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ROLL NUMBER

DESCRIPTION

2370

2007 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2370

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2370**

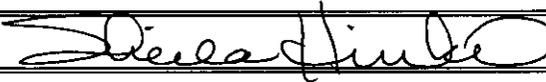
Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **February 5, 2007**

Recorder Job Number: **2767**

Committee Clerk Signature



Bill makes ND Minimum wage comply with Federal Min wage:

S Bob Stenehjem, Dist. 30 - In Favor

TESTIMONY # 1

Bill is to make the ND minimum wage comply with federal minimum wage. Bill mirrors Federal minimum wage legislation currently moving to congress. Would raise \$5.15 to \$5.85 when bill goes into effect, calls to raise \$6.55 to following 12 months and another raise to \$7.25 12 months after that. Parts subsection 2, section 1 which allows the Labor commissioner to provide for exemptions that are currently in our labor minimum wage such as camp counselors, golf caddies, babysitters, prisoners at the penitentiary, juvenile offenders under court order, volunteers, disabled workers, student trainees.

Section 2 provides for the law to take effect the same day as federal law.

Section 3 – emergency clause, if it happens before August 1 we can take advantage of it in the labor courts. The bill is moving through congress quickly.

S Potter: This takes effect only if the federal law changes and we all presume that is going to change quickly, if it doesn't, would you support increasing the state minimum wage.

S Stenehjem: If congress doesn't pass a piece of minimum wage legislation, the bill wouldn't take effect. However, with this bill, if it happened next week, and we had it through the system,

and the Governor signed the bill, we could implement it right away instead of waiting until August.

Bill Shalhoob – ND Chamber of Commerce - In Favor

TESTIMONY # 2 Goes over testimony

Support as per federal wage. We oppose 2122, but favor 2370. Keeps 33% tip credit as opposed to the 50% tip credit, keeps agricultural overtime credit and other elements that determine makes this our law unique. Does not prohibit the Labor Commissioner from moving a hearing to discuss other areas which we might want to. Fixes wage guideline at the federal level.

S Klein: "Tip Credit" – 33% 50% can you tell me how that works?

B Shalhoob: This is for tipped employees. The federal government allows 50% tip credit.

Take federal minimum wage and divide by 2 and if \$5.15 an hour an employer only has to pay a tipped employee half of that number. (\$2.62) You do have to prove and show that the tipped employee is making that differential in tips, otherwise you are required to go back in and pay the difference to make up to the minimum wage. Only have to pay 66% of the 67% of their wages. It must be brought up to standard. Were at 50% credit and went to a 33% credit and that has stayed in ever since. Wages as outlined in 2370, the first goes to \$5.85, you would be allowed a tip credit of 33%, \$6.55 and on the \$7.25. Wages of tipped employees are going to move up in proportion as these move.

S Klein: Statistically, do you know that the employer is having to fix that difference for workers or that hasn't been an issue? That the tips have been considerable enough to cover that issue

B Shalhoob: I've never heard of an employer who has to go back in and do that. Tips to employees in restaurants are the highest paid employees in the restaurant. In 2000, all my

servers were earning \$10-\$15 per hour w/tips and wages. Don't encourage tip pooling where all tips go into a bucket and then split – distributed in some kind of percentage. i.e. hostess 7%, bus boys, 15%, cooks 3%, all set up and whatever was left, divided by the number of hours worked and so much an hour, so much a tip, here's the one for the servers. The tip pooling was fairly complicated and had to get employee to sign off on the rule.

S Klein: Do you have enough workers?

B Shalhoob: Workforce is an issue. Don't have business w/tipped wages.

S Klein: Raising the minimum wage, will that help your business in qualifying workers

B Shalhoob: No. We're above the standard already.

S Potter: When the Federal minimum wage guidelines go up, that will likely cover businesses that have over \$500,000 in gross revenues and 2 employees, you're suggesting that this bill will take care of ND businesses that have less than \$500,000 in gross in gross revenue?

B Shalhoob: We don't know how many businesses that do not fall under the federal guidelines,

This comes back and covers all of those, so they would work with all the same rates in theory.

S Potter: Tip credits related to restaurant workers. In the hotel/motel industry, are tip credits assigned to hotel maids as well or not?

