

**1999 HOUSE INDUSTRY, BUSINESS AND LABOR**

**HB 1091**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1091

Industry, Business and Labor

Conference Committee

Hearing Date Jan. 13, 1999

| Tape Number                                  | Side A | Side B | Meter # |
|--|--------|--------|---------|
| 1  | x      |        | 0       |
|  |        |        |         |
|  |        |        |         |
| Committee Clerk Signature <i>Lisa Horner</i> |        |        |         |

Minutes:

HB 1091 Determination of weekly benefit amount for unemployment compensation purposes.

Representative Berg opened the hearing.

Ms. Jennifer Gladden, ND Job Service, provided written testimony,

(see attached testimony)

Questions were asked about rates paid by employers. Chairman Berg asked what the average rate of contribution is. Ms. Gladden said the rate would not change, but, the dollar amount would change. The fund came into difficulty in the 1950's. Employees gave some benefits to help program and employees will not be asked to give more now. The amount taxed each year is based on employee earnings which is 15,600 for 1999. In 1998, the wage amount being taxed was less. The ad hoc work group recommended that 65% remain the factor for paying benefits.

Industry, Business and Labor Hb 1091  
Jan. 13, 1999.

Guy Moss, President of Baker Boy in Dickinson, provided testimony about his business in Dickinson. Dramatic increases incurred because of financial problems with fund several years back. Benefits must be reasonable and the 65% appears to be a reasonable number. The fair thing for the committee to do was to set the rate at what is reasonable for employees and employers.

Dave Kemnitz, President of AFL-CIO, testified in support of the bill. The ad hoc selected the 65% which is fair.

There was no opposition to the bill.

Chairman Berg closed the hearing on HB 1091.

## General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

|  |        |        |         |
|--|--------|--------|---------|
| Date February 10, 1999                       |        |        |         |
| Tape Number                                  | Side A | B Side | Meter # |
| 2  | x      |        | 39-50.1 |
| Committee Clerk Signature <i>Lisa Lerner</i> |        |        |         |

Minutes:

**2A: 39.0** Chairman Berg opened the discussion on House Bill 1091.

Discussion on amendments: Take language out as it relates to the trust fund balance but leave the language in that relates to the national and state rates. Currently at 65%, as the bill is written if passed, it would automatically drop to 62%.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1091

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2-11-99

| Tape Number                                  | Side A | Side B | Meter #     |
|--|--------|--------|-------------|
| 1  | x      |        | 2048 - 2774 |
|  |        |        |             |
|  |        |        |             |
| Committee Clerk Signature <i>Lisa Horner</i> |        |        |             |

Minutes: Chairman Berg handed out the proposed amendments. There was an explanation of the amendments to the bill. Removal of the trigger as it relates to the trust fund balance. Benefits will be a 65% as long as our state tax rate does not exceed the national rate. Then it would drop down to 62%.

Rep. Lemieux: So the only time this would be reduced is if we have to raise our rates above the national average?

Chairman Berg: The only time I could see the trigger kicking in is if we have really difficult times and the rest of the national economy is doing worse than North Dakota. Hopefully the changes we are making to the trust fund will keep a financially sound cushion so we will always be in better shape than the country as a whole.

Rep. Lemieux: So the lowest the rate could ever go would be 62%.

There was no further discussion.

Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number Hb 1091

Hearing Date 2-11-99

Rep. Severson made a motion to move the amendments.

Rep. Ekstrom seconded to motion.

A voice vote was 14 yea 0 nay 1 absent, motion carries.

**Action on bill:**

Rep. Keiser made a motion for a Do Pass as Amended.

Rep. Koppang seconded the motion.

The vote was 14 yea 0 nay 1 absent. motion carries.

Rep. Lemieux will carry the bill.

## FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No:

Amendment To: **HB 1091**

Requested by Legislative Council

Date of Request: **2/16/99**

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:**

Current law sets the maximum weekly benefit amount at 60 percent of the average weekly wage unless the trust fund is equal to or greater than the required amount and then it is 62 percent and if the state's average contribution rate is less than the national average then the weekly benefit amount is 65 percent of the average weekly wage. This bill as amended sets the maximum weekly benefit amount at 62 percent of the average weekly wage unless the state's average contribution rate is below the nationwide average and then the maximum weekly benefit amount is 65 percent. Passage of HB 1091 is not anticipated to have a fiscal impact.

2. State fiscal effect in dollar amounts:

|               | 1997-1999 Biennium |              | 1999-2001 Biennium |              | 2001-2003 Biennium |              |
|---------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|
|               | General Fund       | Special Fund | General Fund       | Special Fund | General Fund       | Special Fund |
| Revenues:     | 0                  | 0            | 0                  | 0            | 0                  | 0            |
| Expenditures: | 0                  | 0            | 0                  | 0            | 0                  | 0            |

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

a. For rest of 1997-99 biennium: 0  
 b. For the 1999-2001 biennium: 0  
 c. For the 2001-03 biennium: 0

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 |
| - 0 -            |        |                  | - 0 -              |        |                  | - 0 -            |        |                  |

If additional space is needed, attach a supplemental sheet.

