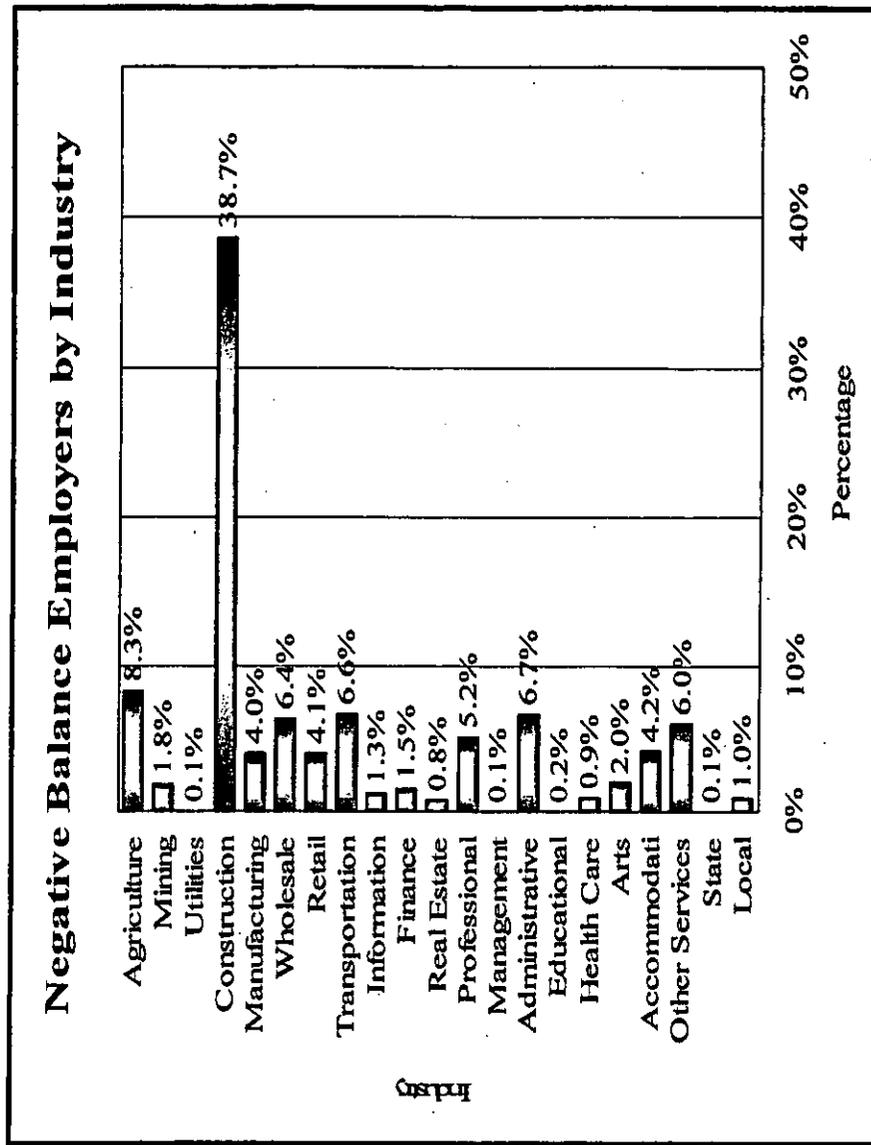
Negative Employer Multiplier Cannot Be Less Than 100%							
Description	Tax Rate Before	Tax Rate After 80.70% Multiplier	Percentage of Taxable Wages	Percentage of Taxable Wages	Projected Income	Projected Income	Income Difference
10 groups = 100% of positive employer taxable wages	0.31%	0.25%	88.78%	10.000%	\$945,000	\$945,000	-\$340,000
	0.41%	0.33%	88.78%	10.000%	1,247,000	1,247,000	-341,000
	0.51%	0.41%	88.78%	10.000%	1,549,000	1,549,000	-340,000
	0.61%	0.49%	88.78%	10.000%	1,852,000	1,852,000	-340,000
	0.71%	0.57%	88.78%	10.000%	2,154,000	2,154,000	-341,000
	0.81%	0.65%	88.78%	10.000%	2,456,000	2,456,000	-340,000
	0.91%	0.73%	88.78%	10.000%	2,759,000	2,759,000	-302,000
	1.01%	0.82%	88.78%	10.000%	3,099,000	3,099,000	-302,000
	1.11%	0.90%	88.78%	10.000%	3,401,000	3,401,000	-341,000
	1.21%	0.98%	88.78%	10.000%	3,703,000	3,703,000	-\$3,327,000
Positive					\$23,165,000	\$23,165,000	
10 groups = 100% of negative employer taxable wages	6.31%	6.31%	5.50%	10.000%	1,477,000	1,477,000	\$264,000
	6.71%	6.71%	5.50%	10.000%	1,571,000	1,571,000	283,000
	7.11%	7.11%	5.50%	10.000%	1,665,000	1,665,000	300,000
	7.51%	7.51%	5.50%	10.000%	1,758,000	1,758,000	318,000
	7.91%	7.91%	5.50%	10.000%	1,852,000	1,852,000	337,000
	8.31%	8.31%	5.50%	10.000%	1,946,000	1,946,000	356,000
	8.71%	8.71%	5.50%	10.000%	2,039,000	2,039,000	372,000
	9.11%	9.11%	5.50%	10.000%	2,133,000	2,133,000	391,000
	9.51%	9.51%	5.50%	10.000%	2,226,000	2,226,000	409,000
	9.91%	9.91%	5.50%	10.000%	2,320,000	2,320,000	426,000
Negative					\$18,987,000	\$18,987,000	\$3,456,000
Positive & Negative					\$42,152,000	\$42,152,000	\$129,000
Negative - construction	9.91%	9.91%	0.15%	100.000%	633,000	633,000	116,000
Negative - non-construction	6.31%	6.31%	0.15%	100.000%	403,000	403,000	72,000
New - non-construction	1.81%	1.46%	4.58%	100.000%	2,846,000	2,846,000	-273,000
New - construction	9.91%	8.00%	0.84%	100.000%	2,860,000	2,860,000	-33,000
Rounding							-11,000
Total					\$48,883,000	\$48,883,000	\$0
Average Tax Rate							0.00%

