

1999 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1088

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1088

House Industry, Business, and Labor Committee

Conference Committee

Hearing Date January 11, 1999

Tape Number	Side A	Side B	Meter #
1	x		16-34.7
Committee Clerk Signature <i>Lisa Horner</i>			

Minutes:

CHAIRMAN BERG OPENED THE HEARING ON HB 1088; A BILL RELATING TO THE ELECTRICIAN UNDERTAKING FUND.

DON OFFERDAHL, Executive Director of the North Dakota Electrical Board introduced HB 1088. (See attached testimony).

REP. KLEIN questioned the Class B licenses? How many are there and how many new ones are coming in?

OFFERDAHL said that they had tried to eliminate Class B licenses because of the increased knowledge needed to do the electrical work on the farmstead. This was defeated. There are currently 40 contracting Class B licensees in North Dakota. It is being phased out.

REP. KLEIN further asked about the number of licensed masters and journeymen?

OFFERDAHL said that there are about 600 licensed contracting masters, and 1,400 journeymen.

REP. KOPPELMAN asked if this occurs very often - where electrical contractors do not complete the work.

OFFERDAHL said that over three years, \$8,100 has been spent on those electricians who walked away from their work or refused to do their corrections.

REP. KLEIN continued to question any penalties or corrective action incurred by this.

OFFERDAHL replied that the board does have additional fees for this.

CHAIRMAN BERG questioned the bond for \$50 per master, \$40 per Class B - does that need to be submitted prior to each contract they have.

OFFERDAHL replied that is an overall fee - before they get into the business of contracting at all. It is a one time fee. He confirmed Chairman Berg's concerns about if it would be charged again if money needed to be raised. The board would have to create new legislation to do that. There is no authority to go back and increase those fees.

GREG HOLZER, President of Edling Electric appeared in support of HB 1088 for the Dakota Chapter of the National Electrical Contractors Association. He stated that they support the bill and are willing to make the contribution to protect the consumer in the event of default.

AL WOLF testified on HB 1088. He noted the question of what was there before 1983? How did this fund come about in the order that it did? Before that, there was a law that required a surety bond to be purchased that cost \$75, and is up to \$300 now. Even though no one ever had any claim against them, they paid the premium. The inspectors had to make the corrections. This fund helped pay for problems. Why the increase is a good question? In the last four years there were several problems? He gave an example of a contractor walking off the job.

REP. FROSETH noted that this fund is not intended to replace the bonding process.

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House Industry, Business, and Labor Committee

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WOLF said that it was not to displace the bonds. There are two other things, the performance bond to the contractor, the architect - that's still required. Secondly, the flat building insurance is still required.

REP. KEISER questioned the increase.

WOLF said that they are increasing from \$30,000 to \$50,000.

RENEE PFENNING, North Dakota Electrical Workers Council. They are in support of the bill.

CHAIRMAN BERG CLOSED THE HEARING ON HB 1088.

January 12, 1999

COMMITTEE ACTION

REP. KLEIN moved a DO PASS on HB 1088. REP. BREKKE seconded the motion. The motion carried.

ROLL CALL - 14 YEA, 0 NAE, 1 ABSENT AND NOT VOTING.

FLOOR ASSIGNMENT - REP. KLEIN

FISCAL NOTE



(Return original and 10 copies)

Bill/Resolution No.: HB 1088 Amendment to:
 Requested by Legislative Council Date of Request: 12-29-98

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

These funds will be used solely by the State Electrical Board Undertaking Fund for payment to complete electrical installations.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	None	None	None	\$5000.	None	\$5000.
Expenditures:	None	None	None	\$5200.	None	\$5200.

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: None
- b. For the 1999-2001 biennium: Will generate added funds to be used in Undertaking Fund account.
- c. For the 2001-03 biennium: Same as above

4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
None	None	None	None	None	None	None	None	None

If additional space is needed, attach a supplemental sheet.

Signed Donald Offerdahl

Typed Name Donald Offerdahl

Department ND State Electrical Board

Phone Number 701-328-9522

Date Prepared: 1-7-99

Date: 1-12-99
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1088

House Industry, Business and Labor Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken do pass

Motion Made By Klein Seconded By Brekke

Representatives	Yes	No	Representatives	Yes	No
Chair - Berg	/		Rep. Thorpe		
Vice Chair - Kempenich	/				
Rep. Brekke	/				
Rep. Eckstrom	/				
Rep. Froseth	/				
Rep. Glassheim	/				
Rep. Johnson	/				
Rep. Keiser	/				
Rep. Klein	/				
Rep. Koppang	/				
Rep. Lemieux	/				
Rep. Martinson	/				
Rep. Severson	/				
Rep. Stefonowicz	/				

Total (Yes) 14 No 0

Absent 1

Floor Assignment Klein

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

REPORT OF STANDING COMMITTEE (410)
January 15, 1999 9:27 a.m.