Signed Wayne G. Kindem

Typed Name WAYNE G. KINDEM

Department JOB SERVICE NORTH DAKOTA

Date Prepared: 2/17/99

Phone Number 378-3033

## FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No: HB 1091 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:** This bill provides that the maximum weekly benefit amount will be 65% of the average weekly wage, eliminating the requirement that the maximum weekly benefit amount be reduced to 62% of the average weekly wage if the states contribution rate exceeds the national average contribution rate. This is projected to happen January 1, 2000. The bill would result in projected increased benefit payments of \$756,000 for the 1999-2001 biennium and \$1,656,000 for the 2001-03 biennium. Increased costs to Special State Benefit fund is projected to be \$13,100 for the 1999-2001 biennium and \$28,600 for the 2001-03 biennium. The special fund for HB 1091 is the unemployment compensation fund.

Job Service cannot breakout the costs by Counties, Cities and School Districts.

2. State fiscal effect in dollar amounts:

|               | 1997-1999 Biennium |              | 1999-2001 Biennium |              | 2001-2003 Biennium |              |
|---------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|
|               | General Fund       | Special Fund | General Fund       | Special Fund | General Fund       | Special Fund |
| Revenues:     | 0                  | 0            | 0                  | 0            | 0                  | 0            |
| Expenditures: | 0                  | 0            | 0                  | \$769,100    | 0                  | \$1,684,600  |

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

a. For rest of 1997-99 biennium: 0  
 b. For the 1999-2001 biennium: 0  
 c. For the 2001-03 biennium: 0

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 |
| -0-              |        |                  | \$13,500           |        |                  | \$29,500         |        |                  |

If additional space is needed, attach a supplemental sheet.

Signed Wayne G. Kindem

Typed Name WAYNE G. KINDEM

Department JOB SERVICE NORTH DAKOTA

Date Prepared: 1/5/99

Phone Number 328-3033



PROPOSED AMENDMENTS TO HOUSE BILL NO. 1091

Page 2, line 11, overstrike "For benefit years beginning after August 8,"

Page 2, overstrike lines 12 through 15

Page 2, line 16, overstrike "required amount, then as of July first of the next year, the" and insert immediately thereafter "The"

Renumber accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1091

Page 1, line 8, overstrike "on and"

Page 1, line 9, overstrike "after July 1, 1973"

Page 2, line 11, overstrike "For benefit years beginning after August 8,"

Page 2, line 12, overstrike "1987, the" and insert immediately thereafter "The" and overstrike "sixty" and insert immediately thereafter "sixty-two"

Page 2, line 14, overstrike "beginning with"

Page 2, overstrike lines 15 and 16

Page 2, line 17, overstrike "benefit amount is", remove "sixty-five", and overstrike "percent of the "average weekly wage",

Page 2, overstrike line 18

Page 2, line 21, remove the overstrike over "~~this state's average contribution rate is below the nationwide~~"

Page 2, line 22, remove the overstrike over "~~average for the preceding calendar year,~~" and remove the overstrike over "~~the maximum weekly benefit~~"

Page 2, remove the overstrike over line 23

Page 2, line 24, remove the overstrike over "~~next lower multiple of one dollar if not a multiple of one dollar.~~"

Re-number accordingly

Date: 2-11-99  
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1091

House Industry, Business and Labor Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken do pass as amended

Motion Made By Keiser Seconded By Koppang

| 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 1

Absent 1

Floor Assignment Lemieux

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

REPORT OF STANDING COMMITTEE

HB 1091: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1091 was placed on the Sixth order on the calendar.

Page 1, line 8, overstrike "on and"

Page 1, line 9, overstrike "after July 1, 1973"

Page 2, line 11, overstrike "For benefit years beginning after August 8,"

Page 2, line 12, overstrike "1987, the" and insert immediately thereafter "The" and overstrike "sixty" and insert immediately thereafter "sixty-two"

Page 2, line 14, overstrike "beginning with"

Page 2, overstrike lines 15 and 16

Page 2, line 17, overstrike "benefit amount is", remove "sixty-five", and overstrike "percent of the "average weekly wage","

Page 2, overstrike line 18

Page 2, line 21, remove the overstrike over "~~this state's average contribution rate is below the nationwide~~"

Page 2, line 22, remove the overstrike over "~~average for the preceding calendar year,~~" and remove the overstrike over "~~the maximum weekly benefit~~"

Page 2, remove the overstrike over line 23

Page 2, line 24, remove the overstrike over "~~next lower multiple of one dollar if not a multiple of one dollar.~~"

Re-number accordingly

**1999 SENATE INDUSTRY, BUSINESS AND LABOR**

**HB 1091**

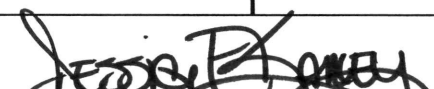
1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1091

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date March 2, 1999

| Tape Number   | Side A | Side B | Meter #   |
|---|--------|--------|-----------|
| 1   | x      |        | 2100-4950 |
|   |        |        |           |
|   |        |        |           |
| Committee Clerk Signature  |        |        |           |

Minutes:

Senator Mutch opened the hearing on HB1091. All senators were present.