Calendar Year 2007 Tax Rate Schedule							
Description	Number of Employers	Tax Rate		Percentage of Taxable Wages		Projected Income	
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	861	0.92%	0.74%	88.78%	10.000%	2,797,000	2,456,000
	915	1.02%	0.82%	88.78%	10.000%	3,099,000	2,759,000
	1,304	1.12%	0.90%	88.78%	10.000%	3,401,000	3,099,000
	1,328	1.22%	0.98%	88.78%	10.000%	3,703,000	3,401,000
	1,880	1.32%	1.07%	88.78%	10.000%	4,044,000	3,703,000
Positive	17,983					\$26,492,000	\$23,165,000
10 groups = 100% of negative employer taxable wages	172	6.42%	5.18%	5.50%	10.000%	1,213,000	1,477,000
	108	6.82%	5.50%	5.50%	10.000%	1,288,000	1,571,000
	115	7.22%	5.83%	5.50%	10.000%	1,365,000	1,665,000
	78	7.62%	6.15%	5.50%	10.000%	1,440,000	1,758,000
	88	8.02%	6.47%	5.50%	10.000%	1,515,000	1,852,000
	226	8.42%	6.79%	5.50%	10.000%	1,590,000	1,946,000
	121	8.82%	7.12%	5.50%	10.000%	1,667,000	2,039,000
	43	9.22%	7.44%	5.50%	10.000%	1,742,000	2,133,000
	131	9.62%	7.76%	5.50%	10.000%	1,817,000	2,226,000
	439	10.02%	8.09%	5.50%	10.000%	1,894,000	2,320,000
Negative	1,521					\$15,531,000	\$18,987,000
Positive & Negative	19,504					\$42,023,000	\$42,152,000
Negative - construction		10.02%	8.09%	0.15%	100.000%	517,000	633,000
Negative - non-construction		6.42%	5.18%	0.15%	100.000%	331,000	403,000
New - non-construction		1.98%	1.60%	4.58%	100.000%	3,119,000	2,846,000
New - construction		10.02%	8.09%	0.84%	100.000%	2,893,000	2,860,000
Rounding							-11,000
Total						\$48,883,000	\$48,883,000
Average Tax Rate							1.15%

D Employer counts are from a database with 10-1-2005 to 9-30-2006 taxable wages used for CY 2007 tax rates.

Negative Balance Employers by Industry

Agriculture	147
Mining	32
Utilities	1
Construction	689
Manufacturing	72
Wholesale	114
Retail	73
Transportation	118
Information	23
Finance	26
Real Estate	14
Professional	93
Management	2
Administrative	120
Educational	4
Health Care	16
Arts	36
Accommodations	75
Other Services	107
State	1
Local	16
Total	1,779



Source: CY 2005 experience rate run, negative balance employers.
 Excluded if there were no recent taxable wages.



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Lara Neiss,
Administrative Assistant



Testimony on Senate Bill 2035
Senate Industry, Business & Labor Committee
January 10, 2007

Doreen Riedman, Executive Officer
North Dakota Association of Builders

Chairman Klein and members of the Senate Industry, Business & Labor Committee, the North Dakota Association of Builders (NDAB) supports Senate Bill 2035, relating to the determination of unemployment insurance tax rates.

The NDAB represents over 1,700 members statewide, and is affiliated with five local builders associations in Bismarck-Mandan, Dickinson, Fargo-Moorhead, Grand Forks, and Minot; and is part of a larger federation, the National Association of Home Builders (NAHB), which has over 240,000 members.

We have participated meetings during the interim on this legislation, and our Board of Directors and Governmental Affairs Committee has closely reviewed this bill. We believe that this bill provides some fairness to positive-balance employers who have helped build the Job Service's Unemployment Insurance Trust Fund.

We respectfully encourage this committee to support Senate Bill 2035.