B Shalhoob: They're not. They're only tied to; you have to show in some way that this is a tipped employees. If you can show the exact sales generated, or on CC payments, 90% of the payments will be tipped. If audited, they can find the number for tax purposes. 8% of the total sales, that goes in on W2.

S Hacker: Any idea in MN? What is their credit? 50%?

B Shalhoob: Believe so.

S Heitkamp: Reference to 2122, you oppose the one and favor this, why?

B Shalhoob: We supported a bill in the House that is the mirror of 2370 and therefore we're on record as using the mirror as 2370 or 2370 to do this.

S Heitkamp: the only big difference is that they copied the previous bill, verbiage, until you get to the bottom, kicks in until the federal kicks in. Right?

B Shalhoob: That is correct.

S Heitkamp: Why do we need this bill if we have that provision in? What do we care?

B Shalhoob: The job is not done, because the federal bill will NOT cover workers not covered by federal wage law. If this passes, we could start immediately.

S Heitkamp: Section 2, if we amended-out section 2, would you like it?

B Shalhoob: I would have to go back to the committee. We liked it because it tied it to the federal cap.

SUPPORT?

John Risch – Railroad Workers – In Favor

This mirrors the federal bill, which feels is inadequate, the difference between this bill and 2122. The bill has some different things added to it, on some tax breaks, going to conference committee. If everything goes right and the federal bill goes into affect 60 days after the President signs it. It won't affect until April or May.

S Potter: Want to be clear, Subsection 2 of section 1.

J Risch: I don't have a problem with any of the bill. You can improve this bill by putting the escalator clause that I mentioned early in 1537, that would be an improvement, or, would the state minimum wage shall not be more than the federal level. Simple bill like that you could get rid of all the language.

J Risch: We maybe should raise it much farther then.

S Wanzek: Called my uncle, sees no problem in opening level jobs for his company. His opening level jobs start at \$14-\$15 an hour not including benefits, vacations. Experienced run \$22 to \$25 range, so I think the market is driven, and making a statement.

SUPPORT

Connie Hildebrand – Lobbyist - In Favor

Following all 4 bills. If this passes, 63,000 single moms will benefit, if the federal goes into effect, this would be "about time."

Don Morrison - In Favor

TESTIMONY # 3 [covered testimony] If you use common sense, think of small towns. A barber says people can't get haircuts because they can't afford it, because of wages. The law of economics is if you make more, you produce more and you'll sell more. [covered testimony] Minimum wage doesn't boost minimum earning. Suggest to pass on minimum wage law is a good idea.

S Klein: You talked economics, rent, haircuts when the prices go up, what happens to the business costs?

D Morrison: The prices do NOT go up. A minimum wage increase does NOT correlate to an increase in pricing. The correlation isn't there.

S Klein: So the cost of doing business just stays the same?

D Morrison: People can buy more. If you increase wages there are other factors, employer costs are BIG, but not the only deterrent of price.

S Klein: It is a determining price. You can't discount the fact that when you increase the salaries that the cost of doing business goes up?

D Morrison: That's right, but research shows it's a VERY SMALL amount, and bring it to small town ND.

S Klein: Some small towns can have only so many restaurants, driven by the growth of the big communities who need workers.

D Morrison: 3 counties in ND have the highest wages in the state: Ransom, Oliver and Mercer. Those are rural counties where there are good paying union jobs and so when you bring good paying jobs to small towns, it is good. Good paying jobs in small towns are possible and they have dividends.

S Klein: We heard a bill on Friday that said those folks that are earning all those good jobs aren't living in Oliver county, ruining the roads from travel...

Ryan Gustafson – ND People.ORG - In Favor

I believe a minimum wage increase is a good idea. Basic fairness. 23 years old, my first job after college was working in a video store, second job was delivery pizza. I was making less than \$6 an hour, was ready to leave ND. Never had a job over \$7 in high school and been working since I was 15. If I had a job that paid \$7.25 an hour at 15, 16, 18 years old I wouldn't have \$40,000 in student loans today. Basic economics. If I'd been able to earn more when I was younger, I would have more money today. I would not be struggling now to pay all my bills. Use friend with a state job, single mom, state job, state health insurance, works nights. Doesn't get to see her 2-year-old. If they were paying young people higher minimum wage, paying more is not going to be a detriment.

