

Testimony SB 2203  
February 9, 2021  
Senate Industry Business & Labor Committee

Good Afternoon Chairman Klein and Committee Members.

Thank you for this opportunity to testify on Senate Bill 2203.

My name is Susan Shearer, I am the President of a small family-owned construction company located in Harvey. I am also an active board member of the AGC of ND and a member of the ND Unemployment Advisory Council. As such, my testimony today will be both as a member of the UI Advisory Council and as a ND negative balance small business owner.

My company, Harvey Sand & Gravel, Inc. was established in 1960 by my parents, so we have a long and successful presence in the State of ND.

We currently employ 4 full time employees and up to 25 seasonal employees. Our “seasonal employees” and their retention is at the core of this discussion.

This bill as written will penalize a majority of the heavy highway, industrial contractors and other seasonal employers in the State of North Dakota. Unemployment benefits are a necessary evil for our business as we work in an industry where Mother Nature limits the period of time in which we can be productive.

Just to give you an idea of how this “surcharge” will affect my company, Harvey Sand & Gravel, Inc. had \$373,363.00 in taxable wages in 2018. I paid \$43,321.15 for unemployment taxes. According to calculations based on the “cumulative” formula in this bill, Harvey Sand & Gravel will be assessed an additional \$18,133.38. This is a 42% increase in my unemployment tax responsibility. Please note, these are 2018 numbers. My increase may be a little less today since my payroll, as well my income, in 2020 was considerably less due to the COVID Pandemic. The past year has been very frustrating for many employers, not just in our industry, but across the board. It is very likely that this legislation will have a broader reach than originally intended. It may very well affect previous “positive balance” employers who have never had an unemployment claim who are now actually “negative balance” employers due to the shutdowns.

In April of 2019 the Senate IBL Committee issued correspondence to Job Service ND in reference to House Bill 1060 introduced in the 2018 session. This letter stated that they

“did not support this bill because, while this issue deserves further review and possible action, we do not believe a surcharge for negative balance employers was the correct action.” And yet, here we are. Senate Bill 2203 is the exact language as original House Bill 1060.

Also, at the request of this Committee, the Advisory Council was tasked to “examine any disparities among rates and their relationship to the solvency target of the Unemployment Insurance Fund, analyze rate structures across the country to ensure our rates remain competitive, and look at potential ways to incentivize positive balance ratepayers

Our Committee met several times over the interim and took public input on this issue. Numerous individuals and groups, including GNDC, AGC of ND, ND Lignite Council, and ND Petroleum Council testified in opposition to any change in the current unemployment rate structure. There was no outside testimony in favor of change.

UI Advisory Council by a 5-2 vote, recommended no change to the current UI system at the conclusion of the study.

Copies of the Unemployment Advisory Councils recommendations and UI’s review is attached to my testimony.

I request the committee to please issue a “do not pass” recommendation on this bill and I am happy to answer any questions you have.

Thank you.