Leo Jablowski, Chief of Benefits, Job Service North Dakota, testified in support to HB1091. His testimony is included.

Senator Mutch asked him how arrive at the state average contribution rate. He said that it is information that is sent to them by the federal government. This past year, North Dakotas average contribution rate on total wages was .5% and the national average was .7%. He said that is why it is set at 65%.

Senator Heitkamp asked him why they just don't set it at 65%. Mr. Jablowski told him that is what the original bill did. Senator Mutch asked him if our average contribution rate goes down more than the assessment to the employer would go up would it not. Mr. Jablowski told him that the maximum benefit would be 65% of the average weekly wage.

Page 2

Senate Industry, Business and Labor Committee

Bill/Resolution Number Hb1091

Hearing Date March 2, 1999

Senator Sand asked Mr. Jablowski if this 65% would be subject to income tax. He was then told that it would be subject to all forms of taxation.

Guy Moos, President of Baker Boy, testified in opposition to HB1091.

Senator Mutch closed the hearing on HB1091.

Committee discussion took place on March 22, 1999.

Senator Thompson motioned for a do pass committee recommendation on HB1091. Senator

Krebsbach seconded his motion. The motion carried with a 7-0-0 vote.

Senator Thompson will carry the bill.

SR 2023/FY 1

Date: 3/22

Roll Call Vote #: |

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
HUTCH BILL/RESOLUTION NO. 1091

Senate INDUSTRY, BUSINESS AND LABOR COMMITTEE Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By THOMPSON Seconded By KREBSBACH

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

Total (Yes) 7 No 0

Absent 0

Floor Assignment THOMPSON



REPORT OF STANDING COMMITTEE (410)  
March 24, 1999 11:45 a.m.

Module No: SR-53-5494  
Carrier: Thompson  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

HB 1091, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1091 was placed on the Fourteenth order on the calendar.

**1999 TESTIMONY**

**HB 1091**

**HOUSE BILL 1091**  
**HOUSE OF REPRESENTATIVES**  
**INDUSTRY, BUSINESS & LABOR COMMITTEE**  
**REPRESENTATIVE RICK BERG, CHAIRMAN**  
**JANUARY 13, 1999**

Mr. Chairman, members of the committee. My name is Jennifer Gladden, Executive Director, Job Service North Dakota. House Bill 1091 amends Subsection 1 of Section 52-06-04 of the North Dakota Century Code, relating to unemployment compensation weekly benefit amount.

This bill provides that the maximum weekly benefit amount will continue to be 65% of the average weekly wage, eliminating the requirement to reduce the maximum weekly benefit amount to 62% of the average weekly wage if the state's average contribution rate exceeds the nationwide average contribution rate.

The effect of this amendment would be to stop a reduction of the maximum weekly benefit rate from the current 65% to 62% on July 1, 2000, because the state's average contribution rate exceeds the nationwide average contribution rate.

This recommendation was brought forth from the Unemployment Insurance Ad Hoc Workgroup appointed to examine and make recommendations on Job Insurance issues. The Unemployment Insurance Ad Hoc Workgroup was represented by business, organized labor, and a member of the North Dakota legislature. This group did not want to adversely impact on claimant benefits at a time when employers are finding it difficult to retain and find workers. The Ad Hoc Workgroup did not want to create incentives for workers to leave the state and disincentives for workers to continue to work in North Dakota.

This bill is projected to cost the unemployment insurance trust fund \$756,000 during the 1999-2001 biennium. This would be paid through employer contributions to the unemployment fund.

Mr. Chairman, this concludes my testimony. I would try to answer any questions from the committee. Thank you.

**HOUSE BILL 1091**  
**SENATE INDUSTRY, BUSINESS AND LABOR COMMITTEE**  
**SENATOR DUANE MUTCH, CHAIRMAN**  
**MARCH 2, 1999**

Mr. Chairman, members of the committee. My name is Leo Jablonski, Chief of Benefits, Job Service North Dakota.

House Bill 1091 amends subsection 1 of Section 52-06-04 of the North Dakota Century Code, relating to unemployment compensation weekly benefit amount.

Current law sets the maximum weekly benefit amount at 60% of the average weekly wage unless the September 30 trust fund balance equals or exceeds 60 percent of the annual average for the 36 months ending September 30, then it is 62% and if the states' average contribution rate is less than the national average then the weekly benefit amount is 65% of the average weekly wage. This bill as amended sets the maximum weekly benefit amount at 62% of the average weekly wage unless the states' average contribution rate is below the nationwide average and then the maximum weekly benefit amount is 65%.

Mr. Chairman, this concludes my testimony. I would try to answer any questions from the committee.