S Wanzek: Why did you go to college?

R Gustafson: Wanted to get training in the field I wanted to work in. Wanted to graduate and thought college would be a good experience.

S Wanzek: Was the incentive to improve your lot in life and raise the value of your skills, do you think it would be fair if, that is not much, if you mandated a wage the same as what you got out of college? Don't you think if you put the effort and hard work, don't you deserve better?

R Gustafson: If I can find a better job, sure. I graduated with a degree in journalism, not many journalism jobs in ND.

S Klein: That is an issue, when you have a graduate in Industrial Engineering, you have to do part time work until you find a position.

R Gustafson: Dad teaches high school students and they've had lots of student graduating get offered jobs, \$50,000 plus, not a lot of them are ND, Everyone has to have a transition period with their job.

S Hacker: If you would have made more money in school, would that make a difference?

R Gustafson: More likely to leave ND because of my student loan.

S Hacker: When you were a High School student, did you work full or part time?

R Gustafson: Worked about, with state law, I tried to work as much as I could. I was trying to save money for school.

Nancy _____, ND Education *In Favor*

We have testified for all 4 bills, we believe it will be increased. If the federal issue does not pass, we would like to see ND wage pass.

OPPOSITION

Nicki Wiseman – ND Hospitality Association –*In Opposition*

We don't know where we're going to get the money. How are we going to survive the major cities who have more of a possibility to do that. People move to the larger cities and lose people because of money.

S Heitkamp: Philosophical [ex 41:00m buying drinks in Fargo or buying drinks in small town – charges are quite different.] Do you think that's right?

N Wiseman: That is a matter of the proprietor. How they want to price their product.

S Heitkamp: You asked the question, where are you going to get the money. Clearly I didn't have a problem buying the round in Fargo, when I get to small town that the belief is that I should pay less which amazes me. It's a mindset, you asked what the business person portrays themselves and allows them to be portrayed as, there's examples of mainstreet businesses all over small ND that haven't sold themselves short. You asked where you're going to get the money? CHARGE.

S Wanzek: Agree that the most obvious solutions is to raise the value of the meal. The nature of the rural communities, I think of some of my relatives and uncles who see what a steaks cost at East 40, or in a rural community. In Cleveland, people wouldn't pay higher prices, go out of business.

N Wiseman: That's right, what the market drives. In Fargo they expect to pay higher prices. In the rural we'd like to charge more, but people wouldn't pay.

S Behm: Business responsibility to make money. I think they have the ability to raise your reates.

N Wiseman: They can charge, but will people drive by and not stop?

OPPOSITION

Robert Balley – Junior at Richland 44 High School - In Opposition

The next generation of thinkers being leaders in the state of ND. In support of raising the minimum wage, but opposition to the wording to comply if the Federal goes up. Proud to be a NDakotan. [Uses examples of other states] Need to set standards for ND, not the federal. Do not have to do what is in demand of central government.

S Potter: [comments on his leadership, someday will be a legislator] 2 bills One raises minimum wage, 2122, this is if the Federal goes up, ours would go up, and yet there will be

workers left behind in ND unless we comply, unless we also raise the state min. wage. We can be for both of them, but one of them is probably not going to pass.

R Balley: [quotes John Wayne] "If you can't do something smart, do something right"

We deserve what is right for our state. We deserve the right to have a better life, we need to do the right thing for ourselves and to work toward that end, "we can do this."

Bill Boetcher – State Director for National Federation for Independent Business

Small Business - In Opposition

Reflects on previous testimony on previous bill. Reflected on both, when I started my business 10 years ago, I paid employees what we negotiated, the marketplace dictated that, it wasn't minimum wage, I remember that tax return that year I made \$8000. Not much money. I didn't expect the government to say that it was an adequate amount of money to make, I don't think that the government needed to raise my wage. I was willing to run the risk and improve my circumstances and get a better job.