Module No: HR-09-0665
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1088: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1088 was placed on the Eleventh order on the calendar.

1999 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1088


1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1088

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date February 8, 1999

Tape Number	Side A	Side B	Meter #
No Tape			
Committee Clerk Signature 			

Minutes:

Senator Mutch opened the hearing on HB1088. All senators were present.

Don Offerdahl testified in support of HB1088. His testimony is included. Senator Heitkamp asked him what the recourse is for the guy who takes the job and doesn't finish it. Mr. Offerdahl said that it would depend on what the job entailed. They would pay \$25 now and \$50 later if he finishes the job and does so correctly. If he does not finish the job he would be subjected to fees of up to \$5000. Senator Mathern asked Mr. Offerdahl if they run into many situations where someone leaves and the fund must be used. His reply was that in the last 3 years the fund has been used 6 times totaling \$8,000. Senator Krebsbach asked him why they wanted to go from \$15 to \$40 when they are already ahead on money and they just doubled the others. Mr. Offerdahl said that they were trying to balance it out. (The difference in the number of class b and class a electricians.)

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Senate Industry, Business and Labor Committee

Bill/Resolution Number Hb1088

Hearing Date February 8, 1999

Al Jorde, State Electric Board, testified in support of HB1088. His testimony is included.

Ken Tupa, National Electrical Contractors of North Dakota, testified in support of HB1088.

Renee Phanning, North Dakota Electric Workers Counsel, testified in support of HB1088.

Senator Mutch closed the hearing on HB1088.

Senator Sand motioned for a do pass committee recommendation. Senator Mathern seconded his motion. The motion for a do pass on HB1088 carried with a 7-0-0 vote.

Senator Mathern will carry the bill.

Date: 2/8/99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1088

Senate INDUSTRY, BUSINESS AND LABOR COMMITTEE Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By SAND Seconded By MATHEW

Senators	Yes	No	Senators	Yes	No
Senator Mutch	X				
Senator Sand	X				
Senator Klein	X				
Senator Krebsbach	X				
Senator Heitkamp	X				
Senator Mathern	X				
Senator Thompson	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment MATHEW

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

REPORT OF STANDING COMMITTEE (410)
February 8, 1999 2:02 p.m.

Module No: SR-25-2192
Carrier: D. Mathern
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1088: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1088 was placed on the Fourteenth order on the calendar.

1999 TESTIMONY

HB 1088

NORTH DAKOTA HOUSE BILL 1088

Chairman Berg, Vice Chairman Kempenich, and members of the Committee.

My name is Don Offerdahl. I am the Executive Director for the North Dakota State Electrical Board. I come before you today with House Bill 1088. This bill covers the Undertaking Fund for Master and Class B electricians in North Dakota.

This section covering the Undertaking Fund became law in the early 1980's. At that time a Master electrician deposited \$25.00 and a Class B electrician deposited \$15.00 into this fund in lieu of a surety bond for the faithful performance of all electrical work undertaken by him. When the fund reached \$30,000 deposits were waived for Master and Class B electricians renewing their license.

In the event that the Master or Class B electricians left the jobs unfinished and refused to correct code violations on their work, this fund would be used to hire another electrical contractor to correct those pertinent safety hazards left behind by that electrician up to an amount of \$3,000 for a Master electrician and \$2,000 for a Class B electrician.

The North Dakota State Electrical Board is asking to increase that Undertaking sum from \$3,000 to \$5,000 for a Master electrician and from \$2,000 to \$4,000 for a Class B electrician due to the increased costs of material and labor in the last 16 years. There has been some instances of jobs that the fund has not covered expenses to correct all pertinent safety hazards.

The bill states when the funds reach \$50,000 the same language of waiving the deposit for each year to renew their Class B and Master license still stands.

I am happy to inform you today that this fund has reached over the sum of \$50,000 and there will be no increased cost to the current licensed Master and Class B electricians, only new



NORTH DAKOTA ELECTRICAL CONTRACTORS ASSN.
HCO 2 BOX 11
WATFORD CITY, ND 58854
DECEMBER 28, 1998

Donald Offerdahl
Executive Director
North Dakota State Electrical Board
PO Box 857
Bismarck, ND 58502

Dear Don;

The North Dakota Electrical Contractors Association, Inc. at their board meeting on the 12th of December, 1998 voted to support your proposed legislation to amend and reenact Section 43-09-14 of the North Dakota Century Code relating to the Undertaking Fund for Masters and Class B Electricians.