Cheryl Bergian – Executive Director of ND Human Rights Coalition In Opposition

TESTIMONY # 4 [covered testimony to 52:00m]

We are in support of a minimum wage increase, BUT, these two bills put us in a quandary how to structure testimony that we are in support of something, but also against something, unfortunately, the structure doesn't permit a link. SB 2370 does not increase the minimum wage unless the Federal government acts, and we have seen them not act for up to 2 years. We support the increase on ND min. wage. One concern we have is provision that permits the Labor Commissioner to establish a minimum wage that differs from the minimum wage in the bill. The Labor Commissioner can already do that in law, and none of that law is struck out in the bill before you, so WHAT IS THAT ADDING? Appears the Labor commission would have unfettered digression. Either amend this bill or DO NOT PASS.

S Potter: Wrong on one conclusion. The Labor Commissioner can adjust the minimum wage, that's true of 2122 as well. It's true the existing statute that he can adopt rules that differ. I don't see how that's a reason to vote against SB 2370.

C Bergian: My concern is the ADDITION to the law if this passes. This apparently permits, apparently because it ADDS to law that the labor commissioner can adopt rules [gives her understanding of the law].

S Potter: In SB 2122 the language is it only because it's reestablishing a code? [reads from bill]

C Bergian: There is also language in SB 2370. the bill adds a provision that the Labor commissioner can change Sect. 1 rates. [full explanation]

CLOSE

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2370 B**

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **February 12, 2007**

Recorder Job Number: **3401 4:56m**

Committee Clerk Signature

Minimum Wage to match Federal:

S Andrist: What we're digging for is the same bill we just passed? The Senate version of it?

S Heitkamp: In the interest of time, we won't offer the same amendments. It would have been duly noted we would have or could have.

S Klein: Our intent is for us to pass HB 1454, so Senator Stenjehm does not have to go over to the House and sell the bill and plead his case.

Motion for DO NOT PASS by S Andrist

2nd – Hacker

Roll Call for a DO NOT PASS – 4-2-1 Passed (nays Heitkamp & Potter)

Carrier: Hacker

FISCAL NOTE
 Requested by Legislative Council
 01/23/2007

Bill/Resolution No.: SB 2370

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	\$89,464	\$426,181	\$194,296	\$1,576,818
Appropriations	\$0	\$0	\$89,464	\$15,128	\$194,296	\$61,581

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).*

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.*

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.*

N/A

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.*

Statewide change, including 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.*

Statewide change.

Name:	Ken Purdy	Agency:	HR Management Services
Phone Number:	328-4739	Date Prepared:	01/23/2007

REPORT OF STANDING COMMITTEE (410)
February 12, 2007 4:38 p.m.

Module No: SR-29-2959
Carrier: Hacker
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2370: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO NOT PASS (4 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). SB 2370 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

SB 2370



Senator Bob Stenehjem
District 30
7475 41st Street SE
Bismarck, ND 58504-3200
bstenehj@state.nd.us

NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Majority Leader

Testimony on SB 2370
Senate Industry, Business and Labor Committee
10:30 a.m. Monday February 5, 2007

Mister Chairman and members of the Committee:

Good morning! SB 2370 is important to North Dakota's workers because it will ensure that North Dakota's minimum wage complies with the federal minimum wage. This bill, in fact, mirrors the federal minimum wage legislation currently moving through Congress.

Section 1 increases the current minimum wage of \$5.15 to a rate of \$5.85 when the bill goes into effect. It calls for a raise to \$6.55 to follow in 12 months and another raise to \$7.25 to follow 12 months after that.

Subsection 2 allows the Labor Commissioner to provide for current exemptions, such as camp counselors, golf caddies, prisoners, juvenile offenders under court order, occasional babysitters, volunteers for non-profit organizations, student trainees, and disabled workers.

Section 2 provides for the law to take effect on the same date as the federal law.

Section 3 is an emergency clause so that the law could take effect prior to August 1 if Congress votes to put the law in place that soon.

This bill is moving through Congress quickly. I want to ensure that North Dakota will be in line with the federal minimum wage whenever that legislation takes effect so that North Dakota's citizens won't be left behind.

I urge you to recommend this bill for passage.

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2370



AMERICAN
ASSOCIATION OF
UNIVERSITY
WOMEN

**SB 2370 - State Minimum Wage Bill – Increase to \$7.25 an hour
February 5, 2007**

Senator Klein and members of the Senate Industry, Business & Labor Committee, my name is Connie M. Hildebrand. I am representing the American Association of University Women (AAUW), and I speak on behalf of 300 AAUW members in North Dakota and 100,000 national members.

The American Association of University Women promotes equity for all women and girls, lifelong education, and positive societal change.

AAUW favors passage of SB 2370. We believe the minimum wage is a working woman's issue. Of the 11.8 million workers who would receive a pay increase as a result of a Federal minimum wage increase, 58 percent are women. In fact, 1.4 million working mothers, including 623,000 single moms, would benefit from the increase.

AAUW believes raising the minimum wage is an important step toward increasing the economic security of working women and their families. A fair increase in the minimum wage is long overdue. It's been almost ten years since minimum wage workers last saw an increase in their wages.

Please note that twenty-one states and the District of Columbia have simply raised their state minimum wage rather than wait for federal action on the issue. Should you choose to do the same here in ND, you need only combine the thoughtful concepts present in the four bills now before this legislative body prepared by Republicans and Democrats alike.

We recognize and applaud the action and bipartisan efforts of the 60th Legislative Assembly to promote an increase in the minimum wage, particularly because it will benefit the women and children of our state.

It is, in this case gentlemen, about time!

**Testimony of Bill Shalhoob
North Dakota Chamber of Commerce
SB 2122
February 5, 2007**



Mr. Chairman and members of the committee, my name is Bill Shalhoob and I am here today representing the ND Chamber of Commerce, the principle business advocacy group in North Dakota. Our organization is an economic and geographic cross section of North Dakota's private sector and also includes state associations, local chambers of commerce, development organizations, convention and visitors bureaus and public sector organizations. For purposes of this hearing we are also representing sixteen local chambers with a total membership of 7,236. A list of the specific chambers is attached.

The Chamber has a long history of opposing minimum wage mandates as being counterproductive to business growth and we still firmly hold that position. The marketplace is and always will be the best arbiter of what wages are appropriate for a job and we believe given the opportunity to work, it will work. Wage increases throughout North Dakota have risen spectacularly as job development through new growth has spurred competition for employees.

We understand current and future federal minimum wage guidelines have thresholds of a least two employees and at least \$500,000.00 in revenues. They further include any company, no matter how small, engaged in any type of interstate commerce. This would include any business delivering goods or services across any state line. There does

SB2122, Shalhoob, Page 1 #2

not seem to be any data on the number of workers covered only by North Dakota law and exempt from federal law. In visiting with the Labor Commissioner approximately 4,000 North Dakota workers are at or below the current minimum wage level. About 21,000 workers are between the current minimum wage level and the proposed federal level of \$7.25. We would propose tying the North Dakota minimum wage orders, current and future, to federal minimum wage orders. This would have the effect of enabling all employees in the state to benefit on exactly the same day and in the same amounts as they increase throughout the order. It will also preserve the tip credit and agricultural overtime credit as they presently exist since they are in administrative rule. The House has already acted on minimum wage with amendments to HB 1454, which we support. In its amended form it is an exact mirror to SB 2370 which this committee will hear next. We feel the best course is to kill SB 2122 and proceed with HB 1454 or SB 2370.

Thank you for the opportunity to appear before you today in opposition to SB 2122. I would be happy to answer any questions.

#2
2370



**The following chambers are members of a coalition that support our 2007
Legislative Policy Statements:**

Beulah Chamber of Commerce - 107

Bismarck - Mandan Chamber of Commerce - 1080

Cando Area Chamber of Commerce - 51

Chamber of Commerce Fargo Moorhead - 1800

Crosby Area Chamber of Commerce - 50

Devils Lake Area Chamber of Commerce - 276

Dickinson Chamber of Commerce - 527

Greater Bottineau Area Chamber of Commerce - 153

Hettinger Area Chamber of Commerce - 144

Langdon Chamber of Commerce - 112

Minot Chamber of Commerce - 700

North Dakota Chamber of Commerce - 1058

Wahpeton Breckenridge Area Chamber of Commerce - 293

Watford City Area Chamber of Commerce - 84

Williston Chamber of Commerce - 401

West Fargo Chamber of Commerce - 400

Total Businesses Represented = 7236 members

North Dakota Needs A Raise!