If we can be of any help with this Legislation please let me know.

Sincerely,

Ron Roos
Executive Director

TESTIMONY BY ALBERT AL WOLF
SPECIAL ASSISTANT ATTORNEY GENERAL
BEFORE
HOUSE INDUSTRY BUSINESS AND LABOR COMMITTEE

HB 1088

Chairman Berg and members of the Committee.

HB 1088 is an update of legislation that took place in 1983. Before 1983, all Master and Class B electricians in North Dakota were required to purchase a surety bond at the approximate cost of \$75.00 a year and deposit the bond with the State Electrical Board in the sum of \$3,000 for a Master electrician and \$2,000 for a Class B electrician conditioned on the faithful performance of the electrical work undertaken.

The 1983 legislation, SB 2190, repealed the requirement for a surety bond and required in its place an "Undertaking" in the same amount for the same purpose. In addition, a deposit was required to be made with the State Electrical Board in the amount of \$25.00 by a Master electrician and \$15.00 by a Class B electrician in lieu of the surety bond. The deposit of this payment would be kept in a special fund to be used for the completion of installations abandoned by electricians and was not to exceed the \$3,000 and \$2,000 amounts for each electrician.

The provision also required that the State Electrical Board waive the deposit for a renewal of license by electricians who have made an initial deposit under this section if, at the beginning of the renewal year, the Fund exceeds \$30,000.

Incidentally, the statute continued to require liability insurance in order to contract for installation of electrical wiring and installation of electrical equipment, which was for the protection of any persons who may be injured or damaged by virtue of defective electrical work. That requirement is unrelated to the Undertaking which is involved in HB 1088, and provides some funds to correct primarily hazardous conditions left by an electrician where he has abandoned a job and corrections need to be made very quickly for the benefit and safety of the property owner whether it be a household or a business location.

This amount of the Undertaking does not limit the liability of the electrician to those amounts, however, but the property owner who has been required to expend additional funds beyond what the Fund would provide to make corrections is entitled to recovery in a separate action between the property owner and the electrician. However, the initial repair work that an electrical inspector deems necessary for the safety and utilization of the property is intended to be repaired by the Fund maintained

by the State Electrical Board. The Undertaking then requires electricians to reimburse the Fund to the extent that funds were expended to make the corrections of that electrician's work.

Don Offerdahl, Executive Director of the ND State Electrical Board, will have addressed the need for increasing these amounts as they have not been increased since they were established in 1983. The Board has experienced several occasions where the Fund was exhausted with one or several projects underway at the same time which required emergency repair work in a timely manner at the direction of the State Electrical Board usually by other electrical contractors who are called in to correct and complete the project.

The Fund has served the needs of the electricians well, while it also served the needs of the public well. It provides a source of payment in a very timely manner for the corrections to be made by another electrician. It also provides a procedure for recouping from the defaulting electrician the amounts advanced from the Fund to make the corrections or complete the projects.

Examples can be given to demonstrate exactly how this works but in the 16 years since it was established, it has worked well and all related parties have been well served by this procedure at a much lower cost.

Prior to 1983 everyone connected with this business lamented the fact that the contractors were paying annual premiums for coverage which 95% or more of them never used.

The present procedure allows accumulation of funds to deal with those emergency situations while maintaining public liability insurance in place for other liabilities of the contractor, and the property owners are still able to pursue the contractor for additional costs to correct a project.

HB 1088 merely increases the amounts established in 1983 to meet the present needs and the increased costs of making these corrections while preserving a system that has worked well.

NORTH DAKOTA HOUSE BILL 1088

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The North Dakota State Electrical Board is asking to increase that Undertaking sum from \$3,000 to \$5,000 for a Master electrician and from \$2,000 to \$4,000 for a Class B electrician due to the increased costs of material and labor in the last 16 years. There has been some instances of jobs that the fund has not covered expenses to correct all pertinent safety hazards.

The bill states when the funds reach \$50,000 the same language of waiving the deposit for each year to renew their Class B and Master license still stands.

I am happy to inform you today that this fund has reached over the sum of \$50,000 and there will be no increased cost to the current licensed Master and Class B electricians, only new

electrical contractors will be submitting an additional \$25.00 into this fund if this bill became law.

I am also submitting a letter from the North Dakota Electrical Contractors Association supporting this bill.

I thank you for allowing me to present this information. If there is any questions I will be happy to answer them now. If questions arise, please don't hesitate to contact us.