We are working harder and falling behind...

- For the same buying power as in 1968, the minimum wage would have to be about \$9.05 an hour today. After adjusting for inflation, the value of the minimum wage is at its lowest level since 1955.
- Minimum wage remains unchanged for ninth straight year! This is the longest span without a wage increase since the wage minimum began.
- Relative to average wages, the minimum wages has fallen to a 55-year low.
- Already 28 states – who care about workers and their families having decent lives – have raised their minimum wages. Many approved by the voters.
- North Dakota average wages have grown 4.6% since 2000. To compare, college tuition increased more than 40%, and gas prices for an average household increased nearly 50%.
- When people's wages go up, more families can afford to pay the rent, buy groceries, maybe pay for education or training, go to the doctor before it's an emergency, or just keep up with rising costs.
- History clearly shows that raising the minimum wage has little negative impact on jobs, employment or inflation. Businesses are able to sell more, because more people have more money to buy goods and services. During the four years after the last minimum wage increase, the economy experienced its strongest growth in over three decades!
- Fair and sustainable wages are not just good public policy they are a moral obligation.
- Washington State raised its minimum wage and tied annual increases to inflation. The result? There are more jobs and they pay better. For the first time in five years, the wage growth in Spokane exceeded the rate of inflation. So, when the minimum wage goes up, everyone does better.
- The share of national income that went to wages and salaries in the United States is at the lowest level in 77 years. The share of national income going to business profits is at the highest level since 1950.
- Paul Wellstone said, "When we all do better, we all do better."

#3

2370

Reality in North Dakota

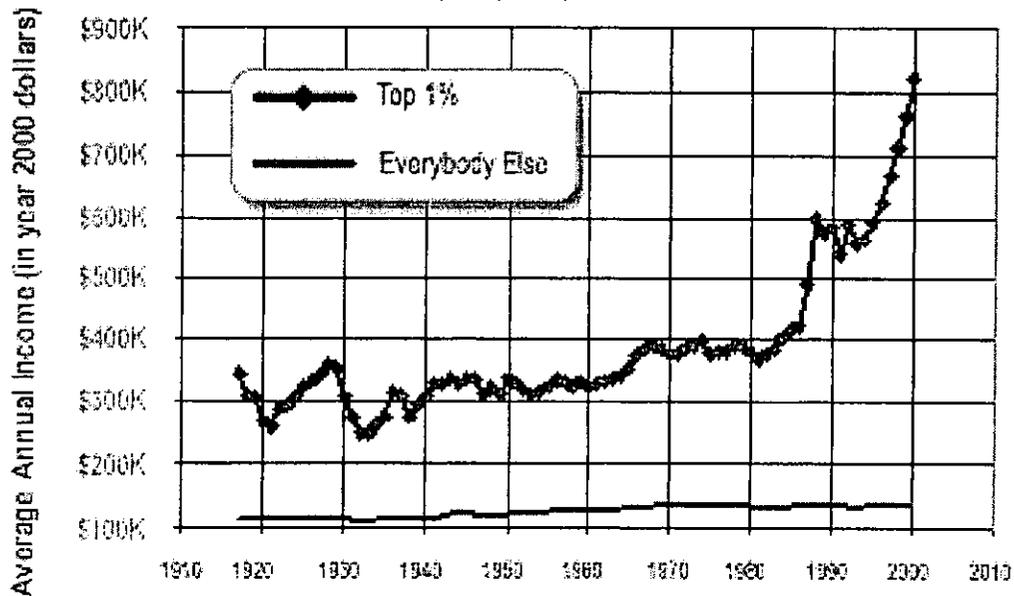
*Hard-working North Dakotans need more than low wages.
Especially when we're subsidizing many of their employers.*

Estimated Monthly Cost of Living for a Family of Three in North Dakota			
Item	Monthly Cost	Portion Covered by Minimum Wage	Shortfall
Housing	\$705	224	-481
Phone	35	11	-24
Food	290	92	-198
Child care	661	210	-451
Household, personal care items and clothing	331	105	-226
Transportation (car payments, gas, repairs, insurance, etc.)	578	184	-394
Health care (insurance, prescriptions, etc)	205	65	-140
			0
Total per month	\$2,805	893	-1,912
Total per year	\$33,660	10,716	-22,944

SOURCE: Based on local information in Fargo, ND. "Making Ends Meet in North Dakota" March 2002. NDSU Extension Service.

CEO Pay Widens the Income Gap

Average Income of the Top 1% and of Everybody Else, 1913-2000.



Source: Emmanuel Saez, University of California, Berkeley, Department of Economics

North Dakota Human Rights Coalition

P.O. Box 1961, Fargo, ND 58107-1961 (701) 239-9323 Fax (701) 478-4452 www.ndhrc.org



Testimony

Senate Bill 2370.

Senate Industry, Business & Labor Committee

February 5, 2007

Chairman Klein and members of the Committee, thank you for the opportunity to present testimony in opposition to Senate Bill 2370. I am Cheryl Bergian, Executive Director of the North Dakota Human Rights Coalition. The Coalition includes a broad-based, statewide membership of individuals and organizations interested in the furtherance of human rights in North Dakota; the Coalition's mission is to effect change so that all people in North Dakota enjoy full human rights.

We support the proposal to increase the minimum wage in North Dakota. Universal Declaration of Human Rights Article 23 states that everyone who works has the rights to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

While we support the increase in minimum wage in the bill, and provide reasons for that support below, we oppose the provision that permits the Labor Commissioner to establish a minimum wage that differs from the minimum wage in the bill. We would support a provision that the Labor Commissioner could establish a minimum wage that is higher than the rates in the bill, but do not support a provision that would permit a lower minimum wage.

The provision provides no guidelines for the Labor Commissioner if she or he establishes a lower minimum wage than that provided for by the bill. It appears that the Labor Commissioner would have unfettered discretion to completely revise the state minimum wage, and provide for a lower minimum wage without guidance or criteria. That would not provide a just and favorable remuneration for the workers of our state.

In addition, we oppose the provision in SB 2370 that makes an increase in the state minimum wage contingent upon an increase in the federal minimum wage. North Dakota's current minimum wage is \$5.15 per hour. There has not been an increase since 1997. According to the Center on Budget and Policy Priorities, 21,000 workers in North Dakota would be affected by a minimum wage increase to \$7.25 per hour in 2009. The current minimum wage is not a just and favorable remuneration for the workers of our state, and to wait for the uncertain actions of the federal government would be a disservice to the minimum wage workers in our state.

We've done some research on the effects on businesses of an increase in minimum wage. Many small businesses are mom and pop shops that don't pay wages. Compensation is in the form of business profits.

#4,
2370

Small businesses are competing against larger businesses for available employees, no matter what geographic location they're in. A business paying above minimum wage isn't likely to raise their wages along with a minimum wage increase, unless the minimum forces such action. They have a reason to be paying their wage rate before the minimum wage change, and that reason continues after. Narrowing the gap between minimum wage and wages otherwise paid in an area actually helps a business by making it more competitive in attracting and retaining employees.

Raising minimum wage increases the amount of purchasing power in local economies, and therefore the revenue potential of businesses in those economies. Additional income means more income available for non-necessities in personal budgets, and the additional spending will generate top-line benefits of additional revenues to counter the effect of increased expenses.

A business that pays higher wages tells its employees that they are respected and valuable. Businesses that pay wages above that required to maintain a bare essence of living standards generate good will from employees, which shows in loyalty, lower absenteeism, and lower turnover as well as better hiring prospects.

Below are some internet articles, all basically business owners and consultants that lobbied Congress for a minimum wage increase:

<http://www.nccusa.org/news/061031higherminimum.html>

<http://www.letjusticeroll.org/pressroom/pressroom-1-19-07.html>

<http://www.inclusionist.org/?q=node/510>

http://www.policymattersohio.org/pdf/good_for_business_2006_factfile.pdf

We ask for a do not pass recommendation on Senate Bill 2370. I appreciate this opportunity to testify on behalf of the North Dakota Human Rights Coalition.